Preliminary figures for 2019 and outlook for 2020, 2 March 2020, Jürgen Hermann, CEO

QSC: START OF A NEW GROWTH ERA
Disclaimer

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Although the forward-looking statements are made with great care, their correctness cannot be guaranteed. Therefore the actual results may deviate from the expected results described herein. QSC does not intend to update or adjust any forward-looking statements after the publication of the presentation.
QSC: A growth company
Substantial and consistent growth

Growth highly predictable
- ~75% recurring revenues
- High share of “as-a-service” solutions

Revenues in € million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2019 Revenues</th>
<th>2019 Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>30.1</td>
<td>+10%</td>
</tr>
<tr>
<td>Q3</td>
<td>32.3</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>33.1</td>
<td></td>
</tr>
</tbody>
</table>

1 QSC (excluding Plusnet subgroup)
Focus on growth markets pays off

B2B market in Germany
€25 billion 2020

B2B market in Germany
€10 billion 2020

B2B market in Germany
€30 billion 2020

IoT

SAP

Cloud

Sources: Experton; PAC/own research; Deloitte, IoT study
Business model covers digital value chain

SENSOR TECHNOLOGY
- Sensors
- Devices
- IoT

APPLICATIONS
- Industrial solutions
- SAP S/4HANA/Microsoft
- Other services

CLOUD
- QSC cloud/Third-party cloud (e.g. AWS, Azure)
- Customer premises

Artificial intelligence & data analytics

Edge Computing → Cloud Computing
Customers appreciate our portfolio: rise in new orders

Total contract value
in € million

Q1 2019: 36.1
H1 2019: 84.3
9M 2019: 106.5
FY 2019: 132.6
New orders provide basis for sustainable growth

- Accelerated growth
  - High share of solutions offered “as-a-service”
  - Scalable business model
  - Recurring revenues
QSC: Well positioned for sustainable growth

“Digitaliser to the SME sector”

- Excellent business portfolio
  - Recurring revenues
  - Highly scalable
- Top innovations
  - Integrated solutions
  - New technologies
- Effective “go-to-market” approach
  - Sector focus
  - Strategic partners
- Experienced management team
  - Top expertise
  - Entrepreneurial approach

Investments in future and M&A

2022: Revenues of € ~200 million, EBITDA >10%, positive free cash flow
2019: The new QSC is taking shape
All targets met for the 2019 financial year

<table>
<thead>
<tr>
<th></th>
<th>Objectives for 2019</th>
<th>Actual results for 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>&gt; € 235 million</td>
<td>€ 238.0 million</td>
</tr>
<tr>
<td>EBITDA</td>
<td>&gt; € 140 million</td>
<td>€ 140.3 million</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>&gt; € 130 million</td>
<td>€ 136.4 million</td>
</tr>
</tbody>
</table>
P&L shaped by Plusnet sale as of 30 June 2019

<table>
<thead>
<tr>
<th>Material items</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Transaction costs led to one-off rise in administration expenses</td>
</tr>
<tr>
<td>- Other operating income mainly due to deconsolidation of Plusnet (€ 135.3 million)</td>
</tr>
<tr>
<td>- Higher volume of depreciation due to IFRS 16 and one-off adjustment to goodwill</td>
</tr>
<tr>
<td>- Deferred taxes adjusted in line with updated budget</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>in € million</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>363.4</td>
<td>238.0</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>273.3</td>
<td>177.8</td>
</tr>
<tr>
<td>Gross profit</td>
<td>90.1</td>
<td>60.2</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>28.3</td>
<td>22.0</td>
</tr>
<tr>
<td>General and admin expenses</td>
<td>27.5</td>
<td>32.3</td>
</tr>
<tr>
<td>Other operating income</td>
<td>2.2</td>
<td>139.1</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(1.1)</td>
<td>(4.7)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>35.3</td>
<td>140.3</td>
</tr>
<tr>
<td>Depreciation</td>
<td>26.9</td>
<td>52.4</td>
</tr>
<tr>
<td>EBIT</td>
<td>8.4</td>
<td>87.9</td>
</tr>
<tr>
<td>Financial result</td>
<td>(4.4)</td>
<td>(6.0)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(0.8)</td>
<td>(8.4)</td>
</tr>
<tr>
<td>Net income</td>
<td>3.2</td>
<td>73.5</td>
</tr>
</tbody>
</table>
Plusnet sale boosts equity

- Net liquidity of € 66.0 million as of 31 December 2019
- Equity ratio of 71 %
- Bank liabilities paid off in full as of 30 June 2019
Cloud and Consulting on growth course

Revenues in € million

Cloud
- 2018: 33.0
- 2019: 42.1

Consulting
- 2018: 38.4
- 2019: 42.4

Telecommunication
- 2018: 200.9
- 2019: 103.5

Outsourcing
- 2018: 91.0
- 2019: 50.0

1 Unadjusted figures; Plusnet included until 30 June 2019
QSC’s new structure following Plusnet sale

**Revenues**
in € million

- **Telecommunication**
  - 103.5
  - 85.6
  - 17.9

- **Outsourcing**
  - 50.0
  - 19.5
  - 30.5

- **Consulting**
  - 42.4
  - 1.4
  - 41.0

- **Cloud**
  - 42.1
  - 4.1
  - 38.0

- **Total**
  - 110.6
  - 127.4
Two high-growth segments from 2020

Revenues
in € million

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecommunication (Colocation)</td>
<td>17.9</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>30.5</td>
</tr>
<tr>
<td>Consulting (Microsoft</td>
<td>SAP)</td>
</tr>
<tr>
<td>4.4</td>
<td>36.6</td>
</tr>
<tr>
<td>Cloud</td>
<td>38.0</td>
</tr>
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New Segmentation:
- Cloud & IoT
- SAP

QSC AG
Highlights in 2019: Start of a new growth era

> Plusnet sale returns QSC to growth course
> Cloud and Consulting with double-digit revenue growth
> All targets forecast for 2019 met
> QSC has been debt-free since mid-2019
> Stable dividend distribution of 3 cents per share
2020: QSC on growth course
Operating growth of at least 13% budgeted

- Accelerated growth in two segments: “Cloud & IoT” and “SAP”
- Investments in future growth: Budget therefore provides for EBITDA of up to €-5 million and FCF of up to €-16 million
- Sustainably positive EBITDA from Q4 2020
- Sustainably positive free cash flow from Q4 2021
Growth with innovative services - the digital shelf

- Service electronic shelf label
- Service - beacon application - “push to the customer app”
- Inventory measurement
- Customer frequency measurement - heat mapping
- Digital shelf
- Campaign display
- Temperature measurement
- AI function - customers find articles more easily and have information displayed
Growth with S/4HANA - demand accelerating

Is your Company planning to migrate to S/4HANA?

DSAG Investment Report 2020

- 2019 (n = 244)
- 2020 (n = 288)

<table>
<thead>
<tr>
<th>Category</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>S/4HANA already in use</td>
<td>3%</td>
<td>10%</td>
</tr>
<tr>
<td>Yes, this year</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>Yes, in the next three years</td>
<td>39%</td>
<td>40%</td>
</tr>
<tr>
<td>Yes, after three years</td>
<td>30%</td>
<td>23%</td>
</tr>
<tr>
<td>No, we stay with SAP ERP</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Still no decision</td>
<td>16%</td>
<td>13%</td>
</tr>
</tbody>
</table>
Own IP as key profitability driver

Software-based customer solutions with:

>70 Outstanding cloud architects

>60 Software experts

>200 SAP specialists trained in S/4HANA

>15 Creative business developers

Winner of the SAP CONNECT 2019 Hackathon

Electronic Shelf Labels (ESL) for retailers

AI-based Industrial Solutions „Planning-as-a-service”
Additional growth potential - driven by acquisitions

- Debt-free
- Liquidity of € 66 million
- Equity ratio 71%

QSC plans to acquire further small tech specialists
- Unique technologies in the fields of AI, Cloud Services, Data Analytics, Embedded Software, IoT
- Proof of concept done
- First customers or projects on board
- Revenue generation has started
- Majority participation possible
- Manageable expense
QSC’s extensive repositioning

- Focus on growth markets, strong USPs, attractive business model
- Growth with digital “as-a-service” solutions and S/4HANA
- Expanding technological expertise with targeted acquisitions
- Consistently high revenue growth, positive EBITDA from Q4 2020
Questions & answers
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