Driving Technology

Half-Yearly Financial Report
as of June 30, 2022

ALLGEIER

ALLGEIER

Allgeier SE supports digital transformation with software, consulting and IT services

Allgeier SE is one of the leading German technology companies for digital transformation: The rapidly growing Group supports its clients with 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 comprehensive 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 software and IT services projects with high flexibility and scalability in order to mold agile and intelligent organizations for the digital age.

In its Enterprise IT and mgm technology partners segments, the Group has more than 3,100 employees and more than 1,000 freelance experts at a total of 45 locations in the DACH region, France, the Czech Republic, India, Vietnam and the US. Allgeier generated revenue of EUR 403 million from its continuing operations in fiscal 2021. According to the 2022 Lünendonk® List, Allgeier is one of Germany's leading IT service 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.

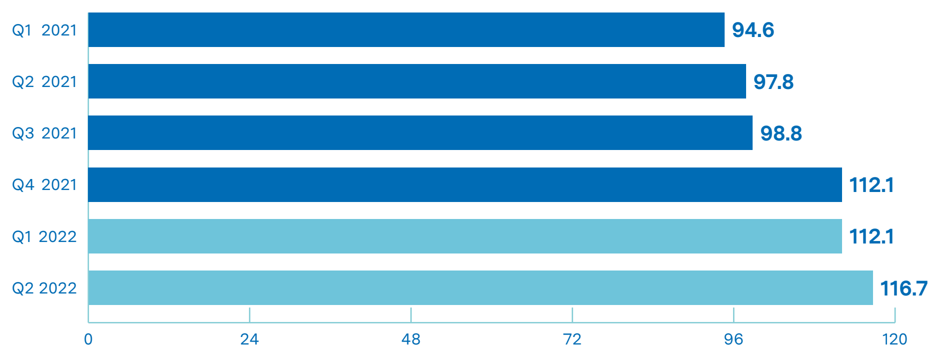
Contents

Company and Key Indicators at a Glance

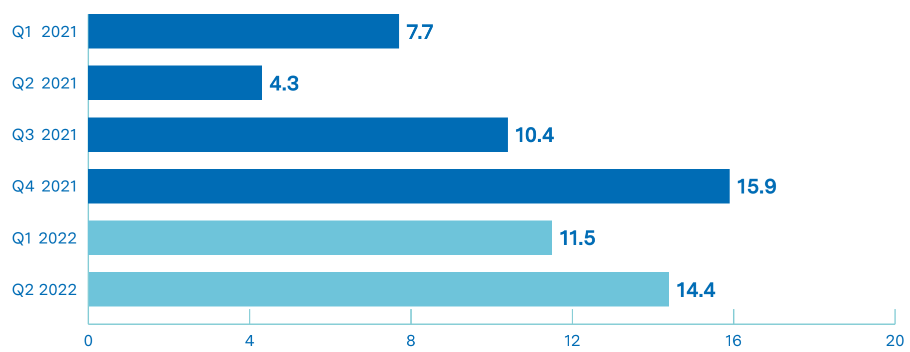
Further information and the company's latest news can be found at www.allgeier.com.

Key Group indicators*	H1 2022	H1 2021	Change in percent***
Revenue	228.8	192.4	18.9%
Value added	70.3	57.6	22.1%
EBITDA	25.9	11.9	116.5%
Adjusted EBITDA**	24.9	18.0	38.7%
EBIT	12.9	3.8	241.9%
EBT	9.9	2.8	252.1%
Profit or loss for the period****	10.5	0.2	4,494.5%
Earnings per share (EUR)	0.72	-0.14	614.3%
Adjusted earnings per share (EUR)	0.99	0.45	120.0%
	Jun. 30, 2022	**Dec. 31, 2021**	**Change in percent**
Total assets	492.6	485.0	1.6%
Equity	168.3	162.9	3.3%
Permanent employees	3,152	2,937	7.3%

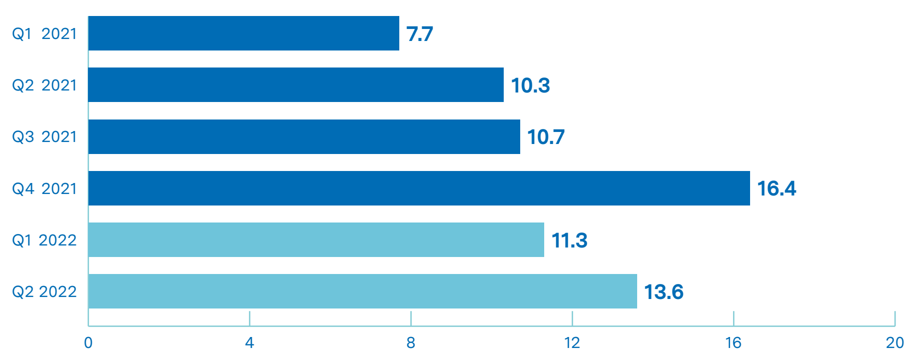
*Continuing operations in accordance with IFRS, figures in EUR million (unless stated otherwise)
**EBITDA before extraordinary or prior-period effects
***Percentages calculated using non-rounded figures
****After gains and losses on spin-off and disposals



Revenue
EUR million



EBITDA
EUR million



Adjusted EBITDA*
EUR million

All figures relate to the Group's continuing operations (in EUR million)
*EBITDA from continuing operations before extraordinary or prior-period effects

Interim Management Report on H1 2022

Allgeier continues significant growth in revenue and earnings in first half of 2022

Allgeier SE reported revenue of EUR 228.8 million and EBITDA of EUR 25.9 million in the first half of 2022 (January 1 to June 30, 2022), thus achieving the planning on which its guidance for fiscal 2022 is based and recording significant earnings growth. The adjusted EBITDA margin was 11 percent.

Business performance in the second quarter of 2022

In the second quarter of 2022 (April 1 to June 30, 2022), the Allgeier Group generated revenue from continuing operations of EUR 116.7 million (previous year: EUR 97.8 million), a year-on-year increase of 19 percent.

Value added (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) increased by 16 percent to EUR 33.1 million in the second quarter of 2022 (previous year: EUR 28.5 million). The value added margin amounted to 28.4 percent (previous year: 29.2 percent). Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) saw strong growth of 32 percent to EUR 13.6 million (previous year: EUR 10.3 million), corresponding to a margin of 11.7 percent. At EUR 14.4 million, EBITDA in the second quarter was 237 percent higher than in the same period of the previous year (EUR 4.3 million), corresponding to a margin of 12.3 percent. EBIT amounted to EUR 7.8 million (previous year: EUR 0.2 million).

Business performance in the first half of 2022

Consolidated revenue climbed by 19 percent in the first half of 2022 (January 1, 2022 to June 30, 2022) to total EUR 228.8 million (previous year: EUR 192.4 million). Both of the Group's segments contributed to the growth in revenue.

To present adjusted earnings per share, the Allgeier Group corrects the reported EBIT from continuing operations to reflect the amortization of intangible assets capitalized in connection with company acquisitions (effects of purchase price allocation), income and expenses from purchase price adjustments in profit or loss, and other one-time and prior-period effects. Taking these adjustments into account and assuming a uniform tax rate of 30 percent, the Group generated earnings per share of EUR 0.99 in the first half of 2022 (H1 2021: EUR 0.45).

Figures in EUR million (unless stated otherwise)	H1 2022	H1 2021
Profit from operating activities (EBIT as reported)	12.9	3.8
Amortization of intangible assets from acquisitions	4.5	1.0
Other non-recurring and prior-period effects	-0.9	6.0
Net finance costs	-3.0	-0.9
Adjusted earnings before taxes	13.5	9.9
Tax rate	30%	30%
Taxes	-4.0	-3.0
Adjusted earnings before gains on disposals for the period	9.4	6.9
Gains on disposals	4.2	0
Adjusted earnings for the period	13.6	6.9
Non-controlling interests	-2.3	-1.8
Adjusted earnings for the period attributable to shareholders of the parent company	11.3	5.1
Average number of shares outstanding weighted pro rata temporis	11,408,513	11,385,817
Adjusted earnings per share in EUR	0.99	0.45

In the previous year, other non-recurring and prior-period effects primarily included a non-recurring, cash-neutral expense of EUR 6.1 million in connection with the stock option issue.

The Group increased its value added (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) by 22 percent to EUR 70.3 million (previous year: EUR 57.6 million). This meant that the value added margin increased to 30.4 percent in the first half of 2022 (previous year: 29.8 percent). Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) amounted to EUR 24.9 million (previous year: EUR 18.0 million), corresponding to a year-on-year increase of 39 percent with a margin of 10.8 percent. EBITDA rose by 117 percent to EUR 25.9 million (previous year: EUR 11.9 million) for a margin of 11.2 percent. The Group increased its EBIT by 242 percent to EUR 12.9 million (previous year: EUR 3.8 million).

Consolidated EBT after net finance costs amounted to EUR 9.9 million (previous year: EUR 2.8 million), corresponding to an increase of 252 percent. After deducting income tax expenses of EUR 3.7 million (previous year: EUR 2.6 million) and gains and losses on spin-off and disposals in the amount of EUR 4.2 million (previous year: EUR 0.0 million), Allgeier generated a profit of EUR 10.5 million in the first half of 2022 (previous year: EUR 0.2 million).

Basic earnings per share from continuing operations, calculated on the basis of earnings for the first six months less non-controlling interests, amounted to EUR 0.72 in the first half of fiscal 2022 (previous year: EUR -0.14).

In the reporting period, consolidated earnings per share adjusted for depreciation and amortization due to acquisitions and calculated using a normalized tax rate of 30 percent was EUR 0.99 (previous year: EUR 0.45), a year-on-year increase of 120 percent.

Development of cash flows in the first half of 2022

The cash flow from operating activities before changes in working capital from continuing operations amounted to EUR 20.9 million in the first six months of 2022 (previous year: EUR 16.3 million). The cash flow from changes in working capital was EUR -18.1 million in the first half of 2022 (previous year: EUR -15.9 million). Including the cash flow from changes in working capital, the cash flow from operating activities totaled EUR 2.8 million (previous year: EUR 0.4 million).

Cash flow from investing activities for the period amounted to EUR -4.6 million (previous year: EUR -21.7 million). This includes payments of EUR 9.0 million (previous year: EUR 8.4 million) for investments in non-current assets, including lease payments, and payments of EUR 0.9 million (previous year: EUR 13.0 million) for acquisition activities, which are offset by proceeds from disposals of subsidiaries in the amount of EUR 4.5 million (previous year: EUR 0.0 million). The cash inflow from financing activities was EUR 9.7 million in the first six months of 2022 (previous year: EUR 30.9 million). Interest payments amounted to EUR 2.4 million net (previous year: EUR 1.0 million net) and new bank loans amounted to EUR 4.0 million net (previous year: EUR 39.5 million net). With the placement of the borrower's note loan of EUR 60 million, bank loans were repaid in the same amount. The balance of payments from the factoring of customer receivables resulted in a net inflow of EUR 10.2 million (previous year: outflow of EUR 4.0 million). Profits of EUR 2.0 million were distributed to non-controlling interests in the first half of 2022.

As a result of cash flows from operating, investing and financing activities, cash and cash equivalents rose from EUR 54.5 million on December 31, 2021 to EUR 62.5 million on June 30, 2022.

Acquisitions and disposals

Acquisition of pooliestudios GmbH

In order to expand the business activities of the publicplan Group ("publicplan"), publicplan GmbH, Düsseldorf, signed an agreement to acquire all of the shares in the digital agency pooliestudios GmbH, Cologne ("pooliestudios") on June 3, 2022. Following the acquisitions of publicplan, Cloudical and it-novum in the past fiscal year, Allgeier is using this acquisition to further enhance its expertise in the area of open source-based software and digitalization solutions for public sector clients.

The pooliestudios team, which comprises around 30 developers, UX/UI designers, project managers and content editors, specializes in a wide range of disciplines and technologies including web development, search engine optimization and content management systems. With the acquisition, publicplan is making another important step toward becoming a 360-degree full-service digital service provider for the future of e-government. It means the open source and e-governance specialist publicplan now has more than 200 employees. pooliestudios was consolidated on May 31, 2022.

Disposal of Oxygen

In April 2022, Allgeier Dritte Beteiligungs GmbH, Munich, sold its 90 percent investment in Oxygen Consultancy, Istanbul (Turkey). The company was reported in discontinued operations in the 2021 consolidated financial statements. The reclassification of foreign exchange differences resulted in expenses of EUR 1,814 thousand in the income statement of the discontinued operations. The reclassification is cash-neutral and did not affect the Allgeier Group's equity.

Disposal of IPP northport InsurancePartner Platform GmbH

In May 2022, mgm technology partners GmbH, Munich, sold its 50 percent investment in IPP northport InsurancePartner Platform GmbH, Hamburg, which was accounted for using the equity method.

Disposal of Talentry GmbH

In June 2022, Allgeier Beteiligungen GmbH, Munich, sold its 33.34 percent investment in Talentry GmbH, Munich, which was accounted for using the equity method. The company was reported in discontinued operations in the 2021 consolidated financial statements.

Liquidation of Allgeier Middle East Holding Ltd.

Allgeier Middle East Holding Ltd., Dubai (United Arab Emirates), which was wholly owned by Allgeier SE, was liquidated in June 2022.

Financing

Additional scope created for financing business growth and targeted acquisitions

As reported in the ad hoc disclosure on April 12, 2022, Allgeier reached an agreement with a consortium of banks in the second quarter of 2022 to increase the Group's syndicated credit facility from the previous EUR 140 million to EUR 200 million while maintaining attractive conditions. The credit volume can be drawn down in correlation with the Group's further future growth. By increasing the credit line of the syndicated loan, Allgeier is establishing medium- and long-term financing security for the entire Group. The additional flexible credit volume opens up further scope for financing business growth and for targeted acquisitions in future markets in line with requirements. As previously, the financing partners are Commerzbank, Landesbank Baden-Württemberg, Landesbank Hessen-Thüringen and Norddeutsche Landesbank. Furthermore, Allgeier reported in the ad hoc disclosure on May 25, 2022 that it had placed a borrower's note loan with a volume of EUR 60 million and a term of five and seven years, EUR 31 million of which has a fixed interest rate. It was placed with investors from the Landesbank, savings bank, development bank and cooperative bank sectors in Germany and Austria. The borrower's note loan gives Allgeier additional financial scope for further acquisitions and investments. The transaction was supported by the arrangers finpair GmbH and Landesbank Baden-Württemberg. Allgeier SE used the funds generated by the borrower's note loan to repay the syndicated loan in the same amount. In addition to this, Allgeier concluded an interest rate swap with a volume of EUR 50 million in the first half of 2022 in order to hedge against the current rise in interest rates and hence reduce the interest rate risk to which it is exposed.

Ukraine war and COVID-19 pandemic

The war in Ukraine, as well as the COVID-19 pandemic and the political action to contain it, are continuing to have an at times significant impact on the global economy, global supply chains, and individual markets, sectors and companies. According to leading economists, the conflict in Ukraine will impede the economic recovery following the pandemic, hinder global growth, and further aggravate inflationary pressures. In addition to the effects of the war, global supply chains are continuing to be negatively impacted by the COVID-19 pandemic, e.g. in the form of the restrictive measures in China. While the business of the Allgeier Group has so far proved largely resilient to the consequences of both the COVID crisis and the Ukraine war, it still cannot be ruled out that developments in 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 half-yearly financial report being prepared. If the markets relevant to Allgeier are hit by a recession, this would likely affect the state of the Allgeier Group's business, its net assets, financial position and results of operations, and its ongoing development. Fortunately, we can currently say that the opportunities that opened up for us in connection with the COVID-19 pandemic, and in particular the acceleration of the global digitalization trend, are outweighing the risks associated with the pandemic. Demand for digitalization services remains high, and there is considerable pressure on public sector clients and private customers to digitalize their activities. As things currently stand, the Russia/Ukraine war has yet to have a notable impact on the business of the Allgeier Group.

General Economic and Industry Conditions

General economic forecast: Following the pandemic, the German economy may be facing another recession due to the consequences of the Ukraine war

Following the recession in 2020 as a result of the COVID-19 pandemic, Germany saw growth in economic output of 2.9 percent in 2021 according to the figures published by the German Federal Statistical Office in May 2022. However, expectations that this rapid recovery would continue with another strong upturn in economic output in the first half of 2022 – as expressed by the OECD in its Economic Outlook at the turn of the year, among others – have since been dashed.

In its latest Economic Outlook published in June 2022, the OECD identifies the war in Ukraine as the main factor behind what is now a muted outlook for the German economy. The many reasons for this development include in particular the repercussions of the Russian invasion of Ukraine and the embargo on Russian oil, the dramatic rise in energy prices, and the prospect of one of the highest inflation rates in the history of the Federal Republic of Germany in 2022, at between 6.1 percent (spring forecast by the German Federal Government) and 6.8 percent (ifo economic forecast, summer 2022). Additional reasons include price development in connection with supply bottlenecks, the resulting slump in private consumer spending, the unusual degree of insecurity with regard to the energy supply due to the potential suspension of Russian gas supplies and the accompanying market uncertainty, and falling business and private investment and consumption.

Irrespective of the Ukraine war, the German economy is also being impacted by the ongoing and more pronounced supply bottlenecks for key goods as a result of the COVID-19 pandemic. In particular, China's zero-COVID policy is prolonging and exacerbating these supply bottlenecks. In turn, this is curbing the expected upturn in industrial production thanks to order books that are currently well filled with a backlog of several months (ifo economic forecast, summer 2022). The resulting shortage of supply accompanied by high demand is driving the rise in inflation.

In its Economic Outlook in January 2022, the OECD expected Germany to return to pre-pandemic levels of economic development before the end of the current year. However, it has now significantly revised this forecast. According to the German Federal Statistical Office, the German economy grew by just 0.2 percent in the first quarter of 2022. Accordingly, the OECD Economic Outlook in June forecast German economic growth at just 1.9 percent this year and 1.7 percent in 2023. This represents a downward revision of more than half compared with its forecast of 4.1 percent in December 2021.

The IMF was slightly more optimistic in its World Economic Outlook published in April, forecasting growth of 2.1 percent (2022) and 2.7 percent (2023). The same applies to the spring forecast by the German Federal Government that was published the same month (2.2 percent and 2.5 percent respectively), while the ifo economic forecast for summer 2022 anticipates growth of 2.5 percent in 2022 and 3.7 percent in 2023. The forecasts by the ifo Institute and the IMF are based on the assumption that energy prices will return to normal and supply bottlenecks will ease during the course of 2022. As such, it should be noted that there are extensive indications that these assumptions will not occur and that Germany's economic performance will be less favorable. For example, in a press release by the German Federal Ministry for Economic Affairs and Climate Action on April 27, 2022, Federal Minister Robert Habeck said that he anticipates a recession this year if Russia cuts off the supply of gas to Germany.

According to the latest OECD Economic Outlook, the global economy is also being hard hit by the Russian war on Ukraine. Commodity and food prices have risen sharply around the world, consumer spending is being depressed by high inflation, production losses in Ukraine and Russia are having to be compensated elsewhere, and investment behavior is characterized by uncertainty. Europe is facing the significant challenge of becoming independent of Russian energy imports. The cost of doing so is directly reflected in the price rises in the energy sector. As such, a prolonged conflict in Ukraine would constitute a significant risk to developing economies and the European economy alike. China's zero-COVID policy is also substantially curbing global growth by exacerbating the supply bottlenecks for key industrial and intermediate products.

These are the reasons cited by the OECD in the significant downward revision of its forecast from December 2021. Global economic growth is now forecast at 3 percent in 2022 (previously 4.5 percent) and 2.75 percent in 2023 (previously 3.2 percent). Meanwhile, the inflation forecast for the OECD countries for the current year has doubled from 4.5 percent to 9 percent.

The IMF takes a similar view in its latest World Economic Outlook from April 2022, significantly raising its inflation forecast to 5.7 percent for the advanced economies and 8.7 percent for the emerging markets and developing economies. The IMF also lowered its expectations for the performance of the German economy in its World Economic Outlook in April. It is now forecasting growth of just 3.6 percent in each of 2022 and 2023.

The IMF and the OECD both point out that a more pronounced economic slowdown is significantly more likely than more positive development. This is due in particular to the unforeseeable development of the war between Russia and Ukraine as well as the possibility of the Chinese government imposing further restrictions in response to potential mutations of the COVID-19 virus.

Forecasts for the IT industry

According to the latest market figures from the Federal Association for Information Technology, Telecommunications and New Media (BITKOM) published in July 2022, the German ICT market is expected to see a further acceleration in growth in 2022 following the solid upturn in the previous year – thereby bucking the macroeconomic trend both globally and, in particular, in Germany. The ICT market as a whole is set to expand by 4.3 percent to EUR 189.4 billion and by a further 4.2 percent in 2023 (previous year: 4.0 percent to EUR 181.5 billion). BITKOM also expects the submarket relevant to Allgeier, information technology, to see stronger growth than in the previous year as it expands by 6.7 percent to EUR 113.0 billion (2021: 6.6 percent; EUR 105.9 billion). This means the information technology market will retain its role as the growth engine of the industry and demonstrate its resilience in the face of macroeconomic influences.

The trend observed in recent years, which saw the IT industry recovering significantly more quickly from the COVID-19 crisis than the economy as a whole and even outperforming pre-pandemic growth rates, is continuing in the current year. Within the industry, above-average improvements are being delivered in particular by software – which continues to benefit from strong cloud business – with expected growth of 8.8 percent to EUR 32.4 billion and the hardware segment (6.7 percent; EUR 37.0 billion). The IT services market is also set to grow by 3.7 percent to EUR 43.6 billion in the current year, thereby accelerating considerably compared with the previous year (2.4 percent; EUR 41.4 billion). According to the industry association, the project-based nature of IT services means that it tends to have a longer-term perspective, making it less susceptible to potential economic fluctuations.

Although the figures for the ITC market remain positive, sentiment among industry representatives has deteriorated. According to BITKOM's press release on the situation within the industry in early July of this year, high inflation and sustained supply bottlenecks – caused and exacerbated by factors including China's zero-COVID policy and the war in Ukraine – have led to lower expectations for the near future. At the same time, the BITKOM-ifo Digital Index is considerably higher than the ifo Business Climate Index for the economy as a whole. Nevertheless, the sub-index for the digital economy shows that the current macroeconomic situation is leading to a degree of uncertainty within the IT industry in terms of expectations for the next six months. This runs contrary to the extremely positive business situation for IT companies at present: The corresponding index is even higher than the Digital Index.

This reflects an awareness of the key role that digitalization still plays and will increasingly play for the public and companies alike when it comes to building a crisis-resistant society that is fit for the future. This is also reflected in the growth in corporate investment in the IT industry. Companies are driving the strong development at present and, according to BITKOM President Achim Berg, have recognized "how incredibly important it is to have resilient IT in times like these." In its latest Economic Outlook for Germany published in June 2022, the OECD repeatedly concurs with the industry association when it comes to the crucial importance of accelerating the digital transformation in administration and business so that Germany can emerge from the current crises in good health.

The recent "IT Trends 2022" report for the DACH region by the consulting company Capgemini similarly highlights the trend of further significant growth and rising investment among the CIOs and IT authorities surveyed. More than 80 percent of the companies surveyed indicated that they wished to continue growing in 2022, and approximately three quarters of companies said that they would expand their IT budgets. The story is much the same for the official authorities. More than 30 percent of companies are planning to increase their IT budgets by more than 10 percent. As in the previous year, Capgemini writes that the paramount objective is to align IT with client requirements. In addition to this, efficiency enhancement is right at the top of the agenda while, curiously, cutting costs is not a primary goal among those surveyed. According to the report's authors, the stand-out problem in connection with IT services and applications is still the shortage of skilled workers, which is already acute and which is expected to persist in the future. The decline in the number of IT workers due to age over the coming decade has been estimated at 23 percent. As a result of this trend, companies primarily fear a loss of expertise within their organizations.

Companies and authorities are declaring ambitious plans for achieving their sustainability objectives, such as cutting greenhouse gases, though corporate projects outstrip those of the public sector by around a quarter. Many companies see IT applications as a means of achieving these goals, with a certain significance being attached to smart systems in this context. These are more in demand again after two years of stagnation. Above all, this is due to technological progress and new processes for development and operation. Growth is being hindered by rising regulation in some areas. For many organizations, data availability is still the bottleneck when it comes to using smart systems productively. On average, only a little over half of the data that companies possess is available. The other half is in data silos or its use is restricted either internally or by law. Data sharing is mainly limited to supply chains or authorities, hence only data from the immediate environment is available for analysis.

The report also emphasizes that the use of cloud-based IT services has risen sufficiently for cloud infrastructures to now account for the largest share of IT services at 59 percent. The trend away from non-European and towards European providers is likely to continue this year. Automation is more likely to take place in the cloud than in a data center, and rule-based automation is still the most important method in the German-speaking world in particular.

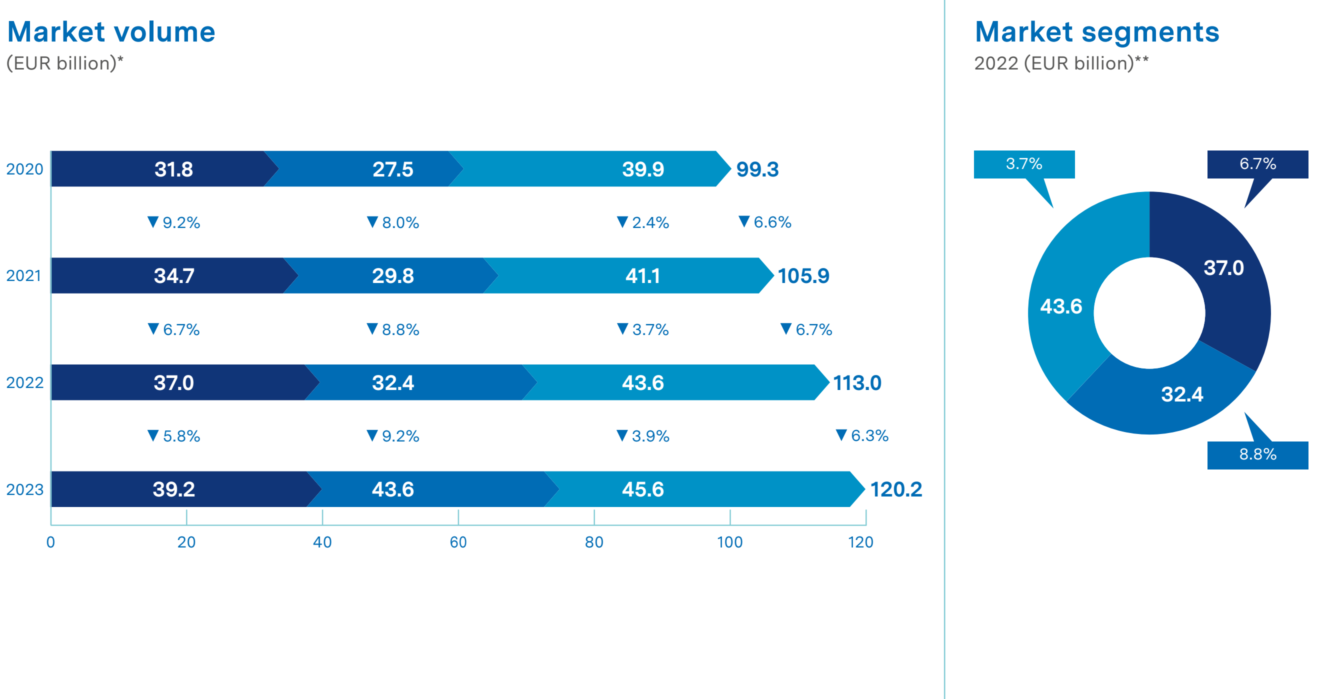
Based on the analysis of this year's survey, the key trends in IT according to Capgemini are container technologies, the zero trust security concept, machine learning, protection against threats from web-enabled devices (IoT) and open APIs. Mobile wallets for payment, ticketing and admission control, natural language processing, AIOps, robotic process automation with smart decision-making and event stream processing have gained in significance considerably. This category also includes virtual & augmented reality, which nonetheless is ranked at the bottom end of the scale for importance. In the current year, the report's authors also note a broad market for projects in the fields of machine learning, robotic process automation with smart decision-making, preventive and predictive maintenance, open APIs, low-code app platforms and zero trust.

The companies of the Allgeier Group have long held a strong market position in many of these trend and growth areas. Many areas such as container cloud, one of the most important growth trends, have also been actively targeted – including with recent acquisitions. In addition to cybersecurity, open source software development and low-code platforms, the ongoing trend towards transferring enterprise resource planning (ERP) solutions to the cloud and the associated e-commerce solutions in particular could serve as additional growth drivers. 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. As digitalization advances in the business community, government and society, the risks of cyberattacks are also constantly rising. In conjunction with the war in Ukraine, BITKOM also issued an urgent warning against cyberattacks, as the conflict is also being waged in the digital realm and could therefore have direct consequences for the German economy as well. Russia's attack, it continues, means that full attention and utmost vigilance is also required of all companies, organizations and government agencies in German cyberspace. In order to optimally meet the steady growth in demand, Allgeier has bundled its proprietary IT security solutions and cybersecurity services business in a new and dynamic unit, operating on the market as Allgeier CyRis, since March 2022. With security solutions for IT and OT, comprehensive services and more than 15 years of experience in the field of IT security, Allgeier has the potential to establish itself at the forefront of this area. Its service portfolio extends from vulnerability management to penetration testing to establishing secure communication channels, for instance with the julia mailoffice solution. It also provides consulting services and performs audits and security awareness training.

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 to reflect rising market demand. At the same time, the coronavirus pandemic has once again further amplified the need and pressure for digitization for businesses and the public sector alike. In particular, a further surge in demand is expected in public administration, where Allgeier has been expanding its market position for a number of years. The German Online Access Act requires the central government, the states and local authorities to make around 575 services digitally accessible by the end of December 2022. The German government has also announced that it intends to bundle the procurement of its administrative IT and consolidate its information technology by 2025 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 in the future as the world becomes increasingly globalized. As such, the growth forecast for the areas highlighted in this report 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 as areas that have been relevant to date are quickly 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.

Growth on the German information technology market



Source: BITKOM, EITO; July 2022
*Year-on-year rate of increase (in %)
**Forecast (year-on-year growth in %)

Segment Performance

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

Enterprise IT segment

Segment operations

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 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. 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 as well as market-leading software products and platforms for the digitalization of business processes in cooperation with providers such as Microsoft, SAP, IBM and Oracle. One key area is the development of software solutions on the basis of open source components. The segment is benefiting equally from the Allgeier Group's good positioning as a long-term digitalization partner for the public sector, which is built on its wealth of experience, specific expertise and outstanding references, and from the strong demand for continued and more rapid digitalization in the public sector and its services for private citizens and companies. The Enterprise IT segment has a large pool of resources with highly qualified software and IT 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 open source software development, business efficiency solutions, cyber and IT security, business process management, enterprise content management, cloud/containerizing and mobile applications. 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:

- 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.
- BDP – Business Digitalization Platform: The original roots of the Allgeier Group lie in this area. Business efficiency solutions for business process digitalization 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 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.
- Cybersecurity: Data security is becoming ever more critical for organizations of all sectors and sizes. The segment combines experienced IT security, cybersecurity and IT forensics experts and offers a comprehensive portfolio of IT and cybersecurity 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 their 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 bespoke software solutions in significantly shorter cycles. Interactive touchscreens make things especially easy: Assembling business processes and quickly building functional applications is child's play for teams – and eliminates the need for them 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 aforementioned areas. Software solutions can be operated in private cloud environments (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.
- 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 sector.

The companies in the Enterprise IT segment served more than 2,000 clients in Germany and internationally in fiscal 2021. These include large corporations such as 15 of the 40 DAX companies, a variety of public sector contractors at various federal levels and a number of SMEs. 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 had 26 locations as of June 30, 2022: 19 in Germany, five in other European countries, one in North American and one in Asia.

Performance

In terms of external revenue, the Enterprise IT segment contributed 78 percent (previous year: 75 percent) to the Allgeier Group's revenue from continuing operations in the reporting period.

Continuing the dynamic development it enjoyed in the second half of 2021, the Enterprise IT segment reported a significant increase in revenue of 24 percent to EUR 179.7 million in the first half of 2022 (previous year: EUR 145.4 million). In the same period, the segment increased its value added (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) by 28 percent to EUR 50.8 million (previous year: EUR 39.6 million), as a result of which the gross margin rose further to 28.1 percent (previous year: 27.2 percent).

Enterprise IT segment earnings figures (in EUR million)*

Enterprise IT	H1 2022	H1 2021	H1 2022 vs. H1 2021
Revenue*	179.7	145.4	23.6%
Value added*	50.8	39.6	28.3%
Adjusted EBITDA*	18.4	11.5	59.8%
Margin**	10.2%	7.9%	
EBITDA*	18.5	11.7	58.6%
Margin**	10.2%	8.0%	
EBIT*	9.1	6.5	38.5%
Margin**	5.0%	4.5%	

*Including revenue with other segments
**In % of revenue

Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) increased by 60 percent year-on-year to EUR 18.4 million (previous year: EUR 11.5 million). The Enterprise IT segment's EBITDA amounted to EUR 18.5 million in the first half of the year (previous year: EUR 11.7 million), an increase of 59 percent. Segment depreciation, amortization and write-downs amounted to EUR 5.2 million in the period under review (previous year: EUR 4.2 million). Segment EBIT rose significantly, from EUR 6.5 million in the first half of 2021 to EUR 9.1 million in the first half of 2022. The Enterprise IT segment's earnings before taxes amounted to EUR 7.1 million (previous year: EUR 4.8 million), an increase of 50 percent.

mgm technology partners segment

Segment operations

The mgm technology partners segment (mgm) is an IT company for digitalization projects and one of the leading providers for e-government portals in Germany. mgm stands for platform solutions that create sustainable value added for IT, business and organization. mgm technology partners has outstanding expertise when it comes to enterprise business applications, offers its clients cooperation based on partnership, and guarantees the long-term assumption of responsibility in integrated consulting and platform solutions.

As a high-end software and technology company, mgm technology partners defines its own success by the contribution its productive systems make to its clients' business performance. mgm develops enterprise applications mainly 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 digitalization, experts in CIO advisory, organizational development and change management), mgm security partners (web application security) and mgm integration partners (SAP process optimization), mgm covers the full range of current and future digitalization issues.

mgm adopts 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 data and 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 creates software solutions that enable experts to adapt even highly complex, integrated applications on their own. mgm's proprietary product development – the low-code 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. In the third year of the coronavirus pandemic, online retail and the significant need for digitalization in the public sector remained highly pronounced.

Public sector

- mgm is the technology partner and developer behind electronic tax returns in Germany. Today, the income tax returns of more than 30 million people are sent to the tax authorities using software developed by mgm. Among other things, companies in Germany submitted 37.8 million provisional VAT returns in 2021. All commercial tax-saving programs use ELSTER authentication. Complete data validation, data encryption and transmission is performed using ERiC (ELSTER Rich Client). 2021 marked the 25th anniversary of the successful ELSTER e-government project.
- 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 digitalization 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 digitalization 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 operates in both B2B and B2C with a focus on two products: SAP Commerce Cloud (formerly SAP Hybris) and mgm Commerce ERP. It has been an SAP gold partner since 2009.
- mgm's e-grocery software based on SAP Commerce Cloud provides a proven solution for modern online shops specifically for food retail, including a connected picking app for click & collect services.
- Acquired in 2021, mgm integration partners GmbH (formerly Clientis AG) has SAP Gold Partner certification. The company, which has consultants and developers in Moosburg (Bavaria) and Hamburg, is a specialist for SAP process optimization, especially along supply chains. The combination of this special expertise with the experience of other mgm areas, for instance in consulting on ERP migration projects (S/4HANA) and implementation using SAP Commerce Cloud, adds up to a multi-faceted SAP solution offering.

Insurance

- mgm has focused on digitalization in the industrial insurance business since 2006. The in-house development based on A12, 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 as a service provider that concludes and hands over a commissioned project after an agreed period. Part of the platform strategy also involves the establishment of long-term partnerships with insurers and brokers, through which mgm aims to participate directly in the success of digitalization initiatives.
- In consulting for the insurance industry, the focus is on business intelligence and data warehouse projects, including in the context of Solvency II. Another industry focus in management consulting is energy providers, especially for CIO advisory and sourcing services.

The mgm technology partners segment worked for more than 200 clients in fiscal 2021, including eight of the 40 DAX companies and a number of public sector contractors and institutions at federal, state and municipal level.

As of June 30, 2022, the segment's companies were located at 19 sites: 12 in Germany, one each in France, Austria, Switzerland and the US, and two development centers in Vietnam and one in the Czech Republic.

Performance

The mgm technology partners segment generated further revenue growth and a stable earnings margin in excess of 20 percent in the first half of the year. The segment accounted for 21 percent of the external revenue of the Allgeier Group's continuing operations in the first half of 2022 (previous year: 24 percent).

mgm technology partners segment earnings figures (in EUR million)

mgm technology partners	H1 2022	H1 2021	H1 2022 vs. H1 2021
Revenue*	51.6	48.3	6.7%
Value added*	20.5	19.0	8.3%
Adjusted EBITDA*	10.8	10.5	3.6%
Margin**	20.4%	21.7%	
EBITDA*	11.0	10.6	4.1%
Margin**	20.8%	22.0%	
EBIT*	8.3	8.3	-0.4%
Margin**	15.6%	17.2%	

*Including revenue with other segments
**In % of revenue

Revenue in the mgm technology partners segment rose by 7 percent to EUR 51.6 million in the first six months of 2022 (previous year: EUR 48.3 million). The segment's value added increased by 8 percent to EUR 20.5 million (previous year: EUR 19.0 million). This meant the segment reported a gross margin of 38.7 percent (previous year: 39.2 percent).

Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) amounted to EUR 10.8 million in the period under review (previous year: EUR 10.5 million), corresponding to an increase of 4 percent and an adjusted EBITDA margin of 20.4 percent (previous year: 21.7 percent). The reasons why earnings grew to a lesser extent than revenue were the investments in the A12 platform, sales and marketing, and the establishment of the partner network for the A12 platform, as well as substantial pre-sales expenses for public sector tenders that have since been won. These will make a significant contribution to earnings in the second half of the year and in the following years.

Segment EBITDA climbed by 4 percent to EUR 11.0 million in the reporting period (previous year: EUR 10.6 million). Depreciation, amortization and write-downs increased to EUR 2.5 million in the reporting period (previous year: EUR 2.2 million). Segment EBIT thus amounted to EUR 8.3 million in the first six months of 2022 (previous year: EUR 8.3 million) for an EBIT margin of 15.6 percent (previous year: 17.2 percent). The segment's profit before income taxes amounted to EUR 8.2 million (previous year: EUR 8.2 million).

Report on Financial Performance

In the first half of 2022, total assets rose to EUR 492.6 million as of June 30, 2022 (December 31, 2021: EUR 485.0 million). The reasons for this increase were largely operational in nature.

The Group's non-current assets declined slightly, from EUR 340.2 million as of December 31, 2021 to EUR 337.3 million as of the end of the reporting period. Within non-current assets, intangible assets decreased slightly to EUR 278.6 million (December 31, 2021: EUR 281.1 million) while right-of-use assets from leases fell to EUR 39.5 million (December 31, 2021: EUR 41.3 million). Property, plant and equipment increased to EUR 9.0 million (December 31, 2021: EUR 7.6 million). Other non-current assets declined slightly to EUR 8.7 million (December 31, 2021: EUR 8.8 million). Current assets increased to EUR 155.3 million as of June 30, 2022 (December 31, 2021: EUR 144.8 million). Trade receivables and contract assets totaled EUR 73.7 million (December 31, 2021: EUR 64.8 million). Cash and cash equivalents declined slightly to EUR 68.8 million at the reporting date (December 31, 2021: EUR 69.4 million).

Consolidated equity rose to EUR 168.3 million (December 31, 2021: EUR 162.9 million). Debt increased slightly to EUR 324.3 million (December 31, 2021: EUR 322.1 million). The equity ratio rose to 34.2 percent as of June 30, 2022 (December 31, 2021: 33.6 percent).

Non-current liabilities decreased by EUR 2.0 million to EUR 208.2 million at the end of the first half of 2022 (December 31, 2021: EUR 210.2 million). Within non-current liabilities, non-current financial liabilities climbed to EUR 127.2 million (December 31, 2021: EUR 123.5 million). Non-current lease liabilities fell to EUR 34.1 million (December 31, 2021: EUR 35.7 million). A borrower's note loan with a volume of EUR 60 million and a term of five and seven years was placed in May 2022. Additionally, the Group's credit facility, which was expanded to a volume of EUR 200 million in April 2022, was utilized in the amount of EUR 67.5 million as at June 30, 2021(December 31, 2021: EUR 123.5 million). Other non-current liabilities declined by EUR 4.0 million to EUR 47.0 million in the first half of 2022 (December 31, 2021: EUR 51.0 million).

Current liabilities amounted to EUR 116.0 million at the end of the reporting period (December 31, 2021: EUR 111.8 million). Within current liabilities, financial liabilities fell by EUR 8.5 million to EUR 6.4 million as of June 30, 2022 (December 31, 2021: EUR 14.9 million), while current lease liabilities decreased by EUR 0.1 million to EUR 8.7 million (December 31, 2021: EUR 8.8 million). Other current liabilities rose by EUR 12.8 million to EUR 100.9 million (December 31, 2021: EUR 88.1 million). As a result of the less extensive increase in liabilities than in total assets, the Group's gearing – the ratio of liabilities to total assets – declined slightly to 65.8 percent as of June 30, 2022 (previous year: 66.4 percent).

The Group's net financial liabilities amounted to EUR 107.5 million as of June 30, 2022, of which EUR 42.8 million related to lease liabilities (finance leases) (December 31, 2021: net financial liabilities of EUR 113.5 million; lease liabilities of EUR 44.5 million).

Risks and Opportunities of Future Development

1 Risks

The following sections describe the main risks that could have a material adverse effect on the net assets, financial position and results of operations of the Group, and hence 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. The Group's risk management system and the internal control and risk management system for the Group accounting process are described in section 4.2 "Risk management system" of Allgeier SE's 2021 Annual Report.

1.1 Market and strategic risks

1.1.1 Economic environment

Our market environment is highly dependent on both global and local macroeconomic factors, such as general economic trends in our core markets in Germany and Central Europe. In particular, the economic situation of our clients, which are also largely dependent on economic developments in the markets relevant to them, influences their spending patterns with regard to spending on IT and digitalization, and thus indirectly our business as well. The same is true for the public sector, which is also affected by issues such as public sector debt. Our business, which essentially consists of providing services for industrial and commercial companies and 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. The cautious, volatile or even recessionary development of markets can result in individual clients no longer awarding contracts or having lower budgets for software and IT services. This can have a negative impact on the state of our business and on our net assets, financial position and results of operations.

The market landscape for Allgeier is very much influenced by the global megatrend of digital transformation. This trend is ensuring that virtually all business models are changing and being significantly influenced by IT and software. This will tend to increase our clients' spending and investment on IT and software solutions. However, it is also leading to greater differentiation in the market and can bring pressure to bear on our clients with a slower rate of digitalization.

The Russia-Ukraine war as well as the COVID-19 pandemic and the action taken to contain it still represent a fundamental risk factor as far as our clients' economic development is concerned. Many industries are being affected by supply chain disruption, reduced demand or increased worker shortages. The extent to which some branches of industry have sustained lasting damage was not yet fully clear as of the time of this report being prepared. It was also unforeseeable to what extent the war in Ukraine, the associated economic sanctions and other factors, such as the sudden suspension of gas deliveries from Russia or a potential increase in cyberattacks, could amplify problems on the market/customer side or cause additional difficulties, such as a negative impact on international supply chains or the world economy as a whole, national markets, energy places, inflation, increased production costs or – whether directly or indirectly – certain industries or client businesses. We expect that the short-term and, at least, medium-term development of the economy, both globally and nationally, will continue to depend largely on how quickly and comprehensively the aftereffects of the pandemic can be brought fully under control, how serious and prolonged the impact of the Russian invasion of Ukraine will be for the European and German economy in particular, and whether and how quickly an economic recovery materializes and proves to be sustainable. As described above, existing and potential new virus variants and the repercussions of the Russia-Ukraine conflict can still pose a substantial risk. 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 likely affect the state of the Allgeier Group's business and its net assets, financial position and results of operations. We can currently say that the opportunities that opened up for us in connection with the pandemic, and in particular the acceleration of the global digitalization trend, are outweighing the risks associated with the pandemic. To date, the consequences of the Ukraine war are yet to have a notable impact on the net assets, financial position and results of operations of the Group.

1.1.2 Market trends in the industry environment

In the IT and software 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 and software sector is extensive and accelerating rapidly, which entails both risks and opportunities. Companies that are too slow or passive to respond to this rapid change with the requisite agility or that cling for too long to technologies or market segments that are superseded by new trends could suffer considerable disadvantages, even extending as far as going concern risks. 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 while also cutting costs. This increases competition in the industry and presents us with the challenge of withstanding cost pressure and competition, or possibly even benefiting from it. Some of our competitors are significantly larger than we are, with higher revenue and more considerable resources at their disposal, including for investment in new technologies and the associated services. 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. In terms of our business, 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 net assets, financial position and results of operations.

1.2 Information security risks

Mission-critical systems form the business foundation of every organization. The failure of these systems can impair or even entirely shut down our operations. The IT systems of Allgeier SE or its subsidiaries could be infected by malware as the result of a cyberattack. The consequences of this would be the costly and time-consuming restoration of data and the reinstallation of the IT systems affected. This could entail operational downtime or liquidity losses. To improve our defenses against these risks, we have implemented a Group-wide information security policy with minimum standards that is regularly improved and reviewed. We provide our employees with regular training, perform penetration tests and have established a working group of all the Group's information security officers. Furthermore, we have consulted with experts in the field of information security and we use the software tools that we have developed to improve IT security, in particular by identifying vulnerabilities and defending against attacks, at our clients as well as for internal purposes. The security measures aimed at minimizing the probability of a risk event are rounded off by a system for warnings by the German Federal Office for Information Security and systems for the early detection of possible threats.

1.3 Operational risks

1.3.1 Employees

Our dedicated and responsible employees are a key factor in the success of our companies. This applies not only to members of management and other executives, but to all employees and experts at our Group companies. In the area of management, our continued growth requires us to master the challenge of promoting our own junior managers or, in individual cases, engaging in outside recruitment. Succession solutions must be developed in good time ahead of generational changeovers. Both Germany and other countries are generally experiencing a severe shortage of qualified personnel. It is an ongoing challenge for us to find IT specialists and staff in other disciplines, such as sales, in sufficient numbers and with sufficient qualifications and to retain them for the long term. Doing so is crucial to our success, especially in the boom regions in which we operate. We counter this risk with improved and augmented recruitment activities, offer very attractive employment terms, and have implemented various employee retention programs. A modern culture with the opportunity to work on exciting projects and continuous professional development are essential factors in this respect. A shortage of management and IT specialists can slow our business development and thus negatively influence our net assets, financial position and results of operations. The Ukraine war and the associated sanctions are currently exacerbating the risk of a shortage of qualified specialists, as it is difficult to gain access to and employ Russian freelancers, even those living and resident in Germany. At the same time, looser rules on immigration – as called for by the digital industry association BITKOM and others – could make it possible for the Group to recruit qualified specialists from the crisis-hit region who are willing to move to Germany, subject to the relevant security checks. So as to respond flexibly to general market developments and demand, Allgeier has continued to intensify the search for qualified personnel for the implementation of IT projects as an operational priority over the years. It not only offers this service to its clients, but increasingly also takes advantage of it for itself. Engaging employees or freelance experts gives rise to a legal and financial risk if the contract structure, engagement performance or operations management of such personnel permits concealed or unlawful personnel leasing or bogus self-employment. We counter this risk with established processes and controls covering the entire project cycle. This can nevertheless have a negative impact on our net assets, financial position and results of operations.

1.3.2 Customers

Cultivating relationships with our clients through excellent work and ongoing high-quality expert 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 occasionally lose key clients or that projects have to be downscaled, e.g. owing to business difficulties on the client side, personnel changes, especially at client management level, and the associated business strategy changes, or because of competing offers. In order to identify these developments with negative consequences for us at an early stage and to respond appropriately, our risk management system provides for the continuous monitoring and assessment of the economic situation of our major clients, among other things. For some parts of the Group, there is commercial credit insurance that reduces the risk of bad debts. We have not experienced any significant bad debts in recent years. 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 57 clients in fiscal 2021. In fiscal 2021, the Group companies collectively generated revenue of EUR 195.1 million with the Group's ten largest clients, corresponding to 48 percent of the Allgeier Group's total revenue from continuing operations. We generated 13 percent of revenue from continuing operations with the single largest client in the past fiscal year. It already became 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 Allgeier 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 so quickly enough, this can have a negative impact on the state of our business and on our net assets, financial position and results of operations.

1.3.3 Products, technology and expertise

IT trends and technology leadership continue to entail both risks and opportunities. Recognizing and seizing on these trends at an early stage is of immense importance to maintaining our competitive capability. Technological transformation and shifting requirements, in terms of IT security and data protection, require constant innovation and investment with all due speed. This also applies to the enhancement of our own software products. For our own software products, there is the additional risk of liability and warranty obligations in the event that they do not work properly or as agreed in the contract. To counteract this risk, Allgeier provides its employees with regular training and relies on their expertise. We also take great care when developing our products and solutions and have established various quality management loops that are executed before a product is delivered.However, our Group companies also have to rely on partner firms or subcontractors in some cases. Although we subject our business partners to regular audits and quality controls, the use of third-party companies involves a certain dependence and a residual risk of underperformance on the part of our business partners. If we cannot sufficiently satisfy changing requirements, this can have a negative impact on the state of our business and on our net assets, financial position and results of operations.

1.3.4 Contracts and projects

In the context of operating activities, the Allgeier Group companies sometimes assume contractual liability or provide guarantees in contracts with clients, e.g. for fixed price calculations for project orders or certain service levels. Good corporate organization and project management, including efficient risk management, are crucial in this regard. In some cases, specific legal risks are covered by insurance or claims against third parties. Risks are always 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 cyber insurance in particular. Despite the measures taken, it cannot be ruled out that additional work or increased expenses will be necessary in isolated case. This 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. Due to the current sanctions against Russia, there is also a risk that it will not be possible to continue or complete existing projects as planned if these projects involve freelancers with Russian nationality who are resident in Germany to a large extent. A Group-wide project reporting guideline is in place to minimize project risks and ensure standardized project reporting. Among other things, this states that detailed project controlling must take place for projects above a certain size. This further reduces the project risk for major projects. The occurrence of contract and project risks can have a negative impact on the state of our business and on our net assets, financial position and results of operations.

1.3.5 Company transactions

In addition to the ongoing organic development of Group companies, our strategy also involves growing the Group through further acquisitions. These transactions typically entail significant investment and costs and entails the risk that the acquired company might not develop as planned or that, despite due diligence, negative consequences from the company's past activities will also be acquired. 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. This can have a significant impact on the Group's results. There is also a 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 net assets, financial position and results of operations. 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. Furthermore, there is a risk that, despite the greatest care being taken, the complex legal transactions involved in disposals and spin-offs could give rise to accounting errors. This could also have an adverse effect on Allgeier's share price performance. In addition, the decision to sell a company or part of a company is subject to strategic risks. For example, the decision can be made too late, or it can negatively affect the Group's perception in 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 net assets, financial position and results of operations, particularly if the planned success does not materialize or does not occur as anticipated, or if such changes lead to slower 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 transactions are conducted. We incorporate corresponding contractual regulations in advance to protect against specific risks. Before every transaction, we also run simulations to forecast and assess the Group's development as a result of the acquisition. Acquisitions or disposals of companies require the approval of the Supervisory Board.

1.4 Financial risks

1.4.1 Liquidity and credit risks

On the one hand, the Allgeier Group still possesses a high level of cash funds of EUR 68.8 million as of June 30, 2022 (December 31, 2021: EUR 69.4 million). There are also interest-bearing financial liabilities of EUR 133.6 million as of the end of the reporting period (December 31, 2021: EUR 138.4 million). These primarily consist of the revolving credit facility that was expanded in the first half of 2022 and the new borrower's note loan, as well as 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.

Repaying the liabilities resulting from the financial obligations of Allgeier SE and the Group companies could give rise to short-term liquidity shortfalls. This risk is countered by liquidity-based management, ongoing monthly liquidity planning, a sufficient level of cash funds and options for increased borrowing.

Furthermore, financial liabilities give rise to interest rate risks and contract risks in the event of the fulfillment of criteria that could result in early repayment obligations. For example, 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. The Group uses its reporting system to monitor the net assets, financial position and results of operations 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 assess the liquidity or credit risks of new acquisitions. Nevertheless, the unforeseen underperformance of an acquired company that is economically material to the Allgeier Group can prove 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 customers' payment behavior, e.g. longer payment terms or defaults. This risk has become more significant as a result 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 net assets, financial position and results of operations.

1.4.2 Hedging policy and financial instruments

The Allgeier Group's business activities expose it to price and interest rate fluctuations. As the Group has only limited international business activities, exchange rate risks are minor. The Allgeier Group predominantly manages and monitors market price risks and opportunities in the context of its operating and financing activities, which includes using derivative financial instruments where necessary. We monitor and assess these risks on an ongoing basis.

A liquidity planning and management tool, together with cash management systems, identify potential liquidity bottlenecks in advance so that appropriate steps can be taken. The Allgeier Group concluded an interest rate swap with a volume of EUR 50 million in the first half of 2022 in order to hedge against the current rise in interest rates and hence reduce the interest rate risk to which it is exposed. The borrower's note loan with a volume of EUR 60 million and a term of five and seven years that was also placed in the first half of 2022 has given Allgeier additional financial scope for further acquisitions and investments. It was placed with investors from the Landesbank, savings bank, development bank and cooperative bank sectors in Germany and Austria.

In addition to its cash funds, the Allgeier Group had the unutilized credit facility under the syndicated loan of EUR 132.5 million and additional credit facilities of EUR 2.6 million at its disposal as of June 30, 2022. Furthermore, various Allgeier companies also have access to factoring facilities of up to EUR 40.0 million for client receivables. The factoring facilities were utilized in the amount of EUR 37.5 million as of June 30, 2022.

1.5 Legal and regulatory risks

1.5.1 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 1.3.4 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 net assets, financial position and results of operations.

1.5.2 Regulatory and compliance risks

Changes in legislation or the interpretation of laws can affect the revenue and profitability of the Group's companies or, in the case of political sanctions, impede the progress of projects – for example, if Russian freelancers resident in Germany can no longer be employed for certain projects. 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 often long-term in 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. The regulatory requirements for employing freelance IT experts as subcontractors are also subject to discussions and changes whose specific effects are difficult to predict. In this context, the more recent legal changes mean that case law is not yet sufficiently established, 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 the most extensive measures and precautions cannot exclude the possibility of regulatory and compliance risks altogether.

The ongoing expansion of our business activities will also make regulatory risks in other countries more relevant, meaning that 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 net assets, financial position and results of operations.

1.6 Overall assessment of the Group's risk position

The risks most relevant to the Allgeier Group are presented in "1.1 Market risks and strategic risks", "1.2 Information security risks", "1.3 Operational risks", "1.4 Financial risks" and "1.5 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, market trends and recruitment are currently the most significant.

The COVID-19 pandemic and the measures taken by individual governments to contain it caused a slump on the global economy and had a significant impact on the individual markets, sectors and client companies relevant to Allgeier. The war in Ukraine and its consequences, especially supply chain disruption and price development in the energy sector, impacted certain markets and industries in the first half of the year, in some cases to a dramatic extent. The measures we took during the pandemic in the past two fiscal years 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 Group's clients with regard to size, region, industry and business model. Our business proved to be largely resilient to the consequences of the COVID-19 pandemic and has so far also resisted the current impact of the war in Ukraine. More severe temporary slumps in our business remained absent, and we instead generally benefited significantly from the rise in investment in conjunction with digital transformation. Given the impact of the Ukraine war on markets, supply chains and companies as well as the economic consequences of the measures to suppress the COVID-19 pandemic, however, there is still considerable uncertainty with regard to the further development of the economy at a national and international level. While we do not expect a decline in spending on digitalization 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 war in Ukraine, the COVID-19 pandemic, existing and potential future virus mutations, and the risks affecting the state of the Allgeier Group's business and its net assets, financial position and results of operations.

This is accomplished using our risk and control systems, which are reviewed and improved 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 two years 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.

2 Opportunities

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

2.1 Acquisitions

Other than the acquisitions already carried out, the business plan for fiscal 2022 does not include any specific acquisition projects, as the volume and timing of such transactions typically cannot be planned in advance in individual cases. Nonetheless, acquisitions are to remain an integral element of the company's ongoing development. With due regard to the risks from acquisitions described above, they also constitute 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 entail opportunities for a reorientation of the Group. In the past year, we significantly added to our expertise and resources in the development of open source software solutions with the acquisitions of publicplan GmbH and it-novum GmbH. We have already benefited from this significantly in the past fiscal year, as we were able to begin additional projects and land further projects for the future. We invested in our ongoing technological development in the areas of e-commerce, container cloud and SAP in the previous fiscal year in the shape of MySign, Cloudical and mgm integration partners (formerly Clientis). The acquisition of Evora in late 2021 subsequently laid the foundations for new growth in the SAP and ServiceNow landscape, as well as marking a key step in the further internationalization of our business. Meanwhile, the acquisition of pooliestudios in the second quarter of 2022 has further enhanced Allgeier's expertise in the area of open source-based software and digitalization solutions for public sector clients.

2.2 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 refine the right incentive schemes within the Group. In addition to the new team members in Germany, the acquisition of Evora in late 2021 brought us valuable locations in India, the US and Austria. We significantly increased the number of employees at these international locations in the first half of 2022 and we intend to massively expand the locations over the coming years.

2.3 Technologies and markets

Probably the biggest driver of our business and our future growth is the rapidly accelerating global digitalization trend in business and administrative processes, and the associated massive demand for IT and software expertise and products. Especially in the area of public administration at all levels of federal, states and municipal government, there are enormous challenges when it comes to sustainably achieving the intended effects of digital transformation with the billion-euro budgets provided. Laws already in effect, such as the German Online Access Act, are increasing the time pressure. The specific requirements of public sector clients must be taken into account. With the aim of far-reaching

digital sovereignty, large parts of the software solutions to be created are being developed on the basis of open source components. High security and dependability in operations create complex challenges that require years of expertise. Allgeier is excellently positioned in this area as one of the larger German IT and software companies, and is getting stronger all the time. In many instances, we enter into long-term partnerships with our clients in order to master the challenges of digital transformation together. For our clients, IT is therefore no longer predominantly a cost factor, but a basic requirement for functional business models and a means of successfully standing out on the market. We feel that there are substantial opportunities to expand our business here in the years ahead.

Another opportunity as the Group continues its development is the growing prospect of sharing in or broadening technology expertise, particularly when it comes to trend technologies. The IT industry is subject to considerable upheaval that, alongside the risks described, entails 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 can play a crucial role in dynamic development in addition to organic growth. The same is true for entering and cultivating new market segments, whether in different regions or new sectors. Here, too, growth and acquisitions create new opportunities. One example is the acquisition of Cloudical GmbH in the past fiscal year, which has brought us its valuable expertise with regard to the next generation of the cloud. The transformation of existing cloud environments will generate new projects for many years to come, and will necessitate corresponding adjustments to existing software solutions for all clients.

2.4 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 synergies and shared potential or make them realistically achievable in the first place. Closely intertwined with this is the continuous improvement of internal company processes. This applies both to internal cooperation within the Group, e.g. 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.

Research and Development

The Allgeier Group pursues the continuous development of its existing products with a focus on keeping pace with key technology and market trends. The Allgeier Group also performs research and development services for a number of customer projects. As we do not spend large amounts on conventional research and development, we merely capitalize minor assets in this context. In the first half of 2022, we recorded higher levels of investment in the enhancement of internally developed software solutions like the low-code A12 platform, the MySign e-commerce solutions, and Evora's EvoSuite. The Group's research and development services are presented and discussed in detail in Allgeier's 2021 Annual Report.

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Human Resources

Allgeier relies on dedicated and loyal employees

Highly qualified and motivated employees are a key factor in the successful development of our Group. Every company in the Allgeier Group is crucially reliant 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 now, the strategy of our Group will depend on the commitment of our employees as well as 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 human resources 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 and our workforce now includes around 3,000 extremely well trained software developers and experts in Germany in particular, but also at our development sites in the Czech Republic, Vietnam and India. In our core market of German-speaking Europe (Germany, Switzerland and Austria), we are increasingly seeing shortages of highly qualified experts at central locations. This is another reason why we continuously invest in our employees in order to ensure the sustained growth of our Group and to keep valuable knowledge within the company. This will entail a further rise in investment in ongoing employee training and continuing professional development in the future.

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 factor in successfully 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. In turn, 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.

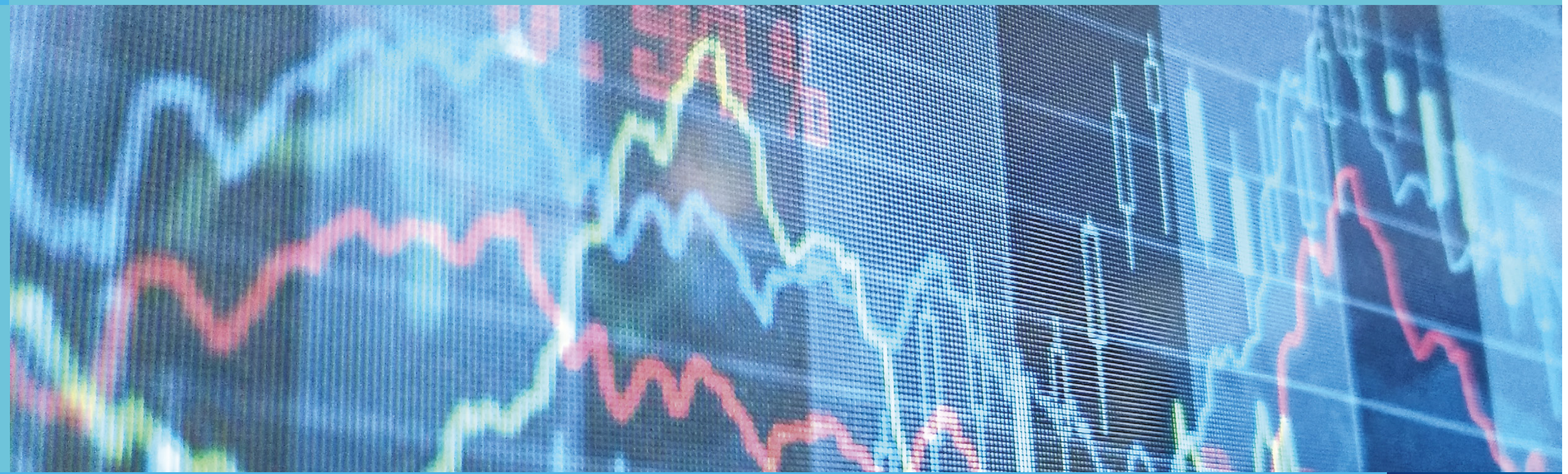
Employee growth: Headcount increases again

In total, the Allgeier Group had 4,317 employees and freelance experts in its continuing operations at the end of the first half of 2022 (December 31, 2021: 3,690), of whom 3,152 were permanent employees and 1,165 freelance experts (December 31, 2021: 2,937 permanent employees and 753 freelance experts). As of June 30, 2022, Allgeier had 3,742 permanent employees and freelance experts in Germany (December 31, 2021: 3,196). Outside Germany, it had 575 permanent employees and freelance experts at the end of the first half of the year (December 31, 2021: 494). 82.0 percent of permanent employees were based in Germany as of the end of the first half of 2022 (December 31, 2021: 83.4 percent).

The total number of employees and freelance experts saw a net increase of 627 compared with the end of 2021. Within this figure, the number of employees rose by 215 as of June 30, 2022, while the number of freelance experts increased by 412. The headcount growth took place in both of the Group's segments. The acquisition in the first half of 2022 resulted in 29 employees joining the Group. The Group continued to become more international in the first half of 2022: Our locations in Germany and abroad employed people from around 20 different nations as of June 30, 2022.

The Group is pleased to report that its share of female employees continued to increase in the first half of 2022: Women accounted for 28.8 percent of the workforce at the end of the reporting period (December 31, 2021: 28.3 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 still have a high proportion of employees with university level qualifications. This figure remained constant compared with year-end 2021, amounting to 59.9 percent at the end of the first half of 2022 (December 31, 2021: 59.1 percent). In total, 91.9 percent of our employees hold a bachelor's/master's/doctoral degree or a state-certified technician/master trades certificate or have completed other qualified professional training (December 31, 2021: 92.2 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 proportion of female employees and those with higher qualifications encourage us in this endeavor.

Allgeier Shares



2021 delivered enormous growth for Allgeier's shareholders, with the shares outperforming the already highly positive return on investment recorded in 2020. The first half of 2022 saw a dramatic shift into negative territory both in Germany and at the international trading centers. The DAX opened at 16,020 points on the first trading day of the year (January 3) before climbing to an intraday high of 16,271 points two days later (January 5). This was followed by a downward movement that was dramatic at times, with the DAX ultimately falling to 12,783 points on June 30. This also represented the low for the first half of 2022. This meant the DAX lost 20.2 percent in the first six months of the year, the highest figure since the financial crisis of 2008. The index fell by a record of more than 2,000 points in June alone. The Dow Jones developed similarly, falling by 15.8 percent in the first half of the year, while the EURO STOXX 50 lost 20.3 percent over the same period. The extremely weak stock market performance in the first six months was due in particular to the sharp rise in inflation around the world and the resulting expectation of higher interest rates as well as the war in Ukraine, which were the dominant topics when it came to trading activity. This situation was exacerbated by the persistent supply chain problems caused by renewed COVID-19 lockdowns in China. The world's second-largest economy recorded year-on-year growth of just 0.4 percent in the second quarter of 2022 – and contracted by 2.6 percent compared with the previous quarter. This growth was lower than forecast by experts and represented the lowest figure since the slump in early 2020 following the outbreak of the COVID-19 pandemic.

The impact of the war in Ukraine was clearly reflected in the falls on key indices like the DAX, the Dow Jones and the EURO STOXX 50 in early March. The German indices were further impacted by fears of a recession in Germany triggered by the potential suspension of Russian gas deliveries and expected key interest rate hikes by the ECB to counteract inflation. Concerns about a possible recession in the US are also growing. Market observers are attributing this to the prolonged inaction on the part of the US Federal Reserve, which is now steering excessively in the opposite direction with a sharp rise in the key interest rate that could trigger a recession. Although a quick return to more moderate inflation was originally anticipated in the first few months of the year, the economic institutes now expect 2022 to see the highest rates of inflation for more than 45 years in some cases. In its Konjunkturperspektiven publication in June 2022, for example, the ifo Institute forecasts inflation of 6.8 percent for Germany. According to the ifo Economic Experts Survey in mid-July 2022, global inflation is expected to average 7.7 percent in 2022. This is five percentage points higher than the average inflation for the decade from 2010 to 2019 as published by the World Bank. Economic experts also expect global inflation to persist at a heightened level over the coming years, with an average forecast of 6.2 percent for 2023. Even in 2026, inflation is expected to remain high at 4.5 percent. In other words, the clear message of the ifo study is that inflation is "here to stay".

Global technology stocks have come under even greater price pressure than the market as a whole since the start of the year. In particular, rising bond yields have put pressure on the shares with the most positive growth prospects, and hence the highest valuations. Heightened inflation expectations have led to a substantial upturn in 10-year Bund yields since the start of the year, and this development has been even more pronounced when it comes to US government bonds. Because the present value of future profits falls as discount rates rise, especially for profits that are tied to above-average expectations, tech stocks saw the most dramatic downturns after the IT industry had enjoyed unparalleled outperformance on the international stock exchanges in the previous four years. While investors increasingly placed their trust in high-growth tech companies during the long phase of cheap money, the prospect of rising interest rates led to a sell-off as investors began to fear that current valuations of technology stocks could prove too high at a time of rising interest rates. In other words, a combination of the risk factors of inflation, rising interest rates, COVID-19 lockdowns in China and the war in Ukraine have led to a dramatic shift in sentiment among investors. Unlike in the past, when the setbacks due to rising interest rates in 2018 or the COVID-19 crisis in 2020 were accompanied by confidence that the industry would soon return to its previous highs, the current circumstances are deterring investors from returning to tech stocks on a large scale.

Allgeier's shares reflected the main developments on the stock exchanges in the first half of the year, meaning that they were unable to escape the pressure on global tech stocks. They started the year at EUR 55.70 in XETRA trading on January 3, 2022 and reached an intraday high for the first six months of EUR 59.10 the next day. The share price then dropped by around EUR 14 in the space of a week before trading in the region of EUR 45 for about a month. The shares saw another downward movement from mid-February onwards, bottoming out at EUR 31.40 on March 7 (which also represented the intraday low for the first half of the year), thereby reflecting the performance of the DAX and other national and international indices. This was followed by a rapid and substantial recovery to EUR 45 by the end of March. The share price remained stable over the next month with some upward variations. It then came under pressure again, falling to around EUR 35 in late April. The shares fluctuated around this level between mid-May and the end of June. Allgeier's shares closed the first half of the year at EUR 33.70 on June 30. This corresponds to market capitalization of EUR 384.5 million and represents a fall of 39.6 percent in the first six months compared with the year-end closing price.

Outlook

Forecast by the Allgeier Group

Overall, the development of the Allgeier Group is characterized by the assessments discussed above with regard to 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 globally as a result of the COVID-19 crisis and the considerable uncertainty that remains with regard to the consequences of the global pandemic and the war in Ukraine, which led to significantly increased fears of a recession in the first half of 2022, we feel that we are excellently positioned to continue our organic growth in the medium and long term. Renewed COVID-19 restrictions, the further impact of the war in Ukraine, sanctions against Russia and a potential gas embargo on the part of Russia could have additional negative consequences for the overall economy and for global trade flows and supply chains, as well as 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. Despite this, however, the enduring fundamental significance and added value of high-quality and reliable software and IT solutions is a key factor in ensuring future competitive capability and efficient management for virtually all business enterprises and for public sector institutions. Probably the biggest driver of our business and our future growth is the undiminished, rapidly accelerating global digitalization trend in business and administrative processes, and the associated massive – and generally rising – demand for IT and software expertise with corresponding products. Especially in the area of public administration at all levels of federal, states and municipal government, there are enormous challenges when it comes to sustainably achieving the intended effects of digital transformation with the billion-euro budgets provided. Laws already in effect, such as the German Online Access Act, are increasing the time pressure. The particular requirements of public sector clients have to be taken into account. With the aim of far-reaching digital sovereignty, large parts of the software solutions to be created are being developed on the basis of open source components and platforms. High security and dependability in operations create complex challenges that require far-reaching expertise. Allgeier is excellently positioned in this area as one of the larger German IT and software companies, and is getting stronger all the time. In many instances, we enter into long-term partnerships with our clients in order to master the challenges of digital transformation together. For our clients, IT is therefore no longer predominantly a cost factor, but an essential requirement for functional business models and a means of successfully standing out on the market. We feel that there are substantial additional opportunities to expand our business here in the years ahead.

New business areas in information technology are constantly emerging, such as the development of open source software solutions and high-performance portals, cybersecurity, the use and analysis of large data volumes, or the digitalization of the industrial world known as Industry 4.0. Together with key future areas such as container clouds, artificial intelligence, machine learning or virtual/augmented reality, we believe that this will continue to support strong performance in the relevant parts of the sector. We are anticipating a great deal of new growth stimulus and opportunities for broad-based service providers as drivers of technological development. This is compounded by the shortage of highly qualified IT specialists in economically strong markets and the price pressure from global players on local business. As the process of digitalization 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. Allgeier will continue on its chosen path of honing its business models, constantly growing its business with increased profitability and optimizing its portfolio and internal organization in the remaining months of fiscal 2022.

Allgeier SE is today confirming its guidance for fiscal 2022 that was published in the ad hoc disclosure on December 17, 2021 and in Allgeier SE's 2021 Annual Report.

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Unaudited Half-Yearly Financial Report 2022

Consolidated Statement of Financial Position of Allgeier SE, Munich, as of June 30, 2022 (unaudited)

Consolidated Statement of Financial Position (EUR thousand)

Assets	June 30, 2022	December 31, 2021
Intangible assets	278,558	281,124
Property, plant and equipment	9,035	7,630
Right-of-use assets from leases	39,498	41,308
Other non-current financial assets	8,547	8,399
Other non-current assets	185	419
Deferred tax assets	1,465	1,330
Non-current assets	337,288	340,211
Inventories	957	1,230
Contract assets	11,078	2,476
Trade receivables	62,617	62,346
Other current financial assets	1,130	1,946
Other current assets	9,260	5,765
Income tax receivables	1,421	1,496
Cash	68,816	69,409
Assets held for sale	0	111
Current assets	155,278	144,779
Assets	492,566	484,990

Consolidated Statement of Financial Position (EUR thousand)

Equity and liabilities	June 30, 2022	December 31, 2021
Issued capital	11,409	11,409
Capital reserves	71,249	71,249
Retained earnings	102	102
Profit carryforward	25,985	19,888
Profit or loss for the period	6,528	11,801
Changes in equity recognized directly in equity	2,785	487
Equity interest attributable to shareholders of the parent company	118,058	114,936
Equity interest attributable to non-controlling interests	50,232	47,969
Equity	168,290	162,905
Non-current financial liabilities	127,162	123,500
Non-current lease liabilities	34,060	35,734
Long-term provisions for post-employment benefit costs	1,205	1,133
Other long-term provisions	331	331
Non-current contract liabilities	39	88
Other non-current financial liabilities	38,461	41,802
Deferred tax liabilities	6,979	7,652
Non-current liabilities	208,237	210,240
Current financial liabilities	6,402	14,885
Current lease liabilities	8,708	8,810
Short-term provisions for post-employment benefit costs	18	125
Other short-term provisions	14,042	17,948
Current contract liabilities	7,436	6,762
Trade payables	25,973	25,073
Other current financial liabilities	29,460	18,025
Other current liabilities	5,853	4,688
Income tax liabilities	18,147	15,419
Liabilities held for sale	0	111
Current liabilities	116,040	111,846
Equity and liabilities	492,566	484,990

Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from January 1, 2022, to June 30, 2022 (unaudited)

Consolidated Statement of Comprehensive Income (EUR thousand)	Total		Discontinued operations		Continuing operations	
Income statement	January 1, 2022 - June 30, 2022	January 1, 2021 - June 30, 2021	January 1, 2022 - June 30, 2022	January 1, 2021 - June 30, 2021	January 1, 2022 - June 30, 2022	January 1, 2021 - June 30, 2021
Revenue	228,832	192,568	42	151	228,790	192,416
Other own work capitalized	2,586	439	0	0	2,586	439
Other operating income	2,511	1,055	168	62	2,343	992
Cost of materials	87,764	77,998	0	14	87,764	77,984
Staff costs	108,321	93,786	14	78	108,307	93,708
Impairment on trade receivables and contract assets	0	41	0	0	0	41
Other operating expenses	13,630	10,316	1,842	147	11,787	10,168
Earnings before interest, taxes, depreciation and amortization	**24,215**	**11,922**	**-1,646**	**-25**	**25,861**	**11,947**
Depreciation, amortization and impairment	12,994	8,203	1	19	12,993	8,184
Results of operating activities	**11,221**	**3,719**	**-1,647**	**-44**	**12,868**	**3,763**
Finance income	63	543	0	0	63	543
Financial expenses	3,002	1,521	0	31	3,002	1,490
Net income from investments accounted for using the equity method	-12	0	0	0	-12	0
Earnings before taxes	**8,270**	**2,741**	**-1,647**	**-75**	**9,917**	**2,816**
Net income taxes	-3,667	-2,588	-7	0	-3,660	-2,588
Profit for the period before gains and losses on spin-off and disposals	**4,602**	**152**	**-1,654**	**-75**	**6,257**	**228**
Business spun off and disposed of:						
Earnings from spun-off and discontinued operations before taxes	4,210	0	0	0	4,210	0
Net income taxes	0	0	0	0	0	0
Earnings from spun-off and discontinued operations	**4,210**	**0**	**0**	**0**	**4,210**	**0**
Total operations:						
Earnings before taxes	12,480	2,741	-1,647	-75	14,127	2,816
Net income taxes	-3,667	-2,588	-7	0	-3,660	-2,588
Profit for the period after gains and losses on spin-off and disposals	**8,812**	**152**	**-1,654**	**-75**	**10,467**	**228**
Profit or loss for the period attributable to:						
shareholders of the parent company	6,528	-1,656	-1,654	-76	8,183	-1,581
non-controlling interests	2,284	1,809	0	0	2,284	1,809
Basic earnings per share:						
Average number of shares outstanding weighted pro rata temporis	11,408,513	11,385,817	11,408,513	11,385,817	11,408,513	11,385,817
Earnings per share in EUR	0.57	-0.15	-0.15	-0.01	0.72	-0.14
Diluted earnings per share:						
Average number of shares outstanding weighted pro rata temporis	11,898,308	11,523,626	11,898,308	11,523,626	11,898,308	11,523,626
Earnings per share in EUR	0.55	-0.14	-0.14	-0.01	0.69	-0.14

▶ continued overleaf

Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from January 1, 2022, to June 30, 2022 (unaudited)

Consolidated Statement of Comprehensive Income (EUR thousand)	Total		Discontinued operations		Continuing operations	
Other comprehensive income	January 1, 2022 - June 30, 2022	January 1, 2021 - June 30, 2021	January 1, 2022 - June 30, 2022	January 1, 2021 - June 30, 2021	January 1, 2022 - June 30, 2022	January 1, 2021 - June 30, 2021
Items that cannot be reclassified to the income statement:						
Actuarial gains (losses)	3	0	0	0	3	0
	3	0	0	0	3	0
Items that cannot be reclassified to the income statement:						
Foreign exchange differences	2,511	-53	1,814	0	697	-53
Foreign exchange differences reclassified to profit or loss	0	0	-1,814	0	1,814	0
	2,511	-53	0	0	2,511	-53
Other comprehensive income for the period	2,514	-53	0	0	2,514	-53
Total comprehensive income for the period	11,327	99	-1,654	-75	12,981	175
Total comprehensive income for the period attributable to:						
shareholders of the parent company	8,827	-1,718	-1,770	-76	10,596	-1,642
non-controlling interests	2,500	1,817	115	0	2,384	1,817

Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from April 1, 2022, to June 30, 2022 (unaudited)

Consolidated Statement of Comprehensive Income (EUR thousand)	Total		Discontinued operations		Continuing operations	
Income statement	April 1, 2022 - June 30, 2022	April 1, 2021 - June 30, 2021	April 1, 2022 - June 30, 2022	April 1, 2021 - June 30, 2021	April 1, 2022 - June 30, 2022	April 1, 2021 - June 30, 2021
Revenue	116,679	97,826	0	54	116,679	97,772
Other own work capitalized	1,745	163	0	0	1,745	163
Other operating income	1,659	480	137	18	1,522	462
Cost of materials	44,221	39,087	0	4	44,221	39,082
Staff costs	55,041	49,989	0	21	55,041	49,968
Impairment on trade receivables and contract assets	-36	40	0	0	-36	40
Other operating expenses	8,132	5,082	1,792	46	6,340	5,036
Earnings before interest, taxes, depreciation and amortization	**12,726**	**4,270**	**-1,654**	**1**	**14,381**	**4,269**
Depreciation, amortization and impairment	6,532	4,101	0	11	6,532	4,090
Results of operating activities	**6,195**	**170**	**-1,654**	**-10**	**7,849**	**179**
Finance income	14	526	0	0	14	526
Financial expenses	1,720	1,017	0	16	1,720	1,001
Net income from investments accounted for using the equity method	-12	0	0	0	-12	0
Earnings before taxes	**4,477**	**-321**	**-1,654**	**-26**	**6,132**	**-296**
Net income taxes	-2,372	-1,377	0	0	-2,372	-1,377
Profit for the period before gains and losses on spin-off and disposals	**2,106**	**-1,699**	**-1,654**	**-26**	**3,760**	**-1,673**
Business spun off and disposed of:						
Earnings from spun-off and discontinued operations before taxes	4,210	0	0	0	4,210	0
Earnings from spun-off and discontinued operations	**4,210**	**0**	**0**	**0**	**4,210**	**0**
Total operations:						
Earnings before taxes	8,687	-321	-1,654	-26	10,342	-296
Net income taxes	-2,372	-1,377	0	0	-2,372	-1,377
Profit for the period after gains and losses on spin-off and disposals	**6,316**	**-1,699**	**-1,654**	**-26**	**7,970**	**-1,673**
Profit or loss for the period attributable to:						
shareholders of the parent company	5,090	-2,417	-1,654	-26	6,744	-2,392
non-controlling interests	1,226	719	0	0	1,226	719
Basic earnings per share:						
Average number of shares outstanding weighted pro rata temporis	11,408,513	11,389,084	11,408,513	11,389,084	11,408,513	11,389,084
Earnings per share in EUR	0.45	-0.21	-0.15	0.00	0.59	-0.21
Diluted earnings per share:						
Average number of shares outstanding weighted pro rata temporis	11,898,308	11,524,039	11,898,308	11,524,039	11,898,308	11,524,039
Earnings per share in EUR	0.43	-0.21	-0.14	0.00	0.57	-0.21

► continued overleaf

Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from April 1, 2022, to June 30, 2022 (unaudited)

Consolidated Statement of Comprehensive Income (EUR thousand)	Total		Discontinued operations		Continuing operations	
Other comprehensive income	April 1, 2022 - June 30, 2022	April 1, 2021 - June 30, 2021	April 1, 2022 - June 30, 2022	April 1, 2021 - June 30, 2021	April 1, 2022 - June 30, 2022	April 1, 2021 - June 30, 2021
Items that cannot be reclassified to the income statement:						
Actuarial gains (losses)	3	0	0	0	3	0
	3	0	0	0	3	0
Items that cannot be reclassified to the income statement:						
Foreign exchange differences	2,404	67	1,814	0	590	67
Foreign exchange differences reclassified to profit or loss	0	0	-1,814	0	1,814	0
	2,404	67	0	0	2,404	67
Other comprehensive income for the period	2,408	67	0	0	2,408	67
Total comprehensive income for the period	8,723	-1,632	-1,654	-26	10,378	-1,606
Total comprehensive income for the period attributable to:						
shareholders of the parent company	7,300	-2,356	-1,770	-26	9,070	-2,331
non-controlling interests	1,423	725	115	0	1,308	725

Consolidated Statement of Cash Flows of Allgeier SE, Munich, for the period from January 1, 2022, to June 30, 2022 (unaudited)

Consolidated Statement of Cash Flows (EUR thousand)	Total		Discontinued operations		Continuing operations	
	January 1, 2022 - June 30, 2022	January 1, 2021 - June 30, 2021	January 1, 2022 - June 30, 2022	January 1, 2021 - June 30, 2021	January 1, 2022 - June 30, 2022	January 1, 2021 - June 30, 2021
Results of operating activities	11,221	3,719	-1,647	-44	12,868	3,763
Depreciation and amortization on non-current assets	12,994	8,203	1	19	12,993	8,184
Expenses on the disposal of non-current assets	13	131	0	0	13	131
Change in long-term provisions	75	71	0	0	75	71
Other non-cash expenses and income	-1,386	5,015	1,814	-1	-3,201	5,015
Income taxes paid	-1,845	-893	-14	-18	-1,831	-874
Cash flows from operating activities before changes in working capital	**21,070**	**16,247**	**154**	**-44**	**20,916**	**16,290**
Cash flows from changes in working capital	-18,340	-15,869	-220	10	-18,120	-15,879
Cash flows from operating activities	**2,731**	**377**	**-66**	**-34**	**2,796**	**411**
Payments for investments in non-current assets	-3,393	-3,365	0	-5	-3,393	-3,361
Payments for finance leases	-5,587	-5,105	0	-3	-5,587	-5,102
Proceeds from the disposal of non-current assets	33	143	0	1	33	143
Proceeds from sale and leaseback transactions	48	0	0	0	48	0
Payments for the acquisition of subsidiaries	-402	-10,334	0	0	-402	-10,334
Payments for purchase price components for companies not acquired in the fiscal year	-480	-2,715	0	0	-480	-2,715
Payments for the acquisition of assets and rights	0	0	0	0	0	0
Balance of payments from loans to investments accounted for using the equity method	686	-350	0	0	686	-350
Proceeds from disposals of subsidiaries	4,501	0	0	0	4,501	0
Decrease in cash and cash equivalents from disposals of subsidiaries with loss of control	-221	0	-221	0	0	0
Cash flows from investing activities	**-4,816**	**-21,726**	**-221**	**-7**	**-4,595**	**-21,719**
Proceeds from capital increase	0	48	0	0	0	48
Proceeds from borrower's note loan	60,000	0	0	0	60,000	0
Proceeds from bank loans	4,000	39,500	0	0	4,000	39,500
Repayment of bank loans	-60,010	0	0	0	-60,010	0
Cash flows from intragroup financing	0	0	0	44	0	-44
Cash flow from factoring	10,164	-2,000	0	0	10,164	-2,000
Interest received	43	9	0	0	43	9
Interest paid	-2,488	-1,001	0	0	-2,488	-1,000
Distributions	0	-5,691	0	0	0	-5,691
Balance of payments with non-controlling interests	-2,031	59	0	0	-2,031	59
Cash flows from financing activities	**9,678**	**30,924**	**0**	**44**	**9,678**	**30,880**
Total cash flows	**7,593**	**9,576**	**-287**	**3**	**7,880**	**9,573**
Changes in cash and cash equivalents due to exchange rate movements	35	-103	-11	-51	45	-52
Total changes in cash and cash equivalents	**7,628**	**9,473**	**-298**	**-47**	**7,925**	**9,520**
Cash and cash equivalents at the beginning of the period	54,822	55,619	298	431	54,524	55,188
Cash and cash equivalents at the end of the period	62,454	65,092	0	383	62,454	64,708

Consolidated Statement of Changes in Equity ALLGEIER

Consolidated Statement of Changes in Equity of Allgeier SE, Munich, as of June 30, 2022 (unaudited)

Consolidated Statement of Changes in Equity (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 attributable to shareholders of the parent company	Equity interest attributable to non-controlling interests	Equity
As of January 1, 2021	**11,383**	**65,074**	**102**	**0**	**25,936**	**-356**	**-78**	**102,060**	**3,461**	**105,521**
Transfer of profit or loss for the previous year to profit carryforward	0	0	0	0	-356	356	0	0	0	0
Exercise of stock options from the 2010 stock option plan	26	22	0	0	0	0	0	48	0	48
Issue of stock options from the 2021 stock option plan	0	6,100	0	0	0	0	0	6,100	0	6,100
Acquisition of shares of non-controlling shareholders of Allgeier publicplan Holding GmbH	0	0	0	0	0	0	0	0	1,356	1,356
Dividends	0	0	0	0	-5,691	0	0	-5,691	-268	-5,960
Profit or loss for the period	0	0	0	0	0	-1,656	0	-1,656	1,809	152
Foreign exchange differences	0	0	0	0	0	0	-61	-61	9	-53
As of June 30, 2021	**11,409**	**71,196**	**102**	**0**	**19,888**	**-1,656**	**-139**	**100,799**	**6,366**	**107,165**
As of January 1, 2022	**11,409**	**71,249**	**102**	**0**	**19,888**	**11,801**	**487**	**114,936**	**47,969**	**162,905**
Transfer of profit or loss for the previous year to profit carryforward	0	0	0	0	11,801	-11,801	0	0	0	0
Actuarial gains (losses)	0	0	0	0	0	0	3	3	0	3
Dividends	0	0	0	0	-5,704	0	0	-5,704	-237	-5,941
Profit or loss for the period	0	0	0	0	0	6,528	0	6,528	2,284	8,812
Foreign exchange differences	0	0	0	0	0	0	2,295	2,295	216	2,511
As of June 30, 2022	**11,409**	**71,249**	**102**	**0**	**25,985**	**6,528**	**2,785**	**118,058**	**50,232**	**168,290**

Segment Reporting of Allgeier SE, Munich, in accordance with IFRS for the period from January 1, 2022, to June 30, 2022 (unaudited)

Segments (EUR thousand)	Enterprise IT		mgm technology partners		Other		Continuing operations	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
External revenue	179,454	145,154	48,744	45,691	592	1,577	228,790	192,421
Revenue with other segments	261	270	2,811	2,605	-3,072	-2,880	0	-5
Revenue	179,715	145,424	51,555	48,296	-2,480	-1,304	228,790	192,416
Gross revenue	180,802	145,863	53,055	48,296	-2,480	-1,304	231,376	192,856
Value added	50,837	39,624	20,521	18,954	-1,078	-1,021	70,281	57,558
EBITDA before extraordinary and prior-period effects	18,434	11,535	10,839	10,465	-4,355	-4,030	24,918	17,970
Earnings before interest, taxes, depreciation and amortization (EBITDA)	18,529	11,686	11,042	10,602	-3,711	-10,341	25,861	11,947
Segment earnings from operating activities (EBIT)	9,059	6,539	8,269	8,304	-4,460	-11,080	12,868	3,763
Segment earnings before income taxes	7,121	4,754	8,224	8,193	-5,428	-10,131	9,917	2,816
Segment earnings before profit transfer	7,121	4,754	8,224	8,193	-5,428	-10,131	9,917	2,816
Segment assets	422,380	294,181	75,082	70,398	-4,895	-43,984	492,566	320,595
Value added as % of total revenue	28.1%	27.2%	38.7%	39.2%	43.4%	78.3%	30.4%	29.8%
Operating EBITDA as % of total revenue	10.2%	7.9%	20.4%	21.7%	175.6%	309.1%	10.8%	9.3%
EBITDA as % of total revenue	10.2%	8.0%	20.8%	22.0%	149.6%	793.3%	11.2%	6.2%
EBIT as % of total revenue	5.0%	4.5%	15.6%	17.2%	179.8%	850.0%	5.6%	2.0%

Other Notes

Change in the Supervisory Board

On June 30, 2022, the Annual General Meeting of Allgeier SE resolved to amend Article 14.1 of the company's Articles of Association to increase the size of the Supervisory Board to four members. The wording of Article 14.1 of the Articles of Association was amended as follows: "The Supervisory Board consists of four members." This required the election of an additional Supervisory Board member. The Annual General Meeting elected Mr. Carl Georg Dürschmidt, Germany, as an additional member of the Supervisory Board.

Accounting policies

Allgeier SE's half-yearly financial report as of June 30, 2022, was prepared in accordance with the requirements of section 115 of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) and the International Financial Reporting Standards (IFRS) on interim financial reporting. The accounting policies have not changed compared with the consolidated financial statements as of December 31, 2021.

The half-yearly financial report as of June 30, 2022 has not been reviewed in accordance with section 115 WpHG or audited in accordance with section 317 of the *Handelsgesetzbuch* (HGB – German Commercial Code).

Dividend

At the Annual General Meeting held on June 30, 2022, Allgeier SE resolved to pay a dividend of EUR 0.50 per dividend-bearing share from its net retained profits of EUR 46,840,573.23 as of December 31, 2021. 11,408,513 shares were entitled to the dividend. The dividend totaling EUR 5,704,256.50 was paid to the shareholders in July 2022.

Treasury shares

Allgeier SE did not acquire any treasury shares in the first six months of 2022. The number of treasury shares as of June 30, 2022 is therefore still zero (December 31, 2021: zero).

Significant transactions with related parties

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. Talentry GmbH, Munich, and IPP northport InsurancePartner Platform GmbH, Hamburg, were sold in the second quarter of 2022. Both companies were previously consolidated using the equity method.

Consolidated group

As of June 30, 2022, the basis of consolidation of Allgeier SE consisted of 50 consolidated companies (December 31, 2021: 52) and no companies accounted for using the equity method (December 31, 2021: two).

pooliestudios GmbH, Cologne, was added to the consolidated group in the reporting period. Oxygen Consultancy, Istanbul (Turkey), was sold, as were the investments in Talentry GmbH, Munich, and IPP northport InsurancePartner Platform GmbH, Hamburg, both of which were accounted for using the equity method. The companies sold were already reported in discontinued operations in the consolidated financial statements for the year ended December 31, 2021. In addition, it-novum Schweiz GmbH, Zurich (Switzerland), was merged into Allgeier (Schweiz) AG, Thalwil (Switzerland), and Allgeier Middle East Holding Ltd., Dubai (United Arab Emirates), was liquidated.

- pooliestudios GmbH, Cologne, was consolidated for the first time effective May 31, 2022 on the basis of a fixed purchase price of EUR 409 thousand. A variable purchase price of up to EUR 260 thousand was agreed in addition to the fixed purchase price. Due to the agreed criteria, the variable purchase price is reported in other operating expenses. Following the provisional identification and measurement of the assets and liabilities acquired, the purchase price was offset by net assets also amounting to EUR 409 million. The fixed purchase price component of EUR 409 thousand was paid in June 2022. In addition to the purchase price, further costs of EUR 13 thousand were incurred in June 2022 in conjunction with the acquisition. These were recognized in profit or loss under other operating expenses.
- In April 2022, Allgeier Dritte Beteiligungs GmbH, Munich, sold its 90 percent investment in Oxygen Consultancy, Istanbul (Turkey). A purchase price of EUR 160 thousand was agreed for the investment in the company. At the disposal date, the carrying amount of the company reported in discontinued operations was also EUR 160 thousand, meaning that the gain on disposal was zero. The reclassification of foreign exchange differences resulted in expenses of EUR 1,814 thousand in the income statement of the discontinued operations. The reclassification is cash-neutral and did not affect the Allgeier Group's equity.
- In May 2022, mgm technology partners GmbH, Munich, sold its 50 percent investment in IPP northport InsurancePartner Platform GmbH, Hamburg, which was accounted for using the equity method. A purchase price of EUR 800 thousand was agreed for the investment in the company. This purchase price corresponds to the loan receivables from the company contributed as part of the transaction. Due to the waiver of interest receivables, the disposal resulted in a loss of EUR 12 thousand before income taxes.
- In June 2022, Allgeier Beteiligungen GmbH, Munich, sold its 33.34 percent investment in Talentry GmbH, Munich, which was accounted for using the equity method. After deduction of a debtor warrant, the pre-tax gain on the disposal of the shares amounted toEUR 4,210 thousand. The company was reported in discontinued operations in the 2021 consolidated financial statements. The purchase price was paid in June 2022.
- Allgeier SE liquidated its 100 percent investment in Allgeier Middle East Holding Ltd., Dubai (United Arab Emirates), in June 2022.

Report on Post-Balance Sheet Date Events

Publication of an examination order by BaFin on July 12, 2022

On July 12, 2022, the German Federal Financial Supervisory Authority (BaFin) published an announcement of an accounting review regarding the presentation of the spin-off of Nagarro SE in the consolidated financial statements of Allgeier SE for the year ended December 31, 2020. The audit issues raised relate to the disclosure of individual items in the income statement and the statement of financial position in connection with the accounting treatment of the spin-off reported in discontinued operations.

As reported in the ad hoc disclosure on July 13, 2022, the audit issues raised by BaFin relate exclusively to the presentation of the spin-off transaction in the consolidated financial statements of Allgeier SE for the year ended December 31, 2020 and have no impact on the companies involved, Allgeier SE and Nagarro SE, beyond this.

The effectiveness of the spin-off itself is not affected by the points raised by BaFin. There is no doubt that the spin-off was executed effectively and nothing will change in this respect.

Furthermore, the continuing operations of the Allgeier Group, i.e. Allgeier's current business in its entirety, are not affected by the points raised. Similarly, the single-entity and consolidated financial statements of Allgeier SE for the year ended December 31, 2021 and subsequent financial statements are not materially affected. The disclosure issues also have no tax relevance and no impact on the Group's liquidity.

Repurchase of shares in Allgeier publicplan Holding GmbH

In July 2022, Allgeier IT SE, Wiesbaden, purchased a further 10 percent of the shares of Allgeier publicplan Holding GmbH, Munich. With the acquisition, Allgeier IT SE increased its investment in the company from 80 percent to 90 percent of the shares.

Increase in factoring volume

Allgeier SE increased its factoring facilities from EUR 40.0 million to EUR 60.0 million by way of an agreement amending the existing factoring agreement in August 2022.

Responsibility Statement

To the best of its knowledge, the Management Board of Allgeier SE gives its assurance that this half-yearly financial report of Allgeier SE as of June 30, 2022, including the interim management report of the Allgeier Group, was prepared in accordance with the applicable accounting principles and 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 for the remaining months of fiscal 2022.

Legal Notice

Information for fiscal 2022

All information for periods after December 31, 2021 uses assumptions and estimates based on Management Board expectations. Actual future developments and results may differ 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 half-yearly financial report and assumes no such liability.

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 net assets, financial position and results of operations of Allgeier SE. Other companies that present or report alternative performance indicators with similar names may calculate them differently, meaning that they may not be comparable. Further information on the alternative performance indicators used by Allgeier SE can be found in Allgeier SE's 2021 Annual Report.

Financial Calendar 2022

Important dates and events	
Publication of the 2021 consolidated/annual financial statements	April 29, 2022
Publication of voluntary interim information as of March 31, 2022	May 13, 2022
Annual General Meeting (virtual)	June 30, 2022
Publication of 2022 half-yearly financial report	August 15, 2022
Publication of voluntary interim information as of September 30, 2022	November 14, 2022

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Allgeier's financial reports and interim information 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 in the Investor Relations section of Allgeier's website at www.allgeier.com/en/investor-relations.

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Imprint

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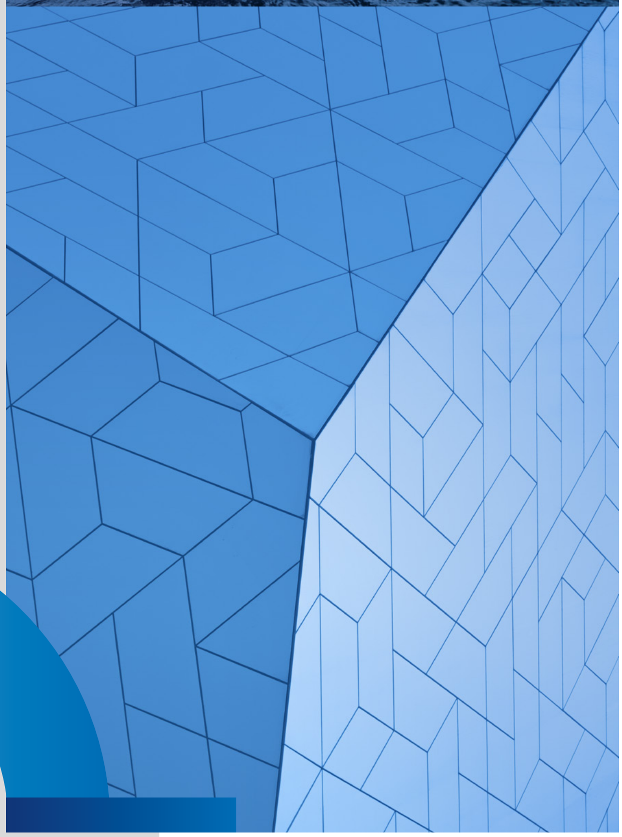

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Half-Yearly Financial Report
as of June 30, 2022