Driving Technology

ALLGEIER

Annual Report 2022

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

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

In its Enterprise IT and mgm technology partners segments, the Group has more than 3,300 employees at a total of 51 worldwide locations in the DACH region, France, Spain, Poland, Portugal, Czechia, India, Vietnam and the US. Allgeier generated revenue of EUR 480 million in fiscal 2022. According to the 2022 Lünendonk® List, Allgeier is one of Germany's top ten IT consulting and system integration companies. Allgeier SE is listed in the General Standard on the Regulated Market of Frankfurt Stock Exchange (WKN A2GS63, ISIN DE000A2GS633). Further information can be found at www.allgeier.com

To improve the flow of reading, in this report we typically only use the generic male form, which refers equally to male and non-male persons alike.

Contents

Company and Key Indicators at a Glance

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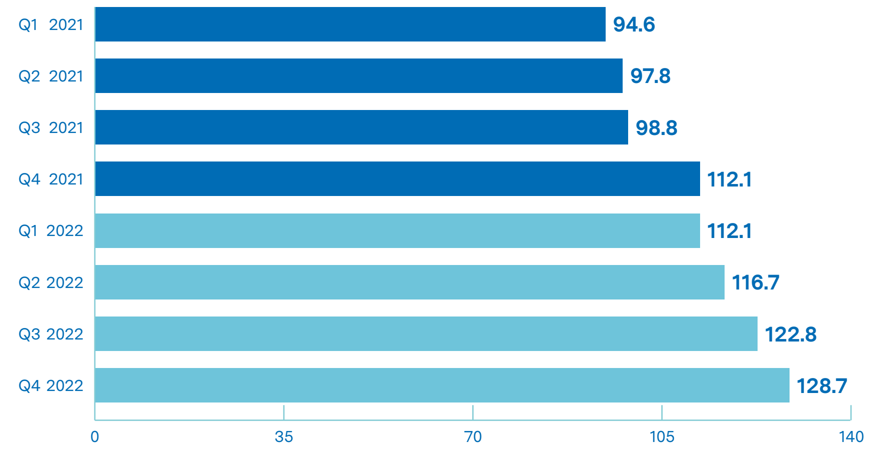
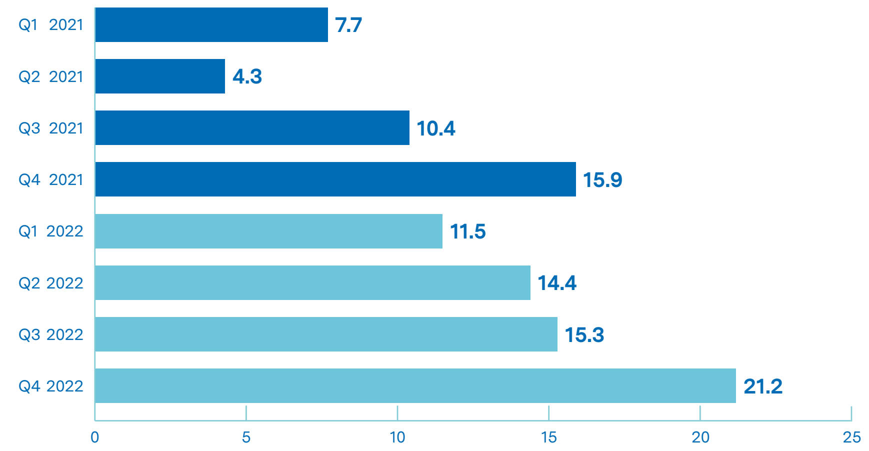
Further information and the company's latest news can be found at www.allgeier.com.

Key Group indicators[1]	2018	2019	2020	2021	2022	CAGR[5]
Revenue	397.0	378.5	351.7	403.3	480.3	4.9 %
EBITDA	11.9	9.0	23.4	38.3	62.4	51.3 %
Adjusted EBITDA[2]	21.0	18.2	30.3	45.1	61.5	30.8 %
EBIT	0.1	-4.0	7.1	19.8	35.0	332.8 %
EBT	-1.3	-5.4	8.2	20.2	30.4	
Profit or loss for the period[3]	-1.4	-10.1	1.1	12.5	22.2	
Earnings per share (EUR)	0.59	-0.83	0.00	1.04	1.68	29.9 %
Total assets on Dec. 31[4]	535.9	587.0	243.9	485.0	512.8	-1.1 %
Equity on Dec. 31[4]	128.7	165.9	105.5	162.9	180.3	8.8 %
Permanent employees on Dec. 31	2,948	2,506	2,366	2,937	3,329	-22.9 %

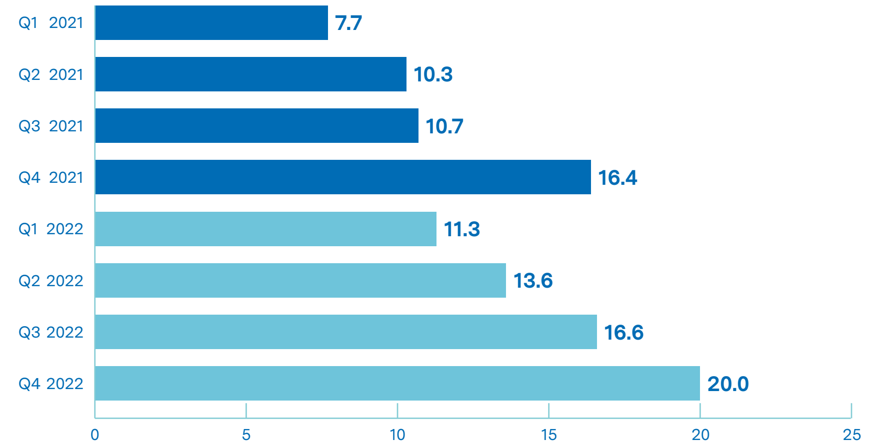
[1] Continuing operations in accordance with IFRS, figures in EUR million (unless stated otherwise)
[2] EBITDA before extraordinary or prior-period effects
[3] Not including gains and losses on disposal
[4] Figures for 2018 to 2019 for the Group as a whole (including discontinued operations)
[5] Compound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



Revenue
EUR million



EBITDA
EUR million



Adjusted EBITDA*
EUR million

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

Letter from the Management Board

**Dear Shareholders
and Business Partners of Allgeier SE,**

From an investor's point of view, 2022 was characterized first and foremost by the fundamental setback in valuations on the international stock markets. This had mainly been caused by rising inflation and the associated interest expectations. This especially affected companies in the technology sector as, in some cases, their valuations had accrued beyond measure over the many years without interest. As the year went on, valuations predominantly began to stabilize at a significantly lower level in the fall. This was a dark year for us as shareholders, but also a small step back towards the old normal, where individual companies will again be differentiated between more on the basis of their performance and development, and business models will be assessed on their own merits. Following a seemingly exaggerated increase in its share price from around EUR 24 to almost EUR 60 at the end of 2021, Allgeier SE's valuation had returned to a level still a third higher compared to fall 2021 at EUR 30 to EUR 35 by the middle of 2022. The performance of the shares was relatively weak from the fall of 2022 and, according to analysts, has significant potential.

Unlike the capital markets, our operating activities enjoyed stable growth in 2022. The market for our business provides an attractive framework and promises a level of momentum that should comfortably outperform general economic expectations for the coming years as well. The global trend towards digitalization is gathering pace and creating considerable business opportunities for the companies of our Group. We achieved our own targets in the first three quarters of 2022 despite substantial investment in the development of our software products and the considerable cost entailed by participating in various invitations to tender. Our performance was not noticeably slowed until the fourth quarter. This was essentially due to an unexpectedly high level of absences due to illness and, in isolated cases, economic factors at individual clients that caused projects to be delayed or postponed.

Overall, we have taken a big step forwards as a company in 2022. We have made considerable progress in the individual business areas and units.

mgm technology partners invested heavily in the ongoing development of its enterprise low-code A12 platform and was able to generate attractive new orders based on the software platform, particularly in the field of public sector contractors. The investing activities in the first half of 2022 already began to bear fruit in the second half of the year and revenue increased significantly. Recruiting qualified employees is a key focus in the long term. In this context, mgm opened new sites in 2022 such as Ho Chi Minh City and Porto. mgm won a series of renowned prizes in 2022 with its A12 platform, and its range of services was further expanded by the acquisition of the testing specialist Quality First Software.

In the Enterprise IT segment, individual divisions were defined and positioned more clearly in 2022. Here, too, substantial amounts were invested in our own software solutions:

The Allgeier inovar unit is synonymous with enterprise software solutions in the field of ERP, ECM, BPM and e-commerce. New sectors such as the renewable energies business area were expanded considerably.

Our Allgeier CyRis unit successfully established itself as a specialist for protection and defense against cybercrime. This success was thanks in part to both our own software solutions, such as the allCYRIS analysis software or the julia mailoffice e-mail encryption software, and the consulting expertise of our cybersecurity specialists.

The Allgeier IT Services unit's growth is being driven by demand for services in the field of cloud transformation and managed services. Many clients trust us to operate their application and infrastructure landscape in addition to the management of transformation projects.

In 2022, the Evora unit established itself with considerable growth within our Allgeier Enterprise IT segment, where it forms the basis for the further expansion of SAP and ServiceNow business.

We continued to transform the former personnel services business Allgeier Experts in 2022. We formed two specialist units by way of an internal carve-out: The Allgeier Experts unit as a specialist for IT personnel services business and Allgeier Public, which specializes in IT and software development services for public sector contractors and, alongside mgm technology partners and the open source solution specialist publicplan, offers our services for public administration digitalization. With its new management team, Allgeier Public is transforming from a former personnel service provider into a comprehensive IT project service provider. In the transformation phase, the focus was not yet on strong growth, but rather on the necessary investment in corporate structures, employees, compliance and expertise. The goal is to achieve an optimal positioning for medium-term growth. This notwithstanding, the software specialists mgm and publicplan already achieved considerable growth in 2022 and landed contracts for a substantial number of new projects for the years ahead as well.

Overall, lots of things have moved in the right direction within the Allgeier Group in 2022, and we have positioned ourselves for the development of the years to come. In the first half of the year, we were able to reach a new agreement for our full Group financing on attractive terms and with a greater volume. In 2022, we also looked at and got to know a series of acquisition targets, in particular in Germany, Switzerland and Eastern Europe. As a result, we have stepped away from major acquisitions in 2022 as a precaution on account of the uncertain global landscape and the internal work issues, but we are still working on attractive acquisition possibilities to enhance growth and our focus on the core issues of digitalization.

One of our biggest challenges is still the shortage of available IT specialists. This is a challenge we have been dealing with for many years now. Our approach includes increased investment in recruitment and in employee retention, opening interesting new sites, offering attractive and flexible working conditions and an optimized combination of human performance with the automated services of our software products.

The path embarked on in 2021 of focusing on growth fields driven by digitalization with attractive value added, the associated transformation of existing units and the search for suitable acquisition candidates will continue to be the guiding line for the development of the Allgeier Group in 2023 as well. Our planning for 2023 still reflects the lingering uncertainty of the economic market situation and the ongoing internal transformation, but also the opportunities arising from our improved range of services and the underlying global megatrend of advancing digitalization. With our top team, we feel we are well equipped for all internal and external challenges and we are have every confidence that we will steer our course in line with our medium-term guidance in the years to come.

We would like to thank you for your commitment and we hope that you will continue to accompany us on our future journey.

Yours,

Dr. Marcus Goedsche
Member of the Management Board

Hubert Rohrer
Member of the Management Board

Allgeier's 2022 at a Glance

1

Q1 2022

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

Allgeier generated revenue from continuing operations of EUR 112.1 million (previous year: EUR 94.6 million) in the first three months of fiscal 2022 (January 1, 2022 to March 31, 2022), a year-on-year increase of 18 percent. Both of the Group's operating segments contributed to the growth in revenue. Value added (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) amounted to EUR 37.2 million (previous year: EUR 29.1 million), up 28 percent on the previous year's figure. The gross margin thus improved to 33.0 percent (previous year: 30.7 percent).

The Group's adjusted EBITDA (EBITDA before extraordinary or prior-period effects) rose by 47 percent to EUR 11.3 million (previous year: EUR 7.7 million) with a margin of 10.0 percent (previous year: 8.1 percent). EBITDA grew to EUR 11.5 million (previous year: EUR 7.7 million), a year-on-year increase of 50 percent with an EBITDA margin of 10.2 percent (previous year: 8.1 percent). EBIT amounted to EUR 5.0 million (previous year: EUR 3.6 million), an increase of 40 percent compared to the first quarter of the previous year.

2

Q2 2022

Allgeier achieves further significant increase in revenue and adjusted EBITDA

The Allgeier Group generated revenue from continuing operations of EUR 116.7 million (previous year: EUR 97.8 million) in the second quarter of 2022 (April 1, 2022 to June 30, 2022), a year-on-year increase of 19 percent. Value added 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 was 28.4 percent (previous year: 29.2 percent). Adjusted EBITDA rose rapidly by 32 percent to EUR 13.6 million (previous year: EUR 10.3 million) for a margin of 11.7 percent. At EUR 14.4 million, EBITDA was 237 percent higher in the second quarter than in the same period of the previous year (EUR 4.3 million) with a margin of 12.3 percent. EBIT amounted to EUR 7.8 million (previous year: EUR 0.2 million).

Dividend

At the Annual General Meeting held on June 30, 2022, Allgeier SE resolved to pay a dividend of EUR 0.50 per entitled 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 of EUR 5,704,256.50 in total was paid to the shareholders in July 2022.

Financing: Additional scope created to finance business growth and targeted acquisitions

As reported by way of inside information disclosure in accordance with Article 17 of the Market Abuse Regulation on April 12, 2022, Allgeier reached an agreement with a syndicate 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. The credit volume can be utilized as required for the Group's future growth. By increasing its syndicated loan facility, Allgeier is establishing medium- and long-term financing security for the entire Group. The additional credit volume will open up further headroom to finance business growth and for targeted acquisitions on future markets in line with requirements. As before, the financing partners are Commerzbank, Landesbank Baden-Württemberg, Landesbank Hessen-Thüringen and Norddeutsche Landesbank. Furthermore, Allgeier reported by way of inside information disclosure in accordance with Article 17 of the Market Abuse Regulation 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 headroom for further acquisitions and investments. Allgeier SE used the funds generated by the borrower's note loan to repay the syndicated loan in the same amount. Moreover, Allgeier entered into an interest rate swap of EUR 50 million in the first half of 2022 in order to hedge the current rise in interest rates and thus to reduce its interest rate risk exposure.

Acquisitions and disposals

Acquisition of pooliestudios GmbH

In order to expand the business activities of the publicplan Group, publicplan GmbH, Düsseldorf ("publicplan"), signed an agreement to acquire all 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 used 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. By making this acquisition, publicplan is taking another important step towards becoming a 360-degree full-service digital service provider for the future of e-government. The publicplan Group, the open source and e-governance specialist, has grown to more than 200 employees in total. 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 for discontinued operations. The reclassification was 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, Munich, was liquidated in June 2022.

3

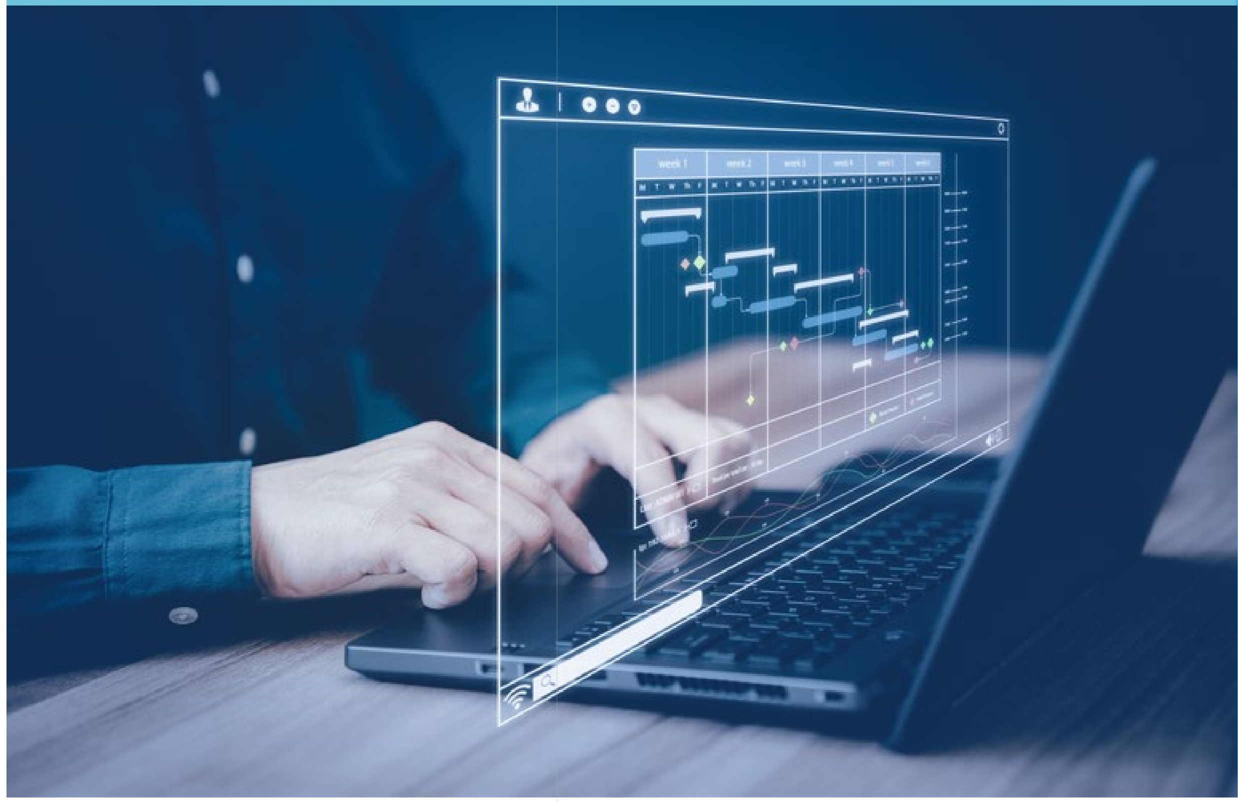
Q3 2022

Allgeier achieves further significant revenue growth in the third quarter of 2022 and increases its adjusted EBITDA margin to over 13 percent

The Allgeier Group generated revenue from continuing operations of EUR 122.8 million (previous year: EUR 98.8 million) in the third quarter of 2022 (July 1, 2022 to September 30, 2022), a year-on-year increase of 24 percent. Value added increased by 30 percent to EUR 41.2 million in the third quarter of 2022 (previous year: EUR 31.8 million). The value added margin was increased to 33.6 percent (previous year: 32.1 percent). Adjusted EBITDA rose rapidly by 55 percent to EUR 16.6 million (previous year: EUR 10.7 million) for a margin of 13.3 percent (previous year: 10.8 percent). At EUR 15.3 million, EBITDA was 47 percent higher in the third quarter than in the same period of the previous year (EUR 10.4 million) with a margin of 12.3 percent (previous year: 10.5 percent). EBIT amounted to EUR 8.7 million (previous year: EUR 5.7 million).

Acquisition: mgm technology partners acquires Quality First Software GmbH

mgm technology partners acquired the leading product provider Quality First Software GmbH (QFS), Geretsried, as of September 1, 2022. QFS is the developer of the highly specialized software tool QF-Test, which is currently used by around 1,400 companies in 60 countries to conduct user interface (UI) software tests. The tool enables highly comprehensive,



fully automated tests of Java-based, web-based and Windows-based user interfaces and input screens. By acquiring the software manufacturer, Allgeier's mgm technology partners segment (mgm) is significantly expanding its expertise in the area of test automation and quality assurance. In addition to strengthening a fundamental pillar of its business, this has laid the foundations for integration into mgm's own low-code A12 platform. mgm intends to establish an additional QF-Test product variant that is specifically optimized for the automated testing of applications based on the low-code A12 platform.

Acquisition: Höhn Consulting joins the Group

The consulting and digitalization specialist Höhn Consulting GmbH, Kiel (Höhn Consulting), joined the Allgeier Group as of September 21, 2022. By making this acquisition, Allgeier is continuing to expand its consulting expertise for public sector customers at all federal levels. Höhn Consulting is an IT service provider for the modernization and digital transformation of public administration. In addition to supporting state and federal administrations, the company's more than 20-strong consulting team helps municipalities, cities and district authorities in particular to develop digital strategies and solutions and works with them on a wide range of digitalization and modernization projects that make a definite and substantial contribution to improving people's everyday lives. Höhn Consulting GmbH was included in consolidation as of September 30, 2022.

Repurchase of shares in Allgeier publicplan Holding GmbH

In July 2022, Allgeier Enterprise Services SE, Munich, purchased a further 10 percent of the shares of Allgeier publicplan Holding GmbH, Munich. With the acquisition, Allgeier Enterprise Services 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.

Personnel change: Georg Dürschmidt becomes Chairman of the Supervisory Board of Allgeier SE

As the company reported by way of inside information disclosure in accordance with Article 17 of the Market Abuse Regulation on September 30, 2022, the Supervisory Board of Allgeier SE, comprising the members Thies Eggers, Christian Eggenberger and Georg Dürschmidt, elected Mr. Dürschmidt as its Chairman on September 30, 2022. The previous Chairman of the Supervisory Board, Detlef Dinsel, stepped down from the Supervisory Board on the same day for personal reasons in order to take a sabbatical of several months. At the request of the Management Board, Mr. Detlef Dinsel was reappointed to the Supervisory Board by the Munich Local Court on March 8, 2023.

4

Q4 2022

Allgeier reports another significant increase in revenue and earnings in the fourth quarter of 2022 – Adjusted EBITDA margin rises to over 15 percent

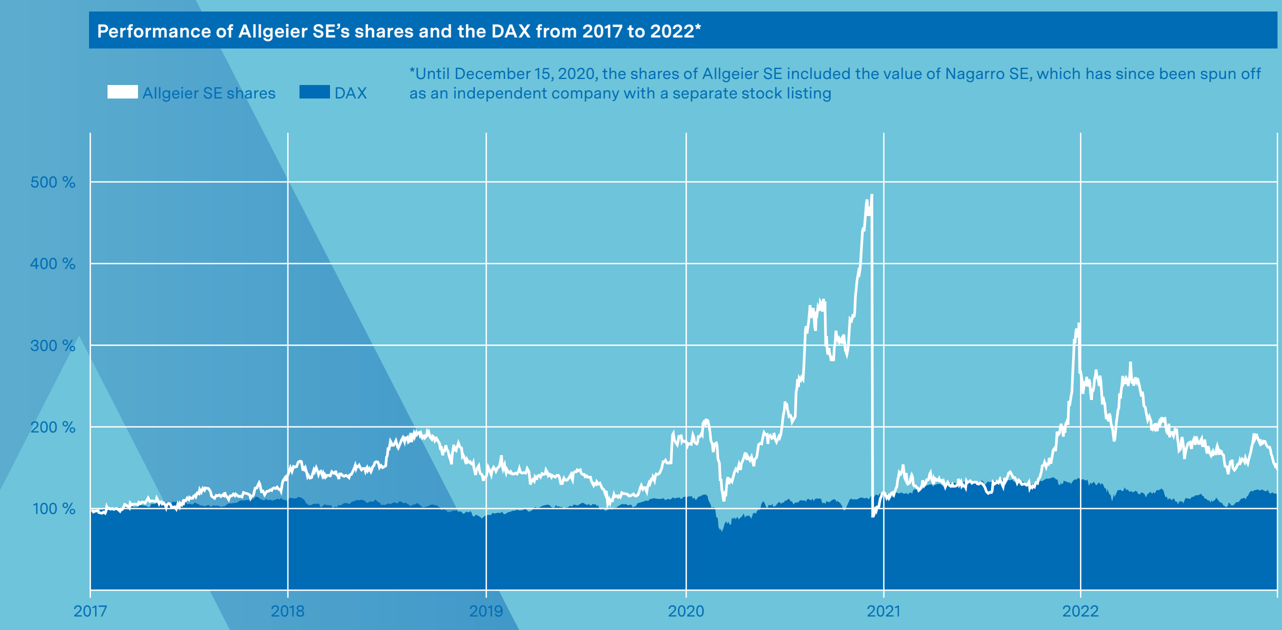
Allgeier once again increased its revenue and earnings from continuing operations significantly in the fourth quarter of fiscal 2022 (October 1, 2022 to December 31, 2022). Revenue for the fourth quarter climbed by 15 percent to EUR 128.7 million (previous year: EUR 112.1 million). Value added climbed by 15 percent to EUR 45.8 million (previous year: EUR 39.8 million) with a value added margin of 35.0 percent (previous year: 35.5 percent). Adjusted EBITDA amounted to EUR 20.0 million (previous year: EUR 16.4 million) and was thus up 22 percent year-on-year. The adjusted EBITDA margin was thus 15.3 percent in the fourth quarter. EBITDA amounted to EUR 21.2 million (previous year: EUR 15.9 million), an increase of 34 percent. Allgeier's EBIT for the fourth quarter rose by 31 percent to EUR 13.5 million (previous year: EUR 10.3 million).

2022 on the stock market: Signed by war and crisis

After 2021, a year of record highs on many stock markets despite global supply and logistics problems, fresh waves of the pandemic with high infection figures and far-reaching contact restrictions, in 2022 the stock markets took a drastic and, in some cases, dramatic turn with prices reversing into negative territory, both in Germany and on international trading floors. 2022 was dominated by crisis, war and chaos, and the initial confidence of many market experts who had been hoping for a dazzling year on the stock markets quickly evaporated. Russia's war of aggression on Ukraine, dramatic inflation and the consistently tough economic conditions, partly on account of long-lasting supply chain disruption, caused severe upset on the markets. For many years, investors had become used to low rates of inflation, a relaxed monetary policy and low geopolitical risks – 2022 brought a brutal end to these routines. 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 significant downward movement with the DAX ultimately falling to 12,783 points on June 30 within the first six months. This also represented the low for the first half of 2022. The DAX thus 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 issues that dominated trading. This situation was exacerbated by the persistent supply chain problems caused by renewed COVID lockdowns in China. The world's second-largest economy grew by just 0.4 percent year-on-year in the second quarter of 2022 – and contracted by 2.6 percent as against 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 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 also grew. Market observers attributed this to the prolonged inaction on the part of the US Federal Reserve, which was late to raise interest rates and then did so significantly.

Despite the bleak outlook, the third quarter began with a bear-market rally, though this ran out of steam when another



stream of bad news began to hit. The Federal Reserve warned that interest rate hikes would probably continue for some time and the US slid into a technical recession. In Europe and the UK, the situation grew even less promising when Russia cut off gas supplies to Europe. The euro fell to parity with the US dollar for the first time in 20 years, and it became likely that the UK would find itself in a recession by the end of the year. The economic data from China likewise deteriorated, which led to an unexpected cut in interest rates. On the global markets, fears grew that the crisis on the Chinese real estate market could spread to the financial system as a whole. Corporate earnings in the second quarter revealed the effects of inflation and the strong dollar on profit margins. In the third quarter, analysts began making downward revisions to their earnings estimates. The next run on the markets got underway when inflation rates surprisingly rose even more sharply. September was true to its reputation as the weakest month of the year on the stock markets: At the end of the third quarter, the stock markets had fallen to a new 52-week low and the DAX hit its low for the year at 11,863 points on September 28, 2022. The fourth quarter began with turbulence in the UK. Liz Truss had replaced Boris Johnson as Prime Minister, but the financial markets rejected her plan for the economy. The UK stock market and bond markets came under pressure and pound sterling fell to a record low. At the end of October, the UK got its third Prime Minister in the space of two months, Rishi Sunak.

Allgeier shares	
Index	General Standard
ISIN	DE000A2GS633
Securities no.	A2GS63
Number of shares	11,427,513
Share price (on March 31, 2023)	EUR 28.35
Market capitalization (on March 31, 2023)	EUR 324.0 million

The earnings season for the third quarter did better than previously feared, though expectations had been low. There were few winners on the markets besides energy stocks. The economic forecasts for the fourth quarter hinted that most countries would fall into a recession in 2023. Only private consumer spending showed any kind of resilience. Despite the lack of good news, the markets recovered in the fourth quarter. The cyclical sectors, in particular oil and energy, began to show their relative strength and there were growing signs of a new commodity supercycle. In December, the MSCI World Index as well as US and European indices had recovered around half of their losses over the year.

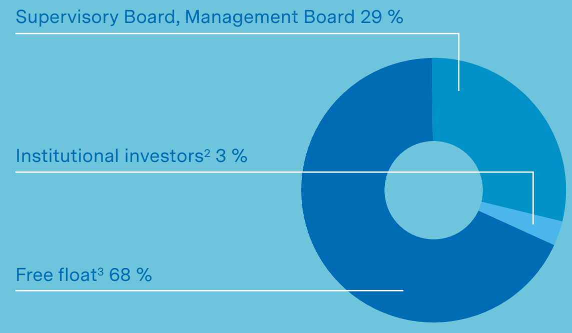
At the end of December, many US large caps had lost only a single-digit percentage. The Dow Jones ended the year down

Dividend payment (in EUR)	2018	2019	2020	2021	2022
per share	0.50	0.50	0.50	0.50	0.50

Key figures per share 2022 vs. 2021	2021	2022	Change in %
Earnings per share (in EUR)	1.04	1.89	81.7
Dividend per share (in EUR)	0.50	0.50	0.0
XETRA high for the year (in EUR)	59.80	59.10	-1.2
XETRA low for the year (in EUR)	18.75	25.95	38.4
XETRA year-end price (in EUR)	55.80	28.35	-49.2
Number of shares	11,408,513	11,427,513	0.2
Year-end market capitalization (EUR million)	635.1	324.0	-49.1
Average XETRA stock market turnover (in number of shares per day)	27,530	19,248	-30.1

Shareholder structure

(As of Dec. 31, 2022)[1]



[1] To the extent known to the company (partly estimated)
[2] According to voting right notifications
[3] This includes Detlef Dinsel's holding of 13.7 percent

8.8 percent, the S&P 500, which tracks the top 500 US companies, down 19.4 percent and the Nasdaq 100 Technology Index down 32.9 percent. The MSCI World index fell by 8.4 percent over the year as a whole. The DAX ended the year with a deficit of 12.2 percent at 13,947 points. The only sector to see any improvement over the year was energy. The healthcare sector was down slightly after the pandemic, consumer goods were roughly stable year-on-year. The other cyclical sectors (commodities, industry and finance) recovered in the last two months of the year and shedded less than 10 percent overall. However, the sectors sensitive to interest rates and growth – telecoms, technology, real estate and cyclical consumer goods – suffered heavy losses by the end of the year. The TecDAX ended the year with a loss of 25.6 percent, the SDAX of 27.4 percent. Developments on the markets were highly mixed overall. Small and mid-caps turned in a weak performance, while the large caps (frequently those from Europe especially) generally experienced lesser losses.

Global technology stocks came under even greater price pressure than the market as a whole in 2022. In particular, rising bond yields put pressure on the shares with the most positive growth prospects, and hence the highest valuations. Heightened inflation expectations led to a substantial upturn in 10-year Bund yields from the start of the year, and this development was even more pronounced for US Treasuries. As 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 tech stocks could prove too overvalued at a time of rising interest rates. The combination of the risk factors of inflation, rising interest rates, COVID lockdowns in China, the war in Ukraine, the energy crisis, and the associated turnaround in interest rates by central banks have thus led to a dramatic shift in sentiment among investors. Unlike in the past, for example when the setbacks due to rising interest rates in 2018 or the COVID crisis in 2020 were accompanied by confidence that the industry would soon return to its previous highs, investors lacked the courage to return to tech stocks on a large scale in 2022 in the face of the situation as it was. With very few exceptions, 2022 was an extremely weak year for tech stocks.

Allgeier Shares: Under the influence of the markets

2021 had seen the share price almost triple for Allgeier's shareholders, once again significantly outperforming 2020's already highly positive return on investment. However, Allgeier's shares reflected the main developments on the stock exchanges in 2022 and were unable to escape the pressure that generally weighed on the markets worldwide and on tech stocks shares in particular. 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 experienced another downward movement from mid-February onwards, bottoming out at EUR 31.40 on March 7 (which was also 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 dalliances. 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. On June 30, they closed the first half of the year at EUR 33.70, equivalent to a market capitalization of EUR 384.5 million.

In the second half of the year, they came under pressure in the bear market again, reaching their low for the year of EUR 25.95 on both September 28 and 30. The share price then recovered in line with the upward movement of the markets, rising past the EUR 30-line in November before backsliding again in December. The shares closed at EUR 28.35 on XETRA on December 30.

Compared to the closing price for the previous year of EUR 55.80, Allgeier's shares experienced a loss in value of 49.2 percent. Including the dividend of EUR 0.50 per share, the return for 2022 was -48.3 percent.

As of the end of 2022, Allgeier SE had a market capitalization of EUR 324.0 million (previous year: EUR 635.1 million), a drop of 49.1 percent.

The average number of Allgeier shares traded on XETRA each day declined to 19,248 in 2022 (previous year: 27,530).

A.
Group Management Report

1. Basic Information on the Group

General information

Information for fiscal 2023
All information for fiscal 2023 uses assumptions and estimates based on Management Board expectations. While the Management Board believes that these assumptions and estimates are accurate, actual future developments and results could differ significantly from these assumptions and estimates. Allgeier SE provides no guarantee that future developments and the actual results achieved in the future will be consistent with the assumptions and estimates expressed in this report and assumes no such liability.

In particular, the further economic repercussions of inflation and energy prices, the sanctions due to the Ukraine war and the lingering supply chain problems in the aftermath of the COVID-19 pandemic for the global economy, individual markets, industries and companies will play a key role in the occurrence of assumptions and estimates. While the business of the Allgeier Group has so far proved largely resilient to the consequences of these crisis, because of the minor impact on the IT and software industry and thanks to the broad diversification of our customer portfolio, it still cannot be ruled out that developments affecting individual markets, sectors and companies due to the crisis could affect the revenue and financial performance of Allgeier SE in ways unforeseeable by the Management Board at the time of this report being prepared.

In accordance with IFRS, acquisitions are consolidated from the date of their acquisition throughout the Group management report and in the charts. All figures relate to the Group's continuing operations. The charts typically show that last three fiscal years. The condensed period compared to the previous year's report comprises the Group's continuing operations since the spin-off of international software business in 2020.

Alternative key performance indicators
The annual report contains supplementary financial indicators – not included as such in the relevant accounting frameworks – that are or could constitute alternative performance indicators. These supplementary financial indicators may be of limited suitability as an analytical tool and should not be used in isolation or as an alternative to the financial indicators presented in the consolidated financial statements and calculated in accordance with relevant accounting frameworks to assess the financial position and financial performance of Allgeier SE. Other companies that present or report alternative performance indicators with similar names may calculate them differently, meaning that they may not be comparable.

1.1 Business model of the Allgeier Group

1.1.1 Business and structure of the Allgeier Group
The Allgeier Group comprises 56 consolidated companies as of the end of the in the period under review. In the previous year, the Allgeier Group's basis of consolidation consisted of 52 consolidated companies and two companies accounted for using the equity method. The parent company of the Allgeier Group is Allgeier SE, based in Munich.

The operating business of the Allgeier Group is structured as the two segments "Enterprise IT" and "mgm technology partners", which each have their own operating business.

1.1.2 Duties of Allgeier SE
Allgeier SE is responsible for the management, financing and strategic development of the Group's segments:
- Strategic orientation and ongoing review of the strategy of the Group and the operating segments in line with value-oriented and sustained corporate development
- Coordination and organizational structuring of the Group
- Organization of finances and financing of the Group's ongoing development
- Identifying, addressing and examining potential additional suitable equity investments in Germany and abroad, based on Group strategy

- Negotiation and execution of acquisitions and disposals of companies and equity investments
- Controlling, risk management and compliance
- Preparing accounting policies and the consolidated financial statements in accordance with IFRS
- Group planning
- Managing and supporting the management of the operating segments and individual Group companies
- Integration of the various equity investments into the Group
- Organization and coordination of Group-wide committees and processes
- Coordination of Group-wide project and sales activities
- Management of Group-wide communications (public relations, investor relations, internal communications) and general marketing

1.1. 3 Business operations of the segments

Range of solutions and services

Enterprise IT	mgm technology partners
Design, development, launch and operation of business software solutions such as enterprise resource planning (ERP), document management (DMS)/enterprise content management (ECM), e-commerce, business process management (BPM), BDP – business digitalization platform & business efficiency solutions, based both on proprietary software solutions and the solutions of major producers such as Microsoft, SAP, ServiceNow, etc.	Integrated service range for enterprise software applications: · mgm A12 enterprise low-code platform · Efficient enterprise software engineering
IT services and open source software development in the field of public sector contractors	Implementation and operation of enterprise projects using the following core areas: · Digital consulting · Business analysis · Design & usability (UI/UX) · Software development · Security · Quality assurance · Integration · Cloud
Consulting, software solutions and service concepts in the field of cybersecurity and compliance	Management consulting
Cloud transformation and cloud-based managed services in leading cloud environments (Azure, Google, etc. or individual client cloud environments)	Web & application security
Asset and service management	SAP process optimization, S/4HANA
Mobile	Test automation
Full-service personnel and project services	

Enterprise IT segment

The Enterprise IT segment is a full-range provider of IT solutions and services for critical business processes with broad and far-reaching expertise. 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 plus 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 Allgeier Group's good positioning as a long-term digitalization partner for the public sector on the one hand, on the basis of its wealth of experience, specific expertise and outstanding references, and – on the other – high requirements for further and more rapid digitalization in the public sector and what it offers 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 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 areas cited above. Software solutions can be operated in private cloud environments (an enterprise cloud), Allgeier data centers or public cloud environments. The utmost possible data security and resilience are top priorities, as are reliability and load capacity for large data volumes. In addition to many medium-sized companies, the segment's offerings are also used by large multinationals and the public sector.
- Mobile: User interfaces for a wide variety of mobile devices are becoming the standard for modern business software for access to processed data. The Enterprise IT segment implements individual solutions for a large number of clients in the mobile applications area.

The companies in the Enterprise IT segment served more than 2,000 clients in Germany and internationally in the past fiscal year. These include large corporations, such as 18 of the 40 companies now in the DAX (previous year: 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 36 locations as of December 31, 2022, 27 of which in Germany, five in other European countries, one in North American and three in Asia.

mgm technology partners segment

The mgm technology partners segment (mgm) is an international software provider that ranks among the leading providers for portal-based e-government solutions and commerce solutions in Germany. mgm offers an integrated range of services extending from the internally developed enterprise low-code A12 platform to the complete handling of individual enterprise projects and the secure operation of the software in a state-of-the-art cloud infrastructure. At mgm, sustainable software engineering means taking responsibility in the long term and refining complex enterprise applications. mgm is chosen for large and long-lasting software projects in particular with a focus on scalability, security and reliability, e.g. for ELSTER Online and clients such as Lidl or Allianz. This makes mgm a strong partner for commerce, insurance and the public sector – which are all expected to experience strong momentum in digitalization in the years ahead.

Together with the dedicated service portfolio of the subsidiaries mgm consulting partners (management consulting), mgm security partners (security), mgm integration partners (SAP) and Quality First Software (test automation), mgm covers the full range for digitalization projects: From digital consulting and software development and integration, SAP, S4/HANA through to infrastructure, managed services and cloud.

The mgm segment has systematically improved its in-house software-production processes in recent years in the direction of cross-project optimization. The result is an in-house product development on the basis of the A12 enterprise low-code platform. Software products such as mgm Cosmo (industry solution for industrial insurance) and TMT (test management for software development) are offered building on this. mgm thus markets the procedural models and tools trialed in-house and thereby becomes a valuable partner to all companies that have to continuously build on their software expertise within their own value chain. The more applications that are implemented according to this industrial production approach, the more mgm and its clients benefit from this scalable approach. mgm applies the approach of digital sovereignty, whereby every company retains authority over and knowledge of its own IT systems and data.

Public sector

- mgm is the technology partner and developer behind ELSTER, the electronic tax returns system in Germany. Today, the income tax returns of more than 30 million people are sent to the tax authorities using software developed by mgm. All data validation, data encryption and transmission uses either elster.de or the ERiC (ELSTER Rich Client) component, which is also run by mgm and incorporated into all tax programs. In total, the systems processed more than 62 million income tax, corporation tax, VAT and land tax returns in 2022 – plus statements using the cash method of accounting, declarative statements and other procedures. Approximately 56 million VAT and wage tax returns were received from companies and organizations. Modular parts from the ELSTER ecosystem now also play a major role in other e-government solutions, such as the infrastructure for a uniform business account in Germany.
- In the public sector, the mgm A12 platform is a tried and tested solution for the legally required implementation of the German Online Access Act and other digitalization projects in public authorities and public sector companies at federal and state level.
- In the public sector especially, the last few years have seen an increase in the number and scope of projects in which developers and architects, QA experts and security specialists work together with consultants for clients.

Retail/commerce

- mgm sees commerce as an individual high-speed business. The company supports the full commerce value chain from purchasing to goods flows and front office with individual solutions that maximize clients' optimization potential and thus make a significant contribution to business success.
- 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.
- The subsidiary mgm integration partners specializes in SAP process optimization for supply chains. The combination of this special expertise with the experience of other mgm areas, 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. "mgm Cosmo", which is based on mgm A12, 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 and – in the final phase of development – the end-to-end digitalization of business and customer processes.
- Part of the platform strategy is the establishment of long-term partnerships with insurers and brokers, through which mgm aims to participate directly in the success of 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 key industry focus in management consulting (mgm consulting partners) is energy providers, especially for CIO advisory and sourcing services.

The mgm technology partners segment worked for more than 200 clients in fiscal 2022, including 12 of the 40 DAX companies (previous year: eight of the 40 DAX companies) and a number of public sector contractors and institutions at federal, state and municipal level.

As of December 31, 2022, the segment's companies were located at 21 sites, 13 of which in Germany, one each in France, Austria, Switzerland, Portugal, Czechia and the US plus two development sites in Vietnam.

1.2 Management system

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

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

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

1.3 Research and development

The Allgeier Group pursues the development of its existing products (e.g. the ERP solutions syntona logic, Aurelo Energiepark Manager and Allgeier itrade, the metasonic digitalization platform, the e-commerce solution MySign, the compliance management software DocSetMinder ONE, the security solution julia mailoffice, the enterprise low-code A12 platform and the EvoSuite product family for business process optimization) on an ongoing basis and in cooperation between the different units of the segment. Some of ongoing development work on the software products of the Enterprise IT segment takes place at the Evora unit's site in Bangalore (India).

With the exception of the development and refinement of its own products, the Allgeier Group does not usually pay large amounts for conventional research. Development work is also often performed and billed in connection with client projects. In addition to minor assets, the Allgeier Group capitalized the following internally developed software solutions.

The mgm technology partners segment invested in the A12 software platform, in its distribution and marketing and the expansion of the partner network for the A12 platform. A12 is a low-code platform for the enterprise sector. The system is intended for mid-sized and large enterprises as well as public authorities that operate their business model and their organization on the basis of highly scalable, secure and long-lived enterprise applications. Moreover, these potentially critical applications are characterized by two factors: They have to be compatible within complex, dynamic IT landscapes and there are high individual functional and technical requirements. These include application management systems, portals and procedures for the public sector, underwriting platforms for industrial insurance companies/brokers and integrated solutions for online, branch and mail order retail (multichannel).

A12 consists of two key, mutually dependent structural elements: The modelling platform provides tools to produce the technical parts of an application in particular without programming (modelling) and to maintain it in the long term; the runtime platform provides modular and flexible client and server-side components in a state-of-the-art enterprise architecture, similar to a building kit. The two elements only function together, are separate from functional domains and are the starting point for developing an enterprise application. The model-based approach enables departments to refine sub-area of applications themselves using the modeling platform and separately from the runtime platform. The A12 platform provides clients in all industries with a forward-facing foundation for mastering complexity in digital business and making business sustainably efficient in the long term.

By presenting its range of functions and the benefits of its architectural properties, A12 has recently achieved corresponding visibility in technical communities and public sector circles relevant to IT in particular. As a result, mgm is increasingly receiving inquiries from the market to license the A12 platform as a product. In fiscal 2022, mgm therefore began to systematically develop the A12 platform as a product and thus created a competitive enterprise low code platform.

In fiscal 2022, the development of A12 focused on a series of fundamental areas and functions. The central tool for creating A12 document models was entirely replaced by a new tool (Simple Model Editor (SME)). The central UAA (user management, authentication & authorization) component was expanded and simplified. As the "cloud-ready" factor is becoming increasingly important in client decision-making, the process for providing A12 applications was expanded to include a cloud-based cluster environment so that the procedure is now possible more quickly and more conveniently. With the new component for quality assurance, "A12 UI Automated Test Automation" (ATA), project teams can also benefit from automated end-to-end testing: ATA saves the project considerable implementation and maintenance work in test automation and reduces testing by hundreds of hours. Efficiency enhancements in software development are also behind the extended guideline for accessibility in A12 projects. This is because of the growing significance of accessibility in web applications. For several years now, public agencies within the EU have been required to have their websites and mobile applications satisfy accessibility standards. More and more A12 components are now accessible out of the box.

In the Enterprise IT segment, Evora capitalized several assets in conjunction with its EvoSuite product family. The EvoSuite comprises multiple applications that complement SAP's customer service and maintenance solutions and enable clients to digitalize and optimize additional business processes. In addition to other products, MySign e-commerce solutions were capitalized in the segment in particular. MySign develops a state-of-the-art, proprietary online store solutions based on modular microservices, which it customizes to meet the complex needs of its clients.

In total, expenses of EUR 6.9 million (previous year: EUR 1.0 million) were recognized for the ongoing development of products in continuing operations in the period under review. Amortization on capitalized development work amounted to EUR 2.2 million (previous year: EUR 1.4 million). The amortization rate, the ratio of amortization to capitalization, was therefore 32 percent in fiscal 2022 (previous year: 139 percent).

2. Business Report

2.1 General Economic and Industry Conditions

2.1.1 General economic conditions: Record inflation, energy crisis and lifting of COVID restrictions

Despite the difficult general economic situation in Germany and on many other markets – 2022 was marred by crisis, above all the war in Ukraine, the resulting energy crisis, rampant inflation, supply chain problems and further repercussions of the COVID pandemic – the German economy and many other economies proved resilient. Under challenging conditions and in the face of various negative indicators, such as material shortages and massive price increases, German gross domestic product grew slightly by 1.8 percent in 2022 according to the forecast by the Federal Statistical Office from January 2023 (adjusted for inflation; adjusted for inflation and calendar effects: 1.9 percent). According to experts, the positive performance is attributable to easing supply shortages and backlog effects after the COVID pandemic. Nevertheless, in the overwhelming opinion of economists and business associations, the German economy is heading for a mild recession in the current year of 2023. The German government anticipates minor economic growth in the current year.

Economists feel that the German economy is currently severely impaired, above all as a result of the war in Ukraine. Given the high economic uncertainty and the weak export landscape, they anticipate hardly any growth stimulus in the short term. According to experts, this will be cushioned by the consistently robust labor market, the order backlog in industry as supply chain disruption eases and the effects of government stimulus packages. Overall, financial experts are predominantly forecasting a minor recession for the German economy in 2023. In particular, the economic downturn will strike at the start of the year; the outlook for industry is modest in the first quarter of 2023. The German Federal Statistical Office reported at the end of January that the economy had contracted slightly quarter-on-quarter in the fourth quarter of 2022 (adjusted for inflation, seasonal and calendar effects -0.2 percent). In its economic report from winter 2022/2023, the experts at the ifo Institute assume a slow start to 2023 and stagnation in the second quarter owing to high inflation and rising interest rates. They do not expect the economy to recover until later in the year. Gross domestic product will shrink marginally by 0.1 percent over the year as a whole, while economists assume growth of 1.6 percent in 2024. The Kiel Institute for the World Economy and the International Monetary Fund (IMF) believe that the German economy will be capable of slight growth in 2023, and the German government, in its Annual Economic Report from January 2023, now anticipates growth of 0.2 percent after having predicted a reduction in economic performance in the fall of the previous year. The OECD assumes that German GDP will fall by 0.3 percent in 2023, to be followed by a recovery and growth of 1.5 percent in 2024. In its annual report, the German Council of Economic Experts assumed a drop of 0.2 percent. It attributes the GDP growth of 1.7 percent in 2022 to the robust labor market and stimulus packages. Without the statistical carryover, economists expect that downward forces will gain the upper hand.

However, some leading indicators are more positive and hint at a slight improvement in the economic situation. The labor market is still proving resilient, emergency government assistance programs are keeping inflation in check and industry is stabilizing. According to the latest survey by the Leibniz Center for European Economic Research (ZEW) of January 2023, the indicator for economic expectations is back in positive territory for the first time since February 2022. There has been a marked uptick in economic expectations since the end of 2022. The assessment of the current economic situation is improving as well. Financial market experts attribute the positive signal to the better export prospects for the German economy as COVID restrictions are lifted and the more favorable situation on the energy markets. The ifo Business Climate Index from January also shows that the mood on the German economy has brightened considerably and that businesses have begun 2023 with more confidence. Also, according to the report by the German Federal Statistical Office from January 2023, inflation at producer level slowed for the third month in a row in December of the previous year, putting it significantly lower than late in the summer of 2022. Inflation is mainly being driven by higher energy prices, though these continued to fall at the start of 2023.

According to the ifo Institute, with year-on-year growth in gross domestic product after adjustment for inflation of 1.8 percent, the German economy expanded at a faster rate than the long-term average but was still below the average level of the EU states. Even though growth rates were lower in 2022 than expected before the outbreak of the war in Ukraine, German GDP was 0.7 percent higher than in 2019 at EUR 3.86 trillion, and thus again above the level from before the COVID crisis. Virtually all economic sectors reported moderate growth in revenue in 2022, according to the German Federal Statistical Office. Many sectors are suffering from a real loss of revenue, above all retail, and have to prepare for falling revenue adjusted for inflation in 2023. The individual sectors of the economy are benefiting to varying degrees from the backlog effects of the COVID pandemic – some are still stuck well below pre-crisis levels. Above all, hospitality and the creative and entertainment sector are recovering, generating a significant increase in gross value added adjusted for inflation. The information and communication sector has also experienced a notable increase and is strikingly higher than its 2019 level. The manufacturing industry is being affected to varying degrees by negative factors. Above all, it is suffering from international supply chain disruption and higher energy prices. Energy-intensive manufacturing branches of industry such as the metal or chemical industry are feeling the effects accordingly. The construction industry has reported a significant decline in gross value added in view of high construction costs and the shortage of skilled workers. Despite also suffering from an ongoing skills shortage, the IT sector in particular saw a positive performance in 2022, as did IT services and data processing. The revenue trend here is more than 10 percent higher than the 2019 level. According to BITKOM, the IT market relevant to Allgeier is expected to achieve strong growth of 6.3 percent (previous year: 6.6 percent) to EUR 126.4 billion (previous year: EUR 118.9 billion). The IT sector thus seems considerably more unswayed by the effects of the crisis than the economy as a whole, and significantly outperformed its growth momentum in 2022 as well (see below for more information).

The labor market proved robust in 2022 despite tough conditions. According to the German Federal Statistical Office, there are 45.6 million people in employment – 1.3 percent more than in 2021 and more than ever before. This growth in employment was caused by greater labor market participation by women and older citizens, as well as the influx of immigrant workers. The number of people in employment mainly rose in the service sectors and among employees paying social security contributions. The biggest increases in employment in 2022 were in the information and communication sector (up 4.9 percent) and public service providers, education and healthcare. The Institute for Employment Research at the Federal Employment Agency assumes that the recovery of the German labor market is being slowed by the effects of Russia's war of aggression on Ukraine.

Even though inflation lost momentum towards the end of 2022, it still achieved a record high over 2022 as a whole. According to the German Federal Statistical Office, consumer prices rose by 7.9 percent on average in 2022. This is the highest level since the Federal Republic of Germany was founded and two and a half times as high as in 2021. Inflation began rising in Germany in the middle of 2021. Consumer prices had increased by 3.1 percent compared to the previous year in 2021. The high inflation over the year is primarily due to price increases for energy products and food as a result of the war in Ukraine. The price increases were significantly stronger at upstream stages of the economy than at consumer level. According to the German Federal Statistical Office, import prices were 26.3 percent higher than in the previous year on average in 2022. This was the highest year-on-year increase since 1974. Price rises at producer level were not fully passed on to consumers. The impact is being cushioned by steps taken by the German government, such as scrapping the EEG surcharge, lowering VAT on gas and district heating and covering gas and heating bills for the month of December. In their current forecasts from winter 2022/2023, leading economic research institutes expect inflationary pressure to remain high, even though the rate of inflation is likely to fall. The ifo Institute is still forecasting inflation of 6.4 percent for 2023.

According to cautious initial estimates, state budgets ended 2022 with a financing deficit of EUR 153.9 billion, which is around EUR 8.7 billion higher than the deficit in 2020 and the second-highest level since German reunification. With a deficit ratio of 4.3 percent, measured by gross domestic product in respective prices, the country will again fail to comply with the euro area's stability criteria for 2020 and 2021. The easing of the budget situation has been overshadowed by the effects of the war in Ukraine. The higher government spending was financed in particular by the federal government, which reported a deficit of EUR 117.6 billion, slightly higher than the overall deficit as in 2021. Government spending rose by 3.9 percent year-on-year in 2022. The increases mainly comprise measures relating to the war and its consequences. Government revenue was on the rise in 2022 as well, as a result of higher tax revenue due to sharp price increase and the economic recovery.

The European and global economy are also in a difficult phase since the start of the year. The European Commission's forecast from November 2022 highlights that the shockwaves triggered around the world by Russia's war of aggression on Ukraine stifled demand and drove inflation. The EU is among the most exposed advanced economies, due to its geographical proximity to the war and heavy reliance on gas imports from Russia. The energy crisis is eroding households' purchasing power and weighing on production, and economic sentiment has fallen markedly as a result. Although the data for 2022 is set to be better than previously forecast, the outlook for 2023 is significantly weaker for growth and higher for inflation. After the positive surprise of real GDP growth in the EU in the first half of 2022, driven in particular by consumer spending following the easing of COVID-19 containment measures, the EU now assumes that elevated uncertainty, high energy price pressure, the erosion of households' purchasing power, a weaker external environment and tighter financing conditions will tip the EU, the euro area and most Member States into an at least minor recession. According to estimates from February 2023, Eurostat is assuming real GDP growth in 2022 of 3.6 percent in total in the EU and 3.5 percent in the euro area, though the growth in the third quarter was relatively weak at 0.3 percent in the euro area (EU: 0.3 percent) and in the fourth quarter with just 0.1 percent in the euro area (EU: 0.0 percent). As inflationary pressure eases, the EU Commission expects the economy to start to gather steam in the spring of 2023, with GDP growth expected to amount to 0.3 percent in total for both the EU and the euro area in 2023.

According to the OECD's World Economic Outlook from November 2022, global GDP growth will have been only half as high as in 2021 at 3.1 percent in 2022, and is expected to slow to 2.2 percent in the current year of 2023. Tighter monetary policy and higher real interest rates, persistently high energy prices, weak real household income growth and declining confidence are all expected to sap growth. The United States and Europe are slowing sharply and the major Asian emerging-market economies are expected to account for close to three quarters of global GDP growth in 2023. According to the OECD report, the global economy increase in energy prices as a result of Russia's war of aggression is taking a heavy toll on the world economy. Low gas stocks could force rationing in Europe, which would push global gas prices higher.

The International Monetary Fund (IMF) estimates in its World Economic Outlook from January 2023 that growth will slow from 6 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. The current financial year would thus have the weakest growth profile except for the global financial crisis and the acute phase of the COVID-19 pandemic. The IMF assumes that global inflation will decline from 8.8 percent in 2022 to 6.5 percent. Factors with a key influence on the global economy include fiscal policy, the war and the pandemic. The IMF advises structural reforms against inflation, a monetary policy to restore price stability and fiscal policy that should aim to alleviate the cost-of-living pressures for the vulnerable. It writes that an improvement in the management of debt distress, more intensive structural reforms and a strong multilateral effort will be crucial. The World Bank also lowered its annual growth forecast for 2023 to 1.7 percent in January. It assumes that the war and high inflation will sap economic growth. Last year, the World Bank had predicted global economic growth of 3.0 percent for 2023.

In summary, the global economic situation is still largely out of the ordinary. Following the economic recovery from the effects of the COVID pandemic, the core markets of the Allgeier Group are expected to continue experiencing substantial economic resistance in the current year. Inflation and the consequences of the Ukraine war make a recession in Germany for the year as a whole look likely at the start of 2023, even though the German government is predicting mild growth for 2023 in its Annual Economic Report from January. However, some leading indicators are hinting at a recovery and a return to growth by no later than 2024.

2.1.2 General industry conditions: Positive business climate, revenue high and optimistic outlook; pushback from skills shortage

The ICT industry as a whole (information and communications technology and consumer electronics) is in excellent condition compared to nearly every other industry. In its annual projection for 2023, the German Federal Association for Information Technology, Telecommunications and Consumer Electronics (BITKOM) predicts that the sector as a whole will achieve revenue in excess of EUR 200 billion for the first time. It expects companies in IT, telecommunications and consumer electronics to report revenue growth of 3.8 percent to EUR 203.4 billion. According to BITKOM, digitalization is the answer to the multiple crises of our age. Despite supply chain problems, inflation and the war, the digital sector is counting on growth. There are positive expectations for the IT market as a whole, and also the segments especially relevant to Allgeier of software and IT services.

The key pillar of the growth in the German tech sector in 2022 was the IT segment relevant to Allgeier. The market as a whole had already passed the EUR 100 billion-barrier in 2021 and revenue of EUR 108.6 billion is expected in 2022. Revenue from IT services grew by 6.6 percent (2021, driven in particular by high demand for IT hardware: growth of 8.3 percent).

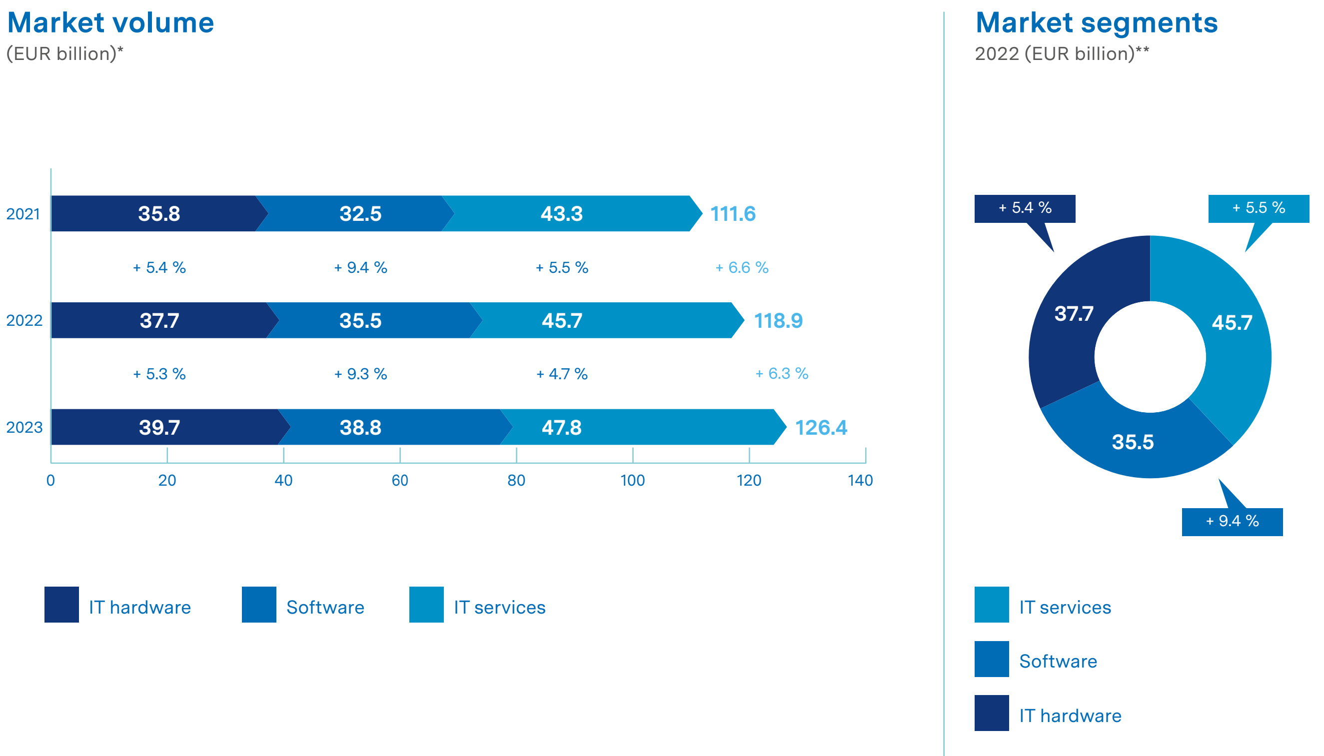
For 2023 as well, as in previous years, BITKOM is assuming rapid growth on the market for information technology. According to its latest forecast, revenue from software, IT services and IT hardware will expand by 6.3 percent in Germany to EUR 126.4 billion in 2023. Strong growth of 9.3 percent is expected in software, the segment particularly relevant to Allgeier (2022: 9.4 percent). Growth in the current year will especially be driven by business with platforms for artificial intelligence, collaborative applications and security software (+11.4 percent). For IT services, another segment especially relevant to Allgeier, BITKOM is forecasting growth of 4.7 percent to EUR 47.8 billion in 2023. This is roughly in line with the growth rate of previous years, when revenue amounted to EUR 45.7 billion in 2022 and EUR 43.3 billion in 2021. Expectations for these segments in the next two years are also correspondingly positive.

The business climate in the industry is consistently positive and at a similarly high level to before the outbreak of the COVID pandemic and the war in Ukraine. At the start of 2023, the relevant Bitkom-ifo Digital Index was significantly higher than the business climate for the economy as a whole. During the pandemic, it became apparent that digitalization is a key factor in solving social and economic challenges, especially in times of crisis. The business community, the government and civil society as well are still pushing the digital transformation with investment in infrastructure, devices, software and services.

The global trend of digitalization is ensuring that virtually all business models are changing and are being significantly influenced by IT and software. This will tend to increase spending and investment in IT and software solutions. Investment in IT and software in previous years proved to be largely unaffected by fluctuations on the economy as a whole in recent years. This process is being driven by market trends and technologies such as cyber/information security, the cloud, big data analytics, the IoT (Internet of Things) and digital platforms as well as – to an ever-greater degree – machine learning, artificial intelligence, blockchain and augmented/virtual reality.

The industry is facing challenges in the shape of the ongoing skills shortage. Even though German companies are expected to create 39,000 new jobs by the end of the year, according to BITKOM, the shortage of IT specialists is getting worse. 1.35 million people are currently employed in the IT sector. According to BITKOM, there is a shortage of 137,000 IT exports across all areas of the sector at this time, after 96,000 vacancies last year. On average, it now takes 7.1 months to fill an IT vacancy (previous year: 6.6 months).

Growth on the German information technology market



Source: BITKOM, IDC; January 2023
*Year-on-year rate of increase (in %)

**Growth in %

2.2 Business performance in 2022

We have enjoyed a highly successful and positive fiscal year, in which our Group companies performed well despite the adversity of the market. The Allgeier Group had begun fiscal 2022 with an ambitious growth plan. Its business performance in the first three quarters of 2022 was correspondingly positive in all key areas of the Group. It was not until the fourth quarter that we were slowed down somewhat by a surprisingly high level of illness following a fresh COVID outbreak and an early wave of flu-like symptoms, as well clear restraint on the part of some clients, generally motivated by caution and the state of the economy.

We continued our organic growth in the Enterprise IT segment. In the Public division, we supported our growing public sector client base at all federal levels with innovative solutions and comprehensive expertise in the digitalization of public administration. We took part in a number of invitations to tender and laid the foundations for our business in the coming years with the contracts we secured. At the same time, we are repositioning ourselves in the Allgeier Public area to offer even more value added in the coming years and to further hone our future profile. The Experts division achieved new autonomy, business in the mgm technology partners segment is focusing more on the proprietary A12 low-code platform, at Allgeier inovar and in cybersecurity we substantially refined our own software products, the Evora unit was added to the Group, performing very well and delivering fresh stimulus. By improving internal networking and cooperation, we were able to land a considerable number of new projects, many of which are expected to take several years. We have continued our work to expand technical areas with new structures and teams with more responsibility held by younger management colleagues. We have laid foundations for a strong development in the coming years for a series of key forward-facing issues.

The targeted, supplementary acquisitions of pooliestudios, Quality First Software and Höhn Consulting brought us new team members this year and greatly expanded our consulting and implementation expertise for the public sector and enhanced our capabilities for software testing and test automation.

The software and IT world is changing rapidly and significantly. Each year, we are called on as a group to find new technical and business answers. The rising investment in digital transformation – in both the private sector and public administration – offers a positive environment for this for our Group companies. Overall, we are excellently positioned as a Group: New expertise and the expansion of our software product portfolio enrich us and give us further momentum for the years to come. We are able to turn market opportunities and the requirements of our clients into growth. We create considerable value added for our clients and exciting professional challenges and new opportunities for ourselves. Our sustainable growth creates not only security and dependability, but also opens up major future and career opportunities. We invested in recruitment and continuing professional development, and in our own software solutions. These positive prospects also bring an obligation to continue to tend to and define our culture, counteracting the day-to-day intensity of work with humanity and a spirit of cooperation.

Business performance of the continuing operations of the Allgeier Group

In summary, we have thus had a successful year overall as a Group. We have continued to expand and hone our range. In turn, targeted and supplementary acquisitions have grown our portfolio and added expertise and solutions. Moreover, we have taken further key steps in expanding our business as an international digitalization and IT solutions provider. The EBITDA margin increased to almost 13 percent. We have solidified our financial base with an operating cash flow of around EUR 32 million.

Key Figures

The Allgeier Group significantly increased its revenue (IFRS) and value added from continuing operations in fiscal 2022 (January 1, 2022 – December 31, 2022). Earnings rose rapidly, causing the EBITDA margin to grow significantly to 12.8 percent (previous year: 9.5 percent). The profit for the period climbed by 78 percent.

Specifically, revenue amounted to EUR 480.3 million in fiscal 2022 (previous year: EUR 403.3 million), a year-on-year increase of 19.1 percent. Operating value added (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) likewise rose further. It grew by 21.8 percent to EUR 157.3 million (previous year: EUR 129.2 million), resulting in a further widening of the gross margin (defined as the value added margin) to 32.3 percent (previous year: 31.9 percent). The Group's adjusted EBITDA rose by 36.5 percent year-on-year to EUR 61.5 million in the reporting period (previous year: EUR 45.1 million). Adjusted EBITDA is defined internally as EBITDA before extraordinary or prior-period effects. These are effects that occur in the fiscal year in question but that are non-recurring or that cannot actually be attributed to the operating activities of the fiscal year. Expenses totaling EUR 5.9 million (previous year: EUR 11.7 million) and income of EUR 6.8 million (previous year: EUR 4.9 million) were adjusted for in fiscal 2022, resulting in net extraordinary or prior-period income of EUR 0.9 million (previous year: EUR 6.8 million). In turn, the adjusted EBITDA margin grew significantly to 12.6 percent in 2022 (previous year: 11.1 percent).

The Group's EBITDA from continuing operations amounted to EUR 62.4 million in the reporting year, 63.0 percent higher than the result for fiscal 2021 (previous year: EUR 38.3 million). We thus achieved a double-digit EBITDA margin of 12.8 percent (previous year: 9.5 percent). EBIT (earnings before interest and taxes) for the period amounted to EUR 35.0 million (previous year: EUR 19.8 million), an improvement of 77.2 percent. The Group generated EBT of EUR 30.4 million (previous year: EUR 20.2 million), an absolute increase of EUR 10.2 million or 50.6 percent as against the previous year. The profit for the period rose by 77.6 percent to EUR 22.2 million (previous year: EUR 12.5 million). The Group's continuing operations generated earnings per share of EUR 1.68 in the reporting period (previous year: EUR 1.04), an increase of 61.5 percent. Earnings per share from continuing operations adjusted for depreciation and amortization due to acquisitions and calculated using a normalized tax rate of 30 percent amounted to EUR 2.12 (previous year: EUR 1.80) for the 2022 reporting year, a year-on-year increase of 17.8 percent.

Performance Indicators

The Allgeier Group had also set the following specific targets for the individual performance indicators used to manage the company at Group level for 2022 (revenue growth, profitability, net debt; see below, 2.4 Financial and Non-Financial Performance Indicators):

Revenue growth

We had planned total consolidated revenue of between EUR 480 and EUR 520 million for fiscal 2022. Both segments of the Group were expected to contribute to the planned growth. With actual revenue of EUR 480 million, we achieved the lower end of our forecast range. As planned, both segments contributed to growth.

The individual segments had planned the following revenue development:

- The Enterprise IT segment's goal had been to increase its revenue to between EUR 370 and EUR 405 million.
- The segment achieved revenue of EUR 374.4 million in 2022, equivalent to revenue growth of 21 percent. The segment thereby achieved its target corridor for revenue.
- The mgm technology partners segment had been planning further revenue growth to between EUR 110 and EUR 115 million. The segment actually achieved revenue of EUR 105.7 million in the past fiscal year (total revenue including revenue with other segments of EUR 110.7 million) – equivalent to growth of 13 percent. The segment thereby also achieved the target corridor for its revenue forecast.

Overall, in fiscal 2022, we achieved the revenue targets formulated in the previous year's annual report both for the Group as a whole and in the two segments.

Profitability

We had formulated a goal for profitability (adjusted EBITDA) of strong growth to between EUR 63 and EUR 69 million. The Group generated adjusted EBITDA of EUR 61.5 million in fiscal 2022. Our earnings thus expanded significantly by 36.5 percent with a margin of 12.6 percent. Despite a significant increase in our earnings margin, this means that we did not quite achieve the forecasts for Group profitability published in the last annual report.

Our earnings targets at the level of the segments had been as follows:

- The Enterprise IT segment was planning for revenue of between EUR 50 and EUR 54 million with an EBITDA margin of 12 to 14 percent. The segment actually generated EBITDA of EUR 45.4 million in 2022 with a margin of 12.0 percent, thereby achieving its margin target but not its earnings target.
- The mgm technology partners segment had been planning EBITDA of between EUR 24 and EUR 26 million for fiscal 2022. The EBITDA margin should be between 21 percent and 23 percent. The segment actually achieved its earnings target with EBITDA of EUR 24.4 million and an EBITDA margin of 21.4 percent.

At the level of the Group's segments, we thus achieved some of the profitability expectations expressed in our 2021 annual report.

Net debt

For the net debt performance indicator, defined as financial liabilities and lease liabilities less cash funds, we had expected that, disregarding potential acquisitions, we would not add any net financial liabilities in fiscal 2022. The Group thereby achieved its goal and reduced its net financial liabilities in fiscal 2022. Without the cash used for acquisitions in the fiscal year, financial liabilities would have been reduced by EUR 12.6 million in 2022. Including acquisition activities in fiscal 2022, consolidated net debt amounts to EUR 105.9 million as of December 31, 2022, a step down from the figure for the previous year. Lease liabilities account for EUR 43.0 million of net financial liabilities. As of the end of the previous year, net financial liabilities had amounted to EUR 113.5 million with lease liabilities of EUR 44.5 million.

Capital Market and Financing

We have significantly expanded our capital market activities in recent years. In the past fiscal year as well, we engaged in an intensive dialog with existing and potential investors as well as analysts on the buy and sell side. We took part in a number of physical and digital capital market conferences. These included the German Equity Forum in Frankfurt, the Spring Conference, also in Frankfurt, the Baader Investment Conference in Munich, the Pareto Securities TechIT Conference, the Warburg Highlights Conference in Hamburg and the Warburg Meet-the-Future Conference. In addition to these conferences, we also conducted various bilateral talks with investors and gave presentations for a number of national and international investors and analysts at other events. In turn, this allowed us to attract and interest new institutional investors in our shares over the past year. After a weak year on the stock markets in 2022 and with the tough overall landscape for tech stocks, we still want to generate sustainable value for our shares and continue the good performance of previous years.

A dividend of EUR 5.7 million (previous year: EUR 5.7 million) was paid to the shareholders of Allgeier SE in July 2022 (equivalent to EUR 0.50 per entitled share in both fiscal years). Profits of EUR 2.2 million were distributed to non-controlling interests in subsidiaries in fiscal 2022 (previous year: EUR 1.3 million).

Our borrowing situation was further improved by the expansion and amendment of our syndicated loan agreement and the issuance of a borrower's note loan. In April 2022, Allgeier SE reached an agreement with the syndicate of banks to increase and amend the syndicated loan agreement from EUR 140 million to EUR 200 million. The total volume was agreed for a new term of four years with an extension option of up to two years. Allgeier SE exercised the option in February 2023 and extended the master credit agreement by another year. It now runs until April 2027 and can still be extended by another year. As before, the loan bears interest based on EURIBOR plus a margin dependent on specific key financial ratios. The financing partners are Commerzbank, Landesbank Baden-Württemberg, Landesbank Hessen-Thüringen and Norddeutsche Landesbank. Furthermore, Allgeier reported in the ad hoc disclosure of May 25, 2022 that it had placed a borrower's note loan with a volume of EUR 60 million and tranches 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 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. By increasing its syndicated loan facility and the issuance of a new borrower's note loan, Allgeier is establishing medium- and long-term financing security for the entire Group on enduringly good terms. The additional credit volume opens up further headroom to support our organic growth with targeted investing activities, and also to enhance and expand our portfolio with further value-adding acquisitions on future markets moving ahead.

Moreover, Allgeier entered into an interest rate swap of EUR 50 million in the first half of 2022 in order to hedge the current rise in interest rates and thus to reduce its interest rate risk exposure. Including the fixed-rate tranches of the borrower's note loan, interest rates on EUR 81 million of the loan volume are now hedged in total.

Allgeier SE did not acquire any treasury shares in fiscal 2022. Accordingly, treasury shares still accounted for 0 percent (previous year: 0 percent) of the share capital as of December 31, 2022.

Acquisitions

Allgeier performed the following acquisitions in the past fiscal year:

In order to expand the business activities of the publicplan Group, publicplan GmbH, Düsseldorf ("publicplan"), signed an agreement to acquire all shares in the digital agency pooliestudios GmbH, Cologne ("pooliestudios"), on June 3, 2022. Following the acquisitions of publicplan, Cloudical and itnovum in fiscal 2021, 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. By making this acquisition, the publicplan Group is taking another important step toward becoming a 360-degree full-service digital service provider for the future of e-government. The publicplan Group, the open source and e-governance specialist, now has more than 200 employees in total. pooliestudios was consolidated on May 31, 2022.

mgm technology partners GmbH, Munich, acquired Quality First Software GmbH (QFS), Geretsried, by way of purchase agreement dated August 19, 2022. QFS is the developer of the highly specialized software tool QF-Test, which is currently used by around 1,400 companies in 60 countries to conduct user interface (UI) software tests. The tool enables highly comprehensive, fully automated tests of Java-based, web-based and Windows-based user interfaces and input screens. By acquiring the software manufacturer, mgm is significantly expanding its expertise in the area of test automation and quality assurance. In addition to strengthening a fundamental pillar of its business, this has laid the foundations for integration into mgm's own low-code A12 platform. mgm intends to establish an additional QF-Test product variant that is specifically optimized for the automated testing of applications based on the low-code A12 platform.

Höhn Consulting GmbH, Kiel, joined the Allgeier Group as of September 21, 2022. By making this acquisition, Allgeier is continuing to expand its consulting expertise for public sector customers at all federal levels. Höhn Consulting is an IT service provider for the modernization and digital transformation of public administration. In addition to supporting state and federal administrations, the company's 23-strong consulting team helps municipalities, cities and district authorities in particular to develop digital strategies and solutions and works with them on a wide range of digitalization and modernization projects that make a definite and substantial contribution to improving people's everyday lives. Höhn Consulting GmbH was included in consolidation as of September 30, 2022.

Customers

The basis for our growth is our stable and broad customer base: In the past fiscal year, the companies of the Allgeier Group further extended their client base and strengthened existing client relationships. Allgeier works for a variety of global corporations – e.g. for 19 of the 40 companies currently in the DAX (previous year: 16 of 40) – and for a number of market and sector leaders and many high-performing SMEs and public sector contractors in virtually all industries at federal, state, regional and municipal level. Allgeier generated annual revenue in excess of EUR 1 million with 70 national and international clients (previous year: 57). We generated average revenue of EUR 21.4 million with our ten top clients in fiscal 2022 (previous year: EUR 19.5 million). This is equivalent to 45 percent of total revenue from the Group's continuing operations (previous year: 48 percent).

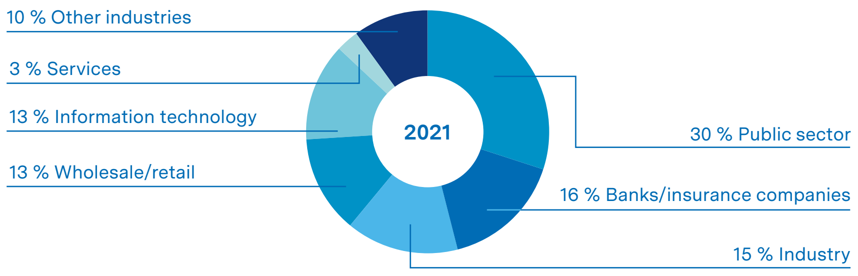
Allgeier has a broad client base of companies and entities from various sectors. The sectors in which the companies of the Allgeier Group (continuing operations) generated the highest revenue in 2022 were:

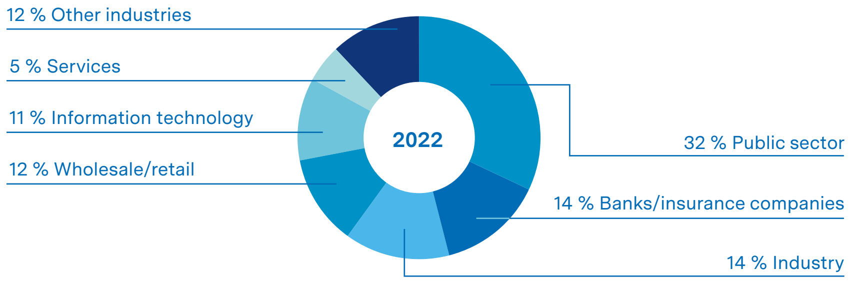
- Public sector: The Allgeier Group works for public entities and corporations at all federal levels in Germany and Switzerland, and further expanded its market position in the past year. Allgeier is benefiting equally from its good positioning as a long-term digitalization partner for the public sector on the one hand, on the basis of its wealth of experience, expertise and outstanding references, and – on the other – high requirements for further and more rapid digitalization in the publicsector and what it offers for private citizens and companies. At all levels of federal, states and municipal government, there are enormous challenges in sustainably achieving the intended effects of digital transformation with the billion-euro budgets provided.

The time pressure is high. 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. High security and dependability in operations create complex challenges that require years of specific expertise. Allgeier is excellently positioned in this area as one of the larger German IT and software companies, and is enhancing its performance capacity for the public sector. The acquisitions in fiscal 2022 further expanded Allgeier's service portfolio and implementation expertise for public administration clients. The high and constantly rising public sector demand for the Group's services is also reflected in its revenue figures: 32 percent of consolidated revenue in fiscal 2022 resulted from services for public sector contractors (previous year: 30 percent), making the public sector by far the largest segment within the Allgeier Group. Allgeier has continued to increase its revenue with the public sector in recent years. The Group increased its revenue in this segment by around 27 percent in the reporting period (in absolute terms); a small share of this relates to the internal reclassification of revenue with individual clients that were assigned to the IT industry segment in the past year.

- Banks and insurance companies: At 14 percent, companies in the financial and insurance sector comprise the second-largest revenue segment for the Group's continuing operations (previous year: 16 percent). This sector has also had consistently high digitalization requirements for years. We help to drive the sector's digital transformation and the services it offers with our software solutions and our IT and consulting services for the digitalization of key business processes. Consolidated revenue with banks and insurance companies remained constant in the past fiscal year. In the banking and insurance industry group, Allgeier's clients include a number of the largest German insurance groups and major national and international banks and financial service providers.
- Industry: Accounting for approximately 14 percent of revenue (previous year: 15 percent), industry clients make up the third-largest sector segment within the Group. Although industrial companies in particular were affected by ongoing disruptions in global supply chains in the wake of the coronavirus pandemic, Allgeier succeeded in further increasing its revenue with them in the past fiscal year. Demand for solutions for digitalizing critical business processes, such as business efficiency solutions, and for high-performance, secure online portals, is high at a large number of industrial companies. Allgeier's companies reported an increase in revenue of around 12 percent with companies in this sector in 2022. Key clients of the Group include leading companies in various branches of industry, such as chemicals and pharmaceuticals, chemicals and pharmaceuticals, metals and electronics, aviation and aerospace, automotive, construction, the timber industry and consumer goods. Long-standing industrial clients also include companies in the energy supply sector, among them international energy producers and a number of regional suppliers.
- Wholesale/retail: As the fourth largest client group, wholesale/retail enterprises are also key to the Group's operations. Allgeier's services for such companies include business efficiency solutions (i.e. for resource planning and materials management) and digitalization solutions for e-commerce in particular. The Group generates 12 percent of consolidated revenue in the wholesale/retail sector (previous year: 13 percent). In absolute terms, this translates into growth in revenue of 10 percent.
- Information technology: Accounting for around 11 percent of revenue (previous year: 13 percent), the IT sector is the fifth-largest segment within the Allgeier Group. In absolute terms, the consolidated revenue generated with large international IT companies declined slightly by 5 percent in the past fiscal year. In particular, this is due to the internal reclassification of revenue with individual clients to he public sector industry segment.
- Services: Measured in terms of revenue in fiscal 2022, this sector is now the Group's sixth-largest segment. The Group generates 5 percent of its revenue here (previous year: 3 percent). In absolute terms, the revenue generated in the service sector grew by 101 percent in the past fiscal year. This significant increase is mainly thanks to higher demand at multiple Group companies. One company also had clear growth with a major client.
- Other sectors: Key sectors such as healthcare, telecommunications, logistics, media and entertainment are grouped within other industries. Allgeier generated around 12 percent of its consolidated revenue in these sectors (previous year: 10 percent). In absolute terms, the Allgeier Group's revenue from other sectors rose by 56 percent in the past fiscal year.

Revenue





Employees and awards

We are particularly pleased that, even in this most unusual fiscal year, more and more people have joined our Group and that we have been able to offer our employees good, safe jobs in turbulent and challenging times. We have opened new international locations that will allow us to recruit more staff in the coming years and to enhance our Group's performance and scalability. Many of our units have created new jobs and employ more than 3,300 people in Germany, Austria, Switzerland, France, Spain, Portugal, Poland, Czechia, India, Vietnam and the US as of the end of 2022. The Enterprise IT segment increased the number of its software and IT experts by around 300. The mgm technology partners segment also further added to its ranks of highly qualified software developers and consultants. The three acquisitions of the past year brought us new team members and further expanded our consulting and software expertise. On a market landscape, like our core markets especially, facing a persistent and serious shortage of outstanding professionals and enormous competition, recruiting more IT specialists is a genuine success.

We once again received a series of awards in the past year. According to the report by the consulting and analysis firm Lünendonk®, for example, we are still one of Germany's leading "IT consulting and system integration companies". mgm technology partners was happy to receive several awards in the 2022 reporting year. It took platinum, and thus first place, in the "Low Code/No Code" category at the IT Awards. For the first time, mgm was nominated for the Readers' Choice Awards by the specialist portal Dev-Insider (Vogel IT-Medien) alongside major and renowned platform providers. One client project likewise took first place in the jury prize of the 21st German e-government contest for MODUL-F in the category "Best Cooperation Project 2022" and third place for the audience prize. The project by the Hamburg Senate Chancellery and the Federal Ministry of the Interior (BMI) is based on A12, the low-code platform from mgm. For the second time in a row, mgm received the highest platinum certificate in the Readers' Choice Awards from the eGovernment Computing journal (Vogel IT-Medien). There were also positive results in the Internet agency table calculated annually on the basis of revenue by Bundesverband Digitale Wirtschaft (BVDW) e.V., HighText iBusiness, Horizont und Werben & Verkaufen. For the seventh year, mgm is in the top ten of the long list of the now more than 160 large and small full-service digital agencies in Germany: 9th place again in 2022. mgm managed seventh place in the "Platforms, e-Commerce and Services" sub-ranking.

Moreover, according to the 2022 Lünendonk® market survey, "Leading Providers of IT Workforce Services in Germany", our Allgeier Experts unit is one of the top IT workforce services providers in Germany.

Strategic development

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

- The Enterprise IT segment significantly refined and transformed its internal structures and processes in fiscal 2022. For example, it established its Public and Experts divisions with a new profile and structure. Revenue and earnings were increased significantly thanks to the integrated portfolio. The acquisitions of publicplan, it-novum, MySign, Cloudical and Evora in 2021 had allowed us to considerably enhance our specialization in the segment and to grow our software product portfolio significantly. We continued the expansion of our expertise and resources in the development of open source software solutions, in particular in our services for public administration, in the past fiscal year as well. With the acquisitions of pooliestudios and Höhn Consulting, we have actively enhanced our consulting and implementation expertise for digitalization projects in the public sector in 2022 and gained a number of highly qualified specialists. Internationally, we have grown with new locations and secured access to further markets. We have thereby also improved our chances of tapping urgently needed personnel resources. We further expanded our existing strengths such as our substantial expertise and capabilities in handling major IT projects with our comprehensive pool of experts and bundled these more closely with technical skills. With our strong positioning, we are operating from a leading position within the segment in the corresponding sections of the market, for example in the rapidly growing business with public sector clients for the digital transformation of administration using open source technologies and solutions, in cybersecurity, in e-commerce, in cloud transformation and containerizing, asset and service management and many other growth and future areas. We were able to land a considerable number of new projects and pitches in the public sector, many of which are expected to take several years. We have also continued to expand technical areas with new structures and teams with more responsibility held by younger management colleagues. We have thereby continued to lay the foundations for further development in the coming years for a series of key future issues.
- The mgm technology partners segment enjoyed an excellent performance in 2022 as well. Revenue grew by 13 percent with an EBITDA margin of 21.4 percent. mgm has systematically improved its in-house software-production processes in recent years – in particular the cross-project optimization made possible by the growing proliferation of the enterprise low-code platform mgm A12. By establishing an A12 license and partner model and designing training and onboarding activities, a big step has been taken in scaling the development of enterprise applications on the basis of the A12 platform. The first partners have entered the market with A12 offerings of their own and are cooperating on mgm client projects. 2022 also saw the launch of two major public administration projects in which the A12 platform provides a key technical foundation. At the same time, further progress was made in implementing sustainable software engineering with a focus on long-lived enterprise applications. This means a continuous optimization of the production processes with which mgm already achieves a high level of efficiency in the development of complex enterprise applications. By acquiring Quality First Software GmbH, Geretsried (QFS), mgm expanded its quality assurance expertise and added QF-Test (the QFS product for GUI test automation) to its landscape of QA tools. mgm is thus marketing the procedural models and tools trialed in-house and thereby becoming a valuable partner to all companies that increasingly have to build on their software expertise within their own value chain. The more applications that are implemented according to this industrial production approach, the more mgm and its clients benefit from this scalable approach. The division launched in 2021 for SAP process optimization and S/4HANA, mgm integration partners GmbH, Munich, (the basis for which was the acquisition of Clientis AG in November 2021) also achieved further success in new business for other mgm units and cooperations. In order to gain an edge on the employee market and in the competition for talented personnel, a new mgm location was opened in the city of Porto in the north of Portugal. Around 1.7 million people live in the Porto metropolitan region, and the city itself has a number of excellent universities. In the past year, mgm also grew in Vietnam, where it has long had a location in Da Nang: The new addition is an office in Ho Chi Minh City.

2.3 Business situation

2.3.1 Results of operations

Continuing operations:

The Allgeier Group generated revenue of EUR 480.3 million (previous year: EUR 403.3 million) in fiscal 2022 (January 1, 2022 to December 31, 2022), an increase of 19.1 percent). A revenue increase of 8.7 percent was generated from organic growth. The remaining growth was as a result of newly acquired Allgeier Group companies. Both of the Group's segments contributed to the growth in revenue in the fiscal year. The Enterprise IT segment's value added grew by 21.4 percent to EUR 374.4 million in fiscal 2022 (previous year: EUR 308.4 million). The mgm technology partners segment increased its revenue by 12.9 percent to EUR 110.7 million in the reporting year (previous year: EUR 98.0 million).

Consolidated value added climbed to EUR 157.3 million (previous year: EUR 129.2 million), resulting in a further widening of the gross margin to 32.3 percent (previous year: 31.9 percent).

The Allgeier Group's EBITDA amounted to EUR 62.4 million in the reporting year, 63.0 percent higher than the result for fiscal 2021 (previous year: EUR 38.3 million). EBITDA was reduced by EUR 0.9 million in total as a result of non-recurring and prior-period effects (previous year: by EUR -6.8 million). After adjustment for these special items, the Allgeier Group's adjusted EBITDA rose by 36.5 percent year-on-year to EUR 61.5 million in the reporting period (previous year: EUR 45.1 million). The adjusted EBITDA of the Enterprise IT segment increased by EUR 13.4 million while that of the mgm technology partners segment rose by EUR 2.3 million. Adjusted EBITDA from other business (Allgeier SE and consolidation) improved by EUR 0.8 million as against the previous year.

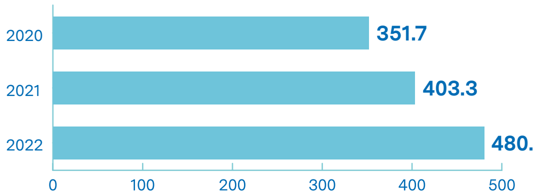
Depreciation, amortization and write-downs rose from EUR 18.5 million in the previous year to EUR 27.4 million in the year under review. A large share of depreciation, amortization and write-downs of EUR 10.3 million (previous year: EUR 9.2 million) relates to write-downs on right-of-use assets from capitalized leases. Further depreciation, amortization and write-downs of EUR 9.5 million (previous year: EUR 3.3 million) comprise write-downs on client relationships and products capitalized in conjunction with the acquisition of subsidiaries. Depreciation on property, plant and equipment amounts to EUR 3.7 million (previous year: EUR 3.0 million). Amortization of EUR 3.8 million was recognized on other intangible assets (previous year: EUR 3.0 million). The Group thus generated EBIT of EUR 35.0 million (previous year: EUR 19.8 million), an increase of 77.2 percent as against the previous year.

The Allgeier Group's net finance costs amounted to EUR -4.7 million (previous year: income of EUR 0.4 million). In particular, the positive financial result in the previous year was influenced by the remeasurement of fund units in Speedinvest. The Group generated EBT of EUR 30.4 million (previous year: EUR 20.2 million) with an absolute increase of EUR 10.2 million or 50.6 percent as against the previous year. The income tax expense for continuing operations amounted to EUR 8.2 million in the reporting period (previous year: EUR 7.7 million).

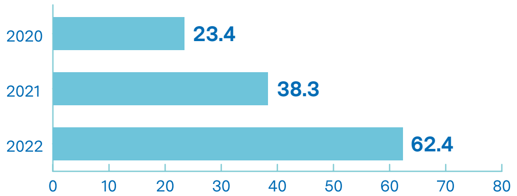
The income tax expense in relation to earnings before taxes was therefore 27 percent (previous year: 38 percent). After taxes, the Group generated a net profit for the period from continuing operations of EUR 22.2 million (previous year: EUR 12.5 million), an increase of 78 percent.

EUR 19.1 million (previous year: EUR 11.9 million) of the net profit for the period from continuing operations is attributable to the shareholders of Allgeier SE and EUR 3.0 million (previous year: EUR 0.6 million) to non-controlling interests in subsidiaries. This results in earnings per share for the reporting year of EUR 1.68 (previous year: EUR 1.04). Earnings per share adjusted for special items in EBITDA as well as depreciation and amortization due to acquisitions and calculated using a normalized tax rate of 30 percent amounted to EUR 2.12 (previous year: EUR 1.80) in fiscal 2022, a year-on-year increase of 17.8 percent.

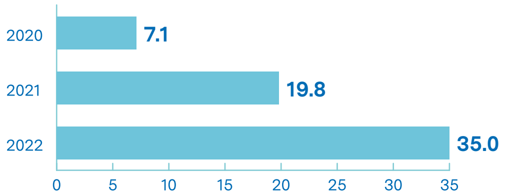
Consolidated revenue
(continuing operations in EUR million)



Consolidated EBITDA
(continuing operations in EUR million)



Consolidated EBIT
(continuing operations in EUR million)



To present adjusted earnings per share, the Allgeier Group corrects the reported consolidated EBIT of continuing operations for amortization of intangible assets capitalized in connection with acquisitions (effects of purchase price allocation), income and expenses from purchase price adjustments in profit or loss and other non-recurring and prior-period effects. Taking these adjustments into account and applying a uniform tax rate of 30 percent, the Group generated earnings per share of EUR 2.12 in fiscal 2022 (previous year: EUR 1.80). Adjusted for special items, earnings per share are calculated as follows:

(Continuing operations in EUR million)	2022	2021
Profit from operating activities (EBIT as reported)	35.0	19.8
Amortization of intangible assets from acquisitions	9.5	3.2
Other non-recurring and prior-period effects	-0.9	6.8
Net finance costs	-4.7	0.4
Adjusted earnings before taxes	39.0	30.2
Tax rate	30%	30%
Taxes	-11.7	-9.1
Adjusted profit or loss for the period	27.3	21.1
Non-controlling interests	-3.0	-0.6
Earnings for calculation of adjusted earnings per share	24.2	20.5
Number of shares outstanding	11,417,935	11,397,258
Adjusted earnings per share in EUR (basic)	2.12	1.80

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

(in EUR million)	2022	2021
Income from the adjustment of purchase prices from acquisitions	3.5	1.1
Continued pay and severance payments for former employees	-1.4	-0.6
Inflation premiums for employees	-0.9	0.0
Sunk costs and non-capitalized incidental costs of acquisitions	-0.3	-1.6
Losses from bad debt allowances and uncollectable receivables	-0.3	-0.1
Cost of stock options issued	-0.1	-6.2
Other extraordinary and prior-period income and expenses (net)	0.4	0.6
	0.9	**-6.8**

Discontinued operations:
The discontinued operations of the Allgeier Group comprise the subsidiary Oxygen Consultancy, Istanbul (Turkey), which was sold in March 2022, and Talentry GmbH, Munich, an investment that was accounted for using the acquisition method until June 2022. In the period prior to disposal in 2022, discontinued operations generated EBITDA of EUR -1.6 million (previous year: EUR 0.0 million), whereby this figure includes a special item: When Oxygen was disposed of, cumulative currency translation differences recognized in OCI since 2012 of EUR 1.8 million were reclassified to the income statement, which reduced the EBITDA of discontinued operations accordingly. Equity itself was not altered by this. The Allgeier Group generated a gain of EUR 4.1 million on the disposal of the two companies.

Overall business of the Allgeier Group
In its continuing and discontinued operations combined, the Allgeier Group generated revenue of EUR 480.4 million (previous year: EUR 403.6 million) in fiscal 2022 (January 1, 2022 to December 31, 2022). The EBITDA from continuing operations of the entire Allgeier Group amounted to EUR 60.8 million in the reporting year, 59 percent higher than the result for fiscal 2021 (previous year: EUR 38.3 million). The Group as a whole thus generated EBIT of EUR 33.4 million (previous year: EUR 19.8 million), an increase of 69 percent as against the previous year.

The total comprehensive income for the period of the Allgeier Group, including the result from disposals, amounted to EUR 24.7 million, an increase of 99 percent as against the previous year's figure of EUR 12.4 million. EUR 21.6 million (previous year: EUR 11.8 million) of total comprehensive income for the period is attributable to the shareholders of Allgeier SE and EUR 3.0 million (previous year: EUR 0.6 million) to non-controlling interests at subsidiaries. This results in earnings per share for the reporting year of EUR 1.89 (previous year: EUR 1.04).

2.3.2 Financial position

The Allgeier Group still has a solid and balanced financial position. All cash outflows from investing and financing activities were covered by the positive cash flow from operating activities in fiscal 2022. The Group also reduced its net debt over the course of fiscal 2022.

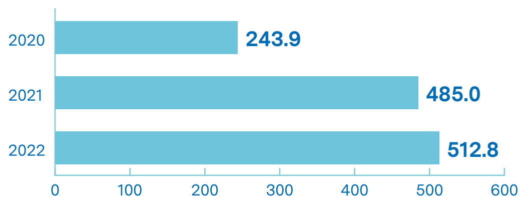
Interest-bearing financial liabilities (not including lease liabilities) rose to EUR 150.3 million as of December 31, 2022 (previous year: EUR 138.4 million). Lease liabilities decreased by EUR 1.5 million to EUR 43.0 million over the same period (previous year: EUR 44.5 million). At the same time, cash funds rose to EUR 87.4 million as of the end of the reporting period (previous year: EUR 69.4 million). Overall, net debt declined from EUR 113.5 million to EUR 105.9 million in fiscal 2022.

In addition to its cash funds, the Allgeier Group had financial resources of EUR 129.3 million (previous year: EUR 17.0 million) at its disposal at the end of 2022 to continue its growth thanks to the syndicated loan facility increased in 2022 and the placement of the borrower's note loan other credit facilities. Furthermore, there is a facility of EUR 60.0 million in conjunction with the factoring of client receivables (previous year: EUR 40.0 million). EUR 49.0 million of the factoring facility was utilized as of December 31, 2022 (previous year: EUR 35.9 million).

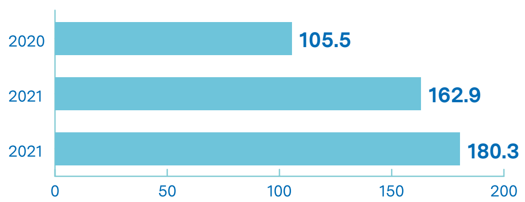
The net change in cash flows from operating activities, investing activities and financing activities, including dividends, is reflected in the statement of cash flows.

- The Group's continuing operations generated a cash flow from operating activities before changes in working capital of EUR 42.3 million (previous year: EUR 39.2 million) in fiscal 2022. Changes in working capital resulted in a negative cash flow of EUR 10.5 million (previous year: negative cash flow of EUR 10.5 million) as of the end of the reporting period. The change is essentially as a result of business growth and the higher operating receivables and liabilities this entailed. Including the cash flow from changes in working capital, this resulted in a cash flow from operating activities of EUR 31.8 million (previous year: EUR 28.7 million).

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



Equity as of Dec. 31 (in EUR million)



- The continuing operations of the Allgeier Group generated a cash outflow from investing activities of EUR 17.7 million (previous year: EUR 149.9 million) in fiscal 2022. This amount includes payments of EUR 7.3 million (previous year: EUR 5.2 million) for investments in non-current assets and payments of EUR 5.4 million (previous year: EUR 133.6 million) for acquisitions. Furthermore, there were payments for leases of EUR 11.3 million in the reporting year (previous year: EUR 10.7 million). The disposal of subsidiaries generated net proceeds of EUR 4.9 million in the period under review (previous year: EUR 0.0 million). There were also payments from sale-leaseback transactions of EUR 1.0 million (previous year: EUR 0.3 million).
- The continuing operations of the Allgeier Group made cash payments totaling EUR 1.2 million in conjunction with financing activities in fiscal 2022 (previous year: inflow of EUR 120.5 million). Loans of a net amount of EUR 7.5 million were repaid in fiscal 2022 (previous year: EUR 98.2 million). Dividends of EUR 5.7 million were distributed to the shareholders of Allgeier SE (previous year: EUR 5.7 million). The Allgeier Group paid interest of EUR 4.3 million in fiscal 2022 (previous year: EUR 1.9 million net). Net cash outflows from non-controlling interests amounted to EUR 6.2 million (previous year: cash inflow of EUR 27.0 million).
- The cash flows from operating, investing and financing activities in the Group's continuing operations resulted in a net increase in cash and cash equivalents of EUR 12.9 million in fiscal 2022 (previous year: decrease of EUR 0.7 million). As a result of capital inflows, cash and cash equivalents increased from EUR 54.5 million on December 31, 2021 to EUR 67.4 million as of the end of fiscal 2022.

The cash ratio (cash funds/current liabilities) rose to 67 percent as of December 31, 2022 (previous year: 62 percent) as a result of the fast rise in cash and cash equivalents coupled with the slow climb in current liabilities. The quick ratio (cash funds and trade receivables/current liabilities) was 118 percent as of the end of the reporting period (previous year: 118 percent).

2.3.3 Net assets

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

The Allgeier Group received assets (including purchased goodwill) of EUR 10.5 million (previous year: EUR 232.5 million) and liabilities including earn-out liabilities of EUR 4.0 million (previous year: EUR 88.7 million) from acquisitions in the past fiscal year. There were outflows of EUR 6.5 million for the acquisition of these companies (previous year: EUR 143.4 million). Furthermore, the Allgeier Group paid EUR 0.5 million for subsequent purchase price payments in connection with companies acquired in previous years (previous year: EUR 1.2 million).

Total assets amounted to EUR 512.8 million as of the end of 2022 (previous year: EUR 485.0 million). Non-current assets climbed to EUR 345.2 million (previous year: EUR 340.2 million). Within non-current assets, intangible assets in particular rose to EUR 282.9 million (previous year: EUR 281.1 million), while property, plant and equipment increased to EUR 9.4 million (previous year: EUR 7.6 million). Right-of-use assets from leases fell to EUR 39.7 million (previous year: EUR 41.3 million). Other non-current financial assets increased to EUR 9.9 million (previous year: EUR 8.4 million). Deferred tax assets rose to EUR 1.9 million at the end of 2022 as against EUR 1.3 million at the end of the previous year. Current liabilities increased to EUR 257.3 million as of the end of 2022 (previous year: EUR 251.5 million). Other intangible assets fell by EUR 4.0 million to EUR 25.6 million (previous year: EUR 29.6 million).

The investment ratio, calculated as the ratio of non-current assets to total assets, was 67.3 percent in fiscal 2022, and thus below the level of the previous fiscal year as a result of the slow rise in non-current assets (previous year: 70.1 percent).

Current assets climbed to EUR 167.6 million as of the end of the 2022 reporting period (previous year: EUR 144.8 million). Trade receivables increased to EUR 66.9 million (previous year: EUR 62.3 million). Cash funds amounted to EUR 87.4 million as of December 31, 2022 (previous year: EUR 69.4 million). All other current liabilities rose from EUR 13.0 million in the previous year to EUR 13.2 million as of December 31, 2022.

Consolidated equity amounted to EUR 180.3 million (previous year: EUR 162.9 million). Non-current and current liabilities rose by EUR 10.4 million to EUR 332.5 million as of the end of the reporting period (previous year: EUR 322.1 million). n the same period, the equity ratio climbed to 35.2 percent at the end of 2022 (previous year: 33.6 percent) as a result of the faster increase in equity compared to the rise in total assets.

Non-current liabilities fell by EUR 8.2 million over the past fiscal year to EUR 202.0 million as of the end of 2022 (previous year: EUR 210.2 million). The reduction is essentially on account of the reclassification of liabilities from acquisitions to current. Within non-current liabilities, non-current financial liabilities rose to EUR 130.4 million (previous year: EUR 123.5 million). Non-current lease liabilities fell to EUR 33.9 million (previous year: EUR 35.7 million). Other non-current liabilities declined by EUR 13.3 million to EUR 37.7 million in fiscal 2022 (previous year: EUR 51.0 million). Within this item, other non-current financial liabilities in particular fell by EUR 15.5 million to EUR 26.3 million as a result of acquisitions (previous year: EUR 41.8 million).

Current liabilities rose to EUR 130.5 million as of December 31, 2022 (previous year: EUR 111.8 million). Within current liabilities, financial liabilities climbed by EUR 4.9 million to EUR 19.8 million (previous year: EUR 14.9 million) as of the end of 2022, while current lease liabilities decreased by EUR 0.3 million to EUR 9.1 million (previous year: EUR 8.8 million). Other current liabilities rose by EUR 13.4 million to EUR 101.5 million (previous year: EUR 88.1 million). As a result of the slower rise in liabilities than total liabilities, the Group's gearing – the ratio of liabilities to total assets – decreased to 64.8 percent as of the end of fiscal 2022 (previous year: 66.4 percent).

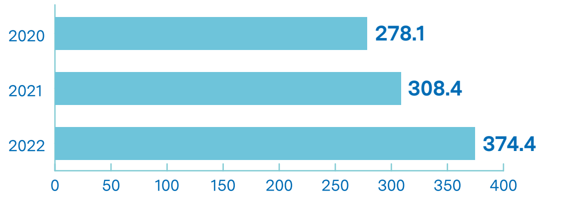
2.3.4 Segments

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

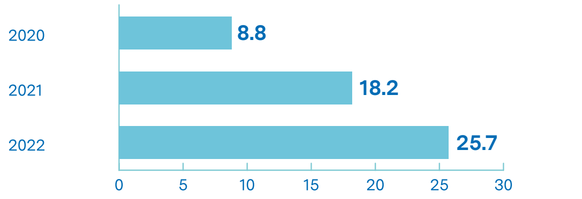
2.3.4.1 Enterprise IT segment

In terms of external revenue, the Enterprise IT segment contributed 78 percent (previous year: 76 percent) to the Allgeier Group's revenue from continuing operations in the reporting period.

Revenue of the Enterprise IT segment
(in EUR million)



EBIT of the Enterprise IT segment
(in EUR million)



The Enterprise IT segment continued its growth trajectory in fiscal 2022 as well. Earnings climbed at a very fast rate. The segment's revenue rose by 21.4 percent to EUR 374.4 million in the past fiscal year (previous year: EUR 308.4 million). The Enterprise IT segment's value added (defined as gross revenue less the costs directly attributable to revenue) rose by 24.4 percent to EUR 111.3 million (previous year: EUR 89.5 million), as a result of which the gross margin increased to 29.5 percent (previous year: 28.9 percent). The Enterprise IT segment's EBITDA amounted to EUR 45.4 million in the reporting year (previous year: EUR 30.2 million), an increase of 50.3 percent. Adjustment effects, which essentially comprise income from purchase price adjustments and costs for staff measures, amounted to EUR 1.1 million in total in fiscal 2022 (previous year: EUR -0.8 million). Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) rose by 43.4 percent year-on-year to EUR 44.3 million (previous year: EUR 30.9 million). This translates into an adjusted EBITDA margin of 11.7 percent (previous year: 10.0 percent). Segment depreciation, amortization and write-downs amounted to EUR 19.8 million in the reporting year (previous year: EUR 12.0 million). Segment EBIT rose by 40.8 percent from EUR 18.2 million in 2021 to EUR 25.7 million in the reporting year. The Enterprise IT segment's earnings before taxes amounted to EUR 24.1 million (previous year: EUR 14.0 million), a year-on-year increase of 72.1 percent.

2.3.4.2 mgm technology partners segment

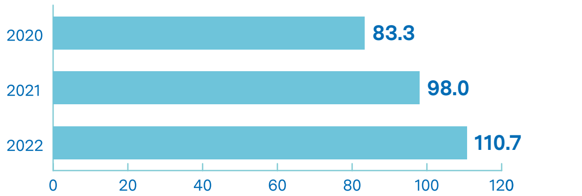
The mgm technology partners segment generated revenue growth and a slightly lower earnings margin in the reporting year. The segment accounted for 22 percent of the external revenue of the Allgeier Group's continuing operations in fiscal 2022 (previous year: 24 percent).

The mgm technology partners segment's revenue rose by 12.9 percent to EUR 110.7 million in fiscal 2022 (previous year: EUR 98.0 million). The segment's value added increased by 16.4 percent to EUR 46.4 million (previous year: EUR 39.9 million). As in the previous year, its gross margin was 40.7 percent (previous year: 40.7 percent).

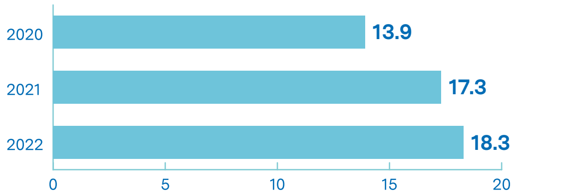
The segment's EBITDA climbed by 9.5 percent to EUR 24.4 million in the reporting year (previous year: EUR 22.3 million). The mgm technology partners segment reported a result from extraordinary and prior-period effects of EUR -0.1 million in fiscal 2022 (previous year: EUR 0.1 million). Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) amounted to EUR 24.5 million (previous year: EUR 22.1 million), an increase of 10.6 percent. This translates into an adjusted EBITDA margin of 21.5 percent (previous year: 22.6 percent).

Segment depreciation, amortization and write-downs increased to EUR 6.1 million in the reporting year (previous year: EUR 5.0 million), The segment thus generated EBIT of EUR 18.3 million (previous year: EUR 17.3 million), an increase of 6.2 percent. The segment's profit before income taxes increased by 6.6 percent to EUR 18.2 million (previous year: EUR 17.1 million).

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



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



2.4 Financial and non-financial performance indicators

2.4.1 Financial performance indicators

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

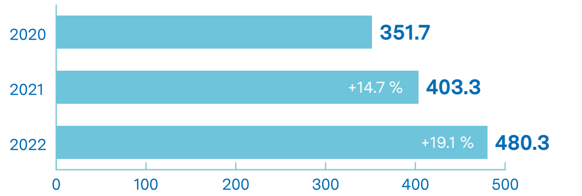
Revenue growth

Allgeier operates on the growing market of information technology. Worldwide, this overall market has already been growing faster than the economy as a whole for several years, and in some areas significantly so. This was apparent in the past fiscal year as well, when the IT sector significantly outpaced the economy as a whole with growth of 6.6 percent. Moving ahead, it is expected that information technology companies in particular will benefit from the ongoing trend towards business process digitalization. The digitalization requirements of private industry and the public sector alike were amplified again by the COVID pandemic.

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

The revenue from the Group's continuing operations has been as follows over the past few years:

Consolidated revenue (continuing operations in EUR million)

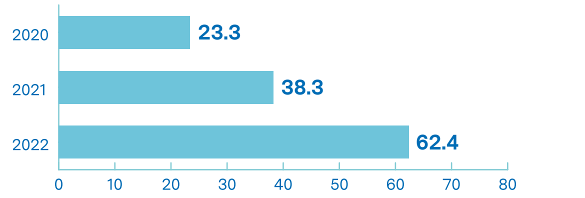


Profitability

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

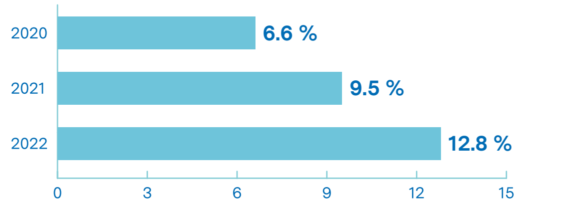
The EBITDA and EBITDA margin for the Group and its individual segments developed as follows:

EBITDA (continuing operations in EUR million)

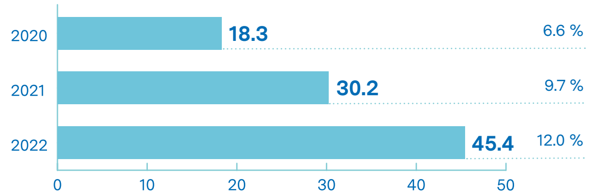


EBITDA margin

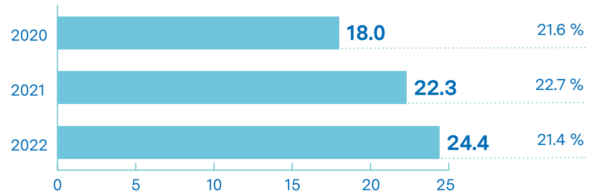
Group (continuing operations)



Enterprise IT segment (continuing operations in EUR million)



mgm technology partners segment (Continuing operations in EUR million)



Net debt

Net debt is highly relevant to Allgeier SE's valuation on the capital market and to our Group's further financing capability. Individual financing agreements require compliance with certain net debt thresholds. For this reason, the planning and management of net debt play a prominent role within the overall system of corporate planning and in financing decisions. The net debt relevant to financing agreements comprises financial liabilities and liabilities from leases less cash funds. Net debt declined to EUR 105.9 million as of the end of fiscal 2022 (previous year: EUR 113.5 million). Broken down, net debt consists of financial liabilities of EUR 150.3 million (previous year: EUR 138.4 million) and lease liabilities of EUR 43.0 million as of December 31, 2022 (previous year: EUR 44.5 million) and, offsetting this, cash of EUR 87.4 million (previous year: EUR 69.4 million). The Allgeier Group's gearing – the ratio of net debt to adjusted pro forma EBITDA – was thus 1.8 (previous year: 2.3). The pro forma earnings take into account the full-year earnings of the companies acquired during the fiscal year.

Growth through acquisitions

Another indicator of our Group development is the ability to take advantage of market consolidation through acquisitions. This not only accelerates growth but also the potential alignment and focusing of business activities. Allgeier has around 20 years of in-depth experience in implementing acquisition projects. We are recognized on the market as a potential purchaser of medium-size enterprises in Germany and abroad, and we have proven our ability to successfully integrate companies in a sustainable process, and to develop more growth. Over the years, we have steadily improved the process, which ranges from recording all acquisition candidates we are offered or which we actively identify, through to selection and execution of specific transactions. This process is supported by software tools and is now handled not only at Allgeier SE, but also with the involvement of the Group's operating segments.

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

Transactions (acquisitions)	
2020	SCUDOS software of IFASEC GmbH, Dortmund, and SCUDOS SYSTEMS GmbH, Dortmund (asset deal)
	eForce21 GmbH, Munich
	AURELO GmbH, Kiel
2021	publicplan GmbH, Düsseldorf
	Cloudical Deutschland GmbH, Berlin
	it-novum GmbH, Fulda
	MySign AG, Olten, Switzerland
	Clientis AG, Moosburg (Bavaria)
	Evora Group, Walldorf
2022	pooliestudios GmbH, Düsseldorf
	Quality First Software GmbH, Geretsried
	Höhn Consulting GmbH, Kiel

2.4.2 Non-financial performance indicators

Employee Satisfaction

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

2.5 Human resources

Allgeier relies on dedicated and loyal employees

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

Continuously fostering and developing the motivation and skills of our employees is therefore a central objective of our human resources policy. Allgeier has made good progress in the reporting year by further intensifying its employee recruitment and retention activities within the operating segments. We have expanded our international presence significantly in recent years, in Germany in particular, and also at our sites in Czechia, Vietnam and India. On our core market of German-speaking Europe (Germany, Switzerland and Austria), we are increasingly seeing shortages of highly qualified experts at central locations. For this reason as well, we are continuously investing in our employees to ensure the sustained growth of our Group and to keep valuable knowledge within the company. Moving ahead, this will entail a further rise in investment in ongoing employee training and continuing professional development. We also opened new locations in Spain, Portugal and Poland in order to tap further personnel resources.

A company's appeal – to both its existing workforce and to good applicants – is becoming an increasingly important competitive factor. Given the fast-moving nature of the IT sector, ongoing technical training and continuing professional development for employees is a key success factor in competing for the best employees. Staying on the ball technically is also crucial to satisfying rising client requirements and being able to help shape key innovations within the industry. 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 figures: Allgeier has a broad base of highly qualified IT and software experts and is expanding this nationally and internationally

In total, the Allgeier Group had 3,329 employees in continuing operations as of the end of fiscal 2022 (previous year: 2,937). As of the end of the fiscal year, Allgeier had 2,713 permanent employees in Germany (previous year: 2,448) and 616 permanent employees outside Germany (previous year: 501). The internationalization of our employee base is continuing: As of the end of fiscal 2022, 81.5 percent of all permanent employees were based in Germany (previous year: 83.4 percent).

The total number of employees rose by 392 in net terms (previous year: increase of 571, 510 of which from acquisitions). The headcount growth took place in both of the Group's segments. A further 76 jobs were created as a result of the acquisitions in fiscal 2022 (previous year: 510). As of the end of 2022, we employed staff from more than 20 different nations at our locations at home and abroad. In particular, the acquisition of Evora at the end of 2021 also brought us valuable market access and a large number of highly qualified specialists, including at locations in India, the US and Austria, which we intend to expand significantly in the years ahead. In the past fiscal year, we also opened locations in Spain, Portugal and Poland with which to continue our internationalization and to gain access to highly qualified employees in these regions.

In fiscal 2022, the share of women employees in our Group continued to rise to 29.0 percent (previous year: 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 also still have a high level of staff with university level qualifications, and this figure increased slightly over the past fiscal year. The share of graduates was 60.1 percent as of the end of the reporting period (previous year: 59.1 percent). In total, 91.7 percent of our employees hold a bachelor's/master's/doctoral degree, state-certified technician/master trades certificate, or have other qualified professional training (previous year: 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 share of female employees and those with higher qualifications encourage us in this endeavor.

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

Headcount on Dec. 31 (headcount)*	2020	2021	2022
Number of employees	2,366	2,937	3,329

*continuing operations of the Allgeier Group

3. Overall Statement on the Business Situation

The Allgeier Group has had a year of mixed impressions. Issues such as coronavirus, Russia's attack on Ukraine and high inflation affected our lives to an unexpected degree. At the same time, however, our business again proved extremely robust. We achieved significant double-digit growth in revenue and improved our earnings significantly.

We firmly believe that, in difficult times, it is more important than even to uphold our liberties, advantages and comforts with our forward-facing activities and shape the future for the better. We see this as our Group's shared mission, responsibility and motivation – and as a source of optimism and confidence for the future. We are grateful that our Group companies are performing well and that our many employees in various countries can enjoy a high degree of stability and support. We continued the development of our Group companies with joy and drive in the past fiscal year and made a great deal of forward progress in a challenging year. Through our services, we are known on the market for the digital transformation of business models, for professional IT services and state-of-the-art software solutions. We support our rapidly growing public sector client base at all federal levels with innovative solutions and comprehensive expertise in the digitalization of public administration. Every day, we help all our clients to rise to the challenges of digital transformation and to get their business in shape for the future. We have grown and succeeded in turning demand for our services into sustainable business. We have repositioned several areas of the Group to continue honing our future profile. Supplementary acquisitions have brought us new, highly qualified team members this year and greatly expanded our consulting and implementation expertise for the public sector and enhanced our capabilities for software testing and test automation.

In the continuing operations of the Allgeier Group, we are focusing on our sound market positioning and our capabilities in our Enterprise IT and mgm technology partners segments. In both segments, we made significant preparations for the future with tremendous commitment in 2022. The Enterprise IT segment further optimized its internal structures and processes in fiscal 2022, considerably enhancing its revenue and profitability even more thanks to its integrated product portfolio. We continued the expansion of our expertise and resources in the development of open source software solutions, in particular in conjunction with digital transformation projects in public administration, and we secured a considerable number of new projects and pitches in the public sector. We are working towards the segment's leading positioning on the market. To this end, we will be bundling our comprehensive service portfolio for the public sector in a new unit and under a new brand in the current year. Our mgm technology partners segment enjoyed an excellent performance in 2022. We achieved double-digit growth in revenue and the EBITDA margin was again above 20 percent. mgm systematically improved its in-house software-production processes. One highlight of this is the cross-project optimization made possible by the growing proliferation of the enterprise low-code platform mgm A12. By establishing an A12 license and partner model and designing training and onboarding activities, a big step has been taken in scaling the development of enterprise applications on the basis of the A12 platform. The first partners have entered the market with A12 offerings of their own and are cooperating with us on client projects. 2022 also saw the launch of new major public administration projects in which the A12 platform provides a key technical foundation. Looking ahead as well, mgm anticipates strong appeal and new project opportunities in the public sector especially, where high demand for solutions for administrative digitalization is undiminished. Register modernization, for example, is an administrative project for which the mgm A12 platform offers bespoke solutions and special opportunities. A12, which has already impressed a lot of clients in major invitations to tender, will thus play a central role in 2023 as well. Moreover, A12 can be marketed more broadly across various segments through the new partner program.

Consolidated revenue was increased significantly in the past fiscal year thanks to the successful performance of our segments. On a dynamic landscape, we also greatly improved our profitability. With an EBITDA margin of 12.8 percent, we generated a double-digit earnings margin in the fiscal year after 6.6 percent two years previously. The adjusted EBITDA margin is set to continue improving in the coming years. We generated gross revenue in continuing operations of EUR 487.3 million (previous year: EUR 404.3 million), an increase of 21 percent. The value added from continuing operations improved by 22 percent to EUR 157.3 million (previous year: EUR 129.2 million), as a result of which our value added margin rose to 32.3 percent (previous year: 31.9 percent). Adjusted EBITDA rose by 37 percent to EUR 61.5 million (previous year: EUR 45.1 million), expanding our margin significantly to 12.6 percent (previous year: 11.1 percent). EBITDA for the period grew significantly to EUR 62.4 million (previous year: EUR 38.3 million), an improvement of 63 percent with a margin of 12.8 percent. We thus generated EBIT of EUR 35.0 million (previous year: EUR 19.8 million), a year-on-year increase of 77 percent.

The basis for our growth is our stable and broad customer base, comprising corporations, mid-sized market and sector leaders and a large number of public sector contractors at all federal levels. All sectors of the economy and clients are united by a strong common demand for digital technologies, solutions and services for the digitalization of critical organizational processes. These software and IT services are highly sought-after and promise strong growth from which our Group companies can profit. The number of national and international clients with which our Group companies generated annual revenue in excess of EUR 1 million each also grew. Several awards attest to the successful work of our employees for our clients. We are especially pleased by the awards for several of our e-government solutions, which highlight our strong positioning with dynamic digitalization solutions for the public sector. On a hard-fought market for skilled specialists, we brought in many new team members for our Group in the past fiscal year and further increased the number of our highly qualified software developers in particular. We also saw growth in our share of women employees. Furthermore, we opened additional international locations that will allow us to recruit more staff in the coming years and to enhance our Group's performance and scalability.

We also continued the expansion of our capital market activities in fiscal 2022. We engaged in an intensive dialog with investors and analysts, and we took part in a number of investor conferences. Our borrowing situation was further improved by the expansion of our syndicated loan agreement and the issuance of a new borrower's note loan.

The software and IT world is still changing rapidly and significantly. Each year, we are called on as a group to find new technical and business answers. The rising investment in digital transformation – in both the private sector and public administration – offers a positive environment for this for our Group companies. Overall, we as a Group are excellently positioned to turn market opportunities and the requirements of our clients into growth in the coming years. We are continuing to build our expertise in both our operating segments and adding new software products and sought-after services in growth and future areas. We also have sufficient financial headroom to accelerate our organic growth with value-adding acquisitions moving ahead. On this basis, we are entering fiscal 2023 with good growth momentum and a solid financial foundation. Our portfolio is attractive. We are operating in a dynamic market environment and we have a broad, solid client base. We also intend to continue growing – both organically and through value-adding acquisitions – and to further enhance our income with intelligent innovations and focused investment.

4. Forecast, Report on Risks and Opportunities

4.1 Forecast

General economic forecast

The organic growth of the Group companies is largely dependent on the appeal of the products and services they offer and on clients' willingness to spend, which is influenced by the overall landscape of the economy as a whole, as well as that of the individual sectors and companies. In particular, the development of the software and IT services market in Germany and several other relevant markets is a meaningful benchmark for Allgeier's development as a provider of software and IT services for the digitalization of enterprise and administration processes.

Appreciable growth is not expected for the economy as a whole in Germany in 2023, but rather predominantly a minor recession. The main reasons for this are the consistently high energy prices in Germany, the lingering disruption of supply chains and the still high rate of inflation forecast for 2023 of around 6 percent. It is expected that steps to curb inflation, in particular further interest rate hikes, will continue to stifle economic growth. Only marginal economic growth of 0.3 percent is forecast for the EU and the euro area in 2023. Internationally, the World Bank is forecasting growth of 1.7 percent for 2023. A recovery and return to more economic growth is currently expected for all markets in 2024. Further details of the overall economic outlook can be found above in section 2.1.1. of this Group management report.

Forecasts for the IT industry

The consistently highly positive general outlook for the IT sector (see section 2.1.2 of this Group management report above) also has the companies of the Allgeier Group feeling confident as they enter 2023. The anticipated growth of more than 6 percent for the sector as a whole in Germany and the even higher expectations for software business (more than 9 percent) and the associated services shows that the major trend in the digitalization of all key business and administrative processes is still fully underway.

Investment by companies and public authorities in IT is continuing to rise. The Capgemini study "IT Trends 2023" highlights that, according to the CIOs and public authorities surveyed, 58 percent of companies and public authorities intend to increase their IT budgets, and more than a third even intend to do so by more than 10 percent. This is consistent with the assumption by more than 80 percent of CIOs surveyed that the strategic significance of IT in their respective companies will grow in the coming years and that further resources will therefore be required.

The research and consulting company Gartner likewise expects demand for IT to remain strong to advance digital business initiatives. New investment is being channeled towards the cloud environment in particular, as reflected by the forecast growth in software spending. The story is much the same for the official authorities. Gartner estimates that IT expenditure by official authorities will grow by 6.8 percent in 2023. This higher spending will go towards the modernization of old systems and the improvement of access to key services. Another key driver of IT expenditure, according to experts, will be the total experience framework (TX), which helps government agencies manage employee and citizen interactions. It is important to do away with the internal silo structures from legacy systems that still exist in many cases, as these are sometimes an obstacle to innovation and new ways of doing things. According to the Capgemini, additional demand is still being stimulated by sustainability efforts, and in particular the reduction of greenhouse gases. Companies have raised their sights for carbon savings from 37 percent to 42 percent per half-decade, and IT is expected to generate approximately 50 percent of this figure. Those benefiting from the climate transition are investing heavily in software and IT, and are growing customer groups for Allgeier's future.

The study's authors identified a stagnation in the intensity of use of smart systems in the past year. The biggest obstacle to growth in use is insufficient data availability, which has improved at companies but become worse at government agencies. The main reason for this at government agencies is statutory regulations, while at businesses the problem is still persistent data silos. However, businesses also increasingly see statutory regulations as a true obstacle in the use of smart systems. Nonetheless, it is the express will of user organizations to intensify the use of smart systems over the next two years. By far the greatest growth potential is anticipated in personalized clients services. This means that substantial elements of digitalization and thus the corresponding demand for support from software solutions and services still lie before us.

The trend in the use of cloud-based IT services is undiminished, the study continues. While approximately 60 percent of IT services had been cloud-based in the previous year, the figure is now already more than three quarters. A challenge lies in the high share (roughly 75 percent) of cloud applications that are not cloud-native and therefore cannot fully harness the technology's potential. This will mean further future potential as a result of the foreseeable technological transition, some of which will require reprogramming or the considerable revision of the business software.

This year, Capgemini sees the zero trust security concept, multi-cloud solutions, machine learning, robotic process automation and protection against threats from web-enabled devices (IoT) as the biggest trends in IT. At the other end of the list of the technologies asked about are virtual and augmented reality, mobile wallets, distributed ledger technology, graph databases and quantum computing. The strongest growth was in multi-cloud and preventive and predictive maintenance, the latter of which in particular is expected to see a strong surge in the coming years. Meanwhile, edge computing lost in relevance most significantly.

The companies of the Allgeier Group have long held a strong market position in many of these trending and growth areas. Many areas such as container cloud, one of the most important growth trends, were also 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 trends 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 constantly rising as well. 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 spring last year. With security solutions for IT and OT, comprehensive services and more than 15 years of experience in the IT security field, Allgeier has the potential to establish itself at the forefront of this area. Its service portfolio extends from vulnerability management to penetration testing and malware detection 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 equally from the general trend of digitalization and key technology trends. Allgeier has a successful handle on key growth areas and future technologies with its proprietary software solutions and the IT and software services that it offers.

At the same time, the coronavirus pandemic once again further amplified the need and pressure for digitalization both for businesses and for the public sector. In particular, a further surge in demand is expected in public administration, where Allgeier has been expanding its market position for years: The government and the states have defined joint action areas for the digitalization of administration in the national e-government strategy. The German Act on the Improvement of Online Access to Administrative Services (Online Access Act) had required the federal government, states and municipalities to offer their administrative services digitally as well by the end of 2022. The German government has also announced that, by 2025, it intends to bundle the procurement of its administrative IT and consolidate its information technology in order to enhance security and efficiency while also rising to the challenges of a digital administration. Only in November 2022, the states Bavaria, Schleswig-Holstein and Hesse requested an extension of the funding for administrative digitalization to avoid the project's failure. A suitable successor framework is currently being discussed at various levels to generate forward momentum in the still necessary digital transformation of public administration. In order to make progress in digitalization in Germany, BITKOM is calling on the German government to create an ambitious digital policy with a focus on administration, education, data rooms and infrastructure. The intended acceleration of administrative and approval processes should be implemented rapidly.

The Allgeier Group's Management Board expects IT dependency to continue to grow in 2023 in an increasingly globalized world. The forecast growth in the IT sector as a whole and its relevant sub-sectors supports this assumption. The growth rates are 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 Allgeier 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 software and IT services sector.

Forecast by the Allgeier Group

In line with the forecast development of the IT market, both in Germany and on other relevant markets, the Management Board rates the fundamental prospects for the ongoing growth of the Allgeier Group's business positively. Thanks to the distributed Group structure with various units that work very independently, the high diversification of the broad client base, the long-standing client relationships and visibility for the coming months, we do not anticipate any substantial cluster risks for our business.

The digitalization trend stemming from our clients is also our business engine. We operate in several areas that have enjoyed high growth for years. To name just a few examples:

- mgm technology partners has been a pioneer in digitalization for many years, in particular in the public sector and in creating complex online portals. The proprietary A12 enterprise low-code platform allows the extremely fast and reliable development and adjustment of complex, functional and secure applications. mgm expects that demand for industrialized software development will increase significantly moving ahead.
- Public sector spending on the digitalization of administration at all levels (government, states, municipalities) is immense and still rising. Special conditions play a role in this. One major issue is digital sovereignty, i.e. independence from individual and, in particular, foreign manufacturers. We are serving this requirement with the development of administration software on the basis of open source products. Our Group company publicplan is one of Germany's leading specialists in this field.
- Classic software products such as ERP systems are gaining new significance in conjunction with ongoing digitalization and the considerable networking with other software products. They are often a central element in the system landscape and, as such, have to satisfy new requirements for connecting with other systems and the cloud. Our Group companies Allgeier inovar and Evora are specialists in this.
- Goods and services are increasingly being offered on dynamic online portals. Issues such as e-commerce are thus taking on new significance. Existing systems have to satisfy a variety of new requirements, which often necessitates their replacement or further development. The software solutions of mgm technology partners and Allgeier inovar are leaders in this area.
- Virtually all key software applications will be offered from the cloud moving ahead. The underlying cloud technology is transforming in turn. This requires the considerable adjustment of existing software solutions and systems. Comprehensive transformation projects are needed. Furthermore, new services are emerging in the operation of applications in the cloud: managed services. In addition to mgm and publicplan, the Group companies Cloudical and Allgeier IT Services specialize in this as well.
- Data security and cybersecurity are becoming increasingly important and are no longer a fringe issue. The specialist products and services of our Group company Allgeier CyRis help clients to achieve a requisite level of protection and to protect themselves against specific threats.

One challenge for our Group companies is the shortage of qualified IT and software specialists. We are continuously intensifying our recruitment activities and also internal training and professional development in addition to making jobs at Allgeier companies more attractive. Further steps include broadening the employee base in other countries such as India, Vietnam, Southwest or Eastern Europe and acquisitions of companies with correspondingly qualified employees.

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

The current planning for fiscal 2023 shows a consistently positive trend. We are therefore planning revenue of between EUR 500 and EUR 540 million for fiscal 2023. Both segments of the Group are set to contribute to the planned revenue growth. According to Group planning, Allgeier SE's forecast adjusted EBITDA for 2023 will be between EUR 65 million and EUR 71 million. The corresponding adjusted EBITDA margin is expected to grow slightly to 13 percent.

In the medium term, the Management Board is aiming for an annual organic growth rate of 10 percent to 15 percent for the coming three-year period. Within this period, the adjusted EBITDA margin should continue to rise to 15 percent.

All forecast figures relate exclusively to the organic development of the Group as it is currently composed with no further changes in its portfolio. Future acquisitions in the individual segments could generate an additional contribution to growth.

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

- The Enterprise IT segment is planning for adjusted revenue of between EUR 380 and EUR 410 million with adjusted EBITDA of EUR 50 to EUR 54 million. The adjusted EBITDA margin is expected to approach a level of 13 percent.
- The mgm technology partners segment is planning further revenue growth to between EUR 120 and EUR 130 million with adjusted EBITDA of EUR 25 to EUR 27 million. The adjusted EBITDA margin should be around 21 percent.

Disregarding potential acquisitions, the Allgeier Group does not intend to accumulate any further net financial liabilities in fiscal 2023.

Expansion of our expertise and services in areas in which we can generate high value added for our clients and strong growth; further transformation of core business with a focus on technologically state-of-the-art software solutions and associated services

The following still applies to 2023: Our primary objective is the sustainable development of our Group, our business areas and our enterprise value. While this is happening, the Group will become more attractive to employees and clients, with improved performance. As a major mid-market player, we see ourselves as an established and reliable partner with close proximity to clients, but also with the potential to offer these qualities in major, long-term projects and at an international level as well. A broad, increasingly international performance capability and equal technological sophistication are needed, while geographical proximity is a bonus.

Our specific goals for 2023 are to further hone our focus within the segments and to continue their organizational development. We are thus aiming to further establish ourselves as one of the top performers on the German IT and software services market – with all the drive, solutions expertise and excellence that unite our different business areas: with the broad human capital, scalability and regional coverage plus comprehensive IT and digitalization expertise.

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

In our Enterprise IT segment, we offer clients an extensive portfolio of software and IT services for major digitalization projects and long-term managed services and maintenance agreements. The segment has far-reaching expertise in the German-speaking world and pronounced industry expertise, including in digitalization projects for public sector clients. Using secure, dependable and highly available solutions for public administration at all federal levels, we help them advance the digitalization of their services for private citizens and businesses. In 2021, our Group company publicplan already won the eGovernment Award twice for its Wirtschaftsportal. NRW project. We deliver a similarly strong and constantly growing expertise to our enterprise and SME clients as well. In the Enterprise IT segment, we wish to continue our development as a holistic provider of software-based solutions and services, to become an end-to-end-service provider offering a full range of products and services for the digitalization of critical business processes:

Its range extends from consulting and managed services, enterprise software applications, business efficiency solutions, business process management and enterprise content management to cloud and mobile applications, IT security and open source software solutions, especially in the key growth market for public administration where the segment is positioned as an innovation leader. With its comprehensive portfolio, the Enterprise IT segment assists private and public sector clients in their digital transformation and the optimization of their digital business processes along the entire value chain. In this segment we can utilize a large pool of resources with highly qualified IT and engineering experts, thereby ensuring a high level of scalability and flexibility in project implementation and support. With its full service and solution portfolio, Enterprise IT intends to continue outpacing the average growth of the sector and to further expand its market position in the DACH region. In this segment, we intend to leverage our extensive, long-standing customer base of around 500 large enterprises, high-performing SMEs and public sector contractors, and to benefit from the consistently high demand for digitalization among our customer industries – including the public sector particularly. Besides open source software development, there are especially opportunities in areas such as cybersecurity, e-commerce, container cloud and SAP, where we have invested heavily in our ongoing technological development and steadily built up our expertise and resources. The new international locations will also serve as a basis for further growth.

Our mgm technology partners segment is an international software provider that ranks among the leading providers for e-government solutions in Germany. mgm offers an integrated range of services extending from the internally developed enterprise low-code A12 platform to the complete handling of individual enterprise projects and the secure operation of the software in a state-of-the-art cloud infrastructure. At mgm, sustainable software engineering means taking responsibility in the long term and refining complex enterprise applications. mgm is chosen for large and long-lasting software projects in particular with a focus on scalability, security and reliability, e.g. for ELSTER Online, Lidl or Allianz. This makes mgm a strong partner for commerce, insurance and the public sector – which are all expected to experience strong momentum in digitalization in the coming years. Together with the dedicated service portfolio of the subsidiaries mgm consulting partners (management consulting), mgm security partners (security), mgm integration partners (SAP) and QFS (test automation), mgm thus covers the full range for digitalization projects: From digital consulting and software development and integration, SAP, S4/HANA through to infrastructure, managed services and cloud.

Despite the fierce competition, mgm technology partners anticipates strong appeal and new project opportunities in the public sector especially. While the bill for an amended Online Access Act (OZG 2.0) releases government from the set deadlines, the high demand for solutions for the major challenges of administrative digitalization will persist. Register modernization, for example, is an administrative project for which the mgm A12 platform offers bespoke solutions and special opportunities. A12 has already impressed a lot of clients in invitations to tender in fiscal 2022 and will play a central role in 2023 as well. The MODUL-F project supported by mgm with A12 software took first place in the 2022 e-government contest. The new partner program with which the A12 enterprise low-code platform can be marketed more broadly across various segments will take on greater significance. QFS, which was acquired in 2022, also provides a strong basis for the future expansion and development of expertise, products and services in the field of quality assurance in enterprise software development. This directly affects other efforts to expand and develop all cross-project areas and components of the software development process in the service portfolio.

Further targeted acquisitions are also an express part of the growth strategy in 2023. We are leveraging the advancing consolidation of the market, driven by technological development and the increasing intensity of cooperation with clients.

4.2 Risk management

4.2.1 Internal control and risk management system

The Allgeier Group's business activities expose it to a variety of risks. We define risks in the broadest sense as the possibility that we may not achieve our financial, operational or strategic goals as planned. Our risk management system helps us to create and preserve sustainable enterprise value. We thereby achieve enhanced resistance to events that can affect us negatively, both within the Group's companies and at the level of the Group as a whole.

Identifying relevant risks early on, eliminating or mitigating them with suitable management measures and monitoring them on an ongoing basis is essential to ensuring the company's long-term success. The early detection of negative developments requires an effective risk management system with functional risk management processes that aid the early and regular analysis and assessment of all risks. To this end, we have established processes that regularly identify and structure all relevant risks in addition to analyzing, assessing and actively managing them on the basis of the best available information. The active use of risk management integrated into business processes helps us to safeguard individual Group companies and the Group as a whole as a going concern by enabling us to achieve sustainable results and avoid costly errors. We see risk management as a key component of our valuable corporate governance. Risk management in this context is not a standalone activity and it also cannot be considered separately from business operations and processes. Rather, the circumstances, requirements and resources of the individual Group companies and the Group as a whole must be considered at all times. We have combined the elements of a top-down and bottom-up approach and applied tiered risk management and control systems at the level of Allgeier SE's Management Board and Group controlling, and at the level of the operating segments on the one hand and individual Group companies on the other. We also ensure that risk management activities are regularly reviewed.

Our risk management and control systems are subject to continuous further development and adaptation in line with changing requirements for the Group and the environment in which it operates. Sustainability risks and supply chain risks are now also incorporated. Risk management enables appropriate risk aggregation and fast response times for the necessary steps. Risk management satisfies the requirements of the German Act to Strengthen Financial Market Integrity (FISG). Allgeier SE's Supervisory Board regularly assesses the effectiveness of the risk management system.

Allgeier SE has set up an internal audit department to assess the appropriateness and effectiveness of its internal control system. The results of the audit procedures, in particular the deficiencies identified in risk management and the internal control system, are documented and reported to the Management Board in suitable form. In addition, control mechanisms are being harmonized within the operating Group companies in order to reduce operating business risks and to enhance the security and efficiency of business processes as well as the reliability of accounting.

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

Group controlling and risk management exists at the level of Allgeier SE. This system is based on integrated planning, controlling and reporting instruments that ensure ongoing business analysis of the operating segments and the individual companies through to Group level. At the level of Allgeier SE, the system incorporates all the monthly business data of every Group company (statement of financial position and income statement figures in particular). We monitor and review the liquidity of all Group companies on a monthly basis. Furthermore, we gather performance data such as contribution margins, order backlog, incoming orders and headcount, from the individual companies as part of an established routine and enter them in a business intelligence system.

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

Allgeier SE is working with those in charge of risk management and the internal control system at the Group companies on an ongoing basis in order to further expand and continuously improve the risk management and internal control system. A software-based risk assessment is performed throughout the Group. In this context, we analyze the risk assessments submitted by the responsible Management Board members and managing directors at the Group companies on the basis of a standardized catalog of risks and individual risks broken down by the various risk classes, including the probability of occurrence, the amount of loss and interactions with other risks. We use company-wide, uniform methods to enable risk assessment comparability across all segments.

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

Compliance

Compliance is an issue closely linked to risk management. Business activities are subject to a variety of legislative and regulatory requirements. Compliance with these requirements is a foundation of sustainable business. Given the great importance of this issue in Germany and internationally, compliance is also a key matter for the Management Board and Supervisory Board. The compliance management system of the Allgeier Group is based on a five-pillar model:

Leadership

Managers, above all the management teams of all Group companies, are responsible for good and responsible leadership in line with regulations. The Management Board and the Supervisory Board, and the other executives of the Group, are therefore expected to live by our values.

Risk assessment

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

Standards and controls

This pillar comprises the elements derived from the risk assessment to establish the compliance organization and its documentation. An extensive Code of Conduct and the Allgeier Compliance Guideline apply to the entire Allgeier Group. This guideline sets out binding minimum standards from which Group companies are only permitted to deviate with more stringent individual regulations and content. The implementation of and adherence to the Compliance Guideline is ensured in particular by semi-annual reporting requirements and review by the appointed compliance officers at Allgeier SE.

Training and communication

Raising employee awareness about existing risks is a primary objective of effective compliance training and compliance communication. The goal is to minimize such risks, as threats are identified and breaches and losses can thus be avoided. Communication thereby makes the necessary risk monitoring easier, as a greater awareness of compliance issues within the company enhances the probability that the compliance officer in charge is advised of relevant incidents. Employee awareness is taught in both classroom and online training. The subjects taught are typically dependent on the respective employees' assigned duties. Moreover, managers and employees receive Legal & Compliance newsletters on current compliance issues and developments, plus special newsletters when relevant issues arise.

Monitoring, auditing and response

This pillar focuses on relevant activities pertaining to the monitoring, review and assessment of the compliance management system and reporting on the compliance management system itself. Defined ad hoc and random spot checks and audits help the Group to identify potential vulnerabilities in the compliance system and thus compliance violations early on. Appropriate measures are taken in the event of a compliance violation being detected. The Group has a central office known to all employees for reporting compliance violations or relevant suspicions. Such tip-offs can also be submitted anonymously.

Data protection

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

- reduction of compliance risks by ensuring conformity with the respective data protection standards in effect throughout the Group
- the ability to demonstrate compliance with data protection standards
- leveraging the advantages resulting from Group data protection management
- definition and implementation of a uniform minimum Group data protection standard, resulting in an intensive and productive dialog between responsibilities at Allgeier SE and at the level of the Group companies

Information security

Comprehensive compliance also entails the consideration of information security requirements. A Chief Information Security Officer (CISO) has been appointed for the general coordination of information security at the level of Allgeier SE for the Group as a whole. The creation and implementation of an Allgeier Security Guideline was a key step. This represents the minimum Group-wide standard for information security. The aim is to ensure an adequate level of security with the greatest possible operational independence for the individual business units. In order to create a consistent security and regulation structure, the regulations for information security are closely interlinked with those for compliance and data protection. The Security Guideline, which is based on ISO 27001, is, at its core, a management process with the components of the PDCA cycle. In particular, risk management identifies and handles information security risks as well and compiles them for the Management Board of Allgeier SE. A Group-wide warning service and management process was introduced to ensure a quick response to potential incidents. This ensures that potential security incidents are handled sustainably in particular. The companies of the Allgeier Group have each appointed an Information Security Officer (ISO) to implement the Allgeier Information Security Guideline.

4.2.2 Internal control and risk management system for the Group accounting process

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

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

4.3 Risks

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

4.3.1 Market and strategic risks

4.3.1.1 Economic environment

Our economic environment is largely defined by the development of the global digitalization trend driven by technology and efficiency gains on the one hand and by the economic development of our client groups on the other.

The market landscape for Allgeier is very much influenced by the global trend of digital transformation. This trend is ensuring that virtually all business models are changing and are 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 on the market and can bring pressure to bear on our clients with a slower rate of digitalization.

Our clients are mostly dependent on the economic development of their relevant markets. The economic wellbeing of our clients influences their spending on IT and digitalization and thus, indirectly, our business. The same is also true for public sector contractors, which have much to do regarding the digitalization of their services and that are also influenced by the respective budget situation at federal, state and municipal level. Our business, which essentially consists of providing services for industrial and commercial companies, and also for public sector contractors, is thus directly and indirectly influenced by the general economic developments that our clients are exposed to and that affect our clients in different ways. An ongoing cautious, volatile or even recessionary development on the markets can result in individual clients reducing (at least partially) their budgets for software and IT services. This can have a negative impact on the state of our business and on our financial position and performance.

Climate risks – in connection with global warming and its consequences for people, companies and individual markets – do not primarily affect the business of the Group and its companies. On the contrary, these risks could even amplify the need for digitalization among our customers and generate corresponding demand for our solutions and services. Also, new business areas and opportunities are arising, for instance in the field of renewable energies, from which Allgeier can benefit. Allgeier already focuses on customers in the renewable energies sector and the solutions and services that it offers make it a part of the energy transition to reduce global carbon emissions. The corresponding opportunities for the Allgeier Group are described in more detail in section 4.4.3 Technologies and markets.

Specific risks such as the effect of the COVID pandemic, the Ukraine war or climate risks from global warming and the measures taken to curb these have not had any particular negative effect on the business of the Allgeier Group and its companies to date and are not expected to do so in the years ahead. For one thing, we are protected from the cluster risks that can arise for individual sectors or regions by the broad diversification of our individual client groups and clients. For another, in some cases phenomena such as the pandemic and sweeping changes with the aim of a more sustainable global economy even amplify and accelerate our clients' need for digitalization. The generates corresponding demand for our solutions and services. Risks factors are thus also giving rise to new business opportunities, for instance in the field of renewable energies or cybersecurity, from which Allgeier can benefit. The corresponding opportunities for the Allgeier Group are described in section 4.4.3 Technologies and markets.

There is still the risk that individual clients or client groups could be more severely impacted by external macroeconomic risk factors such as supply chain disruption, consistently high energy prices or ongoing inflation. This can affect our revenue with these clients and thus business performance in individual periods. Fundamentally, however, we do not see this is a major risk. A more significant impact on our the state of our business and on our financial position and performance would only be feasible in the event of a broad, far-reaching and longer-lasting recession.

The high inflation since 2022 is also causing our costs to increase as a result of the rising salary level and higher associated costs. This could reduce our profit margins accordingly, which can have a negative effect on our financial position and performance. However, in the industry as a whole, inflation is also causing prices to rise for the services we offer. This goes for software products as well as hourly or daily rates. What matters is that our services and products, and the achievements in digitalization that they support, provide our clients with sufficiently high value added. This also improves clients' acceptance of rising prices.

4.3.1.2 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 advancing rapidly, which means both risks and opportunities at the same time. 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 on the one hand while also cutting costs on the other. 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 financial position and performance.

4.3.2 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. Also, a system failure, in particular as a result of hacking, entails a reputation risk for our organization. To improve our defenses against these risks, we have implemented a Group-wide information security policy with minimum standards. The information security policy is regularly improved and serves as a benchmark for the annual information security reviews at the Group companies. 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 ourselves and provide to clients to improve their IT security, in particular by identifying vulnerabilities and defending against attacks, for internal purposes as well. The security measures intended to minimize 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 a possible threat. Allgeier SE has Group-wide cybersecurity insurance that covers all Group companies in order to further protect it against risks. Thanks to Allgeier SE's distributed organization as companies that act largely autonomously, the IT systems and infrastructures are predominantly operated independently of each other. This affords natural risk diversification.

4.3.3 Operating risks

4.3.3.1 Personnel

Our qualified and responsible employees are a key success factor for our companies. This applies not only to members of management and other executives, but also to all employees and experts at our Group companies. In Germany, and also in other countries, there is now a significant shortage of qualified personnel in the field of IT and software, above all in specialized technological areas. 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. We are countering this risk with improved and augmented recruitment activities, by investing more in employee training, offer very attractive employment terms and we have implemented various employee retention programs. A modern culture with the chance to work on exciting projects and continuous professional development are essential factors. A shortage of management and IT specialists can slow our business development and thus negatively influence our financial position and performance. These effects can also be temporarily triggered by a significant increase in absence due to illness, as recently happened in the fourth quarter of 2022 and repeatedly so during the COVID pandemic.

So as to respond flexibly to developments and client demand in individual projects, the individual companies of the Allgeier Group regularly also use freelance experts to a significant extent or even third-party companies as subcontractors as well as temporary employees. These contract models give rise to legal and financial risks if the contract structure, engagement performance or operations management of such personnel is not carried out with the requisite due diligence (see also section 4.3.5.2 Regulatory and compliance risks). This can necessitate subsequent corrections and additional payments of social security contributions or taxes. We counter this risk with established processes and controls covering the entire project cycle. This can nevertheless have a negative impact on financial position and financial performance.

4.3.3.2 Clients

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. This can occur, for example, owing to business difficulties on the client side, personnel changes, especially at client management level or the associated changes to business strategy, 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 70 clients in fiscal 2022 (previous year: 57). In fiscal 2022, the Group's companies together generated revenue of EUR 214.4 million (previous year: EUR 195.1 million) with the Group's ten largest clients, corresponding to 45 percent of the Allgeier Group's total revenue from continuing operations (previous year: 48 percent). We generated 14 percent of revenue from continuing operations with the single largest client (previous year: 13 percent). It has already become evident in previous years that the loss of parts of such projects can have a significant impact on the Group company concerned. However, experience has also shown that the 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 it quickly enough, this can have a negative impact on the state of our business and on our financial position and performance.

4.3.3.3 Products, technology and expertise

IT trends and technology leadership continue to mean both risks and opportunities. Recognizing and seizing on these trends early on is of immense importance to maintaining competitive capability. Technological transformation and shifting requirements, in terms of IT security and data protection, require constant innovation and investment with all due speed. This also applies to the refinement of our own software products, which are exposed to liability and warranty risks if they do not function properly or as contractually agreed. 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 take are executed before a product is delivered. However, our Group companies also have to rely on partner firms or subcontractors in some cases. Even though 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 financial position and performance.

4.3.3.4 Contracts and projects

In the context of operating activities, the Allgeier Group companies sometimes assume contractual liability or provide guarantees in contracts with customers – for fixed price calculations for project orders or certain service levels, for instance. Good corporate organization and project management, including efficient risk management, are crucial in this regard. In some cases, specific legal risks 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 cases, which would negatively influence the financial result of the contract in question or even lead to losses. Project liability risks can also not be entirely ruled out. If specific risks arise from contractual liabilities, appropriate provisions are recognized at the respective companies. The occurrence of such contract and project risks can have a negative impact on the state of our business and on our financial position and performance.

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

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

4.3.4 Financial risks

4.3.4.1 Liquidity and credit risks

On the one hand, the Allgeier Group still possesses a high level of cash funds of EUR 87.4 million as of December 31, 2022 (December 31, 2021: EUR 69.4 million). There are also interest-bearing financial liabilities of EUR 150.3 million as of the end of the reporting period (December 31, 2021: EUR 138.4 million), essentially consisting of the new revolving credit facility agreed in 2022, the new borrower's note loan issued and liabilities from factoring client receivables. When due, these loans must be repaid either from refinancing yet to be secured or from company funds. There is a risk that, when due, it will not be possible to repay these loans entirely from the company's own funds, and that sufficient refinancing will not be available in time.

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. Using its reporting system, the Group monitors the financial position and financial performance of all subsidiaries on a monthly basis, and manages its financial risks with the help of accounting ratios and ongoing income and accounting forecasts, focusing in particular on the short-term and medium-term development of liquidity. Planned acquisitions by Group companies are only carried out when the financing of these companies does not result in a notable increase in liquidity or credit risks. The effects of planned acquisitions on the liquidity and credit situation are simulated and tested for feasibility in integrated financial planning in order to better judge the liquidity or credit risks of new acquisitions. Nevertheless, the unforeseen underperformance of an acquired company 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, the Ukraine war and its consequences for the economy. Risks of default are covered by insurance at some subsidiaries. The occurrence of one or more of the above risks can have a negative impact on the state of our business and on our financial position and performance.

4.3.4.2 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. The Allgeier Group uses derivative financial instruments if 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. By entering into an interest rate swap of EUR 50 million in the first half of 2022, the Allgeier Group is hedging the current rise in interest rates and thus reducing its interest rate exposure. 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 headroom 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. EUR 31.0 million of the borrower's note loan has a fixed coupon and is thus also protected against rising interest rates.

In addition to its cash funds, the Allgeier Group had the unutilized credit facility under the syndicated loan of EUR 126.6 million and additional credit facilities of EUR 2.7 million at its disposal as of December 31, 2022. Furthermore, various Allgeier companies also have access to factoring facilities of up to EUR 60.0 million for client receivables. Factoring of EUR 49.0 million was in use as of December 31, 2022.

4.3.5 Legal and regulatory risks

4.3.5.1 Legal risks

There are legal risks in contracts with clients, suppliers and subcontractors in the context of operating activities. Such risks can include liability and warranty risks or risks of cost overruns on individual projects (see 4.3.3.4 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. When negotiating major project contracts and in conjunction with public invitations to tender, our internal processes stipulate a review and approval procedure in consultation with the respective legal departments. We conduct comprehensive due diligence of contract conditions before carrying out corporate transactions. If we are unable to counter the legal risks in an appropriate manner, this can have a negative impact on the state of our business and on our financial position and performance.

4.3.5.2 Regulatory and compliance risks

Changes in legislation or the interpretation of laws can affect the revenue and profitability of the Group's companies. 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. Besides the effect of price increases, in particular compliance aspects can also lead to a change in the risk situation if, for example, new court rulings lead to new requirements for hiring freelance subcontractors and, as a result, this affects assessments by government agencies. As this typically does not entail clear statutory stipulations, but rather assessments of individual situations that are later generalized for other circumstances, there is the risk that new requirements are recognized too late or not comprehensively and are embedded in internal processes. As a result, subsequent external audits could identify breaches that lead to subsequent liability and additional payments of social security contributions or taxes. Such additional payments can negatively affect the financial position or financial performance of the Group company in question in the period in which the audit takes place and the payment orders are issued. This risk can also arise as a result of individual project activities that use freelance experts or subcontractors and take place deep in the client's landscape, thereby considerably influencing day-to-day operations. This increases the difficulty in ascertaining whether all compliance requirements are actually upheld during a project's performance. Detailed regulatory requirements also apply to dispatching employees to clients for the performance of IT projects. However, unlike when using freelancers, clear statutory regulations apply in such cases, hence there is greater legal certainty and it is only a question of close compliance and implementation, which we ensure with standardized processes and documentation.

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

4.3.6 Overall assessment of the Group's risk position

The risks most relevant to the Allgeier Group have been presented in "4.3.1 Market risks and strategic risks", "4.3.2 Information security risks", "4.3.3 Operational risks", "4.3.4 Financial risks" and "4.3.5 Legal and regulatory risks". With regard to their probability of occurrence and possible impact, we believe that the risks arising from the economic environment, market trends, recruitment and the constant rise in compliance requirements are currently the most significant.

Our risk and control systems are reviewed and adjusted on an ongoing basis in order to appropriately take into account the various internal and external factors that influence the Group's risk situation. Allgeier's risk situation has become more pronounced in the past year as a result of the risks described above. At the present time, we have not identified any risks that – individually or collectively – could jeopardize the continued existence of our Group as a going concern. By sparring with the Management Board of Allgeier SE, the management teams of the Group companies refine their business models in line with the corresponding risk analysis with the aim of avoiding the negative effects of risks and leveraging the corresponding opportunities.

4.4 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 the business development already specifically planned. Above all, the Management Board anticipates these opportunities regarding the following aspects:

4.4.1 Acquisitions

Other than the acquisitions already carried out, the business plan for fiscal 2023 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. However, with due regard to the risks from acquisitions described above, they are also a major opportunity for accelerating the Group's growth and its targeted, strategic expansion. Similarly, other shifts within the portfolio, such as the disposal of individual business areas, can mean opportunities for a reorientation of the Group. In the past year, we significantly added to our expertise and resources in the development of open source software solutions and our expertise in digitalization consulting for the public sector with the acquisitions of pooliestudios GmbH, Cologne, and Höhn Consulting GmbH, Kiel. mgm technology partners' acquisition of Quality First Software GmbH, Geretsried, is an investment in our ongoing technological development in the areas of software development, software test automation and quality assurance.

4.4.2 Employees

As the Group grows, the factors that make our companies attractive to new employees improve as well. The chance to work on complex and challenging projects, and the superior expertise this entails, are a growing incentive for new employees to work for Allgeier. In particular, the prospect of actively helping to shape future value added and success attracts managers who can significantly enhance our teams and augment the Group. This also applies to new employees who join us through acquisitions. In this context, it will also be essential to establish or 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 have already significantly increased the number of employees at these international locations in fiscal 2022. New locations have been added, for instance for Evora in Spain or mgm technology partners in Portugal. We intend to continue expanding locations in the years ahead and to open additional international locations.

4.4.3 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 in 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. 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 predominantly therefore no longer a cost factor, but rather a basic requirement for functional business models and a means for 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 for trend technologies. The IT industry is subject to considerable upheaval that, alongside the risks described, means enormous opportunities for the future. Entirely new business areas with major growth potential and the chance to stand out from the competition are emerging. Here, too, acquisitions 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 Deutschland GmbH, Berlin, in fiscal 2021, which has since brought the Group valuable expertise with regard to the next generation of the cloud. The necessary transformation of existing cloud environments and the global trend of comprehensively shifting software operations to the cloud will generate new projects for many years to come, and will necessitate corresponding adjustments to existing software solutions for all clients. Moreover, demand for the services of our cybersecurity unit has increased significantly as a result of the recent rise in cyberattacks. We intent to invest heavily in order to develop and significantly expand this business. A key future trend is data, its storage, secrecy and security against alteration. We can already comprehensively serve the demand for such services today with our security portfolio.

Also, new business opportunities are arising in conjunction with the global climate crisis, for instance in the field of renewable energies, from which Allgeier can benefit. Allgeier is participating in the energy transition and global carbon reduction through the solutions and services that it offers. Allgeier is expanding these business areas and its portfolio on an ongoing basis. Following 2020's acquisition of AURELO GmbH, Kiel, the leading ERP provider for companies in the renewable energies sector, we are focusing more on clients in this sector so central to climate protection. We have since integrated the company into Allgeier inovar unit to further hone its support for the renewable energies sector with ERP and other software solutions, thus making a contribution to climate protection. By acquiring the asset and field service management specialist Evora as of the end of 2021, Allgeier gained further valuable access to markets and customers in the field of renewable energies. Evora is promisingly positioned in the pioneering field of energy provider digitalization and also offers innovative digital maintenance and service processes for clients in the renewable energies sector in particular. We secured leading providers of renewable energies as new clients in the past fiscal year.

In 2022, mgm technology partners substantially refined its proprietary A12 software platform and began selling the platform as a pure-play software license or subscription model. As an enterprise low-code platform, A12 is riding the trend of efficient and automated software development that, in addition to giving clients the chance to design detailed applications of their own, above all also affords considerable efficiency and time benefits in the digitalization of administration or business processes.

Allgeier SE is planning to elevate its participation in the opportunities described, to leverage market opportunities and to continue expanding its market position in the years to come.

4.4.4 Processes and systems

Finally, we also anticipate good opportunities for our future development in the continuous improvement of our internal organization and cooperation through the improvement of the systems in use and the processes defined. Investment in uniform systems only becomes reasonable and affordable as size increases. 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, for example, in sharing expertise or available resources or in relation to the client, and to the more efficient implementation of client projects and the quality of our work.

5. Takeover Disclosures (in accordance with section 289a and section 315a HGB) and Explanatory Report (Component of the Group Management Report)

5.1 Composition of issued capital

The issued capital of Allgeier SE amounted to EUR 11,427,513 as of December 31, 2022 (previous year: EUR 11,408,513) and was divided into 11,382,513 no-par registered shares. Each share accounts for a notional amount of the share capital of EUR 1.00. All the no-par shares of the company belong to the same class of shares. The shares are fully paid in.

The issued capital of Allgeier SE was increased by the allocation of 19,000 new registered no-par shares from Contingent Capital 2010 (pre-emption shares) in fiscal 2022.

The shares of Allgeier SE closed at EUR 28.35 in Xetra trading on the Frankfurt Stock Exchange on December 30, 2022. In the previous year, the shares closed at EUR 55.80 on December 30, 2021.

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

5.2 Restrictions on voting rights or the transfer of shares

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

5.3 Interests exceeding 10 percent of voting rights

The following persons have informed us (as of December 31, 2022) that their direct or indirect interests in the share capital exceed 10 percent of the voting rights of Allgeier SE based on the total number of voting rights of 11,427,513:

- Lantano Beteiligungen GmbH, Munich, directly holds an interest of 25.71 percent.
- The Chairman of the Supervisory Board, Mr. Carl Georg Dürschmidt, Germany, indirectly holds an interest of 25.71 percent through Lantano Beteiligungen GmbH, Munich.
- Dr. Christa Kleine-Dürschmidt, Germany, directly and indirectly holds an interest of 27.66 percent in total through Lantano Beteiligungen GmbH, Munich.
- Ms. Linda Müller-Dürschmidt, Germany, directly and indirectly holds an interest of 25.71 percent in total through Lantano Beteiligungen GmbH, Munich.
- Ms. Laura Pirkl-Dürschmidt, Germany, indirectly holds an interest of 25.71 percent through Lantano Beteiligungen GmbH, Munich.
- Mr. Detlef Dinsel, Germany, directly and indirectly holds an interest of 13.71 percent.

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

5.4 Shares with special rights granting control

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

5.5 Type of voting right control when employees hold an interest in the share capital and do not exercise their controlling rights directly

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

5.6 Statutory regulations and provisions of the Articles of Association for the appointment and dismissal of members of the Management Board and the amendment of the Articles of Association

The requirements for appointing and dismissing members of the Management Board and for amending the Articles of Association are based on the provisions of the Articles of Association, the Regulation on the Statute for a European Company, the German SE Implementation Act and the German Stock Corporation Act. In accordance with Article 9.1 of our Articles of Association and Article 39 of the Regulation on the Statute for a European Company, the Management Board consists of one or more persons; the number of members of the Management Board is determined by the Supervisory Board.

In accordance with Article 9.3 of our Articles of Association and section 84 of the *Aktiengesetz* (AktG – German Stock Corporation Act), the Supervisory Board can appoint a Chairman of the Management Board. If a necessary member of the Management Board is lacking, the court must appoint this member in urgent cases at the request of a party involved in accordance with section 85 AktG. In accordance with Article 39 of the Regulation on the Statute for a European Company and section 84 AktG, the Supervisory Board can revoke the appointment of members of the Management Board and the Chairperson for cause. In accordance with Article 46 of the Regulation on the Statute for a European Company and Article 9.2 of our Articles of Association, members of the Management Board are appointed for a maximum of six years. Reappointment is permitted in accordance with Article 46 of the Regulation on the Statute for a European Company and Article 9.2 of our Articles of Association. The Supervisory Board appoints the members of the Management Board by way of resolution with a simple majority of the votes cast.

Amendments to the Articles of Association require a resolution by the Annual General Meeting. In accordance with Article 59 of the Regulation on the Statute for a European Company, section 51 of the German SE Implementation Act and Article 23.2 of the Articles of Association, a resolution to amend the Articles of Association, insofar as no mandatory legal regulations exist to the contrary, requires a majority of two thirds of the votes cast or the simple majority of the votes cast provided that at least half of the share capital is represented. The Articles of Association thus utilize the option provided by section 51 of the German SE Implementation Act. A larger majority is prescribed by section 51 of the German SE Implementation Act, for example, to change the purpose of the company or to relocate the registered office to another Member State. In accordance with Article 18.2 of the Articles of Association and section 179 AktG, the Supervisory Board is authorized to resolve amendments to the Articles of Association that only affect their wording.

5.7 Authorization of the Management Board to issue or repurchase shares

5.7.1 Authorized capital

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

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

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

5.7.2 Contingent capital

By way of resolution of the Annual General Meeting on June 17, 2014, the share capital of the company can be contingently increased by up to EUR 140,000 by issuing up to 140,000 new no-par registered shares (Contingent Capital 2014). Contingent Capital 2014 is intended to serve all 140,000 outstanding options to issue up to 140,000 new no-par registered shares. 140,000 of these options are outstanding.

By way of resolution of the Annual General Meeting on June 8, 2021, the share capital of the company can be contingently increased by up to EUR 940,000 by issuing up to 940,000 new no-par registered shares (Contingent Capital 2021). Contingent Capital 2021 is intended to serve 940,000 options under the 2021 stock option plan that can be issued by the company by June 7, 2026. 910,000 of these options are outstanding.

5.7.3 Treasury shares

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

The company does not hold any treasury shares.

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

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

If sold by means other than on the stock market or by way of an offer to all shareholders, particularly in the four above cases, the disposal price must not be more than 5 percent less than the market price of the shares of the company as of the time of the disposal. The relevant stock market price for the purposes of this regulation is the arithmetic mean of the closing prices of the company's shares in XETRA trading on the Frankfurt stock exchange (or a comparable successor system) over the last three trading days before the disposal of the shares. Shareholders' pre-emption subscription rights are thus disapplied. This authorization is limited to a maximum of 10 percent of the share capital of the company

at the time that the authorization is exercised. In the event of the disposal of treasury shares to third parties against cash payment or by means other than on the stock market or by way of an offer to all shareholders, this limit includes shares issued or sold during the term of this authorization in accordance with section 186(3) sentence 4 AktG, with the corresponding changes, with pre-emption rights disapplied by this date, or relating to conversion/pre-emption rights for warrant or convertible bonds issued during the term of this authorization until the date of its utilization, with pre-emption rights disapplied, in accordance with section 186(3) sentence 4 AktG, either directly or with the corresponding changes.

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

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

5.8 Significant agreements of the company subject to a change of control following a takeover bid

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

5.9 Agreements by the company with the members of the Management Board or employees for compensation in the event of a takeover bid

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

6. Corporate Governance Declaration in accordance with section 289f and section 315d HGB

The corporate governance declaration in accordance with section 289f and section 315d of the *Handelsgesetzbuch* (HGB – German Commercial Code) is a component of the management report; however, the information it contains is not included in the audit in accordance with section 317(2) sentence 3 HGB. The corporate governance declaration in accordance with section 289f and section 315d HGB can be found in the corporate governance report below (section B.1.9).

Consolidated Non-Financial Statement in accordance with section 315b HGB

The consolidated non-financial statement in accordance with section 315b HGB for fiscal 2022, including the extended reporting requirements of Article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852) can be found at https://www.allgeier.com/en/investor-relations/reports/

Remuneration Report

The remuneration report of Allgeier SE for fiscal 2022 can be found on the company's website at https://www.allgeier.com/en/investor-relations/corporategovernance/

Munich, April 13, 2023

Dr. Marcus Goedsche
Member of the Management Board

Hubert Rohrer
Member of the Management Board

B. Corporate Governance

1. Corporate Governance Report

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

1.1 Corporate charter of the societas europaea (SE)

Allgeier is a European company, a societas europaea (SE). As a European company, in addition to the provisions of German stock corporation law, Allgeier SE is subject to the specific European and German regulations for European companies. The essential characteristics of a German public stock corporation, in particular the dual management system consisting of a Management Board and Supervisory Board, were retained. Cooperation between the Management Board and Supervisory Board is geared towards the interests of the company and the shareholders in the successful ongoing development of the Allgeier Group's existing business and sustained growth in the Group's value through further acquisitions. At the same time, the Group's strategic direction is also subject to regular review and adjusted as necessary. The Management Board and Supervisory Board work together closely in the interests of the company.

1.2 The Supervisory Board

The Supervisory Board of Allgeier SE had three members as of December 31, 2022. The Annual General Meeting on June 30, 2022 resolved to increase the size of the Supervisory Board to four members. Mr. Detlef Dinsel resigned as the Chairman and a member of the Supervisory Board as of September 30, 2022, with the result that the Supervisory Board again had three members as of the end of 2022. Two of the three members of the Supervisory Board as of the end of 2022 were elected by the Annual General Meeting on June 29, 2018. The term of office of these members of the Supervisory Board of Allgeier SE ends at the end of the Annual General Meeting for fiscal 2022. A member of the Supervisory Board was elected at the Annual General Meeting on June 30, 2022. Their term of office ends at the end of the Annual General Meeting for fiscal 2026. On March 8, 2023, at the request of the Management Board, the Munich Local Court appointed Mr. Detlef Dinsel to the Supervisory Board in accordance with section 104 AktG, with the result that the Supervisory Board has again had four members since that date. The Supervisory Board advises the Management Board in the management of the company and monitors its activities. An Audit Committee has been formed. In addition to the responsibilities established by law, such as appointing the members of the Management Board and establishing the remuneration system for members of the Management Board, monitoring the company's business development including planning for future fiscal years, reviewing risk management and the internal control system, auditing and approving the annual financial statements and the proposal for the appropriation of net retained profits, the Supervisory Board essentially deals with matters that require the approval of the Supervisory Board in accordance with the Articles of Association of the company and the Rules of Procedure for the Management Board. One focus of the Supervisory Board's work is to discuss and make decisions on acquisition projects. The Supervisory Board is also involved in all decisions of fundamental importance to the company, such as strategic development or significant individual issues. To this end, there is a regular exchange of information between the Management Board and members of the Supervisory Board, in particular the Chairman of the Supervisory Board. Details of the cooperation between the members of the Supervisory Board are set out in the Rules of Procedure for the Supervisory Board. The Supervisory Board has set itself various goals: Its primary objective is to ensure that the Supervisory Board comprehensively fulfills its statutory advisory and monitoring duties in the proposed composition and that its members have the necessary knowledge, skills and experience to perform their duties optimally and responsibly. For Allgeier SE, whose Articles of Association stipulate a Supervisory Board of four members, this specifically means that the Supervisory Board should have the following qualifications in particular if possible (skills profile): the qualification as an independent finance expert expressly required by law, the ability to assess companies in the service sector (not limited to just the IT business), the ability to assess acquisition opportunities in Germany and abroad together with corresponding transaction experience and experience with the organization and procedures of a fast-growing Group with a holding structure. Furthermore, the composition of the Supervisory Board must make it possible for the Supervisory Board to work efficiently and for its members to have adequate capacity for this responsibility.

The Supervisory Board must also have an adequate number of independent members. The Supervisory Board deems that a member is not independent if, for example, the member has a personal or business relationship with Allgeier SE that could give rise to a substantial and not merely temporary conflict of interests. As the Supervisory Board has three members as of the end of 2022, there should be at least one independent member of the Supervisory Board. Moreover, the Supervisory Board must not include more than two former members of the Management Board.

A further objective of the Supervisory Board is to ensure that, in future appointments, preference is given to similarly qualified candidates who enrich the Supervisory Board in terms of their gender, nationality or other characteristics in the interests of achieving the desired diversity. However, the Supervisory Board does not consider rigid quotas to be an appropriate tool.

The Supervisory Board has implemented its own objectives as described below:

In its resolution regarding nominations, in addition to the statutory requirements and the requirements of the German Corporate Governance Code and the Rules of Procedure for the Supervisory Board, the Supervisory Board paid particular attention to its stated objectives. As of the end of 2022, the members of the Supervisory Board were Mr. Carl Georg Dürschmidt (since July 7, 2022), Mr. Thies Eggers and Mr. Christian Eggenberger. Mr. Detlef Dinsel was a member of the Supervisory Board until September 30, 2022. On March 8, 2023, at the request of the Management Board, the Munich Local Court reappointed Mr. Detlef Dinsel to the Supervisory Board in accordance with section 104 AktG. Mr. Dürschmidt, Mr. Eggers and Mr. Dinsel are German citizens and Mr. Eggenberger is a Swiss citizen. They are members of different professions and have many years of international experience, in particular in the service sector, in M&A business and in auditing.
For further details on the composition of the Supervisory Board, please refer to the notes to the consolidated financial statements under F. Other Disclosures, IV. Executive bodies of Allgeier SE. Information on specific activities can be found in the Supervisory Board's report.

1.3 The Management Board

The Management Board is responsible for the management of the company. It manages the company on its own responsibility. The members of the Management Board are Dr. Marcus Goedsche and Mr. Hubert Rohrer.
Dr. Goedsche and Mr. Rohrer each have individual signing authority. In its function as an executive body of the Allgeier Group, the Management Board is responsible in particular for the strategy for the Group's ongoing development and works toward the goal of creating sustainable value added and increasing the value of the Group. The principle of joint responsibility applies, i.e., the members of the Management Board are jointly responsible for managing the company as a whole. Given the corporate structure of the Allgeier Group and the specific position of Allgeier SE as a holding company with the associated tasks, there was no strict assignment of duties within the Management Board in the past fiscal year in the manner commonly seen in companies with a traditional management structure. However, the duties and responsibilities within the Management Board are assigned on the basis of appropriate focal points and technical qualifications. The Management Board did not form any committees on account of its size.
Key decisions, e.g. concerning proposed acquisitions, are made by the Management Board as a whole in consultation with the Supervisory Board.
The details of cooperation within the Management Board and with the Supervisory Board are set out in the Rules of Procedure for the Management Board. In addition to Article 13 of Allgeier SE's Articles of Association, the Rules of Procedure for the Management Board also contain a list of transactions for which the Management Board requires the approval of the Supervisory Board. With respect to the function as shareholders or supervisory bodies of the Group companies, the Management Board of Allgeier SE performs a controlling, coordination and management function to the extent permitted by law. For further details on the composition of the Management Board, please refer to the notes to the consolidated financial statements under F. Other Disclosures, IV. Executive bodies of Allgeier SE.

1.4 Annual General Meeting

Our shareholders exercise their rights at the Annual General Meeting. The Annual General Meeting, at which the Management Board and the Supervisory Board answer to the shareholders on the past fiscal year, is held within the first six months of the following fiscal year. Each share confers one vote in votes on resolutions at the Annual General Meeting. We support voting by our shareholders by providing a voting rights representative who exercises voting rights solely according to the instructions of the respective shareholders. The Annual General Meeting elects the members of the Supervisory Board. The Supervisory Board of Allgeier SE had three members as of December 31, 2022. On March 8, 2023, at the request of the Management Board, the Munich Local Court appointed Mr. Detlef Dinsel to the Supervisory Board in accordance with section 104 AktG, with the result that the Supervisory Board has again had four members since that date. Two of the three members of the Supervisory Board as of December 31, 2022 were elected by the Annual General Meeting on June 29, 2018. The term of office of these two members of the Supervisory Board of Allgeier SE ends at the end of the Annual General Meeting for fiscal 2022. A member of the Supervisory Board was elected at the Annual General Meeting on June 30, 2022. Their term of office ends at the end of the Annual General Meeting for fiscal 2026. The Annual General Meeting adopts resolutions on the appropriation of net retained profits, the formal approval of the actions of the Management Board and the Supervisory Board and the appointment of the auditor. Furthermore, the Annual General Meeting is responsible for adopting resolutions on amendments to the Articles of Association, corporate actions, company agreements and the remuneration of the Supervisory Board.

1.5 Shareholdings of the Management Board and the Supervisory Board

On December 31, 2022, the members of the Management Board directly held a total of 200,041 (previous year: 247,541) shares of Allgeier SE. On December 31, 2022, the members of the Supervisory Board directly and indirectly held a total of 3,293,326 (previous year: 1,952,064) shares of Allgeier SE.

1.6 Directors' dealings

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

1.7 Comprehensive and transparent communication

We provide shareholders, shareholder representatives, analysts, the media and interested members of the public with regular and timely information on current business developments and the situation of the company. The various stakeholder groups are treated equally. With the annual report, the half-yearly financial report and two voluntary interim business statements, we reported to our shareholders in particular on current business developments and the financial position and financial performance four times in the past fiscal year.
We also make extensive use of our website to inform our shareholders and all other persons associated with the company, e.g. by publishing a financial calendar, ad hoc disclosures (disclosure of inside information in accordance with Article 17 of the Market Abuse Regulation), investor presentations and press releases in addition to our financial reports.

1.8 Accounting and auditing

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

1.9. Corporate Governance Declaration in accordance with section 289f and section 315d HGB (Component of the Group Management Report)

The corporate governance declaration in accordance with section 289f and section 315d of the *Handelsgesetzbuch* (HGB – German Commercial Code) is a component of the management report; however, the information it contains is not included in the audit in accordance with section 317(2) sentence 3 HGB.

1.9.1 Declaration of compliance in accordance with section 161 AktG

Allgeier SE complies with the principles, recommendations and suggestions of the German Corporate Governance Code of April 28, 2022, promulgated by the Federal Ministry of Justice in the official section of the Federal Gazette on June 27, 2022, with the following exceptions:

Recommendation C.7

Mr. Carl Georg Dürschmidt resigned from the Management Board of Allgeier SE in September 2021. The two-year cooling off period was therefore not yet over when he was elected to the Supervisory Board by the Annual General Meeting in June 2022. He was elected to the Supervisory Board by the Annual General Meeting in June 2022 having been nominated by a shareholder with more than 25 percent of the voting rights. This therefore constitutes an exception in accordance with section 100(2) no. 4, second half of sentence, AktG.
The composition and terms in office of the Supervisory Board are as stipulated by the Articles of Association. Details on terms in office and reappointment can be found in Section V.

Recommendation D.2 and recommendation D.4

The Supervisory Board had three members as of the end of 2022. It has formed the Audit Committee stipulated by law. There are no other committees.

Recommendation F.2

Allgeier SE reserves the right to utilize the statutory time limits for the publication of the mandatory financial reports in each case if this is required in order for the financial statements and reports to be prepared and reviewed properly.

1.9.2 Information on corporate governance practices and the working methods of the Management Board and the Supervisory Board

1.9.2.1 Shareholders and the Annual General Meeting

Our shareholders exercise their rights at the Annual General Meeting. The Annual General Meeting of Allgeier SE is held within the first six months of the fiscal year. The Annual General Meeting is chaired by the Chairman of the Supervisory Board. For details of the duties of the Annual General Meeting, please see above under B.1.4 Annual General Meeting.

1.9.2.2 The Supervisory Board

The central duty of the Supervisory Board is to monitor and advise the Management Board. The Supervisory Board of Allgeier SE consists of four members who are elected by the shareholders at the Annual General Meeting. The Supervisory Board of Allgeier SE has formed a committee to prepare certain types of transactions and the associated resolutions as well as to monitor the discussions. For details of the duties of the Supervisory Board, please see above under B.1.2 The Supervisory Board.

Members of the Supervisory Board and their skills profile:

As of December 31, 2022, the members of the Supervisory Board of Allgeier SE were responsible for the following areas.

The Supervisory Board of Allgeier SE

Name	Area of qualification
Carl Georg Dürschmidt	▪ Governance ▪ Mergers & Acquisitions ▪ Strategy & Business Development ▪ Market & Market Environment ▪ Accounting ▪ Sustainability/ESG
Christian Eggenberger	▪ Accounting ▪ Marketing & Sales ▪ Digital Transformation
Thies Eggers	▪ Audits of Financial Statements ▪ Accounting ▪ Financial Reporting

Meetings of the Supervisory Board:

The members of the Management Board attend the meetings of the Supervisory Board if so determined by the meeting's chairperson. Members of the Management Board can be invited to committee meetings at the request of the chairperson of the respective committee; the Management Board reports on individual items of the agenda and proposed resolutions in addition to answering the questions of the individual members of the Supervisory Board. The members of the Supervisory Board receive an invitation and an overview of all items of the agenda, as well as reports, information and detailed documents on the proposed resolutions, no later than two weeks before each meeting. The Supervisory Board can adopt urgent resolutions by way of circulation.

Supervisory Board communications:

The Chairman of the Supervisory Board regularly meets with the Management Board and discusses current issues with it. Beyond these meetings, the Management Board reports to the Chairman of the Supervisory Board on current developments orally and in writing. Each year, the Chairman of the Supervisory Board explains the activities of the Supervisory Board and its committees in its report to the shareholders in the annual report and at the Annual General Meeting. On request, the Chairman of the Supervisory Board will meet with relevant investors to discuss issues specific to the Supervisory Board. The Chairman of the Supervisory Board will inform the Management Board and the shareholders in the report of the Supervisory Board if such talks have taken place.

Self-assessment of the Supervisory Board:

The Supervisory Board regularly performs a review of its activities, the organization and procedure of its meetings, including their preparation, information provided by the Management Board and other aspects (self-assessment in accordance with D.12 of the German Corporate Governance Code). As a result, the Supervisory Board determines where any changes should be made to procedures or it determines that no changes are necessary.

1.9.2.3 The Management Board

The Management Board is the governing body of the Group, performs its transactions and is bound to the interests and business policy principles of the Company in conjunction with the provisions of stock corporation law. It reports to the Supervisory Board regularly, promptly and comprehensively on all key issues of business performance, corporate strategy and potential risks. For details of the duties of the Management Board, please see above under B.1.3 The Management Board.

Succession planning

The Supervisory Board also ensures long-term succession planning together with the Management Board. The Supervisory Board regularly discusses this with the Management Board. Together, the Management Board and the Supervisory Board evaluate the suitability of potential succession candidates and discuss how suitable internal candidates can be developed. The Supervisory Board also regularly reviews the size and composition of the Management Board. To this end, the Chairman of the Supervisory Board discusses in particular with the Management Board which knowledge, experience and professional or personal skills the Management Board should possess with a view to the strategic development of the Company and the extent to which the Management Board is already appropriately comprised according to these requirements. The Supervisory Board also pays attention to diversity. As a decision-making criterion, the Supervisory Board interprets diversity as meaning different, mutually complementary profiles and professional experience, including in an international setting, different personalities, an appropriate representation of genders and a sufficient range of ages.

Areas of responsibility of the Management Board

As the Management Board currently only has two members, they are both equally responsible for all areas. Areas of responsibility have not been formally assigned, though main areas of work have been coordinated.

1.9.2.4 Transparency

The business situation and the results of Allgeier SE are reported on in the annual and half-year financial report, the voluntary interim statements and at conferences and in talks with analysts and investors. Information in also published in ad hoc disclosures and press releases. All reports, presentations and disclosures can be found on the Internet at https://www.allgeier.com/en/investor-relations. Allgeier SE has produced an insider list in accordance with the Market Abuse Regulation. The relevant persons are informed of their statutory duties and sanctions. We publish disclosures on reportable managers' transactions in accordance with Article 19 of the Market Abuse Regulation immediately after receiving notification.

1.9.2.5 Accounting and auditing

The consolidated financial statements are prepared in accordance with IFRS. After being prepared by the Management Board, the consolidated financial statements are audited by the auditor and approved by the Supervisory Board. The consolidated financial statements are published within 120 days of the end of the fiscal year.

It was agreed with the auditor that the Chairman of the Supervisory Board or the Chairman of the Audit Committee will be informed without delay of any grounds for exclusion or exemption or of any inaccuracies in the declaration of compliance that arise during the course of the audit. The audit company reports to the Chairman of the Supervisory Board without delay on any findings or events significant to the duties of the Supervisory Board that arise during the performance of the audit.

1.9.2.6 Performance indicators and control system

Allgeier SE has established value-based performance indicators for its strategic objectives. These performance indicators are described above in the Group management report under A.2.4. The internal control system and the risk management system are described under A.4.2.1 above.

1.9.2.7 Diversity/diversity concept

Our employees are our Group's most valuable capital. Their expertise, their motivation, their solidarity and also their dedication drive our business forward every day. Our employees form the basis for our business success, both now and in the future. We practice common values and act in the overall interests of the Allgeier Group in line with sustainable principles. The way we work together is characterized by a sense of responsibility, respect and mutual esteem. We reject and do not tolerate any form of discrimination. Diversity and the diversity concept are described in detail under B.1.10 below.

1.9.2.8 Other corporate governance practices

The Allgeier Group performs its business in a commercially viable and sustainable manner while promoting ethical, social and environmentally conscious conduct. Further information and details of its strategy and activities can be found in the consolidated non-financial statement in accordance with section 315b HGB.

1.10 Diversity and disclosures on the participation of women in management

Diversity is an enrichment for our Group. At the Allgeier Group companies, people from a wide range of different origins, cultures and religions work together in different countries. We are committed to preserving and implementing values that promote diversity and equal rights in the workplace, and to cultivating diversity as a company wherever it is able to do so. The Allgeier Group believes in the right to equality and the dignity of all people. All our employees receive the same work opportunities and prospects, and no one is discriminated against on the basis of their membership of a group, the color of their skin, their marital status or family situation, parental status or origin, income, religion, gender, age, national origin, disabilities, sexual orientation, state of health or veteran status. Our corporate culture is characterized by intercultural collaboration in highly international mixed teams across our locations. Affirmative action for gender diversity matters to us. We firmly believe that this also makes a key contribution in combating the shortage of skilled workers in our sector, and gives us an edge in recruiting sought-after specialists as an attractive employer. The Group has continued to become more international in the past fiscal year, and we employed staff from more than 20 different nations at our locations at home and abroad as of the end of 2022. Our Group also has a high share of female employees compared to the average for the sector, which we have steadily increased to 29.0 percent in recent years (previous year: 28.3 percent). Generally, our goal in filling management positions is to give preference to similarly qualified candidates who offer an enrichment in terms of their gender, nationality or other characteristics in the interests of achieving the desired diversity. This applies in particular to the participation of women in management. Accordingly, the company will continue to look at whether the share of women in management can be increased with suitable candidates moving ahead. However, the company does not consider rigid quotas to be an appropriate tool. In general, appropriate qualifications are the deciding criterion for filling management positions.

2. Takeover Disclosures (in accordance with section 289a and section 315a HGB) and Explanatory Report (Component of the Group Management Report)

Takeover disclosures (in accordance with section 289a and section 315a HGB) and the explanatory report can be found in the Group management report (section A.5).

Consolidated Financial Statements of Allgeier SE

for fiscal 2022 in accordance with IFRS

Consolidated Statement of Financial Position of Allgeier SE, Munich, as of December 31, 2022

Consolidated Statement of Financial Position (in EUR thousand)

Assets	Note	December 31, 2022	December 31, 2021
Intangible assets	1.	282,910	281,124
Property, plant and equipment	2.	9,413	7,630
Right-of-use assets from leases	3.	39,742	41,308
Non-current contract costs	4.	431	0
Other non-current financial assets	5.	9,878	8,399
Other non-current assets	6.	968	419
Deferred tax assets	7.	1,884	1,330
Non-current assets		**345,226**	**340,211**
Inventories	8.	2,521	1,230
Current contract costs	4.	144	0
Contract assets	9.	3,379	2,476
Trade receivables	10.	66,942	62,346
Other current financial assets	5.	1,497	1,946
Other current assets	6.	4,385	5,765
Income tax receivables		1,301	1,496
Cash	11.	87,421	69,409
Assets held for sale		0	111
Current assets		**167,589**	**144,779**
Assets		**512,815**	**484,990**

Consolidated Statement of Financial Position (in EUR thousand)

Equity and liabilities	Note	December 31, 2022	December 31, 2021
Issued capital	12.	11,428	11,409
Capital reserves	13.	71,363	71,249
Retained earnings	14.	102	102
Profit carryforward	16.	22,084	19,888
Profit or loss for the period		21,604	11,801
Changes in equity recognized directly in equity	17.	5,147	487
Equity interest of shareholders of the parent company		131,728	114,936
Equity interest of non-controlling interests	18.	48,608	47,969
Equity		**180,336**	**162,905**
Non-current financial liabilities	19.	130,437	123,500
Non-current lease liabilities	20.	33,912	35,734
Long-term provisions for post-employment benefit costs	21.	1,134	1,133
Other long-term provisions	22.	325	331
Non-current contract liabilities	9.	952	88
Other non-current financial liabilities	23.	26,275	41,802
Deferred tax liabilities	7.	8,981	7,652
Non-current liabilities		**202,015**	**210,240**
Current financial liabilities	19.	19,830	14,885
Current lease liabilities	20.	9,120	8,810
Short-term provisions for post-employment benefit costs	21.	22	125
Other short-term provisions	22.	16,206	17,948
Current contract liabilities	9.	5,411	6,762
Trade payables		28,274	25,073
Other current financial liabilities	23.	30,434	18,025
Other current liabilities	24.	6,075	4,688
Income tax liabilities		15,093	15,419
Liabilities held for sale		0	111
Current liabilities		**130,464**	**111,846**
Equity and liabilities		**512,815**	**484,990**

Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from January 1, 2022 to December 31, 2022

Consolidated Statement of Comprehensive Income (in EUR thousand)		Total		Discontinued operations		Continuing operations	
Income statement	Note	January 1, 2022 to December 31, 2022	January 1, 2021 to December 31, 2021	January 1, 2022 to December 31, 2022	January 1, 2021 to December 31, 2021	January 1, 2022 to December 31, 2022	January 1, 2021 to December 31, 2021
Revenue	26.	480,364	403,606	42	281	480,322	403,325
Other own work capitalized		6,929	997	0	0	6,929	997
Other operating income	27.	7,949	5,885	168	257	7,781	5,628
Cost of materials	28.	174,112	156,592	0	14	174,112	156,578
Staff costs	29.	223,968	188,233	14	266	223,954	187,967
Impairment on trade receivables and contract assets		744	1,382	0	-1	744	1,383
Other operating expenses	30.	35,659	26,013	1,842	269	33,817	25,743
Earnings before interest, taxes, depreciation and amortization		**60,758**	**38,266**	**-1,646**	**-11**	**62,404**	**38,277**
Depreciation, amortization and impairment	31.	27,360	18,511	1	10	27,359	18,501
Results of operating activities		**33,398**	**19,756**	**-1,647**	**-20**	**35,045**	**19,776**
Finance income	32.	2,772	3,780	0	0	2,772	3,780
Financial expenses	33.	7,447	3,441	0	63	7,447	3,378
Net income from investments accounted for using the equity method	34.	0	-15	0	0	0	-15
Earnings before taxes		**28,723**	**20,080**	**-1,647**	**-83**	**30,370**	**20,163**
Net income taxes	35.	-8,190	-7,687	-7	-18	-8,183	-7,670
Profit for the period before gains and losses on disposals		**20,532**	**12,393**	**-1,654**	**-101**	**22,187**	**12,494**
Discontinued operations:							
Earnings from discontinued operations before taxes		4,118	0	4,118	0	0	0
Earnings from discontinued operations		**4,118**	**0**	**4,118**	**0**	**0**	**0**
Total operations:							
Earnings before taxes		32,841	20,080	2,471	-83	30,370	20,163
Net income taxes		-8,190	-7,687	-7	-18	-8,183	-7,670
Profit for the period after gains and losses on disposals		**24,651**	**12,393**	**2,464**	**-101**	**22,187**	**12,494**
Profit for the period after gains and losses on disposals attributable to:							
shareholders of the parent company		21,604	11,801	2,464	-101	19,140	11,902
non-controlling interests		3,046	592	0	0	3,046	592
Basic earnings per share:							
Average number of shares outstanding weighted pro rata temporis		11,417,935	11,397,258	11,417,935	11,397,258	11,417,935	11,397,258
Earnings per share in EUR	36.	1.89	1.04	0.22	-0.01	1.68	1.04
Diluted earnings per share:							
Average number of shares outstanding weighted pro rata temporis		11,791,682	11,546,417	11,791,682	11,546,417	11,791,682	11,546,417
Earnings per share in EUR	36.	1.83	1.02	0.21	-0.01	1.62	1.03

► continued overleaf

Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from January 1, 2022 to December 31, 2022

Consolidated Statement of Comprehensive Income (in EUR thousand)		Total		Discontinued operations		Continuing operations	
Other comprehensive income	Note	January 1, 2022 to December 31, 2022	January 1, 2021 to December 31, 2021	January 1, 2022 to December 31, 2022	January 1, 2021 to December 31, 2021	January 1, 2022 to December 31, 2022	January 1, 2021 to December 31, 2021
Items that cannot be reclassified to the income statement:							
Actuarial gains (losses)		187	-27	0	0	187	-27
Tax effects		-56	8	0	0	-56	8
		131	-19	0	0	131	-19
Items that cannot be reclassified to the income statement:							
Foreign exchange differences		2,393	614	1,814	0	579	614
Foreign exchange differences reclassified to profit or loss		0	0	-1,814	0	1,814	0
Change in value of interest rate hedging derivative		3,307	0	0	0	3,307	0
Deferred taxes on the change in the value of the interest rate hedging derivative		-1,025	0	0	0	-1,025	0
		4,675	614	0	0	4,675	614
Other comprehensive income for the period		4,807	596	0	0	4,807	596
Total comprehensive income for the period		29,458	12,989	2,464	-101	26,994	13,089
Total comprehensive income for the period attributable to:							
shareholders of the parent company		26,264	12,361	2,349	-101	23,915	12,462
non-controlling interests		3,194	628	115	0	3,078	628

Consolidated Financial Statements ALLGEIER

Consolidated Statement of Changes in Equity of Allgeier SE, Munich, as of December 31, 2022

Consolidated Statement of Changes in Equity (in EUR thousand)

	Issued capital	Capital reserves	Retained earnings	Profit carryforward	Profit or loss for the period	Changes in equity recognized directly in equity	Equity interest of shareholders of the parent company	Equity interest of non-controlling interests	Equity
As of January 1, 2021	**11,383**	**65,074**	**102**	**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	-356	356	0	0	0	0
Adjustment of the exercise price of stock options from the 2014 stock option plan	0	47	0	0	0	0	47	0	47
Issue of stock options from the 2021 stock option plan	0	6,106	0	0	0	0	6,106	0	6,106
Exercise of stock options from the 2010 stock option plan	26	22	0	0	0	0	48	0	48
Actuarial gains (losses)	0	0	0	0	0	-13	-13	-5	-19
Disposal of shares in Allgeier publicplan Holding GmbH	0	0	0	0	0	0	0	1,356	1,356
Disposal of shares in Allgeier Evora Holding GmbH	0	0	0	0	0	0	0	44,250	44,250
Non-controlling interests in the equity of the MySign Group as of the acquisition date	0	0	0	0	0	0	0	341	341
Dividends	0	0	0	-5,691	0	0	-5,691	-2,062	-7,753
Profit or loss for the period	0	0	0	0	11,801	0	11,801	592	12,393
Foreign currency translation differences	0	0	0	0	0	578	578	36	614
As of December 31, 2021	**11,409**	**71,249**	**102**	**19,888**	**11,801**	**487**	**114,936**	**47,969**	**162,905**
As of January 1, 2022	**11,409**	**71,249**	**102**	**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	11,801	-11,801	0	0	0	0
Exercise of stock options from the 2010 stock option plan	19	16	0	0	0	0	35	0	35
Adjustment of the exercise price of stock options from the 2021 stock option plan	0	99	0	0	0	0	99	0	99
Actuarial gains (losses)	0	0	0	0	0	106	106	25	131
Acquisition of shares of non-controlling shareholders of Allgeier publicplan Holding GmbH	0	0	0	-3,251	0	0	-3,251	-749	-4,000
Transfer of shares of non-controlling shareholders of Allgeier Experts Select GmbH	0	0	0	-650	0	0	-650	650	0
Interest rate hedging derivative	0	0	0	0	0	2,282	2,282	0	2,282
Dividends	0	0	0	-5,704	0	0	-5,704	-2,456	-8,160
Profit or loss for the period	0	0	0	0	21,604	0	21,604	3,046	24,651
Foreign currency translation differences	0	0	0	0	0	2,271	2,271	122	2,393
As of December 31, 2022	**11,428**	**71,363**	**102**	**22,084**	**21,604**	**5,147**	**131,728**	**48,608**	**180,336**

Consolidated Statement of Cash Flows of Allgeier SE, Munich, for the period from January 1, 2022 to December 31, 2022

Consolidated Statement of Cash Flows (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	January 1, 2022 to December 31, 2022	January 1, 2021 to December 31, 2021	January 1, 2022 to December 31, 2022	January 1, 2021 to December 31, 2021	January 1, 2022 to December 31, 2022	January 1, 2021 to December 31, 2021
Results of operating activities	33,398	19,756	-1,647	-20	35,045	19,776
Depreciation and amortization on non-current assets	27,360	18,511	1	10	27,359	18,501
Expenses on the disposal of non-current assets	116	253	0	83	116	170
Change in long-term provisions	167	38	0	0	167	38
Non-cash reversals of provisions	-1,295	-1,488	0	0	-1,295	-1,488
Other non-cash expenses and income	-8,063	4,351	1,814	-22	-9,878	4,373
Income taxes paid	-9,231	-2,218	-14	-36	-9,217	-2,181
Cash flows from operating activities before changes in working capital	**42,452**	**39,202**	**154**	**14**	**42,297**	**39,188**
Cash flows from changes in working capital	-10,768	-10,101	-220	436	-10,548	-10,537
Cash flows from operating activities	**31,684**	**29,101**	**-66**	**450**	**31,750**	**28,651**
Payments for investments in non-current assets	-7,345	-5,219	0	-9	-7,345	-5,210
Payments for lease liabilities	-11,319	-10,695	0	-2	-11,319	-10,693
Proceeds from the disposal of non-current assets	58	183	0	1	58	182
Proceeds from sale-leaseback transactions	1,008	305	0	0	1,008	305
Payments for the acquisition of subsidiaries	-4,924	-132,381	0	0	-4,924	-132,381
Payments for purchase price components for companies not acquired in the fiscal year	-480	-1,242	0	0	-480	-1,242
Payments from loans to investments accounted for using the equity method	0	-886	0	0	0	-886
Proceeds from the sale of subsidiaries	4,886	0	0	0	4,886	0
Decrease in cash and cash equivalents from the sale of subsidiaries	-221	0	-221	0	0	0
Increase in cash and cash equivalents from the classification of Allgeier Education GmbH, Munich, as a continuing operation	0	0	0	-2	0	2
Cash flows for non-current financial assets	406	0	0	0	406	0
Cash flows from investing activities	**-17,932**	**-149,934**	**-221**	**-12**	**-17,711**	**-149,923**
Proceeds from capital increases	35	48	0	0	35	48
Proceeds from (repayment of) borrower's note loan	60,000	-5,500	0	0	60,000	-5,500
Proceeds from bank loans	7,500	106,000	0	0	7,500	106,000
Repayment of bank loans	-60,043	-2,312	0	0	-60,043	-2,312
Cash flows from intragroup financing	0	0	0	42	0	-42
Cash flows from factoring	7,600	2,799	0	0	7,600	2,799
Interest received	133	419	0	0	133	419
Interest paid	-4,481	-2,280	0	-1	-4,481	-2,280
Distributions	-5,704	-5,691	0	0	-5,704	-5,691
Balance of payments with non-controlling interests	-6,220	27,045	0	0	-6,220	27,045
Cash flows from financing activities	**-1,179**	**120,529**	**0**	**42**	**-1,179**	**120,487**
Total cash flows	**12,573**	**-305**	**-287**	**480**	**12,860**	**-785**
Changes in cash and cash equivalents due to exchange rate movements	16	-61	-11	-182	27	121
Total changes in cash and cash equivalents	**12,589**	**-366**	**-298**	**298**	**12,887**	**-664**
Cash and cash equivalents at the beginning of the period	54,822	55,188	298	0	54,524	55,188
Cash and cash equivalents at the end of the period	67,411	54,822	0	298	67,411	54,524

Notes to the Consolidated Financial Statements of Allgeier SE

for fiscal 2022 in accordance with IFRS

A. GENERAL INFORMATION

I. Information on the Allgeier Group and Allgeier SE

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

II. Accounting Policies

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

Unless stated otherwise, all amounts in the consolidated financial statements are presented in thousands of euro. Rounding differences can occur in the tables as a result of the reporting of amounts in thousands of euro. The figures reported in the consolidated financial statements for the fiscal year have been presented with comparative figures for the previous year.

The Allgeier Group presents business areas that have been discontinued or sold or that are due to be discontinued or sold in the following fiscal year as discontinued operations in the statement of comprehensive income. The assets and liabilities of these units are each aggregated into a single line in the statement of financial position and reported as assets or liabilities held for sale.

The consolidated financial statements of Allgeier SE have been prepared on the basis of historical cost. Exceptions to this are the net assets of discontinued operations, derivative financial instruments, the shares in the venture capital company Speedinvest and contingent consideration from acquisitions, all of which were measured at fair value.

III. Publication of an audit order by BaFin

On July 12, 2022, the German Federal Financial Supervisory Authority (BaFin) published an announcement of an accounting audit of the presentation of the spin-off of Nagarro SE, Munich, in the consolidated financial statements of Allgeier SE for the year ended December 31, 2020. The audit issues raised exclusively 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. BaFin has not yet completed its audit. Regardless of the outcome of the audit, any possible changes in the presentation of the spin-off of Nagarro SE in 2020 will have no effect on these consolidated financial statements of Allgeier SE for fiscal 2022. The disclosure issues have no tax relevance and no effect on the Allgeier Group's liquidity.

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

The application of the following standards and interpretations revised or issued by the IASB is required for the first time in fiscal 2022:

Standard/interpretation	Title of the standard, interpretation or amendment
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Annual Improvements to IFRS Standards (2018-2020 Cycle)	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract

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

Amendments to IAS 16 (Proceeds before Intended Use)

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

The amendment had no effect on the consolidated financial statements.

Annual Improvements to IFRS Standards (2018-2020 Cycle)

The amendments relevant to the Allgeier Group are as follows:

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

The amendments had no appreciable effect on the consolidated financial statements.

Amendments to IFRS 3

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

The amendments had no effect on the consolidated financial statements.

Amendments to IAS 37

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

The amendments had no effect on the consolidated financial statements.

V. Standards and Interpretations Not Adopted Early

The IASB and IFRIC have issued the following standards, interpretations and amendments to existing standards and interpretations that were not yet effective for fiscal 2022 in accordance with EU regulations:

Standard/interpretation	Title of the standard, interpretation or amendment	First-time adoption
Endorsed by the EU		
Amendments to IAS 1	Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Jan. 1, 2023
Amendments to IAS 8	Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	Jan. 1, 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Jan. 1, 2023
IFRS 17	Insurance Contracts	Jan. 1, 2023
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Jan. 1, 2023
Not yet endorsed by the EU		
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	Jan. 1, 2024
Amendments to IFRS 16 Leases	Lease Liability in a Sale and Leaseback	Jan. 1, 2024
Amendments to IAS 10 and IAS 28	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture	Unknown

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

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2 are intended to assist entities in determining which accounting policies to disclose. Entities are now required to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions by the primary users of financial statements.

The amendments are prospectively effective for fiscal years beginning on or after January 1, 2023. These amendments are not expected to have a material effect on Allgeier's consolidated financial statements.

IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The amendments to IAS 8 clarify the differences between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced by a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates when accounting policies require items in the financial statements to be measured in a manner that entails measurement uncertainty. A change in an accounting estimate resulting from new information or new developments is not the correction of an error.

The amendments are effective for fiscal years beginning on or after January 1, 2023. These amendments are not expected to have a material effect on Allgeier's consolidated financial statements.

IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment to IAS 12 narrows the scope of the initial recognition exemption under which deferred tax assets and liabilities are not recognized on the initial recognition of an asset or liability. The initial recognition exemption no longer applies to transactions that give rise to equal taxable and deductible temporary differences, hence deferred tax assets and liabilities must be recognized. The regulation essentially affects Allgeier's accounting for deferred taxes on leases in accordance with IFRS 16.

The amendments are effective for fiscal years beginning on or after January 1, 2023. The Group will recognize deferred taxes for all temporary differences in connection with these transactions from the beginning of the earliest comparative period presented. The first-time adoption of the amended standard is expected to result in an increase in deferred tax assets or, if netting is possible, a reduction of deferred tax liabilities and thus a slightly higher consolidated equity ratio.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current

The amendments to IAS 1 clarify the classification of liabilities as current or non-current as follows: what is meant by a right to defer settlement; that a right to defer must exist at the end of the reporting period; that classification is unaffected by the likelihood that an entity will exercise its deferral right; that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. The amendments are effective for fiscal years beginning on or after January 1, 2024 and are applied retrospectively. The Allgeier Group assumes that the amendments will not have any significant impact on its current accounting practice. However, it will examine whether existing lending agreements may have to be adjusted.

Amendments to IFRS 16 Leases

The amendment contains subsequent measurement requirements for lease liabilities in a sale and leaseback transaction for seller-lessees. Above all, this is intended to standardize the subsequent measurement of lease liabilities to prevent inappropriate profit recognition. The amendment means that the payments expected at the inception of the lease must be taken into account in the subsequent measurement of lease liabilities under a sale and leaseback transaction. In each period, the lease liability is reduced by the expected payments and the difference to the actual payments is recognized in profit or loss.

The amendments are effective for fiscal years beginning on or after January 1, 2024. These amendments are not expected to have a material effect on the Allgeier Group.

Amendments to IAS 10 and IAS 28

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

VI. Principles of Consolidation

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

With the exception of Evora IT Solutions Inc., New York, USA, and Evora IT Solutions Pvt. Ltd., Bangalore, India, all companies of the Allgeier Group prepare their separate financial statements as of December 31. The two companies whose fiscal year ends on March 31 prepared interim financial statements as of December 31 for the purposes of the Allgeier consolidated financial statements.

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

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

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

VII. Consolidated group

The consolidated group of Allgeier SE consisted of 56 (previous year: 52) consolidated companies on December 31, 2022. The two companies accounted for using the equity method in the previous year were sold in fiscal 2022. The number of companies consolidated by Allgeier SE changed as follows in fiscal 2022:

	Consolidated	At equity	Total
Number on January 1, 2022	52	2	54
Companies acquired:			
pooliestudios GmbH, Cologne	1	0	1
Quality First Software GmbH, Geretsried	1	0	1
ALLGEIER POLAND sp. z o.o., Warsaw (Poland)	1	0	1
Höhn Consulting GmbH, Kiel	1	0	1
Allgeier Public SE, Munich	1	0	1
Companies formed:			
Evora IT Solutions S.L., Saragossa, Spain	1	0	1
Evora IT Solutions Schweiz AG, Thalwil, Switzerland	1	0	1
mgm technology partners, Unipessoal Lda, Porto, Portugal	1	0	1
Disposals:			
Oxygen Consultancy, Istanbul, Turkey	-1	0	-1
Talentry GmbH, Munich	0	-1	-1
IPP northport InsurancePartner Platform GmbH, Hamburg	0	-1	-1
Liquidation:			
Allgeier Middle East Holding Ltd., Dubai (UAE)	-1	0	-1
Companies merged:			
it novum Schweiz GmbH, Zürich, Switzerland (with Allgeier (Schweiz) AG, Thalwil, Switzerland)	-1	0	-1
Allgeier GRC GmbH, Kiel (with Allgeier CyRis GmbH, Bremen)	-1	0	-1
Number on December 31, 2022	56	0	56

The changes in the consolidated group materially affect the significance of the information on the Allgeier Group's financial position and financial performance.

Acquisition of pooliestudios GmbH

By way of purchase agreement of June 3, 2022, publicplan GmbH, Düsseldorf, acquired all shares in pooliestudios GmbH, Cologne (pooliestudios). pooliestudios is a digital agency with around 30 employees that designs and develops websites, online shops and apps. Allgeier SE indirectly holds 90% of the shares in publicplan GmbH. The parties agreed a fixed purchase price of EUR 409 thousand and a variable purchase price of up to not more than EUR 260 thousand for the shares in pooliestudios. The variable purchase price will become due if defined targets are achieved in 2023 and 2024. It was not possible to include the variable portion of the purchase price in cost as the targets are linked to employment duration. In addition to the purchase price, associated costs of EUR 25 thousand were recognized as other operating expenses in connection with the company's acquisition.

pooliestudios was included in consolidation for the first time as of May 31, 2022. On the first-time consolidation of pooliestudios, the Allgeier Group acquired net assets recognized in accordance with HGB of EUR 187 thousand and a net liability of EUR 48 thousand from fair value adjustments. Hidden reserves from client relationships of EUR 108 thousand were offset by unrealized fair value losses of EUR 178 thousand from capacity that cannot be used in the near future. The values in use and liabilities from the acquired leases of the company each amounted to EUR 206 thousand. Goodwill of EUR 270 thousand resulted from the difference between the purchase price of EUR 409 thousand and the net assets acquired of EUR 139 thousand.

The carrying amounts and fair values of the net assets of pooliestudios were as follows on May 31, 2022:

(in EUR thousand)	Carrying amounts	Allocation	Fair values
Intangible assets	17	108	125
Property, plant and equipment	74	0	74
Right-of-use assets from leases	0	206	206
Trade receivables	209	0	209
Other financial assets	218	0	218
Other assets	16	0	16
Cash	7	0	7
Deferred tax assets	0	22	22
Acquired assets	541	336	877
Financial liabilities	170	0	170
Lease liabilities	0	206	206
Provisions	4	178	182
Trade payables	5	0	5
Other financial liabilities	72	0	72
Other liabilities	14	0	14
Income tax liabilities	89	0	89
Acquired liabilities	354	384	738
Net assets	187	-48	139

All trade receivables acquired were paid in full by the end of fiscal 2022. The other financial assets acquired include receivables from loans of EUR 159 thousand that were settled in conjunction with the transaction. pooliestudios was integrated into the Enterprise IT segment. The company generated revenue of EUR 1,301 thousand and EBITDA of EUR 109 thousand in the period from June 1, 2022 to December 31, 2022.

Acquisition of Quality First Software GmbH

mgm technology partners GmbH, Munich, acquired Quality First Software GmbH (QFS), Geretsried, by way of purchase agreement dated August 19, 2022. QFS is the provider of its proprietary software tool QF-Test, with which clients can perform fully automated tests of Java-based, web-based and Windows-based user interfaces and input screens. The parties agreed a fixed purchase price of EUR 1,000 thousand and a further purchase price component of up to not more than EUR 700 thousand for the shares in QFS. The variable purchase price is dependent on the achievement of EBIT targets in 2022 and 2023. In its planning, the Company assumes that the targets will be achieved, hence the full variable purchase price was included at its discounted amount in first-time consolidation. In addition to the purchase price, associated costs of EUR 37 thousand, were recognized as other operating expenses in connection with the company's acquisition.

QFS was included in consolidation for the first time as of August 31, 2022. On the first-time consolidation of QFS, the Allgeier Group acquired net assets of EUR 952 thousand, EUR 204 thousand of which were taken over on the basis of HGB interim financial statements and a further EUR 748 thousand of which was identified as client relationships, booked business and test software of the company. The values in use and liabilities from the acquired leases of the company each amounted to EUR 38 thousand. Goodwill of EUR 709 thousand resulted from the difference between the discounted purchase price of EUR 1,661 thousand and the net assets acquired. By acquiring the software manufacturer, mgm technology partners is expanding its expertise in the area of test automation and quality assurance.

The carrying amounts and fair values of the net assets of QFS were as follows on August 31, 2022:

(in EUR thousand)	Carrying amounts	Allocation	Fair values
Intangible assets	9	1,084	1,093
Property, plant and equipment	19	0	19
Right-of-use assets from leases	0	38	38
Trade receivables	117	0	117
Other financial assets	187	0	187
Other assets	19	0	19
Cash	1,021	0	1,021
Acquired assets	**1,372**	**1,122**	**2,494**
Lease liabilities	0	38	38
Provisions	75	0	75
Contract liabilities	687	0	687
Trade payables	10	0	10
Other financial liabilities	327	0	327
Income tax liabilities	69	0	69
Deferred tax liabilities	0	336	336
Acquired liabilities	**1,168**	**374**	**1,542**
Net assets	**204**	**748**	**952**

All trade receivables acquired were paid in full in fiscal 2022. QFS was integrated into the mgm technology partners segment. The company generated revenue of EUR 777 thousand and EBITDA of EUR 168 thousand in the period from September 1, 2022 to December 31, 2022.

Acquisition of ALLGEIER POLAND sp. z o.o.

By way of purchase agreement of September 14, 2022, Allgeier Enterprise Services AG, Bremen, acquired LEMGO sp. z o.o., Warsaw, Poland. The company does not currently have any operations. The purchase price for the company was EUR 1,100. There were also legal and consulting costs of EUR 12 thousand recognized in other operating expenses. The Allgeier Group likewise received bank balances of EUR 1,100 when it acquired the company. The company was acquired to provide the Group with a location in Poland from which to tap further personnel resources. The company was renamed ALLGEIER POLAND sp. z o.o. on October 24, 2022.

Acquisition of Höhn Consulting GmbH

By way of purchase agreement of September 21, 2022, Allgeier Enterprise Services SE, Munich, acquired all shares in Höhn Consulting GmbH, Kiel (Höhn Consulting). Höhn Consulting is a provider of IT services for the modernization and digital transformation of public administration. The company assists state and federal administrations, as well as municipalities, towns and districts, in the development of digital strategies and solutions as well as digitalization projects. The parties agreed a total purchase price for the shares in Höhn Consulting GmbH of EUR 5,225 thousand. EUR 4,940 thousand of the purchase price was paid pro rata in 2022. The remainder was settled in March 2023. In addition to the purchase price, associated costs of EUR 47 thousand, were recognized as other operating expenses in connection with the company's acquisition.

Höhn Consulting was included in consolidation for the first time as of September 30, 2022. The Allgeier Group received net assets of EUR 781 thousand when it acquired Höhn Consulting. The net assets consist of assets recognized in accordance with HGB of EUR 615 thousand and hidden reserves of EUR 166 thousand identified in the company's client relationships. The values in use and liabilities from the acquired leases of the company were each measured at EUR 201 thousand and taken to the statement of financial position. Goodwill of EUR 4,444 thousand resulted from the difference between the purchase price of EUR 5,225 thousand and the net assets acquired. By acquiring Höhn Consulting, Allgeier is continuing to expand its consulting expertise for public sector customers at all federal levels.

The carrying amounts and fair values of the net assets of Höhn Consulting were as follows on September 30, 2022:

(in EUR thousand)	Carrying amounts	Allocation	Fair values
Intangible assets	0	241	241
Property, plant and equipment	58	0	58
Right-of-use assets from leases	0	201	201
Trade receivables	641	0	641
Other financial assets	26	0	26
Other assets	31	0	31
Income tax receivables	4	0	4
Cash	396	0	396
Acquired assets	**1,156**	**442**	**1,598**
Financial liabilities	163	0	163
Lease liabilities	0	201	201
Provisions	108	0	108
Trade payables	81	0	81
Other financial liabilities	45	0	45
Other liabilities	78	0	78
Income tax liabilities	66	0	66
Deferred tax liabilities	0	75	75
Acquired liabilities	**541**	**276**	**817**
Net assets	**615**	**166**	**781**

All trade receivables acquired were paid in full in fiscal 2022. Höhn Consulting was integrated into the Enterprise IT segment. The company generated revenue of EUR 626 thousand and EBITDA of EUR 80 thousand in the period from October 1, 2022 to December 31, 2022.

Acquisition of Allgeier Public SE

By way of share purchase and transfer agreement of November 8, 2022, Allgeier SE, Munich, acquired Atrium 246. Europäische VV SE, Düsseldorf. The company does not currently have any operations. The purchase price for the company was EUR 135 thousand. The Allgeier Group received bank balances of EUR 120 thousand when it acquired the company. The difference between the purchase price and the bank balances was recognized as other operating expense. The company was renamed Allgeier Public SE and had its registered office relocated to Munich on March 9, 2023. The company was acquired in connection with the repositioning of the Public division within the Enterprise IT segments.

Disposal of subsidiaries

In April 2022, Allgeier Dritte Beteiligungs GmbH, Munich, sold its 90 percent investment in Oxygen Consultancy, Istanbul (Turkey) (Oxygen). The parties agreed a purchase price for the shares in the company of EUR 160 thousand. The purchase price was equal to the company's carrying amount as of the date of disposal. Consulting costs of EUR 20 thousand were incurred in connection with the disposal of Oxygen. The company was already presented as a discontinued operation in the previous year. Oxygen's net assets were pooled and shown as "Assets held for sale" and "Liabilities held for sale" in the statement of financial position as of December 31, 2021. Oxygen generated revenue of EUR 42 thousand and EBITDA of EUR -1,982 thousand in the first quarter of 2022. The reclassification of foreign exchange differences recognized directly in equity by the date of disposal resulted in expenses of EUR 1,814 thousand.

In May 2022, mgm technology partners GmbH, Munich, sold its 50 percent investment in IPP northport InsurancePartner Platform GmbH, Hamburg (northport), which was accounted for using the equity method. The purchase price for the shares in the company was EUR 800 thousand. This was the carrying amount of all receivables from the company of EUR 698 thousand and an increase in the loan agreed in conjunction with the transaction of EUR 114 thousand less interest incurred on the loan of EUR 12 thousand. The repayment of interest on the loan was waived. EUR 150 thousand of the purchase price was granted as a loan with a term of three years. The residual purchase price was paid in 2022.

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, for a purchase price of EUR 4,341 thousand. Interest receivables of EUR 60 thousand were derecognized with the transaction. Furthermore, there was a payment from the existing debtor warrant of EUR 131 thousand. The gain on the disposal of the shares in Talentry amounted to EUR 4,150 thousand before income taxes. The company had been recognized using the equity method with a carrying amount of zero in the previous after cumulative losses were generated in previous years that exceeded the carrying amount at equity. The purchase price was paid in June 2022.

The gain on disposal from the companies sold is as follows:

(in EUR thousand)	Oxygen	northport	Talentry	Total
Intangible assets	1	0	0	1
Property, plant and equipment	6	0	0	6
Trade receivables	16	0	0	16
Other financial assets	96	812	60	968
Other assets	5	0	0	5
Income tax receivables	3	0	0	3
Cash	212	0	0	212
Deferred tax assets	3	0	0	3
Impairment on the disposal group	-94	0	0	-94
Assets	**248**	**812**	**60**	**1,120**
Trade payables	1	0	0	1
Other financial liabilities	85	0	0	85
Income tax liabilities	1	0	0	1
Deferred tax liabilities	1	0	0	1
Liabilities	**88**	**0**	**0**	**88**
Net assets	**160**	**812**	**60**	**1,032**
Disposal price	160	800	4,341	5,301
Debtor warrant	0	0	-131	-131
Consulting costs	20	0	0	20
Gain/loss on disposal	**-20**	**-12**	**4,150**	**4,118**

Pro forma result of the merged companies

Assuming that the companies acquired in fiscal 2022 had already been consolidated by the Allgeier Group on January 1, 2022 and the companies acquired in fiscal 2021 had already been consolidated by the Allgeier Group on January 1, 2021, the revenue and earnings of the Allgeier Group would have been as follows:

Revenue and earnings (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2022	2021	2022	2021	2022	2021
Revenue	484,846	445,907	42	281	484,804	445,626
Earnings before interest, taxes, depreciation and amortization	61,328	49,493	-1,646	-11	62,974	49,504
Earnings before taxes	29,130	29,258	-1,647	-83	30,777	29,341

Subsidiaries with non-controlling interests

The following subsidiaries in which Allgeier SE does not hold all shares were included in consolidation by the Allgeier Group in 2022:

Financial figures of subsidiaries (in EUR thousand)

	mgm technology partners GmbH (including subsidiaries)		thereof: mgm security partners GmbH		thereof: mgm consulting partners GmbH (including subsidiary)		Allgeier publicplan Holding GmbH (including subsidiaries)		MySign AG (including subsidiary)		Allgeier Evora Holding GmbH (including subsidiaries)		Allgeier Experts Select GmbH	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Percentage of non-controlling interests (indirect)	20.00%	20.00%	44.00%	44.00%	44.00%	44.00%	10.00%	20.00%	20.00%	20.00%	40.00%	40.00%	8.50%	20.00%
Non-current assets	38,995	34,980	66	11	94	110	16,457	15,147	1,111	1,178	149,411	154,530	0	83
Current assets	50,875	46,432	1,779	2,150	4,264	3,902	12,797	8,290	2,327	2,413	42,811	37,747	418	433
Non-current liabilities	16,284	19,871	14	0	17	21	3,467	2,775	623	799	27,861	38,851	0	0
Current liabilities	40,188	30,260	1,039	1,506	2,258	2,262	16,660	13,174	1,438	1,188	49,355	43,633	4,038	3,972
Net assets	**33,397**	**31,281**	**792**	**656**	**2,083**	**1,728**	**9,127**	**7,488**	**1,377**	**1,604**	**115,006**	**109,793**	**-3,620**	**-3,456**
Carrying amount of non-controlling interests	**1,904**	**3,355**	**127**	**323**	**860**	**516**	**913**	**1,498**	**275**	**321**	**46,007**	**43,917**	**-491**	**-1,123**
Revenue	110,705	98,022	5,931	5,323	14,706	12,647	28,992	14,564	6,415	1,961	27,678	0	0	0
Results of operating activities	18,340	17,268	1,136	939	1,696	1,531	2,762	1,650	-305	-151	3,854	-787	-163	-272
Earnings before taxes	18,211	17,083 (1)	1,134	934	1,693	1,526	2,398	1,375	-338	-163	5,630	-831	-164	-359
Profit or loss for the period	**16,345**	**15,458 (1)**	**767**	**630**	**1,146**	**1,042**	**1,638**	**711**	**-277**	**-167**	**5,218**	**-831**	**-164**	**-359**
Other comprehensive income	**119**	**90**	**0**	**0**	**0**	**0**	**0**	**0**	**50**	**65**	**-5**	**0**	**0**	**0**
Total comprehensive income	**16,464**	**15,548 (1)**	**767**	**630**	**1,146**	**1,042**	**1,638**	**711**	**-228**	**-102**	**5,213**	**-831**	**-164**	**-359**
Cash flows from operating activities	18,960	21,616	250	825	66	1,760	3,029	2,688	44	-5	4,089	192	-47	-135
Cash flows from investing activities	-6,043	-8,428	-65	-15	-89	-74	-1,319	-12,071	-467	998	-685	-113,020	0	-63
Cash flows from financing activities	-11,769	-13,726	-632	-388	-1,696	-515	358	13,213	0	0	-856	119,905	38	183
of which from dividends to non-controlling interests	-2,220	-1,297 (2)	-189	-115	-237	-153	0	0	0	0	0	0	0	0
of which from proceeds from non-controlling interests	0	0	0	0	0	0	0	1,356	0	0	0	29,130	0	0
Changes in cash and cash equivalents due to exchange rate movements	-33	-69	0	0	0	0	0	0	27	45	-49	0	0	0
Net increase (decrease) in cash and cash equivalents	**1,116**	**-607**	**-447**	**423**	**-1,720**	**1,171**	**2,068**	**3,830**	**-395**	**1,039**	**2,499**	**7,077**	**-10**	**-15**

(1) By contrast to the previous year, presented without profit transfer expenses
(2) By contrast to the previous year, presented including the distribution to non-controlling shareholders of mgm technology partners GmbH

The table shows the figures for the subsidiaries without intragroup elimination with other companies of the Allgeier Group.

In July 2022, Allgeier Public SE, Munich, purchased 10 percent of the shares of Allgeier publicplan Holding GmbH, Munich. By making this acquisition, Allgeier Enterprise Services SE increased its investment in the company from 80 percent to 90 percent of the shares. The share of equity held by the Allgeier Group in Allgeier Experts Select GmbH, Düsseldorf, increased from 80.0 percent to 91.5 percent.

VIII. Foreign currency

The transactions in foreign currency by Group companies domiciled in the euro area are translated into euro at the exchange rate on the transaction date. The assets and liabilities denominated in a foreign currency at the end of the reporting period are translated into euro at the closing rate. Foreign currency translation differences are reported in profit or loss under other operating income or other operating expenses.

The assets and liabilities of subsidiaries not domiciled in the euro area are translated into euro at the closing rate at the end of the reporting period. This also applies to the goodwill that arises on the acquisition of these companies. The income and expenses of the international subsidiaries are translated using the average annual exchange rate. Currency translation differences are recognized in the statement of comprehensive income under other comprehensive income and in equity under accumulated OCI. If currency translation differences relate to non-controlling shareholders, they are allocated to these shareholders in other comprehensive income and in equity. On disposal of foreign operations, the cumulative value of currency translation reserves recognized by the disposal date is transferred to the income statement.

Annual financial statements prepared in foreign currency were translated using the following exchange rates:

Exchange rates

		Average rates per EUR 1			Closing rates per EUR 1	
		2022		2021	2022	2021
US dollar	USD	1.052		1.180	1.070	1.134
Swiss franc	CHF	1.003		1.079	0.990	1.035
Czech crown	CZK	24.555		25.637	24.140	24.866
Indian rupee	INR	82.813		87.200	88.569	84.355
Vietnamese dong	VND	24,662.260		27,048.800	25,295.500	25,894.050
Polish zloty	PLN	4.729		-	4.685	-
Turkish lira	TRY	15.632	(1)	10.789	-	15.067

(1) for the period prior to the disposal of Oxygen (January 1, 2022 to March 31, 2022)

Within consolidated non-current assets, the cost and cumulative depreciation, amortization and write-downs are translated at historical exchange rates.

IX. Statement of Financial Position

Intangible assets

In conjunction with business combinations, the Allgeier Group identifies and capitalizes the customer relationships of its acquired entities in the form of order backlogs, customer lists, websites, trademarks as well as the projects in development and finished software products. These intangible assets are measured at cost less cumulative impairment. Order backlogs are typically written off within a year as revenue is recognized for the orders. The developments and products acquired are written down on a straight-line basis over four years. Customer lists are amortized on a straight-line basis over a period of five years.

The Allgeier Group capitalizes internally generated developments if future economic benefits are expected from the disposal proceeds. Capitalized costs for internally generated developments are measured at cost less cumulative amortization and impairment. Cost comprises the staff costs including social security contributions as well as pro rata overheads. Internally generated developments are amortized starting from the month of completion on a straight-line basis over a term of between three and four years. Cost does not include borrowing costs. Expenditure for research activities and other development costs is recognized in profit or loss.

Goodwill arising from business combinations is recognized at cost less cumulative impairment.

All other intangible assets are measured at cost and amortized on a straight-line basis over three to six years. Brands and domains purchased from third parties are amortized on a straight-line basis over a term of 15 years.

The Allgeier Group tests intangible assets for impairment on an ongoing basis. Goodwill is tested for impairment annually at segment level. Goodwill that is no longer recoverable is written down. Impairment tests are also performed on an ad hoc basis if certain findings indicate that carrying amount of assets may no longer be recoverable.

Repair and maintenance costs incurred in connection with intangible assets are recognized as an expense. Any gains or losses on the disposal of intangible assets are also reported in profit or loss.

Property, plant and equipment

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

Repair and maintenance costs incurred in connection with property, plant and equipment are recognized as an expense. Any gains or losses on the disposal of property, plant and equipment are also reported in profit or loss.

Leases as a lessee

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

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

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

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

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

Leases as a lessor

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

Deferred taxes

Deferred tax assets and liabilities are recognized for temporary differences between the financial reporting and the tax base and for consolidation adjustments in profit or loss. Deferred tax assets are also recognized in respect of the expected utilization of unused tax loss carryforwards in subsequent years provided the tax loss carryforwards are sufficiently likely to be utilized. Deferred taxes are calculated on the basis of the tax rates applicable or anticipated in the relevant countries at the time of realization in accordance with the current legal situation. Deferred tax assets and liabilities are calculated on the temporary differences between the IFRS carrying amounts and the tax bases and the loss carryforwards realizable according to planning using country-specific tax rates, taking into account any features specific to the company (e.g. municipal trade tax rates in Germany). The tax rates for the specific countries are as follows:

Country		Tax rate
	2022	2021
Germany	31.00 %	31.00 %
Austria	24.00 %/23.00 % (1)	25.00 %
United States	25.70 %	25.70 %
India	25.17 %	25.17 %
Switzerland	18.10 %	21.30 %
Spain	25.00 %	-
Turkey	-	22.00 %

(1) Tax rate 24.00 % from 2023 and 23.00 % from 2024

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

Inventories

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

Contract costs

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

Contract assets and liabilities

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

Contract assets and contract liabilities include customer-specific construction contracts that are accounted for in accordance with IFRS 15. Revenue is recognized in line with the percentage of completion at the end of the reporting period. The percentage of completion is calculated as the ratio of the contract costs incurred as of the end of the reporting period to the total calculated contract costs. After deduction of the partial payments received, they are reported under contract assets and services if the contract balance is positive and under contract liabilities if the contract balance is negative. Borrowing costs are not capitalized in customer-specific orders.

Trade receivables

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

Other financial assets

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

Other assets and income tax receivables

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

Cash

Cash funds include cash in hand, bank balances and current deposits with original terms of less than three months. They are measured at their nominal amount, while cash funds in foreign currency are translated using the closing rate.

Provisions for post-employment benefits

Pension provisions

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

	Dec. 31, 2022	Dec. 31, 2021
Interest rate for those with vested pensions	3.65 %	1.25 %
Interest rate for retired persons	3.75 %	1.10 %
Increase in current pensions	1.50 % to 2.00 %	1.50 % to 1.75 %
Turnover	0.00 %	0.00 %

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

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

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

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

Provisions for gratuities

At Evora IT Solutions Pvt. Ltd., Bangalore (India), there are obligations for future gratuity payments to employees that become payable when employees leave the company, regardless of whether this is at the instigation of the employer or the employee. These gratuity payments constitute a defined benefit plan in accordance with IAS 19 and are measured using actuarial methods.

The present value of defined benefit obligations is calculated using mortality tables for the specific country and the following general parameters:

India	Dec. 31, 2022	Dec. 31, 2021
Interest rate	7.40 %	6.45 %
Salary increase p.a.	13.00 %	13.40 %
Turnover p.a.	11.80 %	12.50 %
Average expected length of service	6.0 years	7.2 years

Other provisions

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

Financial liabilities

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

Trade payables

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

Other financial liabilities

Other financial liabilities are initially carried at settlement amount. They are subsequently measured at amortized cost. Other financial liabilities include contingent liabilities from acquisitions that are recognized and subsequently measured at fair value. The non-current portion of other financial liabilities is carried at the present value of expected future payments. The average interest rate for non-current financial liabilities is used as the interest rate for the Allgeier Group.

Other liabilities

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

Financial instruments

Financial assets

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

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

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

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

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

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

Financial liabilities

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

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

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

Derivative financial instruments

The Allgeier Group uses derivative financial instruments (interest rate swaps) to reduce interest rate risks. The interest rate hedges are recognized at fair value as either a financial receivable (if the fair value is positive) or a financial liability (if the fair value is negative). Changes in fair value are recognized in profit or loss unless specific hedge accounting rules apply.

The Group ensures that the use of hedge accounting is consistent with the objectives and strategy of Group risk management and that hedge effectiveness is assessed prospectively. When using hedge accounting, derivative financial instruments are classified either as fair value or cash flow hedge instruments. When it enters into the transaction, the Group documents the relationship between the hedging instrument and the hedged item as well as the risk management objectives and strategies of the hedges. Allgeier uses accepted methods to assess hedge effectiveness and any ineffectiveness. The recognition of fair value changes in hedge accounting is governed by the hedged item. In a fair value hedge, both the hedging instrument and the hedged item are recognized in profit or loss. In a cash flow hedge, the result of the effective portion of the hedge is recognized directly in equity and the ineffective portion is recognized in the income statement. The portion recognized in equity is recognized in profit or loss when the hedged item is recognized in profit or loss.

X. Income Statement

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

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

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

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

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

Operating expenses are recognized at the time of performance.

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

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

XI. Estimates and Judgments

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

- the assumptions used to calculate impairment on goodwill and other intangible assets;
- the measurement of variable purchase price components for acquisitions;
- the determination of the term of the recognized leases;
- the calculation of receivables and liabilities from income taxes;
- the allocation of impairment to financial assets;
- the availability of future profits for using the deferred tax assets recognized;
- the measurement of provisions;
- the classification of revenue and the associated costs of project business performed over time as of the end of the reporting period.

If the estimates and assumptions are significant and material adjustments could be necessary in fiscal 2023, this information is provided in the notes to the statement of financial position. A significant adjustment to the assets and liabilities reported in the consolidated statement of financial position are not currently anticipated in the following fiscal year.

B. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Intangible assets

The intangible assets include software, licenses and rights required for business operations and the order backlogs, customer lists, products, websites and goodwill identified and recognized for companies acquired. Furthermore, intangible assets include internally generated developments not acquired from third parties. Intangible assets developed as follows:

Intangible assets (in EUR thousand)	Order backlog	Customer lists	Software products	Website	Software, licenses and rights	Internally generated developments	Goodwill	Total
Carrying amount as of January 1, 2021	0	3,213	1,568	92	2,902	4,744	72,587	85,106
Changes in 2021:								
Additions to consolidated group	5,959	11,774	1,669	0	648	204	178,627	198,882
Additions in fiscal year	0	221	672	0	969	1,284	0	3,146
Foreign exchange differences	13	6	0	0	0	0	281	300
Depreciation and amortization	-992	-1,763	-600	-8	-1,240	-1,705	0	-6,309
Carrying amount as of December 31, 2021	4,980	13,451	3,308	84	3,279	4,526	251,496	281,124
Changes in 2022:								
Additions to consolidated group	200	800	450	0	9	0	5,423	6,882
Additions in fiscal year	0	0	0	0	909	6,929	0	7,838
Disposals at carrying amounts	0	0	0	0	-65	0	0	-65
Foreign exchange differences	12	5	0	0	-2	0	402	417
Depreciation and amortization	-5,192	-3,236	-1,084	-9	-1,529	-2,236	0	-13,286
Carrying amount as of December 31, 2022	0	11,020	2,674	75	2,601	9,218	257,321	282,910

Order backlogs of EUR 200 thousand (previous year: EUR 5,959 thousand) were received in conjunction with acquisitions in fiscal 2022. The order backlog was measured at its expected net amount determined as the order value for the orders less full costs. Order backlogs are typically written off within a year as revenue is recognized for the underlying orders.

Customer lists of EUR 800 thousand (previous year: EUR 11,774 thousand) were received in conjunction with acquisitions in fiscal 2022. To measure customer lists, historical revenue was examined and analyzed by regular customers and other customers to determine the amount of revenue that can be expected to be generated with regular customers over the next five years. This revenue was recognized under customer lists at expected amounts on a full cost basis less discounts for possible declining amounts, risks resulting from the passage of time and customer dependencies, less amounts already included in orders on hand. Customer lists are amortized on a straight-line basis over a useful life of five years.

The acquired software products are measured based on sales planning and the expected result for the products less risk discounts due to aging and technical obsolescence. Measurement is based on a planning period of five years. Products are written down over a term of four years. Products of EUR 450 thousand in total (previous year: EUR 1,669 thousand) were received in fiscal 2022 in conjunction with newly acquired subsidiaries.

Internally generated developments are written down on a straight-line basis over a term of between three and four years.

The Allgeier Group recognizes goodwill for the differences between the cost and fair values of the assets, liabilities and contingent liabilities assumed in acquisitions at the acquisition date. Goodwill of EUR 5,423 thousand (previous year: EUR 178,627 thousand) was received in conjunction with acquisitions in fiscal 2022. The translation of companies not acquired in euro increased goodwill by EUR 402 thousand (previous year: EUR 281 thousand). The currency differences were recognized in the consolidated statement of comprehensive income under other comprehensive income. Goodwill developed as follows:

	Enterprise IT	mgm technology partners	Total
Carrying amount as of January 1, 2021	64,990	7,597	72,587
Changes in 2021:			
Additions to consolidated group	175,424	3,204	178,627
Foreign exchange differences	281	0	281
Carrying amount as of December 31, 2021	240,695	10,801	251,496
Changes in 2022:			
Additions to consolidated group	4,714	709	5,423
Foreign exchange differences	402	0	402
Carrying amount as of December 31, 2022	245,810	11,510	257,321

Goodwill is regularly tested for impairment once per year and also on an ad hoc basis if there are discernible indications of impairment. Impairment is determined on the basis of the value-in-use and the three-year planning (detailed planning period) of the respective cash-generating units (CGUs). For the following years, the cash flows of the third year are extrapolated for all other future years. The cash flows are discounted in perpetuity using the following capitalization rates. In the planning phase after the third planning year, the interest rates are reduced by a growth discount of one percentage point. If market prices exist in individual cases, these are used for the measurement of the cash-generating units.

Data from comparable companies were referenced and formed into peer groups to calculate the weighted average cost of capital (WACC) for the cash-generating units. The equity and liability ratios and the five-year beta factor used to calculate the WACC are determined from the peer groups. The interest rate in the current terms for Allgeier Group borrowings is used as the interest rate for long-term borrowed capital. The country risk premium takes into account the risks specific to individual countries and is based on country ratings provided by rating agencies and default risks observable on the market. For the Enterprise IT and mgm technology partners cash-generating units, the cash flows after the period of three years are extrapolated using a growth rate of 1.0 percent (2021: 1.0 percent) and 1.0 percent (2021: 1.0 percent) respectively. The WACC for the two cash-generating units is calculated as follows:

	Enterprise IT		mgm technology partners	
	2022	2021	2022	2021
Risk-free interest rate	2.00 %	0.35 %	2.00 %	0.35 %
Interest rate on debt	3.63 %	2.20 %	3.63 %	2.20 %
Risk premium for equity	7.50 %	7.50 %	7.50 %	7.50 %
WACC before taxes	8.99 %	5.57 %	10.39 %	7.12 %
WACC after taxes	6.90 %	5.50 %	7.66 %	6.95 %

All goodwill was found to be recoverable. The value in use of the individual cash generating units is as follows:

	Enterprise IT	mgm technology partners
Growth rates in the detailed planning period and value in use 2021		
Average annual revenue growth	11.0 %	13.3 %
Average annual growth of underlying cash flow	46.4 %	13.4 %
Value in use in EUR million	805	226
Growth rates in the detailed planning period and value in use 2022		
Average annual revenue growth	12.7 %	13.5 %
Average annual growth of underlying cash flow	15.8 %	14.0 %
Value in use in EUR million	691	236

2. Property, plant and equipment

Property, plant and equipment developed as follows:

Property, plant and equipment (in EUR thousand)

	Land, land rights and buildings	Other fixed assets and office equipment	Total
Carrying amount as of January 1, 2021	448	5,576	6,024
Changes in 2021:			
Additions to consolidated group	0	1,646	1,646
Additions in fiscal year	0	3,067	3,067
Disposals at carrying amounts	0	-170	-170
Foreign exchange differences	0	55	55
Depreciation and amortization	-41	-2,951	-2,992
Carrying amount as of December 31, 2021	407	7,223	7,630
Changes in 2022:			
Additions to consolidated group	0	151	151
Additions in fiscal year	0	5,429	5,429
Disposals at carrying amounts	0	-51	-51
Foreign exchange differences	0	-17	-17
Depreciation and amortization	-28	-3,701	-3,729
Carrying amount as of December 31, 2022	379	9,034	9,413

3. Right-of-use assets from leases

With the exception of a property in Bremen, which is owned, the Allgeier Group leases the properties used by the Group. The Allgeier Group also uses leases to finance some of its vehicles and some of its IT equipment. The property leases have terms of up to 15 years. The leases for vehicles and IT equipment typically have terms of three to five years. For all leases for a period of not more than one year or for low-value assets, the Group recognizes the right-of-use asset from these leases as the value in use from the leases at the respective present value. Right-of-use assets from leases developed as follows:

Right-of-use assets from leases (in EUR thousand)

	Properties	Motor vehicles	Operating and o ffice equipment/IT equipment	Total
Carrying amount as of January 1, 2021	24,385	1,363	1,863	27,611
Changes in 2021:				
Additions to consolidated group	4,723	261	0	4,984
Additions in fiscal year	13,103	1,925	571	15,599
Lease modifications	2,144	31	0	2,175
Foreign exchange differences	138	2	0	140
Depreciation and amortization	-7,162	-1,333	-706	-9,201
Carrying amount as of December 31, 2021	37,331	2,249	1,728	41,308
Changes in 2022:				
Additions to consolidated group	397	43	5	445
Additions in fiscal year	3,966	1,366	45	5,377
Lease modifications	2,768	72	-5	2,835
Foreign exchange differences	120	1	0	121
Depreciation and amortization	-8,118	-1,508	-718	-10,344
Carrying amount as of December 31, 2022	36,466	2,223	1,053	39,742

Expenses for leases for low-value assets and short-term leases were as follows in fiscal 2022:

Expenses for leases (in EUR thousand)

	Total		Discontinued operations		Continuing operations	
	2022	2021	2022	2021	2022	2021
Leases for low-value assets	126	99	0	0	126	99
Short-term leases	221	297	2	10	219	287

The Allgeier Group generated income of EUR 406 thousand (previous year: EUR 87 thousand) from operating sub-leases in continuing operations and of EUR 0 thousand (previous year: EUR 0 thousand) from operating leases in discontinued operations. The Group anticipates income of EUR 281 thousand from operating sub-leases in continuing operations in fiscal 2023 (previous year: EUR 87 thousand).

To expand the data center and for server infrastructure, the Allgeier Group entered into sale-leaseback agreements with a value of EUR 1,008 thousand (previous year: EUR 305 thousand). Neither gains nor losses are generated from the sale-lease-back transactions.

4. Contract costs

Amortization of EUR 61 thousand (previous year: EUR 0 thousand) was recognized on capitalized contract costs in connection with customer projects. No impairment losses were recognized on capitalized contract costs.

5. Other financial assets

Other financial assets break down as follows:

Other financial assets (in EUR thousand)			Dec. 31, 2022			Dec. 31, 2021
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Interests in Speedinvest	4,785	4,785	0	6,550	6,550	0
Hedging instruments	3,307	3,047	260	0	0	0
Security deposits	1,919	1,682	237	1,860	1,699	161
Receivables from employees	318	10	308	311	0	311
Creditors with debit balances	269	0	269	72	0	72
Vendor loan from the disposal of northport	138	138	0	0	0	0
Receivables from loans	98	0	98	72	0	72
Loans to the investment accounted for using the equity method northport	0	0	0	898	0	898
Write-down on the loan to northport	0	0	0	-200	0	-200
Sureties	60	60	0	60	60	0
Receivables from the overpayment of the purchase price from the acquisition of publicplan	0	0	0	13	0	13
Other	481	156	325	709	90	619
	11,375	9,878	1,497	10,345	8,399	1,946

Allgeier SE holds 18,437 (previous year: 20,000) shares in the non-listed venture capital company, Speedinvest II EuVECA GmbH & Co. KG, Vienna, Austria (Speedinvest). The cost for the acquisition of the 20,000 shares was EUR 2.0 million. In 2022, 1,563 shares were sold for a total price of EUR 406 thousand or EUR 259.54 per share.

Remaining shares (in EUR thousand)	2022	2021
Carrying amount as of January 1	6,550	3,241
Income from remeasurement	0	3,309
Expense from remeasurement	-1,359	0
Disposal of shares	-406	0
Carrying amount on December 31	4,785	6,550

The remaining shares were measured as of December 31, 2022 on the basis of the market price of the shares sold. Accordingly, the shares had to be written down by EUR 1,359 thousand (previous year: income of EUR 3,309 thousand). The income and expense from the remeasurement of the shares was posted to financial result in the income statement. Allgeier SE received dividends from its investment in Speedinvest of EUR 81 thousand in 2022 (previous year: EUR 406 thousand).

In fiscal 2022, the interest rate risk for a portion of the floating-rate financial liabilities was hedged by an interest rate swap, designated in full as a cash flow hedge, with a nominal volume of EUR 50 million and a term until May 19, 2027. The interest rate swap converted variable interest payments based on 3M EURIBOR into fixed interest payments for a loan volume of EUR 50 million. As of December 31, 2022, the interest rate swap has a positive fair value of EUR 3,307 thousand and is recognized at fair value under other financial assets. In the income statement, the current income and expenses from the quarterly marginal payments on the interest rate swap are netted against the interest expenses in financial liabilities. Deferred taxes are recognized if the income/expenses for the interest rate hedges are not recognized for tax purposes until later periods.

The effective portion of the cash flow hedge is reported under accumulated OCI. This developed as follows before deferred taxes:

Cash flow hedge (in EUR thousand)	2022	2021
As of January 1	0	0
Addition in OCI	3,307	0
As of December 31	3,307	0

The future hedged cash flows from the interest rate hedges of EUR 3,307 thousand in total will be recognized in profit or loss in subsequent years until 2027.

6. Other assets

Other assets break down as follows:

Other assets (in EUR thousand)			Dec. 31, 2022			Dec. 31, 2021
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Prepaid expenses	3,695	968	2,727	4,680	419	4,261
VAT receivables	1,658	0	1,658	1,504	0	1,504
	5,353	968	4,385	6,184	419	5,765

7. Deferred taxes

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

Deferred taxes (in EUR thousand)			Dec. 31, 2022			Dec. 31, 2021
	Deferred tax assets	Deferred tax liabilities	Income statement	Deferred tax assets	Deferred tax liabilities	Income statement
Intangible assets	941	7,663	1,649	481	8,383	962
Property, plant and equipment	45	3	-37	81	0	5
Right-of-use assets from leases	532	0	0	532	0	0
Contract costs	0	178	-178	0	0	0
Contract assets and liabilities	28	401	-139	0	234	150
Trade receivables	70	509	-279	70	218	-149
Miscellaneous (financial) assets	7	1,253	-258	53	5	211
“Provisions for post-employment benefits”	80	0	31	105	0	-4
Other provisions	780	657	-203	1,010	664	45
Other financial liabilities	147	0	153	22	28	-2
Temporary differences including consolidation though profit or loss	**2,630**	**10,664**	**739**	**2,354**	**9,532**	**1,218**
Loss carryforwards	937	0	72	856	0	-119
Offsetting	-1,683	-1,683	0	-1,880	-1,880	0
	1,884	**8,981**	**811**	**1,330**	**7,652**	**1,099**

On December 31, 2022, the Allgeier Group had corporate income tax loss carryforwards of EUR 18,705 thousand (previous year: EUR 17,703 thousand) and trade tax loss carryforwards of EUR 16,721 thousand (previous year: EUR 14,564 thousand). The Group has deferred tax assets of EUR 5,515 thousand in total (previous year: EUR 4,549 thousand). EUR 937 thousand(previous year: EUR 856 thousand) of deferred tax assets were recognized and an amount of EUR 4,578 thousand (previous year: EUR 3,693 thousand) was not recognized due to uncertainty concerning their utilization. The recognition of deferred tax assets from loss carryforwards results from expected future earnings allocations, the reorganization of tax groups and the subsequent tax utilization of start-up losses of newly acquired or established subsidiaries.

EUR 1,266 thousand (previous year: EUR 1,029 thousand) of the deferred tax assets of EUR 1,884 thousand (previous year: EUR 1,330 thousand) in total are current. EUR 3,743 thousand (previous year: EUR 3,018 thousand) of the deferred tax liabilities of EUR 8,981 thousand (previous year: EUR 7,652 thousand) in total are current. Current deferred taxes are reported within non-current assets and non-current liabilities.

8. Inventories

Inventories break down as follows:

Inventories (in EUR thousand)	Dec. 31, 2022	Dec. 31, 2021
Raw materials and supplies	135	89
Merchandise	2,371	1,119
Other	15	22
	2,521	**1,230**

No impairment losses were recognized on inventories. Inventories recognized as an expense in the reporting period amounted to EUR 19,157 thousand in fiscal 2022 (previous year: EUR 15,048 thousand).

9. Contract assets and liabilities

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

Assets and liabilities (in EUR thousand)			Dec. 31, 2022			Dec. 31, 2021
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Customer projects measured according to the percentage-of-completion method	3,379	0	3,379	2,476	0	2,476
Contract assets	**3,379**	**0**	**3,379**	**2,476**	**0**	**2,476**
Customer projects measured according to the percentage-of-completion method	1,061	0	1,061	1,223	0	1,223
Deferred income	5,302	952	4,350	5,627	88	5,539
Contract liabilities	**6,363**	**952**	**5,411**	**6,850**	**88**	**6,762**

Contract assets and liabilities developed as follows:

Assets and liabilities (in EUR thousand)	Contract assets	Contract liabilities
As of January 1, 2021	**1,828**	**4,225**
Currency effect	38	25
Addition due to acquisitions	1,331	1,749
Revenue recognition	1,226	-4,210
Reclassification to trade receivables	-1,947	0
Advance payments received from customers	0	5,061
Disposal due to business combinations	0	0
As of December 31, 2021	**2,476**	**6,850**
Currency effect	4	46
Addition due to acquisitions	0	687
Revenue recognition	3,342	-6,923
Reclassification to trade receivables	-2,443	0
Advance payments received from customers	0	5,703
As of December 31, 2022	**3,379**	**6,363**

Revenue in 2022 includes EUR 6,804 thousand (previous year: EUR 4,103 thousand) reported under contract liabilities at the beginning of the fiscal year.

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10. Trade receivables

Trade receivables break down as follows:

Trade receivables (in EUR thousand)	Dec. 31, 2022	Dec. 31, 2021
Customer receivables	97,683	85,395
Factoring	-28,985	-21,385
Impairment of customer receivables	-1,756	-1,664
	66,942	62,346

The Allgeier Group has a factoring program of up to EUR 60 million (previous year: EUR 40 million) for the financing of customer receivables. Allgeier accounts for factoring off-balance sheet after the entire default risk of the receivables sold is transferred to the factor/trade credit insurer. EUR 48,972 thousand (previous year: EUR 35,873 thousand) of this factoring volume had been utilized on December 31, 2022. EUR 28,985 thousand (previous year: EUR 21,385 thousand) of this amount was netted against trade receivables and an amount of EUR 19,987 thousand (previous year: EUR 14,488 thousand) was reported within financial liabilities. As the payment of factored invoices by customers is not settled simultaneously with the factor, short-term obligations to the factor arise that are recognized as financial liabilities.

11. Cash

Cash funds break down as follows:

Cash and cash equivalents (in EUR thousand)	Dec. 31, 2022	Dec. 31, 2021
Bank balances	87,400	69,396
Cash balances	21	13
	87,421	69,409

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

12. Issued capital

The issued capital of Allgeier SE amounted to EUR 11,427,513 as of December 31, 2022 (previous year: EUR 11,408,513) and was divided into 11,427,513 no-par registered shares (previous year: EUR 11,408,513). Each share accounts for a notional amount of the share capital of EUR 1.00. All the no-par shares of the company belong to the same class of shares. The shares are fully paid in.

The issued capital of Allgeier SE was increased by the allocation of 19,000 new registered no-par shares from Contingent Capital 2010 (pre-emption shares) in fiscal 2022.

The shares of Allgeier SE closed at EUR 28.35 in Xetra trading on the Frankfurt Stock Exchange on December 30, 2022. In the previous year, the shares closed at EUR 55.80 on December 30, 2021.

Authorized capital

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

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

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

Contingent capital

By way of resolution of the Annual General Meeting on June 17, 2014, the share capital of the company was contingently increased by up to EUR 140,000 by issuing up to 140,000 new no-par registered shares (Contingent Capital 2014). Contingent Capital 2014 is intended to serve all 140,000 outstanding options to issue up to 140,000 new no-par registered shares. 140,000 of these options are outstanding. Contingent Capital 2014 amounts to EUR 140,000 as of December 31, 2022.

By way of resolution of the Annual General Meeting on June 8, 2021, the share capital of the company was contingently increased by up to EUR 940,000 by issuing up to 940,000 new no-par registered shares (Contingent Capital 2021). Contingent Capital 2021 is intended to serve up to 940,000 options under the 2021 stock option plan. 910,000 of these options have been issued. The remaining 30,000 options can be issued until no later than June 7, 2026. 8,000 of the options expired in 2022. Contingent Capital 2021 thus amounts to EUR 932,000 as of December 31, 2022.

13. Capital reserves

The Group's capital reserves developed as follows:

Development of capital reserves (in EUR thousand)	2022	2021
Capital reserves as of January 1	71,249	65,074
Change in measurement of stock options	98	47
Exercise of stock options	16	22
Issuance of stock options	0	6,106
Capital reserves on December 31	71,363	71,249

14. Retained earnings

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

15. Treasury shares

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

As in the previous year, Allgeier SE did not hold any treasury shares as of December 31, 2022.

16. Profit carryforward

The Allgeier Group's profit carryforward developed as follows:

Profit carryforward (in EUR thousand)	2022	2021
Profit carryforward on January 1	19,888	25,936
Result for the previous year	11,801	-356
Distribution to shareholders of Allgeier SE	-5,704	-5,691
Acquisition of non-controlling interests in Allgeier publicplan Holding GmbH	-3,251	0
Derecognition of shares of non-controlling shareholders of Allgeier Experts Select GmbH	-650	0
Profit carryforward on December 31	22,084	19,888

The previous year's profit for the period attributable to the shareholders of Allgeier SE of EUR 11,801 thousand (previous year: EUR 356 thousand) was transferred to profit carryforward on the basis of the resolution of the Annual General Meeting on June 30, 2022.

On June 30, 2022, the Annual General Meeting of Allgeier SE approved a profit distribution of EUR 0.50 per share (previous year: EUR 0.50 per share). The distribution amounted to EUR 5,704,256.50 in total (previous year: EUR 5,691,256). 11,408,513 shares were entitled to the dividend (previous year: 11,382,513 shares).

In July 2022, Allgeier Public SE, Munich, purchased 10 percent of the shares of Allgeier publicplan Holding GmbH, Munich. By making this acquisition, Allgeier Enterprise Services SE increased its investment in the company from 80 percent to 90 percent of the shares. A purchase price of EUR 4,000 thousand was agreed for the shares. EUR 749 thousand of this amount relates to the equity of non-controlling shareholders. The remainder of EUR 3,251 thousand were offset against the profit carryforward.

17. Changes in equity recognized directly in equity

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

Changes in equity recognized directly in equity (in EUR thousand)	Dec. 31, 2022	Dec. 31, 2021
Actuarial gains on January 1	-384	-371
Change	106	-13
Actuarial gains on December 31	-278	-384
Foreign currency changes on January 1	871	293
Change	458	578
Reclassification due to disposal of Oxygen	1,814	0
Foreign currency changes on December 31	3,143	871
Cash flow hedging on January 1	0	0
Change	2,282	0
Foreign currency changes on December 31	2,282	0
Changes in equity recognized directly in equity on January 1	487	-78
Change	2,846	565
Reclassification due to disposal of Oxygen	1,814	0
Changes in equity recognized directly in equity on December 31	5,147	487

18. Equity interest of non-controlling interests

Non-controlling shareholders' share of the equity of subsidiaries developed as follows:

Equity interest of non-controlling interests (in EUR thousand)	2022	2021
As of January 1	47,969	3,461
Result for the period attributed to non-controlling shareholders	3,046	592
Derecognition of shares of non-controlling shareholders of Allgeier Experts Select GmbH	650	0
Share in exchange rate changes recognized in equity	123	36
Share of actuarial gains recognized in equity	25	-5
Acquisition of shares of non-controlling shareholders of Allgeier publicplan Holding GmbH	-749	0
Distributions to non-controlling shareholders	-2,456	-2,062
Reverse investment in Allgeier publicplan Holding GmbH	0	1,356
Reverse investment in Allgeier Evora Holding GmbH	0	44,250
Acquisition of shares of non-controlling shareholders of the MySign Group	0	341
As of December 31	48,608	47,969

Distributions of EUR 2,456 thousand in total (previous year: EUR 2,062 thousand) were paid to the non-controlling shareholders of mgm technology partners GmbH, Munich, mgm consulting partners GmbH, Hamburg, and mgm security partners GmbH, from net retained profits as of December 31, 2021 in fiscal 2022.

19. Financial liabilities

The financial liabilities break down as follows:

Financial liabilities (in EUR thousand)			Dec. 31, 2022			Dec. 31, 2021
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Syndicated loan	71,000	71,000	0	123,500	123,500	0
Deferred one-time costs related to the syndicated loan	-475	-325	-150	0	0	0
Borrower's note loan	60,000	60,000	0	0	0	0
Deferred one-time costs relating to the borrower's note loan	-558	-438	-120	0	0	0
Amortizing loan (from acquisition of Höhn Consulting)	150	100	50	0	0	0
Amortizing loan from acquisition of pooliestudios)	140	100	40	0	0	0
Financial liabilities from factoring	19,987	0	19,987	14,488	0	14,488
Portion of the syndicated loan spun off to mgm technology partners GmbH	0	0	0	397	0	397
Other	23	0	23	0	0	0
	150,267	130,437	19,830	138,385	123,500	14,885

In May 2022, Allgeier SE restructured the syndicated loan to finance the Allgeier Group. In addition to increasing the existing credit facility with the banking syndicate from EUR 140.0 million to EUR 200.0 million, a borrower's note loan with a volume of EUR 60.0 million was placed. Allgeier SE used the funds generated by the borrower's note loan to repay the syndicated loan in the same amount. EUR 71.0 million of the syndicated loan had been utilized as of December 31, 2022 (previous year: EUR 123.5 million). The agreement has an original term of four years with an extension option of up to two further years. In February 2023, Allgeier SE exercised the extension option and extended the master credit agreement with the syndicate of banks of EUR 200 million by a year. It now runs until April 2027 and can still be extended by another year. The loan bears interest on the basis of 3M EURIBOR plus a margin dependent on the gearing of the Allgeier Group. The credit facility had been utilized in two tranches of EUR 51 million and EUR 20 million as of December 31, 2022 (previous year: EUR 123.5 million in total). Interest rates of 4.22 percent p.a. (previous year: 4.07 percent) were applied to the tranches as of the end of 2022. To hedge the risk of a rise in EURIBOR, Allgeier SE has taken out an interest rate swap for EUR 50 million. The interest rate swap converts the 3M EURIBOR into a fixed rate of 1.53 percent. In addition to the tranches, the credit facility was utilized by guarantees of EUR 2.4 million (previous year: EUR 2.1 million). Allgeier SE is paying a commitment fee of 0.79 percent for the unutilized portion of the syndicated loan (previous year: 0.77 percent). Non-recurring costs of EUR 475 thousand were incurred to increase the syndicated loan facility that will be deferred over the term of the loan.

The borrower's note loan has four tranches:

Borrower's note loan (in EUR thousand)						
Tranche	Issuance	Term in years	Repayment	Interest	Interest rate	Interest rate on Dec. 31, 2022
23,500	May 2022	5	April 2027	Fixed	2.46%	2.46 %
7,500	May 2022	7	April 2029	Fixed	2.65%	2.65 %
26,500	May 2022	5	April 2027	Floating rate	6-month EURIBOR + 1.1 pp	3.51 %
2,500	May 2022	7	April 2029	Floating rate	6-month EURIBOR + 1.15 pp	3.56 %

Non-recurring costs of EUR 558 thousand were incurred when the borrower's note loan was issued that will be deferred over the term of the borrower's note loan.

The Allgeier Group acquired a non-current amortizing loan when it acquired Höhn Consulting. The loan had a carrying amount of EUR 150 thousand on December 31, 2022. It must be repaid in quarterly instalments of EUR 12.5 thousand. The loan bears interest at a rate of 1.00 percent p.a.

The Allgeier Group acquired a non-current amortizing loan when it acquired pooliestudios. The loan had a carrying amount of EUR 140 thousand on December 31, 2022. It must be repaid in quarterly instalments of EUR 10 thousand. The loan bears interest at a rate of 1.03 percent p.a.

The Allgeier Group uses a factoring program to finance customer receivables and to smooth fluctuations in working capital. Under this program, customer receivables are sold to the factoring company usually every two weeks. If there are overlaps between incoming payments on customer receivables by clients and the factor, the obligations to forward customer payments to the factoring company are posted to financial liabilities. The financial liabilities from factoring amounted to EUR 19,987 thousand on December 31, 2022 (previous year: EUR 14,488 thousand). The factoring liability bears interest at a floating rate of 3M EURIBOR plus a margin. The interest rate was 2.96 percent p.a. (previous year: 0.83 percent) as of the end of 2022.

The financial liabilities due for repayment in fiscal 2022 were repaid as agreed. There were no defaults on payment in the settlement of financial liabilities.

20. Lease liabilities

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

Lease liabilities (in EUR thousand)				Dec. 31, 2022				Dec. 31, 2021
	Properties	Motor vehicles	Operating and office equipment	Total	Properties	Motor vehicles	Operating and office equipment	Total
Minimum payments:								
Due in less than one year	8,201	1,355	485	10,041	7,932	1,161	513	9,606
Due between one and five years	23,330	879	629	24,838	21,916	1,108	1,334	24,358
Due after more than five years	11,406	0	0	11,406	13,851	0	0	13,851
	42,937	2,234	1,114	46,285	43,699	2,269	1,847	47,815
Discounting to present value:								
Due in less than one year	-856	-52	-13	-921	-771	-6	-20	-797
Due between one and five years	-1,896	-6	-6	-1,908	-1,826	-11	-16	-1,853
Due after more than five years	-425	0	0	-425	-623	0	0	-623
	-3,177	-58	-19	-3,254	-3,220	-17	-36	-3,273
Present value of minimum lease payments:								
Due in less than one year	7,345	1,303	472	9,120	7,161	1,155	493	8,810
Due between one and five years	21,434	873	623	22,930	20,090	1,097	1,318	22,506
Due after more than five years	10,981	0	0	10,981	13,228	0	0	13,228
	39,761	2,176	1,096	43,032	40,480	2,252	1,812	44,544

Payments of EUR 11,319 thousand were made for leases in fiscal 2022 (previous year: EUR 10,694 thousand). EUR 11,319 thousand (previous year: EUR 10,692 thousand) of these payments relate to continuing operations and EUR 0 thousand (previous year: EUR 2 thousand) to discontinued operations.

If the extension options not yet taken into account in the right-of-use assets are exercised, this will give rise to further potential future cash outflows of EUR 13,093 thousand (previous year: EUR 12,269 thousand). The Allgeier Group does not currently expect the extension options to be exercised.

21. Provisions for post-employment benefits

The Allgeier Group recognized provisions of EUR 1,156 thousand as of December 31, 2022 (previous year: EUR 1,258 thousand) to cover post-employment benefit obligations. The reconciliation of these amounts is as follows:

Provisions for pensions (in EUR thousand)

			2022			2021
	Germany	India	Total	Germany	India	Total
Reconciliation of present value of the defined benefit obligation:						
Present value of the defined benefit obligation on January 1	1,470	162	1,632	1,329	0	1,329
Change in consolidated group	0	0	0	87	162	249
Current service cost	42	62	104	40	0	40
Interest cost	18	10	28	11	0	11
Actuarial gains or losses	-195	-33	-228	29	0	29
Benefits paid	-28	-16	-44	-26	0	-26
Currency translation differences	0	-9	-9	0	0	0
Present value of the defined benefit obligation on December 31	1,307	176	1,483	1,470	162	1,632
Reconciliation of plan assets:						
Plan assets at fair value on January 1	318	56	374	311	0	311
Change in consolidated group	0	0	0	0	56	56
Returns on plan assets	4	4	8	2	0	2
Employer contributions	9	0	9	9	0	9
Benefits paid	-6	-16	-22	-6	0	-6
Actuarial gains or losses	-39	0	-39	2	0	2
Currency translation differences	0	-3	-3	0	0	0
Plan assets at fair value on December 31	286	41	327	318	56	374
Net obligation as of December 31	1,021	135	1,156	1,152	106	1,258
of which: non-current	998	135	1,134	1,133	0	1,133
of which: current	22	0	22	18	106	125

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

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

			2022			2021
	Germany	India	Total	Germany	India	Total
Staff costs						
Current service cost	42	62	104	40	0	40
Past service cost	0	0	0	0	0	0
Staff costs	42	62	104	40	0	40
Financial expenses						
Interest cost	18	10	28	11	0	11
Return on plan assets (can be offset)	-4	-4	-8	-2	0	-2
Interest and similar expenses	14	6	20	9	0	9
Recognized in profit or loss	56	68	124	49	0	49
Gain/loss from remeasurement of pension obligations						
due to changes in demographic assumptions	0	-15	-15	0	0	0
due to changes in financial assumptions	-217	-25	-242	-46	0	-46
due to experience adjustments	22	7	29	75	0	75
Income/expenses on plan assets without interest income	39	0	39	-2	0	-2
Recognized in other comprehensive income	-156	-33	-189	27	0	27

All obligations relate to continuing operations.

Pension obligations (Germany)

As of December 31, 2022, the Allgeier Group had defined benefit plans for ten (previous year: ten) persons in the form of direct pension commitments. Of the eligible persons, one is still working in the Allgeier Group and nine (previous year: nine) have retired. In one case the commitments call for the payment of an agreed, fixed one-time amount. In the other cases, index-linked pensions with an annual increase of at least 1 percent were agreed. The pension payments are made starting at the agreed retirement age or in the event of disability. A widow's pension has been agreed for eight (previous year: eight) pension beneficiaries. All commitments are vested.

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

Payments into the defined benefit plan are expected to amount to EUR 9 thousand in 2022 (previous year: EUR 9 thousand).

The weighted average expected term of the defined benefit pension obligations is as follows:

Average expected term of defined benefit pension obligations (in years)

	Active employees	Retired employees	Total
As of December 31, 2021	6.6	9.6	7.4
As of December 31, 2022	5.7	8.0	6.2

Gratuity obligations

At a Group company in India (Evora IT Solutions Pvt. Ltd., Bangalore), there are obligations for future gratuity payments to employees that become payable when employees leave the company, regardless of whether this is at the instigation of the employer or the employee. These gratuity payments constitute a defined benefit plan in accordance with IAS 19.

Payments into this defined benefit plan are expected to amount to EUR 202 thousand in 2023 (previous year: EUR 155 thousand).

The average term of the gratuity obligations is eight years as of December 31, 2022 (previous year: 10 years).

Sensitivity analysis

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

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

The actuarial parameters used to calculate the present value of defined benefit obligations and for change risks are the interest rate and the annual increase in pay (salary trend) and current pensions for pension commitments (pension trend). On the assumption that the other parameters remain constant, the present value of the defined benefit obligations as of December 31, 2022 changes in accordance with the following sensitivity analysis:

Change in present value of defined benefit obligations as of December 31, 2022 (in EUR thousand)

	Germany		India		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Interest rate (1.00 % change)	-75	82	-13	14	-88	96
Salary trend (1.00 % change)	-	-	11	-10	11	-11
Pension trend (0.25 % change)	2	-2	-	-	2	-2

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

Defined contribution plans

Employer contributions for defined contribution plans of EUR 450 thousand were paid in the fiscal year (previous year: EUR 251 thousand).

22. Other provisions

Other provisions break down as follows:

Other provisions (in EUR thousand)

	Dec. 31, 2022			Dec. 31, 2021		
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Royalties and bonuses	11,882	0	11,882	13,308	0	13,308
Preparation and audit of annual financial statements	1,102	0	1,102	1,086	0	1,086
Warranties	1,070	0	1,070	325	0	325
Retention	389	325	64	397	331	66
Contributions to occupational health and safety agency	305	0	305	681	0	681
Disability levy	234	0	234	206	0	206
Restructuring, severance pay	143	0	143	240	0	240
Other	1,405	0	1,405	2,036	0	2,036
	16,531	325	16,206	18,279	331	17,948

Other provisions developed as follows in fiscal 2022:

Other provisions (in EUR thousand)

	As of Dec. 31, 2021	Addition to consolidated group	Utilization	Unused amounts reversed	Arising during the year	Currency effects	As of Dec. 31, 2022
Royalties and bonuses	13,308	529	-12,725	-583	11,347	6	11,882
Preparation and audit of annual financial statements	1,086	23	-967	-119	1,099	-20	1,102
Warranties	325	0	-268	0	1,013	0	1,070
Retention	397	7	-38	-2	20	5	389
Contributions to occupational health and safety agency	681	6	-161	-520	299	0	305
Disability levy	206	1	-199	-7	233	0	234
Restructuring, severance pay	240	23	-171	-40	92	-1	143
Other	2,036	181	-1,982	-24	1,156	38	1,405
	18,279	770	-16,511	-1,295	15,259	28	16,531

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

Warranties include provisions for individually recognized warranty claims.

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

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

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

23. Other financial liabilities

Other financial liabilities break down as follows:

Other financial liabilities (in EUR thousand)			Dec. 31, 2022			Dec. 31, 2021
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Remaining fixed purchase price of the Evora Group acquired in December 2021	20,755	9,955	10,800	21,399	17,799	3,600
Variable purchase price liabilities from acquisitions for which the actual amount is not yet known	16,320	16,320	0	24,003	24,003	0
Vacation obligations	4,023	0	4,023	3,574	0	3,574
Liabilities from wages and salaries	3,928	0	3,928	3,103	0	3,103
Originally variable purchase price liabilities from acquisitions for which the actual amount is now known	3,285	0	3,285	493	0	493
Outstanding incoming invoices	2,956	0	2,956	3,287	0	3,287
Profit transfer from profit shares of non-controlling shareholders of mgm technology partners GmbH, Munich	2,030	0	2,030	1,793	0	1,793
Working time accounts	1,117	0	1,117	992	0	992
Social security liabilities	200	0	200	351	0	351
Customers with credit balances	150	0	150	140	0	140
Loan liabilities	4	0	4	124	0	124
Other	1,942	0	1,942	568	0	568
	56,709	**26,275**	**30,434**	**59,827**	**41,802**	**18,025**

The non-current portion of the remaining fixed purchase price for the acquisition of the Evora Group in December 2021 has a term of between one and five years.

Variable purchase price liabilities from acquisitions where the actual amount is not yet known are dependent on the future achievement of conditions. These liabilities were measured on the basis of the expected future payments, the budget planning of the companies and the agreements entered into between the parties. If it emerges at a future date that the contingent purchase price components are higher or lower or no longer apply at all, the differences resulting from the adjustments to the purchase price liabilities are recognized as expenses or income in the income statement. The non-current purchase price liabilities were carried at the present value of the expected future payments. The present value was calculated with an interest rate of 3.63 percent (previous year: 0.30 percent to 0.49 percent). The interest rate is linked to the average interest rate for the non-current financial liabilities of the Allgeier Group on December 31, 2022. Market interest rates published by the Bundesbank were used in the previous year. The non-current purchase price liabilities of EUR 26,275 thousand (previous year: EUR 41,802 thousand) are offset by a total nominal value of EUR 29,280 thousand (previous year: EUR 42,177 thousand).

Obligations arising from vacation days from previous years not yet taken as of the end of the reporting period were recognized as vacation obligations. Vacation days are measured using the individual average salary of the respective employees, including social security contributions. Entitlement to vacation days for the subsequent year already taken were neither capitalized nor offset with provisions.

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

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

24. Other liabilities

Other liabilities break down as follows:

Other liabilities (in EUR thousand)	Dec. 31, 2022	Dec. 31, 2021
VAT liabilities	4,934	3,802
Other	1,141	886
	6,075	**4,688**

Notes to the Consolidated Financial Statements ALLGEIER

25. Financial instruments

Carrying amount and fair values

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

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

				Carrying amounts				Fair values
December 31, 2022	At fair value	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:								
Other financial assets	4,785	0	0	4,785	0	4,785	0	4,785
	4,785	**0**	**0**	**4,785**	**0**	**4,785**	**0**	**4,785**
Financial assets at fair value through other comprehensive income:								
Derivative financial instruments	3,047	0	0	3,047	0	3,047	0	3,047
	3,047	**0**	**0**	**3,047**	**0**	**3,047**	**0**	**3,047**
Financial assets at amortized cost:								
Trade receivables	0	66,942	0	66,942				66,942
Other financial assets	0	3,543	0	3,543				3,543
Cash and cash equivalents	0	87,421	0	87,421				87,421
	0	**157,906**	**0**	**157,906**				**157,906**
Financial assets	**7,832**	**157,906**	**0**	**165,738**				**165,738**
Financial liabilities at fair value through profit or loss:								
Contingent purchase price liabilities	16,321	0	0	16,321	0	0	16,321	16,321
	16,321	**0**	**0**	**16,321**	**0**	**0**	**16,321**	**16,321**
Financial liabilities at amortized cost:								
Financial liabilities	0	0	150,267	150,267				150,267
Trade payables	0	0	28,274	28,274				28,274
Leases	0	0	43,032	43,032				43,032
Other financial liabilities	0	0	40,388	40,388				40,388
	0	**0**	**261,961**	**261,961**				**261,961**
Financial liabilities	**16,321**	**0**	**261,961**	**278,282**				**278,282**

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

				Carrying amounts				Fair values
December 31, 2021	At fair value	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:								
Other financial assets	6,550	0	0	6,550	0	6,550	0	6,550
	6,550	**0**	**0**	**6,550**	**0**	**6,550**	**0**	**6,550**
Financial assets at amortized cost:								
Trade receivables	0	62,346	0	62,346				62,346
Other financial assets	0	3,795	0	3,795				3,795
Cash and cash equivalents	0	69,409	0	69,409				69,409
	0	**135,550**	**0**	**135,550**				**135,550**
Financial assets	**6,550**	**135,550**	**0**	**142,100**				**142,100**
Financial liabilities at fair value through profit or loss:								
Contingent purchase price liabilities	24,496	0	0	24,496	0		24,496	24,496
	24,496	**0**	**0**	**24,496**	**0**		**24,496**	**24,496**
Financial liabilities at amortized cost:								
Financial liabilities	0	0	138,385	138,385				138,385
Trade payables	0	0	25,073	25,073				25,073
Leases	0	0	44,543	44,543				44,543
Other financial liabilities	0	0	35,331	35,331				35,331
	0	**0**	**243,332**	**243,332**				**243,332**
Financial liabilities	**24,496**	**0**	**243,332**	**267,828**				**267,828**

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

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

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

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

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

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

Development of contingent purchase price liabilities measured at fair value (in EUR thousand)	
As of January 1, 2021	5,762
Additions	22,883
Purchase price adjustments recognized as income through profit or loss	-1,107
Disposals due to payments	-3,186
Interest effect	23
Foreign currency changes in profit or loss	121
As of December 31, 2021	24,496
Additions	662
Disposals due to payments	-333
Disposals of purchase price liabilities since established	-3,154
Purchase price adjustments from the acquisition of MySign AG, Olten, Switzerland, recognized as income in profit or loss in 2021	-3,031
Purchase price adjustments from the acquisition of eForce21 GmbH, Munich, r ecognized as income in profit or loss in 2020	-500
Interest effect	-1,952
Foreign currency changes in profit or loss	133
As of December 31, 2022	16,321

The fair values of the contingent cost of acquisitions is based on the earn-out clauses agreed in the purchase agreements and the companies' planning. The fair values derived from the calculations are taken into account in first-time consolidation. The fair values of the contingent cost is reviewed and adjusted on an ongoing basis in subsequent periods. If changes arise, the necessary adjustments are reported through profit or loss in the income statement under other operating income. If an adjustment becomes necessary within 12 months of first-time consolidation, the adjustment is offset against goodwill. The earn-out for MySign AG, Olten, Switzerland, acquired in July 2021, was derecognized in full in December 2022 as it is no longer expected to occur based on the company's earnings performance. The contingent purchase price for eForce21 GmbH, Munich, which was acquired in fiscal 2020 and merged with mgm technology partners GmbH, Munich, in the same year, was also derecognized in the amount attributable to 2022.

The effect of over- or underperforming criteria on the fair values of contingent cost is as follows:

Sensitivity of contingent cost to over- or underperforming criteria (in EUR thousand)	Profit or loss	
	Overperformance	Underperformance
Earnings effect of eForce21 GmbH's earn-out if the revenue target is missed by 10 %	0	333
Earnings effect of QFS's earn-out if the EBIT target is missed by 10 %	0	263
Earnings effect of the Evora Group's earn-out if the EBITDA target is missed by more or less than 10 %	0	0
Change in the discount rate of 1 %	536	-544

Net gains and losses on financial instruments

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

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

	2022						2021				
	Other operating income	Other operating expenses*	Finance income	Financial expenses	FVOCI	Total	Other operating income	Other operating expenses*	Finance income	Financial expenses	Total
Total											
Cash	0	0	28	0	0	28	0	0	8	0	8
Loans and receivables	429	-744	0	-4,726	0	-5,041	1,304	-1,382	0	0	-78
of which impairment	0	-387	0	0	0	-387	0	-288	0	0	-288
Other financial assets	0	0	84	0	0	84	0	0	3,715	0	3,715
Factoring	0	0	0	-259	0	-259	0	0	0	-106	-106
Derivative financial instruments	0	0	0	0	3,307	3,307	0	0	0	0	0
Leases	0	0	0	1,030	0	-1,025	0	0	0	-981	-981
Financial liabilities at fair value	3,531	-133	1,987	-1,399	0	3,986	1,107	-121	0	-23	963
Other liabilities	0	0	644	0	0	644	0	0	0	-2,148	-2,148
Total net gain/loss on financial instruments	**3,960**	**-877**	**2,743**	**-7,409**	**3,307**	**1,724**	**2,411**	**-1,503**	**3,723**	**-3,258**	**1,373**
Discontinued operations:											
Cash	0	0	0	0	0	0	0	0	0	0	0
Loans and receivables	0	0	0	0	0	0	0	0	0	0	0
of which impairment	0	0	0	0	0	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0	0	0	0	0	0
Factoring	0	0	0	0	0	0	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0	0	0	0	0	0	0
Securities	0	0	0	0	0	0	0	0	0	0	0
Leases	0	0	0	0	0	0	0	0	0	0	0
Financial liabilities at fair value	0	0	0	0	0	0	0	0	0	0	0
Other liabilities	0	0	0	0	0	0	0	0	0	-1	-1
Total net gain/loss on financial instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-1**	**-1**
Continuing operations:											
Cash	0	0	28	0	0	28	0	0	8	0	8
Loans and receivables	429	-744	0	-4,726	0	-5,041	1,304	-1,382	0	0	-78
of which impairment	0	-387	0	0	0	-387	0	-288	0	0	-288
Other financial assets	0	0	84	0	0	84	0	0	3,715	0	3,715
Factoring	0	0	0	-259	0	-259	0	0	0	-106	-106
Derivative financial instruments	0	0	0	0	3,307	3,307	0	0	0	0	0
Securities	0	0	0	0	0	0	0	0	0	0	0
Leases	0	0	0	-1,025	0	-1,025	0	0	0	-981	-981
Financial liabilities at fair value	3,531	-133	1,987	-1,399	0	3,986	1,107	-121	0	-23	963
Other liabilities	0	0	644	0	0	644	0	0	0	-2,147	-2,147
Total net gain/loss on financial instruments	**3,960**	**-877**	**2,743**	**-7,409**	**3,307**	**1,724**	**2,411**	**-1,503**	**3,723**	**-3,257**	**1,374**

* including impairment on trade receivables

C. NOTES TO THE CONSOLIDATED INCOME STATEMENT

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

26. Revenue

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

Expected revenue from outstanding performance obligations with an original contact period > 1 year (in EUR thousand)						
as of	Total	2022	2023	2024	2025	2026
December 31, 2022	40,886	-	18,617	8,759	7,937	5,573
December 31, 2021	10,958	8,938	1,686	284	50	-

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

Revenue breaks down as follows:

Revenue (in EUR thousand)						
		Total	Discontinued operations		Continuing operations	
	2022	2021	2022	2021	2022	2021
Revenue with third parties	480,233	403,485	42	276	480,191	403,209
Consolidation of intercompany revenue	0	0	0	5	0	-5
Revenue from operating leases	131	121	0	0	131	121
	480,364	403,606	42	281	480,322	403,325

27. Other operating income

Other operating income breaks down as follows:

Other operating income (in EUR thousand)						
		Total	Discontinued operations		Continuing operations	
	2022	2021	2022	2021	2022	2021
Reversals of liabilities from acquisitions	3,531	1,107	0	0	3,531	1,107
Reversal of provisions	1,295	1,488	0	0	1,295	1,488
Income from currency translation	586	425	31	212	555	213
Utilization and reversal of bad debt allowances	337	1,249	0	0	337	1,249
Recoveries on loans previously written off	92	55	0	0	92	55
Income from operating sub-leases	406	87	0	0	406	87
Other	1,702	1,474	137	45	1,565	1,428
	7,949	5,885	168	257	7,781	5,628

28. Cost of materials

The cost of materials breaks down as follows:

Cost of materials (in EUR thousand)						
		Total	Discontinued operations		Continuing operations	
	2022	2021	2022	2021	2022	2021
Raw materials and supplies	19,157	15,048	0	0	19,157	15,048
Purchased services	154,955	141,544	0	14	154,955	141,530
	174,112	156,592	0	14	174,112	156,578

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

29. Staff costs

Staff costs break down as follows:

Staff costs (in EUR thousand)						
		Total	Discontinued operations		Continuing operations	
	2022	2021	2022	2021	2022	2021
Salaries and wages	178,417	148,570	11	236	178,406	148,334
Royalties and bonuses	15,314	14,682	0	0	15,314	14,682
Taxation of employee remuneration in kind	-1,417	-1,362	0	0	-1,417	-1,362
	192,314	161,890	11	236	192,303	161,654
Social security expenses	31,654	26,343	3	30	31,651	26,313
	223,968	188,233	14	266	223,954	187,967

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

Headcount in the Allgeier Group (in EUR thousand)						
		Total	Discontinued operations		Continuing operations	
	2022	2021	2022	2021	2022	2021
Average:						
Working on customer orders	2,454	2,002	0	0	2,454	2,002
Working in other areas	751	675	1	13	750	662
	3,205	2,678	1	13	3,204	2,665
End of reporting period:						
Working on customer orders	2,561	2,210	0	0	2,561	2,210
Working in other areas	768	739	0	12	768	727
	3,329	2,949	0	12	3,329	2,937

The average values were calculated on the basis of the number of employees on March 31, June 30, September 30 and December 31.

Share-based remuneration program

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

The authorizations granted to the Management Board and the Supervisory Board to issue stock options and the stock options issued by December 31, 2022 are as follows:

Stock option plans	Contingent capital (max. issue)	Options issued	Date of issue
2010 stock option plan	EUR 460,000 thousand	460,000	November 19, 2012
2014 stock option plan	EUR 140,000 thousand	140,000	November 29, 2017
2021 stock option plan	EUR 940,000 thousand	910,000	June 8 and November 12, 2021, more possible until June 7, 2026

According to the conditions of the stock option plans, the exercise price of the previously issued options corresponds to a premium of 10 percent on the average share price over the last five days before the options were granted. The options granted can be exercised no sooner than four years after they were issued (vesting period). The periods for exercising options thereafter is typically limited to a period of two weeks after the Annual General Meeting and after the publication of annual, semi-annual and quarterly figures. To prevent dilution effects, the exercise price is also adjusted in the event of capital changes and distributions that exceed earnings per share (not including the disposal of companies). The option rights expire ten years after they are issued/granted. In addition, at the time of the declaration of the subscription of shares, the 2010 and 2014 stock option plans stipulate a cap that limits the maximum number of options exercised per beneficiary to an exercise gain (average share price of the last five trading days less exercise price) of EUR 1.0 million per calendar year. The 2014 stock option plan contains a minimum share price as an additional performance target for exercising the options.

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

When the spin-off of the Nagarro Group became effective as of December 16, 2020, the 2010 and 2014 stock option plans were transferred pro rata to Allgeier SE and Nagarro SE in accordance with the spin-off agreement (modification of terms of stock options). For the programs already issued by Allgeier SE, with the number of options unchanged, there was a change in the form of a reduction of the option parameters of exercise price, cap and – for the 2014 program – the minimum share price. The reduction was in the proportion of the 30-day average of Allgeier SE's share price to the total of the 30-day average prices of Allgeier SE and Nagarro SE after the spin-off became effective. Furthermore, in accordance with the spin-off agreement, the same number of options was issued to the same beneficiaries at Nagarro SE (SOP I/2020).

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

Parameters of binomial model	Dec. 31, 2022	Dec. 31, 2021	Issue date
Exercise price per share	(expired)	EUR 1.85	EUR 10.89
Expected share price volatility	-	41.16 %	41.16 %
Risk-free interest rate	-	1.30 %	1.30 %

The distributions resolved by the Annual General Meetings in the 2013 to 2019 fiscal years each resulted in adjustments of the exercise price. The values of the option rights issued under the 2010 stock option plan were updated with the new exercise price in each case, but otherwise using the same parameters as previously used on the issue date. The distributions in fiscal 2020 to fiscal 2022 did not result in any adjustments of the exercise price. After the spin-off became effective, which significantly reduced the size of the Allgeier Group, the legally relevant exercise price for Allgeier's 2010 stock option plan, i.e. the price to be paid by the beneficiaries at a later date, was reduced to EUR 1.85 per stock option.

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

Parameters of binomial model	Dec. 31, 2022	Dec. 31, 2021	Issue date
Exercise price per share	EUR 24.17	EUR 24.17	EUR 24.42
Expected share price volatility	29.12 %	29.12 %	29.12 %
Risk-free interest rate	0.49 %	0.49 %	0.49 %

The distributions resolved by the Annual General Meetings in fiscal 2018 and fiscal 2019 resulted in an adjustment of the exercise price. The value was updated with the new exercise price, but otherwise using the same parameters as previously used on the issue date. The distributions in fiscal 2020 to fiscal 2022 did not result in any adjustments of the exercise price. The modification of the terms of the 2014 plan as of December 16, 2020 as a result of spinning off the Nagarro Group increased the total value of the plan by EUR 1,683 thousand (of which in continuing operations: EUR 348 thousand). The non-linear distribution of the total expense over the vesting period until the end of November 2021 resulted in staff costs of EUR 47 thousand in the previous year. After the spin-off became effective, the legally relevant exercise price for Allgeier's 2014 stock option plan was reduced to EUR 4.72 per option.

For the stock options issued on June 8 and November 12, 2021 (2021 stock option plan), the following valuation parameters were used in addition to a share price of EUR 23.10 and EUR 29.95 on the date the options were granted:

Parameters of binomial model	Dec. 31, 2022	Dec. 31, 2021	Issue date
Issued on June 8, 2021			
Exercise price per share	EUR 25.89	EUR 25.89	EUR 25.89
Expected share price volatility	29.30 %	29.30 %	29.30 %
Risk-free interest rate	-0.11 %	-0.11 %	-0.11 %
Issued on November 12, 2021			
Exercise price per share	EUR 31.47	EUR 31.47	EUR 31.47
Expected share price volatility	30.30 %	30.30 %	30.30 %
Risk-free interest rate	-0.03 %	-0.03 %	-0.03 %

The total expense of the stock option plan was EUR 6,294 thousand (previous year: EUR 6,177 thousand). Assuming a partial non-linear distribution of the original total expense over the four-year vesting period, staff costs amount to EUR 99 thousand in fiscal 2022 (previous year: EUR 6,106 thousand).

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

Number of stock options	2010 stock option plan		2014 stock option plan		2021 stock option plan	
	2022	2021	2022	2021	2022	2021
As of January 1	28,000	54,000	140,000	140,000	910,000	0
Options granted	0	0	0	0	0	910,000
Options exercised	-19,000	-26,000	0	0	0	0
Options expired	-9,000	0	0	0	-8,000	0
As of December 31	**0**	**28,000**	**140,000**	**140,000**	**902,000**	**910,000**

The weighted average share price on the exercise date was EUR 30.90 for the stock options exercised in fiscal 2022 (previous year: EUR 23.54).

The stock option rights still outstanding under the 2014 stock option plan as of December 31, 2022 expire on November 29, 2027. 900,000 of the outstanding options under the 2021 stock option plan will expire on June 8, 2031 and 2,000 on November 12, 2031.

30. Other operating expenses

Other operating expenses break down as follows:

Other operating expenses (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2022	2021	2022	2021	2022	2021
IT costs	4,243	2,498	0	2	4,243	2,496
Other staff costs	3,929	2,778	0	26	3,929	2,752
Land and building costs	3,442	2,958	3	17	3,439	2,941
Travel expenses	2,976	1,215	0	3	2,976	1,212
Vehicle costs	2,572	1,901	3	21	2,569	1,880
Advertising expenses	2,190	1,396	3	13	2,187	1,383
Legal and consulting fees	2,078	1,932	5	51	2,073	1,881
Communication expenses	1,830	1,500	1	8	1,829	1,492
Reclassification of cumulative of Oxygen recognized in equity	1,814	0	1,814	0	0	0
Insurance, contributions	1,520	1,097	1	5	1,519	1,092
Services	1,370	1,403	0	17	1,370	1,386
Costs for the annual financial statements	943	778	0	2	943	776
Foreign exchange differences	813	459	1	12	812	447
Office supplies	763	370	2	8	761	362
Supervisory Board remuneration	756	554	0	0	756	554
Entertainment expenses	477	149	0	0	477	149
Expenses from acquisition activities	311	1,620	0	0	311	1,620
Direct selling expenses	238	545	0	0	238	545
Maintenance	228	187	5	3	223	184
Other	3,166	2,673	4	81	3,162	2,592
	35,659	**26,013**	**1,842**	**269**	**33,817**	**25,743**

Other operating expenses include fees for the auditor of these consolidated financial statements as of December 31, 2022 as follows:

Auditor's fees (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2022	2021	2022	2021	2022	2021
Audits of financial statements	588	345	0	0	588	345
Tax advisory services	104	196	0	0	104	196
Other services	87	86	0	0	87	86
Other assurance services	13	18	0	0	13	18
	792	**646**	**0**	**0**	**792**	**646**

31. Depreciation, amortization and impairment

Depreciation, amortization and impairment break down as follows:

Depreciation, amortization and impairment (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2022	2021	2022	2021	2022	2021
Amortization of intangible assets:						
Acquired order backlogs	5,192	992	0	0	5,192	992
Acquired customer relationships and customer lists	3,236	1,763	0	0	3,236	1,763
Acquired marketable products	1,084	600	0	0	1,084	600
Acquired websites	9	8	0	0	9	8
Acquired software, licenses and rights	1,529	1,246	0	6	1,529	1,240
Internally generated intangible assets	2,236	1,705	0	0	2,236	1,705
	13,286	6,314	0	6	13,286	6,309
Depreciation of property, plant and equipment:						
Land and buildings	28	41	0	0	28	41
Other fixed assets and office equipment	3,701	2,953	1	2	3,700	2,951
	3,729	2,994	1	2	3,728	2,992
Depreciation on right-of-use assets from leases:						
Right-of-use assets from leases	10,344	9,202	0	2	10,344	9,200
	10,344	9,202	0	2	10,344	9,200
	27,360	18,511	1	10	27,359	18,501

32. Finance income

Finance income breaks down as follows:

Finance income (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2022	2021	2022	2021	2022	2021
Interest income from discounting of non-current purchase price liabilities from acquisitions	2,631	0	0	0	2,631	0
Dividends from Speedinvest	81	406	0	0	81	406
Interest income on bank balances	28	8	0	0	28	8
Interest income from investments accounted for using the equity method	20	52	0	0	20	52
Income from measurement at fair value of Speedinvest shares	0	3,309	0	0	0	3,309
Other finance income	12	5	0	0	12	5
	2,772	3,780	0	0	2,772	3,780

33. Financial expenses

Finance costs break down as follows:

Financial expenses (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2022	2021	2022	2021	2022	2021
Interest on bank loans and borrower's note loans	3,541	1,351	0	0	3,541	1,351
Expenses from the measurement of Speedinvest	1,359	0	0	0	1,359	0
Interest on finance leases	1,030	981	0	0	1,030	981
Commitment interest for credit facility	852	797	0	0	852	797
Factoring interest	259	106	0	0	259	106
Interest on non-current liabilities from acquisitions	40	23	0	0	40	23
Interest portion of additions to pension provisions	21	8	0	0	21	8
Other interest expenses	345	175	0	63	345	112
	7,447	3,441	0	63	7,447	3,378

Deviating from the presentation in the annual report for the previous year, the commitment interest for the credit facility is shown separately in the table. The figures for the previous year have been restated to allow comparisons.

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

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

Investments accounted for using the equity method (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2022	2021	2022	2021	2022	2021
Pro rata profit/loss for the year of northport	0	-15	0	0	0	-15
	0	-15	0	0	0	-15

35. Net income taxes

The income tax expense breaks down as follows:

Income tax expense (in EUR thousand)		Total	Discontinued operations		Continuing operations	
	2022	2021	2022	2021	2022	2021
Current tax result	9,001	8,786	7	18	8,994	8,768
Deferred tax result	-811	-1,099	0	0	-811	-1,099
	8,190	7,687	7	18	8,183	7,669

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

Tax reconciliation (in EUR thousand)		Total	Discontinued operations		Continuing operations	
	2022	2021	2022	2021	2022	2021
Earnings before income taxes	28,722	20,080	-1,647	-83	30,369	20,163
Group tax rate	30.00 %	30.00 %	30.00 %	30.00 %	30.00 %	30.00 %
Expected income tax result	-8,617	-6,024	494	25	-9,111	-6,049
Deviations due to tax rates	182	-206	2	-5	180	-201
Tax effect of other non-deductible expenses	-493	-421	0	0	-493	-421
Tax-free income	9	152	0	0	9	152
Fair value measurement (FVTPL) of financial instruments	-489	993	0	0	-489	993
Losses for which deferred tax assets were not recognized	-314	-643	0	-75	-314	-568
Use of loss carryforwards for which deferred tax assets were not recognized	178	14	0	0	178	14
Write-downs of deferred tax assets	0	-70	0	0	0	-70
Reversal of impairment on deferred tax assets	366	57	0	0	366	57
Intragroup restructuring	-106	17	0	0	-106	17
Incidental acquisition costs not deductible for tax purposes	-77	-422	0	0	-77	-422
Intragroup distributions	-63	-10	0	0	-63	-10
Adjustment of earn-out liabilities	1,793	289	0	0	1,793	289
Measurement under the equity method	0	-5	0	0	0	-5
Expenses for share-based payment transactions (stock options)	-30	-1,846	0	0	-30	-1,846
Effect of IFRS 16	-53	29	0	0	-53	29
Effect of IFRS 5	41	33	41	33	0	0
Prior-period taxes	12	341	0	4	12	337
Earnings effect of deconsolidation (recycling of cumulative currency effects)	-544	0	-544	0	0	0
Other deviations	15	35	0	0	15	34
Current income tax result	-8,190	-7,687	-7	-18	-8,183	-7,670
	28.5 %	38.3 %	-0.4 %	-21.7 %	26.9 %	38.0 %

No income taxes were incurred on the result of the business sold in fiscal 2022.

36. Earnings per share

The Allgeier Group generated basic earnings per share of EUR 1.89 in fiscal 2022 (previous year: EUR 1.04). The basic earnings per share for continuing operations amounted to EUR 1.68 (previous year: EUR 1.04). The basic earnings per share for discontinued operations amounted to EUR 0.22 (previous year: EUR -0.01). Earnings per share are calculated by dividing the profit for the period attributable to the shareholders of the parent company by the average number of shares outstanding of 11,417,935 (previous year: 11,397,258).

The diluted earnings per share of the Allgeier Group amounted to EUR 1.83 (previous year: EUR 1.02). EUR 1.62 (previous year: EUR 1.03) of diluted earnings per share relates to continuing operations and EUR 0.21 (previous year: EUR 0.01) to discontinued operations. Diluted earnings per share are calculated based on the assumption that all outstanding option rights will be exercised at the agreed exercises prices. The cash amount payable on exercise of the option is compared to the value of the shares granted for this purpose at the average annual price of EUR 35.95 (previous year: EUR 26.13). Dilution occurs if the value of the shares not yet exercised exceeds the exercise price. This was calculated on the basis of the issue of 373,747 bonus shares (previous year: 149,159 shares).

There were 11,427,513 shares outstanding as of December 31, 2022 (previous year: 11,408,513 shares).

The Supervisory Board and the Management Board of Allgeier SE consider the continuity of dividend payments to be a key objective. The dividend typically amounted to EUR 0.50 from 2009 to 2022. Moving forward, dividends will be paid again if possible. Dividends must be seen in the context of all the company's objectives and, in particular, sustainable corporate development must be appropriately taken into account. Legally, the distribution of a divided is linked to sufficient earnings by Allgeier SE in accordance with German commercial law. All proposals for the appropriation of profits by the Management Board and the Supervisory Board require the approval of the Annual General Meeting.

Notes to the Consolidated Financial Statements ALLGEIER

D. SEGMENT REPORTING

In its segment reporting, the Allgeier Group divides its operating activities into the two segments of “Enterprise IT” and “mgm technology partners”.

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 comprehensive portfolio of IT services for major software projects and long-term managed services and maintenance agreements. The companies of the Enterprise IT segment design, create and operate end-to-end IT solutions for implementing and supporting clients’ critical business processes on the basis of business software products. They do this using their own IP-based software architecture and solutions plus market-leading software products and platforms for the 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 Enterprise IT segment has a large pool of resources with highly qualified software and IT experts, thereby guaranteeing a high level of scalability and flexibility in project implementation and support. Its employees combine in-depth technical knowledge, 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.

The mgm technology partners segment (mgm) is an international software development company for digitalization projects that ranks among the leading providers for e-government solutions and commerce solutions in Germany. mgm offers an integrated range of services extending from the internally developed enterprise low-code A12 platform to the complete handling of individual enterprise projects and the secure operation of the software in a state-of-the-art cloud infrastructure. At mgm, sustainable software engineering means taking responsibility in the long term and refining complex enterprise applications. mgm is chosen for large and long-lasting software projects in particular with a focus on scalability, security and reliability. This makes mgm a strong partner for commerce, insurance and the public sector – which are all expected to experience strong momentum in digitalization in the coming years. Together with the dedicated service portfolio of the subsidiaries mgm consulting partners (management consulting), mgm security partners (security), mgm integration partners (SAP) and Quality First Software (test automation), mgm covers the core issues for the digitalization of business and administrative processes. mgm has systematically improved its in-house software-production processes in recent years in the direction of cross-project optimization. The result is an in-house product development on the basis of the A12 enterprise low-code platform. Software products such as mgm Cosmo (industry solution for industrial insurance) and TMT (test management for software development) are offered building on this. mgm thus markets the procedural models and tools trialed in-house and thereby becomes a valuable partner to all companies that have to continuously build on their software expertise within their own value chain. The more applications that are implemented according to this industrial production approach, the more mgm and its clients benefit from this scalable approach. mgm applies the approach of digital sovereignty, whereby every company retains authority over and knowledge of its own IT systems and data.

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

Segments (in EUR thousand)

	Enterprise IT segment		mgm technology partners segment		Other		Continuing operations		Discontinued operations		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
External revenue	373,705	307,820	105,736	92,838	881	2,672	480,322	403,329	42	276	480,364	403,606
Revenue with other segments	657	627	4,970	5,185	-5,627	-5,817	0	-5	0	5	0	0
Cost of materials	165,284	148,575	13,147	10,943	-4,319	-2,939	174,112	156,578	0	14	174,112	156,592
Staff costs	149,615	116,056	69,305	59,884	5,034	12,027	223,954	187,967	14	266	223,968	188,233
Depreciation and amortization	19,758	12,001	6,064	5,019	1,537	1,480	27,359	18,501	1	10	27,360	18,511
Segment earnings from operating activities	**25,651**	**18,154**	**18,340**	**17,268**	**-8,945**	**-15,646**	**35,045**	**19,776**	**-1,647**	**-20**	**33,398**	**19,756**
Finance income	2,778	2,506	344	256	-351	1,019	2,772	3,780	0	0	2,772	3,780
Financial expenses	4,358	6,674	473	425	2,616	-3,722	7,447	3,378	0	63	7,447	3,441
Net income from investments accounted for using the equity method	0	0	0	-15	0	0	0	-15	0	0	0	-15
Segment earnings before income taxes	**24,071**	**13,985**	**18,211**	**17,083**	**-11,913**	**-10,905**	**30,370**	**20,163**	**-1,647**	**-83**	**28,723**	**20,080**
Net income taxes	-2,993	1,176	-1,866	-1,625	-3,324	-7,221	-8,183	-7,670	-7	-18	-8,190	-7,687
Segment earnings before profit transfer	**21,078**	**15,161**	**16,345**	**15,458**	**-15,237**	**-18,126**	**22,187**	**12,494**	**-1,654**	**-101**	**20,532**	**12,393**
Other non-cash expenses(+)/income(-)	-6,109	-6,543	-3,916	-292	147	12,169	-9,878	5,334	1,814	-5,980	-8,063	-645
Segment assets	433,883	426,127	89,870	81,412	-10,937	-22,681	512,815	484,858	0	0	512,815	484,858
Segment liabilities	269,283	282,366	56,472	50,131	6,725	-10,412	332,480	322,085	0	0	332,480	322,085
Additions to property, plant and equipment and intangible assets	16,857	207,583	9,241	19,478	24	131	26,122	227,191	0	9	26,122	227,200
Cash flows from operating activities	27,269	21,230	18,960	21,616	-14,480	-14,195	31,750	28,651	-66	450	31,684	29,101
Cash flows from investing activities	-8,433	-154,774	-6,043	-8,428	-3,235	13,280	-17,711	-149,923	-221	-12	-17,932	-149,934
Cash flows from financing activities	-13,418	140,472	-11,769	-13,726	24,007	-6,259	-1,179	120,487	0	42	-1,179	120,529

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

External segment revenue (in EUR thousand)	Enterprise IT segment		mgm technology partners segment		Other		Continuing operations	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenue by country:								
Germany	333,795	285,948	99,927	89,983	881	2,672	434,603	378,603
Switzerland	23,293	16,294	826	186	0	0	24,119	16,480
United States	6,066	225	931	240	0	0	6,997	466
Austria	5,288	2,487	674	442	0	0	5,962	2,928
Spain	378	203	2,201	1,371	0	0	2,579	1,574
Canada	1,451	0	29	22	0	0	1,480	22
Netherlands	998	642	360	290	0	0	1,358	932
UK	517	292	40	13	0	0	557	305
France	374	807	206	164	0	0	580	970
Other	1,545	923	541	125	0	0	2,087	1,049
Total international	39,910	21,872	5,809	2,854	0	0	45,719	24,726
Total	373,705	307,820	105,736	92,838	881	2,672	480,322	403,329
Revenue by product:								
Services	345,536	284,326	101,819	90,281	881	2,672	448,237	377,279
Products	5,214	4,526	10,381	0	0	0	5,225	4,526
Licenses	22,955	18,967	3,906	2,557	0	0	26,860	21,524
Total	373,705	307,820	105,736	92,838	881	2,672	480,322	403,329
Order backlog	127,716	123,380	21,399	18,112	0	0	149,115	141,492

External revenue is allocated based on the registered office of the recipient company. In its continuing operations, the Allgeier Group generated revenue of EUR 66.0 million with its largest single client in fiscal 2022 (previous year: EUR 54.4 million). The revenue generated with the largest client therefore accounts for 13.8 percent of total revenue (previous year: 13.5 percent). The largest client is predominantly a client of the Enterprise IT segment. The order backlog of the Allgeier Group amounts to EUR 149.1 million as of December 31, 2022 (previous year: EUR 141.5 million). The order backlog will predominantly be worked off within the next twelve months. Based on the 2022 revenue from continuing operations, the order backlog has a notional range of 3.7 months (previous year: 4.2 months).

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

Non-current segment assets (in EUR thousand)	Enterprise IT segment		mgm technology partners segment		Other		Continuing operations	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Germany	283,338	284,034	36,132	31,927	20,093	18,366	339,563	334,327
Vietnam	0	0	1,820	1,518	0	0	1,820	1,518
Switzerland	1,807	1,850	0	0	0	0	1,807	1,850
India	897	932	0	0	0	0	897	932
France	0	0	457	545	0	0	457	545
Czechia	0	0	326	456	0	0	326	456
United States	11	44	206	437	0	0	217	481
Austria	7	5	53	96	0	0	60	101
Poland	56	0	0	0	0	0	56	0
Spain	22	0	0	0	0	0	22	0
Total international	2,800	2,831	2,863	3,052	0	0	5,663	5,883
Total	286,138	286,865	38,995	34,980	20,093	18,366	345,226	340,211

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

E. STATEMENT OF CASH FLOWS

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

In fiscal 2022, the Allgeier Group sold its shares in Oxygen Consultancy, Istanbul, Turkey, IPP northport InsurancePartner Platform GmbH, Hamburg, and Talentry GmbH, Munich. The Allgeier Group received the following proceeds from the disposals:

Proceeds from the sale of subsidiaries (in EUR thousand)	
Disposal of Oxygen Consultancy, Istanbul, Turkey	140
Disposal of IPP northport InsurancePartner Platform GmbH, Hamburg	536
Disposal of Talentry GmbH, Munich	4,210
	4,886

The disposal of Oxygen resulted in the derecognition of cash and cash equivalents of EUR 221 thousand.

In fiscal 2022, the Allgeier Group acquired shares in pooliestudios GmbH, Düsseldorf, Quality First Software GmbH, Geretsried, ALLGEIER POLAND sp. z o.o., Warsaw, Poland, Höhn Consulting GmbH, Kiel, and Allgeier Public SE, Munich. Cash funds of EUR 4,924 thousand were used to acquire these companies in fiscal 2022. The Allgeier Group received cash and cash equivalents of EUR 1,545 thousand with the companies acquired. The purchase prices and cash flows for the acquisitions performed in 2022 are as follows:

Purchase prices and cash flows from acquisitions (in EUR thousand)	pooliestudios	QFS	ALLGEIER POLAND	Höhn Consulting	Allgeier Public SE	Total
Cost of acquisitions	409	1,661	1	5,225	120	7,416
Non-cash portion of purchase price	0	661	0	285	0	946
Purchase price paid in 2022	**409**	**1,000**	**1**	**4,940**	**120**	**6,470**
Acquired cash and cash equivalents	7	1,021	1	396	120	1,545
Cash paid for acquisitions	**402**	**-21**	**0**	**4,544**	**0**	**4,924**

The net assets acquired in fiscal 2022 break down as follows:

Net assets (in EUR thousand)	pooliestudios	QFS	ALLGEIER POLAND	Höhn Consulting	Allgeier Public SE	Total
Intangible assets	125	1,093	0	241	0	1,459
Property, plant and equipment	74	19	0	58	0	151
Right-of-use assets from leases	206	38	0	201	0	445
Trade receivables	209	117	0	641	0	967
Other financial assets	218	187	0	26	0	431
Other assets	16	19	0	31	0	66
Income tax receivables	0	0	0	4	0	4
Cash	7	1,021	1	396	120	1,545
Deferred tax assets	22	0	0	0	0	22
Acquired assets	**877**	**2,494**	**1**	**1,598**	**120**	**5,090**
Financial liabilities	170	0	0	163	0	333
Lease liabilities	206	38	0	201	0	445
Provisions	182	75	0	108	0	365
Contract liabilities	0	687	0	0	0	687
Trade payables	5	10	0	81	0	96
Other financial liabilities	72	327	0	45	0	444
Other liabilities	14	0	0	78	0	92
Income tax liabilities	89	69	0	66	0	224
Deferred tax liabilities	0	336	0	75	0	411
Acquired liabilities	**738**	**1,542**	**0**	**817**	**0**	**3,097**
Net assets of acquisitions	**139**	**952**	**1**	**781**	**120**	**1,993**

The balance of payments with non-controlling interests breaks down as follows in 2022:

Balance of payments (in EUR thousand)	
Acquisition of 10% of shares in Allgeier publicplan Holding GmbH	-4,000
Profit distribution to the non-controlling shareholders of mgm technology partners GmbH	-1,794
Profit distribution to the non-controlling shareholders of mgm consulting partners	-237
Profit distribution to the non-controlling shareholders of mgm security partners	-189
	-6,220

Financial and lease liabilities developed as follows:

Financial liabilities and lease liabilities (in EUR thousand)									
								Non-cash	
	As of Jan. 1, 2022	Cash effect in 2022	Additions from acquisitions in 2022	Additions in 2022	Additions/remeasure-ment in 2022	Exchange rate difference in 2022	Deferred one-time costs in 2022	Interest expense in 2022	As of Dec. 31, 2022
Non-current financial liabilities	123,500	7,458	243	0	0	0	-763	0	130,437
Current financial liabilities	14,885	5,125	90	0	0	0	-269	0	19,830
of which cash and cash equivalents	14,885	5,125	0	0	0	0	0	0	20,010
	138,385	12,583	333	0	0	0	-1,032	0	150,268
Lease liabilities	44,544	-11,319	445	5,377	2,835	120	0	1,030	43,032
	182,929	1,264	778	5,377	2,835	120	-1,032	1,030	193,300

Financial liabilities and lease liabilities (in EUR thousand)									
								Non-cash	
	As of Jan. 1, 2021	Cash effect in 2021	Additions from acquisitions in 2021	Additions in 2021	Additions/ remeasurement in 2021	Exchange rate difference in 2021	Deferred one-time costs in 2021	Interest expense in 2021	As of Dec. 31, 2021
Non-current financial liabilities	17,500	106,000	0	0	0	0	0	0	123,500
Current financial liabilities	11,104	1,458	2,292	0	0	20	10	0	14,885
of which cash and cash equivalents	5,615	6,958	2,292	0	0	20	0	0	14,885
	28,604	107,458	2,292	0	0	20	10	0	138,385
Lease liabilities	31,014	-10,695	4,984	15,598	2,176	486	0	981	44,544
	59,618	96,763	7,276	15,598	2,176	506	10	981	182,929

Cash and cash equivalents break down as follows:

Cash and cash equivalents (in EUR thousand)		
	Dec. 31, 2022	Dec. 31, 2021
Cash funds	87,421	69,409
Excess payments from factoring	-19,987	-14,885
Use of overdraft facilities	-23	0
	67,411	54,524

Cash funds include balances blocked in favor of third parties of EUR 26 thousand (previous year: EUR 948 thousand).

F. OTHER DISCLOSURES

I. Other contingent liabilities

Allgeier SE is liable up to a maximum of EUR 445 thousand (previous year: EUR 1,400 thousand) for loans granted by a bank to participants in the Allgeier Experts Medical GmbH, Düsseldorf, training program. If the bank makes a claim under the guarantee or if it is sufficiently probable that a claim will be made, provisions are recognized in the amount of the expected claim. Given the ongoing repayment of the liabilities, Allgeier SE does not expect claims by the obligors under its declaration of liability.

II. Capital management

Allgeier SE ensures that the Allgeier Group has sufficient liquidity at all times and that the capital structure is well balanced. Allgeier SE and its subsidiaries achieve these objectives by focusing on solid operating business, a forward-looking dividend policy and equity measures to increase equity. Decisions regarding the acquisition and disposal of subsidiaries are made taking into account their impact on the capital structure and the effects of the transactions on future years. In particular, the Allgeier Group also used borrowed capital from the credit facility with the syndicate of banks to finance acquisitions. Floating interest rates have been agreed for the credit facility based on market interest rates as well as the Allgeier Group's equity structure and leverage ratios. Other objectives of the Allgeier Group's capital management are to keep the costs of capital low and to repay existing debt in line with planning. Allgeier SE uses hedge products to hedge rising market interest rates. Capital management is the responsibility of Allgeier SE. The capital management objectives, processes and methods remain unchanged from the previous year.

III. Financial instrument risks

The financial instruments of the Allgeier Group are subject to various risks, such as liquidity risks, default risks, interest rate risks, currency risks and tax risks. Allgeier uses tiered risk management and control systems at all Group companies subsidiaries and at Allgeier SE to identify, assess and contain these risks. It also implements procedures for the avoidance, early identification and minimization of risks arising from financial instruments.

Liquidity risks

Liquidity risk can generally arise if the Allgeier Group is not be able to settle its contractual financial liabilities. All the Group companies of Allgeier SE closely monitor and manage their cash flows to ensure that no liquidity shortfalls arise. The financial liabilities of the Allgeier Group had amounted to EUR 278.3 million on December 31, 2022 (previous year: EUR 267.8 million), EUR 87.7 million of which are due within one year (previous year: EUR 66.8 million). The current financial liabilities were covered by current financial assets in the amount of EUR 155.9 million (previous year: EUR 133.7 million).

Financial liabilities include repayable interest-bearing financial liabilities of EUR 151.3 million in total (previous year: EUR 138.4 million). Financial liabilities of EUR 20.1 million (previous year: EUR 14.9 million) have to be repaid in fiscal 2023 and liabilities of EUR 131.2 million (previous year: EUR 123.5 million) have to be repaid in subsequent years. The Allgeier Group anticipates the following future cash flows in conjunction with interest-bearing financial liabilities:

Cash flows (in EUR thousand)

	Dec. 31, 2022	Cash flows 2023		Cash flows 2024		Cash flows 2025		Cash flows > 2025	
	Carrying amount	Payment of principal	Payment of interest	Payment of principal	Payment of interest	Payment of principal	Payment of interest	Payment of principal	Payment of i nterest
Syndicated loan	71,000	0	2,954	0	2,954	0	2,954	71,000	4,274
Borrower's note loan	60,000	0	2,086	0	2,086	0	2,086	60,000	3,755
Amortizing loan (from acquisition of Höhn Consulting)	150	50	1	50	1	50	0	0	0
Amortizing loan (from acquisition of pooliestudios)	140	40	1	40	1	40	0	20	0
Financial liabilities from factoring	19,987	19,987	66	0	0	0	0	0	0
Other	23	23	0	0	0	0	0	0	0
	151,300	20,100	5,109	90	5,042	90	5,041	131,020	8,028

The Allgeier Group had loan facilities from Allgeier SE's syndicate of banks and other banks of EUR 203.5 million in total at its disposal as of December 31, 2022 (previous year: EUR 143.4 million). EUR 74.2 million of these credit facilities had been utilized as of December 31, 2022 (previous year: EUR 126.4 million). Furthermore, the Allgeier Group has a factoring facility for trade receivables of EUR 60.0 million (previous year: EUR 40.0 million). EUR 49.0 million of the factoring facility was utilized on December 31, 2022 (previous year: EUR 35.9 million). The Allgeier Group had liquidity headroom from its unutilized credit and factoring facilities of EUR 140.3 million at its disposal as of December 31, 2022 (previous year: EUR 21.1 million).

Notes to the Consolidated Financial Statements ALLGEIER

The Allgeier Group has the following unutilized credit facilities and unutilized factoring facility at its disposal as of December 31, 2022:

Credit facilities and unutilized factoring facilities (in EUR thousand)

	Total		Utilization: Draws		Utilization: Guarantees		Unutilized	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Syndicated loan credit facility	200,000	140,000	71,000	123,500	2,400	2,120	126,600	14,380
Other credit facilities	3,499	3,412	0	0	795	822	2,704	2,590
Total credit facilities	**203,499**	**143,412**	**71,000**	**123,500**	**3,195**	**2,942**	**129,304**	**16,970**
Factoring facility	60,000	40,000	48,972	35,873	0	0	11,028	4,127
	263,499	**183,412**	**119,972**	**159,373**	**3,195**	**2,942**	**140,332**	**21,097**

The Allgeier Group undertook to comply with certain covenants and key figures in the loan agreement with the syndicate of banks and similarly in the borrower's note loan agreement. In particular, the Allgeier Group has undertaken to maintain a debt coverage ratio of not more than 3.5 and minimum equity of EUR 130.0 million. A breach of covenants or non-compliance with ratios would allow the banks to terminate the loan agreements without notice. In such event, the Allgeier Group would possibly not have sufficient liquidity to repay the loans. Ensuring compliance with the covenants and ratios agreed in the credit agreements is a key part of Allgeier SE's liquidity management. Allgeier SE prospectively monitors the covenants and factors that could influence it ratios. Countermeasures will be taken in good time if necessary. All covenants and ratios were complied with in fiscal 2022.

In addition to borrowing instruments, Allgeier SE also uses equity instruments to finance investments if necessary.

Default risks

There is a general risk exists for financial assets that customers or contracting parties will not honor their obligations and that loans and receivables will default. Default risks arise in the Allgeier Group from operating and financing activities.

The theoretical maximum default risk for loans and receivables is equal to the unimpaired gross amount of EUR 159.7 million in total (previous year: EUR 135.6 million). Write-downs of EUR 1.8 million (previous year: EUR 1.9 million) were recognized on this gross amount as of December 31, 2022. This translates into an impairment ratio of 1.1 percent (previous year: 1.4 percent).

The Allgeier Group breaks down its risks of default by contractual assets and trade receivables, other financial assets and cash and cash equivalents.

Default risks in contract assets and trade receivables

The Allgeier Group has a broad-based customer structure that minimizes major individual risks. Around 13.8 percent of the Allgeier Group's revenue was generated with its largest single customer in fiscal 2022 (previous year: 13.5 percent). Trade receivables are typically due within 30 to 90 days. Credit checks are performed regularly for clients with which the Allgeier Group has an ongoing business relationship. The credit ratings of new clients are checked before orders are agreed and information is obtained in individual cases. If customers default on payments, the steps required to collect the receivables are taken in a timely manner. Individual subsidiaries have taken out credit insurance in the event of unexpected defaults. Wherever possible, trade receivables are subject to retention of title which only expires when the respective receivable is paid. The Allgeier Group currently has no indications that the risk of default for contract assets or trade receivables exceeds the carrying amount already written down.

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

Receivables covered by default insurance are written down by a maximum of the deductible. Impaired receivables and the impairment losses recognized on them can be derecognized when there is no longer any prospect of recovery.

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

Arrears structure of contract assets (in EUR thousand)

	As of Dec. 31, 2022	Not past due	Past due in days					
			<30	30-60	61-90	91-180	181-360	>360
Contract assets	3,379	3,379	0	0	0	0	0	0
Customer receivables not impaired	64,467	55,245	6,257	1,155	551	1,018	231	10
Gross amount of impaired customer receivables	4,231	148	2	0	0	3	329	3,749
Impairment	-1,756	-24	-2	0	0	-2	-105	-1,623
Carrying amount	**70,321**	**58,748**	**6,257**	**1,155**	**551**	**1,019**	**455**	**2,136**
Expected probability of default		0.00 %	-0.03 %	0.00 %	0.00 %	-0.20 %	-18.75 %	-43.18 %

Arrears structure of contract assets (in EUR thousand)

	As of Dec. 31, 2021	Not past due	Past due in days					
			<30	30-60	61-90	91-180	181-360	>360
Contract assets	2,476	2,476	0	0	0	0	0	0
Customer receivables not impaired	62,036	46,409	10,717	1,901	624	1,689	315	381
Gross amount of impaired customer receivables	1,974	0	0	0	0	0	293	1,681
Impairment	-1,664	0	0	0	0	0	-168	-1,496
Carrying amount	**64,822**	**48,885**	**10,717**	**1,901**	**624**	**1,689**	**440**	**566**
Expected probability of default		0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	-27.63 %	-72.55 %

Impairment on trade receivables developed as follows:

Impairment on trade receivables (in EUR thousand)

	2022	2021
As of January 1	**1,664**	**2,612**
Additions to consolidated group	25	32
Charge for the year	387	290
Utilization and unused amounts reversed	-346	-1,270
Currency differences	26	0
As of December 31	**1,756**	**1,664**

The theoretical maximum default risk for trade receivables is equal to the gross value of trade receivables after factoring of EUR 66.9 million (previous year: EUR 62.3 million). This risk is reduced by collateral, credit insurance and other credit rating improvements. Credit insurance covers 19 percent (previous year: 19 percent) of gross customer receivables.

Risk of default in other financial assets

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

Gross carrying amounts before impairment and net carrying amounts of other financial assets (in EUR thousand)

			Amortized cost			
Dec. 31, 2022	FVTPL	FVOCI	Expected 12-month credit loss	Lifetime expected credit loss – not credit-impaired	Lifetime expected credit loss – credit-impaired	Total
Gross value before impairment			3,543	0	41	3,584
Impairment losses			0	0	41	41
Residual carrying amount	**4,785**	**3,047**	**3,543**	**0**	**0**	**3,543**

Gross carrying amounts before impairment and net carrying amounts of other financial assets (in EUR thousand)

		Amortized cost			
Dec. 31, 2021	FVTPL	Expected 12-month credit loss	Lifetime expected credit loss – not credit-impaired	Lifetime expected credit loss – credit-impaired	Total
Gross value before impairment		3,097	0	939	4,036
Impairment losses		0	0	241	241
Residual carrying amount	**6,550**	**3,097**	**0**	**698**	**3,795**

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

Impairment on other financial assets (in EUR thousand)				
			Amortized cost	
	Expected 12-month credit loss	Lifetime expected credit loss – not credit-impaired	Lifetime expected credit loss – credit-impaired	Total
As of January 1, 2021	0	0	-210	-210
Net remeasurement of impairment	0	0	-31	-31
As of December 31, 2021	0	0	-241	-241
Net remeasurement of impairment	0	0	0	0
Disposal from consolidated group	0	0	200	200
As of December 31, 2022	0	0	-41	-41

Allgeier SE holds shares in the venture capital company Speedinvest. These shares were measured in 2022 on the basis of market prices. The reporting by fund management is used for measurement if market prices are not available. The fund consists of around 120 individual investments, though only a handful of these had a significant impact on the financial instrument's measurement. If the economic development of the portfolio of these companies deteriorates or their growth accelerates, greater fluctuations in the fair value of the financial instrument are anticipated. Allgeier SE still held 18,437 shares at an average cost of EUR 100 each at the end of 2022. On December 31, 2022, one share was measured at fair value derived from market prices of EUR 260. The fair value per share had been EUR 328 in the previous year. A write-down of EUR 1.4 million was recognized for all shares in 2022. The changes in value are reported within net finance costs in the statement of comprehensive income.

Allgeier SE has taken out an interest rate swap, with a nominal volume of EUR 50 million to hedge rising interest rates. As of December 31, 2022, the interest rate swap has a positive fair value of EUR 3,307 thousand and is recognized in the consolidated statement of financial position at fair value under other financial assets. The partner in the interest rate swap is a major German bank of excellent credit standing. The risk of default is therefore low.

Risk of default in cash and cash equivalents

The Allgeier Group had cash and cash equivalents of EUR 87.4 million at its disposal as of December 31, 2022 (previous year: EUR 69.4 million). Cash and cash equivalents are deposited with banks and financial institutions that have a first-class rating. Business relationships are maintained with various banks to diversify the risk. The Allgeier Group can assume that the cash and cash equivalents of Allgeier SE and its subsidiaries have only a very low default risk.

Interest risks

The financial liabilities and assets at floating rates are subject to the risk that interest rates could rise and thereby influence the liquidity of the Allgeier Group.

The Allgeier Group's floating-rate financial liabilities amounted to EUR 120.0 million in total as of December 31, 2022 (previous year: EUR 138.4 million). This includes floating-rate liabilities of EUR 50.0 million for the interest rate swap with a term of five years entered into in 2022 to hedge the risk of rising interest rates. The hedge rate is 41.7 percent. This is equivalent to an economically reasonable partial hedge of around half of the floating-rate liabilities. On the basis of debt as of December 31, 2022, a rise in interest rates of 100 basis points p.a. would have increased finance expenses by EUR 517 thousand p.a. (previous year: EUR 1,239 thousand p.a.). In this case, and applying a tax rate of 30 percent, equity would have been reduced by EUR 362 thousand (previous year: EUR 867 thousand).

Allgeier SE's central finance department monitors developments on the interest rate and capital markets very closely and is in close contact with the syndicate of banks so as to assess changes in interest rate risks early on. Allgeier SE constantly strives to use the liquidity made available by its operating activities to repay the variable loans. Assuming that all cash funds recognized as of December 31, 2022 could be used to repay financial liabilities, it would not be possible to repay the floating-rate loans in full.

Currency risks

The Allgeier Group essentially operates in the euro area. There are minor risks of currency fluctuations for the national currencies of the subsidiaries of the Allgeier Group in India, Vietnam, the US, Poland, Czechia and Switzerland that do not use the euro as their functional currency. If the euro had appreciated by 10 percent against the currencies of these subsidiaries in 2022, revenue would have been EUR 4,618 thousand lower (previous year: EUR 2,351 thousand), the net income for the year would have been EUR 419 thousand lower (previous year: EUR 110 thousand) and equity would have been EUR 1,285 thousand lower (previous year: EUR 841 thousand).

Tax risks

Allgeier SE and the subsidiaries of the Allgeier Group are required to pay taxes. Assumptions must be made to calculate the tax liability as, in many cases, the final amount of taxation cannot be conclusively determined. Deviations that arise at a later date between the assumed foreseeable tax liabilities and the final tax amount impact the tax expense in the period in which taxation is conclusively determined. If the final income taxes are 10 percent higher than the amounts calculated in the income statement, the Allgeier Group's tax liability for current income taxes would increase by EUR 900 thousand (previous year: EUR 879 thousand) or, including deferred taxes, by EUR 819 thousand (previous year restated: EUR 769 thousand). The equity of the Allgeier Group would be reduced by the same amount in such event.

IV. Executive bodies of Allgeier SE

The Supervisory Board

The members of the Supervisory Board of Allgeier SE were as follows in 2022:

The Supervisory Board of Allgeier SE

Name	Profession	Residence	Membership of statutory supervisory boards	Membership of comparable executive bodies of companies in Germany or abroad
Mr. Carl Georg Dürschmidt (Chairman since September 30, 2022)	Business management graduate	Bad Abbach	**Member of the Supervisory Board:** · Nagarro SE, Munich (Chairman)	
Mr. Detlef Dinsel MBA (resigned/Chairman until September 30, 2022; reappointed on March 8, 2023)	Managing Partner of IK Investment Partners GmbH and IK Investment Partners Ltd.	Hamburg	**Member of the Supervisory Board:** · Nagarro SE, Munich (Deputy Chairman, until September 30, 2022) · Klingel Medical Group, Pforzheim · Studienkreis GmbH, Bochum	**Member of the Board of Directors:** · Alanta Health Group, Hamburg (Chairman of the Advisory Board) · Winkelmann Group, Ahlen (Chairman of the Advisory Board)
Thies Eggers (Deputy Chairman)	Independent auditor	Pullach im Isartal	**Member of the Supervisory Board:** · Bayerische Gewerbebau AG, Munich (Chairman) · Plenum AG, Frankfurt/Main · SBF AG, Leipzig · FoodHub München Market e.G., Munich	
Christian Eggenberger	President and CEO of CHE Consulting GmbH	Binningen, Switzerland	**Chairman of the Board of Directors:** · Focus Discount AG, Basel, Switzerland · Focus Beteiligungen AG, Basel, Switzerland **Member of the Board of Directors:** · doc.coach AG, Basel, Switzerland · Truvis AG, Basel, Switzerland · Arvis Solution AG i.L., Kerzers, Switzerland · Wininvest AG, Gurmels, Switzerland	

The remuneration of the members of the Supervisory Board amounted to EUR 756 thousand in total in fiscal 2022 (previous year: EUR 554 thousand). The remuneration includes a provision for variable remuneration of EUR 356 thousand (previous year: EUR 179 thousand) that will be paid out in fiscal 2022 after the approval of the consolidated financial statements. Further details of remuneration can be found in the remuneration report.

The Management Board

The members of the Management Board of Allgeier SE were as follows in 2022:

Dr. Marcus Goedsche lawyer
Mr. Hubert Rohrer businessman

The remuneration of the members of the Management Board amounted to EUR 2,753 thousand in total in fiscal 2022 (previous year: EUR 3,697 thousand). The remuneration includes variable remuneration based on the earnings of the Allgeier Group, which was recognized as a provision and will be paid out after approval of Allgeier SE's consolidated financial statements for fiscal 2023. The members of the Management Board participate in Allgeier SE's stock option plan. Further details of remuneration can be found in the remuneration report.

V. Related Party Transactions

Related parties as defined by IAS 24 are natural persons and companies that can be influenced by Allgeier SE, that can significantly influence Allgeier SE or that are influenced by another related party of Allgeier SE. Business relationships between all companies included in the consolidated financial statements were fully eliminated in the consolidated financial statements. Please refer to the disclosures on the consolidated group and the list of shareholdings in the consolidated financial statements for an overview of the companies. All transactions with related parties are carried out at arm's length. There were no significant transactions between Allgeier and related parties in the period under review.

VI. Publication

The approval of the consolidated financial statements by the Supervisory Board and their release for publication are scheduled for April 25, 2023.

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

- Allgeier Enterprise Services SE, Munich
  (until September 22, 2022: Allgeier IT SE, Wiesbaden; until November 29, 2022: Allgeier Public SE, Munich)
- Allgeier IT GmbH, Munich
- Allgeier IT Projects GmbH, Munich
  (until October 20, 2022: Wiesbaden)
- Allgeier IT Business Services GmbH, Munich
  (until March 6, 2022: Allgeier Experts Services GmbH;
  (until September 26, 2022: Wiesbaden)
- Allgeier IT Services GmbH, Bremen
- Allgeier Engineering GmbH, Munich
- Allgeier Experts GmbH, Munich
- Allgeier Enterprise Services AG, Bremen
- Allgeier Inovar GmbH, Bremen
- Allgeier Project MBO GmbH, Munich
- it-novum GmbH, Fulda
  (until January 20, 2022: Allgeier CORE Group GmbH, Bremen)
- Allgeier Security Holding GmbH, Bremen
  (until January 2, 2022: Blitz 21-213 GmbH, Munich)
- Allgeier CyRis GmbH, Bremen (until February 10, 2022: Allgeier Security GmbH)
- Allgeier secion GmbH, Hamburg (until March 10, 2022: secion GmbH)

VII. The German Corporate Governance Code

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

VIII. Supplementary Report

On March 3, 2023, Allgeier publicplan Holding GmbH, Munich, acquired ShiftDigital Government Solutions GmbH, Bochum (ShiftDigital). The company is a start-up specializing in digitalization services in the municipal sector. The company generated gross revenue of EUR 0.2 million and EBITDA of EUR -0.4 million with seven employees in 2022. Allgeier SE holds 90 percent of the shares in Allgeier publicplan Holding GmbH. A fixed purchase price of EUR 0.3 million and a variable purchase price of around EUR 0.1 million were agreed for ShiftDigital. The assets acquired and liabilities assumed with the company have not yet been identified or measured, hence no further disclosures are possible at this time.

Mr. Detlef Dinsel was appointed as a further member of the Supervisory Board on March 8, 2023. Mr. Detlef Dinsel had previously been a member of the Supervisory Board of Allgeier SE until September 30, 2022.

Munich, April 13, 2023
Allgeier SE

Dr. Marcus Goedsche
Member of the Management Board

Hubert Rohrer
Member of the Management Board

Reporting Requirements under German Accounting Standards (HGB)

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

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

Name and registered office of the companies included in the consolidated financial statements. The share of capital of the subsidiaries that belongs to the parent company and the subsidiaries included in the consolidated financial statements. Please refer to the list of Group companies in the notes for this information.

Section 314(1) no. 4 HGB:

The average number of employees of the companies included in the consolidated financial statements in the fiscal year and the staff costs incurred in the fiscal year. Please refer to the information in note 29. Staff costs in section C. Notes to the Consolidated Income Statement.

Section 314(1) no. 6 HGB

For the members of the Management Board, a Supervisory Board, an advisory board or a similar body of the parent company, for each group of persons, the total remuneration granted for performing their duties in the parent company and the subsidiaries in the fiscal year. In addition to the remuneration for the fiscal year, other remuneration granted in the fiscal year but not yet disclosed in any consolidated financial statements must be disclosed. Please refer to VII. Executive Bodies of Allgeier SE in section F. Other Disclosures.

Section 314(1) no. 8 HGB:

For every listed company included in the consolidated financial statements, that the declaration required by section 161 AktG has been issued and made available to the shareholders. Please refer to VII. The German Corporate Governance Code in section F. Other Disclosures.

Section 314(1) no. 9 HGB:

The total fee charged by the auditor of the consolidated financial statements for fiscal 2022 must be disclosed, broken down into:

a. audits of financial statements;
b. other assurance services;
c. tax advisory services;
d. other services.

The disclosures required can be found under note 30. Other operating expenses in section C. Notes to the Consolidated Income Statement.

Consolidated Statement of Changes in Non-Current Assets of Allgeier SE, Munich, for the period from January 1, 2022 to December 31, 2022

Consolidated Statement of Changes in Non-Current Assets (in EUR thousand)

		Cost							Depreciation, amortization and impairment losses					Carrying amounts	
	Note	Jan. 1, 2022	Foreign exchange differences	Additions to consolidated group	Additions	Disposals	Remeasurement of value in use	Dec. 31, 2022	Jan. 1, 2022	Foreign exchange differences	Depreciation and amortization	Disposals	Dec. 31, 2022	Dec. 31, 2022	Jan. 1, 2022
Intangible assets	1														
Concessions, industrial and similar rights, and licenses in such rights and assets		54,142	27	1,459	7,838	-15,558	0	47,907	-24,513	-11	-13,286	15,493	-22,318	25,589	29,628
Acquired intangible assets		42,772	23	1,459	909	-15,539	0	29,625	-17,669	-8	-11,050	15,473	-13,253	16,371	25,103
Internally generated intangible assets		11,370	3	0	6,929	-20	0	18,282	-6,844	-3	-2,236	20	-9,064	9,218	4,526
Goodwill		259,702	402	5,423	0	0	0	265,526	-8,206	0	0	0	-8,206	257,321	251,496
Intangible assets		**313,843**	**428**	**6,882**	**7,838**	**-15,558**	**0**	**313,433**	**-32,719**	**-11**	**-13,286**	**15,493**	**-30,523**	**282,910**	**281,124**
Property, plant and equipment	2														
Land, land rights and buildings, including buildings on third-party land		1,991	0	0	0	0	0	1,991	-1,584	0	-28	0	-1,613	379	407
Other fixed assets and office equipment		23,546	23	151	5,429	-2,196	0	26,953	-16,323	-40	-3,701	2,145	-17,919	9,034	7,223
Property, plant and equipment		**25,537**	**23**	**151**	**5,429**	**-2,196**	**0**	**28,945**	**-17,907**	**-40**	**-3,729**	**2,145**	**-19,532**	**9,413**	**7,630**
Right-of-use assets from leases	3														
Value in use of property		55,695	194	397	3,966	-2,902	2,768	60,120	-18,364	-74	-8,118	2,902	-23,654	36,466	37,331
Value in use of motor vehicles		3,942	2	43	1,366	-876	72	4,549	-1,693	-1	-1,508	876	-2,326	2,223	2,249
Value in use of operating and office equipment		2,971	0	5	45	-147	-5	2,868	-1,243	0	-718	147	-1,815	1,053	1,728
Right-of-use assets from leases		**62,608**	**196**	**445**	**5,377**	**-3,925**	**2,835**	**67,536**	**-21,300**	**-74**	**-10,344**	**3,925**	**-27,794**	**39,742**	**41,308**
Total		**401,989**	**647**	**7,478**	**18,644**	**-21,679**	**2,835**	**409,914**	**-71,926**	**-126**	**-27,359**	**21,563**	**-77,849**	**332,066**	**330,063**

Consolidated Statement of Changes in Non-Current Assets of Allgeier SE, Munich, for the period from January 1, 2021 to December 31, 2021

Consolidated Statement of Changes in Non-Current Assets (in EUR thousand)

		Cost							Depreciation, amortization and impairment losses					Carrying amounts	
	Note	Jan. 1, 2021	Foreign exchange differences	Additions to consolidated group	Additions	Disposals	Remeasurement of value in use	Dec. 31, 2021	Jan. 1, 2021	Foreign exchange differences	Depreciation and amortization	Disposals	Dec. 31, 2021	Dec. 31, 2021	Jan. 1, 2021
Intangible assets	1														
Concessions, industrial and similar rights, and licenses in such rights and assets		32,603	30	20,254	3,146	-1,892	0	54,142	-20,085	-12	-6,309	1,892	-24,513	29,628	12,519
Acquired intangible assets		22,723	27	20,051	1,862	-1,892	0	42,772	-14,948	-9	-4,604	1,892	-17,669	25,103	7,775
Internally generated intangible assets		9,880	3	204	1,284	0	0	11,370	-5,136	-3	-1,705	0	-6,844	4,526	4,744
Goodwill		80,793	281	178,627	0	0	0	259,702	-8,206	0	0	0	-8,206	251,496	72,587
Intangible assets		**113,396**	**311**	**198,882**	**3,146**	**-1,892**	**0**	**313,843**	**-28,290**	**-12**	**-6,309**	**1,892**	**-32,719**	**281,124**	**85,106**
Property, plant and equipment	2														
Land, land rights and buildings, including buildings on third-party land		1,991	0	0	0	0	0	1,991	-1,543	0	-41	0	-1,584	407	448
Other fixed assets and office equipment		21,014	125	1,646	3,067	-2,306	0	23,546	-15,438	-70	-2,951	2,136	-16,323	7,223	5,576
Property, plant and equipment		**23,005**	**125**	**1,646**	**3,067**	**-2,306**	**0**	**25,537**	**-16,981**	**-70**	**-2,992**	**2,136**	**-17,907**	**7,630**	**6,024**
Right-of-use assets from leases	3														
Value in use of property		36,864	216	4,723	13,103	-1,354	2,144	55,695	-12,478	-78	-7,163	1,354	-18,364	37,331	24,386
Value in use of motor vehicles		3,332	2	261	1,925	-1,607	31	3,942	-1,968	0	-1,332	1,607	-1,693	2,249	1,363
Value in use of operating and office equipment		2,400	0	0	571	0	0	2,971	-537	0	-705	0	-1,243	1,728	1,862
Right-of-use assets from leases		**42,595**	**218**	**4,984**	**15,598**	**-2,962**	**2,175**	**62,608**	**-14,984**	**-78**	**-9,200**	**2,962**	**-21,300**	**41,308**	**27,611**
Total		**178,997**	**654**	**205,512**	**21,811**	**-7,159**	**2,175**	**401,989**	**-60,255**	**-159**	**-18,501**	**6,989**	**-71,926**	**330,063**	**118,742**

List of Group Companies

List of Group Companies

		Relationship to Allgeier SE	Share of capital as of Dec. 31, 2022	Equity on Dec. 31, 2022			Net profit/loss from Jan. 1, 2022 to Dec. 31, 2022				Profit and loss transfer agreement with	segment affiliation	Disclosure
No.	Company			National currency		EUR	National currency		EUR				
1.	Allgeier SE, Munich			93,875,497		93,875,497	-21,809,703		-21,809,703			Other	Separate and consolidated annual financial statements in the Federal Gazette (Bundesanzeiger)
2.	Allgeier Management AG, Munich	Direct	100.00 %	4,462,423		4,462,423	14,976		14,976			Other	Federal Gazette
3.	Allgeier Experts Holding GmbH, Munich	Direct	100.00 %	5,774,518		5,774,518	-39,584		-39,584			Enterprise IT	Federal Gazette
4.	U.N.P.-Software GmbH, Düsseldorf	Indirect	100.00 %	5,759,383		5,759,383	2,702,992		2,702,992	(2)	8.	Enterprise IT	
5.	U.N.P.-HRSolutions GmbH, Düsseldorf	Indirect	100.00 %	25,000		25,000	0		0	(1)	4.	Enterprise IT	
6.	Allgeier Experts Consulting GmbH, Munich	Indirect	100.00 %	249,168		249,168	224,619		224,619			Enterprise IT	Federal Gazette
7.	Allgeier Experts GmbH, Munich	Indirect	100.00 %	25,000		25,000	0		0	(1)	8.	Enterprise IT	
8.	Allgeier Enterprise Services SE, Munich (until September 22, 2022: Allgeier IT SE, Wiesbaden; until November 29, 2022: Allgeier Public SE, Munich)	Direct	100.00 %	35,898,079		35,898,079	0		0	(1)	1.	Enterprise IT	
9.	Allgeier publicplan Holding GmbH, Munich	Indirect	90.00 %	6,362,881		6,362,881	-224,403		-224,403			Enterprise IT	Federal Gazette
10.	publicplan GmbH, Düsseldorf	Indirect	90.00 %	5,603,985		5,603,985	2,330,496		2,330,496			Enterprise IT	Federal Gazette
11.	Cloudical Deutschland GmbH, Berlin	Indirect	90.00 %	-641,444		-641,444	-194,417		-194,417			Enterprise IT	Federal Gazette
12.	pooliestudios GmbH, Cologne	Indirect	90.00 %	11,677		11,677	-210,895		-210,895			Enterprise IT	Federal Gazette
13.	Höhn Consulting GmbH, Kiel	Indirect	100.00 %	646,136		646,136	164,074		164,074			Enterprise IT	Federal Gazette
14.	Allgeier IT GmbH, Munich	Indirect	100.00 %	11,764,009		11,764,009	0		0	(1)	8.	Enterprise IT	
15.	Allgeier IT Projects GmbH, Munich (until October 20, 2022: Wiesbaden)	Indirect	100.00 %	13,701,398		13,701,398	0		0	(1)	8.	Enterprise IT	
16.	Allgeier IT Business Services GmbH, Munich (until March 6, 2022: Allgeier Experts Services GmbH; (until September 26, 2022: Wiesbaden)	Indirect	100.00 %	5,272,589		5,272,589	0		0	(1)	8.	Enterprise IT	
17.	Allgeier IT Services GmbH, Bremen	Indirect	100.00 %	1,321,146		1,321,146	1,199,556		1,199,556	(2)	22.	Enterprise IT	
18.	Allgeier Engineering GmbH, Munich	Indirect	100.00 %	3,303,901		3,303,901	0		0	(1)	8.	Enterprise IT	
19.	Allgeier Experts Select GmbH, Düsseldorf	Indirect	91.50 %	-3,620,095		-3,620,095	-163,697		-163,697			Enterprise IT	Federal Gazette
20.	Allgeier Public SE, Munich (until March 8, 2023: Atrium 246. Europäische VV SE, Düsseldorf)	Direct	100.00 %	119,121		119,121	-879		-879			Enterprise IT	Federal Gazette
21.	Allgeier Enterprise Services AG, Bremen	Direct	100.00 %	11,145,441		11,145,441	0		0	(1)	1.	Enterprise IT	
22.	Allgeier Inovar GmbH, Bremen	Indirect	100.00 %	6,122,591		6,122,591	0		0	(1)	21.	Enterprise IT	
23.	MySign AG, Olten, Switzerland	Indirect	80.00 %	934,679	CHF	944,196	-114,098	CHF	-98,293			Enterprise IT	
24.	VJii Productions AG, Olten, Switzerland	Indirect	80.00 %	218,419	CHF	220,643	19,227	CHF	19,189			Enterprise IT	
25.	Allgeier (Schweiz) AG, Thalwil, Switzerland	Indirect	100.00 %	3,863,563	CHF	3,902,904	716,767	CHF	714,823			Enterprise IT	
26.	ALLGEIER POLAND sp. z o.o., Warsaw (Poland) (until October 23, 2022: LEMGO sp. z o.o.)	Indirect	100.00 %	-196	PLN	-42	-5,196	PLN	-1,099			Enterprise IT	
27.	it-novum GmbH, Fulda (until January 20, 2022: Allgeier CORE Group GmbH, Bremen)	Direct	100.00 %	2,517,248		2,517,248	1,220,317		1,220,317			Enterprise IT	
28.	Allgeier Security Holding GmbH, Bremen (until January 2, 2022: Blitz 21-213 GmbH, Munich)	Direct	100.00 %	11,715,928		11,715,928	-68,336		-68,336			Enterprise IT	
29.	Allgeier CyRis GmbH, Bremen (until February 10, 2022: Allgeier Security GmbH)	Indirect	100.00 %	713,781		713,781	272,182		272,182			Enterprise IT	
30.	Allgeier secion GmbH, Hamburg (until March 10, 2022: secion GmbH)	Indirect	100.00 %	771,495		771,495	368,176		368,176			Enterprise IT	
31.	Allgeier Evora Holding GmbH, Munich (until February 16, 2022: Blitz 21-276 GmbH)	Direct	60.00 %	109,738,390		109,738,390	-840,204		-840,204			Enterprise IT	Federal Gazette
32.	Evora IT Solutions Group GmbH, Walldorf	Indirect	60.00 %	3,375,515		3,375,515	2,241,387		2,241,387			Enterprise IT	Federal Gazette
33.	Evora IT Solutions GmbH, Walldorf	Indirect	60.00 %	6,204,145		6,204,145	4,039,916		4,039,916			Enterprise IT	Federal Gazette
34.	Evora IT Solutions GmbH, Vienna, Austria	Indirect	60.00 %	696,005		696,005	179,233		179,233			Enterprise IT	
35.	Evora IT Solutions Inc., New York, USA	Indirect	60.00 %	3,576,973	USD	3,341,872	2,496,760	USD	2,285,172			Enterprise IT	
36.	Evora IT Solutions S.L., Saragossa, Spain	Indirect	60.00 %	-37,465		-37,465	-40,465		-40,465			Enterprise IT	
37.	Evora IT Solutions Schweiz AG, Thalwil, Switzerland	Indirect	60.00 %	96,676	CHF	97,661	-3,324	CHF	-3,367			Enterprise IT	
38.	Evora IT Solutions Pvt. Ltd., Bangalore, India	Indirect	60.00 %	214,067,094	INR	2,416,957	59,463,676	INR	725,848			Enterprise IT	
39.	Allgeier Beteiligungen GmbH, Munich	Direct	100.00 %	-1,821,501		-1,821,501	4,082,045		4,082,045			Enterprise IT	Federal Gazette
40.	Allgeier Dritte Beteiligungs GmbH, Munich	Indirect	100.00 %	-3,574,966		-3,574,966	-3,185,853		-3,185,853			Enterprise IT	Federal Gazette
41.	Allgeier Education GmbH, Düsseldorf	Indirect	100.00 %	-2,248,718		-2,248,718	-92,234		-92,234			Enterprise IT	Federal Gazette
42.	Allgeier Project MBO GmbH, Munich	Direct	100.00 %	23,348		23,348	0		0	(1)	1.	Other	
43.	Allgeier Experts Medical GmbH, Düsseldorf	Direct	100.00 %	-13,309,110		-13,309,110	-515,417		-515,417			Other	Federal Gazette
44.	mgm technology partners GmbH, Munich	Direct	80.00 %	17,979,208		17,979,208	0		0	(1)	1.	mgm technology partners	Federal Gazette
45.	mgm technology partners eurl, Grenoble, France	Indirect	80.00 %	3,040,983		3,040,983	281,518		281,518			mgm technology partners	
46.	mgm technology partners s.r.o., Prague, Czechia	Indirect	80.00 %	48,184,267	CZK	1,996,034	9,327,322	CZK	379,854			mgm technology partners	
47.	mgm technology partners Vietnam Co. Ltd., Đà Nang, Vietnam	Indirect	80.00 %	28,352,711,692	VND	1,120,860	8,718,915,999	VND	353,533			mgm technology partners	
48.	mgm technology partners schweiz AG (in liquidation), Zug, Switzerland	Indirect	80.00 %	67,315		67,315	-18,208		-18,208			mgm technology partners	
49.	mgm technology partners USA Corp., Arlington, USA	Indirect	80.00 %	61,347	USD	57,314	158,968	USD	151,089			mgm technology partners	
50.	mgm technology partners Portugal, Unipessoal Lda, Porto, Portugal	Indirect	80.00 %	31,055		31,055	6,055		6,055			mgm technology partners	
51.	Quality First Software GmbH, Geretsried	Indirect	80.00 %	308,512		308,512	269,458		269,458			mgm technology partners	Federal Gazette
52.	mgm security partners GmbH, Munich	Indirect	56.00 %	792,406		792,406	766,840		766,840			mgm technology partners	Federal Gazette
53.	MGM Consulting Partners GmbH, Hamburg	Indirect	55.997 %	2,114,699		2,114,699	1,091,326		1,091,326			mgm technology partners	Federal Gazette
54.	MGM Consulting Partners GmbH, Salzburg, Austria	Indirect	55.997 %	17,516		17,516	70,850		70,850			mgm technology partners	
55.	mgm process partners GmbH, Munich	Indirect	80.00 %	3,015,123		3,015,123	-5,606		-5,606			mgm technology partners	Federal Gazette
56.	mgm integration partners GmbH, Munich	Indirect	80.00 %	2,236,156		2,236,156	580,525		580,525			mgm technology partners	Federal Gazette

(1) After profit transfer/loss absorption (2) Net income was posted to retained earnings, therefore no profit transfer from profit transfer agreement

Glossary

AfB	AfB gemeinnützige GmbH, Düren
AktG	*Aktiengesetz* – German Stock Corporation Act
Allgeier	Allgeier SE, Munich, including all its subsidiaries
Allgeier CyRis	Allgeier CyRis GmbH, Bremen
Allgeier Enterprise Services	Allgeier Enterprise Services SE, Munich, including all its subsidiaries
Allgeier inovar	Allgeier Inovar GmbH, Bremen
Allgeier IT Services	Allgeier IT Services GmbH, Bremen
BaFin	*Bundesanstalt für Finanzdienstleistungsaufsicht* – German Federal Financial Supervisory Authority
BfA	*Bundesversicherungsanstalt für Angestellte* – German Federal Insurance Fund for Salaried Employees
GDP	gross domestic product
BITKOM	Bitkom, Berlin – German Federal Association for Information Technology, Telecommunications and New Media
CIO	Chief Information Officer
Cloudical	Cloudical Deutschland GmbH, Berlin
DACH	Germany, Austria and Switzerland
earn out	amount of the purchase price paid at a later date depending on performance
EBITDA	earnings before interest, taxes, depreciation and amortization
Evora	Allgeier Evora Holding GmbH, Munich, including all its subsidiaries
FVOCI	fair value through other comprehensive income

fair value through profit or loss	**FVTPL**
Höhn Consulting GmbH, Kiel	**Höhn Consulting**
Institute for the World Economy	**IfW**
information and communication technology	**ICT**
Internet of Things	**IoT**
it-novum GmbH, Fulda	**it-novum**
International Monetary Fund	**IMF**
mgm technology partners segment (mgm technology partners GmbH, Munich, including all its subsidiaries)	**mgm**
MySign AG, Olten, Switzerland VJii Productions AG, Olten, Switzerland	**MySign**
Nagarro SE, Munich, including all its subsidiaries	**Nagarro**
IPP northport InsurancePartner Platform GmbH, Hamburg	**northport**
other comprehensive income	**OCI**
Organization for Economic Co-operation and Development	**OECD**
operating technology	**OT**
Oksijen İnsan Kaynakları Seçme ve Değerlendirme Hizmetleri Anonim Şirketi Istanbul (Turkey) (Oxygen Consultancy, Istanbul (Turkey))	**Oxygen**
pooliestudios GmbH, Cologne	**pooliestudios**
publicplan GmbH, Düsseldorf	**publicplan**
Allgeier publicplan Holding GmbH, Munich, including all its subsidiaries	**publicplan Group**
Quality First Software GmbH, Geretsried (Quality First Software)	**QFS**
ShiftDigital Government Solutions GmbH, Bochum	**ShiftDigital**
Speedinvest II EuVECA GmbH & Co. KG, Vienna, Austria	**Speedinvest**
Talentry GmbH, Munich	**Talentry**
Wertpapierhandelsgesetz – German Securities Trading Act	**WpHG**
Leibniz Center for European Economic Research	**ZEW**

Responsibility Statement by the Management Board of Allgeier SE

The Management Board of Allgeier SE declares that, to the best of its knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Munich, April 13, 2023

Dr. Marcus Goedsche
Member of the Management Board

Hubert Rohrer
Member of the Management Board

Auditor's Report

Independent Auditor's Report

To Allgeier SE, Munich:

Report on the audit of the consolidated financial statements and the Group management report

Audit opinions

We have audited the consolidated financial statements of Allgeier SE, Munich, and its subsidiaries (the Group), comprising the consolidated statement of financial position as of December 31, 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year from January 1, 2022 to December 31, 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Furthermore, we have audited the Group management report of Allgeier SE, Munich, for the fiscal year from January 1, 2022 to December 31, 2022.

In our opinion, based on the findings of our audit:

- the attached consolidated financial statements, in all material respects, comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law in accordance with section 315e(1) HGB, and give a true and fair view of the net assets and financial position of the Group in accordance with these requirements as of December 31, 2022 and its results of operations for the fiscal year from January 1, 2022 to December 31, 2022; and
- as a whole, the attached Group management report provides a suitable view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements and with German legal requirements, and accurately presents the risks and opportunities of future development. Our opinion on the Group management report does not cover the content of the parts of the Group management report which are listed in the "Other information" section of our audit report.

In accordance with section 322(3) sentence 1 HGB, we declare that our audit has not led to any objections to the regularity of the consolidated financial statements or the Group management report.

Basis for audit opinions

We conducted our audit of the consolidated financial statements and the Group management report in accordance with section 317 of the *Handelsgesetzbuch* (HGB – German Commercial Code), the EU Audit Regulation (No. 537/2014) and German generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (IDW – German Institute of Public Auditors). Our responsibility under these provisions and policies is described further in the section of our audit report entitled "Auditor's responsibility for the audit of the consolidated financial statements and the Group management report". We are independent of the Group companies in accordance with the commercial and professional regulations of European and German law and have fulfilled our other German professional obligations in accordance with these requirements. Furthermore, in accordance with Article 10(2)(f) of the EU Audit Regulation, we declare that we have not performed any prohibited non-audit services as defined by Article 5(1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinions on the consolidated financial statements and the Group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from January 1, 2022 to December 31, 2022. These matters were taken into account in the context of our audit of the consolidated financial statements as a whole and in the formation of our audit opinion; we have not issued a separate opinion on these matters.

The issues that we consider to be key audit matters are described below:

Revenue recognition

Reasons for identification as a key audit matter

Allgeier predominantly generates revenue from providing IT services, from IT project contracts, from the sale of software products and from granting licenses to software products. Revenue from the sale of products is recognized when the significant risks and rewards of ownership of the products sold have passed to the buyer, usually on delivery of the product. Revenue from services is recognized in accordance with the contractual agreements and taking the services rendered into account. This is typically done on the basis of days and hours worked. For fixed price contracts, revenue from services is recognized in line with the percentage of completion and taking partial performance rendered into account. Furthermore, licensing revenue is recognized in the applicable period according to contract provisions.

In revenue recognition, there is a risk of inaccuracies and breaches in connection with the achievement of performance targets and forecasts, which could serve as an incentive for revenue to be recognized before the respective risks and rewards have been transferred to the buyer on the one hand and, on the other, for fictitious revenue to be recognized. In some cases, Allgeier SE has entered into extensive agreements with its customers. The accounting for and recognition of these agreements and the related transactions, e.g. for fixed-price projects, requires an estimate of the total cost of the contract and an assessment of whether and when the risks and rewards have been substantially transferred to the buyer.

Given the high sales volumes and the significance of revenue to the consolidated financial statements, and in connection with the fact that revenue is a performance indicator for corporate management and forecasts for Allgeier, we have identified revenue recognition as a key audit matter.

Our audit approach

In the context of our audit, we reviewed the methods, processes and control mechanisms used in the company in the offer and processing phase of the sales process. In doing so, we assessed the design and effectiveness of the accounting-related internal controls by verifying transactions from their occurrence to their presentation in the consolidated financial statements and by testing controls. In relation to the measurement of revenue including revenue reductions and the correct accrual basis, as part of the audit we relied on control-based audit procedures and dealt with the underlying company processes and controls. Our audit procedures also covered the review of underlying business documents, e.g. outgoing invoices, performance documentation, material contracts, customer confirmations in the form of acceptance documentation and the review of developments after the end of the reporting period (e.g. incoming payments, credit notes issued, complaints). In addition, we implemented data analyses of transactions within the year for any abnormalities.

With regard to the application of IFRS 15, we examined the processes set up by Allgeier to implement this standard. In particular, we have examined the proper identification of the estimate of total costs of the contract and the transfer of significant risks and rewards to the buyer.

In addition, we have assessed the information provided by Allgeier on revenue recognition in the notes to the consolidated financial statements.

Our conclusions

Our audit procedures did not give rise to any objections regarding revenue recognition. Allgeier has implemented appropriate regulations for the recognition of revenue and has taken them into account in preparing the consolidated financial statements. We verified the appropriateness of the processes and controls for revenue recognition established throughout the Group.

Reference to related information

The company's disclosures on the principles of revenue recognition can be found, in particular, in section A.IX. "Statement of Financial Position" under the disclosures on contract assets and liabilities and on trade receivables, in section A.X. "Income Statement" and in the disclosures on revenue under note C.26 to the consolidated financial statements.

Auditor's Report ALLGEIER

Goodwill impairment

Reasons for identification as a key audit matter
The consolidated financial statements of Allgeier SE report goodwill of EUR 257,321 thousand as of December 31, 2022. Goodwill accounts for a significant share of total assets at 50.2 percent. The measurement of goodwill is a material risk to the consolidated financial statements.

In accordance with IAS 36, Allgeier SE tests goodwill for impairment once per year to determine any impairment requirements. The Company also tests for impairment on an ad hoc basis if there are discernible internal or external indications of potential impairment. Goodwill is impaired if its recoverable amount is less than its carrying amount. The recoverable amount is the higher of the fair value less the costs to sell and the value in use. Allgeier SE determines the recoverable amount of the respective cash-generating unit to which the goodwill is assigned using its value in use. This is measured based on the cash flows of the respective cash-generating units derived from the three-year planning (detailed planning period). For the following years, the cash flows of the third year are extrapolated for all other future years applying a growth rate. Cash flows are discounted using the weighted cost of capital of the respective cash-generating unit.

Allgeier SE did not identify any impairment requirements as a result of impairment testing. Given the discretion involved in the underlying assumptions that are an inherent component of impairment testing, there is a risk for the consolidated financial statements that impairment that existed at the end of the reporting period was not recognized.

Our audit approach
In the context of our audit, we reviewed the methods and procedures used for impairment testing. We obtained an understanding of the process implemented by Allgeier SE to perform impairment testing on the basis of the comments on corporate governance and an assessment of the relevant planning calculations. We verified both the methodology and the arithmetic of the underlying measurement models used to calculate the value in use of goodwill of the respective cash-generating units. We also examined whether the planning calculations reflect general market expectations and those specific to the sector. A variance analysis of past planning data and the actual results was performed on a test basis to assess the accuracy of planning. To assess the parameters used to determine the discount rate, we compared the underlying assumptions and data, in particular the risk-free interest rate, the market risk premium and the beta factor, against publicly available data.

In addition, we have assessed the information provided by Allgeier SE on the recoverability of the goodwill of the respective cash-generating units in the notes to the consolidated financial statements.

Our conclusions
Allgeier SE has used balanced assumptions. Our audit procedures did not give rise to any objections regarding the assessment of the recoverability of the goodwill of the respective cash-generating units.

Reference to related information
The Company's disclosures on the impairment testing of the goodwill of the respective cash-generating units can be found in the general disclosures in section A.IX "Statement of financial position" and in the notes on the statement of financial position in section B.1. "Intangible assets" in the notes to the consolidated financial statements.

Other information
The company's management and its Supervisory Board are responsible for the other information. The other information comprises:

- the corporate governance declaration in accordance with sections 289f, 315d HGB (information in the Group management report on the corporate governance declaration in the corporate governance report);
- the corporate governance report in accordance with the German Corporate Governance Code;
- the separate non-financial reporting in accordance with section 315b HGB;
- the remuneration report in accordance with section 162 AktG;
- the statement in accordance with section 297(2) sentence 4 HGB on the consolidated financial statements and the statement in accordance with section 315(1) sentence 5 HGB on the Group management report.

The other information also includes the other parts of the annual report – without further cross-references or external information – with the exception of the audited consolidated financial statements, the audited Group management report and our audit opinion.

The Supervisory Board is responsible for the report of the Supervisory Board. The company's management and the Supervisory Board are responsible for the declaration in accordance with section 161 AktG on the German Corporate Governance Code. In other respects, the company's management is responsible for the other information.

Our audit opinions on the consolidated financial statements and the Group management report do not extend to the other information, and accordingly we do not offer any audit opinion or any other form of audit conclusion on it.

In connection with our audit of the consolidated financial statements, we have the responsibility to read the above other information and to assess whether the other information:

- contains material inconsistencies with the consolidated financial statements or our findings from the audit; or
- is otherwise materially misrepresented.

If, on the basis of our work, we come to the conclusion that this other information contains a material misstatement, we are required to report this fact. We have nothing to report in this context.

Responsibilities of management and t he Supervisory Board for the consolidated financial statements and the Group management report
Management is responsible for the preparation of the consolidated financial statements that, in all material respects, comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law in accordance with section 315e(1) HGB, and that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group. In addition, management is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. the manipulation of financial reporting or financial losses) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for the accounting on the basis of the going concern principle, unless there is the intention to liquidate or discontinue the Group, or there is no realistic alternative.

Furthermore, management is responsible for the preparation of the Group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

Responsibility of the Auditor for the Audit of the Consolidated Financial Statements and the Group Management Report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error and whether the Group management report as a whole provides a suitable view of the Group's position and, in all material respects, is consistent with the consolidated financial statements, audit findings and German legal requirements, and accurately presents the risks and opportunities of future development, and to issue an audit report containing our audit opinions on the consolidated financial statements and the Group management report.

Reasonable assurance is a high degree of assurance, but not a guarantee that an audit performed in accordance with section 317 HGB, the EU Audit Regulation and the German generally accepted standards for the audit of financial statements promulgated by the IDW will always reveal a material misstatement. Misstatements can result from fraud or errors, and are considered material if they could reasonably be expected, individually or collectively, to influence the economic decisions that users make on the basis of these consolidated financial statements and the Group management report.

We exercise due discretion and maintain a critical approach. We also:

- We identify and assess the risks of material misstatements in the consolidated financial statements and the Group management report due to fraud or errors, we plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to form the basis of our audit opinions. The risk that material misstatements as a result of fraud are not detected is greater than the risk that material misstatements due to error are not detected, because fraud can include collusion, falsification, intentional omissions, misrepresentation or the invalidation of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e(1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the Group management report. We are responsible for designing, monitoring and performing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions;
- Evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with the law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

Among other things, we discuss with those responsible for overseeing the audit the planned scope and scheduling of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, the procedures or safeguards implemented to remove risks to independence.

Of the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our audit report, unless the public disclosure of such issues is prevented by law or other legal provisions.

Other statutory and legal requirements

Report on assurance in accordance with section 317(3a) HGB on the electronic renderings of the consolidated financial statements and the Group management report prepared for publication purposes

Audit opinion

We have performed assurance work in accordance with section 317(3a) HGB to obtain reasonable assurance about whether the reproductions of the consolidated financial statements and the Group management report (hereinafter the "ESEF documents") contained in the file "allgeier-2022-12-31.zip" and prepared for publication purposes comply in all material respects with the requirements of section 328(1) HGB for the electronic reporting format (ESEF format). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the Group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above electronic file.

In our opinion, the reproductions of the consolidated financial statements and the Group management report contained in the electronic file provided and prepared for publication purposes complies in all material respects with the requirements of section 328(1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying Group management report for the fiscal year from January 1, 2022 to December 31, 2022 contained in the "Report on the audit of the consolidated financial statements and of the Group management report" above.

Basis for the opinion

We conducted our assurance work of the renderings of the consolidated financial statements and the Group management report contained in the electronic file provided in accordance with section 317(3a) HGB and the IDW Auditing Standard: Assurance in accordance with section 317(3a) HGB on the electronic rendering of financial statements and management reports prepared for publication purposes (IDW PS 410 (06.2022)). Our responsibilities under those requirements are further described in the section "Auditor's responsibilities for the audit of the ESEF documents". Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

Responsibilities of management and the Supervisory Board for the audit of the ESEF documents

The company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the Group management report in accordance with section 328(1) sentence 4 item 1 HGB and for tagging the consolidated financial statements in accordance with section 328(1) sentence 4 item 2 HGB.

In addition, the company's management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of section 328(1) HGB for the electronic reporting format.

The Supervisory Board is responsible for monitoring the process of preparing the ESEF documents as part of the financial reporting process.

Auditor's responsibilities for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of section 328(1) HGB. We exercise due discretion and maintain a critical approach. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of section 328(1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file provided containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited Group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Commission Delegated Regulation (EU) 2019/815 as applicable at the end of the reporting period enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Other disclosures in accordance with Article 10 of the EU Audit Regulation

We were elected as the auditor of the consolidated financial statements by the Annual General Meeting on June 30, 2022. We were engaged by the Supervisory Board on January 24, 2023. We have served as the auditor of the consolidated financial statements of Allgeier SE, Munich, without interruption since fiscal 2001.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the Audit Committee in accordance with Article 11 of the EU Audit Regulation (audit report).

In addition to the audit of the financial statements, we have performed the following permitted non-audit services that are not disclosed in the consolidated financial statements or the Group management report:

- tax advisory services as referred to by section 319a(1) sentence 3 HGB until April 25, 2022; in particular the provision of information from prior years for external audits;
- other services mainly comprising the performance of due diligence;
- other assurance services, including in particular confirming compliance with covenants to banks and auditing the remuneration report.

Other issue – Use of the audit report

Our audit report must always be read in conjunction with the audited consolidated financial statements and the audited Group management report as well as the audited ESEF documents. The consolidated financial statements and Group management report converted into ESEF format – including the versions to be published in the German Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited Group management report and do not take their place. In particular, the ESEF report and our opinion contained in it is only usable in conjunction with the audited ESEF documents provided in electronic form.

Responsible auditor

The auditor responsible for the audit is Niyazi Kanbur.

Düsseldorf, April 25, 2023

LOHR + COMPANY GmbH
Wirtschaftsprüfungsgesellschaft

Niyazi Kanbur	ppa. Richard Alexander Mertens
Wirtschaftsprüfer	*Wirtschaftsprüfer*
(German Public Auditor)	(German Public Auditor)

Report of the Supervisory Board of Allgeier SE for Fiscal 2022

The Supervisory Board submits the following report on its activities in fiscal 2022:

The Supervisory Board comprehensively performed all the duties incumbent on it in accordance with the law and the company's Articles of Association, and regularly monitored and advised the Management Board in its management of the company. In addition to the issues dealt with on an ongoing basis, such as current business developments, the financial and liquidity situation, the acquisition pipeline, risk management and compliance, the Supervisory Board principally focused on the following areas in 2022:

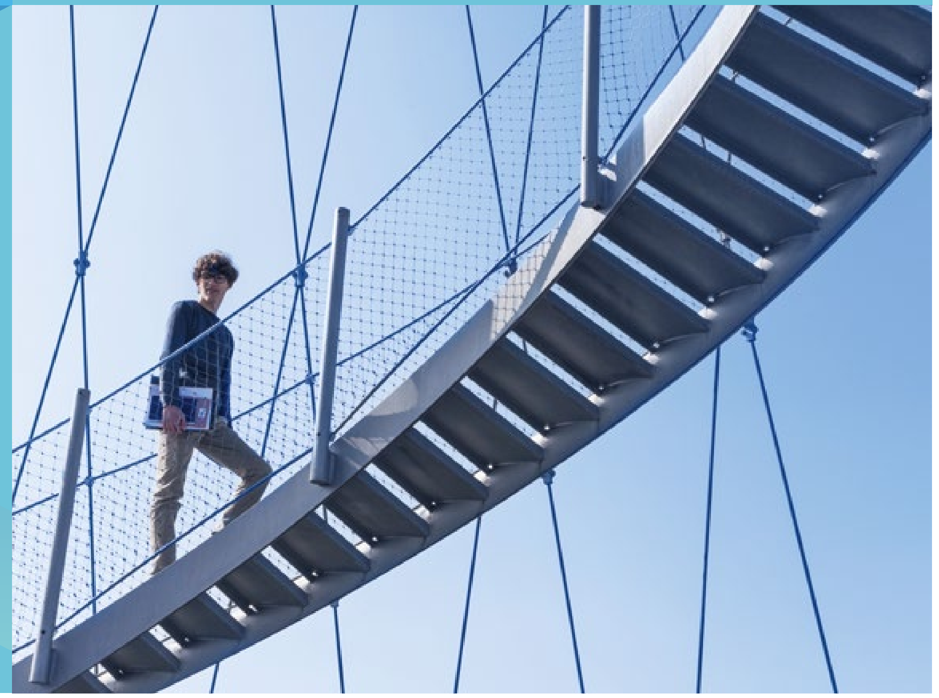
- strategic orientation of the Allgeier Group, in particular that of the Enterprise IT segment by further overseeing its restructuring into the five business areas of Allgeier Public, Allgeier Experts, Allgeier inovar, Allgeier Security and Evora; further adjustment in this context of the management structure of the five business areas Allgeier Public, Allgeier Experts, Allgeier inovar, Allgeier Security and Evora;
- discussion and review of various acquisition projects; performance of multiple acquisitions to boost the business areas: pooliestudios GmbH, Cologne, and Höhn Consulting GmbH, Kiel, for Allgeier Public, Quality First Software GmbH, Geretsried, for mgm technology partners;
- financial and liquidity situation of the Group; agreement and increase of the facility of the syndicated loan agreement of the Allgeier Group to EUR 200 million, issuance of a borrower's note loan of EUR 60 million and increase of the factoring facility for the Allgeier Group to EUR 60 million.

The Supervisory Board held seven meetings in fiscal 2022. With the exception of the meeting on June 30, 2022, the meetings were held virtually by video conference. The meetings were attended by all the members of the Supervisory Board. Outside its meetings, the Supervisory Board made decisions by way of circulation. Furthermore, there were several other discussions and votes by way of conference calls and video conferencing. The members of the Management Board attended all the meetings of the Supervisory Board. Between the meetings, the Management Board kept the Supervisory Board or its Chairman regularly informed of all major developments and coordinated key decisions with the Supervisory Board, in particular with its Chairman, in advance.
In the opinion of the Supervisory Board, the Management Board therefore comprehensively complied with its duties to report and provide information to the Supervisory Board in the past fiscal year, and kept the Supervisory Board comprehensively informed about business performance, the position of the company and the Group companies and their major transactions on an ongoing basis, both at the meetings of the Supervisory Board and outside the meetings of the Supervisory Board. Since the size of the Supervisory Board was increased to four members on July 22, 2022, the Supervisory Board has had an Audit Committee, whose Chairman is Mr. Thies Eggers. The Audit Committee met regularly in conjunction with the meetings of the Supervisory Board.

In particular, the key issues that the Supervisory Board dealt with in its work both in and outside meetings included:

- the current business performance of the Group as compared to the approved Group planning;
- the ongoing financial and liquidity situation;
- the financing and capital structure of the Group;
- various acquisition projects;
- strategic issues and structuring of the Group, management of the operational business units;
- approval of the Group budget;
- corporate governance and integration within the Group;
- risk management and compliance;
- issues in connection with the audit of the financial statements and non-audit services.

In the discussions between the Management Board and the Supervisory Board, and on the basis of the information provided by the Management Board on an ongoing basis, the Supervisory Board satisfied itself that the Management Board managed the business of the company properly and in compliance with the law in fiscal 2022. In addition to the dominant work issues such as, in particular, acquisitions, the Management Board also continued the organizational development of the Allgeier Group in the past fiscal year. The Supervisory Board discussed the risk management system used by the company with the Management Board and the auditors and found it to be in order.
Insofar as the approval of the Supervisory Board was required for individual management measures, such measures were examined by the Supervisory Board after receiving information and a corresponding submission from the Management Board in good time, and the necessary approval was issued. The Supervisory Board can therefore confirm that the Management Board enabled it to fully monitor the work of the Management Board on an ongoing basis. In doing so, the Supervisory Board satisfied itself that the management of the company by the Management Board complied with the statutory requirements in all regards and did not give rise to any complaints on the part of the Supervisory Board. In addition, the Supervisory Board evaluated the efficiency of its own work as it does every year.



All the members of the Supervisory Board were also members of the Audit Committee. Audit Committee issues were addressed at the meetings of the Supervisory Board, including in particular:

- the independence of the auditor;
- the review and assessment of the Company's internal control system, the risk management system and governance system;
- status of the audit of the financial statements in consultation with the auditor, in particular in terms of key audit matters, any audit problems, scheduling and compliance;
- additional services by the auditor;
- audit of the annual and consolidated financial statements presented and the associated management reports;
- discussion of these reports with the auditor in attendance.

By way of corresponding amendment of the Articles of Association, the Annual General Meeting on June 30, 2022 resolved to increase the size of the Supervisory Board to four members. Furthermore, the Annual General Meeting on June 30, 2022 resolved to elect Mr. Carl Georg Dürschmidt as the further member of the Supervisory Board for the event that the amendment of the Articles of Association becomes effective. The amendment of the Articles of Association was entered in the commercial register on July 7, 2022. Since July 7, 2022, the Supervisory Board has thus had four members with Mr. Carl Georg Dürschmidt as the new member. The Supervisory Board elected Mr. Carl Georg Dürschmidt as its Chairman at its meeting on September 30, 2022. Mr. Detlef Dinsel resigned from the Supervisory Board on the same date. The Supervisory Board had three members for the remainder of 2022. On March 8, 2023, at the request of the Management Board, the Munich Local Court appointed Mr. Detlef Dinsel to the Supervisory Board in accordance with section 104 AktG. The Supervisory Board has had four members again since that date.

LOHR + COMPANY GmbH, Wirtschaftsprüfungsgesellschaft, Düsseldorf, audited the annual financial statements of Allgeier SE prepared by the Management Board and the consolidated financial statements for the year ended December 31, 2022 and the management reports for Allgeier SE and the Group, and issued an unqualified audit opinion in each case. These documents, the separate consolidated non-financial statement in accordance with section 315b HGB and the audit reports of LOHR + COMPANY GmbH were made available to the Supervisory Board for inspection. The Supervisory Board examined and verified all the above documents and the auditors' report in preparation for its meeting on April 28, 2023. The Supervisory Board examined the sustainability report. It discussed the annual financial statements, consolidated financial statements and the audit reports in detail in the presence of the auditors at its meeting on April 28, 2023. The auditor reported on the key findings of the audit at this meeting. The Supervisory Board therefore comes to the conclusion that the annual financial statements, the consolidated financial statements and the corresponding management reports were properly prepared in compliance with the applicable rules in place for the respective statements, and that they give a true and fair view of the financial position and results of operations of Allgeier SE and the Group. The review of the audit reports and the discussion with the auditors did not lead to any complaints or objections on the part of the Supervisory Board. At its meeting on April 28, 2023, the Supervisory Board concurred with the findings of the auditors and approves the annual financial statements and consolidated financial statements for fiscal 2022 as prepared by the Management Board. The annual financial statements have thus been adopted.

The Supervisory Board would like to thank the management and all the employees of the Allgeier Group for their hard work in fiscal 2022.

Munich, April 28, 2023
The Supervisory Board of Allgeier SE

Carl Georg Dürschmidt
Chairman of the Supervisory Board

Notes

Financial Calendar 2023

Important dates and events	
Publication of the 2022 consolidated/ annual financial statements	April 28, 2023
Publication of voluntary interim information as of March 31, 2023	May 15, 2023
Annual General Meeting	June 13, 2023
Publication of 2023 half-yearly financial report	August 15, 2023
Publication of voluntary interim information as of September 30, 2023	November 14, 2023

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Allgeier's financial reports can be found on the Internet in German and English at www.allgeier.com/en > Investor Relations > Financial Reports & Publications or requested using the contact details provided.

Current financial information can be found on Allgeier's website under Investor Relations at: www.allgeier.com/en/investor-relations

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Annual Report
2022