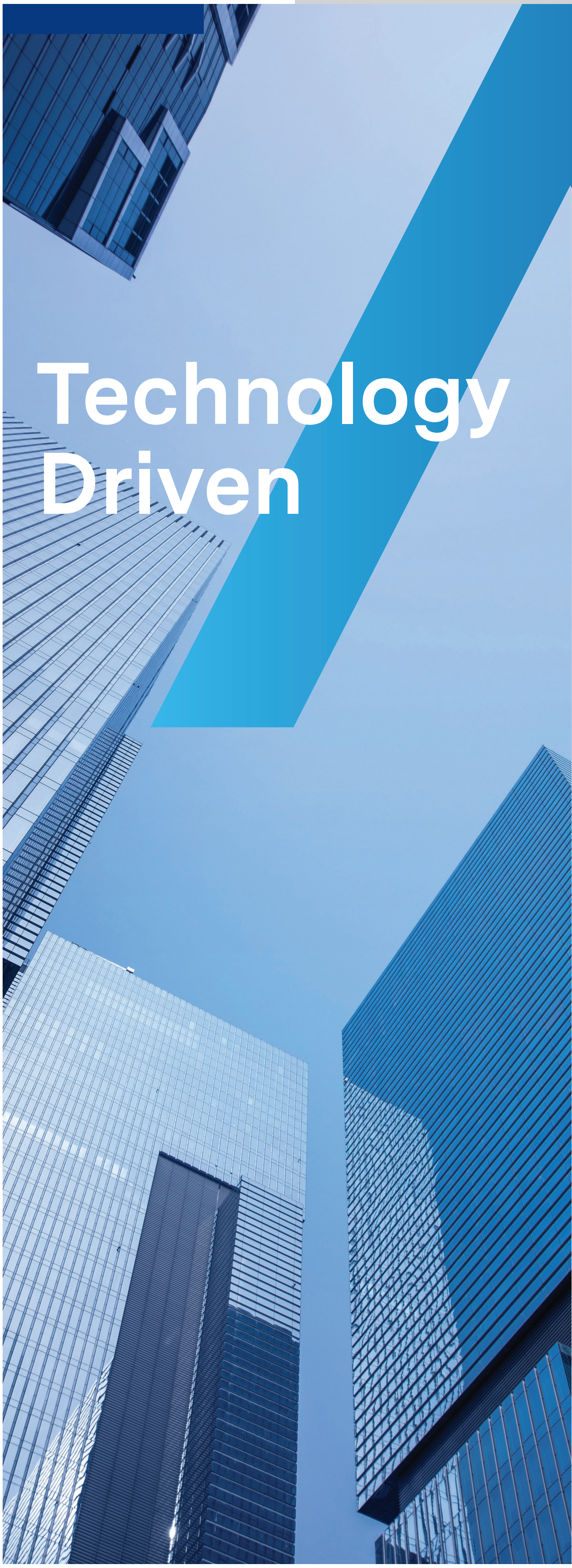


Technology Driven

Annual Report
2020

ALLGEIER

Allgeier SE supports digital transformation with full range of IT and software services

Allgeier SE is one of the leading technology companies for digital transformation: The rapidly growing Group headquartered in Munich guides its customers through the challenges of digital transformation to ensure their future success. Allgeier has a broad and stable customer base of global corporations, dynamic SMEs and public sector contractors. Allgeier offers its more than 2,000 customers a full portfolio of IT and software services extending from high-end software development to business efficiency solutions in support of the digital transformation of critical business processes. Allgeier accomplishes breakthroughs in new digital business models, defines strategic priorities and implements trailblazing projects with high flexibility and scalability to mold agile and intelligent organizations for the digital age.

In its Enterprise IT and mgm technology partners segments, the Group has around 2,400 employees and more than 800 freelance experts at 65 locations in total in Germany and four other European countries, in the US and Vietnam. Allgeier generated revenue of EUR 352 million from its continuing operations in fiscal 2020. According to the 2020 Lünendonk® List, Allgeier SE is one of Germany's top ten IT consulting and system integration companies. Allgeier SE is listed in the General Standard on the Regulated Market of Frankfurt Stock Exchange (WKN A2GS63, ISIN DE000A2GS633). Further information can be found at: www.allgeier.com

Contents

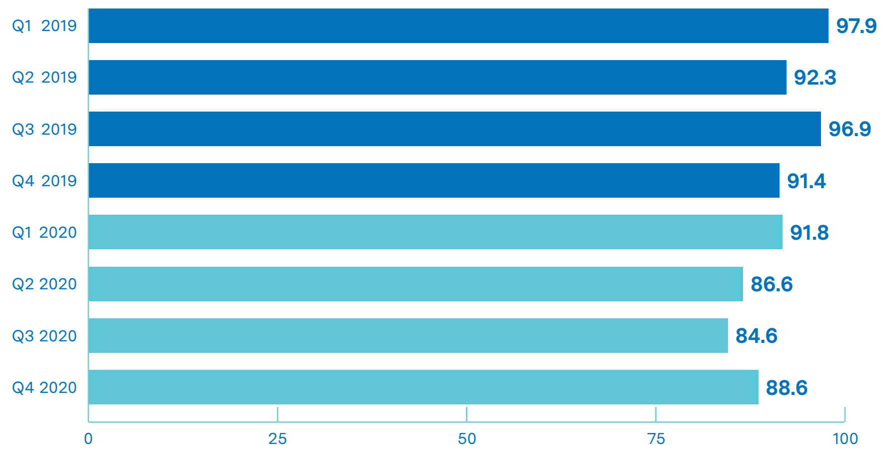
ALLGEIER

Company and Key Indicators at a Glance

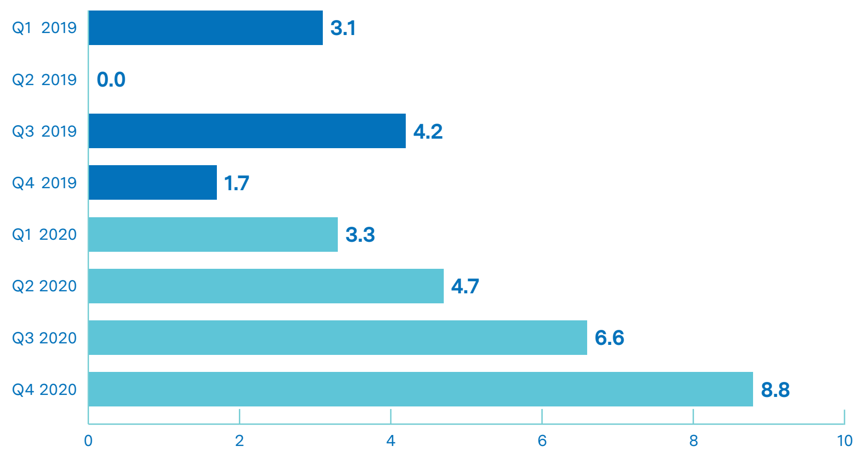
Further information and the company's latest news can be found at www.allgeier.com.

Key Group indicators[1]	Dec. 31, 16	Dec. 31, 17	Dec. 31, 18	Dec. 31, 19	Dec. 31, 20	CAGR[5]
Revenue	354.4	359.6	397.0	378.5	351.7	-0.2%
EBITDA	16.1	10.5	11.9	9.0	23.4	9.7%
Adjusted EBITDA[2]	19.1	12.1	21.0	18.2	30.3	12.3%
EBIT	7.4	3.3	0.1	-4.0	7.1	-1.0%
EBT	4.0	1.8	-1.3	-5.4	8.2	19.7%
Profit or loss for the period[3]	1.0	0.2	-1.4	-10.1	1.1	1.2%
Earnings per share (EUR)	0.50	0.26	0.59	-0.83	0.00	-100.0%
Total assets[4]	344.4	337.9	535.9	587.0	243.9	-8.3%
Equity[4]	116.9	122.8	128.7	165.9	105.5	-2.5%
Permanent employees[4]	6,319	7,077	9,437	10,589	2,366	-21.8%
Freelance experts[4]	1,361	1,393	1,080	1,227	831	-11.6%
Total employees[4]	7,680	8,470	10,517	11,816	3,197	-19.7%

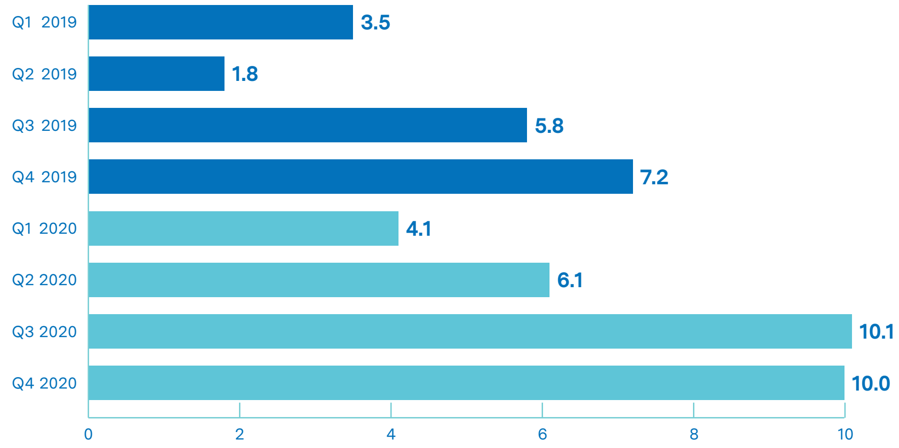
[1] Continuing operations in accordance with IFRS and figures in EUR million (unless stated otherwise), figures for 2018 to 2020 restated in accordance with IFRS 16
[2] EBITDA before extraordinary or prior-period effects
[3] Not including gains and losses on disposal
[4] Figures for 2016 to 2019 for the Group as a whole (including discontinued operations)
[5] Compound annual growth rate



Revenue
in EUR million



EBITDA
in EUR million



Adjusted EBITDA*
in EUR million

All figures refer to continuing operations (in EUR million)
*EBITDA before extraordinary or prior-period effects

Allgeier's 2020 at a Glance

1

Q1 2020

Allgeier generates EBITDA growth and hits targets in the first quarter of 2020

Allgeier hit its targets with growth in EBITDA from continuing operations in the first three months of fiscal 2020 (January 1, 2020 to March 31, 2020). Demand for the Allgeier Group's IT and software services was consistently high in the first quarter, and we were able to meet this demand despite having employees work from home.

Revenue declined by 6 percent to EUR 91.8 million (previous year: EUR 97.9 million) in the first quarter. Value added (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) fell by 4 percent to EUR 23.5 million (previous year: EUR 24.6 million). Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) rose by 18 percent to EUR 4.1 million (previous year: EUR 3.5 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) climbed by 7 percent to EUR 3.3 million (previous year: EUR 3.1 million). Earnings before interest and taxes (EBIT) rose by 300 percent to EUR 0.2 million (previous year: EUR -0.1 million).

2

Q2 2020

Allgeier reports a stable business performance and increases earnings significantly in the second quarter of 2020

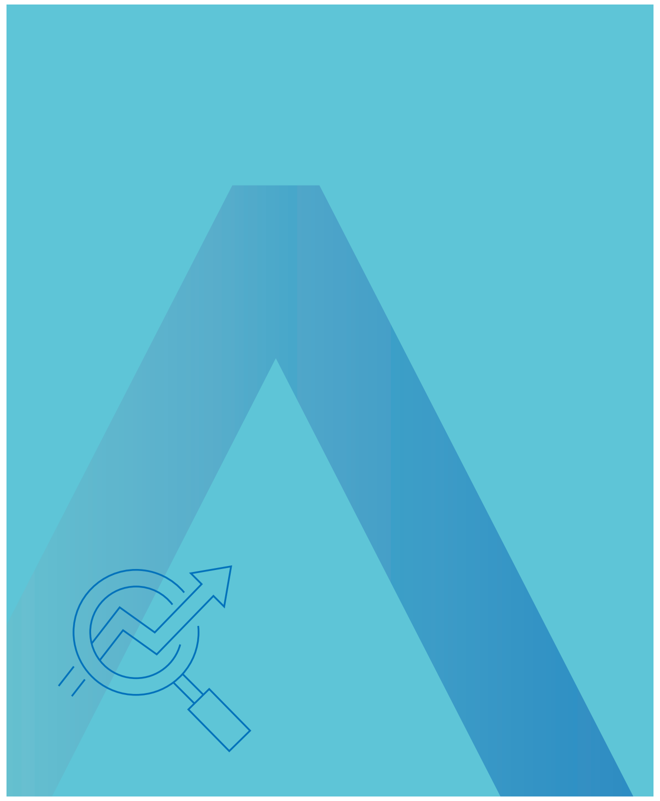
The Allgeier Group's revenue from continuing operations declined year-on-year to EUR 86.6 million (previous year: EUR 92.3 million) in the second quarter of 2020 (April 1, 2020, to June 30, 2020). Over the same period, value added rose by 3 percent to EUR 23.2 million (previous year: EUR 22.4 million). Adjusted EBITDA was up 243 percent year-on-year at EUR 6.1 million (previous year: EUR 1.8 million). Its EBITDA for the second quarter amounted to EUR 4.7 million (previous year: EUR 0.0 million). EBIT amounted to EUR 0.6 million (previous year: EUR -3.0 million).

Acquisition of SCUDOS (asset deal)

By way of purchase agreements dated June 4, 2020, Allgeier IT Solutions GmbH, Bremen (Allgeier IT Solutions), acquired all rights to the SCUDOS software, and other contractual and working relationships, from IFASEC GmbH, Dortmund, and the insolvent SCUDOS SYSTEMS GmbH, Dortmund (SCUDOS). The SCUDOS software is a solution for analyzing and designing secure network infrastructures. The software allows organizations to increase security and simplify operations within their core network. Unauthorized devices are prevented from accessing sensitive network segments and potential malicious intruders are blocked. The purchase price for the acquired software and assets was agreed at EUR 2.0 million, EUR 1.8 million of which was paid in June 2020 with a further EUR 0.2 million due in December 2022. Furthermore, a variable purchase price of not more than EUR 550 thousand was agreed that will become due if certain customer relationships continue for another year or a certain amount of license revenue is generated before the end of 2022. Allgeier IT Solutions assumes that the conditions for the variable purchase price will be met. SCUDOS was included in consolidation for the first time as of June 4, 2020.

Acquisition of Allgeier Project SE and Allgeier Project Humboldt GmbH

By way of purchase agreements dated February 19, 2020, Allgeier SE acquired Blitz 20-361 SE, Munich (sometimes referred to as Allgeier Project SE, Munich) and Blitz 19-682 GmbH, Munich (sometimes referred to as Allgeier Project Humboldt GmbH, Munich). Neither company has business operations. The purchase price for the two companies was EUR 164 thousand.



3

Q3 2020

Allgeier generates further earnings growth in the third quarter of 2020

Revenue from continuing operations declined by 13 percent as against the same period of the previous year to EUR 84.6 million (previous year: EUR 96.9 million) in the third quarter of 2020 (July 1, 2020 to September 30, 2020). This was chiefly due to the planned further reduction of revenue from IT personnel services (Allgeier Experts) by EUR 15 million as against the third quarter of 2019. By contrast, value added increased by 8 percent to EUR 28.3 million (previous year: EUR 26.2 million). Accordingly, adjusted EBITDA increased by 74 percent to EUR 10.1 million (previous year: EUR 5.8 million). EBITDA rose by 57 percent to EUR 6.6 million (previous year: EUR 4.2 million). EBIT grew by 145 percent to EUR 2.7 million (previous year: EUR 1.1 million).

Annual General Meeting approves spin-off of Nagarro Group

On September 24, 2020, the Annual General Meeting of Allgeier SE resolved to spin off its global technology consulting and software development business bundled as Nagarro SE. With the approval of the Supervisory Board, Allgeier SE's Management Board decided on November 5, 2019 to make the corresponding business activities of the Group legally independent and, for this purpose, to spin them off in accordance with the *Umwandlungsgesetz* (German Transformation Act). This decision by the shareholders paved the way to establish an independent digital engineering leader domiciled and listed in Germany with global operations. In total, 50.99 percent of the share capital of Allgeier SE with voting rights was represented at the Annual General Meeting, which was held virtually. In addition, 6.15 percent of the share capital with voting rights was represented in the form of postal votes, with the result that 57.14 percent in total of the share capital with voting rights participated in the vote. The resolution on the spin-off and transfer agreement between Allgeier SE and Nagarro SE was adopted with 99.93 percent of the votes cast.

Personnel change: Nagarro Management Board member Manas Fuloria leaves Allgeier's Management Board as planned

As set out in the spin-off report, Mr. Manas Fuloria resigned from his position on the Allgeier SE Management Board from September 24, 2020 in order to focus fully on his role on the Management Board of Nagarro SE. The Management Board of Allgeier SE has had three members since Manas Fuloria's planned departure: Carl Georg Dürschmidt, Dr. Marcus Goedsche and Hubert Rohrer.

Dividend

At the Annual General Meeting of Allgeier SE held on September 24, 2020, Allgeier SE resolved to pay a dividend totaling EUR 5,603,196 from its net retained profits for fiscal 2019 of EUR 66,283,968.80. 11,206,392 shares were entitled to the dividend. The dividend per entitled share was EUR 0.50. The dividend of EUR 5.6 million in total was paid out to the shareholders of Allgeier SE in September 2020.

Acquisition of eForce 21 GmbH

On July 30, 2020, mgm technology partners GmbH, Munich, (mgm) acquired all shares in the IT development company eForce21 GmbH, Munich, (eForce21) from its founder and managing director Klaus Schlumpberger, who is still responsible for the team of around 40 employees. The merger bundles mgm's IT expertise for innovative enterprise solutions, AI-assisted image recognition and voice processing/chatbots. eForce21's key services are individual software development and IT consulting. One key in-house development in the eForce21 portfolio is the SaaS (software as a service) solution DATAGYM.AI, which uses artificial intelligence to enable images to be labeled up to ten times faster and prepared as training data for neural networks in image processing. In B2B business, the application scenarios for automated image recognition range from autonomous driving and production automation to medicine solutions, e-commerce and security applications. In addition to these future trends, eForce21 also works day-to-day on long-lasting, secure and highly complex business applications. The focus is on model-based software development, which mgm believes is a basis for short development cycles and rapid adjustment to changes. A fixed purchase price of EUR 3,000 thousand and variable purchase prices of up to not more than EUR 2,000 thousand were agreed for the shares in eForce21. Up to EUR 500 thousand of the variable purchase price is dependent on the achievement of certain revenue targets in the years 2020 to 2023. If the criteria for achieving the revenue targets are not fully met, the earn-outs will be reduced accordingly or canceled entirely. The Allgeier Group currently assumes that the revenue targets will be achieved in full. The fixed purchase price was paid in July 2020.

4

Q4 2020

Allgeier increases earnings in fourth quarter of 2020 as well

Allgeier once again increased its consolidated earnings from continuing operations significantly in the fourth quarter of fiscal 2020 (October 1, 2020 – December 31, 2020). Revenue for the fourth quarter declined by 3 percent to EUR 88.6 million (previous year: EUR 91.4 million). Value added increased by 4 percent to EUR 27.0 million (previous year: EUR 26.0 million). Adjusted EBITDA amounted to EUR 10.0 million (previous year: EUR 7.2 million) and was thus up 39 percent year-on-year. EBITDA amounted to EUR 8.8 million (previous year: EUR 1.7 million), an increase of 418 percent. Allgeier's EBIT for the fourth quarter rose by 280 percent to EUR 3.6 million (previous year: EUR -2.0 million).

Spin-off and separate listing of global technology and software development business

The spin-off of the global technology consulting and software development business bundled as Nagarro SE resolved by the Annual General Meeting was implemented in December 2020. When the spin-off became effective on December 15, 2020, in accordance with the spin-off agreement, Allgeier's shareholders received one share in Nagarro SE per share in Allgeier SE, and thus retained 100 percent of its share capital. The shares of Nagarro SE (ISIN: DE000A3H2200, WKN: A3H220, ticker symbol: NA9) were admitted to trading on the Regulated Market (Prime Standard) of the Frankfurt stock exchange on December 16, 2020. Allgeier no longer holds any interest in Nagarro.

The spin-off created two leading companies with a clear focus and diversified strategy that will benefit from the global trend towards digitization seen in all sectors. The two companies are positioned independently on the capital market and can garner more attention and visibility with their individual equity stories, which the Management Board believes will allow more attractive capital market valuations. Moving ahead as an IT holding company, Allgeier SE will continue to focus on its buy-and-build strategy that has proven successful over many years. The Allgeier Group's IT services and software portfolio is expected to keep growing at above the average market rate – thanks both to value-adding acquisitions and the strong positioning of the Allgeier and mgm technology partners brands in German-speaking countries. Allgeier has a broad and stable customer base – ranging from international corporations to high-performing SMEs and public sector contractors.

As a global digital engineering leader, the spin-off will allow Nagarro to concentrate on the company's high growth potential with an increased management focus on its core business. For Nagarro, the separate listing creates a launch pad to position itself as a strong global brand with its own identity, its own diverse organizational design and a unique organizational culture distinguished by flat hierarchies, a high level of autonomy, a love of technology, intercultural openness and highly evolved social consciousness.

Acquisition of renewable energies expert AURELO GmbH

Allgeier IT Solutions GmbH, Bremen, acquired AURELO GmbH, Kiel (AURELO), effective November 1, 2020. In recent years, in AURELO Energiepark Manager, AURELO has created and successfully launched a leading industry solution for planners, project developers and operators in the field of renewable energies on the basis of the Microsoft Dynamics 365 Business Central solution. On being integrated into Allgeier IT Solutions' ERP solutions area, the AURELO portfolio will be greatly expanded by other Allgeier Group products. At the same time, AURELO will thus receive access to significantly greater consulting and programming capacity. Allgeier IT Solutions has been successfully represented in the areas of wholesale, rental, leasing, commodity trading and manufacturing and production for several years already with the Allgeier itrade software solution, also based on Microsoft Dynamics 365 Business Central. The appointment of industry expert Veit-Gunnar Schüttrumpf to the management of Allgeier IT Solutions late in the summer of the past fiscal year marked a broadening of its focus to include the renewable energies sector. A fixed purchase price of EUR 575 thousand and variable purchase prices of up to not more than EUR 550 thousand were agreed for the shares in AURELO. The variable purchase price is dependent on the achievement of certain EBIT targets in 2021 and 2022. The Allgeier Group currently assumes that the EBIT targets will be achieved in full.

Acquisition of publicplan GmbH

On December 1, 2020, Allgeier Enterprise Services AG, Bremen, signed a purchase agreement to acquire the shares in publicplan GmbH, Düsseldorf (publicplan). With revenue of approximately EUR 10 million and around 80 employees, publicplan is an expert for public sector digitization and e-government. Its focus is on open source-based software solutions with a range covering the development consulting and the maintenance of software solutions tailored to the demands of administration. In acquiring publicplan GmbH, Allgeier is further extending its range for public sector digitization in the field of e-government. The purchase price is a low eight-figure amount. The founder and managing director of the company, Dr. Christian Knebel, who was a shareholder in publicplan even before its sale, acquired 20 percent of the shares in the company in conjunction with the transaction. The company will be included in consolidation from January 2021. The acquisition has therefore been described in the supplementary report.

2020 on the stock market: An excellent year for stocks

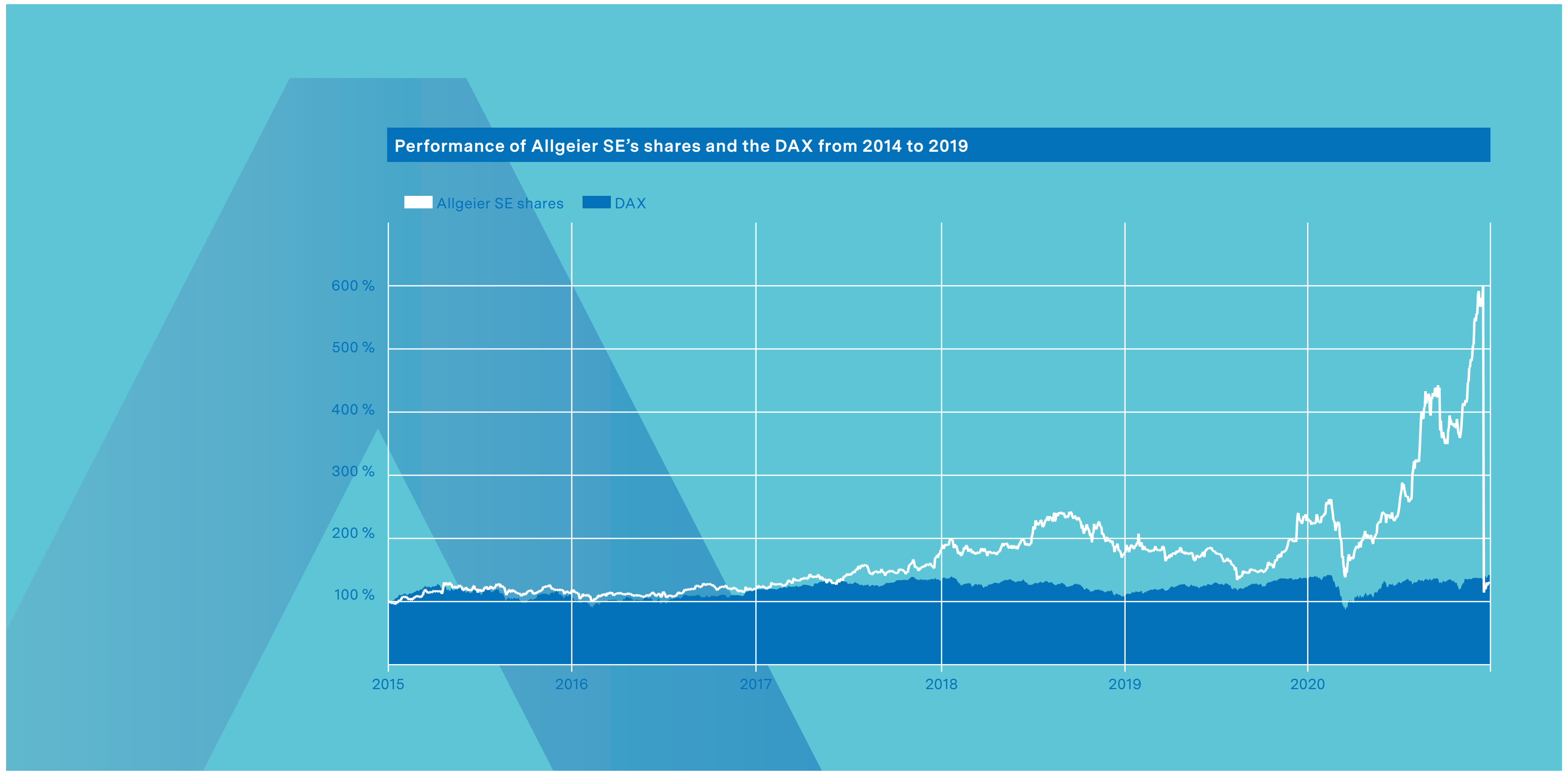
While 2019 had been an excellent year for the stock markets, giving market participants much to be happy about, 2020 was a year of extremes on the stock market – defined at all times by the global COVID-19 pandemic and its effects and consequences on the economy, politics, social affairs and health. Despite the coronavirus crisis, expansionary monetary and fiscal policies all over the world drove stock markets to new all-time highs as the year progressed.

The global spread of the SARS-CoV-2 virus, the collapse of the global economy as a result of comprehensive lockdowns in Europe, the US and China, the slump in the price of oil and bad business news in the wake of the crisis caused the stock market to crash in the first quarter of 2020. Fears an impending global recession resulted in the DAX losing a quarter of its value.

Politicians responded to this with massive support and aid measures: A rapid, V-shaped recovery on the stock markets was made possible by the US Federal Reserve's key interest rate cuts and the start of unlimited bond purchases, the ECB's EUR 750 billion bond program, expansionary fiscal policy all over the world with a number of economic measures and rescue packages (including a USD 2 trillion government bailout and a EUR 750 billion package from the German government), the rapid revival of the Chinese economy, the surprisingly quick easing of many national lockdowns and initial positive news of possible COVID-19 vaccines and medications.

There was more good news in the third quarter, though new negative signals seemed to threaten the stock markets at the same time: On the one hand, the positive development of key economic indexes initially continued, the EU agreed a EUR 750 billion reconstruction fund, there were further positive signals from the Chinese economy and a large number of businesses released data that were better than previously feared. On the other, the incipient second wave of the pandemic and the announcement of new restrictions weighed on the markets, weak data on economic growth in the second quarter came in from all over the world, the recovery on the US labor market stalled, the euro continued to rise against the US dollar and attacks by the US on Chinese companies such as TikTok and Huawei became more common, which amplified fears of new trade conflicts.

Finally, a remarkable rally began on the stock markets in the fourth quarter on the back of Joe Biden's victory in the US presidential election, further ECB bond purchases, the successful Brexit deal between the UK and the EU, global economic growth, good business data and, in particular, vaccine development success for various companies and thus the start of coronavirus vaccinations in a large number of countries. Indexes reached record levels, though at the same time the second wave of coronavirus, record infection numbers and new lockdowns swept Europe and the US, the euro continued to appreciate, trade tensions between the US and China were further exacerbated by new monopoly lawsuits against tech corporations and, on top of this, more bad corporate and business news.



Allgeier shares	
Index	General Standard
ISIN	DE000A2GS633
WKN	A2GS63
Number of shares	11,382,513
Share price (on April 1, 2021)	EUR 24.95
Market capitalization (on April 1, 2021)	EUR 284.0 million

Dividend payment (in EUR)	2015	2016	2017	2018	2019	2020
per share	0.70*	0.50	0.50	0.50	0.50	0.50

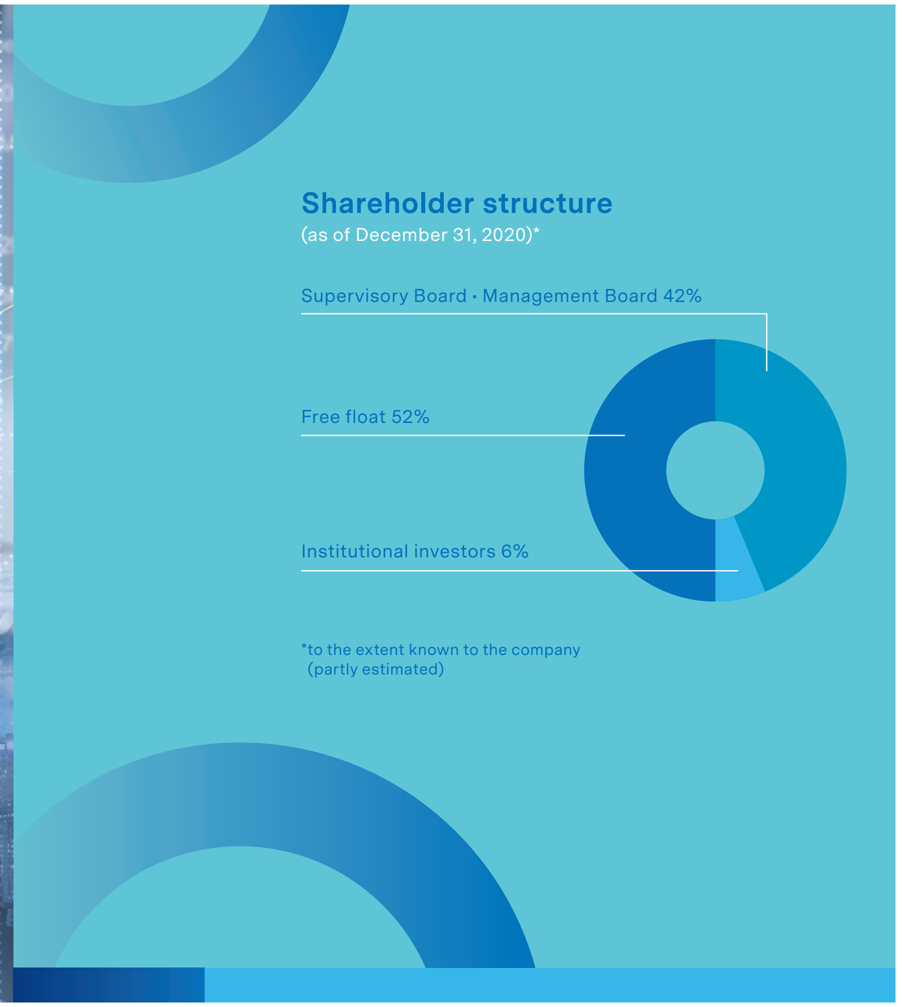
* 0.20 of which as a special dividend

Key figures per share 2020 vs. 2019	2019	2020	Change in %
Earnings per share* (in EUR)	-0.83	0.00	100.0
Dividend per share (in EUR)	0.50	0.50	0.0
XETRA high for the year (in EUR)	36.50	89.60	145.5
XETRA low for the year (in EUR)	18.80	18.70	-0.5
XETRA year-end price (in EUR)	33.90	18.65**	-45.0
Number of shares	11,131,513	11,382,513	2.3
Year-end market capitalization (in EUR million)	377.4	212.3**	-43.7
Average XETRA stock market turnover (in number of shares per day)	11,250	30,166	168.1

*Continuing operations in accordance with IFRS
**ex-spin-off (without the value of Nagarro SE)

In Germany, the DAX rose by 3.5 percent over 2020 as a whole, the MDAX by 8.8 percent, the TecDAX by 6.6 percent and the SDAX ultimately closed 18.0 percent firmer. At the end of the year, the DAX closed on December 28 at a new all-time high of 13,790 points. While the European stock markets were a disappointment in 2020 (the Euro Stoxx 50 was down by 5.1 percent when it closed, the Stoxx 50 by as much as 8.7 percent), international stock indexes also reached record levels in some cases in 2020: In the US, the Dow Jones gained 7.2 percent, the S&P 500, which comprises the 500 top US companies, 16.3 percent and the Nasdaq 100 47.6 percent. Despite a severe slump in the first half of the year, the MSCI World index climbed by 14.1 percent over the year as a whole, and the Nikkei in Japan rose by 16.0 percent by the end of the year to close above 27,000 points for the first time in three decades.

Many market observers expect to see dynamic developments on the stock markets again in 2021. With consumer spending starting to pick up and a generally lower level of concern regarding the coronavirus pandemic, the economy is expected to begin its recovery, which should also have a positive impact on the figures for a great many companies – especially in sectors that have been hit more than most by the crisis. The consistently expansionary monetary policy and the political turnaround in the US, combined with hopes for more reasoned foreign and trade policy, should lend themselves to riskier investment class-



es such as equities or corporate bonds. Tech stocks could benefit from the necessary rising level of investment in digitization, networks, artificial intelligence and process automation. These ongoing trends, which have been amplified by coronavirus, could accelerate even more in the current year. Nonetheless, coronavirus will continue to be an important issue for the markets for the foreseeable future. The daily headlines about the spread of new coronavirus mutations and the associated fears of further waves of the pandemic serve as reminders that uncertainty can return to the markets at any time.

Allgeier shares: Historic price increase in the spin-off year

2020 delivered enormous price increases for Allgeier's shareholders, significantly outperforming the previous year's already highly positive return on investment. While the process of spinning off the international technology consulting and software development business bundled as Nagarro SE progressed in the second half of the year and was brought to a successful conclusion, Allgeier's shares consistently rose to new (all-time) highs and enjoyed a far better performance over the year than all key stock market indexes.
However, there was no way of predicting this development in the first half of the year. At first, Allgeier's shares were

Allgeier on the Capital Market ALLGEIER

also caught up in the historic slump on the stock markets. After climbing significantly by 35.1 percent in 2019, the shares began trading at EUR 34.80 on January 2, 2020. Following a stable performance at the start of the year, the shares continued to climb in February and reached a new daily and half-year high of EUR 38.90 on February 20. In line with the price losses on the global stock markets in the first quarter and under pressure from the increasing spread of the COVID-19 pandemic and the political measures to contain it, the price of Allgeier's shares then fell sharply. The shares lost half of their value within a month and fell to a daily low of EUR 18.70 on March 19. This was followed by a lengthy and significant recovery process that characterized the entire second quarter of 2020. On June 3, 2020, the shares finally made up for the losses sparked by the pandemic and returned to their opening value for the year for the first time with a daily high of EUR 34.80. In the weeks that followed until the end of the quarter, Allgeier's shares largely tracked sideways and closed at a price of EUR 33.30 in XETRA trading on June 30, 2020, only marginally below their price at the end of 2019. With a slightly negative return of 1.8 percent in the first half of 2020, the shares slightly outperformed the TECDAX and significantly outperformed the DAX.

In the third quarter, the shares then began a rally that would carry them to historic highs. Allgeier's shares surged past EUR 40 as early as July 13, and then past EUR 50 on August 17 following the Management Board's announcements of its plans to put the spin-off of the Nagarro Group to the Annual General Meeting. A few days later, on August 26, the price surpassed EUR 60. On the day before the Annual General Meeting, which was held on September 24, the price fell following an ad hoc disclosure with new guidance, and it fluctuated between EUR 50 and EUR 60 in the weeks leading until the start of November. A fresh push above EUR 60 on November 6 started the shares on a steep flight that continued until the day of the Nagarro spin-off on December 15. On this day Allgeier's shares hit their current all-time high and their high for 2020 at EUR 89.60, closing at EUR 87.20. This was also the day on which Allgeier's market capitalization first exceeded EUR 1 billion.

From the next day, December 16, the shares of Allgeier SE were quoted ex-spin-off, since when they have traded without the value of the independent and separately listed Nagarro SE (ISIN: DE000A3H2200, WKN: A3H220, ticker symbol: NA9). Until the end of trading on December 15, the value of Allgeier's shares had risen by 157.2 percent as against the closing price for the previous year of EUR 33.90. Measured against the price at the end of 2019 and including the dividend of EUR 0.50, Allgeier's shares delivered a return of 158.7 percent by this date.

Allgeier SE's shares began trading without the value of Nagarro SE (ex-spin-off) at EUR 24.20 on December 16; the shares of Nagarro SE were initially quoted at EUR 69.00. Without the value of Nagarro SE, Allgeier's shares also hit their low for the year of EUR 15.65 on December 16. Following a spell of extremely volatile trading as a result of the spin-off, the shares ended the year with a closing price of EUR 18.65 on December 30, 2020. Independent since the spin-off, Nagarro SE ended 2020 with a closing price of EUR 91.00. Combined, the shares of Allgeier SE and Nagarro SE thus closed trading at EUR 109.65, an increase of 223.5 percent as against the previous year's closing price. As of the end of the year, the two independent companies had a corresponding market capitalization of EUR 1.25 billion. Without the value of the spun-off Nagarro SE, Allgeier SE's market capitalization amounted to EUR 212.3 million as of the end of 2020. Combined, the two companies increased their market capitalization by 230.7 percent in total in 2020 as against the end of 2019 (previous year: EUR 377.4 million). The average number of Allgeier shares traded on XETRA each day also rose significantly in 2020 by 168.1 percent to 30,166.

A. Group Management Report

1. Basic Information on the Group

General note

Continuing operations

Allgeier effectively spun off Nagarro SE on entry in the commercial register on December 15, 2020. Nagarro SE has been separately listed on the Frankfurt stock exchange since December 16, 2020 and is therefore reported in Allgeier SE's consolidated financial statements for fiscal 2020 as a discontinued operation. The units Oxygen Consultancy, Allgeier Education and Talentry (at equity) are also shown as discontinued operations. As a result these changes, the figures for Allgeier SE's continuing operations cannot be compared against the business figures, performance indicators or forecasts shown in the 2019 annual report. All prior-year figures in this report have been restated to reflect continuing operations.

New segment structure

In preparation for the spin-off of Nagarro, Allgeier reorganized its segments in the first half of fiscal 2020 and created the three segments Enterprise IT, mgm technology partners and Nagarro (fiscal 2019: four segments – Enterprise Services, Experts, Technology, New Business Areas). As compared to the segment structure in the 2019 annual report, the Enterprise IT segment consists of the former Enterprise Services segment (not including the Allgeier Group's SAP business spun off with Nagarro), the Experts segment and the New Business Areas segment. The new mgm technology partners segment comprises the business of the mgm technology partners operating business unit, which was still part of the Technology segment in fiscal 2019. The Nagarro segment that was also created in the first half of 2020 comprised the business of the spun-off Nagarro Group, which was assigned to the Technology segment in fiscal 2019. The Nagarro segment likewise included the Objectiva and iQuest operating units, which also belonged to the Technology segment in fiscal 2019. The Allgeier Group's SAP business, which had been assigned to the former Enterprise Services segment in fiscal 2019, is also part of the Nagarro segment. The Nagarro segment was discontinued on being spun off from the Group, leaving the Allgeier Group with the Enterprise IT and mgm technology partners segments. As a result of the reorganization of the segments and the spin-off of Nagarro, the figures for the segments cannot be compared against the business figures or forecasts shown for the segments as they were in the 2019 annual report. All prior-year figures in this report for the new Enterprise IT and mgm technology partners segments have been restated to reflect the new segment structure.

Information for fiscal 2021

All information for fiscal 2021 uses assumptions and estimates based on Management Board expectations. While the Management Board believes that these assumptions and estimates are accurate, actual future developments and results could differ significantly from these assumptions and estimates. Allgeier SE provides no guarantee that future developments and the actual results achieved in the future will be consistent with the assumptions and estimates expressed in this report and assumes no such liability.
In particular, the further consequences of the coronavirus crisis in the wake of the COVID-19 pandemic and the speed of the economic recovery will play a key role in the occurrence of assumptions and estimates: The spread of coronavirus (SARS-CoV-2) and new mutations of the virus as well as the political action to contain the pandemic continue to have an at times significant impact on the global economy, individual markets, sectors and companies. While the business of the Allgeier Group has so far proved largely resilient to the consequences of the crisis, it cannot be ruled out that developments affecting individual markets, sectors and companies due to the crisis could affect the revenue and financial performance of Allgeier SE in ways unforeseeable by the Management Board at the time of this report being prepared.

Alternative key performance indicators

This document contains supplementary financial indicators – not precisely defined in the relevant accounting framework – that are or could constitute alternative performance indicators. These supplementary financial indicators may be of limited suitability as an analytical tool and should not be used in isolation or as an alternative to the financial indicators presented in the consolidated financial statements and calculated in accordance with relevant accounting frameworks to assess the financial position and financial performance of Allgeier SE. Other companies that present or report alternative performance indicators with similar names may calculate them differently and they therefore may not be comparable.

1.1 Business Model of the Allgeier Group

The following organizational chart provides an overview of the two segments in continuing operations.

Organigramm Allgeier SE	
Enterprise IT	mgm technology partners

1.1.1 Business and Structure of the Allgeier Group

As of the end of the reporting period, the Allgeier Group comprises 36 consolidated companies and two companies consolidated using the equity method (previous year including the spun-off Nagarro business: 82 consolidated companies and one company consolidated using the equity method). Of these, two consolidated companies and one company consolidated using the equity method are shown as discontinued operations (previous year: no discontinued operations).

The operating business of the Group's continuing operations is structured as the two segments "Enterprise IT" and "mgm technology partners", which each have their own operating business. The Group's segments were restructured in the first half of fiscal 2020. As compared to the segment structure in the 2019 annual report, the new Enterprise IT segment consists of the former Enterprise Services segment (not including the Allgeier Group's SAP business spun off with Nagarro), the Experts segment and the New Business Areas segment. The new mgm technology partners segment comprises the business of the mgm technology partners operating business unit, which was still part of the Technology segment in fiscal 2019.

1.1.2 Tasks of Allgeier SE

Allgeier SE is responsible for the management and strategic development of the Group's segments:

- Strategic orientation and ongoing review of the strategy of the Group and the operating segments in line with value-oriented and sustained corporate development
- Coordination and organizational structuring of the Group
- Organization of finances and financing of the Group's ongoing development
- Identifying, addressing and examining potential additional suitable equity investments in Germany and abroad, based on Group strategy
- Negotiation and execution of acquisitions and disposals of companies and equity investments
- Controlling, risk management and compliance
- Preparing accounting policies and the consolidated financial statements in accordance with IFRS
- Group planning
- Managing and supporting the management of the operating segments and individual Group companies
- Integration of the various equity investments into the Group
- Organization and coordination of Group-wide committees and processes
- Coordination of Group-wide project and sales activities
- Management of Group-wide communications (public relations, investor relations, internal communications) and general marketing

1.1. 3 Business Operations of the Segments

Range of solutions and services	
Enterprise IT	**mgm technology partners**
BDP – Business digitalization platform and business efficiency solutions	Business portals Application management solutions Enterprise low code platform mgm A12
Document management (DMS)/enterprise content management (ECM)	Public sector solutions e-commerce solutions Industry insurance platform mgm Cosmo
IT security and compliance	Software architecture Software development Web security Design & usability Data science Big data analysis and processing Data migration/mass data processing Management consulting Digitization consulting
SAP	
Business Process Management (BPM)	
Cloud solutions	
Mobile	
Open source software development	
Full-service personnel and project services	

Enterprise IT segment

The Enterprise IT segment is a full-range provider of IT solutions and services for critical business processes with far-reaching expertise in German-speaking countries. The segment offers its clients a full portfolio of IT services for major software projects and long-term managed services and maintenance agreements. The companies of the Enterprise IT segment design, create and operate end-to-end IT solutions for implementing and supporting clients' critical business processes on the basis of business software products. They do this using their own IP-based software architecture and solutions plus market-leading software products and platforms for the digitization of business processes in cooperation with providers such as Microsoft, SAP, IBM and Oracle. The segment has a large pool of resources with highly qualified IT and engineering experts, which enables it to guarantee a high level of scalability and flexibility in project implementation and support. Its employees combine in-depth technical knowledge, comprehensive process and sector expertise and consulting capability in the fields of business efficiency solutions, IT security, business process management, enterprise content management, cloud and mobile applications and open-source software development. This way, the Enterprise IT segment assists global corporations, SMEs and public sector contractors in their digital transformation and the optimization of the digital business processes along the entire value chain. With their consulting, development, project planning, implementation and support services, the segment's companies create IT solutions in the core areas for business software, such as:

- BDP – Business Digitalization Platform: The original roots of the Allgeier Group lie in this area. Business efficiency solutions for business process digitization are implemented for SME and enterprise clients with the in-house development syntona logic® and leading standard software solutions from international manufacturers such as Microsoft and SAP, plus itrade series add-ons for specific industries.
- Document Management (DMS)/Enterprise Content Management (ECM): Document-intensive business processes are supported and executed for clients with high efficiency using the company's proprietary digital information management with integrated DMS and ECM functions – metasonic® Doc Suite. The entire value chain of the editing process is supported – from the detection, read-out and editing of content in professional workflow sequences, through to tamper-proof archiving. On client request, the solutions are integrated into the client's IT infrastructure or are offered as complete cloud solutions with hosting in separate German data centers. The advantages for companies that use an ECM solution such as metasonic® Doc Suite are clear: They can save a lot of time and money thanks to more efficient processes. This achieves a high degree of automation for office work, which is often still largely analog, and so takes the strain off employees.
- Security: Data security is becoming ever more critical. The segment combines experienced IT security and IT forensics experts and offers a comprehensive portfolio of IT security consulting, operations and (incident) response & emergency that fully meets the growing demands of the IT security market. The segment also offers its own software solutions, including for the encryption of SharePoint platforms or e-mail traffic. The company's own IT security software solution julia mailoffice is already in use at a number of ministries, government agencies and large enterprises. EMILY and EMILY SP (SharePoint) ensure secure collaboration.
- SAP: The Enterprise IT segment offers its clients Full-Stack SAP Services, extending from project consulting to managed services for the high-end midmarket.

- Business Process Management (BPM): At their core, all business software solutions are about the IT-supported execution and optimization of business processes. Process tools need to be particularly flexible in interaction with a variety of software products and ever faster change cycles for software and business processes. With its metasonic® Process Suite, which comprises the latest generation BPM software and a platform for dynamic process applications, Allgeier supports clients in producing in producing bespoke software solutions in significantly shorter cycles. Interactive touchscreens make it child's play for teams to put together their business processes and build functional applications in no time – without having to do any programming of their own.
- Cloud solutions: The Enterprise IT segment builds and operates a variety of cloud solutions for its clients in the areas cited above. Software solutions can be operated in private cloud environments (an enterprise cloud), Allgeier data centers or public cloud environments. The utmost possible data security and resilience are top priorities, as are reliability and load capacity for large data volumes. In addition to many medium-sized companies, the segment's offerings are also used by large multinationals and the public sector.
- Open source software development, in particular for public sector contractors: Political issues such as digital sovereignty, European data protection and the "Public Money, Public Code" initiative are making open source solutions increasingly relevant, especially in the field of public sector contractors. Starting with consulting for all facets of this issue, through open source-compliant software development and the development of industry solutions as open source software to long-term support for such solutions and entire communities, a completely new market is emerging in Germany and Europe. Allgeier Enterprise IT is positioned on the growth market for open source software development as an innovation leader for public administration.
- Mobile: User interfaces for a wide variety of mobile devices are becoming the standard for modern business software for access to processed data. The Enterprise IT segment implements individual solutions for a large number of clients in the mobile applications area.

Allgeier Experts also belongs to the Enterprise IT segment. Allgeier Experts is one of the leading providers of flexible personnel services in Germany, especially in the fields of IT and engineering. Allgeier Experts operates as a specialist IT personnel service provider, both in staffing for high-level client projects and in conjunction with in-house Allgeier projects in the services segment. According to the current 2020 Lünendonk® market segment study, "The Market for Recruitment, Placement and Management of IT Freelancers in Germany", Allgeier Experts is one of Germany's top four IT personnel service providers in this segment.

The companies in the Enterprise IT segment served more than 1,500 clients in Germany and internationally in the past fiscal year. These include large corporations (e.g. eight of the 30 DAX companies), public sector contractors and a number of SMEs of various sizes. The clients are broadly distributed across a variety of different industries. The companies in this segment possess special expertise in the areas of the public sector and insurance, chemicals/pharmaceuticals and industry.

The companies of the Enterprise IT segment have more than 41 locations, 37 of which in Germany and four in Switzerland.

mgm technology partners segment

The new mgm technology partners segment (mgm) exclusively comprises the mgm technology partners operating unit, which was still part of the Technology segment in the previous year.

mgm technology partners is a consulting and solutions provider for digitization projects and one of the leading service providers for e-government in Germany. mgm stands for digital sovereignty for IT, business and organization. mgm technology partners offers its clients cooperation and assumption of responsibility on a partnership basis – from integrated consulting to an enterprise platform solution.

As a high-end software and technology company, mgm technology partners defines its own success by the contribution made by the systems produced to its clients' business performance. mgm develops enterprise applications for the commerce and insurance industries and the public sector on the basis of the latest technologies and its own platform solutions. Together with the specialist subsidiaries mgm consulting partners (management consulting for digitization, experts in CIO advisory, organizational development and change management) and mgm security partners (web application security), mgm covers the full range of current and future digitization issues.

mgm takes the approach of digital sovereignty, whereby organizations retain authority over and knowledge of their own IT systems. As a long-standing partner to public administrations, mgm shares the values of its contractors for self-determined software handling. mgm helps its private sector clients and partners to achieve their strategic goals – which increasingly intersect with digital sovereignty in the context of the emerging platform economy. As a specialist in model-based development, mgm develops software solutions that enable experts to adapt even highly complex, integrated applications on their own. mgm's proprietary product development – the "A12" platform – is used as the basis in all sectors. This model-based, low-code platform is the future-proof foundation for mastering complexity in digital business and making clients' business sustainably efficient in the long term. Individual developments for integration into companies' critical IT landscapes remain a key focus.

mgm specializes in the commerce and insurance industries and the public sector, which are particularly stable or resistant in times of crisis. The coronavirus pandemic led to a boom in online retail and highlighted the significant need for digitization in the public sector.

Public sector

- mgm is the technology partner and developer behind electronic tax returns in Germany. Today, more than 23 million private individuals and more than five million companies send data using software developed by mgm. All commercial tax-saving programs use ELSTER authentication. All data validation, data encryption and transmission uses ERIC (ELSTER Rich Client).
- In the public sector, the A12 platform is a tried and tested solution for the legally required implementation of the German Online Access Act by the end of 2022 and other digitization projects in public authorities and administrations at federal and state level. Modular parts from the ELSTER ecosystem, for example, also play a major role in other e-government solutions, such as building an infrastructure for a uniform business account in Germany. Structural digitization and fully digital accessibility for private individuals and companies of all kinds in Germany is also an attractive field for future business.

Commerce

- mgm sees commerce as an individual high-speed business. The company is active in both B2B and B2C with a focus on two products: SAP Customer Experience (formerly SAP Hybris) and mgm Commerce ERP. It has been a Gold Partner for the SAP Hybris Omnichannel Suite since 2009. mgm Commerce ERP combines established elements from more than 20 years of experience in mail order business and the development of highly scalable, transactional online applications. The backend is based on the multi-channel solution Choice 6. This was originally developed by MOS-TANGRAM, which mgm acquired in 2015, and is successfully used by more than 100 mail order companies in Europe.

Insurance

- mgm has focused on digitization in the industrial insurance business since 2006. The in-house development "mgm Cosmo" is a digital platform offering integrated product configuration, underwriting, digital collaboration and cover, loss and process modeling in the highly complex and individual industrial insurance business.
- At the same time, mgm does not always act purely as a service provider that concludes and hands over a commissioned project after an agreed date. Part of the platform strategy is the establishment of long-term partnerships with insurers and brokers, through which mgm aims to participate directly in the success of digitization initiatives.
- In consulting for the insurance industry, the focus is on business intelligence and data warehouse projects.
- mgm intends to further bolster its work for the insurance industry through the northport joint venture. Together with its joint venture partner, mgm is planning to build a digital product portfolio for insurance providers, brokers and clients.

Another industry focus in management consulting is energy providers, especially for CIO advisory and sourcing services.

The mgm technology partners segment worked for around 180 clients in fiscal 2020, including two of the 30 DAX companies and a number of public sector contractors and institutions at federal, state and municipal level.

The segment's companies are located at 24 sites, 18 of which in Germany, one each in France, Austria, Switzerland and the US and development centers in Vietnam and Czechia.

1.2 Management System

The business of the Allgeier Group is managed within a tiered organization. Company management is structured into the following levels:

- Group level: Management by the Management Board of Allgeier SE
- Segment level: Management by the management of the operating segments
- Company level: Management by the management teams at the individual companies

At each level, operating business is managed on the basis of key performance indicators, such as contribution margin, profitability and accounting ratios, which are set for each fiscal year in conjunction with corporate planning. As a year progresses, corporate planning is typically supplemented by further forecasts each quarter. Corporate planning serves as the benchmark for managing business activities at the level of the individual companies and for monthly reporting between the individual company, the segment and Allgeier SE. Reporting relies on monthly variance analysis. Quarterly business review meetings between the Management Board of Allgeier SE and the management of the individual segments are held to discuss business performance, business environment and market trends, strategy and any necessary measures. If deviations arise, appropriate measures are determined and implemented at various levels to realign business operations in the quarterly business review meetings – and in additional meetings and telephone calls more frequently if required. Reporting by the Management Board to the Supervisory Board is based on corporate planning and the above financial and qualitative parameters.

1.3 Research and Development

The Allgeier Group pursues the development of its existing products on an ongoing basis and in cooperation between the different segments. For most of the Enterprise IT segment's own products, development is carried out in close cooperation with former Nagarro SE colleagues at their locations in Asia and Eastern Europe. The segment also works closely with the Fraunhofer Institute for Production Technology on IT security in the IoT setting. In conjunction with this cooperation, the project partners are also developing a software that can provide manufacturing companies with crucial assistance in the secure networking of their data systems. The findings and developments arising from the research cooperation are also incorporated into the Enterprise IT segment's own software solutions.

In total, expenses of EUR 0.0 million (previous year: EUR 0.0 million) were recognized for the ongoing development of products and product maintenance in continuing operations in the period under review. Product development work was capitalized in the amount of EUR 0.9 million (previous year: EUR 1.7 million). Amortization on capitalized development work amounted to EUR 1.5 million (previous year: EUR 1.1 million). The amortization rate, the ratio of amortization to capitalization, was therefore 157 percent in fiscal 2020 (previous year: 68 percent).

The Allgeier Group is also providing research and development services for a number of client projects, particularly in the mgm technology partners segment. The results of this work include the establishment of the A12 platform by mgm technology partners. A12 is a highly innovative expandable development platform for web-based business applications with the relevant tools. The platform offers developers an extensive set of robust, secure and scalable components and a client/server application infrastructure. This work allows us to acquire specialist and sector-specific expertise that is not specifically shown in the figures reported for research and development. Such research and development services are essentially performed in the Enterprise IT segment.

2. Business Report

2.1 General Economic and Industry Conditions

2.1.1 General economic conditions: German economy hit hard by coronavirus crisis

The coronavirus pandemic and its economic consequences forced the German economy into one of the worst recessions in decades in the past fiscal year. According to provisional calculations by the Federal Statistical Office, German gross domestic product declined by 5.0 percent in 2020. However, the economic slump was less severe overall than that caused by the financial crisis: economic performance had declined by 5.7 percent in 2009. But in the years that followed from 2010 to 2019, Germany's GDP increased by an average of 1.9 percent per year.

According to the Federal Statistical Office, the pandemic left a clear mark in virtually all areas of the economy in 2020. Production was scaled back in both the service and manufacturing sectors, in some cases massively. Adjusted for inflation, economic performance in the manufacturing industry – not including the construction sector, where economic performance was actually up after adjusting for inflation – declined by 9.7 percent as against 2019. Economic performance fell by as much as 10.4 percent in the manufacturing sector. In particular, intermittent supply chain disruptions had a negative impact on industrial production in the first half of the year. Some parts of the service sector experienced their most serious declines in history. Adjusted for inflation, the economic performance of the commerce, transportation and hospitality sectors combined was down by 6.3 percent. There were contradictory developments within the sector: While online retailing expanded significantly, bricks-and-mortar retail and the hospitality industry reported historic declines.

Domestic and international demand decreased by more than ever before (by 6.0 percent adjusted for inflation), though this was countered by the stabilizing effects of state consumer spending (up 3.4 percent). Foreign trade crashed as well: Imports of goods and services fell by 8.6 percent adjusted for inflation in 2020, exports by 9.9 percent.

The rising trend on the labor market, which had been ongoing for more than 14 years – even throughout the economic and financial crisis – was also brought to an end by the coronavirus crisis. The number of people in employment contracted by 1.1 percent, with those in minor employment and the self-employed particularly affected by the repercussions of the crisis. However, the massive expansion of regulations on reduced working hours may have helped to ensure that the number of employees paying social security contributions remained stable for the time being.

According to preliminary calculations by the Federal Statistical Office, the financing deficit of state budgets runs to EUR 158.2 billion for 2020 (equivalent to a deficit ratio of 4.8 percent), which matches both the first deficit since 2011 and the second-highest deficit since German reunification. This meant that the European benchmark under the Stability and Growth Pact and the target for the national debt brake were both missed – both of these targets have been suspended for 2020 and 2021.

On the international stage as well, the spread of coronavirus and the restrictions then placed on economic and social life led to a historic slump in economic performance. Global supply chains and trade flows were severely impacted, stock markets collapsed, unemployment and reduced working hours increased and a number of countries requested international credit assistance. The international markets on which the Allgeier Group operates thus suffered greatly from the consequences of the coronavirus pandemic in 2020. The Organization for Economic Cooperation and Development (OECD), in its current Interim Economic Outlook of March 2021, is projecting a reduction in global GDP of 3.4 percent. In its World Economic Outlook of January 2021, the International Monetary Fund (IMF) assumes a decline in global economic performance of 3.5 percent for 2020. An even more severe decline than had been anticipated in the second half of 2020 was prevented by the stronger growth momentum. The advanced economies were hit particularly hard by the crisis. According to the IMF, their economic performance declined by 4.9 percent. Among those most severely affected were the UK (down 10.0 percent) the euro area (down 7.2 percent), Spain (down 11.1 percent) and Italy (down 9.2 percent). The US (down 3.4 percent), which suffered the most infections and deaths in the world, and China (growth of 2.3 percent), thought to be where the pandemic originated, came through the crisis relatively lightly.

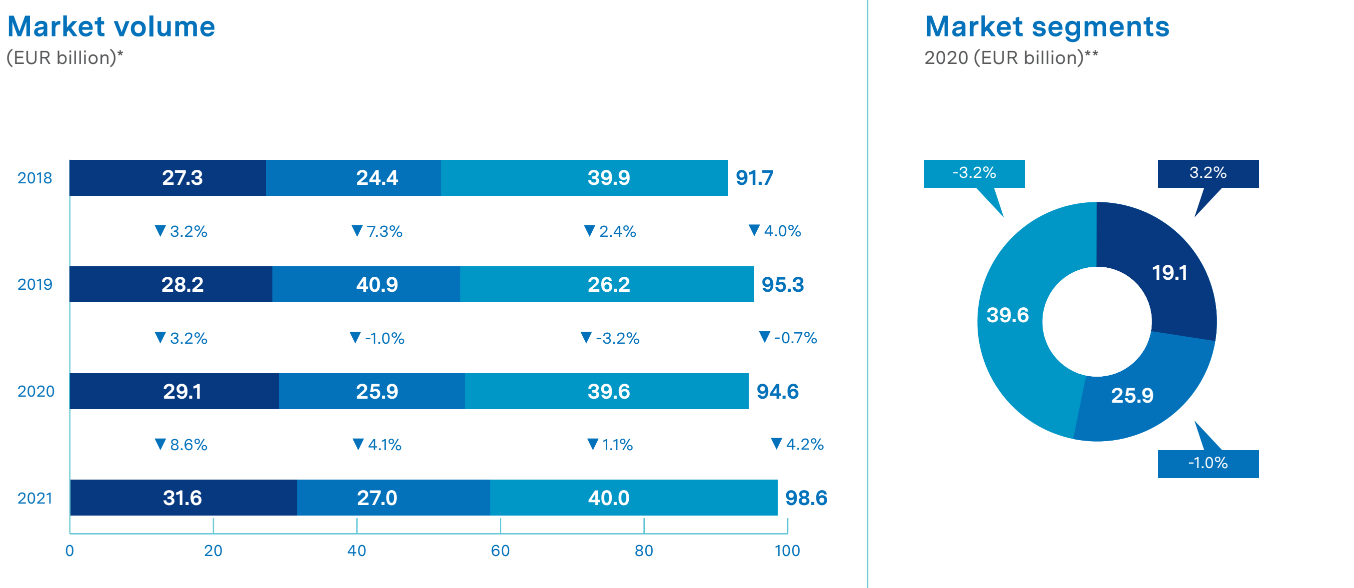
Following the spin-off of the international software business bundled in Nagarro, Germany – which accounted for 94.6 percent of revenue – was by far the most significant market for the Allgeier Group's continuing operations (previous year: 95.4 percent). It was followed by the Swiss market at 3.6 percent of total revenue and a handful of other international markets accounting for 1.8 percent of the Group's revenue. Allgeier generated 96.1 percent of the Group's revenue within the EU in 2020.

Switzerland is Allgeier's most important international market with a revenue share of 3.6 percent (previous year: 3.0 percent). The Group's companies increased their revenue on the Swiss market by 15.4 percent in fiscal 2020. Switzerland was also badly affected by the consequences of the coronavirus pandemic. In its December 2020 Economic Outlook, the OECD forecasts that Swiss economic performance contracted by 4.7 percent in 2020. Private investment and consumer spending are being muted by low confidence and relatively high unemployment. Exports were hampered by the stifled growth in buyer countries. The Swiss economy had recovered by the end of April 2020 following a six-week lockdown that included shutting down schools and many economic activities. The situation began to deteriorate again in the fall, with a strong increase in case numbers in October exacerbating uncertainty. However, the expected widespread introduction of effective vaccines in the second half of 2021 should lead to an improvement in the health situation. The political aid measures in Switzerland were considerable, and its monetary policy remains accommodative. The OECD feels that further fiscal support could still be needed in the future, as the use of reduced work schemes is declining and many workers may require upskilling or retraining to meet demand in the medium term. The OECD anticipates that the Swiss economy may not recover to pre-crisis levels until 2022. Forecasts currently assume an increase in economic performance of 2.2 percent in 2021 with growth accelerating to 3.4 percent in 2022.

In summary, the core markets of the Allgeier Group continue to be severely affected by the economic repercussions of the coronavirus pandemic. Germany, Switzerland and many other developed economies within and outside Europe may not return to pre-crisis levels until 2022. There are indications that the harm caused to the socio-economic fabric of individual nations by the pandemic will linger for years to come. And while recent vaccine approvals have sparked hope that the tide in the fight against pandemic control may turn before the end of the current year, fresh waves and mutations of the virus are still a cause for concern. Amidst this extraordinary uncertainty, the OECD forecasts in its Interim Economic Outlook from March 2021 that the global economy will grow by 5.6 percent in 2021 and 4.0 percent in 2022. The forecasts for the current year have been revised upward in recent months, reflecting expectations that vaccinations will allow economic activity to recover later this year and the further political support in some of the major national economies.

As it is by far its largest single market, the development of the German economy is of particular importance to Allgeier. It could also affect the Group if the recovery of the German economy is slower off the mark. Despite the substantial uncertainty that remains, the currently positive economic development with a tangible recovery on many markets relevant to Allgeier are still reason enough for modest optimism. The business of the Allgeier Group also proved largely resilient to the effects of the economic crisis in the first year of the pandemic. Nonetheless, a fresh slump in demand in a number of sectors or core markets – for instance due to new waves of the virus or the outbreak of dangerous mutations – or delays in rolling out vaccination campaigns and the restrictions or renewed uncertainty this would entail could have a negative impact on the growth and ongoing development of the Allgeier Group.

Growth on the German information technology market



Source: BITKOM, EITO; January 2021 * Year-on-year rate of increase (in percent) ** Growth in percent

2.1.2 General industry conditions: Recovery after crisis year

The crisis also took its toll on the German ICT industry as a whole (information technology, telecommunications and consumer electronics). According to a survey conducted by the German Federal Association for Information Technology, Telecommunications and New Media (BITKOM) from January 2021, following years of growth, sales of products and services for the overall industry are expected to have decreased slightly by 0.6 percent to EUR 169.8 billion in the crisis year of 2020. However, the sector incurred only minor losses compared to the industry as a whole. Sales of IT hardware even experienced stable growth, which is presumably mainly due to the needs of companies and private individuals for technical equipment for mobile workstations. BITKOM is already forecasting a significant recovery in the current year of 2021, with the market set to grow by 2.7 percent to EUR 174.4 billion in total. This will be thanks in particular to the surge in growth on the IT market of 4.2 percent (previous year: down 0.7 percent) to an anticipated EUR 98.6 billion. According to BITKOM, the German IT market also shrank to EUR 94.6 billion in 2020 (2019: EUR 95.3 billion). The effects of the crisis were also clear in the sectors relevant to Allgeier – software (down 1.0 percent to EUR 25.9 billion in 2020) and IT services (down by 3.2 percent at EUR 39.6 billion). However, the business climate had already predominantly taken a turn for the better in the final months of the previous year. In December, for instance, the Bitkom-ifo Digital Index climbed to its highest level since February 2020. According to BITKOM, the coronavirus crisis has also helped to accelerate digitization in many areas. The economy, the public sector and consumers invested in digital technologies, while investment plans that had previously been postponed have now been brought forward and carried out. The sector is thus faring the crisis relatively well. The signs are again pointing to growth for 2021.

According to the BITKOM forecast, hardware sales are set to rise especially in the current year (up 8.6 percent). However, the markets especially relevant to Allgeier, software and IT services, are also expected to return to growth at 4.1 percent and 1.1 percent respectively. Investment by companies and public sector contractors in the transformation of their organizational processes and business models is likely to continue rising. These have proved to be largely unaffected by fluctuations on the economy as a whole in recent years. Market trends and technologies such as cyber/information security, cloud solutions, big data analytics, IoT (Internet of Things), digital platforms and mobile applications, in addition to newer areas such as machine learning, artificial intelligence, blockchain and augmented/virtual reality, are key to this process. Allgeier has had a handle on these technologies and high-tech trends for many years and is constantly expanding its portfolio and growing its expertise.

Group Management Report ALLGEIER

2.2 Business Performance in 2020

We have just experienced the most extraordinary year in the history of our company. We began 2020 with record planning. Every company in the Group was excellently positioned. Looking back, we see this circumstance as highly fortunate: We were able to enter the coronavirus crisis – which took all of us by surprise – with a very strong foundation and to emerge from this difficult period largely unscathed as a company. We can proudly say that, over the past year, our Group, the way we interact and even our business have proved capable of withstanding the crisis and its repercussions. Our employees – most of them working from home – delivered an extraordinary performance, enabling us to stand by our clients in their projects and challenges with virtually no restrictions.

2020 brought fundamental changes for the Allgeier Group. In 2019 we had already made the decision and announced our intention of listing Nagarro separately in 2020. In the preceding years, the Nagarro Group had emerged from within the Allgeier Group as a global tech services player in its own right thanks to sustainable organic growth and various acquisitions. Nagarro SE was finally listed separately on the Frankfurt stock exchange on December 16, 2020. The Nagarro Group has thus been spun off from the Allgeier Group and is independent. We thereby brought a process that demanded hard and intensive work from many of our people over a number of months to a successful conclusion. The spin-off also allowed us to significantly increase our share price and thus our market capitalization over the course of the year. We have thus created a great deal of value added for our shareholders in the past year.

Business performance of the Group as a whole (including discontinued operations)

Note: The following information on the Group as a whole is required by law. Conclusions as to the future development of the Allgeier Group cannot be drawn from the information on the performance of the Group as whole in 2020 as this information includes the discontinued operations (with the since spun-off Nagarro) and only the figures for the Group's continuing operations are relevant to the financial position and financial performance of the Allgeier Group. In other sections of the report we therefore refer only to continuing operations.

Including discontinued operations, the Allgeier Group as a whole generated gross revenue of EUR 765.1 million (previous year: EUR 786.8 million) in fiscal 2020. Value added (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) of the Group as a whole (continuing and discontinued operations) amounted to EUR 236.1 million (previous year: EUR 230.0 million) with a margin of 30.9 percent (previous year: 29.2 percent). Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) for the Group as a whole amounted to EUR 102.9 million (previous year: EUR 73.4 million) with a margin of 13.5 percent (previous year: 9.3 percent). In addition to the adjustment items in continuing operations, adjustments were mainly made for the expenses for spinning off and listing Nagarro. EBITDA for the Group as a whole amounted to EUR 77.8 million (previous year: EUR 70.1 million). The EBITDA margin rose accordingly to 10.2 percent (previous year: 8.9 percent). Earnings before interest and taxes (EBIT) amounted to EUR 40.6 million (previous year: EUR 37.6 million), while earnings before taxes (EBT) totaled EUR 31.9 million (previous year: EUR 29.8 million). After taxes, the profit for the period before gains and losses on the spin-off and disposals amounted to EUR 12.5 million (previous year: EUR 18.4 million). The Group as a whole generated earnings before taxes from its spun-off and sold operations of EUR -6.2 million (previous year: EUR 0.3 million). After taxes, the Group as a whole generated a net profit for the period after gains and losses on the spin-off and disposals of EUR 6.3 million (previous year: EUR 18.7 million). This was equivalent to earnings per share for the Group as a whole of EUR -0.03 (previous year: EUR 1.44).

Business performance of the continuing operations of the Allgeier Group

In the continuing operations of the Allgeier Group, we are focusing on our sound market positioning and the strength we possess in our Enterprise IT and mgm technology partners segments. We anticipate major development options for the Group on the attractive and consistently growing IT services and software market of the DACH region. We have a large and diverse customer base and stable financial foundations. As of the end of 2020, the Group no longer has any net financial liabilities and, thanks to the earnings power of its business and a new revolving credit facility of EUR 140 million, it has sufficient financial headroom to accelerate its organic growth through value-adding acquisitions.

In Allgeier and mgm technology partners, we have two strong and established brands, experienced management teams and a broad base of excellently qualified software and IT specialists. Our big opportunity after spinning off the Nagarro Group is that, moving forward, we can leverage our options with our full focus and exploit our enormous shared potential by successfully advancing the constant change in the company's journey and continuing our successful growth strategy.

The Allgeier Group generated gross revenue from continuing operations of EUR 352.6 million (previous year: EUR 380.2 million) in fiscal 2020 (January 1, 2020 to December 31, 2020). Value added (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) from continuing operations was increased to EUR 101.9 million (previous year: EUR 99.2 million) with a margin of 28.9 percent (previous year: 26.1 percent). Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) amounted to EUR 30.3 million (previous year: EUR 18.2 million), corresponding to an increase of 66 percent with a margin of 8.6 percent (previous year: 4.8 percent). In particular, these adjustments included staff costs, financing costs in connection with the replacement of loans, expenses in conjunction with acquisition activities and prior-period expenses. EBITDA amounted to EUR 23.4 million (previous year: EUR 9.0 million), an increase of 159 percent. The EBITDA margin thus rose to 6.6 percent (previous year: 2.4 percent). EBIT amounted to EUR 7.1 million (previous year: EUR -4.0 million).

The Allgeier Group had set specific targets for the individual performance indicators used to manage the company at Group level for 2020 (revenue growth, profitability, net debt; see below, 2.4 Financial and Non-Financial Performance Indicators). As continuing operations have changed significantly – in particular as a result of spinning off Nagarro – the figures for continuing operations achieved in fiscal 2020 can no longer be compared with the targets for the individual performance indicators shown in the annual report for the previous year.

We also significantly expanded our capital market activities last year. In September, we organized our first Capital Markets Day and presented ourselves to a number of national and international investors and analysts. We took part in a number of virtual capital market conferences and held a great many bilateral discussions with investors. This allowed us to attract and interest many new institutional investors in our shares over the past year. Our share price reached historic levels in the past year, and our market capitalization increased enormously – to just over EUR 1 billion shortly before Nagarro was spun off.

We have a stable and broad customer base: Our Group companies generate annual revenue in excess of EUR 1 million with each of 58 national and international clients. The companies of the Group generated more than EUR 3 million in total revenue with each of 16 clients and revenue of more than EUR 5 million with each of eight clients. These clients include major corporations, a number of market and sector leaders, high-performing SMEs from virtually all sectors and public sector contractors at federal, state, regional and municipal level.

We are particularly pleased that, even in this most unusual year, more and more people have joined our teams and that we have been able to offer our employees good, safe jobs in these times of great uncertainty. Many of our units have created new jobs and employ more than 3,000 people in Germany, Austria, Switzerland, France, Czechia, Vietnam and the US as of the end of 2020. The mgm technology partners segment, for instance, further added to its ranks of highly qualified software developers and consultants. On a market, like our core markets especially, facing a persistent and serious shortage of outstanding professionals, recruiting more IT specialists is a genuine success. Many of our staff work intensively year-round to seek out the best minds and bring them over to our Group. It is a source of great pride to us that, in a fiercely competitive field and in challenging times, we can offer our employees attractive work opportunities, exciting client projects and outstanding personal prospects.

We once again received a series of awards in the past year. According to Lünendonk®, for example, we are again one of Germany's leading "IT consulting and system integration companies" this year. Moreover, according to the 2020 Lünendonk® market segment study, "The Market for Recruitment, Placement and Management of IT Freelancers in Germany", Allgeier Experts is one of the top IT personnel service providers in Germany. And according to an Internet agency ranking, mgm technology partners was again one of Germany's ten most successful full-service digital agencies in terms of revenue in 2020. The Bavarian State Tax Office earned silver in the "Best Project to Implement the Online Access Act" category of the 2020 eGovernment Award for the ELSTER corporate account developed by mgm technology partners. And the ELSTER corporate account also made a winning impression for the audience prize, where Internet users voted for their favorites from the beginning of June to the middle of August based on all the project presentations submitted: The project again took a highly respectable second place.

This year, we worked intensively in a number of different areas in both segments and made significant preparations for the future with tremendous dedication:

- The **Enterprise IT segment** further optimized its internal structures and processes, considerably enhancing its profitability thanks to its integrated product portfolio. Valuable synergies were tapped by integrating and working closely with team members from the former Experts and New Business Areas segments. Together, the segment has comprehensive expertise in IT services that can be incorporated into project/managed services within client projects. Scalability for major IT projects was significantly increased by the large internal pool of experts. In the field of cyber security, the segment offers its consulting, operations, response and emergency clients a full portfolio of services and products in addition to developing innovative solutions to grant companies comprehensive protection against digital dangers. In acquiring publicplan GmbH, the segment has further extended its expertise in open source-based software solutions while also broadening its range for public sector digitization in the field of e-government. By acquiring AURELO, the Enterprise IT segment has secured a leading ERP solution for the renewable energies sector and is also growing its market position and expertise on this key growth market.
- The **mgm technology partners** segment once again achieved strong organic growth in 2020 while significantly widening its profit margin. With further investment in our specialization and in future technologies, the segment has laid the foundations for technological leadership and further growth within the peer group of high-performance digitization companies. mgm has positioned itself among its competitors as a high-end specialist for digitization and disruptive technology and consulting services. mgm develops enterprise applications for the commerce and insurance industries and the public sector on the basis of the latest technologies and its own platform solutions. As a consulting and solutions provider for digitization projects, it is one of the leading e-government service providers in Germany. Together with the specialist subsidiaries mgm consulting partners (management consulting for digitization, experts in CIO advisory, organizational development and change management) and mgm security partners (web application security), the mgm technology partners segment's 800 software developers and consultants cover the full range of current and future digitization issues and actively guide digital transformation in the fields of commerce, insurance and the public sector. On the one hand, these sectors have proven especially stable or less susceptible in a crisis, while on the other they are expected to enjoy continuing strong growth potential in the years ahead: The coronavirus pandemic meant a boom for retail in particular, with digital solutions and e-commerce gaining greatly in significance. At the same time, the enormous need for digitization in public administration was clearly illustrated.

Overall, we have had an unusually successful year as a Group. Thanks to our strong foundations and the extraordinary commitment of our employees, we were able to emerge from the difficult period of the coronavirus pandemic largely unscathed as a company. Our Group, the way we interact and even our business have proved capable of withstanding the crisis and its repercussions, and we have been able to stand by our clients and their projects and challenges with no restrictions. Nagarro's standalone listing marks the successful conclusion of a process that demanded hard and intensive work from many of our people over a number of months, and that increased our shared market capitalization enormously. The continuing operations of the Allgeier Group, with revenue of more than EUR 350 million and a team of 3,000 highly qualified in-house and freelance IT experts, are one of the few major IT and software service providers in the German-speaking region to offer its clients a full-service portfolio for business process digitization. Together, we have done extraordinary things for our clients in a pandemic year that challenged everyone, achieving an operating EBITDA margin of approximately 9 percent and an operating cash flow of around EUR 34 million.

The successful business development in both the Group's segments forms the basis for positive planning for 2020 with organic growth and greater profitability. As an IT holding company, Allgeier SE is synonymous with a successful buy-and-build strategy going back more than 15 years that sustainably creates and develops value added. With the Group's segments, we aim to establish ourselves as one of the top performers on the German IT and software services market – with all the drive, solutions expertise and excellence that unite us as a team: with the broad human capital and regional coverage of the Enterprise IT segment and the comprehensive IT services, project and digitization expertise of the mgm technology partners segment. We firmly believe that the two future companies will play a key role on their markets as strong and recognized players. Together, as a focused partner for the DACH region, we offer clients a comprehensive IT and software services portfolio extending from high-end software development to business efficiency solutions for digitization and business transformation. We have a stable customer base of many years' standing, consisting of corporations, high-performing SMEs and public sector contractors. Our client structure has only minor cluster risks thanks our broad presence across multiple crisis-proof industries. And thanks to our positioning in future and growth fields, combined with a range of exciting projects for attractive clients, we can continue to offer our employees intriguing development opportunities and outstanding personal prospects.

We are entering fiscal 2021 without net debt, with an attractive portfolio for a high-growth market and with a broad, sound customer base. Building on these solid foundations, we intend to continue growing – both organically and through value-adding acquisitions – and to further enhance our earnings power. With our solutions and services, we want to continue making our contribution to positive change in the world, and to help our clients prepare successfully for their future.

Key Figures

The revenue generated by the Allgeier Group's continuing operations in accordance with IFRS amounted to EUR 351.7 million (previous year: EUR 378.5 million) in fiscal 2020. Operating value added (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) was increased by 3 percent to EUR 101.9 million (previous year: EUR 99.2 million), allowing our gross margin (defined as the value added margin) to widen significantly to 28.9 percent (previous year: 26.1 percent). The Group's adjusted EBITDA rose by 66.0 percent year-on-year to EUR 30.3 million in the reporting period (previous year: EUR 18.2 million). Adjusted EBITDA is defined internally as EBITDA before extraordinary or prior-period effects. These are effects that occur in the fiscal year in question but that are non-recurring or that cannot actually be attributed to the operating activities of the fiscal year. Expenses totaling EUR 7.0 million (previous year: EUR 9.2 million) and income of EUR 0.1 million (previous year: EUR 0.0 million) were adjusted for in fiscal 2020, resulting in net extraordinary or prior-period expenses of EUR 6.9 million (previous year: EUR 9.2 million).

The Group's EBITDA from continuing operations amounted to EUR 23.4 million in the reporting year, 159 percent higher than the result for fiscal 2019 (previous year: EUR 9.0 million). EBIT for the period amounted to EUR 7.1 million (previous year: EUR -4.0 million). The Group generated EBT of EUR 8.2 million (previous year: EUR -5.4 million), an absolute increase of EUR 13.6 million. The profit for the period climbed to EUR 1.1 million (previous year: EUR -10.1 million). The Group's continuing operations generated earnings per share of EUR 0.00 in the reporting period (previous year: EUR -0.83). Earnings per share from continuing operations adjusted for depreciation and amortization due to acquisitions and calculated using a normalized tax rate of 30 percent amounted to EUR 0.94 (previous year: EUR 0.48) for the 2020 reporting year.

Performance Indicators

The Allgeier Group had set specific targets for the individual performance indicators used to manage the company at Group level for 2020 (revenue growth, profitability, net debt; see below, 2.4 Financial and Non-Financial Performance Indicators). Owing to the change in continuing operations, in particular as a result of spinning off Nagarro, and the reorganization of the Group's segment, the figures for the Group as a whole and for the segments are not comparable with those for the previous year and do not apply for the targets stated in the previous year's annual report.

Capital Market and Financing

A dividend of EUR 5.6 million (previous year: EUR 5.0 million) was paid to the shareholders of Allgeier SE in September 2020 (equivalent to EUR 0.50 per entitled share in both years). Profits of EUR 1.3 million were distributed to non-controlling interests in subsidiaries in fiscal 2020 (previous year: EUR 1.5 million).

The spin-off of the Nagarro Group necessitated the replacement of the loan facility arranged at the end of 2019. The loan facility agreed at the end of 2019 was replaced by a new central loan facility arranged for Allgeier SE in December 2020. The new facility released Allgeier SE from any subsequent liability under the 2019 arrangement. It created a stable basis for the long-term financing of the Allgeier Group for the years ahead, and at the same time created headroom for future acquisitions and investments in line with Allgeier SE's financing capabilities. The revolving credit facility is for an amount of up to EUR 140 million and has an initial term of five years. This can be extended by one year once and by one or two years a further time. Thanks to its flexible new credit facility, Allgeier has a sufficient volume of financing resources at its disposal at attractive conditions that can be utilized exactly as required and in line with the Group's future growth. The financing partners are Commerzbank, ING Bank, Landesbank Baden-Württemberg, Landesbank Hessen-Thüringen and Norddeutsche Landesbank.

Allgeier SE sold all its treasury shares in fiscal 2020. Accordingly, treasury shares accounted for 0 percent (previous year: 0.93 percent) of the share capital as of December 31, 2020.

Acquisitions

Allgeier performed the following acquisitions in the past fiscal year:

- By way of purchase agreements dated February 19, 2020 and in preparation for the spin-off of the Nagarro Group, Allgeier SE acquired Blitz 20-361 SE, Munich (at times Allgeier Project SE, Munich) and Blitz 19-682 GmbH, Munich (at times Allgeier Project Humboldt GmbH, Munich). Neither company had any business operations as of the acquisition date.
  The purchase price for the two companies was EUR 164 thousand, offset by cash and cash equivalents of EUR 145 thousand that they provided. The difference of EUR 19 thousand was derecognized.
- By way of purchase agreements dated June 4, 2020, Allgeier IT Solutions GmbH, Bremen (Allgeier IT Solutions), acquired all rights to the SCUDOS software, and other contractual and working relationships, from IFASEC GmbH, Dortmund, and the insolvent SCUDOS SYSTEMS GmbH, Dortmund (SCUDOS). The SCUDOS software is a solution for analyzing and designing secure network infrastructures. The software allows organizations to increase security and simplify operations within their core network. Unauthorized devices are prevented from accessing sensitive network segments and potential malicious intruders are blocked. The purchase price for the acquired software and assets was agreed at EUR 2.0 million, EUR 1.8 million of which was paid in June 2020 with a further EUR 0.2 million due in December 2022. Furthermore, a variable purchase price of not more than EUR 550 thousand was agreed that will become due if certain customer relationships continue for another year or a certain amount of license revenue is generated before the end of 2022. Allgeier IT Solutions assumes that the conditions for the variable purchase price will be met. SCUDOS was included in consolidation for the first time as of June 4, 2020. The purchase price was allocated to customer relationships, products, domains and trademarks.
- In the first half of 2020, Allgeier Project Solutions GmbH, Munich, acquired the remaining shares held by non-controlling shareholders in iQuest Holding GmbH, Karlsruhe and iQuest SPP GmbH, Munich. The purchase price for the non-controlling interests acquired in the first and second quarters was EUR 12.3 million in total. The companies were deconsolidated in conjunction with the spin-off of Nagarro in the fourth quarter of 2020.
- In June 2020, Allgeier Project Solutions GmbH, Munich, and Allgeier Enterprise Services AG, Bremen, acquired all shares held by non-controlling shareholders in the SAP units of the Allgeier Group ("SAP Group"). The purchase price was EUR 4.0 million. The SAP Group was likewise deconsolidated in conjunction with the spin-off of Nagarro in the fourth quarter of 2020.
- On July 30, 2020, mgm technology partners GmbH, Munich, (mgm) acquired all shares in the IT development company eForce21 GmbH, Munich, (eForce21) from its founder and managing director Klaus Schlumpberger, who is still responsible for the team of around 40 employees. The merger bundles mgm's IT expertise for innovative enterprise solutions, AI-assisted image recognition and voice processing/chatbots. eForce21's key services are individual software development and IT consulting. One key in-house development in the eForce21 portfolio is the SaaS (software as a service) solution DATAGYM.AI, which uses artificial intelligence to enable images to be labeled up to ten times faster and prepared as training data for neural networks in image processing. A fixed purchase price of EUR 3,000 thousand and variable purchase prices of up to not more than EUR 2,000 thousand were agreed for the shares in eForce21. Up to EUR 500 thousand of the variable purchase price is dependent on the achievement of certain revenue targets in the years 2020 to 2023. If the criteria for achieving the revenue targets are not fully met, the earn-outs will be reduced accordingly or canceled entirely. The revenue targets planned for 2020 were achieved and the first earn-out of EUR 500 thousand was thus earned. Allgeier Group assumes that the revenue targets for the future earn-out years will also be achieved and that the earn-outs will become due. The fixed purchase price was paid in July 2020. In addition to the purchase price, there were additional costs of EUR 42 thousand in connection with the acquisition that were assigned to other operating expenses. On acquiring eForce21, the Allgeier Group received assets of EUR 3,672 thousand and liabilities of EUR 2,225 thousand as of the consolidation date on July 31, 2020. The difference between the capitalized purchase price of EUR 4,977 thousand (including discounting on the components of the purchase price payable in the long term) and the net assets acquired of EUR 1,447 thousand amounts to EUR 3,530 thousand and was assigned to goodwill.
- By way of purchase agreement dated September 18, 2020, Nagarro Allgeier ES GmbH Kronberg im Taunus, (Nagarro Allgeier ES) acquired the products of maihiro GmbH, Ismaning, (maihiro) from insolvency. Nagarro Allgeier ES GmbH also took on all employees of maihiro. An amount of EUR 100 thousand was agreed as the purchase price for the assets and customer contracts assumed. maihiro was included in consolidation by Nagarro as of October 1, 2020 and, with Nagarro Allgeier ES, was deconsolidated by the Allgeier Group when Nagarro was spun off.
- Allgeier IT Solutions GmbH, Bremen, (Allgeier IT Solutions) acquired AURELO GmbH, Kiel, (AURELO) effective November 1, 2020. In recent years, in AURELO Energiepark Manager, AURELO has created and successfully launched a leading industry solution for planners, project developers and operators in the field of renewable energies on the basis of the Microsoft Dynamics 365 Business Central solution. On being integrated into Allgeier IT Solutions' ERP solutions area, the AURELO portfolio will be greatly expanded by other Allgeier Group products. At the same time, AURELO will thus receive access to significantly greater consulting and programming capacity. Allgeier IT Solutions has been successfully represented in the areas of wholesale, rental, leasing, commodity trading and manufacturing and production for several years already with the Allgeier itrade software solution, also based on Microsoft Dynamics 365 Business Central. The appointment of industry expert Veit-Gunnar Schüttrumpf to the management of Allgeier IT Solutions late in the summer of the past fiscal year marked a broadening of its focus to include the renewable energies sector. A fixed purchase price of EUR 575 thousand and variable purchase prices of up to not more than EUR 550 thousand were agreed for the shares in AURELO. The variable purchase price is dependent on the achievement of certain EBIT targets in 2021 and 2022. The Allgeier Group currently assumes that the EBIT targets will be achieved in full. The fixed purchase price was paid in November 2020. On acquiring AURELO, the Allgeier Group received assets of EUR 1,382 thousand and liabilities of EUR 658 thousand as of the consolidation date on November 1, 2020. The difference between the capitalized purchase price of EUR 1,120 thousand (including discounting on the components of the purchase price payable in the long term) and the net assets acquired of EUR 724 thousand amounts to EUR 396 thousand and was assigned to the goodwill of Allgeier Enterprise IT.

Clients

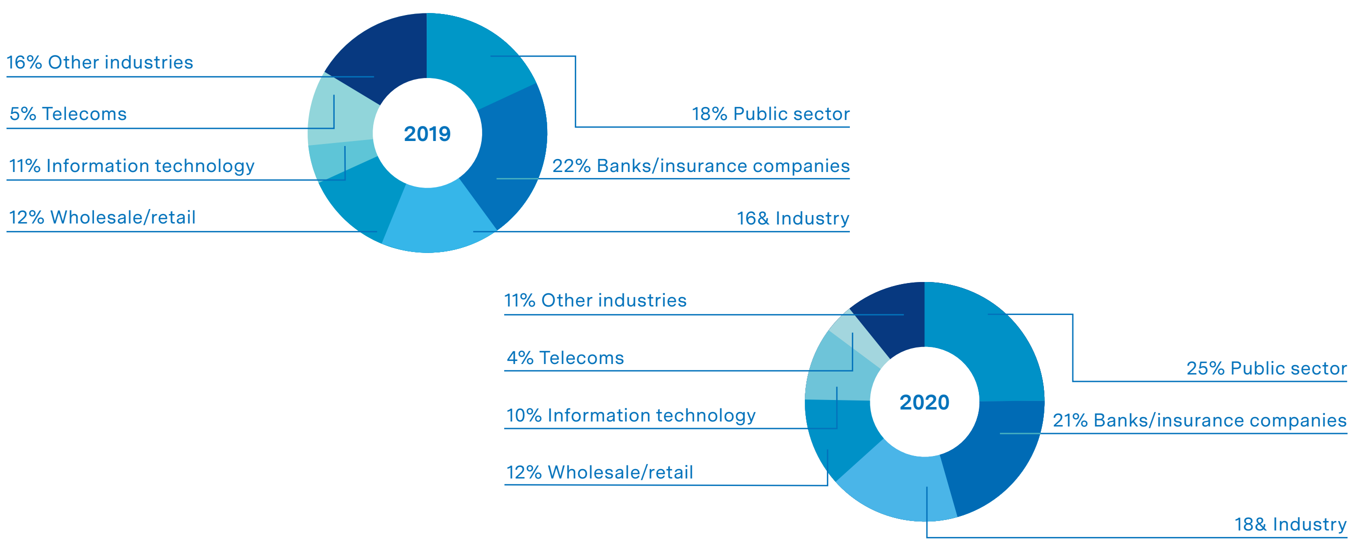
In the past fiscal year, the companies of the Allgeier Group further extended their client base and strengthened existing client relationships. Allgeier works for a variety of global corporations – e.g. for eight of the 30 companies currently in the DAX) – and for a number of market and sector leaders, a lot of high-performing SMEs and public-sector contractors. Allgeier has 58 individual clients with annual revenue in excess of EUR 1 million each. The companies of the Group generated more than EUR 3 million in revenue with each of 16 clients and revenue of more than EUR 5 million with each of eight clients in fiscal 2020. The Group's companies generated revenue of EUR 40.1 million with its largest single client in the reporting year (previous year: EUR 33.8 million), corresponding to 11 percent of the Group's total revenue from continuing operations in 2020. The average revenue volume of Group companies with the Group's ten biggest clients was EUR 16.2 million in fiscal 2020. These ten clients generated aggregate revenue of EUR 162.2 million in 2020, corresponding to 45 percent of the Group's total revenue from continuing operations.

Allgeier has a broad client base of companies and entities from a variety of different sectors. The sectors in which the companies of the Allgeier Group (continuing operations) generated the highest revenue in 2020 were:

- Public sector: The Allgeier Group works for public entities and corporations at all levels in Germany and Switzerland, and further expanded its market position in the past year. Allgeier is benefiting equally from its good positioning as a long-term digitization partner for the public sector on the one hand, on the basis of its wealth of experience, expertise and outstanding references, and – on the other – high requirements for further and more rapid digitization in the public sector and what it offers for private citizens and companies. 25 percent of consolidated revenue results from services for public sector contractors (previous year: 18 percent), making the public sector the largest sector within the Allgeier Group. Allgeier has continued to increase its revenue with the public sector in recent years – the Group increased its revenue in this segment by around 24 percent in the reporting period.

- Banks and insurance companies: At 21 percent, companies in the financial and insurance sector comprise the second-largest revenue segment for the Group's continuing operations (previous year: 22 percent). This sector has also had consistently high digitization requirements for years. We help to drive the sector's digital transformation and the services it offers with our software solutions and our IT and consulting services for the digitization of key business processes. Consolidated revenue with banks and insurance companies declined by 15 percent in the past fiscal year. This decline is primarily attributable to Allgeier Experts, which scaled back its lower-margin freelancer placement services in line with planning. In the banking and insurance industry group, Allgeier's clients include a number of the largest German insurance groups and major national and international banks and financial service providers.
- Industry: Accounting for approximately 18 percent of revenue (previous year: 16 percent), industry clients make up the third-largest sector segment within the Group. Although industrial companies in particular were affected by disruptions in global supply chains, Allgeier succeeded in further increasing its revenue with them in the past fiscal year. Demand for solutions for digitizing critical business processes, such as business efficiency solutions, and for high-performance, secure portals, is high at a large number of industrial companies. Allgeier's companies reported an increase in revenue of around 6 percent with companies in this sector in 2020. Key clients of the Group include leading companies in various branches of industry, such as chemicals and pharmaceuticals, chemicals and pharmaceuticals, metals and electronics, aviation and aerospace, automotive, construction, the timber industry and consumer goods. Long-standing industrial clients also include companies in the energy supply sector, among them international energy producers and a number of regional suppliers.
- Wholesale/retail: As the fourth largest client group, wholesale/retail enterprises are also key to the Group's operations. Allgeier services for such companies include business efficiency solutions, digitization solutions for e-commerce and the Internet of Things. The Group generates 12 percent of consolidated revenue in the wholesale/retail sector (previous year: 12 percent). In absolute terms, this corresponds to a decline in revenue of 8 percent, which in turn largely stems from the reduction of freelancer placement services.
- Information technology: Accounting for around 10 percent of revenue (previous year: 11 percent), the IT sector forms the fifth-largest segment within the Allgeier Group. The Group's activities for major international IT companies have declined by 13 percent in the past fiscal year, whereby the absolute decrease is due to lower revenue at Allgeier Experts.
- Telecommunications: Measured in terms of revenue in fiscal 2020, this sector is the Group's sixth-largest segment. The Group generates 4 percent of its revenue here (previous year: 5 percent). In absolute terms, the revenue generated with telecoms companies fell by 29 percent in the past fiscal year. The decline relates to the Enterprise IT segment and, in particular, the reduction of revenue from freelancer placement services.
- Other sectors: Key sectors such as services, healthcare, logistics, media and entertainment are grouped within other industries. Allgeier generated around 11 percent of its consolidated revenue in these sectors (previous year: 16 percent). In absolute terms, the Allgeier Group's revenue from other sectors declined by 35 percent in the past fiscal year. This development is mainly due to the planned reduction of revenue at Allgeier Experts.

Revenue



2.3 Business Situation

All figures relate to the Group's continuing operations. The prior-year figures have been restated accordingly and therefore do not match the information in the 2019 annual report.

2.3.1 Results of Operations

The Allgeier Group generated revenue from continuing operations of EUR 351.7 million (previous year: EUR 378.5 million) in fiscal 2020 (January 1, 2020 to December 31, 2020). The decline is due to the planned reduction of lower-margin revenue at Allgeier Experts by 16 percent to EUR 220.4 million (previous year: EUR 261.3 million). Accordingly, the revenue of the Enterprise IT segment declined by 11 percent to EUR 278.1 million (previous year: EUR 313.0 million). By contrast, the revenue of the mgm technology partners segment grew by 8 percent to EUR 83.3 million (previous year: EUR 76.9 million).

Value added climbed to EUR 101.9 million (previous year: EUR 99.2 million), resulting in a significantly higher gross margin of 28.9 percent (previous year: 26.1 percent). Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) from continuing operations rose by 66.2 percent to EUR 30.3 million in the reporting period (previous year: EUR 18.2 million).

The Group's EBITDA from continuing operations amounted to EUR 23.4 million in the reporting year, 158.7 percent higher than the result for fiscal 2019 (previous year: EUR 9.0 million). The EBITDA of the Enterprise IT segment increased by EUR 10.7 million while that of the mgm technology partners segment rose by EUR 4.8 million. EBITDA from other business (Allgeier SE and consolidation) declined by EUR 1.2 million as against the previous year. Consolidated earnings were reduced by EUR 6.9 million in total as a result of non-recurring and prior-period effects (previous year: EUR -9.2 million). The main non-recurring effects included the costs of giving staff paid time off, financing costs in connection with the replacement of loans, expenses in conjunction with acquisition activities and prior-period expenses.

Depreciation, amortization and write-downs rose from EUR 13.1 million in the previous year to EUR 16.3 million in the year under review. The change is essentially due to the increase in depreciation and amortization from EUR 12.7 million in the previous year to EUR 14.3 million in the reporting year and an increase in write-downs on right-of-use assets and intangible assets to EUR 2.0 million in total (previous year: EUR 0.4 million). A large share of depreciation, amortization and write-downs of EUR 7.6 million (previous year: EUR 6.0 million) relates to write-downs on right-of-use assets from capitalized leases. Further depreciation, amortization and write-downs of EUR 15 million (previous year: EUR 1.5 million) comprise write-downs on client relationships and products capitalized in conjunction with the acquisition of subsidiaries. Depreciation on property, plant and equipment amounts to EUR 2.9 million (previous year: EUR 3.1 million). Amortization of EUR 2.5 million was recognized on other intangible assets (previous year: EUR 2.1 million). The Group thus generated EBIT of EUR 7.1 million (previous year: EUR -4.0 million).

The Group generated net finance income of EUR 1.1 million. The previous year's net financial result was negative at EUR -1.4 million. The Group thus generated EBT of EUR 8.2 million (previous year: EUR -5.4 million), an absolute increase of EUR 13.6 million.

The income tax expense for continuing operations amounted to EUR 7.1 million in the reporting period (previous year: EUR 4.7 million). The income tax expense in relation to earnings was therefore 87 percent. In addition to current taxes, the income tax expense essentially relates to tax expenses from intragroup transactions in preparation for spinning off Nagarro, non-deductible expenses and loss carryforwards at Group companies for which deferred taxes had not been recognized. After taxes, the Group generated a net profit for the period from continuing operations of EUR 1.1 million (previous year: EUR -10.1 million).

EUR 0.0 million (previous year: EUR -8.8 million) of total comprehensive income for the period is attributable to the shareholders of Allgeier SE and EUR 1.1 million (previous year: EUR -1.3 million) to non-controlling interests at subsidiaries. This results in earnings per share for the Allgeier Group's continuing operations for the reporting year of EUR 0.00 (previous year: EUR -0.83). Earnings per share adjusted for depreciation and amortization due to acquisitions and calculated using a normalized tax rate of 30 percent amounted to EUR 0.94 (previous year: EUR 0.48) in fiscal 2020.

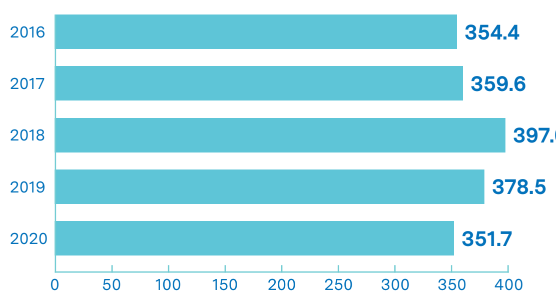
2.3.2 Financial Position

The Allgeier Group continues to have a solid and balanced financial position, and its accounting ratios have improved over the past fiscal year. For example, Allgeier no longer has any net debt as of the end of fiscal 2020. The new financing facility arranged in the previous year means that the Allgeier Group also considerable funds at its disposal to finance its continued growth. Funds have consistently been generated for the distribution of dividends to shareholders in recent years.

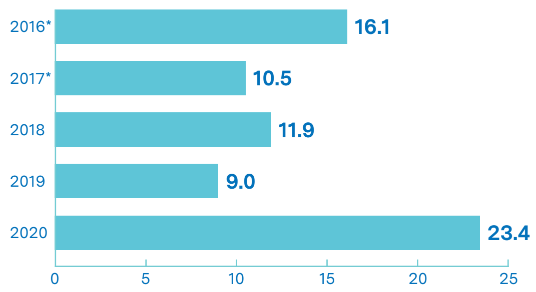
Interest-bearing financial liabilities (not including lease liabilities) fell to EUR 28.6 million as of December 31, 2020 (previous year: EUR 164.9 million). At the same time, cash funds amounted to EUR 60.8 million as of the end of the reporting period (previous year: EUR 97.4 million).

In accordance with IFRS, acquisitions are consolidated from the date of their acquisition throughout the Group management report and in the charts. All figures relate to the Group's continuing operations. The prior-year figures have been restated for continuing operations and therefore do not match the information in the 2019 annual report.

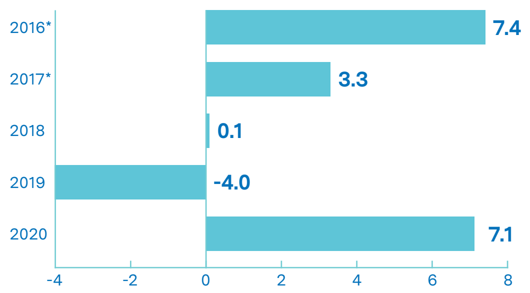
Revenue
(continuing operations in EUR million)



EBITDA
(continuing operations in EUR million)



EBIT
(continuing operations in EUR million)



*Historical figures not including the effects of IFRS 16

The change in cash funds reflects the net change in cash flows from operating activities, investing activities and financing activities, including payments from capital increases and dividends. In addition to its cash funds, the Allgeier Group had financial resources of EUR 129.6 million available under its financing facility and other credit facilities at the end of 2020 (previous year: EUR 95.4 million). Furthermore, there is a facility of EUR 30.0 million in conjunction with the factoring of client receivables (previous year: EUR 60.0 million). EUR 24.2 million of the factoring facility was utilized as of December 31, 2020 (December 31, 2019: EUR 32.3 million).

The Group's continuing operations generated cash flow from operating activities before changes in working capital of EUR 22.2 million (previous year: EUR 8.0 million) in fiscal 2020. Allgeier generated positive cash flow of EUR 11.6 million (previous year: EUR 19.3 million) from changes in working capital as of the end of the reporting period. The change was essentially due to the decline in revenue and further optimization in receivables management. Including the cash flow from changes in working capital, this resulted in cash flow from operating activities of EUR 33.8 million (previous year: EUR 27.3 million).

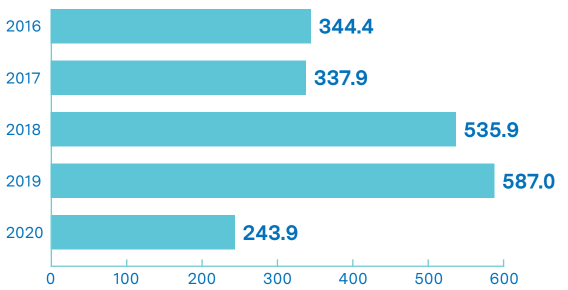
To present adjusted earnings per share, the Allgeier Group corrects the reported EBIT of continuing operations for amortization of intangible assets capitalized in connection with acquisitions (effects of purchase price allocation), income and expenses from purchase price adjustments in profit or loss and other non-recurring and prior-period effects. Taking these adjustments into account and applying a uniform tax rate of 30 percent, the Group generated earnings per share of EUR 0.94 in fiscal 2020 (previous year: EUR 0.48).

(Continuing operations in EUR million)	2020	2019
Profit from operating activities (EBIT as reported)	7.1	-4.0
Amortization of intangible assets from acquisitions	1.5	1.5
Other non-recurring and prior-period effects	6.9	9.2
Net finance costs	1.1	-1.4
Adjusted earnings before taxes	16.6	5.3
Tax rate	30%	30%
Taxes	-5.0	-1.6
Adjusted profit or loss for the period	11.6	3.7
Non-controlling interests	-1.1	1.3
Earnings for calculation of adjusted earnings per share	10.5	5.0
Number of shares outstanding	11,229,719	10,529,961
Adjusted earnings per share in EUR (basic)	0.94	0.48

The other non-recurring and prior-period effects and purchase price adjustments in profit and loss include the following items:

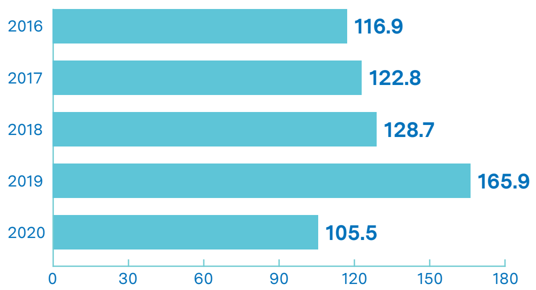
(in EUR million)	2020	2019
Continued pay and severance payments for former employees	-2.3	-3.7
Other expenses for restructuring and reorganization	-0.2	-1.5
Purchase price components from acquisitions recognized as staff costs	-0.4	-1.5
Expenses for the adjustment of purchase prices from acquisitions	0.0	-0.1
Income from the adjustment of purchase prices from acquisitions	0.1	0.0
Sunk costs and non-capitalized incidental costs of acquisitions	-0.1	-0.1
Finance charges	-2.0	-1.1
Cost of stock options issued	-0.5	-0.2
Losses from bad debt allowances and uncollectable receivables	-0.7	-0.5
Other extraordinary and prior-period expenses (net)	-0.9	-0.3
	-6.9	**-9.2**

Total assets as of Dec. 31* (in EUR million)



*As a result of the adoption of IFRS 16 from fiscal 2018 onwards, the comparability of total assets from 2016 to 2017 with those from 2018 and 2020 is limited. Total assets increased by EUR 56.5 million in 2018 as a result of capitalized right-of-use assets from leases.

Equity as of Dec. 31** (in EUR million)



**Pro forma not including the spun-off Nagarro | As a result of the adoption of IFRS 16 from fiscal 2018 onwards, the comparability of equity from 2016 to 2017 with that from 2018 and 2020 is limited. Equity was reduced by EUR 4.5 million in 2018 as a result of the adoption of IFRS 16.

The continuing operations of the Allgeier Group generated cash outflow for investing activities of EUR 34.4 million (previous year: EUR 15.0 million) in fiscal 2020. This amount includes payments for investments in non-current assets of EUR 4.3 million (previous year: EUR 5.5 million), payments for acquisitions of EUR 17.9 million (previous year: EUR 5.8 million) and payments for loans to investments accounted for using the equity method of EUR 0.4 million (previous year: EUR 0.0 million). Furthermore, there were payments for leases of EUR 9.2 million in the reporting year (previous year: EUR 6.7 million). Net costs of EUR 4.8 million were incurred for the Nagarro spin-off (previous year: net proceeds from the disposal of subsidiaries of EUR 3.3 million). These costs were offset by proceeds from sale-lease-back transactions of EUR 2.4 million (previous year: EUR 0.0 million).

The continuing operations of the Allgeier Group made cash payments totaling EUR 12.9 million for financing purposes and distributions in fiscal 2020 (previous year: net payments of EUR 5.6 million). Allgeier SE received EUR 155.7 million (previous year: EUR 4.0 million) from intragroup financing, predominantly in connection with the Nagarro spin-off. Loans of a net amount of EUR 127.5 million were repaid in the past fiscal year (previous year: EUR 13.5 million net). The Group received net proceeds of EUR 6.0 million from the capital increase (previous year: EUR 25.4 million net). Dividends of EUR 5.6 million were distributed to the shareholders of Allgeier SE (previous year: EUR 5.0 million). The Allgeier Group paid interest of EUR 3.0 million in fiscal 2020 (previous year: EUR 3.8 million net). Net payments to non-controlling interests amounted to EUR 15.6 million (previous year: EUR 3.9 million).

The continuing operations of the Group generated net cash proceeds of EUR 12.2 million (previous year: EUR 6.7 million) in total from the cash flows from operating activities, investing activities and financing activities and the foreign currency reserve in fiscal 2020. As a result of capital inflows, cash and cash equivalents increased from EUR 42.9 million on December 31, 2019 to EUR 55.2 million as of the end of fiscal 2020.

The cash ratio (cash funds/current liabilities) climbed to 73 percent as of December 31, 2020 (previous year: 58 percent) as a result of the decline in cash and cash equivalents coupled with the faster decline in current liabilities. The quick ratio (cash funds and trade receivables/current liabilities) fell slightly to 131 percent as of the end of the reporting period (previous year: 137 percent).

2.3.3 Net Assets

Changes in the Allgeier Group's net assets reflect acquisition activity and the associated addition of new Group companies, the disposal of subsidiaries and measures implemented to finance the Allgeier Group. Other factors affecting the asset situation include operating activities, client payment behavior and payments to suppliers.

The Allgeier Group received assets of EUR 18.0 million (previous year: EUR 2.6 million) and liabilities of EUR 5.7 million (previous year: EUR 0.6 million) from acquisitions in the past fiscal year. Offsetting this, there were outflows of EUR 8.6 million for the acquisition of these companies and business units (previous year: EUR 3.2 million). Furthermore, the Allgeier Group paid EUR 17.1 million for subsequent purchase price payments in connection with companies acquired in previous years (previous year: EUR 5.8 million). The acquisitions were financed from the liquidity freely available to the Allgeier Group.

Most of the items of the statement of financial position were changed significantly as of the end of the 2020 reporting period as a result of the spin-off of Nagarro. In total, assets of EUR 371.1 million and liabilities EUR 326.3 million were deconsolidated as a result of spinning off Nagarro as of December 15, 2020. Total assets amounted to EUR 243.9 million as of the end of 2020 (previous year: EUR 587.0 million). Non-current assets declined to EUR 126.5 million (previous year: EUR 316.7 million). Within non-current assets, right-of-use assets from leases declined significantly to EUR 27.6 million (previous year: EUR 90.2 million), while intangible assets fell to EUR 85.1 million (previous year: EUR 190.3 million). Property, plant and equipment declined to EUR 6.0 million (previous year: EUR 15.5 million). Other non-current financial assets decreased to EUR 4.9 million (previous year: EUR 5.9 million). Deferred tax assets fell to EUR 2.5 million at the end of 2020 as against EUR 11.2 million at the end of the previous year. Current liabilities were reduced to EUR 72.6 million as of the end of 2020 (previous year: EUR 171.0 million). Other intangible assets declined by EUR 6.8 million to EUR 12.5 million (previous year: EUR 19.3 million). This includes additions from internally generated developments of EUR 1.4 million (previous year: EUR 2.6 million).

The investment ratio, calculated as the ratio of non-current assets to total assets, was 51.9 percent in fiscal 2020, and thus slightly below the level of the previous fiscal year (previous year: 53.9 percent).

Current assets declined to EUR 117.4 million as of the end of the 2020 reporting period (previous year: EUR 270.3 million). Trade receivables decreased to EUR 48.0 million (previous year: EUR 134.1 million). Cash funds amounted to EUR 60.8 million as of December 31, 2020 (previous year: EUR 97.4 million).

Consolidated equity amounted to EUR 105.5 million (previous year: EUR 165.9 million). Liabilities declined by EUR 282.6 million to EUR 138.4 million (previous year: EUR 421.0 million). In the same period, the equity ratio climbed significantly to 43.3 percent at the end of 2020 (previous year: 28.3 percent) as a result of the decline in total assets coupled with a slower reduction in consolidated equity.

Non-current liabilities fell by EUR 201.4 million to EUR 50.4 million as of the end of 2020 (previous year: EUR 251.8 million). Within non-current liabilities, non-current financial liabilities declined to EUR 17.5 million (previous year: EUR 149.8 million), while non-current lease liabilities fell significantly to EUR 24.4 million (previous year: EUR 78.2 million). The new credit facility of EUR 140 million arranged in 2020 had been utilized in the amount of EUR 17.5 million by the end of the year. The remainder of the borrower's note loans still reported under non-current financial liabilities in the previous year is due in fiscal 2021 and has therefore been reclassified to current liabilities. Other non-current liabilities declined by EUR 15.4 million to EUR 8.4 million in fiscal 2020 (previous year: EUR 23.8 million). Within this item, other non-current financial liabilities in particular were down by EUR 10.3 million at EUR 2.6 million (previous year: EUR 12.9 million).

Current liabilities fell to EUR 88.0 million (previous year: EUR 169.3 million). Within current liabilities, financial liabilities declined by EUR 4.1 million to EUR 11.1 million (previous year: EUR 15.2 million) as of the end of 2020, while current lease liabilities decreased by EUR 12.1 million to EUR 6.6 million (previous year: EUR 18.7 million). Within current financial liabilities, borrower's note loans outstanding as of the end of 2021 amount to EUR 5.5 million. Other current liabilities declined by EUR 70.2 million to EUR 65.2 million (previous year: EUR 135.4 million). As a result of the more extensive decline in liabilities than total liabilities, the Group's gearing – the ratio of liabilities to total assets – was reduced to 56.7 percent as of the end of fiscal 2020 (previous year: 71.7 percent).

2.3.4 Segments

The Allgeier Group restructured its segments in the past year. As compared to the segment structure in the 2019 annual report, the Enterprise IT segment consists of the former Enterprise Services segment (not including the Allgeier Group's SAP business spun off with Nagarro), and the former Experts and New Business Areas segments. The new mgm technology partners segment comprises the business of the mgm technology partners operating business unit, which was still part of the Technology segment in fiscal 2019 together with the three units spun off, Nagarro, Objectiva Software and iQuest.

The disclosures and information below include revenue and earnings from transactions performed between the segments.

2.3.4.1 Enterprise IT Segment

In terms of external revenue, the Enterprise IT segment contributed 77 percent (previous year: 80 percent) to the revenue from continuing operations of the Allgeier Group in the reporting period.

The Enterprise IT's revenue declined by 11 percent to EUR 278.1 million in 2020 (previous year: EUR 313.0 million). In particular, this is due to the planned reduction of low-margin business at Allgeier Experts that continued in fiscal 2020: Allgeier Experts' revenue declined by 16 percent to EUR 220.4 million (previous year: EUR 261.3 million). The Enterprise IT segment's value added (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) decreased more slowly by 4 percent to EUR 70.4 million (previous year: EUR 73.3 million), as a result of which the gross margin rose to 25.3 percent (previous year: 23.3 percent).

Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) rose by 48 percent year-on-year to EUR 23.3 million (previous year: EUR 15.8 million). The Enterprise IT segment's EBITDA amounted to EUR 18.3 million in the reporting year (previous year: EUR 7.6 million), an increase of 141 percent. Adjustment effects, which essentially comprise costs for staff measures and bad debt allowances, totaled EUR -5.0 million net in fiscal 2020 (previous year: EUR -8.1 million). The segment's depreciation, amortization and write-downs amounted to EUR 9.7 million in the reporting year, slightly higher than the previous year's level (EUR 8.7 million) on account of impairment of EUR 0.7 million (previous year: EUR 0.0 million). Segment EBIT rose significantly from EUR -1.0 million in 2019 to EUR 8.6 million in the reporting year. The segment's profit before taxes amounted to EUR 6.6 million (previous year: EUR -4.6 million).

2.3.4.2 mgm technology partners segment

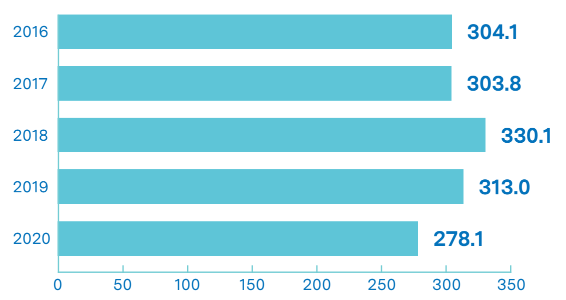
The mgm technology partners segment generated stable revenue growth and a significantly higher earnings margin in the reporting year. The segment accounted for 22 percent of the external revenue of the Allgeier Group's continuing operations in fiscal 2020 (previous year: 18 percent).

The mgm technology partners segment's revenue rose by 8 percent to EUR 83.3 million in fiscal 2020 (previous year: EUR 76.9 million). The segment's value added increased by 14 percent to EUR 32.3 million (previous year: EUR 28.3 million). The gross margin thus rose to 38.8 percent (previous year: 36.8 percent).

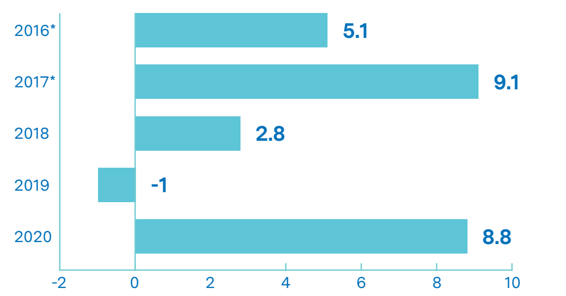
Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) amounted to EUR 17.9 million (previous year: EUR 13.0 million) an increase of 38 percent.

The mgm technology partners segment reported positive net income from extraordinary or prior-period effects of EUR 0.1 million in fiscal 2020 (previous year: EUR 0.2 million). The segment's EBITDA climbed by 36 percent to EUR 18.0 million in the reporting year (previous year: EUR 13.2 million). Depreciation and amortization increased to EUR 4.1 million in the reporting year (previous year: EUR 3.7 million). The segment's EBIT thus amounted to EUR 13.9 million (previous year: EUR 9.6 million), an increase of 46 percent. The segment's profit before income taxes climbed by 48 percent to EUR 13.9 million (previous year: EUR 9.4 million).

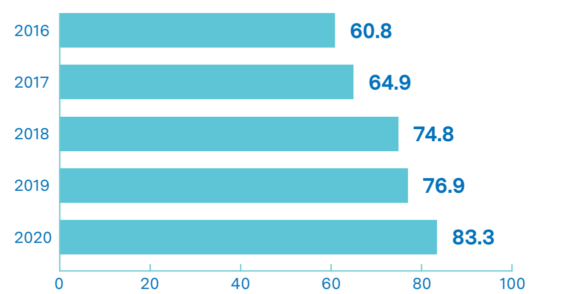
Revenue of the Enterprise IT segment
(in EUR million)



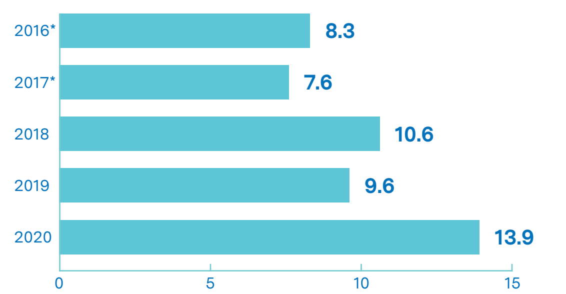
EBIT of the Enterprise IT segment
(in EUR million)



Revenue of the mgm technology partners segment
(in EUR million)



EBIT of the mgm technology partners segment
(in EUR million)



*Historical figures not including the effects of IFRS 16

2.4 Financial and Non-Financial Performance Indicators

2.4.1 Financial Performance Indicators

At Group level, the following financial performance indicators are the focus for the management of the company:

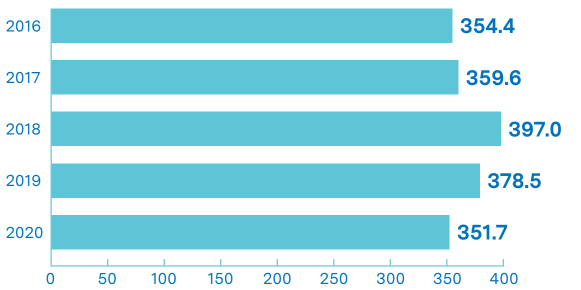
Revenue growth

Allgeier operates on the growing market of information technology. Worldwide, this market has been growing faster than the economy as a whole for years, and in some areas even significantly above average. While the revenue of the IT industry also declined owing to the global coronavirus crisis in 2020, the sector was not hit as hard by the effects of the crisis as other industries. It is also expected that information technology companies in particular will benefit from the ongoing trend towards business process digitization. The digitization requirements of private industry and the public sector alike have been amplified again by the crisis and its consequences.

Generally, the information technology market has also been undergoing a process of consolidation driven by innovation and client requirements over a period of several years. We therefore believe that it is crucial to keep pace with the market with strong growth and to outperform it in at least some areas, and to take the right steps towards acceleration in the years to come. Growth is thus a central issue for the Allgeier Group.

The revenue growth of the Group's continuing operations over the last few years has been as follows:

Revenue
(continuing operations in EUR million)



Profitability

Besides growth, the goal of sustainably increasing enterprise value also requires profitability. The EBITDA margins to be achieved play a crucial role in planning at all Group levels.

The EBITDA and EBITDA margin for the Group and its individual segments developed as follows (see page 41):

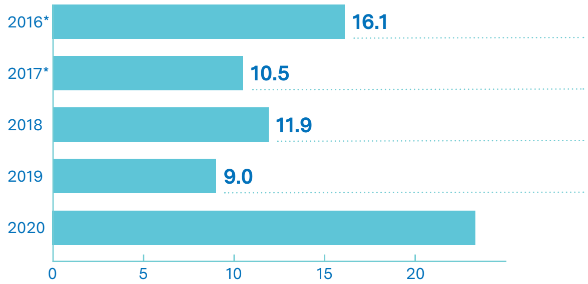
Net debt

Net debt is highly relevant to Allgeier SE's valuation on the capital market and to our Group's further financing capability. Individual financing agreements require compliance with certain net debt thresholds. For this reason, the planning and management of net debt play a prominent role within the overall system of corporate planning and in financing decisions. Net debt comprises financial liabilities and liabilities from leases less cash funds. Allgeier reduced its net debt to zero in fiscal 2020, and now has net cash of EUR 1.2 million (previous year: net debt of EUR 164.5 million). On the one hand, cash funds amounted to EUR 60.8 million as of the end of the 2020 reporting period (previous year: EUR 97.4 million) while, on the other, lease liabilities declined to EUR 31.0 million (previous year: EUR 97.0 million) and financial liabilities to EUR 28.6 million (previous year: EUR 164.9 million). As there is no longer any net debt as of December 31, 2020, the Allgeier Group's gearing, defined as the ratio of net debt to relevant adjusted EBITDA, is 0.0. The Group's gearing as of the end of 2019 had been 2.2.

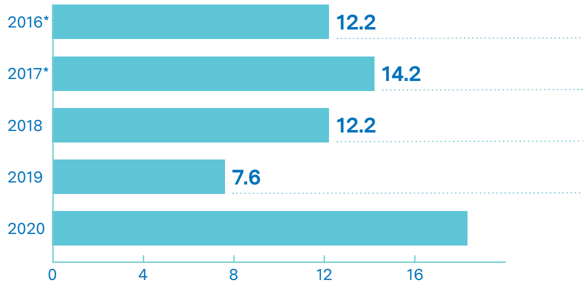
EBITDA (in EUR million)/**EBITDA margin**

*Historical figures not including the effects of IFRS 16

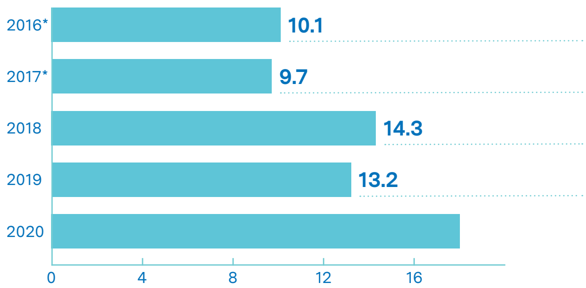
Group



Enterprise IT segment
(continuing operations)



mgm technology partners segment
(continuing operations)



Growth through Acquisitions

Another indicator of our Group development is the ability to take advantage of market consolidation through acquisitions. This not only accelerates growth but also the potential alignment and focusing of business activities. Allgeier has more than 15 years of in-depth experience in implementing acquisition projects. We are recognized on the market as a potential purchaser of medium-size enterprises in Germany and abroad, and we have proven our ability to successfully integrate companies in a sustainable process, and to develop more growth. Over the years, we have steadily improved the process, which ranges from recording all acquisition candidates we are offered or which we actively identify, through to selection and execution of specific transactions. This process is supported by software tools and is now handled not only at Allgeier SE, but also with the involvement of the Group's operating segments.

Our goal is to continue growing through acquisitions. The Allgeier Group's transactions in recent years have included:

The following table shows the acquisitions deconsolidated in conjunction with the spin-off of Nagarro in December 2020:

Transactions (acquisitions)	
2016	Conduct AS, Oslo, Norway*
	Mokriya Inc., Cupertino, USA*
	Betarun, Buckow (asset deal)
	GDE Group, Munich
2017	Ciber AG, Heidelberg (asset deal)*
	Ciber Managed Services GmbH, Heidelberg (asset deal)*
	Ciber France, Entzheim, France*
	Ciber Denmark, Copenhagen, Denmark (asset deal)*
2018	ANECON Software Design und Beratung GmbH, Vienna, Austria*
	iQuest Group, Bad Homburg von der Höhe*
	Objectiva Software Solutions, Inc., San Diego, USA*
	consectra GmbH, Offenburg
	secion GmbH, Hamburg
	GRC Partner GmbH, Kiel
2019	Farabi Technology Middle East LLC, Dubai, United Arab Emirates*
	SOLUTIONS4MOBILITY L.L.C, Dubai, United Arab Emirates*
2020	GES Public Sector division of GES Systemhaus GmbH Co. KG, Wiesbaden (asset deal)*
	SCUDOS software of IFASEC GmbH, Dortmund, and SCUDOS SYSTEMS GmbH, Dortmund (asset deal)
	eForce21 GmbH, Munich
	maihiro GmbH, Ismaning (asset deal)*
	AURELO GmbH, Kiel

*Deconsolidated in conjunction with the spin-off of Nagarro in December 2020

2.4.2 Non-Financial Performance Indicators

Employee Satisfaction

Our employees are our Group's most valuable capital. Their expertise, their motivation, their solidarity and also their dedication drive our business forward every day. The employees of the various units of our Group are the ones who enjoy the trust of our clients and develop and implement innovations for them. In competing for qualified new employees, it is more important today than ever before to be an attractive and reliable employer for the best candidates. An increasing degree of intelligent and flexible organization and diversification is required to combine different individual requirements, educational levels and expectations. Various models to integrate employees into client projects play an important role in this context. These include service and work contracts, personnel leasing, project outsourcing, onshore, nearshore, offshore models and much more. The continuous development of existing employees and the recruitment of new highly qualified colleagues are essential factors for the development of the entire Group. Accordingly, employee satisfaction within our Group is a key performance indicator.

2.5 Human Resources

Allgeier counts on dedicated and loyal employees

Highly qualified and motivated employees are a key success factor for the development of our Group. Every company in the Allgeier Group is crucially dependent on its employees' technical knowledge, abilities and dedication. Our employees are in constant contact with clients, providing the agreed consulting and other services, and developing innovative solutions for complex challenges. In the future as well, the strategy of our Group will depend on the commitment of our employees on the one hand and, on the other, our capacity to recruit new and high-achieving employees, and ensure their long-term loyalty to the Group in the face of stiff market competition.

Continuously fostering and developing the motivation and skills of our employees is therefore a central objective of our personnel policy. Allgeier has made good progress in the reporting year by further harmonizing its employee recruitment and retention activities within the operating segments. We have expanded our international presence significantly in recent years, gaining access to around 1,800 extremely well trained software developers in Germany especially, but also at our sites in Czechia and Eastern Europe. On our core market of German-speaking Europe (Germany, Switzerland and Austria), we are increasingly seeing shortages of well qualified experts at central locations. For this reason as well, we are continuously investing in our employees to ensure the sustained growth of our Group and to keep valuable knowledge within the company. Moving ahead, this will entail a further rise in investment in ongoing employee training and continuing professional development.

A company's appeal – to both its existing workforce and to good applicants – is becoming an increasingly important competitive factor. Given the fast-moving nature of the IT sector, ongoing technical training and continuing professional development for employees is a key success factor in competing for the best employees. Staying on the ball technically is also crucial to satisfying rising client requirements and being able to help shape key innovations within the industry. Conversely, the employees of the individual Group companies benefit from the steady expansion of our portfolio and the Group's continuous growth, size and stability. The existing jobs within the Group are therefore becoming more secure, while new jobs are being created at the same time. New and challenging orders from interesting clients create exciting work prospects and good possibilities for individual development.

Employee figures: Allgeier has a broad base of highly qualified IT experts

In total, the Allgeier Group had 3,197 employees and freelance experts in its continuing operations as of the end of 2020 (previous year: 3,370), 2,366 of whom were permanent employees and 831 freelance experts (previous year: 2,484 permanent employees and 886 freelance experts). As of the end of the fiscal year, Allgeier had 2,924 permanent employees and freelance experts in Germany (previous year: 3,130). Outside Germany, it had 273 permanent employees and freelance experts as of the end of the year (previous year: 240). Following the spin-off of the international software business bundled in Nagarro, our staff at the German locations of our Group are now in the majority again. As of the end of fiscal 2020, 88.5 percent of all permanent employees and freelance experts were based in Germany (previous year: 90.7 percent). Overall, Allgeier increased the total number of its employees and freelance experts by a net amount of 173 year-on-year (previous year: net reduction of 371). The total number of employees fell by 118 in net terms (previous year: reduction of 436).

This development is mainly due to a reduction of employees and freelancers at Allgeier Experts, while other units of the Enterprise IT segment and the mgm technology partners segment increased their headcounts. A further 43 jobs were created as a result of the acquisitions in fiscal 2020 (previous year: 0).

The Group is pleased to report that the share of female employees increased as well in 2020: The share of female employees rose to 26.6 percent by the end of the year (previous year: 25.7 percent). Depending on the survey, Eurostat and BITKOM assume that the share of female employees across all companies in the German IT sector is between just 15 and 17 percent. Similarly, we also still have a high level of staff with university level qualifications, and increased this figure further over the past fiscal year. The share of graduates was 59.2 percent as of the end of the reporting period (previous year: 56.6 percent). In total, 92.9 percent of our employees hold a bachelor's/master's/doctoral degree, state-certified technician/master trades certificate, or have other qualified professional training (previous year: 90.7 percent). In addition to continuous further training and professional development, it is our hope to offer our employees long-term prospects and an attractive future within the Group by enabling a healthy and appealing work-life balance. The high share of female employees and those with higher qualifications encourage us in this endeavor.

The number of employees in the Allgeier Group has changed as follows in the past five years:

Employees on Dec. 31 (headcount)*	2016	2017	2018	2019	2020
Permanent employees	2,662	2,778	2,920	2,484	2,366
Freelancers	1,249	1,196	821	886	831
Total employees	3,911	3,974	3,741	3,370	3,197

* Continuing operations of the Allgeier Group (prior-year figures restated)

3. Overall Statement on the Business Situation

2020 was the most extraordinary year in the history of our Group. We look back on this special fiscal year with pride, and also a great deal of humility. We began the year with record planning. Every company in the Group was excellently positioned, which we now consider highly fortunate looking back. These strong foundations helped us to emerge from the difficult period of the coronavirus crisis largely unscathed as a company.

However, the COVID-19 pandemic and the crisis that ensued have demanded much of the world around us, our clients and partners, and above all our employees and their families. In the global pandemic and its repercussions for society and the economy, and above all for our private lives and health, we have faced a challenge this year that none could have foreseen. Some were confronted by illness, worry and private difficulty; some have lost loved ones. In these difficult times, we as a Group have held together and helped one another. Working from home, we were always there for each other and for our clients, and together we have overcome challenges great and small.

We can proudly say that our Group, the way we interact and even our business have proved capable of withstanding the crisis and its repercussions. This counts for a lot, especially in uncertain times. Our employees – most of them working from home – have achieved something extraordinary, both personally and in their work, which enabled us to stand by our clients in their projects and challenges with virtually no restrictions. As a Group, we are highly grateful for the enormous efforts, persistence, discipline and commitment shown by our staff.

The past fiscal year brought considerable changes for the Group. On December 15, we effectively completed the spin-off of the global technology consulting and software development business bundled as Nagarro SE. Nagarro SE has been independent since that date and was listed separately on the Frankfurt stock exchange the following day. We thereby brought a process that demanded hard and intensive work from many of the people in our Group over a number of months to a successful conclusion. Our shares performed very positively in conjunction with the spin-off, we attracted new investors, our market capitalization increased significantly (to more than EUR 1 billion shortly before Nagarro was spun off) and we have created a great deal of value added for our shareholders in the past year. We further intensified our capital market activities, which included our first Capital Markets Day and our participation at a number of virtual investor conferences and events.

We also achieved our business goals for fiscal 2020: In continuing operations we generated gross revenue of EUR 352.6 million (previous year: EUR 380.2 million). Value added in continuing operations (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) increased to EUR 101.9 million (previous year: EUR 99.2 million). Our value added margin rose accordingly to 28.9 percent (previous year: 26.1 percent). Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) increased by 66 percent to EUR 30.3 million (previous year: EUR 18.2 million) with a margin of 8.6 percent (previous year: 4.8 percent). EBITDA for the period grew even more significantly to EUR 23.4 million (previous year: EUR 9.0 million), an increase of 159 percent. We thus generated EBIT of EUR 7.1 million (previous year: EUR -4.0 million) and EBT of EUR 8.2 million (previous year: EUR -5.4 million).

Even after successfully spinning off Nagarro, we have a stable and broad customer base, comprising corporations, mid-sized market and sector leaders and a large number of public sector contractors at all political levels. All sectors of the economy and clients are united by a strong common demand for digital technologies, solutions and services for the digitization of critical organizational processes. These software and IT services are highly sought-after and promise strong growth from which our Group companies can profit. Our operating units generated annual revenue in excess of EUR 1 million with each of 58 national and international clients in fiscal 2020. These included 16 clients with annual revenue of more than EUR 3 million and eight clients with more than EUR 5 million.

Over the course of this most unusual year, more and more people have joined our teams, whom we offer attractive and safe jobs with good personal development prospects in our highly competitive market environment. Many of our units have increased their headcount in our highly competitive environment; the mgm technology partners segment, for instance, recruited a number of new software developers and consultants. At the several dozen locations of the Group's continuing operations in Germany, Austria, Switzerland, France, Czechia, Vietnam and the US, we have around 3,200 highly qualified IT experts working for our clients, including almost 1,800 software developers. In the past year, we further increased our high share (by industry standards) of female staff and our high share of graduates. The constant hiring of highly qualified employees and the ongoing development of our staff also reflects an investment in the future, which also generated corresponding costs in 2020. On the basis of the far-reaching technical expertise of our employees and prolific knowledge of sectors and projects, we use disruptive technologies to assist our clients in solving strategic challenges posed by digital transformation, and will continue to do so successfully moving ahead as well.

This will require more intensive cooperation within the Group and a focus on high-growth areas with strong development potential. We will achieve this by continuing to apply the skills we have been ceaselessly developing over the past 15 years to leverage market consolidation for the targeted expansion and faster development of both our Group's segments through value-adding acquisitions. Both segments are attractively positioned on their markets:

Our Enterprise IT segment is a full-range provider of IT solutions and services for critical business processes with far-reaching expertise in German-speaking countries. The segment offers its clients a full portfolio of IT services for major software projects and long-term managed services and maintenance agreements. Its employees combine in-depth technical knowledge, comprehensive process and sector expertise and consulting capability in the fields of business efficiency solutions, IT security, business process management, enterprise content management, cloud and mobile applications and open-source software development. This way, the Enterprise IT segment assists global corporations, SMEs and public sector contractors in their digital transformation and the optimization of their digital processes along the entire value chain. The segment's large pool of resources with highly qualified IT and engineering experts guarantees a high level of scalability and flexibility in project implementation and support. The segment has further optimized its internal structures and processes, considerably enhancing its profitability thanks to its integrated product portfolio. Valuable synergies were tapped by integrating and working closely with team members from the former Experts and New Business Areas segments, and scalability for major IT projects was increased significantly. Together, the segment now has comprehensive expertise in software and IT services that can be incorporated into project/managed services within client projects. The acquisition of new Group companies has expanded its market position and expertise in key growth markets and fields: On the one hand, the segment has further augmented its capabilities for open source-based software solutions while at the same time extending its range for public sector digitization in the field of e-government. On the other, the segment has enhanced its software expertise in the field of ERP and thus also tapped the key growth area of renewable energies.

Our mgm technology partners segment has positioned itself among its competitors as a high-end specialist for digitization and disruptive technology and consulting services. As a consulting and solutions provider for digitization projects, mgm technology partners is one of the leading e-government service providers in Germany. Together with the specialist subsidiaries mgm consulting partners (management consulting for digitization, experts in CIO advisory, organizational development and change management) and mgm security partners (web application security), the segment's 800 software developers and consultants cover the full range of current and future digitization issues that increasingly intersect with digital sovereignty in the context of the emerging platform economy. The segment develops enterprise applications for the commerce and insurance industries and the public sector on the basis of the latest technologies and its own platform solutions, and actively guides clients' digital transformation. On the one hand, these sectors have proven especially stable or less susceptible in a crisis while, on the other, they are expected to enjoy continuing strong growth potential in the years ahead: Retail in particular experienced a boom, and the coronavirus pandemic significantly accelerated the trend towards e-commerce in retail. At the same time, the enormous need for digitization in public administration was clearly illustrated. The mgm technology partners segment has had a successful 2020, continuing its stable organic growth in a highly competitive market environment. At the same time, its teams significantly increased the segment's earnings margin. In addition to its outstanding positioning on the market and with its clients, its attractiveness as an employer was a key element in its success. Even in the year of coronavirus, mgm technology partners inspired strong loyalty among its team of highly qualified experts, keeping the fluctuation level very low. With further investment in specialization and future technologies, mgm technology partners has laid the foundations for further growth with strong operational earnings power and technological leadership within the peer group of high-performance digitization companies.

The successful business development in both the Group's segments forms the basis for positive planning for 2021 with organic growth and greater profitability. As an IT holding company, Allgeier SE is synonymous with a successful buy-and-build strategy going back more than 15 years that sustainably creates and develops value added. With the Group's segments, we aim to establish ourselves as one of the top performers on the German IT and software services market – with all the drive, solutions expertise and excellence that unite us as a team: Together, as a focused partner for the DACH region, we offer clients a comprehensive IT and software services portfolio extending from high-end software development to business efficiency solutions for digitization and business transformation. Our big opportunity is that, moving forward, we can leverage our options with our full focus and exploit our enormous shared potential by successfully advancing the constant change in the company's journey and continuing our successful growth strategy. We are focusing on our sound market positioning and the strength we possess in our Enterprise IT and mgm technology partners segments. We anticipate major development options for the Group on the high-growth IT services and software market of the DACH region. We have a comprehensive, attractive portfolio, two strong and established brands, experienced management teams and a broad base of excellently qualified software and IT specialists. For our large and diverse customer base, which covers a number of crisis-proof industries and the public sector, we have been a valued and reliable partner for many years. We are benefiting from the high digitization requirements of our customer industries and our good positioning in key growth and future areas. Our continuing operations are entering 2021 with zero net debt. The operational earnings power of our business and a new revolving credit facility of EUR 140 million give us substantial financial headroom. Building on these solid foundations, we intend to continue growing – both organically and through value-adding acquisitions – and to further enhance our earnings power with intelligent innovations and focused investment.

4. Supplementary Report

The supplementary report can be found in the notes to the consolidated financial statements (F. XI. Supplementary Report).

5. Forecast, Opportunity and Risk Report

5.1 Forecast

General economic forecast

The organic growth of the Group companies is largely dependent on the economic environment and, in particular, the development of the software and IT services market in Germany in particular and several other relevant markets. The coronavirus pandemic and its economic consequences forced the German economy into one of the worst recessions in decades. According to the Annual Economic Report of the German Federal Government, German gross domestic product fell by 5.0 percent in 2020 on account of the coronavirus crisis, after it had previously risen for ten years in succession. The OECD expects Germany's economic performance to contract by as much as 5.5 percent.

However, after the end of the hard lockdown in April 2020, the German economy had already hit bottom in May and was gradually working its way out of the crisis after initially bouncing back. In its current Annual Economic Report, the German government assumes that economic performance will not return to pre-crisis levels until at least the middle of 2022. According to the Annual Economic Report, the anticipated recovery of the global economy, the underutilization of production capacity and the leading indicators all point to the process of recuperation continuing. The German government is therefore forecasting further growth of 3.0 percent for 2021. Further economic development will continue to be greatly influenced by the development of the pandemic and the measures taken to suppress it.

Not just in Germany, but in Europe and the rest of the world, the spread of coronavirus and the restrictions then placed on economic and social life led to a historic slump in economic performance in the second quarter of 2020. Global supply chains and trade flows were severely impacted, stock markets collapsed, unemployment and reduced working hours increased and a number of countries requested international credit assistance. However, the global economy is recovering rapidly in a large number of sectors thanks to massive political measures and central bank support, though the speed of the recovery varies from country to country and from sector to sector. Services and retail, which have been particularly affected by lockdowns and social distancing rules, are continuing to suffer. Tourism, aviation, the hotel and hospitality sectors and the associated fields are still facing major challenges. This is compounded by the fact that many countries are facing uncertainty due to further waves of the pandemic, which could also include dangerous mutations of the virus. Hopes for an end to further restrictions due to the pandemic and a sustainable recovery of the economy are linked to the global vaccination program that is showing the first signs of success.

The OECD sets out its hopes for the future in its latest Interim Economic Outlook from March 2021. It writes that the economic recovery will gradually continue. The OECD is also more optimistic than in its previous report from December 2020, and now expects that many economies will recover more quickly. The OECD confirms that global economic prospects have improved significantly in recent months. This has been helped by the gradual introduction of effective vaccines, the announcement of additional fiscal support in some countries and indications that national economies are getting better at handling the measures to suppress the virus. However, the economic upswing and the return of confidence are also still significantly linked to the rapid availability and distribution of vaccines and better cooperation in their distribution. Significant risks still remain nonetheless: According to the OECD, faster progress rolling out vaccines in all countries would allow restrictions to be lifted more quickly and boost both confidence and spending. Slow progress in the vaccine roll-out or the emergence of new virus mutations resistant to existing vaccines would lead to a weaker recovery, more widespread job losses and more businesses becoming insolvent. Accordingly, the top policy priority is to ensure that all resources necessary are used to produce and fully deploy vaccinations as quickly as possible throughout the world, to save lives, preserve incomes and limit the adverse impact of containment measures on well-being. The OECD notes that the resources required to provide vaccines to lower-income countries are small compared to the gains from a stronger and faster global economic recovery.

The OECD expects that vaccination campaigns, a concerted health policy and financial support from governments will allow global GDP, which fell by 3.4 percent in the crisis year of 2020, to expand by 5.6 percent in 2021 and by another 4 percent in 2022. The decline was sharper in the euro area in 2020 at 6.8 percent, and the recovery will be slower with forecast growth of 3.9 percent in 2021. The global economy should gather momentum over the next two years and global activity is set to return to pre-pandemic levels by the end of 2021. The OECD expects that the recovery will be strongest in Asian countries that have the virus under control, though many national economies will not recover to pre-crisis levels before the end of 2021. The OECD is forecasting growth of 3.0 percent for Germany in 2021, set to widen to 3.7 percent in 2022.

A quick vaccine roll-out and reduced uncertainty could accelerate the recovery of the global economy. Conversely, if there are delays in rolling out vaccines, difficulties in controlling new outbreaks or failures to learn the right lessons from the first wave, the recovery could falter and pre-crisis levels would not be seen again until the end of 2022. So there remain both upside and downside risks, resulting in a cautiously optimistic yet uncertain outlook. Despite the comprehensive economic aid, the harm caused to the socio-economic fabric of individual nations by the pandemic will linger for years to come.

Forecasts for the IT industry

According to the latest market figures from the Federal Association for Information Technology, Telecommunications and New Media (BITKOM), the German ICT market should return to growth in 2021 following the downturn due to the crisis in the previous year. The ICT market as a whole is set to expand by 2.7 percent to EUR 174.4 billion (previous year: contraction of 0.6 percent to EUR 169.8 billion). The sub-market relevant to Allgeier, information technology, is expected to achieve strong growth of 4.2 percent (previous year: -0.7 percent) to EUR 98.6 billion (previous year: EUR 94.6 billion). This would mean that the IT sector would recover from the effects of the crisis more quickly than the economy as a whole. This development will primarily be driven by momentum on the markets for hardware and software, which are expected to grow by 8.6 and 4.1 percent respectively (previous year: 3.2 and -1.0 percent). The market for IT services will develop more moderately, with BITKOM projecting growth of 1.1 percent in the current year (previous year: -3.2 percent). Despite the somewhat weaker overall momentum in the IT services environment, key trend and future areas are growing much more rapidly. The main driver of growth for the IT market as a whole is once again the advancing digitization of the economy and the public sector, which means fundamental changes in market conditions and thus the business and working world. The coronavirus pandemic significantly accelerated digitization in many areas. Most companies see new technologies as a key tool for managing the crisis. Organizations quickly set up networks for employees working from home, created new digital channels – for instance for sales, marketing, service and support – and relocated systems and data to the cloud on a large scale. Although many companies have responded to the challenges of the crisis quickly, flexibly and pragmatically, transformation pressure remains high for most organizations: Business processes and structures have to be adapted to changes in requirements – in many cases, internal silo structures and the associated legacy systems are still an obstacle to the necessary innovation processes. In a survey among IT decision-makers in Germany conducted by the research company Forrester in early summer 2020 during the coronavirus crisis, respondents named innovation, speed and the development of new skills as the most important priorities for the next twelve months.

The recent report “IT Trends 2021” for the DACH region by the consulting company Capgemini highlights the extraordinary significance of IT for companies’ business in times of pandemic and extensive contact restrictions especially, underscoring the growing need for and greater urgency of digitization. In the coronavirus year, companies and authorities responded to the many challenges quickly and with a clear focus by reorganizing sales and service processes and reallocating IT budgets. Technology and creative ideas ensured that the economy kept going. Further digitization is thus also needed for the current year, which goes far beyond remote working and virtual meetings. The core aspects include digital ordering systems, automated service, intelligent factories, intensive data sharing and supply chain management. All this means tougher demands for IT security and compliance. 87 percent of the IT decision-makers surveyed at companies and authorities said that they are using the pandemic as an opportunity to increase their digitization. IT should increasingly be geared to the needs of the consumers. Issues such as data security, better information analysis and utilization, shorter release cycles and the establishment of partner networks are also becoming more significant. The trend of transferring software solutions to the cloud, big data and data analysis has been continuous and has even gathered pace: The prevalence of data platforms and the use and sharing of data along internal supply chains is growing rapidly. Data protection and data sovereignty – particularly when using AI applications – are issues that support the use of European cloud providers.

The shortage of skilled professionals is increasingly becoming a problem: While this situation became only moderately worse in German-speaking countries in the first year of the coronavirus, participants in the study expect that it will deteriorate steadily this year and next. The fact that projects postponed or halted during the crisis are now being resumed will play a part in the short term. However, in the medium to long term, the fact that almost 21 percent of IT and business experts will be retiring in the next ten years is expected to have an even greater impact.

Among the technology trends, the survey’s respondents currently rate production safety and security, predictive analytics, protection against threats from IoT-enabled devices, DevOps (to shorten release cycles and maintain competitive capability) and robotic process automation (RPA) without AI support as the most important issues. Work this year will focus mainly on the optimization and ongoing development of application landscapes and simplifying data sharing. This is being driven firstly by new client requirements and secondly by organizations wanting to take greater advantage of advancing digitization: Through closer cooperation with other organizations on the one hand and by exploiting the potential of data on the other. This also involves the migration to new ERP systems and the growing use of smart systems in industry. The increased networking of machines, automated production processes, the processing of critical business data on-site or in the cloud and the growing number of cyber-attacks on industrial companies have greatly increased awareness of the risks and importance of IT security. A recent 2020 survey by the software and consulting company for information security also highlights the current cyber security action requirements among businesses and the public sector. According to BITKOM, cyber-attacks in Germany have not only become more frequent, but also more economically damaging than two years ago. The increased prevalence of remote work also makes system security even more important.

The companies of the Allgeier Group have long held a strong market position in many of these trend and growth areas. In addition to IT security, the trend towards transferring enterprise resource planning (ERP) solutions to the cloud in particular could serve as an additional growth driver. ERP, for instance, is a central software system that optimizes business processes by connecting individual links in the production chain. The megatrends in the industry are also stimulating ERP sales as ERP software solutions greatly simplify corporate control and planning processes. According to the Synergy Research Group, cloud services in the ERP area, one of the largest segments of the enterprise software market, is currently still somewhat underrepresented.

In summary, Allgeier is benefiting from the major high tech trends and their strong growth, and from the general megatrend of digitization. With its IT and software services, Allgeier has a successful handle on key growth areas and future technologies, and is actively developing them in line with rising market demand. At the same time, the coronavirus pandemic has once again further amplified the need and pressure for digitization both for businesses and for the public sector. In particular, a further surge in demand is expected in public administration, where Allgeier has been expanding its market position for years: The German Online Access Act requires the central government, the states and the municipalities to make around 575 services digitally accessible by the end of December 2022. The German government has also announced that, by 2025, it intends to bundle the procurement of its administrative IT and consolidate its information technology in order to enhance security and efficiency while also rising to the challenges of a digital administration.

The Group’s Management Board expects IT dependency to continue to grow moving ahead in an increasingly globalized world. Thus, the growth forecast in the future areas reported on is significantly higher than the industry average. At the same time, IT itself is undergoing rapid change, resulting in a constant need for innovation and investment – subjects that have been relevant to date will quickly be overtaken and replaced by others. Thanks to the Group’s good positioning in key, high-growth innovation and future areas on the one hand, and its broad customer base covering multiple industries and consisting of several hundred large corporations, SME market and sector leaders and public sector contractors on the other, Allgeier is confident of the structural opportunities for growth in the IT and software services sector.

Forecast by the Allgeier Group

Overall, the development of the Allgeier Group is defined by the appraisals outlined above for the economic environment as a whole and the IT market in Germany and other relevant markets, particularly Switzerland and the EU. In spite of the economic slump in Germany and the world over the past fiscal year, and the lingering uncertainty regarding the global coronavirus pandemic and its repercussions, we feel that we are excellently positioned to continue our organic growth in the medium and long term. At this time it cannot be ruled out that there might be further setbacks in the handling of the pandemic or further restrictions on public life – for instance due to the spread of virus mutations or delays in the vaccination campaign. This could have negative consequences for the overall economy and for global trade flows, but also for individual sectors or companies. In turn, this could impact our short-term and medium-term development in the current fiscal year and the further growth of our Group this year.

Despite this, however, the enduring fundamental significance of high-quality and reliable IT solutions is a key factor in ensuring future competitive capability and efficient management for virtually all business enterprises and for public sector institutions. Digitization is expected to reach new dimensions, and new business areas in information technology are emerging, such as the development of open source software solutions and high-performance portals, IT security, the use and analysis of large data volumes or the digitization of the industrial world known as Industry 4.0. Together with key future areas such as artificial intelligence, augmented reality, machine learning or blockchain, Allgeier SE believes that this will continue to support a strong performance in the relevant parts of the sector. We are anticipating a great deal of growth stimulus and opportunities for broad-based service providers as drivers of technological development and their clients despite the coronavirus crisis. This is compounded by the shortage of highly qualified IT specialists on economically strong markets and price pressure from global players on local business. As digitization continues, both for us and for our clients, this demands a combination of broad expertise and comprehensive capacity with a local presence close to the client. Despite the difficult environment, Allgeier will continue along its chosen path of honing its business models, the profitable growth of our business and optimizing its internal organization in fiscal 2021.

Based on the Group's planning to date, we are providing the following forecast for the individual performance indicators for continuing operations:

Current planning for fiscal 2021 reflects a continuation of the positive trend from fiscal 2020. We are therefore planning consolidated revenue of between EUR 360 and EUR 400 million for fiscal 2021. Both segments of the Group are set to contribute to the planned revenue growth.

Consolidated EBITDA should experience strong growth to between EUR 31 million and EUR 35 million. All forecast figures relate exclusively to the organic development of the Group as it is currently composed with no further changes in its portfolio. Future acquisitions in the individual segments could generate an additional contribution to growth.

We plan the following revenue and earnings trends for the specific segments:

- The Enterprise IT segment is planning to increase its revenue to between EUR 270 and EUR 305 million with EBITDA of EUR 24 to EUR 28 million and an EBITDA margin of 8.5 to 9.5 percent.
- The mgm technology partners segment is projecting growth in revenue to between EUR 90 and EUR 95 million with EBITDA of EUR 16 to EUR 28 million and an EBITDA margin of 18 to 9.5 percent.

The Allgeier Group had no net financial debt as of the end of 2020 and, disregarding potential acquisitions, does not intend to accumulate any net financial liabilities in fiscal 2021.

Establishment as one of the best IT and software services players in the DACH region thanks to smart integration and focus on growth markets

The following still applies to 2021: Our primary objective is the sustainable development of our Group, our business areas and our enterprise value. While this is happening, the Group will become more attractive to employees and clients, with improved performance. As a major mid-market player, we see ourselves as an established and reliable partner with close proximity to clients, but also with the potential to offer these qualities in major, long-term projects and at an international level as well. A broad, and international, performance capability and equal technological sophistication are needed, while geographical proximity is a bonus.

Our specific goals for 2021 are to further hone our focus within the segments and to continue the organizational development of the operating segments.

We are thus aiming to establish ourselves as one of the top performers on the German IT and software services market – with all the drive, solutions expertise and excellence that unite our different business areas: with the broad human capital, scalability and regional coverage plus comprehensive IT and digitization expertise.

We are currently pursuing the following strategic goals for the segments:

In the Enterprise IT segment we offer clients a full portfolio of IT services for major software projects and long-term managed services and maintenance agreements. The segment has far-reaching expertise in German-speaking countries and pronounced industry expertise in the public sector. Allgeier Enterprise IT wishes to continue its development as a holistic provider of IT solutions and services, to become an end-to-end-service provider offering a full range of products and services for the digitization of critical business processes: Its range extends from consulting and managed services, business efficiency solutions, business process management and enterprise content management to cloud and mobile applications, IT security and open source software solutions, especially in the key growth market for public administration where the segment is positioned as an innovation leader. This way, the Enterprise IT segment assists private and public sector clients in their digital transformation and the optimization of their digital business processes along the entire value chain. The segment can utilize a large pool of resources with highly qualified IT and engineering experts, thereby ensuring a high level of scalability and flexibility in project implementation and support. With its full service and solution portfolio, Allgeier Enterprise IT intends to continue outpacing the average growth of the sector and to further expand its market position in der DACH region. The segment intends to leverage its extensive, long-standing customer base of around 500 large enterprises, high-performing SMEs and public sector contractors, and to benefit from the consistently high demand for digitization among our customer industries – including the public sector particularly.

The mgm technology partners segment is a consulting and solutions provider for digitization projects and one of the leading e-government service providers in Germany. In the mgm technology partners segment, we develop critical business software and IT solutions for our clients and support them in transforming their business models through digitization. In some cases, we keep on providing support for the software solutions we have created over many years. In particular this includes further development and adaptation in line with new client requirements. Innovation in terms of the IT and software solutions used has since become a crucial competitive factor for clients. As the massive wave of digitization advances through many branches of industry industrial sectors, for many clients we will transition from being an IT partner to becoming a strategic partner – a partner that works directly with its client on innovation in core business. The segment specializes in the commerce/e-commerce, insurance and the public sector, which are particularly stable or resistant in times of crisis. mgm technology partners intends to continue benefiting from the high digitization requirements of these sectors – for instance with solutions for booming online retail and with large, dynamic portals for the digitization of public administration.

Further targeted acquisitions are also an express part of the growth strategy in 2021. We are leveraging the advancing consolidation of the market, driven by technological development and the increasing intensity of cooperation with clients.

5.2 Risk Management

5.2.1 Risk Management System

The Allgeier Group's business activities expose it to a variety of risks. We define risks in the broadest sense as the possibility that we may not achieve our financial, operational or strategic goals as planned. Identifying risks and eliminating or mitigating them with suitable management measures is essential to ensuring the company's long-term success. We have combined the elements of a top-down and bottom-up approach and applied tiered risk management and control systems at the level of Allgeier SE's Management Board and Group controlling, and at the level of the operating segments and individual Group companies. This assists us in identifying risks and developments that could jeopardize the continuation of our company as a going concern at an early stage. Our risk management and control systems are subject to continuous further development and adaptation in line with changing requirements for the Group and the environment in which it operates. Furthermore, the Allgeier SE Supervisory Board reviews the effectiveness of the risk management system at least once a year.

At the level of the Group companies, the members of management – who operate independently – act on the basis of their specific business. We have implemented controlling systems and established a management organization at the individual companies to ensure a high level of transparency, with the result that promptly receive information on the companies' development. In addition, the management teams of the operating segments and the Group guide and monitor the work of the members of the Management Board and the managing directors through the corresponding governing bodies, such as supervisory boards and shareholder meetings. The Rules of Procedure for the management of Group companies define clear reporting and approval requirements. Information is also shared intensively and regularly between the management teams of the various Group companies and with segment and Group management. In addition to monthly reporting and controlling, quarterly business review meetings are held between the Management Board of Allgeier SE and the individual segment management teams, where business development, including defined key performance indicators (KPIs), market trends, current risks and opportunities, strategy and any measures necessary to comply with planning, are intensively discussed. Group-wide bodies that meet regularly, such as the Management Committee and an annual finance meeting, supplement the regular sharing of information.

Corporate controlling and risk management has been implemented at the level of Allgeier SE. Its function and efficiency are regularly reviewed and adapted in line with changing conditions. This system is based on integrated planning, controlling and reporting instruments that ensure ongoing business analysis of the operating segments and the individual companies through to Group level. The system incorporates all key Group figures at holding company level and includes monthly updates. We monitor and review Group liquidity and the liquidity planning of all Group companies weekly. Furthermore, we gather performance data and trends such as revenue, order backlog, incoming orders and headcount, partly broken down to project level, from the individual companies as part of an established routine. These data are entered in a business intelligence system that we use for data analysis.

Annual corporate planning in terms of the budget for the following fiscal year – consisting of the income statement, budget statement of financial position and financial plan – which is approved by the Supervisory Board of Allgeier SE, is implemented on the basis of bottom-up planning for the operating segments and individual companies. This is presented and discussed extensively in planning meetings with Group management for each segment. The budget for the following year is supplemented by two-year planning for the years thereafter to produce three-year planning. We conduct a monthly budget/actual analysis with comparisons against the respective prior-year period, which enables us to appropriately manage the operating segments, the individual companies and the Group. The results of this analysis are discussed in quarterly meetings with the management of the individual segments, possible deviations are examined and any appropriate measures are resolved. We have defined an escalation process for significant planning deviations, calling for an immediate, more detailed examination that can even extend to the initiation of remedial measures. After the end of each quarter of the following planning year, we review the overall planning figures and ascertain any the need for any forecast updates.

A risk analysis is prepared using a software-based, Group-wide risk matrix that is produced using a professional software tool to obtain individual risk reports from the responsible Management Board members and managing directors at the Group companies at regular intervals. These are prepared on the basis of a standardized catalog of risks and individual risks broken down by the various risk classes, including the probability of occurrence and the amount of loss. Group-wide, uniform methods are used to enable risk assessment comparability across all segments.

With the support of Group Controlling, the Management Board of Allgeier SE regularly evaluates the information available from all risk management tools used and initiates any suitable countermeasures that may be necessary in good time. The Management Board also regularly reports to the Supervisory Board of Allgeier SE on the current development of the Group and on specific events and decisions, consulting it on decisions of particular significance to the Group as set out in the Rules of Procedure for the Management Board.

Compliance is an issue closely linked to risk management. Companies today are confronted by increasingly complex legislative and regulatory requirements. Given the great importance of this issue in Germany and internationally, compliance in the Allgeier Group is a key matter for the Management Board and Supervisory Board. The compliance management system of the Allgeier Group follows the five-pillar model. At an abstract level, this system aggregates the basic elements of compliance requirements into five pillars:

Leadership

- Managers, above all, the Management Board, are responsible for good and responsible leadership in line with regulations. For this reason, the Management Board and Supervisory Board embody our values in daily practice and require other Group managers to follow their lead.

Risk Assessment

- The identification, evaluation and documentation of a company's compliance risks are the core element of a compliance management system. Company-specific compliance risks affect not only the orientation of the company's compliance management system but also the effective application of its resources. All Group companies collect and evaluate their respective compliance risks on a semi-annual basis and report them to the respective segment management and to Group management.

Standards & Controls

- This pillar comprises the elements derived from the risk assessment to establish the compliance organization, for a compliance management system integrated into the management landscape and the related regulations set out in writing. There is an extensive code of conduct for employees that applies to the entire Allgeier Group: the Allgeier Compliance Guideline which is implemented in the minimum standards for all subsidiaries. This guideline sets out minimum standards from which only upward deviation is permitted by individual segments and Group companies, i.e. more stringent individual regulations and content. The implementation of and adherence to the Compliance Guideline is ensured in particular by semi-annual reporting requirements and review by the appointed compliance officers at Allgeier SE.

Training & Communication

- Raising employee awareness about existing risks is a primary objective of effective compliance training and compliance communication. In the second step, this optimally leads to the minimization of such risks, as risks are identified and thus avoided. Communication thereby makes the necessary risk monitoring easier, as the presence of compliance within the company enhances the probability that the compliance function is advised of relevant incidents. Employee awareness is taught in both classroom and online training. The topics taught are typically dependent on the respective employees' assigned duties. Moreover, managers and employees receive quarterly Legal & Compliance newsletters on current compliance issues and developments, plus special newsletters when relevant issues arise.

Monitoring, Auditing & Response

- This pillar focuses on relevant issues pertaining to the monitoring, review and assessment of the compliance management system and reporting on the compliance management system itself. Defined ad hoc and random spot checks and audits help the Group to identify potential compliance violations early on. In the event of a compliance violation being detected, appropriate measures are taken that can include labor action if necessary. The compliance management system is also assessed for potential improvements. The Group has a central office known to all employees for reporting compliance violations or relevant suspicions. Such tip-offs can also be submitted anonymously.

Functional compliance also includes adhering to data protection regulations. This applies particularly since the introduction of the General Data Protection Regulation.

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Allgeier has therefore decided to establish more efficient data protection management and named a Data Protection Coordinator for general coordination at the level of Allgeier SE. All requirements of the General Data Protection Regulation have been implemented in a mandatory Group-wide policy. Allgeier is also constantly harmonizing and improving its data protection throughout the Group, and has introduced a Group-wide data protection management system with the following priorities:

- reduction of compliance risks by ensuring conformity with the respective data protection standards in effect throughout the Group
- ability to demonstrate compliance with data protection standards
- possibility of identifying advantages resulting from Group data protection management – particularly in relation to the strategic focus of the Allgeier Group
- definition and implementation of a minimum Group data protection standard, resulting in the correct distribution of responsibilities at Group level and at the level of the Group companies

Comprehensive compliance also entails the consideration of information security requirements. A Chief Information Security Officer (CISO) has been appointed for the general coordination of information security at the level of the holding company for the Group as a whole. A new Allgeier Security Guideline is in the process of being introduced. This represents the minimum Group-wide standard for information security. The aim is to ensure an adequate level of security with the greatest possible independence for the individual units. Existing compliance and data protection regulations are used so as not to create unnecessary additional structures and regulations. The Security Guideline, which is based on ISO 27001, is, at its core, an easy-to-use management process with the components of the PDCA cycle. Risk management identifies and handles information security risks and compiles them for the Management Board of Allgeier SE. A Group-wide management process is being introduced to ensure a quick response to potential incidents. It ensures that potential security incidents are handled sustainably in particular. The companies of the Allgeier Group have each appointed an Information Security Officer (ISO) to implement the Allgeier Information Security Guideline.

5.2.2 Internal Control and Risk Management System for the Group Accounting Process

With the following features of its internal control and risk management system, Allgeier SE ensures that facts relevant to the accounting process are completely and correctly recorded, processed and assessed and that the accounting is consistent with the statutory requirements at all Group companies. This also ensures that the accounting system can provide the information necessary for the purposes of controlling and fulfills internal and external reporting obligations promptly and reliably at all times, and that the company's assets cannot be misappropriated. The key features of the internal control system and risk management system for the accounting process are as follows:

- Material processes relevant to accounting are subject to regular analytical reviews
- There is a clear organizational, controlling and monitoring structure
- Tasks and responsibilities related to the accounting process are clearly assigned
- The IT systems used in accounting are protected against unauthorized access
- Predominantly standard software products are used in the IT systems relevant for accounting
- All persons involved in the accounting process satisfy high quality standards and undergo annual training
- The completeness and accuracy of accounting data are regularly reviewed on the basis of spot checks and plausibility testing in manual controls
- All processes especially relevant to accounting are subject to the principle of dual control
- The relevant risks are recorded
- The Supervisory Board also deals with key issues relating to accounting and risk management.
- Risk factors and going concern risks are systematically analyzed and managed by the Group's planning, reporting, controlling and early warning system
- Sufficient documentation is guaranteed
- Intragroup balances and any intercompany profits in assets are eliminated. The full recognition of these items is ensured by the account structure of the companies and also by a reporting procedure

5.3 Risks

The following sections describe the main risks that could have a material adverse effect on the financial position and performance of the Group and thus its share price. The list of risks is not exhaustive. In addition to those stated, there can also be other risks to which the Group may be exposed and that could negatively affect the business of the Group's companies. Moreover, there are other potential risks that we have not included below as we have identified them as non-material.

5.3.1 Market and Strategic Risks

5.3.1.1 Economic Environment

Our market environment is highly dependent on both global and local macroeconomic factors, such as general economic trends on our core markets in Germany and Central Europe. In particular, the economic situation of our clients, which are also largely dependent on economic developments on the markets relevant to them, influences their spending patterns with regard to IT, and thus indirectly our business as well. The same is also true for the public sector, which is similarly affected by issues such as public sector debt. Our business, which essentially consists of providing services for industrial and commercial companies, and also for public sector contractors, is thus directly and indirectly influenced by the general economic developments that our clients are exposed to and that affect our clients in different ways. A cautious, volatile or even recessionary development on the markets can result in individual clients no longer awarding contracts or having lower budgets for IT services. This can have a negative impact on the state of our business and on our financial position and performance. A negative impact from the COVID 19 pandemic still cannot be ruled out in this context. The severe slump in economic performance on the markets of the DACH region relevant to Allgeier in the first half of 2020 was followed by a recovery in the second half of the year. However, since the subsequent lockdown that began in the fall of 2020 in the face of the second wave of infection, it seems more likely that the repercussions of the coronavirus crisis on the German economy will be more long-term and that it will not return to pre-crisis levels in the near future. The risks of a recession, a further increase in unemployment and a wave of businesses becoming insolvent had not yet been dispelled by the spring of 2021. The extent to which some branches of industry have sustained lasting damage was not yet clear as of the time of this reporting being prepared. We expect that the short-term and at least the medium-term development of the economy, both globally and nationally, will continue to depend largely on how quickly and comprehensively the pandemic can be brought fully under control, and whether the lasting economic recovery hoped for materializes. If the markets relevant to Allgeier are hit by a recession or if certain branches of industry are affected by a strong slump in demand, this would probably affect the business trajectory, financial performance and financial position and ongoing development of the Allgeier Group.

5.3.1.2 Market Trends in the Industry Environment

In the IT industry there are also other factors that have a considerable influence on our business performance, such as the dynamic development of technology trends, high competitive and price pressure and the shortage of personnel. The technology transformation in the IT sector is extensive and advancing rapidly, which means both risks and opportunities at the same time. Those who cannot keep up, or who cling for too long to technologies or market segments whose future is superseded by new trends, can therefore suffer considerable disadvantages, even extending as far as going concern risks. Both the global and German IT markets are subject to constant change and the consolidation this entails. In particular, major clients with high requirements and large order volumes are striving to consolidate their suppliers in order to improve performance and quality on the one hand while also cutting costs on the other. This increases competition in the industry and confronts us with the challenge of withstanding cost pressure and competition, or possibly even benefitting from it. Some of our competitors are significantly larger than we are, with higher revenue and more considerable resources at their disposal. Some smaller competitors are more specialized than we are. It is also possible that, in individual cases, competitors could respond to new market opportunities more effectively and more quickly. To us, these scenarios could result in falling revenue, lower margins or even have a negative impact on our market share. Accordingly, the occurrence of the above risks could have a negative impact on the state of our business and on our financial position and performance.

5.3.2 Operating Risks

5.3.2.1 Personnel

Dedicated and entrepreneurial employees are a key success factor for our companies. This applies not only to members of management and other executives, but also to all employees and experts at the Group companies. If we are to continue our growth, in the area of management we are confronted with the challenge of promoting our own junior managers or, in individual cases, outside recruitment. Succession solutions must be developed in good time before generational changeovers. In the employee area in general, it is an ongoing task to find IT specialists and staff with other disciplines, such as sales, in sufficient numbers and with high qualifications. This is a key issue in the boom regions in which we operate especially. We counter this risk with corresponding recruitment activities and offer attractive terms of employment as long-term employee retention is just as important to us. A shortage of management and IT specialists can negatively influence our business development and thus our financial position and performance. In order to respond flexibly to changes on today's markets, Allgeier offers the placement of qualified personnel for the implementation of IT projects and sometimes performs these services itself. This gives rise to a legal and financial risk if the contract structure, engagement performance or operations management if such personnel suggests concealed or unlawful personnel leasing. We counter this risk with established processes and controls covering the entire project cycle. This can nevertheless have a negative impact on financial position and financial performance.

5.3.2.2 Clients

Cultivating relationships with our clients through excellent work and ongoing, good and competent support, in addition to acquiring new client orders, are also crucial factors for Allgeier's success. As a Group we have the possibility of offering our clients the greatest possible technical and regional coverage through cooperation between several Group companies, in addition to the expertise and long-term reliability of the individual companies. Nevertheless, there is a risk that we may lose key clients, for example owing to business difficulties on the client side, personnel changes, especially at client management level or the associated changes to business strategy, because of competing offers or the fact that projects can only be continued at a downscaled level. We work in large projects for a large number of medium-sized companies and for international corporations and public sector contractors. We generated annual revenue in excess of EUR 1 million with each of 58 clients in 2020. In fiscal 2020, the Group's companies together generated revenue of EUR 162.2 million with the Group's ten largest clients, corresponding to 45 percent of the Allgeier Group's total revenue from continuing operations. We generated 11 percent of revenue from continuing operations with the single largest client. It has already become evident in previous years that the loss of parts of such projects can have a significant impact on the Group company concerned. However, experience has also shown that the Group as a whole can handle such a scenario and quickly replace the loss with new business. If we are unable to do this or cannot do it quickly enough, this can have a negative impact on the state of our business and on our financial position and performance.

5.3.2.3 Products, Technology and Expertise

IT trends and technology leadership continue to mean both risks and opportunities. Recognizing and seizing on these trends early on is of immense importance to maintaining competitive capability. Technological transformation and shifting requirements, in terms of IT security and data protection, require constant innovation with all due speed. This also applies to the ongoing development of our own software products, which are exposed to liability and warranty risks if they do not function properly or as contractually agreed. Here, Allgeier relies on the expertise of its employees and devotes a great deal of care to the development of its products and solutions. In some cases, companies have to rely on partner firms or subcontractors. If we cannot sufficiently satisfy changing requirements, this can have a negative impact on the state of our business and on our financial position and performance.

5.3.2.4 Contracts and Projects

In the context of operating activities, the Allgeier Group companies sometimes assume contractual liability or provide guarantees in contracts with clients – for fixed price calculations for project orders or certain service levels, for instance. Good corporate organization and project management, including efficient risk management, are crucial in this regard. In some cases, specific legal risks can be covered by insurance or claims against third parties. Risks are managed and contained by insurance policies when this appears necessary and reasonable in business terms. The Allgeier Group has insurance policies for its main business risks, such as Group-wide public liability and D&O insurance in particular. Despite the measures taken, it cannot be ruled out that, in isolated cases, additional work or increased expenses will be necessary, which would negatively influence the financial result of the contract in question or even lead to losses. Project liability risks can also not be entirely ruled out. If specific risks arise from contractual liabilities, appropriate provisions are recognized at the respective companies. The occurrence of such contract and project risks can have a negative impact on the state of our business and on our financial position and performance.

5.3.2.5 Company Transactions

In addition to the ongoing organic development of Group companies, our strategy also involves growing the Group through further acquisitions. Many transactions entail usually significant investment and costs and bears the risk that the acquired company might not develop as planned or that, despite due diligence, negative consequences from the past are also taken on. In such event, there is a risk that assets recognized on account on the transaction, including goodwill, may have to be written off owing to unforeseen developments, which can weigh heavily on the Group's results. Also, there is the risk that the newly acquired company will contribute losses, and that a necessary restructuring will tie up resources and funds that then cannot be otherwise used for the Group's ongoing development. Furthermore, there are financing risks whenever a transaction is partly financed with borrowed funds. This can have a negative impact on the state of our business and on our financial position and performance. The same is true of decisions to sell parts of the business. These decisions are usually made to embark on a change in strategic direction, or to discontinue operations that are not contributing sufficiently to the Group's future development. Contract risks can also arise from such transactions. In addition, the decision to sell a company, or part of one, is subject to strategic risks – the decision can be made too late, or it can negatively affect the Group's perception on the market and among customers. Finally, internal structural changes such as mergers and integration projects also entail risks that can have a negative impact on the state of our business and on our financial position and performance, particularly if the planned success does not materialize or does not unfold as anticipated, or if they slow growth or cause employees to leave the company.

In examining and carrying out acquisitions or other transactions, the Management Board of Allgeier SE acts in compliance with the highest standards of care for decisions of particular import to the Allgeier Group. The Management Board also regularly relies on the expertise and experience of internal advisors, such as the members of the Supervisory Board or selected persons in the Group, in addition to external advisors such as banks, management consultants, auditors, tax consultants and lawyers. Appropriate due diligence is carried out before performing transactions. We incorporate corresponding contractual regulations in advance to protect against specific risks as they arise.

5.3.3 Financial Risks

5.3.3.1 Liquidity and Credit Risks

On the one hand, the Allgeier Group still possesses a high level of cash funds of EUR 60.8 million on December 31, 2020 (previous year: EUR 97.4 million). There are also interest-bearing financial liabilities of EUR 28.6 million as of the end of the reporting period (December 31, 2019: EUR 164.9 million), essentially consisting of the recently agreed revolving credit facility, to a limited extent from borrower's note loans and liabilities from factoring client receivables. When due, these loans must be repaid either from refinancing yet to be secured or from company funds. There is a risk that, when due, it will not be possible to repay these loans entirely from the company's own funds, and that sufficient refinancing will not be available in time.

The existing leases of the Group's companies give rise to liabilities. Repaying these liabilities could give rise to short-term liquidity shortfalls. This risk is countered by ongoing monthly liquidity planning, a sufficient level of cash funds and borrowing options. Taking the above aspects into account, lease liabilities do not give rise to a considerable net risk for the financial position and financial performance of the Group.

Furthermore, financial liabilities also give rise to interest rate risks and contract risks of possible early repayment obligations. Moreover, there are risks relating to compliance with accounting and income statement indicators and ratios, in addition to other covenants which, if not maintained, could lead to the termination of loans and calls for their immediate repayment. A deterioration of the Group's rating due to negative business developments could also materially influence the Group's ability to raise finance and the terms available to it. For further information, please refer to the more detailed description of liquidity risks in the notes to the consolidated financial statements. Using its reporting system, the Group monitors the financial position and financial performance of all subsidiaries on a monthly basis, and manages its financial risks with the help of accounting ratios and ongoing income and accounting forecasts, focusing in particular on the short-term and medium-term development of liquidity. Planned acquisitions by Group companies are only carried out when the financing of these companies does not result in a notable increase in liquidity or credit risks. The effects of planned acquisitions on the liquidity and credit situation are simulated and tested for feasibility in integrated financial planning in order to better judge the liquidity or credit risks of new acquisitions. Nevertheless, the unforeseen underperformance of an acquired company can be problematic in terms of financing and compliance with key contractual financial indicators.

We conduct talks and negotiations on an ongoing basis to evaluate and assess financing for acquisitions and the Group's growth. If new debt or equity financing is needed for our future growth, we are dependent on the developments of the financial and capital markets, and on our ability to access new debt or equity financing.

Future cash flows and the Group's liquidity situation can also be negatively influenced by changes in client payment behavior, e.g. longer payment terms or default. This risk has become more significant on account of the COVID-19 pandemic and its consequences for the economy. Risks of default are covered by insurance at some subsidiaries. The occurrence of one or more of the above risks can have a negative impact on the state of our business and on our financial position and performance.

5.3.3.2 Hedging Policy and Financial Instruments

The Allgeier Group's business activities expose it to price, interest rate and currency fluctuations. Given the Group's international business activities, exchange rate risks and opportunities can arise from operating activities and financial transactions. The Allgeier Group predominantly manages and monitors market price risks and opportunities in the context of its operating and financing activities, and uses derivative financial instruments as necessary. We monitor and assess these risks on an ongoing basis. In certain cases, we have limited or avoided these risks with hedges, though these hedges do not satisfy the hedge accounting requirements of IAS 39.

An implemented liquidity planning and management tool, together with cash management systems, identify potential liquidity bottlenecks in advance so that appropriate steps can be taken. As of December 31, 2020, the Group has cash funds and working capital financing in the form of overdraft facilities of EUR 16.8 million (December 31, 2019: EUR 19.8 million) at its disposal to finance the working capital requirements of its operating companies. Furthermore, various Allgeier companies also have access to factoring facilities of up to EUR 30 million for customer receivables (previous year including Nagarro: EUR 60 million). Factoring of EUR 24.2 million was in use on December 31, 2020 (December 31, 2019: EUR 32.3 million). Potential losses on hedges could have a negative impact on the state of our business and on our financial position and performance.

5.3.4 Legal and Regulatory Risks

5.3.4.1 Legal Risks

There are legal risks in contracts with clients in the context of operating activities. Such risks can include liability and warranty risks or risks of cost overruns on individual projects (see 5.3.2.4 above). Depending on the type of project, risks can arise from privacy violations, data losses or compensation for business interruption on the part of clients. Breaches of contractual obligations in respect of companies or arising from corporate transactions can ultimately lead to legal disputes. Depending on the jurisdiction in which such disputes arise, the risk can be exacerbated by local conditions. In individual cases, contract design issues, e.g. for outsourcing or work contracts – regardless of the underlying regulatory issues – can trigger legal risks if the requirements of such contracts are not sufficiently taken into consideration and implemented. If we are unable to counter the legal risks in an appropriate manner, this can have a negative impact on the state of our business and on our financial position and performance.

5.3.4.2 Regulatory and Compliance Risks

Changes in legislation or the interpretation of laws can affect the revenue and profitability of the Group's companies. If the legal framework in Germany changes, for instance in terms of tax or social security contributions, employment law, service or works contract law, this could lead to increased costs or higher liability risks for the companies. The time limits on employee leasing is a critical concern in relation to IT projects, as such projects are – in many cases – of a long-term nature. Individual solutions are coordinated with clients on a case-by-case basis. An impact on the industry as a whole in the medium term is not sufficiently foreseeable as of today. There is also discussion of – and changes to – the regulatory requirements for employing freelance IT experts as subcontractors, the effects of which are difficult to predict. In this context, the more recent legal changes mean that there is not yet sufficiently established case law, and therefore legal security cannot be described as adequate in some cases. While the Group companies this concerns monitor the respective requirements very carefully, check each announced amendment and consider new statutory requirements, even very extensive measures and precautions cannot fully and entirely rule out the possibility of regulatory and compliance risks.

The ongoing expansion of our business activities will also make regulatory risks in other countries more relevant and thus greater attention will be paid to them in future business activities. In specific cases, there are tax issues in connection with the exchange of goods and services and transfer pricing. There are also risks associated with financing Group companies and the related rules for declaring loans and the deductibility of interest on such financing instruments. If we cannot sufficiently satisfy these requirements, the consequences could have a negative impact on the state of our business and on our financial position and performance.

5.3.5 Overall Assessment of the Group's Risk Position

The risks most relevant to the Allgeier Group have been presented in "5.3.1 Market Risks and Strategic Risks", "5.3.2 Operational Risks", "5.3.3 Financial Risks" and "5.3.4 Legal and Regulatory Risks". With regard to the probability of their occurrence and their possible impact, we believe that the risks arising from the economic environment and market trends are currently the most significant. The spin-off of the Nagarro Group has reduced the risks to the Allgeier Group, in particular those in the areas of exchange rates and regulatory and compliance risks, as the Group's portfolio is no longer as highly international.

The COVID-19 pandemic and the measures taken by individual governments to contain the spread of the SARS-CoV-2 virus caused a slump on the global economy and had a significant impact on the individual markets, sectors and client companies relevant to Allgeier. The measures we took in the past fiscal year allowed us to safely and productively continue our services for our clients and our project work without major constraints. In terms of customers, there are no relevant cluster risks thanks to the high level of diversity among our Groups' customers with regard to size, region, industry and business model. Our business thus proved largely resilient to the effects of the COVID-19 pandemic in fiscal 2020. There have been no severe, temporary downturns in our business to date. However, given the continued global spread of the SARS-CoV-2 virus and the economic impact of the measures to suppress the pandemic, there is still substantial uncertainty as to the extent of its effects on the global economy and the sustainable stabilization of the international capital and financial markets. While we do not expect a fundamental decline in spending on digitization and IT, the negative effects on individual clients or industries could selectively impact our business. The Management Board is therefore continuing to monitor the risks whose probability of occurrence has increased on account of the COVID-19 pandemic, existing and potential future virus mutations and the risks affecting the Allgeier Group's business trajectory and its financial position and financial performance.

This is accomplished using our risk and control systems, which are reviewed and adjusted on an ongoing basis, and with which we appropriately take the Group's risk situation into account. Allgeier's risk landscape has not changed significantly in the past year as a result of the risks described above. At the present time, however, we have not identified any risks that – individually or collectively – could jeopardize the continued existence of our Group as a going concern. The Management Board is therefore confident that Allgeier can continue to successfully master the challenges resulting from the above risks moving ahead.

5.4 Opportunities

In addition to the risks described above, the Allgeier Group also has opportunities for improving its range of services and its competitive standing beyond the business development already specifically planned. Above all, the Management Board anticipates these opportunities regarding the following aspects:

5.4.1 Acquisitions

Apart from the acquisitions carried out in 2020, no specific acquisition projects or acquisition projects already initiated are included in corporate planning for fiscal 2021 as these typically cannot be planned in advance in individual cases. Nonetheless, acquisitions are to remain an integral element of the company's ongoing development. However, with due regard to the risks from acquisitions described above, they are also a major opportunity for accelerating the Group's growth and its targeted, strategic expansion. Similarly, other shifts within the portfolio, such as the disposal of individual business areas, can mean opportunities for a reorientation of the Group.

5.4.2 Employees

As the Group grows, the factors that make our companies attractive to new employees improve as well. The chance to work on complex and challenging projects, and the superior expertise this entails, are a growing incentive for new employees to work for Allgeier. In particular, the prospect of actively helping to shape future value added and success attracts managers who can significantly enhance our teams and augment the Group. This also applies to new employees who join us through acquisitions. In this context, it will also be essential to establish or further develop the right incentive schemes within the Group.

5.4.3 Technologies and Markets

Another opportunity, as the Group continues its development, is the growing prospect of sharing in or broadening technology expertise, particularly for trend technologies. The IT industry is subject to considerable upheaval that, alongside the risks described, means enormous opportunities for the future. Entirely new business areas with major growth potential and the chance to stand out from the competition are emerging. Here, too, acquisitions, as well as organic growth, can play a crucial role in dynamic development. The same is true for entering and cultivating new market segments – whether in different regions or new sectors. Here again, growth and acquisitions create new opportunities.

Among our clients, we anticipate that the trend towards the digitization of business and administrative processes will continue to gather momentum, which will translate into increased demand for IT expertise and software. We may also be able to benefit from this development thanks to our positioning.

5.4.4 Processes and Systems

Finally, we also anticipate good opportunities for our future development in the continuous improvement of our internal organization and cooperation through the improvement of the systems in use and the processes defined. Coming from a background that is very much defined by mid-sized companies, investment in uniform systems only becomes reasonable and affordable as the Group grows. This can help to leverage – or make meaningful – synergies and shared potential. Closely intertwined with this is the continuous improvement of internal company processes. This applies both to internal cooperation within the Group, for example, in sharing expertise or available resources or in relation to the client, and to the more efficient implementation of client projects and the quality of our work.

6. Remuneration Report

6.1 Remuneration of Members of the Management Board

The remuneration of members of the Management Board is based on the Group's economic and financial development, taking into account the responsibilities and performance of the respective member of the Management Board. It offers incentives for successful corporate governance in line with sustainability. The remuneration system for the Management Board is approved by the Supervisory Board and reviewed at regular intervals. Changes to the remuneration system are reported to our shareholders at the Annual General Meeting.

The remuneration for the members of the Management Board comprises the following components in fiscal 2020: (i) a fixed annual salary; and (ii) variable remuneration in the form of a bonus linked to consolidated earnings. One twelfth of the fixed annual salary is paid out on a monthly basis. Caps on variable remuneration have been agreed for all members of the Management Board.

The members of the Management Board also receive standard fringe benefits, such as the use of a company car and health insurance or pension subsidies within the statutory frameworks.

The remuneration of the Management Board for 2020 amounted to EUR 5,196 thousand in total (previous year: EUR 3,975 thousand). Total remuneration without share options is composed of (i) a fixed annual salary of EUR 1,361 thousand (previous year: EUR 1,399 thousand); and (ii) variable remuneration components totaling EUR 3,835 thousand (previous year: EUR 2,576 thousand). Variable remuneration based on consolidated earnings was recognized as a provision and will be paid out after approval of Allgeier SE's consolidated financial statements for fiscal 2021 by the Supervisory Board.

Three members of the Management Board were granted a total of 520,000 share options in previous years, 380,000 of which in 2010 and 140,000 in 2014. No stock options were granted in fiscal 2020. In all cases, the options can first be exercised no sooner than after four years. Based on a recalculation of the exercise price following the spin-off of Nagarro, the options issued in 2010 can be exercised from a share price of EUR 1.85 for Allgeier SE and from a share price of EUR 7.61 for Nagarro SE; the options issued in 2014 can be exercised from a share price of EUR 4.72 for Allgeier SE and from a share price of EUR 19.65 for Nagarro SE. In 2020, three members of the Management Board exercised a total of 69,000 stock options at a price of EUR 9.46 per share.

Adjustments to the value of stock options resulted in staff costs, including the amount posted in the gain on disposal, of EUR 1,899 thousand in fiscal 2020 (previous year: EUR 222 thousand).

Based on the resolution of the Annual General Meeting on September 24, 2020, individual Management Board remuneration will not be disclosed until December 31, 2023.

6.2 Remuneration of Members of the Supervisory Board

The remuneration of the Supervisory Board was established by the Annual General Meeting on June 21, 2011 and is regulated by Article 13 of the company's Articles of Association. Supervisory Board remuneration is based on the tasks and responsibilities of the Supervisory Board and the company's economic and financial development. The remuneration of the Supervisory Board consists of (i) fixed remuneration (fixed annual remuneration and attendance fees); and (ii) variable remuneration dependent on consolidated earnings, subject to a cap. Variable remuneration based on consolidated earnings was recognized as a provision and will be paid out after approval of Allgeier SE's consolidated financial statements for fiscal 2021. Chairmanship of the Supervisory Board is taken into account in the amount of the fixed remuneration components.

The remuneration of the Supervisory Board for 2020 amounted to EUR 724 thousand in total (previous year: EUR 717 thousand). Total remuneration without share options is composed of (i) fixed remuneration components, including attendance fees, of EUR 124 thousand (previous year: EUR 117 thousand); and (ii) variable remuneration components totaling EUR 600 thousand (previous year: EUR 600 thousand).

Based on the resolution of the Annual General Meeting on September 24, 2020, individual Supervisory Board remuneration will not be disclosed for the reporting period.

Members of the Supervisory Board provided consulting services for an amount of EUR 0 thousand in fiscal 2020 (previous year: EUR 3 thousand).

7. Information on Takeovers (in accordance with Section 289a and Section 315a HGB) and Explanatory Report

(Component of the Group Management Report)

7.1 Composition of Issued Capital

The issued capital of Allgeier SE amounted to EUR 11,382,513 as of December 31, 2020 (previous year: EUR 11,289,000) and was divided into 11,382,513 no-par registered shares. Each share accounts for a notional amount of the share capital of EUR 1.00. All the no-par shares of the company belong to the same class of shares. The shares are fully paid in.

The issued capital of Allgeier SE was increased by the allocation of 93,513 new registered no-par shares from Contingent Capital 2010 (pre-emption shares) in fiscal 2020.

The shares of Allgeier SE closed at EUR 18.65 in Xetra trading on the Frankfurt Stock Exchange on December 30, 2020. In the previous year, the shares closed at EUR 33.90 on December 30, 2019.

There is only one share class. All shares have the same rights and obligations. In particular, each share has one vote in the Annual General Meeting. This does not include treasury shares that do not convey rights. The shares of the company are quoted in the General Standard on the Regulated Market of Frankfurt Stock Exchange (ISIN DE000A2GS633, WKN A2GS63). The rights and obligations in connection with the shares of the company are governed by the company's Articles of Association, supplemented by the EU Regulation on the Statute for a European Company Regulation, the German SE Implementation Act and the German Stock Corporation Act.

7.2 Restrictions on Voting Rights or the Transfer of Shares

The Management Board is not aware of any restrictions on voting rights or the transfer of shares.

7.3 Interests Exceeding 10 Percent of Voting Rights

The following persons have informed us (as of December 31, 2020) that their direct or indirect interests in the share capital exceed 10 percent of the voting rights of Allgeier SE based on the total number of voting rights of 11,382,513:

- The Chairman of the Supervisory Board, Mr. Detlef Dinsel, Germany, directly and indirectly holds an interest of 12.50 percent.
- The CEO, Mr. Carl Georg Dürschmidt, Germany, indirectly holds an interest of 25.15 percent.
- Lantano Beteiligungen GmbH, Munich, directly holds an interest of 25.15 percent.
- Dr. Christa Kleine-Dürschmidt, Germany, directly and indirectly holds an interest of 27.11 percent.
- Ms. Laura Dürschmidt, Germany, indirectly holds an interest of 25.15 percent.
- Ms. Linda Dürschmidt, Germany, directly and indirectly holds an interest of 25.15 percent.

Other direct or indirect interests exceeding 10 percent of the voting rights have not been reported to the company and are not otherwise known.

7.4 Shares with Special Rights Granting Control

The company has no shares that confer special rights, especially rights of control over the company for their owners, as compared to the other shareholders.

7.5 Type of Voting Right Control When Employees Hold an Interest in the Share Capital and Do Not Exercise Their Controlling Rights Directly

The Management Board is not aware of any employee investments in the company's capital, where employees do not exercise the control rights from their investment directly.

7.6 Statutory Regulations and Provisions of the Articles of Association for the Appointment and Dismissal of Members of the Management Board and the Amendment of the Articles of Association

The requirements for appointing and dismissing members of the Management Board and for amending the Articles of Association are based on the provisions of the Articles of Association, the Regulation on the Statute for a European Company, the German SE Implementation Act and the German Stock Corporation Act. In accordance with Article 6.1 of our Articles of Association and Article 39 of the Regulation on the Statute for a European Company, the Management Board consists of one or more persons; the number of members of the Management Board is determined by the Supervisory Board.

In accordance with Article 6.1 of the Articles of Association and Section 84 of the *Aktiengesetz* (AktG – German Stock Corporation Act), the Supervisory Board can appoint a Chairman of the Management Board. If a necessary member of the Management Board is lacking, the court must appoint this member in urgent cases at the request of a party involved in accordance with Section 85 AktG. In accordance with Article 39 of the Regulation on the Statute for a European Company and Section 84 AktG, the Supervisory Board can revoke the appointment of members of the Management Board and the Chairperson for cause. In accordance with Article 46 of the Regulation on the Statute for a European Company and Article 6.2 of our Articles of Association, members of the Management Board are appointed for a maximum of six years. Reappointment is permitted in accordance with Article 46 of the Regulation on the Statute for a European Company and Article 6.1 of our Articles of Association. The Supervisory Board appoints the members of the Management Board by way of resolution with a simple majority of the votes cast.

Amendments to the Articles of Association require a resolution by the Annual General Meeting. In accordance with Article 59 of the Regulation on the Statute for a European Company, Section 51 of the German SE Implementation Act and Article 18.2 of the Articles of Association, a resolution to amend the Articles of Association, insofar as no mandatory legal regulations exist to the contrary, requires a majority of two thirds of the votes cast or the simple majority of the votes cast provided that at least half of the share capital is represented. The Articles of Association thus utilize the option provided by Section 51 of the German SE Implementation Act. A larger majority is prescribed by Section 51 of the German SE Implementation Act, for example, to change the purpose of the company or to relocate the registered office to another Member State. In accordance with Article 14.2 of the Articles of Association and Section 179 AktG , the Supervisory Board is authorized to resolve amendments to the Articles of Association that only affect their wording.

7.7 Authorization of the Management Board to Issue or Repurchase Shares

7.7.1 Authorized Capital

By way of resolution of the Annual General Meeting on September 24, 2020, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of Allgeier SE, on one or more occasions against cash or non-cash contributions, by up to a total of EUR 5,644,500 by issuing up to 5,644,500 new no-par registered shares by September 23, 2025 (Authorized Capital 2020). The Management Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' statutory pre-emption rights in the following cases:

- for a rights issue for fractional amounts arising when determining the subscription ratio;
- for a capital increase against non-cash contributions to acquire (also indirectly) companies, parts of companies, investments in companies or other contributable assets in connection with such an acquisition if the acquisition is in the company's best interests;
- for a capital increase against cash contributions for a share of authorized capital of up to 10 percent of the share capital at the time that this authorization becomes effective or, if lower, at the time that it is exercised, provided that the issue amount of the new shares is not significantly less than the market price of shares already listed at the time that the issue amount is finalized. This 10 percent limit includes shares issued or sold during the term of this authorization by the time of its utilization in accordance with Section 186(3) sentence 4 AktG, directly or with the corresponding changes, and shares to be issued or granted on account of convertible bonds or bonds with warrants during the term of this authorization with pre-emption rights disapplied in accordance with Section 186(3) sentence 4 AktG.
- to issue pre-emption rights to bearers of conversion or option rights to bonds issued by the company or an entity in which the company directly or indirectly holds a majority.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the content of the shares' rights and the conditions for their issue.

7.7.2 Contingent Capital

By way of resolution of the Annual General Meeting on June 17, 2010, amended by resolutions of the Annual General Meetings on June 17, 2014 and June 28, 2017 and the issue of 406,000 new no-par registered shares from Contingent Capital 2010 (pre-emption shares), the share capital of the company can be contingently increased by up to EUR 54,000 as of December 31, 2020 (Contingent Capital 2010). Contingent Capital 2010 is intended to serve up to 54,000 outstanding options to issue up to 54,000 new no-par registered shares.

By way of resolution of the Annual General Meeting on June 17, 2014, amended by resolutions of the Annual General Meetings on June 28, 2017 and June 29, 2018, the share capital of the company can be contingently increased by up to EUR 140,000 by issuing up to 140,000 new no-par registered shares (Contingent Capital 2014). Contingent Capital 2014 is intended to serve 140,000 options under the 2014 stock option plan that can be issued by the company by June 16, 2019. The company issued 140,000 option rights in total in fiscal 2017.

By way of resolution of the Annual General Meeting on June 28, 2017, the share capital of the company can be contingently increased by up to EUR 3,500,000 by issuing up to 3,500,000 new no-par registered shares (Contingent Capital 2017). Contingent Capital 2017 is intended to serve convertible bonds, bonds with warrants or income bonds or participation rights with conversion or option rights that could be issued by June 27, 2022 by the company itself or by an entity in which the company directly or indirectly holds a majority. The Group has not issued any corresponding conversion or option rights.

By way of resolution of the Annual General Meeting on June 29, 2018, the share capital of the company can be contingently increased by up to EUR 340,000 by issuing up to 340,000 new no-par registered shares (Contingent Capital 2018). Contingent Capital 2018 is intended to serve 340,000 options under the 2018 stock option plan that can be issued by the company by June 28, 2023. The company has not yet granted any corresponding option rights.

7.7.3 Treasury Shares

Allgeier SE sold all its treasury shares in fiscal 2020. Allgeier SE did not hold any treasury shares as of December 31, 2020. Accordingly, treasury shares account for 0 percent of the share capital (previous year: 0.93 percent).

The Annual General Meeting of Allgeier SE on September 24, 2020 authorized the Management Board to acquire treasury shares up to 10 percent of the share capital at the time that the resolution was adopted by September 23, 2025, subject to the condition that these treasury shares, together with other treasury shares already acquired and still held by the company, do not exceed 10 percent of the share capital.

Furthermore, the Annual General Meeting on September 24, 2020 authorized the Management Board, with the approval of the Supervisory Board, to use shares of the company that will be or have been acquired on the basis of the above or prior authorizations for any purpose permitted by law, including in particular:

- resale to third parties against cash payment by means other than on the stock market or by way of an offer to all shareholders;
- as consideration for a direct or indirect non-cash contribution to the company by a third party, in particular in a business combination or when acquiring companies, parts of companies, equity investments or other assets;
- to serve conversion or option rights issued by the company or its subsidiaries to the bearers of these rights;
- to issue employee stocks to employees or members of executive bodies of the company or associated companies as referred to by Sections 15 et seq. AktG.

If sold by means other than on the stock market or by way of an offer to all shareholders, particularly in the four above cases, the disposal price must not be more than 5 percent less than the market price of the shares of the company as of the time of the disposal. The relevant stock market price for the purposes of this regulation is the arithmetic mean of the closing prices of the company's shares in XETRA trading on the Frankfurt stock exchange (or a comparable successor system) over the last three trading days before the disposal of the shares. Shareholders' pre-emption subscription rights are thus disapplied. This authorization is limited to a maximum of 10 percent of the share capital of the company at the time that the authorization is exercised. In the event of the disposal of treasury shares to third parties against cash payment or by means other than on the stock market or by way of an offer to all shareholders, this limit shall include shares issued or sold during the term of this authorization in accordance with Section 186(3) sentence 4 AktG, with the corresponding changes, with pre-emption rights disapplied by this date, or relating to conversion/ pre-emption rights for warrant or convertible bonds issued during the term of this authorization until the date of its utilization, with pre-emption rights disapplied, in accordance with Section 186(3) sentence 4 AktG, either directly or with the corresponding changes.

The Management Board is also authorized to retire treasury shares acquired on the basis of this authorization with the approval of the Supervisory Board without requiring a further resolution by the Annual General Meeting.

The authorization to acquire treasury shares and to use them can be exercised by the company or its Group companies in full or also partial amounts on one or more occasions.

7.8 Significant Agreements of the Company Subject to a Change of Control Following a Takeover Bid

Some lending agreements contain standard provisions that result in legal consequences in the event of a majority takeover or control in excess of 50 percent or a disposal of material assets of the company.

7.9 Agreements by the Company with the Members of the Management Board or Employees for Compensation in the Event of a Takeover Bid

In the event of a change of control, i.e. when a third party obtains control over the company as referred to by Section 29(2), Section 30 of the *Wertpapiererwerbs- und Übernahmegesetz* (WpÜG – German Securities Acquisition and Takeover Act), a member of the Management Board has the right to terminate his contract. Exercising this right results in entitlement to severance payment capped at one year's remuneration. Allgeier SE has not entered into any other compensation agreements with members of the Management Board or employees for the event of a takeover bid.

8. Corporate Governance Declaration in accordance with Section 289f HGB

The corporate governance declaration in accordance with Section 289f of the *Handelsgesetzbuch* (HGB – German Commercial Code) is a component of the management report; however, the information it contains is not included in the audit in accordance with Section 317(2) sentence 3 of the German Commercial Code (HGB). The corporate governance declaration in accordance with Section 289f HGB can be found in the corporate governance report below (Section B.1.9).

B. Corporate Governance

1. Corporate Governance Report

In the following section, we report on corporate governance and its principal characteristics at the Allgeier Group, including the declaration of compliance with the German Corporate Governance Code, the remuneration report and other disclosures in accordance with the provisions of the German Commercial Code. Good corporate governance is essential for sustained business success. The Management Board and the Supervisory Board therefore act in accordance with the principles of the social market economy, taking into account the interests of the shareholders, the staff and other stakeholders to ensure the continued existence of the company and its long-term value added (business interests). These principles demand not only legality, but also ethically sound and responsible conduct (model of business integrity). The relevant standards for the corporate governance of Allgeier SE are the regulations of Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European Company (SE), the Germany SE Implementation Act and the German SE Participation Act, the German Stock Corporation Act, the provisions of the company's Articles of Association, the Rules of Procedure for the Management Board and the Supervisory Board, plus the provisions of the German Corporate Governance Code, insofar as we follow its recommendations.

1.1 Corporate Charter of the Societas Europaea (SE)

Allgeier is a European company, a Societas Europaea (SE). As a European company, in addition to the provisions of German stock corporation law, Allgeier SE is subject to the specific European and German regulations for European companies. The essential characteristics of a German public stock corporation, in particular the dual management system consisting of a Management Board and Supervisory Board, were retained.

Cooperation between the Management Board and Supervisory Board is geared towards the interests of the company and the shareholders in the successful ongoing development of the Allgeier Group's existing business and sustained growth in the Group's value through further acquisitions. At the same time, the Group's strategic direction is also subject to regular review and adjusted as necessary. The Management Board and Supervisory Board work together closely in the interests of the company.

1.2 The Supervisory Board

The Supervisory Board of Allgeier SE consists of three members. The current Supervisory Board was elected at the Annual General Meeting on June 29, 2018. The term of office of the members of the Supervisory Board of Allgeier SE ends at the end of the Annual General Meeting for fiscal 2022.

The Supervisory Board advises the Management Board in the management of the company and monitors its activities. Given the number of its members, the Supervisory Board has not formed any committees. In addition to the responsibilities established by law, such as appointing the members of the Management Board and establishing the remuneration system for members of the Management Board, monitoring the company's business development including planning for future fiscal years, reviewing risk management and the internal control system, auditing and approving the annual financial statements and the proposal for the appropriation of net retained profits, the Supervisory Board essentially deals with matters that require the approval of the Supervisory Board in accordance with the Articles of Association of the company and the Rules of Procedure for the Management Board.

One focus of the Supervisory Board's work is to discuss and make decisions on acquisition projects. The Supervisory Board is also involved in all decisions of fundamental importance to the company, such as strategic development or significant individual issues. To this end, there is a regular exchange of information between the Management Board and members of the Supervisory Board, in particular the Chairman of the Supervisory Board. Details of the cooperation between the members of the Supervisory Board are set out in the Rules of Procedure for the Supervisory Board.

The Supervisory Board has set itself various goals: Its primary objective is to ensure that the Supervisory Board comprehensively fulfills its statutory advisory and monitoring duties in the proposed composition and that its members have the necessary knowledge, skills and experience to perform their duties optimally and responsibly. For Allgeier SE, whose Articles of Association stipulate a Supervisory Board of three members, this specifically means that the Supervisory Board should have the following qualifications in particular if possible (skills profile): the qualification as an independent finance expert expressly required by law, the ability to assess companies in the service sector (not limited to just the IT business), the ability to assess acquisition opportunities in Germany and abroad together with corresponding transaction experience and experience with the organization and procedures of a fast-growing Group with a holding structure. Furthermore, the composition of the Supervisory Board must make it possible for the Supervisory Board to work efficiently and for its members to have adequate capacity for this responsibility.

The Supervisory Board has an adequate number of independent members. The Supervisory Board deems that a member is not independent if, for example, the member has a personal or business relationship with Allgeier SE that could give rise to a substantial and not merely temporary conflict of interests. Moreover, the Supervisory Board must not include more than two former members of the Management Board. Finally, Supervisory Board members must not be members of any executive bodies or act in an advisory capacity for major competitors of the company.

A further objective of the Supervisory Board is to ensure that, in future appointments, preference is given to similarly qualified candidates who enrich the Supervisory Board in terms of their gender, nationality or other characteristics in the interests of achieving the desired diversity. However, the Supervisory Board does not consider rigid quotas to be an appropriate tool. With regard to the specification of an age limit, the company deviates from the recommendations of the German Corporate Governance Code as a fixed age limit can constitute an unintended exclusion criterion.

The Supervisory Board has implemented its own objectives as described below: In its resolution regarding nominations, in addition to the statutory requirements and the requirements of the German Corporate Governance Code and the Rules of Procedure for the Supervisory Board, the Supervisory Board paid particular attention to its stated objectives. The members of the Supervisory Board are Mr. Detlef Dinsel, Mr. Thies Eggers and Mr. Christian Eggenberger. Mr. Dinsel and

Mr. Eggers are German citizens and Mr. Eggenberger is a Swiss citizen. They are members of different professions and have many years of international experience, in particular in the service sector and in M&A business.
The recommendation of the German Corporate Governance Code stating that the Supervisory Board should include no more than two former members of the Management Board was also observed; the Supervisory Board currently has just one former member of the Management Board. In the opinion of the Supervisory Board, all three members of the Supervisory Board are independent as set out above.
For further details on the composition of the Supervisory Board, please refer to the notes to the consolidated financial statements under G. Other Disclosures, IV. Executive Bodies of the Parent Company. Information on specific activities can be found in the Supervisory Board's report.

1.3 The Management Board

The Management Board is responsible for the management of the company. It manages the company on its own responsibility. Until September 24, 2020, the Management Board of Allgeier SE had four members, Mr. Carl Georg Dürschmidt (CEO), Mr. Manas Fuloria, Dr. Marcus Goedsche and Mr. Hubert Rohrer. Mr. Manas Fuloria was no longer a member of the Management Board of Allgeier SE for the remainder of the past fiscal year in order to concentrate fully on his role as the CEO of the spun-off Nagarro SE.
Mr. Carl Georg Dürschmidt and Dr. Marcus Goedsche have individual signing authority; Mr. Hubert Rohrer has joint signing authority. In its function as an executive body of the Allgeier Group, the Management Board is responsible in particular for the strategy for the Group's ongoing development and works toward the goal of creating sustainable value added and increasing the value of the Group. The principle of joint responsibility applies, i.e., the members of the Management Board are jointly responsible for managing the company as a whole. Given the corporate structure of the Allgeier Group and the specific position of Allgeier SE as a holding company with the associated tasks, there was no strict assignment of duties within the Management Board in the past fiscal year in the manner commonly seen in companies with a traditional management structure. However, the tasks and responsibilities within the Management Board are assigned on the basis of appropriate focal points and technical qualifications. The Management Board did not form any committees on account of its size.
Key decisions, e.g. concerning proposed acquisitions, are made by the Management Board as a whole in consultation with the Supervisory Board.
The details of cooperation within the Management Board and with the Supervisory Board are set out in the Rules of Procedure for the Management Board. In addition to Article 9 of Allgeier SE's Articles of Association, the Rules of Procedure for the Management Board also contain a catalog of transactions for which the Management requires the approval of the Supervisory Board. With respect to the function as shareholders or supervisory bodies of the Group companies, the Management Board of Allgeier SE performs a controlling, coordination and management function to the extent permitted by law.
For further details on the composition of the Management Board, please refer to the notes to the consolidated financial statements under G. Other Disclosures, IV. Executive Bodies of the Parent Company.

1.4 Annual General Meeting

Our shareholders exercise their rights at the Annual General Meeting. The Annual General Meeting, at which the Management Board and the Supervisory Board answer to the shareholders on the past fiscal year, is held within the first six months of the following fiscal year. At its meeting on June 3 2020, the Management Board of Allgeier SE made the decision not to convene the Annual General Meeting as planned for June 30, 2020, and instead to postpone it until the second half of the year in line with the German Act to Mitigate the Consequences of the COVID-19 Pandemic. At its meeting on August 14 2020, the Management Board resolved to hold the Annual General Meeting on September 24, 2020 as a virtual general meeting without shareholders or their representatives attending in person. The requirements of Article 2, section 1 of the German Act to Mitigate the Consequences of the COVID-19 Pandemic under Civil, Insolvency and Criminal Procedure Law were complied with. Each share confers one vote in votes on resolutions at the Annual General Meeting. We support voting by our shareholders by providing a voting rights representative who exercises voting rights solely according to the instructions of the respective shareholders.
The Annual General Meeting elects the members of the Supervisory Board. The Supervisory Board of Allgeier SE consists of three members. The current Supervisory Board was elected at the Annual General Meeting on June 29, 2018. The term of office of the members of the Supervisory Board of Allgeier SE ends at the end of the Annual General Meeting for fiscal 2022. It adopts resolutions on the appropriation of net retained profits, the formal approval of the actions of the Management Board and the Supervisory Board and the appointment of the auditor. Furthermore, the Annual General Meeting is responsible for adopting resolutions on amendments to the Articles of Association, corporate actions, company agreements and the remuneration of the Supervisory Board.

1.5 Shareholdings of the Management Board and the Supervisory Board

On December 31, 2020, the members of the Management Board directly and indirectly held a total of 3,089,155 (previous year: 3,138,686) shares of Allgeier SE. On December 31, 2020, the members of the Supervisory Board directly and indirectly held a total of 1,728,298 (previous year: 1,637,646) shares of Allgeier SE.

1.6 Directors' Dealings

In accordance with Article 19 of the Market Abuse Regulation, reportable transactions involving shares of Allgeier SE or related financial instruments by a member of the Management Board or the Supervisory Board or a person closely associated with a member were properly reported in the past fiscal year.

1.7 Comprehensive and transparent communication

We provide shareholders, shareholder representatives, analysts, the media and interested members of the public with regular and timely information on current business developments and the situation of the company. The various stakeholder groups are treated equally. With the annual report, the half-yearly financial report and two voluntary interim business statements, we reported to our shareholders in particular on current business developments and the financial position and results of operations four times in the past fiscal year.
We also make extensive use of our website to inform our shareholders and all other persons associated with the company, e.g. by publishing a financial calendar, ad hoc disclosures, investor presentations and press releases in addition to our financial reports.

1.8 Accounting and auditing

The annual financial statements of Allgeier SE are prepared in accordance with the German Commercial Code and the consolidated financial statements of Allgeier SE are prepared in accordance with the International Financial Reporting Standards (IFRS). The annual financial statements and the consolidated financial statements have been audited by the audit firm LOHR + COMPANY GmbH, Düsseldorf.

1.9. Corporate Governance Declaration in accordance with Section 289f HGB (Component of the Group Management Report)

The corporate governance declaration in accordance with Section 289f of the *Handelsgesetzbuch* (HGB – German Commercial Code) is a component of the management report; however, the information it contains is not included in the audit in accordance with Section 317(2) sentence 3 of the German Commercial Code (HGB).

1.9.1 Declaration of compliance in accordance with Section 161 AktG

In accordance with Section 161 of the *Aktiengesetz* (AktG – German Stock Corporation Act) on the German Corporate Governance Code, the Management Board and the Supervisory Board of Allgeier SE declare that Allgeier SE has complied with the recommendations of the Government Commission on the German Corporate Governance Code published by the German Federal Ministry of Justice as amended December 16, 2019 and will continue to do so, with the following exceptions:

Declaration for the Code as amended December 16, 2019

Sections B5 and C2 of the Code

"An age limit shall be specified for members of the management board and disclosed in the corporate governance declaration." and C2 "An age limit shall be specified for members of the supervisory board and disclosed in the corporate governance declaration."

In making decisions to fill Management Board positions and nominations for the election of Supervisory Board members, evaluating the personal and technical suitability of the candidates for the company is crucial. This evaluation must be performed on a case-by-case basis following an extensive examination of the respective candidate's suitability and taking into account all relevant persons. There is no justification for establishing a general age limit, which merely constitutes one isolated criterion. Rather, a strict age limit could inadvertently exclude Management Board or Supervisory Board members who are otherwise qualified.

Section C5 of the Code

"Members of the management board of a listed company shall not have, in aggregate, more than two supervisory board mandates in non-group listed companies or comparable functions, and shall not accept the chairmanship of a supervisory board in a non-group listed company."

The Chairman of the Management Board, Mr. Carl Georg Dürschmidt is the Chairman of the Supervisory Board of Nagarro SE, Munich, which has been listed separately since being spun off from the Allgeier Group on December 16, 2020. The Supervisory Board assumes that Mr. Dürschmidt dedicates his full energies to his work for Allgeier SE and that his position on the Supervisory Board of Nagarro SE will not have a negative impact on the performance of his duties to the company.

Section F2 of the Code

"The consolidated financial statements and the Group management report shall be made publicly accessible within 90 days from the end of the fiscal year, while mandatory interim financial information shall be made publicly accessible within 45 days from the end of the reporting period."

The company prioritizes the accuracy and integrity of the respective financial statements and reports. The company endeavors to provide shareholders with the respective financial statements and reports as quickly as possible. Nevertheless, the company reserves the right to utilize the statutory time limits for publication in each case if this is required in order for the financial statements and reports to be prepared and reviewed properly.

Sections G1 to G14 of the Code

The current contracts with the members of the Management Board were agreed before these regulations became effective in 2020. However, their current remuneration is broadly in line with the requirements of the Code. The Supervisory Board will submit a new remuneration system for future Management Board contracts to the 2021 Annual General Meeting. Its regulations are essentially consistent with the stipulations of the Code. Section G3 of the Code is not fully complied with as regards the disclosure of the peer group:

G3 "In order to assess whether the specific total remuneration of management board members is in line with usual levels compared to other enterprises, the supervisory board shall determine an appropriate peer group of other third-party entities, and shall disclose the composition of that group. The peer group comparison shall be applied with a sense of perspective, in order to prevent an automatic upward trend."

The new remuneration system provides, among other things, for a peer group comparison to assess whether the specific total remuneration of Management Board members is in line with usual levels. The new remuneration system does not disclose the composition of the peer group as the company is not listed in an index. Given the dynamic business model of corporate development applying a buy-and-build strategy, comparisons with other German and international listed companies are not expedient in the sense of a statically defined peer group.

2. Remuneration Report (Component of the Group Management Report)

Information on the remuneration report can be found in the Group management report (Section A.6).

3. Information on Takeovers (in accordance with Section 289a and Section 315a HGB) and Explanatory Report (Component of the Group Management Report)

Information on takeovers (in accordance with Section 289a and Section 315a HGB) and the explanatory report can be found in the Group management report (Section A.7).

Consolidated Financial Statements of Allgeier SE

for fiscal 2020 in accordance with IFRS

Consolidated Statement of Financial Position of Allgeier SE, Munich, as of December 31, 2020

Consolidated Statement of Financial Position (in EUR thousand)

Assets	Note	December 31, 2020	December 31, 2019
Intangible assets	1.	85,106	190,334
Property, plant and equipment	2.	6,024	15,504
Right-of-use assets from leases	3.	27,611	90,185
Investments accounted for using the equity method	4.	15	2,667
Non-current contract costs	9.	0	332
Other non-current financial assets	5.	4,902	5,909
Other non-current assets	6.	421	485
Deferred tax assets	7.	2,452	11,241
Non-current assets		**126,531**	**316,658**
Inventories	8.	695	228
Current contract costs		0	278
Contract assets	9.	1,828	14,030
Trade receivables	10.	48,029	134,078
Other current financial assets	5.	1,184	3,689
Other current assets	6.	3,464	12,788
Income tax receivables		1,275	7,846
Cash	11.	60,803	97,387
Assets held for sale		95	0
Current assets		**117,372**	**270,324**
Assets		**243,903**	**586,982**

Consolidated Statement of Financial Position (in EUR thousand)

Equity and liabilities	Note	December 31, 2020	December 31, 2019
Issued capital	12.	11,383	11,289
Capital reserves	13.	65,074	58,006
Retained earnings	14.	102	102
Treasury shares	15.	0	-786
Profit carryforward	16.	25,936	51,597
Profit or loss for the period		-356	15,133
Changes in equity recognized directly in equity	17.	-78	7,705
Equity interest of shareholders of the parent company		102,060	143,046
Equity interest of non-controlling interests	18.	3,461	22,888
Equity		**105,521**	**165,934**
Non-current financial liabilities	19.	17,500	149,764
Non-current lease liabilities	20.	24,376	78,229
Long-term provisions for post-employment benefit costs	21.	1,000	4,698
Other long-term provisions	23.	308	571
Non-current contract liabilities	9.	127	412
Other non-current financial liabilities	22.	2,627	12,857
Deferred tax liabilities	7.	4,413	5,231
Non-current liabilities		**50,352**	**251,762**
Current financial liabilities	19.	11,104	15,169
Current lease liabilities	20.	6,638	18,737
Short-term provisions for post-employment benefit costs	21.	18	598
Other short-term provisions	23.	14,669	22,300
Current contract liabilities	9.	4,098	11,084
Trade payables		22,066	35,557
Other current financial liabilities	22.	15,474	46,043
Other current liabilities	24.	6,419	5,654
Income tax liabilities		7,451	14,144
Liabilities held for sale		95	0
Current liabilities		**88,031**	**169,286**
Equity and liabilities		**243,903**	**586,982**

Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from January 1, 2020 to December 31, 2020

Consolidated Statement of Comprehensive Income (in EUR thousand)

		Total		Discontinued operations		Continuing operations	
Income Statement	**Note**	**January 1, 2020 to December 31, 2020**	**January 1, 2019 to December 31, 2019**	**January 1, 2020 to December 31, 2020**	**January 1, 2019 to December 31, 2019**	**January 1, 2020 to December 31, 2020**	**January 1, 2019 to December 31, 2019**
Revenue	26.	763,847	784,209	412,159	405,718	351,688	378,491
Other own work capitalized		1,260	2,574	323	906	937	1,669
Other operating income	27.	15,053	15,201	11,541	12,834	3,511	2,367
Cost of materials	28.	194,614	220,297	47,613	49,256	147,001	171,041
Staff costs	29.	420,785	429,822	261,508	257,620	159,277	172,202
Impairment on trade receivables and contract assets		3,568	2,753	2,021	986	1,547	1,767
Other operating expenses	30.	83,355	79,041	58,401	50,553	24,955	28,488
Earnings before interest, taxes, depreciation and amortization		**77,837**	**70,072**	**54,480**	**61,043**	**23,357**	**9,029**
Depreciation, amortization and impairment	31.	37,244	32,456	20,947	19,391	16,297	13,066
Results of operating activities		**40,593**	**37,615**	**33,533**	**41,653**	**7,060**	**-4,037**
Finance income	32.	1,046	820	478	212	568	608
Financial expenses	33.	6,651	7,483	7,196	5,518	-545	1,966
Net income from investments accounted for using the equity method	34.	-3,106	-1,110	-3,106	-1,110	0	0
Earnings before taxes		**31,882**	**29,842**	**23,709**	**35,237**	**8,173**	**-5,395**
Net income taxes	35.	-19,347	-11,458	-12,227	-6,749	-7,119	-4,709
Profit for the period before gains and losses on spin-off and disposals		**12,535**	**18,384**	**11,482**	**28,487**	**1,053**	**-10,104**
Business spun off and disposed of:							
Earnings from spun-off and discontinued operations before taxes		-6,205	327	-6,205	327	0	0
Earnings from spun-off and discontinued operations		**-6,205**	**327**	**-6,205**	**327**	**0**	**0**
Total operations:							
Earnings before taxes		25,676	30,169	17,504	35,564	8,173	-5,395
Net income taxes		-19,347	-11,458	-12,227	-6,749	-7,119	-4,709
Profit for the period after gains and losses on spin-off and disposals		**6,330**	**18,711**	**5,276**	**28,815**	**1,053**	**-10,104**
Profit for the period after gains and losses on spin-off and disposals attributable to:							
shareholders of the parent company		-356	15,133	-349	23,900	-7	-8,767
non-controlling interests		6,686	3,578	5,626	4,915	1,060	-1,337
Basic earnings per share:							
Average number of shares outstanding weighted pro rata temporis		11,229,719	10,529,961	11,229,719	10,529,961	11,229,719	10,529,961
Earnings per share in EUR	36.	-0.03	1.44	-0.03	2.27	0.00	-0.83
Diluted earnings per share:							
Average number of shares outstanding weighted pro rata temporis		11,331,927	10,729,658	11,331,927	10,729,658	11,331,927	10,729,658
Earnings per share in EUR		-0.03	1.41	-0.03	2.23	0.00	-0.82

► continued overleaf

Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from January 1, 2020 to December 31, 2020

Consolidated Statement of Comprehensive Income (in EUR thousand)

		Total		Discontinued operations		Continuing operations	
Other comprehensive income	Note	January 1, 2020 to December 31, 2020	January 1, 2019 to December 31, 2019	January 1, 2020 to December 31, 2020	January 1, 2019 to December 31, 2019	January 1, 2020 to December 31, 2020	January 1, 2019 to December 31, 2019
Items that cannot be reclassified to the income statement:							
Actuarial gains (losses)		1,001	565	1,099	-485	-98	1,049
Reclassified actuarial gains (losses)		-1,603	0	-1,603	0	0	0
Tax effects		-246	-168	-276	68	30	-236
Reclassified tax effects		379	0	379	0	0	0
		-470	397	-402	-417	-67	814
Items that cannot be reclassified to the income statement:							
Foreign exchange differences		-7,386	1,434	-7,263	1,172	-123	262
Reclassified foreign exchange differences		-5,636	-1	-5,636	0	0	-1
		-13,022	1,433	-12,899	1,172	-123	261
Other comprehensive income for the period		-13,492	1,830	-13,301	755	-190	1,074
Total comprehensive income for the period		-7,162	20,540	-8,025	29,570	863	-9,030
Total comprehensive income for the period attributable to:							
shareholders of the parent company		-14,999	16,955	-12,594	23,769	-2,406	-6,814
non-controlling interests		7,837	3,585	4,569	5,801	3,269	-2,216

Consolidated Financial Statements ALLGEIER

Consolidated Statement of Changes in Equity of Allgeier SE, Munich, as of December 31, 2020

Consolidated Statement of Changes in Equity (in EUR thousand)

	Issued capital	Capital reserves	Retained earnings	Treasury shares	Profit carryforward	Profit or loss for the period	Changes in equity recognized directly in equity	Equity interest of shareholders of the parent company	Equity interest of non-controlling interests	Equity
As of January 1, 2019	**10,089**	**33,592**	**102**	**-1,379**	**52,427**	**5,857**	**6,697**	**107,385**	**21,315**	**128,701**
Transfer of profit or loss for the previous year to profit carryforward	0	0	0	0	5,857	-5,857	0	0	0	0
Adjustment of the exercise price of stock options from the 2010 stock option plan	0	6	0	0	0	0	0	6	0	6
Adjustment of the exercise price of stock options from the 2014 stock option plan	0	216	0	0	0	0	0	216	0	216
Capital increase	998	22,479	0	0	0	0	0	23,477	0	23,477
Exercise of stock options from the 2010 stock option plan	202	1,713	0	0	0	0	0	1,916	0	1,916
Utilization of treasury shares in connection with the acquisition of Nagarro Inc.	0	0	0	593	0	0	0	593	0	593
Contributions to the minority capital of AES SPP GmbH	0	0	0	0	0	0	0	0	250	250
Actuarial gains (losses)	0	0	0	0	0	0	-425	-425	-82	-508
Change in non-controlling interests of the Nagarro Group in conjunction with an employee participation program	0	0	0	0	-403	0	0	-403	342	-61
Acquisition of non-controlling interests in iQuest Holding GmbH	0	0	0	0	-1,290	0	0	-1,290	-1,142	-2,432
Dividends	0	0	0	0	-4,994	0	0	-4,994	-1,463	-6,456
Profit or loss for the period	0	0	0	0	0	15,133	0	15,133	3,578	18,711
Foreign exchange differences	0	0	0	0	0	0	1,433	1,433	90	1,523
As of December 31, 2019	**11,289**	**58,006**	**102**	**-786**	**51,597**	**15,133**	**7,705**	**143,046**	**22,888**	**165,934**
Transfer of profit or loss for the previous year to profit carryforward	0	0	0	0	15,133	-15,133	0	0	0	0
Adjustment of the exercise price of stock options from the 2010 stock option plan	0	102	0	0	0	0	0	102	0	102
Adjustment of the exercise price of stock options from the 2014 stock option plan	0	1,797	0	0	0	0	0	1,797	0	1,797
Exercise of stock options from the 2010 stock option plan	94	791	0	0	0	0	0	885	0	885
Disposal of treasury shares	0	4,378	0	786	0	0	0	5,164	0	5,164
Actuarial gains (losses)	0	0	0	0	0	0	636	636	118	755
Acquisition of non-controlling interests in the iQuest Group	0	0	0	0	-7,299	0	0	-7,299	-5,041	-12,340
Acquisition of non-controlling interests in the SAP Group	0	0	0	0	-3,639	0	0	-3,639	-374	-4,013
Spin-off of Nagarro	0	0	0	0	-36,325	0	0	-36,325	-8,451	-44,776
Upstream effects of transactions with Nagarro	0	0	0	0	12,071	0	0	12,071	-12,071	0
Dividends	0	0	0	0	-5,603	0	0	-5,603	-1,327	-6,930
Profit or loss for the period	0	0	0	0	0	-356	0	-356	6,686	6,330
Foreign exchange differences	0	0	0	0	0	0	-8,419	-8,419	1,033	-7,386
As of December 31, 2020	**11,383**	**65,074**	**102**	**0**	**25,936**	**-356**	**-78**	**102,060**	**3,461**	**105,521**

Consolidated Statement of Cash Flows of Allgeier SE, Munich, for the period from January 1, 2020 to December 31, 2020

Consolidated Statement of Cash Flows (in EUR thousand)

	Total		Discontinued operations		Continuing operations	
	January 1, 2020 to December 31, 2020	January 1, 2019 to December 31, 2019	January 1, 2020 to December 31, 2020	January 1, 2019 to December 31, 2019	January 1, 2020 to December 31, 2020	January 1, 2019 to December 31, 2019
Results of operating activities	40,593	37,615	33,533	41,653	7,060	-4,037
Depreciation and amortization on non-current assets	37,244	32,456	20,947	19,391	16,297	13,066
Expenses on the disposal of non-current assets	228	552	48	550	180	2
Change in long-term provisions	2,424	705	2,414	428	10	277
Non-cash reversals of provisions	-952	-551	-125	-279	-827	-272
Other non-cash expenses and income	204	-5,368	-340	-6,118	543	749
Income taxes paid	-13,812	-10,885	-12,765	-9,091	-1,047	-1,795
Cash flows from operating activities before changes in working capital	**65,929**	**54,524**	**43,712**	**46,533**	**22,217**	**7,991**
Cash flows from changes in working capital	29,778	13,096	18,201	-6,185	11,577	19,281
Cash flows from operating activities	**95,707**	**67,621**	**61,913**	**40,348**	**33,794**	**27,272**
Payments for investments in non-current assets	-6,382	-8,845	-2,035	-3,332	-4,347	-5,513
Payments for finance leases	-26,850	-21,793	-17,689	-15,071	-9,161	-6,722
Proceeds from the disposal of non-current assets	144	486	105	443	39	43
Proceeds from sale-leaseback transactions	2,357	0	0	0	2,357	0
Payments for the acquisition of subsidiaries	-3,182	-2,863	-127	-2,863	-3,055	0
Payments for purchase price components for companies not acquired in the fiscal year	-17,075	-5,795	-3,987	0	-13,088	-5,795
Payments for the acquisition of assets and rights	-5,380	0	-3,580	0	-1,800	0
Payments of loans to investments accounted for using the equity method	-415	0	0	0	-415	0
Proceeds from the sale of subsidiaries	0	3,341	0	0	0	3,341
Payment of direct costs from the spin-off of Nagarro	-4,769	0	0	0	-4,769	0
Decrease in cash and cash equivalents from the spin-off of Nagarro	-103,604	0	-103,604	0	0	0
Decrease in cash and cash equivalents from the sale of subsidiaries with loss of control	0	-91	0	-91	0	0
Payments for non-current financial assets	-200	-400	0	0	-200	-400
Cash flows from investing activities	**-165,355**	**-35,960**	**-130,916**	**-20,913**	**-34,439**	**-15,046**
Proceeds from capital increase	6,048	25,392	0	39	6,048	25,354
Repayment of borrower's note loan	0	-13,500	0	0	0	-13,500
Proceeds from bank loans	197,245	435	179,745	435	17,500	0
Repayment of bank loans	-145,272	-557	-272	-557	-145,000	0
Cash flows from intragroup financing	0	0	-155,700	-3,981	155,700	3,981
Cash flow from factoring	5,669	-8,465	2,920	255	2,749	-8,720
Interest received	462	172	384	153	77	19
Interest paid	-3,302	-4,083	-254	-245	-3,049	-3,839
Distributions	-5,603	-4,994	0	0	-5,603	-4,994
Balance of payments with non-controlling interests	-15,551	-3,875	0	0	-15,551	-3,875
Cash flows from financing activities	**39,695**	**-9,474**	**26,824**	**-3,902**	**12,871**	**-5,572**
Total cash flows	**-29,953**	**22,187**	**-42,180**	**15,533**	**12,226**	**6,654**
Changes in cash and cash equivalents due to exchange rate movements	2,992	520	2,922	307	70	213
Total changes in cash and cash equivalents	**-26,962**	**22,707**	**-39,258**	**15,840**	**12,296**	**6,867**
Cash and cash equivalents at the beginning of the period	82,150	59,442	39,258	23,418	42,892	36,025
Cash and cash equivalents at the end of the period	55,188	82,150	0	39,258	55,188	42,892

Notes to the Consolidated Financial Statements ALLGEIER

Notes to the Consolidated Financial Statements of Allgeier SE

for fiscal 2020 in accordance with IFRS

A. GENERAL INFORMATION

I. Information on the Group and Allgeier SE

The Allgeier Group is a group of companies with a comprehensive portfolio of IT and software services extending from high-end software development to business efficiency solutions for the digital transformation of critical business processes. The parent company of the Group is Allgeier SE. Its registered office is Einsteinstrasse 172, 81677 Munich, Germany. It is entered in the commercial register of the Munich District Court under HRB 198543. Allgeier SE acquires, holds and sells companies in the information technology and service sectors as well as related fields. Furthermore, Allgeier SE provides consulting services and other business management services for companies.

II. Accounting Policies

The consolidated financial statements of Allgeier SE were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union and the applicable provisions of commercial law in accordance with Section 315e of the *Handelsgesetzbuch* (HGB – German Commercial Code). These consolidated financial statements of Allgeier SE prepared in accordance with IFRS satisfy the requirements for the exemption from preparing consolidated financial statements in accordance with Section 290 HGB. They consist of the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the notes. The consolidated financial statements of Allgeier SE are based on the going concern assumption.

On September 24, 2020, the Annual General Meeting of Allgeier SE, resolved to hive off Nagarro SE and the technology consulting and software development business it bundles. The spin-off of Nagarro SE, and thereby the derecognition of Nagarro's assets and liabilities from the Allgeier Group, became effective on December 15, 2020. As a result of the spin-off, Nagarro's income statement for the period January 1, 2020 to December 15, 2020 is shown as discontinued operations. The figures for the previous year have been restated accordingly to allow comparisons. All assets and liabilities of Nagarro were derecognized as of December 15, 2020.

In fiscal 2020, Allgeier SE resolved to discontinue other business units: Oxygen, Allgeier Education and Talentry. Accordingly, these units are also shown as discontinued operations in fiscal 2020 and the comparative year 2019. The assets and liabilities of these units have each been aggregated into a single line in the statement of financial position as of December 31, 2020.

The net assets of Oxygen, Allgeier Education and Talentry were measured at fair value. The investments in a venture capital company and the purchase price liabilities from acquisitions recognized in financial assets and liabilities were also measured at fair value. All other assets and liabilities were measured at amortized cost.

Unless stated otherwise, all amounts in the consolidated financial statements are presented in thousands of euro. Deviations of plus or minus EUR 1 thousand are possible in the tables due to rounding. The figures reported in the consolidated financial statements for the fiscal year have been presented with comparative figures for the previous year.

Minor adjustments were made in the reporting of prior-year figures in these consolidated financial statements. These adjustments have been flagged in the respective sections of the report or in footnotes. All other accounting policies applied are the same as in the previous year.

III. Standards and Interpretations Effective for the First Time in the Current Fiscal Year

The application of the following standards and interpretations revised or issued by the IASB is required for the first time in fiscal 2020:

Standard/interpretation	Title of the standard, interpretation or amendment
IFRS Framework	Changes in References to the Conceptual Framework in IFRS Standards
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform (phase 1)

The effects of the initial adoption of new or amended standards and interpretations for the Allgeier Group are described below.

IFRS Framework

Together with the revised Conceptual Framework for Financial Reporting, amendments to references to the Conceptual Framework in various IFRSs were also published. For the first time, the objectives of the Conceptual Framework were clarified and three main aspects explained. Firstly, the Conceptual Framework provides consistent concepts for the development of standards and interpretations by the IASB and the IFRS Interpretations Committee. At the same time, it helps preparers to develop accounting policies for transactions not covered by IFRS standards and interpretations. It also assist all parties to understand and interpret IFRS. The amendments are essentially minor updates that did not affect the consolidated financial statements.

Amendments to IAS 1 and IAS 8

To avoid two definitions of materiality in IAS 1 and IAS 8, it is only defined in IAS 1.7 moving forward. IAS 8 will merely indicate that “material” is defined in IAS 1 and should be applied in IAS 8 with the same meaning. The amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” serve to improve the definition of material by harmonizing the wording in various IASB standards and pronouncements and by more precisely defining the terms in connection with the definition. The term “obscuring” is introduced and explained using examples. The amended information places the focus on the materiality of information. It is clarified that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions the primary users of financial statements make on the basis of these assumptions. The amendments had no material effect on Allgeier’s consolidated financial statements.

Amendments to IFRS 3

Amendments to IFRS 3 “Business Combinations” clarify the definition of a business. A business is still defined by the three elements of inputs, processes and output. The inputs and the processes applied should be used in such a manner that they contribute to the generation of output. The amended definition of output places the focus on goods and services provided to customers, but also includes investment income such as dividends, interest and other income. By contrast, cost reduction is no longer a feature of output.

The amendments clarify that a business comprises at least the acquisition of an input and a substantive process that together contribute to the ability to create output. Ultimately the existence of processes is the difference between the acquisition of a business and the acquisition of a group of assets. This is assessed based on whether or not the output is generated with the acquired group of activities and assets.

In addition, a concentration test was introduced that permits a simplified assessment of whether an acquired set of activities and assets is not a business. This is the case if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset (or a group of similar identifiable assets).

The amendments were applied to such transactions with an acquisition date in fiscal 2020 (prospective application). These amendments had no effect on the 2020 consolidated financial statements, but could affect them in future periods if the Group performs such business combinations.

Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments to IFRS 9, IAS 39 and IFRS 7 are intended to mitigate the effects of the reform of interest rate benchmarks (the IBOR Reform) on financial reporting. The amendments are intended to ensure that hedge accounting can continue, or continue to be designated as such, despite the uncertainty associated with the anticipated discontinuation of various interest rate benchmarks. The amendments had no effect on these consolidated financial statements.

IV. Standards and Interpretations Not Adopted Early

The IASB and IFRIC have issued the following standards, interpretations and amendments to existing standards that are not yet effective for fiscal 2020 in accordance with EU regulations:

The Allgeier Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. If the amendments could be significant for the Allgeier Group in the future, the amendments are explained below:

Standard/interpretation	Title of the standard, interpretation or amendment	First-time adoption
Endorsed by the EU		
Amendments to IFRS 16	COVID-19-Related Rent Concessions	June 1, 2020
Amendments to IFRS 4	Insurance Contracts - Deferral of IFRS 9	
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform (phase 2)	Jan. 1, 2021
Not yet endorsed by the EU		
Annual Improvements to IFRS Standards (2018-2020 Cycle)	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Jan. 1, 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	Jan. 1, 2022
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	Jan. 1, 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	Jan. 1, 2022
IFRS 17	Insurance Contracts	Jan. 1, 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	Jan. 1, 2023
Amendments to IAS 10 and IAS 28	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture	Unknown

Amendment to IFRS 16 (COVID-19)

The amendments to IFRS 16 in connection with COVID-19 provide lessees with an exemption from assessing whether a rent concession is a lease modification. As a practical expedient, a lessee can opt not to account for a rent concession due to the pandemic as a lease modification. A lessor who exercises this option accounts for each qualifying amendment in lease payments resulting from the rent concession in connection with the coronavirus pandemic as if they were not lease modifications in accordance with IFRS 16.

The amendments are effective for fiscal years beginning on or after June 1, 2020. Early adoption is permitted. These amendments are not expected to have any (significant) impact on the Group.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are intended to mitigate the effects on financial reporting at the time of the replacement of an existing interest rate benchmark with an alternative reference rate. In particular, the amendments grant a practical expedient in relation to modifications necessitated by the IBOR reform. In addition, hedge accounting will be allowed to continue despite the replacement of an interest rate benchmark with revised documentation.

The amendments are effective for fiscal years beginning on or after January 1, 2021. Allgeier does not expect this to have any (significant) impact on its consolidated financial statements.

Annual Improvements to IFRS Standards (2018-2020 Cycle)

The amendments that may be relevant to the Allgeier Group are as follows:

Standard/interpretation	Title of the standard, interpretation or amendment
IFRS 9	The amendment clarifies which fees an entity includes when it applies the 10 percent test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity the borrower and the lender.
IFRS 16	The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The amendments are effective for fiscal years beginning on or after January 1, 2022. Early adoption is permitted. The Management Board assumes that the amendments will not have any significant impact on the consolidated financial statements.

Amendments to IFRS 3

An exemption was introduced in relation to the principles for applying IFRS 3 to avoid day 2 gains or losses on separately recognized liabilities and contingent liabilities within the scope of IAS 37 or IFRIC 21 (Levies). At the same time, a clarification was added to the standard, stating that the existing guidance in IFRS 3 for contingent assets is not affected by the amendments to the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for fiscal years beginning on or after January 1, 2022 and are applied prospectively. These amendments are not expected to have a material effect on Allgeier's consolidated financial statements.

Amendments to IAS 16 (Proceeds before Intended Use)

Under the amendments to IAS 16 "Proceeds before Intended Use", entities will no longer be permitted in future to deduct from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds must be recognized with the cost of an item of property, plant and equipment in profit or loss.

The amendments are effective for fiscal years beginning on or after January 1, 2022 and are applied retrospectively to items of property, plant and equipment that are brought to the condition necessary for them to be capable of operating on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The Management Board assumes that the amendments will not have any impact on the consolidated financial statements.

Amendments to IAS 37

The amendment to IAS 37 "Onerous Contracts — Cost of Fulfilling a Contract" specifies which costs an entity should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendment relies on the directly related cost approach. The cost of fulfilling a contract to provide goods or services includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. General and administrative costs do not relate directly to a contract unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for fiscal years beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the start of fiscal 2022. However, their adoption is not expected to have any significant effect.

Amendments to IAS 1

The amendments to IAS 1 clarify the classification of liabilities as current or non-current as follows:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right;
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for fiscal years beginning on or after January 1, 2023 and are applied retrospectively. The Allgeier Group assumes that the amendments will not have any significant impact on its current accounting practice. However, it will examine whether existing lending agreements may have to be adjusted.

Amendments to IAS 10 and IAS 28

The amendments address a conflict between IAS 28 "Investments in Associates and Joint Ventures" and IFRS 10 "Consolidated Financial Statements". It is clarified that, in transactions with associates or joint ventures, the extent to which a gain or loss is recognized is dependent on whether the assets sold or contributed constitute a business in accordance with IFRS 3. The IASB has deferred the effective date of these amendments indefinitely.

V. Principles of Consolidation

Allgeier SE and all the companies that are directly or indirectly controlled by Allgeier SE or in which Allgeier SE directly or indirectly holds a majority of voting rights, are included and consolidated in the consolidated financial statements of Allgeier SE. Allgeier SE has the power to govern the financial and operating policies of and to obtain benefits from the activities of its subsidiaries for all consolidated companies. Associated companies over which Allgeier SE merely has significant influence are included in the consolidated financial statements using the equity method.

All companies of the Allgeier Group prepare their separate financial statements as of December 31.

The Allgeier Group consolidates its newly acquired companies using the purchase method. The assets, liabilities and contingent liabilities of the acquired companies are identified at the time of acquisition, and the hidden reserves and liabilities are recognized at fair value and the applicable deferred taxes recognized in the Group. Non-controlling interests are carried at the amount of their share of the fair value of the assets and liabilities. Any excess of the cost of the companies acquired over the fair value of the identifiable assets, liabilities and non-controlling interests acquired is recognized as goodwill. Incidental acquisition costs for legal and consulting services and finder's fees are recognized as other operating expenses through profit or loss. Companies newly acquired by the Group are consolidated from the month that control begins. The expenses and income of the companies acquired are included in the consolidated financial statements from this date.

Receivables, liabilities, income and expenses between Group companies are eliminated. Profits and losses on intragroup disposals of assets are also eliminated. Deferred taxes are recognized on consolidation adjustments in profit or loss.

Subsidiaries are deconsolidated as soon as the parent-subsidiary relationship ceases and they are no longer controlled. The assets and liabilities of subsidiaries are derecognized as of the date of deconsolidation. Companies and operations disposed of are shown as discontinued operations in the consolidated statement of comprehensive income and the consolidated statement of cash flows. For transactions between continuing and discontinued operations, it is assumed that the relationship will no longer continue to the previous extent and are thus eliminated in discontinued operations.

VI. Consolidated Group

As of December 31, 2020, the consolidated group of Allgeier SE consisted of 36 consolidated companies (previous year: 82) and two companies accounted for using the equity method (previous year: 1).

Specifically, the number of companies consolidated by Allgeier SE changed as follows in fiscal 2020:

	Consolidated	At equity	Total
Number on December 31, 2018	88	1	89
Companies acquired:			
AURELO GmbH, Kiel	1	0	1
Allgeier Project Humboldt GmbH, Munich (from January 27, 2021: Allgeier publicplan Holding GmbH)	1	0	1
eForce21 GmbH, Munich	1	0	1
Nagarro SE, Munich (until July 17, 2020: Allgeier Project SE)	1	0	1
IPP northport InsurancePartner Platform GmbH, Hamburg	0	1	1
Companies formed:			
MGM Consulting Partners GmbH, Salzburg, Austria	1	0	1
Companies merged:			
Allgeier Project Solutions GmbH, Munich	-1	0	-1
Allgeier Neo GmbH, Düsseldorf	-1	0	-1
eForce21 GmbH, Munich	-1	0	-1
Nagarro Software SAS, Paris, France	-1	0	-1
Allgeier Consulting Services GmbH, Kronberg im Taunus	-1	0	-1
AES SPP GmbH, Munich	-1	0	-1
iQuest SPP GmbH, Munich	-1	0	-1
Spin-off of Nagarro:			
Nagarro SE, Munich (until July 17, 2020: Allgeier Project SE)	-1	0	-1
Nagarro Connect AG, Munich (until November 20, 2020: Allgeier Connect AG)	-1	0	-1
Nagarro Holding GmbH, Munich (until August 6, 2020: Allgeier Nagarro Holding GmbH)	-1	0	-1
Nagarro Inc., San Jose, USA	-1	0	-1
Nagarro Software Pvt. Ltd., Gurgaon, India	-1	0	-1
Nagarro Software GmbH, Frankfurt	-1	0	-1
Nagarro Software S.A., Monterrey, Mexico	-1	0	-1
Mokriya, Inc., Cupertino, USA	-1	0	-1
Objectiva Software Solutions, Inc., San Diego, USA	-1	0	-1
Objectiva Software Solutions (Beijing) Co. Ltd., Beijing, China	-1	0	-1
Objectiva Software Solutions (Xi'an) Co. Ltd., Xi'an, China	-1	0	-1
Allgeier Global Services Asia Pte. Ltd., Singapore	-1	0	-1
Nagarro Enterprise Services Pvt. Ltd., Jaipur, India	-1	0	-1
Nagarro K.K., Tokyo, Japan	-1	0	-1
NAGARRO SDN. BHD., Kuala Lumpur, Malaysia	-1	0	-1
Nagarro Software AB, Stockholm, Sweden	-1	0	-1
Nagarro GmbH, Vienna, Austria	-1	0	-1
Nagarro GmbH, Munich	-1	0	-1
Nagarro Software srl, Timisoara, Romania	-1	0	-1
Nagarro Software A/S, Copenhagen, Denmark	-1	0	-1
Nagarro Software Ltd., London, UK	-1	0	-1
Nagarro AS, Oslo, Norway	-1	0	-1
Nagarro Pty. Ltd., Sydney, Australia	-1	0	-1
Nagarro Oy, Espoo, Finland	-1	0	-1
Nagarro Ltd. (Malta), Valetta, Malta	-1	0	-1
Nagarro (Pty.) Ltd., Pretoria, South Africa	-1	0	-1
Nagarro Inc., Toronto, Canada	-1	0	-1
Nagarro Company Limited, Bangkok, Thailand	-1	0	-1
Nagarro Ltd., Port Louis, Mauritius	-1	0	-1
Nagarro Mena LLC, Dubai, United Arab Emirates (until September 9, 2020: Farabi Technology Middle East LLC)	-1	0	-1
Nagarro Allgeier ES GmbH, Kronberg im Taunus (until March 13, 2020: Allgeier Midmarket Services GmbH, Bremen)	-1	0	-1
Nagarro ES France SAS, Entzheim, France (until March 16, 2020: Allgeier ES France SAS; until December 1, 2020: Nagarro Allgeier ES France SAS)	-1	0	-1
Nagarro ES Denmark A/S, Bröndby, Denmark (until November 26, 2020: Allgeier Enterprise Services Denmark A/S)	-1	0	-1
Solutions 4 Mobility LLC, Dubai, United Arab Emirates	-1	0	-1
Nagarro iQuest Holding GmbH, Karlsruhe (until: October 1, 2020: iQuest Holding GmbH)	-1	0	-1
Nagarro iQuest GmbH & Co. KG, Bad Homburg (until October 2, 2020: iQuest GmbH & Co. KG)	-1	0	-1
Nagarro iQuest Verwaltungs GmbH, Bad Homburg (until October 2, 2020: iQuest Verwaltungs GmbH)	-1	0	-1
iQuest Technologies SRL, Cluj-Napoca, Romania	-1	0	-1
Nagarro iQuest Schweiz AG, Zurich, Switzerland (until October 6, 2020: iQuest Schweiz AG)	-1	0	-1
iQuest SPZOO (Poland), Warsaw, Poland	-1	0	-1
Nagarro Beteiligungs GmbH, Munich (until August 28, 2020: Allgeier Nagarro Beteiligungs GmbH)	-1	0	-1
SPP Co-Investor Verwaltungs GmbH, Munich	-1	0	-1
SPP Co-Investor GmbH & Co. KG, Munich	-1	0	-1
Nagarro SPP GmbH, Munich	-1	0	-1
Number on December 31, 2020	36	2	38

▶ continued overleaf

Of the companies consolidated by the Group as of December 31, 2020, Oxygen Consultancy, Istanbul, Turkey, (Oxygen) and Allgeier Education GmbH, Düsseldorf, (Allgeier Education) are shown as discontinued operations. Of the two companies accounted for using the equity method, Talentry GmbH, Munich, (Talentry) is classified as discontinued.

The changes in the consolidated group materially affect the significance of the information on the Allgeier Group's financial position and financial performance. These changes must be taken into account accordingly in comparisons and analyses of fiscal 2020 and the previous year.

Acquisition of Nagarro SE and Allgeier Project Humboldt GmbH

By way of purchase agreements dated February 19, 2020, Allgeier SE acquired Blitz 20-361 SE, Munich, and Blitz 19-682 GmbH, Munich. Neither company had any business operations as of the acquisition date. The purchase price for the two companies was EUR 164 thousand. This entailed the acquisition of cash and cash equivalents of EUR 145 thousand. The difference of EUR 19 thousand was derecognized.

Blitz 20-361 SE was renamed Allgeier Project SE on March 12, 2020. In turn, Allgeier Project SE was renamed Nagarro SE on July 17, 2020. The technology consulting and software development business was bundled under Nagarro SE in July 2020 with the aim of hiving off these operations. The separation became effective as of December 15, 2020, and Nagarro SE, including its subsidiaries, (Nagarro) was spun off from the Allgeier Group.

Blitz 19-682 GmbH was renamed as Allgeier Project Humboldt GmbH on February 25, 2020. In turn, Allgeier Project Humboldt was renamed Allgeier publicplan Holding GmbH on January 27, 2021. Together with this company, the Allgeier Group acquired publicplan GmbH, Düsseldorf. publicplan GmbH will be consolidated for the first time on January 1, 2021.

Acquisition of eForce 21 GmbH

On July 30, 2020, mgm technology partners GmbH, Munich, acquired all shares in the IT development company eForce21 GmbH, Munich, (eForce21). The merger bundles mgm's IT expertise for innovative enterprise solutions, AI-assisted image recognition and voice processing/chatbots. A fixed purchase price of EUR 3,000 thousand and variable purchase prices of up to not more than EUR 2,000 thousand were agreed for the shares in eForce21. Up to EUR 500 thousand of the variable purchase price is dependent on the achievement of certain revenue targets in the years 2020 to 2023. If the criteria for achieving the revenue targets are not fully met, the earn-outs will be reduced accordingly or canceled entirely. The revenue targets planned for 2020 were achieved and the first earn-out of EUR 500 thousand was thus earned. Allgeier Group assumes that the revenue targets for the future earn-out years will also be achieved and that the earn-outs will become due. The fixed purchase price was paid in July 2020. The earn-out for 2020 was paid in January 2021. Incidental costs of acquisition of EUR 42 thousand were incurred and recognized in other operating expenses.

On acquiring eForce21, the Allgeier Group received assets of EUR 3,672 thousand and liabilities of EUR 2,225 thousand as of the consolidation date on July 31, 2020. The difference between the capitalized purchase price of EUR 4,977 thousand (including discounting on the components of the purchase price payable in the long term) and the net assets acquired of EUR 1,447 thousand amounts to EUR 3,530 thousand and was assigned to goodwill. The goodwill reflects the potential arising from the merger of the two companies.

The carrying amounts and fair values of the net assets of eForce21 on July 31, 2020 were as follows:

(in EUR thousand)	Carrying amounts	Allocation	Fair values
Intangible assets	4	1,010	1,014
Property, plant and equipment	91	0	91
Right-of-use assets from leases	528	0	528
Trade receivables	641	0	641
Other financial assets	43	0	43
Other assets	19	0	19
Income tax receivables	11	0	11
Cash	1,325	0	1,325
Acquired assets	**2,662**	**1,010**	**3,672**
Financial liabilities	817	0	817
Lease liabilities	528	0	528
Provisions	185	0	185
Trade payables	72	0	72
Other financial liabilities	141	0	141
Other liabilities	27	0	27
Income tax liabilities	142	0	142
Deferred tax liabilities	0	313	313
Acquired liabilities	**1,912**	**313**	**2,225**
Net assets	**750**	**697**	**1,447**

All trade receivables acquired were paid in full in fiscal 2020.

In the period from August to December 2020, eForce21 generated revenue of EUR 1,536 thousand and EBITDA of EUR 317 thousand. eForce21 was merged with mgm technology partners GmbH, Munich, in fiscal 2020.

Acquisition of AURELO GmbH

On November 13, 2020, Allgeier IT Solutions GmbH, Bremen, acquired all shares in AURELO GmbH, Kiel (AURELO). AURELO is a software partner for wind farm project developers and operators. In AURELO Energiepark Manager, AURELO markets a leading industry in the field of renewable energies. A fixed purchase price of EUR 575 thousand and variable purchase prices of up to not more than EUR 550 thousand were agreed for the shares in AURELO. The variable purchase price is dependent on the achievement of certain EBIT targets in 2021 and 2022. If the criteria for achieving the revenue targets are not fully met, the earn-outs will be reduced or canceled entirely. The Allgeier Group currently assumes that the EBIT targets will be achieved in full. The fixed purchase price was paid in November 2020. Incidental costs of acquisition of EUR 5 thousand were incurred and recognized in other operating expenses.

On acquiring AURELO, the Allgeier Group received assets of EUR 1,382 thousand and liabilities of EUR 658 thousand as of the consolidation date on November 1, 2020. The difference between the purchase price of EUR 1,120 thousand (including discounting on the components of the purchase price payable in the long term) and the net assets acquired of EUR 724 thousand amounts to EUR 396 thousand and was assigned to goodwill. The goodwill reflects the potential arising from the merger of the two companies.

Notes to the Consolidated Financial Statements ALLGEIER

The carrying amounts and fair values of the net assets of AURELO on November 1, 2020 were as follows:

(in EUR thousand)	Carrying amounts	Allocation	Fair values
Intangible assets	2	1,004	1,006
Property, plant and equipment	9	0	9
Right-of-use assets from leases	88	0	88
Trade receivables	82	0	82
Other financial assets	6	0	6
Other assets	37	0	37
Income tax receivables	2	0	2
Cash	152	0	152
Acquired assets	**378**	**1,004**	**1,382**
Lease liabilities	88	0	88
Provisions	17	0	17
Contract liabilities	168	0	168
Trade payables	23	0	23
Other financial liabilities	34	0	34
Income tax liabilities	17	0	17
Deferred tax liabilities	0	311	311
Acquired liabilities	**347**	**311**	**658**
Net assets	**31**	**693**	**724**

The trade receivables acquired were paid in full as of the end of February 2021, with the exception of an outstanding amount of EUR 3 thousand. In the period from November to December 2020, AURELO generated revenue of EUR 149 thousand and EBITDA of EUR 14 thousand.

Acquisition of GES (asset deal)

By way of purchase agreement dated December 17, 2019, Nagarro Allgeier ES GmbH, Kronberg im Taunus (until March 13, 2020: Allgeier Midmarket Services GmbH, Bremen), acquired the GES division for SAP public sector consulting and development services (GES) from GES Systemhaus GmbH Co. KG, Wiesbaden. Nagarro Allgeier ES also took on certain employees of GES. GES provides software solutions for municipal applications on the basis of its own software suite. EUR 3,480 thousand was agreed as the purchase price for the assets and customer agreements assumed, and was paid in the first quarter of 2020. GES was included in consolidation for the first time as of January 1, 2020. EUR 3,152 thousand of the purchase price was allocated to the acquired software product "Public Sector," EUR 550 thousand to acquired client contracts, EUR 48 thousand to property, plant and equipment, EUR 122 thousand to provisions and EUR 148 thousand to other financial liabilities. The above liability items relate to the employees of GES taken on. Further costs of EUR 22 thousand, recognized in other operating expenses, were incurred in conjunction with the acquisition.

Acquisition of SCUDOS (asset deal)

By way of purchase agreements dated June 4, 2020, Allgeier IT Solutions GmbH, Bremen, acquired all rights to the SCUDOS software, and other contractual and working relationships, from IFASEC GmbH, Dortmund, and the insolvent SCUDOS SYSTEMS GmbH, Dortmund (SCUDOS). The SCUDOS software is a solution for analyzing and designing secure network infrastructures. The software allows organizations to increase security and simplify operations within their core network. Unauthorized devices are prevented from accessing sensitive network segments and potential malicious intruders are blocked. The purchase price for the acquired software and assets was agreed at EUR 2,000 thousand, EUR 1,800 thousand of which was paid in June 2020 with a further EUR 200 thousand due in December 2022. Furthermore, a variable purchase price of not more than EUR 550 thousand was agreed that will become due if certain customer relationships continue for another year or a certain amount of license revenue is generated before the end of 2022. Allgeier IT Solutions assumes that the conditions for the variable purchase price will be met. SCUDOS was included in consolidation for the first time as of June 4, 2020. EUR 1,125 thousand of the purchase for SCUDOS of EUR 2,545 thousand (including discounting on the components of the purchase price payable in the long term) was allocated to the SCUDOS software, EUR 1,289 thousand to acquired customer relationships, EUR 375 thousand to trademarks and domains and EUR 244 thousand to deferred tax liabilities. Further costs of EUR 12 thousand, recognized in other operating expenses, were incurred in conjunction with the acquisition.

Acquisition of maihiro (asset deal)

By way of purchase agreement dated September 18, 2020, Nagarro Allgeier ES GmbH acquired the operations of maihiro GmbH, Ismaning, (maihiro). With maihiro's operations, Nagarro acquired its internally generated software products maiConnect, maiTour, maiLingua and maiCatch, existing client contracts, property, plant and equipment and the employees associated with maihiro's operations. maihiro's software solutions are used in the field of end-to-end process optimization on the basis of SAP cloud platforms. The fair value of the software products was EUR 1,988 thousand, EUR 382 thousand for the client contracts and EUR 21 thousand for the property, plant and equipment. The fair value of the software products and the property, plant and equipment is the same as the carrying amount of these assets in maihiro's separate financial statements. Future revenue expectations were also taken into account in their measurement. The client contracts were measured in the amount of the expected profits from orders on hand. A total purchase price of EUR 100 thousand was agreed for the operations. The negative difference of EUR 1,581 thousand resulting from the purchase price and the fair value of the assets, taking into account deferred taxes of EUR 710 thousand, was recognized as negative goodwill within other operating income. Further costs of EUR 12 thousand, recognized in other operating expenses, were incurred in conjunction with the acquisition.

Acquisition of IPP northport InsurancePartner Platform GmbH, Hamburg (joint venture)

On December 3, 2020, mgm technology partners GmbH, Munich, (mgm tp) acquired 50 percent of the shares in IPP northport InsurancePartner Platform GmbH, Hamburg, (northport). mgm tp an 80 percent subsidiary of Allgeier SE. Allgeier SE therefore acquired 40 percent of the shares in northport. Through the northport joint venture, mgm tp is planning to build a digital product portfolio for insurance providers, brokers and clients together with its joint venture partner, which also holds 50 percent of the shares in northport. northport was founded at the end of 2019 and does not yet have any operating activities other than start-up costs. A purchase price of EUR 15 thousand was agreed for the shares in northport. The shares in northport satisfy the criteria for accounting using the equity method. The purchase price was accounted for using the acquisition method. The purchase price of EUR 15 thousand is offset by a deficit not covered by equity of EUR 1 thousand. The difference of EUR 16 thousand was recognized as goodwill in the auxiliary calculation for the investment accounted for using the equity method.

Spin-off of Nagarro

By way of resolution of the Annual General Meeting of Allgeier SE on September 24, 2020, the spin-off of the global technology consulting and software development business bundled as Nagarro SE was successfully implemented in December 2020. With the approval of the Supervisory Board, Allgeier SE's Management Board decided on November 5, 2019 to make the corresponding business activities of the Group legally independent and, for this purpose, to spin them off in accordance with the *Umwandlungsgesetz* (German Transformation Act). When the spin-off became effective on December 15, 2020, in accordance with the spin-off agreement, Allgeier's shareholders received one share in Nagarro SE per share in Allgeier SE, and thus retained 100 percent of its share capital. The shares of Nagarro SE (ISIN: DE000A3H2200; WKN: A3H220) were admitted to trading on the Regulated Market (Prime Standard) of the Frankfurt stock exchange on December 16, 2020. Allgeier no longer holds any interest in Nagarro.

The spin-off created two leading companies with a clear focus and diversified strategy that will benefit from the global trend towards digitization seen in all sectors. The two companies are positioned independently on the capital market and can garner more attention and visibility with their individual equity stories, which the Management Board believes will allow more attractive capital market valuations. Moving ahead as an IT holding company, Allgeier SE will continue to focus on its buy-and-build strategy that has proven successful over many years. The existing IT services and software portfolio is expected to keep growing at above the average market rate – thanks both to value-adding acquisitions and the strong positioning of the Allgeier and mgm technology partners brands in German-speaking countries. Allgeier has a broad and stable customer base – ranging from international corporations to high-performing SMEs and public sector contractors.

In the preceding years, Nagarro had emerged from within Allgeier as a global tech services player in its own right thanks to sustainable organic growth and various acquisitions. In the period prior to being spun off on December 15, 2020, Nagarro generated revenue of EUR 411.7 million and EBITDA of EUR 48.2 million. Nagarro's revenue for 2020 as a whole amounted to EUR 430.4 million with EBITDA of EUR 66.2 million. As a global digital engineering leader, the spin-off will allow Nagarro to concentrate on the company's high growth potential with an increased management focus on its core business. For Nagarro, the separate listing creates a launch pad to position itself as a strong global brand with its own identity, its own diverse organizational design and a unique organizational culture distinguished by flat hierarchies, a high level of autonomy, a love of technology, intercultural openness and highly evolved social consciousness.

The spin-off resulted in the derecognition of net assets of EUR 44.8 million by the Allgeier Group. The net assets spun off were recognized directly in equity. Of the net assets spun off, EUR 36.3 million relates to the shareholders of Allgeier SE and EUR 8.5 million to non-controlling interests. Costs of EUR 6.2 million were incurred directly in connection with the spin-off. These were recognized under spun off and sold operations in the statement of comprehensive income. These costs consist of legal and consulting expenses and costs for listing Nagarro SE of EUR 3.6 million in total, expenses borne by the Allgeier Group in 2020 from the variable purchase price for the acquisition of Objectiva Inc., San Diego, USA, currency translation expenses in conjunction with the Objectiva Inc. transaction of EUR 1.2 million in total and expenses to modify the parts of the stock option plans attributable to Nagarro of EUR 1.4 million in total. In addition to the costs of the spin-off borne by Allgeier SE, the spin-off also incurred costs of EUR 10.3 million to be borne by Nagarro SE. Nagarro SE recognized these expenses under other expenses in its income statement.

As a result of spinning off Nagarro effective December 15, 2020, Nagarro is only included in the income statement of the Allgeier Group until December 15, 2020. Furthermore, equity components of EUR 7.2 million that were previously recognized in other comprehensive income were reclassified to other operating expenses in the income statement on account of the spin-off. Nagarro's result for 2020 is reconciled to the result shown for Nagarro in the discontinued operations of the Allgeier Group as follows:

Umsatz und Ergebnisse (in Mio. Euro)

	Umsatzerlöse		Ergebnis vor Abschreibungen, Zinsen und Steuern	
	2020	2019	2020	2019
Umsatz und EBITDA 2020 der Nagarro	430,4	402,4	66,2	61,6
In die GuV umgebuchtes kumuliertes sonstiges Ergebnis	-	-	-7,2	-
Umsatz und EBITDA der Nagarro im Zeitraum 16.12. bis 31.12.2020	-18,7	-	-10,7	-
Im aufgegebenen Geschäft des Allgeier Konzerns enthaltener Umsatz und EBITDA der Nagarro	**411,7**	**402,4**	**48,2**	**61,6**

Nagarro's EBITDA for fiscal 2020 of EUR 66.2 million was reduced by non-recurring expenses for the spin-off of EUR 10.3 million in total. Adjusted for these expenses, Nagarro generated earnings for 2020 as a whole of EUR 76.5 million (previous year: EUR 61.6 million).

The following assets and liabilities were deconsolidated when Nagarro was spun off as of December 15, 2020:

(in EUR thousand)	
Intangible assets	107,056
Property, plant and equipment	6,438
Right-of-use assets from leases	52,346
Non-current contract costs	438
Other non-current financial assets	2,999
Other non-current assets	102
Deferred tax assets	7,932
Acquired assets	**177,310**
Inventories	127
Current contract costs	252
Contract assets	10,230
Trade receivables	58,255
Other current financial assets	1,887
Other current assets	8,023
Income tax receivables	6,906
Cash	108,104
Current assets	**193,785**
Total assets	**371,095**
Non-current financial liabilities	168,158
Non-current lease liabilities	43,191
Long-term provisions for post-employment benefit costs	5,262
Other long-term provisions	243
Non-current contract liabilities	125
Other non-current financial liabilities	1,672
Non-current liabilities from acquisitions	2,662
Deferred tax liabilities	2,599
Non-current liabilities	**223,911**
Current financial liabilities	16,639
Current lease liabilities	11,844
Short-term provisions for post-employment benefit costs	728
Other short-term provisions	14,229
Current contract liabilities	9,396
Trade payables	10,761
Other current financial liabilities	19,461
Current liabilities from acquisitions	4,291
Other current liabilities	3,363
Income tax liabilities	11,697
Current liabilities	**102,408**
Total liabilities	**326,319**
Net assets	**44,776**

Discontinued operations

The Allgeier Group has made the decision to discontinue other business activities that are no longer to be developed within its portfolio for strategic reasons. These are Oxygen, Allgeier Education and Talentry, the latter of which is accounted for using the equity method. These three companies have failed to meet targets in the last two years and have been reporting losses. Specifically, these companies generated the following revenue and results:

Revenue and earnings (in EUR million)	Revenue		Earnings before interest, taxes, depreciation and amortization	
	2020	2019	2020	2019
Oxygen	280	562	-430	41
Allgeier Education	180	216	-527	-489
Talentry	2,287	2,181	-1,004	-3,158
Current liabilities	**2,747**	**2,959**	**-1,961**	**-3,606**

As a result of the decision to sell or close these divisions, the Allgeier Group has reported these companies as discontinued operations. The figures for the previous year have been restated accordingly. The assets and liabilities of these units have each been aggregated into a single line in the statement of financial position as of December 31, 2020 and reported as assets or liabilities held for sale. As proceeds are not expected from the disposal of these companies, their net assets have been written down to zero. The impairment losses on the net assets of Oxygen of EUR 512 thousand and of Allgeier Education of EUR 95 thousand were recognized under other operating expenses in the respective income statements of the two companies. The impairment loss on the carrying amounts of Talentry of EUR 2,710 thousand were recognized under net income from investments accounted for using the equity method within discontinued operations. The assets and liabilities of the discontinued companies of the Allgeier Group are as follows as of December 31, 2020:

(in EUR thousand)	Allgeier Education	Oxygen	Talentry	Total
Intangible assets	84	2	0	86
Property, plant and equipment	0	10	0	10
Right-of-use assets from leases	3	0	0	3
Investments accounted for using the equity method	0	0	2,271	2,271
Other non-current financial assets	0	14	439	453
Deferred tax assets	0	6	0	6
Non-current assets	**87**	**32**	**2,710**	**2,828**
Trade receivables	10	52	0	61
Other current financial assets	1	23	0	25
Other current assets	5	7	0	13
Cash	23	408	0	431
Acquired assets	**39**	**490**	**0**	**529**
Total assets	**0**	**5**	**0**	**5**
Current lease liabilities	0	5	0	5
Other short-term provisions	3	0	0	3
Current contract liabilities	5	0	0	5
Trade payables	4	0	0	4
Other current financial liabilities	3	31	0	34
Income tax liabilities	15	0	0	16
Current liabilities	**0**	**28**	**0**	**28**
Total liabilities	**31**	**64**	**0**	**95**
Net assets	**95**	**458**	**2,710**	**3,263**
Impairment losses	95	458	2,710	3,263
Fair value	**0**	**0**	**0**	**0**

Other comprehensive income includes cumulative expenses of EUR 1,154 thousand (previous year: EUR 1,043 thousand) relating to discontinued operations.

Pro forma result of the merged companies

If the companies acquired in fiscal 2020 had already been consolidated in the Allgeier Group on January 1, 2020 and the companies acquired in fiscal 2019 had already been consolidated in the Allgeier Group on January 1, 2019, the revenue and earnings of the Allgeier Group would have been as follows:

Revenue and earnings (in EUR thousand)

	Total		Discontinued operations		Continuing operations	
	2020	2019	2020	2019	2020	2019
Revenue	766,652	785,846	412,159	407,355	354,493	378,491
Earnings before interest, taxes, depreciation and amortization	78,190	70,319	54,480	61,290	23,710	9,029
Earnings before taxes	32,011	30,064	23,709	35,459	8,302	-5,395

Subsidiaries with non-controlling interests

The following table shows the financial figures of the subsidiaries of the Allgeier Group in which Allgeier SE does not hold all shares.

Financial figures of subsidiaries (in EUR thousand)

	mgm technology partners Group		mgm sp Munich		mgm cp Hamburg Group		Allgeier Experts Select		Oxygen	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Percentage of non-controlling interests (indirect)	20.00%	20.00%	44.00%	44.00%	44.00%	44.00%	20.00%	20.00%	10.00%	10.00%
Non-current assets	19,339	15,077	14	27	117	50	533	136	32	119
Current assets	38,509	3,324	1,622	1,677	3,521	3,185	429	427	32	583
Non-current liabilities	7,518	23	0	5	46	20	290	7	5	8
Current liabilities	21,299	2,401	1,228	1,349	2,394	2,296	3,770	3,319	59	84
Net assets	**29,031**	**946**	**409**	**349**	**1,197**	**919**	**-3,097**	**-2,763**	**0**	**611**
Carrying amount of non-controlling interests	**4,513**	**180**	**351**	**333**	**255**	**171**	**-1,051**	**-984**	**0**	**61**
Revenue	83,273	11,893	4,032	4,040	11,973	12,653	11	246	280	562
Results of operating activities	13,920	1,402	583	280	1,456	1,347	-237	-1,302	-491	-53
Earnings before taxes	5,309	1,369	569	275	1,442	1,321	-331	-1,368	-492	-49
Profit or loss for the period	**4,287**	**922**	**383**	**182**	**949**	**894**	**-335**	**-1,305**	**-500**	**-41**
Other comprehensive income	**-90**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-111**	**-67**
Total comprehensive income	**4,197**	**922**	**383**	**182**	**949**	**894**	**-335**	**-1,305**	**-611**	**-108**
Cash flows from operating activities	21,821	1,714	307	733	1,514	1,079	-189	-357	131	50
Cash flows from investing activities	-6,280	-18	-6	-19	-67	-34	-184	-189	-48	-82
Cash flows from financing activities	-9,233	-1,890	-337	-498	-684	-946	315	438	0	6
of which from dividends to non-controlling interests	-298	-557	-97	-148	-201	-277	-645	-645	0	0
Changes in cash and cash equivalents due to exchange rate movements	64	0	0	0	0	0	0	0	-131	-50
Net increase (decrease) in cash and cash equivalents	**6,372**	**-195**	**-36**	**216**	**764**	**98**	**-57**	**-109**	**-48**	**-75**

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Allgeier SE holds 80 percent of the shares in the mgm tp Munich Group. In turn, mgm tp Munich holds 70 percent of the shares in mgm sp Munich and the mgm cp Hamburg Group. Allgeier SE therefore holds 56 percent of the shares in mgm sp Munich and mgm cp Hamburg. The result for the period of the mgm technology partners Group shown in the table is reduced by the profit transfer to Allgeier SE on the basis of profit transfer agreement between mgm tp Munich and Allgeier SE.

VII. Currency Translation

The functional currency of Allgeier SE and its subsidiaries located in the euro area is the euro. The functional currency of all other subsidiaries is the respective local currency. The financial statements of subsidiaries prepared in a foreign currency are translated into euro when preparing the consolidated financial statements. The closing rates as of December 31, 2020 were used to translate the assets and liabilities and the annual average rates for the months January 2020 to December 2020 were used to translate revenue and expenses.

Differences arising from translation between the closing rates of the reporting year and the previous year, and from the components included in equity at historical rates, have been taken directly to equity.

The following exchange rates were used to translate annual financial statements prepared in foreign currencies:

Exchange rates

		Average rates per EUR 1		Closing rates per EUR 1	
		2020	2019	Dec. 31, 2020	Dec. 31, 2019
Australian dollar	AUD	1.655	1.607	1.591	1.601
Pound sterling	GBP	0.890	0.876	0.899	0.854
Chinese yuan renminbi	CNY	7.903	7.714	8.012	7.823
Danish krone	DKK	7.452	7.465	7.441	7.469
Indian rupee	INR	84.651	78.605	89.559	79.823
Japanese yen	JPY	121.717	122.081	126.535	122.160
Canadian dollar	CAD	1.537	1.480	1.563	1.463
Malaysian ringgit	MYR	4.814	4.627	4.942	4.600
Mauritian rupee	MUR	44.063	38.560	48.569	39.499
Mexican peso	MXN	24.717	21.545	24.393	21.115
Norwegian krone	NOK	10.792	9.843	10.485	9.858
Polish zloty	PLN	4.468	4.301	4.571	4.258
Romanian leu	RON	4.837	4.749	4.868	4.781
Swedish krone	SEK	10.471	10.585	10.056	10.445
Swiss franc	CHF	1.070	1.111	1.082	1.087
Singapore dollar	SGD	1.578	1.524	1.621	1.511
South African rand	ZAR	18.881	16.104	17.981	15.733
Thai baht	THB	35.857	34.528	36.752	33.574
Czech crown	CZK	26.487	25.663	26.239	25.431
Turkish lira	TRY	8.140	6.361	9.095	6.657
US dollar	USD	1.146	1.118	1.226	1.120
UAE dirham	AED	4.211	4.105	4.505	4.113
Vietnamese dong	VND	26,586.121	25,881.330	28,307.350	25,901.400

Within consolidated non-current assets, the cost and cumulative depreciation, amortization and write-downs are translated at historical exchange rates. Differences arising from the translation of historical exchange rates to the closing rates on December 31, 2020 are shown in separate columns. In the statement of changes in provisions, the translation differences arising from the different closing rates between December 31, 2020 and December 31 of the previous year are also shown in a separate column.

Transactions in foreign currencies in operating activities are translated at the exchange rate on the transaction date. If these postings result in exchange rate gains or losses due to payments or measurements at later points in time, these are recognized in profit or loss. Currency differences from the elimination of intragroup income and expenses are also recognized in the income statement.

VIII. Statement of Financial Position

Intangible assets

The Allgeier Group capitalizes the order backlogs, customer lists, websites, trademarks and products acquired in business combinations at fair value. Order backlogs are written off at the same time that revenue is recognized for the orders. The products acquired are written down on a straight-line basis over four years. The customer lists are amortized over a term of five years.

Internally generated developments are recognized as intangible assets if the development costs can be measured reliably and future economic benefits from the sale of services are probable. Capitalized costs for internally generated developments are measured at cost less cumulative amortization and impairment. Internally generated developments are amortized for the first time from the month of completion on a straight-line basis over a period of four years. Impairment is recognized on internally generated developments as necessary.

Purchased software, licenses and rights are measured at cost. Brands and domains are amortized on a straight-line basis over a term of 15 years. Otherwise, software, licenses and rights are amortized on a straight-line basis over three to six years. Software, licenses and rights are capitalized if it is probable that the company will obtain a future economic benefit from the asset and the cost of the assets can be measured reliably.

The Group tests the assets for impairment at the end of each reporting period. Cost does not include borrowing costs.

Goodwill arising from business combinations is recognized as an intangible asset with an indefinite useful life. Goodwill is tested for impairment annually. Goodwill that is no longer recoverable is written down. Impairment tests are also performed on an ad hoc basis if certain findings indicate that carrying amount of assets may no longer be recoverable.

Property, plant and equipment

Non-current assets are recognized at cost less cumulative depreciation. For internally generated assets, cost comprises costs that can be directly allocated, pro rata overheads and depreciation. Interest on borrowings is also included in the cost of production for buildings. Repair and maintenance costs are expensed immediately. Assets are depreciated on a straight-line basis over their expected useful life. The carrying amounts of property, plant and equipment are tested for impairment when there are indications that they may not be recoverable. Land, land rights and buildings, including buildings on third-party property, are measured using the cost model. Buildings are depreciated on a straight-line basis over a maximum useful life of 50 years. Other operating and office equipment is depreciated on a straight-line basis over a period of three to 15 years.

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Leases as a lessee

As a lessee, the Group assesses each individual lease contract as to whether it constitutes a lease in accordance with IFRS 16.

On the inception of the lease, the Group recognizes a right-of-use asset for the lease and a lease liability for the present value of future lease payments. The right-of-use asset is equal to the present value at the inception of the lease, adjusted for payments made before the commencement date, plus direct costs in conjunction with the lease asset and costs to restore the asset. The right-of-use asset is depreciated on a straight-line basis over the useful life of the underlying asset and adjusted for any further write-downs as necessary. The useful life of the right-of-use asset is determined by the expected use of the individual asset taking into account the lease term. If the leases contain extension options that can be exercised unilaterally by the Allgeier Group, the option is taken into account in calculating the right-of-use asset if it is reasonably certain that the option will be exercised.

The lease liability is discounted to the present value of the lease payments not yet made. The discount rate used is the interest rate implicit in the lease or, if this rate cannot be readily determined, the Group's incremental borrowing rate. The incremental borrowing rate is the interest rate based on the Group's borrowing costs.

The lease liability is remeasured when the future lease payments change or the Allgeier Group changes its assessment of the remaining terms or the probability of exercising extension options. The lease liabilities and the carrying amount of the right-of-use asset are adjusted when such remeasurement takes place.

Assets are not recognized for leases with a useful life of less than twelve months or leases for which the cost does not exceed EUR 5 thousand. Expenses for these leases are recognized in other operating expenses in the statement of comprehensive income.

Leases as a lessor

As a lessor, the Group classifies each lease as either a finance lease or an operating lease. If substantially all the risks and rewards incidental to ownership of a leased asset are transferred to the lessee, the Group accounts for the lease as a finance lease; otherwise, it accounts for the lease as an operating lease. The Group recognizes lease payments from operating leases as revenue. Income from subleases is recognized as other operating income.

Investments accounted for using the equity method

Investments in joint ventures and associated companies are accounted for using the equity method. Under the equity method, the pro rata share of the annual results increases or reduces the carrying amount of the investment accordingly in the consolidated financial statements. Pro rata losses are offset against the carrying amount of the investment and any additional amounts against the loans granted to the investment accounted for using the equity method. Goodwill from associates is not amortized, and instead is part of the carrying amounts of investments accounted for using the equity method.

Deferred taxes

Deferred tax assets and liabilities are recognized for temporary differences between the financial reporting and the tax base and for consolidation adjustments in profit or loss. Deferred tax assets are also recognized in respect of the expected utilization of unused tax loss carryforwards in subsequent years provided the tax loss carryforwards are sufficiently likely to be utilized.

Deferred taxes are calculated on the basis of the tax rates applicable or anticipated in the relevant countries at the time of realization in accordance with the current legal situation. Deferred tax assets and liabilities are calculated on the temporary differences between the IFRS carrying amounts and the tax bases and the loss carryforwards realizable according to planning using country-specific tax rates, taking into account any features specific to the company (e.g. municipal trade tax rates in Germany, tax-reduced start-up phases). The tax rates for the specific countries are as follows:

Country		Tax rate
	2020	2019
Germany	31.00%	31.00%
Austria	25.00%	25.00%
Sweden	21.40%	21.40%
Norway	22.00%	22.00%
Denmark	22.00%	22.00%
Romania	16.00%	16.00%
Turkey	22.00%	22.00%
India	25.17%	25.17%
Australia	30.00%	30.00%
Malaysia	24.00%	24.00%
USA	27.00%	27.00%
Thailand	20.00%	-
Japan	34.70%	-

The table includes the tax rates for companies in both continuing and discontinued operations. The tax rate for the Indian companies was reduced from 34.00 percent to 25.17 percent effective April 1, 2019.

Deferred tax assets and liabilities are offset if they relate to the same taxation authority. Deferred tax assets and liabilities are reported under non-current assets and non-current liabilities.

Contract costs

Capitalized contract costs in the Allgeier Group relate to the costs of fulfilling a customer contract. If the costs of fulfilling the contract do not fall within the scope of another standard (e.g. inventories, intangible assets or property, plant and equipment), they must be capitalized separately in the statement of financial position if they create resources in connection with a customer contract and it is expected that the costs will be covered by future revenue. They are measured at direct costs plus pro rata production overheads. Capitalized costs are recognized as a expense when incurred in accordance with the revenue recognition to which the asset relates. The amortization period also includes probable contract extensions in the future. If the expected revenue less expenses still to be incurred is lower than the contract costs to be capitalized, an impairment loss is recognized.

Inventories

Inventories essentially consist of purchased hardware and software intended for resale to customers. Inventories are measured at the lower of cost and net realizable value. The weighted average method is used to calculate the cost. Impairment is recognized if the cost or net realizable value has decreased at the end of the reporting period.

Contract assets and liabilities

If one of the contractual parties between Allgeier and a customer has fulfilled its contractual obligations, depending on the relationship between Allgeier's performance and the customer's payment, a contract asset or a contract liability is recognized in the statement of financial position. Contract assets and contract liabilities are essentially reported as current as they typically arise within the normal operating cycle of less than one year.

Contract assets and contract liabilities include customer-specific construction contracts that are accounted for using the percentage of completion method (PoC) in accordance with IFRS 15. Revenue is recognized in line with the percentage of

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completion at the end of the reporting period. The percentage of completion is calculated as the ratio of the contract costs incurred as of the end of the reporting period to the total calculated contract costs. After deduction of the partial payments received, they are reported under contract assets and services if the contract balance is positive and under contract liabilities if the contract balance is negative. Borrowing costs are not capitalized in customer-specific orders.

Trade receivables

Trade receivables are reported when the right to receive the consideration is no longer conditional. They are measured at amortized cost. These costs are calculated using the effective interest method. The carrying amount is equal to cost less any write-downs. For trade receivables, the expected credit losses are calculated using a simplified approach on the basis of expected credit losses using calculated loss rates derived from historical data and taking into account the respective customer and the economic environment of the region. Trade receivables are derecognized if payment is no longer expected.

Other financial assets

Other financial assets are carried at nominal amount less any write-downs. For other financial receivables, expected credit losses are determined on the basis of default risks, either on the basis of defaults expected in the next twelve months or on the basis of the remaining term. Significant changes in default risks are taken into account. Receivables can be derecognized in conjunction with factoring if substantially all the risks and rewards of ownership are transferred.

Other assets and income tax receivables

Other assets and income tax receivables are recognized at nominal amount.

Cash

Cash funds include cash in hand, bank balances and current deposits with original terms of less than three months. They are measured at their nominal amount.

Provisions for post-employment benefits

Pension provisions

Pension provisions are recognized for defined benefit obligations under pension plans for active or former employees of the Group. The present value of defined benefit obligations is measured by a recognized actuary using the projected unit credit method taking into account future wage, salary and pension trends. The calculation according to actuarial principles in line with the Heubeck 2018 G mortality tables is based on the individual pension commitments and, typically, the following general parameters:

	Dec. 31, 2020	Dec. 31, 2019
Interest rate for those with vested pensions	0.80%	1.20%
Interest rate for retired persons	0.65%	0.95%
Increase in current pensions	1.50%	1.50%
Turnover	0.00%	0.00%

Live insurance policies have been taken out in some cases to cover pension obligations. Insofar as the life insurance policies are pledged to the beneficiary, the present value of insurance policies is offset against the pension provisions.

The service cost (current and past service cost, gains or losses due to plan amendments or curtailments) and interest expenses or income on the net obligation (pension obligations less present value of the plan assets) are recognized in the income statement. To determine interest income on plan assets – regardless of whether this is subsequently offset against interest expenses on the pension obligations or reported under interest income – only a typical interest yield on the plan assets at the discount rate of the present value of defined benefit obligations at the start of the year is permitted.

Remeasurements due to actuarial gains or losses and income on plan assets (not including interest on the net obligation) are recognized directly in other comprehensive income and are not subsequently reclassified to profit or loss. The actuarial gains and losses include the differences between the planned and actual present value of defined benefit obligations at year-end and the effects of changes in the measurement parameters.

Obligations for defined contribution plans are recognized directly as an expense after the employees render the related service.

Provisions for gratuities

The subsidiaries in India and the United Arab Emirates deconsolidated in conjunction with the spin-off in December 2020 had obligations for future gratuity payments to employees that become payable when employees leave the company, regardless of whether this is at the instigation of the employer or the employee. These gratuity payments constitute a defined benefit plan in accordance with IAS 19 and are measured using actuarial methods. The present value of defined benefit obligations is calculated using mortality tables for the specific country and the following general parameters:

India		
	Dec. 31, 2020*	Dec. 31, 2019
Interest rate	5.37%	6.45%
Salary increase p.a.	10.00%	10.00%
Turnover p.a.	20.00%	20.00%
Average expected length of service	5.0 years	5.0 years

United Arab Emirates		
	Dec. 31, 2020*	Dec. 31, 2019
Interest rate	2.40%	-
Salary increase p.a.	3.50%	-
Turnover p.a.	5.00%	-

* Statement of financial position figures as of December 31, 2020 no longer included, though the parameters affect the income statement until the disposal of the Nagarro Group in December 2020

Other provisions

Other provisions have been recognized where there is a legal or constructive obligation to third parties as a result of a past event and when the obligation is likely to result in a future outflow of resources that can be reliably estimated. The provisions are recognized for all identifiable risks and contingent liabilities at the expected amounts. Provisions are not offset against rights of recourse. Warranty provisions are recognized based on past or estimated future claims. The expense relating to a provision is presented in the income statement net of any expected reimbursement. The non-current shares of the provisions are discounted.

Financial liabilities

Interest-bearing loans are carried at the amount received on the date of addition. Transaction costs dependent on the term of the loans and reimbursed on early repayment are deducted from financial liabilities. The financial liabilities are subsequently measured at amortized cost with transaction costs distributed over the term using the effective interest method. Borrowing costs are recognized as an expense in the period in which they are incurred.

Trade payables

Trade payables are initially carried at settlement amount. They are subsequently measured at amortized cost.

Other financial liabilities
Other financial liabilities are initially carried at settlement amount. They are subsequently measured at amortized cost. Other financial liabilities include contingent liabilities from acquisitions that are recognized and subsequently measured at fair value. The non-current portion of other financial liabilities is carried at the present value of expected future payments. Interest rates are based on market interest rates for specific maturities.

Other liabilities
Other liabilities are initially carried at cost. They are subsequently measured at amortized cost.

Financial instruments

Financial assets
The financial assets include financial investments, loans and receivables, cash and other financial assets. Based on their characteristics and the purpose for which they were acquired, financial assets are allocated to the categories “financial assets at fair value” and “financial assets not at fair value”.

In accordance with IFRS 9, financial assets are subsequently measured in the categories “amortized cost” (AC), “fair value through other comprehensive income” (FVOCI) and “at fair value through profit or loss” (FVTPL). The classification of a financial instrument to one of these categories is dependent on the company’s business model, taking into account the risks of the financial assets and the terms of the respective instrument. Assessing the terms includes assessing whether contractually agreed cash flows are solely payments of principal and interest on the principal amount.

A financial asset is measured at amortized cost using the effective interest method if it is held within a business model whose objective is achieved by collecting contractual cash flows and the terms of the contract give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Changes in value are recognized through profit or loss.

The FVOCI category includes financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling these assets, provided that the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are subsequently measured at fair value. Changes in value are recognized in other comprehensive income (OCI).

Equity instruments and derivative financial instruments are allocated to the FVTPL category and net gains or losses and dividends are recognized through profit or loss.

Bad debt allowances in the “amortized cost” category and on contract assets are recognized in the amount of the expected credit losses if the credit risk has increased significantly since initial recognition. For receivables and contract assets, this involves checking at the end of each reporting period whether there is evidence of credit impairment and whether the credit risk has thus increased significantly. Quantitative and qualitative information and analyses such as the length of time past due, the nature and duration of financial difficulties or the geographical location are taken into account and forward-looking assessments are made on the basis of past experience. Objective evidence that a financial asset is credit-impaired includes being past due by more than 90 days. If an asset is credit-impaired or has defaulted, the expected credit losses over the lifetime of the financial asset are recognized as a loss allowance. If the credit risk has increased significantly since initial recognition, but the asset is not credit-impaired or has defaulted, the lifetime expected credit losses are recognized as a loss allowance. For trade receivables and contract assets, expected credit losses are measured using historical probabilities of default on the basis of an impairment matrix by maturity class. For all other financial assets, loss allowances are calculated in the amount of the share of the expected credit losses within twelve months of the end of the reporting period or the remaining term. The expected loss model of IFRS 9 requires discretionary decisions in forecasting the development of future economic conditions. However, the assumptions made are subject to uncertainty.

Financial liabilities
Financial liabilities include liabilities to banks, trade payables, finance lease liabilities and other financial liabilities.

Based on their characteristics, financial liabilities are allocated to the categories “financial liabilities at fair value” and “financial liabilities not at fair value”.

Financial liabilities at amortized cost are non-derivative financial liabilities with fixed or determinable payments. They are initially recognized and subsequently measured using the effective interest method. When liabilities are derecognized, the resulting gains are recognized under other operating income. Financial liabilities at fair value through profit or loss include contingent purchase price liabilities from acquisitions that are designated as at fair value through profit or loss on initial recognition. These financial liabilities are subsequently measured in line with their designation. Effects from the remeasurement of contingent purchase price liabilities are recognized through profit or loss.

IX. Income Statement
The income statement was prepared in line with the nature of expense method.

Revenue from the sale of products is recognized when the significant risks and rewards of ownership of the products sold have passed to the buyer, usually on delivery of the product. Revenue from services is recognized in accordance with the contractual agreements and taking the services rendered into account. This is typically done on the basis of days and hours worked. For fixed price contracts, revenue from services is recognized in line with the percentage of completion and taking partial performance rendered into account. Furthermore, revenue from royalties is recognized on an accrual basis in accordance with the substance of the relevant agreement. If a contract comprises several distinct goods or services, the transaction price is allocated to the performance obligations on the basis of the relative stand-alone selling prices. For each performance obligation, revenue is recognized either at a point in time or over time.

As remuneration for services provided, the Allgeier Group grants managers equity-settled share-based payment (stock options). Expenses for services by employees who are granted options to purchase shares in Allgeier SE in return are calculated using the fair value of the options on the grant date, including market performance conditions. Other performance and non-market vesting conditions that lead to options not being exercised are not included in the calculation of fair value. With the exception of subsequent adjustments to the exercise price, vesting conditions that are not market conditions are taken into account in the assumption of the expected number of options that can be exercised. The calculated total value of an option tranche issue is recognized through profit or loss as staff costs in line with the agreed vesting over a specified vesting period pro rata and when entitlements become vested. The offsetting entry is made directly in equity (capital reserves). The number of options that can be exercised based on vesting conditions that are not market conditions must be reviewed at the end of each reporting period. Adjustments are made for subsequent deviations from the initial measurement and recognized in the income statement and in equity.

Additional staff costs must be recognized if the calculated fair value of the options granted increases as the result of a modification of the stock option plans in connection with corporate actions immediately before or after the date of this modification (e.g. as a result of a change in the exercise price of other option parameters).

New shares are issued when the options are exercised. The cash received is recognized in issued capital (nominal amount) and capital reserves, net of directly attributable transaction costs.

Operating expenses are recognized at the time of performance.

Borrowing costs are recognized as an expense in the period in which they are incurred.

Income taxes are calculated according to the tax law provisions of the countries where the respective Group company operates.

X. Estimates and Assumptions

The preparation of the consolidated financial statements requires certain estimates and assumptions affecting the amount and reporting of the assets and liabilities recognized and the reporting of income and expenses. Although these estimates and assumptions have been made to the best of knowledge, the actual results can differ. The estimates and assumptions are reviewed on an ongoing basis. Necessary adjustments are recognized prospectively. Estimates and assumptions essentially relate to:

- the measurement of contingent purchase price components for acquisitions;
- the allocation of impairment to current assets;
- the calculation of income tax liabilities;
- the measurement of provisions;
- the definition of the term of leases and the probability of extension options being exercised in the future;
- the assumptions used to calculate impairment on goodwill and internally generated developments;
- the calculation of the fair values of operations held for sale.

If the estimates and assumptions are significant and a material adjustment could be necessary in fiscal 2021, this information is provided in the notes to the statement of financial position. A significant adjustment to the assets and liabilities reported in the consolidated statement of financial position are not currently anticipated in the following fiscal year.

B. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Intangible assets

Intangible assets developed as follows:

Immaterielle Vermögenswerte (in Tsd. Euro)	Auftrags-bestände	Kunden-listen	Produkte	Website	Software, Lizenzen und Rechte	Selbst geschaffene Entwick-lungen	Geschäfts- oder Firmen-werte	Gesamt
Buchwert 01. Januar 2019	**450**	**9.820**	**1.422**	**27**	**2.489**	**6.713**	**166.046**	**186.967**
Veränderungen 2019:								
Zugänge zum Konsolidierungskreis	97	5.930	1.162	0	247	102	63.803	72.110
Laufende Zugänge im Geschäftsjahr	0	0	0	0	1.292	2.093	0	3.385
Abgänge zu Buchwerten	-6	0	0	-10	-101	0	0	-111
Währungsdifferenzen	0	99	29	0	-16	3	2.368	2.483
Planmäßige Abschreibungen des fortgeführten Geschäfts	-304	-3.217	-274	-9	-1.976	-1.135	0	-7.137
Planmäßige Abschreibungen des aufgegebenen Geschäfts	-237	0	0	0	-7	0	0	-7
Wertminderungen des fortgeführten Geschäfts	0	0	0	0	-14	0	0	-14
Wertminderungen des aufgegebenen Geschäfts	0							
Abgänge aus dem Konsolidierungskreis	0	-235	0	0	0	0	-9	-244
Buchwert 31. Dezember 2019	**0**	**7.247**	**1.035**	**24**	**3.287**	**7.695**	**171.046**	**190.334**
Veränderungen 2019:								
Zugänge zum Konsolidierungskreis	210	3.550	6.512	75	456	0	3.944	14.747
Laufende Zugänge im Geschäftsjahr	0	11	68	0	1.576	1.355	0	3.010
Abgänge zu Buchwerten	0	0	0	0	-27	-2	0	-29
Währungsdifferenzen	-4	-159	-22	0	-59	3	-6.506	-6.747
Planmäßige Abschreibungen des fortgeführten Geschäfts	-206	-783	-329	-7	-686	-1.762	0	-3.773
Planmäßige Abschreibungen des aufgegebenen Geschäfts	0	-2.422	-916	0	-881	-388	0	-4.607
Wertminderungen	0	0	0	0	0	-667	-19	-686
Abgänge in aufgegebenes Geschäft	0	0	0	0	-86	0	0	-86
Abgänge Abspaltung Nagarro	0	-4.231	-4.780	0	-678	-1.490	-95.878	-107.057
Buchwert 31. Dezember 2020	**0**	**3.213**	**1.568**	**92**	**2.902**	**4.744**	**72.587**	**85.106**

With the exception of goodwill, new intangible assets added to consolidation in foreign currency were translated using the average exchange rates for the year. With the exception of “internally generated developments”, all intangible assets were purchased.

The intangible assets include software, licenses and rights required for business operations and the order backlogs, customer lists, products, websites and goodwill identified for companies acquired.

Order backlogs of EUR 210 thousand (previous year: EUR 97 thousand) were received in conjunction with acquisitions in fiscal 2020. The order backlog was measured at its expected net amount determined as the order value for the orders less full costs. Orders on hand are derecognized when the order backlog is realized and invoiced.

Customer lists of EUR 3,550 thousand (previous year: EUR 862 thousand) were received in conjunction with acquisitions in fiscal 2020. To measure customer lists, historical revenue was examined and analyzed by regular customers and other customers to determine the amount of revenue that can be expected to be generated with regular customers over the next five years. This revenue was recognized under customer lists at expected amounts on a full cost basis less discounts for possible declining amounts, risks resulting from the passage of time and customer dependencies, less amounts already included in orders on hand. Customer lists are amortized on a straight-line basis over a useful life of five years.

The acquired products are measured based on sales planning and the expected result for the products less risk discounts due to aging and technical obsolescence. Products are measured based on a planning period of five years and written down over a term of four years. Products of EUR 6,512 thousand in total (previous year: EUR 0 thousand) were received in fiscal 2020 in conjunction with newly acquired subsidiaries and asset deals.

The acquired products are measured based on sales planning and the expected result for the products less risk discounts due to aging and technical obsolescence. Measurement is based on a planning period of five years. Products are written down on a straight-line basis over a term of four years.

Goodwill arose in connection with acquisitions from the difference between the cost of the shares in the acquired companies and the assets, liabilities and contingent liabilities acquired at their respective fair values at the acquisition date. Goodwill of EUR 3,925 thousand was acquired in fiscal 2020 in conjunction with the acquisition of eForce21 and AURELO. The goodwill of EUR 19 thousand in total arising in connection with the acquisition of Allgeier Project SE and Allgeier Project Humboldt GmbH was written off in fiscal 2020. The translation of companies not acquired in euro reduced goodwill by EUR 6,506 thousand (previous year: EUR 1,580 thousand). The currency differences were recognized in the consolidated statement of comprehensive income under other comprehensive income. Goodwill of EUR 95,878 thousand was deconsolidated when Nagarro was spun off. The goodwill of Solutions IP, the Allgeier CORE Group and Experts was combined with the goodwill of Enterprise IT in conjunction with the integration of the cash-generating units. Goodwill developed as follows:

Goodwill (in EUR thousand)

	Group Dec. 31, 2020	Impairment	Spin-off of Nagarro	Transfer	Additions	Foreign exchange differences	Group as of Dec. 31, 2019
Enterprise IT	64,990	0	0	64,990	0	0	0
Solutions IP	0	0	0	-4,610	395	11	4,204
Allgeier CORE Group	0	0	0	-7,592	0	0	7,592
Experts	0	0	0	-52,788	0	0	52,788
mgm technology partners	7,597	0	0	0	3,530	0	4,067
Nagarro	0	0	-46,885	0	0	-3,529	50,414
Objectiva	0	0	-31,391	0	0	-2,988	34,379
iQuest	0	0	-17,602	0	0	0	17,602
Other	0	-19	0	0	19	0	0
	72,587	-19	-95,878	0	3,944	-6,506	171,046

Goodwill is regularly tested for impairment once per year and on an ad hoc basis if there are indications of impairment. The Allgeier Group uses the value in use method on the basis of budget planning to measure impairment. If market prices exist in individual cases, these are used for measurement. The value-in-use method is applied to the three-year planning of the cash-generating unit (CGU) to measure value in use. For the following years, the method extrapolates the cash flows of the third detailed planning year for all other future years. The cash flows were discounted in perpetuity using the following parameters and capitalization rates. In the planning phase after the third planning year, the interest rates are reduced by a growth discount of one percentage point. The interest rate takes into account debt and equity ratios derived from a peer group.

Comparable companies were referenced and formed into peer groups to calculate the weighted average cost of capital (WACC) for the cash-generating units. The composition of the peer groups has been modified on account of the spin-off of Nagarro and the revised segment structure. The equity and liability ratios and the five-year beta factor used to calculate the WACC are determined from the peer groups. The interest rate in the current terms for Allgeier Group borrowings is used as the interest rate for debt financing. The risk premium used for equity is unchanged year-on-year at 7.5 percent. The country risk premium takes into account the risks specific to individual countries and is based on country ratings provided by rating agencies and default risks observable on the market. The WACC for the two cash-generating units is calculated as follows:

	mgm technology partners		Enterprise IT	
	2020	2019	2020	2019
Interest rate for 10-year bonds	-0.13%	0.30%	-0.13%	0.30%
Peer group equity ratio	74.88%	83.00%	83.99%	61.55%
Peer group debt ratio	25.12%	17.00%	16.01%	38.45%
5-year beta factor	1.1931	0.7955	0.8864	0.8000
Country risk premium	0.71%	-	0.00%	-
Tax rate	29.72%	30.00%	29.72%	30.00%
Interest rate on debt	2.00%	1.70%	2.00%	1.70%
Risk premium for equity	7.50%	7.50%	7.50%	7.50%
WACC before taxes	7.63%	5.49%	5.80%	4.53%
WACC after taxes	7.49%	5.41%	5.70%	4.34%

All goodwill, both on the basis of the new segment structure and the previous cash-generating units, was found to be unimpaired.

The value in use of the individual cash generating units is as follows:

	mgm technology partners	Enterprise IT	Solutions IP	Allgeier CORE Group	Experts
Growth rates and value in use 2019					
Average annual revenue growth	10.9%	-	8.8%	26.9%	-0.8%
Average annual growth of underlying cash flow	7.0%	-	-14.1%	78.9%	163.0%
Value in use in EUR million	207	-	75	43	357
Growth rates and value in use 2020					
Average annual revenue growth	10.2%	5.6%	10.4%	9.6%	2.3%
Average annual growth of underlying cash flow	-8.3%	31.7%	-26.0%	350.5%	116.5%
Value in use in EUR million	112	239	51	19	181

The previous goodwill of Solutions IP, the Allgeier CORE Group and Experts was combined as of December 31, 2020. Its value in use was last calculated as of this date. This goodwill was not impaired.

2. Property, plant and equipment

Property, plant and equipment developed as follows:

Property, plant and equipment (in EUR thousand)	Land, land rights and buildings	Other fixed assets and office equipment	Total
Carrying amount as of January 1, 2019	**2,973**	**11,592**	**14,565**
Changes in 2019:			
Additions to consolidated group	42	221	263
Additions in fiscal year	0	6,885	6,885
Disposals at carrying amounts	0	-521	-521
Foreign exchange differences	-7	-49	-56
Depreciation: continuing operations	-42	-3,099	-3,141
Depreciation: discontinued operations	-149	-2,169	-2,318
Disposals from consolidated group	0	-173	-173
Carrying amount as of December 31, 2019	**2,817**	**12,687**	**15,504**
Changes in 2020:			
Additions to consolidated group	0	169	169
Additions in fiscal year	3	2,272	2,275
Disposals at carrying amounts	-11	-186	-197
Foreign exchange differences	-247	-168	-415
Depreciation: continuing operations	-41	-2,860	-2,901
Depreciation: discontinued operations	-84	-1,880	-1,964
Disposals in discontinued operations	0	-10	-10
Disposals in spin-off of Nagarro	-1,989	-4,448	-6,437
Carrying amount as of December 31, 2020	**448**	**5,576**	**6,024**

New items of property, plant and equipment added to consolidation in foreign currency were translated using the average exchange rates for the year.

3. Right-of-use assets from leases

With the exception of a property in Bremen, the Allgeier Group leases the properties used by the Group. The Allgeier Group also uses operating and finance leases to finance some of its vehicles and some of its IT equipment. The property leases have terms of up to ten years. The leases for vehicles and IT equipment typically have terms of three to five years. For all leases for a period of not more than one year or for low-value assets, the Group recognizes the right-of-use asset from these leases as the value in use from the leases at the respective present value. Right-of-use assets from leases developed as follows:

Right-of-use assets from leases (in EUR thousand)	Properties	Motor vehicles	Operating and office equipment/IT equipment	Total
Carrying amount as of January 1, 2019	**50,141**	**4,836**	**8,397**	**63,374**
Changes in 2019:				
Additions to consolidated group	105	0	0	105
Additions in fiscal year	36,416	1,791	8,619	46,826
Disposals at carrying amounts	0	0	-7	-7
Foreign exchange differences	-251	-1	-31	-283
Depreciation: continuing operations	-4,195	-1,653	-111	-5,959
Depreciation: discontinued operations	-8,286	-1,428	-3,769	-13,483
Impairment	-388	0	0	-388
Carrying amount as of December 31, 2019	**73,542**	**3,545**	**13,098**	**90,185**
Changes in 2019:				
Additions to consolidated group	582	19	15	616
Additions in fiscal year	10,238	3,040	11,081	24,359
Disposals at carrying amounts	0	0	-1	-1
Lease modifications	-8,812	-64	-805	-9,681
Foreign exchange differences	-1,768	-1	-435	-2,204
Depreciation: continuing operations	-5,778	-1,330	-501	-7,609
Depreciation: discontinued operations	-8,213	-1,410	-4,753	-14,376
Impairment	-1,329	0	0	-1,329
Disposals in discontinued operations	0	-1	-2	-3
Disposals in spin-off of Nagarro	-34,077	-2,435	-15,834	-52,346
Carrying amount as of December 31, 2020	**24,385**	**1,363**	**1,863**	**27,611**

Owing to the modified assessments of the expected use of extension options, the values in use and, accordingly, the lease liabilities were adjusted by EUR 9,681 thousand (previous year: EUR 0 thousand). Furthermore, the Allgeier Group recognized a write-down on the value in use of a property of EUR 1,329 thousand (previous year: EUR 388 thousand). The Allgeier Group does not anticipate any options to sublet this property or to end the lease early at this time.

Expenses for leases for low-value assets and short-term leases were as follows in fiscal 2020:

Expenses for leases (in EUR thousand)	Continuing operations		Discontinued operations		Total	
	2020	2019	2020	2019	2020	2019
Leases for low-value assets	51	101	47	92	4	9
Short-term leases	593	726	303	442	290	284

The Allgeier Group generated income of EUR 1 thousand (previous year: EUR 0 thousand) from operating leases in continuing operations and of EUR 67 thousand (previous year: EUR 129 thousand) from operating leases in discontinued operations. The Group anticipates income of EUR 12 thousand from operating leases in continuing operations in fiscal 2021.

To finance a data center and a new IT environment in the Enterprise IT segment, the Allgeier Group entered into two sale-leaseback agreements with a value of EUR 2,357 thousand (previous year: EUR 0 thousand). Neither gains nor losses are generated from the sale-leaseback transactions.

4. Investments accounted for using the equity method

The Allgeier Group acquired 40 percent of the shares in northport in December 2020. The investment in northport satisfies the criteria for accounting using the equity method.

The Allgeier Group also holds 33.34 percent of the shares in Talentry. Talentry develops and sells cloud-based enterprise software for recruiting employees using the contacts and social networks of existing and participating employees (staff recruit staff). As a result of the decision to discontinue this investment, the Allgeier Group has reported Talentry under discontinued operations. The Allgeier Group considers the remaining gross asset value of Talentry of EUR 2,271 thousand as of December 31, 2020 to no longer be recoverable. Its goodwill was therefore written off. A loan granted to Talentry of EUR 439 thousand was also derecognized. The two write-downs were shown in the income statement under net income from investments accounted for using the equity method.

The carrying amount of the investments accounted for using the equity method determined by an auxiliary calculation breaks down as follows:

Equity investments (in EUR thousand)

	northport		Talentry
	Dec. 31, 2020	Dec. 31, 2020	Dec. 31, 2019
Non-current assets	22	43	101
Current assets without cash and cash equivalents	8	528	561
Cash	9	741	252
Other current financial liabilities	-42	-3,525	-1,938
Net assets	**-3**	**-2,213**	**-1,024**
Group's share in net assets in %	50.00%	33.34%	33.34%
Group's share in net assets	-2	-738	-342
Goodwill	16	738	3,009
Carrying amount under the equity method	**15**	**0**	**2,667**

Talentry's results break down as follows:

Talentry GmbH (in EUR thousand)

	2020	2019
Revenue	2,287	2,095
Depreciation and amortization	-55	-85
Profit or loss for the period	-1,188	-3,330
Total comprehensive income for the period	-1,188	-3,330
Share of the Allgeier Group in profit or loss in %	**33.34%**	**33.34%**
Share of the Allgeier Group in profit or loss	**-396**	**-1,110**

5. Other financial assets

Other financial assets break down as follows:

Other financial assets (in EUR thousand)

			Dec. 31, 2020			Dec. 31, 2019
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Interests in Speedinvest	3,241	3,241	0	2,495	2,495	0
Security deposits	1,621	1,461	160	3,320	2,885	435
Receivables from employees	435	0	435	851	0	851
Receivables from loans	231	0	231	303	0	303
Sureties	61	60	1	817	60	757
Creditors with debit balances	14	0	14	201	0	201
Derivative financial instruments	0	0	0	455	0	455
Loans to shareholders of mgm cp Hamburg (floating rate)	0	0	0	80	80	0
Loans from the disposal of former Group companies	0	0	0	17	0	17
Other	483	140	343	1,059	389	670
	6,086	**4,902**	**1,184**	**9,598**	**5,909**	**3,689**

The interest in Speedinvest is an investment in the non-listed venture capital company, Speedinvest II EuVECA GmbH & Co. KG, Vienna, Austria. Allgeier SE has a capital commitment to Speedinvest of EUR 2,000 thousand in total. This commitment was completed by the end of fiscal 2020 (previous year: EUR 1,800 thousand). The fair value of the total value to paid-in capital calculated by the venture capital company as of December 31, 2020 was EUR 3,241 thousand as of the end of 2020 (previous year: EUR 2,495 thousand). Income of EUR 546 thousand was calculated from this for fiscal 2020 (previous year: EUR 621), which was reported in the income statement within finance income.

Other receivables from loans bear interest. Mainly fixed interest rates of between 3 percent and 5 percent p.a. were agreed for these loans.

6. Other assets

Other assets break down as follows:

Other assets (in EUR thousand)

			Dec. 31, 2020			Dec. 31, 2019
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Prepaid expenses	3,002	421	2,581	7,751	485	7,266
VAT receivables	883	0	883	5,522	0	5,522
	3,885	**421**	**3,464**	**13,273**	**485**	**12,788**

7. Deferred taxes

Deferred tax assets and liabilities arising from temporary differences between tax and financial reporting carrying amounts, on consolidation adjustments through profit or loss and on tax loss carryforwards are allocated to the following statement of financial position and income statement items as follows:

Deferred taxes (in EUR thousand)			Dec. 31, 2020			Jan. 1, 2019
	Deferred tax assets	Deferred tax liabil-ities	Income statement	Deferred tax assets	Deferred tax liabil-ities	Income statement
Intangible assets	884	4,200	727	1,434	5,879	-262
Property, plant and equipment	574	0	458	306	130	-71
Contract costs	0	0	75	0	186	81
Contract assets and liabilities	0	313	62	202	487	-5
Miscellaneous financial assets	14	13	43	339	46	353
"Provisions for post-employment benefits"	97	0	1,229	840	0	-440
Other provisions	702	640	-69	1,871	427	452
Financial liabilities	0	0	-532	0	0	0
Other financial liabilities	0	0	-77	61	0	-212
Temporary differences including consolidation though profit or loss	2,271	5,166	1,916	5,053	7,155	-104
Loss carryforwards	934	0	-2,344	8,112	0	1,920
Offsetting	-753	-753	0	-1,924	-1,924	0
	2,452	4,413	-428	11,241	5,231	1,816

On December 31, 2020, the Allgeier Group had corporate income tax loss carryforwards of EUR 14,459 thousand (previous year: EUR 60,547 thousand) and trade tax loss carryforwards of EUR 13,513 thousand (previous year: EUR 37,691 thousand). The Group has deferred tax assets of EUR 4,330 thousand in total (previous year: EUR 16,532 thousand). EUR 934 thousand (previous year: EUR 8,112 thousand) of deferred tax assets were recognized and an amount of EUR 3,396 thousand (previous year: EUR 8,420 thousand) was not recognized due to uncertainty concerning their utilization. The recognition of deferred tax assets from loss carryforwards results from expected future earnings allocations, the reorganization of tax groups and the subsequent tax utilization of start-up losses of newly acquired or established subsidiaries.

EUR 2,214 thousand (previous year: EUR 10,095 thousand) of deferred tax assets and EUR 2,074 thousand (previous year: EUR 2,359 thousand) of deferred tax liabilities are current. Current deferred taxes are reported within non-current assets and non-current liabilities.

8. Inventories

Inventories break down as follows:

Inventories (in EUR thousand)	Dec. 31, 2020	Dec. 31, 2019
Raw materials and supplies	41	69
Merchandise	627	147
Other	27	12
	695	228

No impairment losses were recognized on inventories. The cost of materials for purchased inventories was EUR 12,695 thousand in fiscal 2020 (Allgeier Group in previous year: EUR 5,877 thousand).

9. Contract assets and liabilities

Contract assets and liabilities were as follows as of the end of the reporting periods:

Assets and liabilities (in EUR thousand)			Dec. 31, 2020			Dec. 31, 2019
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Customer projects measured according to the percentage-of-completion method	1,828	0	1,828	14,030	0	14,030
Contract assets	1,828	0	1,828	14,030	0	14,030
Customer projects measured according to the percentage-of-completion method	567	0	567	5,589	0	5,589
Deferred income	3,658	127	3,531	5,583	129	5,454
Other timing differences between revenue recognition and customer billing	0	0	0	324	283	41
Contract liabilities	4,225	127	4,098	11,496	412	11,084

Contract assets and liabilities developed as follows:

Assets and liabilities (in EUR thousand)	Contract assets	Contract liabilities
As of January 1, 2019	6,902	7,691
Currency effect	16	22
Addition due to acquisitions	15	81
Revenue recognition	14,022	-7,347
Reclassification to trade receivables	-6,925	0
Advance payments received from customers	0	11,049
As of December 31, 2019	14,030	11,496
Currency effect	-1,108	-255
Addition due to acquisitions	0	168
Revenue recognition	13,305	-10,995
Reclassification to trade receivables	-13,476	0
Advance payments received from customers	0	13,331
Disposal due to business combinations	-10,923	-9,520
As of December 31, 2020	1,828	4,225

Revenue includes EUR 11,084 thousand (previous year: EUR 7,336 thousand) reported under contract liabilities at the beginning of the fiscal year.

Amortization of EUR 243 thousand (previous year: EUR 155 thousand) was recognized on capitalized contract costs in connection with customer projects in discontinued operations. No impairment losses were recognized on capitalized contract costs.

10. Trade receivables

Trade receivables break down as follows:

Trade receivables (in EUR thousand)	Dec. 31, 2020	Dec. 31, 2019
Customer receivables	69,227	159,066
Factoring	-18,586	-20,423
Impairment of customer receivables	-2,612	-4,565
	48,029	134,078

The Allgeier Group has a factoring volume of EUR 30 million (previous year: EUR 60 million) for the financing of customer receivables. The Allgeier Group accounts for factoring off-balance sheet after the entire default risk of the receivables sold is transferred to the trade credit insurer where the receivables are insured, with the exception of receivables from public sector contractors.

EUR 24,198 thousand (previous year: EUR 32,339 thousand) of this factoring volume had been utilized on December 31, 2020. EUR 18,586 thousand (previous year including Nagarro: EUR 20,423 thousand) of this amount was netted against trade receivables and an amount of EUR 5,612 thousand (previous year: EUR 11,916 thousand) was reported within financial liabilities. As the payment of factored invoices by customers is not settled simultaneously with the factor, short-term obligations to the factor arise that are posted accordingly to financial liabilities.

11. Cash

Cash funds break down as follows:

Cash and cash equivalents (in EUR thousand)	Dec. 31, 2020	Dec. 31, 2019
Bank balances	60,789	97,360
Cash balances	14	27
	60,803	97,387

Bank balances include term deposits and current account balances. They are highly liquid and available as means of payment at short notice. Demand deposits are not subject to (significant) risks of fluctuations in value. Cash funds are an element of the Allgeier Group's cash and cash equivalents.

12. Issued capital

The issued capital of Allgeier SE amounted to EUR 11,382,513 as of December 31, 2020 (previous year: EUR 11,289,000) and was divided into 11,382,513 no-par registered shares. Each share accounts for a notional amount of the share capital of EUR 1.00. All the no-par shares of the company belong to the same class of shares. The shares are fully paid in.

The issued capital of Allgeier SE was increased by the allocation of 93,513 new registered no-par shares from Contingent Capital 2010 (pre-emption shares) in fiscal 2020.

The shares of Allgeier SE closed at EUR 18.65 in Xetra trading on the Frankfurt Stock Exchange on December 30, 2020. In the previous year, the shares closed at EUR 33.90 on December 30, 2019. The share price as of December 31, 2019 still included Nagarro SE, which was listed separately as of December 31, 2020.

Authorized capital

By way of resolution of the Annual General Meeting on September 24, 2020, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of Allgeier SE, on one or more occasions against cash or non-cash contributions, by up to a total of EUR 5,664,500 by issuing up to 5,644,500 new no-par registered shares by September 23, 2025 (Authorized Capital 2020). The Management Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' statutory pre-emption rights in the following cases:

- for a rights issue for fractional amounts arising when determining the subscription ratio;
- for a capital increase against non-cash contributions to acquire (also indirectly) companies, parts of companies, investments in companies or other contributable assets if the acquisition is in the company's best interests;
- for a capital increase against cash contributions for a share of authorized capital of up to 10 percent in total of the share capital at the time that this authorization becomes effective or, if lower, at the time that it is exercised, provided that the issue amount of the new shares is not significantly less than the market price of shares already listed at the time that the issue amount is finalized. This 10 percent limit includes shares issued or sold during the term of this authorization by the time of its utilization in accordance with Section 186(3) sentence 4 AktG, directly or with the corresponding changes, and shares to be issued or granted on account of convertible bonds or bonds with warrants during the term of this authorization with pre-emption rights disapplied in accordance with Section 186(3) sentence 4 AktG.
- to issue pre-emption rights to bearers of conversion or option rights to bonds issued by the company or an entity in which the company directly or indirectly holds a majority.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the content of the shares' rights and the conditions for their issue.

Contingent capital

By way of resolution of the Annual General Meeting on June 17, 2010, amended by resolutions of the Annual General Meetings on June 17, 2014 and June 28, 2017 and the issue of 406,000 new no-par registered shares from Contingent Capital 2010 (pre-emption shares), the share capital of the company can be contingently increased by up to EUR 54,000 as of December 31, 2020 (Contingent Capital 2010). Contingent Capital 2010 is intended to serve up to 54,000 outstanding options to issue up to 54,000 new no-par registered shares.

By way of resolution of the Annual General Meeting on June 28, 2017, the share capital of the company can be contingently increased by up to EUR 3,500,000 by issuing up to 3,500,000 new no-par registered shares (Contingent Capital 2014). Contingent Capital 2017 is intended to serve convertible bonds, bonds with warrants or income bonds or participation rights with conversion or option rights that could be issued by June 27, 2022 by the company itself or by an entity in which the company directly or indirectly holds a majority. The Group has not issued any corresponding conversion or option rights.

By way of resolution of the Annual General Meeting on June 29, 2018, the share capital of the company can be contingently increased by up to EUR 340,000 by issuing up to 340,000 new no-par registered shares (Contingent Capital 2018). Contingent Capital 2018 is intended to serve 340,000 options under the 2018 stock option plan that can be issued by the company by June 28, 2023. The company has not yet granted any corresponding option rights.

13. Capital reserves

The Group's capital reserves developed as follows:

Development of capital reserves (in EUR thousand)	2020	2019
Capital reserves as of January 1	58,006	33,592
Capital increase	0	22,951
Costs of capital increase	0	-472
Exercise of stock options	791	1,713
Disposal of treasury shares	4,378	0
Change in measurement of stock options	1,899	222
Capital reserves on December 31	**65,074**	**58,006**

14. Retained earnings

Retained earnings are unchanged as against the previous year. They include the statutory reserve of Allgeier SE.

15. Treasury shares

Allgeier SE sold all its treasury shares in fiscal 2020. Allgeier SE does not hold any treasury shares as of December 31, 2020. Accordingly, treasury shares accounted for 0 percent of the share capital (previous year: 0.93 percent).

The Annual General Meeting of Allgeier SE on September 24, 2020 authorized the Management Board to acquire treasury shares up to 10 percent of the share capital at the time that the resolution was adopted by September 23, 2025, subject to the condition that these treasury shares, together with other treasury shares already acquired and still held by the company, do not exceed 10 percent of the share capital.

Furthermore, the Annual General Meeting on September 24, 2020 authorized the Management Board, with the approval of the Supervisory Board, to use shares of the company that will be or have been acquired on the basis of the above or prior authorizations for any purpose permitted by law, including in particular:

- resale to third parties against cash payment by means other than on the stock market or by way of an offer to all shareholders;
- as consideration for a direct or indirect non-cash contribution to the company by a third party, in particular in a business combination or when acquiring companies, parts of companies, equity investments or other assets;
- to serve conversion or option rights issued by the company or its subsidiaries to the bearers of these rights;
- to issue employee stocks to employees or members of executive bodies of the company or associated companies as referred to by Sections 15 et seq. AktG.

If sold by means other than on the stock market or by way of an offer to all shareholders, particularly in the four above cases, the disposal price must not be more than 5 percent less than the market price of the shares of the company as of the time of the disposal. The relevant stock market price for the purposes of this regulation is the arithmetic mean of the closing prices of the company's shares in XETRA trading on the Frankfurt stock exchange (or a comparable successor system) over the last three trading days before the disposal of the shares. Shareholders' pre-emption subscription rights are thus disapplied. This authorization is limited to a maximum of 10 percent of the share capital of the company at the time that the authorization is exercised. In the event of the disposal of treasury shares to third parties against cash payment or by means other than on the stock market or by way of an offer to all shareholders, this limit shall include shares issued or sold during the term of this authorization in accordance with Section 186(3) sentence 4 AktG, with the corresponding changes, with pre-emption rights disapplied by this date, or relating to conversion/pre-emption rights for warrant or convertible bonds issued during the term of this authorization until the date of its utilization, with pre-emption rights disapplied, in accordance with Section 186(3) sentence 4 AktG, either directly or with the corresponding changes.

The Management Board is also authorized to retire treasury shares acquired on the basis of this authorization with the approval of the Supervisory Board without requiring a further resolution by the Annual General Meeting.

The authorization to acquire treasury shares and to use them can be exercised by the company or its Group companies in full or also partial amounts on one or more occasions.

Allgeier SE sold all the treasury shares held as of December 31, 2019 in fiscal 2020. Allgeier SE received EUR 5,164 thousand from the sale of 105,351 treasury shares with a carrying amount of EUR 786 thousand as of December 31, 2019.

16. Profit carryforward

The Group's profit carryforward developed as follows:

Profit carryforward (in EUR thousand)	2020	2019
Profit carryforward on January 1	51,597	52,427
Result for the previous year	15,133	5,857
Change in non-controlling interests of the Nagarro Group in conjunction with an employee participation program	0	-403
Acquisition of non-controlling interests in the iQuest Group	-7,299	-1,290
Acquisition of non-controlling interests in the SAP Group	-3,639	0
Reclassification of non-controlling interests due to internal transactions with Nagarro	16,967	0
Distribution to shareholders of Allgeier SE	-5,603	-4,994
Upstream effects of transactions with Nagarro	12,071	0
Spin-off of Nagarro	-36,325	0
Profit carryforward on December 31	**25,936**	**51,597**

The previous year's profit for the period attributable to the shareholders of Allgeier SE of EUR 15,133 thousand (previous year: EUR 5,857 thousand) was transferred to profit carryforward in line with the resolution of the Annual General Meeting on September 24, 2020.

In fiscal 2020, Allgeier Project Solutions GmbH acquired all shares in iQuest SPP GmbH, Munich, and iQuest Holding GmbH, Karlsruhe, still held by non-controlling interests at the time. The parties agreed a purchase price of EUR 12,340 thousand for these shares. Non-controlling interests of EUR 5,041 thousand were derecognized in conjunction with the acquisition. The difference of EUR 7,299 thousand was reclassified to changes in equity.

In fiscal 2020, Allgeier Enterprise Services AG acquired all shares in Nagarro Allgeier ES GmbH and Nagarro ES Denmark A/S still held by non-controlling interests at the time. The parties agreed a purchase price of EUR 4,013 thousand for these shares. Non-controlling interests of EUR 374 thousand were derecognized in conjunction with the acquisition. The difference of EUR 3,639 thousand was reclassified to changes in equity.

On September 24, 2020, the Annual General Meeting of Allgeier SE approved a profit distribution of EUR 0.50 per share (previous year: EUR 0.50 per share). The distribution amounted to EUR 5,603 thousand in total (previous year: EUR 4,994 thousand). 11,206,392 shares were entitled to a dividend (previous year: 9,979,771 shares).

The spin-off of Nagarro resulted in the derecognition of net assets of EUR 36,325 thousand attributable to the shareholders of Allgeier SE. Upstream transactions prior to spinning off Nagarro increased the profit carryforward attributable to the shareholders of Allgeier SE by EUR 12,071 thousand. The equity share of the non-controlling interests was reduced accordingly.

The items previously attributable to changes in equity but not to other comprehensive income were transferred to retained earnings in fiscal 2020. The figures for the previous year have been restated accordingly. As a result of the two items being combined, the value changed from EUR 66,357 thousand as of December 31, 2019 to EUR 51,597 thousand. The statement of changes in equity was restated accordingly.

17. Changes in equity recognized directly in equity

The changes in equity recognized directly in equity break down as follows:

Changes in equity recognized directly in equity (in EUR thousand)	Dec. 31, 2020	Dec. 31, 2019
Actuarial gains on January 1	-1,007	-582
Change	-391	-425
Reclassification due to spin-off of Nagarro	1,027	0
Actuarial gains on December 31	**-371**	**-1,007**
Foreign currency changes on January 1	8,712	7,279
Change	-3,696	1,433
Reclassification due to spin-off of Nagarro	-4,723	0
Foreign currency changes on December 31	**293**	**8,712**
Changes in equity recognized directly in equity on January 1	7,705	6,697
Change	-4,087	1,008
Reclassification due to spin-off of Nagarro	-3,696	0
Changes in equity recognized directly in equity on December 31	**-78**	**7,705**

18. Non-controlling interests

The equity attributable to non-controlling interests shows the minority interests in the equity of subsidiaries. This developed as follows:

Equity interest of non-controlling interests (in EUR thousand)	2020	2019
As of January 1	**22,888**	**21,315**
Payments on the minority interest of AES SPP GmbH	0	250
Acquisition of shares of non-controlling shareholders of the iQuest Group	-5,041	-1,142
Acquisition of shares of non-controlling shareholders of the SAP Group	-374	0
Change of shares of former non-controlling shareholders of Nagarro Holding GmbH	0	342
Result for the period attributed to non-controlling shareholders	6,686	3,578
Share in exchange rate changes recognized in equity	1,033	90
Share of actuarial gains recognized in equity	118	-82
Distributions to non-controlling shareholders	-1,327	-1,463
Upstream effects of transactions with Nagarro	-12,071	0
Spin-off of Nagarro	-8,451	0
As of December 31	**3,461**	**22,888**

Distributions of EUR 298 thousand (previous year: EUR 425 thousand) were paid to the non-controlling shareholders of mgm cp Hamburg and mgm sp Munich from net retained profits as of December 31, 2019 in fiscal 2020. On the basis of the profit transfer agreement between mgm tp Munich and Allgeier SE, the result attributable to the non-controlling shareholders of mgm tp Munich of EUR 1,029 thousand (previous year: EUR 1,038 thousand) was recognized as a dividend.

19. Financial liabilities

The financial liabilities break down as follows:

Financial liabilities (in EUR thousand)

	Dec. 31, 2020			Dec. 31, 2019		
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Amount utilized under new syndicated loan agreement arranged in December 2020	17,500	17,500	0	0	0	0
Borrower's note loan	5,500	0	5,500	5,500	5,500	0
Deferred one-time costs related to the borrower's note loan	-10	0	-10	-21	-10	-11
Liabilities from factoring of customer receivables	5,612	0	5,612	11,916	0	11,916
Syndicated loan agreement replaced in December 2020	0	0	0	145,000	145,000	0
Deferred one-time costs related to the syndicated loan replaced in December 2020	0	0	0	-1,306	-970	-336
Overdraft facility of Nagarro Software Pvt. Ltd. and Nagarro Enterprise Services Pvt. Ltd.	0	0	0	3,310	0	3,310
Bank loans of Nagarro Software SRL	0	0	0	245	198	47
Bank loans of iQuest Technologies SRL	0	0	0	232	0	232
Other	2	0	2	57	46	11
	28,604	17,500	11,104	164,933	149,764	15,169

In December 2020, Allgeier SE entered into a new syndicated framework agreement that replaced the previous syndicated framework loan agreement. The credit facility under the new agreement amounts to EUR 140 million. A term of five years with an extension option of up to two further years was agreed. EUR 17.5 million had been utilized under this facility on December 31, 2020. The loan bears interest based on Euribor (floor at 0.0 percent) plus a margin dependent on key financial ratios. The interest rate applied at the end of 2020 was 2.0 percent p.a. Non-recurring costs of EUR 808 thousand, recognized in other operating expenses, were incurred when the syndicated loan was issued. In connection with the replacement of the previous syndicated loan agreement, the carrying amounts of the non-recurring costs deferred for this agreement of EUR -970 thousand were derecognized under other operating expenses.

There remains a residual liability from a borrower's note loan granted to Allgeier SE of EUR 5.5 million as of December 31, 2020. This tranche is due for repayment in December 2021. It bears interest at a fixed rate of 2.33 percent p.a. Non-recurring costs to be deferred over the term of the loans arose when the borrower's note loan was issued.

In the context of the factoring of customer receivables, the factor pays the submitted receivables lists on two specified days in the month. The payments received are offset against the individual trade receivables. In cases in which the individual receivables are paid by customer in the period between payment by the factor and the end of the month, the amounts received by the factor are reported in financial liabilities. These liabilities amounted to EUR 5,612 thousand on December 31, 2020 (previous year: EUR 11,916 thousand). The liabilities bear interest at floating rates; the interest rate at the end of 2020 was 1.25 percent p.a. (previous year: 0.87 percent p.a.).

There were no defaults on payments either in the reporting period or after the end of the fiscal year. All financial covenants agreed by Allgeier SE or Allgeier Group companies in conjunction with the loans and credit agreements were complied with.

20. Lease liabilities

The minimum lease payments and expensed present values of leases break down as follows:

Lease liabilities (in EUR thousand)

	Dec. 31, 2020				Dec. 31, 2019			
	Properties	Motor vehicles	Operating and office equipment	Total	Properties	Motor vehicles	Operating and office equipment	Total
Minimum payments:								
Due in less than one year	6,187	817	390	7,394	20,345	2,411	3,272	26,028
Due between one and five years	16,039	587	1,654	18,280	47,513	1,456	10,557	59,526
Due after more than five years	8,406	0	0	8,406	30,090	0	192	30,282
	30,632	1,404	2,044	34,080	97,948	3,867	14,021	115,836
Discounting to present value:								
Due in less than one year	-719	-17	-20	-756	-7,056	-125	-110	-7,291
Due between one and five years	-1,751	-10	-44	-1,805	-7,582	-62	-352	-7,996
Due after more than five years	-505	0	0	-505	-3,574	0	-9	-3,583
	-2,975	-27	-64	-3,066	-18,212	-187	-471	-18,870
Present value of minimum lease payments:								
Due in less than one year	5,468	800	370	6,638	13,289	2,286	3,162	18,737
Due between one and five years	14,288	577	1,610	16,475	39,931	1,394	10,205	51,530
Due after more than five years	7,901	0	0	7,901	26,516	0	183	26,699
	27,657	1,377	1,980	31,014	79,736	3,680	13,550	96,966

Payments of EUR 26,850 thousand were made for leases in fiscal 2020 (previous year: EUR 21,793 thousand). EUR 9,161 thousand (previous year: EUR 6,722 thousand) of these payments relate to continuing operations and EUR 17,689 thousand (previous year: EUR 15,071 thousand) to discontinued operations.

If the extension options not yet taken into account in the right-of-use assets are exercised, this will give rise to further potential future cash outflows of EUR 14,386 thousand (previous year, continuing operations: EUR 6,102 thousand). The Allgeier Group does not currently expect the extension options to be exercised.

21. Provisions for post-employment benefits

The Allgeier Group recognized provisions of EUR 1,019 thousand as of December 31, 2020 (previous year: EUR 5,296 thousand) to cover post-employment benefit obligations. The reconciliation of these amounts is as follows:

Provisions for pensions (in EUR thousand)

			2020			2019
	Germany	India/UEA	Total	Germany	India	Total
Reconciliation of present value of the defined benefit obligation:						
Present value of the defined benefit obligation on January 1	1,203	4,394	5,597	1,046	3,171	4,217
Reclassification of other financial liabilities	0	316	316	0	0	0
Current service cost	36	1,190	1,226	31	803	834
Interest cost	14	271	285	19	219	238
Actuarial gains or losses	100	505	605	131	485	616
Benefits paid	-24	-231	-255	-24	-287	-311
Currency	0	-454	-454	0	3	3
Discontinued operations	0	-5,991	-5,991	0	0	0
Present value of the defined benefit obligation on December 31	1,329	0	1,329	1,203	4,394	5,597
Reconciliation of plan assets:						
Plan assets at fair value on January 1	301	0	301	293	0	293
Returns on plan assets	3	0	3	5	0	5
Employer contributions	10	0	10	9	0	9
Benefits paid	-6	0	-6	-6	0	-6
Actuarial gains or losses	3	0	3	0	0	0
Discontinued operations	0	0	0	0	0	0
Plan assets at fair value on December 31	311	0	311	301	0	301
Net obligation as of December 31	1,018	0	1,018	902	4,394	5,296
of which: non-current	1,000	0	1,000	883	3,815	4,698
of which: current	18	0	18	19	579	598

The income and expenses from the change in net benefit obligations (benefit obligations less life insurance policies covering the pension obligation) were shown in the consolidated statement of comprehensive income as follows:

Income and expenses from the change in net pension obligations (in EUR thousand)

			2020			2019
	Germany	India/UAE	Total	Germany	India	Total
Staff costs						
Current service cost	36	1,190	1,226	31	803	834
Past service cost	0	0	0	0	0	0
Staff costs	36	1,190	1,226	31	803	834
Finance income						
Return on plan assets (cannot be offset)	0	0	0	0	0	0
Other interest and similar income	0	0	0	0	0	0
Financial expenses						
Interest cost	14	271	285	19	219	238
Return on plan assets (can be offset)	-3	0	-3	-5	0	-5
Interest and similar expenses	11	271	282	14	219	233
Recognized in profit or loss	47	1,461	1,508	45	1,022	1,067
Gain/loss from remeasurement of pension obligations						
due to changes in demographic assumptions	0	0	0	0	0	0
due to changes in financial assumptions	38	258	296	71	192	263
due to experience adjustments	62	247	309	60	293	353
Income/expenses on plan assets without interest income	-2	0	-2	0	0	0
Recognized in other comprehensive income	98	505	603	131	485	616

Obligations in Germany relate entirely to continuing operations and those in India/UAE entirely to discontinued operations.

Pension obligations (Germany)

As of December 31, 2020, the Allgeier Group had defined benefit plans for three persons in the form of direct pension commitments. Of the eligible persons, one is still working in the Allgeier Group and two have retired. In two cases the commitments call for the payment of fixed monthly amounts or fixed one-time amounts. In one case, an index-linked pension with an annual increase of 2 percent was agreed. The pension payments are made starting at the agreed retirement age or in the event of disability. A widow's pension has been agreed for one pension beneficiary. All commitments are vested. The number and composition of the pension beneficiaries have not changed since the end of the previous year.

In the event of larger specific obligations, the risk of beneficiary longevity is covered completely or partially by life insurance policies. The plan assets exclusively consist of the present value of life insurance policies.

Payments into the defined benefit plan are expected to amount to EUR 9 thousand in 2021 (previous year: EUR 9 thousand).

The weighted average expected term of the defined benefit pension obligations as of December 31, 2020 is as follows:

Number of pension beneficiaries	Active employees	Retired employees	Total
As of December 31, 2019	8.4	9.4	8.7
As of December 31, 2020	7.5	9.2	7.9

Gratuity obligations (India and United Arab Emirates)

The deconsolidated subsidiaries in India and the United Arab Emirates had obligations for future gratuity payments to employees that become payable when employees leave the company, regardless of whether this is at the instigation of the employer or the employee. These gratuity payments constitute a defined benefit plan in accordance with IAS 19. Following the spin-off of the Nagarro Group, the gratuity obligations and the associated risks no longer apply as of December 31, 2020.

Sensitivity analysis

The Group is exposed to the following actuarial risks on the basis of its benefit commitments:

Longevity risk	The higher life expectancy is higher than the best possible estimate according to the mortality tables. This increases an actual pension obligation at a later date.
Investment risk	The interest rate used to calculate the present value of the benefit obligations is derived from the yield on high-quality corporate bonds. If the return on plan assets is lower than this interest rate, the pension plan is underfunded.
Interest rate risk	A decrease in interest on corporate bonds leads to an increase in benefit obligations, but this can be partly compensated by higher plan assets.
Salary risk	Subsequent, unexpected salary increases lead to an increase in benefit obligations linked to remuneration.

The actuarial parameters used to calculate the present value of defined benefit obligations and for change risks are the interest rate and the annual increase in current pensions for pension commitments (pension trend). On the assumption that the other parameters remain constant, the present value of the defined benefit obligations as of December 31, 2020 changes in accordance with the following sensitivity analysis:

Change in present value of defined benefit obligations as of December 31, 2020 (in EUR thousand)	Germany		India		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Interest rate (1.00% change)	-99	100	-	-	-99	100
Pension trend (0.25% change)	2	-1	-	-	2	-1

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Defined contribution plans

Contributions for life insurance covering defined benefit pension plans limited to the amount of the life insurance policies amount to EUR 21 thousand in the fiscal year (previous year: EUR 21 thousand). Furthermore, employer contributions for further defined contribution plans of EUR 1,490 thousand were paid in the fiscal year (previous year: EUR 1,344 thousand). EUR 237 thousand (previous year: EUR 212 thousand) of the total amount of EUR 1,511 thousand (previous year: EUR 1,365 thousand) relates to continuing operations and EUR 1,274 thousand (previous year: EUR 1,153 thousand) to discontinued operations.

There is a company pension with Höchster Pensionskasse VvaG for seven beneficiaries for the employees of GES taken on in conjunction with an asset deal as of January 1, 2020. The pension scheme grants these employees a guaranteed minimum return for which the acquirer Nagarro ES GmbH, Kronberg, is ultimately liable in accordance with the German Company Pensions Act. As Höchster Pensionskasse VVaG is a multi-employer defined benefit plan and Allgeier is not entitled to all the information required for accounting as a defined benefit plan, this plan is accounted for as a defined contribution plan. There were no expenses for additional funding obligations in fiscal 2020 as the employees taken on have not yet retired.

All defined contribution plans relate to employees of the spun-off Nagarro.

22. Other financial liabilities

Other financial liabilities break down as follows:

Other financial liabilities (in EUR thousand)			Dec. 31, 2020			Dec. 31, 2019
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Vacation obligations	3,492	0	3,492	9,180	1,011	8,169
Originally variable purchase price liabilities from acquisitions for which the actual amount is now known	3,185	0	3,185	13,988	0	13,988
Liabilities from wages and salaries	3,152	0	3,152	11,119	0	11,119
Outstanding incoming invoices	2,873	0	2,873	5,301	0	5,301
Variable purchase price liabilities from acquisitions for which the actual amount is not yet known	2,577	2,427	150	10,732	10,732	0
Profit transfer from profit shares of non-controlling shareholders of mgm tp Munich	1,029	0	1,029	1,038	0	1,038
Working time accounts	862	0	862	1,147	0	1,147
Fixed purchase price of SCUDOS acquired in June 2020	200	200	0	0	0	0
Customers with credit balances	170	0	170	256	0	256
Social security liabilities	123	0	123	4,043	0	4,043
Derivative financial instruments	0	0	0	404	0	404
Other	438	0	438	1,692	1,114	578
	18,101	2,627	15,474	58,900	12,857	46,043

Obligations arising from vacation days not yet taken and granted to employees of Allgeier companies as of the end of the reporting period are recognized as vacation obligations. Expenditure per vacation day is calculated according to the individual average salary (not including one-time payments) of the employees in the fiscal year, including social security contributions. Entitlement to vacation days for the subsequent year already taken are neither capitalized nor offset in provisions.

Variable purchase price liabilities from acquisitions where the actual amount is not yet known are dependent on the future achievement of conditions. These liabilities were measured on the basis of the expected future payments, the budget planning of the companies and the agreements entered into between the parties. If it emerges at a future date that the contingent purchase price components are higher or lower or no longer apply at all, the differences resulting from the adjustments to the purchase price liabilities are recognized as expenses or income in the consolidated statement of comprehensive income. The non-current purchase price liabilities were carried at the present value of the expected future payments. Market interest rates published by the Bundesbank were used as interest rates. Depending on the maturities, interest rates of between 0.44 percent (previous year: 0.58 percent) and 0.55 percent (previous year: 0.72 percent) were assumed for the measurement of liabilities as of December 31, 2020. The non-current purchase price liabilities of EUR 2,427 thousand (previous year: EUR 10,732 thousand) are based on a total nominal value of EUR 2,650 thousand (previous year: EUR 10,824 thousand). Other non-current financial liabilities have terms of between one and five years.

Invoices for goods and services received in the fiscal year that have not yet been received by the end of the year are expensed.

The working time accounts show the obligations from time balances of the working time accounts of the employees of the Group companies. The time accounts are measured at the individual average salaries of the employees, including social costs, not including vacation, sick leave, public holidays or one-off payments.

23. Other provisions

Other provisions break down as follows:

Other provisions (in EUR thousand)

			Dec. 31, 2020			Dec. 31, 2019
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Royalties and bonuses	9,341	0	9,341	16,948	0	16,948
Preparation and audit of annual financial statements	936	0	936	1,596	0	1,596
Restructuring, severance pay	695	0	695	824	0	824
Contributions to occupational health and safety agency	608	0	608	814	0	814
Retention	370	308	62	401	334	67
Warranties	261	0	261	221	0	221
Disability levy	136	0	136	235	0	235
Other	2,630	0	2,630	1,832	236	1,595
	14,977	**308**	**14,669**	**22,871**	**571**	**22,300**

Other provisions developed as follows in fiscal 2020:

Other provisions (in EUR thousand)

	As of Dec. 31, 2019	Addition to consolidated group	Utilization	Unused amounts reversed	Arising during the year	Discount rate adjustment	Currency effects	Disposal from consolidated group	As of Dec. 31, 2020
Royalties and bonuses	16,948	231	-15,312	-627	19,868	0	-287	-11,480	9,341
Preparation and audit of annual financial statements	1,596	21	-1,341	-156	1,678	0	-13	-849	936
Restructuring, severance pay	824	0	-462	-61	444	0	0	-50	695
Contributions to occupational health and safety agency	814	9	-829	-3	765	0	0	-148	608
Retention	401	4	-2	-18	16	0	0	-31	370
Warranties	221	59	-69	0	50	0	0	0	261
Disability levy	235	0	-222	-8	206	0	0	-75	136
Other	1,832	0	-1,124	-79	3,926	0	-82	-1,843	2,630
	22,871	**324**	**-19,361**	**-952**	**26,953**	**0**	**-382**	**-14,476**	**14,977**

The provisions for royalties and bonuses are recognized for agreed performance-based remuneration components for management and the employees of the Allgeier companies.

The provisions for financial statement costs include external and internal costs expected to be incurred in conjunction with the preparation and audit of the annual financial statements and the consolidated financial statements and the preparation of tax returns. Internal expenses include the direct costs for the Group's own personnel plus social security contributions. This provision also includes pro rata legal and consulting fees expected to be incurred in conjunction with future audits.

The retention provision covers the cost for statutory retention requirements. It is calculated based on renting storage space for a 10-year retention period with discounting on the basis of an average market interest rate for the last seven years.

The provision for severance payments includes severance payments and continued salary payments for employees who have left the company.

Warranties include provisions for individually recognized warranty claims.

The provisions added to the consolidated group in foreign currency were translated at average annual exchange rates in the statement of changes in provisions.

24. Other liabilities

Other liabilities break down as follows:

Other liabilities (in EUR thousand)	Dec. 31, 2020	Dec. 31, 2019
VAT liabilities	6,419	5,632
Other	0	22
	6,419	5,654

25. Financial instruments

Fair values

The carrying amounts and fair values of financial instruments are classified by statement of financial position items, measurement categories, classes and hierarchy levels as follows:

Carrying amounts and market values of financial instruments (in EUR thousand)

					Carrying amounts				Fair values
December 31, 2020	Hedging instruments	At fair value	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:									
Other financial assets	0	3,241	0	0	3,241	0	3,241	0	3,241
	0	3,241	0	0	3,241	0	3,241	0	3,241
Financial assets at amortized cost:									
Trade receivables	0	0	48,029	0	48,029				48,029
Other financial assets	0	0	2,845	0	2,845				2,845
Cash and cash equivalents	0	0	60,803	0	60,803				60,803
	0	0	111,677	0	111,677				111,677
Financial assets	0	3,241	111,677	0	114,918				114,918
Financial liabilities at fair value through profit or loss:									
Contingent purchase price liabilities	0	5,762	0	0	5,762	0	0	5,762	5,762
	0	5,762	0	0	5,762	0	0	5,762	5,762
Financial liabilities at amortized cost:									
Financial liabilities	0	0	0	28,604	28,604				28,604
Trade payables	0	0	0	22,066	22,066				22,066
Leases	0	0	0	31,014	31,014				31,014
Other financial liabilities	0	0	0	12,339	12,339				12,339
	0	0	0	94,023	94,023				94,023
Financial liabilities	0	5,762	0	94,023	99,785				99,785

Notes to the Consolidated Financial Statements ALLGEIER

Carrying amounts and market values of financial instruments
(in EUR thousand)

						Carrying amounts				Fair values
December 31, 2019	Hedging instruments	At fair value		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:										
Currency forwards	455	0		0	0	455	0	455	0	455
Other financial assets	0	2,495		0	0	2,495	0	2,495	0	2,495
	455	**2,495**		**0**	**0**	**2,950**	**0**	**2,950**	**0**	**2,950**
Financial assets at amortized cost:										
Trade receivables	0	0		134,078	0	134,078				134,078
Other financial assets	0	0		6,648	0	6,648				6,648
Cash and cash equivalents	0	0		97,387	0	97,387				97,387
	0	**0**		**238,113**	**0**	**238,113**				**238,113**
Financial assets	**455**	**2,495**		**238,113**	**0**	**241,063**				**241,063**
Financial liabilities at fair value through profit or loss:										
Contingent purchase price liabilities	0	24,721		0	0	24,721	0	0	24,721	24,721
Currency forwards	404	0		0	0	404	0	404	0	404
	404	**24,721**		**0**	**0**	**25,125**	**0**	**404**	**24,721**	**25,125**
Financial liabilities at amortized cost:										
Financial liabilities	0	0		0	164,933	164,933				164,933
Trade payables	0	0		0	35,557	35,557				35,557
Leases	0	0		0	96,966	96,966				96,966
Other financial liabilities	0	0		0	33,775	33,775				33,775
	0	**0**		**0**	**331,231**	**331,231**				**331,231**
Financial liabilities	**404**	**24,721**		**0**	**331,231**	**356,356**				**356,356**

As far as possible, the Allgeier Group uses prices observable on the market to determine the fair value of assets and liabilities. Depending on the inputs used, fair values are assigned to different levels of the fair value hierarchy:

Level 1: Prices for identical assets and liabilities available on active markets are used.

Level 2: Other measurement factors that can be observed directly or indirectly or that can be derived from market prices are used for assets and liabilities.

Level 3: Measurement factors that are not based on observable market data are used.

There were no reclassifications between the measurement categories and hierarchy levels as against the previous year.

The development of financial instruments assigned to Level 3 is as follows:

Development of contingent purchase price liabilities measured at fair value (in EUR thousand)	
As of January 1, 2019	28,642
Additions	2,446
Fair value changes recognized as expense through profit or loss	1,839
Fair value changes recognized as income through profit or loss	-7,143
Disposals due to payments	-2,045
Interest effect	502
Currency differences	480
As of December 31, 2019	24,721
Additions	7,079
Purchase price adjustments from the acquisition of Objectiva recognized as an expense in profit or loss	458
Purchase price adjustments from the acquisition of secion recognized as income in profit or loss	-67
Earn-outs dependent on Human Resources criteria recognized as an expense in profit or loss	554
Disposals due to payments	-18,992
Interest effect	64
Foreign currency changes in profit or loss	-978
Foreign currency changes in other comprehensive income	-124
Disposals due to spin-off of Nagarro	-6,953
As of December 31, 2020	5,762

Contingent purchase price liabilities are measured on the basis of the companies' planning. The criteria agreed in the purchase agreements for achieving the contingent purchase prices are compared against planning and the fair value of the contingent purchase price liabilities is determined on this basis. The Allgeier Group assumes that planning will be achieved or surpassed, and has therefore shown the maximum purchase prices possible.

For the fair values of contingent consideration, a change in inputs, with other inputs remaining the same, has the following effects:

Sensitivity of inputs to fair value (in EUR thousand)		
		Profit or loss
	Increase	Decrease
Change in earn-outs agreed with the sellers of eForce on non-achievement of revenue targets by 10%	0	1,250
Shortfall in revenue of 10% as against the same quarter of the previous year for SCUDOS' two highest-revenue clients	0	50
Shortfall in revenue of 10% as against targets from SCUDOS software	0	50
Shortfall in EBIT at AURELO of 10% as against targets for 2021 and 2022	0	110
Change in the discount rate of 1%	50	-26

Net gains and losses on financial instruments

The net gains and losses on financial instruments break down as follows:

Net gains and losses on financial instruments (in EUR thousand)

					2020					2019
	Other operating income	Other operating expenses*	Finance income	Financial expenses	Total	Other operating income	Other operating expenses*	Finance income	Financial expenses	Total
Total										
Cash	0	0	262	0	262	0	0	119	0	119
Loans and receivables	1,570	-3,568	0	0	-1,998	1,385	-2,753	27	0	-1,341
of which impairment	0	-1,094	0	0	-1,094	0	-1,649	0	0	-1,649
Other financial assets	0	0	546	0	546	0	0	621	0	621
Factoring	0	0	0	-200	-200	0	0	0	-206	-206
Derivative financial instruments	0	-312	0	0	-312	0	-656	0	0	-656
Securities	0	0	0	0	0	0	0	0	0	0
Leases	0	0	0	-3,052	-3,052	0	0	0	-3,335	-3,335
Financial liabilities at fair value	67	-458	0	-64	-455	7,143	-1,840	0	-502	4,801
Other liabilities	0	-1,979	0	-2,956	-4,935	0	-1,114	0	-3,370	-4,484
Total net gain/loss on financial instruments	**1,637**	**-6,317**	**808**	**-6,272**	**-10,144**	**8,528**	**-6,363**	**767**	**-7,413**	**-4,481**
Discontinued operations										
Cash	0	0	246	0	246	0	0	107	0	107
Loans and receivables	853	-2,021	0	0	-1,168	201	-986	0	0	-785
of which impairment	0	-38	0	0	-38	0	-984	0	0	-984
Other financial assets	0	0	0	0	0	0	0	0	0	0
Factoring	0	0	0	-118	-118	0	0	0	-60	-60
Derivative financial instruments	0	-312	0	0	-312	0	-656	0	0	-656
Securities	0	0	0	0	0	0	0	0	0	0
Leases	0	0	0	-2,121	-2,121	0	0	0	-2,702	-2,702
Financial liabilities at fair value	0	-383	0	21	-362	7,143	-223	0	-490	6,430
Other liabilities	0	0	0	-113	-113	0	0	0	-132	-132
Total net gain/loss on financial instruments	**853**	**-2,716**	**246**	**-2,331**	**-3,948**	**7,344**	**-1,865**	**107**	**-3,384**	**2,202**
Continuing operations										
Cash	0	0	16	0	16	0	0	12	0	12
Loans and receivables	717	-1,547	0	0	-830	1,184	-1,767	27	0	-556
of which impairment	0	-1,056	0	0	-1,056	0	-665	0	0	-665
Other financial assets	0	0	546	0	546	0	0	621	0	621
Factoring	0	0	0	-82	-82	0	0	0	-146	-146
Derivative financial instruments	0	0	0	0	0	0	0	0	0	0
Securities	0	0	0	0	0	0	0	0	0	0
Leases	0	0	0	-931	-931	0	0	0	-633	-633
Financial liabilities at fair value	67	-75	0	-85	-93	0	-1,617	0	-12	-1,629
Other liabilities	0	-1,979	0	-2,843	-4,822	0	-1,114	0	-3,238	-4,352
Total net gain/loss on financial instruments	**784**	**-3,601**	**562**	**-3,941**	**-6,196**	**1,184**	**-4,498**	**660**	**-4,029**	**-6,683**

* including impairment on trade receivables

C. NOTES TO THE CONSOLIDATED INCOME STATEMENT

The consolidated statement of comprehensive income includes the results of the newly acquired subsidiaries pro rata temporis from the initial consolidation date.

26. Revenue

For customer contracts whose original duration was at least one year, revenue is/was anticipated from performance obligations yet to be fulfilled as shown in the table below:

Expected revenue from outstanding performance obligations with an original contact period > 1 year (in EUR thousand)					
as of	Total	2020	2021	2022	2023
December 31, 2020	12,472	-	7,982	3,360	1,130
December 31, 2019	46,462	18,630	10,764	9,376	7,692

Revenue relates to services performed over time, the amount of which is determined annually and can be clearly derived from the contractual agreements, and to customer-specific orders (contracts for work and services) scheduled to be completed in the following year, the amount of which is derived from the outstanding, firmly agreed order values in accordance with the updated order planning.

Revenue breaks down as follows:

Revenue (in EUR thousand)						
		Total	Discontinued operations		Continuing operations	
	2020	2019	2020	2019	2020	2019
Revenue with third parties	763,780	784,080	406,476	399,305	357,304	384,775
Consolidation of intercompany revenue	0	0	5,684	6,413	-5,684	-6,413
Revenue from operating leases	67	129	0	0	67	129
	763,847	784,209	412,159	405,718	351,688	378,491

27. Other operating income

Other operating income breaks down as follows:

Other operating income (in EUR thousand)						
		Total	Discontinued operations		Continuing operations	
	2019	2018	2019	2018	2019	2018
Income from currency translation	6,371	3,708	5,935	3,619	436	89
Negative goodwill	1,581	0	1,581	0	0	0
Bad debt allowances	1,387	1,255	707	111	680	1,144
Reversal of provisions	952	570	135	298	817	272
Recoveries on loans previously written off	183	130	7	0	176	130
Reversals of liabilities from acquisitions	67	7,144	0	7,144	67	0
Other	4,512	2,394	3,176	1,662	1,335	732
	15,053	15,201	11,541	12,834	3,511	2,367

28. Cost of materials

The cost of materials breaks down as follows:

Cost of materials (in EUR thousand)						
		Total	Discontinued operations		Continuing operations	
	2020	2019	2020	2019	2020	2019
Raw materials and supplies	22,106	19,443	9,175	7,977	12,931	11,466
Consolidation of intercompany costs of materials	0	0	1,321	2,743	-1,321	-2,743
Purchased services	172,508	200,854	37,117	38,536	135,391	162,318
	194,614	220,297	47,613	49,256	147,001	171,041

Purchased services include external employees and subcontractors engaged on a project basis.

29. Staff costs

Staff costs break down as follows:

Staff costs (in EUR thousand)						
		Total	Discontinued operations		Continuing operations	
	2020	2019	2020	2019	2020	2019
Salaries and wages	350,226	356,185	225,188	222,386	125,038	133,799
Social security expenses	44,788	47,579	21,794	22,598	22,994	24,981
Royalties and bonuses	29,042	29,518	16,085	14,064	12,957	15,454
Taxation of employee remuneration in kind	-3,271	-3,460	-1,559	-1,428	-1,712	-2,032
	420,785	429,822	261,508	257,620	159,277	172,202

The number of employees in the Allgeier Group by area of activity is as follows:

Headcount in the Allgeier Group (in EUR thousand)						
		Total	Discontinued operations		Continuing operations	
	2020	2019	2020	2019	2020	2019
Average:						
Working on customer orders	9,475	8,609	7,681	6,627	1,794	1,982
Working in other areas	1,467	1,515	857	809	610	706
	10,942	10,124	8,538	7,436	2,404	2,688
End of reporting period:						
Working on customer orders	9,536	9,150	7,759	7,294	1,777	1,856
Working in other areas	1,450	1,439	861	811	589	628
	10,986	10,589	8,620	8,105	2,366	2,484

The average values were calculated on the basis of the number of employees on March 31, June 30, September 30 and December 31. The number of salaried employees includes members of the Management Board, managing directors and trainees.

Share-based remuneration program

The stock option plans of the Allgeier Group aim to provide additional motivation for executives in the form of long-term remuneration components. As the basis for the authorization to issue option rights to purchase one no-par share of Allgeier SE, the share capital was contingently increased by EUR 1.00 per option right.

The originally issued stock options and the authorizations granted to the Management Board and the Supervisory Board to issue stock options are as follows:

Stock option plans	Contingent capital at issue	Options issued	Issue date
2010 stock option plan	EUR 460,000 thousand	460,000	November 19, 2012
2014 stock option plan	EUR 140,000 thousand	140,000	November 29, 2017
2018 stock option plan	EUR 340,000 thousand	0	possible until June 28, 2023

According to the conditions of the two stock option plans, the exercise price of the previously issued options corresponds to a premium of 10 percent on the average share price over the last five days before the options were granted. The options granted can be exercised no sooner than four years after they were issued (vesting period). The periods for exercising options thereafter is typically limited to a period of two weeks after the Annual General Meeting and after the publication of annual, semi-annual and quarterly figures. In addition, at the time of the declaration of the subscription of shares, the option terms and conditions include a cap that limits the maximum number of options exercised per beneficiary to an exercise gain (average share price of the last five trading days less exercise price) of EUR 1.0 million per calendar year. To prevent dilution effects, the exercise price is also adjusted in the event of capital changes and distributions that exceed earnings per share (not including the disposal of companies). The option rights expire ten years after they are issued/granted. The 2014 stock option plan contains a minimum share price as an additional performance target for exercising the options.

The measurement of the option tranche granted was implemented on the basis of an option pricing model in accordance with the regulations of IFRS 2. A multi-stage binomial model (Cox-Ross-Rubinstein model) was used to determine the expense over the entire vesting period. The expected volatility corresponds to the annualized historical standard deviation of the ongoing interest-bearing share return. Volatility estimates are based on a statistical analysis of the share prices, taking into account dividend payments over an average expected exercise period of seven years for the options. Future expected dividend payments were also incorporated in the measurement model.

When the spin-off of the Nagarro Group became effective as of December 16, 2020, the 2010 and 2014 stock option plans were transferred pro rata to Allgeier SE and Nagarro SE in accordance with the spin-off agreement (modification of terms of stock options). For the programs already issued by Allgeier SE, with the number of options unchanged, there was a change in the form of a reduction of the option parameters of exercise price, cap and – for the 2014 program – the minimum share price. The reduction was in the proportion of the 30-day average of Allgeier SE's share price to the total of the 30-day average prices of Allgeier SE and Nagarro SE. Furthermore, in accordance with the spin-off agreement, Nagarro SE has an obligation to issue the same number of options to the same beneficiaries (SOP I/2020), from May 2021 at the earliest, with an exercise price reflecting the proportion of the 30-day average of Nagarro SE's share price to the total of the 30-day average prices of Allgeier SE and Nagarro SE. A comparison of the valuation of the two 2010 and 2014 option plans as of December 16, 2020 over the remaining term, the old Allgeier SE plans immediately before the spin-off and the new Allgeier and Nagarro plans immediately after spin-off, resulted in an increase in their value. This increase was recognized as an addition to staff costs for the 2010 plan immediately on December 16, 2020 and, for the 2014 plan, over the remaining vesting period until November 29, 2027.

For the stock options issued on November 19, 2012 (2010 stock option plan), the following valuation parameters were used in addition to a share price of EUR 9.78 on the date the options were granted:

Parameters of binomial model	Dec. 31, 2020	Dec. 31, 2019	Issue date
Exercise price per share	EUR 9.46	EUR 9.51	EUR 10.89
Expected share price volatility	41.16%	41.16%	41.16%
Risk-free interest rate	1.30%	1.30%	1.30%

The distributions resolved by the Annual General Meetings in the 2013 to 2019 fiscal years each resulted in adjustments of the exercise price. The values of the option rights issued under the 2010 stock option plan were updated with the new exercise price in each case, but otherwise using the same parameters as previously used on the issue date. The distribution in fiscal 2020 did not result in any adjustment of the exercise price. This gave rise to staff costs of EUR 0 thousand in fiscal 2020 (previous year: EUR 6 thousand). The modification of the terms of the 2010 plan as of December 16, 2020 as a result of spinning off the Nagarro Group increased the total value of the plan by EUR 102 thousand (of which in continuing operations: EUR 20 thousand). This was also calculated using analogous binomial models adjusted in line with the new terms and conditions (e.g. remaining term). After the spin-off became effective, which significantly reduced the size of the Allgeier Group, the legally relevant exercise price for Allgeier's 2010 stock option plan, i.e. the price to be paid by the beneficiaries at a later date, was reduced to EUR 1.85 per stock option (the remainder of EUR 7.61 from the previous exercise price of EUR 9.46 is transferred as the exercise price for the corresponding option plan of Nagarro SE).

For the stock options issued on November 29, 2017 (2014 stock option plan), the following valuation parameters were used in addition to a share price of EUR 22.58 on the date the options were granted:

Parameters of binomial model	Dec. 31, 2020	Dec. 31, 2019	Issue date
Exercise price per share	EUR 24.17	EUR 24.17	EUR 24.42
Expected share price volatility	29.12%	29.12%	29.12%
Risk-free interest rate	0.49%	0.49%	0.49%

The distributions resolved by the Annual General Meetings in fiscal 2018 and fiscal 2019 resulted in an adjustment of the exercise price. The value was updated with the new exercise price, but otherwise using the same parameters as previously used on the issue date. The distribution in fiscal 2020 did not result in any adjustment of the exercise price. The total expense of the stock option rights issued under the 2014 stock option plan immediately before the spin-off amounts to EUR 824 thousand (previous year: EUR 824 thousand). The modification of the terms of the 2014 plan as of December 16, 2020 as a result of spinning off the Nagarro Group increased the total value of the plan by EUR 1,683 thousand (of which in continuing operations: EUR 348 thousand). This was also calculated using the previously used binomial models and binomial models adjusted in line with the new terms and conditions (e.g. remaining term). Including the non-linear distribution of the original total expense over the four-year vesting period, staff costs amount to EUR 1,899 thousand in fiscal 2020 (previous year: EUR 216 thousand). After the spin-off became effective, the legally relevant exercise price for Allgeier's 2014 stock option plan was reduced to EUR 4.72 per option (pro rata transfer of the exercise price for the corresponding option plan of Nagarro SE).

The outstanding stock option rights and contingent capital developed as follows:

Number of stock options		2010 stock option plan		2014 stock option plan
	2020	2019	2020	2019
As of January 1	147,513	350,000	140,000	140,000
Options granted	0	0	0	0
Options exercised	-93,513	-202,487	0	0
Options expired	0	0	0	0
As of December 31	54,000	147,513	140,000	140,000

The weighted average share price on the exercise date was EUR 55.76 for the stock options exercised in fiscal 2020 (previous year: EUR 25.63).

The stock option rights still outstanding under the 2010 stock option plan as of December 31, 2020 expire on November 19, 2022 and the stock option rights outstanding under the 2014 stock option plan expire on November 29, 2027. To date, no stock option rights have been issued under the 2018 stock option plan comprising up to 340,000 option rights.

30. Other operating expenses

Other operating expenses break down as follows:

Other operating expenses (in EUR thousand)		Total		Discontinued operations		Continuing operations
	2020	2019	2020	2019	2020	2019
Costs of spin-off	10,288	0	10,288	0	0	0
IT costs	6,962	6,125	5,032	4,102	1,930	2,023
Travel expenses	6,183	16,882	4,820	12,677	1,363	4,205
Exchange losses on the reclassification of equity components recognized in equity	5,636	0	5,636	0	0	0
Land and building costs	5,147	6,089	2,279	3,463	2,868	2,626
Exchange losses on payment transactions and translation at the end of the reporting period	4,606	1,645	4,332	1,463	274	182
Other staff costs	4,461	5,737	2,717	3,109	1,744	2,628
Vehicle costs	4,170	7,491	2,577	5,074	1,593	2,417
Communication expenses	3,385	3,444	1,909	1,811	1,476	1,633
Legal and consulting fees	3,247	3,242	1,228	1,144	2.019	2,098
Services	3,015	3,584	1,798	2,235	1,217	1,349
Insurance, contributions	2,657	2,571	1,532	1,406	1,125	1,165
Maintenance	2,638	1,968	2,409	1,678	229	290
Advertising expenses	2,203	4,497	1,128	2,720	1,075	1,777
Finance charges	1,979	1,114	0	0	1,979	1,114
Costs for the annual financial statements	1,586	1,574	818	652	768	922
Direct selling expenses	1,152	1,147	502	471	650	676
Office supplies	864	1,171	601	726	263	445
Supervisory Board remuneration	777	736	44	0	733	736
Entertainment expenses	496	1,262	358	892	138	370
Expenses for currency forwards	312	656	312	656	0	0
Expenses from acquisition activities	200	308	117	173	83	135
Consolidation of intercompany services	0	0	1,219	1,809	-1,219	-1,809
Other	11,391	7,798	6,745	4,292	4,647	3,506
	83,355	79,041	58,401	50,553	24,955	28,488

The costs of the spin-off borne by Allgeier SE in continuing operations were posted to the result of spun-off business and are therefore not shown in the other operating expenses of continuing operations.

Other operating expenses include fees for the auditor of these consolidated financial statements as of December 31, 2020 as follows:

Auditor's fees (in EUR thousand)		Total		Discontinued operations		Continuing operations
	2020	2019	2020	2019	2020	2019
Audits of financial statements	567	596	287	107	280	489
Tax advisory services	181	88	27	2	154	86
Other services	97	112	10	0	87	112
Other assurance or valuation services	414	17	407	0	7	17
	1,259	813	731	109	528	704

31. Depreciation, amortization and impairment

Depreciation, amortization and impairment break down as follows:

Depreciation, amortization and impairment (in EUR thousand)		Total		Discontinued operations		Continuing operations
	2020	2019	2020	2019	2020	2019
Depreciation and amortization:						
Right-of-use assets from leases	21,985	19,441	14,376	13,483	7,609	5,958
Other fixed assets and office equipment	4,740	5,268	1,880	2,169	2,860	3,099
Acquired customer relationships and customer lists	3,205	3,556	2,422	2,535	783	1,021
Internally generated intangible assets	2,150	1,577	388	370	1,762	1,207
Acquired software, licenses and rights	1,567	1,034	881	170	686	864
Acquired marketable products	1,245	400	916	247	329	153
Acquired order backlogs	206	541	0	237	206	304
Land and buildings	125	191	84	149	41	42
Acquired websites	7	3	0	0	7	3
	35,230	32,011	20,947	19,361	14,283	12,651
Impairment:						
Right-of-use assets from leases	1,328	388	0	0	1,328	388
Internally generated developments	667	0	0	0	667	0
Goodwill	19	0	0	0	19	0
Other intangible assets	0	57	0	30	0	27
	2,014	445	0	30	2,014	415
	37,244	32,456	20,947	19,391	16,297	13,066

32. Finance income

Finance income breaks down as follows:

Finance income (in EUR thousand)		Total	Discontinued operations		Continuing operations	
	2020	2019	2020	2019	2020	2019
Income from Speedinvest shares	546	621	0	0	546	621
Interest income on bank balances	262	119	246	107	16	12
Interest income from investments accounted for using the equity method	39	0	0	0	39	0
Interest income from vendor loans	0	27	0	0	0	27
Consolidation of interest income	0	0	94	60	-94	-60
Other finance income	199	53	138	45	61	8
	1,046	820	478	212	568	608

33. Financial expenses

Finance costs break down as follows:

Financial expenses (in EUR thousand)		Total	Discontinued operations		Continuing operations	
	2020	2019	2020	2019	2020	2019
Interest on bank loans and borrower's note loans	2,957	3,370	129	132	2,828	3,238
Factoring interest	200	206	126	60	74	146
Interest on finance leases	3,052	3,335	2,242	2,702	810	633
Interest on non-current liabilities from acquisitions	64	502	0	489	64	13
Interest portion of additions to pension provisions	10	14	0	0	10	14
Consolidation of interest expenses	0	0	4,460	2,082	-4,460	-2,082
Other interest expenses	368	56	239	53	129	3
	6,651	7,483	7,196	5,518	-545	1,966

The interest on bank loans and borrower's note loans is combined in the table.

34. Net income from investments accounted for using the equity method

The net income from investments accounted for using the equity method breaks down as follows:

Investments accounted for using the equity method (in EUR thousand)			Discontinued operations		Continuing operations	
	2020	2019	2020	2019	2020	2019
Pro rata annual result of Talentry	-396	-1,110	-396	-1,110	0	0
Goodwill impairment due to write-down to fair value	-2,710	0	-2,710	0	0	0
	-3,106	-1,110	-3,106	-1,110	0	0

35. Net income taxes

The income tax expense breaks down as follows:

Income tax expense (in EUR thousand)		Total	Discontinued operations		Continuing operations	
	2020	2019	2020	2019	2020	2019
Current tax result	18,919	13,274	10,547	10,790	8,372	2,484
Deferred tax result	428	-1,816	1,680	-4,041	-1,252	2,225
	19,347	11,458	12,227	6,749	7,119	4,709

Income taxes are calculated on the basis of the applicable or expected tax rates of the countries and municipalities in which the Group companies are domiciled. In the following tax reconciliation, the expected income tax result is reconciled to the actual tax result. The expected tax result is based on a Group tax rate of 30 percent.

Tax reconciliation (in EUR thousand)

	Total		Discontinued operations		Continuing operations	
	2020	2019	2020	2019	2020	2019
Earnings before income taxes	31,882	29,842	23,709	35,237	8,173	-5,395
Group tax rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Expected income tax result	**-9,565**	**-8,953**	**-7,113**	**-10,571**	**-2,452**	**1,618**
Reversal of impairment on deferred tax assets	1,594	3,055	1,594	3,055	0	0
Deviations due to tax rates	1,464	901	1,446	917	18	-16
Tax-free subsidiaries	997	790	997	790	0	0
Use of loss carryforwards for which deferred tax assets were not recognized	892	297	885	258	7	39
Income from the reversal of negative goodwill	474	0	474	0	0	0
Other tax-free income	319	66	79	4	240	62
Effect of IFRS 16	164	-196	89	-239	75	43
Changes in tax rates	0	-542	0	-544	0	2
Subsequent taxation of spin-off gains	0	-800	0	0	0	-800
Impairment of goodwill	-5	0	0	0	-5	0
Intragroup distributions	-13	-113	0	0	-13	-113
Adjustment of earn-out liabilities	-21	1,262	5	1,751	-26	-489
Incidental acquisition costs not deductible for tax purposes	-29	-55	-14	0	-15	-55
Measurement under the equity method	-119	-333	-119	-333	0	0
Expenses for share-based payment transactions (stock options)	-139	-67	0	0	-139	-67
Prior-period taxes	-409	-347	-409	-337	0	-10
Effect of IFRS 5	-995	0	-995	0	0	0
Write-downs of deferred tax assets	-1,738	-1,980	-1,150	-44	-588	-1,936
Effects of disposal of the Nagarro Group (reclassification of cumulative OCI and currency effects to profit or loss)	-1,793	0	-1,793	0	0	0
Tax effect of other non-deductible expenses	-1,843	-916	-774	-420	-1,069	-496
Non-deductible costs from the spin-off of Nagarro	-2,193	0	-2,193	0	0	0
Intragroup restructuring	-2,724	-876	-19	0	-2,705	-876
Losses for which deferred tax assets were not recognized	-3,641	-2,654	-3,150	-1,053	-491	-1,601
Other deviations	-24	3	-69	16	44	-14
Current income tax result	**-19,347**	**-11,458**	**-12,227**	**-6,749**	**-7,119**	**-4,709**
	60.7%	**38.4%**	**51.6%**	**19.2%**	**87.1%**	**-87.3%**

No income taxes were incurred on the result of the spin-off of Nagarro or, in the previous year, the disposal of Allgeier Engineering Czech s.r.o.

36. Earnings per share

The continuing operations of the Allgeier Group generated basic earnings per share of EUR 0.00 in fiscal 2020 (previous year: EUR -0.83). The earnings per share of the Group as a whole are influenced by the costs of the spin-off and amount to EUR -0.03 (previous year: EUR 1.44). Adjusted for the effects of the spin-off, earnings per share in fiscal 2020 amount to EUR 1.95 (previous year: EUR 1.44) for the Group as a whole and EUR 1.95 (previous year: EUR 2.27) for discontinued operations.

Earnings per share are calculated by dividing the profit for the period attributable to the shareholders of the parent company by the average number of shares outstanding of 11,229,719 (previous year: 10,529,961).

Earnings per share before and after the spin-off are derived as follows:

Earnings per share (in EUR thousand)

	Total		Discontinued operations		Continuing operations	
	2020	2019	2020	2019	2020	2019
Shares outstanding of Allgeier SE (average for year)	11,229,719	10,529,961	11,229,719	10,529,961	11,229,719	10,529,961
Profit or loss attributable to the shareholders of Allgeier SE:						
Profit or loss after spin-off	-356	15,133	-349	23,900	-7	-8,767
Result from spin-off	-6,205	0	-6,205	0	0	0
Other comprehensive income reclassified to profit or loss (net of tax)	-6,861	0	-6,861	0	0	0
of which attributable to non-controlling interests	1,109	0	1,109	0	0	0
Direct costs of the spin-off of Nagarro SE	10,288	0	10,288	0	0	0
Profit or loss before spin-off	**21,889**	**15,133**	**21,896**	**23,900**	**-7**	**-8,767**
Earnings per share in EUR:						
Working on customer orders	-0.03	1.44	-0.03	2.27	0.00	-0.83
Working in other areas	1.95	1.44	1.95	2.27	0.00	-0.83

The diluted earnings per share of the Allgeier Group amount to EUR -0.03 (previous year: EUR 1.41). EUR -0.03 (previous year: EUR 2.23) of diluted earnings per share relates to discontinued operations and EUR 0.00 (previous year: EUR -0.82) to continuing operations. Diluted earnings per share are calculated based on the assumption that all outstanding option rights will be exercised (maximum dilution potential). In addition to the exercise of the options, receipt of the exercise prices to be paid in the event of notional exercise is also assumed. The cash amount payable on exercise of the option is compared to the value of the shares granted for this purpose at the average annual price of EUR 42.43 (previous year: EUR 25.04). Dilution occurs if the value of the 54,000 shares not yet exercised under the 2010 stock option plan exceeds the value of the consideration (exercise price) of EUR 9.46 and the value of the 140,000 shares granted under the 2014 stock option plan in fiscal 2017 exceeds the value of the consideration (exercise price) of EUR 24.17 per share. This is calculated on the basis of the issue of 102,208 bonus shares (previous year: 199,697 shares).

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The number of shares breaks down as follows:

Number of shares	Dec. 31, 2020	Dec. 31, 2019
Shares outstanding	11,382,513	11,183,649
Treasury shares	0	105,351
	11,382,513	11,289,000

The Supervisory Board and the Management Board consider the continuity of dividend payments to be a key objective. The dividend typically amounted to EUR 0.50 from 2009 to 2020. Moving forward, dividends will be paid again if possible. Dividends must be seen in the context of all the company's objectives and, in particular, sustainable corporate development must be appropriately taken into account. Legally, the distribution of a divided is linked to sufficient earnings by Allgeier SE in accordance with German commercial law. The Supervisory Board and Management Board will examine the extent to which the spin-off of Nagarro will affect the dividend policy of future fiscal years. Finally, all proposals for the appropriation of profits by the Management Board and the Supervisory Board require the approval of the Annual General Meeting.

D. SEGMENT REPORTING

The Allgeier Group revised its segment reporting in line with its amended structure in fiscal 2020 and now reports on the Enterprise IT and mgm technology partners segments. Following the spin-off of Nagarro in December 2020, these segments are the two new operating business units of the Allgeier Group. As compared to the segment structure in the 2019 annual report, the Enterprise IT segment consists of the former Enterprise Services segment (not including the Group's SAP business spun off with Nagarro), Experts and New Business Areas. In the previous year, the mgm technology partners segment was part of the Technology segment with the spun-off Nagarro. The decision-makers of the Allgeier Group were reported to using the new segment structure on a monthly basis in fiscal 2020. The segments themselves differ according to the type of products and services and their value added. They are managed separately and are independent in terms of company law. The segments use the same accounting policies as those used by the Group.

The Enterprise IT segment creates and operates end-to-end IT solutions for implementing and supporting clients' critical business processes on the basis of standard business software products. The companies in the segment do this using their own software products in addition to the software products and platforms of well-known manufacturers such as Microsoft, SAP, IBM and Oracle. Employees combine in-depth technical and special industry expertise to analyze and optimize customers' business processes to implement IT solutions. Thus, the Enterprise IT segment aids global corporations and SMEs in their digital transformation and the optimization of the digital business processes along the entire value chain. With their consulting, development, project planning, implementation and support services, the companies in the segment provide IT solutions in the core areas for business software, such as the business digitalization platform (BDP), document management (DMS)/enterprise content management (ECM), security, SAP, business process management (BPM), cloud solutions and mobile.

The mgm technology partners segment is a consulting and solutions provider for digitization projects and one of the leading service providers for e-government in Germany. mgm applies the approach of digital sovereignty, whereby organizations retain authority over and knowledge of their own IT systems, and offers its clients cooperation and the assumption of responsibility on a partnership basis – from integrated consulting to an enterprise platform solution. As a high-end software and technology company, mgm defines its own success by the contribution made by the systems produced to its clients' business performance. mgm develops enterprise applications for the commerce and insurance industries and the public sector, which are particularly stable or resistant in times of crisis, on the basis of the latest technologies and its own platform solutions. Together with the specialist subsidiaries mgm consulting partners (management consulting for digitization, experts in CIO advisory, organizational development and change management) and mgm security partners (web application security), mgm covers the full range of current and future digitization issues.

The expenses of the holding and service companies Allgeier SE and Allgeier Management AG not charged to the segments and the consolidation effects between these companies and the segments form the "Others" segment. Transactions between the individual segments are performed on an arm's length basis. In the event of subcontracting transactions between the segments, the results essentially remain in the segments in which the service is provided.

Segments (in EUR thousand)

	Enterprise IT segment		mgm technology partners segment		Other		Continuing operations		Discontinued operations		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
External revenue	275,903	309,548	77,670	70,259	3,798	5,097	357,371	384,904	406,476	399,305	763,847	784,209
Revenue with other segments	2,155	3,435	5,603	6,677	-13,442	-16,525	-5,684	-6,413	5,684	6,413	0	0
Cost of materials	145,899	169,472	9,300	10,061	-8,199	-8,492	147,001	171,041	47,613	49,256	194,614	220,297
Staff costs	99,917	119,106	50,857	46,693	8,503	6,402	159,277	172,202	261,508	257,620	420,785	429,822
Depreciation and amortization	8,935	8,648	4,100	3,673	1,248	329	14,283	12,651	20,947	19,361	35,230	32,011
Impairment losses	740	27	0	0	1,274	388	2,015	415	0	30	2,015	445
Segment earnings from operating activities	**8,641**	**-1,061**	**13,920**	**9,557**	**-15,501**	**-12,534**	**7,060**	**-4,037**	**33,533**	**41,653**	**40,593**	**37,615**
Finance income	2,387	258	210	96	-2,029	254	568	608	478	212	1,046	820
Financial expenses	4,363	3,828	247	248	-5,155	-2,110	-545	1,966	7,196	5,518	6,651	7,483
Net income from investments accounted for using the equity method	0	0	0	0	0	0	0	0	-3,106	-1,110	-3,106	-1,110
Segment earnings before income taxes	**6,665**	**-4,630**	**13,883**	**9,405**	**-12,375**	**-10,170**	**8,173**	**-5,395**	**23,709**	**35,237**	**31,882**	**29,842**
Net income taxes	13	-934	-1,022	-982	-6,110	-2,793	-7,119	-4,709	-12,227	-6,749	-19,347	-11,458
Segment earnings before profit transfer	**6,677**	**-5,564**	**12,861**	**8,423**	**-18,485**	**-12,963**	**1,053**	**-10,104**	**11,482**	**28,487**	**12,535**	**18,384**
Other non-cash expenses(+)/income(-)	-1,394	-2,446	-25	-264	5,409	5,929	3,991	3,218	-4,850	-10,632	-860	-7,413
Segment assets	248,681	234,892	57,848	49,353	-62,626	-39,274	243,903	244,971	0	342,011	243,903	586,982
Segment liabilities	251,669	233,467	28,817	24,221	-142,103	-118,709	138,383	138,978	0	282,070	138,383	421,048
Additions to property, plant and equipment and intangible assets	10,523	9,688	7,013	2,169	-52	20,746	17,483	32,603	27,693	30,391	45,176	62,994
Cash flows from operating activities	18,630	27,824	21,821	11,854	-6,657	-12,406	33,794	27,272	61,913	40,348	95,707	67,621
Cash flows from investing activities	-11,709	-10,082	-6,280	-3,502	-16,450	-1,463	-34,439	-15,046	-27,313	-20,913	-61,752	-35,960
Cash flows from financing activities	-3,524	-4,269	-9,233	-13,347	25,629	12,043	12,871	-5,572	26,824	-3,902	39,695	-9,474

The external revenue of the segments, by country and product, and their order backlogs break down as follows:

External segment revenue (in EUR thousand)

	Enterprise IT segment		mgm technology partners segment		Other		Continuing operations	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenue by country:								
Germany	259,221	295,357	75,150	66,594	3,798	5,097	338,168	367,048
Switzerland	12,622	10,828	96	195	0	0	12,717	11,023
Spain	317	170	1,598	1,849	0	0	1,915	2,019
France	1,202	32	61	8	0	0	1,263	40
Netherlands	770	1,382	158	160	0	0	928	1,542
USA	348	0	438	673	0	0	786	673
Austria	679	290	91	666	0	0	770	956
UK	153	381	25	2	0	0	178	383
Other	593	1,107	53	112	0	0	645	1,219
Total international	**16,683**	**14,191**	**2,520**	**3,665**	**0**	**0**	**19,203**	**17,856**
Total	**275,903**	**309,548**	**77,670**	**70,259**	**3,798**	**5,097**	**357,371**	**384,904**
Revenue by product:								
Services	255,413	284,860	76,750	69,409	3,798	5,097	335,961	359,366
Products	5,559	5,442	0	0	0	0	5,559	5,442
Licenses	14,931	19,246	920	850	0	0	15,851	20,096
Total	**275,903**	**309,548**	**77,670**	**70,259**	**3,798**	**5,097**	**357,371**	**384,904**
Order backlog	**158,168**	**168,082**	**23,543**	**27,276**	**0**	**0**	**181,711**	**195,358**

External revenue is allocated based on the registered office of the recipient company. In its continuing operations, the Allgeier Group generated revenue of EUR 40.1 million with its largest single client in fiscal 2020 (previous year: EUR 33.7 million). The revenue generated with the largest client therefore accounts for 11.2 percent of total revenue (previous year: 8.7 percent). The largest client is exclusively a client of the Enterprise IT segment. The order backlog of the Allgeier Group amounts to EUR 181.7 million as of December 31, 2020 (continuing operations in the previous year: EUR 195.4 million). The order backlog is expected to be worked off within the next twelve months. Based on the 2020 revenue from continuing operations, the order backlog has a notional range of 6.1 months (previous year: 6.1 months).

The segments' non-current assets are allocated to Germany and abroad as follows:

Non-current segment assets (in EUR thousand)

	Enterprise IT segment		mgm technology partners segment		Other		Continuing operations	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Germany	89,844	94,883	16,597	11,756	16,538	21,029	122,979	127,668
Vietnam	0	0	1,003	1,274	0	0	1,003	1,274
Switzerland	810	696	1	6	0	0	811	703
France	0	0	642	720	0	0	642	720
Czechia	0	0	583	796	0	0	583	796
USA	0	0	420	525	0	0	420	525
Austria	0	0	94	0	0	0	94	0
Turkey	0	119	0	0	0	0	0	119
Total international	**810**	**816**	**2,742**	**3,321**	**0**	**0**	**3,552**	**4,137**
	90,655	**95,699**	**19,339**	**15,077**	**16,538**	**21,029**	**126,531**	**131,805**

The non-current assets of the segments shown include deferred tax assets.

E. STATEMENT OF CASH FLOWS

In the consolidated statement of cash flows, the Allgeier Group reports the cash flows from operating activities using the indirect method and all other cash flows using the direct method. Interest paid and received is reported under cash flow from financing activities.

Unlike in the previous year's statement of cash flows, the cash flow from the factoring of customer receivables is reported within the cash flow from financing activities.

The incoming payments from the sale-leaseback contracts is reported separately in the statement of cash flows.

The Allgeier Group acquired the shares in Allgeier Project SE, Allgeier Project Humboldt, eForce21 and AURELO in fiscal 2020. Cash funds of EUR 3,739 thousand were used to acquire these companies in fiscal 2020. Furthermore, Nagarro paid an advance of EUR 247 thousand in connection with an intended acquisition. The Allgeier Group received cash and cash equivalents of EUR 805 thousand with the companies acquired in fiscal 2020.

The purchase prices and cash flows for the acquisitions are as follows:

(in EUR thousand)	Allgeier Project SE	Allgeier Project Humboldt	eForce21	AURELO	Advance payment	Total
Cost	135	29	4,977	1,120	0	6,261
Non-cash share in 2020	0	0	-1,977	-545	0	-2,522
Purchase price paid in 2020	135	29	3,000	575	0	3,739
Advance paid in 2020	0	0	0	0	247	247
Acquired cash and cash equivalents	-120	-25	-508	-152	0	-805
Cash paid	**15**	**4**	**2,492**	**423**	**247**	**3,181**

The Allgeier Group acquired the operations of GES, SCUDOS and maihiro in conjunction with asset deals. The purchase prices and cash flows for these business combinations are as follows:

(in EUR thousand)	GES	SCUDOS	maihiro	Total
Cost	3,480	2,545	100	6,125
Non-cash share in 2020	0	-745	0	-745
Purchase price paid in 2020	3,480	1,800	100	5,380
Acquired cash and cash equivalents	0	0	0	0
Cash paid	**3,480**	**1,800**	**100**	**5,380**

The Allgeier Group received the following assets and liabilities in the business combinations:

(in EUR thousand)	Allgeier Project SE	Allgeier Project Humboldt	eForce21	AURELO	GES	SCUDOS	maihiro	Total
Intangible assets (not including goodwill)	0	0	1,014	1,006	3,702	2,789	2,370	10,881
Goodwill	15	4	3,530	396	0	0	0	3,945
Property, plant and equipment	0	0	91	9	48	0	21	169
Right-of-use assets from leases	0	0	528	88	0	0	0	616
Contract assets	0	0	0	0	0	0	0	0
Trade receivables	0	0	641	82	0	0	0	723
Other financial assets	0	0	43	6	0	0	0	49
Other assets	0	0	19	37	0	0	0	56
Income tax receivables	0	0	11	2	0	0	0	13
Cash	120	25	1,325	152	0	0	0	1,622
Acquired assets	**135**	**29**	**7,202**	**1,778**	**3,750**	**2,789**	**2,391**	**18,074**
Negative goodwill	0	0	0	0	0	0	1,581	1,581
Financial liabilities	0	0	817	0	0	0	0	817
Lease liabilities	0	0	528	88	0	0	0	616
Provisions	0	0	185	17	122	0	0	324
Contract liabilities	0	0	0	168	0	0	0	168
Trade payables	0	0	72	23	0	0	0	95
Other financial liabilities	0	0	141	34	148	0	0	323
Other liabilities	0	0	27	0	0	0	0	27
Income tax liabilities	0	0	142	17	0	0	0	159
Deferred tax liabilities	0	0	313	311	0	244	710	1,578
Acquired liabilities	**0**	**0**	**2,225**	**658**	**270**	**244**	**2,291**	**5,688**
Cost	**135**	**29**	**4,977**	**1,120**	**3,480**	**2,545**	**100**	**12,386**

Financial and lease liabilities developed as follows:

Financial liabilities and lease liabilities (in EUR thousand)

											Non-cash	
	As of Jan. 1, 2020	Cash effect in 2020	Additions from acquisitions in 2020	Additions in 2020	Additions/ remeasurement in 2020	Exchange rate difference in 2020	Fair value measurement in 2020	Interest expense in 2020	Reclassifications in 2020	Reclassification to discontinued operations in 2020	Spin-off of Nagarro in 2020	As of Dec. 31, 2020
Non-current financial liabilities	149,764	41,580	0	0	0	-3	-135	0	-5,548	0	-168,158	17,500
Current financial liabilities	-68	5,728	0	0	0	-4	-265	0	5,548	0	-5,449	5,490
Current financial liabilities, cash and cash equivalents	15,237	-1,205	817	0	0	-256	0	0	0	0	-8,979	5,615
	164,933	**46,102**	**817**	**0**	**0**	**-263**	**-400**	**0**	**0**	**0**	**-182,586**	**28,604**
Finance lease liabilities	96,966	-26,786	617	24,359	-9,683	-2,471	0	3,051	0	-3	-55,035	31,014
	261,899	**19,316**	**1,434**	**24,359**	**-9,683**	**-2,734**	**-400**	**3,051**	**0**	**-3**	**-237,621**	**59,618**

Financial liabilities and lease liabilities (in EUR thousand)

	As of Jan. 1, 2019	Cash effect in 2019	Additions from acquisitions in 2019	Disposals due to sale of companies in 2019	Additions in 2019	Exchange rate difference in 2019	Fair value measurement in 2019	Interest expense in 2019	As of Dec. 31, 2019
Non-current financial liabilities	150,298	18	0	-50	0	-6	-496	0	149,764
Current financial liabilities	13,826	-13,719	0	-12	0	-8	-155	0	-68
Current financial liabilities, cash and cash equivalents	17,553	-2,316	0	0	0	0	0	0	15,237
	181,677	**-16,017**	**0**	**-62**	**0**	**-14**	**-651**	**0**	**164,933**
Finance lease liabilities	68,803	-21,793	105	0	46,825	-309	0	3,335	96,966
	250,480	**-37,810**	**105**	**-62**	**46,825**	**-323**	**-651**	**3,335**	**261,899**

Cash and cash equivalents break down as follows:

Cash and cash equivalents (in EUR thousand)

	Dec. 31, 2020	Dec. 31, 2019
Cash funds	60,803	97,387
Excess payments from factoring	-5,612	-11,916
Use of overdraft facilities	-3	-3,321
	55,188	**82,150**

Cash funds include balances blocked in favor of third parties of EUR 25 thousand (previous year: EUR 977 thousand).

Cash and cash equivalents of EUR 103,604 thousand were deconsolidated when Nagarro was spun off.

Notes to the Consolidated Financial Statements ALLGEIER

F. OTHER DISCLOSURES

I. Other Contingent Liabilities

As in the previous year, Allgeier SE is liable up to a maximum of EUR 1.4 million for loans granted by the bank to participants in the Allgeier Experts Medical GmbH training program. If the bank makes a claim under the guarantees or if it is sufficiently probable that a claim will be made, provisions are recognized in the amount of the expected claim. Allgeier SE anticipates that there will be claims of up to EUR 117 thousand resulting from its declaration of liability. The Allgeier Group has recognized a provision in this amount.

II. Capital management

Allgeier SE ensures that the Allgeier Group has sufficient liquidity at all times and that the capital structure is well balanced. Allgeier SE and the Group companies achieve these objectives by focusing on solid operating business, a forward-looking dividend policy and equity measures to increase equity. Decisions regarding the acquisition and disposal of subsidiaries are made taking into account their impact on the capital structure and the effects of the transactions on future years. The Group also utilizes opportunities to finance acquisitions with debt. The financing conditions are typically variable and can vary according to the equity structure and other key indicators. Other objectives of the Allgeier Group's capital management are to keep the costs of capital low and to reduce existing debt in line with planning. This also includes avoiding or minimizing the custodian fees charged by banks as far as possible. Capital management is the responsibility of Allgeier SE. The capital management objectives, processes and methods remain unchanged from the previous year.

The key figures of net debt and gearing are used for capital management. The Allgeier Group's net debt was reduced to zero as a result of the spin-off of Nagarro in December 2020. The equity ratio was also increased to 43.3 percent (previous year: 28.3 percent). The key indicators developed as follows in fiscal 2020:

Net debt indicators (in EUR thousand)

	2020	2019
Cash funds	60,803	97,387
Financial liabilities not including lease liabilities	28,604	164,933
Finance lease liabilities	31,014	96,966
Net debt	**-1,185**	**164,512**
Adjusted EBITDA	30,289	73,400
Leverage (net debt to EBITDA)	**0.0**	**2.2**
Total assets	243,903	586,982
Equity	105,521	165,934
Equity as a % of total assets	**43.3%**	**28.3%**

III. Financial Instrument Risks

The financial instruments of the Allgeier Group are subject to various risks, such as liquidity risks, default risks and market risks from changes in market prices and exchange rates. Allgeier uses tiered risk management and control systems at the subsidiaries and in the Group to identify, assess and contain these risks. It also implements safeguards and uses hedges for the avoidance, early identification and minimization of risks arising from financial instruments. In measuring the interests in the Speedinvest venture capital fund, the measurement of the capital contribution of EUR 2.0 million was applied on the basis of the reporting by the fund's management. The fund consisted of around 150 individual investments as of the end of 2020, though only a handful of these had a significant impact on the financial instrument's measurement. If the economic development of these companies deteriorates or their growth accelerates, greater fluctuations in the value of the financial instrument measured by the Allgeier Group at EUR 3.2 million as of December 31, 2020 are anticipated.

Liquidity risks

Liquidity risk is the risk that the Allgeier Group may not be able to settle its contractual financial liabilities. To ensure that adequate liquidity is available at all times, the Group uses instruments to control the cash flows and uses debt and equity instruments to finance its operating and investing activities. The financial liabilities of the Allgeier Group amounted to EUR 99.8 million on December 31, 2020 (previous year: EUR 356.4 million), EUR 55.3 million of which are due within one year (previous year: EUR 115.5 million). All current financial liabilities were covered by current financial assets in the amount of EUR 110.0 million (previous year: EUR 235.2 million).

In December 2020, Allgeier SE entered into a new loan agreement with a syndicate of banks for a credit facility of EUR 140 million. EUR 17.5 million had been utilized under this credit facility as of December 31, 2020. The loan agreement has a term of five years with an extension option of up to two further years. The loan agreement that was in place until the time that Nagarro was spun off was replaced at the same time that the new loan agreement was entered into. The old agreement was for a credit facility of EUR 228 million, EUR 145 million of which had been utilized on December 31, 2019. In addition to the syndicated loan, the Allgeier Group has further credit facilities of up to EUR 10.3 million (previous year: EUR 19.8 million) at its disposal, EUR 3.2 million of which had been utilized as of December 31, 2020 (previous year: EUR 7.4 million). The Allgeier Group has liquidity headroom of EUR 129.6 million (previous year: EUR 95.4 million) at its disposal from its combined unutilized credit facilities.

The Allgeier Group undertook to comply with certain covenants in the loan agreement with the syndicate of banks and the borrower's note loan agreement. A breach of these covenants entails the risk of the loans having to be repaid early. In particular, the Allgeier Group has undertaken to maintain minimum equity of EUR 80 million and not to exceed a debt coverage ratio of 3.5. The debt coverage ratio is calculated from the financial liabilities, including lease liabilities, less cash funds divided by EBITDA adjusted for extraordinary expenses and income. The debt coverage ratio not to be exceeded is reduced to 3.0 if the EBITDA margin described falls to below 9 percent. If the credit facilities have to be repaid unexpectedly owing to a breach of covenants, there is a risk that there will not be sufficient free cash funds available to repay the loans. Furthermore, the syndicated loan and the borrower's note loan require minimum earnings and minimum revenue from a group of certain Group companies. If this liability group fails to meet the earnings and revenue criteria, Allgeier SE will be required to increase the number of jointly liable companies in this group until the criteria are complied with again. A breach of this obligation also grants the lenders a right of extraordinary termination. All key figures required in the loan agreements were complied with in fiscal 2020.

The Allgeier Group has a facility of up to EUR 30 million (previous year including Nagarro: EUR 60 million) for the factoring of customer receivables. EUR 24.2 million of the factoring facility was utilized on December 31, 2020 (previous year: EUR 32.3 million).

Financial liabilities include interest-bearing financial liabilities of EUR 28.6 million in total (previous year: EUR 164.9 million). EUR 11.1 million (previous year: EUR 15.2 million) of this amount is to be repaid in fiscal 2021 and EUR 17.5 million (previous year: EUR 149.8 million) in subsequent years. The future cash flows associated with financial liabilities are as follows:

Cash flows (in EUR thousand)	Dec. 31, 2020	Cash flows in 2021		Cash flows in 2022		Cash flows in 2023		Cash flows > 2024	
	Carrying amount	Payment of principal	Payment of interest	Payment of principal	Payment of interest	Payment of principal	Payment of interest	Payment of principal	Payment of interest
Amount utilized under new syndicated loan agreement arranged in December 2020	17,500	0	525	0	525	0	525	17,500	1,050
Borrower's note loan	5,500	5,500	128	0	0	0	0	0	0
Liabilities from factoring of customer receivables	5,612	5,612	0	0	0	0	0	0	0
Other	3	3	0	0	0	0	0	0	0
	28,615	11,115	653	0	0	0	525	17,500	1,050

Default risks

There is a general risk exists for financial assets that customers or contracting parties will not honor their obligations and that loans and receivables will default. Default risks arise in the Allgeier Group from operating activities and certain financing activities. Loans and receivables are managed and incoming payments are tracked at the level of the subsidiaries.

The theoretical maximum default risk corresponds to the carrying amount of loans and receivables of EUR 111.7 million in total (previous year: EUR 238.1 million). Allowances of EUR 2,822 thousand (previous year: EUR 4,964 thousand) were recognized on the gross amount of total loans and receivables as of December 31, 2020. The allowance rate on the gross amount of loans and receivables was 2.5 percent (previous year: 2.1 percent).

The specific default risks are as follows:

Contract assets and trade receivables

The Allgeier Group has a broad-based customer structure that minimizes major individual risks. Around 11 percent of the Allgeier Group's revenue was generated with its largest single customer in fiscal 2020 (previous year: 4.3 percent). Trade receivables are typically due within 30 to 90 days. Credit checks are performed regularly for clients with which the Allgeier Group has an ongoing business relationship. The credit ratings of new clients are checked before orders are agreed and information is obtained in individual cases. If customers default on payments, the steps required to collect the loans and receivables are taken in a timely manner. Individual subsidiaries have taken out credit insurance in the event of unexpected defaults. Wherever possible, trade receivables are subject to retention of title which only expires when the respective receivable is paid. The Allgeier croup Currently has no indications that the risk of default for financial assets exceeds the already adjusted carrying amount.

Using the simplified approach in accordance with IFRS 9, expected credit losses on trade receivables are calculated on the basis of historical and forecast data, taking into account the respective customer and the economic environment of the region.

Receivables covered by default insurance are written down by a maximum of the deductible. The impaired receivable and the impairment loss recognized on it are derecognized when there is no longer any prospect of recovery. Trade receivables do not bear interest.

The arrears structure of contract assets and trade receivables is as follows:

Arrears structure of contract assets (in EUR thousand)	As of Dec. 31, 2020	Not past due	Past due in days					
			<30	30-60	61-90	91-180	181-360	>360
Contract assets	1,828	1,828	0	0	0	0	0	0
Customer receivables not impaired	49,706	36,966	8,373	473	262	603	829	2,200
Gross amount of impaired customer receivables	935	147	0	0	0	0	144	644
Impairment	-2,612	-301	0	0	-2	0	-169	-2,141
Carrying amount	49,857	38,640	8,373	473	260	603	805	703
Expected probability of default		-0.81%	0.00%	0.00%	-0.67%	0.00%	-17.36%	-75.28%

Arrears structure of contract assets (in EUR thousand)	As of Dec. 31, 2019	Not past due	Past due in days					
			<30	30-60	61-90	91-180	181-360	>360
Contract assets	14,030	14,030	0	0	0	0	0	0
Customer receivables not impaired	132,603	89,522	24,034	6,741	5,544	3,241	1,745	1,776
Gross amount of impaired customer receivables	6,040	325	0	0	121	1,273	886	3,436
Impairment	-4,565	-303	0	0	-28	-585	-433	-3,216
Carrying amount	148,108	103,574	24,034	6,741	5,637	3,929	2,198	1,996
Expected probability of default		-0.34%	0.00%	0.00%	-0.50%	-12.96%	-16.44%	-61.71%

Impairment on trade receivables developed as follows:

Impairment on trade receivables (in EUR thousand)	2020	2019
As of January 1	4,565	4,625
Additions to consolidated group	1	0
Charge for the year	1,056	1,196
Utilization and unused amounts reversed	-820	-1,255
Currency differences	0	-1
Disposals from consolidated group	-2,190	0
As of December 31	2,612	4,565

The theoretical maximum default risk for trade receivables corresponds to the recognized amount of customer receivables after factoring of EUR 48.0 million (previous year: EUR 134.1 million). This risk is reduced by collateral, credit insurance and other credit rating improvements. Credit insurance covers 17 percent (previous year: 20 percent) of gross customer receivables.

Other financial assets

The gross carrying amounts before impairment and the net carrying amounts of other financial assets are shown in the following tables:

Gross carrying amounts before impairment and net carrying amounts of other financial assets (in EUR thousand)					
		Amortized cost			
Dec. 31, 2020	FVTPL	Expected 12-month credit loss	Lifetime expected credit loss – not credit-impaired	Lifetime expected credit loss – credit-impaired	Total
Gross value before impairment		2,845	0	210	3,055
Impairment losses		0	0	210	210
Residual carrying amount	3,241	2,845	0	0	2,845

Gross carrying amounts before impairment and net carrying amounts of other financial assets (in EUR thousand)					
		Amortized cost			
Dec. 31, 2019	FVTPL	Expected 12-month credit loss	Lifetime expected credit loss – not credit-impaired	Lifetime expected credit loss – credit-impaired	Total
Gross value before impairment		6,591	456	0	7,047
Impairment losses		0	-399	0	-399
Residual carrying amount	2,950	6,591	57	0	6,648

The reconciliation of impairment on other financial assets at amortized cost is as follows:

Impairment on other financial assets (in EUR thousand)	Expected 12-month credit loss	Lifetime expected credit loss – not credit-impaired	Lifetime expected credit loss – credit-impaired	Total
As of January 1, 2019	0	-379	-59	-438
Net remeasurement of impairment	0	-20	59	39
Reclassification to lifetime expected credit loss – not credit-impaired	0	0	0	0
Reclassification to lifetime expected credit loss – credit-impaired	0	0	0	0
Additions from acquisitions	0	0	0	0
As of December 31, 2019	0	-399	0	-399
Net remeasurement of impairment	0	0	-210	-210
Derecognition of impaired receivable	0	379	0	379
Reclassification to lifetime expected credit loss – not credit-impaired	0	0	0	0
Reclassification to lifetime expected credit loss – credit-impaired	0	0	0	0
Disposal from consolidated group	0	20	0	20
As of December 31, 2020	0	0	-210	-210

Cash and cash equivalents

The Group had cash and cash equivalents of EUR 60.1 million at its disposal as of December 31, 2020 (previous year: EUR 97.4 million). Cash and cash equivalents are deposited with banks and financial institutions that have a first-class rating. Business relationships are maintained with various banks to diversify the risk. The Group assumes that its cash and cash equivalents have a very low default risk.

Interest risks

Some of the financial liabilities and financial assets have floating interest rates and are subject to the risk that interest rates can change and thereby influence the results of the Allgeier Group.

The Allgeier Group's floating-rate financial liabilities amounted to EUR 23.1 million in total as of December 31, 2020 (previous year: EUR 157.4 million). On the basis of debt as of December 31, 2020, a change in interest rates of 100 basis points p.a. would have increased or reduced the financial result by EUR 175 thousand p.a. (previous year: EUR 1,453 thousand p.a.). In this case, and applying a tax rate of 30 percent, equity would have been increased or reduced by EUR 123 thousand (previous year: EUR 1,017 thousand). However, it should be noted that a minimum interest rate (floor) has been agreed in the credit facility, hence a change in interest rates of 100 basis points would not have its full effect.

Given the European Central Bank's continuing low interest rate policy, the slight slowdown in the economy and the still very moderate inflation rates, we do not expect any significant interest rate increases in 2021. Our central finance department monitors developments on the interest rate and capital markets very closely and will submit proposals for interest rate hedging to the Management Board of Allgeier SE in good time if necessary.

Currency risks

Following the spin-off of Nagarro in December 2020, the Allgeier Group essentially now operates only in the euro area, and is no longer exposed to major currency risks. For the few subsidiaries of the Allgeier Group that do not use the euro as their functional currency, there are still minor risks of currency fluctuations. The assets, liabilities and income of these companies are subject to risks of currency fluctuations as their annual financial statements are translated into euro. If the euro had appreciated by 10 percent against the currencies of these subsidiaries in 2020, revenue would have been EUR 1,845 thousand lower (previous year: EUR 1,334 thousand), the net income for the year would have been EUR 73 thousand lower (previous year: EUR 77 thousand) and equity would have been EUR 415 thousand lower (previous year: EUR 344 thousand).

Tax risks

Allgeier SE and the subsidiaries of the Allgeier Group are required to pay taxes. Assumptions must be made to calculate the tax liability as, in many cases, the final amount of taxation cannot be conclusively determined. Deviations that arise at a later date between the assumed foreseeable tax liabilities and the final tax amount impact the tax expense in the period in which taxation is conclusively determined. If the final income taxes are 10 percent higher than the amounts calculated in the income statement, the Allgeier Group's tax liability for current income taxes would increase by EUR 677 thousand (previous year: EUR 1,327 thousand) or, including deferred taxes, by EUR 712 thousand (previous year restated: EUR 1,146 thousand). The equity of the Allgeier Group would be reduced by the same amount in such event.

IV. Executive Bodies of Allgeier SE

Supervisory Board
The members of the Supervisory Board of Allgeier SE were as follows in 2020:

Supervisory Board of Allgeier SE				
Name	Profession	Residence	Membership of statutory supervisory boards	Membership of comparable executive bodies of companies in Germany or abroad
Detlef Dinsel, MBA (Chairman)	Managing Partner of IK Investment Partners GmbH and IK Investment Partners Ltd.	Hamburg	· Nagarro SE, Munich (Deputy Chairman)	· Alanta Health Group, Hamburg (Chairman) · Klingel Medical Group, Pforzheim · Schock GmbH, Regen (Deputy Chairman) · Winkelmann Group, Ahlen (Deputy Chairman) · IK Investment Partners Ltd., London, UK · IK Investment Partners S.A.R.L., Luxembourg, Luxembourg
Thies Eggers (Deputy Chairman)	Independent auditor	Pullach im Isartal	· Bayerische Gewerbebau AG, Munich (Chairman) · Plenum AG, Frankfurt/Main · SBF AG, Leipzig	
Christian Eggenberger	President and CEO of CHE Consulting GmbH	Binningen, Switzerland	· Doc.coach AG, Basel, Switzerland (member of the Board of Directors) · Focus Discount AG, Basel, President of the Board of Directors · Truvis AG, Basel, Switzerland (member of the Board of Directors) · Arvis Solution AG, Ried b. Kerzers, Switzerland (member of the Board of Directors) · wininvest AG, Gurmels, Switzerland (member of the Board of Directors)	

The remuneration of the members of the Supervisory Board amounted to EUR 724 thousand in total in fiscal 2020 (previous year: EUR 717 thousand). The remuneration includes a provision for variable remuneration of EUR 600 thousand (previous year: EUR 600 thousand) that will be paid out in fiscal 2021. Further details of remuneration can be found in the remuneration report in the Group management report (Section 6).

Management Board
The members of the Management Board of Allgeier SE were as follows in 2020:

Carl Georg Dürschmidt (Chairman)
Dr. Marcus Goedsche
Hubert Rohrer
Manas Fuloria (PhD) (until September 24, 2020)

The remuneration of the members of the Management Board amounted to EUR 5,196 thousand in total in fiscal 2020 (previous year: EUR 3,975 thousand). The remuneration includes variable remuneration based on the earnings of the Allgeier Group, which was recognized as a provision and will be paid out after approval of Allgeier SE's consolidated financial statements for fiscal 2021. Three members of the Management Board participate in Allgeier SE's stock option plan. Based on the resolution of the Annual General Meeting on June 28, 2019, individual Management Board remuneration will not be disclosed until December 31, 2023. Further details of remuneration can be found in the remuneration report in the Group management report (Section 6).

V. Related Party Transactions
Related parties are defined as persons or enterprises that can influence or be influenced by the company. Business relationships between all companies included in the consolidated financial statements were fully eliminated in the consolidated financial statements.

Allgeier Beteiligungen GmbH, Munich, granted Talentry GmbH, Munich, a convertible loan of EUR 400 thousand in January 2020. The loan has a term of five years and bears interest at 10 percent p. a. The loan was written off in full in fiscal 2020.

mgm tp, Munich, entered into an agreement for a loan of EUR 450 thousand with northport in December 2020. EUR 250 million of the loan was paid out in fiscal 2021. The remaining tranches will be paid on call. The loan runs until December 31, 2031 and bears interest at 3 percent p. a. The interest is payable in full on maturity.

Business relationships between the Allgeier Group and the Group companies of the spun-off Nagarro in fiscal 2020 are summarized as follows:

(in EUR thousand)	2020
Revenue	2,562
Other operating income	2,861
Cost of materials	5,170
Other operating expenses	367
Earnings before interest, taxes, depreciation and amortization	**-114**
Finance income	4,511
Financial expenses	94
Earnings before taxes	**4,303**

The income and expenses for the period that Nagarro belonged to the Group, from January 1, 2020 until December 15, 2020, were eliminated in full in conjunction with consolidation; only the period from December 16, 2020 to December 31, 2020 is included in the consolidated income statement. The income and expenses (before consolidation) with Nagarro shown in the table are explained below:

Group companies of the Allgeier Group generated revenue of EUR 2,562 thousand with Group companies of Nagarro. This relates to IT services for client orders of EUR 1,589 thousand, plus re-charged management salaries and the assumption of administrative activities.

Furthermore, the Allgeier Group generated other operating income of EUR 2,861 thousand with Nagarro. In accordance with the spin-off and takeover agreement, Allgeier SE re-charged pro rata consulting costs in connection with the spin-off, financing costs for dividing the existing syndicated loan into two separate agreements and costs of IPO preparations of EUR 1,813 thousand in total to Nagarro SE. Furthermore, the Allgeier Group generated rental income of EUR 583 thousand from sub-letting office space, income of EUR 462 thousand from the re-charging of leases and other income of EUR 3 thousand with Nagarro.

Also, the Group companies of the Allgeier Group purchased materials (goods and services) worth EUR 5,170 thousand from Nagarro. The expenses relate to IT services and purchased goods for various client projects of EUR 4,985 thousand, plus EUR 185 thousand for an internal software development project for Allgeier Experts.

The other operating expenses essentially relate to amounts re-charged for office rent and consulting services of EUR 367 thousand that Nagarro has invoiced to the Allgeier Group.

Finance income includes intragroup loans of EUR 1,744 thousand and EUR 2,767 thousand for the interest-bearing deferral of purchase prices in connection with the internal reorganization (reassignment of equity investments below Nagarro SE). The Allgeier Group has paid finance costs of EUR 94 thousand for loans issued by individual Nagarro companies on account of intragroup liquidity surpluses. All mutual loan agreements and interest-bearing deferrals of purchase price receivables from the equity investments transferred to Nagarro bore interest of 3 percent in fiscal 2020. All loans and the deferred purchase price receivables were repaid by the Allgeier Group/Nagarro in conjunction with the spin-off on December 22, 2020.

All agreements between the Allgeier Group and Nagarro are on an arm's length basis.

As of December 31, 2020, there are trade receivables of EUR 2,576 thousand from and trade payables of EUR 2,100 thousand to Nagarro.

The members of the Supervisory Board of Nagarro SE, Carl Georg Dürschmidt and Detlef Dinsel, are also members of the Management Board and the Supervisory Board of Allgeier SE. The former member of the Supervisory Board of Nagarro SE, Dr. Marcus Goedsche, is likewise a member of the Management Board of Allgeier SE. In their role as members of the Supervisory Board of Nagarro SE, Carl Georg Dürschmidt received remuneration of EUR 17 thousand and Detlef Dinsel EUR 14 thousand. Dr. Marcus Goedsche worked for Nagarro SE free of charge. The members of the Management Board of Nagarro SE, Manas Fuloria and Annette Mainka, were key persons in the Allgeier Group until the time they left. As a member of the Management Board of Nagarro SE and subsidiaries of Nagarro SE, Manas Fuloria received total remuneration of EUR 142 thousand. Annette Mainka received remuneration of EUR 55 thousand as a member of the Management Board of Nagarro SE.

VI. Publication

The approval of the consolidated financial statements by the Supervisory Board and their release for publication are scheduled for April 27, 2021.

The consolidated financial statements are published in the German Federal Gazette (Bundesanzeiger) and on the website of Allgeier SE. The following companies included in the consolidated financial statements of Allgeier SE fully or partially exercise the exemption in accordance with Section 264(3) HGB:

Allgeier Enterprise Services AG, Munich
Allgeier IT Solutions GmbH, Bremen
BSH IT Solutions GmbH, Bremen
Allgeier Experts SE, Wiesbaden
Allgeier Experts Go, Wiesbaden
Allgeier Experts Pro GmbH, Munich
Allgeier Experts Services GmbH, Unterföhring
U.N.P.-Software GmbH, Düsseldorf
U.N.P.-HRSolutions GmbH, Düsseldorf
Allgeier Fünfte Beteiligungs GmbH, Munich
Allgeier Engineering GmbH, Munich
Allgeier Project MBO GmbH, Munich

VII. The German Corporate Governance Code

The declaration on the German Corporate Governance Code required by Section 161 of the German Stock Corporation Act was submitted and made accessible to the shareholders on the website of Allgeier SE.

VIII. Supplementary Report

By way of share purchase agreement dated December 1, 2020, Allgeier Project Humboldt GmbH acquired all shares in publicplan GmbH, Düsseldorf (publicplan). publicplan generates annual revenue of approximately EUR 10 million with approximately 80 employees, serving public administration in particular with its e-government solutions. Its focus is on open source-based software solutions, from IT development consulting to the maintenance of various software solutions. A purchase price of EUR 12.5 million was agreed for the shares in publicplan, plus an amount of up to EUR 1.4 million to settle cash funds if they exceed a defined level of net working capital. The purchase price was paid in January 2021. Allgeier Project Humboldt GmbH was renamed Allgeier publicplan Holding on January 27, 2021.

The shares in publicplan were transferred on the closing of the share purchase agreement as of January 2, 2021. The company was included in consolidation by the Allgeier Group for the first time as of this date. According to its financial statements in accordance with German commercial law as of December 31, 2020, publicplan had assets of EUR 3,235 thousand and liabilities of EUR 1,752 thousand. Furthermore, intangible assets were identified in the form of customer relationships, though information on their amount was not yet available at the time that these consolidated financial statements of Allgeier SE were prepared. The difference expected between the purchase price and the net assets assumed, including customer relationships, will be recognized as goodwill. publicplan IT generated revenue of EUR 8.7 million and EBITDA of EUR 1.1 million in fiscal 2020.

The coronavirus pandemic (Sars-CoV-2) that emerged in the spring of 2020 and the measures taken to stop the infection from spreading further in a large number of countries are still a significant risk factor for the future development of global markets, key individual markets, sectors and companies. The coronavirus crisis led to and is still causing far-reaching restrictions on public life and business activities, extending as far as mandatory mass quarantines, lockdowns, the closure of businesses, curfews and social distancing. Also, the international movement of persons, goods and services has been severely impacted and both production and domestic demand in key economies have repeatedly been significantly restricted at times. This is compounded by considerable and ongoing human suffering. Governments are attempting to limit the damage with high investment in the economy and in social and healthcare systems, thus mitigating the consequences of the crisis. Over the past fiscal year, the global spread of coronavirus (Sars-CoV-2) and the lockdowns had a severe negative impact on a number of national economies, including in particular the core markets of the Allgeier Group. Following the drastic slump in the first half of 2020, the German economy seemed to be handling the consequences of the pandemic better than originally expected. As measures to suppress the pandemic continued, the second quarter of 2020 witnessed a historic crash in economic performance both globally and in Germany: stock markets collapsed, unemployment and reduced working hours increased and a number of countries requested international credit assistance. As a result, German gross domestic product declined by 5.0 percent according to the Annual Economic Report of the German Federal Government. While there was a rapid recovery in German economic performance in the second half of 2020, since the subsequent lockdown that began in the fall of 2020 in the face of the second wave of infection, it seems more likely that the repercussions of the coronavirus crisis on the German economy will be even more significant and that it will not return to pre-crisis levels in the foreseeable future. The risks of a recession, a further increase in unemployment and a wave of businesses becoming insolvent had not yet been dispelled by the spring of 2021. The extent to which some branches of industry have sustained lasting damage was not yet clear. In its current 2021 Annual Economic Report, the German government assumes that economic performance will not return to pre-crisis levels until at least the middle of 2022, and that economic development will continue to be greatly influenced by the development of the pandemic and the measures taken to suppress it. The global vaccination campaign now underway is inspiring hope that the coronavirus crisis will be quickly overcome, though at the same time the spread of potentially more dangerous mutations of the virus is a cause for concern. The short-term and at least the medium-term development of the economy, both globally and nationally, will continue to depend largely on how quickly and comprehensively the pandemic can be brought fully under control, and whether the economic recovery hoped for materializes. If the markets relevant to Allgeier are hit by a recession or if certain branches of industry are affected by a massive slump in demand, this would very probably affect the short-term and medium-term development and the ongoing growth of the Allgeier Group.

München, 06. April 2021
Allgeier SE

Carl Georg Dürschmidt
Vorstand

Dr. Marcus Goedsche
Vorstand

Hubert Rohrer
Vorstand

Reporting Requirements under German Accounting Standards (HGB)

In accordance with Section 315e HGB, Allgeier SE which is required to apply international financial reporting standards, must supplement its consolidated financial statements with the following disclosures in the notes:

Section 313(2) nos. 1 and 2 HGB:

Name and registered office of the companies included in the consolidated financial statements. The share of capital of the subsidiaries that belongs to the parent company and the subsidiaries included in the consolidated financial statements. Please refer to the list of Group companies in the notes for this information.

Section 314(1) no. 4 HGB:

The average number of employees of the companies included in the consolidated financial statements in the fiscal year and the staff costs incurred in the fiscal year. Please refer to note 29. Staff costs in Section C. Notes to the Consolidated Income Statement.

Section 314(1) no. 6 in conjunction with (2) sentence 2 HGB:

For the members of the Management Board, a Supervisory Board, an advisory board or a similar body of the parent company, for each group of persons, the total remuneration granted for performing their duties in the parent company and the subsidiaries in the fiscal year. In addition to the remuneration for the fiscal year, other remuneration granted in the fiscal year but not yet disclosed in any consolidated financial statements must be disclosed. Please refer to VII. Executive Bodies of Allgeier SE in Section F. Other Disclosures.

Section 314(1) no. 8 HGB:

For every listed company included in the consolidated financial statements, that the declaration required by Section 161 AktG has been issued and made available to the shareholders. Please refer to X. The German Corporate Governance Code in Section F. Other Disclosures.

Section 314(1) no. 9 HGB:

The total fee charged by the auditor of the consolidated financial statements for fiscal 2020 must be disclosed, broken down into:

a. audits of financial statements;
b. other assurance services;
c. tax advisory services;
d. other services.

The disclosures required can be found under note 30. Other operating expenses in Section C. Notes to the Consolidated Income Statement.

Consolidated Statement of Changes in Non-Current Assets of Allgeier SE, Munich, for the period from January 1, 2020 to December 31, 2020

Consolidated Statement of Changes in Non-Current Assets (in EUR thousand)

	Note	Cost				Cost				
	Note	Jan. 1, 2020	Foreign exchange differences	Additions to consolidated group	Additions	Disposals	Remeasurement of value in use	Disposals in discontinued operations	Disposals in spin-off of Nagarro	Dec. 31, 2020
Intangible assets	1									
Concessions, industrial and similar rights, and licenses in such rights and assets		45,808	-851	10,803	3,010	126	0	-278	-26,015	32,603
Acquired intangible assets		34,447	-855	10,803	1,654	224	0	-278	-23,272	22,723
Internally generated intangible assets		11,361	4	0	1,355	-98	0	0	-2,742	9,880
Goodwill		179,252	-6,506	3,944	0	-19	0	0	-95,878	80,793
Intangible assets		**225,060**	**-7,357**	**14,747**	**3,010**	**108**	**0**	**-278**	**-121,893**	**113,396**
Property, plant and equipment	2									
Land, land rights and buildings, including buildings on third-party land		5,095	-334	0	3	-42	0	0	-2,731	1,991
Other fixed assets and office equipment		32,192	-719	169	2,272	-2,190	0	-74	-10,636	21,014
Property, plant and equipment		**37,287**	**-1,053**	**169**	**2,275**	**-2,231**	**0**	**-74**	**-13,367**	**23,005**
Right-of-use assets from leases	3									
Value in use of property		93,182	-2,781	582	10,238	-4,475	-8,812	0	-51,072	36,864
Value in use of motor vehicles		7,965	-2	19	3,040	-3,315	-64	-9	-4,303	3,332
Value in use of operating and office equipment		18,215	-781	15	11,081	-1,881	-805	-13	-23,431	2,400
Right-of-use assets from leases		**119,362**	**-3,563**	**617**	**24,359**	**-9,670**	**-9,681**	**-22**	**-78,806**	**42,595**
Total		**381,709**	**-11,974**	**15,533**	**29,644**	**-11,794**	**-9,681**	**-374**	**-214,066**	**178,997**

Consolidated Statement of Changes in Non-Current Assets (in EUR thousand)

	Note	Depreciation, amortization and impairment losses					Depreciation, amortization and impairment losses				Carrying amounts	
	Note	Jan. 1, 2020	Foreign exchange differences	Depreciation and amortization in continuing operations	Depreciation and amortization in discontinued operations	Impairment in continuing operations	Disposals	Disposals in discontinued operations	Disposals in spin-off of Nagarro	Dec. 31, 2020	Dec. 31, 2020	Jan. 1, 2020
Intangible assets	1											
Concessions, industrial and similar rights, and licenses in such rights and assets		-26,520	610	-3,773	-4,607	-667	-156	192	14,837	-20,085	12,519	19,288
Acquired intangible assets		-22,855	611	-2,011	-4,219	0	-252	192	13,584	-14,948	7,775	11,592
Internally generated intangible assets		-3,665	-1	-1,762	-388	-667	95	0	1,253	-5,136	4,744	7,696
Goodwill		-8,206	0	0	0	-19	19	0	0	-8,206	72,587	171,046
Intangible assets		**-34,725**	**610**	**-3,773**	**-4,607**	**-686**	**-138**	**192**	**14,837**	**-28,290**	**85,106**	**190,334**
Property, plant and equipment	2											
Land, land rights and buildings, including buildings on third-party land		-2,278	87	-41	-84	0	31	0	742	-1,543	448	2,817
Other fixed assets and office equipment		-19,505	552	-2,860	-1,879	0	2,004	64	6,187	-15,438	5,576	12,687
Property, plant and equipment		**-21,783**	**639**	**-2,901**	**-1,963**	**0**	**2,034**	**64**	**6,929**	**-16,981**	**6,024**	**15,504**
Right-of-use assets from leases	3											
Value in use of property		-19,640	1,013	-5,778	-8,213	-1,329	4,475	0	16,995	-12,478	24,386	73,542
Value in use of motor vehicles		-4,420	1	-1,330	-1,410	0	3,315	7	1,868	-1,968	1,363	3,545
Value in use of operating and office equipment		-5,117	346	-501	-4,753	0	1,879	11	7,598	-537	1,862	13,098
Right-of-use assets from leases		**-29,177**	**1,360**	**-7,609**	**-14,376**	**-1,329**	**9,669**	**19**	**26,460**	**-14,984**	**27,611**	**90,185**
Total		**-85,686**	**2,609**	**-14,283**	**-20,947**	**-2,015**	**11,565**	**274**	**48,226**	**-60,255**	**118,742**	**296,023**

Consolidated Statement of Changes in Non-Current Assets of Allgeier SE, Munich, for the period from January 1, 2019 to December 31, 2019

Consolidated Statement of Changes in Non-Current Assets (in EUR thousand)

		Cost							Depreciation, amortization and impairment losses									Carrying amounts	
	Note	Jan. 1, 2019	Foreign exchange differences	Additions to consolidated group	Additions	Disposals	Disposals from consolidated group	Dec. 31, 2019	Jan. 1, 2019	Foreign exchange differences	Depreciation and amortization in continuing operations	Depreciation and amortization in discontinued operations	Impairment in continuing operations	Impairment in discontinued operations	Disposals	Disposals from consolidated group	Dec. 31, 2019	Dec. 31, 2019	Jan. 1, 2019
Intangible assets	1																		
Concessions, industrial and similar rights, and licenses in such rights and assets		47,245	77	959	4,537	-6,984	-26	45,808	-26,324	1	-3,553	-3,559	-27	-30	6,960	13	-26,520	19,288	20,921
Acquired intangible assets		38,547	67	959	1,979	-7,078	-26	34,447	-24,338	9	-2,346	-3,189	-27	-30	7,054	13	-22,855	11,592	14,209
Internally generated intangible assets		8,698	10	0	2,558	94	0	11,361	-1,986	-8	-1,207	-370	0	0	-94	0	-3,665	7,696	6,713
Goodwill		174,252	1,580	3,420	0	0	0	179,252	-8,206	0	0	0	0	0	0	0	-8,206	171,046	166,046
Intangible assets		**221,497**	**1,657**	**4,379**	**4,537**	**-6,984**	**-26**	**225,060**	**-34,530**	**1**	**-3,553**	**-3,559**	**-27**	**-30**	**6,960**	**13**	**-34,725**	**190,334**	**186,967**
Property, plant and equipment	2																		
Land, land rights and buildings, including buildings on third-party land		5,065	-13	42	0	0	0	5,095	-2,092	5	-41	-150	0	0	0	0	-2,278	2,817	2,973
Other fixed assets and office equipment		28,651	-101	221	6,885	-3,235	-228	32,192	-17,059	52	-3,099	-2,169	0	0	2,714	56	-19,505	12,687	11,592
Property, plant and equipment		**33,716**	**-114**	**263**	**6,885**	**-3,235**	**-228**	**37,287**	**-19,151**	**56**	**-3,140**	**-2,318**	**0**	**0**	**2,714**	**56**	**-21,783**	**15,504**	**14,565**
Right-of-use assets from leases	3																		
Value in use of property		58,748	-332	105	36,416	-1,755	0	93,182	-8,608	81	-4,195	-8,286	-388	0	1,755	0	-19,640	73,542	50,140
Value in use of motor vehicles		7,532	-2	0	1,791	-1,356	0	7,965	-2,696	1	-1,652	-1,429	0	0	1,356	0	-4,420	3,545	4,836
Value in use of operating and office equipment		11,202	-50	0	8,618	-1,556	0	18,215	-2,805	19	-111	-3,769	0	0	1,549	0	-5,117	13,098	8,398
Right-of-use assets from leases		**77,482**	**-383**	**105**	**46,825**	**-4,666**	**0**	**119,362**	**-14,108**	**101**	**-5,958**	**-13,483**	**-388**	**0**	**4,659**	**0**	**-29,177**	**90,185**	**63,374**
Total		**332,695**	**1,160**	**4,747**	**58,247**	**-14,885**	**-254**	**381,709**	**-67,789**	**158**	**-12,651**	**-19,361**	**-415**	**-30**	**14,333**	**68**	**-85,686**	**296,023**	**264,906**

List of Group companies

List of Group companies

No.	Company	IFRS share of capital as of Dec. 31, 2020	Equity as of Dec. 31, 2020 National currency		Equity as of Dec. 31, 2020 EUR	Net profit/loss from Jan. 1, 2020 to Dec. 31, 2020 National currency		Net profit/loss from Jan. 1, 2020 to Dec. 31, 2020 EUR		Profit and loss transfer agreement with	Segment	Disclosure
1.	Allgeier SE, Munich		123,305,229		123,305,229	168,560,320		168,560,320			Other	Separate and consolidated annual financial statements in the Federal Gazette (Bundesanzeiger)
	Direct investments of Allgeier SE:											
2.	Allgeier Enterprise Services AG, Bremen	100.00%	11,145,441		11,145,441	0		0	(1)	1.	Enterprise IT	
3.	Allgeier Experts SE, Wiesbaden	100.00%	35,898,079		35,898,079	0		0	(1)	1.	Enterprise IT	
4.	Allgeier CORE Group GmbH, Munich	100.00%	-1,905,993		-1,905,993	-765,844		-765,844			Enterprise IT	Federal Gazette
5.	Allgeier Beteiligungen GmbH, Munich	100.00%	-5,685,489		-5,685,489	-5,471,223		-5,471,223			Enterprise IT	Federal Gazette
6.	mgm technology partners GmbH, Munich	80.00%	17,979,208		17,979,208	0		0	(1)	1.	mgm technology partners	
7.	Allgeier Management AG, Munich	100.00%	4,440,112		4,440,112	-9,346		-9,346			Other	Federal Gazette
8.	Allgeier Project MBO GmbH, Munich	100.00%	23,348		23,348	0		0	(1)	1.	Enterprise IT	
9.	Allgeier Experts Medical GmbH, Düsseldorf	100.00%	-12,192,223		-12,192,223	-543,779		-543,779			Enterprise IT	Federal Gazette
10.	Allgeier Middle East Ltd., Dubai, United Arab Emirates	100.00%	10,000	AED	2,220	0	AED	0			Other	
	Indirect investments through dependent subsidiaries:											
11.	Allgeier IT Solutions GmbH, Bremen	100.00%	6,122,591		6,122,591	855,684		855,684			Enterprise IT	
12.	BSH IT Solutions GmbH, Bremen	100.00%	121,590		121,590	0		0	(1)	11.	Enterprise IT	
13.	Allgeier (Schweiz) AG, Thalwil, Switzerland	100.00%	3,671,331	CHF	3,392,063	577,572	CHF	539,570			Enterprise IT	
14.	AURELO GmbH, Kiel	100.00%	116,671		116,671	-61,746		-61,746			Enterprise IT	Federal Gazette
15.	Allgeier CORE GmbH, Kronberg im Taunus	100.00%	193,686		193,686	165,698		165,698			Enterprise IT	Federal Gazette
16.	secion GmbH, Hamburg	100.00%	253,367		253,367	-28,210		-28,210			Enterprise IT	Federal Gazette
17.	Allgeier Dritte Beteiligungs GmbH, Munich	100.00%	-275,978		-275,978	-108,968		-108,968			Enterprise IT	Federal Gazette
18.	Oxygen Consultancy, Istanbul, Turkey	90.00%	4,197,994	TRY	461,595	240,507	TRY	29,547			Enterprise IT	
19.	Allgeier Education GmbH, Düsseldorf	100.00%	-1,961,680		-1,961,680	-561,934		-561,934			Enterprise IT	Federal Gazette
20.	Allgeier Project Humboldt GmbH, Munich (from January 27, 2021: Allgeier publicplan Holding GmbH)	100.00%	1,377,853		1,377,853	-3,397		-3,397			Enterprise IT	Federal Gazette
21.	Allgeier Experts Go GmbH, Wiesbaden	100.00%	13,701,398		13,701,398	0		0	(1)	3.	Enterprise IT	
22.	Allgeier Experts Pro GmbH, Munich	100.00%	11,764,009		11,764,009	0		0	(1)	3.	Enterprise IT	
23.	Allgeier Experts Services GmbH, Wiesbaden	100.00%	5,272,589		5,272,589	0		0	(1)	3.	Enterprise IT	
24.	Allgeier Engineering GmbH, Munich	100.00%	3,303,901		3,303,901	0		0	(1)	3.	Enterprise IT	
25.	Allgeier Experts Select GmbH, Düsseldorf	80.00%	-3,088,993		-3,088,993	-326,702		-326,702			Enterprise IT	Federal Gazette
26.	U.N.P.-Software GmbH, Düsseldorf	100.00%	3,056,391		3,056,391	0		0	(1)	3.	Enterprise IT	
27.	U.N.P.-HRSolutions GmbH, Düsseldorf	100.00%	25,000		25,000	0		0	(1)	26.	Enterprise IT	
28.	Allgeier Fünfte Beteiligungs GmbH, Munich	100.00%	25,000		25,000	0		0	(1)	3.	Enterprise IT	
29.	mgm technology partners eurl, Grenoble, France	80.00%	2,464,543		2,464,543	261,693		261,693			mgm technology partners	
30.	mgm technology partners s.r.o., Prague, Czechia	80.00%	29,724,305	CZK	1,132,838	12,265,086	CZK	463,055			mgm technology partners	
31.	mgm technology partners Vietnam Co. Ltd., Da Nang, Vietnam	80.00%	12,348,904,033	VND	436,244	409,545,965	VND	15,405			mgm technology partners	
32.	mgm technology partners schweiz AG, Zug, Switzerland	80.00%	805,320		805,320	193,248		193,248			mgm technology partners	
33.	mgm technology partners USA Corp., Arlington, USA	80.00%	-223,705	USD	-182,397	-144,623	USD	-126,143			mgm technology partners	
34.	mgm security partners GmbH, Munich	56.00%	408,797		408,797	383,231		383,231			mgm technology partners	Federal Gazette
35.	MGM Consulting Partners GmbH, Hamburg	55.997%	1,271,183		1,271,183	1,022,633		1,022,633			mgm technology partners	Federal Gazette
36.	MGM Consulting Partners GmbH, Salzburg, Austria	55.997%	-24,403		-24,403	-74,403		-74,403			mgm technology partners	
	Companies consolidated using the equity method:											
37.	Talentry GmbH, Munich	33.34%	-2,125,794		-2,125,794	-1,188,151		-1,188,151			Enterprise IT	Federal Gazette
38.	IPP northport InsurancePartner Platform GmbH, Hamburg	40.00%	-2,735		-2,735	-31,323		-31,323			mgm technology partners	Federal Gazette

(1) After profit transfer/loss absorption

Glossary

AURELO	AURELO GmbH, Kiel
Allgeier Experts Select	Allgeier Experts Select GmbH, Düsseldorf
Allgeier Education	Allgeier Education GmbH, Düsseldorf
eForce21	eforce21 GmbH, Munich
GES	GES Public Sector division of GES Systemhaus GmbH Co. KG, Wiesbaden (SAP public sector consulting and development services)
iQuest	iQuest Holding GmbH, Karlsruhe, including all its subsidiaries
maihiro	Business of maihiro products GmbH, Ismaning
mgm cp Hamburg	mgm consulting partners GmbH, Hamburg
mgm cp Hamburg Group	mgm consulting partners GmbH, Hamburg, including its subsidiary
mgm sp Munich	mgm security partners GmbH, Munich
mgm tp Munich	mgm technology partners GmbH, Munich
mgm technology partners Group	mgm technology partners GmbH, Munich, including all its subsidiaries
Nagarro	Nagarro SE, Munich, including all its subsidiaries
northport	IPP northport InsurancePartner Platform GmbH, Hamburg
Oxygen	Oksijen İnsan Kaynakları Seçme ve Değerlendirme Hizmetleri Anonim Şirketi, Istanbul, Turkey (Oxygen Consultancy, Istanbul, Turkey)
publicplan	publicplan GmbH, Düsseldorf
SAP Group	Nagarro ES GmbH, Kronberg im Taunus, including all its subsidiaries
SCUDOS	Business acquired from IFASEC GmbH, Dortmund, and SCUDOS SYSTEMS GmbH, Dortmund, (in insolvency)
Speedinvest	Speedinvest II EuVECA GmbH & Co. KG, Vienna, Austria
Talentry	Talentry GmbH, Munich

Responsibility Statement by the Management Board of Allgeier SE

The Management Board of Allgeier SE declares that, to the best of its knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Munich, April 06, 2021

Carl Georg Dürschmidt
Member of the Management Board

Dr. Marcus Goedsche
Member of the Management Board

Hubert Rohrer
Member of the Management Board

Auditor's Report

Independent Auditor's Report

To Allgeier SE, Munich:

Report on the audit of the consolidated financial statements and the Group management report

Audit opinions

We have audited the consolidated financial statements of Allgeier SE, Munich, and its subsidiaries (the Group), comprising the consolidated statement of financial position as of December 31, 2020, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year from January 1, 2020 to December 31, 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Group management report of Allgeier SE, Munich, for fiscal 2020. In accordance with German law, we have not audited the content of those parts of the Group management report indicated in the "Other information" section of our audit report.

In our opinion, based on the findings of our audit:

- the attached consolidated financial statements, in all material respects, comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law in accordance with Section 315e(1) HGB, and give a true and fair view of the net assets and financial position of the Group in accordance with these requirements as of December 31, 2020 and its results of operations for the fiscal year from January 1, 2020 to December 31, 2020; and
- as a whole, the attached Group management report provides a suitable view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements and with German legal requirements, and accurately presents the risks and opportunities of future development. Our audit opinion on the Group management report does not extend to the content of the parts of the combined management report indicated in the "Other information" section of our audit report.

In accordance with Section 322(3) sentence 1 HGB, we declare that our audit has not led to any objections to the regularity of the consolidated financial statements or the Group management report.

Basis for audit opinions

We conducted our audit of the consolidated financial statements and the Group management report in accordance with Section 317 of the *Handelsgesetzbuch* (HGB – German Commercial Code), the EU Audit Regulation (No. 537/2014) and German generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (IDW – German Institute of Public Auditors). We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing. Our responsibility under these provisions, policies and standards is described further in the section of our audit report entitled "Auditor's responsibility for the audit of the consolidated financial statements and the Group management report". We are independent of the Group companies in accordance with the commercial and professional regulations of European and German law and have fulfilled our other German professional obligations in accordance with these requirements. Furthermore, in accordance with Article 10(2)(f) of the EU Audit Regulation, we declare that we have not performed any prohibited non-audit services as defined by Article 5(1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinions on the consolidated financial statements and the Group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from January 1, 2020 to December 31, 2020. These matters were taken into account in the context of our audit of the consolidated financial statements as a whole and in the formation of our audit opinion; we have not issued a separate opinion on these matters.

The issues that we consider to be key audit matters are described below:

Revenue recognition

Reasons for identification as a key audit matter

Allgeier predominantly generates revenue from providing IT services, from IT project contracts, from the sale of software products and from granting licenses to software products. Revenue from the sale of products is recognized when the significant risks and rewards of ownership of the products sold have passed to the buyer, usually on delivery of the product. Revenue from services is recognized in accordance with the contractual agreements and taking the services rendered into account. This is typically done on the basis of days and hours worked. For fixed price contracts, revenue from services is recognized in line with the percentage of completion and taking partial performance rendered into account. Furthermore, licensing revenue is recognized in the applicable period according to contract provisions.

In revenue recognition, there is a risk of inaccuracies and breaches in connection with the achievement of performance targets and forecasts, which could serve as an incentive for revenue to be recognized before the respective risks and rewards have been transferred to the buyer on the one hand and, on the other, for fictitious revenue to be recognized. In some cases, Allgeier SE has entered into extensive agreements with its customers. The accounting for and recognition of these agreements and the related transactions, e.g. for fixed-price projects, requires an estimate of the total cost of the contract and an assessment of whether and when the risks and rewards have been substantially transferred to the buyer.

Given the high sales volumes and the significance of revenue to the consolidated financial statements, and in connection with the fact that revenue is a performance indicator for corporate management and forecasts at for Allgeier SE, Munich, we have identified revenue recognition as a key audit matter.

Our audit approach

In the context of our audit, we reviewed the methods, processes and control mechanisms used in the company in the offer and processing phase of the sales process. In doing so, we assessed the design and effectiveness of the accounting-related internal controls by verifying transactions from their occurrence to their presentation in the consolidated financial statements and by testing controls. In relation to the measurement of revenue including revenue reductions and the correct accrual basis, as part of the audit we relied on control-based audit procedures and dealt with the underlying company processes and controls. Our audit procedures also covered the review of underlying business documents, e.g. outgoing invoices, delivery notes, warehouse receipts, performance documentation, material contracts, customer confirmations in the form of acceptance documentation and the review of developments after the end of the reporting period (e.g. incoming payments, credit notes issued, complaints). In addition, we implemented data analyses of transactions within the year for any abnormalities. On a test basis, we examined non-standard transactions and revenue reductions against the underlying contracts and business documents.

With regard to the application of IFRS 15, we examined the processes set up by Allgeier to implement this standard. In particular, we have examined the proper identification of the estimate of total costs of the contract and the transfer of significant risks and rewards to the buyer.

In addition, we have assessed the information provided by Allgeier on revenue recognition in the notes to the consolidated financial statements.

Our conclusions

Our audit procedures did not give rise to any objections regarding revenue recognition. Allgeier has implemented appropriate regulations for the recognition of revenue and has taken them into account in preparing the consolidated financial statements. We verified the appropriateness of the processes and controls for revenue recognition established throughout the Group.

Reference to related information

The company's disclosures on the principles of revenue recognition can be found, in particular, in Section A.VIII. "Statement of Financial Position" under the disclosures on contract assets and liabilities and on trade receivables, in Section A.IX. "Income Statement" and in the disclosures on revenue under note C.26 to the consolidated financial statements.

Spin-off of Nagarro business including IFRS 5 disclosures

Reasons for identification as a key audit matter
The spin-off and listing of Nagarro SE and the technology consulting and software development business it bundled were completed in the middle of December 2020. When the spin-off became effective on December 15, 2020, in accordance with the spin-off agreement, Allgeier's shareholders received one share in Nagarro SE per share in Allgeier SE, and thus retained 100 percent of the share capital of Nagarro SE. Allgeier has no longer held any interest in Nagarro since that date.

Given the complexity of the transaction and the associated significant risk of material misstatement, the estimation uncertainty and judgments applied in measurements and the significant overall impact on the financial position and financial performance of the Group in terms of the amounts involved, we identified the accounting for the spin-off of the Nagarro business as one of the foremost key matters in our audit.

Our audit approach
In conjunction with our audit of the consolidated financial statements, we first assessed management's assessment of the fulfillment of the criteria set out in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" for classification as held for sale and discontinued operations as of December 15, 2020. To do so, we obtained an understanding of the contractual arrangements and examined the decisions by the executive bodies regarding the capital resources of the group to be spun off. We also assessed the legal implementation of the spin-off to determine whether the requirements of company and stock corporation law regarding the loss of control and thus the deconsolidation of the Nagarro business were satisfied in accordance with IFRS 10 "Consolidated Financial Statements" when the spin-off became effective.

Furthermore, we assessed the delineation of the business activities falling within the scope of IFRS 5 on the basis of the contractual foundations and verified the implementation of the classification as held for sale and as discontinued operations in the consolidation system, including the adjustment of the consolidation entries and the prior-year figures in the consolidated income statement, the consolidated segment reporting and the consolidated statement of cash flows.

Finally, we examined the accounting for the disposal of assets and liabilities classified as held for sale. In particular, our audit procedures focused on the assessment of the calculation of the gain or loss on disposal.

We also verified the IT implementation of the deconsolidation in the consolidation system and the methodical, mathematical and accounting procedure for the deconsolidation statement in accordance with IFRS 10.

Our conclusions
Our audit procedures did not give rise to any objections regarding the spin-off of the Nagarro business. The accounting in the financial statements is appropriate and consistent with the applicable IFRS accounting policies. The key assumptions and statements are appropriate as is the presentation in the notes to the consolidated financial statements and the Group management report.

Reference to related information
For information on the accounting policies applied in conjunction with the spin-off of the Nagarro business, please refer to the notes in Section A.II. Accounting Policies.

Details of the transaction and disclosures on the deconsolidation and the gain or loss on disposal can be found in Section A.VI Consolidated Group in the notes to the consolidated financial statements.

Related party disclosures

Reasons for identification as a key audit matter
The spin-off of Connect AG, Nagarro SE and its subsidiaries with the bundled technology consulting and software development business in the middle of December 2020 was carried out by means of a large number of transactions, some of which entailed very high amounts. While such transactions prior to December 15 were eliminated by consolidation adjustments, this is the date that Nagarro SE was spun off from Allgeier SE. Nagarro SE and its subsidiaries have no longer been related parties of Allgeier SE since this date. The remaining balances are not inconsiderable, and the disclosures in the notes and management report, especially those in connection with the spin-off described above, can be considered as potentially relevant to decision-makers.

Our audit approach
As part of our audit, we assessed the appropriateness and effectiveness of the processes and controls established by the Group to record relationships and transactions with related parties. This also applies to the implementation in the IT systems for the processing and presentation of these transactions. Regarding the special transactions between Allgeier SE and Nagarro SE in 2020, we have assessed the support given to the company by its advisors and the advice and opinions they provided. We also assessed the information obtained by viewing the minutes of both executive bodies and from interviews with the Management Board and the Supervisory Board.

Our conclusions
We verified that the systems and processes in place, and the controls in place to record the relationships and transactions with related parties that have occurred, are appropriate. In addition, we were able to satisfy ourselves that the estimates and assumptions made by management are sufficiently documented and, not least by obtaining expert opinions, well-reasoned to ensure proper accounting and the disclosures in the notes to the consolidated financial statements and the Group management report on related parties. This also applies to the appropriate distribution of the costs of the transaction between Allgeier SE and the spun-off Nagarro SE. There are no objections to the information presented on the transactions and balances with the spun-off Nagarro Group.

Reference to related information
Disclosures by the company on related parties, including those other than Nagarro SE, can be found in the notes to the consolidated financial statements on accounting policies in Section A.II. Accounting Policies. Further disclosures on related parties can be found in the Sections F.IV. Executive Bodies of Allgeier SE and F.V. Related Party Disclosures.

Other information
The company's management is responsible for the other information. The other information comprises:

- the corporate governance declaration in accordance with Sections 289f, 315d HGB (information in the Group management report on the corporate governance declaration in the corporate governance report);
- the corporate governance report in accordance with the German Corporate Governance Code;
- the separate, non-financial reporting in accordance with Sections 289b, 315b HGB;
- the statement in accordance with Section 297(2) sentence 4 HGB on the consolidated financial statements and the statement in accordance with Section 315(1) sentence 5 HGB on the Group management report.

The other information also includes the other parts of the annual report – without further cross-references or external information – with the exception of the audited consolidated financial statements, the audited Group management report and our audit opinion.

Our audit opinions on the consolidated financial statements and the Group management report do not extend to the other information, and accordingly we do not offer any audit opinion or any other form of audit conclusion on it.

In connection with our audit, we have the responsibility to read the other information and to assess whether the other information:

- contains material inconsistencies with the consolidated financial statements or our findings from the audit; or
- is otherwise materially misrepresented.

If, on the basis of our work, we come to the conclusion that this other information contains a material misstatement, we are required to report these facts.

Responsibilities of management and the Supervisory Board for the consolidated financial statements and the Group management report

Management is responsible for the preparation of the consolidated financial statements that, in all material respects, comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law in accordance with Section 315e(1) HGB, and that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group. In addition, management is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for the accounting on the basis of the going concern principle, unless there is the intention to liquidate or discontinue the Group, or there is no realistic alternative.

Furthermore, management is responsible for the preparation of the Group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

Responsibility of the Auditor for the Audit of the Consolidated Financial Statements and the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the Group management report.

Reasonable assurance is a high degree of assurance, but not a guarantee that an audit performed in accordance with Section 317 HGB, the EU Audit Regulation, German generally accepted standards for the audit of financial statements promulgated by the IDW and also in accordance with International Standards on Auditing will always reveal a material misstatement. Misstatements can result from violations or inaccuracies, and are considered material if they could reasonably be expected, individually or collectively, to influence the economic decisions that users make on the basis of these consolidated financial statements and the Group management report.

We exercise due discretion and maintain a critical approach.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the Group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk that material misstatements are not detected is greater for violations than for inaccuracies, as violations can include fraud, falsification, intentional omissions, misrepresentation or the invalidation of internal controls;
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Assess the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements, in accordance with the IFRSs as adopted by the EU and the additional requirements of German commercial law in accordance with Section 315e(1) HGB, give a true and fair view of the net assets, financial position and results of operations of the Group;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the Group management report. We are responsible for designing, monitoring and performing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions;
- Evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with the law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a considerable yet unavoidable risk that future events will deviate materially from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Of the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our audit report, unless the public disclosure of such issues is prevented by law or other legal provisions.

Other statutory and legal requirements

Report on assurance in accordance with Section 317(3b) HGB on the electronic reproductions of the consolidated financial statements and the Group management report prepared for publication purposes

Audit opinion

We have performed assurance work in accordance with Section 317(3b) HGB to obtain reasonable assurance about whether the reproductions of the consolidated financial statements and the Group management report (hereinafter the "ESEF documents") contained in the file "allgeier-2020-12-31.zip" and prepared for publication purposes comply in all material respects with the requirements of Section 328(1) HGB for the electronic reporting format (ESEF format). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the Group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above electronic file.

In our opinion, the reproductions of the consolidated financial statements and the Group management report contained in the attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328(1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying Group management report for the fiscal year from January 1, 2020 to December 31, 2020 contained in the "Report on the audit of the consolidated financial statements and of the Group management report" above.

Basis for the opinion

We conducted our assurance work of the reproductions of the consolidated financial statements and the Group management report contained in the attached electronic file in accordance with Section 317(3b) HGB and the draft IDW auditing standard: Assurance in accordance with Section 317(3b) HGB on the electronic reproduction of financial statements and management reports prepared for publication purposes (IDW EPS 410). Our responsibilities under those requirements are further described in the Section "Auditor's responsibilities for the audit of the ESEF documents". Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

Responsibilities of management and the Supervisory Board for the audit of the ESEF documents

The company's management is responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the Group management report in accordance with Section 328(1) sentence 4 item 1 HGB and for tagging the consolidated financial statements in accordance with Section 328(1) sentence 4 item 2 HGB.

In addition, the company's management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328(1) HGB for the electronic reporting format.

The company's management is also responsible for the submission of the ESEF documents together with the auditor's report and the attached consolidated financial statements, audited Group management report and other documents to be published to the operator of the German Federal Gazette (Bundesanzeiger).

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's responsibilities for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328(1) HGB. We exercise due discretion and maintain a critical approach. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328(1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited Group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Other disclosures in accordance with Article 10 of the EU Audit Regulation

We were elected as the auditor of the consolidated financial statements by the Annual General Meeting on September 24, 2020. We were engaged by the Supervisory Board to audit the consolidated financial statements on February 23, 2021. We have served as the auditor of the consolidated financial statements of Allgeier SE, Munich, without interruption since fiscal 2001.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the Audit Committee in accordance with Article 11 of the EU Audit Regulation (audit report).

Responsible auditor

The auditor responsible for the audit is Uwe Höschler.

Düsseldorf, April 27, 2021
LOHR + COMPANY GmbH
Wirtschaftsprüfungsgesellschaft

Walter Fabisch ppa. Uwe Höschler
Wirtschaftsprüfer (German Public Auditor) *Wirtschaftsprüfer* (German Public Auditor)

Group Non-Financial Statement in accordance with Section 315b HGB

1.1 Management approach, values and guiding principles

Allgeier SE is one of the leading technology companies for digital transformation: it guides its customers through the challenges of digital transformation to ensure their future success. Allgeier has a broad and stable customer base of global corporations, dynamic SMEs and public sector contractors. Allgeier offers its more than 2,000 customers a full portfolio of IT and software services extending from high-end software development to business efficiency solutions in support of the digital transformation of critical business processes. The Group's two segments have around 2,400 employees and more than 800 freelance experts at 65 branches in total in Germany and four other European countries, in the US and Vietnam. Together, we create value added for our customers, employees and shareholders.

The structure of our Group and our management approach are based on the principle of sustainable and responsible business conduct at all levels of the organization, from the Group holding company to our divisions to the individual operating units. Allgeier owes its position on the market today to the business strength of its Group companies, which in turn is founded on innovation, flexibility and humanity. As a corporate citizen that operates on various markets and in a number of territories, we see ourselves as an active and responsible part of society.

Business responsibility and sustainable conduct on behalf of our company, shareholders, the environment and society begins with our employees. They form the basis for our business success, both now and in the future. We practice common values and act in the overall interests of the Allgeier Group in line with sustainable principles. The way we work together is characterized by a sense of responsibility, respect and mutual esteem. We have defined our core values as follows:

Innovation:

For us, innovation means constantly striving for improvement and using intelligent and sustainable solutions and technologies for our customers' business models.

Enterprise:

For us, enterprise means taking full responsibility for our actions at all levels of the company while also being a reliable partner to our employees and being willing to go the extra mile when necessary.

Humanity:

For us, humanity means that we treat each other fairly and in a spirit of cooperation, even in the face of tough competition, and that our relationships are based on tolerance and a cosmopolitan outlook. We reject and do not tolerate any form of discrimination.

Integrity:

One important element of our working culture is that we stand by each other. This applies to mistakes in everyday working life and to providing mutual support in emergencies. Trust forms the basis for our teamwork.

It goes without saying that we respect the law and ensure compliance across the board. Hard-and-fast rules and regulations for individual situations and circumstances in the working environment are clearly formulated and communicated in the form of Group guidelines, directives and specific agreements. These apply to all our actions and are binding.

1.2 Management principles and the compliance management system

The Allgeier Group is synonymous with integrity, ethics and absolute compliance with the law. This is extremely important in our dealings with partners and customers, but especially internally with regard to our employees and when it comes to upholding our excellent reputation on the market. Our management principles and our compliance management system serve to ensure sustainable and responsible business conduct in our day-to-day work throughout the Allgeier Group, and adherence to general principles and national legal standards on all our markets. These standards, which are systematically aligned with our common values of innovation, enterprise, humanity and integrity, represent important foundations for our current and future performance and our continued growth.

Human rights

We respect internationally recognized human rights and support their observance. We ensure that we are not complicit in any human rights abuses.

Work standards

We strictly reject and rule out any form of forced labor or child labor. We recognize the right to appropriate remuneration for all our employees. Wages and other benefits meet the relevant national standards and local statutory norms or the level enjoyed by national economic areas/sectors of industry and regions at the very minimum. We defend the right of association and the effective recognition of the right to collective bargaining.

Equal treatment and non-discrimination

A culture of equal opportunity, trust and mutual respect is extremely important to us. We promote equal opportunities and prevent discrimination when appointing new staff, making promotions and granting training and continuing professional development and in our day-to-day dealings with each other. We treat all employees equally irrespective of gender, age, skin color, culture, ethnic background, political persuasion, sexual identity/orientation, disabilities, religious affiliation or ideology.

Anti-corruption and fair competition

The systematic observance of our high compliance standards is essential for our business operations and our general conduct at a national and international level if we are to achieve sustained success. For this reason, compliance in the Allgeier Group is a top priority for the Management Board and the Supervisory Board. The compliance commitment made by the Management Board of Allgeier SE is the benchmark for our competitive conduct; Allgeier SE stands for technical expertise, innovation, a customer-centric approach and motivated staff who act responsibly. This forms the basis for our strong reputation and the Group's sustained business success in national and international competition. We believe that corruption represents a threat to these guarantors of success. Accordingly, we adopt a zero-tolerance approach to such behavior. Bribes and anti-trust agreements are not appropriate means of obtaining orders. We would prefer to miss out on a deal or our internal targets rather than break the law.

Avoidance of conflicts of interest

At Allgeier SE, business decisions are made exclusively in the best interests of the company. This way, we seek to prevent any conflicts of interest with private concerns or economic or other activities, including with regard to relatives or other related parties or organizations. If any such conflicts nevertheless arise, they must be resolved taking into account the law and the Group's applicable guidelines. One essential prerequisite is the transparent disclosure of the respective conflict, which is guaranteed by our systems.

Prevention of money laundering

Allgeier SE meets its statutory obligations with regard to the prevention of money laundering and does not participate in any money laundering activities. Every employee of our Group is required to have any unusual financial transactions that might give rise to the suspicion of money laundering investigated by the responsible financial, legal or compliance department in case of doubt. This applies in particular to unusual financial transactions involving cash.

Political lobbying

We conduct political lobbying centrally, openly and transparently. In so doing, we observe the legal provisions on lobbying and avoid exercising any undue influence on politicians and legislators under any circumstances.

Public demeanor and communication

In our activities around the world, we respect the right to freedom of speech and the protection of personality rights and privacy. Through our regulations and guidelines, we also endeavor to raise awareness among all employees that they may also be perceived as members and representatives of the Allgeier Group, even in their private lives. As such, we request that every employee uphold the image and reputation of the company through their conduct and public demeanor, particularly with regard to the media.
With regard to private opinions, we make sure not to associate the employee's particular function or job at the Allgeier Group with their private statements.

1.3 Standards and systems

It is essential for Allgeier to take responsibility as a company in our business activities and to stand up for the observance of laws and international conventions. With the size of the company increasing, a steadily growing number of target markets and branches with around 2,400 employees and more than 2,000 clients from a number of regions around the world, we are required to deal with many different stakeholders and their individual and specific expectations. This goes hand in hand with a plethora of different legal provisions that must be observed.

Observance of laws and regulations

For us, the observance of laws and regulations is a fundamental principle of responsible financial conduct.
We observe the applicable legal prohibitions and obligations at all times even if doing so results in short-term financial disadvantages or difficulties for the company or individuals. If national laws set out more restrictive regulations than the applicable rules at Allgeier SE, national law takes precedence.

Corporate Governance

The principles of our corporate governance can be found in the corporate governance section of the above Group management report.

Strategic management of opportunities and risks

Details of the strategic management of opportunities and risks, the early detection and monitoring of risks and the operational management of opportunities and risks can be found in Section 5.2.1 of the above Group management report.

2. Employees

2.1 Strategic personnel management

Our employees are our main competitive advantage. The Allgeier Group currently employs 2,366 people on three continents. Allgeier has become steadily more international in recent years. Even after spinning off its global software development business with its many locations on five continents, our Group still comprises a range of different nationalities. In total, our workforce includes around 1,800 highly qualified IT developers. 27 percent our employees are female – a high figure compared to other companies in our sector, and one which we have been able to increase further over the last few years. Many of our Group's employees work hard every day to identify and attract outstanding specialists and the best talents and to retain them for the long term.

As a fast-growing company in a demanding and highly agile competitive environment, we firmly believe that employee training, job satisfaction and a feeling of belonging are crucial for our long-term financial success. These factors allow us to provide customers with the flexibility and innovation they need and expect from us, while at the same time offering them groundbreaking products and disruptive technology services that are always at the cutting edge of development. Our aim is to shape the digital transformation for our customers as a powerful and reliable partner. Our employees work on critical business processes and important interfaces that are central to the future success of our customers. In this responsible position, a solid set of values is indispensable: Our common values of innovation, enterprise, humanity and integrity form the basis for our employees' performance. And our commitment to our employees throughout the Group serves as the foundation for consistently encouraging essential qualities such as initiative, responsibility and flexibility. We pursue various programs and different measures to ensure that Allgeier is and remains an attractive, inspiring employer for its employees, offering not only a range of varied responsibilities and interesting customer projects, but also outstanding individual opportunities and prospects. At the same time, we are playing an active role in countering the shortage of skilled workers and reinforcing our brand as an employer in a hotly contested market for specialists.

As part of our personnel management, the segments and companies in the Allgeier Group pursue a range of measures aimed at promoting employee growth, motivation and loyalty. Elements of personnel management include strategic personnel development, managing training and continuing professional development, recruitment, information, transparency and social aspects.

2.2 Personnel development, training and continuing professional development

As part of our personnel development program, we design employee-friendly guidelines and programs that give employees freedom and flexibility in their individual development process. We set great store by a culture in which employees are able to acquire new skills based on a self-directed culture of learning that is aligned with our corporate goals but also focused on their individual opportunities, needs and preferences. We are committed to developing all the employees in our team according to their individual potential. Elements of strategic personnel development at the Group companies include a clear onboarding process with feedback interviews and an interview at the end of the trial period, plus a continuous performance and development dialog with the respective manager in the form of quarterly and annual meetings. Targeted personal training measures are agreed and defined on the basis of these interviews. Further measures forming part of personnel development at our Group companies include:

- management of continuing professional development, such as through skills portals
- a training catalog with internal and external opportunities for continuing professional development and individual training options
- management training
- management trainee and induction programs, plus an onboarding and training concept for different divisions
- mentors and mentor models
- promotion of part-time degree courses and dual study programs
- identification of top talents and promotion/retention of talented individuals
- reward and recognition program
- flexibility of roles: freedom to select different career paths and development opportunities on an individual basis

2.2.1 Vocational training and dual study programs

Allgeier offers training in a wide variety of lines of work and professions at a number of its locations and supports a range of dual study programs at various universities. Students are informed of opportunities for study and career prospects through corresponding programs and are also approached directly. Comprehensive training management is in place to ensure that students obtain the right qualifications, receive the right support, and make the ideal start to their careers. Interns, bachelor's degree students, master's degree students, working students and career starters also undergo a comprehensive integration program with designated mentors. Further measures within the Group include the promotion of part-time study courses for employees.

2.2.2 Hiring and career start

With the aid of carefully designed, tried-and-tested programs, we enable students and career entrants to prepare well for their professional career and achieve a smooth start to their careers. On a highly competitive market for specialists, we are thereby not only bringing through qualified young professionals, but also actively counteracting the growing shortage of skilled workers that is affecting every territory of our industry. In addition to our own training in various professions and the use of dual study programs, we offer continuing professional development, e.g. as an IT specialist, with subsequent hiring and combine these qualifications with internship phases. Training and degree courses are always offered with a view to subsequently hiring the people concerned. In addition to working closely with universities and in addition to our commitment to universities in other areas, many of our companies also offer positions for working students and students studying for bachelor's or master's degrees, combined with intensive support from mentors. At units of our mgm technology partners segment, we also offer internships for computer science students from vocational training centers or further education institutes with the aim of taking them on as employees.

2.2.3 Management trainee program

Various management trainee programs are in place at different Group companies with the aim of ensuring a structured, thorough induction, efficient learning on the job and in further relevant situations, and a smooth introduction to new responsibilities and positions. For example, the Allgeier Experts units has a six-month onboarding program with structured induction plans, fixed milestones and feedback meetings, followed by a transition interview to ensure a professional start with the organization.

Further measures for supporting management traineeships within individual segments include:

- buddy system for new employees to facilitate their introduction to the company
- mentor model: We place great importance on long-term cooperation and the development of each individual employee, and our targeted, confidential mentoring program gives new employees the opportunity to grow on a personal and professional level within the company
- support for bachelor's and master's theses and, where possible, the hiring and further development of working students following completion of their studies
- targeted appointment and on-the-job training for career changers
- Communications training for career starters: We offer specific support to new entrants with accompanying soft skills training, such as communication courses, thereby contributing to their personal growth

2.2.4 Continuing professional development

Continuing professional development and the support of lifelong learning are of fundamental importance to us as part of our corporate culture. People derive pleasure from extending their expertise and increasing their knowledge, and this can make an important contribution toward a happy life. Consequently, we aim to help our employees to learn something new and better themselves a little every single day. Wherever possible, we also take into account the individual needs and requirements of our employees and their personal preferences, goals and opportunities. We believe that our continuing professional development management and a range of concerted individual measures can enhance and permanently reinforce the motivation, commitment and dedication of our employees while also expanding the knowledge, expertise and performance that are essential if we are to offer our customers excellent services and products. In many areas, our commitment as a Group also extends beyond our company in order to improve people's access to education and enhance the quality of education, particularly with a view to counteracting the shortage of skilled workers and giving young people the ideal preparation for a career in IT. The measures taken by Group companies as part of our continuing professional development management include:

- internal continuing professional development in the form of live events and e-learning modules for self-study
- establishment of an academy and e-learning platform for employees
- online communities for specific issues to enable a professional dialog with colleagues
- training from internal and external trainers and enabling employees to take part in external seminars and attend trade fairs/symposiums/organized debates for their further professional development

2.2.5 Performance and recognition

A culture of appreciation and recognition for performance, commitment and ideas is extremely important to us. Rewarding and awarding particular dedication and excellent performance in day-to-day work and recognizing well-deserving team members play an important part in this process. There are also reward programs for recommending new colleagues. We have established strategic performance

management processes in various units of the Group in order to foster and further develop our corporate culture and to provide targeted positive incentives. We generally offer variable remuneration models in many areas of our Group (some including SMART goal categories) that are linked to profits, margins or service revenue. Additional incentives are also established at individual companies through special bonuses (e.g. for service anniversaries, on hitting certain development and further education goals or certifications, for exceptional achievements or secondments abroad), options, overtime models and allowances such as night-shift allowances or off-site allowances, and special commitment is rewarded. In addition, the best ideas for improving the company (e.g. process and workflow optimizations, cost reductions, new employee benefits, new business opportunities, etc.) are rewarded with a bonus, for example.

2.2.6 Employee loyalty

Effectively achieving employee long-term loyalty and low employee turnover are important aspects if a business operation is to be sustainably successful. In addition to the programs and measures for personnel growth and the further qualification of our employees described above, we take further steps at our Group companies with a particular view to increasing the loyalty and motivation of specialists and securing valuable expertise. These include:

- career planning and attractive development opportunities: We use salary models, gratuities and individual career opportunities to reward commitment and excellence, motivate employees and retain them within the Group for the long term
- regular personnel and feedback interviews
- training and continuous professional development: We offer our employees a wide range of individual development programs and personal advisory opportunities to help them design and pursue their own learning and development path
- work-life balance: We use employee-friendly programs, flexible working time models and a range of additional measures for reconciling family life and career (see below) to help us understand the needs of our employees and enable them to achieve an optimal work-life balance
- regular employee surveys and reporting in order to measure employee engagement and satisfaction and adapt personnel development, marketing and communication strategies on the basis of the results. This also allows us to identify optimization possibilities in different organizational areas, thereby enhancing employee satisfaction and loyalty
- company pension scheme
- employee benefit program with external service providers
- regular team meetings, both in person and virtually during the pandemic, parties and joint activities and events, introductory days and welcome days for all new employees to get to know each other and for networking, regional round tables for experts, awards, honors, bonus holidays and gifts for company anniversaries, birthdays, weddings, etc.

2.2.7 Management development

The continuous development of our managers plays a significant role for us, and not just as part of our staff development and continuing professional development management. We also firmly believe that good management is an essential factor in good performance on the part of our Group and providing groundbreaking services and products for our customers. We offer special promotion programs, development programs, career models and incentives, bonuses and participation models for managers. With continuing professional development, training and coaching sessions, we ensure that managers at our Group companies are provided with continuous training and we prepare employees for leadership roles and for taking on responsibility.

2.3 Recruitment and support for sciences

Research and development and the support and promotion of universities, sciences and young talent are of great importance for our Group. We know that we need to harness the best minds all around the world if we are to offer our customers the best solutions and maintain the strong growth of our company, both today and tomorrow. Allgeier therefore maintains numerous cooperations with universities and research facilities, supports partner universities and projects financially and is also represented at various universities with regular recruitment and hiring events. In cooperation with universities, we conduct workshops and training courses and organize a wide range of events to provide students with practical experience to accompany their theoretical knowledge. Students receive targeted support at several universities and on different courses as part of the Germany Scholarship. We also meet our responsibility to promote science and research at our Group companies through measures including:

- lecture series, technology training courses, workshops, webinars and student projects at several universities
- boot camp for students: The pre-placement boot camp is a training initiative in which a group of candidates are selected on the basis of common aptitude and coding tests and receive specific further training before they are sent a PPO (pre-placement offer)
- student excursions to the sites of Group companies (currently on hold due to the pandemic)
- promotion of the Germany scholarship at various universities (both centrally through Allgeier SE and more locally through the Group's companies)
- regular participation in scientific surveys and studies, especially for bachelor's and master's theses and dissertation projects
- hackathons for students
- support for mandatory university events

2.4 Information and transparency

To ensure a regular exchange of interests and a consistent flow of information and communication from the top down and the bottom up, Allgeier SE has established an employee council as a central stakeholder in cooperation with a body elected by all employees; the council is made up of ten elected employee representatives from all units of the Group and the Group's Management Board. At the level of our Allgeier IT Solutions unit, there is also an employee council of six elected employee representatives, which meets regularly with management and at town hall meetings to report on its activities. It is also a port of call for all questions or suggestions, e.g. for optimization potential or discussions from or with the staff. Communication channels are in place within the segments and individual units (including through the intranet) to enable employees to take part in the flow of information and the decision-making processes within the employee representation bodies. Further measures to promote the representation of interests and exchange of information within the Group companies include site or division meetings, webinars, town hall meetings and information days intranet, blogs, wikis and regular newsletters. The Allgeier Experts unit also conducts regular satisfaction surveys and reports for this purpose. Whistleblowing is facilitated by the compliance officer at Group level.

2.5 Social issues

2.5.1 Work-life balance

Our Group has long been committed to enabling employees to achieve a healthy work-life balance. This is done with measures including flexible job and working time models. We believe that this makes an important contribution to ensuring our employees' commitment, motivation and willingness to learn, thereby leading to higher productivity, greater efficiency and better products and services that are also beneficial in terms of economic sustainability. Measures within our Group companies that help employees to reconcile their career and their family life include:

- flexible regulations for working from home/remote working, including on a project basis
- flexible (parental) part-time arrangements and temporary part-time arrangements to meet individual employee requests
- establishment of maternity leave
- continuous information and involvement of employees on parental leave (e.g. by participating in team events) and targeted reintegration measures following family leave phases
- family-friendly holiday arrangements
- special support measures for parents/families (e.g. childcare)
- working time arrangements with recommended core working hours and restricted flextime models or trust-based working time
- local company parties with employees' families
- provision of family-friendly, efficient company cars for large family groups at our sites in Germany and India

During the coronavirus pandemic, many of the above features have taken on new significance and new forms. For example, regulations on working from home were actively expanded firstly to manage requirements when childcare became unavailable and secondly to guarantee the best possible work-life balance during lockdowns.

2.5.2 Occupational health management, health and safety protection

The maintenance and promotion of our employees' health is important to us. This is why we ensure a humane and healthy working environment for our employees. These measures are not only socially justifiable, but also sustainable from an economic perspective. In addition to generating a greater sense of well-being, satisfaction and motivation within our units, occupational health management helps us to achieve high performance from our employees in the long term, increases employee loyalty and ensures low sickness rates and low staff turnover. We also consider health and safety protection to be extremely important. Whenever and wherever possible, we aim to avoid any impairment of health or accidents at work. Consequently, we take the appropriate steps and have the corresponding systems in place (first aid officers, fire and evacuation marshals, company doctors, health and safety specialists, etc.) to ensure optimal health and safety protection. Within the Group, we work to continuously improve occupational safety and health protection. Employees are also responsible for protecting people and the environment within their area of work. All applicable laws and regulations must be adhered to. Managers are required to instruct and support their employees in fulfilling this responsibility. We also seek to ensure safety and prevent injury among employees at our sites with a variety of measures. Examples of measures to promote workplace health and safety within our segments include:

- training safety officers
- safety briefings for new employees and annual briefings for all employees
- evacuation drills
- occupational health screenings for the early detection or prevention of work-related sicknesses or occupational illnesses
- regular inspection of portable electrical equipment
- regular DGUV-3 inspections (accident prevention regulations for the safety of electrical equipment and systems)
- risk assessments for psychological stress and working from home
- use of ergonomically tested office furniture, such as desks with electrical height adjustment and office chairs that meet DIN standards, individual workplace inspections and ergonomic advice from company doctors
- support and sponsorship of sporting events such as company runs and support for employees' sporting activities (incl. organizational or financial support for football, tennis, badminton, chess, table tennis, cycling and running events and tournaments)
- fitness and personal training, some in-house fitness rooms with instructors, Zumba and yoga classes plus mental training and stress management
- showers, changing rooms and bicycle stands
- health discussion groups, workshops and seminars
- establishment of common areas and quiet areas
- support for health protection in the workplace through a subsidy for workplace spectacles
- stress management programs

As described above, out Group actively expanded its flexible regulations on working from home at the start of the coronavirus pandemic. In addition to the positive influence on work-life balance, this also made an active contribution to health protection by reducing contact. We applied our existing technical expertise with a great deal of precision to advance digitization within the Allgeier Group as well. A number of meetings and talks with customers are held on various digital platforms. The companies of the Allgeier Group are thus making an important contribution towards reducing direct contact and thus the risk of infection.
Naturally, all Group companies provide disinfectant and mouth and nose coverings. Also, our units centrally sourced FFP2 masks for the individual divisions and made these available to all employees. During the second lockdown, at its head office in Bremen, the Allgeier IT Solutions unit also launched a rapid coronavirus test program run by medical personnel to provide additional safety for employees whose on-site attendance was essential. Based on the lessons learned from this, regular rapid testing will be offered for staff and visitors as easing progresses, in order to make an additional contribution to infection suppression and thus health protection.

2.5.3 Remuneration

We seek to maintain the dedication and commitment of our staff, motivate them going forward and reward excellence with the aid of intelligent and forward-looking evaluation models and variable remuneration and incentive schemes. Within the Group companies, this is based on regular feedback discussions and target-oriented interviews, SMART goal agreements aligned with the level of expertise and responsibility of the respective employee, and a multi-channel performance analysis system. These are supplemented by measures such as a feedback-oriented interview system that focuses on professional development and personal progress plus a target-based bonus system. Employees also receive additional gratuities (depending on their area of responsibility and position).

2.5.4 Diversity

Diversity is an enrichment for our Group. At the Allgeier Group companies, people from a wide range of different origins, cultures and religions work together in different countries. We are committed to preserving and implementing values that promote diversity and equal rights in the workplace, and to cultivating diversity as a company wherever it is able to do so. The Allgeier Group believes in the right to equality and the dignity of all people. All our employees receive the same work opportunities and prospects, and no one is discriminated against on the basis of their membership of a group, the color of their skin, their marital status or family situation, parental status or origin, source of income, religion, gender, age, national origin, disabilities, sexual orientation, state of health or veteran status. Our corporate culture is characterized by intercultural collaboration in cross-border mixed teams across our locations. We are especially committed to gender diversity and firmly believe that this can also make an important contribution to combating the shortage of skilled workers. Our Group has a high share of female employees compared to the average for the sector.

2.5.5 Intercultural understanding

Intercultural understanding and cooperation are becoming increasingly important to us as our Group becomes progressively more international. In addition to cross-border collaboration in mixed teams and dialog within the Group with its units in various countries, the individual segments take various additional steps to enhance intercultural understanding within our Group, including:

- dispatching employees for induction in project teams at other locations
- staging information events across different locations and ensuring multilingual internal communication
- internal, international social media platforms for communication, the exchange of knowledge and the transfer of expertise
- regular webinars on corporate culture, management policy and future growth
- intercultural training for employees prior to secondment
- free language training to support our customers in their relevant national language and to improve communication within the Group

2.5.6 Support for employees and families

As a Group, we make an extensive commitment to our employees as we firmly believe that establishing good relationships with one another at a professional and personal level and a good working atmosphere are important factors in our shared success. In particular, there are a wide range of measures aimed at supporting the reconciliation of family life and careers (see above). We believe it is especially important for us to take responsibility for our employees and their families at our international locations, and we go far beyond the legal minimum in this respect. This is particularly crucial in countries where statutory health insurance and other social security systems are less well developed than, for example, in Germany. We provide our employees with insurance against medical risks, other special risks and Group life insurance. In Germany as well, we go well beyond the statutory requirements to support our employees, for instance by setting up accident insurance. We also offer financial support in some cases to help overcome any financial crises directly caused by unforeseen events in the lives of employees or their family members. In addition to the measures listed above as part of our commitment to our employees, we also have a range of special programs and services available within our Group for employees and their families. In particular, these are aimed at providing effective support as an employer in exceptional life situations, such as:

- special leave for births, weddings or deaths
- special leave or financial support in emergencies or financial crises
- subsidies toward the cost of childcare
- implementing nursing leave for relatives
- partial payment of costs in the event of exceptional financial burdens as a consequence of illness
- the option of unpaid leave

3. Environment

The protection of the natural environment, the responsible handling of natural resources and awareness of our responsibility toward future generations in the sense of intergenerational fairness form the essential foundations of our business operations and actions. For us, sustainable environmental awareness means continuously reducing our consumption of energy and resources and making an active, comprehensive contribution to the protection of the natural environment. We use operational environmental management systems to create the framework for recording activities with relevance to the environment, pursue environmental targets and continually improve our environmental performance.

3.1 Environmental strategy and environmental management

We take the protection of our environment and the responsible, sustainable handling of resources into account in fulfilling our responsibilities for our own company and in performing services for our clients. Accordingly, we demand and promote environmental protection. It goes without saying that we observe the applicable legal regulations in the various countries. Our Group companies also implement specific environmental strategies and management systems in their respective markets, some of which are certified in accordance with or based on DIN EN ISO 14001. In the Allgeier IT Solutions unit, a managing director newly appointed as of October 1, 2020 was entrusted with the action area of environment strategy and environmental management. Our new colleague, who previously spend ten years in various leadership positions in the renewable energies sector, will further improve and harmonize standards, and also usher in new approaches in procurement and other relevant areas.

3.2 Utilization and consumption of natural resources, heat, energy and renewable energies

Within the Allgeier Group, we are aware of our footprint and, as part of our commitment to ecological sustainability, we regularly identify opportunities to reduce our consumption of natural resources and energy, and to ensure more resource efficiency as we continue to grow. In addition to the use of renewable energies, environmental management also

plays an important role in the selection of products (hardware and office equipment). In this area alone, we have identified potential savings of up to 60 percent in certain divisions, which we intend to leverage by making continuous improvements. The mgm technology partners segment's new headquarters in Munich is striving for gold LEED certification in fiscal 2021.

3.3 Water

Within the Group, we pay particular attention to reducing water consumption and the volume of waste water generated. Among other things, campaigns are planned at our units in fiscal 2021 to raise employee awareness of the careful use of water as a resource. We also make an active contribution to water conservation by using automatic water faucets.

3.4 Emissions of CO_2 and pollutants, mobility policy

As we are a service company, the emissions of CO_2 and pollutants caused by our work are naturally lower than for many manufacturing companies. Nevertheless, we strive within the Group to continuously reduce our carbon footprint and emissions of pollutants. An intelligent mobility policy allows us as a company and our employees to make a contribution toward saving natural resources and reducing emissions. As part of our commitment to ecological sustainability, we strive in particular to reduce travel for work purposes by means of appropriate processes and technical equipment, and to cut the consumption of resources in traveling to and between our offices. We also encourage car pools and car sharing, and offer incentives for the use of alternative forms of mobility: The car park at Allgeier's head office in Munich is equipped with charging points for electric vehicles. Company cars in the mgm technology partners segment and the Allgeier Experts unit are gradually being replaced with hybrid vehicles. Furthermore, in 2020, the units of the mgm technology partners segment began introducing travel passes at their sites in Germany to motivate employees to use public transport. To reduce business flights, employees can instead opt to travel by train, even in first class if requested. In October 2020, the Allgeier IT Solutions units launched a pilot scheme at its head office in Bremen to investigate the reasonable use of purely electric vehicles for its field staff. It already looks as though using fully electric vehicles is, in many cases, feasible for field staff. There are currently plans to further facilitate future use by providing more charging points at the company's locations (further charging points have been ordered or are in planning in Bremen with Hamburg to follow) and by providing a fleet of hybrid vehicles with greater range for individual journeys. If this project ends positively, there will be nothing to stop the expansion of the purely electric share of our fleet; the sole use of green energy then intended will thus be a massive boost to our carbon footprint.

For Allgeier's own properties, we are currently also looking at creating our own electricity generation capacity in 2021 with photovoltaic systems to produce green energy at a regional level. The next step after that will be to connect to sensible storage technology.

With its recent acquisition of AURELO GmbH, the leading ERP provider for companies in the renewable energies sector, Allgeier has also made the strategic decision to actively support this sector so central to climate protection with its own expertise, and thus to make it a focal point of its operations. Working from AURELO's head office in Kiel, IT and renewable energies expertise will be combined to make a further contribution to climate protection.

3.5 Materials and recycling

Recycling and a careful approach to materials and waste are important to us. We separate waste at our locations and we have disposal systems for various materials and pollutants. With regard to printer toner, we pay attention to environmental aspects when selecting equipment. Empty cartridges are typically picked up by the manufacturer and recycled. Special sparkling water taps are being piloted in some new offices as a means of providing employees with drinking water. This reduces the use of bottled drinks, thereby lowering the emissions caused by transporting bottles. The units of the mgm technology partners segment have already had the quality of the drinking water tested at its locations in Germany and are planning a corresponding initiative for 2021. We are also attempting to have the units go without plastic bottles entirely, and instead we now supply drinks in environmentally friendly reusable glass bottles.

3.6 Raising awareness among employees

As part of our commitment to sustainability, we raise employees' awareness of the strategic measures at our Group companies and encourage a responsible attitude toward the environment and natural resources. Internal channels of communication are used for this purpose. Regular discussions on further sensible measures also take place at a local level at many locations. It is important for us to ensure that employees are able to contribute their own ideas and suggestions. We firmly believe that this is the best way of implementing and embracing ecological sustainability, both internally and externally. Examples of suggestions and steps implemented within the Group include turning off standby mode on all electronic devices overnight, switching off lights, and adjusting the air conditioning and temperature of rooms not in use.

3.7 Green IT

Our Group companies have been following the debate on green IT since its inception with the aim of making a proactive contribution toward the provision of sustainable IT solutions. It is our conviction that information and communication technology (ICT) has a significant role to play when it comes to reducing energy consumption and raising energy efficiency in industry. For the sake of ecological and economic sustainability, we pursue the goal of reducing emissions and saving resources on the one hand, and raising cost-effectiveness and competitiveness on the other. Companies and organizations require ICT-based procedures to monitor and control the distribution and consumption of energy and to make the entire energy system more efficient. At the same time, ICT needs to monitor its own energy consumption and realize efficiency improvements. Wherever the green IT approach can be pursued, advanced or realized in the customer environment, at data centers, when setting up IT infrastructure, when our employees are out working on projects or in our own IT, we support its implementation with a view to sustainability, realizing savings potential and enhancing cost-effectiveness. Measures for achieving these goals include designing the IT infrastructure along energy-efficient lines, designing cooling systems and the energy supply in accordance with green IT approaches, and consolidating data centers. In addition, we rely on the highest possible degree of system virtualization at our existing data centers in order to reduce the hardware needed. This results in savings in terms of the resources and electricity used in supplying the systems directly, and in air conditioning.

Together with the German non-governmental organization for the employment of disabled persons, the AfB, our Allgeier Experts division decommissioned a total of 1.6 metric tons of IT and mobile equipment over the past year. As in previous years, monitors, notebooks, PCs and printers from Allgeier Experts offices were loaded onto a truck bearing the "AfB – social & green IT" logo in 2020. Thanks to the partnership, Allgeier Experts saved the equivalent of 13,585 kg of iron, 82,616 kWh of energy and the equivalent of 21,748 kg of CO_2 in the past year. The partnership also resulted in one person with disability being hired. Allgeier Experts replaces its hardware on a regular basis in order to keep up with the pace of digitization and to optimize work processes. The partnership with the AfB means the decommissioned devices are reused for a social and ecological purpose. In addition, the AfB offers employment to people with disabilities to recondition the hardware.

3.8 Legal obligations

We observe the legal obligations pertaining to environmental protection throughout the Group and frequently go beyond the respective national regulations. Since December 5, 2015, for example, an energy audit is required to be conducted in accordance with DIN EN 16247-1 (with regular follow-up audits). We have implemented this within the Group.

4. Company

As a Group that operates in many countries and regions, we see ourselves as an active part of society with a duty to act responsibly. As our Group and our corporate develop continue to become more international, the number of our stakeholders is growing as well. As a consequence, a growing number of different expectations are placed upon us as a company. By actively taking responsibility, we firmly believe that we can make an important contribution towards protecting the environment, improving people's lives around the world and increasing opportunities for education. Making an active contribution and working for the public good and society are essential elements of our corporate culture and how we see ourselves as a company in the context of our values. To meet both our own aspirations and the expectations and demands of our stakeholders, the central measures that have been implemented are therefore accompanied by a large number of initiatives at the level of the Group's segments, individual companies and units or at individual locations. In a world in constant flux and in view of the major social and economic challenges, we want our commitment to sustainability to generate a meaningful benefit, whether large or small, and we seek to continually refine and improve our measures and their effectiveness.

4.1 Corporate citizenship

As a good corporate citizen, the Allgeier Group works on behalf of society and its citizens in various different forms. At our Group companies, we are committed to civic engagement in many areas. Our divisions raise employee awareness in order to foster responsible action, encourage initiatives and campaigns and actively support them in many areas. In addition to our commitment at the level of our Group and our segments and units, many employees at individual locations also take on responsibility at a local level and make an active contribution to their local communities through their social or ecological commitment, for example. We have already undertaken numerous initiatives thanks to the voluntary work of our employees and teams. Our vision is to design our internal policies and budgeting in such a way that numerous issues can be tackled by initiatives in areas such as education, health, the environment, etc.

4.2 Stakeholder dialog

In order to ensure a regular and authentic stakeholder dialog and open, transparent communication, we conduct broad and systematic public relations work (including on social media) on all issues of relevance to the various stakeholders. At segment level, ongoing talks with relevant stakeholder groups are frequently implemented at the level of top management. This is supplemented by targeted direct communication with stakeholder groups in the form of mailshots, newsletters, information letters, etc. We also participate in trade events and fairs in order to engage in personal dialog and exchange views, and we organize or play an active role in regular get-togethers for employees on external assignment and arrange our own events on specific issues.

4.3 Commitment to education, youth, the environment, culture and sport

We embrace corporate citizenship in many different ways. As a responsible and sustainable company, we take a variety of measures to promote society and support education, youth, the environment, culture and sport at a Group level, and at the level of our segments, subsidiaries and local units. We are also involved in educational, social and charitable projects as sponsors and donors – not only at Group level, but especially also at the level of our segments, companies and locally at our locations. We also support fundraising campaigns by our employees.
Many of our initiatives can be traced back to suggestions and ideas from our employees. Many of our employees volunteer in a wide variety of ways and become role models for others. As a company, we honor this commitment and promote and support it in various ways.
One example of the great dedication of our employees was the catastrophic floods in Vietnam in fall 2020. Alongside the companies of the mgm technology partners segment, employees also donated privately to the victims of the flood.
Further examples from our units illustrate the depth and breadth of our activities and measures and those of our dedicated employees:

Enterprise IT segment:

- Participation in the “Deckel gegen Polio” collection campaign, the first main project of the “Deckel drauf” association. Through the collection of lids made from high-quality plastics (HDPE and PP) and the subsequent sales proceeds, the “End Polio Now” program is supported by a worldwide project to prevent children from contracting polio
- Admission of EU citizens to the pool of experts through the active support of German courses and coaching with the aim of facilitating entry into the German labor market
- Participation in company runs such as the B2RUN series – taking part in the virtual company run in 2020
- Donations in kind to the Tafel association and child care facilities
- Active participation in the City Cycling Initiative with a team of employees to cut carbon emissions; our employees pedaled 2,841.3 km in total to cut carbon emissions by 417.9 kg
- Participation in Earth Hour
- Christmas donation campaign “Donate instead of giving” for regional associations and organizations with the involvement of employees

“Charitree” Christmas card campaign to support Plant for the Planet, resulting in 2,000 trees being planted Local environmental protection, conservation of resources and reduction of emissions through various mobility measures and campaigns for environmental protection, such as the use of alternative drive technologies for our pool vehicles, bicycle leasing offers, etc.

- Campaign to donate monitors to schools
- Donation to UNICEF, which organized 12,000 packs of soap to help protect against coronavirus in refugee camps

mgm technology partners segment:

- Participation in the virtual TERIBEAR Moves Prague corporate run in support of disadvantaged children
- Local environmental protection to conserve resources and reduce emissions through mobility measures, such as the introduction of “job tickets” to promote the use of public transport and traveling by rail to reduce the number of domestic flights taken
- Christmas donation campaign by the mgm consulting partners unit for a night bus service for the homeless in Hamburg and for “Neuer Kupferhof”, a short-term shelter facility for disadvantaged children and adolescents.
- Christmas donation campaign for an orphanage in Da Nang, Vietnam
- Financing the education of twelve disadvantaged children by mgm technology partners Vietnam
- The mgm technology partners segment was inspired by International Earth Day in April 2020, which was dedicated to sustainability and environmental protection, to donate the amount spent in Germany each month on fruit, candy and beverages to “Die Tafel”. “Die Tafel” is a nationwide charity that helps the needy by preventing food waste, and that needs special support during the coronavirus crisis

- Donations for the victims of the flood in Vietnam in October 2020 with the aim of rebuilding nurseries and schools in Vietnam

4.4 Sponsorship activities

In addition to the social commitment described above, we also get involved as sponsors at Group level and at the level of our segments, units and local sites. Examples of our sponsorship activities include:

- Sponsorship of the Munich Skiing Championships 2020
- Sponsorship of two volleyball teams (Munich and Wiesbaden)
- Sponsorship of grass roots sport, e.g. sponsorship of football shirts for the F Youth Team of Dresdner Sportclub 1898, Bentstreeker SV, 1. FC Ohmstede and 1. FC Victoria Berlin, and sponsorship of football tournaments
- Conversion of employee birthday gifts into donations
- Participation in various charity runs and financial support for runners
- Sponsorship of participation and running shirts of employees in B2RUN company runs
- Sponsorship of an app development project at the University of Bremen for the early recognition of the signs of dengue fever (bachelor's project)
- Sponsorship of a LAN party with over 140 young people Sponsoring at Schulzentrum Utbremen

5. Customers and suppliers

The Allgeier Group has a broadly diversified customer portfolio with numerous large and smaller customers in nearly every sector of industry. On our many different markets, we work for global corporations, market and sector leaders, a large number of sophisticated mid-sized customers and for public sector contractors. Our aim is to be an agile, vigorous, but above all reliable and long-term partner to our customers, one that understands the wide-ranging requirements and needs of its customers, recognizes their challenges, and tackles and successfully solves them. As such, dealing responsibly with customers and suppliers in the spirit of fairness and integrity are crucial for our business and our sustained financial success. Our relationships with customers and suppliers are therefore shaped by our core values. The consistently high quality of our products and services and our focus on important future trends deliver financial sustainability and constitute prerequisites for our future viability and continued growth.

5.1 Quality management system

Ensuring the consistently high quality of our services and products is of major importance to our financial success. We strive to give all-round satisfaction to our customers and to always offer them the best possible solutions using state-of-the-art technology. Consistent quality management forms an essential basis for satisfying this aspiration. As such, we have implemented quality management systems at our Group companies, and individual companies are certified in accordance with ISO 9001 or 27001. With regard to the process maturity of our technology services and software development, we also align with the CMMI reference models and have obtained corresponding certification in some cases.

5.2 Customer satisfaction

We aim to be a reliable, efficient, flexible and long-term partner for our customers. In many cases, we play a direct and active role in helping to shape the digital transformation at critical points of their business, thereby making a vital contribution to accompanying them into the digital future. In accordance with our high quality standards, we essentially define the success of our work in terms of the satisfaction of our customers and our contribution to the success of their business. Within the Group, we have established binding evaluation systems and processes in various areas. Their purpose is to measure the success of our work, regularly record and evaluate customer satisfaction, and derive continuous improvements to our products and services on the basis of the results. These processes are designed differently in our divisions depending on the services and products concerned.

We pursue an evolutionary innovation strategy at our mgm technology partners segment. A project must deliver verifiable results in cycles of no more than six months, otherwise the objective must be changed or the project must be halted altogether. This serves to prevent irresponsible project risks. Together with our customers, we gain important insights with each small step and use these to review and adjust the objectives for the next steps. After each project is concluded, a joint retrospective is held with the customer and a customer reference is prepared where possible. In our Enterprise IT segment, the measurement, maintenance and continuous improvement of customer satisfaction are essential elements of the quality management system and the IT Service Management System based on ITIL (IT Infrastructure Library).

In our Allgeier Experts unit, the increasing demands made by customers require the continuous optimization of processes and the continued development of our expertise. Close customer contact delivers information on customer satisfaction in the form of personal customer surveys, which are conducted on the basis of a standardized discussion guide. Along with other data, these discussions constitute an important source of information for improving our services. Additional important quality-related content from customer interviews and feedback is also exhaustively documented. This process is followed systematically. As part of the internal process audit, suggested changes from the organization are reviewed and assessed for implementation. In addition, all employees are encouraged to contribute suggestions for improvements, particularly with a view to the continuous expansion of the service portfolio and the optimization of service processes taking into account the entire quality management system. Data from the satisfaction analysis and any customer complaints received is evaluated, and appropriate steps are taken if problems are recognized or potential improvements identified. The results are fed into the management review.

5.3 UN Global Compact and corporate culture

Long-term supplier relationships based on partnership and characterized by openness, trust and mutual reliability are a key element of our business strategy. We adhere strictly to our corporate values in our wide-ranging relationships with our suppliers and business partners around the world. This includes keeping our employees informed and aware, and carefully monitoring the consistent application of our specifications. We avoid business relationships with suppliers that are commonly known to be in breach of the principles underlying the UN Global Compact. We also advocate the further enforcement of the UN Global Compact in our business relationships.

It is important that our corporate culture based on responsibility and sustainability criteria is understood and embraced across the board. Accordingly, we use introductory days and welcome days at our Group companies to communicate our culture. At these events, the most important task owners and contact persons introduce themselves and provide information on common values and practical knowledge for working within our Group. Our aim is for every employee to be approachable for their customers, partners and colleagues, and for our communication to be content-driven.

5.4 Fair competition and anti-corruption policy

As a Group, we subscribe to the principle of fair and transparent competition. Accordingly, the compliance commitment made by the Management Board of Allgeier SE forms the basis for all our actions. The strong reputation we enjoy with our customers, suppliers and other stakeholders and our financial success are founded on strict adherence to our values and rules. Corruption threatens these cornerstones of our success and our good reputation. Bribes and anti-trust agreements are not appropriate means of obtaining orders or achieving internal goals. With its five-pillar compliance management system, Allgeier SE has taken extensive steps to ensure that anti-corruption regulations and the Group guidelines based on them are observed. Incidents are investigated and appropriate measures are taken that can include labor action if necessary. All managers and employees must be aware of the extraordinary risks that any case of corruption can entail for the Allgeier Group and for them personally. As such, employees must actively cooperate in putting the Group-wide regulations into practice within their sphere of responsibility. We provide employees with access to all our compliance regulations through internal platforms, digital training, leaflets, etc. We also regularly inform and train our managers on our requirements and all relevant changes and new features.

Group Non-Financial Statement ALLGEIER

6. Sustainable products and solutions

In our operating business, we rely on the use of state-of-the-art technology based on the principles of sustainability. Data protection, confidentiality, integrity and customer proximity are essential cornerstones – but it is just as important to us to make the IT lifecycle as environmentally friendly and resource-efficient as possible. With our sustainable products and solutions, we aim to optimize the energy footprint of our internal systems and our customers, minimize the consumption of natural resources and hence reduce initial and ongoing costs.

6.1 Data protection and data security

The highest level of data protection and the maintenance of confidentiality are essential for us. We therefore place the highest demands on IT security in our internal processes and structures and in our collaboration with customers and partners. We firmly believe that the highest level of data security forms the basis for confidential and reliable business relationships. Accordingly, we respect the trade and business secrets of our customers and partners and observe the contractual confidentiality obligations entered into with third parties and the provisions of data protection law. The data protection regulations in place at the Group comply with the EU GDPR to protect our business partners and our employees. Their systematic implementation is ensured by corresponding technical and organizational measures and guidelines that are continuously refined. Compliance with data protection and confidentiality obligations is governed in detail at the level of the individual subsidiaries. In addition to an obligation of confidentiality, employment contracts require employees to familiarize themselves with the rules on data protection and to maintain data protection. Data protection officers are also appointed at our companies in order to monitor observance and implementation and clarify all related questions. A number of individual measures also contribute to data protection at our companies. For example, we provide technical facilities at our offices for destroying documents and data media using of shredders and special destruction boxes.

6.2 ISO 27001

Information security and the installation, implementation, maintenance and ongoing improvement of a documented information security management system with a process-oriented approach are of great importance as part of a sustainable solution strategy. Availability, confidentiality and integrity are essential prerequisites for complying with and ensuring security in all processes involving information processing. Throughout the Group, we are guided by the specifications of ISO/IEC 27001 and have obtained numerous certifications ensuring that our quality management system complies with the latest data protection standards and our internal guidelines and specifications regarding confidentiality and information security, such as:

- a documented and institutionalized ISMS (information security management system); compliance with and the effectiveness of ISO 27001 standards are reviewed annually by a certified auditor
- an established Security Council in which all company functions are represented (Delivery, HR, Administration, Legal, Management, IT, etc.)
- NDAs or corresponding duties of confidentiality in employee contracts
- regular training programs organized by the Security Council to raise employee awareness of applicable external and internal guidelines and specifications
- a secure network with a high-end firewall, IPS and end-point protection
- use of Microsoft Office 365 for content management and collaboration
- initiation of projects for the end-to-end compliance with and operational implementation of the General Data Protection Regulation (EU GDPR), including at our locations outside the European Union

6.3 Product responsibility

Our solutions and forensic services, such as julia mailoffice and DocSetMinder®, are synonymous with IT security made in Germany. For example, our e-mail security solution julia mailoffice is used by numerous federal and state authorities and prestigious companies. julia mailoffice is also the virtual post office of the German federal government. Our IT security portfolio also includes IT security services, security consulting, security training including support with ISO 27001 certification and advice on data protection, security due diligence and customized security concepts and comprehensive services for IT forensics, such as establishing, recording and investigating digital security incidents and cyber security. In addition, our product portfolio includes a range of secure, tried-and-tested software solutions from leading manufacturers which are used in different industries and areas of business. All our products perform central functions for their particular area of application and can be individually tailored to our customers' requirements. As part of our customized software development, we develop highly scalable, integrable and secure online applications for business-critical company processes. Interdisciplinary teams within our organization ensure that IT security issues that are relevant to the development of products and services, such as web and application security, are taken fully into account and integrated into project implementation from the outset. We also rely on coordinated and proven procedures across all projects that are continuously tested, compared and refined. As part of our sustainability concept, the applications we develop for our customers reflect essential factors such as accessibility, paperless systems, and a range of additional aspects that can affect the environment and the consumption of natural resources.

6.4 Ecological aspects of production and services

Protecting the natural environment and conserving resources are taken fully into account when it comes to fulfilling our responsibilities for our own company and in our services for our customers. The responsible and sustainable use of resources is a necessary condition. As part of our commitment to sustainability, we discuss possibilities for protecting the environment and enhancing resource efficiency with employees at our units and frequently implement their ideas and suggestions alongside our own specifications. In this way, our Group companies demand and promote environmental protection in production and services through a range of individual measures and innovations, including:

- the environmentally friendly, resource-efficient use of information and communication technologies throughout their entire lifecycle
- minimizing the consumption of resources during the manufacture, operation and disposal of devices
- reducing business travel by means of internal process specifications and the use of collaboration tools and video conference solutions; the formation of car pools is promoted and resource-efficient shuttle buses are provided for collective transport
- optimizing route planning when appointments are made and car pooling
- a car fleet with reduced emissions and lower noise levels (predominantly vehicles with lower CO_2 emissions and the procurement of CNG vehicles and electric cars) (see in particular the measures described under 3.4 above)
- reduction in electricity consumption by means of server virtualization
- reduction in the consumption of electricity and resources through measures such as LED lighting, presence sensors, and IoT sensors and systems for the central monitoring and control of electricity consumption
- installing power-saving functions in all electronic devices
- procuring electricity from renewable energies (green electricity)
- installing solar panels at individual locations
- recycling programs for electronic and IT consumables
- reduction in water consumption and waste water through intelligent systems for saving water, collection and use of rainwater and the recycling of waste water at individual locations
- reduction in paper consumption, e.g. replacing plastic cups with ceramic mugs, internal applications with paperless transactions, monitoring paper consumption for document printing

Report of the Supervisory Board of Allgeier SE for Fiscal 2020

The Supervisory Board submits the following report on its activities in fiscal 2020:

The Supervisory Board comprehensively performed all the duties incumbent on it in accordance with the law and the company's Articles of Association, and regularly monitored and advised the Management Board in its management of the company. In addition to the issues dealt with on an ongoing basis, such as current business developments, the financial and liquidity situation, the acquisition pipeline, risk management and compliance, the Supervisory Board principally focused on the following areas in 2020:

- the spin-off of the Nagarro Group to form a separate listed company;
- the restructuring of Group financing by the arrangement of long-term credit facilities of EUR 140 million for Allgeier SE and EUR 200 million for Nagarro SE, plus the termination of the previous financing;
- reorganization of the segment structure of the Allgeier Group into the Enterprise IT and mgm technology partners segments, plus the coordination of the strategy of the Allgeier Group for after the spin-off of the Nagarro Group;
- close cooperation with the Management Board in connection with controlling and prevention measures in response to the coronavirus pandemic.

The Supervisory Board held eight meetings in fiscal 2020. Owing to the contact restrictions due to the coronavirus pandemic, the meetings were held virtually by video conference, with the exception of one meeting in February 2020. The meetings were attended by all the members of the Supervisory Board. Furthermore, the Supervisory Board held several other discussions and votes by way of conference calls. The members of the Management Board attended all the meetings of the Supervisory Board. When discussing and adopting resolutions on individual issues, in particular issues concerning the Management Board and its remuneration, the Supervisory Board met and adopted resolutions without the Management Board in attendance. Between the meetings, the Management Board kept the Supervisory Board or its Chairman regularly informed of all major developments by way of telephone calls in addition to coordinating decisions with the Supervisory Board, in particular with its Chairman, in advance.

In the opinion of the Supervisory Board, the Management Board therefore comprehensively complied with its duties to report and provide information to the Supervisory Board in the past fiscal year, and kept the Supervisory Board comprehensively informed about business performance, the position of the company and the Group companies and their major transactions on an ongoing basis, both at the meetings of the Supervisory Board and outside the meetings of the Supervisory Board. The Supervisory Board did not form any committees on account of its size.

In particular, the key issues that the Supervisory Board dealt with in its work both in and outside meetings included:

- the current business performance of the individual divisions and of the Group as compared to the approved Group planning;
- the ongoing financial and liquidity situation;
- the measures proposed and taken by the Management Board in conjunction with the coronavirus pandemic (in particular closer controlling and forecasting of business and liquidity developments, the extensive transition to working from home throughout the Group, the selective use of state programs such as reduced hours, ensuring and providing maximum liquidity);
- the financing and capital structure of the Group (in particular also with regard to the spin-off of the Nagarro Group and the changes required as a result);
- approval of the Group budget;
- preparations for and implementation of the spin-off of the Nagarro Group (in particular issues of accounting, taxation, restructuring to form the Nagarro Group, acquisition of minority investments and the associated measurement, adjustment of Group financing and new financing arrangements, buying back the treasury shares of Allgeier SE, the listing process for the shares of Nagarro SE, management of the various consultants and the costs of the spin-off);
- individual acquisition projects;
- questions relating to the strategic positioning of the Group;
- corporate governance and integration within the Group;
- risk management and compliance;
- issues in connection with the audit of the financial statements and non-audit services; and
- Management Board issues.

In the discussions between the Management Board and the Supervisory Board, and on the basis of the information provided by the Management Board on an ongoing basis, the Supervisory Board satisfied itself that the Management Board managed the business of the company properly and in compliance with the law in fiscal 2020. In addition to the dominant work issues such as, in particular, the handling of the coronavirus pandemic and the spin-off of the Nagarro Group, the Management Board also continued the organizational development of the Allgeier Group in the past fiscal year. The Supervisory Board discussed the risk management system used by the company with the Management Board and the auditors and found it to be in order. Insofar as the approval of the Supervisory Board was required for individual management measures, such measures were examined by the Supervisory Board after receiving information and a corresponding submission from the Management Board in good time, and the necessary approval was issued. The Supervisory Board can therefore confirm that the Management Board enabled it to fully monitor the work of the Management Board on an ongoing basis. In doing so, the Supervisory Board satisfied itself that the management of the company by the Management Board complied with the statutory requirements in all regards and did not give rise to any complaints on the part of the Supervisory Board.

In addition, the Supervisory Board evaluated the efficiency of its own work as it does every year. There were no changes to the Supervisory Board in the reporting year.

LOHR + COMPANY GmbH, Wirtschaftsprüfungsgesellschaft, Düsseldorf, audited the annual financial statements of Allgeier SE prepared by the Management Board and the consolidated financial statements for the year ended December 31, 2020 and the management reports for Allgeier SE and the Group, and issued an unqualified audit opinion in each case. These documents and the audit reports of LOHR + COMPANY GmbH were made available to the Supervisory Board for inspection. The Supervisory Board examined and verified the above documents and the auditors' report in preparation for its meeting on April 27, 2021. The Supervisory Board examined the sustainability report. It discussed the annual financial statements, consolidated financial statements and the audit reports in detail in the presence of the auditors at its meeting on April 27, 2021. At this meeting, the auditors reported on the material findings of their audit and confirmed that there were no material vulnerabilities in the internal control system or the risk management system. The Supervisory Board therefore comes to the conclusion that the annual financial statements, the consolidated financial statements and the corresponding management reports were properly prepared in compliance with the applicable rules in place for the respective statements, and that they give a true and fair view of the financial position and results of operations of Allgeier SE and the Group. The review of the audit reports and the discussion with the auditors did not lead to any complaints or objections on the part of the Supervisory Board. Following a detailed review, at its meeting on April 27, 2021, the Supervisory Board concurs with the findings of the auditors and approves the annual financial statements and consolidated financial statements for fiscal 2020 as prepared by the Management Board. The annual financial statements have thus been adopted.

The Supervisory Board also reviewed the proposal by the Management Board for the appropriation of the net retained profits of Allgeier SE for fiscal 2020. Its proposal to the Annual General Meeting is to use the net retained profits of Allgeier SE as of December 31, 2020 of EUR 104.924.345.04 to distribute a dividend of EUR 0.50 per entitled share to the shareholders of Allgeier SE. Fiscal 2020 was highly successful for the Allgeier Group, hence – in the interests of the continuity of dividend payments – the Management Board considers is possible and reasonable to propose a dividend of the same amount as in the previous year.

After carefully weighing up the interests, particularly the interests of the company in the financing of its business operations, future growth and safeguarding liquidity on the one hand and, on the other, the interests of shareholders in receiving a dividend payment, the Supervisory Board agrees with and endorses the proposed resolution.

The Supervisory Board would like to thank the management of the company and all the employees of the Allgeier Group for their work in fiscal 2020, a year that can be considered both extraordinary and remarkable for the Allgeier Group in a number of respects.

Munich, April 27, 2021
Supervisory Board of Allgeier SE

Detlef Dinsel
Chairman of the Supervisory Board

Financial Calendar 2021

Important dates and events	
Publication of the 2020 consolidated/annual financial statements	April 30, 2021
Publication of voluntary interim information as of March 31, 2021	May 14, 2021
Annual General Meeting	June 8, 2021
Publication of 2021 half-yearly financial report	August 27, 2021
Publication of voluntary interim information as of September 30, 2021	November 12, 2021

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Allgeier's financial reports can be found on the Internet in German and English at www.allgeier.com/en > Investor Relations > Financial Reports & Publications or requested using the contact details above.

Current financial information can be found on Allgeier's website under Investor Relations at: www.allgeier.com/en/investor-relations

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2020