Driving Technology

Annual Report
2023

ALLGEIER

Allgeier SE supports the digital transformation with comprehensive software and IT services

Allgeier SE is a technology company specializing in digital transformation. The companies that are part of the Allgeier Group guide their customers in Germany and abroad through the challenges of digital change with comprehensive software and IT services and support the digitalization and transformation of business-critical processes. With over 2,000 customers, the broad and stable customer base consists of global corporations, high-performance SMEs and public sector clients at all federal levels. The service portfolio ranges from the company's own software products and high-end software development to consulting, design and long-term support for software applications in the cloud or other environments.

In the two Group segments Enterprise IT and mgm technology partners, more than 3,500 employees work at a total of 44 locations worldwide in the DACH region, France, Spain, Portugal, Poland and the Czech Republic as well as in India, Vietnam and the USA. Allgeier generated revenue of EUR 488 million from its continuing operations in fiscal year 2023. According to the Lünendonk® List 2023, Allgeier is one of the leading IT service companies in Germany. Allgeier SE is listed on the Regulated Market of the Frankfurt Stock Exchange in the General Standard (WKN A2GS63, ISIN DE000A2GS633). Further information can be found at www.allgeier.com

ALLGEIER

Contents

Company and Key Indicators at a Glance **4**

Letter from the Management Board **6**

Allgeier on the Capital Market **8**

A. Group Management Report **12**
1. Principles of the Group 13
2. Economic report 18
3. Overall statement on the economic situation 39
4. Forecast, opportunity and risk report 39
5. Takeover-relevant disclosures 51
6. Declaration on corporate governance 55
7. General information 55

B. Corporate governance **56**

Consolidated Financial Statements **64**

Notes to the Consolidated Financial Statements **74**
A. General Disclosures 75
B. Notes on the Consolidated Statement of Financial Position 96
C. Notes to the Consolidated Income Statement 124
D. Segment Reporting 134
E. Statement of Cash Flows 138
F. Other Disclosures 142

Development of Group fixed assets **154**

List of Group companies **158**

Glossary **160**

Responsibility Statement by the Management Board of Allgeier SE **162**

Auditor's report **163**

Report of the Supervisory Board **172**

Financial Calendar · Imprint **177**

Company and Key Indicators at a Glance

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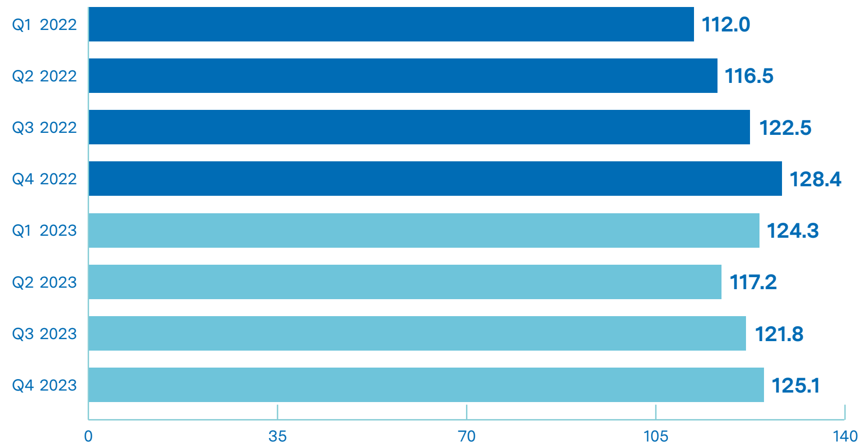
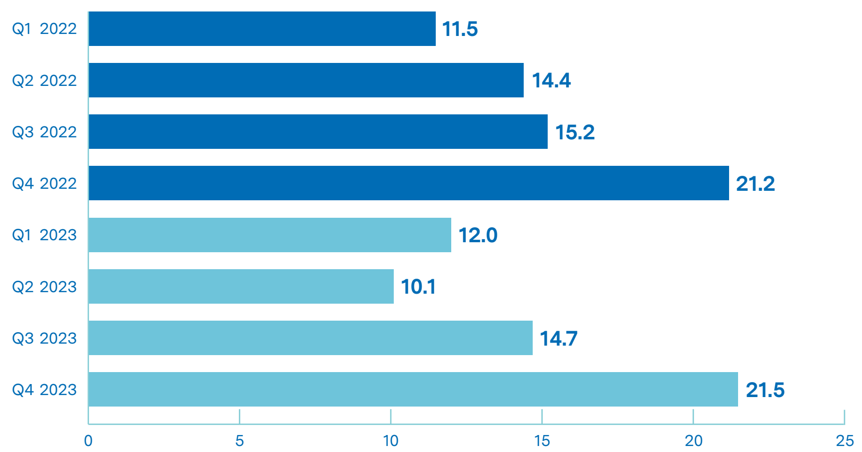
Further information and the company's latest news can be found at www.allgeier.com.

Group key figures[1]	2019	2020	2021	2022	2023	CAGR
Revenue	378.5	351.7	403.3	479.4	488.4	6.6%
EBITDA	9.0	23.4	38.3	62.3	58.3	59.5%
Adjusted EBITDA	18.2	30.3	45.1	61.4	61.3	35.5%
EBIT	-4.0	7.1	19.8	35.0	32.3	
EBT	-5.4	8.2	20.2	30.4	23.8	
Profit or loss for the period	-10.1	1.1	12.5	22.2	17.0	
Adjusted earnings per share in EUR (basic)	0.48	0.94	1.80	2.12	1.61	
Total assets as of December 31	587.0[2]	243.9	485.0	513.3	524.8	
Equity at December 31	165.9[2]	105.5	162.9	180.8	189.2	
Permanent employees on December 31	2,506	2,366	2,937	3,320	3,554	9.1%

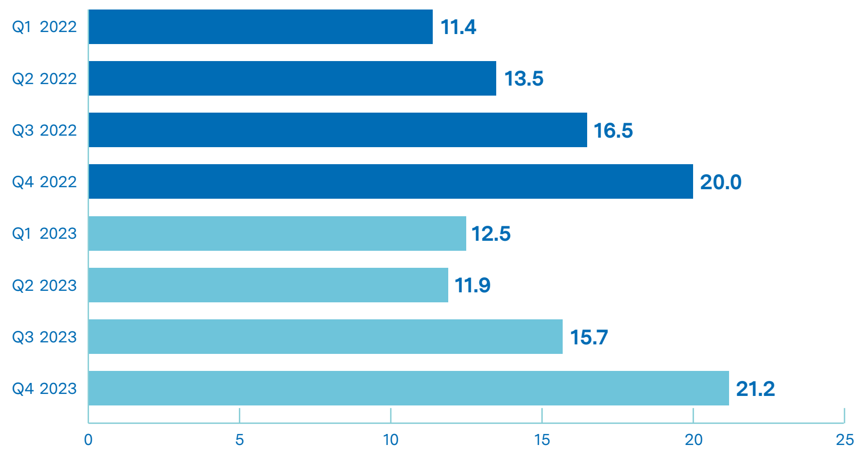
[1] Continuing operations in accordance with IFRS including retrospective adjustments required by IFRS, figures in EUR million (unless otherwise stated)
[2] Including Nagarro, which was spun off in 2020



Revenue
EUR million



EBITDA
EUR million



Adjusted EBITDA*
EUR million

All figures refer to continuing operations (in EUR million)
EBITDA before extraordinary effects or effects relating to other periods

Letter from the Management Board

Dear Shareholders and Business Partners of Allgeier SE,

Overall, we were not satisfied with the past fiscal year 2023 – neither as shareholders nor in terms of the business results achieved. We had already anticipated at the beginning of the year that it would not be an easy one due to the various challenges. Nevertheless, it initially looked as if we would still be able to achieve our moderate growth targets by the third quarter. In the second half of the year, however, it proved increasingly difficult to achieve growth compared to the previous year 2022. Overall, we can look back on stable development for the Allgeier Group as a whole in 2023, a year that was challenging in some respects, in which we were at least able to maintain the positive level of the previous year and expand in many areas.

At the beginning of 2023, the share price was still at around EUR 30 and fell continuously over the course of the year to a level of around EUR 20, although the business itself and our future prospects have not deteriorated. There was simply a lack of good news – both from the company and from the environment as a whole. We therefore see considerable scope for recovery in the period ahead.

In 2023, the global economy, and Germany in particular, struggled with various difficulties that accumulated to a noticeable degree in the past year: Both the economy and share prices suffered from high inflation combined with the central banks' decision to raise interest rates as a countermeasure. The supply chains had not yet fully returned to optimal condition when they came under renewed pressure from geopolitical tensions. Energy and commodity prices remain high and are a burden on the economy and consumers. Bureaucracy is increasing unchecked and placing a disproportionate burden on companies. Above all, however, there are still considerable uncertainties caused by the multiple geopolitical events and the lack of a reliable political line. All of this affects our customers and their spending habits in terms of IT and digitalization. Last but not least, the high sickness rate was a negative factor for the company's development.

At the same time, however, we see enormous opportunities resulting from the megatrend of digitalization and its various manifestations. As a service provider, we support our customers with diverse and sometimes fundamental changes to their business processes and models. This will create a special economic situation for our industry in the medium and probably long term. It means that we need to stay on the ball from a technological perspective and seek out and maintain productive partnerships with our customers.

Accordingly, our assessment of business performance in 2023 is also divided into two parts:

We have continued to significantly reshape the composition of our business activities, particularly in the Enterprise IT segment. We have once again significantly reduced the volume of our project business, which tends to be related to personnel services, by more than EUR 40 million or more than 20 percent and instead increased the quality of margins and contract models. This had a short-term negative impact on earnings and resulted in costs that will no longer be incurred in 2024.

At the same time, our business, which involves the creation of software solutions and the provision of qualified IT services, grew by 20 percent and by more than EUR 50 million to around EUR 330 million in 2023. We benefited from the particularly high demand for services in areas such as software development, open-source solutions, cloud and platform services and cyber security. This is the basis for our future growth. The open-source software business has more than doubled in the last two years. Demand for such software solutions is very high, particularly in the area of public digitalization, and the relevant budgets will continue to be substantial despite ongoing struggles for public-sector budgets. There is increasing demand for services relating to Microsoft's software portfolio – in particular, the Azure cloud platform and the corresponding AI applications. In 2023, we joined forces with our colleagues at SDX AG, who specialize in Microsoft technologies. These are just a few of many examples of the diverse areas of growth.

It is for these reasons that we are optimistic about the years to come. For the current fiscal year 2024, we still expect the weak economy and continued caution among companies as well as the ongoing budget debates to have a negative impact in Germany. We expect to see a greater recovery from the second half of the year onwards. In the medium term, we believe there are considerable opportunities for growth over the next three to five years, which should enable us to achieve our sales growth targets. The change in the composition of our services will result in a higher margin, meaning that we are aiming for above-average growth in earnings. Our proprietary software solutions and the expertise of our more than 3,500 employees are the foundation and driver of our business development. Our colleagues in our entrepreneurial and highly independent Group companies will continue to play an active role in shaping and changing our business in line with dynamic requirements. In 2024, we will continue to look for companies that are a good fit for us in order to strengthen our group of companies in the right places.

Thank you very much for your interest and your loyalty.

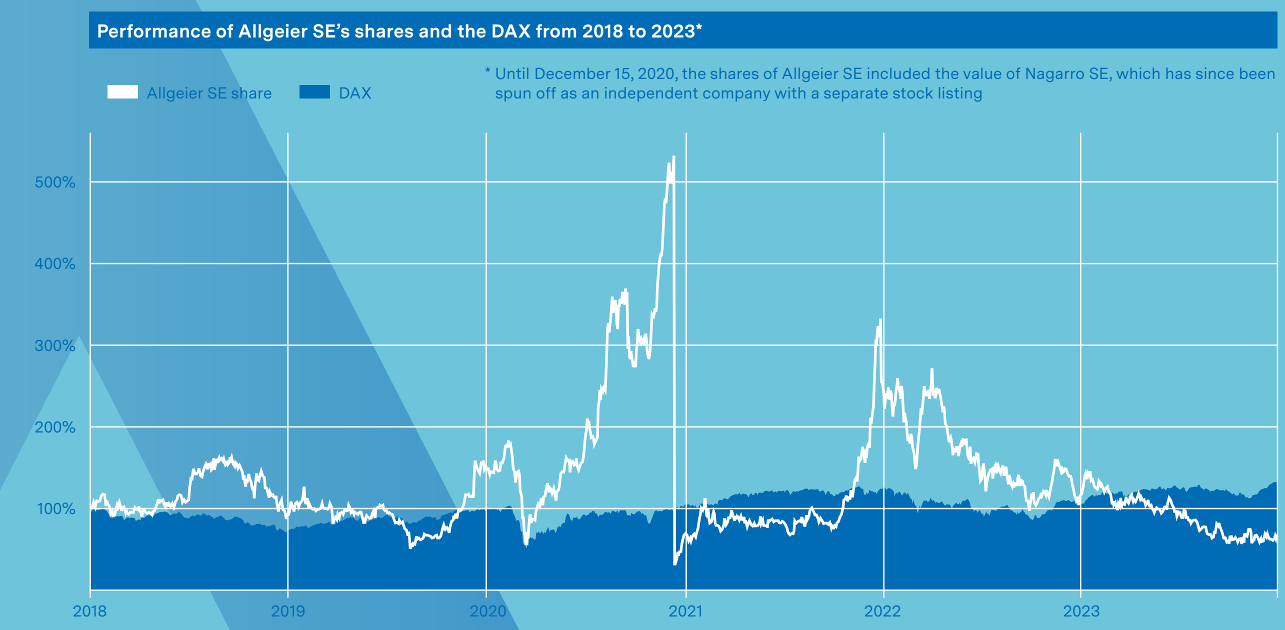
The Management Board of Allgeier SE

Dr. Marcus Goedsche Member of the Management Board	Hubert Rohrer Member of the Management Board	Moritz Genzel Member of the Management Board

Stock market year 2023: Second-line stocks not benefiting from the general upswing

In the stock market year 2023, the majority of companies continued to face considerable challenges. These included high inflation and high interest rates, changes in supply chains and price structures due to geostrategic upheaval, high energy prices, high sickness rates, increased bureaucracy and other factors. Overall, the stock market performed significantly better again in 2023 than in the previous year. The major index stocks in particular saw a noticeable recovery, while the major international technology stocks also recorded significant gains as supposed safe havens. The DAX reached a new all-time high in June, up by around 15 percent on the end of the previous year as of the end of the first half of the year. Muted demand for goods on the part of the industrial and property sector while demand for services was up on a global basis meant that headline inflation fell significantly in the first half of 2023 as a result of lower commodity prices in particular. Falling headline inflation rates combined with a restrictive monetary policy by central banks fueled expectations that the cycle of interest rate hikes is coming to an end. Declining inflation coupled with rising wages should lead to a recovery in purchasing power and thus new growth that will likely be aided in Europe by the waning energy price crisis.

In the second half of the year, the expected pause in interest rates actually materialized after inflation rates in the USA and Europe fell. The US Federal Reserve raised interest rates in July for the final time for the foreseeable future. And after the European Central Bank (ECB) raised the key interest rate for the tenth time in a row at its meeting in September, the key interest rate in the eurozone also remained unchanged. The DAX subsequently reached an all-time high at the end of July and the S&P 500 also got close to its all-time highs. After two months of losses in September and October, the mood on the stock markets brightened considerably towards the end of the year. There was a growing expectation on the markets that the US Federal Reserve and the European Central Bank would significantly lower key

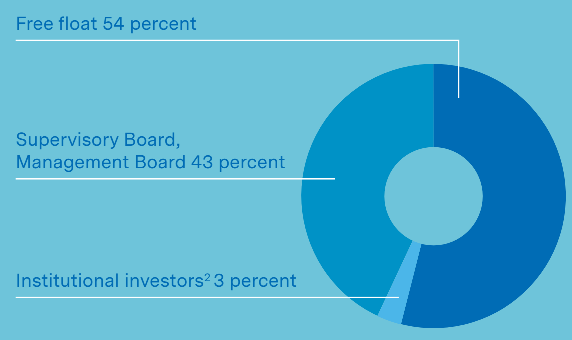


interest rates in 2024. Bonds fell significantly. And in December, both the DAX and now also the Dow Jones Index and Nasdaq-100 recorded new all-time highs. In Germany, which had been the laggard among the major industrialized nations in terms of growth in 2023, hopes grew that the gloomy clouds of recession would gradually clear over the course of 2024, which bolstered the domestic stock market indices. Major indices, such as the DAX, Euro Stoxx 50 and the broad market S&P 500, recorded double-digit increases over the year in 2023. However, German second-line stocks in particular lagged behind the recovery rally and suffered from low liquidity, which further widened the valuation gap between large caps and smaller stocks. Following a weak previous year, the MDAX only recorded single-digit growth over the 2023 stock market year and the SDAX and TecDAX only achieved minimal growth during the second half of the year despite a spurt at the end of the year. In particular, a number of German and European technology second-line stocks suffered as a result of the difficult macroeconomic environment and reported low transaction volumes on average. In addition, there were some weaker earnings reports and profit warnings in the sector. Numerous companies in the Allgeierpeer group were unable to recover from the previous year's losses in the past stock market year and continued to lose value over the course of 2023.

Allgeier share	
Index	General Standard
ISIN	DE000A2GS633
Securities no.	A2GS63
Number of shares	11,444,313
Share price (April 2, 2024)	EUR 20.40
Market capitalization (April 2, 2024)	EUR 233.5 million

Shareholder structure

(As of: December 31, 2023)[1]



[1] to the extent known to the company (partly estimated)
[2] according to voting rights notifications

Dividend payment (in EUR)	2018	2019	2020	2021	2022	2023
per share	0.50	0.50	0.50	0.50	0.50	0.50

Key figures per share 2023 vs. 2022	2022	2023	Change in %
EPS (in EUR)*	1.68	1.17	-30.4
Dividend per share (in EUR)	0.50	0.50	0.0
XETRA high for the year (in EUR)	59.10	33.0	-44.2
XETRA low for the year (in EUR)	25.95	19.64	-24.3
XETRA year-end price (in EUR)	28.35	21.50	-24.2
Number of shares	11,427,513	11,444,313	0.1
Year-end market capitalization (in EUR million)	324.0	246.1	-24.0
Average XETRA stock market turnover (in number of shares per day)	19,248	5,936	-69.2

*Continuing operations according to IFRS

Allgeier shares: Share price declines in difficult conditions

Unlike the larger index stocks in Germany and Europe and the US tech giants in particular, many smaller German technology stocks have not yet been able to benefit from the general upturn on the stock markets in 2023. The liquidity and absorption capacity of the markets was too low overall, meaning that the valuation gap between the large and liquid companies and the small and mid caps continued to widen. The result was a considerably below-average transaction frequency in this segment. In line with the performance of some German and European competitors, Allgeier's share price continued to fall over the course of stock market year 2023. Overall, the stock market year was characterized by very low trading volumes in the Allgeier share. Momentum, which was already quite weak in the first half of the year, slowed even further in the second half. After the Allgeier share entered XETRA trading on January 2 at a price of EUR 28.45, the share price performed positively at first. Allgeier shares reached their high for the reporting period of EUR 33.00 on January 13, but were only able to remain above EUR 30 for a handful of weeks. They reached a low of EUR 25.40 on March 8 and have yet to see a significant upward turnaround. The price fluctuated around a range of EUR 26 to EUR 28 until the middle of May and then started sinking back towards EUR 25. In June, the share also managed to recover briefly to over EUR 28, only to fall below EUR 21 by the end of August. After another minor recovery in September, however, the share fell a little further and even closed below the EUR 20 mark for the first time on October 23. On this day, the share also recorded its low for the year at EUR 19.64. At the end of the year, the share stabilized again above the EUR 20mark and ended a generally disappointing year on the stock exchange on December 29, 2023 with an XETRA closing price of EUR 21.50, equating to a year-end market capitalization of EUR 246.1 million.

Compared to the closing price for the previous year of EUR 28.35, Allgeier's shares experienced a loss in value of 24.2 percent. Including the dividend of EUR 0.50 per share, the return for 2023 was -22.4 percent.

As of the end of 2023, Allgeier SE had a market capitalization of EUR 246.1 million (previous year: EUR 324.0 million), a drop of 24.0 percent.

The average number of Allgeier shares traded on XETRA each day declined to 5,936 in 2023 (previous year: 19,248).

A.
Group Management Report

1. Basic Information on the Group

1.1 Business model of the Allgeier Group

1.1.1 Business and structure of the Allgeier Group

The Allgeier Group is a technology company specializing in digital transformation. The Group companies offer their clients a comprehensive portfolio of IT and software services extending from high-end software development to business efficiency solutions for the digital transformation of critical business processes.

The Allgeier Group comprises 54 consolidated companies as of the end of the period under review. In the previous year, the Allgeier Group consisted of 56 fully consolidated companies. The parent company of the Allgeier Group is Allgeier SE, based in Munich.

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

1.1.2 Duties of Allgeier SE

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

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

1.1.3 Business operations of the segments

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

Enterprise IT segment

The Enterprise IT segment is a full-range provider of IT solutions and services for critical business processes with broad and far-reaching expertise. The Enterprise IT segment assists global corporations, SMEs and public-sector contractors in their digital transformation and the optimization of the digital business processes along the entire value chain. The segment offers its clients a full portfolio of IT services for major software projects and long-term managed services and maintenance agreements. The companies of the Enterprise IT segment design, create and operate end-to-end IT solutions for implementing and supporting clients' critical business processes on the basis of business software products. They do this using their own IP-based software architecture and solutions plus market-leading software products and platforms for the digitalization of business processes in cooperation with providers such as Microsoft, SAP, IBM and Oracle. One key area is the development of software solutions on the basis of open source components. The segment is benefiting equally from Allgeier Group's good positioning as a long-term digitalization partner for the public sector on the one hand, on the basis of its wealth of experience, specific expertise and outstanding references, and – on the other – high requirements for further and more rapid digitalization in the public sector and what it offers for private citizens and companies. The Enterprise IT segment has a large pool of resources with highly qualified software and IT experts, which enables it to guarantee a high level of scalability and flexibility in project implementation and support. The employees combine in-depth technical expertise with comprehensive process and industry know-how and consulting expertise in the areas of open-source software development, business efficiency solutions, cyber and IT security, business process management, enterprise content management and cloud/containerization. With their consulting, development, project planning, implementation and support services, the segment's companies create IT solutions in the core areas for business software, such as:

- Open-source software development, in particular for public sector clients: Due to political requirements and initiatives, such as the pursuit of digital sovereignty, European data protection or the "Public Money, Public Code" campaign, open-source solutions are becoming increasingly relevant, especially in the public sector. Starting with consulting for all facets of this issue, through open source-compliant software development and the development of industry solutions as open source software to long-term support for such solutions and entire communities, a completely new market is emerging in Germany and Europe.
  The Enterprise IT segment is positioning itself as an innovation leader for public administration in the growth market of open-source software development.
- BDP – Business Digitalization Platform: The original roots of the Allgeier Group lie in this area.
  Business efficiency solutions for business process digitalization are implemented for SME and enterprise clients with the in-house development syntona logic® and leading standard software solutions from international manufacturers, such as Microsoft and SAP, plus itrade series add-ons for specific industries.
- Document Management (DMS) / Enterprise Content Management (ECM): Document-intensive business processes are supported and executed for clients with high efficiency using the company's proprietary digital information management with integrated DMS and ECM functions – metasonic® Doc Suite. The entire value chain of the editing process is supported – from the detection, read-out and editing of content in professional workflow sequences through to tamper-proof archiving. On request, the solutions are integrated into the client's IT infrastructure or are offered as complete cloud solutions with hosting in separate German data centers. Companies that use an ECM solution such as the metasonic® Doc Suite benefit from cost and time savings thanks to more efficient processes.
  In addition, office work, which in many cases continues to be done in analog form, is automated to a high degree and the workload of employees is reduced.
- Cybersecurity: Data security is becoming ever more critical for organizations of all sectors and sizes. The segment combines experienced IT security, cybersecurity and IT forensics experts and offers a comprehensive portfolio of IT and cyber-security consulting, operations and (incident) response & emergency that fully meets the growing demands of the IT security market.
  The segment also offers its own software solutions, including for the encryption of SharePoint platforms or e-mail traffic. The company's own IT security software solution julia mailoffice is already in use at a number of ministries, government agencies and large enterprises. EMILY and EMILY SP (SharePoint) ensure secure collaboration.
- SAP: The Enterprise IT segment offers its clients Full-Stack SAP Services, extending from project consulting to managed services for the high-end midmarket.
- Business Process Management (BPM): Business software solutions are used for IT-supported implementation and optimization of business processes.
  Process tools must be particularly flexible when interacting with a large number of software products and in view of the constantly accelerating change cycles for software and business processes. With its metasonic® Process Suite, which comprises the latest generation BPM software and a platform for dynamic process applications, Allgeier supports clients in producing bespoke software solutions in significantly shorter cycles. Interactive touchscreens simplify this process considerably: Teams can use them to playfully put together their business processes and build functional applications in a simple and intuitive way – without any programming effort.
- Cloud solutions: The Enterprise IT segment builds and operates a variety of cloud solutions for its clients in the areas cited above. Software solutions can be operated in private cloud environments (an enterprise cloud), Allgeier data centers or public cloud environments. Top priority is given to maximum data security and fail safety as well as reliability and resilience to high data volumes. In addition to many medium-sized companies, the segment's offerings are also used by large multinationals and the public sector.
- Mobile: For access to the processed data, user interfaces for a variety of different mobile devices are becoming the standard for modern business software. The Enterprise IT segment implements individual solutions for a large number of clients in the mobile applications area.

The companies in the Enterprise IT segment served more than 2,000 clients in Germany and internationally in the past fiscal year. These include large corporations, such as 19 of the 40 companies now in the DAX (previous year: 18 of the 40 DAX companies), a variety of public sector contractors at various federal levels and a number of SMEs. The clients are broadly distributed across a variety of different industries. The companies in this segment possess special expertise in the areas of the public sector and insurance, chemicals/pharmaceuticals and industry.

As of December 31, 2023, the companies in the Enterprise IT segment had more than 32 locations, of which 22 are located in Germany, seven throughout Europe and three in Asia.

mgm technology partners segment

The mgm technology partners ("mgm") segment is an international software provider that is one of the leading providers of e-government and commerce solutions in Germany. mgm is an integrated service offering aimed at achieving highly efficient software development. This is made possible by the A12 enterprise low-code platform, model-driven software engineering and decades of experience in the implementation of enterprise projects. mgm is also working with several universities (RWTH Aachen, University of Bern, LMU Munich, University of Bamberg) to continuously improve this concept and expand its leading position.

In particular, mgm is commissioned for large, complex and long-term software projects where scalability, security and reliability are the focus – for example, with ELSTER and customers such as Lidl or Allianz. This makes mgm a strong partner for commerce, insurance and the public sector – which are all expected to experience strong momentum in digitalization in the coming years.

mgm has systematically improved its in-house software-production processes in recent years in the direction of cross-project optimization. The result is an in-house product development on the basis of the proprietary A12 enterprise low-code platform. Building on this, software products such as mgm Cosmo (industry solution for industrial insurance) and TMT (test management for software development) are made available. As such, mgm brings the process models and tools that have been tried and tested in its own company to the market, thus becoming a valuable partner for all companies that, for strategic reasons, are building up increasing software expertise in their value chain instead of outsourcing development jobs. The more applications are implemented using this industrial manufacturing approach, the more mgm and its customers will benefit from this scalable approach. mgm follows the digital sovereignty approach, whereby every company retains sovereignty and control over its own IT systems and data.

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

The core target sectors at a glance:

Public sector

- mgm is the technology partner and developer behind the ELSTER project, the procedure for electronic tax returns in Germany. In today's society, more than 30 million citizens submit income tax returns to the tax authorities. Full data validation, data encryption and transmission are carried out either through “My ELSTER,” the tax administration's platform with numerous electronic services at elster.de, or by means of the ERiC (ELSTER Rich Client) component, which is also managed by mgm and is integrated into all tax programs. In total, the systems processed more than 60 million income tax, corporation tax, VAT and land tax returns in 2023 – plus statements using the cash method of accounting, declarative statements and other procedures. Over 60 million VAT and payroll tax returns were received from companies and organizations. Modular parts from the ELSTER ecosystem now also play a major role in other e-government solutions, such as the infrastructure of the standardized company account in Germany, which offers entrepreneurs a digital identity in the form of a user account with an integrated mailbox for messages and official notifications.
- In the public sector, the mgm A12 platform is a tried and tested solution for the legally required implementation of the German Online Access Act and other digitalization and infrastructure projects in public authorities and public sector companies at the federal and state level.
- In the public sector in particular, the number and scope of projects in which developers and architects, quality assurance experts and security specialists from the entire segment work together with consultants for customers has increased in recent years.

Retail/commerce

- mgm sees commerce as an individual high-speed business. The company supports the full commerce value chain from purchasing to goods flows and front office with individual solutions that maximize clients’ optimization potential and thus make a significant contribution to business success.
- mgm’s e-grocery software based on SAP Commerce Cloud provides a proven solution for modern online shops specifically for food retail, including a connected picking app for click & collect services.
- The subsidiary mgm integration partners specializes in SAP process optimization for supply chains. The combination of this special expertise with the experience of other mgm areas, in consulting on ERP migration projects (S/4HANA) and implementation using SAP Commerce Cloud, adds up to a multi-faceted SAP solution offering. This has been implemented very successfully in the recent past, particularly by international fashion manufacturers.

Insurance

- mgm has focused on digitalization in the industrial insurance business since 2006. “mgm Cosmo”, which is based on the A12 enterprise low-code platform, is a digital platform offering integrated product configuration, underwriting, digital collaboration and cover, loss and process modeling in the highly complex and individual industrial insurance business and – in the final phase of development – the end-to-end digitalization of business and customer processes.
- Part of the platform strategy is the establishment of long-term partnerships with insurers and brokers, through which mgm aims to participate directly in the success of digitalization initiatives.
- In consulting for the insurance industry, the focus is on business intelligence and data warehouse projects, including in the context of Solvency II.

Another key industry focus in management consulting (mgm consulting partners) is energy providers, especially for CIO advisory and sourcing services.

The mgm technology partners segment worked for more than 500 clients in fiscal year 2023, including 16 of the 40 DAX companies (previous year: 12 of the 40 DAX companies) and a number of public sector contractors and institutions at the federal, state and municipal level.

As of December 31, 2023, the segment’s companies were located at 19 sites, 12 of which in Germany, one each in France, Austria, Portugal, Czechia and the US plus two development sites in Vietnam.

1.2 Management system

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

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

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

1.3 Research and development

The Allgeier Group continues to refine its existing products (e.g. the ERP solutions syntona logic, Aurelo Energiepark Manager and Allgeier itrade, the metasonic digitalization platform, the e-commerce solution MySign, the compliance management software DocSetMinder ONE, the security solution julia mailoffice, the A12 enterprise low-code platform and the EvoSuite product family for business process optimization) on an ongoing basis and in cooperation between the different units of the segments. Further development of the Enterprise IT segment's software products takes place at the German and Swiss locations as well as at the Evora unit's site in Bangalore (India). With the exception of the development and refinement of its own products, the Allgeier Group does not usually pay large amounts for conventional research. Development work is also often performed and billed in connection with client projects.

In the 2023 fiscal year, we undertook capitalization measures in particular as part of the further development of our proprietary software solutions, especially the low-code platform A12 from mgm technology partners and the products in the Allgeier inovar business unit. These include software solutions for digital transformation in the fields of Enterprise Resource Planning (ERP), Enterprise Content Management & Business Process Management (ECM/BPM) and B2B-E-Commerce.

In total, expenses of EUR 7.8 million (previous year: EUR 6.9 million) were recognized for the ongoing development of products in continuing operations in the period under review. Amortization on capitalized development work amounted to EUR 3.3 million (previous year: EUR 2.2 million). The ratio of depreciation and amortization to capitalization in the fiscal year was 42 percent in the 2023 fiscal year (previous year: 32 percent). The carrying amounts of capitalized internally generated development costs amounted to EUR 13.7 million as of December 31, 2023 (previous year: EUR 9.2 million).

2. Business Report

2.1 General Economic and Industry Conditions

2.1.1 Macroeconomic conditions: Expectations remain gloomy after year of recession

In 2022, the German economy recorded growth of 1.8 percent. Over the course of 2023, it became apparent that the economy was hit harder than originally expected by the aftermath of the energy crisis and the central bank's tight monetary policy, particularly in the winter half-year. High inflation caused purchasing power to fall and financing costs to rise in many sales markets, resulting in a noticeable weakening of demand. In addition, according to the Kiel Institute for the World Economy (IfW), special effects, such as an unusually high sickness rate and the slump in government consumption after the end of the COVID-19 measures, noticeably dampened economic output, which was also burdened by the ongoing labor shortage and supply bottlenecks. There was no recovery in the second half of the year and almost all sectors suffered from the economic difficulties. The consumer and construction sectors were particularly affected by the sharp interest rate hikes by the European Central Bank. Although the supply-side bottlenecks gradually became less significant over the course of the year, the slowdown in the global economy had a greater impact on the demand side and primarily affected exporting companies. Industrial production was unable to recover from its weakness despite a noticeable fall in energy prices. According to calculations by the German Federal Office of Statistics and the German government's Annual Economic Report 2024, Germany's gross domestic product shrank by 0.3 percent in 2023.

The positive exception in 2023 was the IT and telecommunications industry (ICT), despite the ongoing shortage of skilled workers. The sector proved to be crisis-proof and significantly outperformed the economy as a whole in terms of growth momentum. For 2023, the German digital association BITKOM is forecasting sales growth of 3.0 percent for domestic ICT companies in the information technology sub-market. Had it not been for the IT hardware sector, which shrank in 2023, the IT industry would have grown even faster. At 9.6 percent, the most significant growth within the IT market was in the software business. The turnover of domestic companies with IT services rose by 5.3 percent. Details on the development of the sector can be found in section 2.1.2 below.

The inflation rate fell noticeably in the course of 2023 compared to 2022 – in particular, due to a significant slowdown in cost increases for energy and food. According to the German Federal Office of Statistics, overall inflation amounted to 5.9 percent in 2023 as a whole.

According to the German Federal Office of Statistics, the government budget deficit amounted to 2.0 percent in 2023, meaning that the financing deficit decreased compared to the previous year. Falling tax revenues, partly due to the increased basic income tax allowance and the reluctance to buy property, were offset by rising social security contributions due to the continued robust development of employment subject to social security contributions. At the same time, government spending increased significantly, particularly in connection with the relief packages adopted by the federal government in response to high inflation and high energy prices.

European and global economies also cooled noticeably in 2023 due to high inflation rates and monetary policy tightening, although growth fell less sharply than in Germany. Among the advanced economies, only the USA – driven by private consumer spending and corporate investment – recorded robust growth. Growth in the Chinese economy fell short of expectations despite the country's departure from its restrictive COVID-19 policy, while growth in other advanced economies and emerging markets was mixed but remained subdued overall. According to current estimates, global GDP 2023 has grown by around 2.7 to 3.1 percent. According to the German Council of Economic Experts, the economy in the eurozone grew by 0.6 percent. The EU Commission expects growth of 0.5 percent for the European Union as a whole in 2023.

According to calculations by economic researchers and associations, German economic output is set to increase again slightly in 2024. The ifo Institute and the IfW expect a price-adjusted GDP increase of 0.2 percent and 0.1 percent respectively. The German Council of Economic Experts is forecasting growth of 0.7 percent. In its annual economic report, the German government also forecasts growth of just 0.2 percent. According to economic researchers, the economic recovery will only take place gradually over the course of the year. There was still no sign of an economic recovery in the first quarter of 2024 and the German economy remained in recession, according to calculations by the ifo Institute. Accordingly, GDP fell by 0.2 percent in the first three months of the current year. According to the ifo Institute, special factors, such as the high sickness rate, the strikes at Deutsche Bahn and the unusually cold and snowy January, had a negative impact.

According to the German Council of Economic Experts, the global economy is expected to grow by 2.2 percent in 2024. The OECD is forecasting growth of 2.9 percent. The OECD states that the tightening of monetary policy is having an impact on national economies and the economic experts emphasize that consumption prospects are only gradually improving despite falling inflation rates. This is also noticeable in the eurozone, whose economy will achieve a growth rate of 1.1 percent in 2024 according to experts. The EU Commission assumes that the weaker growth momentum in the EU will continue into the current year 2024, as the effects of a restrictive monetary policy are likely to further dampen economic activity. For 2024, the EU Commission is forecasting a slight recovery in growth within the European Union to 0.9 percent, which is based on inflation continuing to fall, the labor market remaining robust and real incomes gradually recovering.

In summary, it can be said that the overall economic outlook remains gloomy for the time being, despite hopes of a slight economic recovery.

2.1.2 Sector-specific framework conditions: Stable growth in a difficult environment and optimistic outlook; persistent shortage of skilled workers

The ITC sector as a whole (information technology, telecommunications and consumer electronics) is proving to be immune to the crisis. In contrast to other industries, the digital economy continued to grow in the recession year of 2023. Growth was again driven by the software and IT services business. In its forecast for 2024, the industry association BITKOM (German Association for Information Technology, Telecommunications and Consumer Electronics) predicts more than a doubling of growth, from 2.0 percent to 4.4 percent, and domestic sales of EUR 224.3 billion for the industry as a whole. According to BITKOM, German digital companies are standing firm in a difficult environment and are optimistic about the future. The association is calling on politicians to strengthen the positive momentum and give ICT companies greater freedom for innovation and more planning security. This requires a massive increase in investment in digital technologies across all sectors and in public administration, as well as greater protection in cyberspace.

This means that the information technology segment, which is of relevance to Allgeier, remained the main pillar of growth within the German technology industry in 2023. According to the latest BITKOM forecast, IT will be responsible for sales of EUR 142.9 billion in 2023. Accordingly, sales in the IT sector will have grown by 2.2 percent (2022: growth of 8.7 percent). Within the IT sector, the weaker growth compared to the previous year was primarily due to the IT hardware business, which is of little relevance to Allgeier and which declined significantly in 2023 (-5.4 percent).

In contrast, the software and IT services business in Germany recorded significant growth even in the year of recession. Software sales grew to EUR 41.5 billion in 2023, representing an increase of 9.6 percent. Growth was driven by business in software for corporate system infrastructure (+9.0 percent, to EUR 9.2 billion), including security software in particular (+18.3 percent, to EUR 3.5 billion), as well as platforms for the development, testing and provision of software (+11.5 percent to EUR 10.9 billion) and collaboration tools (+15.4 percent to EUR 1.4 billion). The AI solutions business recorded outstanding growth of 40.8 percent, to one billion euros. According to BITKOM, sales of IT services rose by 5.1 percent, to EUR 49.4 billion. The digital association emphasizes that this business is mostly long-term and is less affected by economic fluctuations.

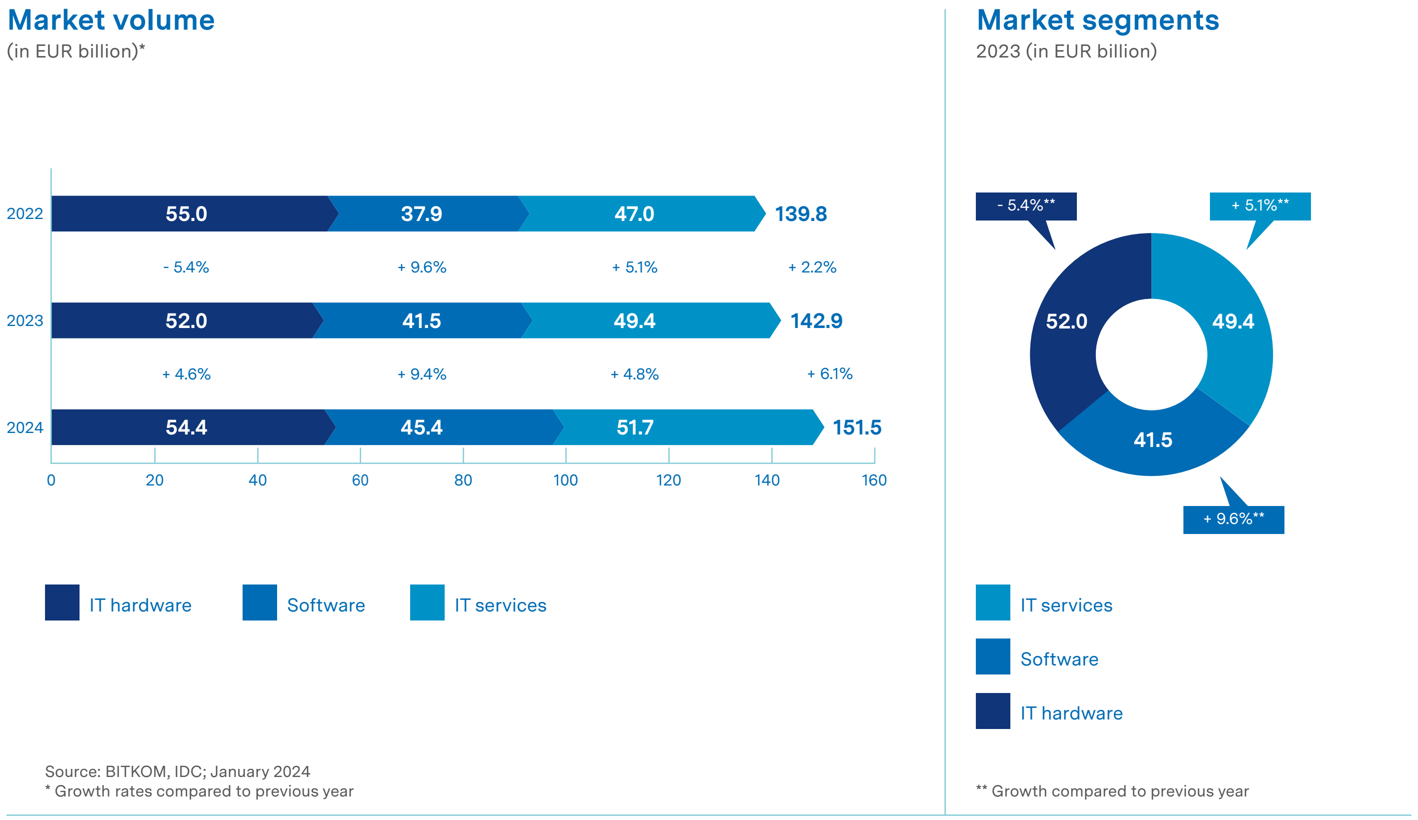
Despite the challenging economic environment, BITKOM expects the information technology market to continue to grow at an above-average rate in 2024. According to its latest forecast, revenue from software, IT services and IT hardware will expand by 6.1 percent in Germany to EUR 151.5 billion in 2024. The software segment, which is particularly relevant for Allgeier, is again expected to see above-average growth of 9.4 percent, to EUR 45.4 billion. Growth in the current year is expected to be driven in particular by business in platforms for artificial intelligence, collaboration tools and security software, for example. For IT services, another segment especially relevant to Allgeier, BITKOM is forecasting growth of 4.8 percent, to EUR 51.7 billion in 2024. The market for IT services is dominated by IT outsourcing services, which account for almost half of the revenue generated.

The business climate in the German digital sector remains robust. At the start of 2024, the relevant BITKOM-ifo Digital Index was significantly higher than the business climate for the economy as a whole. The COVID-19 pandemic demonstrated that digitalization is seen as an important part of the solution to social and economic challenges, especially in times of crisis. The business community, the government and civil society as well are still pushing the digital transformation with investment in infrastructure, devices, software and services.

The global trend of digitalization is ensuring that virtually all business models are changing and are being significantly influenced by IT and software. This will tend to increase spending and investment in IT and software solutions. In recent years, investment in IT and software has been largely unaffected by fluctuations in the economy as a whole. The drivers are key market trends and technologies such as cyber/information security, cloud transformation, data analytics, IoT (Internet of Things) and edge computing as well as digital platforms and mobile applications, and, to an ever-increasing extent, artificial intelligence and machine learning, low-code software development, blockchain and augmented/virtual reality.

The industry is facing challenges due to the ongoing shortage of skilled workers. According to BITKOM, although around 50,000 new IT jobs will be created in German companies in 2023 and 2024, job growth would be significantly higher if sufficient skilled workers were available. At the end of 2023, over 1.3 million people were employed in the IT sector, and the number of jobs is expected to grow by a further 2.7 percent by the end of 2024. However, according to BITKOM, there was a shortage of 149,000 IT experts in German companies across all sectors.

Growth on the German information technology market



2.2 Business performance in 2023

Our Group's business was encouragingly stable in the past fiscal year 2023 in view of the numerous challenges. Consolidated sales across all segments and business areas of continuing operations grew to EUR 488.4 million (previous year:EUR 479.4 million). The main tailwind came from growth in the IT and software sector driven by digitalization, which is significantly higher than overall economic growth. This has helped the larger part of our business to achieve double-digit growth. Overall, we were unable to hit the targets originally set for the fiscal year for the AllgeierGroup as a whole. There were various reasons for this:

First of all, it should be noted that the various economic influences across our customer base have led to a reluctance to spend at one point or another, particularly in the second half of 2023. This made sales more difficult, particularly in the second half of the year, meaning that we were unable to achieve the planned growth in all areas of the business. Above all, however, business development in the IT personnel services and personnel services-related project business had a significant impact on the figures for the Enterprise IT segment and therefore also on the overall figures for the Group. In this area, which includes the provision of services to both public and private customers, sales fell by more than 20 percent compared to the previous year. The decrease equates to more than EUR 40 million. The reason for this was the strategic objective of no longer pursuing business with low gross margins in this area to the same extent as before, thereby making it future proof by focusing more on adequate margins and further systematizing our compliance measures. This has already improved the gross margin in this area by around two percentage points. Cost structures were aligned with the reduced volume of business over the course of the year. The full cost effect will not materialize until 2024 due to the restructuring costs still expected for 2024.

It is very pleasing that the main part of the AllgeierGroup's business, i.e. the software and IT services business, grew by more than 20 percent in the past fiscal year, which corresponds to a sales increase of more than EUR 50 million compared to previous year. This development also lays the foundation for further growth in the current and coming years. We were able to keep margins largely stable in the current fiscal year despite high inflation, which also affected our costs – particularly personnel costs. In the Software and IT Services business fields, we achieved an adjusted EBITDA margin before holding costs of 19 percent.

Capital Market and Financing

We have significantly expanded our capital market activities over the past few years. In the past fiscal year as well, we engaged in an intensive dialogue with existing and potential investors as well as analysts on the buy and sell side. We took part in a number of physical and digital capital market conferences. We were represented at the German Equity Forum and the Spring Conference in Frankfurt am Main, the Baader Investment Conference in Munich and the Warburg Highlights Conference in Hamburg, among others. In addition to these conferences, we also conducted various bilateral talks with investors and gave presentations for a number of national and international investors and analysts at other events. In turn, this allowed us to attract and interest new institutional investors in our shares over the past year. After a mediocre stock market year in 2023, in an environment that continues to be difficult for technology second-line stocks on the whole, we want to continue to create sustainable value for our share and build on our long-term positive performance trend.

A dividend totaling EUR 5.7 million (previous year: EUR 5.7 million) was paid out to the shareholders of Allgeier SE in June 2023 (in both fiscal years,this corresponded to 0.50 EUR per dividend-bearing share). Payments amounting to EUR 3.2 million (previous year: EUR 6.2 million) were made to non-controlling interests in subsidiaries in the 2023 fiscal year.

We have strengthened the debt capital side by extending our syndicated loan agreement. Back in April 2022, Allgeier SE reached an agreement with the bank consortium to increase and amend the syndicated loan agreement from EUR 140 million to EUR 200 million. The total volume was agreed for a new term of four years with an extension option of up to two years. In February 2023, Allgeier SE made use of the extension option for the first time and extended the framework loan agreement by one year. A further extension was granted in February 2024, meaning that the loan agreement now runs until April 2028. Interest continues to be calculated on the basis of the three-month Euribor plus a margin, the amount of which depends on certain key financial figures. The financing partners are the banks Norddeutsche Landesbank, Commerzbank, Landesbank Baden-Württemberg and Landesbank Hessen-Thüringen. With the increase in the credit line of the syndicated loan and the new issue of the promissory note loan in the amount of EUR 60 million in 2022 with maturity tranches of five and seven years, Allgeier has created medium and long-term financing security for the entire Group at sustainably favorable conditions. The additional credit volume opens up further headroom to support our organic growth with targeted investing activities, and also to enhance and expand our portfolio with further value-adding acquisitions on future markets moving ahead. With the interest rate swap concluded in 2022, Allgeier has also hedged against rising interest rates and reduced the interest rate risk.

Allgeier SE did not acquire any treasury shares in fiscal year 2023. Accordingly, treasury shares still accounted for 0 percent (previous year: 0 percent) of the share capital as of December 31, 2023.

Acquisitions

Allgeier acquired the following companies in the past fiscal year 2023:

On March 3, 2023, Allgeier publicplan Holding GmbH, Munich, acquired ShiftDigital Government Solutions GmbH, Bochum (ShiftDigital). The company is a start-up with around ten employees that specializes in digitalization services in the municipal sector. The company was consolidated in the Group as of March 1, 2023.

By way of purchase agreement dated July 27, 2023, the Allgeier Group acquired 80 percent in SDX AG, Frankfurt/Main (SDX). With more than 30 certified full stack developers and architects for Microsoft technologies, the company is a specialist for state-of-the-art cloud technologies in the Microsoft Azure field and works with highly functional software solutions at the forefront of the digitalization of critical enterprise applications. As a technology partner, SDX assists its clients in the implementation of cloud-native applications with its innovative micro-services approach and combines key future technologies, such as artificial intelligence and data analytics, with flexible and scalable software architectures. With this acquisition, Allgeier is bundling its expertise and resources to jointly continue expanding a specialized business unit for Microsoft technology and applications. This comprises the fields of software development, building and operating state-of-the-art enterprise solutions, relocating business applications to the cloud using the technologies and services available there, networking with other software applications such as ERP systems and the Allgeier Group's own enterprise software solutions. Furthermore, Allgeier's goal for both new and existing clients is to leverage cross-border synergies in the DACH region using Microsoft-based cloud technologies in software development and managed services. For clients, this creates a comprehensive offering for the efficient digitalization of their business applications on the basis of state-of-the-art, market-leading technologies. Aided by high demand on the market, Allgeier is striving for strong growth in this business unit. The company was consolidated for the first time on July 31, 2023.

Customers

The basis for our growth is our stable and broad customer base: In the past fiscal year, the companies of the Allgeier Group further extended their client base and strengthened existing client relationships. Allgeier works for a variety of global corporations – e.g. for 24 of the 40 companies currently in the DAX (previous year: 19 of 40) – and for a number of market and sector leaders and many high-performing SMEs and public sector contractors in virtually all industries at the federal, state, regional and municipal level. Allgeier generated annual revenue in excess of EUR 1 million with 73 national and international clients (previous year: 70). The Group companies generated average sales of EUR 21.7 million with the top ten customers in the 2023 fiscal year (previous year: EUR 21.4 million). This is equivalent to 44 percent of total revenue from the Group's continuing operations (previous year: 45 percent).

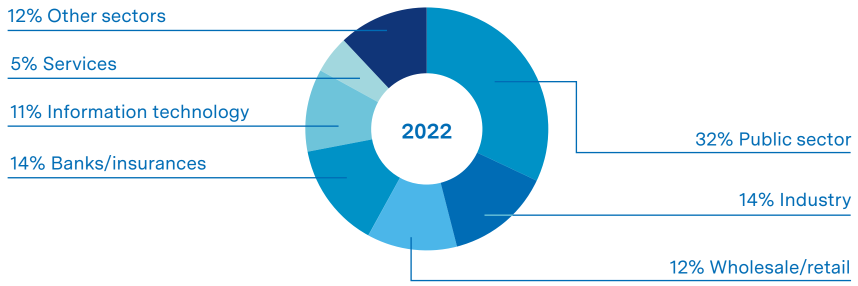
Allgeier has a broad client base of companies and entities from various sectors. The sectors in which the companies of the Allgeier Group (continuing operations) generated the highest revenue in 2023 were:

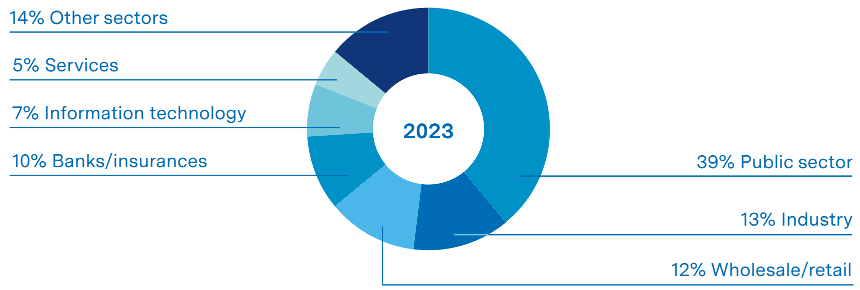
- Public sector: The AllgeierGroup works for public companies and corporations at all federal levels in Germany. In the past year, Allgeier further expanded its market position as a digitalization service provider for public administration. Allgeier is benefiting equally from its good positioning as a long-term digitalization partner for the public sector on the one hand, on the basis of its wealth of experience, expertise and outstanding references, and – on the other – high requirements for further and more rapid digitalization in the public sector and what it offers for private citizens and companies. At all levels of federal, state and municipal government, there are enormous challenges in sustainably achieving the intended effects of digital transformation with the billion-euro budgets provided. The time pressure is high and is further intensified by demographic trends, as the retirement of what is known as the baby boomer generation means that the manpower and expertise of a large number of specialists will no longer be available to public administration.

The special requirements of public sector clients must be taken into account in the upcoming digitalization steps. With the aim of far-reaching digital sovereignty, large parts of the software solutions to be created are being developed on the basis of open-source components. High security and dependability in operations create complex challenges that require years of specific expertise. As one of the larger German IT and software companies, Allgeier is excellently positioned in this area. With the acquisitions made in the 2022 and 2023 fiscal years, Allgeier has further expanded its service portfolio and implementation expertise for public sector clients. The high and constantly rising public sector demand for the Group's services is also reflected in its revenue figures: 39 percent of consolidated revenue in fiscal year 2023 resulted from services for public sector contractors (previous year: 32 percent), making the public sector by far the largest segment within the Allgeier Group.

- Industry: Accounting for approximately 13 percent of revenue (previous year: 14 percent), industry clients make up the third-largest sector segment within the Group. Although industrial companies in particular were affected by ongoing disruptions in global supply chains and significant increases in expenses for energy and certain raw materials, especially as a result of geopolitical tensions, Allgeier was able to keep sales to industrial companies stable in the past fiscal year. The need for solutions to digitize business-critical processes remains high for many industrial companies. Key clients of the Group include leading companies in various branches of industry, such as chemicals and pharmaceuticals, metals and electronics, aviation and aerospace, automotive, construction, the timber industry and consumer goods. Long-standing industrial clients also include companies in the energy supply sector, among them international energy producers and a number of regional suppliers.
- Retail: As the Group's third-largest customer group, retail companies also play an important role in the Group's business. Allgeier implements digitalization solutions (e.g. for resource planning, merchandise management or e-commerce) for companies in the retail sector. As in the previous year, the Group generated 12 percent of consolidated sales with the retail sector.
- Banks and insurance companies: At 10 percent, companies in the financial and insurance sector comprise the second-largest revenue segment for the Group's continuing operations (previous year: 14 percent). This sector has also had consistently high digitalization requirements for years. We help to drive the sector's digital transformation and the services it offers with our software solutions and our IT and consulting services for the digitalization of key business processes. In the banking and insurance industry group, Allgeier's clients include a number of the largest German insurance groups and major national and international banks and financial service providers.
- Information technology: Accounting for around 7 percent of revenue (previous year: 11 percent), the IT sector is the fifth-largest segment within the Allgeier Group.
- Services: Measured in terms of revenue in fiscal year 2023, this sector is now the Group's sixth-largest segment. As in the previous year, the Group generated 5 percent of its turnover in this area.
- Other sectors: Key sectors, such as healthcare, telecommunications, logistics, media and entertainment, are grouped within other industries. Allgeier achieved a share of around 14 percent of Group sales in these sectors (previous year: 12 percent), which enabled us to further expand our broad diversification across a large number of sectors.

Revenue





Awards

The companies in our Group received a number of awards in the past year: According to a study by the consulting and analysis company Lünendonk®, Allgeier is one of the leading "IT service companies" in Germany and improved its position in that list to 7th in Germany. mgm technology partners achieved podium finishes in two readers' choice awards in the 2023 reporting year: Gold and thus second place in the "Low Code / No Code" category at the renowned IT Awards of Vogel IT-Medien. This means that mgm has once again outperformed some large, international low-code providers among the ten nominees. mgm received an even better award at the Readers' Choice Awards of the trade journal "eGovernment": Platinum for first place – for the third time in a row. In contrast, the annual internet agency ranking compiled by the Bundesverband Digitale Wirtschaft (BVDW) e.V., HighText iBusiness, Horizont and werben & verkaufen is based on reported and documented sales figures. Almost 160 full-service digital agencies are on the list for 2023. mgm remains in the top 10 (ninth place), as in previous years, and in the new "Platform" sub-ranking, mgm even managed to secure second place out of 20 companies. Moreover, according to the 2023 Lünendonk® market survey, "Leading Providers of IT Workforce Services in Germany," our Allgeier Experts unit is one of the top IT workforce services providers in Germany.

Strategic development

In both Group segments, we worked on strategic development in the past year and set the course for the future:

- The Enterprise IT segment significantly enhanced its internal structures and processes in the 2023 fiscal year and further developed various business areas: The business of digitizing public administrations based on the development of open-source software solutions was massively expanded and grew by over 50 percent. With the acquisition of ShiftDigital, we have acquired a digitalization specialist for local public administration and expanded our portfolio in a targeted manner. We have pushed ahead with the establishment of a business unit specializing in business applications and cloud solutions from Microsoft for enterprise and SME customers at Allgeier inovar and Allgeier Switzerland. With SDX, we have gained a specialist in state-of-the-art cloud technologies in the Microsoft Azure environment, which is at the forefront of digitalization. Together with the other companies in the segment, we are pooling our expertise and resources to further expand a specialized business unit for Microsoft technology and other business applications in the fields of e-commerce, IoT and others, which is aiming for strong growth. This also includes Evora's specialized portfolio in the fields of SAP, service and asset management. With our strong positioning, we are operating from a leading position within the segment in the corresponding sections of the market – for example, in the rapidly growing business with public sector clients for the digital transformation of administration using open source technologies and solutions, in cybersecurity, in e-commerce, in cloud transformation and containerizing, asset and service management and many other growth and future areas. The specialized solutions business is supported by our expertise and performance in the areas of IT services and managed services as well as IT personnel services. This enables us to guarantee comprehensive operating and support services for IT systems and applications at a high level for many years.
  Thanks to the expertise of our colleagues in the field of IT personnel services, we can reliably and quickly meet the requirements of extensive projects and projects with rapidly changing demands. We have significantly restructured and reduced the volume of our personnel services-related business with the aim of focusing more on higher value creation and margins as well as providing services to strategically focused fields and customers.
- The mgm technology partners segment has continued to develop as a specialist in software development and platform provider for digitalization projects in 2023. Sales grew by 13 percent (previous year: 13 percent), the adjusted EBITDA margin amounted to 20.2 percent (previous year: 21.5 percent). The basis of the development work remains the extensive know-how in the area of model-based software engineering. mgm is working consistently to increase the efficiency of software development, both for customer projects and in the further development stages of its own enterprise low-code platform A12. One focal point is quality assurance and therefore systematic processes and methods to ensure quality and standards. This is achieved through a series of highly specialized and coordinated applications. Quality First Software GmbH, Geretsried, which was acquired in 2022, is an important part of this strategy. The aim is to achieve maximum efficiency through reproducible development processes from code generation to quality assurance and security checks through to operation – while maintaining individual architecture concepts and integration into complex enterprise IT landscapes. In the 2023 reporting year, for example, a major project for public administration was completed several months ahead of schedule. Public tenders are and will remain an important pillar for mgm technology partners. A steadily growing number of platform-based projects that are or could become part of a public infrastructure are helping to achieve this. To further develop its offering for organizations that attach particular importance to national and technology-related sovereignty and data security, mgm has also entered into a strategic partnership with the Berlin-based company OpenTalk. The video conferencing solution of the same name is easy to use, is operated in Germany in compliance with the GDPR and can be integrated into user interfaces of the A12 platform as a fully web-based tool. An optional module is to be available by mid-2024 as part of a proof of concept. Further networking steps were taken in the company's own software and IT sector with organizations that cover the core area of the product promise: mgm joined the Low Code Association and the Software Quality and Training Working Group. The first successful events were held in the 2023 reporting year, and activities will continue to be developed and expanded. To facilitate growth with regard to skilled labor, mgm opened two new sites in 2022: in the Portuguese city of Porto and – in addition to the long-standing site in Da Nang – in Ho Chi Minh City in Vietnam. In both cities, what were originally small offices have developed into new, independent branches with sufficient growth potential.

2.3 Business situation

2.3.1 Results of operations

Continuing operations:

The Allgeier Group generated revenue of EUR 488.4 million (previous year: EUR 479.4 million) in fiscal year 2023 (January 1, 2023 to December 31, 2023), an increase of 1.9 percent. Organic growth generated an increase in sales of 0.5 percent (previous year: 8.7 percent). The remaining growth was as a result of newly acquired Allgeier Group companies. The mgm technology partners segment increased its revenue by 12.7 percent, to EUR 124.7 million in the reporting year (previous year: EUR 110.7 million). In the Enterprise IT segment, revenue in the 2023 fiscal year fell by 1.5 percent, to EUR 367.7 million (previous year: EUR 373.4 million), due to the continued decline in revenue in the personnel services business and project business related to personnel services. Group gross profit increased to EUR 163.9 million (previous year: EUR 157.2 million), corresponding to a further increase in the gross margin to 33.0 percent (previous year: 32.3 percent).

The Allgeier Group's EBITDA amounted to EUR 58.3 million in the reporting year, 6.4 percent lower than the result for fiscal year 2022 (previous year: EUR 62.3 million). EBITDA was influenced by one-off effects and effects from previous periods to the net sum of EUR 3.0 million (previous year: income of EUR 0.9 million). After adjusting for these special effects, the Allgeier Group achieved an adjusted EBITDA of EUR 61.3 million (previous year: EUR 61.4 million). Adjusted EBITDA in the Enterprise IT segment fell by EUR 1.9 million, while the mgm technology partners segment improved its adjusted EBITDA by EUR 1.4 million. Adjusted EBITDA from other business (Allgeier SE and consolidation) improved by EUR 0.3 million as against the previous year.

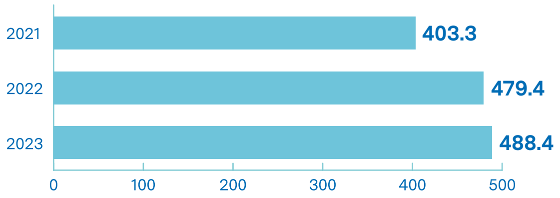
Write-offs fell from EUR 27.3 million in the previous year to EUR 26.0 million in the reporting year. A large share of depreciation, amortization and write-downs of EUR 12.4 million (previous year: EUR 10.3 million) relates to write-downs on right-of-use assets from capitalized leases. Further depreciation, amortization and write-downs of EUR 4.7 million (previous year: EUR 9.5 million) comprise write-downs on client relationships and products capitalized in conjunction with the acquisition of subsidiaries. Depreciation on property, plant and equipment amounts to EUR 4.3 million (previous year: EUR 3.7 million). Amortization of EUR 4.5 million was recognized on other intangible assets (previous year: EUR 3.8 million). The Group thus achieved EBIT of EUR 32.3 million (previous year: EUR 35.0 million). This corresponds to a decrease of 7.7 percent compared to the previous year.

The Allgeier Group's financial result amounted to EUR -8.5 million (previous year: EUR -4.7 million). The Group generated earnings before taxes (EBT) of EUR 23.8 million (previous year: EUR 30.4 million), which corresponds to an absolute decrease of EUR 6.6 million, or 21.6 percent, compared to the previous year. Income tax expenses amounted to EUR 6.8 million in the reporting period (previous year: EUR 8.2 million). The income tax expense in relation to earnings before taxes was therefore 29 percent (previous year: 27 percent). After taxes, the Group generated earnings for the period of EUR 17.0 million from continuing operations (previous year: EUR 22.2 million). This corresponds to a decrease of 23.3 percent.

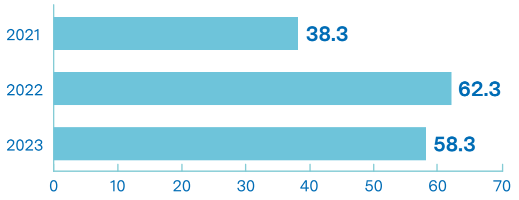
EUR 13.4 million (previous year: EUR 19.1 million) of the net profit for the period from continuing operations is attributable to the shareholders of Allgeier SE and EUR 3.6 million (previous year: EUR 3.0 million) to non-controlling interests in subsidiaries. This results in earnings per share for the reporting year of EUR 1.17 (previous year: EUR 1.68). Earnings per share adjusted for special items in EBITDA as well as depreciation and amortization due to acquisitions and calculated using a normalized tax rate of 30 percent amounted to EUR 1.61 (previous year: EUR 2.12) in fiscal year 2023, a year-on-year decrease of 24.1 percent.

To present adjusted earnings per share, the Allgeier Group corrects the reported consolidated EBIT of continuing operations for amortization of intangible assets capitalized in connection with acquisitions (effects of purchase price allocation), income and expenses from purchase price adjustments in profit or loss and other non-recurring and prior-period effects. Taking into account the adjustments and assuming a uniform tax rate of 30 percent, the Group achieved earnings per share of EUR 1.61 in the 2023 fiscal year (previous year: EUR 2.12).

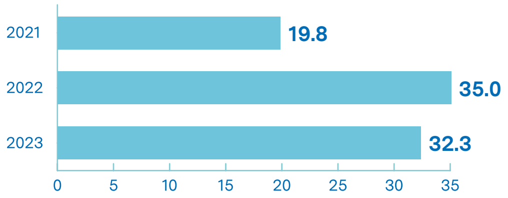
Group revenue (in EUR million)



Group EBITDA (in EUR million)



Group EBIT (in EUR million)



Adjusted for special items, earnings per share are calculated as follows:

(continuing operations in EUR million)	2023	2022
Profit from operating activities (EBIT as reported)	32.3	35.0
Amortization of intangible assets from acquisitions	4.7	9.5
Other non-recurring and prior-period effects	3.0	-0.9
Financial result	-8.5	-4.7
Adjusted earnings before taxes	31.5	39.0
Tax rate	30%	30%
Taxes	-9.4	-11.7
Adjusted profit or loss for the period	22.0	27.3
Non-controlling interests	-3.6	-3.0
Earnings for calculation of adjusted earnings per share	18.4	24.2
Number of shares outstanding	11,436,534	11,417,935
Adjusted earnings per share in EUR (basic)	1.61	2.12

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

(in EUR million)	2023	2022
Continued pay and severance payments for former employees	-2.0	-1.4
Payment of inflation adjustment bonuses to employees	-1.6	-0.9
Other expenses for restructuring and reorganization	-0.3	0.0
Purchase price components from acquisitions recognized as staff costs	-0.3	0.0
Losses from bad debt allowances and uncollectable receivables	-0.3	-0.3
Sunk costs and non-capitalized incidental costs of acquisitions	-0.2	-0.3
Income from the adjustment of purchase prices from acquisitions	0.7	3.5
Income from write-ups of value in use from rental and lease agreements	1.7	0.0
Other extraordinary and prior-period income and expenses (net)	-0.7	0.3
Total	**-3.0**	**0.9**

Discontinued operations:

The discontinued operations comprise the business of the companies sold up to the date of disposal from the Allgeier Group In July 2023, the AllgeierGroup sold VJii Productions AG, Olten (Switzerland). In the previous year, the discontinued operations also included the subsidiary Oxygen Consultancy, Istanbul (Turkey), which was sold in March of 2022, and Talentry GmbH, Munich, which was held as an at-equity investment until June of 2022. In 2023, the Allgeier Groupgenerated a loss on disposal of EUR 0.3 million (previous year: gain on disposal of EUR 4.1 million) from the sale of the companies of the discontinued operations.

2.3.2 Financial position

The Allegier Group remains in a stable financial position. In addition to equity of EUR 189.2 million (previous year: EUR 180.8 million), the Group has a credit line of EUR 200 million from a syndicated loan agreement, the term of which has been extended until 2028. In order to continue growth, sufficient funds are still available to finance the Allgeier Group from the cash flow from operating activities, from the credit line of our syndicated loan agreement and from the promissory note loan placed in 2022. As of December 31, 2023, the available funds from external financing amounted to just under EUR 120 million (previous year: EUR 129 million). Furthermore, there is a facility of EUR 60.0 million in conjunction with the factoring of client receivables (previous year: EUR 60.0 million). Factoring had been fully utilized as of December 31, 2023 (previous year: EUR 49.0 million).

In the 2023 financial year, the Allgeier Groupgenerated a positive cash flow of EUR 10.1 million (previous year: EUR 18.5 million) from its business activities. These funds were used to make distributions and payments to shareholders in the amount of EUR 8.9 million (previous year: EUR 11.9 million) and, in part, payments from the acquisition of subsidiaries in the amount of EUR 9.4 million (previous year: EUR 5.4 million). On balance, the Group's net debt (excluding liabilities from rental and lease agreements) increased by EUR 8.2 million, from EUR 62.8 million to EUR 71.0 million, in the course of the 2023 fiscal year.

Interest-bearing financial liabilities increased slightly, to EUR 154.1 million as of December 31, 2023 (previous year: EUR 150.3 million). The main reason for this was the financing of the acquisitions performed in 2023. Liabilities from rental and lease agreements increased by EUR 2.8 million, to EUR 45.8 million, in the same period (previous year: EUR 43.0 million). At the same time, cash and cash equivalents amounted to EUR 83.0 million as of the balance sheet date (previous year: EUR 87.4 million). As a result, the Allgeier Group's net debt (including liabilities from rental and leasing contracts) increased from EUR 105.9 million to EUR 116.8 million in the 2023 fiscal year.

The cash flow statement reflects the balance of cash flows from operating activities, investing activities and financing activities:

The Allgeier Group generated cash flow of EUR 31.6 million from operating activities in the 2023 fiscal year (previous year: EUR 31.7 million). This cash flow includes cash outflows of EUR 11.7 million (previous year: EUR 10.8 million) from changes in working capital. The change is essentially as a result of business growth and the higher operating receivables and liabilities this entailed. Before changes in working capital, the AllgeierGroup achieved net cash from operating activities of EUR 43.3 million (previous year: EUR 42.5 million).

The AllgeierGroup spent EUR 36.7 million on investing activities in the 2023 fiscal year (previous year: EUR 17.9 million). This amount includes payments of EUR 14.6 million (previous year: EUR 7.3 million) for investments in non-current assets and payments of EUR 9.4 million (previous year: EUR 5.4 million) for acquisitions. Furthermore, there were payments for leases of EUR 13.7 million in the reporting year (previous year: EUR 11.3 million). Proceeds from the sale of subsidiaries amounted to EUR 4.7 million net in the previous year. In addition, the Group received payments from sale and leaseback transactions in the amount of EUR 0.8 million (previous year: EUR 1.0 million).

As part of financing activities, cash and cash equivalents totaling EUR 5.9 million were received in the 2023 fiscal year (previous year: disposal of EUR 1.2 million). Loans of a net amount of EUR 8.9 million were repaid in fiscal year 2023 (previous year: EUR 7.5 million). Dividends of EUR 5.7 million were distributed to the shareholders of Allgeier SE (previous year: EUR 5.7 million). The Allgeier Group paid interest of EUR 8.2 million in fiscal year 2023 (previous year: EUR 4.3 million net). The cash outflow to non-controlling interests amounted to EUR 3.2 million (previous year: EUR 6.2 million).

The balance of cash flows from operating activities, investing activities and financing activities and the item for the correction of currency translation differences in cash and cash equivalents resulted in a cash inflow of EUR 1.0 million (previous year: EUR 12.6 million) to the cash and cash equivalents available at short notice in the 2023 fiscal year. As a result of capital inflows, cash and cash equivalents increased from EUR 67.4 million on December 31, 2022 to EUR 68.4 million as of the end of fiscal year 2023.

First-degree liquidity (cash and cash equivalents / current liabilities) decreased to 62 percent as of December 31, 2023 (previous year: 67 percent) due to the reduction in cash and cash equivalents and a simultaneous increase in current liabilities. The quick ratio (cash funds and trade receivables / current liabilities) was 113 percent as of the end of the reporting period (previous year: 118 percent).

2.3.3 Net assets

The financial position of the Allgeier Groupis characterized by the development of the assets and liabilities required for the operating business, the addition of new Group companies from ongoing acquisition activities and the transactions with the shareholders of Allgeier SE and the minority shareholders of the subsidiaries.

In the past fiscal year, the Allgeier Groupreceived assets including acquired goodwill in the amount of EUR 10.1 million (previous year: EUR 10.5 million) and liabilities including earn-out liabilities in the amount of EUR 3.5 million (previous year: EUR 4.0 million) from acquisition activities. Cash outflows for the acquisition of these companies amounted to EUR 6.6 million (previous year: EUR 6.5 million) before taking the acquired cash and cash equivalents into account. Furthermore, the Allgeier Group paid EUR 3.5 million for subsequent purchase price payments in connection with companies acquired in previous years (previous year: EUR 0.5 million). The Allgeier Group made payments of EUR 8.9 million from transactions with shareholders in the 2023 financial year (previous year: EUR 11.9 million).

Total assets amounted to EUR 524.8 million as of the end of 2023 (previous year: EUR 513.3 million). Non-current assets climbed to EUR 358.0 million (previous year: EUR 345.7 million). Within non-current assets, intangible assets in particular increased to EUR 290.4 million (previous year: EUR 282.9 million) and the value in use from rental and lease agreements to EUR 44.0 million (previous year: EUR 39.7 million). Property, plant and equipment increased to 9.8 million (previous year: 9.4 million). Other non-current financial assets decreased to 8.2 million (previous year: 9.9 million). Deferred tax assets rose to EUR 4.6 million at the end of 2023 as against EUR 2.4 million at the end of the previous year. Current liabilities increased to EUR 263.6 million as of the end of 2023 (previous year: EUR 257.3 million). Other intangible assets increased by EUR 1.2 million to EUR 26.8 million (previous year:EUR 25.6 million).

The investment ratio as a ratio of non-current assets to total assets amounted to 68.2 percent in the past financial year 2023 and is above the level of the previous financial year (previous year: 67.3 percent) due to the disproportionate increase in non-current assets compared to total assets.

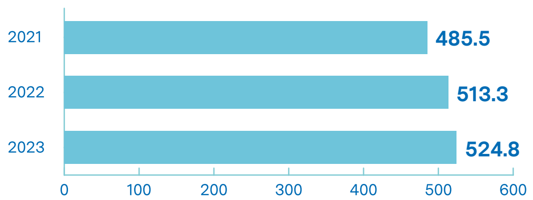
Current assets amounted to EUR 166.7 million as of the 2023 reporting date (previous year: EUR 167.6 million). Trade receivables increased to EUR 68.2 million (previous year: EUR 66.9 million). Cash funds amounted to EUR 83.0 million as of December 31, 2023 (previous year: EUR 87.4 million). All other current liabilities rose from EUR 13.2 million in the previous year to EUR 15.5 million as of December 31, 2023.

On the liabilities side, Group equity increased to EUR 189.2 million (previous year: EUR 180.8 million). Non-current and current liabilities amounted to EUR 335.6 million as of the reporting date (previous year: EUR 332.5 million). In the same period, the equity ratio climbed to 36.1 percent at the end of 2023 (previous year: 35.2 percent) as a result of the faster increase in equity compared to the increase in total assets.

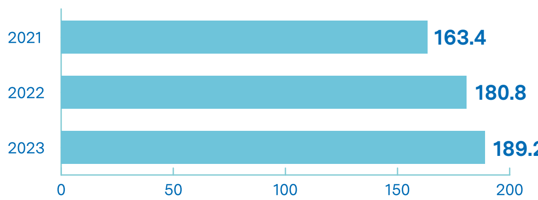
Non-current liabilities decreased by EUR 0.7 million in the past fiscal year to EUR 201.3 million at the end of 2023 (previous year: EUR 202.0 million). Within non-current liabilities, non-current financial liabilities rose to EUR 139.6 million (previous year: EUR 130.4 million). Financial liabilities include the EUR 80.0 million (previous year: EUR 71.0 million) portion of the syndicated loan facility and the promissory note loan in the amount of EUR 60 million, which is unchanged from the previous year. Non-current liabilities from rental and lease agreements increased to EUR 34.5 million in the reporting year (previous year: EUR 33.9 million). Other non-current liabilities declined by EUR 10.5 million to EUR 27.2 million in fiscal year 2023 (previous year: EUR 37.7 million). Within this item, other non-current financial liabilities in particular fell by EUR 10.0 million to EUR 16.3 million as a result of acquisitions (previous year: EUR 26.3 million). The main reason for the decline is the liabilities from the acquisition of subsidiaries included in this figure, which had to be reclassified to current liabilities in 2023 due to their maturity.

Current liabilities rose to EUR 134.3 million as of December 31, 2023 (previous year: EUR 130.5 million). Within this item, financial liabilities decreased by EUR 5.4 million, to EUR 14.5 million, at the end of 2023 (previous year: EUR 19.8 million). Current liabilities from rental and lease agreements increased by EUR 2.2 million, to EUR 11.3 million (previous year: EUR 9.1 million). Other current liabilities rose by EUR 7.0 million to EUR 108.5 million (previous year: EUR 101.5 million). Due to the disproportionately low increase in debt in relation to the increase in total assets, the Group's gearing ratio as a ratio of liabilities to total assets fell to 63.9 percent at the end of the 2023 fiscal year (previous year: 64.8 percent).

Total assets at December 31 (in EUR million)



Equity at December 31 (in EUR million)



2.3.4 Segments

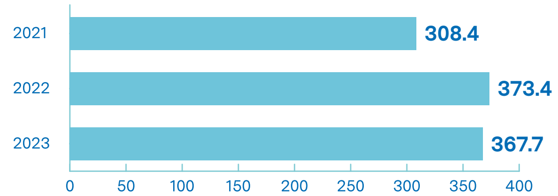
The disclosures and information below include revenue and earnings from transactions performed between the segments.

2.3.4.1 Enterprise IT segment

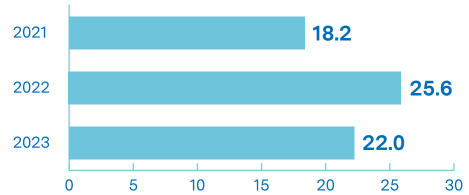
In terms of external revenue, the Enterprise IT segment contributed 75 percent (previous year: 78 percent) to the Allgeier Group's revenue from continuing operations in the reporting period.

In the Enterprise IT segment, the weighting of the various business areas continued to change during the reporting year. While the software and IT services business continued its growth trajectory in 2023 and grew by 26 percent in terms of sales, revenue in the personnel services and personnel services-related project business fell significantly, by 21 percent, in the reporting year as part of the ongoing transition. Accordingly, the segment recorded a slight overall reduction in sales of 1.5 percent, to EUR 367.7 million, in the past fiscal year (previous year: EUR 373.4 million). However, gross profit in the Enterprise IT segment (total operating revenue less costs directly attributable to sales) increased by 2.3 percent, to EUR 113.7 million (previous year: EUR 111.2 million), resulting in a further increase in the gross margin, to 30.6 percent (previous year: 29.5 percent). The Enterprise IT segment's EBITDA amounted to EUR 39.1 million in the reporting year (previous year: EUR 45.3 million), a decrease of 13.7 percent. The segment's EBITDA was negatively impacted by extraordinary expenses from the transition. The measures implemented in the past fiscal year to reduce costs in the personnel services and personnel services-related project business will have a significant impact in the 2024 fiscal year. The adjusted effects, which mainly comprise costs for personnel measures, amounted to EUR 3.3 million on balance in the 2023 fiscal year (previous year: income of EUR 1.1 million). Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) fell by 4.2 percent year-on-year to EUR 42.4 million (previous year: EUR 44.2 million). This translates into an adjusted EBITDA margin of 11.4 percent (previous year: 11.7 percent). Segment depreciation, amortization and write-downs amounted to EUR 17.2 million in the reporting year (previous year: EUR 19.7 million). Segment EBIT fell by 14.3 percent, from EUR 25.6 million in 2022 to EUR 22.0 million in the reporting year. Profit for the period in the Enterprise IT segment before taxes and before income and expenses from profit and loss transfer agreements amounted to EUR 17.0 million (previous year: EUR 24.1 million), a decrease of 29.2 percent compared to the previous year.

Revenue of the Enterprise IT segment (in EUR million)



EBIT of the Enterprise IT segment (in EUR million)



2.3.4.2 mgm technology partners segment

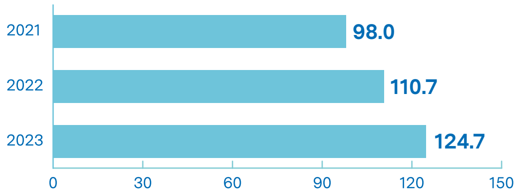
The mgm technology partners segment generated revenue growth and a slightly lower earnings margin in the reporting year. The segment accounted for 25 percent of the external revenue of the Allgeier Group's continuing operations in fiscal year 2023 (previous year: 22 percent).

The mgm technology partners segment's revenue rose by 12.7 percent to EUR 124.7 million in fiscal year 2023 (previous year: EUR 110.7 million). The segment's gross profit increased by 9.0 percent to EUR 50.6 million (previous year: EUR 46.4 million). The segment's gross margin was therefore 39.5% (previous year: 40.7%).

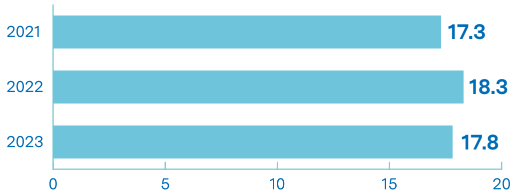
The segment's EBITDA climbed by 3.7 percent to EUR 25.3 million in the reporting year (previous year: EUR 24.4 million). The mgm technology partners segment reported a result from extraordinary and prior-period effects of EUR -0.6 million in fiscal year 2023 (previous year: EUR -0.1 million). Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) amounted to EUR 25.9 million (previous year: EUR 24.5 million), an increase of 5.7 percent. This translates into an adjusted EBITDA margin of 20.2 percent (previous year: 21.5 percent).

Segment depreciation, amortization and write-downs increased to EUR 7.5 million in the reporting year (previous year: EUR 6.1 million). The segment thus achieved EBIT of EUR 17.8 million (previous year: EUR 18.3 million). This corresponds to a slight decrease of 2.7 percent. The segment's profit before income taxes decreased by 4.0 percent to EUR 17.5 million (previous year: EUR 18.2 million).

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



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



2.4 Financial and non-financial performance indicators

2.4.1 Financial performance indicators

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

Revenue growth

Allgeier operates on the growing market of information technology. Worldwide, this overall market has already been growing faster than the economy as a whole for several years, and in some areas significantly so. This was also evident in the past fiscal year, in which the IT sector in Germany achieved growth of 2.2 percent in a difficult macroeconomic environment, while the economy as a whole shrank. Without the market for IT hardware, which shrunk, the IT sector would have grown even more significantly in the year of recession. Moving ahead, it is expected that information technology companies in particular will benefit from the ongoing trend towards business process digitalization. The need for digitalization in both the private and public sectors has been intensified in many ways during and in the aftermath of the COVID-19 pandemic.

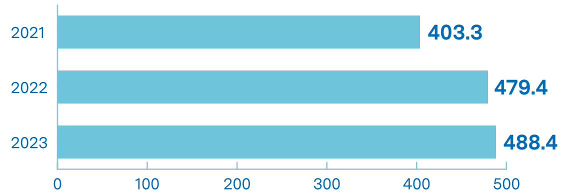
We had planned total consolidated revenue of between EUR 500 and EUR 540 million for fiscal year 2023. Both segments of the Group were expected to contribute to the planned growth. On November 7, 2023, we announced in an ad hoc disclosure that we are adjusting our guidance for the 2023 fiscal year and expect consolidated sales in the region of EUR 490 million. With actual sales from continuing operations amounting to EUR 488 million, we did not meet the range forecast in the original Group planning. Contrary to the original forecast, it was not both segments that contributed to growth.

The individual segments had planned the following revenue development:

- The Enterprise IT segment's goal had been to increase its revenue to between EUR 380 and EUR 410 million. The segment achieved sales (including revenue with other segments) of EUR 368 million in 2023. Sales in the personnel services and personnel services-related project business fell by around EUR 46 million in 2023 as part of the ongoing transition within the segment. By contrast, the rapidly growing Software and IT Services business areas achieved significant sales growth of EUR 41 million within the segment in the reporting year. Due to the reduction in sales in the personnel services and personnel services-related project business, which was greater than originally planned, the segment did not achieve the original target corridor for the sales target overall, but made significant progress with the transition, which is essential for the future.
- The mgm technology partners segment had been planning further revenue growth to between EUR 120 and EUR 130 million. In fact, the segment achieved sales (including revenue with other segments) of EUR 124.7 million in the past fiscal year – corresponding to growth of 13 percent. The segment therefore achieved the target corridor for the sales forecast.

The Group's sales growth over the past few years is as follows:

Consolidated revenue
(continuing operations in EUR million)



Profitability

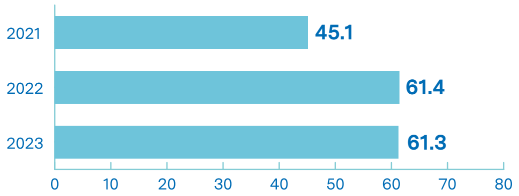
In the last annual report, we set ourselves the target of achieving above-average growth in profitability measured by adjusted Group EBITDA to an adjusted EBITDA of between EUR 65 and 71 million. On November 7, 2023, we announced in an ad hoc disclosure that we were adjusting our guidance for fiscal year 2023 and now expect an adjusted EBITDA of around EUR 60 million. In fact, the Group achieved an adjusted EBITDA of EUR 61.3 million in fiscal year 2023. Compared to the previous year, adjusted EBITDA fell by 0.2 percent. The adjusted EBITDA margin was 12.4 percent. Due to the more subdued business performance in the first nine months of the fiscal year and a sharper reduction in sales in the personnel services and personnel services-related project business than originally planned, we did not fully meet the expectations we voiced in the last annual report with regard to the development of Group profitability.

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

- The Enterprise IT segment planned for an adjusted EBITDA of EUR 50 million to EUR 54 million. The adjusted EBITDA margin should come close to the 13 percent mark. In fiscal year 2023, the segment achieved an adjusted EBITDA of EUR 42.4 million, which corresponds to a margin of 11.4 percent, and therefore did not reach its profitability target. This was due to the continued significant reduction in sales in the personnel services and personnel services-related project business. The measures already adopted to reduce costs in the personnel services business will have a significant impact in fiscal year 2024.
- The mgm technology partners segment had been planning EBITDA of between EUR 25 and EUR 27 million for fiscal year 2023. The adjusted EBITDA margin should be around 21 percent. The segment actually achieved an adjusted EBITDA of EUR 25.9 million – corresponding to an EBITDA margin of 20.2 percent – and thus reached its earnings target.

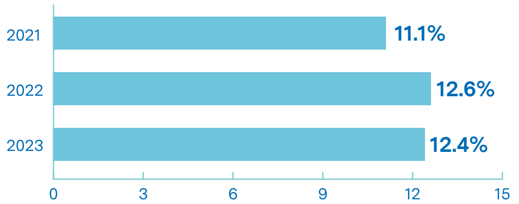
The development of the adjusted EBITDA and the adjusted EBITDA margin for the Allgeier Group and the individual Group segments is as follows:

Adjusted EBITDA
(continuing operations in EUR million)

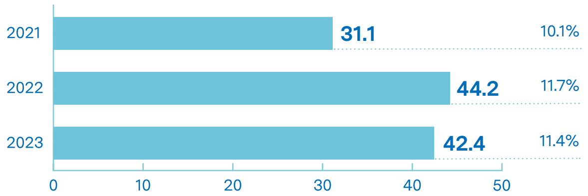


Adjusted EBITDA margin

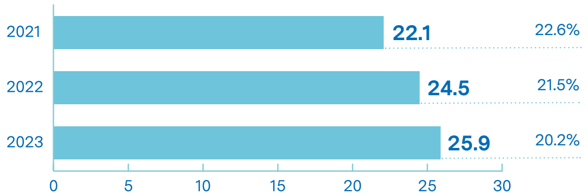
Group (continuing operations)



Enterprise IT segment
(continuing operations in EUR million)



mgm technology partners segment
(continuing operations in EUR million)



Net debt

The objective for the fiscal year was that net debt should not increase without further acquisitions. As of December 31, 2023, net debt amounted to EUR 116.8 million. It has therefore increased by EUR 10.9 million compared to December 31, 2023, from EUR 105.9 million. In 2023, EUR 5.9 million was spent on new acquisitions (taking into account the acquired cash and cash equivalents). Adjusted for these payments, net debt increased correspondingly by EUR 5.0 million in 2023. We therefore did not quite achieve our goal of not increasing net debt without further acquisitions.

Growth through acquisitions

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

Our aim for the future is to continue to grow by means of acquisitions in addition to organic growth. The Allgeier Group's transactions in recent years have included:

Transactions (acquisitions)	
2021	publicplan GmbH, Düsseldorf
	Cloudical Deutschland GmbH, Berlin
	it-novum GmbH, Fulda
	MySign AG, Olten, Switzerland
	Clientis AG, Moosburg (Bavaria)
	Evora, Walldorf
2022	pooliestudios GmbH, Düsseldorf
	Quality First Software GmbH, Geretsried
	Höhn Consulting GmbH, Kiel
2023	ShiftDigital Government Solutions GmbH, Bochum
	SDX AG, Frankfurt am Main

2.4.2 Non-financial performance indicators

Employee Satisfaction

Our employees are our Group's most valuable capital. With their know-how, their motivation, but also their team spirit and their outstanding commitment, they are the driving force behind our customers' projects and thus our day-to-day business. The employees of the various units of our Group are the ones who enjoy the trust of our clients and develop and implement innovations for them. In competing for qualified new employees, it is more important today than ever before to be an attractive and reliable employer for the best candidates. An increasing degree of intelligent and flexible organization and diversification is required to combine different individual requirements, educational levels and expectations. The continuous development of existing employees and the recruitment of new, highly qualified colleagues are essential factors for the development of the entire Group. Accordingly, employee satisfaction within our Group is a key performance indicator.

2.5 Human resources

Allgeier counts on dedicated and loyal employees

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

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

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

Employee figures: Broad base of highly qualified IT and software experts – further expansion of the employee base in Germany and at our international sites.

At the end of the 2023 fiscal year, the Allgeier Group had 3,554 employees in ongoing operations (previous year: 3,320 employees). As of the end of the fiscal year, Allgeier had 2,910 permanent employees in Germany (previous year: 2,713) and 644 permanent employees outside Germany (previous year: 607). At the end of the 2023 fiscal year, 81.9 percent of all employees were employed in Germany (previous year: 81.7 percent).

In net terms, the number of employees rose by 234 (previous year: increase of 392 employees). The headcount growth took place in both of the Group's segments. A further 42 jobs were created as a result of the acquisitions in fiscal year 2023 (previous year: 76). As of the end of 2023, we employed staff from more than 20 different nations at our locations at home and abroad. In recent years, our Group has become increasingly international and we have recruited numerous highly qualified specialists at our international locations such as Austria, Switzerland, France, Spain, Portugal, Poland, Czechia, India, Vietnam and the

USA. We intend to significantly expand on this in the coming years. With the further expansion of our locations abroad, we continued this process of internationalization in the past fiscal year and gained additional access to highly qualified employees in these regions.

In the 2023 fiscal year, the proportion of female employees in the Allgeier Group companies was almost unchanged from the previous year, at 29 percent. Depending on the survey, Eurostat and BITKOM assume that the share of female employees across all companies in the German IT sector is between just 15 and 17 percent. We also continue to have a high proportion of employees with a university degree, which also rose slightly last year: the proportion of academics increased to 61.6 percent as of the reporting date (previous year: 60.2 percent). In total, 92.2 percent of our employees hold a bachelor's/master's/doctoral degree, state-certified technician / master trades certificate, or have other qualified professional training (previous year: 91.7 percent). In addition to continuous further training and professional development, it is our hope to offer our employees long-term prospects and an attractive future within the Group by enabling a healthy and appealing work-life balance.

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

Number of employees at December 31 (headcount)*	2019	2020	2021	2022	2023
Number of employees	2,506	2,366	2,937	3,320	3,554

*continuing operations of the Allgeier Group

3. Overall statement on the economic situation of the Allgeier Group

The Allgeier Group's total operating performance increased by two percent, to EUR 495.9 million, in the 2023 fiscal year. Adjusted EBITDA was roughly at the same level as the previous year, at EUR 61.3 million. This means that the Group did not achieve its original targets in 2023 but demonstrated a high degree of stability against the backdrop of the numerous significant challenges for economic development both in Germany and internationally in the past fiscal year. The business development of the Allgeier Group companies is being driven by growth in the areas of software and IT services, which is considerably higher than general economic growth. While German economic output declined in 2023, business in the aforementioned sectors grew by ten and six percent, respectively, across Germany. The Allgeier Group operates in a large market segment that is growing sustainably worldwide and is driven by digitalization and the rapid development of technology.

Within the segments of the Allgeier Group, the individual divisions developed in different ways in 2023. The mgm technology partners segment and the business areas of the Enterprise IT segment, which deal with the creation of software solutions and the provision of IT services, once again achieved double-digit growth and increased sales by more than EUR 50 million. For strategic reasons, however, the IT personnel services and personnel services-related project business in the Enterprise IT segment was significantly downsized by more than EUR 45 million in turnover, a reduction of around 20 percent. This means that the IT personnel services and personnel services-related project business now only accounts for around a third of the Group's business volume, compared to around 45 percent in the previous year. The margin for adjusted EBITDA across the Group was 12.4 percent; excluding the lower-margin IT personnel services and personnel services-related project business, the Group's adjusted EBITDA margin before holding costs was 19 percent, while the figure for the IT personnel services and personnel services-related project business was below 5 percent. The Allgeier Group's statement of financial position is stable and balanced. Equity amounted to EUR 189 million, which corresponds to an equity ratio of 36.1 percent. The net debt built up through company acquisitions in recent years is counterbalanced by the Group's valuable companies with their operating results and cash flows. There is financial scope for further acquisitions.

Our growing number of qualified employees forms the basis for the Allgeier Group's business. At the end of the fiscal year 2023, more than 3,500 colleagues across 12 countries were working for the companies of the Allgeier Group. Together, we offer over 2,900 customers from various industries in Germany and abroad our software solutions and services for digitizing their businesses. Our diversified customer base and the solutions and technologies we use ensure that we are largely independent of individual customers, sectors or technologies. Strategically, we try to benefit sustainably from the appeal of the constant development in requirements and technological possibilities and align our business accordingly. In particular, we expect to see further growth opportunities from the second half of 2024 onwards.

4. Forecast, Report on Risks and Opportunities

4.1 Forecast

General economic forecast

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

After the recession year of 2023, only slight growth is expected for Germany in terms of overall economic development in 2024. Against the backdrop of falling inflation and hopes of rising consumer spending, economic research institutes anticipate greater opportunities for stronger growth in the course of the coming year, with a tendency towards stronger growth from the second half of the year onwards. The German government and the EU Commission are forecasting slight growth in the German economy of 0.2 percent and 0.3 percent, respectively, for the current year 2024, while the OECD is forecasting 0.3 percent and the ifo Institute and the Institute for Macroeconomics and Business Cycle Research (IMK) of the Hans Böckler Foundation are forecasting 0.2 percent and -0.3 percent, respectively. The inflation rate should continue to fall in 2024 and move significantly closer to the European Central Bank's inflation target of two percent. The low economic growth is likely to have an impact on the labor market. The IMK expects the unemployment rate in 2024 to rise to 5.9 percent, although this has not yet had a noticeable impact on the IT and software sector. For the EU and the eurozone, the EU Commission also expects only slight economic growth in the order of 0.9 and 0.8 percent, respectively, in 2024. The OECD forecasts global growth of 2.9 percent for 2024. A further slight increase in growth in the German and European economy is currently expected for 2025, with inflation rates continuing to fall. Further details of the overall economic outlook can be found above in section 2.1.1 of this Group management report.

Forecasts for the IT industry

The generally positive outlook for the IT sector (see the description in section 2.1.2 of this Group Management Report above) means that the companies of the Allgeier Group are also confident about business development in 2024 and in subsequent years. The expected growth of 6.1 percent for the entire information technology sector in Germany as well as the expectations for business with IT services (just under five percent) and software (over nine percent) and the associated services show that the overarching trend towards the digitalization of all key business and administrative processes is still in full swing.

Investment in IT by companies and public authorities continues to increase. The Capgemini study "IT Trends 2024" emphasizes that the public sector is focusing on existing IT systems and applications, while the private sector is increasing the budget share for new systems and applications. This year, the public sector wants to optimize applications, processes and infrastructure in particular. In addition to greater security and a higher level of integration, the main focus is on greater speed – for example, during development or implementation. This shows that the public sector is obviously still a long way from the desired speed of implementation. The aim of private companies for 2024 is primarily to increase security and the level of integration in the areas of applications and data.

The research and consulting firm, Gartner, forecasts global growth in IT spending of 6.8 percent in 2024 and assumes that generative AI (GenAI) will not yet have a significant impact on IT spending, while investments in AI in a broader sense will support the growth of IT spending overall. Direct effects will not be felt until 2025. The Software and IT Services market segments will both see double-digit growth by 2024, primarily due to cloud spending. Global spending on public cloud services is expected to increase by 20.4 percent in 2024 and, similar to 2023, growth will result from a combination of price increases by cloud providers and increased usage. Spending on cyber security is also driving growth in the software segment. In the Gartner survey of CIOs and technology experts for the year of 2024, 80 percent of CIOs stated that they plan to increase their spending on cyber security in 2024. Information security is the most important area of investment for CIOs.

Gartner also expects that spending on IT services in general in 2024 will exceed spending on communication services for the first time, rising by 8.7 percent to 1.5 trillion US dollars by 2024. This is mainly due to the fact that companies are investing in projects to increase organizational efficiency and optimization. These investments will be crucial in these times of economic uncertainty.

The industry association BITKOM points out that data theft, espionage, and sabotage resulted in losses of EUR 206 billion in 2023 alone. According to a study commissioned by the association, every second company surveyed feels that its existence is threatened by cyber attacks. Almost three-quarters (72 percent) of all companies surveyed have been affected by analog and digital attacks in the last twelve months. Since the beginning of the Russian war of aggression against Ukraine, Russia and China have increasingly become the source of attacks on the German economy. Some 46 percent of affected companies were able to trace their attacks back to Russia according to the BITKOM study (2021: 23 percent), and 42 percent were attacked by China (2021: 30 percent). For the first time, this puts Russia at the top of the list of countries from which attacks on the German economy originate. In view of this threatening situation, companies have increased their investments in IT security.

On average, 14 percent of a company's IT budget is currently spent on IT security, compared to 9 percent in the previous year. Around a third of companies (30 percent) have an IT budget share of 20 percent or more, thus meeting the recommendation of BITKOM and the German Federal Office for Information Security (BSI).

A further surge in demand can also be expected in the area of public administration: In the national e-government strategy, the federal and state governments have defined joint fields of action for digitizing administration. The German Act on the Improvement of Online Access to Administrative Services (Online Access Act) had required the federal government, states and municipalities to offer their administrative services digitally as well by the end of 2022. The German government has also announced that, by 2025, it intends to bundle the procurement of its administrative IT and consolidate its information technology in order to enhance security and efficiency while also rising to the challenges of a digital administration. According to the federal government, however, it was already clear when the German Administrative Digitalization Act (OZG) came into force in 2017 that administration would not be "fully digitized" by the end of 2022, but that the digitalization of administration would be an ongoing task. The OZG was thus the starting signal for a sustainable change in public administration and has set an important course for future digitalization work. In May 2023, the German federal government adopted a suitable successor framework in the cabinet with the draft bill to amend the German Administrative Digitalization Act in order to press ahead with the required digital transformation of public administration and establish central requirements for user-friendly and fully digital processes and services for all citizens and companies. The government is still aiming to provide a broad range of digital online services. The key points agreed upon at the same time with regard to ensuring modern and future-oriented administration include key directional decisions with a view to greater prioritization and standardization. At the same time, the German Administrative Digitalization Act is to be closely interlinked with major projects such as register modernization and digital identities. In 2023 and 2024, the federal government is supporting the federal states and local authorities specifically in the implementation of 15 services so that they can be offered in as comprehensive and fully digital (end-to-end) a manner as possible. In order to make progress in digitalization in Germany, BITKOM is calling on the German government to create an ambitious digital policy with a focus on administration, education, data rooms and infrastructure. The intended acceleration of administrative and approval processes should be implemented rapidly.

The Allgeier Group's Management Board expects IT dependency to continue to grow in 2024 in an increasingly globalized world. The forecast growth in the IT sector as a whole and its relevant sub-sectors supports this assumption. The growth rates for IT services and software in particular are significantly higher than the industry average. At the same time, IT itself is undergoing rapid change, resulting in a constant need for innovation and investment as areas that have been relevant to date are quickly overtaken and replaced by others. Due to the AllgeierGroup's positioning in key, high-growth innovation and future-oriented fields on the one hand and its broad, cross-industry customer base of many hundreds of large companies as well as medium-sized market and industry leaders and public sector clients on the other, Allgeier will be able to continue to benefit from the structural growth opportunities in the software and IT services sector.

Forecast by the Allgeier Group

In line with the expected development of the IT market both in Germany and in the other relevant markets, the Management Board considers the fundamental prospects for further growth of the Allgeier Group's business in the coming years to be positive.

The companies of the Allgeier Group have long held a strong market position in many of these trending and growth areas. In addition to cyber security, open source software development and low-code platforms, the ongoing trend towards moving business software solutions to modern cloud ecosystems such as Microsoft Azure and, last but not least, the many ways in which software solutions with AI applications are beginning to be implemented can act as additional growth drivers.

We operate in several areas that have enjoyed high growth for years. To name just a few examples:

- mgm technology partners has been a pioneer in digitalization for many years, in particular in the public sector and in creating complex online portals. AI components are also increasingly being used for this purpose. Our own enterprise low-code platform A12 enables extremely fast and reliable development and adjustment of complex, functional and secure applications. mgm expects the demand for industrialized software development to continue to increase significantly in the future.
- Public sector spending on the digitalization of administration at all levels (government, states, municipalities) is immense and still rising. Special conditions play a role in this. One major issue is digital sovereignty, i.e. independence from individual and, in particular, foreign manufacturers. We are serving this requirement with the development of administration software on the basis of open-source products. Our Group company publicplan is one of Germany's leading specialists in this field.
- Classic software products such as ERP systems are gaining new significance in conjunction with ongoing digitalization and the considerable networking with other software products. They are often a central element in the system landscape and, as such, have to satisfy new requirements for connecting with other systems and the cloud. Our Group companies Allgeier inovar and Evora are specialists in this field and also have their own software solutions with a broad, long-standing customer base.
- Goods and services are increasingly being offered on dynamic online portals. Topics such as e-commerce are therefore taking on a new significance. Existing systems have to satisfy a variety of new requirements, which often necessitates their replacement or further development. The software solutions of mgm technology partners and Allgeier inovar are leaders in this area.
- Almost all major software applications are increasingly being developed and operated in professional cloud environments. At the same time, the underlying cloud technology is constantly changing. This requires the considerable adjustment of existing software solutions and systems. Comprehensive transformation projects are needed. This gives rise to new services for operating and maintaining applications in the cloud, known as managed services, for the ongoing support of business-critical and complex systems. In addition to mgm technology partners and publicplan, the Group companies Cloudical and Allgeier IT Services specialize in this area.
- Data security and cybersecurity are becoming increasingly important and are no longer a fringe issue. The specialist products and services of our Group company Allgeier CyRis help clients to achieve a requisite level of protection and to protect themselves against specific threats. Allgeier has bundled its business with its own cyber security solutions and corresponding services in a new high-performance unit, which has been operating on the market since 2022 as Allgeier CyRis. With software-based and automated security solutions and comprehensive services in the IT security environment, Allgeier has considerable potential. The service portfolio ranges from vulnerability management, pentesting and the detection of malware to the establishment of secure communication channels, for example with the julia mailoffice solution, as well as ongoing support and consulting services. It also provides consulting services and performs audits and security awareness training.

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

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

The current planning for the 2024 fiscal year envisages an increase in Group sales to between EUR 510 million and EUR 550 million. Both segments of the Group are set to contribute to the planned revenue growth. According to Group planning, Allgeier SE's forecast adjusted EBITDA for 2024 will be between EUR 63 million and EUR 69 million. The corresponding adjusted EBITDA margin is expected to be between 12 and 13 percent.

In the medium term, the Management Board expects an average organic growth rate in Group sales of 10 to 15 percent over the next three years. Within this period, the adjusted EBITDA margin should continue to rise to 15 percent.

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

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

- The Enterprise IT segment is planning for adjusted revenue of between EUR 380 and EUR 420 million with adjusted EBITDA of EUR 49 to EUR 53 million. The adjusted EBITDA margin is expected to come in at between 12 and 13 percent.
- The mgm technology partners segment is planning further revenue growth to between EUR 126 and EUR 136 million with adjusted EBITDA of EUR 25 to EUR 27 million. The adjusted EBITDA margin is expected to be around 20 percent.

Disregarding potential acquisitions, the Allgeier Group does not intend to accumulate any further net financial liabilities in fiscal year 2024.

Objective for 2024: Expansion of our expertise and services in areas in which we can generate above-average growth for our clients and high added value; further transformation of the core business with a focus on technologically advanced software solutions and associated services

The following still applies to 2024: Our primary objective is the sustainable development of our Group, our business areas and our enterprise value. While this is happening, the Group will become more attractive to employees and clients, with improved performance. As a major mid-market player, we see ourselves as an established and reliable partner with close proximity to clients, but also with the potential to offer these qualities in major, long-term projects and at an international level as well. Broad and also steadily increasing international performance and technological equality are assumed, local proximity is desired.

Our specific goals for 2024 are to continue focusing within the segments on value-adding business with sustainable growth potential based on current and promising technologies such as platform solutions, open source software and cloud solutions. We want to further expand our expertise in the applications and ecosystems of the major manufacturers as well as further develop our own software solutions. Growth also includes the continued development of the organization and the management of the operating business units. In 2024, additional specific acquisitions will also be explicitly included in the growth strategy. With the company Ability, Allgeier inovar made its first acquisition in February 2024 to expand its business with Microsoft business software.

4.2 Risks and opportunities report

The Allgeier Group is exposed to various external and internal influences. The Group's business activities are associated with risks that cannot be ruled out from the outset. Risk management focuses on recognizing the relevant business risks and dealing with them systematically. The following sections explain the Group-wide governance system, the risk management system, the internal control system and the compliance management system.

4.2.1 Key features of the governance system

Allgeier SE pursues a holistic approach to the implementation and management of governance issues. The following overview provides a summary of the basic structure and the interaction of the functions involved in the Allgeier Group:

Key features of the governance system

The aim of the integrated approach pursued is to actively establish a consistent and recurring governance system across the entire organization for the individual topics and to continuously improve it through a systematic process. The prerequisites and responsibilities were drawn up at an early stage in order to meet the regulatory requirements for sustainability reporting (CSRD/ESRS) for the fiscal year 2024. Ongoing communication and reporting between the Supervisory Board, the Management Board and those responsible is ensured.

4.2.2 Key features of the risk management system

The aim of the Allgeier Group's risk management system is to identify potential risks that could jeopardize the success of the Group at an early stage and to actively address them through appropriate measures. The risk culture in the Allgeier Group plays a decisive role in achieving this goal. It is therefore necessary to ensure that all employees, and decision-makers in particular, are aware of the risks that exist within the company. Consistent communication within the Group and the systematic process contribute to this. Allgeier SE considers risks on the basis of four risk categories:

- Strategic risks
- Operational risks
- Financial risks
- Compliance risks

Our risk management process follows a standardized approach and is continuously improved. In the reporting year, we optimized how the risk report is presented. This process is explained in more detail below.

1. Risk identification

At holding level, a systematic risk survey is carried out at least once a year within the Allgeier Group, which results in a risk matrix. This process is based on a uniform guideline and ensures that the risks that arise are transparent and controllable. In addition, a business review of the main Group companies is carried out at least quarterly, the results of which are reported to the Management Board.

2. Risk assessment and risk aggregation

The Allgeier Group assesses and classifies risks in terms of their probability of occurrence and qualitative significance. The risk-bearing capacity is assessed more precisely by means of a quantitative assessment. Risks are systematically assessed on the basis of the extent of damage and probability of occurrence and classified in a risk matrix. Classification into the respective risk categories high, medium and low helps to prioritize the identified risks and counter them with appropriate measures.

3. Risk control and risk monitoring

The Allgeier Group manages risks based on risk assessment. Risk measures are derived, controlled and monitored in accordance with the risk assessment of the Group companies. The personnel responsible at holding company level in the Internal Audit & Risk Management function check that the risk management guidelines are being implemented appropriately and effectively in the various Group companies. The aim of the risk management system is to reduce existing risks to an acceptable level.

4. Risk reporting

Continuous risk reporting, particularly by the Group companies and the personnel responsible at holding company level, ensures that the Management Board regularly receives an overall picture of the Allgeier Group's risk situation. The Management Board is responsible for the risk management system and the Supervisory Board monitors this system.

Risk matrix by measure (net presentation)

Extent of damage	≤ 5 percent	5 percent–40 percent	40 percent–75 percent	≥ 75 percent
≥ 3 mEUR	medium	high	high	high
1–3 mEUR	medium	medium	medium	high
0.25–1 mEUR	Low	Low	medium	high
0–0.25 mEUR	Low	Low	Low	medium

Probability of occurrence

high
medium
Low

4.2.3 Key features of the internal control system

The Allgeier Groupregards the internal control system as a fundamental building block for corporate management. The main objective is to implement the strategic and operational guidelines of the Allgeier Group's Management Board and the managing directors of the business units while ensuring efficiency and compliance.

There are two main control levels: the company level and the operational process level. At the segment and company level, management is carried out using various vehicles, including rules of procedure, budget/forecast targets and quarterly business reviews. The operational process level is subject to Group-wide guidelines that cover essential and business-critical processes. These include, among others:

- Four-eyes principle
- Separation of functions
- Need-to-know / access authorizations
- Documentation & transparency

4.2.4 Key features of the accounting-related internal control system

The internal control system for accounting-related issues – in particular, financial reporting – aims to provide reasonable assurance that financial reporting is reliable and complies with generally accepted accounting standards. This includes the recording, processing and evaluation of relevant facts and forms the basis for reliable internal and external reporting by the Allgeier Group. Various processes and regular analytical audit procedures are carried out for this purpose, including work instructions, evaluations, variance analyses, order backlogs, margin developments, receivables statistics and employee statistics. Clearly defined roles and responsibilities are an integral part of this framework. Standardized, Group-wide IT-supported internal reporting is firmly integrated into the overall corporate management structure. The essential features of the internal control system are of particular relevance.

4.2.5 Key features of the compliance management system

Trust and integrity are fundamental values in the Allgeier-Group's corporate culture and form the foundation for entrepreneurial success. The aim of the compliance management system is to ensure responsible and ethically correct conduct within the Group. This goal is actively supported by the Supervisory Board, Management Board, managers and employees. Binding regulations apply to all employees throughout the Group, which ensure that employees treat each other fairly and respectfully. The compliance organization has established binding regulations for issues such as corruption, money laundering, insider trading, data protection and employee leasing throughout the Group. The German Whistleblower Protection Act enables employees to report suspicious facts (“whistleblowing”). The central compliance organization is responsible for ensuring compliance and implementation. Reports are evaluated according to a systematic process and, depending on the individual case, can lead to far-reaching consequences.

4.2.6 Risk report of Allgeier SE

The assessments of the risk categories under consideration and the risk catalog are presented below. The relevant risks are explained for the high and medium risk classes. The list is not exhaustive. In addition to the risks listed, there may be other risks to which the Allgeier Groupis exposed but which have not been identified as being significant. All of the risks listed, as well as the risks identified as immaterial, can have a negative impact on the business, net assets, financial position and results of operations.

I. Strategic risks

Economic factors are of key importance to the Allgeier Group. The Allgeier Group is influenced in particular by the economic situation, the economic environment and the budget plans of the federal, state and local governments. Macroeconomic factors must be considered to be challenging, as the armed conflicts (in particular Russia/Ukraine, Middle East) could have at least an indirect impact on the Allgeier Group's business environment. This means that any budget cuts or re-allocations of expenditure at the federal level, for example in the promotion of digitalization due to rising defense spending, are possible. Furthermore, our customers themselves are largely dependent on the economic development of the individual markets. An ongoing cautious, volatile or even recessionary development on the markets can result in individual clients reducing (at least partially) their budgets for software and IT services.

High inflation rates generally lead to cost increases due to rising salary levels and higher ancillary costs. This can have a negative impact on operating margins. However, inflation is affecting the entire industry and leading to corresponding price increases. This applies to the prices of software products as well as hourly or daily rates in the service sector. At the time of reporting, inflation appears to be returning to a more or less lower level, which may mitigate the effects.

Dynamic technological development represents a strategic risk for Allgeier SE. It requires continuous adjustment and updating of in-house software while ensuring that capabilities are guaranteed in line with the latest developments, such as cloud and open source.

II. Operational risks

Information security: All companies, including the Allgeier Group, are exposed to various threats from cyberspace. The failure of business-critical systems due to cyber attacks or hacker attacks can lead to disruptions in business operations. This applies equally to the Allgeier Groupand its customers. This would lead to costly and time-consuming data recovery processes. This can lead to operational downtime. To actively counter these risks, the Allgeier Group has established and expanded various measures in recent years to maintain and further increase the level of protection. A Group-wide information security management system (ISMS) has been established in accordance with the ISO 2700x series, and an information security organization has been established within the Allgeier Group with a direct reporting line to the Management Board. The effectiveness of information security measures is constantly monitored and new threats are analyzed. Due to the decentralized structure of the Allgeier Group with its largely independently operating companies, the IT systems and their infrastructure are, for the most part, operated independently of each other. This affords natural risk diversification. For further protection, there is a Group-wide cybersecurity insurance policy that covers all Group companies and mitigates the financial impact of a potential cyber attack.

Acquisitions: In addition to organic development, the Allgeier Group's strategic orientation includes targeted acquisitions. These transactions, combined with corresponding investments, entail risks such as potential write-offs on assets and goodwill in the event of unforeseen negative developments. Financing risks may arise, particularly if parts of the transaction are financed with borrowed funds. Decisions on the sale of business units are made with due care in order to optimize strategic orientation. Integration into existing Group companies can also entail risks. The Management Board makes decisions with the involvement of external experts and conducts due diligence reviews prior to transactions. The transactions require the approval of the Supervisory Board.

Employees: In what is a dynamic environment characterized by innovation, the IT sector is facing increased demand for qualified specialists. Our employees' commitment and expertise play a central role in the success of the Allgeier Group. Qualified and conscientious employees are a key success factor for the Allgeier Group. This includes the members of the Management Board and other managers, as well as all employees. If qualified specialists or managers leave the Allgeier Group and no suitable replacement can be found, there may be negative consequences. To counteract this, further development and increasing employee satisfaction are of great importance. In addition, competitive pay and flexible working models, as well as further training, are essential factors in retaining employees within the Allgeier Group over the long term.

Key accounts and customers: The Allgeier Group counts companies and public institutions of all sizes among its customers. There is a risk that the Allgeier Group may lose key customers in individual cases or that projects may be continued on a smaller scale. Systematic and regular analyses of individual projects are carried out to counter this risk at an early stage (early risk detection). In addition, a business review is conducted at least quarterly with the individual Group companies. This reports in detail on the development of key customers and major customers (top-10 customers). In addition, a short, medium and long-term projection of the main sales revenues is carried out. Moreover, parts of the Allgeier Group are covered by bad debt insurance, which reduces the risk of bad debt losses. There were no significant defaults on receivables in the current reporting period.

Products and technology: Timely recognition and application of new product trends and technologies strengthens the competitiveness of the Allgeier Group. However, the speed of developments and constant innovation also represent a risk for the Allgeier Group – particularly in terms of acquired licenses and internally developed software solutions. Liability and warranty risks may arise if the products are not used or developed properly or in accordance with the contract. The Allgeier Group counters this risk through ongoing training and further education programs. This is because employee expertise is an important component in the (further) development of products. In addition, the Allgeier Group has established a large number of quality management modules. Pertinent standards, such as ISO 9001, 27001, 14001 and other certifications in relevant Group companies (BSI basic protection), contribute to a high level of quality. This is also taken into account when commissioning partner companies or subcontractors and is continuously monitored and audited internally and externally. The use of third-party companies can entail a certain dependency, but is sometimes indispensable due to a lack of resources. This may result in a risk of reduced performance at individual Group companies.

Contracts and projects: In the operating business, the Group companies sometimes assume contractual liabilities and warranties, particularly in fixed-price projects. Under certain conditions, variances in the projects can lead to increased expenses. The Allgeier Group has implemented systematic processes and an early risk detection system that continuously pinpoints and analyzes budget deviations. Ongoing project control is ensured by recording the time spent on the respective projects. In addition, insurance policies are in place for significant business risks, including Group-wide public liability insurance.

III. Financial risks

Liquidity, credit and interest rate risks: As of December 31, 2023, the Allgeier Group had cash and cash equivalents of EUR 83 million (previous year: EUR 87 million). This is offset by liabilities to banks (including factoring) in the amount of EUR 154 million as of December 31, 2023 (previous year: EUR 150 million). In fiscal year 2023, the Allgeier Group generated a positive cash flow from operating activities, which creates the basis for continuous organic growth and investments through acquisitions.

The Allgeier Group's financial liabilities harbor interest rate risks and contractual risks that could trigger early repayments. These risks result from compliance with balance sheet and income statement key figures as well as other requirements. Non-compliance could lead to the termination of loans and immediate maturity. Future cash flows and the Allgeier Group's liquidity situation can also be negatively influenced by changes in customers' payment behavior, e.g. longer payment terms or default. Systematic processes and systems, such as liquidity planning, receivables management and cash management, have been established in order to recognize liquidity bottlenecks and interest rate changes in good time. In addition, the Group makes targeted use of internal distribution and financing opportunities. Furthermore, the topics of banking, liquidity and risk management, as well as the expansion of governance structures and the revision of processes and systems, are being continuously refined at holding company level.

Some EUR 80 million (previous year: EUR 71 million) of the syndicated loan has been utilized and is subject to a variable interest rate. The promissory note loan in the amount of EUR 60 million (previous year: EUR 60 million) has a variable interest rate of EUR 29 million (previous year: EUR 29 million). An interest rate swap with a nominal value of EUR 50 million serves to hedge the interest rate risk. The remaining portion, amounting to EUR 59 million, is subject to interest rate risk. Further details can be found in the notes to the consolidated financial statements (19. Financial liabilities).

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.

IV. Compliance risks

Legal requirements: Changes in legislation or interpretation can affect the sales and profitability of Group companies. Changes in the legal requirements, particularly in the areas of taxes, social security contributions, labor law and service or work contract law in Germany, can lead to higher costs or liability risks. Compliance aspects, influenced by new court rulings, can change the risk situation, especially if new requirements are recognized too late and integrated into internal processes. During subsequent tax audits, infringements could be discovered that lead to subsequent liabilities and additional payments. Close monitoring of project activities involving freelance experts or subcontractors in the customer environment is essential for ensuring that all compliance requirements are met. Detailed regulatory requirements also apply to the temporary employment of workers. Expansion of business activities into other countries increases the relevance of regulatory risks. The Allgeier Group meets these challenges with a Group-wide compliance management system that implements risk analyses and measures at an early stage. External consultants are consulted as required.

Regulatory environment: Regulatory requirements, such as CSRD/ESRS, the Supply Chain Due Diligence Act and EU taxonomy, characterize the environment for listed companies. They harbor risks of breaches and financial sanctions due to complex implementation, even if they are only partially relevant to the Allgeier Group. The Allgeier Group responds proactively with Group-wide ESG structures, including a materiality analysis.

Overall statement on the risk situation of Allgeier SE

The risk-bearing capacity of the Allgeier Group has been determined and compared with the aggregated risks. Based on this analysis, from a present-day perspective there are no risks to the future development of Allgeier SE that could have a material adverse effect on the net assets, financial position and results of operations. The Management Board assumes that the identified risks are limited and manageable. No risks have been identified that could jeopardize the continued existence of the company, either individually or as a whole.

4.2.7 Opportunities report of Allgeier SE

In addition to the risks described above, the business activities of the Allgeier Group involve corresponding opportunities, which are taken into account in the specific plans by way of the business development already determined. These opportunities are analyzed continuously and documented on an annual basis. The regular business reviews enable an ongoing assessment and evaluation of developments. On this basis, new market opportunities are identified and pursued in a targeted manner in line with the strategic direction.

General market and industry opportunities

The Allgeier Group operates an attractive business model in a sustainably growing market that is driven by digitalization as a key trend. According to the industry association BITKOM, the digital economy is considered immune to crises and has a positive business climate compared to the economy as a whole. The disproportionately high level of growth in the IT sector offers opportunities for the Allgeier Group. The fundamentally positive mood in this popular market environment can be beneficial for the AllgeierGroup with regard to the development of new ideas and business models.

Business process optimization and demographic change as drivers of digitalization

Cyber security / information security: In view of the growing threats posed by cyber attacks, the Allgeier Group has a promising opportunity to further develop its expertise in the area of cyber security. The increasing demand for reliable security solutions offers the opportunity to develop innovative protection mechanisms and effectively safeguard customers against digital threats. The Group can therefore actively help to strengthen the digital resilience of its customers and establish itself as a reliable cyber security partner.

Flexible working and remote solutions: In view of the trend towards flexible working models and a greater degree of remote working, the Allgeier Group can offer solutions that promote the mobility of the workforce and meet the need for efficient virtual working environments.

Special software and individual solutions: By developing customized software for the complex business processes of various customers, the Allgeier Group is positioning itself as a solution provider and can thus meet the growing demand for individual IT solutions.

In summary, it is clear that the Allgeier Group can benefit from strong growth in the area of IT solutions, services and information security. By focusing on the provision of software for system infrastructure and security solutions, the Allgeier Group can benefit from this trend. Continuous innovation in the IT sector offers additional opportunities, particularly in light of the age structure in society and the growing need for digitalization. According to a 2021 study by Capgemini, there is untapped potential for technology in the public sector. Due to the demographic structure of Germany, there is a need for action for both public and private-sector clients. The Allgeier Group is already supporting customers in the public and private sectors in modernizing their IT systems to achieve efficiency gains and sustainable management and to enable new business models.

Transitioning towards a sustainable economy

Digitalization opens up new opportunities for sustainability, climate protection and improving competitiveness. According to a recent study by the industry association BITKOM, digital solutions can make an important contribution to achieving Germany's climate targets and, at the same time, strengthen Germany's competitiveness as a business location. The Allgeier Group can benefit from this change by offering relevant technologies such as information security, artificial intelligence and IT services. By supporting its customers in their digital transformation, the Allgeier Group can make a significant impact on their transformation processes. This helps to strengthen resilience, makes the business model more crisis proof and promotes innovation. In addition, the focus on sustainable management and the link to technological developments could appeal to young talent and make the Allgeier Group and its subsidiaries more attractive to potential employees.

Acquisitions as a value-creating and central strategic element

The Allgeier Group attaches great importance to acquisitions as an essential aspect of its corporate philosophy. Growth is promoted by making complementary and value-generating additions to our portfolio. Gaining highly qualified personnel, increasing the scalability of existing offers and ensuring efficiency play a central role in this respect. Acquisitions also offer the opportunity to tap into new markets and segments and further expand existing expertise. This approach of inorganic growth acts as a key value driver for the Allgeier Group. Targeted investments in future technologies at various levels can sustainably increase the value of the company. The Allgeier Group is constantly on the lookout for value-adding companies and entrepreneurs to strengthen its portfolio.

Overall statement on the opportunity situation of Allgeier SE

Thanks to its decentralized structure, the Allgeier Group can respond with flexibility to the numerous areas of opportunity and exploit them. This agile development is part of the corporate strategy. By identifying, evaluating and making targeted use of these opportunities, the Group aims to benefit from the resulting possibilities and potential. The overarching goal is to further expand the market position in the coming years.

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

5.1 Composition of issued capital

The issued capital of Allgeier SE amounted to EUR 11,444,313.00 as of December 31, 2023 (previous year: EUR 11,427,513.00) and was divided into 11,444,313 no-par registered shares (previous year: EUR 11,437,513). Each share accounts for a notional amount of the share capital of EUR 1.00. All the no-par shares of the company belong to the same class of shares. The shares are fully paid in.

The issued capital of Allgeier SE was increased by the allocation of 16,800 new registered no-par shares from Contingent Capital 2014 (pre-emption shares) in fiscal year 2023.

The shares of Allgeier SE closed at EUR 21.50 in Xetra trading on the Frankfurt Stock Exchange on December 29, 2023. In the previous year, the shares closed at EUR 28.35 on December 30, 2022.

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

5.2 Restrictions on voting rights or the transfer of shares

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

5.3 Shareholdings exceeding 10 percent of the voting rights

The following persons have informed us (as of December 31, 2023) that their direct or indirect interests in the share capital exceed 10 percent of the voting rights of Allgeier SE based on the total number of voting rights of 11,444,313:

- Lantano Beteiligungen GmbH, Munich, directly holds an interest of 25.75 percent.
- The Chairman of the Supervisory Board, Mr. Carl Georg Dürschmidt, Germany, indirectly holds an interest of 25.75 percent through Lantano Beteiligungen GmbH, Munich.
- Dr. Christa Kleine-Dürschmidt, Germany, directly and indirectly holds an interest of 27.70 percent in total through Lantano Beteiligungen GmbH, Munich.
- Ms. Linda Müller-Dürschmidt, Germany, directly and indirectly holds an interest of 25.75 percent in total through Lantano Beteiligungen GmbH, Munich.
- Ms. Laura Pirkl-Dürschmidt, Germany, indirectly holds an interest of 25.75 percent through Lantano Beteiligungen GmbH, Munich.
- The Deputy Chairman of the Supervisory Board, Mr. Detlef Dinsel, Germany, holds a direct and indirect stake of 13.69 percent.

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

5.4 Shares with special rights granting control

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

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

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

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

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

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

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

5.7 Authorization of the Management Board to issue or repurchase shares

5.7.1 Authorized capital

By way of resolution of the Annual General Meeting on September 24, 2020, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of Allgeier SE, on one or more occasions against cash or non-cash contributions, by up to a total of EUR 5,644,500.00 by issuing up to 5,644,500 new no-par registered shares by September 23, 2025 (Authorized Capital 2020). The Management Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' statutory pre-emption rights in the following cases:

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

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

5.7.2 Contingent capital

By way of resolution of the Annual General Meeting on June 17, 2014, the share capital of the company was contingently increased by up to EUR 140,000.00 by issuing up to 140,000 new no-par registered shares (Contingent Capital 2014). The Contingent Capital 2014 is used to service 140,000 option rights in accordance with the 2014 share option plan, which were issued in full. In the 2023 fiscal year, option rights for 16,800 new shares were exercised. On December 31, 2023, the Contingent Capital 2014 amounts to EUR 123,200.00.

By way of resolution of the Annual General Meeting on June 08, 2021, the share capital of the company was contingently increased by up to EUR 940,000.00 by issuing up to 940,000 new no-par registered shares (Contingent Capital 2021). Contingent Capital 2021 is intended to serve up to 940,000 options under the 2021 stock option plan. All option rights were issued. Contingent Capital 2021 thus amounts to EUR 932,000.00 as of December 31, 2023. Options have not yet been exercised.

By way of resolution of the Annual General Meeting on June 13, 2023, the share capital of the company can be contingently increased by up to EUR 4,500,000.00 by issuing up to 4,500,000 new no-par registered shares (Contingent Capital 2023). The Contingent Capital 2023 is used to service convertible bonds, bonds with warrants and/or participating bonds and/or profit participation rights with or without conversion or option rights or obligations or a combination of the aforementioned financial instruments that can be issued by the company or a company in which the company directly or indirectly holds a majority interest until June 12, 2028. Allgeier SE has not yet issued any corresponding conversion or option rights.

5.7.3 Treasury shares acquired

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

The company does not hold any treasury shares.

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

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

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

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

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

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

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

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

In the event of a change of control, i.e. when a third party obtains control over the company as referred to by section 29(2), section 30 of the Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act), a member of the Management Board has the right to terminate his contract.

Exercising this right results in entitlement to severance payment capped at one year's remuneration. Allgeier SE has not entered into any other compensation agreements with members of the Management Board or employees for the event of a takeover bid.

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

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

7. General information

In accordance with IFRS, acquisitions are consolidated from the date of their acquisition throughout the Group management report and in the charts. All figures relate to the Group's continuing operations. The charts typically show that last three fiscal years. All of the previous year's figures have been adjusted to reflect the retrospective amendments to IAS 12 and IFRS 5.

Information for fiscal year 2024

All information for fiscal year 2024 uses assumptions and estimates based on Management Board expectations. While the Management Board believes that these assumptions and estimates are accurate, actual future developments and results could differ significantly from these assumptions and estimates. Allgeier SE provides no guarantee that future developments and the actual results achieved in the future will be consistent with the assumptions and estimates expressed in this report and assumes no such liability.

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

Alternative key performance indicators

This document contains supplementary financial measures that are not included as such in the relevant accounting frameworks and that are or may be alternative performance measures. 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.

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

The consolidated non-financial statement in accordance with section 315b HGB for fiscal year 2023, including the extended reporting requirements of Article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852) can be found at https://www.allgeier.com/en/investor-relations/reports/

Remuneration Report

The remuneration report of Allgeier SE for fiscal year 2023 can be found on the company's website at https://www.allgeier.com/en/investor-relations/corporate-governance/

Munich, April 12, 2024

Dr. Marcus Goedsche
Member of the Management Board

Hubert Rohrer
Member of the Management Board

Moritz Genzel
Member of the Management Board

B. Corporate Governance

1. Corporate Governance Report

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

1.1 Corporate charter of the societas europaea (SE)

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

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

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

2.1 Declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG)

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

Recommendation C.7

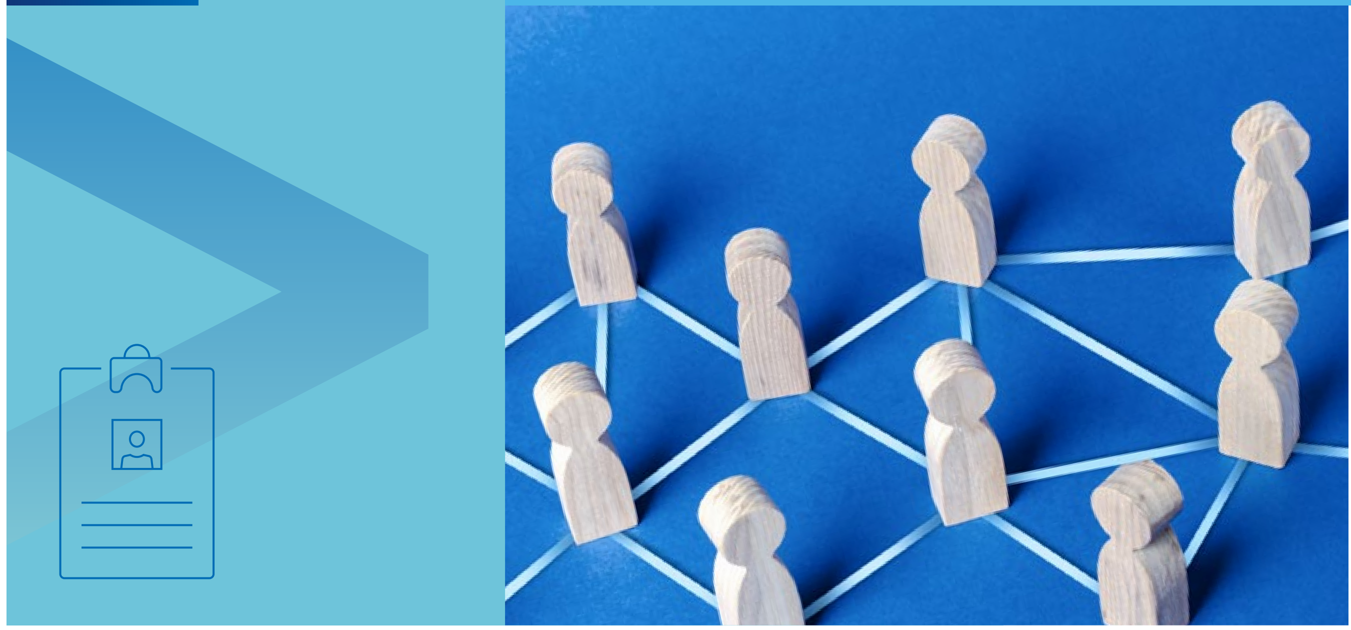
The composition and term of office of the Supervisory Board is regulated in the Articles of Association (section 14). The term of office ends after six years. Reappointments are permitted. Mr. Eggenberger has been a member of the Supervisory Board since 2009. Mr. Dinsel has been a member of the Supervisory Board since June 2001 (with a break in 2022). Both individuals were re-elected at the Annual General Meeting on June 13, 2023.

Recommendation D.2 and recommendation D.4

The Supervisory Board had three members as of the end of 2023. It has formed the Audit Committee stipulated by law. There are no other committees.

Recommendation F.2

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



2.2 Disclosures on corporate governance practices and working methods of the Management Board and Supervisory Board

2.2.1 Shareholders and Annual General Meeting

Our shareholders exercise their rights at the Annual General Meeting. The Annual General Meeting, at which the Management Board and the Supervisory Board answer to the shareholders on the past fiscal year, is held within the first six months of the following fiscal year. The Annual General Meeting is chaired by the Chairman of the Supervisory Board. Each share confers one vote in votes on resolutions at the Annual General Meeting. We support voting by our shareholders by providing a voting rights representative who exercises voting rights solely according to the instructions of the respective shareholders.

The Annual General Meeting elects the members of the Supervisory Board and decides on the appropriation of net profit, the discharge of the Management Board and Supervisory Board and the appointment of the auditor. Furthermore, the Annual General Meeting is responsible for adopting resolutions on amendments to the Articles of Association, corporate actions, company agreements and the remuneration of the Supervisory Board.

2.2.2 Supervisory Board

The Supervisory Board advises the Management Board in the management of the company and monitors its activities. The Supervisory Board of Allgeier SE consists of four members who are elected by the shareholders at the Annual General Meeting. The Supervisory Board of Allgeier SE had three members as of December 31, 2023. One member of the Supervisory Board as of the end of 2023 was elected at the Annual General Meeting on June 30, 2022. Their term of office ends at the Annual General Meeting for fiscal year 2026. The two other Supervisory Board members as of the end of 2023 were elected at the Annual General Meeting on June 13, 2023. The terms of office of these Supervisory Board members will come to an end at the end of the Annual General Meeting that resolves on the 2027 fiscal year. An Audit Committee has been formed.

In addition to the responsibilities established by law, such as appointing the members of the Management Board and establishing the remuneration system for members of the Management Board, monitoring the company's business development including planning for future fiscal years, reviewing risk management and the internal control system, auditing and approving the annual financial statements and the proposal for the appropriation of net retained profits, the Supervisory Board essentially deals with matters that require the approval of the Supervisory Board in accordance with the Articles of Association of the company and the Rules of Procedure for the Management Board. One focus of the Supervisory Board's work is to discuss and make decisions on acquisition projects. The Supervisory Board is also involved in all decisions of fundamental importance to the company, such as strategic development or significant individual issues. To this end, there is a regular exchange of information between the Management Board and members of the Supervisory Board, in particular the Chairman of the Supervisory Board. Details of the cooperation between the members of the Supervisory Board are set out in the Rules of Procedure for the Supervisory Board. The Supervisory Board has set itself various goals: Its primary objective is to ensure that the Supervisory Board comprehensively fulfills its statutory advisory and monitoring duties in the proposed composition and that its members have the necessary knowledge, skills and experience to perform their duties optimally and responsibly. For Allgeier SE, this specifically means that the following qualifications in particular should be represented on the Supervisory Board where possible (competence profile): the qualification as an independent financial expert expressly required by law, the ability to assess companies in the service sector (not limited to the IT business), the ability to assess acquisition opportunities in Germany and abroad and corresponding transaction experience as well as experience with the organization and working methods of a rapidly growing group in a holding structure. Furthermore, the composition of the Supervisory Board must make it possible for the Supervisory Board to work efficiently and for its members to have adequate capacity for this responsibility.

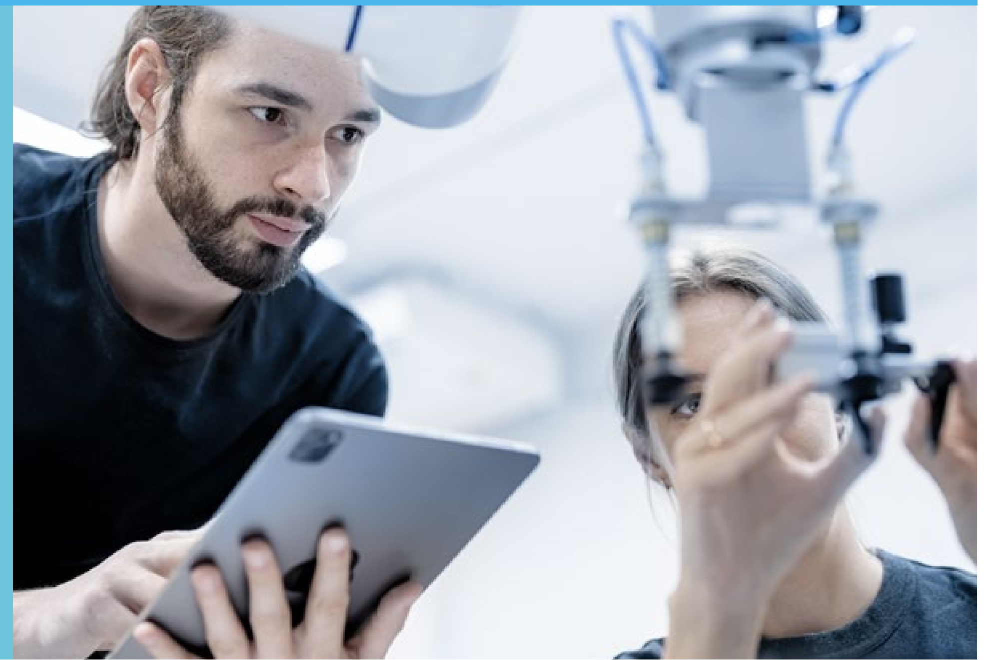
The Supervisory Board must also have an adequate number of independent members. The Supervisory Board deems that a member is not independent if, for example, the member has a personal or business relationship with Allgeier SE that could give rise to a substantial and not merely temporary conflict of interests. As the Supervisory Board has three members as of the end of 2023, there should be at least one independent member of the Supervisory Board. Moreover, the Supervisory Board must not include more than two former members of the Management Board. A further objective of the Supervisory Board is to ensure that, in future appointments, preference is given to similarly qualified candidates who enrich the Supervisory Board in terms of their gender, nationality or other characteristics in the interests of achieving the desired diversity. However, the Supervisory Board does not consider rigid quotas to be an appropriate tool. In its resolution regarding nominations, in addition to the statutory requirements and the requirements of the German Corporate Governance Code and the Rules of Procedure for the Supervisory Board, the Supervisory Board paid particular attention to its stated objectives.

Members of the Supervisory Board and their skills profile:
At the end of 2023, the Supervisory Board consisted of Mr. Carl Georg Dürschmidt (Chairman), Mr. Detlef Dinsel (member since March 8, 2023, Deputy Chairman since June 13, 2023) and Mr. Christian Eggenberger. Until June 13, 2023, Mr. Thies Eggers was a member of the Supervisory Board as Deputy Chairman. Mr. Dürschmidt, Mr. Eggers and Mr. Dinsel are German citizens and Mr. Eggenberger is a Swiss citizen. They belong to various professional groups and have been active internationally for many years, particularly in the service sector and M&A business.

As of December 31, 2023, the members of the Supervisory Board of Allgeier SE were responsible for the following areas.

The Supervisory Board of Allgeier SE		
Name	**Area of qualification**	**Committee member**
Carl Georg Dürschmidt	▪ Governance ▪ Mergers & Acquisitions ▪ Strategy & Business Development ▪ Market & Market Environment ▪ Accounting ▪ Sustainability/ESG	Audit Committee
Detlef Dinsel	▪ Governance ▪ Mergers & Acquisitions ▪ Strategy & Business Development ▪ Audits of Financial Statements ▪ Financial Reporting	Audit Committee
Christian Eggenberger	▪ Accounting ▪ Marketing & Sales ▪ Digital Transformation	Audit Committee

Further details on the composition of the Supervisory Board can be found in the notes to the consolidated financial statements under F. Other disclosures III. Executive bodies of Allgeier SE Information on specific activities can be found in the Supervisory Board's report.



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

Supervisory Board communications:
The Chairman of the Supervisory Board speaks regularly with the Management Board and discusses current issues and developments with them. Each year, the Chairman of the Supervisory Board explains the activities of the Supervisory Board and its committees in its report to the shareholders in the annual report and at the Annual General Meeting. On request, the Chairman of the Supervisory Board will meet with relevant investors to discuss issues specific to the Supervisory Board. The Chairman of the Supervisory Board will inform the Management Board and the shareholders in the report of the Supervisory Board if such talks have taken place.

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

2.2.3 Management Board

The Management Board is the Group's management body. It manages the business and is bound by the interests and business policy principles of the company within the framework of the provisions of stock corporation law. It manages the company on its own responsibility. It reports to the Supervisory Board regularly, promptly and comprehensively on all key issues of business performance, corporate strategy and potential risks.
As of December 31, 2023, the Management Board consisted of two members, Dr. Marcus Goedsche and Mr. Hubert Rohrer. The two members named have individual signing authority. In its function as an executive body of the Allgeier Group, the Management Board is responsible in particular for the strategy for the Group's ongoing development and works toward the goal of creating sustainable value added and increasing the value of the Group. The principle of joint responsibility applies, i.e. the members of the Management Board are jointly responsible for managing the company as a whole. Given the corporate structure of the Allgeier Group and the specific position of Allgeier SE as a holding company with the associated tasks, there was no strict assignment of duties within the Management Board in the past fiscal year in the manner commonly seen in companies with a traditional management structure. However, the duties and responsibilities within the Management Board are assigned on the basis of appropriate focal points and technical qualifications. Key decisions, e.g. concerning proposed acquisitions, are made by the Management Board as a whole in consultation with the Supervisory Board. The Management Board did not form any committees on account of its size.
The details of cooperation within the Management Board and with the Supervisory Board are set out in the Rules of Procedure for the Management Board. In addition to Article 13 of Allgeier SE's Articles of Association, the Rules of Procedure for the Management Board also contain a list of transactions for which the Management requires the approval of the Supervisory Board. With respect to the function as shareholders or supervisory bodies of the Group companies, the Management Board of Allgeier SE performs a controlling, coordination and management function to the extent permitted by law.
The Supervisory Board also ensures long-term succession planning together with the Management Board. The Supervisory Board regularly discusses this with the Management Board. Together, the Management Board and the Supervisory Board evaluate the suitability of potential succession candidates and discuss how suitable internal candidates can be developed. The Supervisory Board also regularly reviews the size and composition of the Management Board. To this end, the Chairman of the Supervisory Board discusses in particular with the Management Board which knowledge, experience and professional or personal skills the Management Board should possess with a view to the strategic development of the Company and the extent to which the Management Board is already appropriately comprised according to these requirements. The Supervisory Board also pays attention to diversity. As a decision-making criterion, the Supervisory Board interprets diversity as meaning different, mutually complementary profiles and professional experience, including in an international setting, different personalities, an appropriate representation of genders and a sufficient range of ages.
Further details on the composition of the Management Board can be found in the notes to the consolidated financial statements under F. Other disclosures III. Executive bodies of Allgeier SE.

2.2.4 Transparency

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

2.2.5 Accounting and audit of financial statements

The consolidated financial statements are prepared in accordance with IFRS. The separate financial statements of Allgeier SE are prepared in accordance with the German Commercial Code. After preparation by the Management Board, the separate and consolidated financial statements are audited by the auditor. Finally, the Supervisory Board decides on the adoption or approval of the financial statements. The consolidated financial statements and the individual financial statements are published within 120 days of the end of the fiscal year. It was agreed with the auditor that the Chairman of the Supervisory Board or the Chairman of the Audit Committee will be informed without delay of any grounds for exclusion or exemption or of any inaccuracies in the declaration of compliance that arise during the course of the audit. The audit company reports to the Chairman of the Supervisory Board without delay on any findings or events significant to the duties of the Supervisory Board that arise during the performance of the audit. The annual financial statements and the consolidated financial statements have been audited by the audit firm LOHR + COMPANY GmbH, Düsseldorf.

2.2.6 Control variables and control system

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

2.2.7 Diversity/diversity concept

Our employees are our Group's most valuable capital. Their expertise, their motivation, their solidarity and also their dedication drive our business forward every day. Our employees form the basis for our business success, both now and in the future. We practice common values and act in the overall interests of the Allgeier Group in line with sustainable principles. The way we work together is characterized by a sense of responsibility, respect and mutual esteem. We reject and do not tolerate any form of discrimination. Diversity and the diversity concept are described in detail below under B.4.

2.2.8 Other corporate governance practices

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

3. Shareholdings of the Management Board and the Supervisory Board

On December 31, 2023, the members of the Management Board directly held a total of 208,441 (previous year: 200,041) shares of Allgeier SE. On December 31, 2023, the members of the Supervisory Board directly and indirectly held a total of 4,763,516 (previous year: 3,293,326) shares of Allgeier SE. In accordance with Article 19 of the Market Abuse Regulation, reportable transactions involving shares of Allgeier SE or related financial instruments by a member of the Management Board or the Supervisory Board or a person closely associated with a member were properly reported in the past fiscal year.

4. Diversity

Diversity is an asset for our group of companies. At the Allgeier Group companies, people from a wide range of different origins, cultures and religions work together in different countries. We are committed to preserving and implementing values that promote diversity and equal rights in the workplace, and to cultivating diversity as a company wherever it is able to do so. The Allgeier Group believes in the right to equality and the dignity of all people. All our employees receive the same work opportunities and prospects, and no one is discriminated against on the basis of their membership of a group, the color of their skin, their marital status or family situation, parental status or origin, income, religion, gender, age, national origin, disabilities, sexual orientation, state of health or veteran status. Our corporate culture is characterized by intercultural collaboration in highly international mixed teams across our locations. Affirmative action for gender diversity matters to us. We firmly believe that this also makes a key contribution in combating the shortage of skilled workers in our sector, and gives us an edge in recruiting sought-after specialists as an attractive employer. The Group has continued to become more international in the past fiscal year, and we employed staff from more than 20 different nations at our locations at home and abroad as of the end of 2023. Measured against the industry average, our Group also has a high proportion of female employees, which we have been able to further increase in recent years. In the 2023 fiscal year, the share was approximately 29 percent, similar to the previous year.

Generally, our goal in filling management positions is to give preference to similarly qualified candidates who offer an enrichment in terms of their gender, nationality or other characteristics in the interests of achieving the desired diversity. This applies in particular to the participation of women in management. Accordingly, the company will continue to look at whether the share of women in management can be increased with suitable candidates moving ahead. However, the company does not consider rigid quotas to be an appropriate tool. In general, appropriate qualifications are the deciding criterion for filling management positions.

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

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

Consolidated Financial Statements of Allgeier SE

for fiscal year 2023 in accordance with IFRS

Consolidated Statement of Financial Position of Allgeier SE, Munich, as of December 31, 2023

Consolidated Statement of Financial Position (in EUR thousand)

Assets	Note	December 31, 2023	December 31, 2022
Intangible assets	1.	290,441	282,910
Property, plant and equipment	2.	9,757	9,413
Right-of-use assets from leases	3.	44,044	39,742
Non-current contract costs	4.	287	431
Other non-current financial assets	5.	8,233	9,878
Other non-current assets	6.	629	968
Deferred tax assets	7.	4,623	2,364
Non-current assets		**358,015**	**345,706**
Inventories	8.	1,249	2,521
Current contract costs	4.	144	144
Contract assets	9.	1,671	3,379
Trade receivables	10.	68,180	66,942
Other current financial assets	5.	2,563	1,497
Other current financial assets	6.	6,136	4,385
Income tax receivables		3,757	1,301
Cash	11.	83,041	87,421
Current assets		**166,741**	**167,589**
Assets		**524,756**	**513,295**

* adjusted to reflect the retrospective amendments to IAS 12

Consolidated Statement of Financial Position (in EUR thousand)

Equity and liabilities	Note	December 31, 2023	December 31, 2022*
Issued capital	12.	11,444	11,428
Capital reserves	13.	71,509	71,363
Retained earnings	14.	102	102
Profit carryforward	16.	37,788	22,508
Profit or loss for the period		13,078	21,618
Changes in equity in accumulated OCI	17.	4,654	5,146
Equity attributable to shareholders of the parent company		138,576	132,165
Equity attributable to non-controlling shareholders	18.	50,620	48,651
Equity		**189,196**	**180,816**
Non-current financial liabilities	19.	139,616	130,437
Non-current liabilities from rental and lease agreements	20.	34,457	33,912
Long-term provisions for post-employment benefit costs	21.	1,115	1,134
Other long-term provisions	22.	273	325
Non-current contract liabilities	9.	312	952
Other non-current financial liabilities	23.	16,304	26,275
Deferred tax liabilities	7.	9,214	8,981
Non-current liabilities		**201,291**	**202,015**
Current financial liabilities	19.	14,460	19,830
Current liabilities from rental and lease agreements	20.	11,344	9,120
Short-term provisions for post-employment benefit costs	21.	22	22
Other short-term provisions	22.	16,089	16,206
Current contract liabilities	9.	4,970	5,411
Trade payables		26,942	28,274
Other current financial liabilities	23.	37,761	30,434
Other current liabilities	24.	7,810	6,075
Income tax liabilities		14,869	15,093
Current liabilities		**134,268**	**130,464**
Equity and liabilities		**524,756**	**513,295**

Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from January 1, 2023 to December 31, 2023

Consolidated Statement of Comprehensive Income (in EUR thousand)		Total		Discontinued operations		Continuing operations	
Income Statement	Note	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022
Revenue	26.	488,824	480,364	438	955	488,386	479,409
Other own work capitalized		7,493	6,929	0	0	7,493	6,929
Other operating income	27.	6,693	7,949	29	168	6,665	7,781
Cost of materials	28.	148,731	174,112	461	768	148,270	173,344
Staff costs	29.	255,644	223,968	0	15	255,643	223,954
Impairment on trade receivables and contract assets		609	744	0	0	609	744
Other operating expenses	30.	39,747	35,659	45	1,910	39,702	33,749
Earnings before interest, taxes, depreciation and amortization		**58,279**	**60,758**	**-40**	**-1,571**	**58,319**	**62,329**
Depreciation, amortization and impairment	31.	25,998	27,360	16	61	25,982	27,299
Results of operating activities		**32,282**	**33,398**	**-56**	**-1,632**	**32,337**	**35,030**
Finance income	32.	2,298	2,772	0	0	2,298	2,772
Financial expenses	33.	10,826	7,447	0	0	10,826	7,447
Earnings before taxes		**23,753**	**28,723**	**-56**	**-1,632**	**23,809**	**30,355**
Net income taxes	34.	-6,793	-8,177	-1	-9	-6,792	-8,168
Profit for the period before gains and losses on disposals		**16,960**	**20,546**	**-57**	**-1,641**	**17,017**	**22,187**
Discontinued operations:							
Earnings from discontinued operations before taxes		-279	4,118	-279	4,118	0	0
Earnings from discontinued operations		**-279**	**4,118**	**-279**	**4,118**	**0**	**0**
Total operations:							
Earnings before taxes		23,474	32,841	-335	2,486	23,810	30,355
Net income taxes		-6,793	-8,177	-1	-9	-6,792	-8,168
Profit for the period after gains and losses on disposals		**16,681**	**24,664**	**-336**	**2,477**	**17,017**	**22,187**
Profit or loss for the period attributable to:							
shareholders of the parent company		13,078	21,618	-309	2,477	13,387	19,140
non-controlling interests		3,603	3,047	-27	0	3,630	3,047
Basic earnings per share:							
Average number of shares outstanding after pro rata temporis weighting, undiluted		11,436,534	11,417,935	11,436,534	11,417,935	11,436,534	11,417,935
Earnings per share for the period in EUR	35.	1.14	1.89	-0.03	0.22	1.17	1.68
Diluted earnings per share:							
Average number of shares outstanding after pro rata temporis weighting, diluted		11,536,380	11,791,682	11,536,380	11,791,682	11,536,380	11,791,682
Earnings per share for the period in EUR	35.	1.13	1.83	-0.03	0.21	1.16	1.62

► continued overleaf

* adjusted to reflect the retrospective amendments to IAS 12 and IFRS 5

Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from January 1, 2023 to December 31, 2023

Consolidated Statement of Comprehensive Income (in EUR thousand)		Total		Discontinued operations		Continuing operations	
Other comprehensive income	Note	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022
Items that cannot be reclassified to the income statement:							
Actuarial gains (losses)		-45	187	0	0	-45	187
Tax effects		13	-56	0	0	13	-56
		-32	131	0	0	-32	131
Items that can be reclassified to the income statement:							
Foreign exchange differences		566	2,392	-18	1,814	584	578
Foreign exchange differences reclassified to profit or loss		18	0	18	-1,814	0	1,814
Change in value of interest rate hedging derivative		-1,654	3,307	0	0	-1,654	3,307
Deferred taxes from the remeasurement of the interest rate hedging derivative		513	-1,025	0	0	513	-1,025
		-556	4,675	0	0	-557	4,675
Other comprehensive income for the period		-589	4,806	0	0	-589	4,806
Comprehensive income for the period		16,092	29,470	-336	2,477	16,428	26,993
Total comprehensive income for the period attributable to:							
shareholders of the parent company		12,586	26,277	-308	2,362	12,895	23,915
non-controlling interests		3,506	3,193	-27	115	3,534	3,078

* adjusted to reflect the retrospective amendments to IAS 12 and IFRS 5

Consolidated Statement of Changes in Equity of Allgeier SE, Munich, as of December 31, 2023

Consolidated Statement of Changes in Equity (in EUR thousand)

	Issued capital	Capital reserves	Retained earnings	Profit carryforward	Profit or loss for the period	Changes in equity in accumulated OCI	Equity attributable to shareholders of the parent company	Equity attributable to non-controlling shareholders	Equity
As of January 1, 2022*	**11,409**	**71,249**	**102**	**20,312**	**11,801**	**487**	**115,360**	**48,012**	**163,372**
Transfer of profit or loss for the previous year to profit carryforward	0	0	0	11,801	-11,801	0	0	0	0
Exercise of stock options from the 2010 stock option plan	19	16	0	0	0	0	35	0	35
Adjustment of the exercise price of stock options from the 2021 stock option plan	0	99	0	0	0	0	99	0	99
Actuarial gains (losses)	0	0	0	0	0	106	106	25	131
Acquisition of shares of non-controlling shareholders of Allgeier publicplan Holding GmbH	0	0	0	-3,251	0	0	-3,251	-749	-4,000
Transfer of shares of non-controlling shareholders of Allgeier Experts Select GmbH	0	0	0	-650	0	0	-650	650	0
Interest rate hedging derivative	0	0	0	0	0	2,282	2,282	0	2,282
Dividends	0	0	0	-5,704	0	0	-5,704	-2,456	-8,160
Profit or loss for the period*	0	0	0	0	21,618	0	21,618	3,047	24,664
Foreign currency translation differences*	0	0	0	0	0	2,271	2,271	122	2,392
As of December 31, 2022*	**11,428**	**71,363**	**102**	**22,508**	**21,618**	**5,146**	**132,165**	**48,651**	**180,816**
As of January 1, 2023*	**11,428**	**71,363**	**102**	**22,508**	**21,618**	**5,146**	**132,165**	**48,651**	**180,816**
Transfer of profit or loss for the previous year to profit carryforward	0	0	0	21,618	-21,618	0	0	0	0
Exercise of stock options from the 2014 stock option plan	17	62	0	0	0	0	79	0	79
Issue of stock options from the 2021 stock option plan	0	83	0	0	0	0	83	0	83
Actuarial gains (losses)	0	0	0	0	0	-25	-25	-7	-32
Transfer of shares of non-controlling shareholders of Allgeier Experts Select GmbH	0	0	0	-184	0	0	-184	184	0
Interest rate hedging derivative	0	0	0	0	0	-1,141	-1,141	0	-1,141
Dividends	0	0	0	-5,714	0	0	-5,714	-1,988	-7,702
Non-controlling interests in the equity of SDX AG at the time of acquisition	0	0	0	0	0	0	0	453	453
Acquisition of shares from non-controlling shareholders of MySign AG	0	0	0	-441	0	0	-441	-185	-625
Profit or loss for the period	0	0	0	0	13,078	0	13,078	3,603	16,681
Foreign currency translation differences	0	0	0	0	0	674	674	-89	585
As of December 31, 2023	**11,444**	**71,509**	**102**	**37,788**	**13,078**	**4,654**	**138,576**	**50,620**	**189,196**

* adjusted to reflect the retrospective amendments to IAS 12

Consolidated Statement of Cash Flows of Allgeier SE, Munich, for the period from January 1, 2023 to December 31, 2023

Consolidated Statement of Cash Flows (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022*	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022*
Results of operating activities	32,282	33,398	-56	-1,632	32,337	35,030
Depreciation and amortization on non-current assets	25,998	27,360	16	61	25,982	27,299
Expenses on the disposal of non-current assets	168	116	0	0	168	116
Change in long-term provisions	-157	167	0	0	-157	167
Non-cash reversals of provisions	-1,511	-1,295	0	0	-1,511	-1,295
Other non-cash expenses and income	-1,947	-8,063	-17	1,805	-1,930	-9,869
Income taxes paid	-11,543	-9,231	-1	-17	-11,542	-9,214
Cash flows from operating activities before changes in working capital	**43,289**	**42,452**	**-58**	**218**	**43,347**	**42,234**
Cash flows from changes in working capital	-11,696	-10,768	-46	-211	-11,650	-10,557
Cash flows from operating activities	**31,594**	**31,684**	**-103**	**7**	**31,697**	**31,677**
Payments for investments in non-current assets	-14,572	-7,345	-24	-59	-14,548	-7,286
Payments for lease liabilities	-13,729	-11,319	0	-24	-13,729	-11,295
Proceeds from the disposal of non-current assets	199	58	0	0	199	58
Proceeds from sale-leaseback transactions	816	1,008	0	0	816	1,008
Payments for the acquisition of subsidiaries	-5,866	-4,924	0	0	-5,866	-4,924
Payments for purchase price components for companies not acquired in the fiscal year	-3,545	-480	0	0	-3,545	-480
Proceeds from the sale of subsidiaries	86	4,886	0	0	86	4,886
Decrease in cash and cash equivalents from the sale of subsidiaries with loss of control	-122	-221	-122	-221	0	0
Cash flows for non-current financial assets	25	406	0	0	25	406
Cash flows from investing activities	**-36,708**	**-17,932**	**-146**	**-304**	**-36,562**	**-17,628**
Proceeds from capital increase	79	35	0	0	79	35
Proceeds from borrower's note loan	0	60,000	0	0	0	60,000
Proceeds from bank loans	9,000	7,500	0	0	9,000	7,500
Repayment of bank loans	-90	-60,043	0	0	-90	-60,043
Cash flow from factoring	14,010	7,600	0	0	14,010	7,600
Interest received	87	133	0	0	87	133
Interest paid	-8,241	-4,481	0	0	-8,241	-4,481
Distributions	-5,714	-5,704	0	0	-5,714	-5,704
Balance of payments with non-controlling interests	-3,181	-6,220	0	0	-3,181	-6,220
Cash flows from financing activities	**5,949**	**-1,179**	**0**	**0**	**5,949**	**-1,179**
Total cash flows	**835**	**12,573**	**-249**	**-298**	**1,084**	**12,871**
Changes in cash and cash equivalents due to exchange rate movements	155	16	-1	-3	156	20
Total changes in cash and cash equivalents	**990**	**12,589**	**-250**	**-301**	**1,240**	**12,890**
Cash and cash equivalents at the beginning of the period	67,411	54,822	250	551	67,161	54,271
Cash and cash equivalents at the end of the period	68,402	67,411	0	250	68,402	67,161

* adjusted to reflect the retrospective amendments to IFRS 5

Notes to the Consolidated Financial Statements of Allgeier SE

for fiscal year 2023 in accordance with IFRS

A. General Disclosures

I. Information on the Allgeier Group and Allgeier SE

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

II. Accounting Policies

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

Unless stated otherwise, all amounts in the consolidated financial statements are presented in thousands of euros. Due to the fact that the figures are shown in thousands of euros, rounding differences may occur in individual cases. The figures reported in the consolidated financial statements for the fiscal year have been presented with comparative figures for the previous year.

The Allgeier Group discloses the discontinued operations sold in the fiscal year and the previous year in the statement of comprehensive income.

The consolidated financial statements of Allgeier SE have been prepared on the basis of historical cost. This does not include derivative financial instruments, shares in the venture capital company Speedinvest and contingent considerations from company acquisitions, which were measured at fair value.

III. Publication of an examination order by BaFin

On July 12, 2022, the German Federal Financial Supervisory Authority (BaFin) published an announcement of an accounting audit of the presentation of the spin-off of Nagarro SE, Munich, in the consolidated financial statements of Allgeier SE for the year ended December 31, 2020. The audit issues raised exclusively relate to the disclosure of individual items in the income statement and the statement of financial position in connection with the accounting treatment of the spin-off reported in discontinued operations. BaFin has not yet completed its audit. Irrespective of the outcome of the audit, a possible change in the presentation of the spin-off of Nagarro SE in 2020 will have no impact on the existing consolidated financial statements of Allgeier SE for the 2022 and 2023 fiscal years. The disclosure issues have no tax relevance and no effect on the Allgeier Group's liquidity.

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

In the 2023 fiscal year, the following standards and interpretations revised or newly issued by the IASB were mandatory for the first time as of January 1, 2023 in accordance with EU regulations:

Standard/interpretation	Title of the standard, interpretation or amendment
Amendments to IAS 1	Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International tax reform – Pillar two model rules
IFRS 17 Amendments to IFRS 17	Insurance Contracts Initial application of IFRS 17 and IFRS 9 – Comparative information

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

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

The amendments to IAS 1 and IFRS Practice Statement 2 are intended to assist entities in determining which accounting policies to disclose. Entities are now required to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions by the primary users of financial statements. This did not have any impact on the Allgeier consolidated financial statements.

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

The amendments to IAS 8 clarify the differences between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced by a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." Entities develop accounting estimates when accounting policies require items in the financial statements to be measured in a manner that entails measurement uncertainty. A change in an accounting estimate resulting from new information or new developments is not the correction of an error. The change had no effect on the Allgeier consolidated financial statements.

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

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

Adoption of the amended standard had the following effects on the consolidated balance sheets as of December 31, 2022 and January 1, 2022 and the consolidated statement of comprehensive income for 2022:

Statement of financial position (in EUR thousands)			
Assets	December 31, 2022 as reported	Amendments to IAS 12	December 31, 2022 adjusted
Deferred tax assets	1,884	480	2,364
	1,884	480	2,364
Equity and liabilities			
Equity attributable to shareholders of the parent company	131,728	437	132,165
Equity attributable to non-controlling shareholders	48,608	43	48,651
	180,336	480	180,816

Statement of financial position (in EUR thousands)			
Assets	January 01, 2022 as reported	Amendments to IAS 12	January 01, 2022 adjusted
Deferred tax assets	1,330	467	1,797
	1,330	467	1,797
Equity and liabilities			
Equity attributable to shareholders of the parent company	114,936	424	115,360
Equity attributable to non-controlling shareholders	47,969	43	48,012
	162,905	467	163,372

Consolidated Statement of Comprehensive Income (in EUR thousand)			
Income Statement	January 1, 2022 to December 31, 2022	Amendments to IAS 12	January 1, 2022 to December 31, 2022
Earnings before taxes	32,841	0	32,841
Net income taxes	-8,190	13	-8,177
Profit for the period after gains and losses on disposals	24,651	13	24,664
Profit for the period after gains and losses on disposals attributable to:			
shareholders of the parent company	21,604	13	21,618
non-controlling interests	3,046	0	3,047
Earnings per share for the period in EUR	1.89	0.00	1.89
Other comprehensive income			
Other comprehensive income for the period	4,807	-1	4,806
Comprehensive income for the period	29,458	13	29,470

IAS 12 - International Tax Reform - Pillar Two Model Rules

The amendments to IAS 12 in connection with Pillar Two relate in detail to:

- a temporary, mandatory exemption from the recognition of deferred taxes resulting from the introduction of global minimum taxation and
- specific disclosures in the notes to enable users of the financial statements to understand the effects of minimum taxation on the company

Following the EU endorsement in November 2023, the accounting exemption is already applicable for fiscal years beginning on or after January 1, 2023. Allgeier does not fall within the scope of the Pillar Two regulation, as its consolidated revenue is below the limit of EUR 750.0 million.

IFRS 17 and Amendments to IFRS 17 - Insurance Contracts and Initial Application of IFRS 17 and IFRS 9

In the future, IFRS 17 will govern the recognition, measurement, presentation and disclosure of insurance contracts. Insurance contracts are defined as contracts in which one contracting party (insurer) assumes a significant insurance risk from another contracting party (policyholder) by undertaking to indemnify the policyholder if a specified uncertain future event adversely affects the policyholder.

The primary addressees of IFRS 17 are insurance companies, but it is not purely an industry standard. The standard is generally applicable to all issued contracts that meet the definition of insurance contracts, which means, for example, that certain guarantees as well as service or maintenance contracts (guarantees issued on products, services or residual values of leased assets) may fall within the scope of the standard. For these cases, however, IFRS 17 again provides for exceptions to the scope of application. Alternatively, an entity has the option of applying IFRS 15 (revenue from contracts with customers) instead of IFRS 17 to such contracts if

- the company does not determine the contract price for the insurance risk on an individual, customer-specific basis,
- (b) the contract compensates the customer by providing a service rather than by making cash payments to the customer; and
- the insurance risk arises primarily from the use of the services by the customer and not from the uncertainty regarding the costs of these services.

First-time application of the standard had no impact on the Allgeier Group. If certain guarantees are issued in connection with services and products, these are generally covered by the list of exceptions. Allgeier intends to continue to apply IFRS 15 for these cases.

Standards and Interpretations Not Adopted Early

The IASB and IFRIC have issued the following standards, interpretations and amendments to existing standards and interpretations that were not yet effective for fiscal year 2023 in accordance with EU regulations:

Standard/interpretation	Title of the standard, interpretation or amendment	First-time adoption
Endorsed by the EU		
Amendments to IAS 1	Classification of liabilities as current or non-current and non-current liabilities with covenants	Jan. 1, 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	Jan. 1, 2024
Not yet endorsed by the EU		
Amendments to IAS 7 and IFRS 7	Disclosures: Supplier finance arrangements	Jan. 1, 2024
Amendments to IAS 21	The effects of changes in foreign exchange rates: Lack of exchangeability	Jan. 1, 2025

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

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

The amendments to IAS 1 clarify the classification of liabilities as current or non-current as follows: what is meant by a right to defer settlement. The right to defer settlement of a liability must exist at the reporting date. For classification purposes, it is irrelevant whether the company expects that it will actually exercise this right. Only if a derivative that is embedded in a convertible debt instrument is an equity instrument to be accounted for separately do the terms of the debt instrument not need to be taken into account when classifying it. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. The amendments are effective for fiscal years beginning on or after January 1, 2024 and are applied retrospectively. The Allgeier Group assumes that the amendments will not have any significant impact on its current accounting practice. However, it will examine whether existing lending agreements may have to be adjusted.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

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

The amendments are effective for fiscal years beginning on or after January 1, 2024. These amendments are not expected to have a material effect on Allgeier’s consolidated financial statements.

Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments relate to new disclosures on supplier finance arrangements. The amendments are intended to make the effects of such delivery financing transactions on liabilities, cash flows and liquidity risks more transparent. The term “supplier finance arrangements” is not precisely defined but the standard describes features that characterize such an agreement. The disclosures in the notes relate in detail to:

- Description of the contract terms
- Disclosure of carrying amount and balance sheet items for liabilities corresponding to such an agreement
- Disclosure of carrying amount and balance sheet items for liabilities for which suppliers have already received payments from a financial service provider
- Maturity range for financial liabilities, separately for liabilities that are part of such an agreement and for other trade payables
- Information on liquidity risk

The amendments are effective for fiscal years beginning on or after January 1, 2024. Allgeier assumes that the amendments will not have any material impact on future consolidated financial statements due to the nature of the industry.

Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

The amendments supplement IAS 21 with detailed rules for determining whether two currencies can be exchanged for one another and how exchange rates are to be determined if exchangeability is not possible. In addition, disclosure requirements are introduced in order to assess the effects of the lack of exchangeability on the net assets, financial position and results of operations of the company. An entity shall apply those amendments for annual periods beginning on or after January 1, 2025. Earlier application is permitted. However, the Management Board does not expect the initial application of the amendments to have any impact on the consolidated financial statements, as Allgeier does not currently conduct any business in non-exchangeable currencies.

VI. Principles of Consolidation

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

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

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

Receivables, liabilities, income and expenses between Group companies are eliminated. Profits and losses on intragroup disposals of assets are also eliminated. Deferred taxes are recognized on consolidation processes that affect profit or loss and will reverse in the future (temporary differences).

Subsidiaries are deconsolidated as soon as the parent-subsidiary relationship ceases and they are no longer controlled. The assets and liabilities of subsidiaries are derecognized as of the date of deconsolidation. Companies and operations disposed of are shown as discontinued operations in the consolidated statement of comprehensive income and the consolidated statement of cash flows.

VII. Consolidated group

As of December 31, 2023, the scope of consolidation of Allgeier SE consisted of 54 (previous year: 56) fully consolidated companies. The number of companies developed as follows in the 2023 fiscal year:

	Consolidated
Number on January 1, 2023	**56**
Companies acquired	
ShiftDigital Government Solutions GmbH, Bochum	1
SDX AG, Frankfurt am Main	1
Disposals	
VJii Productions AG, Olten, Switzerland	-1
Liquidation	
mgm technology partners schweiz AG (in liquidation), Zug, Switzerland	-1
Companies merged	
Allgeier secion GmbH, Hamburg, with Allgeier CyRis GmbH, Bremen	-1
Höhn Consulting GmbH, Kiel, with Allgeier IT GmbH, Munich	-1
Number on December 31, 2023	**54**

Acquisition of ShiftDigital Government Solutions GmbH based in Bochum

Allgeier publicplan Holding GmbH, Munich, acquired all shares in ShiftDigital Government Solutions GmbH, Bochum ("ShiftDigital") by purchase and transfer agreement dated March 3, 2023. Allgeier SE holds 90 percent of the shares in Allgeier publicplan Holding GmbH. ShiftDigital is a start-up company that specializes in digitalization services in the municipal sector. A fixed purchase price of EUR 220 thousand and a variable purchase price of around EUR 137 thousand was agreed for ShiftDigital. The fixed purchase price was paid in 2023. Payment of the variable purchase price is dependent on the receipt of research allowances, which are to be paid out to the company. If the research allowances are not paid or not paid to the company in full, the variable purchase price is waived or reduced accordingly. Consultancy costs of EUR 27 thousand were incurred from external consultants in connection with the acquisition of the company. These were recognized under other operating expenses.

ShiftDigital was consolidated for the first time on March 1, 2023. The assets and liabilities to be acquired were valued in accordance with commercial law. The values in use and liabilities from the acquired leases of the company each amounted to EUR 66 thousand. In total, the Allgeier Group assumed assets worth EUR 114 thousand and liabilities of EUR 272 thousand with the acquisition of ShiftDigital. The difference between the purchase price of EUR 357 thousand and the net debt of EUR 158 thousand resulted in goodwill of EUR 515 thousand.

Carrying amounts and fair values of the net assets of ShiftDigital as of March 1, 2023:

(in EUR thousand)	Carrying amounts	Allocation	Fair values
Property, plant and equipment	6	0	6
Right-of-use assets from leases	0	66	66
Trade receivables	1	0	1
Other financial assets	10	0	10
Other assets	1	0	1
Cash	30	0	30
Acquired assets	**48**	**66**	**114**
Lease liabilities	0	66	66
Provisions	11	0	11
Trade payables	24	0	24
Other financial liabilities	151	0	151
Other liabilities	20	0	20
Acquired liabilities	**206**	**66**	**272**
Net assets	**-158**	**0**	**-158**

ShiftDigital was integrated into the "Enterprise IT" segment. The company generated revenue of EUR 583 thousand and EBITDA of EUR -101 thousand in the period from March 1, 2023 to December 31, 2023.

Acquisition of SDX AG, based in Frankfurt am Main

Allgeier Inovar GmbH, Bremen, acquired 80 percent of the shares in SDX AG, based in Frankfurt am Main, by share purchase and transfer agreement dated July 27, 2023.

SDX AG is a company specializing in software development and cloud technologies in the Microsoft Azure environment. As a Microsoft technology partner, the company implements cloud-native business applications for its customers using future technologies such as generative AI and data analytics. The purchase price for the shares in SDX came to a total of EUR 7,200 thousand, of which EUR 6,400 thousand was paid in fiscal year 2023 and the remaining amount of EUR 800 thousand is scheduled for payment in the second quarter of 2024. In addition to the purchase price, the acquisition of the company resulted in consultancy costs for external consultants amounting to EUR 169 thousand. These were recognized in other operating expenses.

SDX was consolidated for the first time on July 31, 2023. With the initial consolidation of SDX, the Allgeier Group acquired assets recognized under commercial law in the amount of EUR 1,880 thousand and liabilities recognized under commercial law in the amount of EUR 714 thousand. In addition, undisclosed reserves in the company's customer relationships amounting to EUR 1,592 thousand before taxes were identified and recognized as part of the initial consolidation. The values in use and liabilities from the acquired leases of the company each amounted to EUR 600 thousand. Goodwill of EUR 5,389 thousand remained from the difference between the purchase price and the net assets as well as the non-controlling interests in the amount of EUR 453 thousand. With the merger, the AllgeierGroup is expanding its business unit for Microsoft technology and expects synergies in the area of Microsoft-based cloud technologies. With the acquisition of SDX, the AllgeierGroup is broadening its range of digitalization applications and creating added value for its existing customers and potential new customers.

Carrying amounts and fair values of the net assets of SDX as of July 31, 2023:

(in EUR thousand)	Carrying amounts	Allocation	Fair values
Intangible assets	0	1,592	1,592
Property, plant and equipment	71	0	71
Right-of-use assets from leases	0	600	600
Contract assets	10	0	10
Trade receivables	1,016	0	1,016
Other financial assets	56	0	56
Other assets	3	0	3
Cash	724	0	724
Acquired assets	**1,880**	**2,192**	**4,072**
Lease liabilities	0	600	600
Provisions	288	0	288
Trade payables	34	0	34
Other financial liabilities	243	0	243
Other liabilities	52	0	52
Income tax liabilities	97	0	97
Deferred tax liabilities	0	494	494
Acquired liabilities	**714**	**1,094**	**1,808**
Net assets	**1,166**	**1,098**	**2,264**

The acquired trade receivables were paid in full. SDX was integrated into the Enterprise IT segment. The company generated revenue of EUR 1,892 thousand and EBITDA of EUR 493 thousand in the period from August 1, 2023 to December 31, 2023.

Disposal of VJii Productions AG based in Olten (Switzerland)

MySign AG, Olten (Switzerland), sold all shares in VJii Productions AG, Olten (Switzerland) ("VJii") by share purchase agreement dated July 5, 2023. At that time, Allgeier SE held 80 percent of the shares in MySign AG. The purchase price for the shares in the company was EUR 86 thousand. In the first half of 2023, VJii achieved revenue of EUR 438 thousand and earnings before write-offs, interest and taxes of EUR -59 thousand. The reclassification of currency differences recognized directly in equity resulted in an expense of EUR 18 thousand in the statement of profit or loss. In this annual report, VJii is shown in the reporting year and in the comparative year 2022 within discontinued operations. Due to this reclassification, the discontinued and continuing operations of the Allgeier Group are not comparable with the previous year's annual report.

The sale of VJii resulted in the disposal of assets and liabilities amounting to EUR 366 thousand. The loss on disposal from the disposal of VJii is as follows:

(in EUR thousand)	
goodwill	199
Property, plant and equipment	69
Trade receivables	106
Other financial assets	11
Other assets	39
Cash	122
Assets	**546**
Provisions	0
Deferred tax liabilities	6
Trade payables	4
Other financial liabilities	82
Other liabilities	88
Liabilities	**180**
Net assets disposed of	**366**
Disposal price	86
Foreign exchange differences	1
Loss on disposal	**-279**

Increase in shares in MySign AG, based in Olten (Switzerland)

Allgeier Inovar GmbH, Bremen, acquired all 20 percent of the shares in MySign AG, based in Olten, Switzerland ("MySign"), still held by third parties under share purchase agreements dated July 24, 2023 and December 31, 2023. With the increase, Allgeier Inovar GmbH, Bremen, increased its stake in MySign from 80 percent to 100 percent. The fixed purchase price for the shares in the company was EUR 625 thousand. In addition, there is a variable purchase price of a maximum of EUR 323 thousand, which was agreed as a share of 25 percent of the EBIT generated with Swiss customers in the 2024 fiscal year. MySign AG's planning does not assume that the earn-out will be achieved. Accordingly, no liability was recognized for the variable purchase price. As a result of the transaction, the equity share of the non-controlling shareholders in the amount of EUR 185 thousand was derecognized. The remaining amount between the purchase price and the derecognized minority interest of EUR 440 thousand was posted to the unrestricted portion of the equity attributable to the shareholders of the parent company.

Pro forma result of the merged companies

Assuming that the companies acquired in fiscal year 2023 had already been consolidated by the Allgeier Group on January 1, 2023 and the companies acquired in fiscal year 2022 had already been consolidated by the Allgeier Group on January 1, 2022, the revenue and earnings of the Allgeier Group would have been as follows:

Revenue and earnings (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2023	2022	2023	2022	2023	2022
Revenue	491,785	484,846	438	955	491,347	483,891
Earnings before interest, taxes, depreciation and amortization	58,790	61,328	-40	-1,571	58,830	62,899
Earnings before taxes	24,135	29,130	-56	-1,632	24,191	30,762

Subsidiaries with non-controlling interests

The following subsidiaries in which Allgeier SE does not hold all shares were included in consolidation by the Allgeier Group in 2023:

Financial figures of subsidiaries (in EUR thousand)

	mgm technology partners GmbH (including subsidiaries)		thereof: mgm security partners GmbH		thereof: mgm consulting partners GmbH (including subsidiary)		Allgeier publicplan Holding GmbH (including subsidiaries)		Allgeier Evora Holding GmbH (including subsidiaries)		MySign AG		Allgeier Experts Select GmbH		SDX AG	
	2023	2022*	2023	2022*	2023	2022*	2023	2022*	2023	2022*	2023	2022*	2023	2022*	2023	2022*
Percentage of non-controlling interests (indirect)	20.00%	20.00%	44.00%	44.00%	44.00%	44.00%	10.00%	10.00%	40.00%	40.00%	0.00%	20.00%	8.50%	8.50%	20.00%	0.00%
Non-current assets	42,698	39,212	55	65	170	93	16,449	16,472	147,868	149,405	887	1,115	0	0	1,882	0
Current assets	48,064	50,875	1,931	1,779	4,921	4,264	23,313	12,797	47,494	42,811	1,702	2,327	161	418	1,962	0
Non-current liabilities	16,278	16,284	9	14	54	17	3,042	3,467	18,369	27,861	400	623	0	0	778	0
Current liabilities	36,755	40,188	1,137	1,039	2,645	2,258	23,658	16,660	58,218	49,355	1,237	1,438	3,852	4,038	793	0
Net assets	**37,730**	**33,615**	**840**	**791**	**2,392**	**2,082**	**13,061**	**9,142**	**118,774**	**115,000**	**952**	**1,380**	**-3,691**	**-3,620**	**2,273**	**0**
Carrying amount of non-controlling interests	**1,361**	**1,947**	**481**	**126**	**610**	**860**	**1,486**	**914**	**47,631**	**46,004**	**1**	**276**	**-314**	**-491**	**455**	**0**
Revenue	124,729	110,705	6,611	5,931	16,295	14,706	46,785	28,992	33,750	27,678	6,532	6,415	0	0	1,892	0
Results of operating activities	17,836	18,340	1,185	1,136	1,776	1,696	6,504	2,762	5,771	3,854	-449	-305	-39	-163	31	0
Earnings before taxes	17,487	18,211	1,205	1,134	1,807	1,693	5,706	2,398	5,525	5,630	-476	-338	-70	-164	27	0
Profit or loss for the period	**15,115**	**16,366**	**816**	**766**	**1,210**	**1,145**	**3,919**	**1,647**	**3,971**	**5,205**	**-401**	**-274**	**-71**	**-164**	**9**	**0**
Other comprehensive income	**-147**	**118**	**0**	**0**	**0**	**0**	**0**	**0**	**-196**	**-5**	**53**	**50**	**0**	**0**	**0**	**0**
Total comprehensive income	**14,968**	**16,484**	**816**	**766**	**1,210**	**1,145**	**3,919**	**1,647**	**3,774**	**5,200**	**-348**	**-224**	**-71**	**-164**	**9**	**0**
Cash flows from operating activities	16,899	18,960	663	250	1,273	66	-1,443	3,029	1,671	4,089	165	44	-495	-47	176	0
Cash flows from investing activities	-12,499	-6,043	-12	-65	-91	-89	-1,433	-1,319	-1,062	-685	-331	-467	0	0	631	0
Cash flows from financing activities	-5,940	-11,769	-746	-632	-317	-1,696	7,697	358	-1,002	-856	0	0	590	38	-395	0
of which from dividends to non-controlling interests	-2,530	-2,220	-230	-189	-270	-237	0	0	0	0	0	0	0	0	0	0
Changes in cash and cash equivalents due to exchange rate movements	26	-33	0	0	0	0	0	0	-91	-49	24	27	0	0	0	0
Net increase (decrease) in cash and cash equivalents	**-1,514**	**1,116**	**-94**	**-447**	**864**	**-1,720**	**4,821**	**2,068**	**-483**	**2,499**	**-141**	**-395**	**95**	**-10**	**412**	**0**

* adjusted to reflect the retrospective amendments to IAS 12

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

VIII. Foreign currency

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

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

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

Exchange rates

		Average rates per EUR 1		Closing rates per EUR 1	
		2023	2022	2023	2022
US dollar	USD	1.083	1.052	1.104	1.070
Swiss franc	CHF	0.971	1.003	0.929	0.990
Czech crown	CZK	23.986	24.555	24.698	24.140
Indian rupee	INR	89.422	82.813	91.814	88.569
Vietnamese dong	VND	25,846.310	24,662.260	26,787.400	25,295.500
Polish zloty	PLN	4.526	4.729	4.345	4.685
Turkish lira	TRY	-	15.632*	-	-

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

IX. Statement of Financial Position

Intangible assets

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

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

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

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

The Allgeier Group tests intangible assets for impairment on an ongoing basis. Goodwill is tested for impairment annually at the segment level. Goodwill that is no longer recoverable is written down. Impairment tests are also carried out on an ad hoc basis if certain findings indicate that value adjustments are necessary.

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

Property, plant and equipment

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

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

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

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

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

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

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

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

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

Country	Tax rate	
	December 31, 2023	December 31, 2022
Germany	31.00%	31.00%
Austria	23.00%	24.00%
United States	25.70%	25.70%
India	25.17%	25.17%
Switzerland	18.10%	18.10%
Spain	25.00%	25.00%
France	25.00%	25.00%
Vietnam	10.00%	10.00%
Czechia	21.00%	19.00%
Poland	19.00%	19.00%

The table includes the tax rates for companies in both continuing and discontinued operations.

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

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

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

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

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

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

Other financial assets
Derivative instruments and shares in venture capital companies are measured at fair value. The remaining other financial assets are recognized at their nominal amounts less value adjustments. For other financial receivables that are not measured at fair value, the expected credit losses are determined depending on default risks either on the basis of the defaults expected in the next twelve months or in the remaining term. Significant changes in default risks are taken into account. Receivables can be derecognized in conjunction with factoring if substantially all the risks and rewards of ownership are transferred.

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

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

Provisions for post-employment benefits

Pension provisions

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

	December 31, 2023	December 31, 2022
Interest rate for those with vested pensions	3.15%	3.65%
Interest rate for retired persons	3.15%	3.75%
Increase in current pensions	2.00%	1.50 percent–2.00 percent
Turnover	0.00%	0.00%

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

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

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

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

Provisions for gratuities

Allgeier has future gratuity obligations to employees that fall due when they leave the company, regardless of whether the employer or employee terminates the employment contract. These gratuity payments constitute a defined benefit plan in accordance with IAS 19 and are measured using actuarial methods.

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

India		
	Dec. 31, 2023	Dec. 31, 2022
Interest rate	7.40%	7.40%
Salary increase p.a.	13.00%	13.00%
Turnover p.a.	15.00%	11.80%
Average expected length of service	8.3 years	6.0 years

Other provisions

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

Financial liabilities

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

Trade payables

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

Other financial liabilities

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

Other liabilities

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

Financial instruments

Financial assets

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

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

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

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

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

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

Financial liabilities

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

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

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

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

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

X. Statement of profit or loss
The income statement was prepared in line with the nature of expense method.

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

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

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

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

Operating expenses are recognized at the time of performance.

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

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

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

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

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

B. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Intangible assets

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

Intangible assets (in EUR thousand)	Order backlog	Customer lists	Software products	Website	Software, licenses and rights	Internally generated developments	Goodwill	Total
Carrying amount as of January 1, 2022	4,980	13,451	3,308	84	3,279	4,526	251,496	281,124
Changes in 2022:								
Additions to consolidated group	200	800	450	0	9	0	5,423	6,882
Additions in fiscal year	0	0	0	0	909	6,929	0	7,838
Disposals at carrying amounts	0	0	0	0	-65	0	0	-65
Foreign exchange differences	12	5	0	0	-2	0	402	417
Depreciation and amortization	-5,192	-3,236	-1,084	-9	-1,529	-2,236	0	-13,286
Carrying amount as of December 31, 2022	0	11,020	2,674	75	2,601	9,218	257,321	282,910
Changes in 2023:								
Additions to consolidated group	270	1,322	0	0	0	0	5,904	7,496
Additions in fiscal year	0	0	0	0	1,005	7,829	0	8,834
Disposals at carrying amounts	0	0	0	0	-2	0	0	-2
Foreign exchange differences	9	5	0	0	0	0	590	604
Depreciation and amortization	-279	-3,427	-1,007	-8	-1,160	-3,321	0	-9,202
Disposals from sale of FYii	0	0	0	0	0	0	-199	-199
Carrying amount as of December 31, 2023	0	8,920	1,667	67	2,444	13,726	263,617	290,441

Order backlogs of EUR 270 thousand (previous year: EUR 200 thousand) were received in conjunction with acquisitions in fiscal year 2023. The order backlog was measured at its expected net amount determined as the order value for the orders less full costs. Order backlogs are typically written off within a year as revenue is recognized for the underlying orders.

Customer lists of EUR 1,322 thousand (previous year: EUR 800 thousand) were received in conjunction with acquisitions in fiscal year 2023. To measure customer lists, historical revenue was examined and analyzed by regular customers and other customers to determine the amount of revenue that can be expected to be generated with regular customers over the next five years. This revenue was recognized under customer lists at expected amounts on a full-cost basis less discounts for possible declining amounts, risks resulting from the passage of time and customer dependencies, less amounts already included in orders on hand. Customer lists are amortized on a straight-line basis over a useful life of five years.

The acquired software products are measured based on sales planning and the expected result for the products less risk discounts due to aging and technical obsolescence. Measurement is based on a planning period of five years. Products are written down over a term of four years. In the 2023 fiscal year, no products were acquired through the newly acquired subsidiaries (previous year: EUR 450 thousand).

Internally generated developments are amortized on a straight-line basis over a period of between three and four years from the date of completion. Additions to internally generated developments include EUR 5.1 million (previous year: EUR 4.2 million) that had not yet been completed as of December 31, 2023.

The Allgeier Group recognizes goodwill for the differences between the cost and fair values of the assets, liabilities and contingent liabilities assumed in acquisitions at the acquisition date. Goodwill of EUR 5,904 thousand (previous year: EUR 5,423 thousand) was received in conjunction with acquisitions in fiscal year 2023. Goodwill increased by a total of EUR 590 thousand (previous year: EUR 402 thousand) as a result of the translation of companies not acquired in euros in the past. The currency differences were recognized in the consolidated statement of comprehensive income under other comprehensive income. The sale of VJii Productions AG, Olten (Switzerland), resulted in the disposal of goodwill in the amount of EUR 199 thousand (previous year: EUR 0 thousand). Goodwill developed as follows:

(in EUR thousand)	Enterprise IT	mgm technology partners	Total
Carrying amount as of January 1, 2022	240,695	10,801	251,496
Changes in 2022:			
Additions	4,714	709	5,423
Foreign exchange differences	402	0	402
Carrying amount as of December 31, 2022	245,811	11,510	257,321
Changes in 2023:			
Additions	5,904	0	5,904
Foreign exchange differences	590	0	590
Disposals	-199	0	-199
Carrying amount as of December 31, 2023	252,107	11,510	263,617

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

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

	Enterprise IT		mgm technology partners	
	2023	2022	2023	2022
Risk-free interest rate	2.75%	2.00%	2.75%	2.00%
Interest rate on debt	4.38%	3.63%	4.38%	3.63%
Risk premium for equity	7.50%	7.50%	7.50%	7.50%
WACC before taxes	9.72%	8.99%	11.12%	10.39%
WACC after taxes	7.51%	6.90%	8.44%	7.66%

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

	Enterprise IT	mgm technology partners
Growth rates in the detailed planning period andvalue in use 2022		
Average annual revenue growth	12.7%	13.3%
Average annual growth of underlying cash flow	15.8%	14.0%
Value in use in EUR million	691	236
Growth rates in the detailed planning period and value in use 2023		
Average annual revenue growth	10.5%	9.8%
Average annual growth of underlying cash flow	17.3%	18.3%
Value in use in EUR million	605	213

2. Property, plant and equipment

Property, plant and equipment developed as follows:

Property, plant and equipment (in EUR thousand)

	Land, land rights and buildings	Other fixed assets and office equipment	Total
Carrying amount as of January 1, 2022	407	7,223	7,630
Changes in 2022:			
Additions to consolidated group	0	151	151
Additions in fiscal year	0	5,429	5,429
Disposals at carrying amounts	0	-51	-51
Foreign exchange differences	0	-17	-17
Depreciation and amortization	-28	-3,701	-3,729
Carrying amount as of December 31, 2022	379	9,034	9,413
Changes in 2023:			
Additions to consolidated group	0	77	77
Additions in fiscal year	0	4,922	4,922
Disposals at carrying amounts	0	-166	-166
Foreign exchange differences	0	-64	-64
Depreciation and amortization	-24	-4,332	-4,356
Disposals from consolidated companies	0	-69	-69
Carrying amount as of December 31, 2023	355	9,402	9,757

3. Right-of-use assets from leases

With the exception of a property in Bremen, which is owned, the Allgeier Group leases the properties used by the Group. The Allgeier Group also uses leases to finance some of its vehicles and some of its IT equipment. The property leases have terms of up to ten years. The leases for vehicles and IT equipment typically have terms of two to five years. For all leases that were not concluded for a short-term period of up to one year or are of low value, the Group recognizes these contracts as value in use from rental and lease agreements at the respective present value. Right-of-use assets from leases developed as follows:

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

	Properties	Motor vehicles	Operating and office equipment / IT equipment	Total
Carrying amount as of January 1, 2022	37,331	2,249	1,728	41,308
Changes in 2022:				
Additions to consolidated group	397	43	5	445
Additions in fiscal year	3,966	1,366	45	5,377
Lease modifications	2,768	72	-5	2,835
Foreign exchange differences	120	1	0	121
Depreciation and amortization	-8,118	-1,508	-718	-10,344
Carrying amount as of December 31, 2022	36,466	2,223	1,053	39,742
Changes in 2023:				
Additions to consolidated group	667	0	0	667
Additions in fiscal year	2,896	2,197	4,971	10,064
Lease modifications	4,298	55	2	4,355
Foreign exchange differences	-63	1	0	-62
Depreciation and amortization	-9,157	-1,804	-1,479	-12,439
Reversals of impairment losses	1,717	0	0	1,717
Carrying amount as of December 31, 2023	36,824	2,672	4,548	44,044

Expenses for leases for low-value assets and short-term leases were as follows in fiscal year 2023:

Expenses for leases (in EUR thousand)

	Total		Discontinued operations		Continuing operations	
	2023	2022	2023	2022	2023	2022
Leases for low-value assets	296	126	0	1	296	125
Short-term leases	298	221	0	2	298	219

The Allgeier Group generated income of EUR 364 thousand from operating subleases in 2023 (previous year: EUR 406 thousand). The Group anticipates income of EUR 464 thousand from operating sub-leases in continuing operations in fiscal year 2024 (previous year: EUR 281 thousand).

To expand the data center and for server infrastructure, the Allgeier Group entered into sale-leaseback agreements with a value of EUR 816 thousand (previous year: EUR 1,008 thousand). Neither gains nor losses are generated from the sale-leaseback transactions.

4. Contract costs

Amortization of EUR 144 thousand (previous year: EUR 61 thousand) was recognized on capitalized contract costs in connection with customer projects. No impairment losses were recognized on capitalized contract costs.

5. Other financial assets

Other financial assets break down as follows:

Other financial assets (in EUR thousand)			Dec. 31, 2023			Dec. 31, 2022
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Interests in Speedinvest	4,809	4,809	0	4,785	4,785	0
Security deposits	1,967	1,655	312	1,919	1,682	237
Hedging instruments	1,654	638	1,016	3,307	3,047	260
Loans to minority shareholders	456	456	0	0	0	0
Receivables from employees	419	274	145	318	10	308
Creditors with debit balances	284	0	284	269	0	269
Sureties	180	180	0	60	60	0
Vendor loan from the disposal of northport	141	141	0	138	138	0
Receivables from loans	22	0	22	98	0	98
Other	864	80	784	481	156	325
	10,796	8,233	2,563	11,375	9,878	1,497

Allgeier SE holds shares in the venture capital fund Speedinvest. These shares were valued on the basis of the annual report submitted by the fund management. The fund consists of around 120 individual investments, a few of which contribute significantly to the valuation of the financial instrument. If the economic development of the portfolio of these companies deteriorates or their growth accelerates, greater fluctuations in the fair value of the financial instrument are anticipated. Allgeier SE holds 18,437 shares at an average acquisition cost of EUR 100 each. As of December 31, 2023, one share was valued at EUR 261 (previous year: EUR 260). The revaluation resulted in income of EUR 24 thousand for 2023 (previous year: expense of EUR 1,359 thousand). Changes in value are shown in the statement of comprehensive income within the financial result.

Remaining shares (in EUR thousand)	2023	2022
Carrying amount as of January 1	4,785	6,550
Income from remeasurement	24	0
Expense from remeasurement	0	-1,359
Disposal of shares	0	-406
Carrying amount on December 31	4,809	4,785

Allgeier SE received dividends from its investment in Speedinvest of EUR 25 thousand in 2023 (previous year: EUR 81 thousand).

Since the 2022 fiscal year, the interest rate risk for a portion of the existing floating-rate financial liabilities (syndicated loan and promissory note loan) has been hedged via an interest rate swap with a nominal volume of EUR 50 million and a term until May 19, 2027, which has been fully designated as a hedging instrument as part of a cash flow hedge. Variable interest payments depending on the three-month Euribor for a loan volume of EUR 50 million are converted into fixed interest payments by means of the interest rate swap. As of December 31, 2023, the interest rate swap has a positive fair value of EUR 1,654 thousand (previous year: EUR 3,307 thousand) and is recognized at fair value under other financial assets. In the income statement, the current income and expenses from the quarterly marginal payments on the interest rate swap are netted against the interest expenses in financial liabilities. Deferred taxes are recognized if the income/expenses for the interest rate hedges are not recognized for tax purposes until later periods.

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

Cash flow hedge (in EUR thousand)	2023	2022
As of January 1	3,307	0
Addition in OCI	0	3,307
Disposal not recognized in profit or loss	-1,653	0
As of December 31	1,654	3,307

The future hedged cash flows from the interest rate hedges of EUR 1,654 thousand in total will be recognized in profit or loss in subsequent years until 2027.

A long-term loan of EUR 451 thousand was granted to non-controlling shareholders of the Allgeier Group. The loan bears interest at standard market conditions and is agreed on a long-term basis.

6. Other assets

Other assets break down as follows:

Other assets (in EUR thousand)			Dec. 31, 2023			Dec. 31, 2022
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Prepaid expenses	4,878	629	4,249	3,695	968	2,727
VAT receivables	1,887	0	1,887	1,658	0	1,658
	6,765	629	6,136	5,353	968	4,385

7. Deferred taxes

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

Deferred taxes (in EUR thousand)

	Dec. 31, 2023			Dec. 31, 2022*		
	Deferred tax assets	Deferred tax liabilities	Income statement	Deferred tax assets	Deferred tax liabilities	Income statement
Intangible assets	675	8,468	-532	941	7,663	1,649
Property, plant and equipment	44	9	-7	45	3	-37
Right-of-use assets from leases	0	13,614	-1,424	0	12,194	471
Contract costs	0	134	44	0	178	-178
Contract assets and liabilities	0	336	37	28	401	-139
Trade receivables	70	666	-157	70	509	-279
Miscellaneous (financial) assets	86	1,435	-640	7	1,253	-258
Lease liabilities	14,204	0	1,001	13,206	0	-458
“Provisions for post-employment benefits”	64	0	-175	80	0	31
Other provisions	146	42	-32	160	37	-203
Other financial liabilities	251	0	103	147	0	153
Temporary differences including consolidations recognized in profit or loss	15,540	24,704	-1,782	14,684	22,238	752
Loss carryforwards	4,573	0	3,640	937	0	72
Offsetting	-15,490	-15,490	0	-13,256	-13,256	0
	4,623	9,214	1,858	2,364	8,981	824

* adjusted to reflect the retrospective amendments to IAS 12

On December 31, 2023, the Allgeier Group had corporate income tax loss carryforwards of EUR 31,190 thousand (previous year: EUR 18,705 thousand) and trade tax loss carryforwards of EUR 24,242 thousand (previous year: EUR 16,721 thousand). The Group has deferred tax assets of EUR 8,640 thousand in total (previous year: EUR 5,515 thousand). EUR 4,573 thousand (previous year: EUR 937 thousand) of deferred tax assets were recognized and an amount of EUR 4,067 thousand (previous year: EUR 4,578 thousand) was not recognized due to uncertainty concerning their utilization. The recognition of deferred tax assets from loss carryforwards results from expected future earnings allocations, the reorganization of tax groups and the subsequent tax utilization of start-up losses of newly acquired or established subsidiaries.

EUR 2,161 thousand (previous year: EUR 1,266 thousand) of the deferred tax assets of EUR 4,623 thousand (previous year: EUR 2,364 thousand) in total are current. EUR 4,867 thousand (previous year: EUR 3,743 thousand) of the deferred tax liabilities of EUR 9,214 thousand (previous year: EUR 8,981 thousand) in total are current. Current deferred taxes are reported within non-current assets and non-current liabilities.

8. Inventories

Inventories break down as follows:

Inventories (in EUR thousand)

	Dec. 31, 2023	Dec. 31, 2022
Merchandise	1,177	2,371
Raw materials and supplies	36	135
Other	36	15
	1,249	2,521

Impairments of EUR 8 thousand (previous year: EUR 0 thousand) were recognized on inventories. In fiscal year 2023, the amount of inventories recognized as an expense in the reporting period was EUR 31,415 thousand (previous year: EUR 19,157 thousand).

9. Contract assets and liabilities

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

Assets and liabilities (in EUR thousand)

	Dec. 31, 2023			Dec. 31, 2022		
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Customer projects measured according to the percentage-of-completion method	1,671	0	1,671	3,379	0	3,379
Contract assets	1,671	0	1,671	3,379	0	3,379
Customer projects measured according to the percentage-of-completion method	1,147	0	1,147	1,061	0	1,061
Deferred income	4,078	312	3,766	5,302	952	4,350
Other timing differences between revenue recognition and customer billing	57	0	57	0	0	0
Contract liabilities	5,282	312	4,970	6,363	952	5,411

Contract assets and liabilities developed as follows:

Assets and liabilities (in EUR thousand)

	Contract assets	Contract liabilities
As of January 1, 2022	2,476	6,850
Currency effect	4	46
Addition due to acquisitions	0	687
Revenue recognition	3,342	-6,923
Reclassification to trade receivables	-2,443	0
Advance payments received from customers	0	5,703
As of December 31, 2022	3,379	6,363
Currency effect	-140	-43
Addition due to acquisitions	10	0
Revenue recognition	3,734	-5,428
Reclassification to trade receivables	-3,242	0
Advance payments received from customers	-2,069	4,390
Disposal due to business combinations	0	0
As of December 31, 2023	1,671	5,282

Revenue in 2023 includes EUR 5,416 thousand (previous year: EUR 6,804 thousand) reported under contract liabilities at the beginning of the fiscal year.

10. Trade receivables

Trade receivables break down as follows:

Trade receivables (in EUR thousand)	Dec. 31, 2023	Dec. 31, 2022
Customer receivables	112,617	97,683
Factoring	-42,995	-28,985
Impairment of customer receivables	-1,443	-1,756
	68,180	66,942

The Allgeier Group has concluded a factoring program to finance customer receivables of up to EUR 60 million (previous year: EUR 60 million). The factoring program is accounted for "off balance sheet," as the factor or trade credit insurer bears the default risk of the receivables sold. As of December 31, 2023, the factoring facility had been utilized in full. As of December 31, 2023, the Allgeier Group recorded incoming payments from the factoring program on submitted customer invoices after deduction of all retentions in the amount of EUR 57,632 thousand (previous year: EUR 48,972 thousand). Of this amount, a partial amount of EUR 42,995 thousand (previous year: EUR 28,985 thousand was netted against trade receivables. The remaining amount of EUR 14,637 thousand (previous year: EUR 19,987 thousand) was reported under financial liabilities, as payments from customers were also received in this amount due to overlapping periods.

11. Cash

Cash funds break down as follows:

Cash and cash equivalents (in EUR thousand)	Dec. 31, 2023	Dec. 31, 2022
Bank balances	83,031	87,400
Cash balances	10	21
	83,041	87,421

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

12. Issued capital

The subscribed capital of Allgeier SE amounted to EUR 11,444,313.00 as of December 31, 2023 (previous year: EUR 11,427,513.00) and was divided into 11,444,313 no-par value registered shares (previous year: 11,427,513 no-par value shares). Each share accounts for a notional amount of the share capital of EUR 1.00. All the no-par shares of the company belong to the same class of shares. The shares are fully paid in. In the 2023 fiscal year, 16,800 new shares were allocated from the Contingent Capital 2014 (subscription shares).

The Allgeier SE share was listed on December 29, 2023 with a closing price of EUR 21.50 in Xetra trading on the Frankfurt Stock Exchange. In the previous year, the shares closed at EUR 28.35 on December 30, 2022.

Authorized capital

By way of resolution of the Annual General Meeting on September 24, 2020, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of Allgeier SE, on one or more occasions against cash or non-cash contributions, by up to a total of EUR 5,644,500.00 by issuing up to 5,644,500 new no-par registered shares by September 23, 2025 (Authorized Capital 2020). The Management Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' statutory pre-emption rights in the following cases:

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

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

Contingent capital

The share capital of Allgeier SE was conditionally increased by up to EUR 140,000.00 through the issue of up to 140,000 new no-par value registered shares by resolution of the annual general meeting on June 17, 2014 (Contingent Capital 2014). The Contingent Capital 2014 is used to service 140,000 option rights in accordance with the 2014 share option plan, which were issued in full. In the 2023 fiscal year, option rights for 16,800 new shares were exercised. On December 31, 2023, the Contingent Capital 2014 amounts to EUR 123,200.00.

The share capital of Allgeier SE was conditionally increased by up to EUR 940,000.00 by issuing up to 940,000 new no-par value registered shares by resolution of the Annual General Meeting on June 8, 2021 (Contingent Capital 2021). Contingent Capital 2021 is intended to serve up to 940,000 options under the 2021 stock option plan. All option rights were issued. The Contingent Capital 2021 as of December 31, 2023 amounts to EUR 940,000.00 accordingly. Options have not yet been exercised.

The share capital of Allgeier SE was conditionally increased by up to EUR 4,500,000.00 by issuing up to 4,500,000 new no-par value registered shares by resolution of the Annual General Meeting on June 13, 2023 (Contingent Capital 2023). The Contingent Capital 2023 is used to service convertible bonds, bonds with warrants and/or participating bonds and/or profit participation rights with or without conversion or option rights or obligations or a combination of the aforementioned financial instruments that can be issued by the company or a company in which the company directly or indirectly holds a majority interest until June 12, 2028. Allgeier SE has not yet issued any corresponding conversion or option rights.

13. Capital reserves

The capital reserves of the Allgeier Group developed as follows:

Development of capital reserves (in EUR thousand)	2023	2022
Capital reserves as of January 1	71,363	71,249
Expense from the issue of share options	83	98
Payment of exercise price from exercise of share options	63	16
Capital reserves on December 31	71,509	71,363

14. Retained earnings

The retained earnings of the Allgeier Group are unchanged from the previous year. They include the statutory reserve of Allgeier SE.

15 Treasury shares

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

As in the previous year, Allgeier SE did not hold any treasury shares as of December 31, 2023.

16. Profit carryforward

The Allgeier Group's profit carryforward developed as follows:

Profit carryforward (in EUR thousand)	2023	2022*
Profit carryforward on January 1	22,508	20,312
Result for the previous year	21,618	11,801
Distribution to shareholders of Allgeier SE	-5,714	-5,704
Acquisition of minority interests in MySign AG	-440	0
Acquisition of non-controlling interests in Allgeier publicplan Holding GmbH	0	-3,251
Derecognition of shares held by non-controlling shareholders of Allgeier Select GmbH	-184	-650
Profit carryforward on December 31	37,788	22,508

* adjusted to reflect the retrospective amendments to IAS 12

On June 13, 2023, the Annual General Meeting of Allgeier SE approved a profit distribution of EUR 0.50 per share (previous year: EUR 0.50 per share). The distribution amounted to EUR 5,713,756.50 in total (previous year: EUR 5,704,256.50). 11,427,513 shares (previous year: 11,408,513 shares) were entitled to dividends. The net profit for the period attributable to the shareholders of Allgeier SE for the previous year of EUR 21,618 thousand (previous year: EUR 11,801 thousand) less the dividend paid out was transferred to profit carried forward.

Allgeier Inovar GmbH, Bremen, acquired the remaining 20 percent of shares in MySign AG, based in Olten (Switzerland), for a purchase price of EUR 625 thousand. With this acquisition, the shares of the non-controlling shareholders of the company to the value of EUR 185 thousand were derecognized. The difference of EUR 440 thousand compared to the purchase price was recognized directly in profit carried forward.

17. Changes in equity in accumulated OCI

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

Changes in equity recognized directly in equity (in EUR thousand)	Dec. 31, 2023	Dec. 31, 2022*
Actuarial gains on January 1	-278	-384
Change	-27	106
Actuarial gains on December 31	-305	-278
Foreign currency changes on January 1	3,143	871
Change	694	458
Reclassification due to disposals of subsidiaries	-18	1,814
Foreign currency changes on December 31	3,818	3,143
Cash flow hedging on January 1	2,282	0
Change	-1,141	2,282
Cash flow hedging as of December 31	1,141	2,282
Changes in equity recognized directly in equity on January 1	5,146	487
Change	-474	2,846
Reclassification due to disposals of subsidiaries	-18	1,814
Changes in equity recognized directly in equity on December 31	4,654	5,146

* adjusted to reflect the retrospective amendments to IAS 12

18. Equity attributable to non-controlling shareholders

The equity attributable to non-controlling interests consists of shares in the equity of subsidiaries attributable to other shareholders. This developed as follows:

Equity interest of non-controlling interests (in EUR thousand)	2023	2022*
As of January 1	48,651	48,012
Result for the period attributed to non-controlling shareholders	3,603	3,046
Non-controlling interests in the equity of SDX AG at the time of acquisition	453	0
Derecognition of shares of non-controlling shareholders of Allgeier Experts Select GmbH	184	650
Acquisition of shares of non-controlling shareholders of Allgeier publicplan Holding GmbH	0	-749
Share of actuarial gains recognized in equity	-7	25
Share in exchange rate changes recognized in equity	-89	123
Acquisition of shares from non-controlling shareholders of MySign AG	-185	0
Distributions to non-controlling shareholders	-1,988	-2,456
As of December 31	50,620	48,651

* adjusted to reflect the retrospective amendments to IAS 12

Distributions of EUR 1,988 thousand in total (previous year: EUR 2,456 thousand) were paid to the non-controlling shareholders of mgm technology partners GmbH, Munich, mgm consulting partners GmbH, Hamburg, and mgm security partners GmbH, from net retained profits as of December 31, 2022 in fiscal year 2023.

19. Financial liabilities

The financial liabilities break down as follows:

Financial liabilities (in EUR thousand)

	Dec. 31, 2023			Dec. 31, 2022		
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Syndicated loan	80,000	80,000	0	71,000	71,000	0
Deferred one-time costs related to the syndicated loan	-325	-175	-150	-475	-325	-150
Borrower's note loan	60,000	60,000	0	60,000	60,000	0
Deferred one-time costs relating to the borrower's note loan	-438	-319	-119	-558	-438	-120
Repayment loan (from the acquisition of Höhn Consulting GmbH)	100	50	50	150	100	50
Repayment loan (from the acquisition of pooliestudios GmbH)	100	60	40	140	100	40
Financial liabilities from factoring	14,637	0	14,637	19,987	0	19,987
Other	2	0	2	23	0	23
	154,076	139,616	14,460	150,267	130,437	19,830

In May 2022, Allgeier SE concluded a credit line of EUR 200 million with a group of banks. As of the reporting date of December 31, 2023, the credit line had been utilized in the amount of EUR 80.0 million (previous year: EUR 71.0 million). The credit line has a term until April 2028. It bears interest at a variable rate based on the three-month Euribor plus a margin depending on the Allgeier Group's gearing ratio. At the end of 2023, an average interest rate of 6.48 percent (previous year: 4.22 percent and 4.07 percent) was applied to the utilized tranches. Allgeier SE has concluded an interest rate swap for EUR 50 million to hedge against a rising Euribor. The interest rate swap converts the interest rate for the hedged portion of the loan from a variable interest rate to a fixed interest rate depending on the three-month Euribor. In addition to the tranches, the credit facility was utilized by guarantees of EUR 2.6 million (previous year: EUR 2.4 million). Allgeier SE is paying a commitment fee of 0.86 percent for the unutilized portion of the syndicated loan (previous year: 0.79 percent). Establishing the syndicated credit line resulted in one-off costs of EUR 475 thousand, which will be deferred over the term of the loan.

In May 2022, Allgeier SE issued a promissory note loan in the amount of EUR 60.0 million. The borrower's note loan has four tranches:

Borrower's note loan (in EUR thousand)

Tranche	Issuance	Term in years	Repayment	Interest	Interest rate	Interest rate on Dec. 31, 2023	Interest rate on Dec. 31, 2022
23,500	May 2022	5	April 2027	Fixed	2.46%	2.46%	2.46%
7,500	May 2022	7	April 2029	Fixed	2.65%	2.65%	2.65%
26,500	May 2022	5	April 2027	variable	Six-month EURIBOR +1.1 pp	4.82%	3.51%
2,500	May 2022	7	April 2029	variable	Six-month EURIBOR +1.15 pp	4.87%	3.56%

One-off costs were incurred with the issue of the promissory note loan, which are deferred over the term of the promissory note loan.

With the acquisition of Höhn Consulting GmbH in the 2022 fiscal year, the Allgeier Group acquired a long-term amortizing loan. The loan had a carrying amount of EUR 100 thousand on December 31, 2023. It must be repaid in quarterly installments of EUR 12.5 thousand. The loan bears interest at a rate of 1 percent p.a.

With the acquisition of pooliestudios GmbH in the 2022 fiscal year, the Allgeier Group acquired a long-term amortizing loan. The loan had a carrying amount of EUR 100 thousand on December 31, 2023. It must be repaid in quarterly installments of EUR 10 thousand. The loan bears interest at a rate of 1.03 percent p.a.

The Allgeier Group uses a factoring program to finance customer receivables and to offset fluctuations in working capital. Under this program, customer receivables are sold to the factoring company usually every two weeks. If there are overlaps between incoming payments on customer receivables by clients and the factor, the obligations to forward customer payments to the factoring company are posted to financial liabilities. The financial liabilities from factoring amounted to EUR 14,637 thousand on December 31, 2023 (previous year: EUR 19,987 thousand). The liabilities from factoring bear interest at a variable interest rate based on the three-month Euribor rate plus a surcharge. The interest rate was 5.08 percent p.a. (previous year: 2.96 percent) as of the end of 2023.

The financial liabilities due for repayment in fiscal year 2023 were repaid as agreed. There were no defaults on payment in the settlement of financial liabilities.

20. Lease liabilities

The minimum lease payments and the present values recognized as liabilities from the rental and lease agreements are broken down as follows:

Lease liabilities (in EUR thousand)

	Dec. 31, 2023				Dec. 31, 2022			
	Properties	Motor vehicles	Operating and office equipment	Total	Properties	Motor vehicles	Operating and office equipment	Total
Minimum payments								
Due in less than one year	9,129	1,477	1,977	12,583	8,201	1,355	485	10,041
Due between one and five years	23,381	1,278	3,056	27,716	23,330	879	629	24,838
Due after more than five years	10,250	0	0	10,250	11,406	0	0	11,406
	42,761	2,756	5,033	50,549	42,937	2,234	1,114	46,285
Discounting to present value:								
Due in less than one year	-937	-97	-206	-1,240	-856	-52	-13	-921
Due between one and five years	-1,599	-35	-191	-1,825	-1,896	-6	-6	-1,908
Due after more than five years	-1,684	0	0	-1,684	-425	0	0	-425
	-4,220	-132	-397	-4,749	-3,177	-58	-19	-3,254
Present value of minimum lease payments:								
Due in less than one year	8,192	1,380	1,771	11,344	7,345	1,303	472	9,120
Due between one and five years	21,782	1,244	2,865	25,891	21,434	873	623	22,930
Due after more than five years	8,567	0	0	8,567	10,981	0	0	10,981
	38,541	2,624	4,636	45,801	39,761	2,176	1,096	43,032

Payments of EUR 12,012 thousand were made for leases in fiscal year 2023 (previous year: EUR 11,319 thousand). EUR 12,012 thousand (previous year: EUR 11,295 thousand) of these payments relate to continuing operations and EUR 0 thousand (previous year: EUR 24 thousand) to discontinued operations.

If the extension options not yet taken into account in the right-of-use assets are exercised, this will give rise to further potential future cash outflows of EUR 11,629 thousand (previous year: EUR 13,093 thousand). The Allgeier Group does not currently expect the extension options to be exercised.

21. Provisions for post-employment benefits

The Allgeier Group recognized provisions of EUR 1,137 thousand as of December 31, 2023 (previous year: EUR 1,156 thousand) to cover post-employment benefit obligations. The reconciliation of these amounts is as follows:

Provisions for pensions (in EUR thousand)

			2023			2022
	Germany	India	Total	Germany	India	Total
Reconciliation of present value of the defined benefit obligation						
Present value of the defined benefit obligation on January 1	1,307	176	1,483	1,470	162	1,632
Current service cost	37	58	95	42	62	104
Interest cost	49	13	62	18	10	28
Actuarial gains or losses	30	17	47	-195	-33	-228
Benefits paid	-28	-11	-39	-28	-16	-44
Foreign currency translation differences	0	-9	-9	0	-9	-9
Present value of the defined benefit obligation on December 31	1,395	244	1,639	1,307	176	1,483
Reconciliation of plan assets						
Plan assets at fair value on January 1	286	41	327	318	56	374
Income from plan assets	11	26	37	4	4	8
Employer contributions	8	150	158	9	0	9
Benefits paid	-6	-11	-17	-6	-16	-22
Actuarial gains or losses	1	1	2	-39	0	-39
Foreign currency translation differences	0	-5	-5	0	-3	-3
Plan assets at fair value on December 31	300	202	502	286	41	327
Net obligation as of December 31	1,095	42	1,137	1,021	135	1,156
of which: non-current	1,073	42	1,115	998	135	1,134
of which: current	22	0	22	22	0	22

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

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

			2023			2022
	Germany	India	Total	Germany	India	Total
Staff costs						
Current service cost	37	58	95	42	62	104
Past service cost	0	0	0	0	0	0
Staff costs	37	58	95	42	62	104
Financial expenses						
Interest cost	49	13	62	18	10	28
Return on plan assets (can be offset)	-11	-26	-37	-4	-4	-8
Interest and similar expenses	38	-13	25	14	6	20
Recognized in profit or loss	75	45	120	56	68	124
Gain/loss from remeasurement of pension obligations						
due to changes in demographic assumptions	0	25	25	0	-15	-15
due to changes in financial assumptions	35	0	35	-217	-25	-242
due to experience adjustments	-5	-8	-13	22	7	29
Income/expenses on plan assets without interest income	-1	-1	-2	39	0	39
Recognized in other comprehensive income	29	16	45	-156	-33	-189

All obligations relate to continuing operations.

Pension obligations (Germany)

As of December 31, 2023, the Allgeier Group had defined benefit plans for ten (previous year: ten) persons in the form of direct pension commitments. Of the eligible persons, one is still working in the Allgeier Group and nine (previous year: nine) have retired. In one case, the commitments call for the payment of an agreed, fixed one-time amount. In the other cases, index-linked pensions with an annual increase of at least 1 percent were agreed. A widow's pension has been agreed for eight (previous year: eight) pension beneficiaries. All commitments are vested.

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

Payments into the defined benefit plan are expected to amount to EUR 7 thousand in 2024 (previous year: EUR 9 thousand).

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

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

	Active employees	Retired employees	Total
As of December 31, 2022	5.7	8.0	6.2
As of December 31, 2023	4.8	8.1	5.5

Gratuity obligations

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

Payments into this defined benefit plan are expected to amount to EUR 110 thousand in 2024 (previous year: EUR 202 thousand).

The average term of the gratuity obligations is ten years as of December 31, 2023 (previous year: 8 years).

Sensitivity analysis

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

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

The actuarial parameters used to calculate the present value of defined benefit obligations and for change risks are the interest rate and the annual increase in pay (salary trend) and current pensions for pension commitments (pension trend). On the assumption that the other parameters remain constant, the present value of the defined benefit obligations as of December 31, 2023 changes in accordance with the following sensitivity analysis:

Change in present value of defined benefit obligations as of December 31, 2023 (in EUR thousand)

	Germany		India		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Interest rate (1.00% change)	-71	77	-23	27	-94	104
Salary trend (1.00% change)	-	-	17	-17	11	-11
Pension trend (0.25% change)	2	-2	-	-	2	-2

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

Defined contribution plans

Employer contributions for defined contribution plans of EUR 689 thousand were paid in the fiscal year (previous year: EUR 450 thousand).

22. Other provisions

Other provisions break down as follows:

Other provisions (in EUR thousand)

	Dec. 31, 2023			Dec. 31, 2022		
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Royalties and bonuses	12,462	0	12,462	11,882	0	11,882
Preparation and audit of annual financial statements	1,225	0	1,225	1,102	0	1,102
Restructuring, severance pay	447	0	447	143	0	143
Warranties	406	0	406	1,070	0	1,070
Retention	328	273	55	389	325	64
Contributions to occupational health and safety agency	302	0	302	305	0	305
Disability levy	245	0	245	234	0	234
Other	945	0	945	1,405	0	1,405
	16,362	273	16,089	16,531	325	16,206

Other provisions developed as follows in fiscal year 2023:

Other provisions (in EUR thousand)

	As of Dec. 31, 2022	Addition to consolidated group	Utilization	Unused amounts reversed	Arising during the year	Currency effects	As of Dec. 31, 2023
Royalties and bonuses	11,882	275	-11,111	-689	12,117	-12	12,462
Preparation and audit of annual financial statements	1,102	15	-902	-73	1,083	0	1,225
Restructuring, severance pay	143	0	-102	-21	427	0	447
Warranties	1,070	0	-964	0	300	0	406
Retention	389	8	49	-72	-45	0	328
Contributions to occupational health and safety agency	305	2	-164	-35	194	0	302
Disability levy	234	0	-221	-12	244	0	245
Other	1,405	0	-317	-608	467	0	945
	16,531	299	-13,732	-1,511	14,787	-11	16,362

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

Warranties include provisions for individually recognized warranty claims.

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

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

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

23. Other financial liabilities

Other financial liabilities break down as follows:

Other financial liabilities (in EUR thousand)	Dec. 31, 2023			Dec. 31, 2022		
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Remaining fixed purchase price of Evora acquired in December 2021	21,307	3,307	18,000	20,755	9,955	10,800
Variable purchase price liabilities from acquisitions for which the actual amount is not yet known	13,099	12,962	137	16,320	16,320	0
Vacation obligations	4,533	0	4,533	4,023	0	4,023
Outstanding incoming invoices	4,326	0	4,326	2,956	0	2,956
Liabilities from wages and salaries	3,551	0	3,551	3,928	0	3,928
Originally variable purchase price liabilities from acquisitions for which the actual amount is now known	1,971	0	1,971	3,285	0	3,285
Profit transfer of profit shares of the non-controlling shareholders of mgm tp Munich	1,488	0	1,488	2,030	0	2,030
Working time accounts	1,156	0	1,156	1,117	0	1,117
Accrued interest	1,086	0	1,086	776		776
Social security liabilities	621	0	621	200	0	200
Customers with credit balances	115	0	115	150	0	150
Loan liabilities	0	0	0	4	0	4
Other	812	35	777	1,166	0	1,166
	54,065	16,304	37,761	56,709	26,275	30,434

The non-current portion of the remaining fixed purchase price for the acquisition of the Evora Group in December 2021 has a term of between one and two years. The tranches due by December 31, 2023 from the fixed purchase price of Evora were extended.

Variable purchase price liabilities from acquisitions where the actual amount is not yet known are dependent on the future achievement of conditions. These liabilities were measured on the basis of the expected future payments, the budget planning of the companies and the agreements entered into between the parties. If it emerges at a future date that the contingent purchase price components are higher or lower or no longer apply at all, the differences resulting from the adjustments to the purchase price liabilities are recognized as expenses or income in the income statement. The non-current purchase price liabilities were carried at the present value of the expected future payments. The present value was calculated using an interest rate of 4.44 percent (previous year: 3.63 percent). The interest rate is linked to the average interest rate for the non-current financial liabilities of the Allgeier Group on December 31, 2023. The non-current purchase price liabilities of EUR 16,269 thousand (previous year: EUR 26,275 thousand) are offset by a total nominal value of EUR 20,880 thousand (previous year: EUR 29,280 thousand).

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

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

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

24. Other current liabilities

Other current liabilities are broken down as follows:

Other current liabilities (in EUR thousand)	Dec. 31, 2023	Dec. 31, 2022
VAT liabilities	4,697	4,934
Other	3,113	1,141
	7,810	6,075

25. Financial instruments

Carrying amount and fair values

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

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

				Carrying amounts				Fair values
December 31, 2023	At fair value	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss								
Other financial assets	4,809	0	0	4,809	0	4,809	0	4,809
	4,809	0	0	4,809	0	4,809	0	4,809
Financial assets at fair value through other comprehensive income								
Derivative financial instruments	1,654		0	1,654	0	1,654	0	1,654
	1,654	0	0	1,654	0	1,654	0	1,654
Financial assets at amortized cost								
Trade receivables	0	68,180	0	68,180				68,180
Other financial assets	0	4,332	0	4,332				4,332
Cash and cash equivalents	0	83,041	0	83,041				83,041
	0	155,553	0	155,553				155,553
Financial assets	6,463	155,553	0	162,017				162,017
Financial liabilities at fair value through profit or loss								
Contingent purchase price liabilities	13,099	0	0	13,099	0	0	13,099	13,099
	13,099	0	0	13,099	0	0	13,099	13,099
Financial liabilities at amortized cost								
Financial liabilities	0	0	154,077	154,077				154,077
Trade payables	0	0	26,942	26,942				26,942
Leases	0	0	45,781	45,781				45,781
Other financial liabilities	0	0	40,964	40,964				40,964
	0	0	267,764	267,764				267,764
Financial liabilities	13,099	0	267,764	280,863				280,863

Notes to the Consolidated Financial Statements ALLGEIER

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

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

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

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

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

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

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

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

Development of contingent purchase price liabilities measured at fair value (in EUR thousand)	
As of January 1, 2022	**24,496**
Additions	662
Disposals due to payments	-333
Disposals of purchase price liabilities since established	-3,154
Purchase price adjustments from the acquisition of MySign AG, Olten, Switzerland, recognized as income in profit or loss in 2021	-3,031
Purchase price adjustments from the acquisition of eForce21 GmbH, Munich, recognized as income in profit or loss in 2020	-500
Interest effect	-1,952
Foreign currency changes in profit or loss	133
As of December 31, 2022	**16,321**
Additions	937
Disposals of purchase price liabilities since established	-1,337
Purchase price adjustment recognized as income from the acquisition of Quality First Software GmbH, Geretsried, in 2022	-331
Purchase price adjustments from the acquisition of eForce21 GmbH, Munich, ecognized as income in profit or loss in 2020	-333
Interest effect	-2,158
Foreign currency changes in profit or loss	0
As of December 31, 2023	**13,099**

The fair values of the contingent cost of acquisitions is based on the earn-out clauses agreed in the purchase agreements and the companies' planning. The fair values derived from the calculations are taken into account in first-time consolidation. The fair values of the contingent cost is reviewed and adjusted on an ongoing basis in subsequent periods. If changes arise, the necessary adjustments are reported through profit or loss in the income statement under other operating income. If an adjustment becomes necessary within 12 months of first-time consolidation, the adjustment is offset against goodwill. In 2023, the earn-out of eForce21 GmbH, which was acquired in the 2020 fiscal year and merged into mgm technology partners GmbH, Munich, in the same year, was derecognized in the amount of EUR 333 thousand. The earn-out of Quality First Software GmbH, acquired in 2022, was also proportionately derecognized in the amount of EUR 331 thousand.

For the fair values of the contingent acquisition costs, exceeding or falling short of the criteria has the following effects:

Effects of exceeding or falling short of the criteria on the fair values of the contingent acquisition costs (in EUR thousand)		
	Profit or loss	
	Overperformance	Underperformance
Earnings effect from the earn-out of Evora if the target EBITDA is not met by more or less than 10 percent	0	0
Change in the discount rate of 1%	792	-852

Net gains and losses on financial instruments

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

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

	2023						2022					
	Other operating income	Other operating expenses*	Finance income	Financial expenses	FVOCI	Total	Other operating income	Other operating expenses*	Finance income	Financial expenses	FVOCI	Total
Total												
Cash	0	0	44	0	0	44	0	0	28	0	0	28
Loans and receivables	330	-609	10	-7,103	0	-7,372	429	-744	0	-4,726	0	-5,041
of which impairment	0	-178	0	0	0	-178	0	-387	0	0	0	-387
Other financial assets	0	0	29	0	0	29	0	0	84	0	0	84
Factoring	0	0	0	-1,438	0	-1,438	0	0	0	-259	0	-259
Derivative financial instruments	0	0	0	0	-1,654	-1,654	0	0	0	0	3,307	3,307
Leases	0	0	0	-1,475	0	-1,475	0	0	0	1,030	0	-1,025
Financial liabilities at fair value	664	0	2,154	-756	0	2,062	3,531	-133	1,987	-1,399	0	3,986
Other liabilities	0	0	0	0	0	0	0	0	644	0	0	644
Total net gain/loss on financial instruments	**994**	**-609**	**2,237**	**-10,773**	**-1,654**	**-9,805**	**3,960**	**-877**	**2,743**	**-7,409**	**3,307**	**1,724**

*including impairment on trade receivables

There were no net gains or losses from financial instruments in discontinued operations.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

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

26. Revenue

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

Expected revenue from outstanding performance obligations with an original contact period > 1 year (in EUR thousand)						
as of	Total	2023	2024	2025	2026	2027
December 31, 2023	55,666	-	39,619	9,726	4,832	1,489
December 31, 2022	40,886	18,617	8,759	7,937	5,573	-

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

Revenue breaks down as follows:

Revenue (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2023	2022	2023	2022	2023	2022
Revenue with third parties	488,824	480,364	404	955	488,420	479,409
Consolidation of intercompany revenue	0	0	34	0	-34	0
	488,824	480,364	438	955	488,386	479,409

27. Other operating income

Other operating income breaks down as follows:

Other operating income (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2023	2022	2023	2022	2023	2022
Reversal of provisions	1,511	1,295	0	0	1,511	1,295
Reversals of liabilities from acquisitions	664	3,531	0	0	664	3,531
Income from currency translation	479	586	18	31	461	555
Utilization and reversal of bad debt allowances	321	337	0	0	321	337
Income from operating sub-leases	364	406	0	0	364	406
Recoveries on loans previously written off	9	92	0	0	9	92
Other	3,346	1,702	10	137	3,336	1,565
	6,693	7,949	29	168	6,665	7,781

28. Cost of materials

The cost of materials breaks down as follows:

Cost of materials (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2023	2022	2023	2022	2023	2022
Purchased services	117,316	154,955	64	768	117,252	154,187
Raw materials and supplies	31,415	19,157	0	0	31,415	19,157
Consolidation of IC material expenses	0	0	397	0	-397	0
	148,731	174,112	461	768	148,270	173,344

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

29. Staff costs

Staff costs break down as follows:

Staff costs (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2023	2022	2023	2022	2023	2022
Salaries and wages	204,906	178,417	0	11	204,906	178,406
Royalties and bonuses	14,929	15,314	0	0	14,929	15,314
Taxation of employee remuneration in kind	-2,249	-1,417	0	0	-2,249	-1,417
	217,587	192,314	1	11	217,586	192,303
Social security expenses	38,057	31,654	0	3	38,057	31,651
	255,644	223,968	0	15	255,643	223,954

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

Headcount in the Allgeier Group (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2023	2022	2023	2022	2023	2022
Average						
Working on customer orders	2,749	2,454	2	5	2,747	2,449
Working in other areas	782	751	0	2	782	749
	3,531	3,205	2	7	3,529	3,198
End of reporting period						
Working on customer orders	2,795	2,561	0	8	2,795	2,553
Working in other areas	759	768	0	1	759	767
	3,554	3,329	0	9	3,554	3,320

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

Share-based remuneration program

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

The active option programs in the 2023 fiscal year and the total number of share options issued are as follows

Stock option plans	Contingent capital (max. issue)	Options issued	Date of issue
2014 stock option plan	EUR 140,000 thousand	140,000	November 29, 2017
2021 stock option plan	EUR 940,000 thousand	940,000	June 8 and November 12, 2021, November 15, 2023

According to the conditions of the stock option plans, the exercise price of the previously issued options corresponds to a premium of 10 percent on the average share price over the last five days before the options were granted. The options granted can be exercised no sooner than four years after they were issued (vesting period). The periods for exercising options thereafter is typically limited to a period of two weeks after the Annual General Meeting and after the publication of annual, semi-annual and quarterly figures. To prevent dilution effects, the exercise price is also adjusted in the event of capital changes and distributions that exceed earnings per share (not including the disposal of companies). The option rights expire ten years after they are issued/granted. In addition, at the time of the declaration of the subscription of shares, the 2010 and 2014 stock option plans stipulate a cap that limits the maximum number of options exercised per beneficiary to an exercise gain (average share price of the last five trading days less exercise price) of EUR 195 thousand per calendar year. The 2014 stock option plan contains a minimum share price as an additional performance target for exercising the options.

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

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

The share options issued on November 19, 2012 from the 2010 share option plan expired in November 2022 after ten years. Due to a cap, it was not possible to exercise 9,000 share options in the previous year.

The following valuation parameters were used for the share options issued as on November 29, 2017 (2014 share option plan):

Parameters of binomial model	Issue date
Share price at issue	EUR 22.58
Exercise price per share*	EUR 24.42
Expected share price volatility	29.12%
Risk-free interest rate	0.49%

* the share price history prior to the spin-off of Nagarro is relevant for the valuation at the grant date

The distributions resolved at the Annual General Meeting in fiscal years 2018 and 2019 led to an adjustment of the exercise price to EUR 24.17. The value was updated with the new exercise price, but otherwise using the same parameters as previously used on the issue date. The distributions in fiscal year 2020 to fiscal year 2022 did not result in any adjustments of the exercise price. The amendment to the 2014 share option conditions on December 16, 2020 due to the spin-off of the Nagarro Group led to an increase in the overall valuation of the program by EUR 1,683 thousand. After the spin-off became effective, the legally relevant exercise price for Allgeier's 2014 stock option plan was reduced to EUR 4.72 per option.

The following valuation parameters were used for the share options issued on June 8 and November 12, 2021 and November 15, 2023 (2021 share option plan):

Parameters of binomial model	Issue date
Issued on June 8, 2021	
Share price at issue	EUR 23.10
Exercise price per share	EUR 25.89
Expected share price volatility	29.30%
Risk-free interest rate	-0.11%
Issued on November 12, 2021	
Share price at issue	EUR 29.95
Exercise price per share	EUR 31.47
Expected share price volatility	30.30%
Risk-free interest rate	-0.03%
Issue on November 15, 2023	
Share price at issue	EUR 21.45
Exercise price per share	EUR 22.68
Expected share price volatility	39.60%
Risk-free interest rate	3.07%

The total expense from the 2021 share option plan amounted to EUR 6,726 thousand (previous year: EUR 6,294 thousand). Assuming a partial non-linear distribution of the original total expense over the four-year vesting period, staff costs amount to EUR 83 thousand in fiscal year 2023 (previous year: EUR 99 thousand).

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

Number of stock options	2010 stock option plan		2014 stock option plan		2021 stock option plan	
	2023	2022	2023	2022	2023	2022
As of January 1	0	28,000	140,000	140,000	902,000	910,000
Options granted	0	0	0	0	38,000	0
Options exercised	0	-19,000	-16,800	0	0	0
Options expired	0	-9,000	0	0	0	-8,000
As of December 31	0	0	123,200	140,000	940,000	902,000

The weighted average share price on the exercise date was EUR 26.70 for the stock options exercised in fiscal year 2023 (previous year: EUR 30.90).

The stock option rights still outstanding under the 2014 stock option plan as of December 31, 2023 expire on November 29, 2027. Of the outstanding share option rights from the 2021 share option plan, 900,000 option rights expire on June 8, 2031, some 2,000 option rights expire on November 12, 2031 and 38,000 option rights expire on November 15, 2033.

30. Other operating expenses

Other operating expenses break down as follows:

Other operating expenses (in EUR thousand)		Total	Discontinued operations		Continuing operations	
	2023	2022	2023	2022	2023	2022
IT costs	5,284	4,243	9	18	5,275	4,225
Land and building costs	4,429	3,442	20	16	4,409	3,426
Other staff costs	4,369	3,929	1	4	4,368	3,925
Travel expenses	4,088	2,976	2	5	4,086	2,971
Vehicle costs	2,948	2,572	1	9	2,947	2,563
Legal and consulting fees	2,896	2,078	0	5	2,896	2,073
Advertising expenses	2,759	2,190	6	15	2,753	2,175
Communication expenses	1,944	1,830	2	5	1,942	1,825
Insurance, contributions	1,897	1,520	0	1	1,897	1,519
Costs for the annual financial statements	991	943	0	0	991	943
Services	976	1,370	1	2	975	1,368
Supervisory Board remuneration	665	756	0	0	665	756
Entertainment expenses	645	477	0	1	645	476
Direct selling expenses	636	238	0	0	636	238
Office supplies	482	763	0	3	482	760
Foreign exchange differences	418	813	0	1	418	812
Maintenance	359	228	1	6	358	222
Expenses from acquisition activities	214	311	0	0	214	311
Reclassification of cumulative of Oxygen recognized in equity	0	1,814	0	1,814	0	0
Other	3,745	3,166	0	5	3,745	3,161
	39,747	35,659	45	1,910	39,702	33,749

Other operating expenses include fees for the auditor of these consolidated financial statements as of December 31, 2023 as follows:

Auditor's fees (in EUR thousand)		Total	Discontinued operations		Continuing operations	
	2023	2022	2023	2022	2023	2022
Audits of financial statements	644	588	0	0	644	588
Tax advisory services	0	104	0	0	0	104
Other services	231	87	0	0	231	87
Other assurance services	26	13	0	0	26	13
	902	792	0	0	902	792

31. Depreciation, amortization and impairment

Depreciation, amortization and impairment break down as follows:

Depreciation, amortization and impairment (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2023	2022	2023	2022	2023	2022
Amortization of intangible assets						
Acquired order backlogs	279	5,192	0	0	279	5,192
Acquired customer relationships and customer lists	3,427	3,236	0	0	3,427	3,236
Acquired marketable products	1,007	1,084	0	0	1,007	1,084
Acquired websites	8	9	0	0	8	9
Acquired software, licenses and rights	1,160	1,529	0	0	1,160	1,529
Internally generated intangible assets	3,321	2,236	0	0	3,321	2,236
	9,202	**13,286**	**0**	**0**	**9,202**	**13,286**
Depreciation of property, plant and equipment:						
Land and buildings	24	28	0	0	24	28
Other fixed assets and office equipment	4,332	3,701	16	37	4,316	3,664
	4,356	**3,729**	**16**	**37**	**4,340**	**3,692**
Depreciation on right-of-use assets from leases						
Right-of-use assets from leases	12,439	10,344	0	24	12,439	10,320
	12,439	**10,344**	**0**	**24**	**12,439**	**10,320**
	25,998	**27,360**	**16**	**61**	**25,982**	**27,299**

32. Finance income

Finance income breaks down as follows:

Finance income (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2023	2022	2023	2022	2023	2022
Interest income from discounting of non-current purchase price liabilities from acquisitions	2,154	2,631	0	0	2,154	2,631
Interest income on bank balances	44	28	0	0	44	28
Dividends from Speedinvest	25	81	0	0	25	81
Income from measurement at fair value of Speedinvest shares	24	0	0	0	24	0
Interest income from investments accounted for using the equity method	0	20	0	0	0	20
Other finance income	52	12	0	0	52	12
	2,298	**2,772**	**0**	**0**	**2,298**	**2,772**

33. Financial expenses

Finance costs break down as follows:

Financial expenses (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2023	2022	2023	2022	2023	2022
Interest on bank loans and borrower's note loans	5,740	3,541	0	0	5,740	3,541
Interest on finance leases	1,475	1,030	0	0	1,475	1,030
Factoring interest	1,438	259	0	0	1,438	259
Commitment interest for credit facility	1,075	852	0	0	1,075	852
Interest on non-current liabilities from acquisitions	756	40	0	0	756	40
Interest portion of additions to pension provisions	38	21	0	0	38	21
Expenses from the measurement of Speedinvest	0	1,359	0	0	0	1,359
Other interest expenses	304	345	0	0	304	345
	10,826	**7,447**	**0**	**0**	**10,826**	**7,447**

34. Net income taxes

The income tax expense breaks down as follows:

Income tax expense (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2023	2022*	2023	2022*	2023	2022*
Current tax result	8,651	9,001	1	9	8,650	8,992
Deferred tax result	-1,858	-824	0	0	-1,858	-824
	6,793	8,177	1	9	6,792	8,168

* adjusted to reflect the retrospective amendments to IAS 12

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

Tax reconciliation (in EUR thousand)	Total		Discontinued operations		Continuing operations	
	2023	2022*	2023	2022*	2023	2022*
Earnings before income taxes	23,753	28,723	-56	-1,632	23,809	30,355
Group tax rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Expected income tax result	-7,126	-8,617	17	490	-7,143	-9,107
Deviations due to tax rates	1,039	142	0	3	1,039	139
Tax effect of other non-deductible expenses	-1,273	-982	0	0	-1,273	-982
Tax-free income	14	9	0	0	14	9
Losses for which no deferred tax assets were recognized	-600	-314	-23	0	-577	-314
Use of loss carryforwards for which deferred tax assets were not recognized	17	178	0	1	17	177
Write-downs of deferred tax assets	-16	0	0	0	-16	0
Reversal of impairment on deferred tax assets	1,773	366	0	0	1,773	366
Intragroup restructuring	-15	-106	0	0	-15	-106
Incidental acquisition costs not deductible for tax purposes	-64	-77	0	0	-64	-77
Intragroup distributions	-16	-63	0	0	-16	-63
Adjustment of earn-out liabilities	603	1,793	0	0	603	1,793
Expenses from share-based compensation (share options)	-25	-30	0	0	-25	-30
Effect of IFRS 5	0	41	0	41	0	0
Prior-period taxes	-1,075	12	0	0	-1,075	12
Earnings effect from deconsolidation (Recycling of cumulative currency effects)	6	-544	6	-544	0	0
Other deviations	-35	15	-1	0	-34	15
Current income tax result	-6,793	-8,177	-1	-9	-6,792	-8,168
	28.6%	28.5%	-1.8%	-0.6%	28.5%	26.9%

* adjusted to reflect the retrospective amendments to IAS 12

There are no income taxes on the earnings of the disposed operations for the fiscal years 2023 and 2022.

35. Earnings per share for the period

The Allgeier Group generated basic earnings per share of EUR 1.14 in fiscal year 2023 (previous year: EUR 1.89). The basic earnings per share for continuing operations amounted to EUR 1.17 (previous year: EUR 1.68). The basic earnings per share for discontinued operations amounted to EUR -0.03 (previous year: EUR 0.22). Earnings per share are calculated by dividing the profit for the period attributable to the shareholders of the parent company by the average number of shares outstanding of 11,436,534 (previous year: 11,417,935).

The diluted earnings per share of the Allgeier Group amounted to EUR 1.13 (previous year: EUR 1.83). Of the diluted earnings per share, EUR 1.16 is attributable to continuing operations (previous year: EUR 1.62) and EUR -0.03 to discontinued operations (previous year: EUR 0.21). Diluted earnings per share are calculated based on the assumption that all outstanding option rights will be exercised at the agreed exercise prices. The cash amount payable on exercise of the option is compared to the value of the shares granted for this purpose at the average annual price of EUR 24.90 (previous year: EUR 35.95). Dilution occurs if the value of the shares not yet exercised exceeds the exercise price. This was calculated on the basis of the issue of 99,846 bonus shares (previous year: 373,747 shares).

There were 11,444,313 shares outstanding as of December 31, 2023 (previous year: 11,427,513 shares).

The Supervisory Board and the Management Board of Allgeier SE consider the continuity of dividend payments to be a key objective. The dividend payment in the years from 2009 to 2023 was generally 0.50 EUR per share. Moving forward, dividends will be paid again if possible. Dividends must be seen in the context of all the company's objectives and, in particular, sustainable corporate development must be appropriately taken into account. Legally, the distribution of a divided is linked to sufficient earnings by Allgeier SE in accordance with German commercial law. All proposals for the appropriation of profits by the Management Board and the Supervisory Board require the approval of the Annual General Meeting.

D. SEGMENT REPORTING

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

The Enterprise IT segment is a full-service provider of IT solutions and services for business-critical processes with broad and in-depth expertise in the key core areas for business software. With a large resource pool of highly qualified software and IT experts, the segment supports global corporations, SMEs and public sector clients at all federal levels with the digital transformation and optimization of their digital business processes along the entire value chain. The segment offers its clients a full portfolio of IT services for major software projects and long-term managed services and maintenance agreements. The segment's companies design, implement and operate complete digitalization solutions based on their own IP-based software architecture and business software as well as market-leading software products and platforms. One key area is the development of software solutions on the basis of open source components. The segment benefits from the Allgeier Group's strong position as a long-standing digitalization partner for the public sector and from the high demand for further and faster digitalization of the public sector and its services for citizens and companies.

The mgm technology partners (“mgm”) segment is an international software company that is one of the leading providers of e-government and commerce solutions in Germany. mgm is an integrated service offering aimed at highly efficient software development. This is achieved through the A12 Enterprise Low Code platform, model-driven software engineering and decades of experience in implementing enterprise projects. mgm is commissioned in particular for large, complex and long-term software projects where scalability, security and reliability are the focus, e.g. for ELSTER and customers such as Lidl or Allianz. This makes mgm a strong partner for commerce, insurance and the public sector – which are all expected to experience strong momentum in digitalization in the coming years. Together with the dedicated range of services offered by its subsidiaries mgm consulting partners GmbH (management consulting), mgm security partners GmbH (security), mgm integration partners GmbH (SAP process optimization) and Quality First Software GmbH (test automation), mgm covers the entire spectrum of digitalization projects: From digital consulting and software development to integration, SAP, S/4HANA, infrastructure, managed services and cloud.

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

Segments (in EUR thousand)

	Enterprise IT segment		mgm technology partners segment		Other		Continuing operations		Discontinued operations		Group	
	2023	2022*	2023	2022*	2023	2022*	2023	2022*	2023	2022*	2023	2022*
External revenue	366,007	372,811	121,864	105,736	549	881	488,420	479,428	404	936	488,824	480,364
Revenue with other segments	1,723	638	2,865	4,970	-4,621	-5,627	-34	-19	34	19	0	0
Cost of materials	135,025	164,516	16,966	13,147	-3,720	-4,319	148,270	173,344	461	768	148,731	174,112
Staff costs	173,093	149,614	77,837	69,305	4,713	5,034	255,643	223,954	0	15	255,644	223,968
Depreciation and amortization	17,163	19,698	7,466	6,064	1,353	1,537	25,982	27,299	16	61	25,998	27,360
Segment earnings from operating activities	21,963	25,636	17,836	18,340	-7,461	-8,945	32,337	35,030	-56	-1,632	32,282	33,398
Finance income	3,266	2,778	432	344	-1,400	-351	2,298	2,772	0	0	2,298	2,772
Financial expenses	8,203	4,358	782	473	1,842	2,616	10,826	7,447	0	0	10,826	7,447
Segment earnings before income taxes	17,026	24,056	17,487	18,211	-10,704	-11,913	23,809	30,355	-56	-1,632	23,753	28,723
Net income taxes	-4,443	-3,036	-2,372	-1,845	23	-3,287	-6,792	-8,168	-1	-9	-6,793	-8,177
Segment earnings before profit transfer	12,583	21,020	15,115	16,366	-10,680	-15,199	17,017	22,187	-57	-1,641	16,960	20,546
Other non-cash expenses(+)/income(-)	380	-6,100	-697	-3,916	-1,613	147	-1,930	-9,869	-17	1,805	-1,947	-8,063
Segment assets	447,005	433,979	90,763	90,087	-13,012	-10,770	524,756	513,295	0	0	524,756	513,295
Segment liabilities	233,705	269,283	53,033	56,472	48,821	6,725	335,559	332,480	0	0	335,559	332,480
Additions to property, plant and equipment and intangible assets	23,715	16,857	7,460	9,241	885	24	32,060	26,122	0	0	32,060	26,122
Cash flows from operating activities	24,460	27,197	16,899	18,960	-9,663	-14,480	31,697	31,677	-103	7	31,594	31,684
Cash flows from investing activities	-21,424	-8,350	-12,499	-6,043	-2,639	-3,235	-36,562	-17,628	-146	-304	-36,708	-17,932
Cash flows from financing activities	-1,725	-13,418	-5,940	-11,769	13,614	24,007	5,949	-1,179	0	0	5,949	-1,179

* adjusted to reflect the retrospective amendments to IAS 12

The external sales of the segments by country and product and the segments' order backlogs are as follows:

External segment revenue (in EUR thousand)

	Enterprise IT segment		mgm technology partners segment		Other		Continuing operations	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue by country:								
Germany	323,231	333,795	113,374	99,927	549	881	437,154	434,603
Switzerland	24,582	22,399	4,107	826	0	0	28,689	23,225
United States	8,654	6,066	747	931	0	0	9,401	6,997
Austria	5,756	5,288	170	674	0	0	5,926	5,962
Spain	446	378	1,742	2,201	0	0	2,187	2,579
France	503	374	377	206	0	0	880	580
Netherlands	406	998	387	360	0	0	793	1,358
Australia	553	59	33	13	0	0	586	72
UK	196	517	380	40	0	0	576	557
Other	1,680	2,937	547	557	0	0	2,227	3,494
Total international	**42,776**	**39,016**	**8,490**	**5,809**	**0**	**0**	**51,266**	**44,825**
Total	**366,007**	**372,811**	**121,864**	**105,736**	**549**	**881**	**488,420**	**479,428**
Revenue by products:								
Services	322,225	344,642	118,494	101,819	549	881	441,268	447,343
Licenses	33,230	22,955	3,369	3,906	0	0	36,599	26,860
Products	10,552	5,214	1	10	0	0	10,553	5,225
Total	**366,007**	**372,811**	**121,864**	**105,736**	**549**	**881**	**488,420**	**479,428**
Order backlog	**102,504**	**127,716**	**31,699**	**21,399**	**0**	**0**	**134,203**	**149,115**

External revenue is allocated based on the registered office of the recipient company. In its continuing operations, the Allgeier Group generated revenue of EUR 54.7 million with its largest single client in fiscal year 2023 (previous year: EUR 66.0 million). The revenue generated with the largest client therefore accounts for 11.2 percent of total revenue (previous year: 13.8 percent). The largest client is predominantly a client of the Enterprise IT segment. The order backlog of the Allgeier Group amounts to EUR 134.2 million as of December 31, 2023 (previous year: EUR 149.1 million). The order backlog will predominantly be worked off within the next twelve months. Based on the 2023 revenue from continuing operations, the order backlog has a notional range of 3.3 months (previous year: 3.7 months).

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

Non-current segment assets (in EUR thousand)

	Enterprise IT segment		mgm technology partners segment		Other		Continuing operations	
	Dec. 31, 2023	Dec. 31, 2022*	Dec. 31, 2023	Dec. 31, 2022*	Dec. 31, 2023	Dec. 31, 2022*	Dec. 31, 2023	Dec. 31, 2022*
Germany	292,339	283,420	38,181	36,304	20,514	20,259	351,034	339,983
Vietnam	0	0	3,321	1,847	0	0	3,321	1,847
Switzerland	1,341	1,814	0	0	0	0	1,341	1,814
India	837	904	0	0	0	0	837	904
France	0	0	387	466	0	0	387	466
United States	12	11	304	209	0	0	316	220
Austria	197	7	90	53	0	0	287	60
Czechia	0	0	254	333	0	0	254	333
Portugal	0	0	162	0	0	0	162	0
Poland	48	56	0	0	0	0	48	56
Spain	28	22	0	0	0	0	28	22
Total international	**2,463**	**2,814**	**4,518**	**2,908**	**0**	**0**	**6,981**	**5,723**
Total	**294,802**	**286,234**	**42,698**	**39,212**	**20,514**	**20,259**	**358,015**	**345,706**

* adjusted to reflect the retrospective amendments to IAS 12

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

E. STATEMENT OF CASH FLOWS

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

In the 2023 fiscal year, the Allgeier Group acquired shares in ShiftDigital Government Solutions GmbH, Bochum, and SDX AG, Frankfurt am Main. Cash funds of EUR 6,620 thousand were used to acquire these companies in fiscal year 2023. The Allgeier Group received cash and cash equivalents of EUR 754 thousand with the companies acquired.

The purchase prices and cash flows from the company acquisitions made in 2023 are as follows:

Purchase prices and cash flows from acquisitions (in EUR thousand)	ShiftDigital	SDX AG	Total
Acquisition costs of the Acquisitions	357	7,200	7,557
Non-cash portion of purchase price	137	800	937
Purchase price paid in 2023	**220**	**6,400**	**6,620**
Acquired cash and cash equivalents	30	724	754
Cash paid for acquisitions	**190**	**5,676**	**5,866**

Cash and cash equivalents of EUR 3,545 thousand were received in the fiscal year from company acquisitions made in previous years.

The payment balance with non-controlling interests in 2023 is made up as follows:

Balance of payments (in EUR thousand)	
increase in shares in MySign AG, Olten (Switzerland)	200
Loan to a non-controlling shareholder	451
Profit distribution to the non-controlling shareholders of mgm technology partners GmbH	2,030
Profit distribution to the minority shareholders of mgm consulting partners GmbH	270
Profit distribution to the minority shareholders of mgm security partners GmbH	230
	3,181

In the 2023 fiscal year, the Allgeier Group sold its shares in VJii Productions AG, Olten (Switzerland). The Allgeier Group received EUR 86 thousand from the disposal. The sale of the company resulted in the disposal of cash and cash equivalents amounting to EUR 122 thousand.

Financial liabilities and liabilities from rental and lease agreements can be reconciled as follows:

Financial liabilities and lease liabilities (in EUR thousand)								Non-cash	
	As of Jan. 1, 2023	cash-effective 2023	Additions from acquisitions in 2023	Additions in 2023	Additions/remeasurement in 2023	Exchange rate difference in 2023	Deferred one-time costs in 2023	Interest expense in 2023	As of Dec. 31, 2023
Non-current financial liabilities	130,437	8,910	0	0	0	0	269	0	139,616
Current financial liabilities	19,830	-6,125	754	0	0	0	0	0	14,460
of which cash and cash equivalents	20,010	-6,125	754	0	0	0	0	0	14,640
	150,268	2,785	754	0	0	0	269	0	154,076
Lease liabilities	43,032	-13,729	667	10,064	4,355	-63	0	1,475	45,801
	193,300	-10,944	1,421	10,064	4,355	-63	269	1,475	199,877

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

Cash and cash equivalents break down as follows:

Cash and cash equivalents (in EUR thousand)		
	Dec. 31, 2023	Dec. 31, 2022
Cash funds	83,041	87,421
Excess payments from factoring	-14,637	-19,987
Use of overdraft facilities	-3	-23
	68,402	67,411

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

F. OTHER DISCLOSURES

I. Capital management

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

II. Financial instrument risks

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

Liquidity risks

Liquidity risk can generally arise if the Allgeier Group is not able to settle its contractual financial liabilities. All the Group companies of Allgeier SE closely monitor and manage their cash flows to ensure that no liquidity shortfalls arise. The financial liabilities of the Allgeier Group had amounted to EUR 280.8 million on December 31, 2023 (previous year: EUR 278.3 million), EUR 90.5 million of which are due within one year (previous year: EUR 87.7 million). The current financial liabilities were covered by current financial assets in the amount of EUR 153.8 million (previous year: EUR 155.9 million).

Financial liabilities include repayable interest-bearing financial liabilities of EUR 154.8 million in total (previous year: EUR 151.3 million). Financial liabilities of EUR 14.7 million (previous year: EUR 20.1 million) have to be repaid in fiscal year 2023 and liabilities of EUR 140.1 million (previous year: EUR 131.2 million) have to be repaid in subsequent years. The Allgeier Group anticipates the following future cash flows in conjunction with interest-bearing financial liabilities:

Cash flows (in EUR thousand)

	Dec. 31, 2023	Cash flows 2024		Cash flows 2025		Cash flows 2026		Cash flows > 2026	
	Carrying amount	Payment of principal	Payment of interest	Payment of principal	Payment of interest	Payment of principal	Payment of interest	Payment of principal	Payment of interest
Syndicated loan	80,000	0	3,933	0	3,933	0	3,933	80,000	1,801
Borrower's note loan	60,000	0	2,266	0	2,266	0	2,266	60,000	1,789
Repayment loan (from the acquisition of Höhn Consulting GmbH)	100	50	1	50	0	0	0	0	0
Repayment loan (from the acquisition of pooliestudios GmbH)	100	40	1	40	0	20	0	0	0
Financial liabilities from factoring	14,637	14,637	62	0	0	0	0	0	0
Other	3	3	0	0	0	0	0	0	0
	154,840	14,730	6,262	90	6,199	20	6,198	140,000	3,590

The Allgeier Group had loan facilities from Allgeier SE's syndicate of banks and other banks of EUR 202.9 million in total at its disposal as of December 31, 2023 (previous year: EUR 203.5 million). EUR 83.2 million of these credit facilities had been utilized as of December 31, 2023 (previous year: EUR 74.2 million). Furthermore, the Allgeier Group has a factoring facility for trade receivables of EUR 60.0 million (previous year: EUR 60.0 million). EUR 60.0 million of the factoring facility was utilized on December 31, 2023 (previous year: EUR 49.0 million). The Allgeier Group had liquidity headroom from its unutilized credit and factoring facilities of EUR 119.8 million at its disposal as of December 31, 2023 (previous year: EUR 140.3 million). In addition to borrowing instruments, Allgeier SE also uses equity instruments to finance investments if necessary.

The Allgeier Group has the following unutilized credit facilities and unutilized factoring facility at its disposal as of December 31, 2023:

Credit facilities and unutilized factoring facilities (in EUR thousand)

			Utilization					
	Total		Draws		Guarantees		Unutilized	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Syndicated loan credit facility	200,000	200,000	80,000	71,000	2,567	2,400	117,433	126,600
Other credit facilities	2,928	3,499	0	0	604	795	2,324	2,704
Total credit facilities	**202,928**	**203,499**	**80,000**	**71,000**	**3,171**	**3,195**	**119,757**	**129,304**
Factoring facility	60,000	60,000	60,000	48,972	0	0	0	11,028
	262,928	**263,499**	**140,000**	**119,972**	**3,171**	**3,195**	**119,757**	**140,332**

The Allgeier Group undertook to comply with certain covenants and key figures in the loan agreement with the syndicate of banks and similarly in the borrower's note loan agreement. In particular, the Allgeier Group has undertaken to maintain a debt coverage ratio of not more than 3.5 and minimum equity of EUR 130.0 million. A breach of covenants or non-compliance with ratios would allow the banks to terminate the loan agreements without notice. In such event, the Allgeier Group would possibly not have sufficient liquidity to repay the loans. Ensuring compliance with the covenants and ratios agreed in the credit agreements is a key part of Allgeier SE's liquidity management. Allgeier SE prospectively monitors the covenants and factors that could influence it ratios. Countermeasures will be taken in good time if necessary. All covenants and ratios were complied with in fiscal year 2023.

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

Default risks

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

The theoretical maximum default risk for loans and receivables is equal to the unimpaired gross amount of EUR 157.3 million in total (previous year: EUR 159.7 million). Write-downs of EUR 1.7 million (previous year: EUR 1.8 million) were recognized on this gross amount as of December 31, 2023. This corresponds to an unchanged impairment ratio of 1.1 percent compared to the previous year.

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

Default risks in contract assets and trade receivables

The Allgeier Group has a broad-based customer structure that minimizes major individual risks. In the 2023 fiscal year, a total of around 11.2 percent of the Allgeier Group's revenue was generated with the largest single customer in a number of different projects (previous year: 13.8 percent). Trade receivables are typically due within 30 to 90 days. Credit checks are performed regularly for clients with which the Allgeier Group has an ongoing business relationship. The credit ratings of new clients are checked before orders are agreed and information is obtained in individual cases. If customers default on payments, the steps required to collect the receivables are taken in a timely manner. Individual subsidiaries have taken out credit insurance in the event of unexpected defaults. Wherever possible, trade receivables are subject to retention of title which only expires when the respective receivable is paid. The Allgeier Group currently has no indications that the risk of default for contract assets or trade receivables exceeds the carrying amount already written down.

For trade receivables, expected credit losses are determined on the basis of calculated loss rates (expected credit loss) as part of the simplified approach in accordance with IFRS 9. The credit losses are derived from historical and forecast data and take into account the respective customer and the economic environment of the region.

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

The default structure of the contractual assets and trade receivables is as follows:

Arrears structure of contract assets (in EUR thousand)

	As of Dec. 31, 2023	Not past due	Past due in days					
			< 30	30–60	61–90	91–180	181–360	> 360
Contract assets	1,671	1,671	0	0	0	0	0	0
Customer receivables not impaired	65,868	55,505	7,126	1,532	494	508	666	38
Gross amount of impaired customer receivables	3,663	173	0	0	0	0	42	3,448
Impairment	-1,443	-56	0	0	0	0	-20	-1,367
Carrying amount	**69,760**	**57,293**	**7,126**	**1,532**	**494**	**508**	**688**	**2,118**
Expected probability of default		0.00%	0.00%	0.00%	0.00%	0.00%	-2.79%	-39.23%

Arrears structure of contract assets (in EUR thousand)

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

The impairment on trade receivables developed as follows:

Impairment on trade receivables (in EUR thousand)

	2023	2022
As of January 1	**1,756**	**1,664**
Additions to consolidated group	0	25
Charge for the year	178	387
Utilization and unused amounts reversed	-596	-346
Currency differences	122	26
Disposals from consolidated companies	-17	0
As of December 31	**1,443**	**1,756**

The theoretical maximum default risk for trade receivables is equal to the gross value of trade receivables after factoring of EUR 68.2 million (previous year: EUR 66.9 million). This risk is reduced by collateral, credit insurance and other credit rating improvements. Credit insurance covers 13 percent (previous year: 19 percent) of gross customer receivables.

Risk of default in other financial assets

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

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

Dec. 31, 2023	FVTPL	FVOCI	Amortized cost			
			Expected 12-month credit loss	Lifetime expected credit loss – not credit-impaired	Lifetime expected credit loss – credit-impaired	Total
Gross value before impairment			4,105	454	41	4,600
Impairment losses			0	227	41	268
Residual carrying amount	**4,809**	**1,654**	**4,105**	**227**	**0**	**4,332**

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

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

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

Impairment on other financial assets (in EUR thousand)				
	Amortized cost			
	Expected 12-month credit loss	Lifetime expected credit loss – not credit-impaired	Lifetime expected credit loss – credit-impaired	Total
As of January 1, 2022	0	0	-241	-241
Net remeasurement of impairment	0	0	0	0
Disposal from consolidated group	0	0	200	200
As of December 31, 2022	0	0	-41	-41
Net remeasurement of impairment	0	-227	0	-227
As of December 31, 2023	0	-227	-41	-268

Allgeier SE holds shares in the venture capital fund Speedinvest. These shares were valued on the basis of the reporting submitted by the fund management, which reports on the performance of the portfolio. The fund consists of around 120 individual investments, though only a handful of these had a significant impact on the financial instrument's measurement. If the economic development of the portfolio of these companies deteriorates or their growth accelerates, greater fluctuations in the fair value of the financial instrument are anticipated. Allgeier SE still held 18,437 shares at an average cost of EUR 100 each at the end of 2023. As of December 31, 2023, one share was valued at EUR 261 (previous year: EUR 260). Changes in value are shown in the statement of comprehensive income within the financial result.

Allgeier SE has taken out an interest rate swap, with a nominal volume of EUR 50 million to hedge rising interest rates. As of December 31, 2023, the interest rate swap had a positive fair value of EUR 1,654 thousand (previous year: EUR 3,307 thousand). It is recognized in the consolidated statement of financial position at fair value under other financial assets. The partner in the interest rate swap is a major German bank of excellent credit standing. The risk of default is therefore low.

Risk of default in cash and cash equivalents

The Allgeier Group had cash and cash equivalents of EUR 83.0 million at its disposal as of December 31, 2023 (previous year: EUR 87.4 million). Cash and cash equivalents are deposited with banks and financial institutions that have a first-class rating. Business relationships are maintained with various banks to diversify the risk. The Allgeier Group can assume that the cash and cash equivalents of Allgeier SE and its subsidiaries have only a very low default risk.

Interest risks

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

The Allgeier Group's floating-rate financial liabilities amounted to EUR 123.6 million in total as of December 31, 2023 (previous year: EUR 120.0 million). This includes floating-rate liabilities of EUR 50.0 million for the interest rate swap with a term of five years entered into in 2022 to hedge the risk of rising interest rates. Accordingly, the hedging ratio is 40.5 percent (previous year: 41.7 percent). On the basis of debt as of December 31, 2023, an increase in interest rates of 100 basis points p.a. would have increased finance expenses by EUR 620 thousand p.a. (previous year: EUR 517 thousand p.a.). In this case, and applying a tax rate of 30 percent, equity would have been reduced by EUR 434 thousand (previous year: EUR 362 thousand).

Allgeier SE's central finance department monitors developments on the interest rate and capital markets very closely and is in close contact with the syndicate of banks so as to assess changes in interest rate risks early on. Allgeier SE constantly strives to use the liquidity made available by its operating activities to repay the variable loans. Based on the hypothetical assumption that all cash and cash equivalents of EUR 83.0 million (previous year: EUR 87.4 million) reported as of December 31, 2023 could be used to repay financial liabilities, the non-interest-bearing variable loans of EUR 73.6 million (previous year: EUR 70.0 million) could be repaid in full.

Currency risks

The Allgeier Group essentially operates in the euro area. There are minor risks of currency fluctuations for the national currencies of the subsidiaries of the Allgeier Group in India, Vietnam, the US, Poland, Czechia and Switzerland that do not use the euro as their functional currency. If the euro had appreciated by 10 percent against the currencies of these subsidiaries in 2023, revenue would have been EUR 4,960 thousand lower (previous year: EUR 4,618 thousand), the net income for the year would have been EUR 267 thousand lower (previous year: EUR 419 thousand) and equity would have been EUR 1,533 thousand lower (previous year: EUR 1,285 thousand).

Tax risks

Allgeier SE and the subsidiaries of the Allgeier Group are required to pay taxes. Assumptions must be made to calculate the tax liability as, in many cases, the final amount of taxation cannot be conclusively determined. Deviations that arise at a later date between the assumed foreseeable tax liabilities and the final tax amount impact the tax expense in the period in which taxation is conclusively determined. If the final income taxes are 10 percent higher than the amounts calculated in the income statement, the Allgeier Group's tax liability for current income taxes would increase by EUR 1,005 thousand (previous year: EUR 900 thousand) or, including deferred taxes, by EUR 679 thousand (previous year restated: EUR 819 thousand). The equity of the Allgeier Group would be reduced by the same amount in such event.

III. Executive bodies of Allgeier SE

The Supervisory Board

The members of the Supervisory Board of Allgeier SE were as follows in 2023:

Name	Profession	Residence	Membership of statutory supervisory boards	Membership of comparable executive bodies of companies in Germany or abroad
Mr. Carl Georg Dürschmidt	Business management graduate	Bad Abbach	· Nagarro SE, Munich (Chairman)	
Mr. Detlef Dinsel (MBA) (Resigned / Chairman until September 30, 2022; reappointed on March 8, 2023), Deputy Chairman since June 13, 2023	Managing Partner of IK Investment Partners GmbH and IK Investment Partners Ltd.	Hamburg		· Alanta Health Group, Hamburg (Chairman of the Advisory Board of the Board of Directors) · Winkelmann Group, Ahlen (Chairman of the Advisory Board of the Board of Directors)
Mr. Christian Eggenberger	Managing Partner of CHE Consulting GmbH	Binningen, Switzerland	· Focus Discount AG, Basel (Switzerland) (Chairman of the Board of Directors) · Focus Beteiligungen AG, Basel (Switzerland) (Chairman of the Board of Directors) · Wininvest AG, Gurmels (Switzerland) (Member of the Board of Directors)	
Mr. Thies Eggers (resigned / Deputy Chairman until June 13, 2023)	Independent auditor	Pullach im Isartal	· Bayerische Gewerbebau AG, Munich (Chairman) · Plenum AG, Frankfurt/Main · SBF AG, Leipzig · FoodHub München Market e.G., Munich	

The remuneration of the members of the Supervisory Board amounted to EUR 665 thousand in total in fiscal year 2023 (previous year: EUR 756 thousand). The remuneration includes a provision for variable remuneration of EUR 265 thousand (previous year: EUR 356 thousand) that will be paid out in fiscal year 2024 after the approval of the consolidated financial statements. Further details of remuneration can be found in the remuneration report.

The Management Board

The Management Board of Allgeier SE are members:

Dr. Marcus Goedsche, lawyer
Mr. Hubert Rohrer, businessman
Mr. Moritz Genzel, lawyer (as of January 1, 2024)

The remuneration of the members of the Management Board amounted to EUR 2,283 thousand in total in fiscal year 2023 (previous year: EUR 2,753 thousand). The remuneration includes variable remuneration based on the earnings of the Allgeier Group, which was recognized as a provision and will be paid out after approval of Allgeier SE's consolidated financial statements for fiscal year 2024. The members of the Management Board participate in Allgeier SE's stock option plan. Further details of remuneration can be found in the remuneration report.

IV. Related Party Transactions

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

V. Publication

The approval of the consolidated financial statements by the Supervisory Board and their release for publication are scheduled for April 25, 2024.

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

- Allgeier CyRis GmbH, Bremen
- Allgeier Engineering GmbH, Munich
- Allgeier Enterprise Services AG, Bremen
- Allgeier Enterprise Services SE, Munich
- Allgeier Experts GmbH, Munich
- Allgeier Experts Consulting GmbH, Munich
- Allgeier Inovar GmbH, Bremen
- Allgeier IT GmbH, Munich
- Allgeier IT Business Services GmbH, Munich
- Allgeier IT Projects GmbH, Munich
- Allgeier IT Services GmbH, Bremen
- Allgeier Project MBO GmbH, Munich
- Allgeier Security Holding GmbH, Bremen
- Evora IT Solutions GmbH, Walldorf
- it-novum GmbH, Fulda
- MGM Consulting Partners GmbH, Hamburg
- mgm technology partners GmbH, Munich
- publicplan GmbH, Düsseldorf
- U.N.P.-Software GmbH, Dusseldorf

VI. The German Corporate Governance Code

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

VII. Supplementary Report

Allgeier Inovar GmbH, Bremen, acquired all shares in Ability GmbH, based in Ravensburg, by purchase and transfer agreement dated January 30, 2024. In turn, the company holds all shares in Ability GmbH, based in Rankweil (Austria) (together "Ability"). Ability is an IT solution developer and consulting company with around 200 customers in the retail, manufacturing and real estate industries. The company is one of the largest Microsoft partners in the DACH region. In addition to Microsoft Dynamics 365 expertise, particularly in ERP Business Central, Ability has an integrated software ecosystem for document management and digital workflows. The portfolio also includes solutions for the evaluation, analysis and visualization of data as well as portals and apps for cross-system processes. With this acquisition, Allgeier has strengthened its market position as one of the leading companies for Microsoft ERP software and consulting and expanded its comprehensive service portfolio with additional teams of experts, particularly in southern Germany, Austria and Switzerland.

In the 2023 fiscal year, Ability generated revenue of EUR 5.0 million and earnings before interest, taxes and write-offs of EUR -0.3 million. The parties agreed a purchase price of EUR 1.4 million for the shares. With the acquisition of Ability, the Allgeier Group will receive assets of EUR 3.1 million and liabilities of EUR 3.6 million according to the preliminary financial statements under commercial law as of January 31, 2024. The revaluation of assets and liabilities for the purposes of initial consolidation had not yet been completed by the time these consolidated financial statements of Allgeier SE were finalized.

Munich, April 12, 2024

Dr. Marcus Goedsche Member of the Management Board	Hubert Rohrer Member of the Management Board	Moritz Genzel Member of the Management Board

Reporting Requirements under German Accounting Standards (HGB)

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

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

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

Section 314(1) no. 4 HGB:

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

Section 314(1) no. 6 HGB

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

Section 314(1) no. 8 HGB:

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

Section 314(1) no. 9 HGB:

The total fee charged by the auditor of the consolidated financial statements for fiscal year 2023 must be disclosed, broken down into:

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

must be disclosed. The disclosures required can be found under point 30. Other operating expenses in section C. Notes to the consolidated income statement.

Consolidated Statement of Changes in Non-Current Assets of Allgeier SE, Munich, for the period from January 1, 2023 to December 31, 2023

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

		Cost								Depreciation, amortization and impairment losses					Carrying amounts	
	Note	Jan. 1, 2023	Foreign exchange differences	Additions to consolidated group	Additions	Reversals of impairment losses	Disposals	Remeasurement Values in use	Dec. 31, 2023	Jan. 1, 2023	Foreign exchange differences	Depreciation and amortization	Disposals	Dec. 31, 2023	Dec. 31, 2023	Jan. 1, 2023
Intangible assets	1															
Concessions, industrial and similar rights, and licenses in such rights and assets		47,907	44	1,592	8,834	0	-5,234	0	53,142	-22,318	-30	-9,202	5,232	-26,318	26,825	25,589
Acquired intangible assets		29,625	39	1,592	1,005	0	-5,234	0	27,026	-13,253	-25	-5,881	5,232	-13,928	13,099	16,371
Internally generated intangible assets		18,282	5	0	7,829	0	0	0	26,116	-9,064	-5	-3,321	0	-12,390	13,726	9,218
Goodwill		265,526	391	5,904	0	0	0	0	271,822	-8,206	0	0	0	-8,206	263,617	257,321
Intangible assets		**313,433**	**435**	**7,496**	**8,834**	**0**	**-5,234**	**0**	**324,965**	**-30,523**	**-30**	**-9,202**	**5,232**	**-34,523**	**290,441**	**282,910**
Property, plant and equipment	2															
Land, land rights and buildings, including buildings on third-party land		1,991	0	0	0	0	0	0	1,991	-1,613	0	-24	0	-1,637	354	379
Other fixed assets and office equipment		26,953	-213	77	4,922	0	-5,983	0	25,757	-17,919	80	-4,332	5,817	-16,354	9,403	9,034
Property, plant and equipment		**28,945**	**-213**	**77**	**4,922**	**0**	**-5,983**	**0**	**27,748**	**-19,532**	**80**	**-4,356**	**5,817**	**-17,991**	**9,757**	**9,413**
Right-of-use assets from leases	3															
Value in use of property		60,120	-67	667	2,896	1,717	-1,330	4,298	68,300	-23,654	4	-9,157	1,330	-31,476	36,824	36,466
Value in use of motor vehicles		4,549	3	0	2,197	0	-1,326	55	5,477	-2,326	-2	-1,804	1,326	-2,806	2,672	2,223
Value in use of operating and office equipment		2,868	0	0	4,971	0	-158	2	7,683	-1,815	0	-1,479	158	-3,136	4,548	1,053
Right-of-use assets from leases		**67,536**	**-64**	**667**	**10,064**	**1,717**	**-2,814**	**4,355**	**81,461**	**-27,794**	**2**	**-12,439**	**2,814**	**-37,417**	**44,044**	**39,742**
Total		**409,914**	**159**	**8,240**	**23,820**	**1,717**	**-14,031**	**4,355**	**434,174**	**-77,849**	**52**	**-25,998**	**13,863**	**-89,932**	**344,242**	**332,066**

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

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

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

List of Group Companies ALLGEIER

List of Group Companies

List of Group Companies

		Relationship to Allgeier SE	IFRS share of capital as of Dec. 31, 2023	Equity on Dec. 31, 2023			Net profit/loss from Jan. 1, 2023 to Dec. 31, 2023				Profit and loss transfer agreement with	Purchase obligation with ASE	Segment	Disclosure
No.	Company			National currency		EUR	National currency		EUR					
1.	Allgeier SE, Munich			88,791,027		88,791,027	549,991		549,991				Other	Separate and consolidated annual financial statements in the Federal Gazette (Bundesanzeiger)
2.	Allgeier Management AG, Munich	Direct	100.00%	4,479,186		4,479,186	16,763		16,763				Other	Federal Gazette
3.	Allgeier Experts Holding GmbH, Munich	Direct	100.00%	5,740,134		5,740,134	-34,384		-34,384				Enterprise IT	Federal Gazette
4.	U.N.P.-Software GmbH, Dusseldorf	Indirect	100.00%	7,340,160		7,340,160	1,580,777		1,580,777			1.	Enterprise IT	
5.	U.N.P.-HRSolutions GmbH, Dusseldorf	Indirect	100.00%	25,000		25,000	0		0	(1)	4.		Enterprise IT	
6.	Allgeier Experts Consulting GmbH, Munich	Indirect	100.00%	-230,897		-230,897	-480,065		-480,065			1.	Enterprise IT	
7.	Allgeier Experts GmbH, Munich	Indirect	100.00%	488,130		488,130	463,130		463,130			1.	Enterprise IT	
8.	Allgeier Enterprise Services SE, Munich	Direct	100.00%	35,898,079		35,898,079	0		0	(1)	1.		Enterprise IT	
9.	Allgeier publicplan Holding GmbH, Munich	Indirect	90.00%	10,650,037		10,650,037	4,287,156		4,287,156				Enterprise IT	Federal Gazette
10.	publicplan GmbH, Düsseldorf	Indirect	90.00%	5,603,985		5,603,985	0		0	(1)	9.	1.	Enterprise IT	
11.	Cloudical Deutschland GmbH, Berlin	Indirect	90.00%	-758,449		-758,449	-117,005		-117,005				Enterprise IT	Federal Gazette
12.	pooliestudios GmbH, Cologne	Indirect	90.00%	508,600		508,600	496,922		496,922				Enterprise IT	Federal Gazette
13.	ShiftDigital Government Solutions GmbH, Bochum	Indirect	90.00%	141,921		141,921	-308,528		-308,528				Enterprise IT	Federal Gazette
14.	Allgeier IT GmbH, Munich	Indirect	100.00%	12,394,847		12,394,847	0		0	(1)	8.		Enterprise IT	
15	Allgeier IT Projects GmbH, Munich	Indirect	100.00%	13,701,398		13,701,398	0		0	(1)	8.		Enterprise IT	
16.	Allgeier IT Business Services GmbH, Munich	Indirect	100.00%	5,272,589		5,272,589	0		0	(1)	8.		Enterprise IT	
17.	Allgeier IT Services GmbH, Munich (until June 6, 2023 Bremen)	Indirect	100.00%	2,675,596		2,675,596	1,354,450		1,354,450			1.	Enterprise IT	
18.	Allgeier Engineering GmbH, Munich	Indirect	100.00%	3,303,901		3,303,901	0		0	(1)	8.		Enterprise IT	
19.	Allgeier Experts Select GmbH, Dusseldorf	Indirect	91.50%	-3,691,060		-3,691,060	-70,965		-70,965				Enterprise IT	Federal Gazette
20.	Allgeier Public SE, Munich (until March 8, 2023 Atrium 246) Europäische VV SE, Düsseldorf	Direct	100.00%	-797,751		-797,751	-916,871		-916,871				Enterprise IT	Federal Gazette
21.	Allgeier Enterprise Services AG, Bremen	Direct	100.00%	11,145,441		11,145,441	0		0	(1)	1.		Enterprise IT	
22.	Allgeier Inovar GmbH, Bremen	Indirect	100.00%	6,122,591		6,122,591	0		0	(1)	21.		Enterprise IT	
23.	MySign AG, Olten, Switzerland	Indirect	100.00%	808,384	CHF	870,325	-126,295	CHF	-122,090				Enterprise IT	
24.	SDX AG, Frankfurt am Main	Indirect	80.00%	1,441,363		1,441,363	593,387		593,387				Enterprise IT	Federal Gazette
25.	Allgeier (Schweiz) AG, Thalwil, Switzerland	Indirect	100.00%	4,344,358	CHF	4,677,237	480,795	CHF	495,093				Enterprise IT	
26.	ALLGEIER POLAND sp. z o.o., Warsaw (Poland)	Indirect	100.00%	-391,349	PLN	-90,068	-391,153	PLN	-84,933				Enterprise IT	
27.	it-novum GmbH, Fulda	Direct	100.00%	4,067,028		4,067,028	1,549,781		1,549,781			1.	Enterprise IT	
28.	Allgeier Security Holding GmbH, Bremen	Direct	100.00%	11,727,159		11,727,159	11,232		11,232			1.	Enterprise IT	
29.	Allgeier CyRis GmbH, Bremen	Indirect	100.00%	1,544,046		1,544,046	58,770		58,770			1.	Enterprise IT	
30.	Allgeier Evora Holding GmbH, Munich	Direct	60.00%	107,760,786		107,760,786	-1,977,604		-1,977,604				Enterprise IT	Federal Gazette
31.	Evora IT Solutions Group GmbH, Walldorf	Indirect	60.00%	7,208,016		7,208,016	3,832,502		3,832,502				Enterprise IT	Federal Gazette
32.	Evora IT Solutions GmbH, Walldorf	Indirect	60.00%	6,204,145		6,204,145	0		0	(1)	31.	1.	Enterprise IT	
33.	Evora IT Solutions GmbH, Vienna, Austria	Indirect	60.00%	819,512		819,512	123,507		123,507				Enterprise IT	
34.	Evora IT Solutions Inc., New York, USA	Indirect	60.00%	4,112,206	USD	3,725,735	535,233	USD	495,008				Enterprise IT	
35.	Evora IT Solutions S.L., Saragossa, Spain	Indirect	60.00%	41,943		41,943	79,409		79,409				Enterprise IT	
36.	Evora IT Solutions Schweiz AG, Thalwil, Switzerland	Indirect	60.00%	591,410	CHF	636,725	494,734	CHF	505,483				Enterprise IT	
37.	Evora IT Solutions Pvt. Ltd., Bangalore, India	Indirect	60.00%	274,241,418	INR	2,986,916	61,222,951	INR	690,784				Enterprise IT	
38.	Allgeier Beteiligungen GmbH, Munich	Direct	100.00%	-1,923,846		-1,923,846	-102,345		-102,345				Enterprise IT	Federal Gazette
39.	Allgeier Dritte Beteiligungs GmbH, Munich	Indirect	100.00%	-3,762,216		-3,762,216	-187,250		-187,250				Enterprise IT	Federal Gazette
40.	Allgeier Education GmbH, Dusseldorf	Indirect	100.00%	-2,371,864		-2,371,864	-123,146		-123,146				Enterprise IT	Federal Gazette
41.	Allgeier Project MBO GmbH, Munich	Direct	100.00%	23,348		23,348	0		0	(1)	1.		Other	
42.	Allgeier Experts Medical GmbH, Dusseldorf	Direct	100.00%	-14,752,988		-14,752,988	-1,443,877		-1,443,877				Other	Federal Gazette
43.	mgm technology partners GmbH, Munich	Direct	80.00%	17,979,208		17,979,208	0		0	(1)	1.		mgm technology partners	
44.	mgm technology partners eurl, Grenoble, France	Indirect	80.00%	3,366,992		3,366,992	326,008		326,008				mgm technology partners	
45.	mgm technology partners s.r.o., Prague, Czechia	Indirect	80.00%	58,189,900	CZK	2,356,100	10,005,633	CZK	417,146				mgm technology partners	
46.	mgm technology partners Vietnam Co. Ltd., Đà Nang, Vietnam	Indirect	80.00%	38,455,213,463	VND	1,435,571	10,102,501,771	VND	390,868				mgm technology partners	
47.	mgm technology partners USA Corp., Arlington, USA	Indirect	80.00%	241,336	USD	218,655	179,989	USD	166,209				mgm technology partners	
48.	mgm technology partners Portugal, Unipessoal Lda, Porto, Portugal	Indirect	80.00%	106,270		106,270	75,215		75,215				mgm technology partners	
49.	Quality First Software GmbH, Geretsried	Indirect	80.00%	445,258		445,258	136,746		136,746				mgm technology partners	Federal Gazette
50.	mgm security partners GmbH, Munich	Indirect	56.00%	842,145		842,145	816,578		816,578				mgm technology partners	Federal Gazette
51.	MGM Consulting Partners GmbH, Hamburg	Indirect	55.997%	2,477,534		2,477,534	1,262,834		1,262,834			1.	mgm technology partners	
52.	MGM Consulting Partners GmbH, Salzburg, Austria	Indirect	55.997%	-40,000		-40,000	-57,516		-57,516				mgm technology partners	
53.	mgm process partners GmbH, Munich	Indirect	80.00%	6,002,723		6,002,723	-12,400		-12,400				mgm technology partners	Federal Gazette
54.	mgm integration partners GmbH, Landshut (until August 1, 2023 Munich)	Indirect	80.00%	4,270,760		4,270,760	2,034,603		2,034,603				mgm technology partners	Federal Gazette

(1) After profit transfer or loss assumption

Glossary

Ability	Ability GmbH, Ravensburg incl. its subsidiary Ability GmbH, Rankweil (Austria)
AktG	Aktiengesetz – German Stock Corporation Act
Allgeier	Allgeier SE, Munich, including all its subsidiaries
Allgeier CyRis	Allgeier CyRis GmbH, Bremen
Allgeier Enterprise Services	Allgeier Enterprise Services SE, Munich, including all its subsidiaries
Allgeier inovar	Allgeier Inovar GmbH, Bremen
Allgeier IT Services	Allgeier IT Services GmbH, Bremen
Allgeier Schweiz	Allgeier (Schweiz) AG, Thalwil, Switzerland
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht – German Federal Financial Supervisory Authority
Adjusted EBITDA	EBITDA before extraordinary effects or effects relating to other periods
GDP	gross domestic product
BITKOM	Bitkom, Berlin – German Federal Association for Information Technology, Telecommunications and New Media
CAGR	Compound annual growth rate
CIO	Chief Information Officer
Cloudical	Cloudical Deutschland GmbH, Berlin
DACH	Germany, Austria and Switzerland

Share of the purchase price that will be paid at a later date depending on performance	**Earn out**
earnings before interest, taxes, depreciation and amortization	**EBITDA**
European Union	**EU**
Allgeier Evora Holding GmbH, Munich, including all its subsidiaries	**Evora**
Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf	**IDW**
Institute for the World Economy	**IfW**
Internet of Things	**IoT**
it-novum GmbH, Fulda	**it-novum**
Fair value through other comprehensive income (fair value with changes in value recognized in other comprehensive income)	**FVOCI**
fair value through profit or loss (fair value with changes in value in profit or loss)	**FVTPL**
mgm technology partners segment (mgm technology partners GmbH, Munich, incl. of all its subsidiaries)	**mgm**
mgm integration partners GmbH, Landshut	**mgm integration partners**
MySign AG, Olten, Switzerland	**MySign**
Nagarro SE, Munich, including all its subsidiaries	**Nagarro**
IPP northport InsurancePartner Platform GmbH, Hamburg	**northport**
other comprehensive income	**OCI**
Organization for Economic Co-operation and Development	**OECD**
Oksijen İnsan Kaynakları Seçme ve Değerlendirme Hizmetleri Anonim Şirketi Istanbul (Turkey) (Oxygen Consultancy, Istanbul (Turkey))	**Oxygen**
publicplan GmbH, Düsseldorf	**publicplan**
SDX AG, Frankfurt am Main	**SDX**
ShiftDigital Government Solutions GmbH, Bochum	**ShiftDigital**
Speedinvest II EuVECA GmbH & Co. KG, Vienna, Austria	**Speedinvest**
VJii Productions AG, Olten, Switzerland	**VJii**

Responsibility Statement by the Management Board of Allgeier SE

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

Munich, April 12, 2024

Dr. Marcus Goedsche
Member of the
Management Board

Hubert Rohrer
Member of the
Management Board

Moritz Genzel
Member of the
Management Board

Auditor's Report

Independent Auditor's Report

To Allgeier SE, Munich:

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

Audit opinions

We have audited the consolidated financial statements of Allgeier SE, Munich, and its subsidiaries (the Group), comprising the consolidated statement of financial position as of December 31, 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year from January 1, 2023 to December 31, 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Furthermore, we have audited the Group management report of Allgeier SE, Munich, for the fiscal year from January 1, 2023 to December 31, 2023.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as they are applied in the EU and the additional requirements of German law pursuant to Section 315e (1) of the German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of December 31, 2023 and of its financial performance for the fiscal year from January 1, 2023 to December 31, 2023, and
- as a whole, the attached Group management report provides a suitable view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements and with German legal requirements, and accurately presents the risks and opportunities of future development. Our opinion on the Group management report does not cover the content of the parts of the Group management report which are listed in the "Other information" section of our audit report.

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

Basis for audit opinions

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

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from January 1, 2023 to December 31, 2023. These matters were taken into account in the context of our audit of the consolidated financial statements as a whole and in the formation of our audit opinion; we have not issued a separate opinion on these matters.

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

Revenue recognition

Reasons for identification as a key audit matter

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

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

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

Our audit approach

In the context of our audit, we reviewed the methods, processes and control mechanisms used in the company in the offer and processing phase of the sales process. In doing so, we assessed the design and effectiveness of the accounting-related internal controls by verifying transactions from their occurrence to their presentation in the consolidated financial statements and by testing controls. In relation to the measurement of revenue including revenue reductions and the correct accrual basis, as part of the audit we relied on control-based audit procedures and dealt with the underlying company processes and controls. Our audit procedures also covered the review of underlying business documents, e.g. outgoing invoices, performance documentation, material contracts, customer confirmations in the form of acceptance documentation and the review of developments after the end of the reporting period (e.g. incoming payments, credit notes issued, complaints). In addition, we implemented data analyses of transactions within the year for any abnormalities.

With regard to the application of IFRS 15, we examined the processes set up by Allgeier to implement this standard. In particular, we have examined the proper identification of the estimate of total costs of the contract and the transfer of significant risks and rewards to the buyer.

In addition, we have assessed the information provided by Allgeier on revenue recognition in the notes to the consolidated financial statements.

Our conclusions

Our audit procedures did not give rise to any objections regarding revenue recognition. Allgeier has implemented appropriate regulations for the recognition of revenue and has taken them into account in preparing the consolidated financial statements. We verified the appropriateness of the processes and controls for revenue recognition established throughout the Group.

Reference to related information

The company's disclosures on the principles of revenue recognition can be found, in particular, in section A.IX. "Statement of Financial Position" under the disclosures on contractual assets and liabilities and on trade receivables, in section A.X. "Income Statement" and in the disclosures on revenue under note C.26 "Revenue" to the consolidated financial statements.

Goodwill impairment

Reasons for identification as a key audit matter

The consolidated financial statements of Allgeier SE report goodwill of EUR 263,617 thousand as of December 31, 2023. Goodwill accounts for a significant share of total assets at 50.2 percent. The measurement of goodwill is a material risk to the consolidated financial statements.

In accordance with IAS 36, Allgeier SE tests goodwill for impairment once per year to determine any impairment requirements. The Company also tests for impairment on an ad hoc basis if there are discernible internal or external indications of potential impairment. Goodwill is impaired if its recoverable amount is less than its carrying amount. The recoverable amount is the higher of the fair value less the costs to sell and the value in use. Allgeier SE determines the recoverable amount of the respective cash-generating unit to which the goodwill is assigned using its value in use. This is measured based on the cash flows of the respective cash-generating units derived from the three-year planning (detailed planning period). For the following years, the cash flows of the third year are extrapolated for all other future years applying a growth rate. Cash flows are discounted using the weighted cost of capital of the respective cash-generating unit.

Allgeier SE did not identify any impairment requirements as a result of impairment testing. Given the discretion involved in the underlying assumptions that are an inherent component of impairment testing, there is a risk for the consolidated financial statements that impairment that existed at the end of the reporting period was not recognized.

Our audit approach
In the context of our audit, we reviewed the methods and procedures used for impairment testing. We obtained an understanding of the process implemented by Allgeier SE to perform impairment testing on the basis of the comments on corporate governance and an assessment of the relevant planning calculations. We verified both the methodology and the arithmetic of the underlying measurement models used to calculate the value in use of goodwill of the respective cash-generating units. We also examined whether the planning calculations reflect general market expectations and those specific to the sector. A variance analysis of past planning data and the actual results was performed on a test basis to assess the accuracy of planning. To assess the parameters used to determine the discount rate, we compared the underlying assumptions and data – in particular, the risk-free interest rate, the market risk premium and the beta factor, against publicly available data.

In addition, we have assessed the information provided by Allgeier SE on the recoverability of the goodwill of the respective cash-generating units in the notes to the consolidated financial statements.

Our conclusions
Allgeier SE has used balanced assumptions. Our audit procedures did not give rise to any objections regarding the assessment of the recoverability of the goodwill of the respective cash-generating units.

Reference to related information
The company's disclosures on the impairment test of the goodwill of the respective cash-generating units are included in the general disclosures in section A. IX. "Statement of financial position" and in the notes to statement of financial position in section B.1. "Intangible assets" in the notes to the consolidated financial statements.

Other information
The company's management and its Supervisory Board are responsible for the other information. The other information comprises:

- the declaration on corporate governance pursuant to Sections 289f, 315d of the German Commercial Code (HGB) (reference in the Group Management Report to the declaration on corporate governance contained in the Corporate Governance Report),
- the corporate governance report in accordance with the German Corporate Governance Code;
- the separate non-financial reporting in accordance with Section 315b of the German Commercial Code (HGB),
- the remuneration report in accordance with section 162 AktG;
- the statement in accordance with section 297(2) sentence 4 HGB on the consolidated financial statements and the statement in accordance with section 315(1) sentence 5 HGB on the Group management report.

The other information also includes the other parts of the annual report – without further cross-references or external information – with the exception of the audited consolidated financial statements, the audited Group management report and our audit opinion.

The Supervisory Board is responsible for the report of the Supervisory Board. The company's management and the Supervisory Board are responsible for the declaration in accordance with section 161 AktG on the German Corporate Governance Code. In other respects, the company's management is responsible for the other information.

Our audit opinions on the consolidated financial statements and the Group management report do not extend to the other information and, accordingly, we do not offer any audit opinion or any other form of audit conclusion on it.

In connection with our audit of the consolidated financial statements, we have the responsibility to read the above other information and to assess whether the other information:

- contains material inconsistencies with the consolidated financial statements or our findings from the audit; or
- is otherwise materially misrepresented.

If, on the basis of our work, we come to the conclusion that this other information contains a material misstatement, we are required to report this fact. We have nothing to report in this context.

Responsibilities of management and the Supervisory Board for the consolidated financial statements and the Group management report
Management is responsible for the preparation of the consolidated financial statements that, in all material respects, comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law in accordance with section 315e(1) HGB, and that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group. In addition, management is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. the manipulation of financial reporting or financial losses) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for the accounting on the basis of the going concern principle, unless there is the intention to liquidate or discontinue the Group, or there is no realistic alternative.

Furthermore, management is responsible for the preparation of the Group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

Responsibility of the Auditor for the Audit of the Consolidated Financial Statements and the Group Management Report
Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error and whether the Group management report as a whole provides a suitable view of the Group's position and, in all material respects, is consistent with the consolidated financial statements, audit findings and German legal requirements, and accurately presents the risks and opportunities of future development, and to issue an audit report containing our audit opinions on the consolidated financial statements and the Group management report.

Reasonable assurance is a high degree of assurance, but not a guarantee that an audit performed in accordance with section 317 HGB, the EU Audit Regulation and the German generally accepted standards for the audit of financial statements promulgated by the IDW will always reveal a material misstatement. Misstatements can result from fraud or errors, and are considered material if they could reasonably be expected, individually or collectively, to influence the economic decisions that users make on the basis of these consolidated financial statements and the Group management report.

We exercise due discretion and maintain a critical approach. We also:

- We identify and assess the risks of material misstatements in the consolidated financial statements and the Group management report due to fraud or errors, we plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to form the basis of our audit opinions. The risk that material misstatements as a result of fraud are not detected is greater than the risk that material misstatements due to error are not detected, because fraud can include collusion, falsification, intentional omissions, misrepresentation or the invalidation of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- we draw conclusions on the appropriateness of the going-concern basis of accounting used by the legal representatives and, based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e(1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the Group management report. We are responsible for designing, monitoring and performing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions;
- Evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with the law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

Among other things, we discuss with those responsible for overseeing the audit the planned scope and scheduling of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, the procedures or safeguards implemented to remove risks to independence.

Of the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our audit report, unless the public disclosure of such issues is prevented by law or other legal provisions.

Other statutory and legal requirements

Report on assurance in accordance with section 317(3a) HGB on the electronic renderings of the consolidated financial statements and the Group management report prepared for publication purposes

Audit opinion

We have performed assurance work in accordance with section 317(3a) HGB to obtain reasonable assurance about whether the reproductions of the consolidated financial statements and the Group management report (hereinafter the "ESEF documents") contained in the file "allgeier-2023-12-31.zip" and prepared for publication purposes comply in all material respects with the requirements of section 328(1) HGB for the electronic reporting format (ESEF format). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the Group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above electronic file.

In our opinion, the reproductions of the consolidated financial statements and the Group management report contained in the electronic file provided and prepared for publication purposes complies in all material respects with the requirements of section 328(1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying Group management report for the fiscal year from January 1, 2023 to December 31, 2023 contained in the "Report on the audit of the consolidated financial statements and of the Group management report" above.

Basis for the opinion

We conducted our assurance work of the renderings of the consolidated financial statements and the Group management report contained in the electronic file provided in accordance with section 317(3a) HGB and the IDW Auditing Standard: Assurance in accordance with section 317(3a) HGB on the electronic rendering of financial statements and management reports prepared for publication purposes (IDW PS 410 (06.2022)). Our responsibilities under those requirements are further described in the section "Auditor's responsibilities for the audit of the ESEF documents." Our auditing practice has applied the quality management system requirements of the IDW Quality Management Standard: Requirements for Quality Management in Auditing Practices (IDW QMS 1 (September 2022)).

Responsibilities of management and the Supervisory Board for the audit of the ESEF documents

The company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the Group management report in accordance with section 328(1) sentence 4 item 1 HGB and for tagging the consolidated financial statements in accordance with section 328(1) sentence 4 item 2 HGB.

In addition, the company's management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of section 328(1) HGB for the electronic reporting format.

The Supervisory Board is responsible for monitoring the process of preparing the ESEF documents as part of the financial reporting process.

Auditor's responsibilities for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of section 328(1) HGB. We exercise due discretion and maintain a critical approach. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of section 328(1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file provided containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited Group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Commission Delegated Regulation (EU) 2019/815 as applicable at the end of the reporting period enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Other disclosures in accordance with Article 10 of the EU Audit Regulation

We were elected as the auditor of the consolidated financial statements by the Annual General Meeting on June 13, 2023. We were commissioned by the Supervisory Board on June 13, 2023. We have served as the auditor of the consolidated financial statements of Allgeier SE, Munich, without interruption since fiscal year 2001.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the Audit Committee in accordance with Article 11 of the EU Audit Regulation (audit report).

In addition to the audit of the financial statements, we have performed the following permitted non-audit services that are not disclosed in the consolidated financial statements or the Group management report:

- other services mainly comprising the performance of due diligence;
- Other confirmation services, which include in particular confirmation of compliance with the financial ratios to banks, the issue of a software certificate and the audit of the remuneration report.

Other issue – Use of the audit report

Our audit report must always be read in conjunction with the audited consolidated financial statements and the audited Group management report as well as the audited ESEF documents. The consolidated financial statements and Group management report converted into ESEF format – including the versions to be published in the German Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited Group management report and do not take their place. In particular, the ESEF report and our opinion contained in it is only usable in conjunction with the audited ESEF documents provided in electronic form.

Responsible auditor

The auditor responsible for the audit is Niyazi Kanbur.

Düsseldorf, April 25, 2024

LOHR + COMPANY GmbH
Wirtschaftsprüfungsgesellschaft

Niyazi Kanbur
Wirtschaftsprüfer (German Public Auditor)

Report of the Supervisory Board of Allgeier SE for Fiscal Year 2023

The Supervisory Board submits the following report on its activities in fiscal year 2023:

The Supervisory Board comprehensively performed all the duties incumbent on it in accordance with the law and the company's Articles of Association and regularly monitored and advised the Management Board in its management of the company. In addition to the issues dealt with on an ongoing basis, such as current business developments, the financial and liquidity situation, the acquisition pipeline, risk management and compliance, the Supervisory Board principally focused on the following areas in 2023:

- Strategic orientation of the Allgeier Group;
- Discussion and audit of various acquisition projects; implementation of several acquisitions to strengthen the Enterprise IT segment: ShiftDigital Government Solutions GmbH, Bochum, as a supplement to publicplan; SDX AG, Frankfurt am Main;
- Appointment of Moritz Genzel to the Management Board of Allgeier SE;
- Group's financial and liquidity position.

The Supervisory Board held ten meetings in the 2023 fiscal year. The meetings took place as virtual meetings and in-person meetings. The meetings were attended by all the members of the Supervisory Board. Outside its meetings, the Supervisory Board made decisions by way of circulation. There were also several other meetings and consultations by telephone or video conference. The members of the Management Board attended all the meetings of the Supervisory Board. Between the meetings, the Management Board kept the Supervisory Board or its Chairman regularly informed of all major developments and coordinated key decisions with the Supervisory Board, in particular with its Chairman, in advance.

In the opinion of the Supervisory Board, the Management Board therefore comprehensively complied with its duties to report and provide information to the Supervisory Board in the past fiscal year, and kept the Supervisory Board comprehensively informed about business performance, the position of the company and the Group companies and their major transactions on an ongoing basis, both at the meetings of the Supervisory Board and outside the meetings of the Supervisory Board. The Supervisory Board has an Audit Committee, which was chaired by Mr. Thies Eggers until he retired from the Supervisory Board on June 13, 2023. Since the departure of Mr. Eggers, the Audit Committee has been made up of all members of the Supervisory Board. The Audit Committee met regularly in conjunction with the meetings of the Supervisory Board.

In particular, the key issues that the Supervisory Board dealt with in its work both in and outside meetings included:

- the current business performance of the Group as compared to the approved Group planning;
- the ongoing financial and liquidity situation;
- the financing and capital structure of the Group;
- various acquisition projects;
- Strategic issues and structuring of the Group, management of the segments
- approval of the Group budget;
- corporate governance and integration within the Group;
- risk management, compliance and internal audit
- Issues relating to the audit and non-audit services and the selection of a new audit firm for the 2024 audit

In the discussions between the Management Board and the Supervisory Board, and on the basis of the information provided by the Management Board on an ongoing basis, the Supervisory Board satisfied itself that the Management Board managed the business of the company properly and in compliance with the law in fiscal year 2023. In addition to the dominant work issues such as, in particular, acquisitions, the Management Board also continued the organizational development of the Allgeier Group in the past fiscal year. The Supervisory Board discussed the risk management system used in the company with the Management Board and found it to be in order.

Insofar as the approval of the Supervisory Board was required for individual management measures, such measures were examined by the Supervisory Board after receiving information and a corresponding submission from the Management Board in good time, and the necessary approval was issued. The Supervisory Board can therefore confirm that the Management Board enabled it to fully monitor the work of the Management Board on an ongoing basis. In doing so, the Supervisory Board satisfied itself that the management of the company by the Management Board complied with the statutory requirements in all regards and did not give rise to any complaints on the part of the Supervisory Board. In addition, the Supervisory Board evaluated the efficiency of its own work as it does every year.

All the members of the Supervisory Board were also members of the Audit Committee. Audit Committee issues were addressed at the meetings of the Supervisory Board, including in particular:

- the independence of the auditor;
- the review and assessment of the Company's internal control system, the risk management system and governance system;
- status of the audit of the financial statements in consultation with the auditor, in particular in terms of key audit matters, any audit problems, scheduling and compliance;
- additional services by the auditor;
- audit of the annual and consolidated financial statements presented and the associated management reports;
- discussion of these reports with the auditor in attendance.

At the beginning of the year 2023, the Supervisory Board consisted of three members. On March 8, 2023, at the request of the Management Board, the Munich Local Court appointed Mr. Detlef Dinsel to the Supervisory Board in accordance with section 104 AktG. Since then, the Supervisory Board has consisted of four members. Since the departure of the Deputy Chairman of the Supervisory Board, Mr. Thies Eggers, from the Supervisory Board on June 13, 2023, the Supervisory Board has once again been made up of three members. At the Supervisory Board meeting on June 13, 2023, the Supervisory Board elected Mr. Detlef Dinsel as its Deputy Chairman.

LOHR + COMPANY GmbH, Wirtschaftsprüfungsgesellschaft, Düsseldorf, audited the annual financial statements of Allgeier SE prepared by the Management Board and the consolidated financial statements for the year ended December 31, 2023 and the management reports for Allgeier SE and the Group, and issued an unqualified audit opinion in each case. These documents, the separate consolidated non-financial statement in accordance with section 315b HGB and the audit reports of LOHR + COMPANY GmbH were made available to the Supervisory Board for inspection. The Supervisory Board examined and verified all the above documents and the auditors' report in preparation for its meeting on April 25, 2024. The Supervisory Board has inspected the sustainability report (Non-financial Group statement). It discussed the annual financial statements, consolidated financial statements and the audit reports in detail in the presence of the auditors at its meeting on April 25, 2024. The auditor reported on the key findings of the audit at this meeting. The Supervisory Board therefore comes to the conclusion that the annual financial statements, the consolidated financial statements and the corresponding management reports were properly prepared in compliance with the applicable rules in place for the respective statements, and that they give a true and fair view of the financial position and results of operations of Allgeier SE and the Group. The review of the audit reports and the discussion with the auditors did not lead to any complaints or objections on the part of the Supervisory Board. At its meeting on April 25, 2024, the Supervisory Board concurred with the findings of the auditors and approves the annual financial statements and consolidated financial statements for fiscal year 2023 as prepared by the Management Board. The annual financial statements have thus been adopted.

The Supervisory Board would like to thank the management and all the employees of the Allgeier Group for their hard work in fiscal year 2023.

Munich, April 25, 2024
The Supervisory Board of Allgeier SE

Carl Georg Dürschmidt
Chairman of the Supervisory Board

Notes

Financial Calendar 2024

Important dates and events	
Publication of the 2023 consolidated/annual financial statements	April 30, 2024
Publication of voluntary interim information as of March 31, 2024	May 15, 2024
Annual General Meeting in Munich	June 25, 2024
Publication of 2024 half-yearly financial report	August 15, 2024
Publication of voluntary interim information as of September 30, 2024	November 14, 2024

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Allgeier's financial reports can be found on the Internet in German and English at www.allgeier.com/en > Investor Relations > Financial Reports & Publications or requested using the contact details provided.

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

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