all for one
Group

Quarterly Statement as at 30 June 2021

Strong growth in cloud sales // SAP S/4HANA transformation gains pace // Guidance raised

Sales in EUR millions		
10/2020 – 06/2021	10/2019 – 06/2020	
280.4	267.3	+5%

EBIT in EUR millions		
10/2020 – 06/2021	10/2019 – 06/2020	
15.8	14.5	+9%

Cloud & Software Revenue in EUR millions		
10/2020 – 06/2021	10/2019 – 06/2020	
165.1	159.0	+4%

Recurring Revenue in EUR millions		
10/2020 – 06/2021	10/2019 – 06/2020	
146.9	138.5	+6%

» Microsoft Partner of the Year – Finalist »SAP on Azure« for CONVERSION/4
» Cloud sales: up 11% to EUR 63.5 million
» Ratio of recurring revenues: 52% (Oct 2019 – Jun 2020: 52%)
» License sales: down 11% to EUR 18.2 million
» EBIT margin: 5.7% (Oct 2019 – Jun 2020: 5.4%)
» CORE segment: SAP S/4HANA transformation gains pace
» LOB segment: Strong increase in cloud subscriptions and EBIT
» Guidance for sales and EBIT 2020/21 raised

SAP S/4HANA transformation becoming increasingly successful

The ups and downs of the pandemic continue to impact our business performance. One of the related developments is the wave of migrations from SAP ERP to SAP S/4HANA which has picked up pace considerably since the 3rd quarter (Apr – Jun 2021). More and more companies are subscribing to CONVERSION/4 at All for One Group. Our transformation subscription model not only assures our customers of a particularly safe and fast conversion to the new digital core with »zero downtime«. CONVERSION/4, which is based on SNP's Bluefield method, also includes a unique support regime for the decisive phase following migration. It gives our customers particularly efficient access to innovations and enables them to continuously improve their own ability to compete.

At the same time, our subscription model brings together the enormous innovation potential of both SAP and Microsoft. Which is why CONVERSION/4 is also increasingly attracting interest outside our base of more than 2,500 regular customers. This is enabling us to acquire totally new customers from the larger midmarket and to expand our market share in the SAP ecosystem. This success has not escaped the attention of our strategic partners, SAP and Microsoft. Following awards such as »SAP Partner of the Year« as part of the »Diamond Initiative« (Germany) and receipt of a global SAP Pinnacle Award 2021 as »Partner of the Year – SAP S/4HANA Movement«, our special expertise and innovative strength have now also been recognised by Microsoft as a global Partner of the Year – Finalist in the category »SAP on Azure«. External market observers such as ISG in its Provider Lens »SAP HANA Ecosystem Services – 2021« (Jun 2021) also classify us as SAP S/4HANA »Leaders«.

Digitalisation pressure has increased as a result of the pandemic and is further exacerbating the shortage of experts. Which is why we are preparing for the acquisition of the Polish subsidiary (SNP Poland) from SNP Schneider-Neureither & Partner SE, Heidelberg. We are well prepared for the large wave of migrations to SAP S/4HANA.

EARNINGS SITUATION

Sales performance

in KEUR	10/2020 – 06/2021	10/2019 – 06/2020
Cloud services and support (1)	63,471	56,958
Software licenses and support (2)	101,632	101,999
Software licenses	18,159	20,463
Software support (3)	83,473	81,536
Consulting and services	115,286	108,348
Sales revenues	280,389	267,305
Cloud and software revenues (1) + (2)	165,103	158,957
Recurring revenues (1) + (3)	146,944	138,494

The economic recovery is giving an additional boost to our strategy of comprehensively taking customers' ability to compete in the digital world to the next level. Recurring revenues increased from both cloud services and support (plus 11% to EUR 63.5 million) and software support (plus 2% to EUR 83.5 million). At EUR 146.9 million in total (plus 6%), recurring revenues continue to account for 52% of total sales.

»Cloud transformation« is persisting as a megatrend with additional impetus – especially for our business with new customers – coming from strategic initiatives such as »Rise with SAP«. License revenues therefore decreased by 11% to EUR 18.2 million compared to the prior 9-month period, although we were able to record an increase of 35% in licensing revenues in the 3rd quarter (Apr – Jun 2021) compared to the prior-year quarter to EUR 6.1 million. One explanation for this trend is that projects that were shelved in the wake of the pandemic are now increasingly being revived. Our existing licensing models still play a key role for many of our regular customers, especially in connection with the migration from SAP ERP to SAP S/4HANA.

Compared to the prior-year level (Oct 2019 – Jun 2020: EUR 108.3 million), we were able to increase consulting and services revenues by 6%. In addition to the continued good progress we have been making in expanding new products and services – for IoT & machine learning, cybersecurity & compliance or new work & collaboration, for example – an increasing willingness to invest is providing an additional boost to growth. Consulting and services revenues in the 3rd quarter (Apr – Jun 2021) increased by 16% compared to the corresponding prior-year quarter to EUR 39.3 million. Accordingly, total revenues of EUR 280.4 million (9 months 2020/21) were up 5% above the prior-year figure, with the 3rd quarter (Apr – Jun 2021) recording an increase of 11% to EUR 94.9 million.

Compared to the prior 9-month period, the increase in recurring revenues (plus EUR 8.4 million) was able to more than compensate for the decrease in non-recurring revenues (software licenses, minus EUR 2.3 million). Our cloud transformation business model focusing on comprehensive customer support and long-term customer relationships is therefore becoming increasingly important.

Earnings performance

in KEUR	10/2020 – 06/2021	10/2019 – 06/2020
Sales revenues	280,389	267,305
Cost of materials and purchased services [1]	-105,296	-99,063
Personnel expenses	-129,423	-118,646
Depreciation, amortisation and impairment on intangible, fixed and right-of-use assets	-16,040	-16,550
Impairment losses on financial assets	250	-475
Other operating expenses/income [1]	-14,031	-18,094
EBIT	15,849	14,477
Financial result	-975	-1,045
EBT	14,874	13,432
Income tax	-4,346	-4,015
Result for the period	10,528	9,417

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

The higher cost of materials and purchased services (plus 6% to EUR 105.3 million) is a result of the growth in sales. The marked increase in recurring revenues resulted in higher procurement expenditure on cloud subscriptions and software support services. Moreover, a growing volume of external consulting resources (»freelancers«) from our partner network were engaged to help deliver transformation projects in the 3rd quarter (Apr – Jun 2021). Overall, the cost of materials ratio is virtually unchanged year on year (38% versus 37%).

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 2019 – Jun 2020 amounted to KEUR 7,967.

The increase in personnel expenses was proportionately higher than the sales trend, rising to EUR 129.4 million (plus 9%). In addition to growing our workforce (plus 3% to 1,698 full-time positions), we also paid a special bonus 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 46% (Oct 2019 – Jun 2020: 44%). The significant decline in other operating expenses to EUR 17.0 million (minus 19%) was predominantly due to strict cost management as well as a sharp decrease in travel expenses. In connection with an increased use of cloud technologies of hyperscalers, depreciation, amortisation and impairment of intangible, fixed and right-of-use assets decreased to EUR 16.0 million (minus 3%).

EBITDA totalled EUR 31.9 million (Oct 2019 – Jun 2020: EUR 31.0 million), an increase of 3%. The EBITDA margin relative to sales was 11.4% (Oct 2019 – Jun 2020: 11.6%). At the same time, the increase in EBIT was proportionately higher than the sales trend, increasing 9% to EUR 15.8 million. The sustained increase in recurring revenues and the focused implementation of changing the way we work in the wake of the pandemic have contributed to this positive earnings performance. As such, we were able to more than compensate for the lack of revenue contribution from declining license sales. As a result, the EBIT margin increased to 5.7% (Oct 2019 – Jun 2020: 5.4%). Third-quarter EBIT (Apr – Jun 2021) rose by 1% to EUR 5.1 million and reflects increased expenditure on engaging external resources to enable project delivery and on actively building our human capital. Over the course of the quarter under review, the headcount grew by 2% (Apr – Jun 2020: minus 1%).

The financial result for the 9-month period was at the prior-year level of minus EUR 1.0 million. EBT totalled EUR 14.9 million (plus 11%). Income taxes amounted to minus EUR 4.3 million (Oct 2019 – Jun 2020: minus EUR 4.0 million), equivalent to an income tax rate of 29% that is slightly below the prior-year level (30%). The result for the period and earnings per share both rose by 12% to EUR 10.5 million and EUR 2.08 respectively.

Sales and earnings performance by segment

	CORE		LOB	
in KEUR	10/2020 – 06/2021	10/2019 – 06/2020	10/2020 – 06/2021	10/2019 – 06/2020
Statement of profit and loss				
Sales to external customers	230,162	219,873	50,227	47,432
Intersegment sales	4,254	4,449	7,603	7,585
Sales revenues	234,416	224,322	57,830	55,017
Segment EBIT	11,937	11,644	3,905	2,826

A look at our segments clearly demonstrates the further progress we are making with our own transformation.

Despite a marked decline in licensing revenues and margins, we were able to increase CORE (ERP and collaboration solutions) segment sales by 4% to EUR 234.4 million (segment EBIT: plus 3% to EUR 11.9 million). The good progress we have been making in expanding new products and services – for IoT & machine learning, cybersecurity & compliance or new work & collaboration, for example – and our growing access to the larger midmarket are creating an ever broadening base for business. In addition, we are starting to deliver a growing number of transformation projects for migration to SAP S/4HANA under our CONVERSION/4 subscription model based on SNP's Bluefield method while at the same time further expanding our sales pipeline.

In the LOB (lines of business solutions) segment, recurring cloud subscriptions combined with self-developed add-on solutions clearly demonstrate the scalability of the business model and offer additional margin potential as we move forward. With LOB segment sales increasing by 5% to EUR 57.8 million, the growth in EBIT – of plus 38% to EUR 3.9 million – was significantly disproportionate to sales. The EBIT margin relative to segment sales has already reached 6.8% (Oct 2019 – Jun 2020: 5.1%) and now exceeds the EBIT margin of the Group as a whole.

ASSETS AND FINANCIAL SITUATION

Assets situation

The balance sheet total as at 30 June 2021 has decreased slightly to EUR 256.0 million (plus 2%). Accordingly, assets increased in value by EUR 5.3 million. The main drivers were cash and cash equivalents (minus EUR 3.1 million), trade receivables (plus EUR 4.0 million, partly due to higher license sales towards the end of the quarter), and other assets (plus EUR 3.9 million). Liabilities were affected primarily by the increase in trade payables (plus EUR 4.4 million) and other liabilities (plus EUR 2.0 million). In May 2022, two tranches of promissory note loans for a total of EUR 11.0 million fall due for payment and are now classified as current liabilities to financial institutions (30 Sep 2020: »non-current«). The decline in equity (minus EUR 1.6 million) despite the positive result for the period was due partly to the reclassification of minority interests following the increase of our stake in B4B Solutions GmbH, Graz/Austria – which was already a fully consolidated subsidiary – to 100%. Net debt (incl. IFRS 16) now amounts to EUR 18.9 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 21.1 million (Oct 2019 – Jun 2020: EUR 22.9 million). The increase (in this case: plus EUR 3.7 million) in trade receivables as discussed in the »Assets situation« section above compares to a decrease of EUR 7.8 million in the previous year. Added to which, income tax payments in the reporting period under review necessitated cash outflows of EUR 4.2 million (Oct 2019 – Jun 2020: EUR 0.3 million). Cash flow from investing activities totalled minus EUR 4.1 million (Oct 2019 – Jun

2020: minus EUR 6.1 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. The cash outflows totalling EUR 20.0 million include purchase price payments of EUR 4.0 million for the increased stake in B4B. The cash inflows in the corresponding prior-year period (Oct 2019 – Jun 2020: EUR 9.4 million) were primarily due to promissory note bonds totalling EUR 23.5 million. As a result, cash funds totalled EUR 66.0 million (30 Jun 2020: EUR 54.7 million).

EMPLOYEES

	10/2020 – 06/2021	10/2019 – 06/2020
Employees		
Number of employees (period end)	1,956	1,816
Number of full-time equivalents (ø)	1,698	1,648
Non-financial performance indicators		
Employee retention	94.9%	92.7%
Health index	97.5%	97.2%

The already severe shortage of experts is worsening noticeably. Looking ahead to our growth targets, we are therefore raising our spend on building and upskilling our workforce. Keeping our staff healthy at work and in their personal environments is our top priority. Our health index continues to rise. We were also able to improve employee retention again and are, we believe, well above the industry average. This positive trend is boosted by external ratings, such as being ranked number two in »Germany's most sought-after employers 2021« by F.A.Z. Institut, Frankfurt, in the IT consulting category.

OPPORTUNITIES AND RISK REPORT

The further course of the global pandemic and its consequences will doubtless continue to impact our business performance considerably in the future. We therefore subject our opportunities and risks to continuous monitoring and particular focus. In terms of opportunities, the economic recovery is increasingly providing a boost to the »opportunities offered by digital transformation and migration to SAP S/4HANA«. Indeed, the general willingness to invest seems to be increasing again. If projects initially shelved in response to the pandemic were to start suddenly, our consulting resources could become increasingly prone to capacity bottlenecks, which could increase our project risks. In addition, the credit insurance safety net expired at the end of June 2021 with no further extension. The »risks associated with bad debts and customer insolvencies« (»financial risks«) could therefore increase further. Please refer to our half-year financial report 2020/21 for a detailed discussion of the intra-year development of key individual risks. Overall, the opportunities and risk situation discussed in our annual report 2019/20 has not changed fundamentally. Our evaluation of the individual risks as discussed in the annual report 2019/20 remains unchanged.

OUTLOOK

Our sales pipeline is well filled. Our CONVERSION/4 subscription model for transformation and innovation with SAP S/4HANA is gaining considerable pace. Uncertainty still surrounds the progress of further decreasing pandemic waves and the question of how long the optimistic mood will prevail, however. In light of this, we have closely examined our guidance from 13 November 2020 for financial year 2020/21 – a slight increase in sales compared to the prior-year result (EUR 355.4 million) and EBIT in the range between EUR 17.5 million and 20.5 million. We now expect sales in financial year 2020/21 of between EUR 370 million and 380 million and EBIT in the range between EUR 19 million and 22 million. Economic development over the coming months and weeks remains the biggest risk.

Predictions are much easier when looking beyond the pandemic. We then continue to expect growth to be substantial and the EBIT margin to be higher.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS OF ALL FOR ONE GROUP

from 1 October 2020 to 30 June 2021

in KEUR	10/2020 – 06/2021	10/2019 – 06/2020	04/2021 – 06/2021	04/2020 – 06/2020
Sales revenues	280,389	267,305	94,857	85,147
Other operating income	2,960	2,869	944	985
Cost of materials and purchased services [1]	-105,296	-99,063	-35,805	-31,855
Personnel expenses	-129,423	-118,646	-43,891	-38,588
Depreciation, amortisation and impairment on intangible, fixed and right-of-use assets	-16,040	-16,550	-5,283	-5,329
Impairment losses on financial assets	250	-475	196	-410
Other operating expenses [1]	-16,991	-20,963	-5,884	-4,865
EBIT	15,849	14,477	5,134	5,085
Financial income	11	10	1	3
Financial expense	-986	-1,055	-290	-317
Financial result	-975	-1,045	-289	-314
Earnings before tax (EBT)	14,874	13,432	4,845	4,771
Income tax	-4,346	-4,015	-1,341	-1,377
Result for the period	10,528	9,417	3,504	3,394
attributable to owners of the parent	10,381	9,248	3,474	3,332
attributable to non-controlling interests	147	169	30	62
Earnings per share				
Undiluted and diluted earnings per share (in EUR)	2.08	1.86	0.70	0.67

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 2020 to 30 June 2021

in KEUR	10/2020 – 06/2021	10/2019 – 06/2020	04/2021 – 06/2021	04/2020 – 06/2020
Result for the period	10,528	9,417	3,504	3,394
Items that may be reclassified to profit or loss in subsequent periods				
Unrealised profits (+) / losses (-) from currency translation	-100	-125	-22	-60
Other comprehensive income	-100	-125	-22	-60
Total comprehensive income	10,428	9,292	3,482	3,334
attributable to owners of the parent	10,281	9,123	3,452	3,272
attributable to non-controlling interests	147	169	30	62

CONSOLIDATED BALANCE SHEET OF ALL FOR ONE GROUP

as at 30 June 2021

Assets in KEUR	30.06.2021	30.09.2020
Current assets		
Cash and cash equivalents	66,015	69,089
Finance lease receivables	4,472	4,111
Trade receivables	42,120	38,087
Contract assets	4,934	4,905
Income tax assets	966	448
Other assets	8,874	8,604
	127,381	125,244
Non-current assets		
Goodwill	30,698	30,738
Other intangible assets	30,740	32,945
Fixed assets	15,859	15,473
Right-of-use assets	36,059	35,032
Finance lease receivables	7,370	6,674
Deferred tax assets	446	708
Other assets	7,491	3,890
	128,663	125,460
Total assets	256,044	250,704

Liabilities and equity in KEUR	30.06.2021	30.09.2020
Current liabilities		
Other provisions	914	1,315
Liabilities to financial institutions	10,978	7
Lease liabilities	11,080	10,426
Trade payables	21,148	16,784
Contract liabilities	8,812	9,770
Liabilities to employees	23,059	22,596
Income tax liabilities	2,098	1,827
Other liabilities	7,975	6,261
	86,064	68,986
Non-current liabilities		
Pension provisions	3,850	3,809
Other provisions	690	690
Liabilities to financial institutions	37,409	48,346
Lease liabilities	25,462	25,252
Deferred tax liabilities	14,448	14,187
Other liabilities	935	650
	82,794	92,934
Equity		
Issued capital	14,946	14,946
Reserves	72,052	73,797
Share of equity attributable to owners of the parent	86,998	88,743
Non-controlling interests	188	41
	87,186	88,784
Total liabilities and equity	256,044	250,704

CONSOLIDATED CASH FLOW STATEMENT OF ALL FOR ONE GROUP

from 1 October 2020 to 30 June 2021

in KEUR	10/2020 – 06/2021	10/2019 – 06/2020
Result for the period	10,528	9,417
Income tax	4,346	4,015
Financial result	975	1,045
Depreciation, amortisation and impairment on intangible, fixed and right-of-use assets	16,040	16,550
Increase (+) / decrease (-) in value adjustments and provisions	-986	-885
Increase (-) / decrease (+) in trade receivables	-3,724	7,785
Increase (+) / decrease (-) in trade payables	3,404	-5,801
Increase (-) / decrease (+) in other assets and other liabilities	-5,310	-8,995
Income tax refunds (+) / income tax payments (-)	-4,215	-275
Cash flow from operating activities	21,058	22,856
Payments for purchase of intangible and fixed assets	-4,477	-6,383
Proceeds from sale of intangible and fixed assets	404	185
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	10	218
Cash flow from investing activities	-4,063	-6,052
Repayment of lease liabilities	-9,026	-8,545
Proceeds from liabilities to financial institutions	0	33,500
Repayment of liabilities to financial institutions	-4	-8,510
Payment for acquisition of non-controlling interests	-4,000	0
Interest paid	-1,017	-1,016
Dividend payments to shareholders and non-controlling interests	-5,994	-6,007
Cash flow from financing activities	-20,041	9,422
Increase (+) / decrease (-) in cash and cash equivalents	-3,046	26,226
Effect of exchange rate fluctuations on cash funds	-60	-27
Cash funds at start of period	69,089	28,498
Cash funds at end of period	65,983	54,697

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 Sectio 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« 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 30 June 2021.

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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. Market leading business software solutions based on SAP, Microsoft and IBM combined with the implementation strength of its more than 1,900 experts enables All for One Group SE to orchestrate 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 cybersecurity & 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 around 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 financial year 2019/20.

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