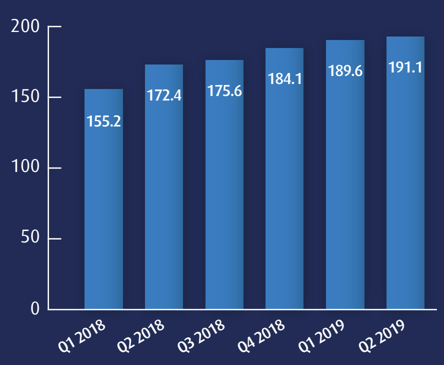
ALLGEIER

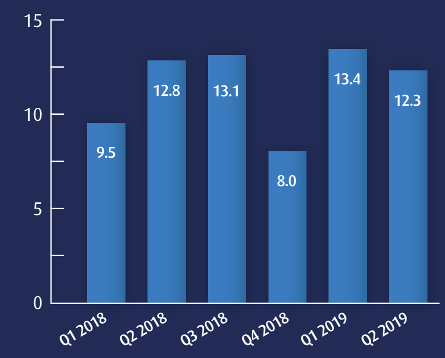
ALLGEIER SE

HALF-YEARLY FINANCIAL REPORT AS OF JUNE 30, 2019

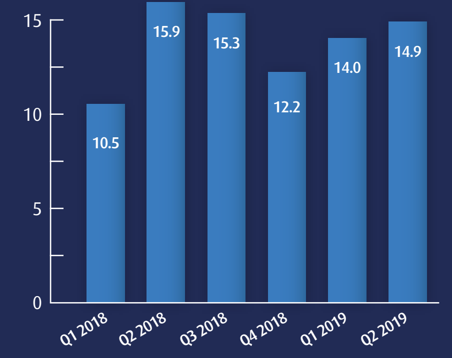
REVENUE in EUR million



EBITDA in EUR million



ADJUSTED EBITDA* in EUR million



All figures in EUR million, continuing operations in accordance with IFRS, all figures restated in accordance with IFRS 16
*EBITDA before extraordinary or prior-period effects

ALLGEIER SE STANDS FOR STATE-OF-THE-ART SOFTWARE DEVELOPMENT AND FLEXIBLE IT PERSONNEL SOLUTIONS

Allgeier SE is one of the leading IT companies for digital transformation. With a growth strategy geared to innovation and future trends, together with an integrative business model, Allgeier is seizing the opportunities of digitization.

Four segments, each with an individual technical and industrial focus, work together for around 3,000 customers from virtually all sectors. With more than 9,800 permanent employees and around 1,300 freelance experts, Allgeier offers its customers a comprehensive portfolio of solutions and services as a one-stop-shop. With its highly flexible delivery model, Allgeier covers the entire range of IT services – from on-site to nearshore to offshore: A strong standing in India, China, Vietnam and Eastern Europe guarantees flexibility and the utmost possibly scalability of services, alongside highly qualified expert knowledge in high-end software development. Allgeier's customers range from global corporations to innovative mid-sized companies looking to gain a strategic edge through high-performance IT solutions, smart software and flexible HR services. Headquartered in Munich, the rapidly growing group has more than 140 branches worldwide in 14 European countries and in India, China, Singapore, Vietnam, Thailand, Malaysia, Japan, the United Arab Emirates, South Africa, Mauritius, Australia, Mexico, Canada and the US. Allgeier generated revenue of EUR 687 million in fiscal 2018. According to the 2018 Lünendonk® List, Allgeier SE is one of Germany's top ten IT consulting and system integration companies. According to the 2019 Lünendonk® market segment study, "The Market for Recruitment, Placement and Management of IT Freelancers in Germany", Allgeier Experts is one of the top three IT personnel service providers in Germany. Allgeier SE is listed in the General Standard on the Regulated Market of Frankfurt Stock Exchange (WKN A2GS63, ISIN DE000A2GS633).

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

KEY GROUP INDICATORS*	H1 2018	H1 2019	Change in percent
Revenue	327.5	380.8	16.2 %
Value added	90.0	106.1	17.9 %
EBITDA	22.3	25.7	15.2 %
Adjusted EBITDA**	26.4	29.0	9.8 %
EBIT	11.1	10.6	-4.3 %
EBT	9.1	7.1	-22.1 %
Profit or loss for the period	4.9	4.1	-17.1 %
Earnings per share (EUR)	0.35	0.19	-45.7 %
Total assets	536.6	553.6	3.2 %
Equity	130.6	158.9	21.7 %
Permanent employees	9,437	9,843	4,3 %
Freelance experts	1,080	1,299	20,3 %
Total employees b	10,517	11,142	5,9 %

*Continuing operations in accordance with IFRS, figures in EUR million (unless stated otherwise), all figures restated in accordance with IFRS 16 and results of FREP audit
**EBITDA before extraordinary or prior-period effects | ***Percentages calculated using non-rounded figures

Contents

INTERIM MANAGEMENT REPORT ON H1 2019

Interim Management Report on H1 2019

All figures in the statement of comprehensive income relate to continuing operations.
All prior-year figures were restated in line with the changes as a result of the adoption of IFRS 16, Leases, from fiscal 2019 and the results of the FREP audit. The figures therefore cannot be compared to those in the financial reports of the previous year.

ALLGEIER GENERATES SIGNIFICANT REVENUE AND EARNINGS GROWTH IN STRATEGIC TECHNOLOGY SEGMENTS IN FIRST HALF OF 2019 – EXPERTS SEGMENT REPORTS DECLINING REVENUE AND EARNINGS

Allgeier SE generated further growth in revenue and EBITDA in the first half of 2019 (January 1, 2019 to June 30, 2019). On the one hand, the Group's two strategic segments, Technology and Enterprise Services, reported total revenue growth of 33% and earnings growth (adjusted EBITDA) of 31% with a corresponding margin of 13%. Over the same period, the Experts segment reported a drop in revenue of 7% and a decline in EBITDA of EUR 5.7 million. The development in the Experts segment was due to the strategic business reorganization already planned in the past, which entailed the anticipated declines in revenue and earnings in addition to non-recurring earnings effects in the first half of 2019 in particular.

Business performance in the second quarter of 2019

In the second quarter of 2019 (April 1 2019 to June 30, 2019), the Group reported an increase in revenue of 11% as against the same period of the previous year to EUR 191.1 million (previous year: EUR 172.4 million). Over the same period, value added (defined as total revenue less the cost of sales and staff costs directly attributable to revenue) rose by 16% to EUR 54.2 million (previous year: EUR 46.8 million). Adjusted consolidated EBITDA (EBITDA before extraordinary or prior-period effects) was down 6% on the figure for the previous year at EUR 14.9 million (previous year: EUR 15.9 million). Consolidated EBITDA for the second quarter amounted to EUR 12.3 million (previous year: EUR 12.8 million), a drop of 3% on the same period of the previous year. Consolidated EBIT was EUR 4.8 million in the same period (previous year: EUR 6.9 million).

Business performance in the first half of 2019

In total, consolidated revenue climbed by 16% as against the first six months of 2018 to EUR 380.8 million in the first half of 2019 (continuing operations in the previous year: EUR 327.5 million). Value added increased by 18% to EUR 106.1 million (previous year: EUR 90.0 million). Adjusted consolidated EBITDA amounted to EUR 29.0 million (previous year: EUR 26.4 million), an increase of 10% on the same period of the previous year. The growth in earnings is being driven by the Group's strategic segments Enterprise Services and Technology, and is in line with the Group's forecasts for the current year. The two segments increased their adjusted EBITDA by 31% to EUR 31.8 million (previous year: EUR 24.3 million), while the Experts segment reported adjusted EBITDA of EUR 1.5 million (previous year: EUR 6.3 million).

Consolidated EBITDA grew by 15% to EUR 25.7 million in the reporting period (previous year: EUR 22.3 million). Consolidated EBIT amounted to EUR 10.6 million (previous year: EUR 11.1 million). The corresponding EBT for the period was EUR 7.1 million (previous year: EUR 9.1 million). After deducting tax expenses of EUR 3.0 million (previous year: EUR 4.2 million), Allgeier generated a profit of EUR 4.1 million in the first half of 2019 (previous year: EUR 4.9 million).

Basic earnings per share, calculated on the basis of earnings for the first six months less non-controlling interests, were EUR 0.19 in the first half of 2019 (previous year: EUR 0.53). Earnings per share adjusted for depreciation and amortization due to acquisitions and calculated using normalized taxes amounted to EUR 0.59 (previous year: EUR 0.83) for the reporting period.

At EUR 20.7 million, the cash flow from operating activities before changes in working capital in the first six months of 2019 was stable on the previous year's figure of EUR 20.4 million. The cash flow from changes in working capital was EUR -18.1 million after EUR -20.4 million in the previous year. Including the cash flow from changes in working capital, the cash flow from operating activities improved to EUR 2.6 million in total (previous year: EUR 0.1 million).

The Group's investments in operating activities and payments for rental investments amounted to a net figure of EUR 14.3 million (previous year: EUR 10.1 million) in the first half of 2019. Cash used for company acquisitions amounted to EUR 2.9 million in the first six months of 2019 (previous year: EUR 3.3 million), while the cash outflow for acquisitions in previous years came to EUR 4.6 million (previous year: EUR 0.6 million). The Group received income of EUR 2.3 million from company disposals (previous year: EUR 3.0 million). In total, the cash flow from investing activities amounted to EUR -19.9 million in the reporting period (previous year: EUR -12.6 million).

The net cash inflow from financing activities was EUR 13.9 million in the first six months of 2019 (previous year: EUR 23.7 million). The Group received a net figure of EUR 23.5 million (previous year: EUR 0.3 million) from the capital increase, which was offset by EUR 6.3 million in total for the repayment of borrower's note loans and bank loans (previous year: inflow of EUR 25.2 million). Net interest payments came to EUR 2.1 million (previous year: EUR 1.2 million). The Allgeier Group reported a cash outflow for non-controlling shareholders of EUR 1.3 million (previous year: EUR 0.6 million).

As a result of cash flows from operating, investing and financing activities, cash and cash equivalents declined from EUR 59.4 million on December 31, 2018 to EUR 56.1 million as of June 30, 2019.

To present adjusted earnings per share, the Allgeier Group corrects the reported EBIT for amortization of intangible assets capitalized in connection with company acquisitions (effects of purchase price allocation), income and expenses from purchase price adjustments in profit or loss and other one-time and prior-period effects. Taking into account these adjustments and applying a tax rate of 35%, the Group generated earnings per share of EUR 0.59 in the first half of 2019 (previous year: EUR 0.83).

CONTINUING OPERATIONS in EUR million	H1 2018	H1 2019
Profit from operating activities (EBIT as reported)	**11.1**	**10.6**
Amortization of intangible assets from company acquisitions	1.7	2.2
Other non-recurring and prior-period effects	-4.1	-3.3
Net finance costs	-1.6	-2.9
Net income from investments accounted for using the equity method	-0.5	-0.7
Adjusted earnings before taxes	**14.8**	**12.5**
Tax rate	35%	35%
Taxes	5.2	4.4
Adjusted profit or loss for the period	**9.6**	**8.1**
Non-controlling interests	-1.4	-2.2
Earnings for calculation of adjusted earnings per share	**8.2**	**5.9**
Number of shares outstanding	9,827,450	9,998,094
Adjusted earnings per share in euro (basic)	**0.83**	**0.59**

The other one-time and prior-period effects include the following items:

CONTINUING OPERATIONS in EUR million	H1 2018	H1 2019
Losses on the disposal of non-current assets	-0.1	-0.0
Losses from bad debt allowances and uncollectible receivables	-0.2	-0.4
Other prior-period expenses (net)	-0.4	-0.2
Acquisition expenses	-0.3	-0.1
Income from purchase price adjustments (net)	0.0	0.0
Finance charges	-0.4	-0.4
Cost of stock options issued	-0.2	-0.1
Income from the translation of foreign currencies and hedging transactions	0.5	0.7
Continued pay and severance payments for former employees	-1.5	-1.4
Loss of Executive Search from Allgeier Experts Select	-0.3	-0.8
Loss on GDE participant program and joint participant liability for loans	-0.1	-0.0
Other extraordinary expenses (net)	-1.1	-0.5
	-4.1	**-3.3**

Adoption of IFRS 16

IFRS 16, Leases, effective January 1, 2019, was adopted in the first half of 2019. This change in accounting caused EBITDA to rise by EUR 8.0 million in the first half of 2019 and by EUR 5.9 million in the same period of the previous year. At the same time, depreciation and amortization rose by EUR 7.3 million and EUR 5.4 million, with the result that EBIT still increased by EUR 0.7 million in the first half of 2019 as a result of the change in accounting (previous year: EUR 0.5 million).

The Allgeier Group has adopted IFRS 16 using the retrospective method, whereby the figures for the previous year have been adjusted in line with reporting for the first half of 2019 to ensure the comparability of figures. In addition to the effects in the income statement, the adoption of IFRS 16 also affects reporting in the statement of financial position as a result of the capitalization of leases at their values in use and the recognition of liabilities for future payments over their expected useful lives. As of June 30, 2019, the new values in use capitalized in accordance with IFRS 16 amounted to EUR 51.3 million (December 31, 2018: EUR 55.9 million), and the current and non-current liabilities for leases recognized in accordance with IFRS 16 amounted to EUR 55.3 million (December 31, 2018: EUR 59.8 million). The values in use and liabilities relating to leases are shown in a separate line in the statement of financial position from the 2019 reporting year onwards. In the statement of cash flows, cash outflows from contracts recognized in accordance with IFRS 16 are shown under cash flows from investing activities from 2019 onwards and the previous year is restated accordingly. These payments were shown under cash flows from operating activities in the reporting for previous years.

Accounting correction

As Allgeier SE announced on July 9, 2019, in a spot check of the consolidated financial statements as of December 31, 2017 the German Financial Reporting Enforcement Panel (FREP) found that the purchase price allocation of the business operations of the former "Ciber Deutschland", acquired in April 2017, was incorrect. Specifically, the finding related to restructuring expenses of EUR 3.1 million and acquired operating leases of EUR 0.3 million, neither of which should have been recognized in equity. Furthermore, the amount recognized for the customer base was reduced from originally EUR 3.8 million to EUR 2.0 million. The purchase price allocation was subsequently amended as a result of the errors identified. The change also meant that the acquired net assets of EUR 2,121 thousand exceeded the purchase price of EUR 1,000 thousand, thus resulting in the recognition of corresponding negative goodwill of EUR 1,121 thousand.

The purchase price allocation was specifically corrected as follows:

	ORIGINAL PURCHASE PRICE ALLOCATION	CORRECTION	CORRECTED PURCHASE PRICE ALLOCATION
Intangible assets	4,400	-1,813	2,587
Property, plant and equipment	183	0	183
Deferred tax assets	99	0	99
Deferred tax liabilities	-99	-503	-602
Other provisions	-3,450	3,437	-13
Other liabilities	-133	0	-133
Net assets	**1,000**	**1,121**	**2,121**

All figures in EUR thousand

As a result of the above correction, the income statement and equity for 2017 and 2018 changed as follows:

	2017	H1 2018	H2 2018	2018
Negative goodwill	1,121	0	0	0
Other operating expenses	-3,437	0	0	0
Depreciation and amortization	272	181	392	573
Deferred taxes	981	-56	-122	-178
Net assets	-1,063	125	270	395
Reduction in equity	**-1,063**	**-938**	**-668**	**-668**

All figures in EUR thousand

The previous years were restated for the above findings from the FREP audit. The opening values as of January 1, 2018 in the statement of financial position as of December 31, 2018 were restated and the adjustments were disclosed on the face of the statement of financial position. The amortization of customer bases in the years 2019 to 2022 will be reduced by a total of EUR 968 thousand compared to the original value, hence the adjustment will be neutralized over a period of five years.

Acquisition of Farabi Technology Middle East LLC and SOLUTIONS4MOBILITY L.L.C

On April 2, 2019, Allgeier Nagarro Holding GmbH, Munich, signed contracts to acquire Farabi Technology

Middle East LLC, Dubai, United Arab Emirates, (FTME) and SOLUTIONS4MOBILITY L.L.C, Dubai, United Arab Emirates, (S4M). FTME and S4M are experts in the development of mobile applications to support digital transformation. Their activities focus on computer animation, graphics work, information technology networks and computer system hardware for large customers in the banking, telecommunications and transport sectors in particular. The companies currently employ around 90 highly specialized software developers at the Dubai location. The transaction gives the Allgeier company Nagarro valuable access to market- and industry-leading customers in the Middle East, and strengthens its consulting and implementation expertise on local markets.

A maximum purchase price of up to USD 6.5 million, plus around EUR 0.4 million for excess working capital, was agreed to acquire the shares in FTME and S4M. The fixed component of the purchase price of USD 3.3 million was paid in the first half of 2019. The remaining purchase price components are due between 2020 and 2023, depending on the achievement of targets. USD 1.0 million of the variable purchase price is dependent on criteria that preclude the capitalization of this amount in first-time consolidation. The other components were measured on the basis of planning and maturities and recognized at a total amount of EUR 5,265 thousand. Costs of EUR 138 thousand were not capitalized and instead recognized under other operating expenses. FTME and S4M were included in consolidation for the first time as of April 1, 2019. The Allgeier Group received total assets of EUR 2,449 thousand and total liabilities of EUR 557 thousand on the acquisition of FTME and S4M. Customer relationships and order backlogs totaling EUR 959 thousand were recognized in addition to the assets and liabilities recognized in the company's consolidated financial statements under commercial law. Goodwill of EUR 3.4 million resulted from the difference between the purchase price recognized and the net assets acquired. The first-time consolidation of FTME and S4M and the measurement of the acquired assets are not yet complete and have not yet been audited.

Capital increase

On June 13, 2019, in accordance with its intention announced on May 7, 2019 and on the basis of the authorization resolution of the Annual General Meeting of June 29, 2018 (Authorized Capital 2018), the Management Board resolved, with the approval of the Supervisory Board, to increase the share capital of the company by up to almost 10% against cash contributions.

In accordance with its resolutions, the company successfully completed the capital increase on June 13, 2019. In the capital increase, partially utilizing Authorized Capital 2018, the company increased its share capital by EUR 997.864 from EUR 10,088,649 to EUR 11,086,513 by issuing 997,864 registered shares against cash contributions with shareholders' statutory pre-emptive rights disapplied. The new shares are entitled to dividends from January 1, 2019.

The placement price set by the Management Board of the company, with the approval of the Supervisory Board, was EUR 24 per share. In accordance with the applicable exemption clauses for private placements in Europe, the new shares were placed with international institutional investors, members of executive bodies of the company and other executives of the Allgeier Group without a prospectus. In setting the placement price, it was also taken into account that the new shares are entitled to participate in profits only for the current fiscal year of 2019, and that the Annual General Meeting of the company had not yet resolved an appropriation of profits for fiscal 2018 at the time of the placement.

After entry of the capital increase in the commercial register of the Munich Local Court, the new share capital amounts to EUR 11,086,513 and is divided into 11,086,513 no-par value registered shares. The new shares were admitted to trading on the regulated market of the Frankfurt Stock Exchange (General Standard) without a prospectus on June 18, 2019, followed by their listing under ISIN DE000A2YNUT5 on June 20, 2019 and inclusion in the existing listing of the company's shares (ISIN DE000A2GS633) on July 3, 2019. The Group generated net proceeds of EUR 23,476,930.33 from the capital increase.

General Economic and Industry Conditions

GENERAL ECONOMIC FORECAST

The organic growth of the Group companies is largely dependent on the economic environment and, in particular, the development of the software and IT services market in Germany and other relevant markets. According to the annual economic report of the German government, after adjustment for inflation, the German economy achieved growth in gross domestic product (GDP) of 1.5% in 2018. This marks a slowdown in growth compared to the previous year, and affected the second half of the year in particular. The German government is forecasting further growth for 2019, though only of 0.5%. In April, the Federal Ministry of Economics halved its original growth projection from January, which had been 1.0%. Nonetheless, the government emphasized the continuation of the long-term growth trend with the tenth year of growth in a row, not to mention the positive development on the labor markets and in net wages and salaries, which are expected to increase by 4.8%. However, the successes of past years cannot detract from the fact that the headwind has primarily increased from foreign trade, and that the underlying economic momentum is slowing somewhat. There are also more general challenges to the economy, such as digitization in particular. This is leading to revolutionary changes in the corporate landscape, and calling traditional forms of work and economic models into question. At the European level, there are also structural challenges affecting the economic and monetary union that have to be solved as the development of the German economy is largely dependent on the positive development of other European Member States.

In its growth forecast, the OECD is assuming growth on the German economy of 0.7% this year, and has therefore more than halved its original forecast of 1.6%. The main reason for the weaker projection is the slower growth of the global economy, on which Germany particularly depends as an export country. In its outlook, the OECD writes that global expansion is increasingly running out of steam in the face of greater political uncertainty, persistent trade tensions and the continuing loss of confidence among companies and consumers. In particular, a stronger downturn in growth in China could weigh on global economic trends and affect growth in Europe. The prospects for the euro area are particularly downbeat. This is partly due to elevated political uncertainty, for instance on account of Brexit, and the predicted recession in Italy.

According to the current forecasts of the Organization for Economic Cooperation and Development (OECD Economic Forecast Summary from November 2018), the economic prospects for 2018 are predominantly positive for Allgeier's other key markets, such as the US, Scandinavia and Switzerland, though the ongoing growth is slowing in a number of economies. In its Interim Economic Outlook from March 2019, the OECD warns of a downturn in growth, particularly in Europe, and highlights China, Europe and the financial markets as the weak links that might drag down the global economy. At the same time, the OECD is urging governments to work together to reduce risks.

The IMF feels that the continued positive development of many economies is essentially tied to resolving the trade dispute and sentiment on the financial markets. The IMF has kept its growth forecasts for the US unchanged at 2.5%, with domestic demand in particular acting as the driving force. The growth forecast for Japan has been raised marginally to 1.1% thanks to the positive effect of tax measures. The IMF is assuming weaker growth in the euro area of 1.6% in the current year after 1.8% in 2018.

GENERAL ECONOMIC AND INDUSTRY CONDITIONS

The IMF has lowered its growth forecasts for a number of European economies, particularly for Germany (owing to weak private consumer spending, sluggish industrial production following the introduction of revised vehicle emission standards and restrained foreign demand), for Italy (owing to poor domestic demand and higher borrowing costs as yields on government bonds are still high) and for France (owing to the negative impact of street protests and labor disputes). Forecasts have been reduced slightly for the emerging and developing economies as well. Despite fiscal stimulus that is offsetting some of the impact of higher US tariffs, the pace of the Chinese economy will slow on account of the combined influence of the need for stricter financial regulation and the barriers to trade with the US. Meanwhile, the Indian economy is expected to expand again in 2019. According to the IMF, the main sources of risk to the global outlook are the trade negotiations and the developments on the financial markets. If the economies affected by the trade disputes can settle their differences without further raising the barriers to trade that are distorting competition, and if market sentiment recovers, the growth actually achieved could outperform forecasts.

FORECASTS FOR THE IT INDUSTRY

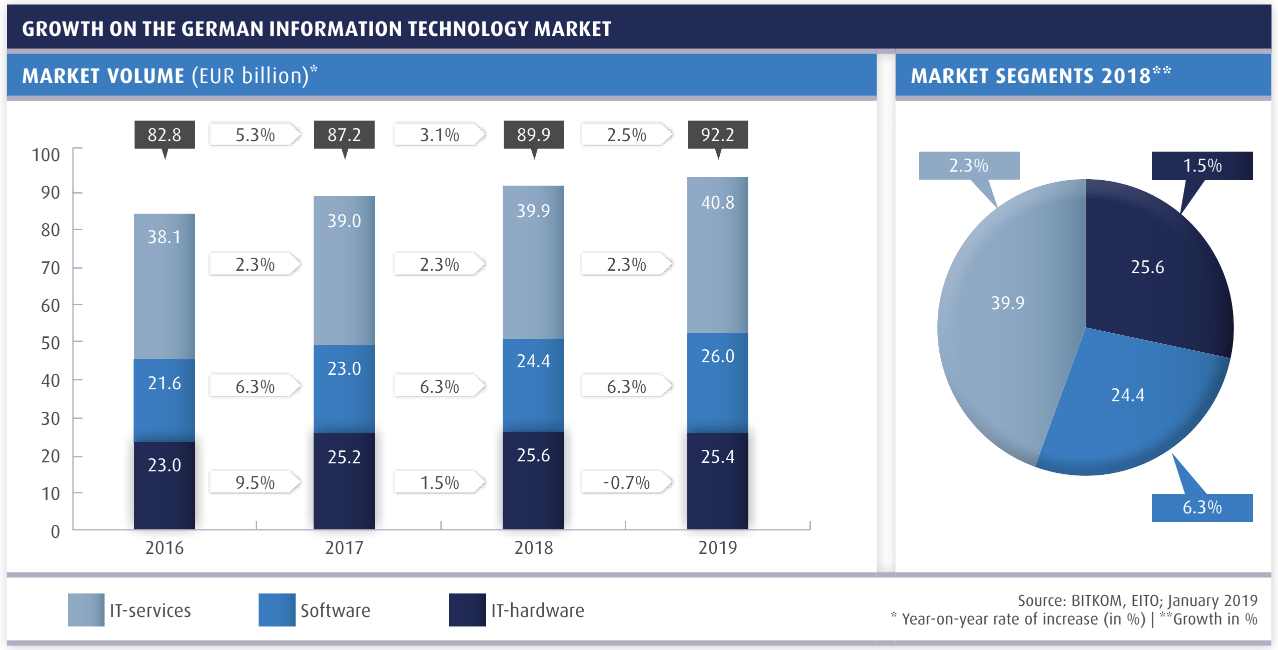
According to market figures from the Federal Association for Information Technology, Telecommunications and New Media (BITKOM) from January 2019, the German ITC market is set to grow by 1.5% (previous year: 2.0%) to EUR 168.5 billion in the current year (previous year: EUR 162.7 billion). Like the economy as a whole, the market is seeing a slight downturn in growth, albeit at a much higher level. The market relevant to Allgeier, information technology, is thus in turn expected to achieve strong growth of 2.5% (previous year: 3.1%) to EUR 92.2 billion (previous year: EUR 89.9 billion). This growth will primarily be attributable to the software market, which is expected to continue to significantly outpace the market average at 6.3% (previous year: 6.3%) and, contrary to the general market and industry trend, will not lose momentum compared to the two previous years. The market for IT services is also showing no signs of slowing down with steady growth of 2.3% (previous year: 2.3%).

The main driver of growth on the IT market will again be the advancing digitization of the economy, which is entailing fundamental changes in market conditions. According to BITKOM's 52nd Industry Barometer from last year, these developments are based on market trends and technologies such as IT security, cloud computing, the Internet of Things and Services, Industry 4.0, big data and digital platforms. With its services, IT and software solutions, Allgeier has a successful handle on these trends and future technologies, and is specifically developing them in line with rising market demand. Most companies expect that the process of digitization, which is encompassing all sectors, is set to continue for some time to come. According to BITKOM's 50th Industry Barometer, as many as 39% of companies believe that digital transformation is a never-ending process, while another third expects the process to continue for the next nine years at least. Also according to the latest BITKOM Industry Barometer, the most important market trends include IT security, cloud computing, the Internet of Things and Services, Industry 4.0, i.e. the digitization of production processes, big data, i.e. solutions for analyzing and using large quantities of data in business processes, digital platforms, cognitive computing, blockchain, mobile applications and websites. Allgeier is benefiting from the strong growth in these high-tech trends.

For instance, the global market for cloud services and cloud technologies – and in particular multi-cloud technologies – is growing steadily. This is supported by a recent study on cloud development, the 2019 State of the Cloud Report by cloud service provider RightScale, which found that more and more companies are investing in multi-cloud technologies. Investment in public clouds is also rising constantly. A recent forecast published by Forrester Research for 2019 also confirms that cloud computing is becoming the basis for digital transformation by companies, and anticipates that corporate spending will escalate. In addition, the global cloud computing market, including cloud platforms, business services and SaaS, will exceed USD 200 billion in 2019 and grow by more than 20%. According to a current forecast by the technology community Wikibon, the global market for big data software and services will grow from USD 42 billion in 2018 to USD 103 billion in 2027. IT security solutions are also playing an ever greater role. In an analysis from December 2017, the market research company Gartner Inc. projects that USD 113 billion will be spent on IT security worldwide by 2020. Clear growth is evident on the market for The Internet of Things (IoT), and the "Internet of Things 2019" report by IDG Research Services highlights its future relevance. Half of the 524 companies surveyed expect the IoT to have a positive impact on their business, and the number of companies with IoT initiatives has more than doubled from 21% in 2017 to 44%. Most of these companies still need additional internal or external resources for their IoT projects, especially for software development. Accordingly, 59% of companies plan to invest more in IoT initiatives in the years ahead, with a focus on cloud services, security, connectivity and AI technologies. There is also growing interest and increased invest propensity among companies for Industry 4.0. According to the 2019 Deloitte study "Success Personified in the Fourth Industrial Revolution", companies are investing more in disruptive technologies than in the previous year, relying more on data-based decisions, more frequently training employees for the working practices of tomorrow and attaching more importance to ethical aspects when using 4.0 technologies. The growing significance of Industry 4.0 is also reflected in the rising importance of digital transformation. According to the "Digitale Transformation 2018" report by etventure, 62% of the German companies surveyed rank digital transformation as one of their three top corporate goals – up significantly from 2017 (50%) and 2016 (41%).

Other key tech trends such as enterprise content management, business process management, collaboration/enterprise 2.0 and enterprise resource planning (ERP), in which the companies of the Allgeier Group have already enjoyed a strong market position for many years, could also serve Allgeier as additional growth drivers. ERP, for instance, is a central software system that optimizes business processes by connecting individual links in the production chain. The megatrends in the industry are also stimulating ERP sales as ERP software solutions greatly simplify companies' control and planning processes. Sentiment among providers is positive according to BITKOM's ERP Barometer.

The Group's Management Board expects IT dependency to continue to grow moving ahead in an increasingly globalized world. Thus, the growth forecast in the future areas reported on is significantly higher than the industry average. At the same time, IT itself is undergoing rapid change, resulting in a constant need for innovation and investment – subjects that have been relevant to date will quickly be overtaken and replaced by others. Thanks to the good positioning of the Group in key innovation and future fields, Allgeier is confident of the structural growth prospects in the software and IT service industry.



Segment Performance

Segment reporting exclusively contains the segments' continuing operations. The disclosures and information below include revenue and earnings from transactions conducted between the segments.

ENTERPRISE SERVICES SEGMENT

Segment operations

The companies in the Enterprise Services segment design, create and operate end-to-end IT solutions for the implementation and support of customers' business-critical processes on the basis of standard business software products. To do this, the segment's companies use their own software products in addition to the software products and platforms of well-known manufacturers such as Microsoft, SAP, IBM and Oracle. Employees combine in-depth technical and special industry expertise to analyze and optimize customers' business processes to implement IT solutions. Thus, Allgeier Enterprise Services aids global corporations and SMEs in their digital transformation and the optimization of the digital business processes along the entire value chain.

With their consulting, development, project planning, implementation and support services, the segment's companies create IT solutions in the core areas for business software, such as:

- **Enterprise Resource Planning:** The original roots of the Allgeier Group lie in this area. ERP solutions are implemented for SME and enterprise customers with its 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 customers 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, from detection, read-out and editing of content in professional workflow sequences, through to tamper-proof archiving, is supported. On customer request, the solutions are integrated into the customer's IT infrastructure or are offered as complete cloud solutions with hosting in separate German data centers. The advantages for companies that use an ECM solution such as metasonic® Doc Suite are clear: They can save a lot of time and money thanks to more efficient processes. This achieves a high degree of automation for office work, which is often still largely analog, and so takes the strain off employees.
- **Security:** Data security is becoming ever-more critical. Allgeier Enterprise Services 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:** Allgeier Enterprise Services covers the entire SAP lifecycle and it is therefore considered one of the most capable full-service providers for SAP in the German-speaking region. The SAP portfolio extends from strategy and process consulting to the complete introduction of SAP system landscapes and the operation of complex SAP solution scenarios such as SAP HANA. SAP services are supplemented by extensive consulting and managed services with an emphasis on the commerce, logistics, chemicals, pharmaceuticals, food/beverage and media sectors. As one of the leading service providers for migration to the digital SAP platform S/4 HANA, Allgeier Enterprise Services maps all concepts – from on-premise to hybrid – to create end-to-end SAP cloud solutions. In addition to its many awards from SAP, in particular Allgeier Enterprise Services also received the SAP Pinnacle Award "New Cloud Partner of the Year".
- **Sharepoint:** The Microsoft product is no longer used solely to organize document sharing and editing (collaboration), but also to support entire business processes. The integration of issues such as data security, document management, CRM, business intelligence or process support in industry-specific SharePoint solutions creates a substantial competitive edge for customers and Allgeier alike.
- **Business Process Management (BPM):** At their core, all business software solutions are about the IT-supported execution and optimization of business processes. Process tools need to be particularly flexible in interaction with a variety of software products and ever-faster change cycles for software and business processes. With its metasonic® Process Suite, which comprises the latest generation BPM software and a platform for dynamic process applications, Allgeier can support its customers in producing bespoke software solutions in significantly shorter cycles. Interactive touchscreens make it extra easy: It's child's play for teams to put together their business processes and build functional applications in no time – without having to do any programming of their own.
- **Cloud solutions:** Allgeier Enterprise Services builds and operates a variety of cloud solutions for its customers 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, Allgeier Enterprise Services 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. Allgeier Enterprise Services implements individual solutions for a large number of customers in the mobile applications area.

The companies in this segment served more than 1,500 customers in Germany and internationally in the past fiscal year. These include large corporations (e.g. ten of the 30 DAX companies in fiscal 2018) and many SMEs of various sizes. The customers are broadly distributed across a variety of different industries. The companies in this segment possess special expertise in the areas of banking and insurance, industry, chemicals/pharmaceuticals and medicine.

The companies of the Enterprise Services segment have more than 25 branches, 19 of which in Germany with six offices in four other European countries (Austria, Switzerland, Denmark, France). In addition, the segment's software developers work in close international partnership with the Technology segment's developers in India, China and Vietnam, and the European development centers such as that in Romania.

Performance

The Enterprise Services segment is the Group's third-largest in terms of revenue. The segment contributed 14% (previous year: 17%) to consolidated revenue in the reporting period. In turn, the segment consists of the "Intellectual Property" and "SAP" and "Enterprise Solutions" operating units, which contributed different growth rates and earnings to the segment's overall results.

The segment reported an increase in revenue of 1% to EUR 55.8 million in the first half of 2019 (previous year: EUR 55.3 million). Value added increased strongly by 13% to EUR 21.8 million (previous year: EUR 19.4 million). The gross margin rose to 39% (previous year: 35%).

SEGMENT PERFORMANCE

SEGMENT PERFORMANCE

The segment's adjusted EBITDA (EBITDA before extraordinary or prior-period effects) improved to EUR 6.3 million (previous year: EUR 5.1 million) with a margin of 11.2% (previous year: 9.2%). Non-recurring expenses amounted to EUR 0.9 million in the first half of 2019 (previous year: EUR 1.1 million). The Enterprise Services segment's EBITDA including extraordinary effects totaled EUR 5.4 million for the first six months of 2019 (previous year: EUR 4.1 million). Segment EBIT rose from EUR 0.8 million in the first half of 2018 to EUR 1.0 million in the period under review. The segment thus generated earnings before taxes of EUR 0.2 million (previous year: EUR 0.0 million). The earnings improvements essentially result from the SAP unit, where EBITDA rose by EUR 1.1 million in the first half of 2019 to EUR 3.3 million.

Enterprise Services segment earnings figures at a glance

ENTERPRISE SERVICES	H1 2019	H1 2018	H1 2019 vs. H1 2018
Revenue*	55.8	55.3	0.9%
Value added*	21.8	19.4	12.5%
EBITDA*	5.4	4.1	33.1%
Margin**	9.7%	7.3%	
EBIT*	1.0	0.8	25.3%
Margin**	1.8%	1.4%	

* Continuing operations in EUR million, including revenue with other segments | ** in % of revenue

TECHNOLOGY SEGMENT

Segment operations

The Technology segment is home to the international custom software development business. The segment comprises the mgm technology partners group, the Nagarro group, the iQuest group and Objectiva Software Solutions, which joined the Group in the past fiscal year.

mgm technology partners is a consulting and solutions provider for digitization projects. Its portfolio covers all aspects of consulting, implementation and operation in the enterprise environment. As a platform company, mgm develops proprietary digital platforms for and with customers. Its target markets include the public sector, industrial insurance, commerce and the energy utility industry. mgm consulting partners is a digitization expert for CIO advisory and organizational and change management, helping IT departments and organizations to implement the opportunities afforded by digitization. mgm security partners offers a full range of consulting and services for web application security and mobile apps. mgm assumes IT responsibility: innovation implemented.

In line with its guiding principle of "thinking breakthroughs" Nagarro promotes pioneering technological solutions for industry leaders and aspiring companies all over the world. With more than 5,700 technology experts in 22 countries, Nagarro specializes in solutions for complex and strategic challenges for customers as a champion of agile software engineering and co-innovation. Nagarro boasts comprehensive expertise in the fields of digital transformation, product development and design, big data and analysis, artificial intelligence, the Internet of Things (IoT) and wearables. Nagarro takes a long-term, strategic approach to all its customer relationships, and customer satisfaction is its top priority. Nagarro's customers include global top 100 corporations, market and industry leaders, public authorities, leading independent software vendors (ISVs) and Silicon Valley start-ups. The division currently generates most of its revenue in North America and German-speaking countries (Germany, Austria and Switzerland), with Scandinavia and the Asia-Pacific region accounting for a smaller share. In 2016, Nagarro acquired Conduct, an IT security company based in Oslo, and Mokriya, a software product development studio with a digital lab in Silicon Valley. In 2018, Nagarro bought up ANECON, a leading software development, testing and consulting company in Austria. In the current year, Nagarro has signed contracts to acquire shares in Farabi Technology Middle East and SOLUTIONS4MOBILITY in Dubai, United Arab Emirates. Both companies specialize in the development of mobile applications to support digital transformation. By making strategic acquisitions that focus on disruptive technologies and using exclusive partnerships with state-of-the-art R&D organizations such as SRI (formerly: Stanford Research Institute), Nagarro is constantly bolstering its position as a reliable global partner for innovative and transformative technology service

iQuest, based in Bad Homburg, is an international technology company that has been part of the Allgeier Group since 2018. The unit has more than 20 years' experience in providing bespoke software solutions, products and integration services for leading companies in the fields of transportation, life sciences, telecoms, financial services and the energy utility industry. iQuest is an established technology partner for global brands such as Deutsche Bahn, SJ (Schwedische Eisenbahn), Roche, Vodafone, Swisscom, Fresenius, Bank of Ireland, Innogy and the Financial Times. iQuest offers state-of-the-art and innovative solutions for the Internet of Things and digital customer engagement. iQuest creates solutions to boost companies' digital presence and improve their performance with high-end software engineering. The company currently employs more than 700 people with local development teams in Romania, Poland and Switzerland.

Objectiva Software Solutions (Objectiva), which also joined the Allgeier Group in 2018, is the leading specialist for software outsourcing services in China for independent software vendors (ISV) and businesses. Objectiva was founded in 2001 and is headquartered in the US. Objectiva focuses on helping customers in the US, Europe and China to achieve a time-to-market edge through short development cycles, to advance technological innovations and to gain cost-effective access to first-class software engineering resources worldwide. From on-premises to offshore services, Objectiva's software engineering teams deliver agile projects and products to help their customers achieve their business goals. Its experienced experts for project management, architecture, software development, QA, testing, support and professional services in the US and China take responsibility for and handle the implementation of technology projects for customers around the world. With branches in the US and development centers in Beijing and Xi'an in China, Objectiva helps customers to develop bespoke corporate software and solutions, software for cloud and mobile platforms, e-commerce, highly precise content and document management applications and real-time data systems and applications. Objectiva's teams are headed by local technical executives with many years of experience in the management of global software development activities, both as on-site services and SaaS or cloud platforms. Its technical project leaders have excellent communications and cooperation skills that guarantee smooth and efficient interaction between global teams. Objectiva Software Solutions thus makes a key contribution to improving its customers' software development skills. Objectiva offers superior software quality, low costs, on-time delivery, a faster time-to-market and flexible access to highly qualified resources on the Chinese market.

The Technology segment had more than 600 national and international businesses as customers in the past fiscal year, including 13 of the 30 German DAX companies and a number of global market and industry leaders. The segment's main sales markets are in industry, the public sector, IT and telecommunications, commerce, logistics and transport.

The companies of the Technology segment are located at a total of 69 sites on four continents, 20 of which in Germany, 20 in twelve other European countries (Austria, Switzerland, France, Romania, Czechia, Poland, Sweden, Norway, Finland, Denmark, Malta and the UK), seven in the US, four in India, two each in Australia and the UAE, and one each in Mexico, Canada, Singapore, Vietnam, Malaysia, Thailand, Japan, Mauritius and South Africa.

6,665 (91%) of the segment's 7,335 permanent employees in total worked at locations outside Germany as of June 30, 2019.

Performance

The Technology segment is the Group's largest in terms of revenue, and now accounts for more than half of its consolidated revenue. The Technology segment once again enjoyed significant and stable growth in revenue and earnings in the first half of 2019. Accordingly, the segment, which comprises four operating units (Nagarro and mgm technology partners, which have been part of the Group for some time, and the two new acquisitions in the past fiscal year, Objectiva Software and iQuest), reported a revenue share of 50% within the Group in the first half of 2019 after 40% in the same period of the previous year. The Technology segment's revenue rose by 46% to EUR 192.5 million in the six months of 2019 (previous year: EUR 131.8 million). Value added climbed by 40% to EUR 60.5 million (previous year: EUR 43.3 million) with a gross margin of 31.4% (previous year: 32.8%). The Technology segment's adjusted EBITDA (EBITDA before extraordinary or prior-period effects) rose by 33% to EUR 25.5 million (previous year: EUR 19.2 million). Given the segment's international nature and key locations in India, the US, Eastern Europe and China, its earnings are subject to exchange rate effects.

The effects on earnings of exchange rate fluctuations and the currency hedges for the Indian rupee are adjusted for as non-recurring factors. These resulted in income of EUR 0.7 million in the first half of 2019 (previous year: EUR -0.1 million). The other extraordinary expenses of EUR -0.4 million (previous year: EUR -0.4 million) essentially result from acquisition activities and prior-period items.

EBITDA (unadjusted for extraordinary items) amounted to EUR 25.8 million in the first half of the year after EUR 18.6 million in the previous year, an increase of 39%. Depreciation and amortization climbed to EUR 8.0 million in the reporting period (previous year: EUR 5.7 million), whereby the segment reported EBIT of EUR 17.8 million, an increase of 38%, in the reporting period (previous year: EUR 12.9 million).

The segment's earnings before income taxes improved by 34% from EUR 12.1 million in the previous year to EUR 16.3 million in the first half of 2019. The units acquired in the second half of 2018, Objectiva and iQuest, contributed significantly to the Technology segment's increase in earnings.

Technology segment earnings figures at a glance

TECHNOLOGY	H1 2019	H1 2018	H1 2019 vs. H1 2018
Revenue*	192.5	131.8	46.0%
Value added*	60.5	43.3	39.8%
EBITDA*	25.8	18.6	38.5%
Margin**	13.4%	14.1%	
EBIT*	17.8	12.9	38.0%
Margin**	9.2%	9.8%	

* in EUR million, including revenue with other segments
** in % of revenue

EXPERTS SEGMENT

Segment operations

The companies of Allgeier's Experts segment make it one of the leading providers of flexible personnel services in Germany, especially in the fields of IT and engineering. As a full-service provider for personnel – supplemented by strong project expertise – the segment offers customers a varied portfolio for the most rigorous demands. According to the current 2019 Lünendonk® market segment study, "The Market for Recruitment, Placement and Management of IT Freelancers in Germany", Allgeier's Experts segment is one of Germany's top three IT personnel service providers in this segment. The services offered include:

- **Contracting (freelancers & subcontractors):** Temporary recruitment of and support from freelance IT and engineering experts and the handling of projects implemented by subcontractors
- **Services (services and consulting operations):** Responsible design, sourcing, implementation and support for projects and managed services
- **Temp (personnel leasing):** Provision of permanently employed IT and engineering professionals, experts and managers under personnel leasing agreements
- **Perm (recruitment & personnel placement):** Professional and executive search for IT and engineering experts and managers for permanent technical and management positions

The Experts segment's more than 500 customers are predominantly large German companies, 15 of which were listed in the DAX 30 in the past fiscal year. The customer portfolio takes in a number of industries with a focus on IT and telecommunications, the public sector and banking and insurance.

The companies of the Experts segment are located at 39 sites, 36 of which in Germany, two in Switzerland and one in Czechia.

Performance

The Experts segment is the second-largest segment in the Allgeier Group in terms of revenue. It contributed 35% (previous year: 43%) of the Allgeier Group's revenue in the first six months of 2019. In the first half of 2019, the segment generated revenue of EUR 132.8 million (previous year: EUR 142.5 million), corresponding to a decline of 7%. Value added fell to EUR 22.2 million after EUR 26.3 million in the previous year. The segment reported a slightly lower gross margin year-on-year of 17% for the first half of 2019 (previous year: 18%).

The Experts segment's adjusted EBITDA (EBITDA before extraordinary or prior-period effects) contracted to EUR 1.5 million in the first six months of fiscal 2019 (previous year: EUR 6.3 million). Adjustments include the costs of EUR 2.2 million in connection with the reorganization of business resolved in 2019. Prior to adjustment for extraordinary items, the Experts segment generated EBITDA of EUR -0.8 million in the first half of 2019 (previous year: EUR 4.9 million).

Its EBIT amounted to EUR -2.8 million in the reporting period (previous year: EUR 3.0 million). Before taxes, the Experts segment generated earnings of EUR -3.6 million in the reporting period after EUR 2.3 million in the same period of the previous year.

Experts segment earnings figures at a glance

EXPERTS	H1 2019	H1 2018	H1 2019 vs. H1 2018
Revenue*	132.8	142.5	-6.8%
Value added*	22.2	26.3	-15.6%
EBITDA*	-0.8	4.9	-116.8%
Margin**	-0.6%	3.4%	
EBIT*	-2.8	3.0	-194.1%
Margin**	-2.1%	2.1%	

* in EUR million, including revenue with other segments
** in % of revenue

NEW BUSINESS AREAS SEGMENT

Segment operations

In the New Business Areas segment, Allgeier bundles business models and interests in companies that it firmly believes address key future trends and technologies and thus justify an investment. This segment, which is the Group's smallest, currently bundles the following companies:

- The Allgeier CORE Group is building a high-performance business unit for IT and data security through investment in organic growth and further targeted acquisitions.
- In the companies of the Allgeier Education Group and the GPE Academy, models for the recruitment and training of foreign specialists for the German market are being developed and implemented. Given the shortage of specialists in Germany, this is an ongoing and fundamental issue.
- Oxygen Consultancy is an HR management services company with three locations on the Turkish market, and has already been part of the Group for several years.

The companies in the segment have ten locations in total, seven of which in Germany and three in Turkey.

Performance

The new segment, formed in fiscal 2017, which comprises four operating units, is the Group's smallest. Its revenue rose by 71% to EUR 4.2 million in the first six months of 2019 (previous year: EUR 2.5 million). With EBIT of EUR -0.7 million in the period under review after EUR -0.4 million in the previous year, the segment is still on the verge of breaking even. The segment's loss before taxes was EUR -1.7 million in the first half of 2019 after EUR -0.9 million in the previous year.

New Business Areas segment earnings figures at a glance

NEW BUSINESS AREAS	H1 2019	H1 2018	H1 2019 vs. H1 2018
Revenue*	4.2	2.5	70.8%
Value added*	1.8	1.2	44.6%
EBITDA*	-0.2	-0.2	-17.2%
Margin**	-4.6%	-6.7%	
EBIT*	-0.7	-0.4	-76.5%
Margin**	-17.5%	-16.9%	

* in EUR million, including revenue with other segments
** in % of revenue

SEGMENT PERFORMANCE

Report on Financial Performance

In the first half of 2019, total assets rose to EUR 553.6 million as of June 30, 2019 as against EUR 536.6 million as of December 31, 2018. The main reasons for the increase are firstly the acquisition of FTME and S4M, as a result of which the Allgeier Group received goodwill of EUR 3.4 million and other assets of EUR 2.4 million, and secondly the increase in working capital as a result of the growth in operating activities.

The Group's non-current assets rose from EUR 285.4 million on December 31, 2018 to EUR 287.8 million as of the end of the reporting period. The increase essentially relates to the new goodwill from the acquisition of FTME and S4M. Current assets increased to EUR 265.8 million over the same period (December 31, 2018: EUR 251.2 million). This is mainly on account of a rise in orders not yet invoiced to customers. At the same time, cash funds grew from EUR 77.0 million on December 31, 2018 to EUR 72.7 million as of June 30, 2019. In net terms, this is largely due to the capital increase of EUR 23.5 million (net) in June 2019 on the one hand and the repayment of loans of EUR 6.2 million, payments for investing and financing activities and higher cash requirements to finance the operating activities of the Allgeier Group on the other. Trade receivables, inventories and other current assets climbed from EUR 174.2 million at the end of 2018 to EUR 193.1 million at the end of the reporting period.

Consolidated equity rose by EUR 28.3 million to EUR 158.9 million as of June 30, 2019 (December 31, 2018: EUR 130.6 million). This development was thanks to the capital increase of EUR 23.5 million in June 2019 and the profit for the first half of 2019 of EUR 4.1 million. The distribution to shareholders of EUR 5.0 million resolved at the Annual General Meeting of Allgeier SE in June 2019 was not implemented until July, and therefore did not yet reduce the Allgeier Group's equity. In the first half of 2019, as a result of the increase in consolidated equity, coupled with a simultaneous low rise in total assets, the equity ratio climbed from 24.3% as of the end of 2018 to 28.7% on June 30, 2019.

Current and non-current liabilities fell by EUR 11.3 million from EUR 406.0 million on December 31, 2018 to EUR 394.7 million on June 30, 2019. Breaking this figure down, non-current liabilities decreased from EUR 238.3 million at the end of 2018 to EUR 227.8 million, accounting for 58% of total liabilities (December 31, 2018: 59%). Current liabilities were virtually unchanged at EUR 166.8 million in the first six months of 2019 (December 31, 2018: EUR 167.7 million. The drop in liabilities was largely due to earn-out payments of EUR 4.6 million and changes on account of operating activities. As a result of the repayment of bank loans, current and non-current interest-bearing financial liabilities declined from EUR 181.7 million on December 31, 2018 to EUR 174.7 million at the end of the reporting period. All other liabilities, with the exception of financial liabilities, declined by EUR 4.3 million from EUR 224.3 million to EUR 220.0 million in the reporting period.

Risks and Opportunities of Future Development

1 RISKS

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

1.1 Market and strategic risks

1.1.1 Economic environment

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

1.1.2 Market trends in the industry environment

In the IT industry there are also other factors that have a considerable influence on our business performance, such as the dynamic development of technology trends, high competitive and price pressure and the shortage of personnel. The technology transformation in the IT sector is both extensive and advancing rapidly, which can mean risks and opportunities at the same time. Those that cannot keep up, or that cling for too long to technologies or market segments whose future is superseded by new trends, can therefore suffer considerable disadvantages, even extending as far as going concern risks. Both the global and German IT markets are subject to constant change and the consolidation this entails. In particular, major customers 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 substantially on the other. This increases competition in the industry and confronts us with the challenge of withstanding cost pressure and competition, or possibly even benefitting from it. Some of our competitors are significantly larger than we are, with higher revenue and more considerable resources at their disposal. Some smaller competitors are more specialized than we are. It is also possible that, in individual cases, competitors could respond to new market opportunities more effectively and more quickly. To us, these scenarios could result in falling revenue, lower margins or even have a negative impact on our market share. On the other hand, we expect the trend among our customers towards outsourcing IT services to efficient and flexible partners to further intensify. However, efforts to cut costs at large corporations in particular, will continue to result in the partial outsourcing of IT services to more cost-effective companies from emerging economies, including India in particular. Allgeier can also benefit from this development thanks to our approximately 5,500 highly qualified software developers at nearshore and offshore locations. This notwithstanding, the occurrence of the above risks could have a negative impact on the state of our business and on our financial position and performance.

1.2 Operational risks

1.2.1 Personnel

Dedicated and entrepreneurial employees are a key success factor for our companies. This applies not only to members of management and other executives, but also to all employees and experts at the Group companies. If we are to continue our growth, in the area of management we are confronted with the risk of promoting our own junior managers or, in individual cases, outside recruitment. Succession solutions must be developed in good time before generational

RISKS AND OPPORTUNITIES OF FUTURE DEVELOPMENT

changeovers. In the employee area in general, it is an ongoing task to find IT specialists and staff with other disciplines, such as sales, in sufficient numbers and with high qualifications. This is especially a challenge in the boom regions in which we operate. It is just as important for us to retain these people in the long term. A shortage of management and IT specialists can negatively influence our business development and thus our financial position and performance.

1.2.2 Customers

Cultivating relationships with our customers through excellent work and ongoing, good and competent support, in addition to acquiring new customer orders, are crucial factors for success. As a Group we have the possibility of offering our customers the greatest possible technical and regional coverage through cooperation between several Group companies, in addition to the expertise and long-term reliability of the individual companies. Nevertheless, there is a risk that we may lose key customers, for example owing to business difficulties on the customer side, personnel changes, especially at customers' management level, or the associated changes to business strategy, because of competing offers or the fact that projects can only be continued at a downscaled level. As well as a large number of SME customers, we also work on major projects for international corporations (in fiscal 2018 we generated annual revenue in excess of EUR 1 million with 115 customers; previous year: 98 customers). It has already been shown in previous years that the loss of parts of such projects can have a significant impact on the Group company concerned. However, experience has also shown that the Group as a whole can handle such a scenario and replace the loss with new business relatively quickly. 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.

1.2.3 Products, technology and expertise

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

1.2.4 Contracts and projects

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

1.2.5 Company transactions

In addition to the ongoing organic development of Group companies, our strategy also involves growing the Group through further acquisitions. Every transaction entails 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. 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 business 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 to protect against specific risks.

1.3 Financial risks

1.3.1 Liquidity and credit risks

On the one hand, the Allgeier Group still has a high level of cash funds of EUR 72.7 million as of June 30, 2019 (December 31, 2018: EUR 77.0 million). On the other, there were interest-bearing financial liabilities of EUR 174.7 million as of the end of the reporting period (December 31, 2018: EUR 181.7 million), essentially consisting of liabilities from borrower's note loans and the revolving credit facility. 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.

Furthermore, financial liabilities also give rise to interest rate risks and contract risks of possible early repayment obligations. Moreover, there are risks relating to compliance with accounting and income statement indicators and ratios, in addition to other covenants which, if not maintained, could lead to the termination of loans and calls for their immediate repayment. A deterioration of the Group's rating due to negative business developments could also materially influence the Group's ability to raise finance and the terms available to it. For further information, please refer to the more detailed description of liquidity risks in the notes to the consolidated financial statements. The Group 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 of Group companies are only carried out when the financing of these companies does not lead to 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. Nevertheless, the unforeseen underperformance of an acquired company can be problematic in terms of financing and compliance with key contractual financial indicators.

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

Future cash flows and the Group's liquidity situation can also be negatively influenced by changes in customers' payment behavior, e.g. longer payment terms or default. Risks of default risk 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.

1.3.2 Hedging policy and financial instruments

The Allgeier Group's business activities expose it to price, interest rate and currency fluctuations. The potential for currency risks is growing as a result of advancing internationalization.

The Allgeier Group predominantly manages and monitors market price risks and opportunities in the context of its operating and financing activities, and uses derivative financial instruments as necessary. Given the global nature of the Group's operations, exchange rate risks and opportunities can arise from operating activities and financial transactions, especially as a result of fluctuations in the US dollar and Indian rupee. Above all, exchange rate risks and opportunities occur in operating activities when revenue is generated and costs are incurred in different currencies (transaction risk).

We monitor and assess these risks on an ongoing basis. In certain cases, we have limited or avoided these risks with hedges, though these hedges do not satisfy the hedge accounting requirements of IAS 39.

RISKS AND OPPORTUNITIES OF FUTURE DEVELOPMENT

The Allgeier Group hedges some of the cash flows from intragroup disposals and acquisitions to reduce its currency risks.

An implemented liquidity planning and management tool, together with cash management systems, identify potential liquidity bottlenecks in advance so that appropriate steps can be taken. As of June 30, 2019, the Group has cash funds and working capital financing in the form of overdraft facilities of EUR 12.5 million (December 31, 2018: EUR 12.5 million) at its disposal to finance the working capital requirements of its operating companies. Furthermore, various Allgeier companies also have access to factoring facilities of up to EUR 50 million for customer receivables. Factoring of EUR 28.3 million (December 31, 2018: EUR 43.0 million) was in use on June 30, 2019. Currency fluctuations exceeding the hedges in place or potential losses could have a negative impact on the state of our business and on our financial position and performance.

1.4 Legal and regulatory risks

1.4.1 Legal risks

There are legal risks in contracts with customers in the context of operating activities. Such risks can include liability and warranty risks or risks of cost overruns on individual projects (see 1.2.4 above). Depending on the type of project, risks can arise from privacy violations, data losses or compensation for business interruption on the part of customers. Breaches of contractual obligations in respect of or arising from corporate transactions can ultimately lead to legal disputes. Depending on the jurisdiction in which such disputes arise, the risk can be exacerbated by local conditions. In individual cases, contract design issues, e.g. for outsourcing or work contracts – regardless of the underlying regulatory issues – can trigger legal risks if the requirements of such contracts are not sufficiently taken into consideration and implemented. If we are unable to counter the legal risks in an appropriate manner, this can have a negative impact on the state of our business and on our financial position and performance.

1.4.2 Regulatory and compliance risks

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

The ongoing international expansion of our business activities will also make regulatory risks in other countries in Europe, the US, China and India 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. These risks predominantly relate to the Technology segment on account of the international nature of its business activities. There are also risks associated with the financing of 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.

1.5 Overall assessment of the Group's risk position

The risks most relevant to the Allgeier Group have been presented in "1.1 Market risks and strategic risks", "1.2 Operational risks", "1.3 Financial risks" and "1.4 Legal and regulatory risks". With regard to the probability of their occurrence and their possible impact, we believe that the risks arising from the economic environment and market trends are currently the most significant. We feel that our risk and control systems, which are reviewed and adjusted on an ongoing basis, allow us to appropriately take the Group's risk situation into account. Overall, Allgeier's risk landscape has not changed significantly in the past fiscal year compared to the previous year. 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. The Management Board is therefore confident that Allgeier can continue to successfully master the challenges resulting from the above risks moving ahead.

2 OPPORTUNITIES

In addition to the risks described above, the Allgeier Group also has other 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:

2.1 Acquisitions

The business plan for fiscal 2019 does not include any specific acquisition projects (except the acquisitions of FTME and S4M, now already implemented) as the details of such transactions cannot usually be planned in advance. 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.

2.2 Employees

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

2.3 Technologies and markets

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

2.4 Processes and systems

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

Research and development

The Allgeier Group pursues the continuous development of its existing products with a focus on keeping pace with key technology and market trends. The Allgeier Group is also providing research and development services for a number of customer projects. The Group's research and development services are presented and explained in detail in Allgeier's 2018 Annual Report.

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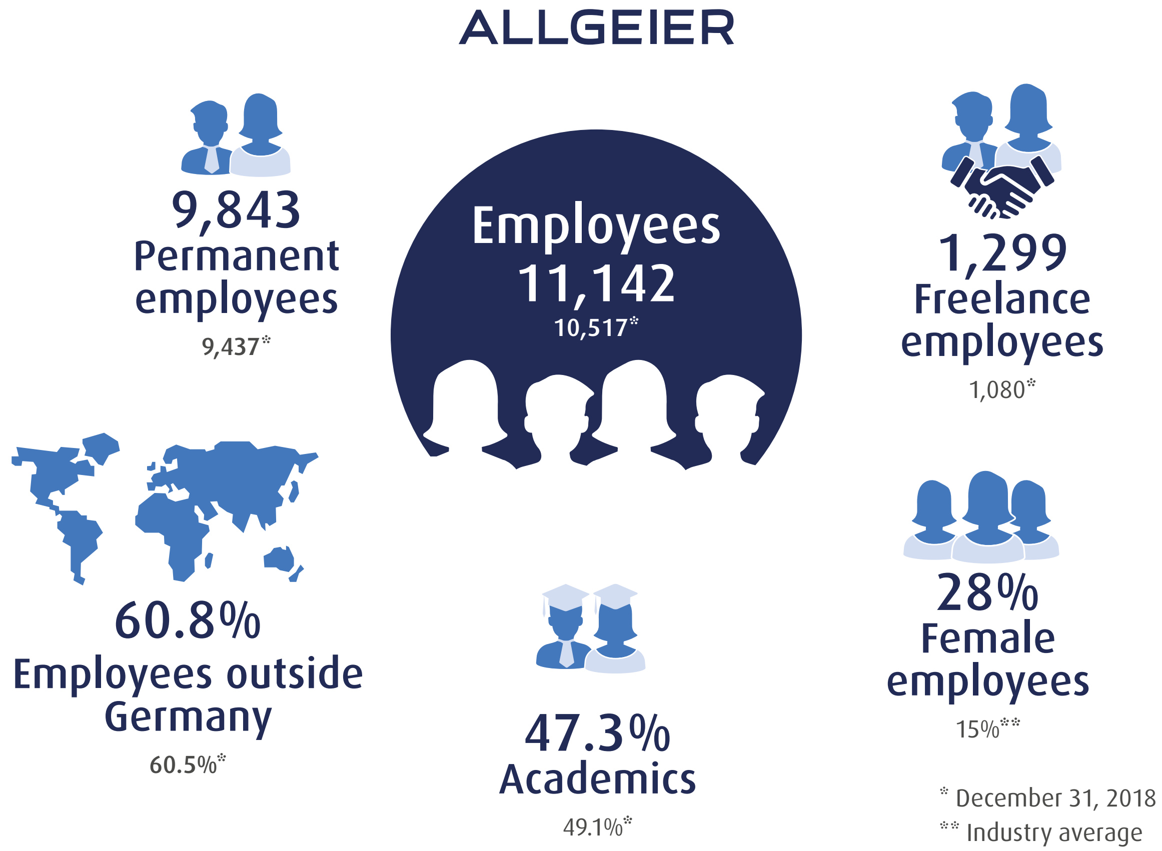
Human Resources

Allgeier counts on dedicated and loyal employees

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

Continuously fostering and developing the motivation and skills of our employees is therefore a central objective of our personnel policy. Allgeier has made good progress in the reporting year by further harmonizing its employee recruitment and retention activities within the divisions. We have expanded our international presence significantly in recent years, gaining access to currently more than 5,400 extremely well trained software developers at our sites in India, China and Eastern Europe. On our core market of German-speaking Europe (Germany, Switzerland and Austria), we are increasingly seeing shortages of well-qualified experts at central locations. For this reason as well, we are continuously investing in our employees to ensure the sustained growth of our Group and to keep valuable knowledge within the company. Moving ahead, this will entail a further rise in investment in ongoing employee training and continuing professional development.

A company's appeal – to both its existing workforce and to good applicants – is becoming an increasingly significant competitive factor. Given the fast-moving nature of the IT sector, ongoing technical training for employees is a key success factor in competing for the best employees. Staying on the ball technically is also crucial to satisfying rising customer requirements and being able to help shape key innovations within the industry. Inversely, the employees of the individual Group companies benefit from the Group's constant growth, advancing internationalization and its growing 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 customers create exciting work prospects and good possibilities for individual development.



Employee growth: Headcount continues to rise significantly

In total, the Allgeier Group had 11,142 employees and freelance experts as of June 30, 2019 (December 31, 2018: 10,517), 9,843 of whom were permanent employees and 1,299 freelance experts (December 31, 2018: 9,437 permanent employees and 1,080 freelance experts). As of the end of the reporting period, Allgeier had 4,367 permanent employees and freelance experts in Germany (December 31, 2018: 4,153). Outside Germany, it had 6,775 permanent employees and freelance experts as of the end of the first half of 2019 (December 31, 2018: 6,364). 39.2% of all permanent employees and freelance experts were therefore employed in Germany as of June 30, 2019 (December 31, 2018: 39.5%). Our workforce is therefore becoming more and more international.

The share of female employees in the Allgeier Group was also significantly higher than the industry average in the first half of 2019: The share of women working for Allgeier was 28% as of June 30, 2019 (December 31, 2018: 28%). BITKOM assumes an industry average of just around 15% female employees in German IT. Similarly, we continue to have a high share of staff with university level qualifications: The share of academics was 47.3% as of the end of the first half of 2019 (December 31, 2018: 49.1%). In total, 96.7% of our employees hold a bachelor's/master's/doctoral degree, state-certified technician/master trades certificate, or have other qualified professional training (December 31, 2018: 96.5%). 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 our 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.

Allgeier shares

Allgeier's shares enjoyed significant price increases in the first half of 2019. In a generally positive stock market environment, the shares outperformed many other tech stocks, climbing by 8.8% in the first six months of 2019 while the TecDAX index rose by 6.4% over the same period.

Allgeier's shares began trading at EUR 25.52 on January 2, 2019. After a strong start to the year, hitting a high for the first half of the year on January 19 (EUR 28.815), the shares then tracked sideways for several days. This was followed by a downward movement to the low for the first half-year on February 6 (EUR 23.30). The shares then went on to fluctuate slightly between EUR 24.70 and EUR 26.50. The price started to rise again in the second quarter, breaking out past EUR 27 at the beginning of May, before first treading water and then climbing further past EUR 28 on June 11. In the remaining days of the second quarter, the price of the shares settled at above EUR 27.

Allgeier's shares closed at EUR 27.60 on June 30, 2019, having risen by 8.8% as against the previous year's closing price. Measured against the price at the end of 2018, and including the dividend of EUR 0.50 that was paid out at the start of the third quarter, Allgeier's shares delivered a return of 10.8% in the first half of 2019.

Market capitalization increased by 14.3% in total to EUR 289.4 million in the first half of the year (including the new shares from the capital increase).

Outlook

Forecast by the Allgeier Group

Overall, the development of the Allgeier Group is defined by the appraisals outlined above for the economic environment as a whole and the IT market in Germany and other relevant markets, particularly the US, Central and Northern Europe and increasingly Asia as well. Despite the slowdown in growth on the German market and some uncertainty stemming from a potential escalation of the trade conflicts between the US and the European Union, we are assuming a consistently good starting position for further organic growth. For most business enterprises, and for public-sector institutions as well, the significance of high-quality and reliable IT solutions is a key factor in ensuring competitive capability and efficient management. In some instances, digitization is reaching new dimensions, and new business areas in information technology are emerging, such as IT security, the use and analysis of large data volumes or the digitization of the industrial world known as Industry 4.0. Together with key future areas such as artificial intelligence, augmented reality, machine learning, blockchain or wearables, Allgeier SE believes that this will continue to support a strong performance in large parts of the sector. Global markets and global service providers will experience further internationalization as drivers of technological development. In addition, there is the shortage of highly qualified IT specialists on economically strong markets and price pressure from global players. This demands a combination of international expertise and capacity with a local presence close to the customer. Allgeier will proceed along its chosen path of continuing to hone its business models, the internationalization of business and optimizing its internal organization in the remaining months of fiscal 2019.

Against the backdrop of its appraisal of the economic environment and the business development described above, the company is standing by the revenue and earnings forecast for the Group as a whole in its 2018 Annual Report.

Current planning for revenue and earnings in the individual segments for 2019 as a whole is as follows:

- The Enterprise Services segment is planning to increase its revenue by between 13% and 15% while its EBITDA margin grows to between 12% and 15% for 2019 as a whole.
- The Technology segment is planning growth in revenue of between 25% and 30% with an EBITDA margin of between 13% and 15% for 2019 as a whole.
- The Experts segment is projecting a reduction in revenue of 5% to 10% with an EBITDA margin of 1% to 2% for 2019 as a whole.
- The New Business Areas segment is planning to double its revenue and achieve marginally positive EBITDA for 2019 as a whole, though this forecast is more uncertain as the segment is still in the start-up phase.

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.

Disregarding further potential acquisitions, the Allgeier Group does not intend to significantly increase its net debt in the second half of 2019 compared to June 30, 2019.

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UNAUDITED HALF-YEARLY FINANCIAL REPORT 2019

Unaudited Half-Yearly Financial Report for 2019

OF ALLGEIER SE IN ACCORDANCE WITH SECTION 37W WPHG

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF ALLGEIER SE, MUNICH, IN ACCORDANCE WITH IFRS AS OF JUNE 30, 2019 (UNAUDITED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR thousand)	June 30, 2019	December 31, 2018				January 1, 2018			
ASSETS		Before IFRS 16 adjustments and FREP audit	IFRS 16 adjustments	Adjustments arising from FREP audit	After IFRS 16 adjustments and FREP audit	Before IFRS 16 adjustments and FREP audit	IFRS 16 adjustments	Adjustments arising from FREP audit	After IFRS 16 adjustments and FREP audit
Intangible assets	189,182	187,936	0	-968	186,967	118,043	0	-1,541	116,501
Property, plant and equipment	16,574	21,430	-6,865	0	14,565	13,461	-2,201	0	11,260
Value in use of leases	60,551	0	62,771	0	62,771	0	43,273	0	43,273
Investments accounted for using the equity method	3,124	3,778	0	0	3,778	3,632	0	0	3,632
Non-current contract costs	462	554	0	0	554	776	0	0	776
Other non-current financial assets	6,604	5,469	0	0	5,469	6,932	0	0	6,932
Other non-current assets	557	530	0	0	530	257	0	0	257
Deferred tax assets	10,752	9,487	1,259	0	10,747	4,995	1,133	0	6,127
Non-current assets	**287,805**	**229,184**	**57,165**	**-968**	**285,380**	**148,094**	**42,205**	**-1,541**	**188,757**
Inventories	1,100	512	0	0	512	513	0	0	513
Current contract costs	284	301	0	0	301	260	0	0	260
Contract assets	21,829	6,902	0	0	6,902	4,448	0	0	4,448
Trade receivables	140,194	140,541	0	0	140,541	112,118	0	0	112,118
Other current financial assets	6,246	7,216	0	0	7,216	6,118	0	0	6,118
Other current assets	12,871	10,555	0	0	10,555	7,324	0	0	7,324
Income tax receivables	10,584	8,191	0	0	8,191	6,072	0	0	6,072
Cash	72,688	76,995	0	0	76,995	52,997	0	0	52,997
Current assets	**265,797**	**251,214**	**0**	**0**	**251,214**	**189,850**	**0**	**0**	**189,850**
Assets	**553,602**	**480,398**	**57,165**	**-968**	**536,595**	**337,944**	**42,205**	**-1,541**	**378,608**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF ALLGEIER SE, MUNICH, IN ACCORDANCE WITH IFRS AS OF JUNE 30, 2019 (UNAUDITED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR thousand)

	June 30, 2019	December 31, 2018				January 1, 2018			
EQUITY AND LIABILITIES		Before IFRS 16 adjustments and FREP audit	IFRS 16 adjustments	Adjustments arising from FREP audit	After IFRS 16 adjustments and FREP audit	Before IFRS 16 adjustments and FREP audit	IFRS 16 adjustments	Adjustments arising from FREP audit	After IFRS 16 adjustments and FREP audit
Issued capital	11,087	10,089	0	0	10,089	9,979	0	0	9,979
Capital reserves	56,183	33,592	0	0	33,592	32,214	0	0	32,214
Retained earnings	102	102	0	0	102	102	0	0	102
Treasury shares	-1,379	-1,379	0	0	-1,379	-1,379	0	0	-1,379
Profit carryforward	71,845	66,558	-55	-688	65,815	68,671	0	-1,063	67,607
Profit or loss for the period	1,872	6,194	-164	0	6,030	2,801	0	0	2,801
Changes in equity recognized directly in equity	-4,461	-3,242	-2,049	53	-5,238	-5,154	-2,772	53	-7,873
Equity interest of shareholders of the parent company	**135,249**	**111,914**	**-2,267**	**-635**	**109,012**	**107,234**	**-2,772**	**-1,010**	**103,451**
Equity interest of non-controlling interests	23,691	21,943	-331	-33	21,579	15,611	-298	-53	15,259
Equity	**158,940**	**133,857**	**-2,598**	**-668**	**130,591**	**122,845**	**-3,071**	**-1,063**	**118,711**
Non-current financial liabilities	148,291	150,298	0	0	150,298	95,473	0	0	95,473
Non-current lease liabilities	48,228	0	50,184	0	50,184	0	35,313	0	35,313
Long-term provisions for post-employment benefit costs	3,913	3,501	0	0	3,501	2,881	0	0	2,881
Other long-term provisions	547	558	0	0	558	294	0	0	294
Non-current contract liabilities	425	364	0	0	364	191	0	0	191
Other non-current financial liabilities	21,280	32,646	-4,821	0	27,825	3,104	-969	0	2,134
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Deferred tax liabilities	5,136	5,896	0	-300	5,596	3,490	0	-478	3,013
Non-current liabilities	**227,820**	**193,264**	**45,362**	**-300**	**238,326**	**105,434**	**34,344**	**-478**	**139,300**
Current financial liabilities	26,363	31,379	0	0	31,379	13,327	0	0	13,327
Current lease liabilities	16,487	0	16,474	0	16,474	0	12,133	0	12,133
Short-term provisions for post-employment benefit costs	750	423	0	0	423	307	0	0	307
Other short-term provisions	17,666	19,381	0	0	19,381	15,108	0	0	15,108
Current contract liabilities	5,618	7,327	0	0	7,327	7,243	0	0	7,243
Trade payables	32,953	36,995	0	0	36,995	33,814	0	0	33,814
Other current financial liabilities	45,034	38,674	-2,073	0	36,601	26,054	-1,201	0	24,853
Other current liabilities	9,556	7,416	0	0	7,416	8,530	0	0	8,530
Income tax liabilities	12,415	11,683	0	0	11,683	5,282	0	0	5,282
Current liabilities	**166,842**	**153,277**	**14,401**	**0**	**167,677**	**109,665**	**10,932**	**0**	**120,597**
Equity and liabilities	**553,602**	**480,398**	**57,165**	**-968**	**536,595**	**337,944**	**42,205**	**-1,541**	**378,608**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF ALLGEIER SE, MUNICH, IN ACCORDANCE WITH IFRS FOR THE PERIOD JANUARY 1, 2019 TO JUNE 30, 2019 (UNAUDITED)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR thousand)

	Group as a whole					Discontinued operations		Continuing operations				
	January 1, 2019 – June 30, 2019	January 1, 2018 – June 30, 2018						January 1, 2019 – June 30, 2019	January 1, 2018 – June 30, 2018			
Income statement		Before IFRS 16 adjustments and FREP audit	IFRS 16 adjustments	Adjustments arising from FREP audit	After IFRS 16 adjustments and FREP audit	January 1, 2019 – June 30, 2019	January 1, 2018 – June 30, 2018		Before IFRS 16 adjustments and FREP audit	IFRS 16 adjustments	Adjustments arising from FREP audit	After IFRS 16 adjustments and FREP audit
Revenue	380,772	328,236	0	0	328,236	0	687	380,772	327,549	0	0	327,549
Other own work capitalized	625	175	0	0	175	0	0	625	175	0	0	175
Other operating income	3,100	1,451	0	0	1,451	0	15	3,100	1,436	0	0	1,436
Cost of materials	110,602	109,064	0	0	109,064	0	189	110,602	108,874	0	0	108,874
Staff costs	209,543	165,124	0	0	165,124	0	357	209,543	164,766	0	0	164,766
Other operating expenses	37,243	38,855	-5,865	0	32,990	0	117	37,243	38,739	-5,865	0	32,873
Impairment on trade receivables and contract assets	1,401	336	0	0	336	0	0	1,401	336	0	0	336
Earnings before interest, taxes, depreciation and amortization	**25,709**	**16,483**	**5,865**	**0**	**22,348**	**0**	**39**	**25,709**	**16,444**	**5,865**	**0**	**22,309**
Depreciation, amortization and impairment	15,091	6,035	5,362	-181	11,215	0	5	15,091	6,030	5,362	-181	11,211
Results of operating activities	**10,618**	**10,448**	**504**	**181**	**11,133**	**0**	**34**	**10,618**	**10,414**	**504**	**181**	**11,099**
Finance income	191	284	0	0	284	0	0	191	284	0	0	284
Financial expenses	3,100	1,215	621	0	1,837	0	0	3,100	1,215	621	0	1,837
Net income from investments accounted for using the equity method	-654	-484	0	0	-484	0	0	-654	-484	0	0	-484
Earnings before taxes	**7,056**	**9,033**	**-118**	**181**	**9,096**	**0**	**34**	**7,056**	**8,999**	**-118**	**181**	**9,062**
Net income taxes	-3,000	-4,159	36	-56	-4,179	0	-11	-3,000	-4,147	36	-56	-4,168
Profit or loss for the period	**4,056**	**4,874**	**-82**	**125**	**4,917**	**0**	**23**	**4,056**	**4,851**	**-82**	**125**	**4,894**
Discontinued operations:												
Gain on disposal before taxes	0	1,861	0	0	1,861	0	1,861	0	0	0	0	0
Net income taxes	0	-98	0	0	-98	0	-98	0	0	0	0	0
Earnings from discontinued operations	**0**	**1,763**	**0**	**0**	**1,763**	**0**	**1,763**	**0**	**0**	**0**	**0**	**0**
Payments of loans to investments accounted for using the equity method:												
Earnings before taxes	7,056	10,894	-118	181	10,957	0	1,895	7,056	8,999	-118	181	9,062
Net income taxes	-3,000	-4,257	36	-56	-4,277	0	-109	-3,000	-4,147	36	-56	-4,168
Total comprehensive income for the period	**4,056**	**6,637**	**-82**	**125**	**6,680**	**0**	**1,786**	**4,056**	**4,851**	**-82**	**125**	**4,894**
Total comprehensive income for the period attributable to:												
shareholders of the parent company	1,872	5,196	-72	119	5,243	0	1,786	1,872	3,410	-72	119	3,457
non-controlling interests	2,184	1,441	-10	6	1,437	0	0	2,184	1,441	-10	6	1,437

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF ALLGEIER SE, MUNICH, IN ACCORDANCE WITH IFRS FOR THE PERIOD JANUARY 1, 2019 TO JUNE 30, 2019 (UNAUDITED)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR thousand)

	Group as a whole					Discontinued operations		Continuing operations				
	January 1, 2019 – June 30, 2019	January 1, 2018 – June 30, 2018						January 1, 2019 – June 30, 2019	January 1, 2018 – June 30, 2018			
Other comprehensive income		Before IFRS 16 adjustments and FREP audit	IFRS 16 adjustments	Adjustments arising from FREP audit	After IFRS 16 adjustments and FREP audit	January 1, 2019 – June 30, 2019	January 1, 2018 – June 30, 2018		Before IFRS 16 adjustments and FREP audit	IFRS 16 adjustments	Adjustments arising from FREP audit	After IFRS 16 adjustments and FREP audit
Items that cannot be reclassified to the income statement:												
Actuarial gains (losses)	-23	22	0	0	22	0	0	-23	22	0	0	22
Tax effects	8	-8	0	0	-8	0	0	8	-8	0	0	-8
	-15	**14**	**0**	**0**	**14**	**0**	**0**	**-15**	**14**	**0**	**0**	**14**
Items that cannot be reclassified to the income statement:												
Foreign exchange differences	2,162	-373	-70	0	-443	0	0	2,162	-373	-70	0	-443
	2,162	**-373**	**-70**	**0**	**-443**	**0**	**0**	**2,162**	**-373**	**-70**	**0**	**-443**
Other comprehensive income for the period	**2,148**	**-359**	**-70**	**0**	**-429**	**0**	**0**	**2,148**	**-359**	**-70**	**0**	**-429**
Total comprehensive income for the period	**6,203**	**6,278**	**-152**	**125**	**6,251**	**0**	**1,786**	**6,203**	**4,492**	**-152**	**125**	**4,465**
Total comprehensive income for the period attributable to:												
shareholders of the parent company	3,681	4,840	-141	0	4,698	0	1,786	3,681	3,054	-141	0	2,913
non-controlling interests	2,457	1,438	-10	0	1,427	0	0	2,457	1,438	-10	0	1,427
Basic earnings per share:												
Average number of shares outstanding weighted pro rata temporis	9,998,094	9,827,450	9,827,450	9,827,450	9,827,450	9,998,094	9,827,450	9,998,094	9,827,450	9,827,450	9,827,450	9,827,450
Earnings per share in EUR	0.19	0.53	-0.01	0.01	0.53	0.00	0.18	0.19	0.35	-0.01	0.01	0.35
Diluted earnings per share:												
Average number of shares outstanding weighted pro rata temporis	10,227,974	10,143,901	10,143,901	10,143,901	10,143,901	10,227,974	10,143,901	10,227,974	10,143,901	10,143,901	10,143,901	10,143,901
Earnings per share in EUR	0.18	0.51	-0.01	0.01	0.52	0.00	0.18	0.18	0.34	-0.01	0.01	0.34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF ALLGEIER SE, MUNICH, IN ACCORDANCE WITH IFRS FOR THE PERIOD APRIL 1, 2019 TO JUNE 30, 2019 (UNAUDITED)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR thousand)

	Group as a whole					Discontinued operations		Continuing operations				
	April 1, 2019 – June 30, 2019	April 1, 2018 – June 30, 2018						April 1, 2019 – June 30, 2019	April 1, 2018 – June 30, 2018			
Income statement		Before IFRS 16 adjustments and FREP audit	IFRS 16 adjustments	Adjustments arising from FREP audit	After IFRS 16 adjustments and FREP audit	April 1, 2019 – June 30, 2019	April 1, 2018 – June 30, 2018		Before IFRS 16 adjustments and FREP audit	IFRS 16 adjustments	Adjustments arising from FREP audit	After IFRS 16 adjustments and FREP audit
Revenue	191,131	172,350	0	0	172,350	0	0	191,131	172,350	0	0	172,350
Other own work capitalized	406	135	0	0	135	0	0	406	135	0	0	135
Other operating income	882	863	0	0	863	0	15	882	847	0	0	847
Cost of materials	53,536	57,982	0	0	57,982	0	0	53,536	57,982	0	0	57,982
Staff costs	106,349	84,945	0	0	84,945	0	15	106,349	84,930	0	0	84,930
Other operating expenses	19,479	20,499	-3,001	0	17,499	0	0	19,479	20,499	-3,001	0	17,499
Impairment on trade receivables and contract assets	708	140	0	0	140	0	0	708	140	0	0	140
Earnings before interest, taxes, depreciation and amortization	**12,348**	**9,781**	**3,001**	**0**	**12,781**	**0**	**0**	**12,348**	**9,781**	**3,001**	**0**	**12,781**
Depreciation, amortization and impairment	7,536	3,204	2,743	-91	5,857	0	0	7,536	3,204	2,743	-91	5,857
Results of operating activities	**4,812**	**6,576**	**258**	**91**	**6,925**	**0**	**0**	**4,812**	**6,576**	**258**	**91**	**6,925**
Finance income	78	76	0	0	76	0	0	78	76	0	0	76
Financial expenses	1,784	600	322	0	922	0	0	1,784	600	322	0	922
Net income from investments accounted for using the equity method	-429	-256	0	0	-256	0	0	-429	-256	0	0	-256
Earnings before taxes	**2,677**	**5,795**	**-64**	**91**		**0**	**0**	**2,677**	**5,795**	**-64**	**91**	**5,822**
Net income taxes	-1,106	-2,385	20	-84	-2,450	0	0	-1,106	-2,385	20	-84	-2,450
Profit or loss for the period	**1,571**	**3,410**	**-44**	**6**	**3,372**	**0**	**0**	**1,571**	**3,410**	**-44**	**6**	**3,372**
Discontinued operations:												
Gain on disposal before taxes	0	-52	0	0	-52	0	-52	0	0	0	0	0
Net income taxes	0	-68	0	0	-68	0	-68	0	0	0	0	0
Earnings from discontinued operations	**0**	**-121**	**0**	**0**	**-121**	**0**	**-121**	**0**	**0**	**0**	**0**	**0**
Payments of loans to investments accounted for using the equity method:												
Earnings before taxes	2,677	5,743	-64	91	5,769	0	-52	2,677	5,795	-64	91	5,822
Net income taxes	-1,106	-2,454	20	-84	-2,518	0	-68	-1,106	-2,385	20	-84	-2,450
Total comprehensive income for the period	**1,571**	**3,289**	**-44**	**6**	**3,251**	**0**	**-121**	**1,571**	**3,410**	**-44**	**6**	**3,372**
Total comprehensive income for the period attributable to:												
shareholders of the parent company	201	2,384	-34	-3	2,347	0	-121	201	2,505	-34	-3	2,468
non-controlling interests	1,370	905	-10	9	904	0	0	1,370	905	-10	9	904

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF ALLGEIER SE, MUNICH, IN ACCORDANCE WITH IFRS FOR THE PERIOD APRIL 1, 2019 TO JUNE 30, 2019 (UNAUDITED)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR thousand)												
	Group as a whole					Discontinued operations		Continuing operations				
	April 1, 2019 – June 30, 2019	April 1, 2018 – June 30, 2018						April 1, 2019 – June 30, 2019	April 1, 2018 – June 30, 2018			
Other comprehensive income		Before IFRS 16 adjustments and FREP audit	IFRS 16 adjustments	Adjustments arising from FREP audit	After IFRS 16 adjustments and FREP audit	April 1, 2019 – June 30, 2019	April 1, 2018 – June 30, 2018		Before IFRS 16 adjustments and FREP audit	IFRS 16 adjustments	Adjustments arising from FREP audit	After IFRS 16 adjustments and FREP audit
Items that cannot be reclassified to the income statement:												
Actuarial gains (losses)	-13	-3	0	0	-3	0	0	-13	-3	0	0	-3
Tax effects	4	1	0	0	1	0	0	4	1	0	0	1
	-8	**-2**	**0**	**0**	**-2**	**0**	**0**	**-8**	**-2**	**0**	**0**	**-2**
Items that cannot be reclassified to the income statement:												
Foreign exchange differences	-335	1,663	-70	0	1,593	0	0	-335	1,663	-70	0	1,593
	-335	**1,663**	**-70**	**0**	**1,593**	**0**	**0**	**-335**	**1,663**	**-70**	**0**	**1,593**
Other comprehensive income for the period	**-344**	**1,661**	**-70**	**0**	**1,591**	**0**	**0**	**-344**	**1,661**	**-70**	**0**	**1,591**
Total comprehensive income for the period	**1,227**	**4,949**	**-114**	**6**	**4,842**	**0**	**-121**	**1,227**	**5,070**	**-114**	**6**	**4,963**
Total comprehensive income for the period attributable to:												
shareholders of the parent company	-211	3,635	-104	-122	3,409	0	-121	-211	3,756	-104	-122	3,530
non-controlling interests	1,373	1,314	-10	3	1,307	0	0	1,373	1,314	-10	3	1,307
Basic earnings per share:												
Average number of shares outstanding weighted pro rata temporis	10,058,071	9,827,450	9,827,450	9,827,450	9,827,450	10,058,071	9,827,450	10,058,071	9,827,450	9,827,450	9,827,450	9,827,450
Earnings per share in EUR	0.02	0.24	0.00	0.00	0.24	0.00	-0.01	0.02	0.25	0.00	0.00	0.25
Diluted earnings per share:												
Average number of shares outstanding weighted pro rata temporis	10,282,882	10,143,901	10,143,901	10,143,901	10,143,901	10,282,882	10,143,901	10,282,882	10,143,901	10,143,901	10,143,901	10,143,901
Earnings per share in EUR	0.02	0.24	0.00	0.00	0.23	0.00	-0.01	0.02	0.25	0.00	0.00	0.24

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS OF ALLGEIER SE, MUNICH, IN ACCORDANCE WITH IFRS FOR THE PERIOD JANUARY 1, 2019 TO JUNE 30, 2019 (UNAUDITED)

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR thousand)

	Group as a whole					Discontinued operations		Continuing operations				
	January 1, 2019 – June 30, 2019	January 1, 2018 – June 30, 2018						January 1, 2019 – June 30, 2019	January 1, 2018 – June 30, 2018			
		Before IFRS 16 adjustments and FREP audit	IFRS 16 adjustments	Adjustments arising from FREP audit	After IFRS 16 adjustments and FREP audit	January 1, 2019 – June 30, 2019	January 1, 2018 – June 30, 2018		Before IFRS 16 adjustments and FREP audit	IFRS 16 adjustments	Adjustments arising from FREP audit	After IFRS 16 adjustments and FREP audit
Results of operating activities	10,618	10,448	504	181	**11,133**	0	34	10,618	10,414	504	181	11,099
Depreciation and amortization on non-current assets	15,091	6,035	5,362	-181	**11,215**	0	5	15,091	6,030	5,362	-181	11,211
Expenses on the disposal of non-current assets	13	110	0	0	110	0	0	13	110	0	0	110
Change in long-term provisions	353	367	0	0	367	0	0	353	367	0	0	367
Other non-cash expenses and income	-299	1,713	0	0	1,713	0	0	-299	1,713	0	0	1,713
Income taxes paid	-5,117	-4,125	0	0	-4,125	0	-98	-5,117	-4,026	0	0	-4,026
Cash flows from operating activities before changes in working capital	20,659	14,548	5,865	0	20,414	0	-59	20,659	14,608	5,865	0	20,473
Cash flows from changes in working capital	-18,053	-20,364	0	0	-20,364	0	362	-18,053	-20,725	0	0	-20,725
Cash flows from operating activities	**2,605**	**-5,815**	**5,865**	**0**	**50**	**0**	**302**	**2,605**	**-6,117**	**5,865**	**0**	**-252**
Payments for investments in non-current assets	-4,918	-3,527	0	0	-3,527	0	-15	-4,918	-3,512	0	0	-3,512
Payments for finance leases	-9,412	-737	-5,865	0	-6,603	0	0	-9,412	-737	-5,865	0	-6,603
Proceeds from the disposal of non-current assets	21	57	0	0	57	0	0	21	57	0	0	57
Payments for the acquisition of subsidiaries	-2,863	-3,276	0	0	-3,276	0	0	-2,863	-3,276	0	0	-3,276
Payments for purchase price components for companies not acquired in the fiscal year	-4,625	-630	0	0	-630	0	0	-4,625	-630	0	0	-630
Payments of loans to investments accounted for using the equity method	0	-530	0	0	-530	0	0	0	-530	0	0	-530
Proceeds from the sale of subsidiaries	2,280	3,009	0	0	3,009	0	0	2,280	3,009	0	0	3,009
Decrease in cash and cash equivalents from the sale of subsidiaries with loss of control	0	-727	0	0	-727	0	-727	0	0	0	0	0
Payments for non-current financial assets	-400	-400	0	0	-400	0	0	-400	-400	0	0	-400
Cash flows from investing activities	**-19,917**	**-6,760**	**-5,865**	**0**	**-12,626**	**0**	**-742**	**-19,917**	**-6,018**	**-5,865**	**0**	**-11,884**
Proceeds from capital increase	23,477	291	0	0	291	0	0	23,477	291	0	0	291
Repayment of borrower's note loan	-4,000	0	0	0	0	0	0	-4,000	0	0	0	0
Proceeds from bank loans	85	25,280	0	0	25,280	0	0	85	25,280	0	0	25,280
Repayment of bank loans	-2,256	-111	0	0	-111	0	0	-2,256	-111	0	0	-111
Interest received	53	157	0	0	157	0	0	53	157	0	0	157
Interest paid	-2,171	-1,380	0	0	-1,380	0	0	-2,171	-1,380	0	0	-1,380
Balance of payments with non-controlling interests	-1,262	-557	0	0	-557	0	0	-1,262	-557	0	0	-557
Cash flows from financing activities	**13,926**	**23,680**	**0**	**0**	**23,680**	**0**	**0**	**13,926**	**23,680**	**0**	**0**	**23,680**
Total cash flows	**-3,386**	**11,105**	**0**	**0**	**11,105**	**0**	**-440**	**-3,386**	**11,545**	**0**	**0**	**11,545**
Changes in cash and cash equivalents due to exchange rate movements	29	46	0	0	46	0	**0**	29	46	0	0	46
Total changes in cash and cash equivalents	**-3,357**	**11,151**	**0**	**0**	**11,151**	**0**	**-440**	**-3,357**	**11,591**	**0**	**0**	**11,591**
Cash and cash equivalents at the beginning of the period	59,442	41,350	0	0	41,350	0	440	59,442	40,910	0	0	40,910
Cash and cash equivalents at the end of the period	56,085	52,500	0	0	52,500	0	0	56,085	52,500	0	0	52,500

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF ALLGEIER SE, MUNICH, IN ACCORDANCE WITH IFRS AS OF JUNE 30, 2019 (UNAUDITED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EUR thousand)

	Issued capital	Capital reserves	Retained earnings	Treasury shares	Profit carryforward	Profit or loss for the period	Changes in equity recognized directly in equity (OCI)	Changes in equity recognized directly in equity (not OCI)	Equity interest of shareholders of the parent company	Equity interest of non-controlling interests	Equity
As of January 1, 2018	**9,979**	**32,214**	**102**	**-1,379**	**68,671**	**2,801**	**4,835**	**-9,989**	**107,234**	**15,611**	**122,845**
Adoption of IFRS 16 as of January 1, 2018	0	0	0	0	0	0	0	-2,772	-2,772	-298	-3,071
Adjustment to results of FREP audit	0	0	0	0	-1,063	0	0	53	-1,010	-53	-1,063
Transfer of profit or loss for the previous year to profit carryforward	0	0	0	0	2,801	-2,801	0	0	0	0	0
Adjustment of the exercise price of stock options from the 2010 stock option program	0	24	0	0	0	0	0	0	24	0	24
Adjustment of the exercise price of stock options from the 2014 stock option program	0	214	0	0	0	0	0	0	214	0	214
Exercise of stock options from the 2010 stock option program	30	261	0	0	0	0	0	0	291	0	291
Actuarial gains (losses)	0	0	0	0	0	0	12	0	12	2	15
Dividends	0	0	0	0	0	0	0	0	0	-557	-557
Profit or loss for the period	0	0	0	0	0	5,243	0	0	5,243	1,437	6,680
Foreign exchange differences	0	0	0	0	0	0	-10	0	-10	-6	-15
As of June 30, 2018	**10,009**	**32,714**	**102**	**-1,379**	**70,408**	**5,243**	**4,838**	**-12,708**	**109,266**	**16,136**	**125,363**
As of January 1, 2019	**10,089**	**33,592**	**102**	**-1,379**	**65,815**	**6,030**	**4,622**	**-9,860**	**109,012**	**21,579**	**130,591**
Transfer of profit or loss for the previous year to profit carryforward	0	0	0	0	6,030	-6,030	0	0	0	0	0
Adjustment of the exercise price of stock options from the 2014 stock option program	0	113	0	0	0	0	0	0	113	0	113
Capital increase	998	22,479	0	0	0	0	0	0	23,477	0	23,477
Actuarial gains (losses)	0	0	0	0	0	0	-5	0	-5	-1	-6
Redemption of shares under employee participation program	0	0	0	0	0	0	0	-29	-29	0	-29
Dividends	0	0	0	0	0	0	0	0	0	-277	-277
Profit or loss for the period	0	0	0	0	0	1,872	0	0	1,872	2,184	4,056
Foreign exchange differences	0	0	0	0	0	0	811	0	811	205	1,016
As of June 30, 2019	**11,087**	**56,183**	**102**	**-1,379**	**71,845**	**1,872**	**5,427**	**-9,888**	**135,249**	**23,691**	**158,940**

SEGMENT REPORTING

SEGMENT REPORTING OF ALLGEIER SE, MUNICH, IN ACCORDANCE WITH IFRS FOR THE PERIOD JANUARY 1, 2019 TO JUNE 30, 2019 (UNAUDITED)

SEGMENT REPORTING (EUR thousand)

	Enterprise Services segment		Experts segment		Technology segment		New Business Areas segment		Other		Continuing operations		Discontinued operations		Group as a whole	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
External revenue	54,231	54,119	131,653	141,274	190,784	130,449	4,132	1,711	-28	0	380,772	327,553	0	683	380,772	328,236
Revenue with other segments	1,588	1,209	1,183	1,189	1,741	1,379	90	760	-4,602	-4,542	0	-5	0	5	0	0
Revenue	55,819	55,328	132,836	142,463	192,525	131,828	4,222	2,471	-4,630	-4,542	380,772	327,549	0	687	380,772	328,236
Gross revenue	56,444	55,503	132,836	142,463	192,525	131,828	4,222	2,471	-4,630	-4,542	381,397	327,724	0	687	381,397	328,411
Value added	21,843	19,413	22,159	26,255	60,519	43,280	1,782	1,232	-186	-172	106,117	90,009	0	305	106,117	90,314
Operating EBITDA	6,340	5,125	1,479	6,293	25,469	19,185	-348	-87	-3,973	-4,139	28,967	26,377	0	38	28,967	26,415
Earnings before interest, taxes, depreciation and amortization (EBITDA)	5,405	4,062	-817	4,874	25,806	18,626	-195	-166	-4,491	-5,087	25,709	22,309	0	39	25,709	22,348
Segment earnings from operating activities (EBIT)	990	790	-2,830	3,008	17,794	12,899	-739	-419	-4,597	-5,179	10,618	11,099	0	34	10,618	11,133
Segment earnings before income taxes	247	34	-3,634	2,341	16,250	12,099	-1,745	-863	-4,063	-4,549	7,056	9,062	0	34	7,056	9,096
Segment assets	69,945	73,236	134,204	124,838	319,486	199,077	22,257	11,547	7,710	19,280	553,602	427,978	0	0	553,602	427,978

Other Notes

Accounting policies

The half-yearly financial report as of June 30, 2019 was prepared in accordance with the requirements of section 37w of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) and the International Financial Reporting Standards (IFRS) on interim financial reporting. The accounting policies have changed as follows compared to the consolidated financial statements as of December 31, 2018: IFRS 16, Leases, effective January 1, 2019, was adopted in the first half of 2019. The Allgeier Group has adopted IFRS 16 using the retrospective method, whereby the figures for the previous year have been adjusted in line with reporting for the first quarter of 2019 to ensure the comparability of figures. In addition to the effects in the income statement, the adoption of IFRS 16 also affects reporting in the statement of financial position as a result of the capitalization of leases at their values in use and the recognition of liabilities for future payments over their expected useful lives.

The results of the FREP audit of the consolidated financial statements as of December 31, 2017 were posted and the previous years were restated accordingly in the first half of 2019.

Unless stated otherwise, amounts in the interim management report are presented in thousands of euro.

The half-yearly financial report as of June 30, 2019 has not been reviewed in accordance with section 37w WpHG or audited in accordance with section 317 of the *Handelsgesetzbuch* (HGB – German Commercial Code). The accounting entries for the adoption of and subsequent measurement in accordance with IFRS 16 were also not audited.

Number of shares

Allgeier successfully performed a capital increase on June 13, 2019. In the capital increase, partially utilizing Authorized Capital 2018, the company increased its share capital by EUR 997.864 from EUR 10,088,649 to EUR 11,086,513 by issuing 997,864 registered shares against cash contributions with shareholders' statutory pre-emptive rights disapplied. As a result, the total number of Allgeier SE shares outstanding increased from 10,088,649 on December 31, 2018 to 11,086,513 on June 30, 2019.

The number of treasury shares held by Allgeier SE has changed as follows compared to December 31, 2018 in the first six months of 2019. On June 30, 2019, Allgeier SE and one subsidiary held a total of 108,878 treasury shares (December 31, 2018: 151,199), representing 0.98% of the share capital (December 31, 2018: around 1.5%).

Significant transactions with related parties in accordance with section 37w(4) sentence 2 WpHG and IAS 34.15B (j)

Related parties are defined as persons or enterprises that can influence or be influenced by the company.

In the reporting period, the Allgeier Group purchased services in the amount of EUR 9 thousand from the subsidiary accounted for using the equity method, Talentry GmbH, Munich.

Allgeier SE acquired a used company car from Initium AG, Munich, for EUR 10 thousand.

Furthermore, members of the Supervisory Board performed consulting services in the amount of EUR 3 thousand (previous year: EUR 0 thousand) in the first half of 2019 .

Business relationships between all companies included in the consolidated financial statements were fully eliminated in the consolidated financial statements.

Dividend

At the Annual General Meeting held on June 28, 2019, Allgeier SE resolved to pay a dividend of EUR 4,968,725 in total from its net retained profits for fiscal 2018 of EUR 16,588,280.41. There were 9,937,450 shares entitled to a dividend of EUR 0.50 per share. The dividend was paid to Allgeier SE's shareholders in July 2019.

Basis of consolidation

In the first half of 2019, the number of consolidated companies in the Allgeier Group was unchanged compared to December 31, 2018 at 88 as of June 30, 2019. In addition to the companies acquired in April 2019, FTME and S4M, the company founded a subsidiary in Thailand with Nagarro Company Limited, Bangkok. On the other hand, the number of companies was reduced by the merger of GRC Partner GmbH, Kiel, with Nagarro Testing Services GmbH, Dresden, and the liquidation of iQuest Tech Labs SRL, Cluj-Napoca, Romania.

Segment reporting

The prior-year figures shown in segment reporting have been adjusted in line with the reporting on the first half of 2019 for reasons of comparability. This relates to the effects of IFRS 16, effective from January 1, 2019, and the adjustments resulting from the FREP audit.

Responsibility Statement

To the best of its knowledge, the Management Board of Allgeier SE gives its assurance that this half-yearly financial report of Allgeier SE as of June 30, 2019, including the interim management report of the Allgeier Group, was prepared in accordance with the applicable accounting principles and includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of fiscal 2019.

Legal Notice

This half-yearly financial report of Allgeier SE as of June 30, 2019 contains forward-looking statements that are based on assumptions and estimates made by the management of Allgeier SE. While the management believes that these assumptions and estimates are accurate, actual future developments and results could differ significantly from these assumptions and estimates owing to a variety of factors. These factors include, for example, changes in the general economic situation, exchange rates, interest rates and changes in market trends and the competitive situation. Allgeier SE provides no guarantee that future developments and the actual results achieved in the future will be consistent with the assumptions and estimates expressed in this half-year report and assumes no such liability.

Financial Calendar

IMPORTANT DATES AND EVENTS	Date
Publication of the 2018 consolidated/annual financial statements	April 30, 2019
Publication of voluntary interim information as of March 31, 2019	May 24, 2019
Annual General Meeting in Munich	June 28, 2019
Publication of 2019 half-yearly financial report	August 29, 2019
Publication of voluntary interim information as of September 30, 2019	November 14, 2019

About this Publication

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Current financial information can be found on Allgeier's website under Investor Relations at: www.allgeier.com/en/investor-relations

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