all for one Group

Quarterly Statement as at 31 December 2020

Robust growth in the cloud
Planned acquisition will strengthen growth momentum

Sales
in EUR millions

10/2020 – 12/2020	10/2019 – 12/2019
95.6	92.3

+3%

EBIT
in EUR millions

10/2020 – 12/2020	10/2019 – 12/2019
6.0	4.8

+24%

Cloud & Software Revenue
in EUR millions

10/2020 – 12/2020	10/2019 – 12/2019
57.3	56.3

+2%

Recurring Revenue
in EUR millions

10/2020 – 12/2020	10/2019 – 12/2019
48.7	45.8

+6%

- » Cloud services and support revenue: up 10% to EUR 20.8 million
- » Ratio of recurring revenues: 51% (Oct – Dec 2019: 50%)
- » License revenues: down 17% to EUR 8.6 million due to »Covid-19« and cloud transformation
- » EBIT and operating margin increase substantially
- » Growth momentum will be strengthened by the planned acquisition of SAP service provider SNP Poland
- » techconsult awards top ranking as »Managed Application Services Provider«

Strong pipeline

The resonance is already tangible. Within a very short space of time, we have built a strong pipeline with CONVERSION/4 – our subscription model for migration to SAP S/4HANA. Although a lot of negotiations are not culminating in signed contracts at present due to »Covid-19«, we have nevertheless been able to conclude some agreements with customers. The major wave will only happen over the next few years. By the end of 2027 – at which point maintenance for the SAP Business Suite 7 will be discontinued – we want to have converted most of our base of around 1,000 existing SAP customers – which constitutes the largest legacy customer base in the German-speaking midmarket – to SAP S/4HANA. For a fixed monthly fee, we provide customers not just with a largely automated technical conversion, but also with an all-inclusive package of services for SAP S/4HANA that includes cloud infrastructure and operation (Microsoft Azure), improvements to their business processes and continuous innovation. In addition to our own SAP customer base, we want to enable many other SAP business users to make a smart migration to process innovations that will enhance their ability to compete with SAP S/4HANA while at the same time further increasing our recurring revenues.

Growth momentum will be strengthened by the acquisition of SNP Poland

In December 2020, we signed a letter of intent governing the acquisition of the majority stake in SNP Poland Sp. z o.o. in Suchy Las near Posen/Poland (SNP Poland) from SNP Schneider-Neureither & Partner SE, Heidelberg. A specific contract governing the acquisition of the business has yet to be finalised. The completion of the transaction is planned for the coming months and is closely linked to our subscription model for conversion to SAP S/4HANA, the shortage of experts and the changes occurring in our markets, preparations for all of which were targeted in our strategy offensive 2022. We want to integrate SNP Poland – the leading provider of SAP and managed application services in Poland with a wealth of experience, expertise and resources for »SAP S/4HANA Conversion« – into our Group. We will then be very well prepared for the anticipated wave of migrations to SAP S/4HANA over the coming years.

Ranked among the best »Managed Application Services Providers«

The »Professional User Rating« issued by techconsult, Kassel, probably ranks among the most comprehensive studies in our markets. So, we were particularly delighted that the 2,000 surveyed user businesses ranked us second from 18 »Managed Application Services Providers« overall – behind Hewlett Packard Enterprise and ahead of T-Systems. As a result of this top ranking, we are noticing increased interest from our upper midmarket customers. Pump and valve manufacturer KSB SE & Co. KGaA, Frankenthal, for example, only recently awarded us a very significant contract to look after its global IT landscape. This contract is not yet included in the figures discussed below.

EARNINGS SITUATION

Sales performance

in KEUR	10/2020 – 12/2020	10/2019 – 12/2019
Cloud services and support (1)	20,784	18,847
Software licenses and support (2)	36,500	37,421
Software licenses	8,610	10,428
Software support (3)	27,890	26,993
Consulting and services	38,279	36,077
Sales revenues	95,563	92,345
Cloud and software revenues (1) + (2)	57,284	56,268
Recurring revenues (1) + (3)	48,674	45,840

Despite very noticeable reticence among our customers because of the pandemic, we were able to achieve robust growth in our recurring revenues with cloud services and support (plus 10% to EUR 20.8 million) and with software support (plus 3% to EUR 27.9 million) and to further strengthen our business model. At EUR 48.7 million in total (plus 6%), recurring revenues now account for 51% (Oct – Dec 2019: 50%) of total sales. Although the pipeline for licensing revenues is now in good shape, actual contract conclusions remain very volatile. A lot of customers are still hesitant to launch major projects given the huge uncertainty surrounding future economic development. While licensing revenues continued to decline, not least due to cloud transformation (minus 17% to EUR 8.6 million), we were able to increase consulting and services revenues by 6% year on year (Oct – Dec 2019: EUR 36.1 million). The further expansion of our portfolio of products and services as part of the strategy offensive 2022 – with areas of focus including IoT & machine learning, cyber security & compliance or new work & collaboration – and the wider access to the upper midmarket are increasingly coming into play and broadening the base for the consultancy business.

The increase in recurring revenues (plus EUR 2.8 million) substantially more than offset the decrease in non-recurring revenues from the sale of software licenses (minus EUR 1.8 million). As a result, we were able to further strengthen our business model with the aid of cloud revenues, while at the same time reducing our dependency on licensing revenues that are both volatile and difficult to plan.

Total revenues of EUR 95.6 million were 3% above the prior-year figure of EUR 92.3 million.

Earnings performance

in KEUR	10/2020 – 12/2020	10/2019 – 12/2019
Sales revenues	95,563	92,345
Cost of materials and purchased services [1]	-37,477	-34,655
Personnel expenses	-42,312	-40,151
Depreciation, amortisation and impairment on intangible, fixed and right-of-use assets	-5,355	-5,740
Impairment losses on financial assets	119	98
Other operating expenses/income [1]	-4,586	-7,106
EBIT	5,952	4,791
Financial result	-335	-378
EBT	5,617	4,413
Income tax	-1,763	-1,287
Result for the period	3,854	3,126

1) Prior-year figures reclassified (please refer to section »Earnings situation« for further details)

The higher cost of materials and purchased services (plus 8% to EUR 37.5 million) was primarily due to changes in the sales mix. The marked increase in recurring revenues resulted in higher procurement expenditure on cloud subscriptions and software support services. The cost of materials ratio is now 39% (Oct – Dec 2019: 38%).

As discussed in our annual report 2019/20 in section »B. Changes to the accounting and valuation methods«, All for One Group has made a change in disclosure to improve the presentation of its results of operations in the consolidated statement of profit and loss. Computer centre operating expenses – formerly included under »Other operating expenses« – are now recognised as purchased services and included under »Cost of materials and purchased services«. Prior-year figures have been adjusted accordingly to improve comparability. The reclassification effect for the period Oct – Dec 2019 amounted to KEUR 2,711.

The increase in personnel expenses was proportionately slightly higher than the sales trend (plus 3%), rising to EUR 42.3 million (plus 5%). The figure includes a special bonus paid to employees in recognition of their outstanding dedication in financial year 2019/20 (»Covid-19«). As a result, the ratio of personnel expenses to sales increased to 44% (Oct – Dec 2019: 43%). The significant decline in other operating expenses to EUR 5.6 million (minus 35%) was predominantly due to the sharp decrease in travel expenses and to strict cost management. Depreciation, amortisation and impairment of intangible, fixed and right-of-use assets decreased to EUR 5.4 million (minus 7%).

EBITDA totalled EUR 11.3 million (Oct – Dec 2019: EUR 10.5 million), an increase of 7%. The EBITDA margin relative to sales was 11.8% (Oct – Dec 2019: 11.4%). The increase in EBIT was proportionately much higher than the sales trend, rising 24% to EUR 6.0 million. As a result, the EBIT margin amounted to 6.2% (Oct – Dec 2019: 5.2%).

Our transformation combined with robust growth in the cloud, the sustainable increase in recurring revenues overall and our focused implementation of changing the way we work in the wake of the pandemic all contributed to this positive earnings performance and more than offset the lack of revenue contribution from declining license sales.

The financial result for the 3-month period was minus EUR 0.3 million (Oct – Dec 2019: minus EUR 0.4 million. Income taxes were minus EUR 1.8 million (Oct – Dec 2019: minus EUR 1.3 million). EBT increased by 27% to EUR 5.6 million. The income tax rate increased to 31% (Oct – Dec 2019: 29%). The result for the period increased by 23% to EUR 3.9 million and the earnings per share by 21% to EUR 0.75.

Sales and earnings performance by segment

	CORE		LOB	
in KEUR	10/2020 – 12/2020	10/2019 – 12/2019	10/2020 – 12/2020	10/2019 – 12/2019
Statement of profit and loss				
Sales to external customers	78.779	76.652	16.784	15.693
Intersegment sales	1.480	1.276	2.329	2.409
Sales revenues	80.259	77.928	19.113	18.102
Segment EBIT	4.364	5.047	1.586	-258

The CORE segment comprises ERP and collaboration solutions for companies' core business processes. Current segment performance is influenced, above all, by the expansion of our portfolio of SAP products and services on Microsoft Azure. This cloud platform also provides the IT operations basis for our new CONVERSION/4 subscription model. Our investments in our CORE segment are, moreover, focusing on building our portfolio of IoT & machine learning, cyber security & compliance and new work & collaboration expertise. The decline in non-recurring license revenues was attributable virtually entirely to the CORE segment, which nevertheless grew by 3% to EUR 80.3 million, whereas the segment's EBIT declined to EUR 4.4 million (minus 14%). In our LOB (»Lines of Business«) segment, which focuses predominantly on cloud-sourced solutions for lines of business, investments are focused primarily on expanding our business with customer experience and analytics solutions. LOB segment sales increased by 6% to EUR 19.1 million while EBIT improved significantly to plus EUR 1.6 million (Oct – Dec 2019: minus EUR 0.3 million). The EBIT margin relative to segment sales has now reached 8.3% already and clearly demonstrates the scaling potential inherent in transformation as part of our strategy offensive 2022.

ASSETS AND FINANCIAL SITUATION

Assets situation

The balance sheet total as at 31 December 2020 has increased to EUR 256.7 million (plus 2%). Assets increased in value by EUR 6.0 million. The main drivers were cash and cash equivalents (minus EUR 3.4 million), trade receivables (plus EUR 5.2 million, license sales towards the end of the period), and other assets (plus EUR 2.6 million). Liabilities were affected by the increase in trade payables (plus EUR 4.9 million) and other liabilities (plus EUR 10.4 million), which includes the purchase price for increasing our stake in B4B Solutions GmbH, Graz/Austria, to 100%. The company was already included in full in the consolidation. By contrast, liabilities to employees declined substantially (minus EUR 9.0 million, due partly to bonus payouts). The decline in equity (minus EUR 2.2 million) despite the positive result for the period was due partly to the reclassification of minority interests following the aforementioned increase in shares. Net debt now amounts to EUR 19.9 million (30 Sep 2020: EUR 14.9 million). The equity ratio is 34% (30 Sep 2020: 35%).

Financial situation

Cash flow from operating activities totalled EUR 0.4 million (Oct – Dec 2019: EUR 3.8 million. Comparison with the prior year is characterised by various trends, some of which had a countervailing effect. The significant increase of EUR 5.0 million in trade receivables (Oct – Dec 2019: decrease of EUR 3.0 million) was primarily due to license sales in December 2020. Added to which, income tax payments in the reporting period under review necessitated cash outflows of EUR 1.1 million compared to cash inflows of EUR 0.9 million in the prior-year period from payments and refunds of income taxes. Cash flow from investing activities totalled minus EUR 0.5 million (Oct – Dec 2019: minus EUR 2.2 million). In the prior-year period, higher cash outflows were needed to fund technology investments in the cloud infrastructure. Cash flow from financing activities also changed considerably, with cash outflows of EUR 3.3 million compared to cash inflows of EUR 20.4 million in total (Oct – Dec 2019) from promissory note bonds, which were issued in October 2019. As a result, cash funds totalled EUR 65.7 million (31 Dec 2019: EUR 50.6 million).

Employees

	10/2020 – 12/2020	10/2019 – 12/2019
Employees		
Number of employees (period end)	1,877	1,859
Number of full-time equivalents (ø)	1,671	1,665
Non-financial performance indicators		
Employee retention	93.6%	92.7%
Health index	97.3%	97.0%

The headcount increased slightly in the wake of our selective and focused recruitment strategy. Keeping our employees and those closest to them safe and healthy is our top priority, for which we have taken a whole host of steps. The level of our health index also remains high. Our employee retention also improved further and is, we believe, well above the industry average.

Change in the risk and opportunity situation

Our assessment has not changed substantially in the current reporting period.

Outlook

A lot of our clients are planning one day at a time. Even projects considered »firm« are frequently being put on hold or stopped at short notice. As a result, our »pipeline« is proving to be enormously volatile. The uncertainty surrounding future business performance continues to prevail as a result of the pandemic. We are upholding our guidance of 13 November 2020 unchanged and continue to estimate a slight increase in sales and an EBIT of between EUR 17.5 million and 20.5 million in financial year 2020/21. Having put our strategy offensive in place, we believe we are well equipped to grow profitably and to emerge from the corona crisis in an even stronger competitive position than before once the markets return to normal.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS OF ALL FOR ONE GROUP

from 1 October to 31 December 2020

in KEUR	10/2020 – 12/2020	10/2019 – 12/2019
Sales revenues	95,563	92,345
Other operating income	1,024	1,517
Cost of materials and purchased services [1)]	-37,477	-34,655
Personnel expenses	-42,312	-40,151
Depreciation, amortisation and impairment on intangible, fixed and right-of-use assets	-5,355	-5,740
Impairment losses on financial assets	119	98
Other operating expenses [1)]	-5,610	-8,623
EBIT	**5,952**	**4,791**
Financial income	6	1
Financial expense	-341	-379
Financial result	**-335**	**-378**
Earnings before tax (EBT)	**5,617**	**4,413**
Income tax	-1,763	-1,287
Result for the period	**3,854**	**3,126**
attributable to owners of the parent	3,745	3,081
attributable to non-controlling interests	109	45
Earnings per share		
Undiluted and diluted earnings per share (in EUR)	0.75	0.62

1) Prior-year figures reclassified (please refer to section »Earnings situation« for further details)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF ALL FOR ONE GROUP

from 1 October to 31 December 2020

in KEUR	10/2020 – 12/2020	10/2019 – 12/2019
Result for the period	**3,854**	**3,126**
Items that may be reclassified to profit or loss in subsequent periods		
Unrealised profits (+) / losses (-) from currency translation	3	-52
Other comprehensive income	**3**	**-52**
Total comprehensive income	**3,857**	**3,074**
attributable to owners of the parent	3,748	3,029
attributable to non-controlling interests	109	45

CONSOLIDATED BALANCE SHEET OF ALL FOR ONE GROUP

as at 31 December 2020

Assets in KEUR	31.12.2020	30.09.2020
Current assets		
Cash and cash equivalents	65,717	69,089
Finance lease receivables	4,460	4,111
Trade receivables	43,272	38,087
Contract assets	5,039	4,905
Income tax assets	524	448
Other assets	8,586	8,604
	127,598	125,244
Non-current assets		
Goodwill	30,736	30,738
Other intangible assets	32,497	32,945
Fixed assets	14,590	15,473
Right-of-use assets	36,515	35,032
Finance lease receivables	7,711	6,674
Deferred tax assets	540	708
Other assets	6,493	3,890
	129,082	125,460
Total assets	256,680	250,704

Liabilities and equity in KEUR	31.12.2019	31.12.2020
Current liabilities		
Other provisions	1,308	1,315
Liabilities to financial institutions	7	7
Lease liabilities	11,446	10,426
Trade payables	21,634	16,784
Contract liabilities	9,508	9,770
Liabilities to employees	13,617	22,596
Income tax liabilities	2,299	1,827
Other liabilities	16,510	6,261
	76,329	68,986
Non-current liabilities		
Pension provisions	3,839	3,809
Other provisions	690	690
Liabilities to financial institutions	48,358	48,346
Lease liabilities	25,789	25,252
Deferred tax liabilities	14,265	14,187
Other liabilities	801	650
	93,742	92,934
Equity		
Issued capital	14,946	14,946
Reserves	71,497	73,797
Share of equity attributable to owners of the parent	86,443	88,743
Non-controlling interests	166	41
	86,609	88,784
Total liabilities and equity	256,680	250,704

CONSOLIDATED CASH FLOW STATEMENT OF ALL FOR ONE GROUP

from 1 October to 31 December 2020

in KEUR	10/2020 – 12/2020	10/2019 – 12/2019
Result for the period	3,854	3,126
Income tax	1,763	1,287
Financial result	335	378
Depreciation, amortisation and impairment on intangible, fixed and right-of-use assets	5,355	5,740
Increase (+) / decrease (-) in value adjustments and provisions	-198	-1,561
Increase (-) / decrease (+) in trade receivables	-4,994	2,987
Increase (+) / decrease (-) in trade payables	4,286	-3,491
Increase (-) / decrease (+) in other assets and other liabilities	-8,881	-5,489
Income tax refunds (+) / income tax payments (-)	-1,073	872
Cash flow from operating activities	447	3,849
Payments for purchase of intangible and fixed assets	-628	-2,488
Proceeds from sale of intangible and fixed assets	94	167
Purchase of subsidiary, net of cash and cash equivalents acquired	0	-65
Sale of subsidiary, net of cash and cash equivalents disposed of	0	-7
Interest received	7	210
Cash flow from investing activities	-527	-2,183
Repayment of lease liabilities	-2,819	-2,924
Proceeds from liabilities to financial institutions	0	23,500
Interest paid	-472	-160
Cash flow from financing activities	-3,291	20,416
Increase (+) / decrease (-) in cash and cash equivalents	-3,371	22,082
Effect of exchange rate fluctuations on cash funds	-1	-21
Cash funds at start of period	69,089	28,498
Cash funds at end of period	65,717	50,559

ADDITIONAL INFORMATION

General principles

This quarterly statement has been prepared in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with Section 51a of the regulations issued by the Frankfurt Stock Exchange (FWB). The quarterly statement has not been audited. Unless otherwise indicated, »All for One Group«, »company«, »firm« or »Group« in this quarterly statement all refer to All for One Group SE including its subsidiaries. The quarterly statement was prepared in accordance with the accounting and measurement methods applying as at 30 September 2020. The figures include all ongoing business transactions and deferrals that we deem necessary to ensure correct presentation of the interim results. We believe that the information and explanations presented in this report present a fair and true picture of our net assets, financial position and results of operations. Our business is subject to various seasonal fluctuations, while major contract acquisitions and the execution of large contracts can significantly change sales and earnings results.

Our quarterly statement contains forecasts, estimates and expectations that involve risks and uncertainties. Actual results and developments may differ considerably from our expectations and assumptions. Such deviations may be the result of changes in the general economic situation and competitive environment, especially in our core business areas and markets, or amendments to laws, especially those governing taxation. We are under no obligation to update the statements in this quarterly statement.

Subsequent events

No events subject to disclosure occurred since 31 December 2020.

IR SERVICE

Our website offers extensive investor relations services. Apart from finding company reports, analyst reports, financial presentations and information about out annual general meeting, you can also add your name to the mailing list to receive press releases and financial announcements.

www.all-for-one.com/ir-english

ALL FOR ONE GROUP SE

All for One Group SE (ISIN DE0005110001) enhances the competitive ability of its customers in a digital world. The Group unites strategic and management consulting, process consulting, industry insight and technology expertise, IT consulting and services under one roof. With market leading business software solutions based on SAP, Microsoft and IBM together with more than 1,800 experts, All for One Group SE orchestrates all aspects of competitive strength: intelligent Enterprise Resource Planning (ERP) as the digital core of any future-proof corporate IT, strategy, business model, customer & employee experience, new work, big data & analytics, but also IoT, artificial intelligence or cyber security & compliance. All for One Group SE is assisting more than 2,500 clients with their transformation and the expansion of their ability to compete. Market observers rank the leading consulting and IT group as the number 1 in the German-speaking SAP market. As a founding member of United VARs – the most powerful global alliance of SAP Partners – All for One Group SE also provides a comprehensive portfolio of consulting and other services, together with best-in-class local support in more than 100 countries. All for One Group SE is listed in the Prime Standard on the Frankfurt Stock Exchange and achieved sales of approx. EUR 355 million in the financial year 2019/20.

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