Technology Driven

Half-Yearly Financial Report
as of June 30, 2020

ALLGEIER

ALLGEIER

Allgeier SE stands for state-of-the-art software development and flexible IT services

Allgeier SE is one of the leading technology companies for digital transformation: it guides its customers through the challenges of digital transformation to ensure their future success. For global corporations and leading companies from numerous industries and markets alike, Allgeier accomplishes the breakthrough to new digital business models, defines strategic priorities and implements trailblazing projects with high flexibility and traction to mold agile and intelligent organizations for the digital age.

With nearly 11,000 permanent employees and more than 1,000 freelance experts in four segments, Allgeier covers the entire range of IT services – from on-site to nearshore to offshore – with a highly flexible delivery model and high-performance development centers in India, China, Vietnam, and Eastern Europe. Headquartered in Munich, the rapidly growing group has around 130 branches worldwide in 28 countries on five continents. Allgeier generated consolidated revenue of EUR 784 million with more than 2,000 customers in fiscal 2019. According to the 2019 Lünendonk® List, Allgeier is one of Germany's top ten IT consulting and system integration companies. According to the 2020 Lünendonk® market segment study, "The Market for Recruitment, Placement and Management of IT Freelancers in Germany", Allgeier Experts is one of the top IT personnel service providers in Germany. Allgeier SE is listed in the General Standard on the Regulated Market of Frankfurt Stock Exchange (WKN A2GS63, ISIN DE000A2GS633).

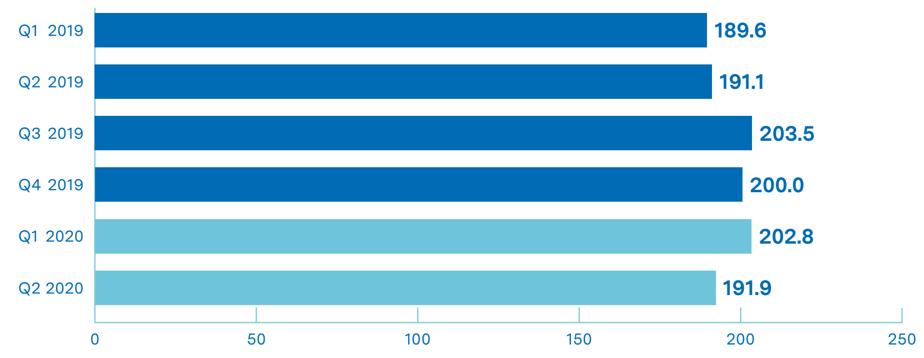
Contents

Company and Key Indicators at a Glance

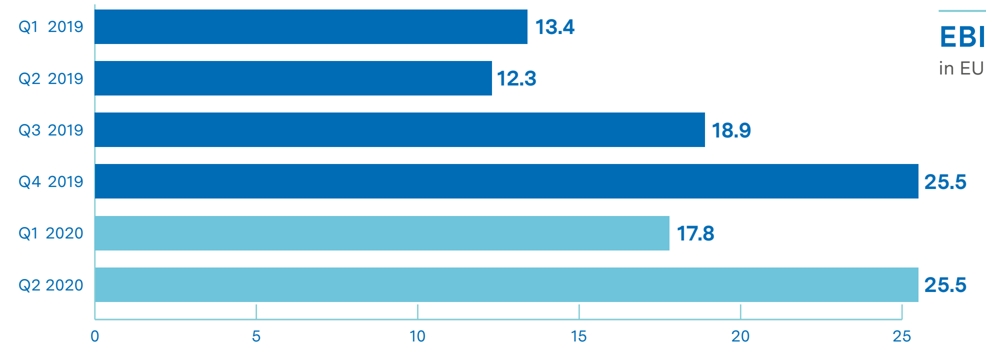
Further information and the company's latest news can be found at www.allgeier.com.

Key Group indicators*	H1 2020	H1 2019	Change in percent***
Revenue	394.7	380.8	3.7 %
Value added	117.9	106.1	11.1 %
EBITDA	43.3	25.7	68.5 %
Adjusted EBITDA**	48.0	29.0	65.7 %
EBIT	25.4	10.6	139.6 %
EBT	21.4	7.1	203.4 %
Profit or loss for the period	12.8	4.1	214.7 %
Earnings per share (in EUR)	0.89	0.19	368.4 %
	Jun. 30, 2020	Dec. 31, 2019	Change in percent***
Total assets	605.9	587.0	3.2 %
Equity	158.9	165.9	-4.2 %
Permanent employees	10,870	10,589	2.7 %
Freelance experts	1,229	1,227	0.2 %
Total employees	12,099	11,816	2.4 %

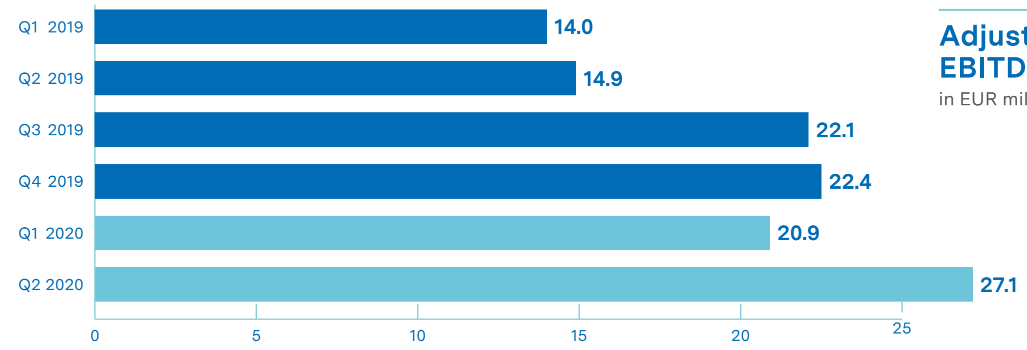
*Group as a whole in accordance with IFRS, figures in EUR million (unless stated otherwise)
**EBITDA before extraordinary or prior-period effects
***Percentages calculated using non-rounded figures



Revenue
in EUR million



EBITDA
in EUR million



Adjusted EBITDA*
in EUR million

All figures refer to the Group as a whole (in EUR million). In fiscal 2019, IFRS 16, Leases, effective January 1, 2019, was implemented for accounting leases.
*EBITDA before effects which qualify as extraordinary or relate to other accounting periods

Interim Management Report on H1 2020

Allgeier achieves stable business performance in the first half of 2020 with 69 percent earnings growth (EBITDA)

In the first half of 2020 (January 1, 2020 – June 30, 2020), according to preliminary figures, Allgeier SE generated revenue growth at the level originally planned before the outbreak of the COVID-19 pandemic. Due to lower costs, the EBITDA generated in the Group as a whole even significantly exceeded the planning for the first half of the year. The growth was driven in particular by the strong EBITDA growth of the Nagarro Group, which is intended to be spun off and is contained in the Group's new Nagarro segment. The consolidated earnings, especially of the second quarter, were influenced extraordinarily positively by temporary measures to control costs while dealing with the COVID-19 pandemic and were also influenced by the development of exchange rates. Overall, the business of all material parts of the Allgeier Group proved stable and largely resilient to the effects of the COVID-19 pandemic in the first half of 2020. With the measures taken and the relocation of employees around the world to home offices, we safely and productively continued our service for our customers and our project work without major constraints.

Business performance in the second quarter of 2020

In the second quarter of 2020 (April 1, 2020, to June 30, 2020), the Allgeier Group reported a slight increase in revenue as against the same period of the previous year to EUR 191.9 million (previous year: EUR 191.1 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 10 percent to EUR 59.4 million (previous year: EUR 54.2 million). Adjusted consolidated EBITDA (EBITDA before effects which qualify as extraordinary or relate to other accounting periods) was up 82 percent on the figure for the previous year at EUR 27.1 million (previous year: EUR 14.9 million). Consolidated EBITDA for the second quarter amounted to EUR 25.5 million (previous year: EUR 12.3 million), an increase of 107 percent on the same period of the previous year. Consolidated EBIT (earnings before interest and taxes) rose by 232 percent to EUR 16.2 million (previous year: EUR 4.9 million).

Business performance in the first half of 2020

In total, consolidated revenue climbed by 4 percent as against the first six months of 2019 to EUR 394.7 million in the first half of 2020 (previous year: EUR 380.8 million). Consolidated value added (defined as total revenue less the cost of sales and staff costs directly attributable to revenue) rose by 11 percent to EUR 117.9 million (previous year: EUR 106.1 million). Adjusted consolidated EBITDA amounted to EUR 48.0 million (previous year: EUR 29.0 million), an increase of 66 percent on the same period of the previous year.

Consolidated EBITDA (earnings before interest, taxes, depreciation and amortization) grew by 69 percent in the reporting period to EUR 43.3 million (previous year: EUR 25.7 million).

Consolidated EBIT (earnings before interest and taxes) stood at EUR 25.4 million (previous year: EUR 10.6 million), an increase of 140 percent. Consolidated EBT (earnings before taxes) for the period amounted to EUR 21.4 million (previous year: EUR 7.1 million), an increase of 203 percent. After deducting tax expenses of EUR 8.6 million (previous year: EUR 3.0 million), Allgeier generated a profit of EUR 12.8 million in the first half of 2020 (previous year: EUR 4.1 million), up 215 percent on the same period of the previous year.

Basic earnings per share for the Group as a whole, calculated on the basis of earnings for the first six months less non-controlling interests, were up 368 percent year-on-year at EUR 0.89 in the first half of 2020 (previous year: EUR 0.19). In the reporting period, consolidated earnings per share adjusted for depreciation and amortization due to acquisitions and calculated using a normalized tax rate of 30 percent was EUR 1.50 (previous year: EUR 0.65), a year-on-year increase of 131 percent.

The revenue of the Nagarro Group, which is intended to be spun off and is contained in the Group's new Nagarro segment, climbed by 14 percent to EUR 216.1 million (previous year: EUR 188.9 million). The business unit's adjusted EBITDA increased by 57 percent to EUR 37.3 million (previous year: EUR 23.7 million), equating to an operating margin of 17.3 percent.

In the operating segments of the Allgeier Group that will remain after the intended spin-off, corresponding to the new Group segments Enterprise IT and mgm technology partners, revenue declined by 6 percent year-on-year to EUR 184.2 million in the first half of 2020 (previous year: EUR 196.4 million). The decline is due to the planned reduction of revenue at Allgeier Experts of 13 percent to EUR 115.3 million (previous year: EUR 132.8 million). The adjusted EBITDA of the operations that will remain in the Allgeier Group after the intended spin-off in the Group segments Enterprise IT and mgm technology partners increased by 83 percent to EUR 17.5 million (previous year: EUR 9.5 million), equating to an operating margin of 9.5 percent. After holding costs and consolidation, adjusted EBITDA rose by 102 percent to EUR 10.7 million (previous year: EUR 5.3 million). The holding costs for the first half of 2020 include the total costs for the preparation of the spin-off of EUR 1.0 million (previous year: EUR 0.0 million).

Development of cash flows in the first half of 2020

At EUR 41.7 million, the cash flow from operating activities before changes in working capital in the first six months of 2020 was considerably higher than the previous year's figure of EUR 20.7 million. The cash flow from changes in working capital was EUR 7.5 million after EUR -18.1 million in the previous year. Including the cash flow from changes in working capital, the cash flow from operating activities improved significantly to EUR 49.2 million in total (previous year: EUR 2.6 million).
The Group's investments in operating activities and payments for rental investments amounted to a net figure of EUR 15.7 million (previous year: EUR 14.3 million) in the first half of 2020. Cash used for company acquisitions and asset deals in the first six months of 2020 amounted to EUR 5.3 million (previous year: EUR 2.9 million), while the cash outflow for acquisitions in previous years came to EUR 6.2 million (previous year: EUR 4.6 million). In total, the cash flow from investing activities amounted to EUR -27.7 million in the reporting period (previous year: EUR -19.9 million).

Net cash inflow from financing activities was EUR 8.1 million in the first six months of 2020 (previous year: EUR 13.9 million). Taking up and repaying bank loans and borrower's note loans resulted in net cash inflow for the Group totaling EUR 19.8 million (previous year: outflow (repayment) EUR 6.3 million). The Group's net interest payments in the reporting period came to EUR 1.7 million (previous year: EUR 2.1 million). The Allgeier Group reported a cash outflow for non-controlling shareholders of EUR 10.1 million in this period (previous year: EUR 1.3 million).
As a result of cash flows from operating, investing and financing activities, cash and cash equivalents increased from EUR 59.4 million on December 31, 2019, to EUR 111.4 million as of June 30, 2020.

Acquisitions

Acquisition of GES (asset deal)

By way of purchase agreement dated December 17, 2019, Allgeier Midmarket Services GmbH, Kronberg im Taunus (from March 13, 2020: Nagarro Allgeier ES GmbH), acquired the GES division for SAP public sector consulting and development services (GES) from GES Systemhaus GmbH Co. KG, Wiesbaden. Allgeier Midmarket Services also took on certain GES employees. GES provides software solutions for municipal applications on the basis of its own software suite. EUR 3,480 thousand was agreed as the purchase price for the assets and customer agreements assumed and was paid in the first quarter of 2020. GES was included in consolidation for the first time as of January 1, 2020. EUR 3,152 thousand of the purchase price was attributed to the acquired software product "Public Sector," EUR 550 thousand to acquired customer agreements, EUR 48 thousand to property, plant and equipment and EUR 270 thousand to provisions in connection with the acquired employees.

Acquisition of SCUDOS (asset deal)

By purchase agreements dated June 4, 2020, Allgeier IT Solutions GmbH, Bremen, acquired all rights to the SCUDOS software, as well as additional contractual and working relationships, from IFASEC GmbH, Dortmund, and SCUDOS SYSTEMS GmbH, Dortmund, ("SCUDOS"), which is insolvent. The SCUDOS software is a solution for analyzing and designing secure network infrastructure. The software allows organizations to increase security and simplify operations within their core network. Unauthorized devices are prevented from accessing sensitive network segments and potential malicious intruders are blocked. The purchase price for the acquired software and assets was agreed at EUR 2.0 million, of which EUR 1.8 million was paid in June 2020 and a further EUR 0.2 million is due in December 2022. In addition, a variable purchase price of no more than EUR 550 thousand was agreed. It will become due if certain customer relationships continue for another year or a certain amount of license revenue is generated before the end of 2022. Allgeier IT Solutions assumes that the conditions for the variable purchase price will be met. SCUDOS was consolidated for the first time on June 4, 2020. The purchase price was allocated to customer relationships, products, domains and brands on the basis of provisional calculations.

Acquisition of Allgeier Project SE and Allgeier Project Humboldt GmbH

By purchase agreements dated February 19, 2020 Allgeier SE acquired Allgeier Project SE, Munich, and Allgeier Project Humboldt GmbH, Munich. Neither company has business operations. The purchase price for both companies amounted to EUR 164 thousand, offset by cash and cash equivalents of EUR 145 thousand provided by the companies. The difference of EUR 19 thousand was derecognized.

Acquisition of shares in iQuest Holding GmbH

In the first half of 2020, Allgeier Project Solutions GmbH, Munich, acquired all the shares in iQuest Holding GmbH, Karlsruhe ("iQuest Holding"), held by minority shareholders. The purchase price was EUR 12.3 million.

Acquisition of shares in the SAP Group

In June 2020, Allgeier Project Solutions GmbH, Munich, and Allgeier Enterprise Services AG, Bremen, acquired all shares in the SAP units of the Allgeier Group ("SAP Group") held by minority shareholders. The purchase price was EUR 4.0 million.

To present adjusted earnings per share, the Allgeier Group corrects the reported consolidated EBIT of continuing operations for amortization of intangible assets capitalized in connection with business combinations (effects of purchase price allocation), income and expenses from purchase price adjustments in profit or loss and other non-recurring effects and effects relating to other accounting periods. Taking into account these adjustments and applying a tax rate of 30 percent, the Group generated earnings per share of EUR 1.50 in the first half of 2020 (previous year: EUR 0.65).

Continuing operations (in EUR million)	H1 2019	H1 2020
Profit from operating activities (EBIT as reported)	10.6	25.4
Amortization of intangible assets from company acquisitions	2.2	1.9
Other non-recurring and prior-period effects	3.3	4.7
Net finance costs	-2.9	-3.4
Net income from investments accounted for using the equity method	-0.7	-0.6
Adjusted earnings before taxes	12.5	28.0
Tax rate	30%	30%
Taxes	-3.8	-8.4
Adjusted profit or loss for the period	8.7	19.6
Non-controlling interests	-2.2	-2.8
Earnings for calculation of adjusted earnings per share	6.5	16.8
Number of shares outstanding	9,998,094	11,185,897
Adjusted earnings per share in euro (basic)	**0.65**	**1.50**

The other non-recurring effects and effects relating to other accounting periods and the purchase price adjustments in profit and loss include the following items:

(in EUR million)	H1 2019	H1 2020
Losses on the disposal of non-current assets	-0.0	-0.0
Losses from value adjustments on receivables and defaults	-0.4	-1.4
Other income and expenses relating to other accounting periods (net)	-0.2	0.7
Acquisition expenses	-0.1	-0.0
Finance charges	-0.4	-0.6
Expenses for purchase price adjustments	0.0	-0.5
Cost of stock options issued	-0.1	-0.1
Income/losses from the translation of foreign currencies and hedging transactions	0.7	-0.6
Continued pay and severance payments for former employees	-1.4	-1.1
Loss of Executive Search from Allgeier Experts Select	-0.8	-0.0
Expenses for restructuring and reorganization	-0.2	-0.1
Costs for the preparation of the spin-off	0.0	-1.0
Other extraordinary expenses (net)	-0.3	-0.0
	-3.3	**-4.7**

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 markets relevant to the Group. According to the annual economic report of the German government, after adjustment for inflation, the German economy achieved gross domestic product (GDP) growth of 0.6 percent in the previous year, 2019. This means that the German economy expanded for the tenth time in succession, avoiding a recession. However, growth was considerably below the average of recent years.

As a result of the COVID-19 pandemic, Germany – along with nearly every other nation – is facing a major challenge with regard to health, society and the economy. The original economic forecasts of economic performance in Allgeier's relevant markets made at the start of the year are no longer valid. While the projections available when this report was prepared attempt to account for the existing and potential future effects of the pandemic, they are fraught with uncertainty because the medium- and long-term effects and their negative impact on the overall market, the various national economies and individual industries cannot yet be reliably estimated.

In its 2020 annual economic report published at the end of January, the German government originally forecast further growth for the German economy of 1.1 percent this year. According to this report, economic momentum was modest at the beginning of 2020. However, the economy would pick up slightly over the course of the year. The German government underlined the fact that the social market economy had proved itself again as a powerful economic system over the last decade. Wages and disposable income had increased appreciably, the trend on the labor market remained positive and there were also impulses from the domestic economy. However, the economic environment continued to be dominated by uncertainties including international trade conflicts, the Brexit and geopolitical risks which adversely impacted world trade and global industrial production. The digital transformation led to changes in the business and working world, with the corporate landscape changing and a question mark being placed against traditional working forms and business models. Demographic change reinforced the need for action in gaining specialists.

Most of the original economic outlooks for 2020 also predicted modest growth for Allgeier's other key markets, such as the US, Scandinavia and Switzerland, though the ongoing growth was expected to continue to slow in a number of economies.

As a result of the global COVID-19 pandemic, governments and economists expect a severe recession in Germany and many other economies, including in Allgeier's relevant markets. According to the German government's spring forecast, German economic output is likely to plummet by 6.3 percent this year. The government expects a sharp decline in private consumer spending (-7.4 percent) and an even steeper decline in imports (-8.2 percent) and especially exports (-11.6 percent). The number of people in employment is also expected to fall by around 370,000 year on year.

According to the OECD's Economic Outlook of June 2020, the world economy is currently "on a tightrope". The global outlook was highly uncertain. The COVID-19 pandemic was a global health and social crisis without precedent in living memory. It had triggered the most severe economic recession since the Great Depression in the 1930s, with a decline in GDP of more than 20 percent and an increase in unemployment in numerous countries. The pandemic would come with high economic and social costs – including in countries in which the measures to contain the pandemic were less strict.

In its outlook, the OECD concentrates on two equally likely scenarios – a scenario in which a second wave of infections occurs before the end of 2020, bringing a renewed lockdown in many countries, and a scenario in which another major outbreak is avoided. It stated that the lockdown measures brought in by most governments had succeeded in slowing the spread of the virus and in reducing the death toll but they had also frozen business activity in many sectors, widened inequality, disrupted education and undermined confidence in the future. As restrictions begin to be eased, the path to economic recovery remained highly uncertain and vulnerable to a second wave of infections. The OECD states that the consequences will be severe and long-lasting, with or without a second outbreak. In the event of a second wave of infections before the end of the year (double-hit scenario), the OECD anticipates a return to lockdown and a crash in world economic output of 7.6 percent, before it climbs back 2.8 percent in 2021. If a second wave is avoided (single-hit scenario), the OECD anticipates a decline in global economic activity of 6 percent and a sharp increase in unemployment in the 37 OECD states from 5.4 percent in 2019 to 9.2 percent this year. Living standards would fall less sharply than with a second wave, but five years of income growth would be is lost across the economy by 2021. The OECD projects that German economic output would fall 8.8 percent in 2020 in the double-hit scenario, or 6.6 percent in the single-hit scenario. For the eurozone, the OECD expects an economic decline of 11.5 percent this year in the double-hit scenario, or 9.1 percent in the single-hit scenario. In both scenarios, there will be an (in some cases sharp) rise in unemployment in all countries, exceeding the pre-crisis level throughout 2021. The OECD is making an urgent call for public spending to be well-targeted to support the most vulnerable and for the necessary investment to be provided for a sustainable recovery.

Despite the continuing uncertainty in the current forecasts, it is becoming apparent that the consequences of the pandemic for health, society and the economy will be felt for a long time.

Forecasts for the IT industry

According to market figures from the Federal Association for Information Technology, Telecommunications and New Media (BITKOM) from January 2020, the German ITC market was set to grow by 1.5 percent (previous year: 2.0 percent) to EUR 172.2 billion in the current year (previous year: EUR 169.6 billion). This assessment did not take account of the possible consequences of the COVID-19 pandemic for the market participants.

In BITKOM's latest forecast for the ITC market from June 2020, the association makes a significant correction to its figures. For the market as a whole, it now expects negative growth of 3.3 percent to EUR 163.5 billion this year (previous year: EUR 169.1 billion).

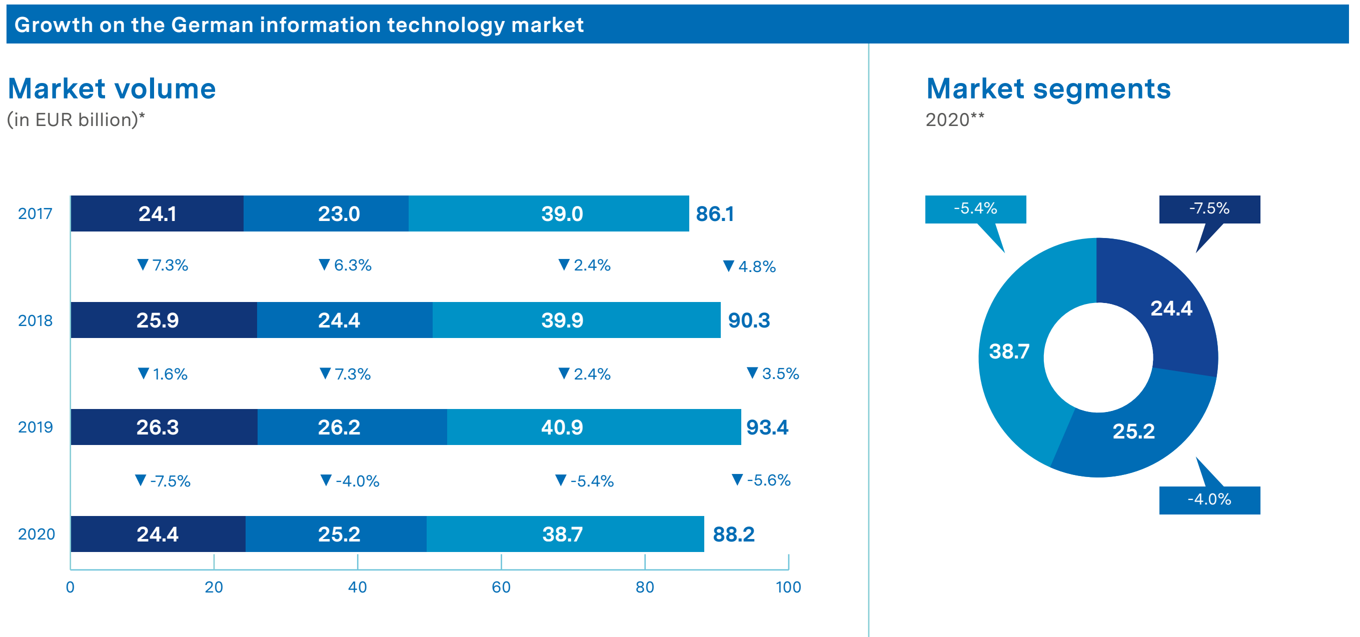
Given the deep recession of the German economy now anticipated by the government and economic research institutes, the performance of the IT industry is likely to diverge somewhat from the even weaker general market activity this year. According to the June BITKOM figures, the information technology market relevant to Allgeier is expected to shrink by 5.6 percent (previous year: growth of 3.5 percent) to a total volume of EUR 88.2 billion this year (previous year: EUR 93.4 billion). The software market, which grew 7.3 percent in the previous year, will see a below-average decline of 4.0 percent to EUR 25.2 billion (previous year: EUR 26.2 billion). The market for IT services, which grew 2.4 percent in the previous year, is expected to shrink by 5.4 percent to EUR 38.7 million (previous year: EUR 40.9 million).

The IT market will therefore shrink to a lesser extent than the economy as a whole, but the BITKOM forecast states that information technology will also feel the effects of the crisis. Nevertheless, the advancing digitalization of the economy and the public sector, which is entailing fundamental changes in market conditions which impact the business and working world, will drive growth again in the future. According to BITKOM's 52nd Industry Barometer from 2018 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. In the coronavirus crisis triggered by the COVID-19 pandemic, the example of numerous market participants shows that these overarching market trends act as drivers even when times are hard and are largely resilient to the effects of the crisis. With its services and technology 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. Digitalization is an important driver especially in the public sector. According to IDC (the market research company), public sector investment in software is to increase by 6.5 percent annually to 2021. Increased demand is due particularly to e-government initiatives (also supported by the German E-Government Act enacted back in 2013), under which business processes are to be optimized and cost reductions pushed forward. Most companies anticipate that the industry-wide digitalization process will last for a longer period. According to BITKOM's 50th Industry Barometer, as many as 39 percent of companies believe that digital transformation is a never-ending process, while another third expects the process to continue for at least the next nine years. 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 digitalization 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 shown by recent statistics on cloud development from the ifo Institute. It reports that the market volume of cloud computing services in Germany will grow to EUR 10.1 billion by 2021. Investment in public clouds is also rising constantly. Experts agree that the development will be reinforced as a result of multi-cloud solutions in 2020. These statements are confirmed by a study published by Bitkom Research which reports that 73 percent of companies surveyed already use cloud computing. 19 percent are considering doing so and already have plans to introduce cloud computing. Deploying cloud technologies is the key driver and engine of digitalization in companies, in particular for digitalizing internal processes.

According to the German Federal Ministry of Economics and Technology, the development of intelligent technologies for business and production is making rapid progress. The global market for services and software based on artificial intelligence is growing by up to 25 percent a year. The Ministry states that large corporations are already investing billions in the relevant research.

According to the Deloitte study "The Fourth Industrial Revolution. At the intersection of readiness and responsibility" on Industry 4.0 published in 2020, companies with an effective Industry 4.0 strategy are more successful. Last year, 18 percent of these companies generated 20 percent growth, while only 3 percent of companies without such a strategy generated similar growth levels. The authors of the study believe there is still a lot of potential for catching up in Germany, as only a few companies are already pursuing comprehensive strategies. The Internet of Things offers many deployment scenarios. Key areas include quality control, Industry 4.0 and smart connected products. The TÜV SÜD Internet of Things (IoT) 2019/2020 study showed that the Internet of Things is increasingly relevant for companies. 56 percent of companies rated it as highly or very highly relevant, with an upward trend. The share of



Source: BITKOM, EITO; as of June 2020
* Year-on-year rate of increase (in %) **Growth in %

companies which have implemented IoT projects increased from 44 to 49 percent. According to the study, only 8 percent of corporates did not generate any added value in productivity or costs as a result of IoT projects. 42 percent of businesses optimized their processes and reduced costs.

Alongside these market trends, other important technology areas, such as business process management, Collaboration/Enterprise 2.0 and business efficiency solutions/ERP (enterprise resource planning) in particular, can also function as additional growth drivers for Allgeier; these are areas where Allgeier Group companies have already commanded a strong market position for many years. 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 business efficiency/ERP software solutions greatly simplify corporate control and planning processes. Shifting business efficiency software solutions into the cloud could develop into a key driver over the next few years. According to the Synergy Research Group, cloud services in the ERP area, one of the largest segments in the enterprise software market, is currently somewhat underrepresented.

Moving forward the Group's Management Board expects dependency on IT to continue to grow 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 areas, Allgeier is confident of the structural growth prospects in the software and IT service industry. However, potential, longer-term economic consequences of the coronavirus pandemic could also have a permanent adverse impact on future growth in the software and IT services areas. When this report was prepared, the specific medium- and long-term impact could not be precisely forecast.

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.

New segment structure

Allgeier restructured its Group segments in the first half of 2020. The Group now reports in the three segments Enterprise IT, mgm technology partners and Nagarro (previous year: four segments Enterprise Services, Experts, Technology, New Business Areas), which are the same as the three new operating business units.
Compared with the segment structure in the 2019 Annual Report, the new Enterprise IT segment now comprises the former Enterprise Services (not including the Allgeier Group's SAP business, which is now part of the Nagarro segment), Experts and New Business Areas segments (all of which together make up the new Enterprise IT operating business unit). The new mgm technology partners segment comprises the business of the mgm technology partners operating business unit, which in the previous year was still part of the Technology segment. The two new Enterprise IT and mgm technology partners segments make up the operations that will remain in the Allgeier Group after the intended spin-off of Nagarro.
The new Nagarro segment (corresponding to the new Nagarro operating business unit) comprises the operations of the Nagarro Group, which is intended to be spun off and in the previous year belonged to the Technology segment. The former operating business units Objectiva and iQuest, which in the previous year likewise belonged to the Technology segment, are part of Nagarro. The Allgeier Group's SAP business, which in the previous year belonged to the former Enterprise Services segment, is also part of the Nagarro segment.

Enterprise IT segment

Segment operations

The companies in the Enterprise IT segment design, create and operate end-to-end IT solutions for implementing and supporting client 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, the Enterprise IT segment aids global corporations and SMEs in their digital transformation and the optimization of the digital business processes along the entire value chain. With their consulting, development, project planning, implementation and support services, the segment's companies create IT solutions in the core areas for business software, such as:

- BDP – Business Digitalization Platform: The original roots of the Allgeier Group lie in this area. Business efficiency solutions for digitalizing the business processes of medium-sized and enterprise clients are implemented using the in-house development syntona logic®, leading software solutions of international manufacturers such as Microsoft and SAP, and industry-specific additions from the itrade series.
- Document Management (DMS) / Enterprise Content Management (ECM): With its own digital information management with integrated DMS and ECM functions metasonic® Doc Suite, document-intensive business processes are supported for clients and handled highly efficiently. Here the entire value chain of the process is supported, from detection, read-out and editing of content in professional workflow sequences, through to tamper-proof archiving. On client request, the solutions are integrated into the client's IT infrastructure or are offered as complete cloud solutions with hosting at in-house German data centers. The advantages for companies using an ECM solution such as the metasonic® Doc Suite are obvious. They can save a lot of money and time through more efficient processes. This achieves a high degree of automation for office work, which is often still largely analog, and so relieves employee workload.
- Security: Data security is becoming ever more critical. The segment brings together experienced experts from IT security and IT forensics. With a comprehensive portfolio of IT security consulting, operations and (incident) response & emergency, it fully covers the growing demands of the IT security market. The segment also offers its own software solutions, including for the encryption of SharePoint platforms or e-mail traffic. The company's own IT security software solution julia mailoffice is already in use at a number of ministries, government agencies and large enterprises. EMILY and EMILY SP (SharePoint) ensure secure collaboration.
- SAP: The Enterprise IT segment covers the entire SAP lifecycle. 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. The SAP services are complemented by comprehensive consulting and managed services. The emphasis is on the segments of wholesale / retail, logistics, chemicals, pharmaceuticals, food and beverage, as well as media. As a specialist service provider for migration to the digital SAP platform S/4 HANA, the Enterprise IT segment maps all concepts – from on-premise to hybrid – to create end-to-end SAP cloud solutions. The SAP expertise of Allgeier Switzerland (SAP partner) will remain in the division even after the planned spin-off of Nagarro. The former has likewise positioned itself as a full-service provider and has particular expertise in migration to cloud systems.
- 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, BPM software of the latest generation and a platform for dynamic process applications, Allgeier supports clients in producing tailored software solutions in significantly shorter development cycles. Interactive touchscreens make it particularly easy: Teams put together their business processes and build functional applications quickly and in a playful fashion – without having to do any programming of their own.
- Cloud solutions: The Enterprise IT segment builds and operates a variety of cloud solutions for its clients in the areas cited above. Software solutions can be operated in an enterprise cloud, Allgeier data centers or public cloud environments. The utmost possible data security and fail-safe operation are top priorities, as are reliability and load capacity for large data volumes. In addition to many medium-sized companies, the segment's offerings are also used by large multinationals and the public sector.
- Mobile: User interfaces for a wide variety of mobile devices are becoming the standard for modern business software for access to processed data. The Enterprise IT segment implements individual solutions for a large number of clients in the mobile applications area.

The Enterprise IT segment also includes the former operating business unit Allgeier Experts. Allgeier Experts is one of the leading providers of flexible personnel services in Germany, especially in the fields of IT and engineering. As a full-service personnel and project service provider, Allgeier Experts offers clients a varied portfolio for the most rigorous demands. The unit serves companies' constant demand for qualified employees with know-how and innovative strength for technological change. Allgeier Experts unites its clients with selected IT and engineering experts in order to enable a successful digital transformation. According to the current 2020 Lünendonk® market segment study, "The Market for Recruitment, Placement and Management of IT Freelancers in Germany", Allgeier Experts is one of Germany's top four IT personnel service providers in this area. The services offered include:

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

The companies in the Enterprise IT segment served more than 1,500 clients in Germany and internationally in the past fiscal year. These include large corporations (e.g. nine out of the 30 DAX companies) as well as many medium-sized corporations of varying sizes. The clients 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 IT segment have more than 46 locations, 41 of which in Germany and five in three other European countries (Austria, Switzerland, Turkey).

Performance

The Enterprise IT segment is the Group's second-largest in terms of revenue. The segment contributed 36 percent (previous year: 41 percent) to consolidated revenue in the reporting period.

The segment reported a decrease in revenue of 9 percent to EUR 143.4 million in the first half of 2020 (previous year: EUR 157.5 million). The decline is due to the planned reduction of revenue at Allgeier Experts of 13 percent to EUR 115.3 million (previous year: EUR 132.8 million). In comparison, value added fell only slightly with a drop of 3 percent to EUR 33.8 million (previous year: EUR 34.6 million). The gross margin accordingly rose to 23.5 percent (previous year: 22.0 percent).

The segment's adjusted EBITDA (EBITDA before effects which qualify as extraordinary or relate to other accounting periods) improved 189 percent to EUR 9.4 million in the first half of 2020 (previous year: EUR 3.3 million) with an operating margin of 6.6 percent (previous year: 2.1 percent). Non-recurring expenses amounted to EUR 0.8 million in the reporting period (previous year: EUR 3.0 million). The Enterprise IT segment's EBITDA including extraordinary effects totaled EUR 8.7 million for the first six months of 2020 (previous year: EUR 0.3 million). Segment EBIT rose from EUR -4.1 million in the first half of the previous year to EUR 3.9 million in the period under review. The segment thus generated positive earnings before taxes of EUR 2.4 million (previous year: EUR -5.6 million).

Enterprise IT segment earnings figures (in EUR million)

Enterprise IT	H1 2020	H1 2019	H1 2020 vs. H1 2019
Revenue*	143.4	157.5	-9.0 %
Value added	33.8	34.6	-2.5 %
Adjusted EBITDA	9.4	3.3	188.9 %
Margin**	6.6%	2.1%	
EBITDA	8.7	0.3	3188.4 %
Margin**	6.0%	0.2%	
EBIT	3.9	-4.1	
Margin**	2.7%	-2.6%	

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

mgm technology partners segment

Segment operations

The new mgm technology partners segment comprises the mgm technology partners operating business unit, which in the previous year still belonged to the Technology segment. Together with the Enterprise IT segment, the mgm technology partners segment makes up the operations that will remain in the Allgeier Group after the planned spin-off of Nagarro.

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

As a high-end software and technology company, mgm technology partners defines its own success by the contribution made by the systems produced to its clients' business performance. On the basis of the latest technologies and its own platform solutions, mgm develops enterprise applications for the commerce and insurance industries and the public sector. Together with the specialist subsidiaries mgm consulting partners (management consultancy for digitalization, experts in CIO advisory, organizational development and change management) and mgm security partners (web application security), mgm covers the full range of current and future digitalization issues.
mgm takes the approach of digital sovereignty, whereby organizations retain authority over and knowledge of their own IT systems. This concept is growing in popularity in both the public sector and industry. mgm's own product development around the "A12" platform is used as a basis in all sectors. This model-based low-code platform is the future-proof foundation for permanently mastering complexity in digital business and making clients' business efficient in a sustainable manner. A key focus remains individual developments for integration into companies' business-critical IT landscapes.
mgm specializes in the commerce and insurance industries and the public sector, which are particularly stable or insusceptible in times of crisis. The coronavirus pandemic brought a boom in online retail and highlighted the significant need for digitalization in the public sector.

Public sector

- mgm technology partners is the technology partner and developer behind the electronic tax return in Germany. Today, more than 23 million individuals and more than five million companies transmit data via software developed by mgm technology partners. All commercial tax-saving programs use ELSTER authentication. All data validation, data encryption and transmission is performed via ERIC (ELSTER Rich Client).
- In the public sector, the A12 platform is a tried-and-tested solution for the legally required implementation of the German Online Access Act by the end of 2022 and other digitalization projects in public authorities and administrations at federal and state level. Modular parts from the ELSTER ecosystem, for example, also play a major role in other e-government solutions. Moreover, structural digitalization and fully digital accessibility for individuals and companies of registers of all kinds in Germany is an attractive area for future business.

Commerce

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

Insurance

- Since 2006, mgm has focused on digitalization in the industrial insurance business. The in-house development "mgm Cosmo" is a digital platform offering integrated product configuration, underwriting, digital collaboration, and cover, loss and process modeling in the highly complex and individual industrial insurance business.
- At the same time, mgm does not always act as a pure service provider, which concludes and hands over a commissioned project after an agreed date. Part of the platform strategy is the establishment of long-term partnerships with insurers and brokers, through which mgm aims to participate directly in the success of digitalization initiatives.
- In consulting for the insurance industry, the focus is on business intelligence and data warehouse projects.

Another industry focus in management consulting are energy providers, especially with the CIO advisory and sourcing services.

In the previous fiscal year, 2019, the mgm technology partners segment worked for 180 clients, including six of the 30 DAX companies and numerous public clients and institutions and federal, state and municipal level.

The segments' companies are located at 23 sites, 17 of which in Germany, one each in France, Austria, Switzerland and the US, and development centers in Vietnam and Czechia.

Performance

In terms of revenue, the mgm technology partners segment is the third-largest of the new Group segments. The mgm technology partners segment once again enjoyed stable growth in revenue and significant growth in earnings in the first half of 2020. The segment reported a revenue share of 10 percent within the Group in the first half of 2020 – compared with 10 percent in the same period of the previous year. The mgm technology partners segment's revenue rose by 5 percent to EUR 40.8 million in the six months of 2020 (previous year: EUR 38.9 million). Value added climbed by 10 percent to EUR 15.3 million (previous year: EUR 13.9 million) with a gross margin of 37.5 percent (previous year: 35.6 percent). The mgm technology partners segment's adjusted EBITDA (EBITDA before effects which qualify as extraordinary or relate to other accounting periods) rose 28 percent to EUR 8.1 million (previous year: EUR 6.3 million) with an operating margin of 19.7 percent (previous year: 16.1 percent).

EBITDA (unadjusted for extraordinary items) amounted to EUR 8.0 million in the reporting period after EUR 6.4 million in the previous year, an increase of 27 percent. Depreciation and amortized totaled EUR 1.7 million in the reporting period (previous year: EUR 1.9 million), whereby the segment reported EBIT of EUR 6.3 million, an increase of 40 percent, in the reporting period (previous year: EUR 4.5 million).

The mgm technology partners segment improved its earnings before income taxes by 44 percent to EUR 6.3 million in the first half of 2020, compared with EUR 4.4 million in the previous year.

mgm technology partners segment earnings figures (in EUR million)

mgm technology partners	H1 2020	H1 2019	H1 2020 vs. H1 2019
Revenue*	40.8	38.9	4.9 %
Value added	15.3	13.9	10.3 %
Adjusted EBITDA	8.1	6.3	28.3 %
Margin**	19.7%	16.1%	
EBITDA	8.0	6.4	26.5 %
Margin**	19.7%	16.3%	
EBIT	6.3	4.5	40.4 %
Margin**	15.5%	11.6%	

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

Nagarro segment

Segment operations

The Nagarro segment comprises the international individual software development and digitalization business, which is intended to be spun off.

As a global tech and software services unit, the segment is a leader in the area of digital product development with an extensive, diversified and scalable service portfolio. With over 8,500 technology specialists in 25 countries, Nagarro supports digital transformation with a focus on significant future technologies such as user interface/user experience, artificial intelligence/machine learning, the cloud, the Internet of Things (IoT), digital commerce/customer experience and mobility.

In all its client relationships, Nagarro takes a long-term, strategic approach in which client satisfaction is the top priority. The segment maintains long-standing business relationships with a range of global blue-chip companies and leading software providers (ISVs), with other market and industry leaders, and with public clients. Nagarro develops business-critical software and IT solutions for its clients and thus helps them alter their business models as part of digitalization. The driver here is disruption, i.e. the sometimes drastic transformation of client business models in all industries as a result of digitalization. Accordingly, Nagarro specializes in solving complex and strategic challenges through agile software engineering and co-innovation and works directly on innovation in the client's core business as a strategic partner. Innovation in terms of deployed IT and software solutions has since become a decisive competitive factor for clients. Some of the software solutions created by the segment units are supported over many years, which particularly includes further development and adaptation to new client requirements. On the basis of strategic acquisitions, its leadership in disruptive technologies and exclusive partnerships with state-of-the-art research and development organizations, Nagarro is steadily advancing its position as a reliable global partner for innovative and transformative technology services and creates the conditions for further growth within a highly performing international peer group.

In the past fiscal year, the Nagarro segment had more than 700 national and international corporations as clients, including many 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 Nagarro segment are located at a total of 52 sites on five continents, five in Germany, 17 in eleven other European countries (Austria, Switzerland, France, Romania, Poland, Sweden, Norway, Finland, Denmark, Malta and the UK), ten in the US, six in India, two each in China, Australia and the UAE, and one each in Mexico, Canada, Singapore, Malaysia, Thailand, Japan, Mauritius and South Africa.

7,821 (93 percent) of the segment's 8,447 permanent employees worked at locations outside Germany as of June 30, 2020.

Performance

The Nagarro segment is the Group's largest in terms of revenue and accounts for more than half of its consolidated revenue. The Nagarro segment enjoyed ongoing significant growth in revenue and earnings in the first half of 2020. The segment reported a revenue share of 55 percent within the Group in the first half of 2020 – compared with 50 percent in the same period of the previous year. The Nagarro segment's revenue rose by 14 percent to EUR 216.1 million in the six months of 2020 (previous year: EUR 188.9 million). Value added climbed by 22 percent to EUR 70.9 million (previous year: EUR 58.2 million) with a gross margin of 32.8 percent (previous year: 30.8 percent). The Nagarro segment's adjusted EBITDA (EBITDA before effects which qualify as extraordinary or relate to other accounting periods) rose 57 percent to EUR 37.3 million (previous year: EUR 23.7 million) with an operating margin of 17.3 percent (previous year: 12.5 percent). 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 expense of EUR -0.6 million in the first half of 2020 (previous year: income of EUR 0.9 million). The other extraordinary expenses of EUR -1.2 million (previous year: EUR -0.9 million) essentially result from acquisition activities and prior-period items.

EBITDA (unadjusted for extraordinary items) amounted to EUR 35.6 million in the first half of the year after EUR 23.7 million in the previous year, an increase of 50 percent. Depreciation and amortization climbed to EUR 10.3 million in the reporting period (previous year: EUR 8.8 million), whereby the segment reported EBIT of EUR 25.3 million, an increase of 69 percent, in the reporting period (previous year: EUR 14.9 million).

The segment's earnings before income taxes improved by 79 percent from EUR 12.5 million in the previous year to EUR 22.3 million in the first half of 2020.

Nagarro segment earnings figures (in EUR million)

Nagarro	H1 2020	H1 2019	H1 2020 vs. H1 2019
Revenue*	216.1	188.9	14.4 %
Value added	70.9	58.2	21.8 %
Adjusted EBITDA	37.3	23.7	57.3 %
Margin**	17.3%	12.5%	
EBITDA	35.6	23.7	50.0 %
Margin**	16.5%	12.5%	
EBIT	25.3	14.9	69.2 %
Margin**	11.7%	7.9%	

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

Report on Financial Performance

In the first half of 2020, total assets rose to EUR 605.9 million as of June 30, 2020, as against EUR 587.0 million as of December 31, 2019. Key reasons for the increase are higher cash and cash equivalents, offset by a rise in financial and other liabilities.

The Group's non-current assets fell slightly from EUR 316.7 million as of December 31, 2019, to EUR 314.3 million as of the end of the reporting period. Within non-current assets, rights of use from leases decreased by EUR 3.4 million to EUR 86.8 million, while intangible assets rose by EUR 3.4 million to EUR 193.7 million as a result of the asset deal described above. Property, plant and equipment decreased by EUR 2.0 million to EUR 13.5 million. Current assets increased to EUR 291.6 million over the same period (December 31, 2019: EUR 270.3 million). This is chiefly due to an increase in cash and cash equivalents of EUR 22.0 million to EUR 119.4 million, which primarily reflects the decline in working capital as well as the EUR 12.8 million rise in financial liabilities. Trade receivables, inventories and other current assets declined from EUR 172.9 million at the end of 2019 to EUR 172.2 million at the end of the reporting period.

Consolidated equity dropped by EUR 7.0 million to EUR 158.9 million as of June 30, 2020 (December 31, 2019: EUR 165.9 million). The decline is due to the purchase of shares of non-controlling interests of EUR 14.3 million and negative currency translation effects of EUR 3.3 million. The net income for the period of EUR 12.8 million had the opposite effect. In the first half of 2020, as a result of the decrease in consolidated equity, coupled with a simultaneous rise in total assets, the equity ratio fell from 28.3 percent as of the end of 2019 to 26.2 percent on June 30, 2020.

Current and non-current liabilities rose by EUR 26.0 million from EUR 421.0 million on December 31, 2019, to EUR 447.0 million on June 30, 2020. Breaking this figure down, non-current liabilities increased from EUR 251.8 million at the end of 2019 to EUR 264.9 million, accounting for 59 percent of total liabilities (December 31, 2019: 60 percent).

In the first six months of 2020, current liabilities likewise increased by EUR 12.8 million to EUR 182.1 million (December 31, 2019: EUR 169.3 million). The increase in liabilities was mainly due to the rise in financial liabilities of EUR 12.8 million and the increase in liabilities from VAT and income taxes totaling EUR 12.7 million. As a result of the utilization of bank loans, current and non-current interest-bearing financial liabilities rose from EUR 164.9 million on December 31, 2019, to EUR 177.7 million on June 30, 2020. All other liabilities, with the exception of financial liabilities, increased by EUR 13.2 million from EUR 256.1 million to EUR 269.3 million in the first half of 2020.

Risks and Opportunities of Future Development

1 Risks

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

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

The COVID-19 pandemic and the measures taken by individual governments to contain the spread of the SARS-CoV-2 virus led to a downturn in the global economy and affected nearly all of Allgeier's relevant markets. The coronavirus crisis is posing major challenges for our employees as well as our clients. Our business model, which permits most project work without physically attending the office or visiting clients, proved generally resilient in the first half of 2020. Clients' general need for services to digitalize their business models and to operate and improve their IT systems is fundamentally undiminished. Our colleagues can largely accomplish their tasks from home, even over lengthy periods. In fact, productivity is even higher in some cases due to the lack of commuting and business trips. There have been no severe, temporary downturns in our business so far. However, because of the continuing global spread of the SARS-CoV-2 virus and its economic impact, there is still substantial uncertainty over the extent of the effects on the world economy and the sustainable stabilization of international capital and financial markets. Although we do not expect a fundamental decline in spending on digitalization and IT, the negative effects on individual clients or industries could have a negative influence on our business in places. The Management Board therefore continues to monitor the risks whose probability of occurrence has increased on account of the COVID-19 pandemic and the risks with an effect on the state of the Allgeier Group's business and on its 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 jeopardizing the continued existence of the company. Both the global and German IT markets are subject to constant change and the consolidation this entails. In particular, major clients with high requirements and large order volumes are striving to consolidate their suppliers to improve performance and quality while also cutting costs substantially. This increases competition in the industry and confronts us with the challenge of withstanding cost pressure and competition, or possibly even benefiting from it. Some of our competitors are significantly larger than we are, with higher revenue and more considerable resources at their disposal. 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 clients towards outsourcing IT services to efficient and flexible partners to further intensify. However, efforts to cut costs, at large corporations in particular, still means that there will be some 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 7,300 highly qualified software development specialists at nearshore and offshore locations. Nevertheless, 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 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 clients through excellent work and ongoing, good and competent support, in addition to acquiring new client orders, are crucial factors for success. As a Group we have the possibility of offering our clients the greatest possible technical and regional coverage through cooperation between several Group companies, in addition to the expertise and long-term reliability of the individual companies. Nevertheless, there is a risk that we may lose key clients, for example owing to business difficulties on the client side, personnel changes, especially at client management level, or the associated changes to business strategy, because of competing offers or the fact that projects can only be continued at a downscaled level. We work in large projects for many medium-sized companies as well as for international corporations and public sector clients. In the previous fiscal year, 2019, we generated annual revenue in excess of EUR 1 million with 142 clients (previous year: 115 clients). With the ten largest Group clients, in fiscal 2019 Group companies together generated revenue of EUR 197.6 million, equivalent to 25 percent of Group revenue, with the largest individual client having 4 percent of Group revenue. In previous years, it had already become evident that the loss of parts of such projects can have a significant impact on the relevant Group company. 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 represent 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 further development of our own software products. For our own software products, there is the additional risk of liability and warranty obligations in the event of improper function, or function that is not as agreed in the contract. 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 clients – 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

As of June 30, 2020, the Allgeier Group continues to hold a high level of cash and cash equivalents of EUR 119.4 million (December 31, 2019: EUR 97.4 million). There are also interest-bearing financial liabilities of EUR 177.7 million as of the end of the reporting period (December 31, 2019: EUR 164.9 million), essentially consisting of the recently agreed revolving credit facility, to a limited extent from borrower's note loans and liabilities from factoring client receivables. When due, these loans must be repaid either from refinancing yet to be secured or from company funds. There is a risk that, when due, it will not be possible to repay these loans entirely from the company's own funds, and that sufficient refinancing will not be available in time.

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 carried out only 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 client payment behavior, e.g. longer payment terms or default. Risks of default are covered by insurance at some subsidiaries. The occurrence of one or more of the above risks can have a negative impact on the state of our business and on our financial position and performance.

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. Due to the Group's global orientation, exchange rate risks and opportunities arise from operating business and financial transactions. These result in particular from fluctuations in the US dollar and the 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. The Allgeier Group hedges some of the cash flows from intra-Group 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. In addition to the portion of Allgeier SE's syndicated credit facility not yet utilized of EUR 63 million (December 31, 2019: EUR 83 million), cash and cash equivalents and working capital financing in the form of overdraft facilities of EUR 8.7 million were available to the operating companies as of June 30, 2020 (December 31, 2019: EUR 19.8 million). Furthermore, various Allgeier companies also have access to factoring facilities for client receivables of up to EUR 60 million. Factoring of EUR 23.7 million was utilized as of June 30, 2020 (December 31, 2019: EUR 32.3 million). 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 clients in the context of operating activities. Such risks can include liability and warranty risks or risks of cost overruns on individual projects (see 1.2.4 above). Depending on the type of project, risks can arise from privacy violations, data losses or compensation for business interruption on the part of clients. Breaches of contractual obligations in respect of 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 clients on a case-by-case basis. An impact on the industry as a whole in the medium term is not sufficiently foreseeable as of today. There is also discussion of – and changes to – the regulatory requirements for employing freelance IT experts as subcontractors, the effects of which are difficult to predict. In this context, the more recent legal changes mean that there is not yet sufficiently established case law, and therefore legal security cannot be described as adequate in some cases. While the Group companies this concerns, particularly in the Experts segment, monitor the respective requirements very carefully, track 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 financing Group companies and the related rules for declaring loans and the deductibility of interest on such financing instruments. If we cannot sufficiently satisfy these requirements, the consequences could have a negative impact on the state of our business and on our financial position and performance.

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. The COVID-19 pandemic and the measures taken by individual governments to contain the spread of the SARS-CoV-2 virus led to a downturn in the global economy and have significant effects on the individual markets relevant to Allgeier as well as industries and client companies. With the measures we took, we safely and productively continued our service for our customers and our project work without major constraints. In terms of customers, there are no relevant cluster risks thanks to the high level of diversity among our Groups' customers with regard to size, region, industry and business model. Our business thus proved largely resilient to the effects of the COVID-19 pandemic in the first half of 2020. There have been no severe, temporary downturns in our business so far. However, because of the continuing global spread of the SARS-CoV-2 virus and the economic impact of the measures to contain the pandemic, there is still substantial uncertainty over the extent of the effects on the world economy and the sustainable stabilization of international capital and financial markets. Although we do not expect a fundamental decline in spending on digitalization and IT, the negative effects on individual clients or industries could have a negative influence on our business in places. The Management Board therefore continues to monitor the risks whose probability of occurrence has increased on account of the COVID-19 pandemic and the risks with an effect on the state of the Allgeier Group's business and on its financial position and performance.
This is accomplished using our risk and control systems, which are reviewed and adjusted on an ongoing basis, and with which we appropriately take the Group's risk situation into account. Allgeier's risk landscape has not changed significantly in the past half-year as a result of the aforementioned risks. At the present time, however, we have not identified any risks that – individually or collectively – could jeopardize the continued existence of our Group as a going concern. The Management Board is therefore confident that Allgeier can continue to successfully master the challenges resulting from the above risks moving ahead.

2 Opportunities

In addition to the risks described above, the Allgeier Group also has 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 2020 does not include any specific acquisition projects (except the acquisitions mentioned above, 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 schemes 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. Here 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 becomes sensible and affordable only as the Group grows. This can help to leverage – or make meaningful – synergies and shared potential. Closely intertwined with this is the continuous improvement of internal company processes. This applies both to internal cooperation within the Group, for example, in sharing expertise or available resources or in relation to the client, and to the more efficient implementation of client projects and the quality of our work.

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 2019 Annual Report.

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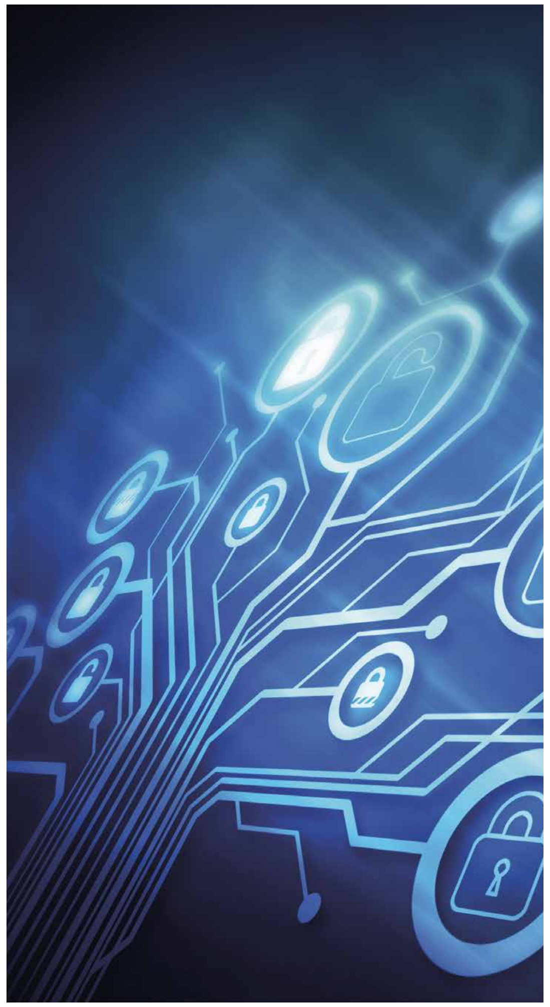

Human Resources

Allgeier counts on dedicated and loyal employees

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

Continuously fostering and developing the motivation and skills of our employees is therefore a central objective of our personnel policy. Allgeier has made good progress in the reporting year by further harmonizing its employee recruitment and retention activities. We have expanded our international presence significantly in recent years, gaining access to what is now some 7,300 extremely well trained software developers at our sites in India, China, Vietnam and Eastern Europe. On our core market of German-speaking Europe (Germany, Switzerland and Austria), we are increasingly seeing shortages of well-qualified experts at central locations. For this reason as well, we are continuously investing in our employees to ensure the sustained growth of our Group and to keep valuable knowledge within the company. Moving ahead, this will entail a further rise in investment in ongoing employee training and continuing professional development.

A company's appeal – to both its existing workforce and to good applicants – is becoming an increasingly important competitive factor. Given the persistently 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 client requirements and being able to help shape key innovations within the industry. On the other hand, 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 clients create exciting work prospects and good possibilities for individual development.

Employee growth: Headcount continues to rise

The organic acquisition of highly qualified colleagues continued in the first half of 2020, albeit with somewhat less momentum than in previous periods due to the effects of the global coronavirus pandemic. In total, the Allgeier Group had 12,099 employees and freelance experts as of June 30, 2020 (December 31, 2019: 11,816), 10,870 of whom were permanent employees and 1,229 freelance experts (December 31, 2019: 10,589 permanent employees and 1,227 freelance experts). As of the end of the first half of the year, Allgeier had 3,751 permanent employees and freelance experts in Germany (December 31, 2019: 4,067). Outside Germany, it had 8,348 permanent employees and freelance experts as of the end of the reporting period (December 31, 2019: 7,749). The share of our staff working at our Group's international locations therefore increased again. At the end of the first half of 2020, 31.0 percent of all permanent employees and freelance experts were engaged in Germany (December 31, 2019: 34.4 percent).

We are pleased to report that in the first half of 2020 the share of female employees remained at a high level and was slightly increased. The share of women working as of June 30, 2020, was 27.4 percent (December 31, 2019: 27.0 percent). BITKOM assumes an industry average of just around 15 percent female employees in German IT. Similarly, we continue to have a high level of staff with university level qualifications. The share of graduates was 45.5 percent as of the reporting date (December 31, 2019: 46.8 percent). In total, 97.4 percent 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, 2019: 97.1 percent).

Allgeier Share

The turbulence on the international stock markets in the wake of the global COVID-19 pandemic and its impact on the economy and markets also had a significant influence on the performance of the Allgeier share in the first half of 2020. Looking back, many market observers are describing the first half of 2020 on the stock market as extreme or historic. In the first quarter, the DAX posted unprecedented price losses. In the second quarter, the leading index saw an historically rapid rise. In addition, there was the accounting scandal surrounding payment services provider Wirecard, which led to the first insolvency of a DAX-listed company in the history of the index. At the end of the first half of the year, the German leading index was down 7.1 percent. The stocks of the TECDAX recovered faster, closing the first half of the year with a 2.0 percent loss.

Having increased in price by a substantial 35.1 percent in 2019, the Allgeier share began trading at EUR 34.80 on January 2, 2020. After stable development at the start of the year, the share gained further value in February and climbed to a daily and half-year high of EUR 38.90 on February 20. In line with the price losses on the global stock markets in the first quarter and under pressure from the increasing spread of the COVID-19 pandemic and the political measures to contain it, the price of the Allgeier share then fell sharply.The share lost half of its value within a month and fell to a daily low of EUR 18.70 on March 19, which was simultaneously the half-year low. This was followed by a lengthy and significant recovery process, which characterized the entire second quarter of 2020. On June 3, 2020, the share finally made up for the pandemic-driven losses and returned for the first time to the year's opening value with a daily high of EUR 34.80. In the subsequent weeks until the end of the quarter, the Allgeier share primarily moved sideways and closed June 30, 2020, at EUR 33.30 in XETRA trading (equating to year-end market capitalization of EUR 375.9 million) and thus only insignificantly below its price at the end of 2019. With a slightly negative yield of 1.8 percent in the first half of 2020, the share slightly outperformed the TECDAX and significantly outperformed the DAX stocks.

Outlook

Forecast by the Allgeier Group

Overall, the development of the Allgeier Group is defined by the assessments 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 Asia as well. Because of the current crisis caused by the global spread of the SARS-CoV-2 virus, there is still substantial uncertainty over the extent of the effects on the world economy and the sustainable stabilization of international capital and financial markets. Despite the expected significant slowdown in growth on the German and in some other markets due to the still unquantifiable impact of the coronavirus pandemic as well uncertainty stemming from international crises such as trade conflicts, a no-deal Brexit and social unrest, we consider ourselves very well positioned for a continuation of our organic growth. In the first months of 2020, despite the emerging COVID-19 pandemic, we generated revenue growth at the level originally planned before the outbreak. Due to lower costs, we generated EBITDA in the Group as a whole that even significantly exceeded the planning for the first half of the year. In terms of customers, there are no relevant cluster risks thanks to the high level of diversity among our Groups' customers with regard to size, region, industry and business model. Our business has so far proved largely resilient to the effects of the COVID-19 pandemic. However, if entire economies are hit by a longer-lasting recession in the further course of or following the pandemic and there is a huge drop in demand in specific industries, in all probability this will also impact the short- and medium-term development and further growth of our Group in the remainder of the fiscal year.

However, despite this the ongoing, high and fundamental importance of high-quality and reliable IT solutions is a key factor in ensuring future competitive capability and efficient management for nearly all business enterprises and public-sector institutions. Digitalization will reach 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 digitalization 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 the relevant parts of the sector. Despite the coronavirus crisis, global markets and global service providers will experience further internationalization as drivers of technological development. This is compounded by the shortage of highly qualified IT specialists on economically strong markets and price pressure from global players on local business. For further digitalization for us and our customers, this demands a combination of international expertise and capacity with a local presence near to the client. Overall, we believe we are well prepared for the coming months and assume that customers' need for support in the digitalization of their business models will continue to rise significantly in the medium to long term, with the current coronavirus crisis likely to accelerate this even further.

As set out in the ad hoc disclosures of April 16, 2020, and April 24, 2020, in light of the ongoing uncertainty regarding the possible repercussions of the global COVID-19 pandemic for the global economy, the Management Board is still not issuing any guidance for the remainder of fiscal 2020 at this time. The impact of the coronavirus crisis on the various business models of customers around the world in the coming months cannot currently be judged with sufficient clarity or reliability.

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Unaudited Half-Yearly Financial Report 2020

of Allgeier SE in accordance with section 37w WPHG

Consolidated Statement of Financial Position of Allgeier SE, Munich, as of June 30, 2020 (unaudited)

Consolidated Statement of Financial Position (in EUR thousand)		
Assets	**June 30, 2020**	**December 31, 2019**
Intangible assets	193,700	190,334
Property, plant and equipment	13,546	15,504
Right-of-use assets from leases	86,824	90,185
Investments accounted for using the equity method	2,067	2,667
Non-current contract costs	240	332
Other non-current financial assets	6,446	5,909
Other non-current assets	544	485
Deferred tax assets	10,945	11,241
Non-current assets	**314,312**	**316,658**
Inventories	281	228
Current contract costs	256	278
Contract assets	14,988	14,030
Trade receivables	131,420	134,078
Other current financial assets	4,114	3,689
Other current assets	12,020	12,788
Income tax receivables	9,162	7,846
Cash	119,376	97,387
Current assets	**291,618**	**270,324**
Assets	**605,929**	**586,982**

Consolidated Statement of Financial Position (in EUR thousand)		
Equity and liabilities	**June 30, 2020**	**December 31, 2019**
Issued capital	11,299	11,289
Capital reserves	58,146	58,006
Retained earnings	102	102
Treasury shares	-786	-786
Profit carryforward	81,491	66,357
Profit or loss for the period	9,963	15,133
Changes in equity recognized directly in equity	-20,852	-7,056
Equity interest of shareholders of the parent company	**139,362**	**143,046**
Equity interest of non-controlling interests	19,574	22,888
Equity	**158,936**	**165,934**
Non-current financial liabilities	169,966	149,764
Non-current lease liabilities	74,644	78,229
Long-term provisions for post-employment benefit costs	5,359	4,698
Other long-term provisions	581	571
Non-current contract liabilities	407	412
Other non-current financial liabilities	9,154	12,857
Deferred tax liabilities	4,820	5,231
Non-current liabilities	**264,931**	**251,762**
Current financial liabilities	7,758	15,169
Current lease liabilities	17,622	18,737
Short-term provisions for post-employment benefit costs	618	598
Other short-term provisions	21,646	22,300
Current contract liabilities	11,967	11,084
Trade payables	30,191	35,557
Other current financial liabilities	59,672	46,043
Other current liabilities	12,992	5,654
Income tax liabilities	19,594	14,144
Current liabilities	**182,062**	**169,286**
Equity and liabilities	**605,929**	**586,982**

Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from January 1, 2020, to June 30, 2020 (unaudited)

Consolidated Statement of Comprehensive Income (in EUR thousand)

	Total		Discontinued operations		Continuing operations	
Income statement	January 1, 2020 - June 30, 2020	January 1, 2019 - June 30, 2019	January 1, 2020 - June 30, 2020	January 1, 2019 - June 30, 2019	January 1, 2020 - June 30, 2020	January 1, 2019 - June 30, 2019
Revenue	394,687	380,772	0	904	394,687	379,867
Other own work capitalized	772	625	0	0	772	625
Other operating income	10,144	3,100	0	2	10,144	3,098
Cost of materials	104,869	110,602	0	89	104,869	110,513
Staff costs	218,262	209,543	0	675	218,262	208,868
Impairment on trade receivables and contract assets	1,641	1,401	0	0	1,641	1,401
Other operating expenses	37,509	37,243	0	183	37,509	37,060
Earnings before interest, taxes, depreciation and amortization	**43,321**	**25,709**	**0**	**-40**	**43,321**	**25,749**
Depreciation, amortization and impairment	17,885	15,091	0	32	17,885	15,059
Results of operating activities	**25,436**	**10,618**	**0**	**-71**	**25,436**	**10,689**
Finance income	203	191	0	-3	203	194
Financial expenses	3,633	3,100	0	0	3,633	3,100
Net income from investments accounted for using the equity method	-600	-654	0	0	-600	-654
Earnings before taxes	**21,406**	**7,056**	**0**	**-75**	**21,406**	**7,130**
Net income taxes	-8,642	-3,000	0	0	-8,642	-3,000
Profit or loss for the period	**12,764**	**4,056**	**0**	**-75**	**12,764**	**4,130**
Total comprehensive income including discontinued operations:						
Earnings before taxes	21,406	7,056	0	-75	21,406	7,130
Net income taxes	-8,642	-3,000	0	0	-8,642	-3,000
Total comprehensive income for the period	**12,764**	**4,056**	**0**	**-75**	**12,764**	**4,130**
Total comprehensive income for the period attributable to:						
shareholders of the parent company	9,963	1,872	0	-75	9,963	1,946
non-controlling interests	2,801	2,184	0	0	2,801	2,184

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Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from January 1, 2020, to June 30, 2020 (unaudited)

Consolidated Statement of Comprehensive Income (in EUR thousand)

	Total		Discontinued operations		Continuing operations	
Income statement	January 1, 2020 - June 30, 2020	January 1, 2019 - June 30, 2019	January 1, 2020 - June 30, 2020	January 1, 2019 - June 30, 2019	January 1, 2020 - June 30, 2020	January 1, 2019 - June 30, 2019
Items that cannot be reclassified to the income statement:						
Actuarial gains (losses)	-108	-23	0	0	-108	-23
Tax effects	31	8	0	0	31	8
	-77	**-15**	**0**	**0**	**-77**	**-15**
Items that cannot be reclassified to the income statement:						
Foreign exchange differences	-2,829	2,162	0	1	-2,828	2,161
	-2,829	**2,162**	**0**	**1**	**-2,828**	**2,161**
Other comprehensive income for the period	**-2,906**	**2,148**	**0**	**1**	**-2,906**	**2,147**
Total comprehensive income for the period	**9,858**	**6,203**	**0**	**-74**	**9,859**	**6,277**
Total comprehensive income for the period attributable to:						
shareholders of the parent company	7,556	3,746	0	-74	7,557	3,819
non-controlling interests	2,302	2,457	0	0	2,302	2,457
Basic earnings per share:						
Average number of shares outstanding weighted pro rata temporis	11,185,897	9,998,094	11,185,897	9,998,094	11,185,897	9,998,094
Earnings per share in EUR	0.89	0.19	0.00	-0.01	0.89	0.19
Diluted earnings per share:						
Average number of shares outstanding weighted pro rata temporis	11,316,326	10,227,974	11,316,326	10,227,974	11,316,326	10,227,974
Earnings per share in EUR	0.88	0.18	0.00	-0.01	0.88	0.19

Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from April 1, 2020, to June 30, 2020 (unaudited)

Consolidated Statement of Comprehensive Income (in EUR thousand)

	Total		Discontinued operations		Continuing operations	
Income statement	April 1, 2020 - June 30, 2020	April 1, 2019 - June 30, 2019	April 1, 2020 - June 30, 2020	April 1, 2019 - June 30, 2019	April 1, 2020 - June 30, 2020	April 1, 2019 - June 30, 2019
Revenue	191,864	191,131	0	422	191,864	190,709
Other own work capitalized	542	406	0	0	542	406
Other operating income	10,120	882	0	1	10,120	881
Cost of materials	51,849	53,536	0	28	51,849	53,507
Staff costs	103,865	106,349	0	345	103,865	106,004
Impairment on trade receivables and contract assets	1,171	708	0	0	1,171	708
Other operating expenses	20,151	19,479	0	79	20,151	19,400
Earnings before interest, taxes, depreciation and amortization	**25,490**	**12,348**	**0**	**-29**	**25,490**	**12,377**
Depreciation, amortization and impairment	9,288	7,462	0	17	9,288	7,445
Results of operating activities	**16,201**	**4,886**	**0**	**-47**	**16,201**	**4,933**
Finance income	145	78	0	-2	145	80
Financial expenses	1,872	1,784	0	0	1,872	1,784
Net income from investments accounted for using the equity method	-300	-429	0	0	-300	-429
Earnings before taxes	**14,175**	**2,751**	**0**	**-48**	**14,175**	**2,800**
Net income taxes	-5,493	-1,083	0	1	-5,493	-1,084
Profit or loss for the period	**8,681**	**1,669**	**0**	**-47**	**8,681**	**1,716**
Total comprehensive income for the period attributable to:						
shareholders of the parent company	7,100	301	0	-47	7,100	348
non-controlling interests	1,582	1,368	0	0	1,582	1,368

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Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from April 1, 2020, to June 30, 2020 (unaudited)

Consolidated Statement of Comprehensive Income (in EUR thousand)

Other comprehensive income	Total: April 1, 2020 - June 30, 2020	Total: April 1, 2019 - June 30, 2019	Discontinued operations: April 1, 2020 - June 30, 2020	Discontinued operations: April 1, 2019 - June 30, 2019	Continuing operations: April 1, 2020 - June 30, 2020	Continuing operations: April 1, 2019 - June 30, 2019
Items that cannot be reclassified to the income statement:						
Actuarial gains (losses)	-108	-13	0	0	-108	-13
Tax effects	31	4	0	0	31	4
	-77	**-8**	**0**	**0**	**-77**	**-8**
Items that cannot be reclassified to the income statement:						
Foreign exchange differences	-4,015	-335	0	1	-4,015	-336
	-4,015	**-335**	**0**	**1**	**-4,015**	**-336**
Other comprehensive income for the period	**-4,093**	**-344**	**0**	**1**	**-4,092**	**-345**
Total comprehensive income for the period	**4,589**	**1,325**	**0**	**-46**	**4,589**	**1,371**
Total comprehensive income for the period attributable to:						
shareholders of the parent company	3,481	-45	0	-46	3,482	1
non-controlling interests	1,107	1,370	0	0	1,107	1,370
Basic earnings per share:						
Average number of shares outstanding weighted pro rata temporis	11,185,897	10,058,071	11,185,897	10,058,071	11,185,897	10,058,071
Earnings per share in EUR	0.63	0.03	0.00	0.00	0.63	0.03
Diluted earnings per share:						
Average number of shares outstanding weighted pro rata temporis	11,316,326	10,282,882	11,316,326	10,282,882	11,316,326	10,282,882
Earnings per share in EUR	0.63	0.03	0.00	0.00	0.63	0.03

Consolidated Statement of Cash Flows of Allgeier SE, Munich, for the period from January 1, 2020, to June 30, 2020 (unaudited)

Consolidated Statement of Cash Flows (in EUR thousand)

	Total		Discontinued operations		Continuing operations	
	January 1, 2020 - June 30, 2020	January 1, 2019 - June 30, 2019	January 1, 2020 - June 30, 2020	January 1, 2019 - June 30, 2019	January 1, 2020 - June 30, 2020	January 1, 2019 - June 30, 2019
Results of operating activities	25,436	10,618	0	-71	25,436	10,689
Depreciation and amortization on non-current assets	17,885	15,091	0	32	17,885	15,059
Expenses on the disposal of non-current assets	32	13	0	0	32	13
Change in long-term provisions	771	353	0	0	771	353
Other non-cash expenses and income	2,299	-299	0	0	2,299	-299
Income taxes paid	-4,760	-5,117	0	-37	-4,760	-5,081
Cash flows from operating activities before changes in working capital	**41,664**	**20,659**	**0**	**-76**	**41,664**	**20,735**
Cash flows from changes in working capital	7,517	-18,053	0	-16	7,517	-18,037
Cash flows from operating activities	**49,181**	**2,605**	**0**	**-92**	**49,181**	**2,697**
Payments for investments in non-current assets	-1,367	-4,918	0	-125	-1,367	-4,793
Payments for finance leases	-14,337	-9,412	0	0	-14,337	-9,412
Proceeds from the disposal of non-current assets	29	21	0	0	29	21
Payments for the acquisition of subsidiaries	-19	-2,863	0	0	-19	-2,863
Payments for purchase price components for companies not acquired in the fiscal year	-6,164	-4,625	0	0	-6,164	-4,625
Payments for the acquisition of assets and rights	-5,280	0	0	0	-5,280	0
Payments of loans to investments accounted for using the equity method	-400	0	0	0	-400	0
Proceeds from the sale of subsidiaries	0	2,280	0	0	0	2,280
Payments for non-current financial assets	-200	-400	0	0	-200	-400
Cash flows from investing activities	**-27,738**	**-19,917**	**0**	**-125**	**-27,738**	**-19,792**
Proceeds from capital increase	90	23,477	0	0	90	23,477
Repayment of borrower's note loan	0	-4,000	0	0	0	-4,000
Proceeds from bank loans	20,028	85	0	85	20,028	0
Repayment of bank loans	-190	-2,256	0	0	-190	-2,256
Cash flows from intragroup financing	0	0	0	104	0	-104
Interest received	185	53	0	0	185	53
Interest paid	-1,871	-2,171	0	0	-1,871	-2,171
Balance of payments with non-controlling interests	-10,092	-1,262	0	0	-10,092	-1,262
Cash flows from financing activities	**8,149**	**13,926**	**0**	**188**	**8,149**	**13,737**
Total cash flows	**29,593**	**-3,386**	**0**	**-29**	**29,593**	**-3,358**
Changes in cash and cash equivalents due to exchange rate movements	-388	29	0	-2	-388	31
Total changes in cash and cash equivalents	**29,205**	**-3,357**	**0**	**-30**	**29,205**	**-3,327**
Cash and cash equivalents at the beginning of the period	82,150	59,442	0	146	82,150	59,296
Cash and cash equivalents at the end of the period	111,354	56,085	0	116	111,354	55,969

Consolidated Statement of Changes in Equity of Allgeier SE, Munich, as of June 30, 2020 (unaudited)

Consolidated Statement of Changes in Equity (in EUR thousand)

	Issued capital	Capital reserves	Retained earnings	Treasury shares	Profit carryforward	Profit or loss for the period	Changes in equity recognized directly in equity (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, 2019	**10,089**	**33,592**	**102**	**-1,379**	**65,494**	**5,857**	**6,697**	**-13,067**	**107,385**	**21,315**	**128,701**
Transfer of profit or loss for the previous year to profit carryforward	0	0	0	0	5,857	-5,857	0	0	0	0	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**	**71,351**	**1,872**	**7,503**	**-13,096**	**133,623**	**23,427**	**157,051**
As of January 1, 2020	**11,289**	**58,006**	**102**	**-786**	**66,357**	**15,133**	**7,705**	**-14,760**	**143,046**	**22,888**	**165,934**
Transfer of profit or loss for the previous year to profit carryforward	0	0	0	0	15,133	-15,133	0	0	0	0	0
Adjustment of the exercise price of stock options from the 2014 stock option program	0	60	0	0	0	0	0	0	60	0	60
Exercise of stock options from the 2010 stock option program	10	80	0	0	0	0	0	0	90	0	90
Actuarial gains (losses)	0	0	0	0	0	0	-77	0	-77	-15	-92
Change in non-controlling interests of the Nagarro Group in conjunction with an employee stock purchase program	0	0	0	0	0	0	0	47	47	0	47
Acquisition of non-controlling interests in iQuest Group	0	0	0	0	0	0	0	-7,299	-7,299	-5,041	-12,340
Acquisition of non-controlling interests in SAP Group	0	0	0	0	0	0	0	-3,639	-3,639	-374	-4,013
Dividends	0	0	0	0	0	0	0	0	0	-201	-201
Profit or loss for the period	0	0	0	0	0	9,963	0	0	9,963	2,801	12,764
Foreign exchange differences	0	0	0	0	0	0	-2,829	0	-2,829	-484	-3,313
As of June 30, 2020	**11,299**	**58,146**	**102**	**-786**	**81,491**	**9,963**	**4,799**	**-25,651**	**139,362**	**19,574**	**158,936**

Segment Reporting of Allgeier SE, Munich, in accordance with IFRS for the period from January 1, 2020, to June 30, 2020 (unaudited)

Segments (in EUR thousand)	Nagarro		Enterprise IT		mgm technology partners		Other		Continuing operations		Discontinued operations		Group	
	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
External revenue	213,159	186,407	141,610	155,686	38,286	35,344	1,632	2,605	394,687	380,042	0	729	394,687	380,772
Revenue with other segments	2,891	2,467	1,766	1,808	2,541	3,588	-7,198	-8,039	0	-175	0	175	0	0
Revenue	**216,050**	**188,875**	**143,375**	**157,494**	**40,827**	**38,932**	**-5,566**	**-5,433**	**394,687**	**379,867**	**0**	**904**	**394,687**	**380,772**
Gross revenue	**216,139**	**189,168**	**143,793**	**157,706**	**40,827**	**38,932**	**-5,301**	**-5,313**	**395,458**	**380,493**	**0**	**904**	**395,458**	**381,397**
Value added	70,879	58,173	33,783	34,642	15,301	13,874	-2,113	-736	117,850	105,952	0	165	117,850	106,117
EBITDA before effects which qualify as extraordinary or relate to other accounting periods	37,315	23,717	9,440	3,268	8,055	6,280	-6,778	-4,264	48,032	29,002	0	-35	48,032	28,967
Earnings before interest, taxes, depreciation and amortization (EBITDA)	35,564	23,707	8,668	264	8,046	6,359	-8,957	-4,581	43,321	25,749	0	-40	43,321	25,709
Segment earnings from operating activities (EBIT)	25,261	14,927	3,921	-4,065	6,341	4,515	-10,086	-4,688	25,436	10,689	0	-71	25,436	10,618
Segment earnings before income taxes	22,288	12,487	2,406	-5,611	6,336	4,417	-9,624	-4,162	21,406	7,130	0	-75	21,406	7,056
Segment assets	320,788	287,175	251,488	210,576	47,832	45,982	-14,179	9,283	605,929	553,016	0	586	605,929	553,602

Other Notes

Accounting policies

The half-yearly financial report as of June 30, 2020, 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 not changed compared to the consolidated financial statements as of December 31, 2019.

The half-yearly financial report as of June 30, 2020, has not been reviewed in accordance with section 37w WpHG or audited in accordance with section 317 of the *Handelsgesetzbuch* (HGB – German Commercial Code).

Number of treasury shares

Allgeier SE did not acquire any treasury shares in the first half of 2020. A total of 105,351 treasury shares were still held as of June 30, 2020, (December 31, 2019: 105,351), representing an unchanged 0.93 percent of share capital (December 31, 2019: 0.93 percent).

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.

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

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

Basis of consolidation

In the first half of 2020, the number of consolidated companies in the Allgeier Group changed as follows compared with December 31, 2019, as of June 30, 2020: As of the end of the reporting period, the basis of consolidation of Allgeier SE consisted of 84 consolidated companies (December 31, 2019: 82) and one company accounted for using the equity method (December 31, 2019: one). The additions result from the formation of mgm cp Austria GmbH, Salzburg, and the acquisition of the two shelf companies yet to commence operations, Allgeier Project SE, Munich, and Allgeier Projekt Humboldt GmbH, Munich. Allgeier Consulting Services GmbH, Kronberg im Taunus, was merged in the first half of 2020.

Events after the Balance Sheet Date

Acquisition of eForce 21

On July 30, 2020, mgm technology partners GmbH, Munich, (“mgm”) acquired all shares in the IT development company eForce21 GmbH, Munich, (“eForce21”) from its founder and managing director Klaus Schlumpberger. With the merger, mgm is pooling IT expertise for innovative enterprise solutions, AI-assisted image recognition and voice processing/chatbots. eForce21’s key services are individual software development and IT consulting. From the very start, the growing team has implemented projects for major customers, most recently for example for Knorr-Bremse, Münchner Verkehrsgesellschaft (MVG) & Stadtwerke München, MAN and IFCO. Klaus Schlumpberger is still on board and remains responsible for the 41-member eForce21 team and for customers and partners. mgm and eForce21 have already had a trusting relationship for four years, working together on important client projects. An important in-house development in the eForce21 portfolio is DATAGYM.AI. The SaaS (software as a service) solution enables data scientists and machine learning experts to label images up to 10 times faster and to prepare them as training data for neural networks in image processing – made possible by the use of artificial intelligence. In B2B business, the application scenarios for automated image recognition range from autonomous driving and production automation to medicine solutions, e-commerce and security applications. In addition to these future trends, eForce21’s developers, like the various international mgm teams, also work day-to-day on long-lasting, secure and highly complex business applications. The focus is on model-based software development, which mgm believes is a basis for short development cycles and rapid adjustment to changes.

The company’s business figures are included in the consolidated statement of financial position as of July 31, 2020, and in the consolidated statement of comprehensive income with effect as of August 1, 2020.

Voting rights notifications

Setanta Asset Management Limited, Dublin, Ireland, notified us on August 13, 2020, in accordance with section 43(1) WpHG that its share of the voting rights in Allgeier SE, Munich, Germany, exceeded the threshold of 3 percent of the voting rights on August 10, 2020, and on said date amounted to 3.01 percent (equating to 340,018 voting rights).

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, 2020, 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 2020.

Legal Notice

Information for fiscal 2020

This half-yearly financial report of Allgeier SE as of June 30, 2020, may contain forward-looking statements that are based on assumptions and estimates made by the Management Board of Allgeier SE. All information for periods after June 30, 2020, uses assumptions and estimates based on Management Board expectations. 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 voluntary interim information and assumes no such liability.

In particular, the consequences of the coronavirus crisis play a significant role in the occurrence of the assumptions and estimates: The outbreak of coronavirus (SARS-CoV-2) and the at times drastic measures to contain the pandemic in almost all economies will have an impact on the global economy, individual markets, industries and companies, the potential effects of which on the revenue and financial performance of Allgeier SE cannot yet be accurately predicted by the Management Board at the time of this interim information being prepared.

Alternative key performance indicators

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

Financial Calendar 2020

Important dates and events	
Publication of the 2019 consolidated/annual financial statements	April 20, 2020
Publication of voluntary interim information as of March 31, 2020	May 15, 2020
Publication of 2020 half-yearly financial report	August 14, 2020
Annual General Meeting	September 24, 2020
Publication of voluntary interim information as of September 30, 2020	November 13, 2020

Allgeier's financial reports and voluntary interim information can be found on the Internet at www.allgeier.com/en > Investor Relations > Financial Reports & Publications or requested using the contact details above.

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

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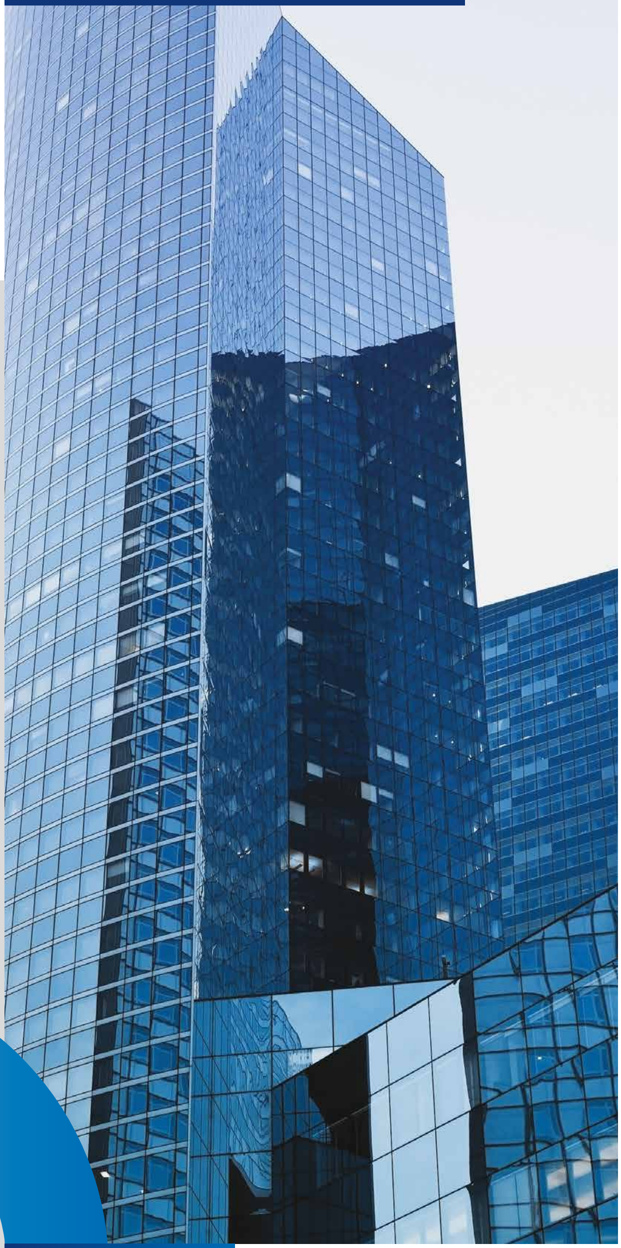

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as of June 30, 2020