Driving Technology

Annual Report
2021

ALLGEIER

ALLGEIER

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

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

In its Enterprise IT and mgm technology partners segments, the Group has more than 2,900 employees and more than 700 freelance experts at 42 locations in total in the DACH region, France, Czechia, India, Vietnam and the US. Allgeier generated revenue of EUR 403 million from its continuing operations in fiscal 2021. According to the 2021 Lünendonk® List, Allgeier is one of Germany's top ten IT consulting and system integration companies. Allgeier SE is listed in the General Standard on the Regulated Market of Frankfurt Stock Exchange (WKN A2GS63, ISIN DE000A2GS633). Further information can be found at www.allgeier.com

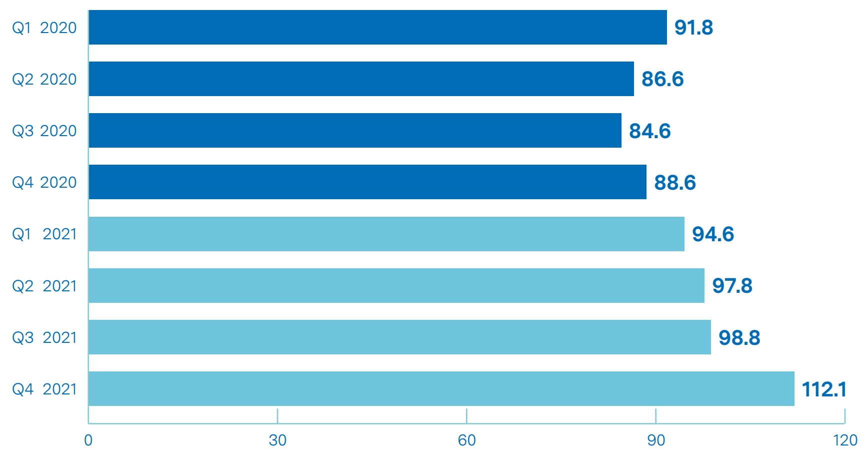
Contents

Company and Key Indicators at a Glance

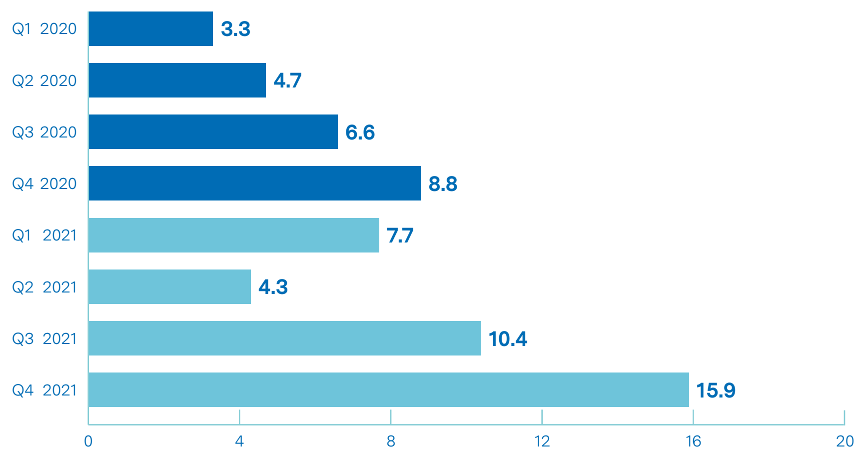
Further information and the company's latest news can be found at www.allgeier.com.

Key Group indicators[1]	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	CAGR[5]
Revenue	359.6	397.0	378.5	351.7	403.3	2.9%
EBITDA	10.5	11.9	9.0	23.4	38.3	38.2%
Adjusted EBITDA[2]	12.1	21.0	18.2	30.3	45.1	38.9%
EBIT	3.3	0.1	-4.0	7.1	19.8	56.3%
EBT	1.8	-1.3	-5.4	8.2	20.2	82.2%
Profit or loss for the period[3]	0.2	-1.4	-10.1	1.1	12.5	180.2%
Earnings per share (EUR)	0.26	0.59	-0.83	0.00	1.04	41.4%
Total assets[4]	337.9	535.9	587.0	243.9	485.0	9.5%
Equity[4]	122.8	128.7	165.9	105.5	162.9	7.3%
Permanent employees[4]	7,077	9,437	10,589	2,366	2,937	-19.7%
Freelance experts[4]	1,393	1,080	1,227	831	753	-14.3%
Total employees[4]	8,470	10,517	11,816	3,197	3,690	-18.8%

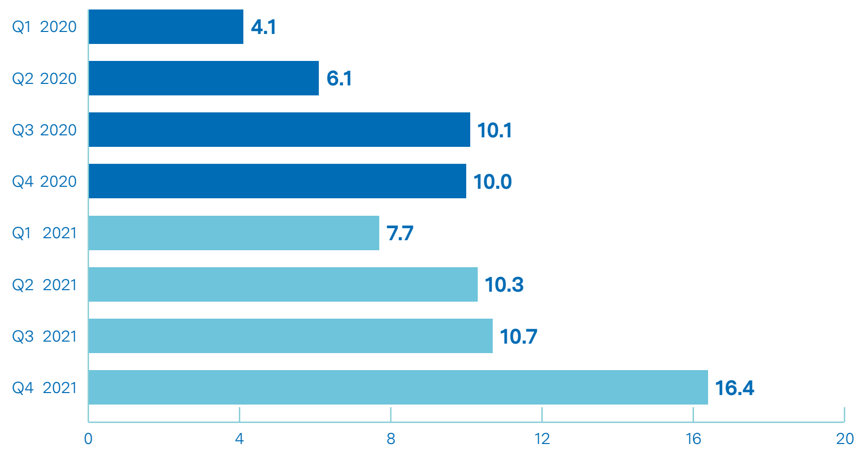
[1] Continuing operations in accordance with IFRS, figures in EUR million (unless stated otherwise)
[2] EBITDA before extraordinary or prior-period effects
[3] Not including gains and losses on disposal
[4] Figures for 2017 to 2019 for the Group as a whole (including discontinued operations)
[5] Compound annual growth rate



Revenue
EUR million



EBITDA
EUR million



Adjusted EBITDA*
EUR million

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

Allgeier's 2021 at a Glance ALLGEIER

Allgeier's 2021 at a Glance

1

Q1 2021

Allgeier begins 2021 with growth in revenue and earnings

Allgeier generated revenue from continuing operations of EUR 94.6 million (previous year: EUR 91.8 million) in the first three months of fiscal 2021 (January 1, 2021 to March 31, 2021). Both of the Group's segments contributed to the growth in revenue. Value added (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) amounted to EUR 29.1 million (previous year: EUR 23.5 million). The value added margin rose to 30.7 percent as a result (previous year: 25.6 percent). Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) amounted to EUR 7.7 million (previous year: EUR 4.1 million) with a margin of 8.1 percent. EBITDA amounted to EUR 7.7 million (previous year: EUR 3.3 million) with a margin of 8.1 percent. EBIT amounted to EUR 3.6 million (previous year: EUR 0.2 million). Adjusted EBIT amounted to EUR 3.6 million (previous year: EUR 1.0 million).

Acquisition of publicplan GmbH

By way of a share purchase agreement dated December 1, 2020, the company now trading as Allgeier publicplan Holding GmbH, Munich, acquired all the shares in publicplan GmbH, Düsseldorf (publicplan). In connection with the acquisition, the Allgeier Group reached an agreement with the founder and acquirer of publicplan GmbH on a reverse investment for the indirect acquisition of 20 percent of the shares in the company. publicplan has around 100 employees and provides e-government solutions for the public sector in particular. Its focus is on open source-based software solutions, from IT development consulting to the maintenance of various software solutions. This acquisition further extends Allgeier's range of services for public sector digitalization in the field of e-government. publicplan was consolidated for the first time on January 1, 2021.

2

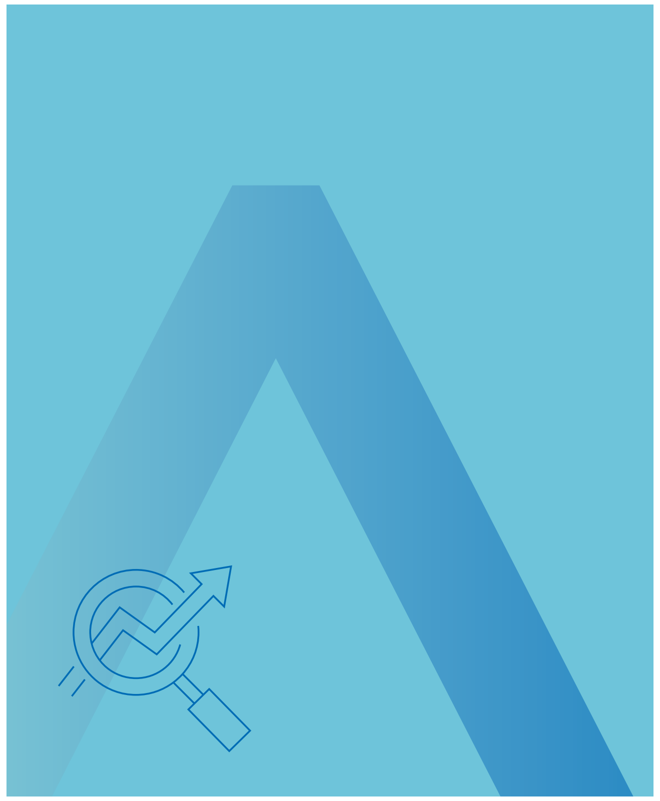
Q2 2021

Allgeier achieves further increase in revenue and adjusted EBITDA

The Allgeier Group generated revenue from continuing operations of EUR 97.8 million (previous year: EUR 86.6 million) in the second quarter of 2021 (April 1, 2021 to June 30, 2021). Value added amounted to EUR 28.5 million (previous year: EUR 23.2 million). The value added margin rose to 29.2 percent as a result (previous year: 26.8 percent). Adjusted EBITDA amounted to EUR 10.3 million (previous year: EUR 6.1 million) with a margin of 10.5 percent. The adjustments relate in particular to an extraordinary item totaling EUR 6.1 million resulting from the measurement of 900,000 stock options issued in June 2021 with a term of ten years. This amount is allocated to staff costs and hence serves to reduce the earnings items in the second quarter of 2021 but is not cash-relevant, as contingent capital has been recognized for the subsequent exercise of the option rights. Due to the extraordinary item resulting from the measurement of stock options, EBITDA in the second quarter amounted to EUR 4.3 million (previous year: EUR 4.7 million), corresponding to a margin of 4.4 percent. EBIT amounted to EUR 0.2 million (previous year: EUR 0.6 million). Adjusted for the extraordinary item relating to the measurement of the stock options, EBIT would have amounted to EUR 6.3 million in the second quarter of 2021.

Dividend

At the Annual General Meeting held on June 8, 2021, Allgeier SE resolved to pay a dividend of EUR 0.50 per entitled share from its net retained profits of EUR 48,839,595.53 as of December 31, 2020. 11,382,513 shares were entitled to the dividend. The dividend of EUR 5,691,256.50 in total was paid to the shareholders in June 2021.



Acquisition of shares in Cloudical Deutschland GmbH

In order to expand the business activities of the publicplan Group, Allgeier publicplan Holding GmbH, Munich, signed an agreement to acquire all shares in Cloudical Deutschland GmbH, Berlin (Cloudical), on June 18, 2021. The acquisition of Cloudical is intended to sustainably expand and reinforce its position in the key growth area of cloud- and container-based services. Cloudical is one of Germany's leading cloud and containerization specialists. The company specializes in open source solutions and consulting services relating to the design, creation, and utilization of container- and Kubernetes-based operating environments. The company is benefiting from the pronounced and sustained global trend towards the outsourcing of solutions and infrastructure to the public and private cloud. Its customer base includes numerous high-profile companies and public sector clients looking to enjoy the benefits of a state-of-the-art cloud environment that enables them to continuously roll out functions, ensure scalability, improve operational reliability and achieve significant cost advantages in their operations. Cloudical was consolidated on June 17, 2021.

Acquisition of it-novum GmbH

On June 29, 2021, Allgeier SE signed an agreement to acquire the shares in it-novum GmbH, Fulda (it-novum), through its subsidiary Allgeier CORE Group GmbH, Bremen. The seller is a subsidiary of KAP AG, Fulda, a listed medium-sized industrial holding company. Following the acquisitions of publicplan and Cloudical, Allgeier is using this acquisition to further enhance its expertise in the area of open source-based software solutions and its business with public sector clients. it-novum is a specialist for open source software solutions in the fields of enterprise information management and big data analytics. It has branches in Germany and Austria and a subsidiary in Switzerland. The digitalization and big data expert has 20 years of project experience in the business open source field and is one of the leading consulting and integration partners for open source products and technologies for the public sector, as well as for prominent corporations and companies in the high-end midmarket. The company was included in consolidation for the first time as of June 30, 2021.

3

Q3 2021

Allgeier achieves further revenue growth in the third quarter of 2021 and increases its earnings margin to over 10 percent

In the third quarter of 2021 (July 1, 2021 to September 30, 2021), the Allgeier Group increased its revenue from continuing operations by 17 percent as against the same period of the previous year to EUR 98.8 million (previous year: EUR 84.6 million). Over the same period, value added climbed by 12 percent to EUR 31.8 million (previous year: EUR 28.3 million) with a value added margin of 32.1 percent (previous year: 33.3 percent). Adjusted EBITDA amounted to EUR 10.7 million (previous year: EUR 10.1 million) with an adjusted EBITDA margin of 10.8 percent. EBITDA amounted to EUR 10.4 million (previous year: EUR 6.6 million) with an EBITDA margin of 10.5 percent. EBIT amounted to EUR 5.7 million (previous year: EUR 2.7 million). Adjusted EBIT was EUR 6.7 million (previous year: EUR 6.5 million).

Personnel change: Carl Georg Dürschmidt leaves Management Board

As the company reported by way of inside information disclosure in accordance with Article 17 of the Market Abuse Regulation on September 2, 2021, the Supervisory Board of Allgeier SE and the long-standing CEO Carl Georg Dürschmidt mutually agreed for Georg Dürschmidt to step down from the company's Management Board as per his wishes. He left the board effective September 30, 2021.

Acquisition of MySign AG

On July 26, 2021, Allgeier SE reached an agreement with the founders and shareholders of MySign AG, Olten, Switzerland (MySign), for the acquisition of 80 percent of the shares in MySign and signed a purchase agreement to this effect. The shares were acquired by Allgeier IT Solutions GmbH, Bremen. The three founders of MySign continue to hold an interest of 20 percent in MySign as entrepreneurs. The core business of MySign is business model digitalization with a focus on e-commerce. MySign has developed a state-of-the-art, proprietary online store solution based on modular microservices, which it customizes to meet the complex needs of its clients. Together with MySign, Allgeier offers its clients a state-of-the-art and more comprehensive technology in the area of e-commerce. MySign was included in consolidation for the first time as of August 31, 2021.

Acquisition of Clientis AG

mgm process partners GmbH, Munich, acquired all shares in Clientis AG, Moosburg, Bavaria (Clientis), by way of a purchase and transfer agreement dated August 25, 2021. This transaction enhances the mgm technology partners segment's ERP expertise in the SAP landscape. Clientis is a solutions specialist for the optimization of SAP business processes and employs around 60 people at its locations in Moosburg near Munich and in Hamburg. Clientis AG's core business focuses on sector and customer-specific development contracts within the SAP system family beyond pureplay launch projects. As a long-standing partner, Clientis AG works for high-profile companies in the retail, engineering, clothing, food and chemicals industries. Clientis was included in consolidation for the first time as of August 31, 2021.

4

Q4 2021

Allgeier reports a significant increase in revenue and earnings in the fourth quarter of 2021

Allgeier once again increased its consolidated earnings from continuing operations significantly in the fourth quarter of fiscal 2021 (October 1, 2021 to December 31, 2021). Revenue for the fourth quarter climbed by 27 percent to EUR 112.1 million (previous year: EUR 88.6 million). Value added climbed by 47 percent to EUR 39.8 million (previous year: EUR 27.0 million) with a value added margin of 35.5 percent (previous year: 30.5 percent). Adjusted EBITDA amounted to EUR 16.4 million (previous year: EUR 10.0 million) and was thus up 64 percent year-on-year. The adjusted EBITDA margin was thus 14.6 percent in the fourth quarter. EBITDA amounted to EUR 15.9 million (previous year: EUR 8.8 million), an increase of 81 percent. Allgeier's EBIT for the fourth quarter rose by 2,675 percent to EUR 10.3 million (previous year: EUR -0.4 million). Adjusted EBIT amounted to EUR 10.8 million (previous year: EUR 0.8 million).

Acquisition: Allgeier strengthened with SAP consulting and software specialist Evora

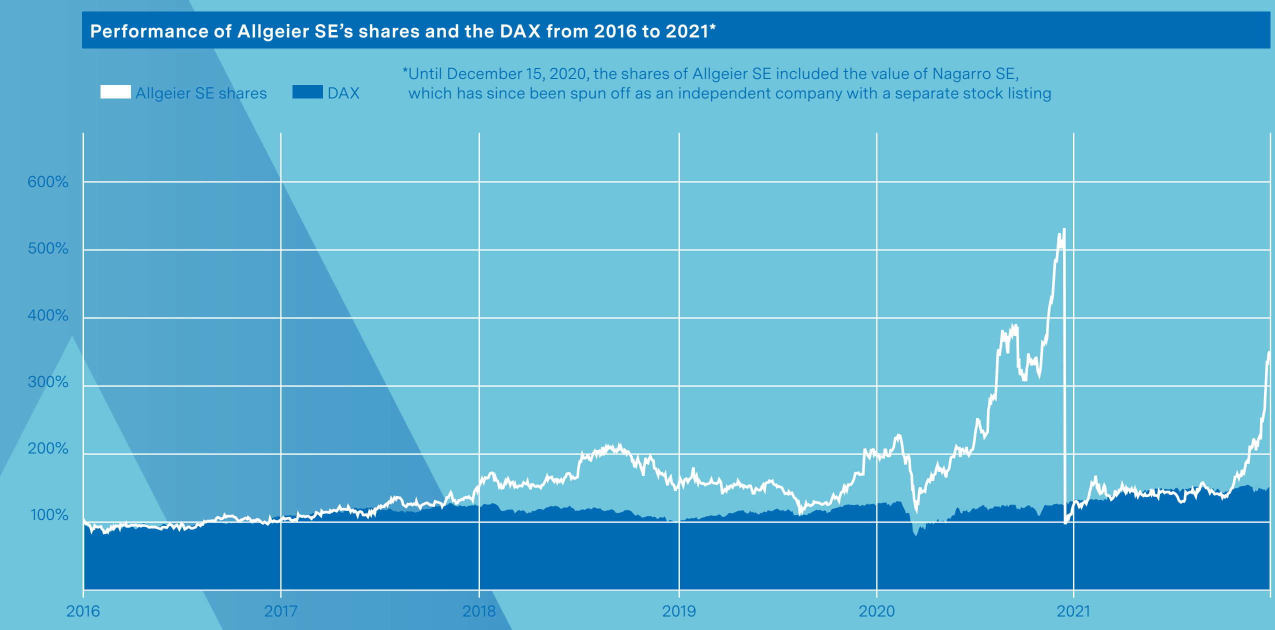
On November 12, 2021, Allgeier SE reached an agreement with the founders and shareholders of the Evora Group, consisting of the companies Evora IT Solutions Group GmbH, Walldorf, Evora IT Solutions GmbH, Walldorf, Evora IT Solutions GmbH, Vienna, Austria, Evora IT Solutions Inc., New York City, USA, and Evora IT Solutions Pvt. Ltd., Bangalore, India (collectively referred to as "Evora"), for the acquisition of a majority of the shares in Evora and signed a purchase agreement to this effect. The four founders of Evora still hold an interest of 40 percent in Evora as entrepreneurs. Evora is a fast-growing company specializing in SAP and ServiceNow consulting and software development that assists its clients in the end-to-end digitalization of business processes. The company has extensive expertise in the implementation and operation of comprehensive asset and field service management solutions and long-standing close partnerships with SAP and ServiceNow, as well as other leading software vendors such as Salesforce. Evora is an agile operator with a global organization and has its own engineering and service center in Bangalore, India. In recent years, Evora's specialists have successfully completed a large number of projects for clients, some of them multinational, in industries such as life sciences, pharmaceuticals, chemicals, utilities and education in Europe, North America and Australia. Evora also has its own software product family – EvoSuite. The applications complement SAP's customer service and maintenance solutions and enable clients to digitalize and optimize additional business processes. In Evora, Allgeier is acquiring a successful entrepreneurial team, significantly boosting its capabilities in SAP consulting and implementation, and gaining key access to attractive clients in Europe and the US in particular. At the same time, the Group is gaining around 200 highly qualified members of staff at international locations, especially in India, and greatly expanding its capacity and scalability in high-end software development. Evora was included in consolidation by the Allgeier Group as of December 31, 2021.

2021 on the stock market: A turbulent, record-breaking year despite the pandemic

The previous year, 2020, has been defined at all times by the global COVID-19 pandemic and its effects and consequences on the economy, politics, society and health. And despite the coronavirus crisis, expansionary monetary and fiscal policies all over the world drove stock markets to new all-time highs.

In turn, 2021 was a highly eventful year for the stock markets. Despite global supply chain and logistics problems, fresh waves of the pandemic with high infection rates and far-reaching contact restrictions, stock prices were repeatedly unfazed as the year progressed. The DAX and other indices rose to record levels at times – the DAX even closed at a record high on 39 trading days in the year. And in other ways as well, 2021 was not a typical year on the stock markets: Large numbers of – often young – private investors discovered the stock market and joined forces online to bet against institutional investors and big funds. Social media became increasingly important for monetary investment.

The financial markets were predominantly confident at the start of the year, in particular because of the start of vaccination campaigns in many countries, which was associated with hopes for a return to normality. However, the positive sentiment quickly gave way to renewed uncertainty and the markets increasingly began to feel the pressure. The spread of COVID-19 mutations and vaccine shortages, the sustained high level of new coronavirus infections and deaths, the extension of economic lockdowns around the world, weak economic and employment market data and emerging US inflation expectations were all key factors on the stock market at the start of the new year, leading to falling prices as a result. However, sentiment brightened considerably in February as daily COVID infection rates around the world declined and leading indicators and economic indexes in Germany and the euro area showed a surprisingly positive picture. A weak euro and higher oil prices, combined with positive business data and the recovery of automotive stocks, meant that



Allgeier shares	
Index	General Standard
ISIN	DE000A2GS633
WKN	A2GS63
Number of shares	11,408,513
Share price (on April 1, 2022)	EUR 45.35
Market capitalization (on April 1, 2022)	EUR 517.4 million

indexes in Germany and the US closed the first quarter with new highs. After a bumpy start with tangible setbacks, from March the DAX began a clear ascent as it surged by more than 1,000 points.

The stock markets continued their positive performance in the second quarter: Key economic indexes rose further, companies reported strong figures, and the US employment market and the major infrastructure package announced by the Biden administration made a positive contribution to the performance on the stock markets, as did the rapid progress in the vaccination programs in the US and many European countries and the sustained policy of quantitative easing on the part of the ECB and the Fed.

Prices kept on climbing as a result – despite the shortages of raw materials and semiconductors, rising prices and the associated difficulties in supply chains and production. This development was also aided by the European Central Bank and the Fed, which clung to their low-interest policies despite the visibly higher inflation numbers. In a low-interest landscape, investors are still finding few alternatives to the stock market to protect their money against devaluation in the face of high inflation. However, the good sentiment on the stock markets was also aided by strong business figures: Companies posted record profits – and not just those in industries directly affected by the pandemic but also, for example, companies in the automotive sector, which experienced solid demand. At the same time, however, the spread of new and dangerous virus mutations and rising inflation around the world gave new grounds for concern. Nonetheless, the DAX closed the first half of the year at an all-time high.

Dividend payment (in EUR)	2016	2017	2018	2019	2020	2021
per share	0.50	0.50	0.50	0.50	0.50	0.50

Key figures per share 2021 vs. 2020	2020	2021	Change in %
Earnings per share* (in EUR)	0.00	1.04	104.0
Dividend per share (in EUR)	0.50	0.50	0.0
XETRA high for the year (in EUR)	89.60	59.80	-33.3
XETRA low for the year (in EUR)	18.70	18.75	0.3
XETRA year-end price (in EUR)	18.65	55.80	199.2
Number of shares	11,382,513	11,408,513	0.2
Year-end market capitalization (EUR million)	212.3	635.1	199.9
Average XETRA stock market turnover (in number of shares per day)	30,166	27,530	-8.7

*Continuing operations in accordance with IFRS

Late in the summer, the DAX came under pressure once again, when the supply shortages became more pronounced and inflation kept on rising. The German benchmark index fell by 1,500 points in September, only to recover in October and ultimately hit a new all-time high of 16,290 points by the middle of November. However, the emergence of the omicron variant and its widespread proliferation towards the end of the year saw a return to uncertainty on the stock markets and brought their high times to an end.

Despite the downturn as it drew to a close, it was a successful year for investors on the stock market. The DAX, which was expanded to include 40 securities during the year, ended trading on December 30 at 15,885 points, an increase of 15.7 percent. The big winners over the year were industrial stocks in particular and equities with more potential to recover lost ground. The MDAX rose by 14.1 percent over the year as a whole, while the TecDAX was even up 30.0 percent and the SDAX ultimately closed 11.2 percent firmer.

Investors on the European stock markets also had more fun in 2021 than in the disappointing previous year. The Euro Stoxx 50 increased its value by 21.0 percent. A number of new records were set on the international indices as well in 2021: In the US, the Dow Jones was up 18.7 percent, the S&P 500, which comprises the 500 top US companies, 27.6 percent and the Nasdaq 100 26.6 percent. The MSCI World index climbed by 29.3 percent over the year as a whole. The Nikkei 225 in Japan was the only index to turn in a weaker performance, expanding by just 4.9 percent over the year.

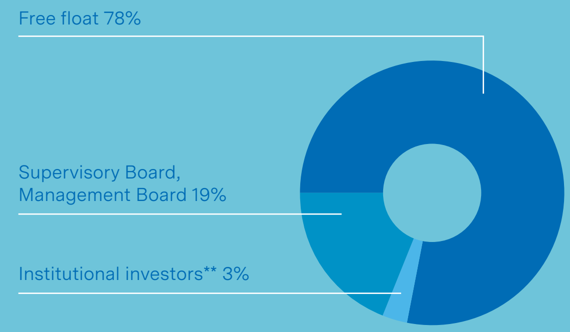
For 2022, there was prevailing confidence towards the end of the year that price gains would continue and that indices would reach new highs again as the year progressed. However, the voices predicting an end to the rally grew louder and – besides the development of the coronavirus pandemic and the ongoing supply chain problems – drew attention to other pressing challenges: In particular, these include historically unprecedented high debt, high inflation, which is increasing the pressure on central banks, and also the new political direction in China and the handling of the climate crisis.

Allgeier shares: Enormous growth in value

2020 had delivered significant increases in the share price for Allgeier's shareholders, outperforming the previous year's already highly positive return on investment.

Shareholder structure

(as of Dec. 31, 2021)*



*to the extent known to the company (partly estimated)
**according to voting right notifications

Allgeier's shares had an impressive start to 2021. The share price hit an intraday low for the year at EUR 18.75 on the first day of trading, January 4. It subsequently stabilized above the EUR 20 line, reaching its intraday high for the first half of the year of EUR 28.60 midway through the first quarter on February 15. The shares then fluctuated around the EUR 24 mark before entering a stable sideways movement from mid-April following some more volatile phases. On June 30, they closed the first half of the year at EUR 24.00 exactly (XETRA), equivalent to market capitalization of EUR 273.8 million.

The second half of the year began slightly weaker, with the share price falling to an intraday low of EUR 21.00 on July 20. However, the shares then quickly recovered to their previous level and hovered around EUR 24 until the start of the fourth quarter. From the second half of October, Allgeier's shares then continued to soar and achieved significant price increases. On November 1 the share price surpassed its previous high for the year and kept on rising to new heights. The shares hit an intraday high above EUR 30 on November 12, then above EUR 35 on November 22 and finally above EUR 40 on December 13. The extremely dynamic trajectory continued to a price of EUR 45 in the course of December 16 and finally to over EUR 50 on December 21. In the days that followed, the shares were even just bubbling under the EUR 60-line and achieved an intraday high for the year of EUR 59.80 on December 23. At the end of 2021, the shares closed on XETRA at EUR 55.80 on December 30.

Compared to the closing price for the previous year of EUR 18.65, Allgeier's shares increased in value by 199.2 percent, thereby virtually tripling their price. Including the dividend of EUR 0.50 per share, the return for 2021 was therefore 201.9 percent.

As of the end of 2021, Allgeier SE had a market capitalization of EUR 635.1 million (previous year: EUR 212.3 million), an increase of 199.9 percent.

The average number of Allgeier shares traded on XETRA each day declined slightly to 27,530 in 2021 (previous year: 30,166).

A. Group Management Report

1. Basic Information on the Group

General information

Information for fiscal 2022

All information for fiscal 2022 uses assumptions and estimates based on Management Board expectations. While the Management Board believes that these assumptions and estimates are accurate, actual future developments and results could differ significantly from these assumptions and estimates. Allgeier SE provides no guarantee that future developments and the actual results achieved in the future will be consistent with the assumptions and estimates expressed in this report and assumes no such liability.

In particular, the further consequences of the coronavirus crisis in the wake of the COVID-19 pandemic and the speed of the economic recovery will play a key role in the occurrence of assumptions and estimates: The spread of coronavirus and new mutations of the virus as well as the political action to contain the pandemic and the conflict in Ukraine continue to have an at times significant impact on the global economy, individual markets, sectors and companies. While the business of the Allgeier Group has so far proved largely resilient to the consequences of the COVID crisis and the Ukraine conflict, 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 indicators – not included as such in the relevant accounting frameworks – that are or could constitute alternative performance indicators. These supplementary financial indicators may be of limited suitability as an analytical tool and should not be used in isolation or as an alternative to the financial indicators presented in the consolidated financial statements and calculated in accordance with relevant accounting frameworks to assess the financial position and financial performance of Allgeier SE. Other companies that present or report alternative performance indicators with similar names may calculate them differently and they therefore may not be comparable.

1.1 Business model of the Allgeier Group

Organizational chart

The following organizational chart provides an overview of the two segments in continuing operations.

Organizational chart of Allgeier SE	
Enterprise IT	mgm technology partners

1.1.1 Business and structure of the Allgeier Group

As of the end of the reporting period, the Allgeier Group comprises 52 consolidated companies and two companies consolidated using the equity method (previous year: 36 consolidated companies and two companies consolidated using the equity method). Of these, one consolidated company and one company consolidated using the equity method are shown as discontinued operations (previous year: two consolidated companies and one company consolidated using the equity method).

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

1.1.2 Tasks of Allgeier SE

Allgeier SE is responsible for the management 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**
Open source software development	Enterprise low code platform mgm A12
BDP – Business digitalization platform & business efficiency solutions	Industry insurance platform mgm Cosmo
Document management (DMS)/ enterprise content management (ECM)	Public sector solutions
Cybersecurity and compliance	e-commerce solutions
SAP	Retail SAP solutions
Business Process Management (BPM)	Enterprise software development
Cloud solutions	Software architecture
Mobile	Web & application security
Full-service personnel and project services	Design & usability (UI/UX)
	Data science
	Big data analysis and processing
	Data migration/ mass data processing
	Digital strategy consulting
	Management consulting
	SAP process optimization

Enterprise IT segment

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

- Open source software development, in particular for public sector contractors: Political issues such as digital sovereignty, European data protection and the "Public Money, Public Code" initiative are making open source solutions increasingly relevant, especially in the field of public sector contractors. Starting with consulting for all facets of this issue, through open source-compliant software development and the development of industry solutions as open source software to long-term support for such solutions and entire communities, a completely new market is emerging in Germany and Europe. Allgeier Enterprise IT is positioned on the growth market for open source software development as an innovation leader for public administration.
- BDP – Business Digitalization Platform: The original roots of the Allgeier Group lie in this area. Business efficiency solutions for business process digitalization are implemented for SME and enterprise clients with the in-house development syntona logic® and leading standard software solutions from international manufacturers such as Microsoft and SAP, plus itrade series add-ons for specific industries.
- Document Management (DMS)/Enterprise Content Management (ECM): Document-intensive business processes are supported and executed for clients with high efficiency using the company's proprietary digital information management with integrated DMS and ECM functions – metasonic® Doc Suite. The entire value chain of the editing process is supported – from the detection, read-out and editing of content in professional workflow sequences, through to tamper-proof archiving. On request, the solutions are integrated into the client's IT infrastructure or are offered as complete cloud solutions with hosting in separate German data centers. The advantages for companies that use an ECM solution such as metasonic® Doc Suite are clear: They can save a lot of time and money thanks to more efficient processes. This achieves a high degree of automation for office work, which is often still largely analog, and so takes the strain off employees.
- Cybersecurity: Data security is becoming ever more critical for organizations of all sectors and sizes. The segment combines experienced IT security, cybersecurity and IT forensics experts and offers a comprehensive portfolio of IT and 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): At their core, all business software solutions are about the IT-supported execution and optimization of business processes. Process tools need to be particularly flexible in interaction with a variety of software products and ever faster change cycles for software and business processes. With its metasonic® Process Suite, which comprises the latest generation BPM software and a platform for dynamic process applications, Allgeier supports clients in producing in producing bespoke software solutions in significantly shorter cycles. Interactive touchscreens make it extra easy: It's child's play for teams to put together their business processes and build functional applications in no time – without having to do any programming of their own.
- Cloud solutions: The Enterprise IT segment builds and operates a variety of cloud solutions for its clients in the areas cited above. Software solutions can be operated in private cloud environments (an enterprise cloud), Allgeier data centers or public cloud environments. The utmost possible data security and resilience are top priorities, as are reliability and load capacity for large data volumes. In addition to many medium-sized companies, the segment's offerings are also used by large multinationals and the public sector.
- Mobile: User interfaces for a wide variety of mobile devices are becoming the standard for modern business software for access to processed data. The Enterprise IT segment implements individual solutions for a large number of clients in the mobile applications area.

The companies in the Enterprise IT segment served more than 2,000 clients in Germany and internationally in the past fiscal year. These include large corporations, such as 15 of the 40 companies now in the DAX (previous year: eight of the 30 DAX companies at the time), a variety of public sector contractors at various federal levels and a number of SMEs. The clients are broadly distributed across a variety of different industries. The companies in this segment possess special expertise in the areas of the public sector and insurance, chemicals/pharmaceuticals and industry.

The companies of the Enterprise IT segment had 26 locations as of December 31, 2021, 19 of which in Germany, five in other European countries, one in North American and one in Asia.

mgm technology partners segment

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

As a high-end software and technology company, mgm technology partners defines its own success by the contribution made by the systems produced to its clients' business performance. mgm develops enterprise applications mainly for the commerce and insurance industries and the public sector on the basis of the latest technologies and its own platform solutions. Together with the specialist subsidiaries mgm consulting partners (management consulting for digitalization, experts in CIO advisory, organizational development and change management), mgm security partners (web application security) and mgm integration partners (SAP process optimization), mgm covers the full range of current and future digitalization issues.

mgm takes the approach of digital sovereignty, whereby organizations retain authority over and knowledge of their own IT systems. As a long-standing partner to public administrations, mgm shares the values of its contractors for self-determined data and software handling. mgm helps its private sector clients and partners to achieve their strategic goals – which increasingly intersect with digital sovereignty in the context of the emerging platform economy. As a specialist in model-based development, mgm creates software solutions that enable experts to adapt even highly complex, integrated applications on their own. mgm's proprietary product development – the low-code A12 platform – is used as the basis in all sectors. This model-based, low-code platform is the future-proof foundation for mastering complexity in digital business and making clients' business sustainably efficient in the long term. Individual developments for integration into companies' critical IT landscapes remain a key focus.

mgm specializes in the commerce and insurance industries and the public sector, which are particularly stable or resistant in times of crisis. In the second year of the coronavirus pandemic as well, online retail and the significant need for digitalization in the public sector remained highly pronounced.

Public sector

- mgm is the technology partner and developer behind electronic tax returns in Germany. Today, the income tax returns of more than 30 million people are sent to the tax authorities using software developed by mgm, and companies in Germany submitted 37.8 million provisional VAT returns in 2021. All commercial tax-saving programs use ELSTER authentication. All data validation, data encryption and transmission uses ERiC (ELSTER Rich Client). 2021 was the 25th anniversary of the successful ELSTER e-government project.
- In the public sector, the A12 platform is a tried and tested solution for the legally required implementation of the German Online Access Act by the end of 2022 and other digitalization projects in public authorities and administrations at federal and state level. Modular parts from the ELSTER ecosystem, for example, also play a major role in other e-government solutions, such as building an infrastructure for a uniform business account in Germany. Structural digitalization and fully digital accessibility for private individuals and companies of all kinds in Germany is also an attractive field for future business.

Commerce

- mgm sees commerce as an individual high-speed business. The company operates in both B2B and B2C with a focus on two products: SAP Commerce Cloud (formerly SAP Hybris) and mgm Commerce ERP. It has been an SAP gold partner since 2009.
- mgm's e-grocery software based on SAP Commerce Cloud provides a proven solution for modern online shops specifically for food retail, including a connected picking app for click & collect services.
- Acquired in 2021, Clientis AG (since December 21, 2021: mgm integration partners GmbH) has SAP Gold Partner certification. The company, which has consultants and developers in Moosburg (Bavaria) and Hamburg, is a specialist for SAP process optimization, especially along supply chains. The combination of this special expertise with the experience of other mgm areas, for instance in consulting on ERP migration projects (S/4HANA) and implementation using SAP Commerce Cloud, adds up to a multi-faceted SAP solution offering.

Insurance

- mgm has focused on digitalization in the industrial insurance business since 2006. The in-house development based on A12, mgm Cosmo, is a digital platform offering integrated product configuration, underwriting, digital collaboration and cover, loss and process modeling in the highly complex and individual industrial insurance business.
- At the same time, mgm does not always act as a service provider that concludes and hands over a commissioned project after an agreed period. Part of the platform strategy 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 industry focus in management consulting is energy providers, especially for CIO advisory and sourcing services.

The mgm technology partners segment worked for more than 200 clients in fiscal 2021, including eight of the 40 DAX companies (previous year: two of the 30 DAX companies at the time) and a number of public sector contractors and institutions at federal, state and municipal level.

As of December 31, 2021, the segment's companies were located at 16 sites, 10 of which in Germany, one each in France, Austria, Switzerland and the US and development centers in Vietnam and Czechia.

1.2 Management system

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

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

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

1.3 Research and development

The Allgeier Group pursues the development of its existing products on an ongoing basis and in cooperation between the different segments. Some of the Enterprise IT segment's software products are developed in close cooperation with former Nagarro SE colleagues at their locations in Asia and Eastern Europe. The segment also works closely with the Fraunhofer Institute for Production Technology on IT security in the IoT field. In conjunction with this cooperation, the project partners are also developing a software that can provide manufacturing companies with crucial assistance in the secure networking of their data systems. The findings and developments arising from the research cooperation are also incorporated into the Enterprise IT segment's own software solutions.

We do not spend high amounts on conventional research and development, and merely capitalize occasional and minor assets in this context: In total, expenses of EUR 1.0 million (previous year: EUR 0.9 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 1.4 million (previous year: EUR 1.5 million). The amortization rate, the ratio of amortization to capitalization, was therefore 139 percent in fiscal 2021 (previous year: 157 percent).

The Allgeier Group is also providing research and development services for a number of client projects, particularly in the mgm technology partners segment. The results of this work include the establishment of the A12 platform by mgm technology partners. A12 is a highly innovative expandable development platform for web-based business applications with the relevant tools. The platform offers developers an extensive set of robust, secure and scalable components and a client/server application infrastructure. This work allows us to acquire specialist and sector-specific expertise that is not specifically shown in the figures reported for research and development. Such research and development services are essentially performed in the Enterprise IT segment.

2. Business Report

2.1 General economic and industry conditions

2.1.1 General economic conditions: German economy on track for solid recovery following crisis year

Following the 2020 recession in the wake of the COVID crisis, when gross domestic product declined by 4.6 percent (according to the press release by the Federal Statistical Office from January 2022), the German national accounts for gross domestic product from the end of February 2022 suggest that German economic output expanded by 2.7 percent again in 2021. GDP is therefore approximately two percent below the figure for the pre-crisis year of 2019. This is because, as before, the economy continues to be severely affected by the restrictions and consequences of efforts to combat the pandemic. Nonetheless, there are signs of a cautious optimism that the economy, as in the years after the crisis in 2009, has turned a corner towards recovery.

The context of 2021's moderate economic recovery is therefore defined by the historic slump of 2020. Virtually all economic sectors can report moderate growth in revenue of between 3 percent and 5.4 percent, according to the Federal Statistical Office. Even commerce, transportation and hospitality – the sectors hit the hardest in the crisis year and which are still heavily feeling the effects of COVID restrictions – grew by 3 percent. Nonetheless, many branches of industry are still below pre-pandemic levels – significantly so in some cases. One exception to this is the information and communication sector, where the performance is strikingly higher than the 2019 level.

Private consumer spending has remained flat at the low level of the previous year at the start of 2022, but is seen as the main growth engine for the expected ongoing economic recovery in the current year of 2022, as claimed by the German government, among others, in its current Annual Economic Report from January 2022. However, government expenditure again rose at a steady rate in 2021 (3.4 percent) and once again proved a growth driver.

Foreign trade revenue saw a return to 2019 form with increases of 9.4 percent (exports) and 8.6 percent (imports), just slightly below pre-crisis levels.

There is a slight upward trend on the labor market as well. According to the Federal Statistical Office, the number of people in employment in Germany rose by 0.3 percent as against the previous quarter and by 1.0 percent as against the same quarter of the previous year in the fourth quarter of 2021. However, the figure is still 0.4 percent below the pre-crisis level. In the same context, the unemployment rate declined by 0.2 percentage points to 5.7 percent. In the IAB Brief Report of October 2021, the Institute for Employment Research of the Federal Employment Agency anticipates a further decline of 0.6 percentage points for 2022.

At 3.1 percent, inflation in Germany was at its highest rate in almost 30 years in 2021 (1993: 4.5 percent), marking a significant escalation as against the previous year (0.5 percent), according to the Federal Statistical Office's press release of January 2022. This is mainly due to the sharp rise in energy prices, price increases due to supply shortages, and also the lower prices for mineral oil products and the VAT cut in the previous year.

According to cautious initial estimates, the Federal Statistical Office is forecasting a general government deficit for 2021 of EUR 153.9 billion, which is around EUR 8.7 billion higher than the deficit in 2020 and the second-highest level since German reunification. With a deficit ratio of 4.3 percent, the country will again fail to comply with the euro area's stability criteria for 2020 and 2021.

While the German economy already achieved solid growth in 2021, the second year of the pandemic, the original economic assessments for 2022 were even more optimistic again. However, sharp downward revisions have been made to forecasts on account of the expected effect of the Russia/Ukraine conflict on the German economy. The feeling among economists is that the Russia/Ukraine conflict will hamper the recovery from the pandemic.

In its updated economic report of March 30, 2022 for the current year of 2022, the German Council of Economic Experts is forecasting growth of just 1.8 percent, while the Macroeconomic Policy Institute (baseline scenario from March 25, 2022) is assuming an increase in economic output of 2.1 percent and the ifo Institute (baseline scenario from March 23, 2022) is still projecting 3.1 percent. Above all, economists see private consumer spending and higher investment from the spring onwards as reasons for the anticipated growth, though exports will likely be slowed by supply shortages until well into the current year. This effect will presumably be further exacerbated by the conflict in Ukraine, the supply chains for various goods will be disrupted around the world and a large number of German companies will be directly affected as well. Inflation in Germany then rose even further in connection with the Russia/Ukraine conflict and its repercussions: According to preliminary calculations by the Federal Statistical Office from the end of March 2022, prices rose by 7.3 percent as against the previous month in March – the highest figure in 40 years.

In its Economic Outlook, the OECD has highlighted that, above all, overcoming the supply shortages and the ongoing easing of the pandemic situation will be essential for the further recovery of the economic situation in Germany. Mastering the supply problems would presumably also allow a further surge in German exports. The excellent order situation, coupled with a decline in production due to shortages of raw materials and intermediate products, is currently causing one of the biggest order backlogs in German industrial history.

Following the crashes in 2020, the world economy returned to substantial growth in the past year, though this significant rebound is now losing momentum as a result of the crisis. Production in most OECD nations was already back above 2019's year-end level in December 2021, as the OECD sets out in its Economic Outlook from December 2021.

However, this growth is unbalanced. While the OECD assumes that the advanced economies will return to the path forecast before the pandemic by 2023, it expects that lower-income economies could continue to lag behind the original assumptions. Nonetheless, conditions on the labor market will stabilize over the next two years and employment rates will presumably return to their pre-pandemic level towards the end of 2022. This global economic recovery forms the context for the consolidation of the German economy.

In its World Economic Outlook of January 2022, the IMF estimates that the advanced economies grew by 5.0 percent in 2021. While Germany is well below these values with growth of 2.7 percent (according to the Federal Statistical Office), the IMF is forecasting that Germany will keep pace with the other advanced economies in 2022 (3.9 percent in the advanced economies, 3.8 percent in Germany) and 2023 (2.6 percent in the advanced economies, 2.5 percent in Germany). The OECD's predictions (taken from its Economic Outlook from December 2021) for the development of global growth are even more positive at 4.5 percent for 2022 and 3.2 percent for 2023.

However, in its January 2022 report, the IMF made a significant downward adjustment to its October 2021 forecasts for the growth of the world economy, from originally 4.9 percent to 4.4 percent. The reasons for this are the ongoing global omicron wave, markedly higher energy prices, supply shortages of raw materials and industrial products as well as persistently high inflation in excess of expectations. The situation is further complicated by China's restrictive zero-COVID policy and problems in the Chinese real estate sector. In turn, this caused growth to slow on the two biggest national economies: China and the US. The IMF lowered its projections for the US by 1.2 percent to 4.0 percent and for China by 0.8 percent to 4.8 percent.

The global economic situation is still largely out of the ordinary. It should be remembered that, in their forecasts, the IMF, the OECD and World Bank assume that pandemic, economic, interest rate, fiscal and geopolitical developments will continue to stabilize. A number of not insignificant risks that could lead to a negative revision of these forecasts are therefore explicitly referred to.

Above all, a deterioration of the pandemic situation and persistently high inflation pose risks to the positive development of the overall economic situation, whereby the inflation, economists believe, is largely due to the consequences of the pandemic. There is also the possibility of ongoing supply shortages, especially for industrial products, caused by an imbalance between supply and demand and by consistently very high energy prices. In this context, political decisions – such as interest rate and fiscal policy decisions, or decisions on whether to continue or suspend economic stimulus programs and the one-sided economic and fiscal policies of many countries, which are overly focused on debt – are becoming increasingly important at this time.

And finally, there is currently major uncertainty owing to the conflict in Ukraine and the associated geopolitical tension between NATO and Russia, the high market volatility that is ensuing and the other unpredictable consequences of this conflict for the world economy. According to the OECD's Interim Economic Outlook from March 2022, the conflict in Ukraine will hinder global growth and aggravate inflationary pressures. The war in Ukraine has created a new negative supply shock for the world economy, just when some of the supply chain challenges seen since the beginning of the pandemic appeared to be starting to fade. The effects of the war, the OECD writes, will operate through many different channels, and are likely to evolve if the conflict deepens further.

According to the OECD's nominal GDP forecast from early March 2022, the deficit in Switzerland, Allgeier's second-most important market after Germany, was significantly less in 2020 (3.0 percent) than that of the advanced economies as a whole (decline of 4.5 percent) and the euro area (decline of 6.3 percent) as per the IMF World Economic Outlook of October 2021. The economic growth of 4.2 percent forecast by the OECD in the past year thus brought Switzerland back above its pre-crisis level. Similarly robust growth is expected for the years ahead, with 4.4 percent (2022) and 3.1 percent (2023).

In summary, the core markets of the Allgeier Group are on a solid path to economic recovery following from the effects of the coronavirus pandemic. Germany is expected to return to its pre-crisis level before the end of 2022. In Switzerland, key economic parameters are already back above the levels from before the crisis. The situation is similar in other advanced economies within and outside Europe.

This is also reflected by the state of the world economy, which was already on track for recovery before the pandemic ended. However, there are several risks to the continuity of this development, not least the recent developments surrounding the conflict in Ukraine. Prior to this, the reinvigoration of the world economy had mainly been linked to the extent to which the global pandemic could be brought under control. This is still critical to how the recovery will play out. In the current situation, political decisions carry enormous weight as well. According to the OECD, the better politicians are able to strike a balance between foresight and strategic stimulus and to establish security and dependability in geopolitical tensions, the more stabilizing the effects for the world economic situation.

2.1.2 General industry conditions: Recovery still progressing well – pre-crisis levels already surpassed in some cases

The ICT industry as a whole (information and communications technology and consumer electronics) is in good condition compared to nearly every other industry. Even in the crisis year of 2020, the IT industry grew its revenue by 0.6 percent, according to the latest January 2022 press release by the German Federal Association for Information Technology, Telecommunications and Consumer Electronics (BITKOM). Moderate growth of 3.9 percent and 3.6 percent is expected in 2021 and 2022 respectively – with annual revenue of EUR 178.4 billion and EUR 184.9 billion. The key pillars of growth in 2021 were the IT hardware and software segments.

The positive development of the IT sector is also reflected by the job numbers. An increase of 34,000 new jobs is assumed for 2021 with another 39,000 in 2022.

The expectations for the IT market as a whole, and also in the segments especially relevant to Allgeier of software and IT services, are now better than forecast just one year ago. The growth assumptions for 2021 from the start of the year (2.7 percent to EUR 174.4 billion) have been raised. The revenue decline initially anticipated for 2020 in the sub-segments of software (down 1.0 percent) and IT services (down 3.2 percent) was transformed into growth of 5.1 percent (to EUR 27.5 billion) for software and a lower reduction of 2.4 percent (EUR 39.9 billion) in IT services. Expectations for these segments in the next two years are correspondingly positive. In software, growth of 8.0 percent is assumed in 2021 (to EUR 29.8 billion) with a further 9.0 percent (to EUR 32.4 billion) in 2022 – mainly driven by cloud business. For IT services, BITKOM expects growth of 3.7 percent to EUR 41.4 billion in 2021 and 3.9 percent to EUR 43.0 billion in 2022. Very strong growth is anticipated for the overall information technology market in 2021 and 2022. The market as a whole already passed the EUR 100 billion-barrier in 2021 and revenue of EUR 108.6 billion is expected in 2022.

The business climate in the industry is extremely positive and at a similarly high level to before the outbreak of the pandemic. At 24 points, it was significantly higher than the business climate for the economy as a whole (7 points) in December 2021. This is largely due to the fact that, during the crisis as well, digitalization is seen as a key factor in solving social and economic challenges. The government, the business community and civil society as well want to keep pushing the digital transformation with investment in infrastructure, devices, software and services. The pandemic is having a catalytic effect on digitalization. Investment by companies and public sector contractors in the digital transformation of their organizational processes and business models is likely to continue rising accordingly. The global megatrend of digitalization is ensuring that virtually all business models are changing and are being significantly influenced by IT and software. This will tend to increase spending and investment in IT and software solutions. Investment in IT and software in previous years proved to be largely unaffected by fluctuations on the economy as a whole in recent years. This process is being driven by market trends and technologies such as cyber/information security, the cloud, big data analytics, the IoT (Internet of Things) and digital platforms as well as – to an ever-greater degree – machine learning, artificial intelligence, blockchain and augmented/virtual reality. Allgeier has had a handle on these technologies and high-tech trends for many years and is constantly expanding its portfolio and growing its expertise. The trend towards new working concepts such as working from home and hybrid working was also accelerated by COVID, and will continue beyond the end of the pandemic.

Like the economy as a whole, the sector is facing challenges due to ongoing supply shortages and higher inflation. The sector is being especially affected by the shortage of skilled professionals: There are currently approximately 96,000 unfilled IT vacancies throughout the sector.

Growth on the German information technology market

Source: BITKOM, EITO; January 2022
*Year-on-year growth rates (in %) **Growth in %

2.2 Business performance in 2021

We have just experienced a special year in the history of our company. We began the previous year with record planning and all the companies of the Group were excellently positioned. With these strong foundations, we have emerged from the difficult period of the coronavirus crisis largely unscathed as a company. Temporary, more severe slumps in our business remained absent and instead we generally benefited significantly from the rise in investment in conjunction with digital transformation.

For Allgeier, this was our first year after spinning off Nagarro SE. We started the year at less than half our previous size, with big internal and external expectations and a whole series of questions. What will Allgeier stand for in this new form moving ahead? Which units are defined by the business on hand at the start of the year? What does that mean for our workflows, teams and individual members of staff?

We at the Group provided answers to these questions together in the past fiscal year: On the market for the digital transformation of business models, Allgeier stands for comprehensive IT services and state-of-the-art software solutions. The focus on our domestic market helped us to significantly enhance our visibility and reputation. We continued to specialize our services and further expanded our software product portfolio. Areas are emerging in which we hold leading positions, such as the rapidly growing business with public sector clients for the digital transformation of administration using open source technologies and solutions, in the more sought-after than ever area of cybersecurity, in e-commerce and in many other growth and future areas. We further expanded our existing strengths such as our substantial expertise and capabilities in handling major IT projects with our comprehensive pool of experts and bundled these more closely with technical skills. A significant improvement in cooperation allowed us to land new projects on a considerable scale. We have begun expanding technical areas with new structures and teams with more responsibility held by younger management colleagues. We laid foundations for a strong development in the coming years for a series of key future issues.

The acquisitions of six new Group companies publicplan at the start of the year, it-novum, MySign, Cloudical and Clientis in the middle of the year and Evora at the end of the year have greatly enriched us yet again. The acquisitions of publicplan and it-novum significantly added to our expertise and resources in the development of open source software solutions. Our business has already benefited from this significantly in the past fiscal year, as we were able to begin additional projects and land other ones for the future. In MySign, Cloudical and Clientis, we have invested in our ongoing technological development in the areas of e-commerce, container cloud and SAP. The acquisition of Evora ultimately creates a foundation for new growth in the SAP and ServiceNow landscape, and also marks a key step in the further internationalization of our business. The acquisitions have brought us more than 500 new team members and, besides Germany, valuable locations in Switzerland, Austria, India and the US, which we intend to expand massively in the years ahead.

Overall, we are excellently positioned as a Group: New expertise and software products enrich us and give us momentum for the years to come. We are able to turn market opportunities and the requirements of our clients into growth. We create considerable value added for our clients and exciting professional challenges and new opportunities for ourselves. The sustainable growth not only creates security, but also opens up major future and career opportunities. We invested in recruitment and continuing professional development, and in our own software solutions. These positive prospects also bring an obligation to handle the opportunities carefully, and to use them to further expand our teams and to give our young co-workers the chance of a great start to their careers, not to lose our culture amongst all the work, but rather to continue tending it and defining it, and to balance the day-to-day intensity of work with humanity and a spirit of cooperation.

In conclusion, we would like to add that our share price and our market capitalization have increased significantly as a result of our successful work and the sustainable growth over the past year. In turn, we have thus created a great deal of value added for our shareholders in the past year.

Business performance of the continuing operations of the Allgeier Group

In the continuing operations of the Allgeier Group, we are focusing on our sound market positioning and the strength we possess in our Enterprise IT and mgm technology partners segments. We anticipate major development options for the Group on the attractive and consistently growing software and IT services market of the DACH region and beyond. We have a large and diverse customer base and stable financial foundations. In Allgeier and mgm technology partners, we have two strong and established brands, experienced management teams and a broad base of excellently qualified software and IT specialists. We are continuing to build our expertise and adding new software products and sought-after services in growth and future areas. In doing so, we also have sufficient financial headroom to accelerate our organic growth with value-adding acquisitions moving ahead.

The Allgeier Group generated gross revenue from continuing operations of EUR 404.3 million (previous year: EUR 352.6 million) in fiscal 2021 (January 1, 2021 to December 31, 2021). Value added in continuing operations (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) increased to EUR 129.2 million (previous year: EUR 101.9 million). This translates to a value added margin of 31.9 percent (previous year: 28.9 percent). Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) amounted to EUR 45.1 million (previous year: EUR 30.3 million), corresponding to an increase of 49 percent with a margin of 11.1 percent (previous year: 8.6 percent). In particular, these adjustments included staff costs in connection with the issuance of stock options, expenses in conjunction with acquisition activities and prior-period income and expenses. EBITDA amounted to EUR 38.3 million (previous year: EUR 23.4 million), an increase of 64 percent. The EBITDA margin thus rose to 9.5 percent (previous year: 6.6 percent). EBIT amounted to EUR 19.8 million (previous year: EUR 7.1 million).

The Allgeier Group had also set specific targets for the individual performance indicators used to manage the company at Group level for 2021 (revenue growth, profitability, net debt). The respective targets and our performance are described in detail below under 2.4 “Financial and non-financial performance indicators”.

We had already significantly expanded our capital market activities in the previous year. In the past fiscal year as well, we engaged in an intensive dialog with existing and potential investors as well as analysts on the buy and sell side. We took part in a number of capital market conferences, both virtually and in some cases in person again, and we held a great many bilateral discussions with investors and presented ourselves to a number of national and international investors and analysts. In turn, this allowed us to attract and interest new institutional investors in our shares over the past year. Our share price soared in the past year and we significantly increased our market capitalization.

We have a stable and broad customer base: Our Group companies generate annual revenue in excess of EUR 1 million with each of 57 national and international clients. The companies of the Group generated more than EUR 3 million in total revenue with each of 20 clients and revenue of more than EUR 5 million with each of eight clients. These clients include major corporations, a number of market and sector leaders, high-performing SMEs from virtually all sectors and various public sector contractors at federal, state, regional and municipal level.

We are particularly pleased that, even in this most unusual year, more and more people have joined our Group and that we have been able to offer our employees good, safe jobs in turbulent and challenging times. Many of our units have created new jobs and employ more than 3,600 people in Germany, Austria, Switzerland, France, Czechia, India, Vietnam and the US as of the end of 2021. The Enterprise IT hat segment increased the number of its software and IT experts by around 400. The mgm technology partners segment also further added to its ranks of highly qualified software developers and consultants. The six acquisitions of the past year have swelled our ranks of new, highly qualified experts – including around 200 specialists at international locations, in India especially, as a result of the majority acquisition of Evora. Our Group significantly expanded its capacity and scalability in high-end software development, while at the same time creating additional opportunities to recruit highly qualified personnel in higher numbers. On a market, like our core markets especially, facing a persistent and serious shortage of outstanding professionals and enormous competition, recruiting more IT specialists is a genuine success.

We once again received a series of awards in the past year. According to Lünendonk®, for example, we are still one of Germany's leading "IT consulting and system integration companies". mgm technology partners was happy to receive several awards in the 2021 reporting year: mgm technology partners immediately took top honors in the Readers' Choice Awards of the eGovernment Computing journal (Vogel IT-Medien). Nominated in the "Consultant" category for the first time, mgm won the Platinum award. For the digital shipping register jointly developed with mgm, the Hamburg Authority for Justice and Consumer Protection was awarded Silver by the expert jury in the "Best Digitalization Project – Federal/State/Municipal" category at the 20th German e-government contest. The flagship project for register modernization also took Bronze in the public vote among all 17 finalist projects. Since the end of October, the renowned B2B market research company Lünendonk & Hossenfelder has included mgm in its list of "leading providers of digital experience services in Germany" (DXS) for the first time. While the top slots are shared by sometimes global consulting firms and IT service providers, mgm holds places 21 and 25 by DXS revenue alone in the second edition of the market ranking table. However, mgm is again in the top ten (eighth place) in the Internet agency table calculated annually on the basis of revenue by Bundesverband Digitale Wirtschaft (BVDW) e.V., HighText iBusiness, Horizont und Werben & Verkaufen. Since 2001, the list of now more than 170 companies in the sector has provided an overview of the full-service digital agency market. mgm even managed fourth place in the "Platforms, e-Commerce and Services" sub-ranking. Moreover, according to the 2021 Lünendonk® market segment study, "The Market for Recruitment, Placement and Management of IT Freelancers in Germany", our Allgeier Experts unit is one of the top IT personnel service providers in Germany.

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

- The Enterprise IT segment further optimized its internal structures and processes, considerably enhancing its profitability even more thanks to its integrated product portfolio. The acquisitions of publicplan, it-novum, MySign, Cloudical and Evora have allowed us to considerably enhance our specialization in the segment and to grow our software product portfolio significantly. publicplan and it-novum meant a significant expansion of our expertise and resources in the development of open source software solutions, which we already benefited from economically in the past fiscal year. MySign and Cloudical support our ongoing technological development in the areas of e-commerce and container cloud. By acquiring Evora, we have ultimately created a foundation for new growth in the SAP and ServiceNow landscape and taken a key step in the further internationalization of our business. We further expanded our existing strengths such as our substantial expertise and capabilities in handling major IT projects with our comprehensive pool of experts and bundled these more closely with technical skills. With our strong positioning, we are today operating from a leading market position within the segment, 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 and in many other growth and future areas. We have landed new projects on a considerable scale as a result. We have also begun expanding technical areas with new structures and teams with more responsibility held by younger management colleagues. We have thereby laid the foundations for a strong development in the coming years for a series of key future issues.
- The mgm technology partners segment again achieved strong organic growth in 2021 while widening its profit margin once more.
  There is also the growth from the acquisition of the SAP process specialist Clientis with around 60 employees at two locations in Moosburg (Bavaria) and Hamburg, which will actively expand the SAP area in retail and fashion especially: It was renamed mgm integration partners GmbH as of the end of the fiscal year as a sign of its place within the mgm brand family. The widespread use of SAP products in the segment's target industry means that there is rising demand for SAP expertise in existing and future customer projects. The options for wide-ranging enterprise software solutions from a single source with developers, consultants and security specialists are therefore many and varied. The recently established partner management is a next step for scaling the development of business applications on the basis of the mgm low-code A12 platform. In fiscal 2021, the technical, legal and organizational basis was expanded to attract business partners for sales, development and modeling moving ahead, and to implement more A12 client projects together. On the one hand, this expansion phase ensures the resources for the continuous development of A12 into an internationally used low-code platform, while on the other offering clients flexible access to A12 expertise. Simultaneously, there were various internal reorganization and restructuring processes to implement complex enterprise client projects even more efficiently and to optimize A12's ongoing evolution. The goal is the industrialization of the software development process – both internally and externally for enterprise clients.

Overall, we have had an unusually successful year as a Group. We performed acquisitions to actively expand the portfolio in order to add forward-looking services and solutions, thereby passing further milestones in expanding our business as an international digitalization and IT solution provider. Together, we have done extraordinary things for our clients in a pandemic year that challenged everyone, increasing the operating EBITDA margin to over 11 percent and achieving an operating cash flow of around EUR 29 million.

The successful business development in both the Group's segments forms the basis for positive planning for 2022 with organic growth and greater profitability. Allgeier SE is synonymous with a successful buy-and-build strategy going back more than 15 years that sustainably creates and develops value added. With our Group's segments, we are establishing ourselves as one of the top performers on the German IT and software services market – with all the drive, solutions expertise and excellence that unite us as a team: comprehensive digital transformation skills, pronounced software and IT services expertise and our own software solutions and products, the high scalability thanks to our broad employee team, regional coverage and new international locations with great growth opportunities.

We are entering fiscal 2022 with strong growth momentum and a solid financial basis, with an attractive portfolio for a dynamic market and with a broad, sound customer base. Building on these solid foundations, we intend to continue growing – both organically and through value-adding acquisitions – and to further enhance our earnings power as well.

Key Figures

The Allgeier Group's revenue (IFRS) from continuing operations amounted to EUR 403.3 million in fiscal 2021 (previous year: EUR 351.7 million), an improvement of 14.7 percent. Value added (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) increased by 26.7 percent to EUR 129.2 million (previous year: EUR 101.9 million), allowing our gross margin (defined as the value added margin) to widen further to 31.9 percent (previous year: 28.9 percent). The Group's adjusted EBITDA rose by 48.7 percent year-on-year to EUR 45.1 million in the reporting period (previous year: EUR 30.3 million). Adjusted EBITDA is defined internally as EBITDA before extraordinary or prior-period effects. These are effects that occur in the fiscal year in question but that are non-recurring or that cannot actually be attributed to the operating activities of the fiscal year. Expenses totaling EUR 11.7 million (previous year: EUR 7.0 million) and income of EUR 4.9 million (previous year: EUR 0.1 million) were adjusted for in fiscal 2021, resulting in net extraordinary or prior-period expenses of EUR 6.8 million (previous year: EUR 6.9 million).

The Group's EBITDA from continuing operations amounted to EUR 38.3 million in the reporting year, 63.9 percent higher than the result for fiscal 2020 (previous year: EUR 23.4 million). EBIT (earnings before interest and taxes) for the period amounted to EUR 19.8 million (previous year: EUR 7.1 million), an improvement of 180.1 percent. The Group generated EBT of EUR 20.2 million (previous year: EUR 8.2 million), an absolute increase of EUR 12.0 million or 146.3 percent as against the previous year. The profit for the period rose by 1,086 percent to EUR 12.5 million (previous year: EUR 1.1 million). The Group's continuing operations generated earnings per share of EUR 1.04 in the reporting period (previous year: EUR 0.00). Earnings per share from continuing operations adjusted for depreciation and amortization due to acquisitions and calculated using a normalized tax rate of 30 percent amounted to EUR 1.80(previous year: EUR 0.94) for the 2021 reporting year, a year-on-year increase of 91.5 percent.

Performance Indicators

The Allgeier Group had also set the following specific targets for the individual performance indicators used to manage the company at Group level for 2021 (revenue growth, profitability, net debt; see below, 2.4 Financial and Non-Financial Performance Indicators):

Revenue growth

We had planned total consolidated revenue of between EUR 360 and EUR 400 million for fiscal 2021. Both segments of the Group were expected to contribute to the planned growth. We outperformed the forecast revenue target with actual revenue of EUR 403 million. As planned, both segments contributed to growth.

The individual segments had planned the following revenue development:

- The Enterprise IT segment intended to increase its revenue to between EUR 270 and EUR 305 million. The segment achieved revenue of EUR 308.4 million in 2021, equivalent to revenue growth of 11 percent. The segment thereby exceeded its revenue target.
- The mgm technology partners segment had been planning further revenue growth to between EUR 90 and EUR 95 million. The segment actually achieved revenue of EUR 98.0 million in the past fiscal year – equivalent to growth of 18 percent – and thereby also surpassed its revenue forecast.

Overall, in fiscal 2021, we outperformed the revenue targets formulated in the previous year's annual report both for the Group as a whole and in the two segments.

Profitability

We had formulated a goal for profitability (consolidated EBITDA) of strong growth to between EUR 31 and EUR 35 million. The Group achieved EBITDA of EUR 38.3 million in fiscal 2021 with an EBITDA margin of 9.5 percent. Our earnings thus expanded at a very fast rate of 63.9 percent. We thereby significantly exceeded our expectations for the development of the Group's profitability.

Our earnings targets at the level of the segments were as follows:

- The Enterprise IT segment was planning for revenue of between EUR 24 and EUR 28 million with an EBITDA margin of 8.5 to 9.5 percent. The segment actually generated EBITDA of EUR 30.2 million in 2021 with a margin of 9.8 percent, thereby surpassing its profitability target.
- The mgm technology partners segment had been planning EBITDA of between EUR 16 and EUR 18 million for fiscal 2021, with an EBITDA margin between 18 and 19 percent. The segment actually generated EBITDA of EUR 22.3 million – equivalent to an EBITDA margin of 22.7 percent – and thereby significantly outperformed its earnings target as well.

At the level of the Group's segments, we thus exceeded the profitability expectations expressed in our 2020 annual report.

Net debt

For the net debt performance indicator, defined as financial liabilities and lease liabilities less cash funds, we had expected that, disregarding potential acquisitions, we would not add any net financial liabilities in fiscal 2021. Without the acquisitions performed in 2021, Allgeier's net financial liabilities would have increased by EUR 12 million in the fiscal year. This is partly due to the growth in revenue in 2021, which was higher than originally forecast. Thus, we did not achieve the goal formulated in our previous year's annual report. As a result of the comprehensive acquisition activities in 2021, the Group has net debt of EUR 113.5 million as of December 31, 2021, EUR 44.5 million of which as finance lease liabilities, though the Group had no net financial liabilities in the previous year.

Capital Market and Financing

A dividend of EUR 5.7 million (previous year: EUR 5.6 million) was paid to the shareholders of Allgeier SE in June 2021 (equivalent to EUR 0.50 per entitled share in both years). Profits of EUR 1.3 million were distributed to non-controlling interests in subsidiaries in fiscal 2021 (previous year: EUR 1.3 million).

Allgeier agreed its new central credit facility in December 2020. This created a stable basis for the Allgeier Group's long-term financing for the years ahead. At the same time, the headroom for acquisitions and investment was adapted in line with Allgeier SE's financing capabilities. The revolving credit facility is for an amount of up to EUR 140 million and has an initial term of five years. This can be extended by one year once and by one or two years a further time. Thanks to its flexible credit facility, Allgeier has a sufficient volume of financing resources at its disposal at attractive conditions that can be utilized exactly as required and in line with the Group's future growth. The financing partners are Commerzbank, ING Bank, Landesbank Baden-Württemberg, Landesbank Hessen-Thüringen and Norddeutsche Landesbank.

Negotiations to increase the syndicated framework loan agreement are currently in progress. The issuance of a borrower's note loan is also being considered. By increasing its syndicated loan facility and possible issuance of a new borrower's note loan, Allgeier is establishing medium- and long-term financing security for the entire Group on enduringly good terms. The additional credit volume will open up further headway to finance business growth and for targeted acquisitions on future markets.

Allgeier SE did not acquire any treasury shares in fiscal 2021. Accordingly, treasury shares still accounted for 0 percent (previous year: 0 percent) of the share capital as of December 31, 2021.

Acquisitions

Allgeier performed the following acquisitions in the past fiscal year:

- By way of a share purchase agreement dated December 1, 2020, the company now trading as Allgeier publicplan Holding GmbH, Munich, acquired all the shares in publicplan GmbH, Düsseldorf (publicplan), in January 2021. In connection with the acquisition, the Allgeier Group reached an agreement with the founder and managing shareholder of publicplan GmbH on a reverse investment for the indirect acquisition of 20 percent of the shares in the company. publicplan has around 100 employees and provides e-government solutions for the public sector in particular. Its focus is on open source-based software solutions, from IT development consulting to the maintenance of various software solutions. This acquisition further extends Allgeier's expertise in open source software development and the range of services for public sector digitalization in the field of e-government. publicplan was consolidated for the first time on January 1, 2021.
- In order to expand the business activities of the publicplan Group, Allgeier publicplan Holding GmbH, Munich, signed an agreement to acquire all shares in Cloudical Deutschland GmbH, Berlin (Cloudical), on June 18, 2021. The acquisition of Cloudical is intended to sustainably expand and reinforce its position in the key growth area of cloud- and container-based services. Cloudical is one of Germany's leading cloud and containerization specialists. The company specializes in open source solutions and consulting services relating to the design, creation, and utilization of container- and Kubernetes-based operating environments. The company is benefiting from the pronounced and sustained global trend towards the outsourcing of solutions and infrastructure to the public and private cloud. Cloudical was consolidated on June 17, 2021.
- On June 29, 2021, Allgeier SE signed an agreement to acquire the shares in it-novum GmbH, Fulda (it-novum), through its subsidiary Allgeier CORE Group GmbH, Bremen. The seller is a subsidiary of KAP AG, Fulda, a listed medium-sized industrial holding company. Following the acquisitions of publicplan and Cloudical, Allgeier is using the acquisition to further enhance its expertise in the area of open source-based software solutions and its business with public sector clients. it-novum is a specialist for open source software development in the fields of enterprise information management and big data analytics. It has branches in Germany and Austria and a subsidiary in Switzerland. The digitalization and big data expert has 20 years of project experience in the business open source field and is one of the leading consulting and integration partners for open source products and technologies for the public sector, as well as for prominent corporations and companies in the high-end midmarket. The company was included in consolidation for the first time as of June 30, 2021.
- On July 26, 2021, Allgeier SE reached an agreement with the founders and shareholders of MySign AG, Olten, Switzerland (MySign), for the acquisition of 80 percent of the shares in MySign and signed a purchase agreement to this effect. The shares were acquired by Allgeier IT Solutions GmbH, Bremen. The three founders of MySign continue to hold an interest of 20 percent in MySign as entrepreneurs. The core business of MySign is business model digitalization with a focus on e-commerce. MySign has developed a state-of-the-art, proprietary online store solution based on modular microservices, which it customizes to meet the complex needs of its clients. The company was included in consolidation for the first time as of August 31, 2021.
- mgm process partners GmbH, Munich, acquired all shares in Clientis AG, Moosburg, Bavaria (Clientis), by way of a purchase and transfer agreement dated August 25, 2021. This transaction enhances the mgm technology partners segment's ERP expertise in the SAP landscape. Clientis is a solutions specialist for the optimization of SAP business processes and employs around 60 people at its locations in Moosburg near Munich and in Hamburg. Clientis AG's core business focuses on sector and customer-specific development contracts within the SAP system family beyond pure-play launch projects. The company was included in consolidation for the first time as of August 31, 2021.
- On November 12, 2021, Allgeier reached an agreement with the founders and shareholders of the Evora Group, consisting of the companies Evora IT Solutions Group GmbH, Walldorf, Evora IT Solutions GmbH, Walldorf, Evora IT Solutions GmbH, Vienna, Austria, Evora IT Solutions Inc., New York City, USA, and Evora IT Solutions Pvt. Ltd., Bangalore, India (collectively referred to as "Evora"), for the acquisition of a majority of the shares in Evora and signed a purchase agreement to this effect. The four founders of Evora still hold an interest of 40 percent in Evora as entrepreneurs. Evora is a fast-growing company specializing in SAP and ServiceNow consulting and software development that assists its customers in the end-to-end digitalization of business processes. Evora is an agile operator with a global organization and has its own engineering and service center in Bangalore, India. In recent years, Evora's specialists have successfully completed a large number of projects for clients, some of them multinational, in industries such as life sciences, pharmaceuticals, chemicals, utilities and education in Europe, North America and Australia. Evora also has its own software product family – EvoSuite. The applications complement SAP's customer service and maintenance solutions and enable clients to digitalize and optimize additional business processes. The acquisition significantly expands Allgeier's capacity and scalability in high-end software development. At the same time, the Group is significantly boosting its capabilities in SAP consulting and implementation, and gaining key access to attractive clients in Europe and the US in particular. Also, the Group is gaining a successful team of entrepreneurs and around 200 additional highly qualified team members at international locations, in India in particular, but also in the US and Austria, which will be significantly expanded moving ahead and are expected to serve as the core for further growth.

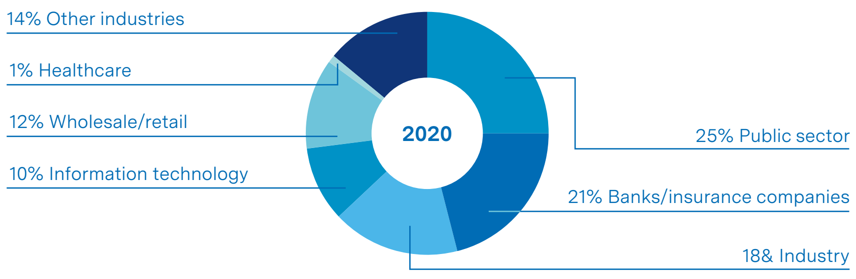
Clients

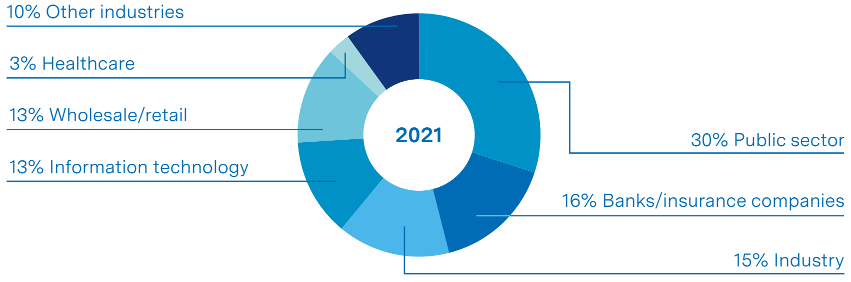
In the past fiscal year, the companies of the Allgeier Group further extended their client base and strengthened existing client relationships. Allgeier works for a variety of global corporations – e.g. for 16 of the 40 companies currently in the DAX (previous year: eight of the 30 DAX companies at the time) – and for a number of market and sector leaders, a lot of high-performing SMEs and public sector contractors. Allgeier generated annual revenue in excess of EUR 1 million with each of 57 clients (previous year: 58). The companies of the Group generated more than EUR 3 million in revenue with each of 20 individual clients (previous year: 16) and revenue of more than EUR 5 million with each of eight individual clients (previous year: eight) in fiscal 2021. The Group's companies generated revenue of EUR 54.4 million with its largest single client in the reporting year (previous year: EUR 40.1 million), corresponding to 13.5 percent of the Group's total revenue from continuing operations in 2021 (previous year: 11.2 percent). The average revenue volume of Group companies with the Group's ten biggest clients was EUR 19.5 million in fiscal 2021 (previous year: EUR 16.2 million). These ten clients generated total revenue of EUR 195.1 million in 2021 (previous year: EUR 162.2 million), corresponding to 48 percent of the Group's total revenue from continuing operations (previous year: 45 percent).

Allgeier has a broad client base of companies and entities from a variety of different sectors. The sectors in which the companies of the Allgeier Group (continuing operations) generated the highest revenue in 2021 were:

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

Revenue





provided. Laws already in effect, such as the German Online Access Act, are increasing the time pressure. The particular requirements of public sector clients have to be taken into account. With the aim of far-reaching digital sovereignty, large parts of the software solutions to be created are being developed on the basis of open source components. High security and dependability in operations create complex challenges that require years of specific expertise. Allgeier is excellently positioned in this area as one of the larger German IT and software companies, and is further boosting its performance capacity for the public sector. The high demand for the Group's services is also reflected in its revenue figures: 30 percent of consolidated revenue in fiscal 2021 resulted from services for public sector contractors (previous year: 25 percent), making the public sector by far the largest segment within the Allgeier Group.
Allgeier has continued to grow its revenue with the public sector in recent years – the Group increased its revenue in this segment by around 38 percent in the reporting period.

- Banks and insurance companies: At 16 percent, companies in the financial and insurance sector comprise the second-largest revenue segment for the Group's continuing operations (previous year: 21 percent). This sector has also had consistently high digitalization requirements for years. We help to drive the sector's digital transformation and the services it offers with our software solutions and our IT and consulting services for the digitalization of key business processes. Consolidated revenue with banks and insurance companies declined by 9 percent in the past fiscal year.
  In the banking and insurance industry group, Allgeier's clients include a number of the largest German insurance groups and major national and international banks and financial service providers.
- Industry: Accounting for approximately 15 percent of revenue (previous year: 18 percent), industry clients make up the third-largest sector segment within the Group. Although industrial companies in particular are being affected by disruptions in global supply chains on account of the coronavirus pandemic, Allgeier succeeded in further increasing its revenue with them in the past fiscal year. Demand for solutions for digitalizing critical business processes, such as business efficiency solutions, and for high-performance, secure portals, is high at a large number of industrial companies. Allgeier's companies reported a drop in revenue of around 8 percent with companies in this sector in 2021. Key clients of the Group include leading companies in various branches of industry, such as chemicals and pharmaceuticals, chemicals and pharmaceuticals, metals and electronics, aviation and aerospace, automotive, construction, the timber industry and consumer goods. Long-standing industrial clients also include companies in the energy supply sector, among them international energy producers and a number of regional suppliers.
- Information technology: Accounting for around 13 percent of revenue (previous year: 10 percent), the IT sector is the fourth-largest segment within the Allgeier Group. The Group's activities for large international IT companies expanded by 45 percent in the past fiscal year. This is mainly due to the increased demand for highly qualified IT experts.
- Wholesale/retail: As the fifth largest client group, wholesale/retail enterprises are also key to the Group's operations. Allgeier's services for such companies include business efficiency solutions and digitalization solutions for e-commerce in particular. The acquisitions in fiscal 2021 further expanded Allgeier's e-commerce expertise and capabilities. The Group generates 13 percent of consolidated revenue in the wholesale/retail sector (previous year: 12 percent). In absolute terms, this translates into growth in revenue of 20 percent.
- Health: Measured in terms of revenue in fiscal 2021, this sector is now the Group's sixth-largest segment. The Group generates 3 percent of its revenue here (previous year: 1 percent). In absolute terms, the revenue generated with healthcare companies grew by 129 percent in the past fiscal year. This significant increase is mainly thanks to clear growth with a new major client.
- Other sectors: Key sectors such as services, telecommunications, logistics, media and entertainment are grouped within other industries. Allgeier generated around 10 percent of its consolidated revenue in these sectors (previous year: 14 percent). In absolute terms, the Allgeier Group's revenue from other sectors declined by 14 percent in the past fiscal year.

2.3 Business situation

All figures relate to the Group's continuing operations.

2.3.1 Results of operations

The Allgeier Group generated revenue from continuing operations of EUR 403.3 million (previous year: EUR 351.7 million) in fiscal 2021 (January 1, 2021 to December 31, 2021), an increase of 14.7 percent). Organically, consolidated revenue rose by 7.4 percent in the report period. Both of the Group's segments contributed to the growth in revenue in the fiscal year. Following the planned reduction of lower-margin revenue in 2020, the Enterprise IT segment returned to growth and improved its revenue by 11.1 percent to EUR 308.4 million in fiscal 2021 (previous year: EUR 278.1 million). The mgm technology partners segment increased its revenue by 17.7 percent to EUR 98.0 million in the reporting year (previous year: EUR 83.3 million).

Consolidated value added climbed to EUR 129.2 million (previous year: EUR 101.9 million), resulting in a further widening of the gross margin to 31.9 percent (previous year: 28.9 percent). Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) from continuing operations rose by 48.7 percent to EUR 45.1 million in the reporting period (previous year: EUR 30.3 million).

The Group's EBITDA from continuing operations amounted to EUR 38.3 million in the reporting year, 63.9 percent higher than the result for fiscal 2020 (previous year: EUR 23.4 million). The EBITDA of the Enterprise IT segment increased by EUR 11.8 million while that of the mgm technology partners segment rose by EUR 4.3 million. EBITDA from other business (Allgeier SE and consolidation) declined by EUR 1.2 million as against the previous year. Consolidated earnings were reduced by EUR 6.8 million in total as a result of non-recurring and prior-period effects (previous year: by EUR 6.9 million). In particular, the main non-recurring effects include the expenses from the measurement of the stock options issued in 2021 of EUR 6.1 million. This affected other business as well.

Depreciation, amortization and write-downs rose from EUR 16.3 million in the previous year to EUR 18.5 million in the year under review. A large share of depreciation, amortization and write-downs of EUR 9.2 million (previous year: EUR 7.6 million) relates to write-downs on right-of-use assets from capitalized leases. Further depreciation, amortization and write-downs of EUR 3.3 million (previous year: EUR 1.5 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 3.0 million (previous year: EUR 2.9 million). Amortization of EUR 3.0 million was recognized on other intangible assets (previous year: EUR 2.5 million). The Group thus generated EBIT of EUR 19.8 million (previous year: EUR 7.1 million), a year-on-year increase of 180.1 percent.

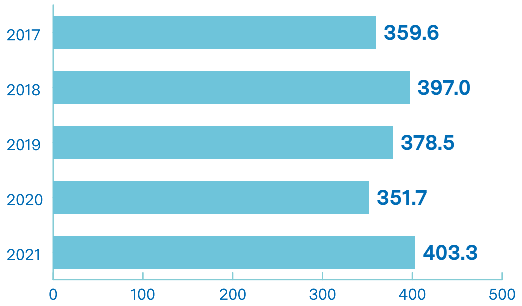
The Group's net finance income amounted to EUR 0.4 million (previous year: EUR 1.1 million). Accordingly, the Group generated EBT of EUR 20.2 million (previous year: EUR 8.2 million), an absolute increase of EUR 12.0 million or 146.7 percent as against the previous year.

The income tax expense for continuing operations amounted to EUR 7.7 million in the reporting period (previous year: EUR 7.1 million). The income tax expense in relation to earnings was therefore 38 percent (previous year: 87 percent). After taxes, the Group generated a net profit for the period from continuing operations of EUR 12.5 million (previous year: EUR 1.1 million), an increase of 1,087 percent.

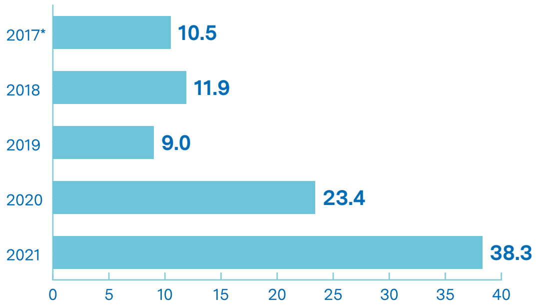
EUR 11.9 million (previous year: EUR 0.0 million) of total comprehensive income for the period is attributable to the shareholders of Allgeier SE and EUR 0.6 million (previous year: EUR 1.1 million) to non-controlling interests at subsidiaries. This results in earnings per share for the Allgeier Group's continuing operations for the reporting year of EUR 1.04 (previous year: EUR 0.00). Earnings per share adjusted for depreciation and amortization due to acquisitions and calculated using a normalized tax rate of 30 percent amounted to EUR 1.80 (previous year: EUR 0.94) in fiscal 2021, a year-on-year increase of 91.5 percent.

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.

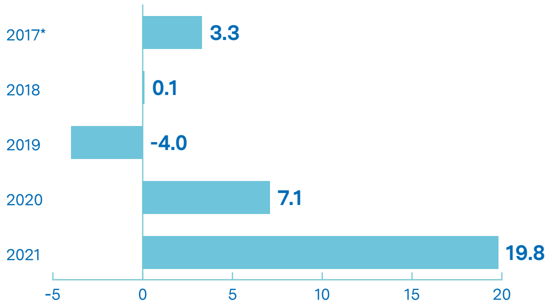
Consolidated revenue
(continuing operations in EUR million)



Consolidated EBITDA
(continuing operations in EUR million)



Consolidated EBIT
(continuing operations in EUR million)



*Historical figures not including the effects of IFRS 16

2.3.2 Financial position

The Allgeier Group still has a solid and balanced financial position. The Group's net debt increased over the course of fiscal 2021 as a result of its acquisition activities. The new financing facility arranged in the previous year means that the Allgeier Group still has sufficient funds at its disposal to finance its continued growth. Funds have consistently been generated for the distribution of dividends to shareholders in recent years.

Interest-bearing financial liabilities (not including lease liabilities) rose to EUR 138.4 million as of December 31, 2021 (previous year: EUR 28.6 million). The main reason for this was the financing of the acquisitions performed in 2021. Finance lease liabilities increased by EUR 13.5 million to EUR 44.5 million over the same period (previous year: EUR 31.0 million). At the same time, cash funds amounted to EUR 69.4 million as of the end of the reporting period (previous year: EUR 60.8 million).

To present adjusted earnings per share, the Allgeier Group corrects the reported consolidated EBIT of continuing operations for amortization of intangible assets capitalized in connection with acquisitions (effects of purchase price allocation), income and expenses from purchase price adjustments in profit or loss and other non-recurring and prior-period effects. Taking these adjustments into account and applying a uniform tax rate of 30 percent, the Group generated earnings per share of EUR 1.80 in fiscal 2021 (previous year: EUR 0.94).

(Continuing operations in EUR million)	2021	2020
Profit from operating activities (EBIT as reported)	19.8	7.1
Amortization of intangible assets from acquisitions	3.2	1.5
Other non-recurring and prior-period effects	6.8	6.9
Net finance costs	0.4	1.1
Adjusted earnings before taxes	30.2	16.6
Tax rate	30%	30%
Taxes	-9.1	-5.0
Adjusted profit or loss for the period	21.1	11.6
Non-controlling interests	-0.6	-1.1
Earnings for calculation of adjusted earnings per share	20.5	10.5
Number of shares outstanding	11,397,258	11,229,719
Adjusted earnings per share in euro (basic)	1.80	0.94

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

(EUR million)	2021	2020
Cost of stock options issued	-6.2	-0.5
Sunk costs and non-capitalized incidental costs of acquisitions	-1.6	-0.1
Continued pay and severance payments for former employees	-0.6	-2.3
Losses from bad debt allowances and uncollectable receivables	-0.1	-0.7
Finance charges	-0.0	-2.0
Purchase price components from acquisitions recognized as staff costs	-0.0	-0.4
Other expenses for restructuring and reorganization	-0.0	-0.2
Income from the adjustment of purchase prices from acquisitions	1.1	0.1
Other extraordinary and prior-period income and expenses (net)	0.6	-0.9
	-6.8	**-6.9**

The change in cash funds reflects the net change in cash flows from operating activities, investing activities and financing activities, including payments from capital increases and dividends. In addition to its cash funds, the Allgeier Group had financial resources of EUR 17.0 million available under its financing facility from the end of 2020 and other credit facilities at the end of 2021 (previous year: EUR 129.6 million). Furthermore, there is a facility of EUR 40.0 million in conjunction with the factoring of client receivables (previous year: EUR 30.0 million). EUR 35.9 million of the factoring facility was utilized as of December 31, 2021 (previous year: EUR 24.2 million).

The Group's continuing operations generated a cash flow from operating activities before changes in working capital of EUR 39.2 million (previous year: EUR 22.2 million) in fiscal 2021. Allgeier generated a negative cash flow of EUR 10.5 million (previous year: positive cash flow of EUR 11.6 million) from changes in working capital as of the end of the reporting period. The change is essentially as a result of business growth and the higher operating receivables and liabilities this entailed. Including the cash flow from changes in working capital, this resulted in a cash flow from operating activities of EUR 28.7 million (previous year: EUR 33.8 million).

The continuing operations of the Allgeier Group generated a cash outflow from investing activities of EUR 149.9 million (previous year: EUR 34.4 million) in fiscal 2021. This amount includes payments for investments in non-current assets of EUR 5.2 million (previous year: EUR 4.3 million), payments for acquisitions of EUR 133.6 million (previous year: EUR 17.9 million) and payments for loans to investments accounted for using the equity method of EUR 0.9 million (previous year: EUR 0.4 million). Furthermore, there were payments for leases of EUR 10.7 million in the reporting year (previous year: EUR 9.2 million). Disposals of subsidiaries generated net proceeds of EUR 0.0 million in the reporting year (previous year: net costs of the Nagarro spin-off of EUR 4.8 million). These costs were offset by proceeds from sale-leaseback transactions of EUR 0.3 million (previous year: EUR 2.4 million).

The continuing operations of the Allgeier Group made cash payments totaling EUR 120.5 million for financing purposes and distributions in fiscal 2021 (previous year: inflow of EUR 12.9 million). Loans of a net amount of EUR 98.2 million were borrowed in fiscal 2021 (previous year: net repayment of EUR 127.5 million). Dividends of EUR 5.7 million were distributed to the shareholders of Allgeier SE (previous year: EUR 5.6 million). The Allgeier Group paid interest of EUR 1.9 million in fiscal 2021 (previous year: EUR 3.0 million net). Net incoming payments from non-controlling interests amounted to EUR 27.0 million (previous year: cash outflow of EUR 15.6 million).

The continuing operations of the Group generated a cash outflow of EUR 0.8 million (previous year: inflow of EUR 12.2 million) in total from the cash flows from operating activities, investing activities and financing activities and the foreign currency reserve in fiscal 2021. As a result of the capital outflows, cash and cash equivalents decreased from EUR 55.2 million on December 31, 2020 to EUR 54.5 million as of the end of fiscal 2021.

The cash ratio (cash funds/current liabilities) declined to 62 percent as of December 31, 2021 (previous year: 73 percent) as a result of the slow rise in cash and cash equivalents coupled with the faster climb in current liabilities. The quick ratio (cash funds and trade receivables/current liabilities) was 118 percent as of the end of the reporting period (previous year: 131 percent).

2.3.3 Net assets

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

The Allgeier Group received assets (not including purchased goodwill) of EUR 37.1 million (previous year: EUR 18.0 million) and liabilities of EUR 28.3 million (previous year: EUR 5.7 million) from acquisitions in the past fiscal year. Offsetting this, there were outflows of EUR 143.4 million for the acquisition of these companies and business units (previous year: EUR 8.6 million). Furthermore, the Allgeier Group paid EUR 1.2 million for subsequent purchase price payments in connection with companies acquired in previous years (previous year: EUR 17.1 million). The acquisitions were financed in the amount of EUR 106 million from the utilization of the master credit agreement with the syndicate of banks and in the amount of EUR 30 million from reverse investments by non-controlling interests.

Total assets amounted to EUR 485.0 million as of the end of 2021 (previous year: EUR 243.9 million). Non-current assets climbed to EUR 340.2 million (previous year: EUR 126.5 million). Within non-current assets, intangible assets in particular rose to EUR 281.1 million (previous year: EUR 85.1 million), while right-of-use assets from leases increased to EUR 41.3 million (previous year: EUR 27.6 million). Property, plant and equipment grew to EUR 7.6 million (previous year: EUR 6.0 million). Other non-current financial assets increased to EUR 8.4 million (previous year: EUR 4.9 million). Deferred tax assets rose to EUR 1.3 million at the end of 2021 as against EUR 2.5 million at the end of the previous year. Current liabilities increased to EUR 251.5 million as of the end of 2021 (previous year: EUR 72.6 million). Other intangible assets grew by EUR 17.1 million to EUR 29.6 million (previous year: EUR 12.5 million).

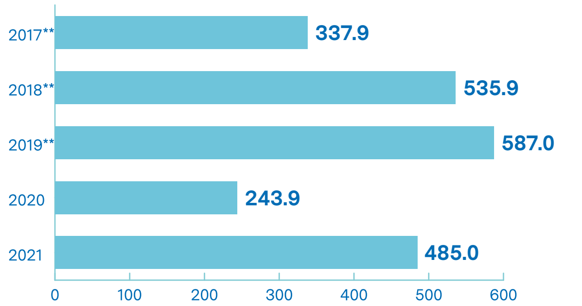
The investment ratio, calculated as the ratio of non-current assets to total assets, was 70.1 percent in fiscal 2021, and thus above the level of the previous fiscal year as a result of the surge in non-current assets (previous year: 51.9 percent).

Current assets climbed to EUR 144.8 million as of the end of the 2021 reporting period (previous year: EUR 117.4 million). Trade receivables increased to EUR 62.3 million (previous year: EUR 48.0 million). Cash funds amounted to EUR 69.4 million as of December 31, 2021 (previous year: EUR 60.8 million).

Consolidated equity amounted to EUR 162.9 million (previous year: EUR 105.5 million). As a result of acquisition activities in particular, liabilities increased by EUR 183.7 million to EUR 322.1 million as of the end of the reporting period (previous year: EUR 138.4 million). In the same period, the equity ratio dropped slightly to 33.6 percent at the end of 2021 (previous year: 43.3 percent) as a result of the slower rise in equity compared to the rise in total assets.

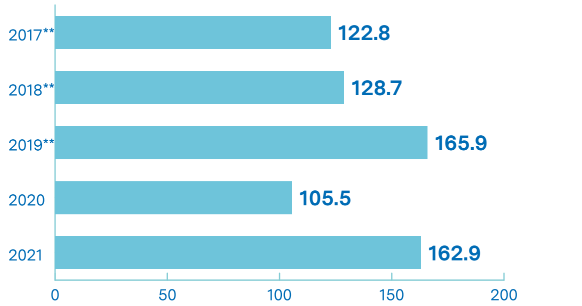
Non-current liabilities climbed by EUR 159.9 million over the past fiscal year to EUR 210.2 million as of the end of 2021 (previous year: EUR 50.4 million). The increase was largely as a result of the financing of acquisitions in 2021. Within non-current liabilities, non-current financial liabilities rose to EUR 123.5 million (previous year: EUR 17.5 million), while non-current lease liabilities grew to EUR 35.7 million (previous year: EUR 24.4 million). EUR 123.9 million of the new credit facility of EUR 140 million arranged in 2020 had been utilized as of the end of 2021 (previous year: EUR 17.5 million). Other non-current liabilities increased by EUR 42.6 million to EUR 51.0 million in fiscal 2021 (previous year: EUR 8.4 million). Within this item, other non-current financial liabilities in particular rose by EUR 39.2 million to EUR 41.8 million as a result of acquisitions (previous year: EUR 2.6 million).

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



*As a result of the adoption of IFRS 16 from fiscal 2018 onwards, the comparability of total assets for 2017 with those for 2018 to 2021 is limited. Total assets increased by EUR 56.5 million in fiscal 2018 as a result of capitalized right-of-use assets from leases.
**The comparability of total assets from 2017 to 2019 with those from 2020 to 2021 is limited owing to the spin-off of Nagarro in fiscal 2020. Without Nagarro, total assets would have amounted to EUR 245 million in fiscal 2019.

Equity as of Dec. 31* (EUR million)



*As a result of the adoption of IFRS 16 from fiscal 2018 onwards, the comparability of equity for 2017 with that for 2018 to 2021 is limited. Equity was reduced by EUR 4.5 million in 2018 as a result of the adoption of IFRS 16.
**The comparability of equity from 2017 to 2019 with that from 2020 to 2021 is limited owing to the spin-off of Nagarro in fiscal 2020. The spin-off of Nagarro in 2020 reduced equity by EUR 44.8 million.

Current liabilities rose to EUR 111.8 million as of December 31, 2021 (previous year: EUR 88.0 million). Within current liabilities, financial liabilities climbed by EUR 3.8 million to EUR 14.9 million (previous year: EUR 11.1 million) as of the end of 2021, while current lease liabilities decreased by EUR 2.2 million to EUR 8.8 million (previous year: EUR 6.6 million). The total outstanding borrower's note loans of EUR 5.5 million within current liabilities were replaced in 2021. Other current liabilities rose by EUR 17.8 million to EUR 88.1 million (previous year: EUR 70.3 million). As a result of the more extensive rise in liabilities than total liabilities, the Group's gearing – the ratio of liabilities to total assets – was increased to 66.4 percent as of the end of fiscal 2021 (previous year: 56.7 percent).

2.3.4 Segments

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

2.3.4.1 Enterprise IT segment

In terms of external revenue, the Enterprise IT segment contributed 76 percent (previous year: 77 percent) to the revenue from continuing operations of the Allgeier Group in the reporting period.

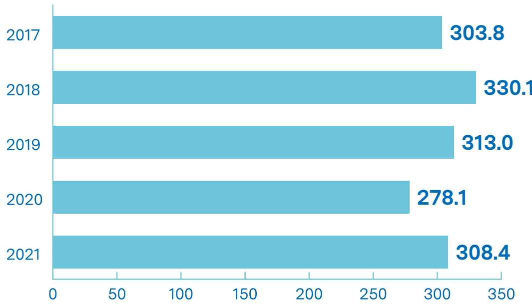
Following the planned reduction of lower-margin revenue in the previous year, the Enterprise IT segment returned to growth in fiscal 2021 and significantly increased its revenue in the second half of 2021 in particular. Earnings climbed at a very fast rate. The segment's revenue rose by 10.9 percent to EUR 308.4 million in the past fiscal year (previous year: EUR 278.1 million). The Enterprise IT segment's value added (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) rose by 27.1 percent to EUR 89.5 million (previous year: EUR 70.4 million), as a result of which the gross margin increased to 28.9 percent (previous year: 25.3 percent).

Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) rose by 32.5 percent year-on-year to EUR 30.9 million (previous year: EUR 23.3 million). This translates to an adjusted EBITDA margin of 10.0 percent.

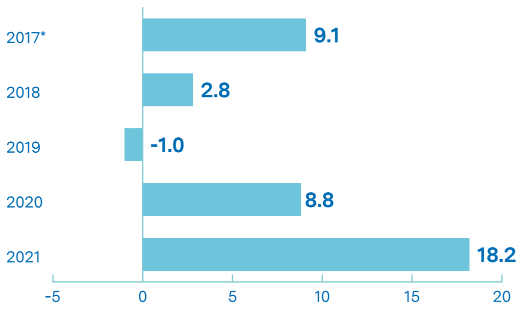
The Enterprise IT segment's EBITDA amounted to EUR 30.2 million in the reporting year (previous year: EUR 18.3 million), an increase of 64.6 percent. Adjustment effects, which essentially comprise costs for staff measures and bad debt allowances, totaled EUR -0.8 million net in fiscal 2021 (previous year: EUR -5.0 million).

Segment depreciation, amortization and write-downs amounted to EUR 12.0 million in the reporting year (previous year: EUR 9.7 million). Segment EBIT rose by 110.1 percent from EUR 8.6 million in 2020 to EUR 18.2 million in the reporting year. The Enterprise IT segment's earnings before taxes amounted to EUR 14.0 million (previous year: EUR 6.6 million), a year-on-year increase of 112.1 percent.

Revenue of the Enterprise IT segment
(EUR million)



EBIT of the Enterprise IT segment
(EUR million)



*Historical figure not including the effects of IFRS 16

2.3.4.2 mgm technology partners segment

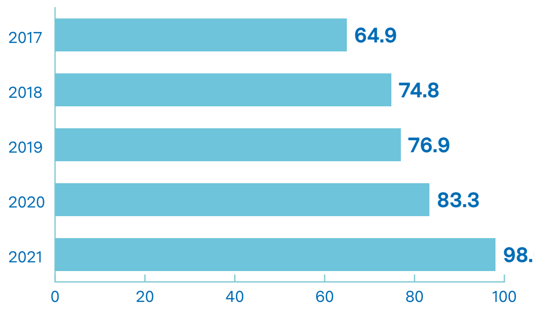
The mgm technology partners segment generated significant revenue growth and a much higher earnings margin in the reporting year. The segment accounted for 24 percent of the external revenue of the Allgeier Group's continuing operations in fiscal 2021 (previous year: 22 percent).

The mgm technology partners segment's revenue rose by 17.6 percent to EUR 98.0 million in fiscal 2021 (previous year: EUR 83.3 million). The segment's value added increased by 23.3 percent to EUR 39.9 million (previous year: EUR 32.3 million). The gross margin thus rose to 40.7 percent (previous year: 38.8 percent).

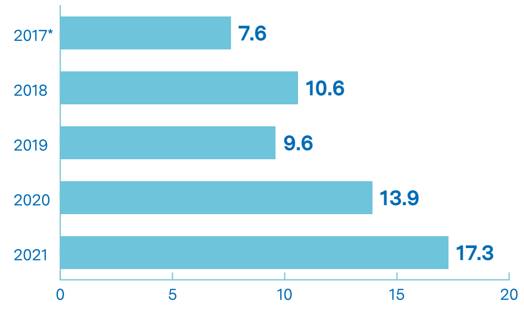
Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) amounted to EUR 22.1 million (previous year: EUR 17.9 million) an increase of 23.4 percent. This translates into an adjusted EBITDA margin of 22.6 percent (previous year: 21.6 percent).

As in the previous year, the mgm technology partners segment reported positive net income from extraordinary or prior-period effects of EUR 0.1 million in fiscal 2021 (previous year: EUR 0.1 million). The segment's EBITDA climbed by 23.7 percent to EUR 22.3 million in the reporting year (previous year: EUR 18.0 million). Segment depreciation, amortization and write-downs increased to EUR 5.0 million in the reporting year (previous year: EUR 4.1 million). The segment's EBIT thus amounted to EUR 17.3 million (previous year: EUR 13.9 million), an improvement of 24.1 percent. The segment's profit before income taxes increased by 23.0 percent to EUR 17.1 million (previous year: EUR 13.9 million).

Revenue of the mgm technology partners segment
(EUR million)



EBIT of the mgm technology partners segment
(EUR million)



*Historical figure not including the effects of IFRS 16

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:

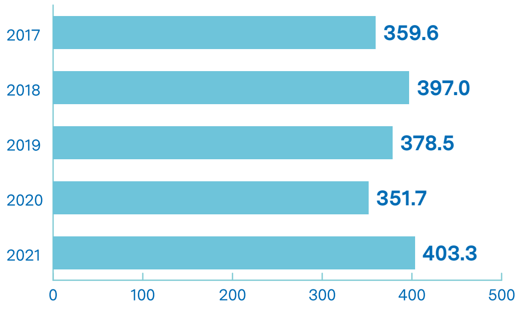
Revenue growth

Allgeier operates on the growing market of information technology. Worldwide, this market has been growing faster than the economy as a whole for years, and in some areas even significantly above average. This was apparent in the second COVID year of 2021 as well, when the IT sector returned to its growth path significantly faster and outgrew the economy as a whole at 6.3 percent. Moving ahead, it is expected that information technology companies in particular will benefit from the ongoing trend towards business process digitalization. The digitalization requirements of private industry and the public sector alike have been amplified again by the crisis and its consequences.

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

The revenue growth of the Group's continuing operations over the last few years has been as follows:

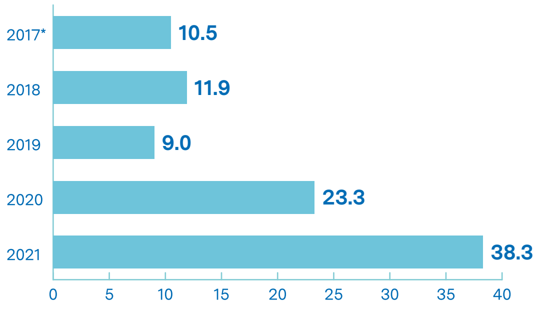
Consolidated revenue
(continuing operations in EUR million)



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

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

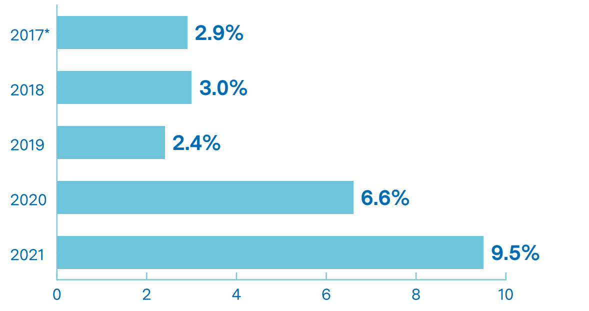
EBITDA (continuing operations in EUR million)



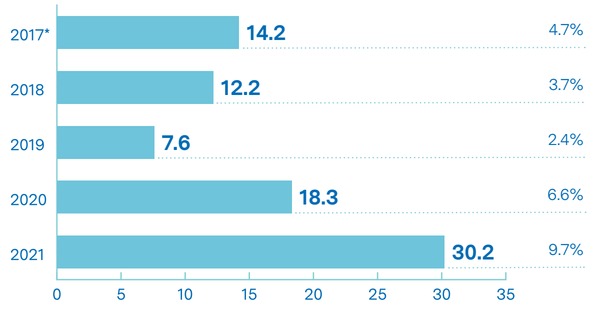
*Historical figure not including the effects of IFRS 16

EBITDA margin

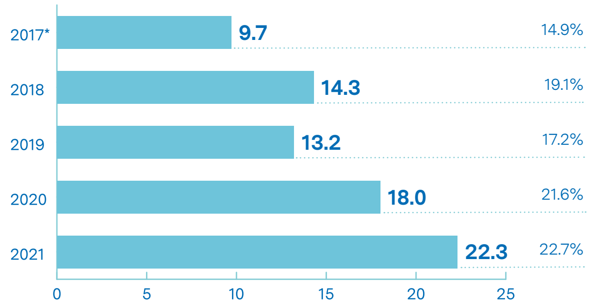
Group (continuing operations)



Enterprise IT segment
(continuing operations in EUR million)



mgm technology partners segment
(continuing operations in EUR million)



Net debt
Net debt is highly relevant to Allgeier SE's valuation on the capital market and to our Group's further financing capability. Individual financing agreements require compliance with certain net debt thresholds. For this reason, the planning and management of net debt play a prominent role within the overall system of corporate planning and in financing decisions. Net debt comprises financial liabilities and liabilities from leases less cash funds. As of the end of fiscal 2021, Allgeier has net debt of EUR 113.5 million (previous year: net cash of EUR 1.2 million). As of December 31, 2021, cash funds amounted to EUR 69.4 million as of the end of the 2021 reporting period (previous year: EUR 60.8 million), while finance lease liabilities amounted to EUR 44.5 million (previous year: EUR 31.0 million) and finance liabilities to EUR 138.4 million (previous year: EUR 28.6 million). The financial liabilities essentially reflect the financing of acquisitions in 2021. The Allgeier Group's gearing – the ratio of the Group's net debt to pro forma EBITDA – was thus 2.3 (previous year: 0.0). The pro forma earnings take into account the full-year earnings of the companies acquired during the fiscal year.

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

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

Transactions (acquisitions)*	
2018	consectra GmbH, Offenburg
	secion GmbH, Hamburg
	GRC Partner GmbH, Kiel
2020	SCUDOS software of IFASEC GmbH, Dortmund, and SCUDOS SYSTEMS GmbH, Dortmund (asset deal)
	eForce21 GmbH, Munich
	AURELO GmbH, Kiel
2021	Publicplan GmbH, Düsseldorf
	Cloudical Deutschland GmbH, Berlin
	it-novum GmbH, Fulda
	MySign AG, Olten, Switzerland
	Clientis AG, Moosburg (Bavaria)
	Evora Group, Walldorf

*The acquisitions no longer held by the Group as a result of the spin-off of Nagarro are no longer shown

2.4.2 Non-financial performance indicators

Employee Satisfaction

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

2.5 Human resources

Allgeier 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 other services, and developing innovative solutions for complex challenges. In the future as well, the strategy of our Group will depend on the commitment of our employees on the one hand and, on the other, our capacity to recruit new and high-achieving employees, and ensure their long-term loyalty to the Group in the face of stiff market competition.

Continuously fostering and developing the motivation and skills of our employees is therefore a central objective of our personnel policy. Allgeier has made good progress in the reporting year by further harmonizing its employee recruitment and retention activities within the operating segments. We have expanded our international presence significantly in recent years, gaining access to more than 2,200 extremely well trained software developers and experts in Germany especially, but also at our sites in Czechia, Vietnam and India. On our core market of German-speaking Europe (Germany, Switzerland and Austria), we are increasingly seeing shortages of highly qualified experts at central locations. For this reason as well, we are continuously investing in our employees to ensure the sustained growth of our Group and to keep valuable knowledge within the company. Moving ahead, this will entail a further rise in investment in ongoing employee training and continuing professional development.

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

Employee figures: Allgeier has a broad base of highly qualified IT and software experts and is creating the foundation for further staff growth at international locations

In total, the Allgeier Group had 3,690 employees and freelance experts in its continuing operations as of the end of 2021 (previous year: 3,197), 2,937 of whom were permanent employees and 753 freelance experts (previous year: 2,366 permanent employees and 831 freelance experts). As of the end of the fiscal year, Allgeier had 3,196 permanent employees and freelance experts in Germany (previous year: 2,924). Outside Germany, it had 494 permanent employees and freelance experts as of the end of the year (previous year: 273). As of the end of fiscal 2021, 83.4 percent of all permanent employees and freelance experts were based in Germany (previous year: 88.5 percent).

Overall, Allgeier increased the total number of its employees and freelance experts by a net number of 493 year-on-year (previous year: net reduction of 173). The total number of employees rose by 571 in net terms (previous year: reduction of 118), while the average number of freelancers was down. The headcount growth took place in both of the Group's segments. A further 510 jobs were created as a result of the acquisitions in fiscal 2021 (previous year: 43), including 200 employees at locations outside Germany. Our Group continued to become more international in the past fiscal year: As of the end of 2021, we employed staff from more than 20 different nations at our locations at home and abroad. In particular, besides the new team members in Germany, the acquisition of Evora also brought us valuable market access and a large number of highly qualified specialists, including in new locations in India, the US and Austria, which we intend to expand significantly in the years ahead.

The Group is pleased to report that its share of female employees increased in fiscal 2021 as well: The share of female employees rose to 28.3 percent by the end of the year (previous year: 26.6 percent). Depending on the survey, Eurostat and BITKOM assume that the share of female employees across all companies in the German IT sector is between just 15 and 17 percent. Similarly, we also still have a high level of staff with university level qualifications, and this figure remained stable over the past fiscal year. The share of graduates was 59.1 percent as of the end of the reporting period (previous year: 59.2 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: 92.9 percent). In addition to continuous further training and professional development, it is our hope to offer our employees long-term prospects and an attractive future within the Group by enabling a healthy and appealing work-life balance. The high share of female employees and those with higher qualifications encourage us in this endeavor.

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

Employees on Dec. 31 (headcount)*	2017	2018	2019	2020	2021
Permanent employees	2,778	2,920	2,484	2,366	2,937
Freelancers	1,196	821	886	831	753
Total employees	3,974	3,741	3,370	3,197	3,690

*Continuing operations of the Allgeier Group

3. Overall Statement on the Business Situation

Fiscal 2021 was a special year in the history of our company. Our Group companies were excellently positioned, and so we emerged from the difficult period of the coronavirus crisis essentially unscathed. Temporary, more severe slumps in our business remained absent and instead we generally benefited significantly from the rise in investment in conjunction with digital transformation. In turn, our employees delivered an extraordinary performance in challenging times, enabling us to stand by our clients in their projects and challenges with practically no restrictions. It can be said at this time that the opportunities that opened up for us in connection with the pandemic, and in particular the further acceleration of the global digitalization trend, are outweighing the challenges associated with the pandemic.

This was our first year after spinning off Nagarro SE. This gave rise to a number of questions at the beginning of the year – what will Allgeier stand for on the market moving ahead? Which units are defined by the business on hand and what will be our strategic focus for further growth? What does that mean for our workflows, teams and the individual employees of our Group? We provided answers to these questions together in the past fiscal year: On the market for the digital transformation of business models, Allgeier stands for state-of-the-art software solutions and comprehensive IT services. By focusing on our domestic market, we have significantly enhanced our visibility and reputation, continued to specialize our services and further expanded our software product portfolio. More and more, we are securing leading positions in areas such as the rapidly growing business with public sector clients for the digital transformation of administration using open source technologies and solutions, in the more sought-after than ever area of cybersecurity, in e-commerce and in many other growth and future areas. We further expanded our existing strengths such as our substantial expertise and capabilities in handling major IT projects with our comprehensive pool of experts and bundled these more closely with technical skills. A significant improvement in cooperation allowed us to land new projects on a considerable scale. We have begun expanding technical areas with new structures and teams with more responsibility held by younger management colleagues. We laid foundations for a strong development in the coming years for a series of key future issues. In particular, the acquisition of six new Group companies made a substantial contribution to this. The acquisitions of publicplan and it-novum significantly added to our expertise and resources in the development of open source software solutions, which we already benefited from economically in the past fiscal year. In MySign, Cloudical and Clientis, we have invested in our ongoing technological development in the areas of e-commerce, container cloud and SAP. At the end of the year, by acquiring Evora, we ultimately created a foundation for new growth in the SAP and ServiceNow landscape, and also took a key step in the further internationalization of our business. The acquisitions have brought us more than 400 new team members and valuable market access, including in Switzerland, Austria, India and the US. The international locations in particular offer us new opportunities to recruit highly qualified personnel, and we intend to massively expand our team in the years ahead.

Overall, we are excellently positioned as a Group: New expertise and software products enrich us and give us momentum for the years to come. We are able to turn market opportunities and the requirements of our clients into growth. We create considerable value added for our clients and exciting professional challenges and new opportunities for ourselves. The sustainable growth not only creates security, but also opens up major future and career opportunities. We invested in recruitment and continuing professional development, and in our own software solutions.

We also succeeded in significantly increasing our share price and thus our market capitalization over the past year. We have further intensified our Investor Relations work, thereby creating a great deal of value added for our shareholders once again in the past year.

We outperformed our business goals and forecasts for fiscal 2021: In continuing operations we generated gross revenue of EUR 404.3 million (previous year: EUR 352.6 million), an increase of 15 percent. The value added (defined as gross revenue less the cost of sales and staff costs directly attributable to revenue) from continuing operations improved by 27 percent to EUR 129.2 million (previous year: EUR 101.9 million), as a result of which the value added margin in turn rose significantly to 31.9 percent (previous year: 28.9 percent). Adjusted EBITDA (EBITDA before extraordinary or prior-period effects) increased by 49 percent to EUR 45.1 million (previous year: EUR 30.3 million) with a double-digit margin of 11.1 percent (previous year: 8.6 percent). EBITDA for the period grew significantly to EUR 38.3 million (previous year: EUR 23.4 million), an improvement of 64 percent. We thus generated EBIT of EUR 19.8 million (previous year: EUR 7.1 million), a year-on-year increase of 180 percent, and EBT of EUR 20.2 million (previous year: EUR 8.2 million), equivalent to growth of 147 percent.

We have a stable and broad customer base, comprising corporations, mid-sized market and sector leaders and a large number of public sector contractors at all federal levels. All sectors of the economy and clients are united by a strong common demand for digital technologies, solutions and services for the digitalization of critical organizational processes. These software and IT services are highly sought-after and promise strong growth from which our Group companies can profit. Our operating units generated annual revenue in excess of EUR 1 million with each of 57 national and international clients in fiscal 2021. These included 20 clients with annual revenue of more than EUR 3 million and eight clients with more than EUR 5 million.

Over the course of this most unusual year, more and more people have joined our teams, whom we offer attractive and safe jobs with good personal development prospects in our highly competitive market environment. Many of our units have increased their headcount in a highly competitive environment: the mgm technology partners segment, for instance, recruited a number of new software developers and consultants. And acquisitions brought us large numbers of specialists in highly sought-after areas such as software development, e-commerce, container cloud and SAP, and have opened up additional opportunities for further growth thanks to new and important international locations. At our several dozen locations in Germany, Austria, Switzerland, France, Czechia, Vietnam, India and the US, we have around 3,700 highly qualified IT experts in total working for our clients, including more than 2,200 software developers and experts. In turn, we increased our high share (by industry standards) of female staff in the past year. And our Group continued to become more international in the past fiscal year: As of the end of 2021, we employed staff from more than 20 different nations at our locations at home and abroad. The constant hiring of highly qualified employees and the ongoing development of our staff is an investment in the future, which also generated corresponding costs in 2021. On the basis of the far-reaching technical expertise of our employees and prolific knowledge of sectors and projects, we use disruptive technologies to assist our clients in solving strategic challenges posed by digital transformation, and will continue to do so successfully moving ahead as well.

This will require more intensive cooperation within the Group and a focus on high-growth areas with strong development potential. We will achieve this by continuing to apply the skills we have been ceaselessly developing over the past 15 years to leverage market consolidation for the targeted expansion and faster development of both our Group's segments through value-adding acquisitions. Both segments are attractively positioned on their markets:

Our Enterprise IT segment is a full-range provider of IT solutions and services for critical business processes with far-reaching expertise in German-speaking countries. The segment offers its clients a full portfolio of software and IT services for major projects and long-term managed services and maintenance agreements. Its employees combine in-depth technical knowledge, comprehensive process and sector expertise and consulting capability in the fields of open source software development, business efficiency solutions, IT security, business process management, enterprise content management, cloud and mobile applications and open-source software development. The Enterprise IT segment assists global corporations, SMEs and a number of public sector contractors at various federal levels in their digital transformation and the optimization of their digital processes along the entire value chain. The segment is positioned as an innovation leader for the key growth market for public administration. The segment's large pool of resources with highly software and IT experts guarantees a high level of scalability and flexibility in project implementation and support. The acquisition of new Group companies allowed us to expand our market position and expertise in key growth markets and fields in the past financial year: The segment has further augmented its capabilities for open source-based software solutions while at the same time extending its range for public sector digitalization in the field of e-government. We greatly broadened our capabilities and our portfolio of services and solutions as well in the areas of e-commerce and containerizing. Moreover, the segment has significantly enhanced its expertise in the field of SAP and tapped key markets at new international locations. Looking ahead as well, the segment intends to leverage its extensive, long-standing customer base and to benefit from the consistently high demand for digitalization among our customer industries – including the public sector particularly. Besides open source software development, there are especially opportunities in areas such as cybersecurity, e-commerce, container cloud and SAP, where we have invested heavily in our ongoing technological development, actively adapted our portfolio structure and steadily built up our expertise and resources. The new international locations will also serve as a basis for further growth.

Our mgm technology partners segment is a consulting and solutions provider for digitalization projects and one of the leading e-government service providers in Germany. The segment is positioned among its competitors as a high-end specialist for digitalization and disruptive technology and consulting services. Together with the specialist subsidiaries mgm consulting partners (management consulting for digitalization, experts in CIO advisory, organizational development and change management), mgm security partners (web application security) and mgm integration partners (SAP process optimization), mgm covers the full range of current and future digitalization issues that frequently intersect with digital sovereignty in the context of the emerging platform economy. As the massive wave of digitalization advances through many branches of industry industrial sectors, for many clients mgm will transition from being an IT partner to becoming a strategic partner – a partner that works directly with its client on innovation in core business. The segment specializes in the commerce/e-commerce, insurance and the public sector, which are particularly stable or resistant in times of crisis. In the second year of the coronavirus pandemic as well, online retail and the significant need for digitalization in the public sector remained highly pronounced. The mgm technology partners segment had a successful 2021 in which it again achieved strong organic growth on a highly competitive market while widening its profit margin once more. The acquisition of the SAP process specialist Clientis AG created the foundation for further expanding SAP business in retail and fashion in particular. The recently established partner management is a next step for scaling the development of business applications on the basis of mgm proprietary low-code A12 platform. In fiscal 2021, the technical, legal and organizational basis was expanded to attract business partners for sales, development and modeling moving ahead, and to implement more A12 client projects together. On the one hand, this expansion phase ensured the resources for the continuous development of A12 into an internationally used low-code platform, while on the other offering clients flexible access to A12 expertise. Simultaneously, there were various internal reorganization and restructuring processes to implement complex enterprise client projects even more efficiently and to optimize A12's ongoing evolution. The goal is the industrialization of the software development process – both internally and externally for enterprise clients. mgm intends to continue benefiting from the high digitalization requirements in these key sectors – which means particular opportunities for booming online retail and large, dynamic, highly scalable portals for the digitalization of public administration.

The successful business development in both the Group's segments forms the basis for positive planning for 2022 with strong organic growth and significantly greater profitability. As an IT holding company, Allgeier SE is synonymous with a successful buy-and-build strategy going back more than 15 years that sustainably creates and develops value added. With our Group's segments, we are establishing ourselves as one of the top performers on the German IT and software services market – with all the drive, solutions expertise and excellence that unite us as a team: comprehensive digital transformation skills, pronounced software and IT services expertise and our own software solutions and products, the high scalability thanks to our broad employee team, regional coverage and new international locations with great growth opportunities.

For our large and diverse customer base, which covers a number of industries and the public sector, we have been a valued and reliable partner for many years. We are benefiting from the high digitalization requirements of our customer industries and our good positioning in key growth and future areas. The operational earnings power of our business and the stable financial basis give us further headroom for value-adding acquisitions. Building on these solid foundations, we intend to continue growing – both organically and through acquisitions – and to further enhance our earnings power with intelligent innovations and focused investment.

4. Forecast, Report on Risks and Opportunities

4.1 Forecast

General economic forecast

The organic growth of the Group companies is largely dependent on the economic environment and, in particular, the development of the software and IT services market in Germany and several other relevant markets.

Following the recession caused by the pandemic in 2020, the German economy returned to a stable path to recovery in 2021. The German government is assuming GDP growth of 2.7 percent for 2021 and 3.6 percent for the coming year, while the OECD, in its Economic Outlook, is even projecting growth of 4.1 percent for 2022 – though neither forecast takes into account the effects of the Russia/Ukraine conflict (see below).

While the first half of 2021 was still largely defined by the restrictions due to the pandemic, a robust economic recovery began in the second half of the year, largely thanks to the progress in the vaccination campaign and also the seasonal decline in infection rates. However, supply problems and materials shortages became more apparent in the second half of the year, hampering production in the manufacturing sector especially. On top of this, infection rates gathered pace again in the fall and put a halt to the upswing.

Nonetheless, the lasting impression of the German economy in 2021 is largely one of positive development. Foreign trade rebounded robustly with growth of 9.4 percent in exports and 8.6 percent in imports. The forecast for 2022 is cause for optimism as well, with values of 5.5 percent (exports) and 6.3 percent (imports). A possible easing of global supply chain disruption could lead to a further positive effect for exports especially. According to the German government, this is linked to expectations for high investment in capital-intensive and export-oriented industry especially and, in part, hopes for backlog effects from projects postponed from 2020 and 2021. There is a similar story on the labor market. The German government is anticipating a return to the previous level of employment by the middle of 2022, with unemployment set to drop further by 0.6 percent to 5.1 percent in the same year.

Following a muted first quarter on account of the pandemic, the government expects a robust economic upswing in the current year, in particular as a result of the waning pandemic, but also thanks to an improving supply situation. According to the Annual Economic Report from January, it is currently predicting growth of 3.6 percent for 2022. The government and the German Council of Economic Experts agree that private consumer spending will serve as a growth driver for 2022. However, many economists lowered their growth forecasts for 2022 on account of the Russia/Ukraine conflict. In its updated economic report of March 30, 2022, the German Council of Economic Experts predicted growth in economic output of just 1.8 percent in 2022 and 3.6 percent in 2023, stating that the Russian attack is increasing the uncertainty over economic development, slowing growth and contributing to the rise in energy and consumer prices.

The government likewise emphasized the high uncertainty of the forecasts in its Annual Economic Report, particularly as regards possible deterioration. The main reasons for this are the unpredictable nature of the pandemic, the lingering supply chain problems, the inflation that could derive from a more repressive central bank policy, the high level of debt in the corporate sector and for many countries, and a possible overheating of the financial and real estate market. There are mounting indications that the higher inflation could last longer than originally expected by most economists and even by members of central banks. The ifo Institute noted this at the ifo and Frankfurter Allgemeine Zeitung Economists Panel in March 2022. Experts participating in the 38th ifo and Frankfurter Allgemeine Zeitung Economists Panel are forecasting an average rate of inflation of 4.4 percent for Germany in 2022. The average rate of inflation in Germany should drop back down to 3.4 percent in 2023. Nonetheless, even this value is significantly higher than the European Central Bank's inflation target. If the participants' expectations for inflation are correct, Germany can expect to face an elevated rate of inflation for a protracted period. Besides the supply shortages and the repercussions of the pandemic, this is mainly due to rising energy and raw materials prices. Price increases have spiked significantly since the start of the armed conflict in Ukraine. Many commodities have risen to historic highs on international markets.

In March 2022, it became increasingly clear that the Russia/Ukraine conflict and the supply chain disruption it has entailed, as well as the severe sanctions imposed on Russia by the international community, would negatively impact the continuing economic recovery.

In addition to the armed conflict in Ukraine, throughout Europe and the world as well, the containment of the coronavirus pandemic is seen as the crucial factor for economic development.
Successfully combating the pandemic is still the requirement for the lifting of far-reaching restrictions with substantial consequences for many economic processes, not least for the decline in regional production stoppages and the associated supply shortages, but also for the rehabilitation of service sectors such as tourism, aviation, hotels/hospitality and retail. In the strong rebound year of 2021, the German government is assuming global growth of 5.9 percent with growth of 4.9 percent to follow in 2022. After a muted first quarter of 2022, with the effects of the spread of the omicron variant easing off, the German government has noted an economic expansion process in the euro area starting in the spring as the pandemic is contained again. The continued aggressive fiscal policy in place throughout Europe is helping to cushion the effects of the pandemic. This resulted in an overall growth projection of 4.2 percent for the euro area for 2022 (not including the anticipated effect of the Russia/Ukraine conflict).

In its December 2021 Economic Outlook, (also before the outbreak of the Russia/Ukraine conflict), the OECD similarly predicted a slight softening of global economic growth after a strong 2021 from 5.6 percent to 4.5 percent for the current year of 2022. While the OECD saw the majority of its members return to or surpass pre-crisis productivity by the middle of 2021 thanks to the unexpectedly good recovery, this development is far from enough to compensate for the global economic losses caused by the pandemic. By the middle of 2021, global growth was still 3.5 percent below the pre-pandemic projections. The developing markets and lower-income economies especially have been appreciably and enduringly affected by the pandemic.

Before the outbreak of the Russia/Ukraine conflict, the OECD assumed that the global recovery from the pandemic would continue in 2022 and 2023, bolstered by further progress in international vaccination efforts, a supportive macroeconomic policy on the key national economies and favorable financial conditions. In its Interim Economic Outlook from the end of March 2022, the OECD wrote that the war in Ukraine has created a new negative supply shock for the world economy that will operate through many different channels and is likely to evolve. If the developments in commodity prices and on the financial markets observed since the start of the conflict persist, the OECD predicts that they could reduce global GDP growth by more than one percentage point in the first year and increase global inflation in consumer prices by around 2.5 percentage points.

Forecasts for the IT industry

According to the latest market figures from the Federal Association for Information Technology, Telecommunications and New Media (BITKOM), the German ICT market should remain on its impressive growth trajectory in 2022 following the strong recovery in 2021. The ICT market as a whole is set to expand by 3.6 percent to EUR 184.9 billion (previous year: growth of 3.9 percent to EUR 178.4 billion). It writes that the business climate in the industry is already at a similarly high level to before the crisis at the start of 2020. In turn, the sub-market relevant to Allgeier, information technology, is expected to achieve very strong growth of 5.9 percent (previous year: 6.3 percent) to EUR 108.6 billion (previous year: EUR 102.5 billion), thereby further raising its standing as the biggest industry segment. This would mean the IT sector recovering from the effects of the crisis much more quickly than the economy as a whole and outperforming its growth momentum as well. As in 2021, in the current year this development will primarily be driven by momentum on the markets for software and hardware, which are expected to grow by 9.0 and 5.7 percent respectively (previous year: 8.0 and 8.3 percent). The market for IT services will develop slightly less impressively, but still robustly, with BITKOM projecting growth of 3.9 percent in the current year (previous year: 3.7 percent). Despite the somewhat weaker overall momentum in the IT services environment, key trend and future areas are growing much more rapidly. The main driver of growth, as for the IT market as a whole, is once again the enormous demand for digitalization in the private and public sectors, which has been further amplified by the COVID pandemic in some cases: "The economy, government and large parts of society want to keep accelerating the digital transformation with investment in infrastructure, devices, software and services," says BITKOM President Achim Berg. "The coronavirus pandemic has shifted digitalization into a higher gear and is invigorating the market." He continued: "The growth in information technology reflects the trend towards new working concepts such as working from home and hybrid working that took hold during the pandemic and will continue after it ends. High-quality technology especially is at the top of the shopping list. However, supply shortages are preventing an even better performance."

The recent report "IT Trends 2022" for the DACH region by the consulting company Capgemini similarly highlights the trend of further significant growth and rising investment among the CIOs and IT authorities surveyed. More than 80 percent of the companies surveyed indicated that they wished to continue growing in 2022, and approximately three quarters of companies said that they would raise their IT budgets. The story is much the same for the official authorities. More than 30 percent of companies are planning to increase their IT budgets by more than 10 percent. The higher spending will be used more to modernize legacy systems than to develop new IT solutions. Moving forward as well, we feel that it will be important to do away with the internal silo structures from legacy systems that still exist in many cases, as these are sometimes an obstacle to innovation and new ways of doing things.

As in the previous year, Capgemini writes that the paramount objective is to align with client requirements. In addition to this, efficiency enhancement is right at the top of the agenda while, curiously, cutting costs is not a leading goal according to those surveyed.

The acute and anticipated shortage of skilled workers continues to be the stand-out problem in connection with IT services and applications, as per the report's authors. The decline in the number of IT workers due to age over the coming decade has been estimated at 23 percent. As a result of this trend, companies primarily fear a loss of expertise within their organizations.

Companies and authorities are declaring ambitious plans for achieving their sustainability objectives, such as cutting greenhouse gases, though corporate projects outstrip those of the public sector by around a quarter. Many companies see IT applications as a means of achieving these goals, with a certain significance being attached to smart systems in this context. These are more in demand again after two years of stagnation. Above all, this is due to technological progress and new processes for development and operation. Growth is being hindered by rising regulation in some areas.

Data availability is still the bottleneck in using smart systems productively for many organizations. On average, only a little over half of the data that companies possess is available. The other half is in data silos or its use is restricted either internally or by law. Data sharing is mainly limited to supply chains or authorities, hence only data from the immediate environment are available for analysis.

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

Based on the analysis of this year's survey, the key trends in IT according to Capgemini are container technologies, the zero trust security concept, machine learning, protection against threats from web-enabled devices (IoT) and open APIs. At the other end of the list of the 30 technologies asked about are virtual & augmented reality, distributed ledger technology, graph databases, decentralized applications and quantum computing. Mobile wallets for payment, ticketing and admission control, natural language processing, AIOps, robotic process automation with smart decision-making and event stream processing gained considerably in significance. The category also includes virtual & augmented reality, which nonetheless is ranked at the bottom end of the scale for importance. In the current year, the report's authors also note a broad market for projects in the fields of machine learning, robotic process automation with smart decision-making, preventive and predictive maintenance, open APIs, low-code app platforms and zero trust.

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

In summary, Allgeier it benefiting equally from the general megatrend of digitalization and the key high-tech trends. With its software solutions and IT services, Allgeier has a successful handle on key growth areas and future technologies, and is actively developing them in line with rising market demand. At the same time, the coronavirus pandemic has once again further amplified the need and pressure for digitalization both for businesses and for the public sector. In particular, a further surge in demand is expected in public administration, where Allgeier has been expanding its market position for years: The German Online Access Act requires the central government, the states and the municipalities to make around 575 services digitally accessible by the end of the current year. 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.

The Group's Management Board expects IT dependency to continue to grow moving ahead in an increasingly globalized world. Thus, the growth forecast in the future areas reported on is significantly higher than the industry average. At the same time, IT itself is undergoing rapid change, resulting in a constant need for innovation and investment – subjects that have been relevant to date will quickly be overtaken and replaced by others. Thanks to the Group's good positioning in key, high-growth innovation and future areas on the one hand, and its broad customer base covering multiple industries and consisting of several hundred large corporations, SME market and sector leaders and public sector contractors on the other, Allgeier is confident of the structural opportunities for growth in the software and IT services sector.

Forecast by the Allgeier Group

Overall, the development of the Allgeier Group is defined by the appraisals outlined above for the economic environment as a whole and the IT market in Germany and other relevant markets, particularly Switzerland and the EU. In spite of the economic slump in Germany and the world over the past fiscal year, and the lingering uncertainty regarding the consequences of the global coronavirus pandemic and the conflict in Ukraine following the Russian attack, we feel that we are excellently positioned to continue our organic growth in the medium and long term. At this time, the possibility of further setbacks or fresh restrictions on public life cannot be ruled out – for instance due to the spread of new virus variants. This – like the conflict in Ukraine and sanctions against Russia – could have negative consequences for the overall economy and for global trade flows, but also for individual sectors or companies. In turn, this could impact our short-term and medium-term development in the current fiscal year and the further growth of our Group this year. Despite this, however, the enduring fundamental significance of high-quality and reliable software and IT solutions is a key factor in ensuring future competitive capability and efficient management for virtually all business enterprises and for public sector institutions. Probably the biggest driver of our business and our future growth is the undiminished, rapidly accelerating global digitalization trend in business and administrative processes, and the associated massive – and generally rising – demand for IT and software expertise with corresponding products. Especially in the area of public administration at all levels of federal, states and municipal government, there are enormous challenges in sustainably achieving the intended effects of digital transformation with the billion-euro budgets provided. Laws already in effect, such as the German Online Access Act, are increasing the time pressure. The particular requirements of public sector clients have to be taken into account. With the aim of far-reaching digital sovereignty, large parts of the software solutions to be created are being developed on the basis of open source components. High security and dependability in operations create complex challenges that require far-reaching expertise. Allgeier is excellently positioned in this area as one of the larger German IT and software companies, and is getting stronger all the time. In many instances, we enter into long-term partnerships with our clients in order to master the challenges of digital transformation together. For our clients, IT is predominantly therefore no longer a cost factor, but rather a basic requirement for functional business models and a means for successfully standing out on the market. We feel that there are substantial additional opportunities to expand our business here in the years ahead.

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

Based on the Group's planning to date, we are providing the following forecast for the individual performance indicators for continuing operations:
Current planning for fiscal 2022 reflects a continuation of the positive trend from fiscal 2021. We are therefore planning revenue of between EUR 480 and EUR 520 million for fiscal 2022. 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 2022 will be between EUR 63 million and EUR 69 million. The corresponding adjusted EBITDA margin is expected to rise significantly to between 13 percent and 14 percent.

In the medium term, the Management Board is aiming for an annual organic growth rate of 10 percent to15 percent and an adjusted EBITDA margin of 15 percent for the next three years.

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 revenue of between EUR 370 and EUR 405 million with EBITDA of EUR 50 to EUR 54 million. The EBITDA margin is set to be between 12 percent and 14 percent.
- The mgm technology partners segment is planning further revenue growth to between EUR 110 and EUR 115 million with EBITDA of EUR 24 to EUR 26 million. The EBITDA margin is set to be between 21 percent and 23 percent.

Disregarding potential acquisitions, the Allgeier Group does not intend to accumulate any further net financial liabilities in fiscal 2022.

Establishment as one of the best IT and software services players in the DACH region thanks to smart integration and focus on growth markets

The following still applies to 2022: Our primary objective is the sustainable development of our Group, our business areas and our enterprise value. While this is happening, the Group will become more attractive to employees and clients, with improved performance. As a major mid-market player, we see ourselves as an established and reliable partner with close proximity to clients, but also with the potential to offer these qualities in major, long-term projects and at an international level as well. A broad, increasingly international performance capability and equal technological sophistication are needed, while geographical proximity is a bonus.

Our specific goals for 2022 are to further hone our focus within the segments and to continue their organizational development. We are thus aiming to further establish ourselves as one of the top performers on the German IT and software services market – with all the drive, solutions expertise and excellence that unite our different business areas: with the broad human capital, scalability and regional coverage plus comprehensive IT and digitalization expertise.

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

In the Enterprise IT segment, we offer clients a full portfolio of software and IT services for major projects and long-term managed services and maintenance agreements. The segment has far-reaching expertise in the German-speaking world and pronounced industry expertise with public sector clients. Using secure, dependable and highly available solutions for public administration at all federal levels, we help them advance the digitalization of their services for private citizens and businesses. The Enterprise IT segment wishes to continue its development as a holistic provider of IT solutions and services, to become an end-to-end-service provider offering a full range of products and services for the digitalization of critical business processes: Its range extends from consulting and managed services, business efficiency solutions, business process management and enterprise content management to cloud and mobile applications, IT security and open source software solutions, especially in the key growth market for public administration where the segment is positioned as an innovation leader. With its comprehensive portfolio, the Enterprise IT segment assists private and public sector clients in their digital transformation and the optimization of their digital business processes along the entire value chain. The segment can utilize a large pool of resources with highly qualified IT and engineering experts, thereby ensuring a high level of scalability and flexibility in project implementation and support. With its full service and solution portfolio, Allgeier Enterprise IT intends to continue outpacing the average growth of the sector and to further expand its market position in the DACH region. The segment intends to leverage its extensive, long-standing customer base of around 500 large enterprises, high-performing SMEs and public sector contractors, and to benefit from the consistently high demand for digitalization among our customer industries – including the public sector particularly. Besides open source software development, there are especially opportunities in areas such as cybersecurity, e-commerce, container cloud and SAP, where we have invested heavily in our ongoing technological development and steadily built up our expertise and resources. The new international locations will also serve as a basis for further growth.

The mgm technology partners segment is a consulting and solutions provider for digitalization projects and one of the leading e-government service providers in Germany. In the mgm technology partners segment, we develop critical business software and IT solutions for our clients and support them in transforming their business models through digitalization. In some cases, we keep on providing support for the software solutions we have created over many years. In particular this includes further development and adaptation in line with new client requirements. Innovation in terms of the IT and software solutions used has since become a crucial competitive factor for clients. As the massive wave of digitalization advances through many branches of industry industrial sectors, for many clients we will transition from being an IT partner to becoming a strategic partner – a partner that works directly with its client on innovation in core business. The segment specializes in the commerce/e-commerce, insurance and the public sector, which are particularly stable or resistant in times of crisis.

mgm technology partners intends to continue benefiting from the high digitalization requirements of these sectors – for instance with solutions for booming online retail and with large, dynamic portals for the digitalization of public administration. Individual developments for integration into companies' critical IT landscapes also remain a key focus. The proprietary low-code A12 platform is thus increasingly being used as the basis for model-based development in all sectors. A12 enables experts to adapt even highly complex, integrated applications on their own. The model-based, low-code platform is thus the future-proof foundation for mastering complexity in digital business and making clients' business sustainably efficient in the long term.

Further targeted acquisitions are also an express part of the growth strategy in 2022. We are leveraging the advancing consolidation of the market, driven by technological development and the increasing intensity of cooperation with clients.

4.2 Risk management

4.2.1 Internal control and risk management system

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

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

Our risk management and control systems are subject to continuous further development and adaptation in line with changing requirements for the Group and the environment in which it operates. The risk management system of the Allgeier Group was revised in 2021. The improved risk management system enables better risk aggregation and faster response times in an emergency. In addition to the efficiency gains achieved, the reworked system also complies with the new requirements of the German Act to Strengthen Financial Market Integrity. The appropriateness and suitability of the risk management system was also assessed by our auditor in conjunction with the audit. Furthermore, the Allgeier SE Supervisory Board regularly assesses the effectiveness of the risk management system.

At the level of the operational Group companies, the members of management – who work on their own responsibility – act on the basis of their specific business. The individual companies use controlling systems and have a management organization that allows us to ensure a high level of transparency, with the result that promptly receive information on the companies' development. In addition, the management teams of the operating segments and the Group guide and monitor the work of the members of the Management Board and the managing directors through the corresponding governing bodies, such as supervisory boards and shareholder meetings. The Rules of Procedure for the management of Group companies define clear reporting and approval requirements. Information is also regularly shared between the management teams of the various Group companies and with business unit and Group management. In addition to the monthly reporting and controlling of financial data, quarterly business review meetings are held between the

Management Board of Allgeier SE and the individual business unit management teams, where business development, including defined key performance indicators (KPIs), market trends, current risks and opportunities, strategy and any measures necessary to comply with planning, are intensively discussed. Group-wide bodies that meet regularly, such as the Management Committee and an annual finance meeting, supplement the regular sharing of information.

Corporate controlling and risk management has been implemented at the level of Allgeier SE. Its function and efficiency are regularly reviewed and adapted in line with changing conditions. This system is based on integrated planning, controlling and reporting instruments that ensure ongoing business analysis of the operating segments and the individual companies through to Group level. At the level of Allgeier SE, the system incorporates all the monthly data of every Group company (statement of financial position and income statement figures in particular). We monitor and review Group liquidity and the liquidity planning of all Group companies on a monthly basis. This was sometimes done on a weekly basis during the COVID crisis. Furthermore, we gather performance data and trends such as contribution margins, order backlog, incoming orders and headcount and other data, partly broken down to project level, from the individual companies as part of an established routine. These data are entered in a business intelligence system that we use for data analysis.

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

Allgeier SE has appointed a Group Risk Officer for the ongoing expansion and continuous improvement of risk management. The Risk Officer works continuously with the persons charged with risk management at the Group companies. A risk assessment is prepared by the Risk Officer and the Management Board using a software-based, Group-wide risk analysis that is produced using a professional software tool to obtain individual risk reports from the responsible Management Board members and managing directors at the Group companies that are updated on an ongoing basis. These are prepared on the basis of a standardized catalog of risks and individual risks broken down by the various risk classes, including the probability of occurrence, the amount of loss and interactions with other risks. Group-wide, uniform methods are used to enable risk assessment comparability across all segments.

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

Compliance

Compliance is an issue closely linked to risk management. Companies face complex legislative and regulatory requirements. Compliance with these requirements is a foundation of sustainable business. Given the great importance of this issue in Germany and internationally, compliance in the Allgeier Group is a key matter for the Management Board and Supervisory Board. The compliance management system of the Allgeier Group follows the five-pillar model:

Leadership

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

Risk assessment

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

Standards and controls

This pillar comprises the elements derived from the risk assessment to establish the compliance organization and to set it out in writing. An extensive Code of Conduct and the Allgeier Compliance Guideline apply to the entire Allgeier Group. This guideline sets out minimum standards from which only upward deviation is permitted by individual business units and Group companies, i.e. more stringent individual regulations and content. The implementation of and adherence to the Compliance Guideline is ensured in particular by semi-annual reporting requirements and review by the appointed compliance officers at Allgeier SE.

Training and communication

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

Monitoring, auditing and response

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

Data protection

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

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

Information security

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

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

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

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

4.3 Risks

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

4.3.1 Market and strategic risks

4.3.1.1 Economic environment

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

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

The COVID-19 pandemic is still a risk factor for the economic development of our clients. Though some sectors are no longer feeling a substantial impact, others are still being affected by the disruption of supply chains, reduced demand or increased worker shortages. The extent to which some branches of industry have sustained lasting damage was not yet clear as of the time of this reporting being prepared. It was also unforeseeable how much the conflict in Ukraine, the associated economic sanctions and other factors such as a potential increase in cyberattacks could amplify problems on the market/customer side or cause additional difficulties, such as a negative impact on international supply chains or the world economy as a whole, on national markets or – whether directly or indirectly – certain industries or client businesses. We expect that the short-term and at least the medium-term development of the economy, both globally and nationally, will continue to depend largely on how quickly and comprehensively the after-effects of the pandemic can be brought fully under control, and the speed with which the economic recovery hoped for materializes and sticks. Existing or potentially new virus variants can still pose a substantial risk as well, as can the repercussions of the Russia/Ukraine conflict described above. If the markets relevant to Allgeier are hit by a recession or if certain branches of industry are affected by a strong slump in demand, this would probably affect the business trajectory, financial performance and financial position and ongoing development of the Allgeier Group. Fortunately, it can be said at this time that the opportunities that opened up for us in connection with the pandemic, and in particular the acceleration of the global digitalization trend, are outweighing the risks associated with the pandemic.

4.3.1.2 Market trends in the industry environment

In the IT and software industry there are also other factors that have a considerable influence on our business performance, such as the dynamic development of technology trends, high competitive and price pressure and the shortage of personnel. The technology transformation in the IT and software sector is extensive and advancing rapidly, which means both risks and opportunities at the same time. Companies that are too slow or passive to respond to this rapid change with the requisite agility or that cling for too long to technologies or market segments that are superseded by new trends could therefore suffer considerable disadvantages, even extending as far as going concern risks. Both the global and German IT markets are subject to constant change and the consolidation this entails. In particular, major clients with high requirements and large order volumes are striving to consolidate their suppliers in order to improve performance and quality on the one hand while also cutting costs on the other. This increases competition in the industry and confronts us with the challenge of withstanding cost pressure and competition, or possibly even benefiting from it. Some of our competitors are significantly larger than we are, with higher revenue and more considerable resources at their disposal, including for investment in new technologies and the associated services. Some smaller competitors are more specialized than we are. It is also possible that, in individual cases, competitors could respond to new market opportunities more effectively and more quickly. To us, these scenarios could result in falling revenue, lower margins or even have a negative impact on our market share. Accordingly, the occurrence of the above risks could have a negative impact on the state of our business and on our financial position and performance.

4.3.2 Information security risks

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

4.3.3 Operating risks

4.3.3.1 Personnel

Our dedicated and responsible employees are a key success factor for our companies. This applies not only to members of management and other executives, but also to all employees and experts at our Group companies. If we are to continue our growth, in the area of management we are confronted with the challenge of promoting our own junior managers or, in individual cases, outside recruitment. Succession solutions must be developed in good time before generational changeovers. In Germany, and in other countries as well, there is generally a severe shortage of qualified personnel. It is an ongoing task for us to find IT specialists and staff in other disciplines, such as sales, in sufficient numbers and with sufficient qualifications and to retain them for the long term. Doing so is crucial to our success, especially in the boom regions in which we operate. We counter this risk with improved and augmented recruitment activities, offer very attractive employment terms and have implemented various employee retention programs. A modern culture with the chance to work on exciting projects and continuous professional development are essential factors. A shortage of management and IT specialists can slow our business development and thus negatively influence our financial position and performance. So as to respond flexibly to market developments and demand, Allgeier has continued to intensify the search for qualified personnel for the implementation of IT projects as an operational priority over the years, and not only offers this service for clients, but increasingly takes advantage of it for itself as well. Engaging employees or freelance experts gives rise to a legal and financial risk if the contract structure, engagement performance or operations management if such personnel suggests concealed or unlawful personnel leasing or bogus self-employment. We counter this risk with established processes and controls covering the entire project cycle. This can nevertheless have a negative impact on financial position and financial performance.

4.3.3.2 Clients

Cultivating relationships with our clients through excellent work and ongoing, good and competent support, in addition to acquiring new client orders, are also crucial factors for Allgeier's success. As a Group we have the possibility of offering our clients the greatest possible technical and regional coverage through cooperation between several Group companies, in addition to the expertise and long-term reliability of the individual companies. Nevertheless, there is a risk that we may occasionally lose key clients or that projects have to be downscaled, e.g. owing to business difficulties on the client side, personnel changes, especially at client management level or the associated business strategy changes, or because of competing offers. In order to identify these developments with negative consequences for us at an early stage and to respond appropriately, our risk management system provides for the continuous monitoring and assessment of the economic situation of our major clients, among other things. For some parts of the Group there is commercial credit insurance that reduces the risk of bad debts. We have not experienced any significant bad debts in recent years. We work in large projects for a large number of medium-sized companies and for international corporations and public sector contractors. We generated annual revenue in excess of EUR 1 million with each of 57 clients in fiscal 2021 (previous year: 58). In fiscal 2021, the Group's companies together generated revenue of EUR 195.1 million (previous year: EUR 162.2 million) with the Group's ten largest clients, corresponding to 48 percent of the Allgeier Group's total revenue from continuing operations (previous year: 45 percent). We generated 13 percent of revenue from continuing operations with the single largest client (previous year: 11 percent). It has already become evident in previous years that the loss of parts of such projects can have a significant impact on the Group company concerned. However, experience has also shown that the Allgeier Group as a whole can handle such a scenario and quickly replace the loss with new business. If we are unable to do this or cannot do it quickly enough, this can have a negative impact on the state of our business and on our financial position and performance.

4.3.3.3 Products, technology and expertise

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

4.3.3.4 Contracts and projects

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

4.3.3.5 Company transactions

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

In examining and carrying out acquisitions or other transactions, the Management Board of Allgeier SE acts in compliance with the highest standards of care for decisions of particular import to the Allgeier Group. The Management Board also regularly relies on the expertise and experience of internal advisors, such as the members of the Supervisory Board or selected persons in the Group, in addition to external advisors such as banks, management consultants, auditors, tax consultants and lawyers. Appropriate due diligence is carried out before performing transactions. We incorporate corresponding contractual regulations in advance to protect against specific risks. Before every transaction, we also run simulations to forecast and assess the Group's development as a result of the acquisition. Acquisitions or disposal of companies require the approval of the Supervisory Board.

4.3.4 Financial risks

4.3.4.1 Liquidity and credit risks

On the one hand, the Allgeier Group still possesses a high level of cash funds of EUR 69.4 million as of December 31, 2021 (December 31, 2020: EUR 60.8 million). There are also interest-bearing financial liabilities of EUR 138.4 million as of the end of the reporting period (December 31, 2020: EUR 28.6 million), essentially consisting of the revolving credit facility agreed at the end of 2020 and liabilities from factoring client receivables. When due, these loans must be repaid either from refinancing yet to be secured or from company funds. There is a risk that, when due, it will not be possible to repay these loans entirely from the company's own funds, and that sufficient refinancing will not be available in time.

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

Furthermore, financial liabilities give rise to interest rate risks and contract risks in the event of the fulfillment of criteria that could result in early repayment obligations. For example, there are risks relating to compliance with accounting and income statement indicators and ratios, in addition to other covenants which, if not maintained, could lead to the termination of loans and calls for their immediate repayment. A deterioration of the Group's rating due to negative business developments could also materially influence the Group's ability to raise finance and the terms available to it. For further information, please refer to the more detailed description of liquidity risks in the notes to the consolidated financial statements. Using its reporting system, the Group monitors the financial position and financial performance of all subsidiaries on a monthly basis, and manages its financial risks with the help of accounting ratios and ongoing income and accounting forecasts, focusing in particular on the short-term and medium-term development of liquidity. Planned acquisitions by Group companies are only carried out when the financing of these companies does not result in a notable increase in liquidity or credit risks. The effects of planned acquisitions on the liquidity and credit situation are simulated and tested for feasibility in integrated financial planning in order to better judge the liquidity or credit risks of new acquisitions. Nevertheless, the unforeseen underperformance of an acquired company that is economically material to the Allgeier Group can prove problematic in terms of financing and compliance with key contractual financial indicators.

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

Future cash flows and the Group's liquidity situation can also be negatively influenced by changes in customers' payment behavior, e.g. longer payment terms or default. This risk has become more significant on account of the COVID-19 pandemic and its consequences for the economy. Risks of default are covered by insurance at some subsidiaries. The occurrence of one or more of the above risks can have a negative impact on the state of our business and on our financial position and performance.

4.3.4.2 Hedging policy and financial instruments

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

A liquidity planning and management tool, together with cash management systems, identify potential liquidity bottlenecks in advance so that appropriate steps can be taken. In addition to its cash funds, the Allgeier Group had the unutilized credit facility under the syndicated loan of EUR 16.5 million and additional credit facilities of EUR 10.4 million at its disposal as of December 31, 2021. Furthermore, various Allgeier companies also have access to factoring facilities of up to EUR 40.0 million for client receivables. Factoring of EUR 35.9 million was in use as of December 31, 2021. On September 29, 2021, Allgeier signed a new customer receivable factoring agreement with attractive terms that runs until September 28, 2023.

4.3.5 Legal and regulatory risks

4.3.5.1 Legal risks

There are legal risks in contracts with clients in the context of operating activities. Such risks can include liability and warranty risks or risks of cost overruns on individual projects (see 5.3.3.4 above). Depending on the type of project, risks can arise from privacy violations, data losses or compensation for business interruption on the part of clients. Breaches of contractual obligations in respect of companies or arising from corporate transactions can ultimately lead to legal disputes. Depending on the jurisdiction in which such disputes arise, the risk can be exacerbated by local conditions. In individual cases, contract design issues, e.g. for outsourcing or work contracts – regardless of the underlying regulatory issues – can trigger legal risks if the requirements of such contracts are not sufficiently taken into consideration and implemented. If we are unable to counter the legal risks in an appropriate manner, this can have a negative impact on the state of our business and on our financial position and performance.

4.3.5.2 Regulatory and compliance risks

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

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

4.3.6 Overall assessment of the Group's risk position

The risks most relevant to the Allgeier Group have been presented in "5.3.1 Market risks and strategic risks", "5.3.2 Information security risks", "5.3.3 Operational risks", "5.3.4 Financial risks" and "5.3.5 Legal and regulatory risks". With regard to the probability of their occurrence and their possible impact, we believe that the risks arising from the economic environment, market trends and recruitment are currently the most significant.

The COVID-19 pandemic and the measures taken by individual governments to contain the spread of the SARS-CoV-2 virus and the different virus mutations caused a slump on the global economy and had a significant impact on the individual markets, sectors and client companies relevant to Allgeier. The measures we took in the past fiscal year allowed us to safely and productively continue our services for our clients and our project work without major constraints. In terms of customers, there are no relevant cluster risks thanks to the high level of diversity among our Groups' customers with regard to size, region, industry and business model. Our business thus proved largely resilient to the effects of the COVID-19 pandemic in the past two fiscal years. Temporary, more severe slumps in our business remained absent and instead we generally benefited significantly from the rise in investment in conjunction with digital transformation. However, given the continued global spread of the SARS-CoV-2 virus variants and the economic impact of the measures to suppress the pandemic, there is still uncertainty as to the extent of its effects on the global economy and the sustainable stabilization and recovery of the international markets. While we do not expect a decline in spending on digitalization and IT, the negative effects on individual clients or industries could selectively impact our business. The Management Board is therefore continuing to monitor the risks whose probability of occurrence has increased on account of the COVID-19 pandemic, existing and potential future virus mutations and the risks affecting the Allgeier Group's business trajectory and its financial position and financial performance.

This is accomplished using our risk and control systems, which are reviewed and adjusted on an ongoing basis, and with which we appropriately take the Group's risk situation into account. Allgeier's risk landscape has not changed significantly in the past year as a result of the risks described above. At the present time, however, we have not identified any risks that – individually or collectively – could jeopardize the continued existence of our Group as a going concern. The Management Board is therefore confident that Allgeier can continue to successfully master the challenges resulting from the above risks moving ahead.

4.4 Opportunities

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

4.4.1 Acquisitions

Other than the acquisitions already carried out, the business plan for fiscal 2022 does not include any specific acquisition projects as the volume and timing of such transactions typically cannot be planned in advance in individual cases. Nonetheless, acquisitions are to remain an integral element of the company's ongoing development. However, with due regard to the risks from acquisitions described above, they are also a major opportunity for accelerating the Group's growth and its targeted, strategic expansion. Similarly, other shifts within the portfolio, such as the disposal of individual business areas, can mean opportunities for a reorientation of the Group. In the past year, we significantly added to our expertise and resources in the development of open source software solutions with the acquisitions of publicplan GmbH and it-novum GmbH. We have already benefited from this significantly in the past fiscal year, as we were able to begin additional projects and land other ones for the future. In MySign, Cloudical and Clientis, we have invested in our ongoing technological development in the areas of e-commerce, container cloud and SAP. The acquisition of Evora creates a foundation for new growth in the SAP and ServiceNow landscape, and also marks a key step in the further internationalization of our business.

4.4.2 Employees

As the Group grows, the factors that make our companies attractive to new employees improve as well. The chance to work on complex and challenging projects, and the superior expertise this entails, are a growing incentive for new employees to work for Allgeier. In particular, the prospect of actively helping to shape future value added and success attracts managers who can significantly enhance our teams and augment the Group. This also applies to new employees who join us through acquisitions. In this context, it will also be essential to establish or refine the right incentive schemes within the Group. Besides the new team members in Germany, the acquisition of Evora also brought us valuable locations in India, the US and Austria, which we intend to expand massively in the years ahead.

4.4.3 Technologies and markets

Probably the biggest driver of our business and our future growth is the rapidly accelerating global digitalization trend in business and administrative processes, and the associated massive demand for IT and software expertise and products. Especially in the area of public administration at all levels of federal, states and municipal government, there are enormous challenges in sustainably achieving the intended effects of digital transformation with the billion-euro budgets provided. Laws already in effect, such as the German Online Access Act, are increasing the time pressure. The particular requirements of public sector clients have to be taken into account. With the aim of far-reaching digital sovereignty, large parts of the software solutions to be created are being developed on the basis of open source components. High security and dependability in operations create complex challenges that require years of expertise. Allgeier is excellently positioned in this area as one of the larger German IT and software companies, and is getting stronger all the time. In many instances, we enter into long-term partnerships with our clients in order to master the challenges of digital transformation together. For our clients, IT is predominantly therefore no longer a cost factor, but rather a basic requirement for functional business models and a means for successfully standing out on the market. We feel that there are substantial opportunities to expand our business here in the years ahead.

Another opportunity, as the Group continues its development, is the growing prospect of sharing in or broadening technology expertise, particularly for trend technologies. The IT industry is subject to considerable upheaval that, alongside the risks described, means enormous opportunities for the future. Entirely new business areas with major growth potential and the chance to stand out from the competition are emerging. Here, too, acquisitions, as well as organic growth, can play a crucial role in dynamic development. The same is true for entering and cultivating new market segments – whether in different regions or new sectors. Here again, growth and acquisitions create new opportunities. One example is the acquisition of Cloudical GmbH, which has brought us its valuable expertise in relation to the next generation of the cloud. The transformation of existing cloud environments will generate new projects for many years to come, and will necessitate corresponding adjustments to existing software solutions for all clients.

4.4.4 Processes and systems

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

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

5.1 Composition of issued capital

The issued capital of Allgeier SE amounted to EUR 11,408,513 as of December 31, 2021 (previous year: EUR 11,382,513) and was divided into 11,408,513 no-par registered shares. Each share accounts for a notional amount of the share capital of EUR 1.00. All the no-par shares of the company belong to the same class of shares. The shares are fully paid in.

The issued capital of Allgeier SE was increased by the allocation of 26,000 new registered no-par shares from Contingent Capital 2010 (pre-emption shares) in fiscal 2021.

The shares of Allgeier SE closed at EUR 55.80 in Xetra trading on the Frankfurt Stock Exchange on December 30, 2021. In the previous year, the shares closed at EUR 18.65 on December 30, 2020.

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

5.2 Restrictions on voting rights or the transfer of shares

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

5.3 Interests exceeding 10 percent of voting rights

The following persons have informed us (as of December 31, 2021) 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 11,408,513:

- The Chairman of the Supervisory Board, Mr. Detlef Dinsel, Germany, directly and indirectly holds an interest of 13.65 percent.
- Lantano Beteiligungen GmbH, Munich, directly holds an interest of 25.77 percent.
- Dr. Christa Kleine-Dürschmidt, Germany, directly and indirectly holds an interest of 27.73 percent in total through Lantano Beteiligungen GmbH, Munich.
- Mr. Carl Georg Dürschmidt, Germany, indirectly holds an interest of 25.77 percent through Lantano Beteiligungen GmbH, Munich.
- Ms. Linda Dürschmidt, Germany, directly and indirectly holds an interest of 25.77 percent in total through Lantano Beteiligungen GmbH, Munich.
- Ms. Laura Pirkl-Dürschmidt, Germany, indirectly holds an interest of 25.77 percent through Lantano Beteiligungen GmbH, Munich.

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

5.4 Shares with special rights granting control

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

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

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

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

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

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

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

5.7 Authorization of the Management Board to issue or repurchase shares

5.7.1 Authorized capital

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

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

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

Group Management Report ALLGEIER

5.7.2 Contingent capital

By way of resolution of the Annual General Meeting on June 17, 2010, amended by resolutions of the Annual General Meetings on June 17, 2014 and June 28, 2017, and following the issue of 432,000 new no-par registered shares from Contingent Capital 2010 (pre-emption shares), the share capital of the company can be contingently increased by up to EUR 28,000 as of December 31, 2021 (Contingent Capital 2010). Contingent Capital 2010 is intended to serve up to 28,000 outstanding options to issue up to 28,000 new no-par registered shares.

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

By way of resolution of the Annual General Meeting on June 28, 2017, the share capital of the company can be contingently increased by up to EUR 3,500,000 by issuing up to 3,500,000 new no-par registered shares (Contingent Capital 2017). Contingent Capital 2017 is intended to serve convertible bonds, bonds with warrants or income bonds or participation rights with conversion or option rights that could be issued by June 27, 2022 by the company itself or by an entity in which the company directly or indirectly holds a majority. The Group has not issued any corresponding conversion or option rights.

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

5.7.3 Treasury shares

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

In fiscal 2020, the company sold all the treasury shares it had held until that time. Allgeier SE has not held any treasury shares since then.

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 section186(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 section186(3) sentence 4 AktG, either directly or with the corresponding changes.

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

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

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

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

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

In the event of a change of control, i.e. when a third party obtains control over the company as referred to by section29(2), section 30 of the Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act), a member of the Management Board has the right to terminate his contract. Exercising this right results in entitlement to severance payment capped at one year's remuneration. Allgeier SE has not entered into any other compensation agreements with members of the Management Board or employees for the event of a takeover bid.

6. Corporate governance declaration in accordance with section 289f HGB

The corporate governance declaration in accordance with section 289f of the Handelsgesetzbuch (HGB – German Commercial Code) is a component of the management report; however, the information it contains is not included in the audit in accordance with section 317(2) sentence 3 HGB. The corporate governance declaration in accordance with section289f HGB can be found in the corporate governance report below (section B.1.9).

Munich, April 13, 2022

Dr. Marcus Goedsche
Member of the Management Board

Hubert Rohrer
Member of the Management Board

B. Corporate Governance

1. Corporate Governance Report

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

1.1 Corporate charter of the societas europaea (SE)

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

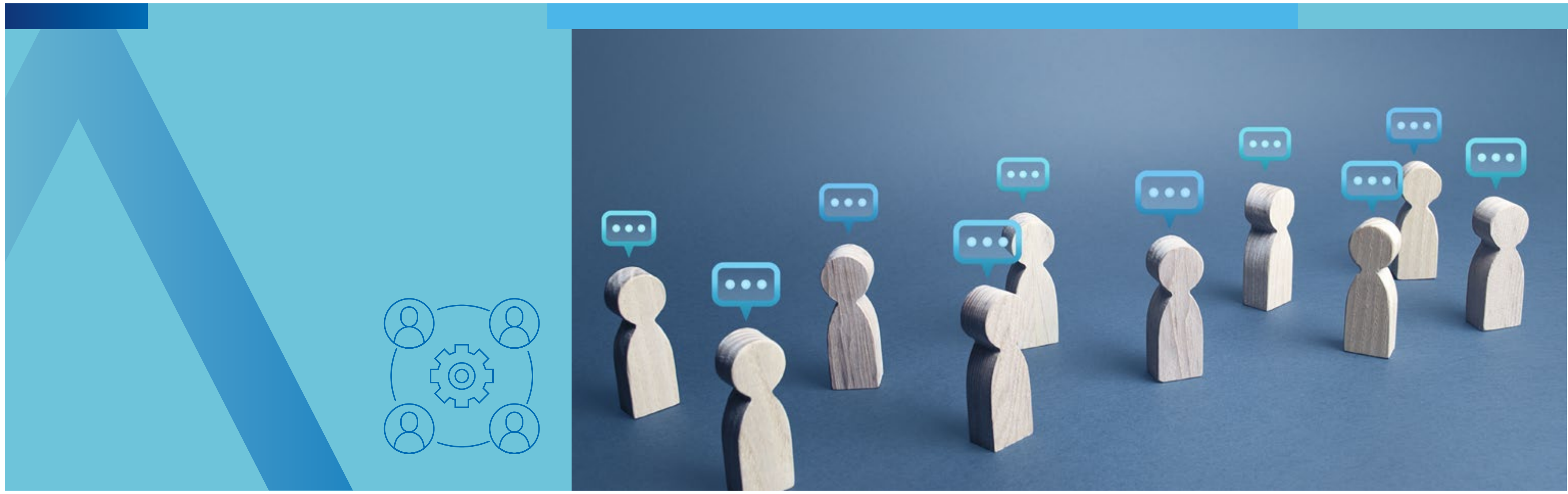
1.2 The Supervisory Board

The Supervisory Board of Allgeier SE consists of three members. The current Supervisory Board was elected at the Annual General Meeting on June 29, 2018. The term of office of the members of the Supervisory Board of Allgeier SE ends at the end of the Annual General Meeting for fiscal 2022.

The Supervisory Board advises the Management Board in the management of the company and monitors its activities. Given the number of its members, the Supervisory Board has not formed any committees. In addition to the responsibilities established by law, such as appointing the members of the Management Board and establishing the remuneration system for members of the Management Board, monitoring the company's business development including planning for future fiscal years, reviewing risk management and the internal control system, auditing and approving the annual financial statements and the proposal for the appropriation of net retained profits, the Supervisory Board essentially deals with matters that require the approval of the Supervisory Board in accordance with the Articles of Association of the company and the Rules of Procedure for the Management Board.
One focus of the Supervisory Board's work is to discuss and make decisions on acquisition projects. The Supervisory Board is also involved in all decisions of fundamental importance to the company, such as strategic development or significant individual issues. To this end, there is a regular exchange of information between the Management Board and members of the Supervisory Board, in particular the Chairman of the Supervisory Board. Details of the cooperation between the members of the Supervisory Board are set out in the Rules of Procedure for the Supervisory Board. The Supervisory Board has set itself various goals: Its primary objective is to ensure that the Supervisory Board comprehensively fulfills its statutory advisory and monitoring duties in the proposed composition and that its members have the necessary knowledge, skills and experience to perform their duties optimally and responsibly. For Allgeier SE, whose Articles of Association stipulate a Supervisory Board of three members, this specifically means that the Supervisory Board should have the following qualifications in particular if possible (skills profile): the qualification as an independent finance expert expressly required by law, the ability to assess companies in the service sector (not limited to just the IT business), the ability to assess acquisition opportunities in Germany and abroad together with corresponding transaction experience and experience with the organization and procedures of a fast-growing Group with a holding structure. Furthermore, the composition of the Supervisory Board must make it possible for the Supervisory Board to work efficiently and for its members to have adequate capacity for this responsibility.
The Supervisory Board must also have an adequate number of independent members. The Supervisory Board deems that a member is not independent if, for example, the member has a personal or business relationship with Allgeier SE that could give rise to a substantial and not merely temporary conflict of interests. As the Supervisory Board currently has three members, 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. With regard to the specification of an age limit, the company deviates from the recommendations of the German Corporate Governance Code as a fixed age limit can constitute an unintended exclusion criterion.

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

In its resolution regarding nominations, in addition to the statutory requirements and the requirements of the German Corporate Governance Code and the Rules of Procedure for the Supervisory Board, the Supervisory Board paid particular attention to its stated objectives. The members of the Supervisory Board are Mr. Detlef Dinsel, Mr. Thies Eggers and Mr. Christian Eggenberger. Mr. Dinsel and Mr. Eggers are German citizens and Mr. Eggenberger is a Swiss citizen. They are members of different professions and have many years of international experience, in particular in the service sector and in M&A business.



The recommendation of the German Corporate Governance Code stating that the Supervisory Board should include no more than two former members of the Management Board was also observed; the Supervisory Board currently has just one former member of the Management Board. In the opinion of the Supervisory Board, all three members of the Supervisory Board are independent as set out above.
For further details on the composition of the Supervisory Board, please refer to the notes to the consolidated financial statements under G. Other Disclosures, IV. Executive bodies of the parent company. Information on specific activities can be found in the Supervisory Board's report.

1.3 The Management Board

The Management Board is responsible for the management of the company. It manages the company on its own responsibility. Until September 30, 2021, the Management Board of Allgeier SE had three members, Mr. Carl Georg Dürschmidt (CEO), Dr. Marcus Goedsche and Mr. Hubert Rohrer. Carl Georg Dürschmidt was no longer a member of the Management Board of Allgeier SE for the remainder of the past fiscal year, as a result of which the Management Board consisted of the two members Dr. Marcus Goedsche and Hubert Rohrer from this time.
Dr. Marcus Goedsche and Mr. Hubert Rohrer each have individual signing authority. Mr. Carl Georg Dürschmidt had 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 tasks and responsibilities within the Management Board are assigned on the basis of appropriate focal points and technical qualifications. The Management Board did not form any committees on account of its size.
Key decisions, e.g. concerning proposed acquisitions, are made by the Management Board as a whole in consultation with the Supervisory Board.
The details of cooperation within the Management Board and with the Supervisory Board are set out in the Rules of Procedure for the Management Board. In addition to Article 9 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.
For further details on the composition of the Management Board, please refer to the notes to the consolidated financial statements under G. Other Disclosures, IV. Executive bodies of the parent company.

1.4 Annual General Meeting

Our shareholders exercise their rights at the Annual General Meeting. The Annual General Meeting, at which the Management Board and the Supervisory Board answer to the shareholders on the past fiscal year, is held within the first six months of the following fiscal year. Each share confers one vote in votes on resolutions at the Annual General Meeting. We support voting by our shareholders by providing a voting rights representative who exercises voting rights solely according to the instructions of the respective shareholders.
The Annual General Meeting elects the members of the Supervisory Board. The Supervisory Board of Allgeier SE consists of three members. The current Supervisory Board was elected at the Annual General Meeting on June 29, 2018. The term of office of the members of the Supervisory Board of Allgeier SE ends at the end of the Annual General Meeting for fiscal 2022. It adopts resolutions on the appropriation of net retained profits, the formal approval of the actions of the Management Board and the Supervisory Board and the appointment of the auditor. Furthermore, the Annual General Meeting is responsible for adopting resolutions on amendments to the Articles of Association, corporate actions, company agreements and the remuneration of the Supervisory Board.

1.5 Shareholdings of the Management Board and the Supervisory Board

On December 31, 2021, the members of the Management Board directly held a total of 247,541 (previous year: 3,089,155) shares of Allgeier SE. On December 31, 2021, the members of the Supervisory Board directly and indirectly held a total of 1,952,064 (previous year: 1,728,298) shares of Allgeier SE.

1.6 Directors' dealings

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

1.7 Comprehensive and transparent communication

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

1.8 Accounting and auditing

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

1.9. Corporate governance declaration in accordance with section 289f HGB (component of the Group management report)

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

1.9.1 Declaration of compliance in accordance with section 161 AktG

In accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) on the German Corporate Governance Code, the Management Board and the Supervisory Board of Allgeier SE declare that Allgeier SE has complied with the recommendations of the Government Commission on the German Corporate Governance Code published by the German Federal Ministry of Justice as amended December 16, 2019 and will continue to do so, with the following exceptions:

Declaration for the Code as amended December 16, 2019

Sections B5 and C2 of the Code

“An age limit shall be specified for members of the management board and disclosed in the corporate governance declaration.” and C2 “An age limit shall be specified for members of the supervisory board and disclosed in the corporate governance declaration.”
In making decisions to fill Management Board positions and nominations for the election of Supervisory Board members, evaluating the personal and technical suitability of the candidates for the company is crucial. This evaluation must be performed on a case-by-case basis following an extensive examination of the respective candidate’s suitability and taking into account all relevant persons. There is no justification for establishing a general age limit, which merely constitutes one isolated criterion. Rather, a strict age limit could inadvertently exclude Management Board or Supervisory Board members who are otherwise qualified.

Section C5 of the Code

“Members of the management board of a listed company shall not have, in aggregate, more than two supervisory board mandates in non-group listed companies or comparable functions, and shall not accept the chairmanship of a supervisory board in a non-group listed company.”
The Chairman of the Management Board, Mr. Carl Georg Dürschmidt is the Chairman of the Supervisory Board of Nagarro SE, Munich, which has been listed separately since being spun off from the Allgeier Group on December 16, 2020. The Supervisory Board assumes that Mr. Dürschmidt dedicates his full energies to his work for Allgeier SE and that his position on the Supervisory Board of Nagarro SE will not have a negative impact on the performance of his duties to the company.

Section F2 of the Code

“The consolidated financial statements and the Group management report shall be made publicly accessible within 90 days from the end of the fiscal year, while mandatory interim financial information shall be made publicly accessible within 45 days from the end of the reporting period.”
The company prioritizes the accuracy and integrity of the respective financial statements and reports. The company endeavors to provide shareholders with the respective financial statements and reports as quickly as possible. Nevertheless, the company reserves the right to utilize the statutory time limits for publication in each case if this is required in order for the financial statements and reports to be prepared and reviewed properly.

Sections G1 to G14 of the Code

The current contracts with the members of the Management Board were agreed before these regulations became effective in 2020. However, their current remuneration is broadly in line with the requirements of the Code. The 2021 Annual General Meeting resolved a new remuneration system for future Management Board contracts. Its regulations are essentially consistent with the stipulations of the Code. Section G3 of the Code is not fully complied with as regards the disclosure of the peer group:
G3 “In order to assess whether the specific total remuneration of management board members is in line with usual levels compared to other enterprises, the supervisory board shall determine an appropriate peer group of other third-party entities, and shall disclose the composition of that group. The peer group comparison shall be applied with a sense of perspective, in order to prevent an automatic upward trend.”
The new remuneration system provides, among other things, for a peer group comparison to assess whether the specific total remuneration of Management Board members is in line with usual levels. The new remuneration system does not disclose the composition of the peer group as the company is not listed in an index. Given the dynamic business model of corporate development applying a buy-and-build strategy, comparisons with other German and international listed companies are not expedient in the sense of a statically defined peer group.

1.10 Diversity and disclosures on the participation of women in management

Diversity is an enrichment for our Group. At the Allgeier Group companies, people from a wide range of different origins, cultures and religions work together in different countries. We are committed to preserving and implementing values that promote diversity and equal rights in the workplace, and to cultivating diversity as a company wherever it is able to do so. The Allgeier Group believes in the right to equality and the dignity of all people. All our employees receive the same work opportunities and prospects, and no one is discriminated against on the basis of their membership of a group, the color of their skin, their marital status or family situation, parental status or origin, source of 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 is especially important 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 2021. Our Group also has a high share of female employees compared to the average for the sector, which we have increased further to 28.3 percent in recent years.Generally, our goal in filling management positions is to give preference to similarly qualified candidates who offer an enrichment in terms of their gender, nationality or other characteristics in the interests of achieving the desired diversity. This applies in particular to the participation of women in management. Accordingly, the company will continue to look at whether the share of women in management can be increased with suitable candidates moving ahead. However, the company does not consider rigid quotas to be an appropriate tool. In general, appropriate qualifications are the deciding criterion for filling management positions.

2. Takeover Disclosures (in accordance with section 289a and 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.7).

Consolidated Financial Statements of Allgeier SE

for fiscal 2021 in accordance with IFRS

Consolidated Statement of Financial Position of Allgeier SE, Munich, as of December 31, 2021

Consolidated Statement of Financial Position (EUR thousand)

Assets	Note	December 31, 2021	December 31, 2020
Intangible assets	1.	281,124	85,106
Property, plant and equipment	2.	7,630	6,024
Right-of-use assets from leases	3.	41,308	27,611
Investments accounted for using the equity method	4.	0	15
Other non-current financial assets	5.	8,399	4,902
Other non-current assets	6.	419	421
Deferred tax assets	7.	1,330	2,452
Non-current assets		340,211	126,531
Inventories	8.	1,230	695
Contract assets	9.	2,476	1,828
Trade receivables	10.	62,346	48,029
Other current financial assets	5.	1,946	1,184
Other current assets	6.	5,765	3,464
Income tax receivables		1,496	1,275
Cash	11.	69,409	60,803
Assets held for sale		111	95
Current assets		144,779	117,372
Assets		484,990	243,903

Consolidated Statement of Financial Position (EUR thousand)

Equity and liabilities	Note	December 31, 2021	December 31, 2020
Issued capital	12.	11,409	11,383
Capital reserves	13.	71,249	65,074
Retained earnings	14.	102	102
Profit carryforward	16.	19,888	25,936
Profit or loss for the period		11,801	-356
Changes in equity recognized directly in equity	17.	487	-78
Equity interest of shareholders of the parent company		114,936	102,060
Equity interest of non-controlling interests	18.	47,969	3,461
Equity		162,905	105,521
Non-current financial liabilities	19.	123,500	17,500
Non-current lease liabilities	20.	35,734	24,376
Long-term provisions for post-employment benefit costs	21.	1,133	1,000
Other long-term provisions	23.	331	308
Non-current contract liabilities	9.	88	127
Other non-current financial liabilities	22.	41,802	2,627
Deferred tax liabilities	7.	7,652	4,413
Non-current liabilities		210,240	50,352
Current financial liabilities	19.	14,885	11,104
Current lease liabilities	20.	8,810	6,638
Short-term provisions for post-employment benefit costs	21.	125	18
Other short-term provisions	23.	17,948	14,669
Current contract liabilities	9.	6,762	4,098
Trade payables		25,073	22,066
Other current financial liabilities	22.	18,025	15,474
Other current liabilities	24.	4,688	6,419
Income tax liabilities		15,419	7,451
Liabilities held for sale		111	95
Current liabilities		111,846	88,031
Equity and liabilities		484,990	243,903

Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from January 1, 2021 to December 31, 2021

Consolidated Statement of Comprehensive Income (EUR thousand)

		Total		Discontinued operations		Continuing operations	
Income statement	**Note**	**January 1, 2021 to December 31, 2021**	**January 1, 2020 to December 31, 2020**	**January 1, 2021 to December 31, 2021**	**January 1, 2020 to December 31, 2020**	**January 1, 2021 to December 31, 2021**	**January 1, 2020 to December 31, 2020**
Revenue	26.	403,606	763,847	281	412,159	403,325	351,688
Other own work capitalized		997	1,260	0	323	997	937
Other operating income	27.	5,885	15,053	257	11,541	5,628	3,511
Cost of materials	28.	156,592	194,614	14	47,613	156,578	147,001
Staff costs	29.	188,233	420,785	266	261,508	187,967	159,277
Impairment on trade receivables and contract assets		1,382	3,568	-1	2,021	1,383	1,547
Other operating expenses	30.	26,013	83,355	269	58,401	25,743	24,955
Earnings before interest, taxes, depreciation and amortization		**38,266**	**77,837**	**-11**	**54,480**	**38,277**	**23,357**
Depreciation, amortization and impairment	31.	18,511	37,244	10	20,947	18,501	16,297
Results of operating activities		**19,756**	**40,593**	**-20**	**33,533**	**19,776**	**7,060**
Finance income	32.	3,780	1,046	0	478	3,780	568
Financial expenses	33.	3,441	6,651	63	7,196	3,378	-545
Net income from investments accounted for using the equity method	34.	-15	-3,106	0	-3,106	-15	0
Earnings before taxes		**20,080**	**31,882**	**-83**	**23,709**	**20,163**	**8,173**
Net income taxes	35.	-7,687	-19,347	-18	-12,227	-7,670	-7,119
Profit for the period before gains and losses on spin-off and disposals		**12,393**	**12,535**	**-101**	**11,482**	**12,494**	**1,053**
Business spun off and disposed of:							
Earnings from spun-off and discontinued operations before taxes		0	-6,205	0	-6,205	0	0
Earnings from spun-off and discontinued operations		**0**	**-6,205**	**0**	**-6,205**	**0**	**0**
Total operations:							
Earnings before taxes		20,080	25,676	-83	17,504	20,163	8,173
Net income taxes		-7,687	-19,347	-18	-12,227	-7,670	-7,119
Profit for the period after gains and losses on spin-off and disposals		**12,393**	**6,330**	**-101**	**5,276**	**12,494**	**1,053**
Profit for the period after gains and losses on spin-off and disposals attributable to:							
shareholders of the parent company		11,801	-356	-101	-349	11,902	-7
non-controlling interests		592	6,686	0	5,626	592	1,060
Basic earnings per share:							
Average number of shares outstanding weighted pro rata temporis		11,397,258	11,229,719	11,397,258	11,229,719	11,397,258	11,229,719
Earnings per share in EUR	36.	1.04	-0.03	-0.01	-0.03	1.04	0.00
Diluted earnings per share:							
Average number of shares outstanding weighted pro rata temporis		11,546,417	11,331,927	11,546,417	11,331,927	11,546,417	11,331,927
Earnings per share in EUR	36.	1.02	-0.03	-0.01	-0.03	1.03	0.00

▶ continued overleaf

Consolidated Statement of Comprehensive Income of Allgeier SE, Munich, for the period from January 1, 2021 to December 31, 2021

Consolidated Statement of Comprehensive Income (EUR thousand)

		Total		Discontinued operations		Continuing operations	
Other comprehensive income	Note	January 1, 2021 to December 31, 2021	January 1, 2020 to December 31, 2020	January 1, 2021 to December 31, 2021	January 1, 2020 to December 31, 2020	January 1, 2021 to December 31, 2021	January 1, 2020 to December 31, 2020
Items that cannot be reclassified to the income statement:							
Actuarial gains (losses)		-27	1,001	0	1,099	-27	-98
Reclassified actuarial gains (losses)		0	-1,603	0	-1,603	0	0
Tax effects		8	-246	0	-276	8	30
Reclassified tax effects		0	379	0	379	0	0
		-19	-470	0	-402	-19	-67
Items that cannot be reclassified to the income statement:							
Foreign exchange differences		614	-7,386	0	-7,263	614	-123
Reclassified foreign exchange differences		0	-5,636	0	-5,636	0	0
		614	-13,022	0	-12,899	614	-123
Other comprehensive income for the period		596	-13,492	0	-13,301	596	-190
Total comprehensive income for the period		12,989	-7,162	-101	-8,025	13,089	863
Total comprehensive income for the period attributable to:							
shareholders of the parent company		12,361	-14,999	-101	-12,594	12,462	-2,406
non-controlling interests		628	7,837	0	4,569	628	3,269

Consolidated Statement of Changes in Equity of Allgeier SE, Munich, as of December 31, 2021

Consolidated Statement of Changes in Equity (EUR thousand)

	Issued capital	Capital reserves	Retained earnings	Treasury shares	Profit carryforward	Profit or loss for the period	Changes in equity recognized directly in equity	Equity interest of shareholders of the parent company	Equity interest of non-controlling interests	Equity
As of January 1, 2020	11,289	58,006	102	-786	51,597	15,133	7,705	143,046	22,888	165,934
Transfer of profit or loss for the previous year to profit carryforward	0	0	0	0	15,133	-15,133	0	0	0	0
Adjustment of the exercise price of stock options from the 2010 stock option plan	0	102	0	0	0	0	0	102	0	102
Adjustment of the exercise price of stock options from the 2014 stock option plan	0	1,797	0	0	0	0	0	1,797	0	1,797
Exercise of stock options from the 2010 stock option plan	94	791	0	0	0	0	0	885	0	885
Disposal of treasury shares	0	4,378	0	786	0	0	0	5,164	0	5,164
Actuarial gains (losses)	0	0	0	0	0	0	636	636	118	755
Acquisition of non-controlling interests in the iQuest Group	0	0	0	0	-7,299	0	0	-7,299	-5,041	-12,340
Acquisition of non-controlling interests in the SAP Group	0	0	0	0	-3,639	0	0	-3,639	-374	-4,013
Spin-off of Nagarro	0	0	0	0	-36,325	0	0	-36,325	-8,451	-44,776
Upstream effects of transactions with Nagarro	0	0	0	0	12,071	0	0	12,071	-12,071	0
Dividends	0	0	0	0	-5,603	0	0	-5,603	-1,327	-6,930
Profit or loss for the period	0	0	0	0	0	-356	0	-356	6,686	6,330
Foreign exchange differences	0	0	0	0	0	0	-8,419	-8,419	1,033	-7,386
As of December 31, 2020	11,383	65,074	102	0	25,936	-356	-78	102,060	3,461	105,521
Transfer of profit or loss for the previous year to profit carryforward	0	0	0	0	-356	356	0	0	0	0
Adjustment of the exercise price of stock options from the 2014 stock option plan	0	47	0	0	0	0	0	47	0	47
Issue of stock options from the 2021 stock option plan	0	6,106	0	0	0	0	0	6,106	0	6,106
Exercise of stock options from the 2010 stock option plan	26	22	0	0	0	0	0	48	0	48
Actuarial gains (losses)	0	0	0	0	0	0	-13	-13	-5	-19
Disposal of shares in Allgeier Publicplan Holding GmbH	0	0	0	0	0	0	0	0	1,356	1,356
Disposal of shares in Allgeier Evora Holding GmbH	0	0	0	0	0	0	0	0	44,250	44,250
Non-controlling interests in the equity of the MySign Group as of the acquisition date	0	0	0	0	0	0	0	0	341	341
Dividends	0	0	0	0	-5,691	0	0	-5,691	-2,062	-7,753
Profit or loss for the period	0	0	0	0	0	11,801	0	11,801	592	12,393
Foreign exchange differences	0	0	0	0	0	0	578	578	36	614
As of December 31, 2021	11,409	71,249	102	0	19,888	11,801	487	114,936	47,969	162,905

Consolidated Statement of Cash Flows of Allgeier SE, Munich, for the period from January 1, 2021 to December 31, 2021

Consolidated Statement of Cash Flows (EUR thousand)

	Total		Discontinued operations		Continuing operations	
	January 1, 2021 to December 31, 2021	January 1, 2021 to December 31, 2021	January 1, 2021 to December 31, 2021	January 1, 2020 to December 31, 2020	January 1, 2021 to December 31, 2021	January 1, 2020 to December 31, 2020
Results of operating activities	19,756	40,593	-20	33,533	19,776	7,060
Depreciation and amortization on non-current assets	18,511	37,244	10	20,947	18,501	16,297
Expenses on the disposal of non-current assets	253	228	83	48	170	180
Change in long-term provisions	38	2,424	0	2,414	38	10
Non-cash reversals of provisions	-1,488	-952	0	-125	-1,488	-827
Other non-cash expenses and income	4,351	204	-22	-340	4,373	543
Income taxes paid	-2,218	-13,812	-36	-12,765	-2,181	-1,047
Cash flows from operating activities before changes in working capital	**39,202**	**65,929**	**14**	**43,712**	**39,188**	**22,217**
Cash flows from changes in working capital	-10,101	29,778	436	18,201	-10,537	11,577
Cash flows from operating activities	**29,101**	**95,707**	**450**	**61,913**	**28,651**	**33,794**
Payments for investments in non-current assets	-5,219	-6,382	-9	-2,035	-5,210	-4,347
Payments for finance leases	-10,695	-26,850	-2	-17,689	-10,693	-9,161
Proceeds from the disposal of non-current assets	183	144	1	105	182	39
Proceeds from sale-leaseback transactions	305	2,357	0	0	305	2,357
Payments for the acquisition of subsidiaries	-132,381	-3,182	0	-127	-132,381	-3,055
Payments for purchase price components for companies not acquired in the fiscal year	-1,242	-17,075	0	-3,987	-1,242	-13,088
Payments for the acquisition of assets and rights	0	-5,380	0	-3,580	0	-1,800
Payments of loans to investments accounted for using the equity method	-886	-415	0	0	-886	-415
Payments of direct costs from the spin-off of Nagarro	0	-4,769	0	0	0	-4,769
Decrease in cash and cash equivalents from the spin-off of Nagarro	0	-103,604	0	-103,604	0	0
Increase in cash and cash equivalents from the classification of Allgeier Education as a continuing operation	0	0	-2	0	2	0
Payments for non-current financial assets	0	-200	0	0	0	-200
Cash flows from investing activities	**-149,934**	**-165,355**	**-12**	**-130,916**	**-149,923**	**-34,439**
Proceeds from capital increase	48	6,048	0	0	48	6,048
Repayment of borrower's note loan	-5,500	0	0	0	-5,500	0
Proceeds from bank loans	106,000	197,245	0	179,745	106,000	17,500
Repayment of bank loans	-2,312	-145,272	0	-272	-2,312	-145,000
Cash flows from intragroup financing	0	0	42	-155,700	-42	155,700
Cash flow from factoring	2,799	5,669	0	2,920	2,799	2,749
Interest received	419	462	0	384	419	77
Interest paid	-2,280	-3,302	-1	-254	-2,280	-3,049
Distributions	-5,691	-5,603	0	0	-5,691	-5,603
Balance of payments with non-controlling interests	27,045	-15,551	0	0	27,045	-15,551
Cash flows from financing activities	**120,529**	**39,695**	**42**	**26,824**	**120,487**	**12,871**
Total cash flows	**-305**	**-29,953**	**480**	**-42,180**	**-785**	**12,226**
Changes in cash and cash equivalents due to exchange rate movements	-61	2,992	-182	2,922	121	70
Total changes in cash and cash equivalents	**-366**	**-26,962**	**298**	**-39,258**	**-664**	**12,296**
Cash and cash equivalents at the beginning of the period	55,188	82,150	0	39,258	55,188	42,892
Cash and cash equivalents at the end of the period	54,822	55,188	298	0	54,524	55,188

Notes to the Consolidated Financial Statements of Allgeier SE

for fiscal 2021 in accordance with IFRS

A. GENERAL INFORMATION

I. Information on the Group and Allgeier SE

The Allgeier Group is one of the leading German technology groups for digital transformation. The Group companies offer their clients a comprehensive portfolio of IT and software services extending from high-end software development to business efficiency solutions for the digital transformation of critical business processes. The parent company of the Group is Allgeier SE. Its registered office is Einsteinstrasse 172, 81677 Munich, Germany. It is entered in the commercial register of the Munich District Court under HRB 198543. Allgeier SE is a 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.

The Allgeier Group presents business areas due to be discontinued or sold as discontinued operations in the statement of comprehensive income. The assets and liabilities of these units are each aggregated into a single line in the statement of financial position and reported as assets or liabilities held for sale. The net assets of discontinued operations are measured at fair value. The investments in a venture capital company and the purchase price liabilities from acquisitions recognized in financial assets and liabilities were also measured at fair value. All other assets and liabilities were measured at amortized cost.

Unless stated otherwise, all amounts in the consolidated financial statements are presented in thousands of euro. Deviations of plus or minus EUR 1 thousand are possible in the tables due to rounding. The figures reported in the consolidated financial statements for the fiscal year have been presented with comparative figures for the previous year.

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

The application of the following standards and interpretations revised or issued by the IASB is required for the first time in fiscal 2021:

Standard/interpretation	Title of the standard, interpretation or amendment
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform (phase 2)
Amendments to IFRS 16	COVID-19-Related Rent Concessions
Amendments to IFRS 4	Insurance Contracts – Deferral of IFRS 9

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are intended to mitigate the effects on financial reporting at the time of the replacement of an existing interest rate benchmark with an alternative reference rate. In particular, the amendments grant a practical expedient in relation to modifications necessitated by the IBOR reform. In addition, hedge accounting will be allowed to continue despite the replacement of an interest rate benchmark with revised documentation. The amendments had no effect on the consolidated financial statements.

Amendment to IFRS 16 (COVID-19)

The amendments to IFRS 16 in connection with COVID-19 provide lessees with an exemption from assessing whether a rent concession is a lease modification. As a practical expedient, a lessee can opt not to account for a rent concession due to the pandemic as a lease modification. A lessor who exercises this option accounts for each qualifying amendment in lease payments resulting from the rent concession in connection with the coronavirus pandemic as if they were not lease modifications in accordance with IFRS 16. The amendments apply to rent concessions that reduce rent payments due on or before June 30, 2021. These amendments had no impact on the Group.

IV. 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 2021 in accordance with EU regulations:

Standard/interpretation	Title of the standard, interpretation or amendment	First-time adoption
Endorsed by the EU		
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	Jan. 1, 2022
Annual Improvements to IFRS Standards (2018-2020 Cycle)	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Jan. 1, 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	Jan. 1, 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	Jan. 1, 2022
IFRS 17	Insurance Contracts	Jan. 1, 2023
Amendments to IAS 1	Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Jan. 1, 2023
Amendments to IAS 8	Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	Jan. 1, 2023
Not yet endorsed by the EU		
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	Jan. 1, 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Jan. 1, 2023
Amendments to IAS 10 and IAS 28	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture	Unknown

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

Annual Improvements to IFRS Standards (2018-2020 Cycle)

The amendments that may be relevant to the Allgeier Group are as follows:

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

The amendments are effective for fiscal years beginning on or after January 1, 2022. Early adoption is permitted. The Management Board assumes that the amendments will not have any significant impact on the consolidated financial statements.

Amendments to IAS 16 (Proceeds before Intended Use)

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

The amendments are effective for fiscal years beginning on or after January 1, 2022 and are applied retrospectively to items of property, plant and equipment that are brought to the condition necessary for them to be capable of operating on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The Management Board assumes that the amendments will not have any impact on the consolidated financial statements.

Amendments to IFRS 3

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

The amendments are effective for fiscal years beginning on or after January 1, 2022and are applied prospectively. These amendments are not expected to have a material effect on the consolidated financial statements of the Allgeier Group.

Amendments to IAS 37

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

The amendments are effective for fiscal years beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the start of fiscal 2022. However, their adoption is not expected to have any significant effect.

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

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

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

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 new definition. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates when accounting policies require items in the financial statements to be measured in a manner that entails measurement uncertainty. A change in an accounting estimate resulting from new information or new developments is not the correction of an error.

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

Amendments to IAS 1

The amendments to IAS 1 clarify the classification of liabilities as current or non-current as follows:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right;
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for fiscal years beginning on or after January 1, 2023 and are applied retrospectively. The Allgeier Group assumes that the amendments will not have any significant impact on its current accounting practice. The Group will examine whether existing lending agreements may have to be adjusted.

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

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

The amendments are effective for fiscal years beginning on or after January 1, 2023. The Group expects to apply these amendments to such transactions from fiscal 2023. The initial adoption of the amended standard is expected to result in an increase in deferred tax assets.

Amendments to IAS 10 and IAS 28

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

V. Principles of Consolidation

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

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

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

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

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

VI. Consolidated Group

As of December 31, 2021, the consolidated group of Allgeier SE consisted of 52 consolidated companies (previous year: 36) and two companies accounted for using the equity method (previous year: 2). Specifically, the number of companies consolidated by Allgeier SE changed as follows in fiscal 2021:

	Consolidated	At equity	Total
Number on January 1, 2021	36	2	38
Companies acquired:			
publicplan GmbH, Düsseldorf	1	0	1
Cloudical Deutschland GmbH, Berlin	1	0	1
it-novum GmbH, Fulda	2	0	2
MySign AG, Olten, Switzerland	2	0	2
mgm process partners GmbH, Munich	1	0	1
mgm integration partners GmbH, Munich	1	0	1
Clientis AG, Moosburg (Bavaria)	1	0	1
Allgeier Evora Holding GmbH, Munich	1	0	1
Evora IT Solutions Group GmbH, Walldorf	4	0	4
Evora IT Solutions Pvt. Ltd., Bangalore, India	1	0	1
Allgeier Security Holding GmbH, Bremen	2	0	2
Allgeier Experts Holding GmbH, Munich	2	0	2
Companies merged:			
AURELO GmbH, Kiel	-1	0	-1
it-novum GmbH, Fulda	-1	0	-1
Clientis AG, Moosburg (Bavaria)	-1	0	-1
Number on December 31, 2021	52	2	54

The changes in the consolidated group materially affect the significance of the information on the Allgeier Group's financial position and financial performance. These changes must be taken into account accordingly in comparisons and analyses of fiscal 2021 and the previous year.

Acquisition of publicplan GmbH

By way of a share purchase agreement dated December 1, 2020, Allgeier publicplan Holding GmbH, Munich, acquired all the shares in publicplan GmbH, Düsseldorf (publicplan). publicplan provides e-government solutions for the public sector in particular. Its focus is on open source-based software solutions, from IT development consulting to the maintenance of various software solutions. The purchase price for the shares in publicplan was EUR 12,949 thousand. There were also incidental costs of acquisition of EUR 147 thousand recognized under other expenses in the income statement. The purchase price was paid in full in fiscal 2021. In connection with the acquisition of publicplan GmbH, the Allgeier Group reached an agreement with the founder and managing director of publicplan GmbH on a reverse investment for the indirect acquisition of 20 percent of the shares in Allgeier publicplan Holding GmbH. The Allgeier Group received EUR 1,356 thousand in conjunction with this transaction.

publicplan was consolidated for the first time when all closing criteria were satisfied on January 1, 2021. The acquisition resulted in the recognition of net assets of EUR 2,993 thousand by the Allgeier Group. This consists of net assets and liabilities recognized in accordance with German GAAP of EUR 1,560 thousand and net fair value adjustments in conjunction with purchase price allocation of EUR 1,433 thousand. Furthermore, the values in use and liabilities from existing leases of the company were measured and taken to the statement of financial position. Goodwill of EUR 9,956 thousand resulted from the difference between the purchase price recognized and the net assets acquired.

The carrying amounts and fair values of the net assets of publicplan were as follows on January 1, 2021:

(EUR thousand)	Carrying amounts	Allocation	Fair values
Intangible assets	0	1,985	1,985
Property, plant and equipment	256	0	256
Right-of-use assets from leases	0	2,958	2,958
Contract assets	706	-346	360
Trade receivables	665	0	665
Other financial assets	86	0	86
Other assets	105	0	105
Income tax receivables	19	0	19
Cash	1,499	0	1,499
Acquired assets	3,336	4,597	7,933
Lease liabilities	0	2,958	2,958
Provisions	68	0	68
Contract liabilities	0	28	28
Trade payables	291	0	291
Other financial liabilities	696	-466	230
Other liabilities	647	0	647
Income tax liabilities	74	0	74
Deferred tax liabilities	0	644	644
Acquired liabilities	1,776	3,164	4,940
Net assets	1,560	1,433	2,993

All trade receivables acquired were paid in full in fiscal 2021.

publicplan generated revenue of EUR 14,179 thousand and EBITDA of EUR 2,932 thousand in 2021. publicplan is part of the Enterprise IT segment.

Acquisition of Cloudical Deutschland GmbH

On June 17, 2021, Allgeier publicplan Holding GmbH, Munich, acquired all shares in Cloudical Deutschland GmbH, Berlin (Cloudical). Allgeier SE holds 80 percent of the shares in Allgeier publicplan Holding GmbH and thus indirectly 80 percent of the shares in Cloudical as well. Cloudical, which is in the start-up phase, is a specialist in open source solutions and consulting services relating to the design, creation, and utilization of container- and Kubernetes-based operating environments. The purchase price for the company was EUR 50 thousand. In addition to the purchase price, consulting expenses of EUR 17 thousand reported in other operating expenses were also incurred in connection with the acquisition. The purchase price was paid in full in the second half of 2021.

The Allgeier Group assumed net assets of EUR -378 thousand on the first-time consolidation of Cloudical. The difference between the purchase price and the liabilities of EUR 428 thousand was capitalized as goodwill.

The carrying amounts and fair values of the net assets of Cloudical were as follows on June 17, 2021:

(EUR thousand)	Carrying amounts	Allocation	Fair values
Intangible assets	204	0	204
Property, plant and equipment	4	0	4
Right-of-use assets from leases	0	10	10
Trade receivables	263	-213	50
Other financial assets	39	0	39
Other assets	5	0	5
Cash	6	0	6
Deferred tax assets	0	107	107
Acquired assets	**521**	**-96**	**425**
Lease liabilities	0	10	10
Provisions	63	0	63
Trade payables	165	0	165
Other financial liabilities	483	0	483
Other liabilities	69	0	69
Income tax liabilities	13	0	13
Acquired liabilities	**793**	**10**	**803**
Net assets	**-272**	**-106**	**-378**

The other trade receivables acquired were settled in full at their fair value. In conjunction with the purchase price allocation, a write-down of EUR 213 thousand was recognized on receivables from former affiliated companies of Cloudical. This write-down was unchanged on December 31, 2021.

Cloudical generated revenue of EUR 412 thousand and EBITDA of EUR -116 thousand in the period from June 18, 2021 to December 31, 2021. Cloudical was assigned to the Enterprise IT segment.

Acquisition of it-novum GmbH

On June 29, 2021, Allgeier SE signed an agreement to acquire the shares in it-novum GmbH, Fulda, through its subsidiary Allgeier CORE Group GmbH, Bremen. it-novum is a specialist for open source software solutions in the fields of enterprise information management and big data analytics with branches in Germany and Austria and a subsidiary in Switzerland (collectively referred to as the it-novum Group). A purchase price of EUR 18,477 thousand was agreed for the shares in it-novum GmbH. Furthermore, consulting expenses of EUR 206 thousand reported in other operating expenses were also incurred in connection with the acquisition of the company. The purchase price was paid in full in the second half of 2021.

The acquisition of the it-novum Group resulted in the recognition of net assets of EUR 1,563 thousand by the Allgeier Group. This consists of net liabilities recognized in accordance with German GAAP of EUR 1,585 thousand and fair value adjustments of EUR 3,148 thousand. The fair value adjustments essentially relate to intangible assets from customer relationships and customer orders. The difference between the purchase price and the net assets of EUR 16,913 thousand is reported as goodwill within intangible assets. EUR 1,140 thousand of goodwill is deductible for income tax purposes. The company was included in consolidation for the first time on June 30, 2021.

The carrying amounts and fair values of the net assets of the it-novum Group were as follows on June 30, 2021:

(EUR thousand)	Carrying amounts	Allocation	Fair values
Intangible assets	716	4,135	4,851
Property, plant and equipment	587	0	587
Right-of-use assets from leases	0	487	487
Trade receivables	1,007	0	1,007
Other financial assets	45	0	45
Other assets	103	0	103
Cash	1,210	0	1,210
Acquired assets	**3,668**	**4,622**	**8,290**
Financial liabilities	2,292	0	2,292
Lease liabilities	0	487	487
Pension obligations	74	13	87
Provisions	681	86	767
Contract liabilities	597	0	597
Trade payables	129	0	129
Other financial liabilities	1,132	0	1,132
Other liabilities	330	0	330
Income tax liabilities	18	0	18
Deferred tax liabilities	0	888	888
Acquired liabilities	**5,253**	**1,474**	**6,727**
Net assets	**-1,585**	**3,148**	**1,563**

All trade receivables acquired were paid in full on December 31, 2021.

The it-novum Group generated revenue of EUR 6,594 thousand and EBITDA of EUR 1,105 thousand in the second half of 2021. The it-novum Group is part of the Enterprise IT segment.

Acquisition of MySign AG

On July 26, 2021, Allgeier IT Solutions GmbH, Bremen, signed a share purchase agreement to acquire 80 percent of the shares in MySign AG, Olten, Switzerland. In turn, MySign AG holds all shares in VJii Productions AG, Olten, Switzerland (together referred to as the "MySign Group"). The parties agreed a fixed purchase price of CHF 5.0 million and a variable purchase price of up to CHF 3.0 million for the shares in MySign AG. The variable purchase price is linked to the achievement of a cumulative EBIT target in the years 2021 to 2023. If the EBIT target is missed, the earn-out will be reduced or canceled entirely if the EBIT target is missed by 50 percent or more. If the EBIT target is surpassed, a further earn-out of up to a maximum of CHF 0.8 million will be paid. The Allgeier Group assumes that the earn-out will amount to CHF 3.0 million. The capitalized present value of the purchase price converted into euro in the Allgeier Group is thus EUR 7,461 thousand. On acquiring the MySign Group, the Allgeier Group received net assets of EUR 1,171 thousand recognized in accordance with Swiss law. Furthermore, fair value adjustments from customer relationships and tax carrying amounts in the separate financial statements were identified and recognized in purchase price allocation. The values in use and liabilities from existing leases were recognized as well. The acquired net assets for 100 percent of shares ultimately amounted to EUR 1,706 thousand. Goodwill of EUR 6,096 thousand remained after offsetting the purchase price against the net assets and the non-controlling interests in the net assets. MySign was included in consolidation for the first time on fulfillment of the closing conditions as of August 31, 2021.

The carrying amounts and fair values of the net assets of the MySign Group were as follows on August 31, 2021:

(EUR thousand)	Carrying amounts	Allocation	Fair values
Intangible assets	0	141	141
Property, plant and equipment	185	0	185
Right-of-use assets from leases	0	874	874
Trade receivables	716	79	795
Other financial assets	11	0	11
Other assets	87	326	413
Income tax receivables	0	0	0
Cash	1,080	0	1,080
Acquired assets	**2,079**	**1,420**	**3,499**
Lease liabilities	0	864	864
Provisions	119	-119	0
Contract liabilities	488	98	586
Trade payables	39	0	39
Other financial liabilities	192	-98	94
Other liabilities	57	0	57
Income tax liabilities	13	0	13
Deferred tax liabilities	0	140	140
Acquired liabilities	**908**	**885**	**1,793**
Net assets	**1,171**	**535**	**1,706**

In the period from September to December 2021, the MySign Group generated revenue of EUR 1,961 thousand and EBITDA of EUR -31 thousand. The MySign Group is part of the Enterprise IT segment.

Acquisition of Clientis AG

mgm technology partners GmbH, Munich, an 80-percent subsidiary of Allgeier SE, acquired all shares in Blitz 21-208 GmbH, Munich, by way of purchase and transfer agreement dated July 30, 2021 and all shares in Blitz 21-282 GmbH, Munich, by way of purchase and transfer agreement dated October 28, 2021. The two companies were acquired for the purposes of the further expansion of the mgm Group and the acquisition of Clientis AG, Moosburg (Bavaria). The companies have no operating activities. The total purchase price for the companies was EUR 58 thousand. The Allgeier Group acquired cash funds of EUR 50 thousand with the companies. The difference between the purchase price and the assets of EUR 8 thousand in total was recognized as other operating expense. The companies purchased were renamed mgm process partners GmbH and mgm integration partners GmbH in conjunction with the acquisition.

By way of purchase agreement of August 25, 2021, mgm process partners GmbH acquired all shares in Clientis AG, Moosburg (Bavaria) (Clientis). Clientis focuses on the optimization of SAP processes in the system landscapes of large corporations and SMEs. Its range also includes individual developments, mobile app development and system updates as well. The parties agreed a fixed purchase price of EUR 3.0 million plus a variable purchase price, also of not more than EUR 3.0 million, for the shares. The variable purchase price is dependent on the achievement of a cumulative EBIT target in 2021 and 2022. If the EBIT in these years is lower than planned, the variable purchase price will be reduced accordingly or canceled entirely if a defined minimum EBIT is not achieved. In addition to the purchase price, consulting costs of EUR 13 thousand, recognized in profit or loss under other operating expenses, were recognized in connection with the company's acquisition. The fixed purchase price was paid in August 2021.

The acquisition of Clientis resulted in the recognition of total net assets of EUR 2,790 thousand by the Allgeier Group. The net assets contained net assets and liabilities recognized in accordance with German GAAP of EUR 1,505 thousand from the interim financial statements of the company as of August 31, 2021, customer relationships identified in conjunction with purchase price allocation of EUR 1,863 thousand and related deferred tax liabilities of EUR 578 thousand. The difference between the recognized purchase price of EUR 5,994 thousand and the total net assets of EUR 3,204 thousand was recognized as goodwill within intangible assets. The company was included in consolidation for the first time on August 31, 2021.

The carrying amounts and fair values of the net assets of Clientis were as follows on August 31, 2021:

(EUR thousand)	Carrying amounts	Allocation	Fair values
Intangible assets	0	1,863	1,863
Property, plant and equipment	84	0	84
Right-of-use assets from leases	0	150	150
Trade receivables	1,412	0	1,412
Other financial assets	74	0	74
Other assets	43	0	43
Income tax receivables	70	0	70
Cash	3,241	0	3,241
Acquired assets	**4,924**	**2,013**	**6,937**
Financial liabilities	2,259	0	2,259
Lease liabilities	0	150	150
Provisions	367	0	367
Contract liabilities	1	0	1
Trade payables	238	0	238
Other financial liabilities	201	0	201
Other liabilities	128	0	128
Income tax liabilities	225	0	225
Deferred tax liabilities	0	578	578
Acquired liabilities	**3,419**	**728**	**4,147**
Net assets	**1,505**	**1,285**	**2,790**

All trade receivables acquired were paid in full later in fiscal 2021.

In the period from September to December 2021, Clientis generated revenue of EUR 2,391 thousand and EBITDA of EUR 243 thousand. Clientis was merged with mgm integration partners GmbH, Munich, on December 21, 2021. mgm process partners and mgm integration partners GmbH belong to the mgm technology partners segment.

Acquisition of the Evora Group

Allgeier SE, Munich, acquired Blitz 21-276 GmbH, Munich, by way of purchase and transfer agreement dated October 29, 2021. A purchase price of EUR 29 thousand was agreed for the company. Allgeier SE acquired cash funds of EUR 25 thousand with the company. The difference between the purchase price and the cash funds of EUR 4 thousand was capitalized as other operating expense. The company operates as a holding company. It was acquired for the purpose of the acquisition of the Evora Group and the reverse investment of the seller of the Evora Group. Blitz 21-276 was renamed Allgeier Evora Holding GmbH on February 17, 2022; 40 percent of its shares were sold to the seller of the Evora Group on November 12, 2021.

By way of purchase and transfer agreement dated November 12, 2021, Allgeier Evora Holding GmbH, Munich, acquired the Evora Group, comprising the companies Evora IT Solutions Group GmbH, Walldorf, Evora IT Solutions GmbH, Walldorf, Evora IT Solutions GmbH, Vienna, Austria, Evora IT Solutions Inc., New York City, USA, and Evora IT Solutions Pvt. Ltd., Bangalore, India (the Evora Group). Allgeier SE thus indirectly holds 60 percent in the Evora Group.

Evora is a company specializing in SAP and ServiceNow consulting and software development that assists its clients in the end-to-end digitalization of business processes. The company has extensive expertise in the implementation and operation of comprehensive asset and field service management solutions and long-standing partnerships with SAP and ServiceNow, as well as other leading software vendors such as Salesforce. Evora operates a global organization and has its own engineering and service center in Bangalore, India. In recent years, Evora's specialists have completed a large number of projects for clients, some of them multinational, in industries such as life sciences, pharmaceuticals, chemicals, utilities and education in Europe, North America and Australia. Evora also has its own software product family – EvoSuite. The applications complement SAP's customer service and maintenance solutions and enable clients to digitalize and optimize additional business processes.

The parties agreed on a fixed purchase price of EUR 134.0 million for all shares in the Evora Group. The parties also agreed a variable purchase price of up to a maximum of EUR 24.0 million. A first tranche of the fixed purchase price of EUR 104.0 million was paid in December 2021. The remaining fixed purchase price is due in tranches of EUR 5.0 million at the end of 2022, EUR 10.0 million at the end of both 2023 and 2024, plus EUR 5.0 million due at the end of 2025. The amount of the earn-out is based on a defined EBITDA target expected to be achieved in 2023. The variable purchase price would then be due for payment in 2024. The Allgeier Group accounts for up to EUR 113.8 million of the financing of the purchase prices and the non-controlling shareholders for up to EUR 44.2 million. Incidental acquisition costs of EUR 785 thousand were incurred in addition to the purchase price. These costs are reported under other operating expenses in the income statement. The parties fulfilled the closing conditions on December 14, 2021. The Evora Group belongs to the Allgeier Enterprise IT segment.

The acquisition of the Evora Group added total net assets of EUR 26,565 thousand. The net assets consist of the net consolidated assets and liabilities of the separate financial statements of the companies of EUR 7,922 thousand and net fair value adjustments in conjunction with purchase price allocation of EUR 7,710 thousand. The fair value adjustments essentially relate to the measurement of customer relationships and of EvoSuite. The difference between the total recognized purchase price of EUR 157,663 thousand and the total net assets of EUR 142,031 thousand was recognized as goodwill within intangible assets. The total purchase price recognized includes discounting of EUR 337 thousand. The payments to be made by the minority shareholders under the reverse investment agreement of EUR 44,250 thousand are contained in the equity of the non-controlling interests. The liabilities from purchase prices not yet paid were reduced accordingly by the share of the non-controlling interests. The Allgeier Group accounted for the first-time consolidation on the basis of the figures of the annual financial statements as of December 31, 2021.

The carrying amounts and fair values of the net assets of the Evora Group were as follows on December 31, 2021:

(EUR thousand)	Carrying amounts	Allocation	Fair values
Intangible assets	186	11,024	11,210
Property, plant and equipment	531	0	531
Right-of-use assets from leases	0	506	506
Contract assets	787	184	971
Trade receivables	6,410	0	6,410
Other financial assets	242	0	242
Other assets	220	0	220
Income tax receivables	264	0	264
Cash	6,075	0	6,075
Deferred tax assets	136	0	136
Acquired assets	**14,851**	**11,714**	**26,565**
Lease liabilities	0	534	534
Provisions for pensions	106	0	106
Provisions	2,304	0	2,304
Contract liabilities	537	0	537
Trade payables	1,434	0	1,434
Other financial liabilities	749	0	749
Other liabilities	644	0	644
Income tax liabilities	1,155	0	1,155
Deferred tax liabilities	1	3,470	3,471
Acquired liabilities	**6,929**	**4,004**	**10,933**
Net assets	**7,922**	**7,710**	**15,632**

Acquisition of Allgeier Security Holding GmbH

Allgeier SE, Munich, acquired Blitz 21-213 GmbH, Munich, and its subsidiary, Blitz 21-214 GmbH, Munich, by way of purchase and transfer agreement dated October 29, 2021. Blitz 21-213 was renamed Allgeier Security Holding GmbH and its registered office was moved to Bremen. Blitz 21-214 GmbH was renamed Allgeier Security GmbH and its registered office was also moved to Bremen. The company has been trading as Allgeier CyRis GmbH since February 11, 2022. A purchase price of EUR 59 thousand was agreed for the two companies. Allgeier SE acquired cash funds of EUR 50 thousand with the two companies. The difference between the purchase price and the net assets acquired was capitalized as other operating expense.

Allgeier Security Holding GmbH operates as a holding company for the new Cyber Security business area created in line with company law within the Enterprise IT segment in fiscal 2021. Since December 2021, Security Holding GmbH has held the shares in secion GmbH, Hamburg, and Allgeier GRC GmbH, Kiel, both of which operate in the security area.

Acquisition of Allgeier Experts Holding GmbH

Allgeier SE, Munich, acquired Blitz 21-323 GmbH, Munich, and its subsidiary, Blitz 21-324 GmbH, Munich, by way of purchase and transfer agreement dated November 18, 2021. Blitz 21-323 was renamed Allgeier Experts Holding GmbH in conjunction with the acquisition. Blitz 21-324 was renamed Allgeier Experts Consulting GmbH. A purchase price of EUR 59 thousand was agreed for the companies. Allgeier SE acquired cash funds of EUR 50 thousand with the two companies. The difference between the purchase price and the net assets acquired was capitalized as other operating expense.

Allgeier Experts Holding GmbH operates as a holding company for the new business area that bundles the Allgeier Group's Experts business that was created in line with company law within the Enterprise IT segment in fiscal 2021.

Discontinued operations

The Allgeier Group also intends to sell its shares in Oxygen Consultancy, Istanbul, Turkey (Oxygen) and Talentry GmbH, Munich (Talentry). Despite the activities to sell Oxygen, the disposal agreement was not implemented by December 31, 2021. The companies are thus presented as discontinued operations. Discontinued operations generated the following revenue and results:

Revenue and earnings (EUR thousand)

	Revenue		Earnings before interest, taxes, depreciation and amortization	
	2021	2020	2021	2020
Oxygen	252	280	20	-430
Talentry	2,689	2,287	103	-1,004
	2,941	2,567	123	-1,434

As in the previous year, the net assets of Oxygen and Talentry have been written down in full. EUR 36 thousand of the write-down on Oxygen was reversed (previous year: write-down of EUR 512 thousand). The write-down at Talentry amounts to EUR 0 thousand (previous year: EUR 2,710 thousand). The assets and liabilities of the discontinued companies of the Allgeier Group are as follows as of December 31, 2021:

(EUR thousand)

	Oxygen	Talentry	Total
Intangible assets	2	0	2
Property, plant and equipment	7	0	7
Other non-current financial assets	4	0	4
Deferred tax assets	1	0	1
Non-current assets	**14**	**0**	**14**
Trade receivables	41	0	41
Other current financial assets	2	0	2
Other current assets	8	0	8
Cash	298	0	298
Current assets	**348**	**0**	**348**
Total assets	**362**	**0**	**362**
Deferred tax liabilities	1	0	1
Non-current liabilities	**1**	**0**	**1**
Trade payables	8	0	8
Other current financial liabilities	99	0	99
Income tax liabilities	3	0	3
Current liabilities	**111**	**0**	**111**
Total liabilities	**111**	**0**	**111**
Net assets	**250**	**0**	**250**
Impairment losses	250	0	250
Fair value	**0**	**0**	**0**

Other comprehensive income includes cumulative expenses of EUR 1,154 thousand (previous year: EUR 1,154 thousand) relating to discontinued operations.

The business of Allgeier Education GmbH, Düsseldorf, also shown as a discontinued operation in the previous year, was sold for a purchase price of one euro in the reporting year. The unsold net assets of Allgeier Education GmbH were reclassified to continuing operations. This resulted in income from the reversal of impairment of EUR 20 thousand.

Pro forma result of the merged companies

If the companies acquired in fiscal 2021 had already been consolidated in the Allgeier Group on January 1, 2021 and the companies acquired in fiscal 2020 had already been consolidated in the Allgeier Group on January 1, 2020, the revenue and earnings of the Allgeier Group would have been as follows:

Revenue and earnings (EUR thousand)

	Total		Discontinued operations		Continuing operations	
	2021	2020	2021	2020	2021	2020
Revenue	445,907	766,652	281	412,159	445,626	354,493
Earnings before interest, taxes, depreciation and amortization	49,493	78,190	-11	54,480	49,504	23,710
Earnings before taxes	29,258	32,011	-83	23,709	29,341	8,302

The prior-year figures include the results for the spun-off Nagarro SE.

Subsidiaries with non-controlling interests

The following table shows the financial figures of the subsidiaries of the Allgeier Group in which Allgeier SE does not hold all shares.

Financial figures of subsidiaries (EUR thousand)

	mgm technology partners Group		Allgeier Publicplan Holding GmbH		MySign AG		Allgeier Evora Holding GmbH		Allgeier Experts Select GmbH		Oxygen	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Percentage of non-controlling interests (indirect)	20.00%*	20.00%*	20.00%	20.00%	20.00%	20.00%	40.00%	40.00%	20.00%	20.00%	10.00%	10.00%
Non-current assets	34,980	19,339	15,147	0	1,178	0	154,530	0	83	533	14	32
Current assets	46,432	38,509	8,290	72	2,413	47	37,747	0	433	429	98	32
Non-current liabilities	19,871	7,518	2,775	0	799	0	38,851	0	0	290	1	5
Current liabilities	30,260	21,299	13,174	49	1,188	46	43,633	0	3,972	3,770	111	59
Net assets	**31,281**	**29,031**	**7,488**	**22**	**1,604**	**0**	**109,793**	**0**	**-3,456**	**-3,097**	**0**	**0**
Carrying amount of non-controlling interests	**3,355**	**4,513**	**1,498**	**0**	**321**	**0**	**43,917**	**0**	**-1,123**	**-1,051**	**0**	**0**
Revenue	98,022	83,273	14,564	0	1,961	0	0	0	0	11	253	280
Results of operating activities	17,268	13,920	1,650	-3	-151	0	-787	0	-272	-237	18	-491
Earnings before taxes	4,054	5,309	1,375	-3	-163	0	-831	0	-359	-331	18	-492
Profit or loss for the period	**2,429**	**4,287**	**711**	**-3**	**-167**	**0**	**-831**	**0**	**-359**	**-335**	**0**	**-500**
Other comprehensive income	**90**	**-90**	**0**	**0**	**65**	**0**	**0**	**0**	**0**	**0**	**0**	**-111**
Total comprehensive income	**2,518**	**4,197**	**711**	**-3**	**-102**	**0**	**-831**	**0**	**-359**	**-335**	**0**	**-611**
Cash flows from operating activities	21,616	21,821	2,688	1	-5	1	192	0	-135	-189	508	131
Cash flows from investing activities	-8,428	-6,280	-12,071	25	998	0	-113,020	0	-63	-184	-4	-48
Cash flows from financing activities	-13,726	-9,233	13,213	-1	0	-1	119,905	0	183	315	-1	0
of which from dividends to non-controlling interests	-268	-298	0	0	0	0	0	0	0	-645	0	0
of which from proceeds from non-controlling interests	0	0	1,356	0	0	0	29,130	0	0	0	0	0
Changes in cash and cash equivalents due to exchange rate movements	-69	64	0	0	45	0	0	0	0	0	-182	-131
Net increase (decrease) in cash and cash equivalents	**-607**	**6,372**	**3,830**	**25**	**1,039**	**0**	**7,077**	**0**	**-15**	**-57**	**321**	**-48**

*mgm technology partners GmbH holds interests of 70 percent in two of its subsidiaries, mgm security partners GmbH and MGM Consulting Partners GmbH. Accordingly, only 56 percent of the amounts of these companies are attributable to the Allgeier Group.

There is a profit transfer agreement between mgm technology partners GmbH and Allgeier SE. mgm technology partners GmbH's earnings before taxes and for the period shown in the table thus include the expenses of the profit transfer.

VII. Currency Translation

The functional currency of Allgeier SE and its subsidiaries located in the euro area is the euro. The functional currency of all other subsidiaries is the respective local currency. The financial statements of subsidiaries prepared in a foreign currency are translated into euro when preparing the consolidated financial statements. The closing rates as of December 31, 2021 were used to translate the assets and liabilities and the annual average rates for the months January 2021 to December 2021 were used to translate revenue and expenses.

Differences arising from translation between the closing rates of the reporting year and the previous year, and from the components included in equity at historical rates, have been taken directly to equity.

The following exchange rates were used to translate annual financial statements prepared in foreign currencies:

Exchange rates

		Average rates per EUR 1		Closing rates per EUR 1	
		2021	2020	2021	2020
US dollar	USD	1.180	1.146	1.134	1.120
Swiss franc	CHF	1.079	1.070	1.035	1.087
Czech crown	CZK	25.637	26.487	24.866	25.431
Turkish lira	TRY	10.789	8.140	15.067	6.657
Indian rupee	INR	87.200	84.651	84.355	79.823
Vietnamese dong	VND	27,048.800	26,586.121	25,894.050	25,901.400
Australian dollar	AUD	-	1.655	-	1.601
Pound sterling	GBP	-	0.890	-	0.854
Chinese yuan renminbi	CNY	-	7.903	-	7.823
Danish krone	DKK	-	7.452	-	7.469
Japanese yen	JPY	-	121.717	-	122.160
Canadian dollar	CAD	-	1.537	-	1.463
Malaysian ringgit	MYR	-	4.814	-	4.600
Mauritian rupee	MUR	-	44.063	-	39.499
Mexican peso	MXN	-	24.717	-	21.115
Norwegian krone	NOK	-	10.792	-	9.858
Polish zloty	PLN	-	4.468	-	4.258
Romanian leu	RON	-	4.837	-	4.781
Swedish krone	SEK	-	10.471	-	10.445
Singapore dollar	SGD	-	1.578	-	1.511
South African rand	ZAR	-	18.881	-	15.733
Thai baht	THB	-	35.857	-	33.574
UAE dirham	AED	-	4.211	-	4.113

Exchange rates for the spun-off units of the Nagarro Group are also shown for the previous year.

Within consolidated non-current assets, the cost and cumulative depreciation, amortization and write-downs are translated at historical exchange rates. Differences arising from the translation of historical exchange rates to the closing rates on December 31, 2021 are shown in separate columns. In the statement of changes in provisions, the translation differences arising from the different closing rates between December 31, 2021 and December 31 of the previous year are also shown in a separate column.

Transactions in foreign currencies in operating activities are translated at the exchange rate on the transaction date. If these postings result in exchange rate gains or losses due to payments or measurements at later points in time, these are recognized in profit or loss. Currency differences from the elimination of intragroup income and expenses are also recognized in the income statement.

VIII. Statement of Financial Position

Intangible assets

The Allgeier Group capitalizes the order backlogs, customer lists, websites, trademarks and products acquired in business combinations at fair value. Order backlogs are written off at the same time that revenue is recognized for the orders. The 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.

Internally generated developments are recognized as intangible assets if the development costs can be measured reliably and future economic benefits from the sale of services are probable. Capitalized costs for internally generated developments are measured at cost less cumulative amortization and impairment. Internally generated developments are amortized for the first time from the month of completion on a straight-line basis over a period of four years. Impairment is recognized on internally generated developments as necessary.

Purchased software, licenses and rights are measured at cost. Brands and domains are amortized on a straight-line basis over a term of 15 years. Otherwise, software, licenses and rights are amortized on a straight-line basis over three to six years. Software, licenses and rights are capitalized if it is probable that the company will obtain a future economic benefit from the asset and the cost of the assets can be measured reliably.

The Group tests the assets for impairment at the end of each reporting period. Cost does not include borrowing costs.

Goodwill arising from business combinations is recognized as an intangible asset with an indefinite useful life. Goodwill is tested for impairment annually. Goodwill that is no longer recoverable is written down. Impairment tests are also performed on an ad hoc basis if certain findings indicate that carrying amount of assets may no longer be recoverable.

Property, plant and equipment

Non-current assets are recognized at cost less cumulative depreciation. For internally generated assets, cost comprises costs that can be directly allocated, pro rata overheads and depreciation. Interest on borrowings is also included in the cost of production for buildings. Repair and maintenance costs are expensed immediately. Assets are depreciated on a straight-line basis over their expected 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.

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 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.

Investments accounted for using the equity method

Investments in joint ventures and associated companies are accounted for using the equity method. Under the equity method, the pro rata share of the annual results increases or reduces the carrying amount of the investment accordingly in the consolidated financial statements. Pro rata losses are offset against the carrying amount of the investment and any additional amounts against the loans granted to the investment accounted for using the equity method. Goodwill from associates is not amortized, and instead is part of the carrying amounts of investments accounted for using the equity method.

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, tax-reduced start-up phases). The tax rates for the specific countries are as follows:

Country		Tax rate
	2021	2020
Germany	31.00%	31.00%
Austria	25.00%	25.00%
USA	25.70%	27.00%
India	25.17%	25.17%
Switzerland (Olten)	21.30%	-
Turkey	22.00%	22.00%
Sweden	-	21.40%
Norway	-	22.00%
Denmark	-	22.00%
Romania	-	16.00%
Australia	-	30.00%
Malaysia	-	24.00%

The table includes the tax rates for companies in both continuing and discontinued operations. Tax rates for the spun-off units of the Nagarro Group are also shown for the previous year.

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 assets and liabilities

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

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

Trade receivables

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

Other financial assets

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

Other assets and income tax receivables

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

Cash

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

Provisions for post-employment benefits

Pension provisions

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

	Dec. 31, 2021	Dec. 31, 2020
Interest rate for those with vested pensions	1.25%	0.80%
Interest rate for retired persons	1.10%	0.65%
Increase in current pensions	1.50% to 1.75%	1.50%
Turnover	0.00%	0.00%

Life insurance policies have been taken out in some cases to cover pension obligations. Insofar as the life insurance policies are pledged to the beneficiary, the present value of the life 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 obligations for future gratuity payments to employees that become payable when employees leave the company, regardless of whether this is at the instigation of the employer or the employee. These gratuity payments constitute a defined benefit plan in accordance with IAS 19 and are measured using actuarial methods. The addition in fiscal 2021 relates to Evora IT Solutions Pvt. Ltd., Bangalore, India. The change in fiscal 2020 relates to the subsidiaries in India and the United Arab Emirates (UAE) deconsolidated in conjunction with the spin-off of Nagarro.

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

India	Dec. 31, 2021	Dec. 31, 2020*
Interest rate	6.45%	5.37%
Salary increase p.a.	13.40%	10.00%
Turnover p.a.	12.50%	20.00%
Average expected length of service	7.2 years	5.0 years

United Arab Emirates	Dec. 31, 2021	Dec. 31, 2020*
Interest rate	-	2.40%
Salary increase p.a.	-	3.50%
Turnover p.a.	-	5.00%

* Statement of financial position figures as of December 31, 2020 no longer included, though the parameters affect the income statement until the disposal of the Nagarro Group in December 2020.

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 dependent on the term of the loans and reimbursed on early repayment are deducted from financial liabilities. The financial liabilities are subsequently measured at amortized cost with transaction costs distributed over the term using the effective interest method. 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. Interest rates are based on market interest rates for specific maturities.

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. 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.

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

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

X. Estimates and Assumptions

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. The estimates and assumptions are reviewed on an ongoing basis. Necessary adjustments are recognized prospectively. Estimates and assumptions essentially relate to:

- the measurement of contingent purchase price components for acquisitions;
- the allocation of impairment to current assets;
- the calculation of income tax liabilities;
- the measurement of provisions;
- the definition of the term of leases and the probability of extension options being exercised in the future;
- the assumptions used to calculate impairment on goodwill and internally generated developments;
- the calculation of the fair values of operations held for sale.

If the estimates and assumptions are significant and a material adjustment could be necessary in fiscal 2021, 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

Intangible assets developed as follows:

Intangible assets (EUR thousand)

	Orders on hand	Customer lists	Acquired software products	Website	Software, licenses and rights	Internally generated developments	Goodwill	Total
Carrying amount as of January 1, 2020	0	7,247	1,035	24	3,287	7,695	171,046	190,334
Changes in 2020:								
Additions to consolidated group	210	3,550	6,512	75	456	0	3,944	14,747
Additions in fiscal year	0	11	68	0	1,576	1,355	0	3,010
Disposals at carrying amounts	0	0	0	0	-27	-2	0	-29
Foreign exchange differences	-4	-159	-22	0	-59	3	-6,506	-6,747
Amortization: continuing operations	-206	-783	-329	-7	-686	-1,762	0	-3,773
Amortization: discontinued operations	0	-2,422	-916	0	-881	-388	0	-4,607
Impairment	0	0	0	0	0	-667	-19	-686
Disposals in discontinued operations	0	0	0	0	-86	0	0	-86
Disposals in spin-off of Nagarro	0	-4,231	-4,780	0	-678	-1,490	-95,878	-107,057
Carrying amount as of December 31, 2020	0	3,213	1,568	92	2,902	4,744	72,587	85,106
Changes in 2021:								
Additions to consolidated group	5,959	11,774	1,669	0	648	204	178,627	198,882
Additions in fiscal year	0	221	672	0	969	1,284	0	3,146
Foreign exchange differences	13	6	0	0	0	0	281	300
Amortization: continuing operations	-992	-1,763	-600	-8	-1,240	-1,705	0	-6,309
Carrying amount as of December 31, 2021	4,980	13,451	3,308	84	3,279	4,526	251,496	281,124

With the exception of goodwill, new intangible assets added to consolidation in foreign currency were translated using the average exchange rates for the year. With the exception of “internally generated developments”, all intangible assets were purchased.

The intangible assets include software, licenses and rights required for business operations and the order backlogs, customer lists, products, websites and goodwill identified for companies acquired.

Order backlogs of EUR 5,959 thousand (previous year: EUR 210 thousand) were received in conjunction with acquisitions in fiscal 2021. The order backlog was measured at its expected net amount determined as the order value for the orders less full costs. Orders on hand are derecognized when the order backlog is realized and invoiced.

Customer lists of EUR 11,774 thousand (previous year: EUR 3,550 thousand) were received in conjunction with acquisitions in fiscal 2021. 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 products are measured based on sales planning and the expected result for the products less risk discounts due to aging and technical obsolescence. Measurement is based on a planning period of five years. Products are written down over a term of four years. Products of EUR 1,669 thousand in total (previous year: EUR 6,512 thousand) were received in fiscal 2021 in conjunction with newly acquired subsidiaries.

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 on a straight-line basis over a term of four years.

Goodwill arose in connection with acquisitions from the difference between the cost of the shares in the acquired companies and the assets, liabilities and contingent liabilities acquired at their respective fair values at the acquisition date. Goodwill of EUR 178,627 thousand (previous year: EUR 3,944 thousand) was received in conjunction with acquisitions in fiscal 2021. The translation of companies not acquired in euro increased goodwill by EUR 281 thousand (previous year: reduction of EUR 6,506 thousand). The currency differences were recognized in the consolidated statement of comprehensive income under other comprehensive income. Goodwill developed as follows:

Goodwill (EUR thousand)	Enterprise IT	mgm technology partners	Nagarro	Other	Total
Carrying amount as of January 1, 2020	**64,584**	**4,067**	**102,395**	**0**	**171,046**
Changes in 2020:					
Additions to consolidated group	395	3,530	0	19	3,944
Foreign exchange differences	11	0	-6,517	0	-6,506
Impairment	0	0	0	-19	-19
Disposals in spin-off of Nagarro	0	0	-95,878	0	-95,878
Carrying amount as of December 31, 2020	**64,990**	**7,597**	**0**	**0**	**72,587**
Changes in 2021:					
Additions to consolidated group	175,424	3,204	0	0	178,627
Foreign exchange differences	281	0	0	0	281
Carrying amount as of December 31, 2021	**240,695**	**10,801**	**0**	**0**	**251,496**

Goodwill is regularly tested for impairment once per year and on an ad hoc basis if there are indications of impairment. The Allgeier Group uses the value in use method on the basis of budget planning to measure impairment. If market prices exist in individual cases, these are used for measurement. The value-in-use method is applied to the three-year planning of the cash-generating unit (CGU) to measure value in use. For the following years, the method extrapolates the cash flows of the third detailed planning year for all other future years. The cash flows were discounted in perpetuity using the following parameters and capitalization rates. In the planning phase after the third planning year, the interest rates are reduced by a growth discount of one percentage point. The interest rate takes into account debt and equity ratios derived from a peer group.

Comparable companies were referenced and formed into peer groups to calculate the weighted average cost of capital (WACC) for the cash-generating units. The composition of the peer groups has been modified on account of the spin-off of Nagarro and the revised segment structure. 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 debt financing. The risk premium used for equity is unchanged year-on-year at 7.5 percent. 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. The WACC for the two cash-generating units is calculated as follows:

	Enterprise IT		mgm technology partners	
	2021	**2020**	**2021**	**2020**
Interest rate for 10-year bonds	0.35%	-0.13%	0.35%	-0.13%
Peer group equity ratio	90.09%	83.99%	74.32%	74.88%
Peer group debt ratio	9.91%	16.01%	25.68%	25.12%
5-year beta factor	0.7450	0.8864	1.0167	1.1931
Country risk premium	0.00%	0.00%	0.84%	0.71%
Tax rate	29.72%	29.72%	29.72%	29.72%
Interest rate on debt	2.20%	2.00%	2.20%	2.00%
Risk premium for equity	7.50%	7.50%	7.50%	7.50%
WACC before taxes	5.57%	5.80%	7.12%	7.63%
WACC after taxes	**5.50%**	**5.70%**	**6.95%**	**7.49%**

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 and value in use 2020		
Average annual revenue growth	5.6%	10.2%
Average annual growth of underlying cash flow	31.7%	-8.3%
Value in use in EUR million	**239**	**112**
Growth rates and value in use 2021		
Average annual revenue growth	11.0%	13.3%
Average annual growth of underlying cash flow	46.4%	13.4%
Value in use in EUR million	**805**	**226**

2. Property, plant and equipment

Property, plant and equipment developed as follows:

Property, plant and equipment (EUR thousand)	Land, land rights and buildings	Other fixed assets and office equipment	Total
Carrying amount as of January 1, 2020	2,817	12,687	15,504
Changes in 2020:			
Additions to consolidated group	0	169	169
Additions in fiscal year	3	2,272	2,275
Disposals at carrying amounts	-11	-186	-197
Foreign exchange differences	-247	-168	-415
Depreciation: continuing operations	-41	-2,860	-2,901
Depreciation: discontinued operations	-84	-1,880	-1,964
Disposals in discontinued operations	0	-10	-10
Disposals in spin-off of Nagarro	-1,989	-4,448	-6,437
Carrying amount as of December 31, 2020	448	5,576	6,024
Changes in 2021:			
Additions to consolidated group	0	1,646	1,646
Additions in fiscal year	0	3,067	3,067
Disposals at carrying amounts	0	-170	-170
Foreign exchange differences	0	55	55
Depreciation: continuing operations	-41	-2,951	-2,992
Carrying amount as of December 31, 2021	407	7,223	7,630

New items of property, plant and equipment added to consolidation in foreign currency were translated using the average exchange rates for the year.

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

Right-of-use assets from leases (EUR thousand)	Properties	Motor vehicles	Operating and office equipment/ IT equipment	Total
Carrying amount as of January 1, 2020	73,542	3,545	13,098	90,185
Changes in 2020:				
Additions to consolidated group	582	19	15	616
Additions in fiscal year	10,238	3,040	11,081	24,359
Disposals at carrying amounts	0	0	-1	-1
Lease modifications	-8,812	-64	-805	-9,681
Foreign exchange differences	-1,768	-1	-435	-2,204
Depreciation: continuing operations	-5,778	-1,330	-501	-7,609
Depreciation: discontinued operations	-8,213	-1,410	-4,753	-14,376
Impairment	-1,329	0	0	-1,329
Disposals in discontinued operations	0	-1	-2	-3
Disposals in spin-off of Nagarro	-34,077	-2,435	-15,834	-52,346
Carrying amount as of December 31, 2020	24,385	1,363	1,863	27,611
Changes in 2021:				
Additions to consolidated group	4,723	261	0	4,984
Additions in fiscal year	13,103	1,925	571	15,599
Lease modifications	2,144	31	0	2,175
Foreign exchange differences	138	2	0	140
Depreciation: continuing operations	-7,162	-1,333	-706	-9,201
Carrying amount as of December 31, 2021	37,331	2,249	1,728	41,308

Expenses for leases for low-value assets and short-term leases were as follows in fiscal 2021:

Expenses for leases (EUR thousand)	Total		Discontinued operations		Continuing operations	
	2021	2020	2021	2020	2021	2020
Leases for low-value assets	99	51	0	47	99	4
Short-term leases	297	593	10	303	287	290

The Allgeier Group generated income of EUR 87 thousand (previous year: EUR 1 thousand) from operating leases in continuing operations and of EUR 0 thousand (previous year: EUR 67 thousand) from operating leases in discontinued operations. The Group anticipates income of EUR 87 thousand from operating leases in continuing operations in fiscal 2022.

To finance a data center and a new IT environment in the Enterprise IT segment, the Allgeier Group entered into a sale-leaseback agreement with a value of EUR 305 thousand (previous year: EUR 2,357 thousand). Neither gains nor losses are generated from the sale-leaseback transactions.

4. Investments accounted for using the equity method

The Allgeier Group holds 50.00 percent of the shares in IPP northport InsurancePartner Platform GmbH, Hamburg (northport). northport provides industry brokers and insurance providers with the opportunity to operate their business digitally and to share innovations. The company was founded in 2020. Owing to the pro rata losses accrued in the fiscal year, the carrying amount of the company accounted for using the equity method was reduced to zero (previous year: EUR 15 thousand).

The Allgeier Group also holds 33.34 percent of the shares in Talentry GmbH, Munich (Talentry). Talentry develops and sells cloud-based enterprise software for recruiting employees using the contacts and social networks of existing and participating employees (staff recruit staff). The Allgeier Group intends to sell its shares in Talentry and reports Talentry as a discontinued operation. As a result of the full write-down of the carrying amount at equity in 2020, Talentry's results in fiscal 2021 have no effect on the statement of financial position or the statement of comprehensive income of the Allgeier Group.

The carrying amounts of the investments accounted for using the equity method determined by an auxiliary calculation break down as follows:

Equity investments (EUR thousand)		northport		Talentry
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Non-current assets	22	22	41	43
Current assets without cash and cash equivalents	17	8	458	528
Cash	206	9	619	741
Other current financial liabilities	-1,783	-42	-3,295	-3,525
Net assets	-1,538	-3	-2,177	-2,213
Group's share in net assets in %	50.00%	50.00%	33.34%	33.34%
Group's share in net assets	-769	-2	-726	-738
Goodwill	769	16	726	738
Carrying amount under the equity method	0	15	0	0

The net income from companies accounted for using the equity method is allocated as follows:

Companies accounted for using the equity method (EUR thousand)		northport		Talentry
	2021	2020	2021	2020
Revenue	1,120	0	2,689	2,287
Depreciation and amortization	-19	0	-20	-55
Profit or loss for the period	-1,535	0	-51	-1,188
Total comprehensive income for the period	-1,535	0	-51	-1,188
Share of the Allgeier Group in profit or loss in %	50.00%	50.00%	33.34%	33.34%
Share of the Allgeier Group in profit or loss	-768	0	-17	-396
Losses in excess of the carrying amount	768	0	17	0
Pro rata profit/loss for the year	0	0	0	-396

5. Other financial assets

Other financial assets break down as follows:

Other financial assets (EUR thousand)			Dec. 31, 2021			Dec. 31, 2020
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Interests in Speedinvest	6,550	6,550	0	3,241	3,241	0
Security deposits	1,860	1,699	161	1,621	1,461	160
Loans to the investment accounted for using the equity method northport	898	0	898	0	0	0
Write-down on the loan to northport	-200	0	-200	0	0	0
Receivables from employee wages and salaries	311	0	311	435	0	435
Creditors with debit balances	72	0	72	14	0	14
Sureties	60	60	0	61	60	1
Receivables from loans	72	0	72	231	0	231
Receivables from the overpayment of the purchase price from the acquisition of publicplan GmbH	13	0	13	0	0	0
Other	709	90	619	483	140	343
	10,345	8,399	1,946	6,086	4,902	1,184

The interest in Speedinvest is an investment in the non-listed venture capital company, Speedinvest II EuVECA GmbH & Co. KG, Vienna, Austria. The fair value of the equity investment was EUR 6,550 thousand as of the end of 2021 (previous year: EUR 3,241 thousand). Income of EUR 3,309 thousand was calculated from this for fiscal 2021 (previous year: EUR 546 thousand), which was reported in the income statement within finance income.

The loan to the investment accounted for using the equity method northport is a loan agreed in conjunction with the joint venture and original trade receivables from northport that were converted into loans. The current negotiations for the repayment of the loan entail a waiver of EUR 200 thousand, which was posted as a write-down on the loan as of December 31, 2021. An interest rate of 3 percent p.a. was agreed for the loan.

The receivables from loans to employees and receivables from loans bear interest. Mainly fixed interest rates of between 3 percent p.a. and 5 percent p.a. were agreed for these loans.

6. Other assets

Other assets break down as follows:

Other assets (EUR thousand)			Dec. 31, 2021			Dec. 31, 2020
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Prepaid expenses	4,680	419	4,261	3,002	421	2,581
VAT receivables	1,504	0	1,504	883	0	883
	6,184	419	5,765	3,885	421	3,464

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 (EUR thousand)			Dec. 31, 2021			Dec. 31, 2020
	Deferred tax assets	Deferred tax liabilities	Income statement	Deferred tax assets	Deferred tax liabilities	Income statement
Intangible assets	481	8,383	962	884	4,200	727
Property, plant and equipment	613	0	5	574	0	458
Contract costs	0	0	0	0	0	75
Contract assets and liabilities	0	234	150	0	313	62
Miscellaneous financial assets	123	223	62	14	13	43
"Provisions for post-employment benefits"	105	0	-4	97	0	1,229
Other provisions	1,010	664	45	702	640	-69
Financial liabilities	0	0	0	0	0	-532
Other financial liabilities	22	28	-2	0	0	-77
Temporary differences including consolidation though profit or loss	**2,354**	**9,532**	**1,218**	**2,271**	**5,166**	**1,916**
Loss carryforwards	856	0	-119	934	0	-2,344
Offsetting	-1,880	-1,880	0	-753	-753	0
	1,330	**7,652**	**1,099**	**2,452**	**4,413**	**-428**

On December 31, 2021, the Allgeier Group had corporate income tax loss carryforwards of EUR 17,703 thousand (previous year: EUR 14,459 thousand) and trade tax loss carryforwards of EUR 14,564 thousand (previous year: EUR 13,513 thousand). The Group has deferred tax assets of EUR 4,549 thousand in total (previous year: EUR 4,330 thousand). EUR 856 thousand(previous year: EUR 934 thousand) of deferred tax assets were recognized and an amount of EUR 3,693 thousand (previous year: EUR 3,396 thousand) was not recognized due to uncertainty concerning their utilization. The recognition of deferred tax assets from loss carryforwards results from expected future earnings allocations, the reorganization of tax groups and the subsequent tax utilization of start-up losses of newly acquired or established subsidiaries.

EUR 1,029 thousand (previous year: EUR 2,214 thousand) of deferred tax assets and EUR 3,018 thousand (previous year: EUR 2,074 thousand) of deferred tax liabilities are current. Current deferred taxes are reported within non-current assets and non-current liabilities.

8. Inventories

Inventories break down as follows:

Inventories (EUR thousand)	Dec. 31, 2021	Dec. 31, 2020
Raw materials and supplies	89	41
Merchandise	1,119	627
Other	22	27
	1,230	**695**

No impairment losses were recognized on inventories. Inventories recognized as an expense in the reporting period amounted to EUR 15,048 thousand in fiscal 2021 (previous year: EUR 12,695 thousand).

9. Contract assets and liabilities

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

Assets and liabilities (EUR thousand)			Dec. 31, 2021			Dec. 31, 2020
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Customer projects measured in accordance with IFRS 15	2,476	0	2,476	1,828	0	1,828
Contract assets	**2,476**	**0**	**2,476**	**1,828**	**0**	**1,828**
Customer projects measured in accordance with IFRS 15	1,223	0	1,223	567	0	567
Deferred income	5,627	88	5,539	3,658	127	3,531
Contract liabilities	**6,850**	**88**	**6,762**	**4,225**	**127**	**4,098**

Contract assets and liabilities developed as follows:

Assets and liabilities (EUR thousand)	Contract assets	Contract liabilities
As of January 1, 2020	**14,030**	**11,496**
Currency effect	-1,108	-255
Addition due to acquisitions	0	168
Revenue recognition	13,305	-10,995
Reclassification to trade receivables	-13,476	0
Advance payments received from customers	0	13,331
Disposal due to business combinations	-10,923	-9,520
As of December 31, 2020	**1,828**	**4,225**
Currency effect	38	25
Addition due to acquisitions	1,331	1,749
Revenue recognition	1,226	-4,210
Reclassification to trade receivables	-1,947	0
Advance payments received from customers	0	5,061
As of December 31, 2021	**2,476**	**6,850**

Revenue includes EUR 4,103 thousand (previous year: EUR 11,084 thousand) reported under contract liabilities at the beginning of the fiscal year.

10. Trade receivables

Trade receivables break down as follows:

Trade receivables (EUR thousand)	Dec. 31, 2021	Dec. 31, 2020
Customer receivables	85,395	69,227
Factoring	-21,385	-18,586
Impairment of customer receivables	-1,664	-2,612
	62,346	48,029

The Allgeier Group has agreed a factoring program of up to EUR 40 million (previous year: EUR 30 million) for the financing of customer receivables. Allgeier accounts for factoring off-balance sheet after the entire default risk of the receivables sold is transferred to the factor/trade credit insurer.

EUR 35,873 thousand (previous year: EUR 24,198 thousand) of this factoring volume had been utilized on December 31, 2021. EUR 21,385 thousand (previous year: EUR 18,586 thousand) of this amount was netted against trade receivables and an amount of EUR 14,488 thousand (previous year: EUR 5,612 thousand) was reported within financial liabilities. As the payment of factored invoices by customers is not settled simultaneously with the factor, short-term obligations to the factor arise that are recognized as financial liabilities.

11. Cash

Cash funds break down as follows:

Cash and cash equivalents (EUR thousand)	Dec. 31, 2021	Dec. 31, 2020
Bank balances	69,396	60,789
Cash balances	13	14
	69,409	60,803

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

12. Issued capital

The issued capital of Allgeier SE amounted to EUR 11,408,513 as of December 31, 2021 (previous year: EUR 11,382,513) and was divided into 11,408,513 no-par registered shares (previous year: EUR 11,382,513). 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 26,000 new registered no-par shares from Contingent Capital 2010 (pre-emption shares) in fiscal 2021.

The shares of Allgeier SE closed at EUR 55.80 in Xetra trading on the Frankfurt Stock Exchange on December 30, 2021. In the previous year, the shares closed at EUR 18.65 on December 30, 2020.

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 5,644,500by 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 section186(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 section186(3) sentence 4 AktG.
- to issue pre-emption rights to bearers of conversion or option rights to bonds issued by the company or an entity in which the company directly or indirectly holds a majority.

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

Contingent capital

By way of resolution of the Annual General Meeting on June 17, 2010, amended by resolutions of the Annual General Meetings on June 17, 2014 and June 28, 2017, and following the issue of 432,000 new no-par registered shares from Contingent Capital 2010 (pre-emption shares), the share capital of the company can be contingently increased by up to EUR 28,000as of December 31, 2021 (Contingent Capital 2010). Contingent Capital 2010 is intended to serve up to 28,000 outstanding options to issue up to 28,000 new no-par registered shares.

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

By way of resolution of the Annual General Meeting on June 28, 2017, the share capital of the company can be contingently increased by up to EUR 3,500,000 by issuing up to 3,500,000 new no-par registered shares (Contingent Capital 2017). Contingent Capital 2017 is intended to serve convertible bonds, bonds with warrants or income bonds or participation rights with conversion or option rights that could be issued by June 27, 2022 by the company itself or by an entity in which the company directly or indirectly holds a majority.

By way of resolution of the Annual General Meeting on June 8, 2021, the share capital of the company can be contingently increased by up to EUR 940,000by 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 that can be issued by the company by June 7, 2026.

13. Capital reserves

The Group's capital reserves developed as follows:

Development of capital reserves (EUR thousand)	2021	2020
Capital reserves as of January 1	65,074	58,006
Issuance of stock options	6,106	0
Change in measurement of stock options	47	1,899
Exercise of stock options	22	791
Disposal of treasury shares	0	4,378
Capital reserves on December 31	**71,249**	**65,074**

14. Retained earnings

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

15. Treasury shares

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

In fiscal 2020, the company sold all the treasury shares it had held until that time. Allgeier SE has not held any treasury shares since then.

16. Profit carryforward

The Group's profit carryforward developed as follows:

Profit carryforward (EUR thousand)	2021	2020
Profit carryforward on January 1	25,936	51,597
Result for the previous year	-356	15,133
Distribution to shareholders of Allgeier SE	-5,691	-5,603
Acquisition of non-controlling interests in the iQuest Group	0	-7,299
Acquisition of non-controlling interests in the SAP Group	0	-3,639
Upstream effects of transactions with Nagarro	0	12,071
Spin-off of Nagarro	0	-36,325
Profit carryforward on December 31	**19,888**	**25,936**

The previous year's profit for the period attributable to the shareholders of Allgeier SE of EUR -356 thousand (previous year: EUR 15,133 thousand) was transferred to profit carryforward in line with the resolution of the Annual General Meeting on June 8, 2021.

On June 8, 2021, the Annual General Meeting of Allgeier SE resolved a profit distribution of EUR 0.50 per share (previous year: EUR 0.50 per share). The distribution amounted to EUR 5,691,256.50 in total (previous year: EUR 5,603,196.00). 11,382,513 shares were entitled to a dividend (previous year: 11,206,392 shares).

17. Changes in equity recognized directly in equity

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

Changes in equity recognized directly in equity (EUR thousand)	Dec. 31, 2021	Dec. 31, 2020
Actuarial gains on January 1	-371	-1,007
Change	-13	-391
Reclassification due to spin-off of Nagarro	0	1,027
Actuarial gains on December 31	**-384**	**-371**
Foreign currency changes on January 1	293	8,712
Change	578	-3,696
Reclassification due to spin-off of Nagarro	0	-4,723
Foreign currency changes on December 31	**871**	**293**
Changes in equity recognized directly in equity on January 1	-78	7,705
Change	565	-4,087
Reclassification due to spin-off of Nagarro	0	-3,696
Changes in equity recognized directly in equity on December 31	**487**	**-78**

18. Equity interest of non-controlling interests

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

Equity interest of non-controlling interests (EUR thousand)	2021	2020
As of January 1	**3,461**	**22,888**
Result for the period attributed to non-controlling shareholders	592	6,686
Share in exchange rate changes recognized in equity	36	1,033
Share of actuarial gains recognized in equity	-5	118
Distributions to non-controlling shareholders	-2,062	-1,327
Reverse investment in Allgeier publicplan Holding GmbH	1,356	0
Reverse investment in Allgeier Evora Holding GmbH	44,250	0
Acquisition of shares of non-controlling shareholders of the MySign Group	341	0
Acquisition of shares of non-controlling shareholders of the iQuest Group	0	-5,041
Acquisition of shares of non-controlling shareholders of the SAP Group	0	-374
Upstream effects of transactions with Nagarro	0	-12,071
Spin-off of Nagarro	0	-8,451
As of December 31	**47,969**	**3,461**

Distributions of EUR 268 thousand (previous year: EUR 298 thousand) were paid to the non-controlling shareholders of mgm cp Hamburg and mgm sp Munich from net retained profits as of December 31, 2020 in fiscal 2021. On the basis of the profit transfer agreement between mgm tp Munich and Allgeier SE, the result attributable to the non-controlling shareholders of mgm tp Munich of EUR 1,793 thousand (previous year: EUR 1,029 thousand) was recognized as a dividend.

A seller of publicplan GmbH, Düsseldorf, in conjunction with the acquisition of the company, secured an interest in the buyer, Allgeier publicplan Holding GmbH, Munich. The Allgeier Group received EUR 1,356 thousand for the 20 percent of shares in Allgeier publicplan Holding GmbH.

The seller of the Evora Group, in conjunction with the acquisition of Evora, secured an interest in the buyer, Allgeier Evora Holding GmbH, Munich. The parties agreed capital contributions of EUR 44,250 thousand for the 40 percent of shares in Allgeier Evora Holding GmbH. EUR 29,130 thousand of this related to the fixed purchase price already paid in 2021 and EUR 15,120 thousand to purchase price components due in subsequent years.

19. Financial liabilities

The financial liabilities break down as follows:

Financial liabilities (EUR thousand)			Dec. 31, 2021			Dec. 31, 2020
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Syndicated loan of Allgeier SE	123,500	123,500	0	17,500	17,500	0
Financial liabilities from factoring of customer receivables	14,488	0	14,488	5,612	0	5,612
Portion of the syndicated loan agreement spun off to mgm technology partners GmbH	397	0	397	0	0	0
Borrower's note loan	0	0	0	5,500	0	5,500
Deferred one-time costs relating to the borrower's note loan	0	0	0	-10	0	-10
Other	0	0	0	2	0	2
	138,385	123,500	14,885	28,604	17,500	11,104

In December 2020, Allgeier SE entered into a new syndicated loan agreement for a credit facility of EUR 140 million. The contract has a term of five years with an extension option of up to two further years. EUR 123.9 million of the credit facility had been utilized with financial liabilities on December 31, 2021 (previous year: EUR 17.5 million). The loan bears interest based on Euribor (floor at 0.0 percent) plus a margin dependent on key financial ratios. An interest rate of 2.2 percent p.a. (previous year: 2.0 percent) was applied as of the end of 2021.

Some subsidiaries of Allgeier SE use undisclosed factoring to finance customer receivables. Under this program, the receivables are sold to the factoring company several times per month on a list basis. In cases in which payments by customers on the receivables submitted are received in the period between the submission of the list and the end of the month, the payments received by the factoring company are reported in financial liabilities. These payments amounted to EUR 14,488 thousand on December 31, 2021 (previous year: EUR 5,612 thousand). The liabilities bear interest at a floating rate. The interest rate was 0.83 percent p.a. (previous year: 1.25 percent) as of the end of 2021.

In conjunction with the Allgeier SE syndication agreement, mgm technology partners GmbH uses the spun off portion of the syndicated loan agreement. EUR 397 thousand of this facility had been utilized on December 31, 2021. An interest rate of 2.2 percent applied to the loan on December 31, 2021.

There were no defaults on payments either in the reporting period or after the end of the fiscal year. All financial covenants agreed by Allgeier SE or Allgeier Group companies in conjunction with the loans and credit agreements were complied with.

20. Lease liabilities

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

Lease liabilities (EUR thousand)				Dec. 31, 2021				Dec. 31, 2020
	Properties	Motor vehicles	Operating and office equipment	Total	Properties	Motor vehicles	Operating and office equipment	Total
Minimum payments:								
Due in less than one year	7,932	1,161	513	9,606	6,187	817	390	7,394
Due between one and five years	21,916	1,108	1,334	24,358	16,039	587	1,654	18,280
Due after more than five years	13,851	0	0	13,851	8,406	0	0	8,406
	43,699	2,269	1,847	47,815	30,632	1,404	2,044	34,080
Discounting to present value:								
Due in less than one year	-771	-6	-20	-797	-719	-17	-20	-756
Due between one and five years	-1,826	-11	-16	-1,853	-1,751	-10	-44	-1,805
Due after more than five years	-623	0	0	-623	-505	0	0	-505
	-3,220	-17	-36	-3,273	-2,975	-27	-64	-3,066
Present value of minimum lease payments:								
Due in less than one year	7,161	1,155	493	8,810	5,468	800	370	6,638
Due between one and five years	20,090	1,097	1,318	22,506	14,288	577	1,610	16,475
Due after more than five years	13,228	0	0	13,228	7,901	0	0	7,901
	40,480	2,252	1,812	44,544	27,657	1,377	1,980	31,014

Payments of EUR 10,694 thousand were made for leases in fiscal 2021 (previous year: EUR 26,850 thousand). EUR 10,692 thousand (previous year: EUR 9,161 thousand) of these payments relate to continuing operations and EUR 2 thousand (previous year: EUR 17,689 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 12,269 thousand (previous year: EUR 14,386 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 1,258 thousand as of December 31, 2021 (previous year: EUR 1,019 thousand) to cover post-employment benefit obligations. The reconciliation of these amounts is as follows:

Provisions for pensions (EUR thousand)						
			2021			2020
	Germany	India	Total	Germany	India/UAE	Total
Reconciliation of present value of the defined benefit obligation:						
Present value of the defined benefit obligation on January 1	1,329	0	1,329	1,203	4,394	5,597
Change in consolidated group	87	162	249	0	-5,991	-5,991
Reclassification of other financial liabilities	0	0	0	0	316	316
Current service cost	40	0	40	36	1,190	1,226
Interest cost	11	0	11	14	271	285
Actuarial gains or losses	29	0	29	100	505	605
Benefits paid	-26	0	-26	-24	-231	-255
Currency	0	0	0	0	-454	-454
Present value of the defined benefit obligation on December 31	1,470	162	1,632	1,329	0	1,329
Reconciliation of plan assets:						
Plan assets at fair value on January 1	311	0	311	301	0	301
Change in consolidated group	0	56	56	0	0	0
Returns on plan assets	2	0	2	3	0	3
Employer contributions	9	0	9	10	0	10
Benefits paid	-6	0	-6	-6	0	-6
Actuarial gains or losses	2	0	2	3	0	3
Plan assets at fair value on December 31	318	56	374	311	0	311
Net obligation as of December 31	1,152	106	1,258	1,018	0	1,018
of which: non-current	1,133	0	1,133	1,000	0	1,000
of which: current	18	106	125	18	0	18

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

Income and expenses from the change in net pension obligations (EUR thousand)						
			2021			2020
	Germany	India	Total	Germany	India/UAE	Total
Staff costs						
Current service cost	40	0	40	36	1,190	1,226
Past service cost	0	0	0	0	0	0
Staff costs	40	0	40	36	1,190	1,226
Financial expenses						
Interest cost	11	0	11	14	271	285
Return on plan assets (can be offset)	-2	0	-2	-3	0	-3
Interest and similar expenses	9	0	9	11	271	282
Recognized in profit or loss	49	0	49	47	1,461	1,508
Gain/loss from remeasurement of pension obligations						
due to changes in financial assumptions	-46	0	-46	38	258	296
due to experience adjustments	75	0	75	62	247	309
Income/expenses on plan assets without interest income	-2	0	-2	-2	0	-2
Recognized in other comprehensive income	27	0	27	98	505	603

Obligations in Germany relate entirely to continuing operations and those in India/UAE entirely to discontinued operations.

Pension obligations (Germany)

As of December 31, 2021, the Allgeier Group had defined benefit plans for ten (previous year: three) persons in the form of direct pension commitments. Of the eligible persons, one is still working in the Allgeier Group and nine (previous year: two) have retired. In one case the commitments call for the payment of an agreed, fixed one-time amount. In the other cases, index-linked pensions with an annual increase of at least 1 percent were agreed. The pension payments are made starting at the agreed retirement age or in the event of disability. A widow's pension has been agreed for eight (previous year: one) pension beneficiaries. All commitments are vested.

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

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

The weighted average expected term of the defined benefit pension obligations as of December 31, 2021 is as follows:

Number of pension beneficiaries			
	Active employees	Retired employees	Total
As of December 31, 2020	7.5	9.2	7.9
As of December 31, 2021	6.6	9.6	7.4

Gratuity obligations

Subsidiaries of Allgeier SE have 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. The addition in fiscal 2021 relates to Evora IT Solutions Pvt. Ltd., Bangalore, India.

The disposal in fiscal 2020 relates to the subsidiaries in India and the United Arab Emirates (UAE) of the spun-off Nagarro Group.

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, 2021 changes in accordance with the following sensitivity analysis:

Change in present value of defined benefit obligations as of December 31, 2021 (EUR thousand)

		Germany		India		Total
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Interest rate (1.00% change)	-102	113	-15	17	-117	130
Salary trend (1.00% change)	-	-	11	-11	11	-11
Pension trend (0.25% change)	3	-3	-	-	3	-3

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

Contributions for life insurance for defined benefit pension plans limited to the amount of the insurance policies amount to EUR 0 thousand in the fiscal year (previous year: EUR 21 thousand). Furthermore, employer contributions for further defined contribution plans of EUR 251 thousand were paid in the fiscal year (previous year: EUR 1,490 thousand). EUR 251 thousand (previous year: EUR 237 thousand) of the total amount of EUR 251 thousand (previous year: EUR 1,511 thousand) relates to continuing operations and EUR 0 thousand (previous year: EUR 1,274 thousand) to discontinued operations.

22. Other financial liabilities

Other financial liabilities break down as follows:

Other financial liabilities (EUR thousand)

			Dec. 31, 2021			Dec. 31, 2020
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Variable purchase price liabilities from acquisitions for which the actual amount is not yet known	24,003	24,003	0	2,577	2,427	150
Remaining fixed purchase price of the Evora Group acquired in December 2021	21,399	17,799	3,600	0	0	0
Vacation obligations	3,574	0	3,574	3,492	0	3,492
Outstanding incoming invoices	3,287	0	3,287	2,873	0	2,873
Liabilities from wages and salaries	3,103	0	3,103	3,152	0	3,152
Profit transfer from profit shares of non-controlling shareholders of mgm tp Munich	1,793	0	1,793	1,029	0	1,029
Working time accounts	992	0	992	862	0	862
Originally variable purchase price liabilities from acquisitions for which the actual amount is now known	493	0	493	3,185	0	3,185
Social security liabilities	351	0	351	123	0	123
Customers with credit balances	140	0	140	170	0	170
Loan liabilities	124	0	124	0	0	0
Fixed purchase price of SCUDOS acquired in June 2020	0	0	0	200	200	0
Other	568	0	568	438	0	438
	59,827	**41,802**	**18,025**	**18,101**	**2,627**	**15,474**

Obligations arising from vacation days not yet taken and granted to employees of Allgeier companies as of the end of the reporting period are recognized as vacation obligations. Expenditure per vacation day is calculated according to the individual average salary (not including one-time payments) of the employees in the fiscal year, including social security contributions. Entitlement to vacation days for the subsequent year already taken are neither capitalized nor offset in provisions.

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 consolidated statement of comprehensive income. The non-current purchase price liabilities were carried at the present value of the expected future payments. Market interest rates published by the Bundesbank were used as interest rates. Depending on the maturities, interest rates of between 0.30 percent (previous year: 0.44 percent) and 0.49 percent (previous year: 0.55 percent) were assumed for the measurement of liabilities as of December 31, 2021. The non-current purchase price liabilities of EUR 41,802 thousand (previous year: EUR 2,427 thousand) are based on a total nominal value of EUR 42,177 thousand (previous year: EUR 2,650 thousand). Other non-current financial liabilities have terms of between one and five years.

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.

23. Other provisions

Other provisions break down as follows:

Other provisions (EUR thousand)	Dec. 31, 2021			Dec. 31, 2020		
	Total	of which: non-current	of which: current	Total	of which: non-current	of which: current
Royalties and bonuses	13,308	0	13,308	9,341	0	9,341
Preparation and audit of annual financial statements	1,086	0	1,086	936	0	936
Restructuring, severance pay	240	0	240	695	0	695
Contributions to occupational health and safety agency	681	0	681	608	0	608
Retention	397	331	66	370	308	62
Warranties	325	0	325	261	0	261
Disability levy	206	0	206	136	0	136
Other	2,036	0	2,036	2,630	0	2,630
	18,279	331	17,948	14,977	308	14,669

Other provisions developed as follows in fiscal 2021:

Other provisions (EUR thousand)	As of Dec. 31, 2020	Addition to consolidated group	Utilization	Unused amounts reversed	Arising during the year	Discount rate adjustment	Currency effects	As of Dec. 31, 2021
Royalties and bonuses	9,341	3,269	-13,253	-631	14,561	0	21	13,308
Preparation and audit of annual financial statements	936	85	-624	-191	879	0	1	1,086
Restructuring, severance pay	695	0	-348	-246	139	0	0	240
Contributions to occupational health and safety agency	608	35	-499	-2	539	0	0	681
Retention	370	18	-24	0	32	1	0	397
Warranties	261	10	-50	0	104	0	0	325
Disability levy	136	0	-71	-63	204	0	0	206
Other	2,630	152	-3,063	-355	2,670	0	2	2,036
	14,977	3,569	-17,932	-1,488	19,128	1	24	18,279

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

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.

Warranties include provisions for individually recognized warranty claims.

The provisions added to the consolidated group in foreign currency were translated at average annual exchange rates in the statement of changes in provisions.

24. Other liabilities

Other liabilities break down as follows:

Other liabilities (EUR thousand)	Dec. 31, 2021	Dec. 31, 2020
VAT liabilities	3,802	6,419
Other	886	0
	4,688	6,419

Notes to the Consolidated Financial Statements ALLGEIER

25. Financial instruments

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 (EUR thousand)

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

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

					Carrying amounts				Fair values
December 31, 2020	**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	3,241	0		0	3,241	0	3,241	0	3,241
	3,241	**0**		**0**	**3,241**	**0**	**3,241**	**0**	**3,241**
Financial assets at amortized cost:									
Trade receivables	0	48,029		0	48,029				48,029
Other financial assets	0	2,845		0	2,845				2,845
Cash and cash equivalents	0	60,803		0	60,803				60,803
	0	**111,677**		**0**	**111,677**				**111,677**
Financial assets	**3,241**	**111,677**		**0**	**114,918**				**114,918**
Financial liabilities at fair value through profit or loss:									
Contingent purchase price liabilities	5,762	0		0	5,762	0	0	5,762	5,762
	5,762	**0**		**0**	**5,762**	**0**	**0**	**5,762**	**5,762**
Financial liabilities at amortized cost:									
Financial liabilities	0	0		28,604	28,604				28,604
Trade payables	0	0		22,066	22,066				22,066
Leases	0	0		31,014	31,014				31,014
Other financial liabilities	0	0		12,339	12,339				12,339
	0	**0**		**94,023**	**94,023**				**94,023**
Financial liabilities	**5,762**	**0**		**94,023**	**99,785**				**99,785**

As far as possible, the Allgeier Group uses prices observable on the market to determine the fair value of assets and liabilities. Depending on the inputs used, fair values are assigned to different 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 (EUR thousand)	
As of January 1, 2020	24,721
Additions	7,079
Purchase price adjustments from the acquisition of Objectiva recognized as an expense in profit or loss	458
Purchase price adjustments from the acquisition of secion recognized as income in profit or loss	-67
Earn-outs dependent on human resources criteria recognized as an expense in profit or loss	554
Disposals due to payments	-18,992
Interest effect	64
Foreign currency changes in profit or loss	-978
Foreign currency changes in other comprehensive income	-124
Disposals due to spin-off of Nagarro	-6,953
As of December 31, 2020	5,762
Additions	22,883
Purchase price adjustments recognized as income through profit or loss	-1,107
Disposals due to payments	-3,186
Interest effect	23
Foreign currency changes in profit or loss	121
As of December 31, 2021	24,496

Contingent purchase price liabilities are measured on the basis of the companies' planning. The criteria agreed in the purchase agreements for achieving the contingent purchase prices are compared against planning and the fair value of the contingent purchase price liabilities is determined on this basis. The Allgeier Group assumes that planning will be achieved, and has therefore shown the purchase prices calculated on the basis of planning.

For the fair values of contingent consideration, a change in inputs, with other inputs remaining the same, has the following effects:

Sensitivity of inputs to fair value (EUR thousand)		
		Profit or loss
	Increase	Decrease
Earnings effect of eForce21 GmbH's earn-out if the revenue target is missed by 10%	0	833
Earnings effect of MySign AG's earn-out if the EBIT target is missed by 10%	-157	600
Earnings effect of Clientis AG's earn-out if the EBIT target is missed by 10%	0	245
Change in the discount rate of 1%	420	-173

Notes to the Consolidated Financial Statements ALLGEIER

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 (EUR thousand)

	2021					2020				
	Other operating income	Other operating expenses*	Finance income	Financial expenses	Total	Other operating income	Other operating expenses*	Finance income	Finance expenses	Total
Total										
Cash	0	0	8	0	8	0	0	262	0	262
Loans and receivables	1,304	-1,382	0	0	-78	1,570	-3,568	0	0	-1,998
of which impairment	0	-288	0	0	-288	0	-1,094	0	0	-1,094
Other financial assets	0	0	3,715	0	3,715	0	0	546	0	546
Factoring	0	0	0	-106	-106	0	0	0	-200	-200
Derivative financial instruments	0	0	0	0	0	0	-312	0	0	-312
Leases	0	0	0	-981	-981	0	0	0	-3,052	-3,052
Financial liabilities at fair value	1,107	-121	0	-23	963	67	-458	0	-64	-455
Other liabilities	0	0	0	-2,148	-2,148	0	-1,979	0	-2,956	-4,935
Total net gain/loss on financial instruments	**2,411**	**-1,503**	**3,723**	**-3,258**	**1,373**	**1,637**	**-6,317**	**808**	**-6,272**	**-10,144**
Discontinued operations:										
Cash	0	0	0	0	0	0	0	246	0	246
Loans and receivables	0	0	0	0	0	853	-2,021	0	0	-1,168
of which impairment	0	0	0	0	0	0	-38	0	0	-38
Other financial assets	0	0	0	0	0	0	0	0	0	0
Factoring	0	0	0	0	0	0	0	0	-118	-118
Derivative financial instruments	0	0	0	0	0	0	-312	0	0	-312
Securities	0	0	0	0	0	0	0	0	0	0
Leases	0	0	0	0	0	0	0	0	-2,121	-2,121
Financial liabilities at fair value	0	0	0	0	0	0	-383	0	21	-362
Other liabilities	0	0	0	-1	-1	0	0	0	-113	-113
Total net gain/loss on financial instruments	**0**	**0**	**0**	**-1**	**-1**	**853**	**-2,716**	**246**	**-2,331**	**-3,948**
Continuing operations:										
Cash	0	0	8	0	8	0	0	16	0	16
Loans and receivables	1,304	-1,382	0	0	-78	717	-1,547	0	0	-830
of which impairment	0	-288	0	0	-288	0	-1,056	0	0	-1,056
Other financial assets	0	0	3,715	0	3,715	0	0	546	0	546
Factoring	0	0	0	-106	-106	0	0	0	-82	-82
Derivative financial instruments	0	0	0	0	0	0	0	0	0	0
Securities	0	0	0	0	0	0	0	0	0	0
Leases	0	0	0	-981	-981	0	0	0	-931	-931
Financial liabilities at fair value	1,107	-121	0	-23	963	67	-75	0	-85	-93
Other liabilities	0	0	0	-2,147	-2,147	0	-1,979	0	-2,843	-4,822
Total net gain/loss on financial instruments	**2,411**	**-1,503**	**3,723**	**-3,257**	**1,374**	**784**	**-3,601**	**562**	**-3,941**	**-6,196**

* including impairment on trade receivables

C. NOTES TO THE CONSOLIDATED INCOME STATEMENT

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

26. Revenue

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

Expected revenue from outstanding performance obligations with an original contact period > 1 year (EUR thousand)

as of	Total	2021	2022	2023	2024	2025
December 31, 2021	10,958	-	8,938	1,686	284	50
December 31, 2020	12,472	7,982	3,360	1,130	0	0

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 (EUR thousand)

		Total	Discontinued operations		Continuing operations	
	2021	2020	2021	2020	2021	2020
Revenue with third parties	403,485	763,780	276	406,476	403,209	357,304
Consolidation of intercompany revenue	0	0	5	5,684	-5	-5,684
Revenue from operating leases	121	67	0	0	121	67
	403,606	763,847	281	412,159	403,325	351,688

27. Other operating income

Other operating income breaks down as follows:

Other operating income (EUR thousand)

		Total	Discontinued operations		Continuing operations	
	2021	2020	2021	2020	2021	2020
Reversal of provisions	1,488	952	0	135	1,488	817
Utilization and reversal of bad debt allowances	1,249	1,387	0	707	1,249	680
Reversals of liabilities from acquisitions	1,107	67	0	0	1,107	67
Income from currency translation	425	6,371	212	5,935	213	436
Recoveries on loans previously written off	55	183	0	7	55	176
Negative goodwill	0	1,581	0	1,581	0	0
Other	1,561	4,512	45	3,176	1,516	1,335
	5,885	15,053	257	11,541	5,628	3,511

28. Cost of materials

The cost of materials breaks down as follows:

Cost of materials (EUR thousand)

		Total	Discontinued operations		Continuing operations	
	2021	2020	2021	2020	2021	2020
Raw materials and supplies	15,048	22,106	0	9,175	15,048	12,931
Consolidation of intercompany costs of materials	0	0	0	1,321	0	-1,321
Purchased services	141,544	172,508	14	37,117	141,530	135,391
	156,592	194,614	14	47,613	156,578	147,001

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

29. Staff costs

Staff costs break down as follows:

Staff costs (EUR thousand)

		Total	Discontinued operations		Continuing operations	
	2021	2020	2021	2020	2021	2020
Salaries and wages	148,570	350,226	236	225,188	148,334	125,038
Social security expenses	26,343	44,788	30	21,794	26,313	22,994
Royalties and bonuses	14,682	29,042	0	16,085	14,682	12,957
Taxation of employee remuneration in kind	-1,362	-3,271	0	-1,559	-1,362	-1,712
	188,233	420,785	266	261,508	187,967	159,277

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

Headcount in the Allgeier Group (EUR thousand)

		Total	Discontinued operations		Continuing operations	
	2021	2020	2021	2020	2021	2020
Average:						
Working on customer orders	2,002	9,475	0	7,681	2,002	1,794
Working in other areas	675	1,467	13	857	662	610
	2,678	10,942	13	8,538	2,665	2,404
End of reporting period:						
Working on customer orders	2,210	9,536	0	7,759	2,210	1,777
Working in other areas	739	1,450	12	861	727	589
	2,949	10,986	12	8,620	2,937	2,366

The average values were calculated on the basis of the number of employees on March 31, June 30, September 30 and December 31. The number of salaried employees includes members of the Management Board, managing directors and trainees.

Share-based remuneration program

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

The authorizations granted to the Management Board and the Supervisory Board to issue stock options and the stock options issued by December 31, 2021 are as follows:

Stock option plans	Contingent capital (max. issue)	Options issued	Date of issue
2010 stock option plan	EUR 460,000 thousand	460,000	November 19, 2012
2014 stock option plan	EUR 140,000 thousand	140,000	November 29, 2017
2018 stock option plan	EUR 340,000 thousand	0	Canceled on June 8, 2021
2021 stock option plan	EUR 950,000 thousand	910,000	June 8 and November 12, 2021, more possible until June 7, 2026

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

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

When the spin-off of the Nagarro Group became effective as of December 16, 2020, the 2010 and 2014 stock option plans were transferred pro rata to Allgeier SE and Nagarro SE in accordance with the spin-off agreement (modification of terms of stock options). For the programs already issued by Allgeier SE, with the number of options unchanged, there was a change in the form of a reduction of the option parameters of exercise price, cap and – for the 2014 program – the minimum share price. The reduction was in the proportion of the 30-day average of Allgeier SE's share price to the total of the 30-day average prices of Allgeier SE and Nagarro SE after the spin-off became effective. Furthermore, in accordance with the spin-off agreement, Nagarro SE also had an obligation to issue the same number of options to the same beneficiaries (SOP I/2020), which was implemented in May 2021. A comparison of the valuation of the two 2010 and 2014 option plans as of December 16, 2020 over the remaining term, the old Allgeier SE plans immediately before the spin-off and the new Allgeier and Nagarro plans immediately after spin-off, resulted in an increase in their value, which was recognized as an addition to staff costs.

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

Parameters of binomial model	Dec. 31, 2021	Dec. 31, 2020	Issue date
Exercise price per share	EUR 1.85	EUR 9.46	EUR 10.89
Expected share price volatility	41.16%	41.16%	41.16%
Risk-free interest rate	1.30%	1.30%	1.30%

The distributions resolved by the Annual General Meetings in the 2013 to 2019 fiscal years each resulted in adjustments of the exercise price. The values of the option rights issued under the 2010 stock option plan were updated with the new exercise price in each case, but otherwise using the same parameters as previously used on the issue date. The distributions in fiscal 2020 and fiscal 2021 did not result in any adjustments of the exercise price. The modification of the terms of the 2010 plan as of December 16, 2020 as a result of spinning off the Nagarro Group increased the total value of the plan by EUR 102 thousand in fiscal 2020 (of which in continuing operations: EUR 20 thousand). After the spin-off became effective, which significantly reduced the size of the Allgeier Group, the legally relevant exercise price for Allgeier's 2010 stock option plan, i.e. the price to be paid by the beneficiaries at a later date, was reduced to EUR 1.85 per stock option.

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

Parameters of binomial model	Dec. 31, 2021	Dec. 31, 2020	Issue date
Exercise price per share	EUR 4.72	EUR 24.17	EUR 24.42
Expected share price volatility	29.12%	29.12%	29.12%
Risk-free interest rate	0.49%	0.49%	0.49%

The distributions resolved by the Annual General Meetings in fiscal 2018 and fiscal 2019 resulted in an adjustment of the exercise price. The value was updated with the new exercise price, but otherwise using the same parameters as previously used on the issue date. The distributions in fiscal 2020 and fiscal 2021 did not result in any adjustments of the exercise price. The modification of the terms of the 2014 plan as of December 16, 2020 as a result of spinning off the Nagarro Group increased the total value of the plan by EUR 1,683 thousand (of which in continuing operations: EUR 348 thousand). The non-linear distribution of the total expense over the vesting period results in staff costs of EUR 47 thousand in fiscal 2021 (previous year: EUR 1,899 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.

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

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

The total expense of the stock options issued in fiscal 2021 amounts to EUR 6,177 thousand. Assuming a partial non-linear distribution of the original total expense over the four-year vesting period, staff costs amount to EUR 6,106 thousand in fiscal 2021.

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	
	2021	2020	2021	2020	2021	2020
As of January 1	54,000	147,513	140,000	140,000	0	0
Options granted	0	0	0	0	910,000	0
Options exercised	-26,000	-93,513	0	0	0	0
As of December 31	28,000	54,000	140,000	140,000	910,000	0

The weighted average share price on the exercise date was EUR 23.54for the stock options exercised in fiscal 2021 (previous year: EUR 55.76).

The stock option rights still outstanding under the 2010 stock option plan as of December 31, 2021 expire on November 19, 2022 and the stock option rights outstanding under the 2014 stock option plan expire on November 29, 2027. 900,000 options under the 2021 stock option plan will expire on June 8, 2031 and 10,000 on November 12, 2031.

30. Other operating expenses

Other operating expenses break down as follows:

Other operating expenses (EUR thousand)		Total	Discontinued operations		Continuing operations	
	2021	2020	2021	2020	2021	2020
Land and building costs	2,958	5,147	17	2,279	2,941	2,868
Other staff costs	2,778	4,461	26	2,717	2,752	1,744
IT costs	2,498	6,962	2	5,032	2,496	1,930
Legal and consulting fees	1,932	3,247	51	1,228	1,881	2,019
Vehicle costs	1,901	4,170	21	2,577	1,880	1,593
Expenses from acquisition activities	1,620	200	0	117	1,620	83
Communication expenses	1,500	3,385	8	1,909	1,492	1,476
Services	1,403	3,015	17	1,798	1,386	1,217
Advertising expenses	1,396	2,203	13	1,128	1,383	1,075
Travel expenses	1,215	6,183	3	4,820	1,212	1,363
Insurance, contributions	1,097	2,657	5	1,532	1,092	1,125
Costs for the annual financial statements	778	1,586	2	818	776	768
Supervisory Board remuneration	554	777	0	44	554	733
Direct selling expenses	545	1,152	0	502	545	650
Exchange losses on payment transactions and translation at the end of the reporting period	459	4,606	12	4,332	447	274
Office supplies	370	864	8	601	362	263
Maintenance	187	2,638	3	2,409	184	229
Entertainment expenses	149	496	0	358	149	138
Costs of spin-off	0	10,288	0	10,288	0	0
Exchange losses on the reclassification of equity components recognized in equity	0	5,636	0	5,636	0	0
Finance charges	0	1,979	0	0	0	1,979
Expenses for currency forwards	0	312	0	312	0	0
Consolidation of intercompany services	0	0	0	1,219	0	-1,219
Other	2,673	11,391	81	6,745	2,592	4,647
	26,013	83,355	269	58,401	25,743	24,955

The costs of the spin-off borne by Allgeier SE in continuing operations were posted to the result of spun-off business and are therefore not shown in the other operating expenses of continuing operations.

Other operating expenses include fees for the auditor of these consolidated financial statements as of December 31, 2021 as follows:

Auditor's fees (EUR thousand)		Total	Discontinued operations		Continuing operations	
	2021	2020	2021	2020	2021	2020
Audits of financial statements	345	567	0	287	345	280
Tax advisory services	196	181	0	27	196	154
Other services	86	97	0	10	86	87
Other assurance services	18	414	0	407	18	7
	646	1,259	0	731	646	528

In fiscal 2021, tax advisory services related in particular to fees for general tax advisory services and services in connection with audits in Germany. The other services and other assurance services fiscal 2021 essentially related to services in connection with acquisitions, in particular the performance of financial and tax due diligence, as well as assurance services for a piece of software and in connection with a financing transaction.

31. Depreciation, amortization and impairment

Depreciation, amortization and impairment break down as follows:

Depreciation, amortization and impairment (EUR thousand)		Total	Discontinued operations		Continuing operations	
	2021	2020	2021	2020	2021	2020
Depreciation and amortization:						
Right-of-use assets from leases	9,202	21,985	2	14,376	9,200	7,609
Other fixed assets and office equipment	2,953	4,740	2	1,880	2,951	2,860
Acquired customer relationships and customer lists	1,763	3,205	0	2,422	1,763	783
Internally generated intangible assets	1,705	2,150	0	388	1,705	1,762
Acquired software, licenses and rights	1,246	1,567	6	881	1,240	686
Acquired marketable products	600	1,245	0	916	600	329
Acquired order backlogs	992	206	0	0	992	206
Land and buildings	41	125	0	84	41	41
Acquired websites	8	7	0	0	8	7
	18,511	35,230	10	20,947	18,501	14,283
Impairment:						
Right-of-use assets from leases	0	1,328	0	0	0	1,328
Internally generated developments	0	667	0	0	0	667
Goodwill	0	19	0	0	0	19
	0	2,014	0	0	0	2,014
	18,511	37,244	10	20,947	18,501	16,297

32. Finance income

Finance income breaks down as follows:

Finance income (EUR thousand)	Total		Discontinued operations		Continuing operations	
	2021	2020	2021	2020	2021	2020
Income from measurement at fair value of Speedinvest shares	3,309	546	0	0	3,309	546
Dividends from Speedinvest	406	0	0	0	406	0
Interest income on bank balances	8	262	0	246	8	16
Interest income from investments accounted for using the equity method	52	39	0	0	52	39
Consolidation of interest income	0	0	0	94	0	-94
Other finance income	5	199	0	138	5	61
	3,780	1,046	0	478	3,780	568

33. Financial expenses

Finance costs break down as follows:

Financial expenses (EUR thousand)	Total		Discontinued operations		Continuing operations	
	2021	2020	2021	2020	2021	2020
Interest on bank loans and borrower's note loans	2,148	2,957	0	129	2,148	2,828
Interest on finance leases	981	3,052	0	2,242	981	810
Factoring interest	106	200	0	126	106	74
Interest on non-current liabilities from acquisitions	23	64	0	0	23	64
Interest portion of additions to pension provisions	8	10	0	0	8	10
Consolidation of interest expenses	0	0	0	4,460	0	-4,460
Other interest expenses	175	368	63	239	112	129
	3,441	6,651	63	7,196	3,378	-545

The interest on bank loans and borrower's note loans is combined in the table.

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

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

Investments accounted for using the equity method (EUR thousand)	Total		Discontinued operations		Continuing operations	
	2021	2020	2021	2020	2021	2020
Pro rata annual result of Talentry	0	-396	0	-396	0	0
Pro rata profit/loss for the year of northport	-15	0	0	0	-15	0
Goodwill impairment due to write-down to fair value	0	-2,710	0	-2,710	0	0
	-15	-3,106	0	-3,106	-15	0

35. Net income taxes

The income tax expense breaks down as follows:

Income tax expense (EUR thousand)	Total		Discontinued operations		Continuing operations	
	2021	2020	2021	2020	2021	2020
Current tax result	8,786	18,919	18	10,547	8,768	8,372
Deferred tax result	-1,099	428	0	1,680	-1,099	-1,252
	7,687	19,347	18	12,227	7,670	7,119

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 (EUR thousand)

	Total		Discontinued operations		Continuing operations	
	2021	2020	2021	2020	2021	2020
Earnings before income taxes	20,080	31,882	-83	23,709	20,163	8,173
Group tax rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Expected income tax result	**-6,024**	**-9,565**	**25**	**-7,113**	**-6,049**	**-2,452**
Deviations due to tax rates	-206	1,464	-5	1,446	-201	18
Tax effect of other non-deductible expenses	-421	-1,843	0	-774	-421	-1,069
Tax-free subsidiaries	0	997	0	997	0	0
Other tax-free income	1,145	319	0	79	1,145	240
Losses for which deferred tax assets were not recognized	-643	-3,641	-75	-3,150	-568	-491
Use of loss carryforwards for which deferred tax assets were not recognized	14	892	0	885	14	7
Write-downs of deferred tax assets	-70	-1,738	0	-1,150	-70	-588
Reversal of impairment on deferred tax assets	57	1,594	0	1,594	57	0
Intragroup restructuring	17	-2,724	0	-19	17	-2,705
Incidental acquisition costs not deductible for tax purposes	-422	-29	0	-14	-422	-15
Intragroup distributions	-10	-13	0	0	-10	-13
Impairment of goodwill	0	-5	0	0	0	-5
Income from the reversal of negative goodwill	0	474	0	474	0	0
Adjustment of earn-out liabilities	289	-21	0	5	289	-26
Measurement under the equity method	-5	-119	0	-119	-5	0
Expenses for share-based payment transactions (stock options)	-1,846	-139	0	0	-1,846	-139
Effect of IFRS 16	29	164	0	89	29	75
Effect of IFRS 5	33	-995	0	-995	33	0
Prior-period taxes	341	-409	4	-409	337	0
Effects of disposal of the Nagarro Group (reclassification of cumulative OCI and currency effects to profit or loss)	0	-1,793	33	-1,793	-33	0
Non-deductible costs from the spin-off of Nagarro	0	-2,193	0	-2,193	0	0
Other deviations	35	-24	0	-69	34	44
Current income tax result	**-7,687**	**-19,347**	**-18**	**-12,227**	**-7,670**	**-7,119**
	38.3%	60.7%	-21.7%	51.6%	38.0%	87.1%

No income taxes were incurred on the result of the spin-off of Nagarro in the previous year.

36. Earnings per share

The Allgeier Group generated basic earnings per share of EUR 1.04 in fiscal 2021 (previous year: EUR -0.03). The basic earnings per share for continuing operations amounted to EUR 1.04 (previous year: EUR 0.00). The basic earnings per share for discontinued operations therefore amounted to EUR -0.01 (previous year: EUR -0.03).

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 11,397,258 (previous year: 11,229,719).

The diluted earnings per share of the Allgeier Group amounted to EUR 1.02 (previous year: EUR -0.03). EUR 1.03(previous year: EUR 0.00) of diluted earnings per share relates to continuing operations and EUR -0.01 (previous year: EUR -0.03) to discontinued operations. Diluted earnings per share are calculated based on the assumption that all outstanding option rights will be exercised at the agreed exercises prices. The cash amount payable on exercise of the option is compared to the value of the shares granted for this purpose at the average annual price of EUR 26.13 (previous year: EUR 42.43). 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 149,159 bonus shares (previous year: 102,208 shares).

There were 11,408,513 shares outstanding as of December 31, 2021 (previous year: 11,382,513 shares).

The Supervisory Board and the Management Board of Allgeier SE consider the continuity of dividend payments to be a key objective. The dividend typically amounted to EUR 0.50 from 2009 to 2021. 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-range provider of IT solutions and services for critical business processes with far-reaching expertise in German-speaking countries. The Enterprise IT segment assists global corporations, SMEs and public sector contractors in their digital transformation and the optimization of the digital business processes along the entire value chain. The segment offers its clients a full portfolio of IT services for major software projects and long-term managed services and maintenance agreements. The companies of the Enterprise IT segment design, create and operate end-to-end IT solutions for implementing and supporting clients' critical business processes on the basis of business software products. They do this using their own IP-based software architecture and solutions plus market-leading software products and platforms for the digitalization of business processes in cooperation with providers such as Microsoft, SAP, IBM and Oracle. One key area is the development of software solutions on the basis of open source components. The Enterprise IT segment has a large pool of resources with highly qualified software and IT experts, thereby guaranteeing a high level of scalability and flexibility in project implementation and support. Its employees combine in-depth technical knowledge, process and sector expertise and consulting capability in the fields of open source software development, business efficiency solutions, cyber and IT security, business process management, enterprise content management, cloud/containerizing and mobile applications.

The mgm technology partners segment is an IT company for digitalization projects and one of the leading service providers for e-government in Germany. mgm stands for platform solutions that create sustainable value added for IT, business and organization. mgm technology partners has the utmost expertise for enterprise business applications and offers its clients cooperation based on partnership and guarantees the long-term assumption of responsibility in integrated consulting and platform solutions. mgm develops enterprise applications mainly for the commerce and insurance industries and the public sector, which are particularly stable or resistant in times of crisis and have high digitalization requirements, on the basis of current technologies and its own platform solutions. Together with the specialist subsidiaries mgm consulting partners (management consulting for digitalization, experts in CIO advisory, organizational development and change management), mgm security partners (web application security) and mgm integration partners (SAP process optimization), mgm covers the full range of current and future digitalization issues. mgm takes the approach of digital sovereignty, whereby organizations retain authority over and knowledge of their own IT systems. As a long-standing partner to public administrations, mgm shares the values of its contractors for self-determined data and software handling. mgm helps its private sector clients and partners to achieve their strategic goals – which increasingly intersect with digital sovereignty in the context of the emerging platform economy. As a specialist in model-based development, mgm creates software solutions that enable experts to adapt even highly complex, integrated applications on their own. mgm's proprietary product development – the model-based, low-code A12 platform – is used as the basis in all sectors.

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 (EUR thousand)

	Enterprise IT segment		mgm technology partners segment		Other		Continuing operations		Discontinued operations		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
External revenue	307,820	275,903	92,838	77,670	2,672	3,798	403,329	357,371	276	406,476	403,606	763,847
Revenue with other segments	627	2,155	5,185	5,603	-5,817	-13,442	-5	-5,684	5	5,684	0	0
Cost of materials	148,575	145,899	10,943	9,300	-2,939	-8,199	156,578	147,001	14	47,613	156,592	194,614
Staff costs	116,056	99,917	59,884	50,857	12,027	8,503	187,967	159,277	266	261,508	188,233	420,785
Depreciation and amortization	12,001	8,935	5,019	4,100	1,480	1,248	18,501	14,283	10	20,947	18,511	35,230
Impairment losses	0	740	0	0	0	1,274	0	2,015	0	0	0	2,015
Segment earnings from operating activities	**18,154**	**8,641**	**17,268**	**13,920**	**-15,646**	**-15,501**	**19,776**	**7,060**	**-20**	**33,533**	**19,756**	**40,593**
Finance income	2,506	2,387	256	210	1,019	-2,029	3,780	568	0	478	3,780	1,046
Financial expenses	6,674	4,363	425	247	-3,722	-5,155	3,378	-545	63	7,196	3,441	6,651
Net income from investments accounted for using the equity method	0	0	-15	0	0	0	-15	0	0	-3,106	-15	-3,106
Segment earnings before income taxes	**13,985**	**6,665**	**17,083**	**13,883**	**-10,905**	**-12,375**	**20,163**	**8,173**	**-83**	**23,709**	**20,080**	**31,882**
Net income taxes	1,176	13	-1,625	-1,022	-7,221	-6,110	-7,670	-7,119	-18	-12,227	-7,687	-19,347
Segment earnings before profit transfer	**15,161**	**6,677**	**15,458**	**12,861**	**-18,126**	**-18,485**	**12,494**	**1,053**	**-101**	**11,482**	**12,393**	**12,535**
Other non-cash expenses(+)/income(-)	-6,543	-1,394	-292	-25	12,169	5,409	5,334	3,991	-5,980	-4,850	-645	-860
Segment assets	426,127	248,681	81,412	57,848	-22,681	-62,626	484,858	243,903	0	0	484,858	243,903
Segment liabilities	282,366	251,669	50,131	28,817	-10,412	-142,103	322,085	138,383	0	0	322,085	138,383
Additions to property, plant and equipment and intangible assets	207,583	10,523	19,478	7,013	131	-52	227,191	17,483	9	27,693	227,200	45,176
Cash flows from operating activities	21,230	18,630	21,616	21,821	-14,195	-6,657	28,651	33,794	450	61,913	29,101	95,707
Cash flows from investing activities	-154,774	-11,709	-8,428	-6,280	13,280	-16,450	-149,923	-34,439	-12	-27,313	-149,934	-61,752
Cash flows from financing activities	140,472	-3,524	-13,726	-9,233	-6,259	25,629	120,487	12,871	42	26,824	120,529	39,695

Notes to the Consolidated Financial Statements ALLGEIER

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

External segment revenue (EUR thousand)

	Enterprise IT segment		mgm technology partners segment		Other		Continuing operations	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenue by country:								
Germany	285,948	259,221	89,983	75,150	2,672	3,798	378,603	338,168
Switzerland	16,294	12,622	186	96	0	0	16,480	12,717
Spain	203	317	1,371	1,598	0	0	1,574	1,915
France	807	1,202	164	61	0	0	970	1,263
Netherlands	642	770	290	158	0	0	932	928
USA	225	348	240	438	0	0	466	786
Austria	2,487	679	442	91	0	0	2,928	770
UK	292	153	13	25	0	0	305	178
Other	923	593	148	53	0	0	1,071	645
Total international	21,872	16,683	2,854	2,520	0	0	24,726	19,203
Total	307,820	275,903	92,838	77,670	2,672	3,798	403,329	357,371
Revenue by product:								
Services	284,326	255,413	90,281	76,750	2,672	3,798	377,279	335,961
Products	4,526	5,559	0	0	0	0	4,526	5,559
Licenses	18,967	14,931	2,557	920	0	0	21,524	15,851
Total	307,820	275,903	92,838	77,670	2,672	3,798	403,329	357,371
Order backlog	123,380	158,168	18,112	23,543	0	0	141,492	181,711

External revenue is allocated based on the registered office of the recipient company. In its continuing operations, the Allgeier Group generated revenue of EUR 54.4 million with its largest single client in fiscal 2021 (previous year: EUR 40.1 million). The revenue generated with the largest client therefore accounts for 13.5 percent of total revenue (previous year: 11.2 percent). The largest client is exclusively a client of the Enterprise IT segment. The order backlog of the Allgeier Group amounts to EUR 141.5 million as of December 31, 2021 (previous year: EUR 181.7 million). The order backlog is expected to be worked off within the next twelve months. Based on the 2021 revenue from continuing operations, the order backlog has a notional range of 4.2 months (previous year: 6.1 months).

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

Non-current segment assets (EUR thousand)

	Enterprise IT segment		mgm technology partners segment		Other		Continuing operations	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Germany	284,034	89,844	31,927	16,597	18,366	16,538	334,327	122,979
Vietnam	0	0	1,518	1,003	0	0	1,518	1,003
Switzerland	1,850	810	0	1	0	0	1,850	811
France	0	0	545	642	0	0	545	642
Czechia	0	0	456	583	0	0	456	583
USA	44	0	437	420	0	0	481	420
Austria	5	0	96	94	0	0	101	94
India	932	0	0	0	0	0	932	0
Total international	2,831	810	3,052	2,742	0	0	5,883	3,552
	286,865	90,655	34,980	19,339	18,366	16,538	340,211	126,531

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

E. STATEMENT OF CASH FLOWS

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

In fiscal 2021, the Allgeier Group acquired shares in Publicplan GmbH, Cloudical GmbH, it-novum GmbH, MySign AG, Clientis AG, the Evora Group and seven other companies inactive as of the acquisition date. Cash funds of EUR 143,408 thousand were used to acquire these companies in fiscal 2021. The Allgeier Group received cash and cash equivalents of EUR 11,028 thousand with the companies acquired in fiscal 2021.

The purchase prices and cash flows for the acquisitions are as follows:

Purchase prices and cash flows from acquisitions (EUR thousand)	publicplan	Cloudical	it-novum Group	MySign Group	Clientis	Evora Group	Other	Total
Cost	12,949	50	18,477	7,461	5,994	157,663	204	202,798
Non-cash share in 2021	0	0	0	2,746	2,994	53,663	0	59,403
Purchase price paid in 2021	12,961	50	18,477	4,715	3,000	104,000	204	143,408
Acquired cash and cash equivalents	1,499	6	1,210	1,080	982	6,075	175	11,028
Cash paid	11,462	44	17,267	3,635	2,018	97,925	29	132,380

The Allgeier Group received EUR 30,486 thousand from the reverse investments of the sellers of publicplan GmbH and the Evora Group. These incoming payments are included in the net payments with non-controlling interests, which are as follows:

Balance of payments (EUR thousand)	
Proceeds from the reverse investment in Evora Group	29,130
Proceeds from the reverse investment in publicplan GmbH	1,356
Profit distribution to the non-controlling shareholders of mgm technology partners GmbH	-1,029
Profit distribution to the non-controlling shareholders of mgm consulting partners	-153
Profit distribution to the non-controlling shareholders of mgm security partners	-115
Remaining payment from non-controlling interests acquired in the previous year	-2,144
	27,045

The net assets acquired in fiscal 2021 break down as follows:

Net assets (EUR thousand)	publicplan	Cloudical	it-novum Group	MySign Group	Clientis	Evora Group	Other	Total
Intangible assets	1,985	204	4,851	141	1,863	11,210	0	20,254
Property, plant and equipment	256	4	587	185	84	531	0	1,646
Right-of-use assets from leases	2,958	10	487	873	150	506	0	4,984
Contract assets	360	0	0	0	0	971	0	1,332
Trade receivables	665	50	1,007	795	1,412	6,410	0	10,339
Other financial assets	86	39	45	11	74	242	0	497
Other assets	105	5	103	413	43	220	0	890
Income tax receivables	19	0	0	0	70	264	0	353
Cash	1,499	6	1,210	1,080	3,241	6,075	175	13,287
Deferred tax assets	0	107	0	0	0	136	0	243
Acquired assets	7,933	425	8,289	3,499	6,937	26,565	176	53,824
Financial liabilities	0	0	2,292	0	2,259	0	0	4,551
Lease liabilities	2,958	10	487	864	150	534	0	5,003
Provisions for pensions	0	0	87	0	0	106	0	193
Provisions	68	63	767	0	367	2,304	0	3,569
Contract liabilities	28	0	597	586	1	537	0	1,749
Trade payables	291	165	129	39	238	1,434	0	2,295
Other financial liabilities	229	483	1,132	94	200	749	1	2,889
Other liabilities	648	69	330	57	129	644	0	1,876
Income tax liabilities	74	13	18	13	225	1,155	0	1,498
Deferred tax liabilities	644	0	888	140	578	3,471	0	5,720
Acquired liabilities	4,940	803	6,726	1,793	4,147	10,933	1	29,343
Net assets	2,993	-378	1,564	1,706	2,790	15,632	174	24,481

Financial and lease liabilities developed as follows:

Financial liabilities and lease liabilities (EUR thousand)

	As of Jan. 1, 2021	Cash effect in 2021	Additions from acquisitions in 2021	Non-cash Additions in 2021	Additions/remeasurement in 2021	Exchange rate difference in 2021	Fair value measurement in 2021	Interest expense in 2021	As of Dec. 31, 2021
Non-current financial liabilities	17,500	106,000	0	0	0	0	0	0	123,500
Current financial liabilities	5,490	-5,500	0	0	0	0	10	0	0
Current financial liabilities, cash and cash equivalents	5,615	6,958	2,292	0	0	20	0	0	14,885
	28,604	107,458	2,292	0	0	20	10	0	138,385
Finance lease liabilities	31,014	-10,695	4,984	15,598	2,176	486	0	981	44,544
	59,618	96,763	7,276	15,598	2,176	506	10	981	182,929

Financial liabilities and lease liabilities (EUR thousand)

	As of Jan. 1, 2020	Cash effect in 2020	Additions from acquisitions in 2020	Non-cash Additions in 2020	Additions/remeasurement in 2020	Currency difference in 2020	Fair value measurement in 2020	Interest expense in 2020	Reclassifications in 2020	Reclassification to discontinued operations in 2020	Spin-off of Nagarro in 2020	As of Dec. 31, 2020
Non-current financial liabilities	149,764	41,580	0	0	0	-3	-135	0	-5,548	0	-168,158	17,500
Current financial liabilities	-68	5,728	0	0	0	-4	-265	0	5,548	0	-5,449	5,490
Current financial liabilities, cash and cash equivalents	15,237	-1,205	817	0	0	-256	0	0	0	0	-8,979	5,615
	164,933	46,102	817	0	0	-263	-400	0	0	0	-182,586	28,604
Finance lease liabilities	96,966	-26,786	617	24,359	-9,683	-2,471	0	3,051	0	-3	-55,035	31,014
	261,899	19,316	1,434	24,359	-9,683	-2,734	-400	3,051	0	-3	-237,621	59,618

Cash and cash equivalents break down as follows:

Cash and cash equivalents (EUR thousand)

	Dec. 31, 2021	Dec. 31, 2020
Cash funds	69,409	60,803
Excess payments from factoring	-14,885	-5,612
Use of overdraft facilities	0	-3
	54,524	55,188

Cash funds include balances blocked in favor of third parties of EUR 948 thousand (previous year: EUR 25 thousand).

F. OTHER DISCLOSURES

I. Other contingent liabilities

Allgeier SE is liable up to a maximum of EUR 1.4 million for loans granted by a bank to participants in the Allgeier Experts Medical GmbH training program. If the bank makes a claim under the guarantees or if it is sufficiently probable that a claim will be made, provisions are recognized in the amount of the expected claim. Given the repayment of the liabilities, Allgeier SE does not expect claims by the obligors under its declaration of liability.

II. Capital management

Allgeier SE ensures that the Allgeier Group has sufficient liquidity at all times and that the capital structure is well balanced. Allgeier SE and the Group companies 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. The Group also utilizes opportunities to finance acquisitions with debt. The financing conditions are typically variable and can vary according to the equity structure and other key indicators. Other objectives of the Allgeier Group's capital management are to keep the costs of capital low and to reduce existing debt in line with planning. This also includes avoiding or minimizing the custodian fees charged by banks as far as possible. Capital management is the responsibility of Allgeier SE. The capital management objectives, processes and methods remain unchanged from the previous year.

III. Financial instrument risks

The financial instruments of the Allgeier Group are subject to various risks, such as liquidity risks, default risks and market risks from changes in market prices and exchange rates. Allgeier uses tiered risk management and control systems at the subsidiaries and in the Group to identify, assess and contain these risks. It also implements safeguards and uses hedges for the avoidance, early identification and minimization of risks arising from financial instruments.

The units in the Speedinvest venture capital fund were measured on the basis of the reporting by the fund's management. The fund consists of around 150 individual investments, though only a handful of these had a significant impact on the financial instrument's measurement. If the economic development of these companies deteriorates or their growth accelerates, greater fluctuations in the fair value of the financial instrument are anticipated. On December 31, 2021, the capital contribution of Allgeier SE of EUR 2.0 million was measured at EUR 6.6 million (previous year: EUR 3.2 million). The increase in value in fiscal 2021 amounted to EUR 3.3 million (previous year: EUR 0.5 million). The rise in value is reported within net finance costs in the statement of comprehensive income.

Liquidity risks

Liquidity risk is the risk that the Allgeier Group may not be able to settle its contractual financial liabilities. To ensure that adequate liquidity is available at all times, the Group uses instruments to control the cash flows and uses debt and equity instruments to finance its operating and investing activities. The financial liabilities of the Allgeier Group amounted to EUR 267.8 million on December 31, 2021 (previous year: EUR 99.8 million), EUR 66.8 million of which are due within one year (previous year: EUR 55.3 million). All current financial liabilities were covered by current financial assets in the amount of EUR 133.7 million (previous year: EUR 110.0 million).

In December 2020, Allgeier SE entered into a new loan agreement with a syndicate of banks for a credit facility of EUR 140.0 million. EUR 123.9 million of this credit facility had been utilized with financial liabilities as of December 31, 2021 (previous year: EUR 17.5 million). The loan agreement has a term of five years with an extension option of up to two further years. In addition to the syndicated loan, the Allgeier Group has further credit facilities of up to EUR 3.4 million (previous year: EUR 10.3 million) at its disposal, EUR 0.8 million of which had been utilized as of December 31, 2021 (previous year: EUR 3.2 million). The Allgeier Group has liquidity headroom of EUR 17.0 million (previous year: EUR 129.6 million) at its disposal from its combined unutilized credit facilities.

The Allgeier Group undertook to comply with certain covenants in the loan agreement with the syndicate of banks. A breach of these covenants entails the risk of the loans having to be repaid early. In particular, the Allgeier Group has undertaken to maintain minimum equity of EUR 80.0 million and not to exceed a debt coverage ratio of 3.5. The debt coverage ratio is calculated from the financial liabilities, including lease liabilities, less cash funds divided by EBITDA adjusted for extraordinary expenses and income. If the credit facilities have to be repaid unexpectedly owing to a breach of covenants, there is a risk that there will not be sufficient free cash funds available to repay the loans. Furthermore, the syndicated loan requires minimum earnings and minimum revenue from a group of certain Group companies. If this liability group fails to meet the earnings and revenue criteria, Allgeier SE will be required to increase the number of jointly liable companies in this group until the criteria are complied with again. A breach of this obligation also grants the lenders a right of extraordinary termination. All key figures required in the loan agreements were complied with in fiscal 2021.

The Allgeier Group has a facility of up to EUR 40.0 million (previous year: EUR 30.0 million) for the factoring of customer receivables. EUR 35.9 million of the factoring facility was utilized on December 31, 2021 (previous year: EUR 24.2 million).

Financial liabilities include interest-bearing financial liabilities of EUR 138.4 million in total (previous year: EUR 28.6 million). EUR 14.9 million (previous year: EUR 11.1 million) of this amount is to be repaid in fiscal 2022 and EUR 123.5 million (previous year: EUR 17.5 million) in subsequent years. The future cash flows associated with financial liabilities are as follows:

Cash flows (EUR thousand)

	Dec. 31, 2021	Cash flows in 2022		Cash flows in 2023		Cash flows in 2024		Cash flows > 2025	
	Carrying amount	Payment of principal	Payment of interest	Payment of principal	Payment of interest	Payment of principal	Payment of interest	Payment of principal	Payment of interest
Syndicated loan of Allgeier SE	123,500	0	2,717	0	2,717	0	2,717	123,500	2,717
Financial liabilities from factoring of customer receivables	14,488	14,488	0	0	0	0	0	0	0
Portion of the syndicated loan agreement spun off to mgm technology partners GmbH	397	397	9	0	0	0	0	0	0
	138,385	14,885	2,726	0	0	0	2,717	123,500	2,717

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 activities and financing activities. Loans and receivables are managed and incoming payments are tracked at the level of the subsidiaries.

The theoretical maximum default risk corresponds to the carrying amount of loans and receivables of EUR 135.6 million in total (previous year: EUR 111.7 million). Allowances of EUR 1,905 thousand (previous year: EUR 2,822 thousand) were recognized on the gross amount of total loans and receivables as of December 31, 2021. The allowance rate on the gross amount of loans and receivables was 1.4 percent (previous year: 2.5 percent).

The specific default risks are as follows:

Contract assets and trade receivables

The Allgeier Group has a broad-based customer structure that minimizes major individual risks. Around 13.5 percent of the Allgeier Group's revenue was generated with its largest single customer in fiscal 2021 (previous year: 11.2 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 financial assets exceeds the already adjusted carrying amount.

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

Receivables covered by default insurance are written down by a maximum of the deductible. The impaired receivable and the impairment loss recognized on it are derecognized when there is no longer any prospect of recovery. Trade receivables do not bear interest.

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

Arrears structure of contract assets (EUR thousand)

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

Arrears structure of contract assets (EUR thousand)

	As of Dec. 31, 2020	Not past due	Past due in days					
			<30	30-60	61-90	91-180	181-360	>360
Contract assets	1,828	1,828	0	0	0	0	0	0
Customer receivables not impaired	49,706	36,966	8,373	473	262	603	829	2,200
Gross amount of impaired customer receivables	935	147	0	0	0	0	144	644
Impairment	-2,612	-301	0	0	-2	0	-169	-2,141
Carrying amount	**49,857**	**38,640**	**8,373**	**473**	**260**	**603**	**805**	**703**
Expected probability of default		-0.81%	0.00%	0.00%	-0.67%	0.00%	-17.36%	-75.28%

Impairment on trade receivables developed as follows:

Impairment on trade receivables (EUR thousand)

	2021	2020
As of January 1	**2,612**	**4,565**
Additions to consolidated group	32	1
Charge for the year	290	1,056
Utilization and unused amounts reversed	-1,270	-820
Disposals from consolidated group	0	-2,190
As of December 31	**1,664**	**2,612**

The theoretical maximum default risk for trade receivables corresponds to the recognized amount of customer receivables after factoring of EUR 62.3 million (previous year: EUR 48.0 million). This risk is reduced by collateral, credit insurance and other credit rating improvements. Credit insurance covers 19 percent (previous year: 17 percent) of gross customer receivables.

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

Gross carrying amounts before impairment and net carrying amounts of other financial assets (EUR thousand)					
					Amortized cost
Dec. 31, 2020	FVTPL	Expected 12-month credit loss	Lifetime expected credit loss – not credit-impaired	Lifetime expected credit loss – credit-impaired	Total
Gross value before impairment		2,845	0	210	3,055
Impairment losses		0	0	210	210
Residual carrying amount	**3,241**	**2,845**	**0**	**0**	**2,845**

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

Impairment on other financial assets (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, 2020	**0**	**-399**	**0**	**-399**
Net remeasurement of impairment	0	0	-210	-210
Derecognition of impaired receivable	0	379	0	379
Disposal from consolidated group	0	20	0	20
As of December 31, 2020	**0**	**0**	**-210**	**-210**
Net remeasurement of impairment	0	0	-31	-31
As of December 31, 2021	**0**	**0**	**-241**	**-241**

Cash and cash equivalents

The Group had cash and cash equivalents of EUR 69.4 million at its disposal as of December 31, 2021 (previous year: EUR 60.1 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 Group assumes that its cash and cash equivalents have a very low default risk.

Interest risks

Some of the financial liabilities and financial assets have floating interest rates and are subject to the risk that interest rates can change and thereby influence the results of the Allgeier Group.

The Allgeier Group's floating-rate financial liabilities amounted to EUR 138.4 million in total as of December 31, 2021 (previous year: EUR 23.1 million). On the basis of debt as of December 31, 2021, a change in interest rates of 100 basis points p.a. would have increased or reduced the financial result by EUR 1,239 thousand p.a. (previous year: EUR 175 thousand p.a.). In this case, and applying a tax rate of 30 percent, equity would have risen or been reduced by EUR 867 thousand (previous year: EUR 123 thousand). However, it should be noted that a minimum interest rate (floor) of at least 0.0 percent has been agreed with the European Central Bank for the credit facility, hence a change in interest rates of 100 basis points would not have its full effect.

Despite the market tendency to slightly higher interest rates, we are not anticipating any significant impact in 2022. As a result of the interest rate agreements contained in the loan agreements, interest rate hikes will not result in higher interest rate expenses until the European Central Bank's prime rate is positive again. Our central finance department monitors developments on the interest rate and capital markets very closely and will submit proposals for interest rate hedging to the Management Board of Allgeier SE in good time if necessary.

Currency risks

The Allgeier Group essentially operates in the euro area. Given the amounts of the transactions concerned, there are minor risks of currency fluctuations for the national currencies of the subsidiaries of the Allgeier Group in India, Vietnam, the US 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 2021, revenue would have been EUR 2,351 thousand lower (previous year: EUR 1,845 thousand), the net income for the year would have been EUR 110 thousand lower (previous year: EUR 73 thousand) and equity would have been EUR 841 thousand lower (previous year: EUR 415 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 879 thousand (previous year: EUR 677 thousand) or, including deferred taxes, by EUR 769 thousand (previous year restated: EUR 712 thousand). The equity of the Allgeier Group would be reduced by the same amount in such event.

IV. Executive bodies of Allgeier SE

The Supervisory Board

The members of the Supervisory Board of Allgeier SE were as follows in 2021:

The Supervisory Board of Allgeier SE				
Name	Profession	Residence	Membership of statutory supervisory boards	Membership of comparable executive bodies of companies in Germany or abroad
Detlef Dinsel, MBA (Chairman)	Managing Partner of I K Investment Partners GmbH and IK Investment Partners Ltd.	Hamburg	**Member of the Supervisory Board:** · Nagarro SE, Munich (Deputy Chairman) · Klingel Medical Group, Pforzheim	**Member of the Board of Directors:** · Alanta Health Group, Hamburg (Chairman of the Advisory Board) · Winkelmann Group, Ahlen (Chairman of the Advisory Board)
Thies Eggers (Deputy Chairman)	Independent auditor	Pullach im Isartal	**Member of the Supervisory Board:** · Bayerische Gewerbebau AG, Munich (Chairman) · Plenum AG, Frankfurt/Main · SBF AG, Leipzig · Foodhub e.G, Munich	
Christian Eggenberger	President and CEO of CHE Consulting GmbH	Binningen, Switzerland	**Chairman of the Board of Directors:** · Focus Discount AG, Basel, Switzerland · Focus Beteiligungen AG, Basel, Switzerland **Member of the Board of Directors:** · doc.coach AG, Basel, Switzerland · Truvis AG, Basel, Switzerland · Arvis Solution AG, Ried, Switzerland · wininvest AG, Gurmels, Switzerland	

The remuneration of the members of the Supervisory Board amounted to EUR 554 thousand in total in fiscal 2021 (previous year: EUR 724 thousand). The remuneration includes a provision for variable remuneration of EUR 179 thousand (previous year: EUR 600 thousand) that will be paid out in fiscal 2022 after the approval of the consolidated financial statements. Further details of remuneration can be found in the remuneration report.

The Management Board

The members of the Management Board of Allgeier SE were as follows in 2021:

Carl Georg Dürschmidt (Chairman until September 30, 2021)
Dr. Marcus Goedsche
Hubert Rohrer

The remuneration of the members of the Management Board amounted to EUR 3,697 thousand in total in fiscal 2021 (previous year: EUR 5,196 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 2022. The members of the Management Board participate in Allgeier SE's stock option plan. Further details of remuneration can be found in the remuneration report.

V. Related Party Transactions

Related parties are defined as persons or enterprises that can influence or be influenced by the company. Business relationships between all companies included in the consolidated financial statements were fully eliminated in the consolidated financial statements.

The Allgeier Group also performs transactions with related parties in conjunction with its ordinary operations. All business relationships between the Allgeier Group and related parties are on an arm's length basis.

The business relationships with related parties are shown by the table below:

(EUR thousand)	Services for related parties		Services from related parties		Receivables as of Dec. 31, 2021		Liabilities as of Dec. 31, 2021	
	2021	2020	2021	2020	2021	2020	2021	2020
Associates	702	39	0	19	738	0	0	0
of which Talentry GmbH	40	39	0	19	40	0	0	0
of which northport	662	0	0	0	698	0	0	0
Related parties (Nagarro)	-	9,934	-	5,631	-	2,576	-	2,100
	702	9,973	0	5,650	738	2,576	0	2,100

Nagarro was no longer considered a related party in fiscal 2021 following its spin-off in December 2020.

mgm tp, Munich, entered into an agreement with northport for a loan of EUR 886 thousand. The loan to the investment accounted for using the equity method northport is a loan agreed in conjunction with the joint venture and original trade receivables from northport that were converted into loans. The current negotiations for the repayment of the loan entail a waiver of EUR 200 thousand, which was posted as a write-down on the loan as of December 31, 2021. An interest rate of 3 percent p.a. was agreed for the loan.

Nagarro's income and expenses for the period that it belonged to the Group, from January 1, 2020 until December 15, 2020, were eliminated in consolidation in 2020; only the period from December 16, 2020 to December 31, 2021 is included in the consolidated income statement. The values shown in the table for fiscal 2020 are before consolidation.

VI. Publication

The approval of the consolidated financial statements by the Supervisory Board and their release for publication are scheduled for April 25, 2022.

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:

U.N.P.-Software GmbH, Düsseldorf
U.N.P.-HRSolutions GmbH, Düsseldorf
Allgeier IT SE, Wiesbaden (until December 14, 2021: Allgeier Experts SE)
Allgeier IT GmbH, Munich (until December 7, 2021: Allgeier Experts Pro GmbH)
Allgeier IT Projects GmbH, Wiesbaden (until December 14, 2021: Allgeier Experts Go GmbH)
Allgeier Experts Services GmbH, Wiesbaden (from March 6, 2022: Allgeier IT Business Services GmbH)
Allgeier IT Services GmbH, Bremen (until December 29, 2021: BSH IT Solutions GmbH)
Allgeier Engineering GmbH, Munich
Allgeier Experts GmbH, Munich (until December 22, 2021: Allgeier Fünfte Beteiligungs GmbH)
Allgeier Enterprise Services AG, Munich
Allgeier Inovar GmbH, Bremen (until December 22, 2021: Allgeier IT Solutions GmbH)
Allgeier Project MBO GmbH, Munich
Allgeier CORE Group GmbH, Bremen (from January 20, 2022: it-novum GmbH, Fulda)
Allgeier Security Holding GmbH, Bremen
Allgeier Security GmbH, Bremen (from February 11, 2022: Allgeier CyRis GmbH)

VII. The German Corporate Governance Code

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

VIII. Supplementary Report

On April 12, 2022, Allgeier SE reached an agreement with the syndicate of banks to increase the credit facility of the syndicated loan agreement from previously EUR 140 million to EUR 200 million moving forward.

The total volume was agreed for a term of four years with an extension option of up to two years. The loan still bears interest based on EURIBOR plus a margin dependent on key financial ratios.

In addition, Allgeier is preparing to issue a borrower's note loan with a target volume of EUR 60 million.

The Russia/Ukraine has had no notable impact on the business of the Allgeier Group as of the current time.

Munich, April 13, 2022
Allgeier SE

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

REPORTING REQUIREMENTS UNDER GERMAN ACCOUNTING STANDARDS (HGB)

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

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

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

Section 314(1) no. 4 HGB:

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

Section 314(1) no. 6 HGB:

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

Section 314(1) no. 8 HGB:

For every listed company included in the consolidated financial statements, that the declaration required by section 161 AktG has been issued and made available to the shareholders. Please refer to X. 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 2021 must be disclosed, broken down into:

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

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

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

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

	Note	Cost		Cost				
	Note	Jan. 1, 2021	Foreign exchange differences	Additions to consolidated group	Additions	Disposals	Remeasurement Values in use	Dec. 31, 2021
Intangible assets	1							
Concessions, industrial and similar rights, and licenses in such rights and assets		32,603	30	20,254	3,146	-1,892	0	54,142
Acquired intangible assets		22,723	27	20,051	1,862	-1,892	0	42,772
Internally generated intangible assets		9,880	3	204	1,284	0	0	11,370
Goodwill		80,793	281	178,627	0	0	0	259,702
Intangible assets		**113,396**	**311**	**198,882**	**3,146**	**-1,892**	**0**	**313,843**
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
Other fixed assets and office equipment		21,014	125	1,646	3,067	-2,306	0	23,546
Property, plant and equipment		**23,005**	**125**	**1,646**	**3,067**	**-2,306**	**0**	**25,537**
Right-of-use assets from leases	3							
Value in use of property		36,864	216	4,723	13,103	-1,354	2,144	55,695
Value in use of motor vehicles		3,332	2	261	1,925	-1,607	31	3,942
Value in use of operating and office equipment		2,400	0	0	571	0	0	2,971
Right-of-use assets from leases		**42,595**	**218**	**4,984**	**15,598**	**-2,962**	**2,175**	**62,608**
Total		**178,997**	**654**	**205,512**	**21,811**	**-7,159**	**2,175**	**401,989**

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

	Note	Depreciation, amortization and impairment losses		Depreciation, amortization and impairment losses			Carrying amounts	
	Note	Jan. 1, 2021	Foreign exchange differences	Depreciation and amortization Continuing operations	Disposals	Dec. 31, 2021	Dec. 31, 2021	Jan. 1, 2021
Intangible assets	1							
Concessions, industrial and similar rights, and licenses in such rights and assets		-20,085	-12	-6,309	1,892	-24,513	29,628	12,519
Acquired intangible assets		-14,948	-9	-4,604	1,892	-17,669	25,103	7,775
Internally generated intangible assets		-5,136	-3	-1,705	0	-6,844	4,526	4,744
Goodwill		-8,206	0	0	0	-8,206	251,496	72,587
Intangible assets		**-28,290**	**-12**	**-6,309**	**1,892**	**-32,719**	**281,124**	**85,106**
Property, plant and equipment	2							
Land, land rights and buildings, including buildings on third-party land		-1,543	0	-41	0	-1,584	407	448
Other fixed assets and office equipment		-15,438	-70	-2,951	2,136	-16,323	7,223	5,576
Property, plant and equipment		**-16,981**	**-70**	**-2,992**	**2,136**	**-17,907**	**7,630**	**6,024**
Right-of-use assets from leases	3							
Value in use of property		-12,478	-78	-7,163	1,354	-18,364	37,331	24,386
Value in use of motor vehicles		-1,968	0	-1,332	1,607	-1,693	2,249	1,363
Value in use of operating and office equipment		-537	0	-705	0	-1,243	1,728	1,862
Right-of-use assets from leases		**-14,984**	**-78**	**-9,200**	**2,962**	**-21,300**	**41,308**	**27,611**
Total		**-60,255**	**-159**	**-18,501**	**6,989**	**-71,926**	**330,063**	**118,742**

Consolidated Statement of Changes in Non-Current Assets of Allgeier SE, Munich, for the period from January 1, 2020 to December 31, 2020

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

		Cost								
	Note	Jan. 1, 2020	Foreign exchange differences	Additions to consolidated group	Additions	Disposals	Remeasurement of value in use	Disposals in discontinued operations	Disposals in spin-off of Nagarro	Dec. 31, 2020
Intangible assets	1									
Concessions, industrial and similar rights, and licenses in such rights and assets		45,808	-851	10,803	3,010	126	0	-278	-26,015	32,603
Acquired intangible assets		34,447	-855	10,803	1,654	224	0	-278	-23,272	22,723
Internally generated intangible assets		11,361	4	0	1,355	-98	0	0	-2,742	9,880
Goodwill		179,252	-6,506	3,944	0	-19	0	0	-95,878	80,793
Intangible assets		**225,060**	**-7,357**	**14,747**	**3,010**	**108**	**0**	**-278**	**-121,893**	**113,396**
Property, plant and equipment	2									
Land, land rights and buildings, including buildings on third-party land		5,095	-334	0	3	-42	0	0	-2,731	1,991
Other fixed assets and office equipment		32,192	-719	169	2,272	-2,190	0	-74	-10,636	21,014
Property, plant and equipment		**37,287**	**-1,053**	**169**	**2,275**	**-2,231**	**0**	**-74**	**-13,367**	**23,005**
Right-of-use assets from leases	3									
Value in use of property		93,182	-2,781	582	10,238	-4,475	-8,812	0	-51,072	36,864
Value in use of motor vehicles		7,965	-2	19	3,040	-3,315	-64	-9	-4,303	3,332
Value in use of operating and office equipment		18,215	-781	15	11,081	-1,881	-805	-13	-23,431	2,400
Right-of-use assets from leases		**119,362**	**-3,563**	**617**	**24,359**	**-9,670**	**-9,681**	**-22**	**-78,806**	**42,595**
Total		**381,709**	**-11,974**	**15,533**	**29,644**	**-11,794**	**-9,681**	**-374**	**-214,066**	**178,997**

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

		Depreciation, amortization and impairment losses								Carrying amounts	
	Note	Jan. 1, 2020	Foreign exchange differences	Depreciation and amortization in continuing operations	Depreciation and amortization in discontinued operations	Impairment in continuing operations	Disposals	Disposals in discontinued operations	Disposals in spin-off of Nagarro	Dec. 31, 2020	Dec. 31, 2020	Jan. 1, 2020
Intangible assets	1											
Concessions, industrial and similar rights, and licenses in such rights and assets		-26,520	610	-3,773	-4,607	-667	-156	192	14,837	-20,085	12,519	19,288
Acquired intangible assets		-22,855	611	-2,011	-4,219	0	-252	192	13,584	-14,948	7,775	11,592
Internally generated intangible assets		-3,665	-1	-1,762	-388	-667	95	0	1,253	-5,136	4,744	7,696
Goodwill		-8,206	0	0	0	-19	19	0	0	-8,206	72,587	171,046
Intangible assets		**-34,725**	**610**	**-3,773**	**-4,607**	**-686**	**-138**	**192**	**14,837**	**-28,290**	**85,106**	**190,334**
Property, plant and equipment	2											
Land, land rights and buildings, including buildings on third-party land		-2,278	87	-41	-84	0	31	0	742	-1,543	448	2,817
Other fixed assets and office equipment		-19,505	552	-2,860	-1,879	0	2,004	64	6,187	-15,438	5,576	12,687
Property, plant and equipment		**-21,783**	**639**	**-2,901**	**-1,963**	**0**	**2,034**	**64**	**6,929**	**-16,981**	**6,024**	**15,504**
Right-of-use assets from leases	3											
Value in use of property		-19,640	1,013	-5,778	-8,213	-1,329	4,475	0	16,995	-12,478	24,386	73,542
Value in use of motor vehicles		-4,420	1	-1,330	-1,410	0	3,315	7	1,868	-1,968	1,363	3,545
Value in use of operating and office equipment		-5,117	346	-501	-4,753	0	1,879	11	7,598	-537	1,862	13,098
Right-of-use assets from leases		**-29,177**	**1,360**	**-7,609**	**-14,376**	**-1,329**	**9,669**	**19**	**26,460**	**-14,984**	**27,611**	**90,185**
Total		**-85,686**	**2,609**	**-14,283**	**-20,947**	**-2,015**	**11,565**	**274**	**48,226**	**-60,255**	**118,742**	**296,023**

List of Group Companies

List of Group companies

No.	Company	Relation-ship to Allgeier SE	IFRS share of capital as of Dec. 31, 2021	Equity as of Dec. 31, 2021			Net profit/loss from Jan. 1, 2021 to Dec. 31, 2021				Profit and loss transfer agreement with	Segment	Disclosure
				National currency		EUR	National currency		EUR				
1.	Allgeier SE, Munich			121,355,706		121,355,706	3,693,634		3,693,634			Other	Separate and consolidated annual financial statements in the Federal Gazette (Bundesanzeiger)
2.	Allgeier Management AG, Munich	Direct	100.00%	4,447,447		4,447,447	7,335		7,335			Other	Federal Gazette
3.	Allgeier Experts Holding GmbH, Munich (until November 28, 2021: Blitz 21-323 GmbH)	Direct	100.00%	38,416		38,416	-11,584		-11,584			Enterprise IT	Federal Gazette
4.	U.N.P.-Software GmbH, Düsseldorf	Indirect	100.00%	3,056,391		3,056,391	0		0	(1)	7.	Enterprise IT	
5.	U.N.P.-HRSolutions GmbH, Düsseldorf	Indirect	100.00%	25,000		25,000	0		0	(1)	4.	Enterprise IT	
6.	Allgeier Experts Consulting GmbH, Munich (until November 28, 2021: Blitz 21-324 GmbH)	Indirect	100.00%	24,549		24,549	-451		-451			Enterprise IT	Federal Gazette
7.	Allgeier IT SE, Wiesbaden (until December 14, 2021: Allgeier Experts SE)	Direct	100.00%	35,898,079		35,898,079	0		0	(1)	1.	Enterprise IT	
8.	Allgeier publicplan Holding GmbH, Munich (until January 26, 2021: Allgeier Project Humboldt GmbH)	Indirect	80.00%	6,587,284		6,587,284	-190,569		-190,569			Enterprise IT	Federal Gazette
9.	publicplan GmbH, Düsseldorf	Indirect	80.00%	3,273,488		3,273,488	1,714,074		1,714,074			Enterprise IT	Federal Gazette
10.	Cloudical Deutschland GmbH, Berlin	Indirect	80.00%	-447,027		-447,027	-243,747		-243,747			Enterprise IT	Federal Gazette
11.	Allgeier IT GmbH, Munich (until December 7, 2021: Allgeier Experts Pro GmbH)	Indirect	100.00%	11,764,009		11,764,009	0		0	(1)	7.	Enterprise IT	
12.	Allgeier IT Projects GmbH, Wiesbaden (until December 14, 2021: Allgeier Experts Go GmbH)	Indirect	100.00%	13,701,398		13,701,398	0		0	(1)	7.	Enterprise IT	
13.	Allgeier Experts Services GmbH, Wiesbaden (from March 6, 2022: Allgeier IT Business Services GmbH)	Indirect	100.00%	5,272,589		5,272,589	0		0	(1)	7.	Enterprise IT	
14.	Allgeier IT Services GmbH, Bremen (until December 29, 2021: BSH IT Solutions GmbH)	Indirect	100.00%	121,590		121,590	0		0	(1)	20.	Enterprise IT	
15.	Allgeier Engineering GmbH, Munich	Indirect	100.00%	3,303,901		3,303,901	0		0	(1)	7.	Enterprise IT	
16.	Allgeier Experts Select GmbH, Düsseldorf	Indirect	80.00%	-3,456,398		-3,456,398	-367,405		-367,405			Enterprise IT	Federal Gazette
17.	Allgeier Experts GmbH, Munich (until December 22, 2021: Allgeier Fünfte Beteiligungs GmbH)	Indirect	100.00%	25,000		25,000	0		0	(1)	7.	Enterprise IT	
18.	Allgeier Enterprise Services AG, Bremen	Direct	100.00%	11,145,441		11,145,441	0		0	(1)	1.	Enterprise IT	
19.	Allgeier (Schweiz) AG, Thalwil, Switzerland	Indirect	100.00%	4,218,003	CHF	4,073,555	546,672	CHF	506,482			Enterprise IT	
20.	Allgeier Inovar GmbH, Bremen (until December 22, 2021: Allgeier IT Solutions GmbH)	Indirect	100.00%	6,122,591		6,122,591	0		0	(1)	18.	Enterprise IT	
21.	MySign AG, Olten, Switzerland	Indirect	80.00%	1,048,776	CHF	1,012,860	-165,278	CHF	-149,447			Enterprise IT	
22.	VJii Productions AG, Olten, Switzerland	Indirect	80.00%	199,192	CHF	192,371	8,437	CHF	7,061			Enterprise IT	
23.	it-novum GmbH, Fulda (until January 20, 2022: Allgeier CORE Group GmbH, Bremen)	Direct	100.00%	1,296,931		1,296,931	-17,797,076		-17,797,076	(2)		Enterprise IT	
24.	it-novum Schweiz GmbH, Zurich, Switzerland	Indirect	100.00%	-1,071,207	CHF	-999,089	-291,305	CHF	-267,272			Enterprise IT	
25.	Allgeier Security Holding GmbH, Bremen (until January 2, 2022: Blitz 21-213 GmbH, Munich)	Direct	100.00%	11,784,264		11,784,264	-736		-736			Enterprise IT	
26.	Allgeier Security GmbH, Bremen (until November 28, 2021: Blitz 21-214 GmbH, Munich; from February 11, 2022: Allgeier CyRis GmbH)	Indirect	100.00%	23,933		23,933	-1,067		-1,067			Enterprise IT	
27.	Allgeier GRC GmbH, Kiel (until February 24, 2021: Allgeier CORE GmbH, Kronberg im Taunus)	Indirect	100.00%	417,667		417,667	223,981		223,981			Enterprise IT	Federal Gazette
28.	secion GmbH, Hamburg	Indirect	100.00%	403,319		403,319	149,952		149,952			Enterprise IT	Federal Gazette
29.	Allgeier Evora Holding GmbH, Munich (until February 17, 2022: Blitz 21-276 GmbH)	Direct	60.00%	72,778,594		72,778,594	-46,406		-46,406			Enterprise IT	Federal Gazette
30.	Evora IT Solutions Group GmbH, Walldorf	Indirect	60.00%	1,134,127		1,134,127	-10,519		-10,519			Enterprise IT	Federal Gazette
31.	Evora IT Solutions GmbH, Walldorf	Indirect	60.00%	4,664,229		4,664,229	4,639,229		4,639,229			Enterprise IT	Federal Gazette
32.	Evora IT Solutions GmbH, Vienna, Austria	Indirect	60.00%	516,772		516,772	481,772		481,772			Enterprise IT	
33.	Evora IT Solutions Inc., New York, USA	Indirect	60.00%	1,080,212	USD	952,308	1,387,945	USD	1,182,982			Enterprise IT	
34.	Evora IT Solutions Pvt. Ltd., Bangalore, India	Indirect	60.00%	151,511,079	INR	1,796,118	14,810,014	INR	199,731			Enterprise IT	
35.	Allgeier Beteiligungen GmbH, Munich	Direct	100.00%	-5,903,545		-5,903,545	-218,056		-218,056			Enterprise IT	Federal Gazette
36.	Allgeier Dritte Beteiligungs GmbH, Munich	Indirect	100.00%	-389,112		-389,112	-113,134		-113,134			Enterprise IT	Federal Gazette
37.	Oxygen Consultancy, Istanbul, Turkey	Indirect	90.00%	4,749,289	TRY	315,203	563,125	TRY	52,196			Enterprise IT	
38.	Allgeier Education GmbH, Düsseldorf	Indirect	100.00%	-2,156,484		-2,156,484	-194,804		-194,804			Enterprise IT	Federal Gazette
39.	Allgeier Project MBO GmbH, Munich	Direct	100.00%	23,348		23,348	0		0	(1)	1.	Enterprise IT	
40.	Allgeier Experts Medical GmbH, Düsseldorf	Direct	100.00%	-12,793,694		-12,793,694	-601,471		-601,471			Enterprise IT	Federal Gazette
41.	Allgeier Middle East Ltd., Dubai, United Arab Emirates	Direct	100.00%	10,000	AED	2,220	0	AED	0			Enterprise IT	
42.	mgm technology partners GmbH, Munich	Direct	80.00%	17,979,208		17,979,208	0		0	(1)	1.	mgm technology partners	Federal Gazette
43.	mgm technology partners eurl, Grenoble, France	Indirect	80.00%	2,759,465		2,759,465	294,922		294,922			mgm technology partners	
44.	mgm technology partners s.r.o., Prague, Czechia	Indirect	80.00%	38,856,945	CZK	1,562,666	9,132,639	CZK	356,226			mgm technology partners	
45.	mgm technology partners Vietnam Co. Ltd., Đà Nẵng, Vietnam	Indirect	80.00%	19,633,795,693	VND	758,236	7,284,891,660	VND	269,324			mgm technology partners	
46.	mgm technology partners schweiz AG, Zug, Switzerland	Indirect	80.00%	783,154		783,154	-22,166		-22,166			mgm technology partners	
47.	mgm technology partners USA Corp., Arlington, USA	Indirect	80.00%	-97,621	USD	-86,062	126,083	USD	106,850			mgm technology partners	
48.	mgm security partners GmbH, Munich	Indirect	56.00%	655,734		655,734	630,168		630,168			mgm technology partners	Federal Gazette
49.	MGM Consulting Partners GmbH, Hamburg	Indirect	55.997%	1,813,893		1,813,893	1,054,026		1,054,026			mgm technology partners	Federal Gazette
50.	MGM Consulting Partners GmbH, Salzburg, Austria	Indirect	55.997%	-53,334		-53,334	-28,931		-28,931			mgm technology partners	
51.	mgm process partners GmbH, Munich (until August 11, 2021: Blitz 21-208 GmbH)	Indirect	80.00%	3,020,730		3,020,730	-4,270		-4,270			mgm technology partners	Federal Gazette
52.	mgm integration partners GmbH, Munich (until November 2, 2021: Blitz 21-282 GmbH; until December 20, 2021: mgm service partners GmbH)	Indirect	80.00%	1,665,631		1,665,631	812,883		812,883			mgm technology partners	Federal Gazette
	Companies consolidated using the equity method:												
53.	Talentry GmbH, Munich		33.34%	-2,176,442		-2,176,442	-50,647		-50,647			Enterprise IT	Federal Gazette
54.	IPP northport InsurancePartner Platform GmbH, Hamburg		50.00%	-1,538,096		-1,538,096	-1,535,361		-1,535,361			mgm technology partners	Federal Gazette

(1) After profit transfer/loss absorption (2) Including a loss of EUR 18,433 thousand from the merger of Allgeier CORE Group GmbH with it-novum GmbH

Glossary

Clientis Clientis AG, Moosburg (Bavaria)

Cloudical Cloudical Deutschland GmbH, Berlin

Allgeier Education Allgeier Education GmbH, Düsseldorf

Evora Group Evora IT Solutions Group GmbH, Walldorf
Evora IT Solutions GmbH, Walldorf
Evora IT Solutions GmbH, Vienna, Austria
Evora IT Solutions Inc., New York City, USA
Evora IT Solutions Pvt. Ltd., Bangalore, India

it-novum Group it-novum GmbH, Fulda
it-novum Schweiz GmbH, Zurich, Switzerland

mgm cp Hamburg mgm consulting partners GmbH, Hamburg

mgm cp Hamburg Group mgm consulting partners GmbH, Hamburg, including its subsidiary

mgm sp Munich mgm security partners GmbH, Munich

mgm tp Munich mgm technology partners GmbH, Munich

mgm tp Munich Group mgm technology partners GmbH, Munich, including all its subsidiaries

MySign Group MySign AG, Olten, Switzerland
VJii Productions AG, Olten, Switzerland

Nagarro Nagarro SE, Munich, including all its subsidiaries

northport IPP northport InsurancePartner Platform GmbH, Hamburg

Oxygen Oksijen İnsan Kaynakları Seçme ve Değerlendirme Hizmetleri Anonim Şirketi, Istanbul, Turkey
(Oxygen Consultancy, Istanbul, Turkey)

publicplan publicplan GmbH, Düsseldorf

Speedinvest Speedinvest II EuVECA GmbH & Co. KG, Vienna, Austria

Talentry Talentry GmbH, Munich

Responsibility Statement by the Management Board of Allgeier SE

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

Munich, April 13, 2022

Dr. Marcus Goedsche
Member of the Management Board

Hubert Rohrer
Member of the Management Board

Auditor's Report

Independent Auditor's Report

To Allgeier SE, Munich:

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

Audit opinions

We have audited the consolidated financial statements of Allgeier SE, Munich, and its subsidiaries (the Group), comprising the consolidated statement of financial position as of December 31, 2021, 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, 2021 to December 31, 2021, 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, 2021 to December 31, 2021. In accordance with German law, we have not audited the content of those parts of the Group management report indicated in the "Other information" section of our audit report.

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

- the attached consolidated financial statements, in all material respects, comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law in accordance with section 315e(1) HGB, and give a true and fair view of the net assets and financial position of the Group in accordance with these requirements as of December 31, 2021 and its results of operations for the fiscal year from January 1, 2021 to December 31, 2021; 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 audit opinion on the Group management report does not extend to the content of the parts of the combined management report indicated 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, 2021 to December 31, 2021. These matters were taken into account in the context of our audit of the consolidated financial statements as a whole and in the formation of our audit opinion; we have not issued a separate opinion on these matters.

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

Revenue recognition

Reasons for identification as a key audit matter

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

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

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

Our audit approach

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

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

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

Our conclusions

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

Reference to related information

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

Additions to goodwill

Reasons for identification as a key audit matter

The acquisition of companies and their integration and expansion have been part of Allgeier SE's business model for years. In 2021, besides a number of shelf companies, the company acquired six enterprises/groups of companies in total, and recognized these as business combinations in accordance with IFRS 3.

In addition to the identification of the acquirer and the determination of the acquisition date, IFRS 3 requires the reporting and measurement of the identifiable assets acquired, the liabilities assumed, any non-controlling interests in the entity acquired and the recognition and measurement of the goodwill or a gain from a bargain purchase.

When determining the purchase price on the basis of the contractual agreements, the measurement of variable purchase price components in particular requires various assumptions and estimates on account of the earn-out regulations agreed in some cases and the purchase price installments to be paid in later years. Other considerations pertaining to contractual terms, economic conditions and operating or accounting policies must also be taken into account when recognizing and measuring identifiable assets and liabilities at fair value as of the acquisition date. The goodwill arising as the difference between the total of the purchase price and the non-controlling interests on the one hand and the fair value of the net remeasured assets acquired and liabilities assumed on the other is therefore dependent on the above factors.

In 2021, the companies included in consolidation for the first time gave rise to new goodwill of EUR 178.6 million, whereby this accounts for 71 percent of the goodwill reported as of December 31, 2021 and around 37 percent of total assets. Given the amount of the new goodwill, we consider its calculation and recognition to be a key audit matter.

Our audit approach

As part of our audit, we assessed the appropriateness and effectiveness of the processes and controls established by the Group for acquisitions. In particular, we inspected and assessed due diligence reports and the purchase agreements entered into, paying particular attention to the fixed and variable purchase price components and purchase price installments to be paid in later years especially. Based on this, we assessed the discussions of business opportunities and purchase prices by the Management Board and the Supervisory Board, after which we inspected and reviewed the calculation and remeasurement of identifiable assets and liabilities as well as any deferred taxes resulting from them and the calculation of goodwill, including assessing the arithmetic accuracy of these calculations.

Our conclusions

We verified that the processes in place, and the controls in place to record the acquisitions, are appropriate. In addition, we were able to satisfy ourselves that the estimates and assumptions made by management are sufficiently documented and well-reasoned to ensure proper accounting and the disclosures in the notes to the consolidated financial statements and the Group management report on acquisitions and additions to goodwill in particular. There are no objections to the disclosures presented on business acquisitions or the calculation of the additions to goodwill as a result.

Reference to related information

General disclosures by the company on business acquisitions can be found in the notes to the consolidated financial statements under "A.II. Accounting Policies" and "A.V. Principles of Consolidation". Detailed disclosures on the individual acquisitions are provided under "A.VI. Consolidated Group" and summary information on the development of the goodwill arising in conjunction with acquisitions under "B.1. Intangible assets".

Other information

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

- the corporate governance declaration in accordance with sections 289f, 315d HGB (information in the Group management report on the corporate governance declaration in the corporate governance report);
- the corporate governance report in accordance with the German Corporate Governance Code;
- the separate non-financial reporting in accordance with section 315b HGB;
- the remuneration report in accordance with section 162 AktG;
- the statement in accordance with section 297(2) sentence 4 HGB on the consolidated financial statements and the statement in accordance with section 315(1) sentence 5 HGB on the Group management report.

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

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

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

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

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

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

Responsibilities of management and 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 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 objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on 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 violations or inaccuracies, 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:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the Group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions.
  The risk that material misstatements are not detected is greater for violations than for inaccuracies, as violations can include fraud, falsification, intentional omissions, misrepresentation or the invalidation of internal controls;
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Assess the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements, in accordance with the IFRSs as adopted by the EU and the additional requirements of German commercial law in accordance with section 315e(1) HGB, give a true and fair view of the net assets, financial position and results of operations of the Group;
- 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control 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 related safeguards.

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.

Responsibility Statement ALLGEIER

Other statutory and legal requirements

Report on assurance in accordance with section 317(3a) HGB on the electronic reproductions 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 3(a) 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-2021-12-31.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 section328(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, 2021 to December 31, 2021 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 reproductions 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 reproduction of financial statements and management reports prepared for publication purposes (IDW PS 410 (10.2021)). Our responsibilities under those requirements are further described in the section "Auditor's responsibilities for the audit of the ESEF documents". Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

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

The company's management is responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the Group management report in accordance with section328(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 8, 2021. We were engaged by the Supervisory Board on December 7, 2021. We have served as the auditor of the consolidated financial statements of Allgeier SE, Munich, without interruption since fiscal 2001.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the Supervisory Board in accordance with Article 11 of the EU Audit Regulation (audit 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 the Group management report converted into ESEF format – and the versions to be disclosed in the German Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and the audited Group management report and do not replace them. 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 Uwe Höschler.

Düsseldorf, April 25, 2022
LOHR + COMPANY GmbH
Wirtschaftsprüfungsgesellschaft

Niyazi Kanbur	ppa. Uwe Höschler
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

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

1.1 Management approach, values and guiding principles

Allgeier SE is one of the leading German technology companies for digital transformation: Allgeier guides its clients through the challenges of digital transformation to ensure their future success. Allgeier has a broad and stable customer base of global corporations, dynamic SMEs and a number of public sector contractors at various federal levels. Allgeier offers its more than 2,000 clients a full portfolio of IT and software services extending from high-end software development to business efficiency solutions in support of the digital transformation of critical business processes. In its Enterprise IT and mgm technology partners, the Group has more than 2,900 employees and more than 700 freelance experts at 42 locations in total in the DACH region, France, Czechia, India, Vietnam and the US. Together, we create value added for our clients, employees and shareholders.

The structure of our Group and our management approach are based on the principle of sustainable and responsible business conduct at all levels of the organization, from the Group holding company to our divisions to the individual operating units. Allgeier owes its position on the market today to the business strength of its Group companies, which in turn is founded on innovation, flexibility and humanity. As a corporate citizen that operates on various markets and in a number of territories, we see ourselves as an active and responsible part of society.

Business responsibility and sustainable conduct on behalf of our company, shareholders, the environment and society begins with our employees. They 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 have defined our core values as follows:

Innovation:
For us, innovation means constantly striving for improvement and using intelligent and sustainable solutions and technologies for our clients' business models.

Enterprise:
For us, enterprise means taking full responsibility for our actions at all levels of the company while also being a reliable partner to our employees and being willing to go the extra mile when necessary.

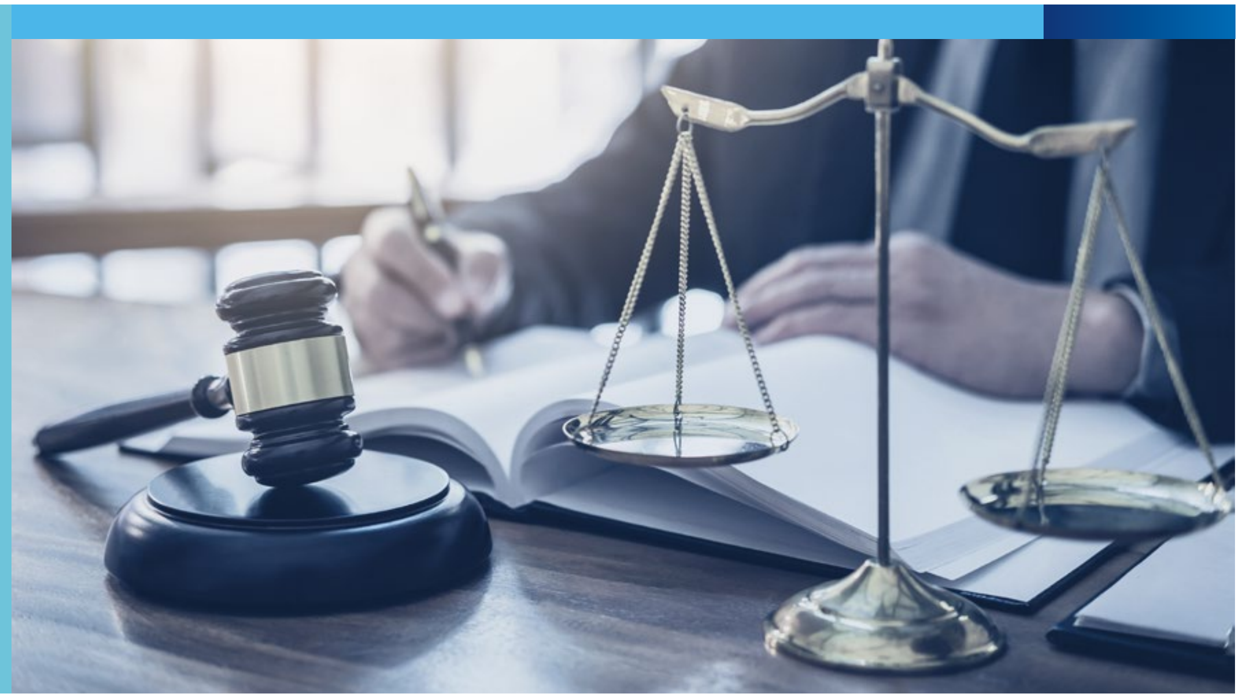
Humanity:
For us, humanity means that we treat each other fairly and in a spirit of cooperation, even in the face of tough competition, and that our relationships are based on tolerance and a cosmopolitan outlook. We reject and do not tolerate any form of discrimination.

Integrity:
One important element of our working culture is that we stand by each other. This applies to mistakes in everyday working life and to providing mutual support in emergencies. Trust forms the basis for our teamwork.

It goes without saying that we respect the law and ensure compliance across the board. Hard-and-fast rules and regulations for individual situations and circumstances in the working environment are clearly formulated and communicated in the form of Group guidelines, directives and specific Group agreements. These apply to all our actions and are binding.

1.2 Management principles and the compliance management system

The Allgeier Group is synonymous with integrity, ethics and absolute compliance with the law. We consider our values essential in our dealings with partners and clients, but especially internally with regard to our employees and when it comes to upholding our excellent reputation on the market. Our management principles and our compliance management system serve to ensure sustainable and responsible business conduct in our day-to-day work throughout the Allgeier Group, and adherence to general principles and national legal standards on all our markets. These standards, which are systematically aligned with our common values of innovation, enterprise, humanity and integrity, represent important foundations for our current and future performance and our continued growth.



Human rights
We respect internationally recognized human rights and support their observance. We ensure that we are not complicit in any human rights abuses. Through the Code of Conduct for Business Partners and regular business partner checks, we ensure consistent compliance with our standards in all supplier relationships and throughout the supply chain. Our express goal is to protect the natural world and human and children's rights along the whole length of our supply chains.

Work standards
We strictly reject and rule out any form of forced labor or child labor. We recognize the right to appropriate remuneration for all our employees. Wages and other benefits meet the relevant national standards and local statutory norms or the level enjoyed by national economic areas/sectors of industry and regions at the very minimum. We defend the right of association and the effective recognition of the right to collective bargaining.

Equal treatment and non-discrimination
A culture of equal opportunity, trust and mutual respect is extremely important to us. We promote equal opportunities and prevent discrimination when appointing new staff, making promotions and granting training and continuing professional development and in our day-to-day dealings with each other. We treat all employees equally irrespective of gender, age, skin color, culture, ethnic background, political persuasion, sexual identity/orientation, disabilities, religious affiliation or ideology. In order to detect and prevent potential covert misconduct by Allgeier employees, we have appointed an independent, external ombudsman for whistleblowing, to whom even anonymous information on misconduct by Allgeier employees can be reported.

Anti-corruption and fair competition
As a Group, we subscribe to the principle of fair and transparent competition. Accordingly, the compliance commitment made by the Management Board of Allgeier SE forms the basis for all our actions. The systematic observance of our high compliance standards is essential for our business operations and our general conduct at a national and international level if we are to achieve sustained success. For this reason, compliance in the Allgeier Group is a top priority for the Management Board and the Supervisory Board. The compliance commitment made by the Management Board of Allgeier SE is the benchmark for our competitive conduct; Allgeier SE stands for technical expertise, innovation, a customer-centric approach and motivated staff who act responsibly. This forms the basis for our strong reputation and the Group's sustained business success in national and international competition. We believe that corruption represents a threat to these guarantors of success. Accordingly, we adopt a zero-tolerance approach to such behavior. Bribes and anti-trust agreements are not appropriate means of obtaining orders. We would prefer to miss out on a deal or our internal targets rather than break the law.

Avoidance of conflicts of interest
At Allgeier SE, business decisions are made exclusively in the best interests of the company. This way, we seek to prevent any conflicts of interest with private concerns or economic or other activities, including with regard to relatives or other related parties or organizations. If any such conflicts nevertheless arise, they must be resolved taking into account the law and the Group's applicable guidelines. One essential prerequisite is the transparent disclosure of the respective conflict, which is guaranteed by our systems.

Prevention of money laundering
Allgeier SE meets its statutory obligations with regard to the prevention of money laundering and does not participate in any money laundering activities. Every employee of our Group is required to have any unusual financial transactions that might give rise to the suspicion of money laundering investigated by the responsible financial, legal or compliance department in case of doubt. This applies in particular to unusual financial transactions involving cash. To enable employees to report their suspicions straight-forwardly even in the event of a conflict of interest, we have appointed an external ombudsman for whistleblowers (see above).

Political lobbying
We conduct political lobbying centrally, openly and transparently. In so doing, we observe the legal provisions on lobbying and avoid exercising any undue influence on politicians and legislators under any circumstances.

Public demeanor and communication
In our activities around the world, we respect the right to freedom of speech and the protection of personality rights and privacy. Through our regulations and guidelines, we also endeavor to raise awareness among all employees that they may also be perceived as members and representatives of the Allgeier Group, even in their private lives. As such, we request that every employee uphold the image and reputation of the company through their conduct and public demeanor, particularly with regard to the media.
With regard to private opinions, we make sure not to associate the employee's particular function or job at the Allgeier Group with their private statements.

1.3 Standards and systems

It is essential for Allgeier to take responsibility as a company in our business activities and to stand up for the observance of laws and international conventions. With the size of the company increasing, a steadily growing number of target markets and branches with more than 2,900 employees and over 2,000 clients from a number of regions around the world, we are required to deal with many different stakeholders and their individual and specific expectations. This goes hand in hand with a plethora of different legal provisions that must be observed.

Observance of laws and regulations
For us, the observance of laws and regulations is a fundamental principle of responsible financial conduct. We observe the applicable legal prohibitions and obligations at all times even if doing so results in short-term financial disadvantages or difficulties for the company or individuals. If national laws set out more restrictive regulations than the applicable rules at Allgeier SE, national law takes precedence.

Corporate governance
The principles of our corporate governance can be found in the corporate governance section of the above Group management report.

Strategic management of opportunities and risks
Details of the strategic management of opportunities and risks, the early detection and monitoring of risks and the operational management of opportunities and risks can be found in section 5.2.1 of the above Group management report.

2. Employees

2.1 Strategic personnel management

Our employees are our main competitive advantage. The Allgeier Group currently employs more than 2,900 people in Europe, Asia and North America. Over the past few years, the Allgeier Group has increasingly become more international, with a large number of different nationalities working at our Group companies. Within our group, we employ more 2,200 highly qualified software developers and IT experts. 28.3 percent our employees are female – a high figure compared to other companies in our sector, and one which we have been able to increase further over the last few years. Many of our employees work hard every day to identify and attract outstanding specialists and the best talents and to retain them within the Group for the long term.

As a fast-growing company in a demanding and highly agile competitive environment, we firmly believe that employee training and continuing professional development, job satisfaction and a feeling of belonging are crucial for our long-term financial success. These factors allow us to provide clients with the flexibility and innovation they need and expect from us, while at the same time offering them groundbreaking products and disruptive technology services that are always at the cutting edge of development. Our aim is to shape the digital transformation for our clients as a powerful and reliable partner. Our employees work on critical business processes and important interfaces that are central to the future success of our clients. In this responsible position, a solid set of values is indispensable: Our common values of innovation, enterprise, humanity and integrity form the basis for our employees' performance. And our commitment to our employees throughout the Group serves as the foundation for consistently encouraging essential qualities such as initiative, responsibility and flexibility. We pursue various programs and different measures to ensure that Allgeier is and remains an attractive, inspiring employer for its employees, offering not only a range of varied responsibilities and interesting customer projects, but also outstanding individual opportunities and prospects. At the same time, we are playing an active role in countering the shortage of skilled workers and reinforcing our brand as an employer in a hotly contested market for specialists.

As part of our personnel management, the segments and companies in the Allgeier Group pursue a range of measures aimed at promoting employee growth, motivation and loyalty. Elements of personnel management include strategic personnel development, managing training and continuing professional development, recruitment, information, transparency and social aspects.

2.2 Personnel development, training and continuing professional development

As part of our personnel development program, we design employee-friendly guidelines and programs that give employees freedom and flexibility in their individual development process. We set great store by a culture in which employees are able to acquire new skills based on a self-directed culture of learning that is aligned with our corporate goals but also focused on their individual opportunities, needs and preferences. We are committed to developing all the employees in our team according to their individual potential. Elements of strategic personnel development at the Group companies include a clear onboarding process with feedback interviews and an interview at the end of the trial period, plus a continuous performance and development dialog with the respective manager in the form of quarterly and annual meetings. Targeted personal training and development measures are agreed and defined on the basis of these interviews. Further measures forming part of personnel development at our Group companies include:

- management of continuing professional development, such as through skills portals
- a training catalog with internal and external opportunities for continuing professional development and individual training options
- management training
- trainee and induction programs, plus an onboarding and training concept for different divisions
- mentors and mentor models, a "welcome buddy" to help out in the first few months
- promotion of part-time degree courses and dual study programs
- identification of top talents and promotion/retention of talented individuals
- reward and recognition program
- flexibility of roles: freedom to select different career paths and development opportunities on an individual basis

2.2.1 Vocational training and dual study programs

Allgeier offers training in a wide variety of lines of work and professions at a number of its locations and supports a range of dual study programs at various universities, in some cases by appointing instructors for teaching events and examinations. Students are informed of opportunities for study and career prospects through corresponding programs and are also approached directly. Comprehensive training management is in place to ensure that students obtain the right qualifications, receive the right support, and make the ideal start to their careers. Interns, bachelor's degree students, master's degree students, working students and career starters also undergo a comprehensive integration program with designated mentors. Further measures within the Group include the promotion of part-time study courses for employees.

2.2.2 Hiring and career start

With the aid of carefully designed, tried-and-tested programs, we enable students and career entrants to prepare well for their professional career and achieve a smooth start to their careers. On a highly competitive market for specialists, we are thereby not only bringing through qualified young professionals, but also actively counteracting the growing shortage of skilled workers that is affecting every territory of our industry. In addition to our own training in various professions and the use of dual study programs, we offer continuing professional development, e.g. as an IT specialist, with subsequent hiring and combine these qualifications with internship phases. We always have an interest in taking on and retaining employees after they complete their apprenticeship or studies. In addition to working closely with universities and in addition to our commitment to universities in other areas, many of our companies also offer positions for working students and students studying for bachelor's or master's degrees, combined with intensive support from mentors. At units of our mgm technology partners segment, we also offer internships for computer science students from vocational training centers or further education institutes with the aim of taking them on as employees.

2.2.3 Trainee program

Various trainee programs are in place at different Group companies with the aim of ensuring a structured, thorough induction, efficient learning on the job and in further relevant situations, and a smooth introduction to new responsibilities and positions. For example, the Allgeier Experts unit has a six-month onboarding program with structured induction plans, fixed milestones and feedback meetings, followed by a transition interview to ensure a professional start with the organization.

Further measures for supporting traineeships within individual segments include:

- buddy system for new employees to facilitate their introduction to the company
- mentor model: We place great importance on long-term cooperation and the development of each individual employee, and our targeted, confidential mentoring program gives new employees the opportunity to grow on a personal and professional level within the company
- support for bachelor's and master's theses and, where possible, the hiring and further development of working students following completion of their studies
- targeted appointment and on-the-job training for career changers
- communications training for career starters: We offer specific support to new entrants with accompanying soft skills training, such as communication courses, thereby contributing to their personal growth
- budget for external continuing professional development

2.2.4 Continuing professional development

Continuing professional development and the support of lifelong learning are of fundamental importance to us as part of our corporate culture. People derive pleasure from extending their expertise and increasing their knowledge, and this can make an important contribution toward a happy life. Consequently, we aim to help our employees to learn something new and better themselves a little every single day. Wherever possible, we also take into account the individual needs and requirements of our employees and their personal preferences, goals and opportunities. We believe that our continuing professional development management and a range of concerted individual measures can enhance and permanently reinforce the motivation, commitment and dedication of our employees while also expanding the knowledge, expertise and performance that are essential if we are to offer our clients excellent services and products. In many areas, our commitment as a Group also extends beyond our company in order to improve people's access to education and enhance the quality of education, particularly with a view to counteracting the shortage of skilled workers and giving young people the ideal preparation for a career in IT. The measures taken by Group companies as part of our continuing professional development management include:

- internal continuing professional development in the form of live events and e-learning modules for self-study
- establishment of an academy and e-learning platform for employees
- online communities for specific issues to enable a professional dialog with colleagues
- training from internal and external trainers and enabling employees to take part in external seminars and attend trade fairs/symposiums/organized debates for their further professional development
- internal boot camp for training front-end developers

2.2.5 Performance and recognition

A culture of appreciation and recognition for performance, commitment and ideas is extremely important to us. Rewarding and awarding particular dedication and excellent performance in day-to-day work and recognizing well-deserving team members play an important part in this process. There are also reward programs for recommending new colleagues. We have established strategic performance management processes in various units of the Group in order to foster and further develop our corporate culture and to provide targeted positive incentives. We generally offer variable remuneration models in many areas of our Group (some including SMART goal categories) that are linked to profits, margins or service revenue. Additional incentives are also established at individual companies through special bonuses (e.g. for service anniversaries, on hitting certain development and further education goals or certifications, for exceptional achievements or secondments abroad), options, overtime models and allowances such as night-shift allowances or off-site allowances, and special commitment is rewarded. In addition, the best ideas for improving the company (e.g. process and workflow optimizations, cost reductions, new employee benefits, new business opportunities, etc.) are rewarded with a bonus, for example.

2.2.6 Employee loyalty

Effectively achieving employee long-term loyalty and low employee turnover are important aspects if a business operation is to be sustainably successful. In addition to the programs and measures for personnel growth and the further qualification of our employees described above, we take further steps at our Group companies with a particular view to increasing the loyalty and motivation of specialists and securing valuable expertise. These include:

- career planning and attractive development opportunities: We use salary models, gratuities and individual career opportunities to reward commitment and excellence, motivate employees and retain them within the Group for the long term
- regular personnel and feedback interviews
- training and continuous professional development: We offer our employees a wide range of individual development programs and personal advisory opportunities to help them design and pursue their own learning and development path
- work-life balance: We use employee-friendly programs, flexible working time models and a range of additional measures for reconciling family life and career (see below) to help us understand the needs of our employees and enable them to achieve an optimal work-life balance
- regular employee surveys and reporting in order to measure employee engagement and satisfaction and adapt personnel development, marketing and communication strategies on the basis of the results. This also allows us to identify optimization possibilities in different organizational areas, thereby enhancing employee satisfaction and loyalty

- company pension scheme
- employee benefit program with external service providers
- regular team meetings, both in person and virtually during the pandemic, parties and joint activities and events, introductory days and welcome days for all new employees to get to know each other and for networking, regional round tables for experts, awards, honors, bonus holidays and gifts for company anniversaries, birthdays, weddings, etc.

2.2.7 Management development

The continuous development of our managers plays a significant role for us, and not just as part of our staff development and continuing professional development management. We also firmly believe that good management is an essential factor in good performance on the part of our Group and providing groundbreaking services and products for our clients. We offer special promotion programs, development programs, career models and incentives, bonuses and participation models for managers. With continuing professional development, training and coaching sessions, we ensure that managers at our Group companies are provided with continuous training and we prepare employees for leadership roles and for taking on responsibility.

2.3 Recruitment and support for sciences

Research and development and the support and promotion of universities, sciences and young talent are of great importance for our Group. We know that we need to harness the brightest minds at all our national and international locations if we are to offer our clients the best solutions and maintain the strong growth of our company, both today and tomorrow. Allgeier therefore maintains numerous cooperations with universities and research facilities, supports partner universities and projects financially and is also represented at various universities with regular recruitment and hiring events. In cooperation with universities, we conduct workshops and training courses and organize a wide range of events to provide students with practical experience to accompany their theoretical knowledge. Students receive targeted support at several universities and on different courses as part of the Germany Scholarship. We also meet our responsibility to promote science and research at our Group companies through measures including:

- lecture series, technology training courses, workshops, webinars and student projects at several universities in different countries
- student excursions to the sites of Group companies
- promotion of the Germany scholarship at various universities (both centrally through Allgeier SE and more locally through the Group's companies)
- regular participation in scientific surveys and studies, especially for bachelor's and master's theses and dissertation projects
- regular hackathons for students
- support for mandatory university events (seminars)
- hiring of working students who will later be offered full employment

2.4 Information and transparency

To ensure a regular exchange of interests and a consistent flow of information and communication from the top down and the bottom up, Allgeier SE has established an employee council as a central stakeholder in cooperation with a body elected by all employees; the council is made up of ten elected employee representatives from all units of the Group and the Group's Management Board. Communication channels are in place within the segments and individual units (including through the intranet) to enable employees to take part in the flow of information and the decision-making processes within the employee representation bodies. Further measures to promote the representation of interests and exchange of information within the Group companies include site or division meetings, webinars, town hall meetings and information days intranet, blogs, wikis and regular newsletters. The Allgeier Experts unit also conducts regular satisfaction surveys and reports for this purpose. Whistleblowing is facilitated at Group level by the compliance officer. Individual units have also created a process with independent, external contact persons in conjunction with the new statutory requirements.

2.5 Social issues

2.5.1 Work-life balance

Our Group has long been committed to enabling employees to achieve a healthy work-life balance. This is done with measures including flexible job and working time models. We believe that this makes an important contribution to ensuring our employees' commitment, motivation and willingness to learn, thereby leading to higher productivity, greater efficiency and better products and services that are also beneficial in terms of economic sustainability. Measures within our Group companies that help employees to reconcile their career and their family life include:

- flexible regulations for remote working (working from home/remote working regulations), including on a project basis
- flexible (parental) part-time arrangements and temporary part-time arrangements to meet individual employee requests
- continuous information and involvement of employees on parental leave (e.g. by participating in team events) and targeted reintegration measures following family leave phases
- family-friendly holiday arrangements
- special support measures for parents/families (e.g. childcare)
- working time arrangements with recommended core working hours and restricted flextime models or trust-based working time
- local company parties with employees' families
- provision of family-friendly, efficient company cars for large family groups

During the coronavirus pandemic, many of the above features have taken on new significance and new forms. For example, regulations on working from home were actively expanded firstly to manage requirements when childcare became unavailable and secondly to guarantee the best possible work-life balance during lockdowns.

2.5.2 Occupational health management, health and safety protection

The maintenance and promotion of our employees' health is important to us. This is why we ensure a humane and healthy working environment for our employees. These measures are not only socially justifiable, but also sustainable from an economic perspective. In addition to generating a greater sense of well-being, satisfaction and motivation within our units, occupational health management helps us to achieve high performance from our employees in the long term, increases employee loyalty and ensures low sickness rates and low staff turnover. We also consider health and safety protection to be extremely important. Whenever and wherever possible, we aim to avoid any impairment of health or accidents at work. Consequently, we take the appropriate steps and have the corresponding systems in place (first aid officers, fire and evacuation marshals, company doctors, health and safety specialists, etc.) to ensure optimal health and safety protection. Within the Group, we work to continuously improve occupational safety and health protection. Employees are also responsible for protecting people and the environment within their area of work. All applicable laws and regulations must be adhered to. Managers are required to instruct and support their employees in fulfilling this responsibility. We also seek to ensure safety and prevent injury among employees at our sites with a variety of measures. Examples of measures to promote workplace health and safety within our segments include:

- training safety officers
- safety briefings for new employees and annual briefings for all employees, including an additional COVID briefing
- evacuation drills
- occupational health screenings for the early detection or prevention of work-related sicknesses or occupational illnesses
- regular inspection of portable electrical equipment
- regular DGUV-3 inspections
- risk assessments for psychological stress and working from home
- use of ergonomically tested office furniture, such as desks with electrical height adjustment and office chairs that meet DIN standards, individual workplace inspections and ergonomic advice from company doctors
- ergonomic office furniture for those working from home
- support and sponsorship of sporting events such as company runs and support for employees' sporting activities (incl. organizational or financial support for football, tennis, badminton, chess, table tennis, cycling and running events and tournaments)
- fitness and personal training, some in-house fitness rooms with instructors, Zumba and yoga classes plus mental training and stress management
- bike leasing options with partial payment, including various insurance options
- showers, changing rooms and bicycle stands
- health discussion groups, workshops and seminars
- establishment of common areas and quiet areas
- support for health protection in the workplace through a subsidy for workplace spectacles
- stress management programs
- mobile massage
- provision of company bikes

As described above, out Group actively expanded its flexible regulations on working from home during the coronavirus pandemic. In addition to the positive influence on work-life balance, this also made an active contribution to health protection by reducing contact. We applied our existing technical expertise with a great deal of precision to advance digitalization within the Allgeier Group as well. A number of meetings and talks with clients are held on various digital platforms. The companies of the Allgeier Group are thus making an important contribution towards reducing direct contact and thus the risk of infection.

Naturally, all Group companies provided and still provide disinfectant and mouth and nose coverings. Also, our units centrally sourced FFP2 masks for the individual divisions and made these available to all employees. The mgm technology partners segment bought self-testing kits for its employees, which were delivered to their homes at first, keeps a supply on hand for ongoing individual requirements at its locations and uses morning self-tests on office days. At its head office in Bremen, the Allgeier Inovar unit (until December 23, 2021: Allgeier IT Solutions) also launched a rapid coronavirus test program run by medical personnel to provide additional safety for employees whose on-site attendance was essential.

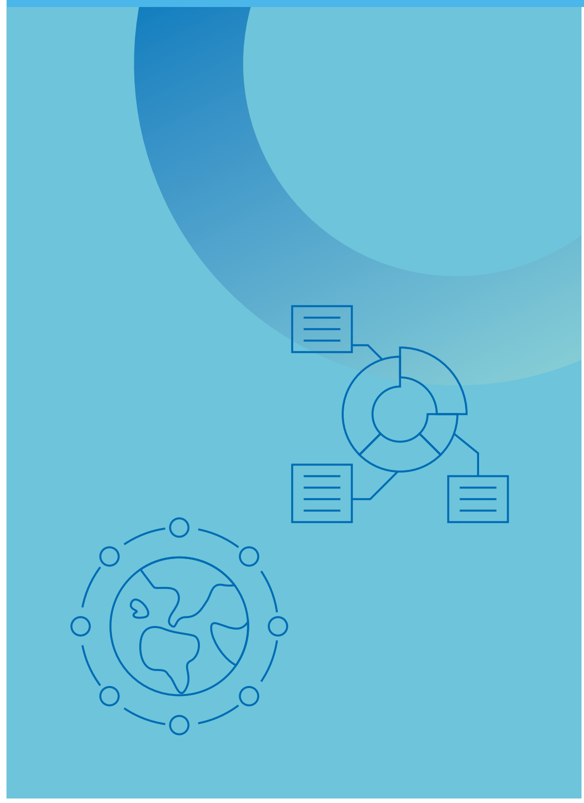
Also, regular rapid testing will be offered for staff and visitors as easing progresses, in order to make an additional contribution to infection suppression and thus health protection. In conjunction with a vaccination campaign, Allgeier Inovar arranged vaccination services for employees and their families throughout the unit. The Allgeier IT Services unit likewise organized a regular vaccination drive. The unit also implemented the following procedures to actively ensure tested, vaccinated or recovered status in the workplace: self-testing at all locations, distribution of masks, disinfectant, checking vaccination status.

2.5.3 Remuneration

We seek to maintain the dedication and commitment of our staff, motivate them going forward and reward excellence with the aid of intelligent and forward-looking evaluation models and variable remuneration and incentive schemes. Within the Group companies, this is based on regular feedback discussions and target-oriented interviews, SMART goal agreements aligned with the level of expertise and responsibility of the respective employee, and a multi-channel performance analysis system. These are supplemented by measures such as a feedback-oriented interview system that focuses on professional development and personal progress plus a target-based bonus system. Employees also receive additional gratuities (depending on their area of responsibility and position). The Evora unit also paid its employees a COVID bonus.

2.5.4 Diversity

Diversity is an enrichment for our Group. At the Allgeier Group companies, people from a wide range of different origins, cultures and religions work together in different countries. We are committed to preserving and implementing values that promote diversity and equal rights in the workplace, and to cultivating diversity as a company wherever it is able to do so. The Allgeier Group believes in the right to equality and the dignity of all people. All our employees receive the same work opportunities and prospects, and no one is discriminated against on the basis of their membership of a group, the color of their skin, their marital status or family situation, parental status or origin, source of income, religion, gender, age, national origin, disabilities, sexual orientation, state of health or veteran status. Our corporate culture is characterized by intercultural collaboration in cross-border mixed teams across our locations. We are especially committed to gender diversity and firmly believe that this can also make an important contribution to combating the shortage of skilled workers. Our Group has a high share of female employees compared to the average for the sector.



2.5.5 Intercultural understanding

Intercultural understanding and cooperation are becoming increasingly important to us as our Group becomes progressively more international. In addition to cross-border collaboration in mixed teams and dialog within the Group with its units in various countries, the individual segments take various additional steps to enhance intercultural understanding within our Group, including:

- dispatching employees for induction in project teams at other locations
- staging information events across different locations and ensuring multilingual internal communication
- internal, international social media platforms for communication, the exchange of knowledge and the transfer of expertise
- regular webinars on corporate culture, management policy and future growth
- intercultural training for employees prior to secondment
- free language training to support our clients in their relevant national language and to improve communication within the Group

2.5.6 Support for employees and families

As a Group, we make an extensive commitment to our employees as we firmly believe that establishing good relationships with one another at a professional and personal level and a good working atmosphere are important factors in our shared success. In particular, there are a wide range of measures aimed at supporting the reconciliation of family life and careers (see above). We believe it is especially important for us to take responsibility for our employees and their families at our international locations, and we go far beyond the legal minimum in this respect. This is particularly crucial in countries where statutory health insurance and other social security systems are less well developed than, for example, in Germany. We provide our employees with insurance against medical risks, other special risks and Group life insurance. In Germany as well, we go well beyond the statutory requirements to support our employees, for instance by setting up accident insurance. We also offer financial support in some cases to help overcome any financial crises directly caused by unforeseen events in the lives of employees or their family members. In addition to the measures listed above as part of our commitment to our employees, we also have a range of special programs and services available within our Group for employees and their families. In particular, these are aimed at providing effective support as an employer in exceptional life situations, such as:

- special leave/gifts, personal contact by supervisors in the event of a birth/wedding/bereavement
- special leave or financial support in emergencies or financial crises
- subsidies toward the cost of childcare
- implementing nursing leave for relatives
- partial payment of costs in the event of exceptional financial burdens as a consequence of illness
- the option of unpaid leave

3. Environment

The protection of the natural environment, the responsible handling of natural resources and awareness of our responsibility toward future generations in the sense of intergenerational fairness form the essential foundations of our business operations and actions. For us, sustainable environmental awareness means continuously reducing our consumption of energy and resources and making an active, comprehensive contribution to the protection of the natural environment. We use operational environmental management systems to create the framework for recording activities with relevance to the environment, pursue environmental targets and continually improve our environmental performance.

3.1 Environmental strategy and environmental management

We take the protection of our environment and the responsible, sustainable handling of resources into account in fulfilling our responsibilities for our own company and in performing services for our clients. Accordingly, we demand and promote environmental protection. It goes without saying that we observe the applicable legal regulations in the various countries. Our Group companies also implement specific environmental strategies and management systems in their respective markets, some of which are certified in accordance with or based on DIN EN ISO 14001. In the Allgeier Inovar unit (until December 23, 2021: Allgeier IT Solutions), a managing director newly appointed in fall 2020 was entrusted with the action area of environment strategy and environmental management. Our new colleague, who previously spent ten years in various leadership positions in the renewable energies sector, will further improve and harmonize standards, and also usher in new approaches in procurement and other relevant areas.

3.2 Utilization and consumption of natural resources, heat, energy and renewable energies

Within the Allgeier Group, we are aware of our footprint and, as part of our commitment to ecological sustainability, we regularly identify opportunities to reduce our consumption of natural resources and energy, and to ensure more resource efficiency as we continue to grow. In addition to the use of renewable energies, environmental management also plays an important role in the selection of products (hardware and office equipment). In this area alone, we have identified potential savings of up to 60 percent in certain divisions, which we intend to leverage by making continuous improvements. The new headquarters of our mgm technology partners segment in Munich received LEED Gold certification in fiscal 2021, the second-highest level available from the international sustainable building rating agency. mgm's data centers and locations run exclusively on green electricity. The electricity for the sites comes 100 percent from renewable energies and its origin is certified with the RenewablePLUS quality label. The green electricity is climate-neutral and investments are being made in green facilities and procedures.

3.3 Water

Within the Group, we pay particular attention to reducing water consumption and the volume of waste water generated. Among other things, campaigns are planned at some of our units in fiscal 2022 as well to raise employee awareness of the careful use of water as a resource. We also make an active contribution to water conservation by using automatic water faucets.

3.4 Emissions of CO_2 and pollutants, mobility policy

As we are a service company, the emissions of CO_2 and pollutants caused by our work are naturally lower than for many manufacturing companies. Nevertheless, we strive within the Group to continuously reduce our carbon footprint and emissions of pollutants. An intelligent mobility policy allows us as a company and our employees to make a contribution toward saving natural resources and reducing emissions. As part of our commitment to ecological sustainability, we strive in particular to reduce travel for work purposes by means of appropriate processes and technical equipment, and to cut the consumption of resources in traveling to and between our offices. We also encourage car pools and car sharing, and offer incentives for the use of alternative forms of mobility: The car park at Allgeier's head office in Munich is equipped with charging points for electric vehicles. Company cars in the mgm technology partners segment and the Allgeier Experts and it-novum units are gradually being replaced with hybrid and electric vehicles. Furthermore, the units of the mgm technology partners segment further stepped up their efforts that began in 2020 to introduce travel passes at more sites in Germany. This is intended to motivate employees to use public transport. To reduce business flights, employees can instead opt to travel by train, even in first class if requested. In October 2020, the Allgeier Inovar unit (until December 23, 2021: Allgeier IT Solutions) launched a pilot scheme at its head office in Bremen to investigate the reasonable use of purely electric vehicles for its field staff. While it is generally intended that future company cars will at least be hybrids, the trial revealed that the use of fully electric vehicles is suitable in principle for sales representatives as well. More electric vehicles were therefore acquired. The future use of electric vehicles was facilitated by providing more charging points at the company's locations and by providing a fleet of hybrid vehicles with greater range for individual journeys. For example, eight charging stations and a charging management system have now been installed in Bremen. The intended provision of pure green electricity will help to improve the carbon footprint. The Allgeier IT Services unit offers electric company cars as well. The vehicles can be charged at multiple locations. The Evora unit also introduced a company car policy for electric vehicles. This is appealing for employees as it creates an additional incentive to favor e-mobility over conventional drive systems.

For Allgeier's own properties, we are looking at creating our own electricity generation capacity with photovoltaic systems to produce green energy at a regional level. The next step after that will be to connect to sensible storage technology.

2020's acquisition of AURELO GmbH, the leading ERP provider for companies in the renewable energies sector, garnered more attention among clients for this sector so central to climate protection. The company has since been integrated into Allgeier Inovar to further hone its support for the renewable energies sector with good ERP and other software, thereby making a contribution to climate protection. On its own initiative, the Evora unit had a carbon audit performed by an external appraiser to identify further potential for reducing carbon and other pollutant emissions.

3.5 Materials and recycling

Recycling and a careful approach to materials and waste are important to us. We separate waste at almost all our locations and we have disposal systems for various materials and pollutants. With regard to printer toner, we pay attention to environmental aspects when selecting equipment. Empty cartridges are typically picked up by the manufacturer and recycled. Special sparkling water taps are being piloted in some new offices as a means of providing employees with drinking water. This reduces the use of bottled drinks, thereby lowering the emissions caused by transporting bottles. The mgm technology partners segment already had the quality of the drinking water tested at its locations in Germany and, in April 2021, had personalized glass bottles made for all its employees. These will be reordered at regular intervals, thereby helping to minimize beverage orders and making a positive contribution to the carbon footprint. Further activities are planned for 2022. mgm has entirely renounced plastic bottles, and instead supplies drinks in environmentally friendly reusable glass bottles. The Evora unit now only provides snacks without packaging in corresponding dispensers.

3.6 Raising employee awareness

As part of our commitment to sustainability, we raise employees' awareness of the strategic measures at our Group companies and encourage a responsible attitude toward the environment and natural resources. Internal channels of communication are used for this purpose. Regular discussions on further sensible measures also take place at a local level at many locations. It is important for us to ensure that employees are able to contribute their own ideas and suggestions. We firmly believe that this is the best way of implementing and embracing ecological sustainability, both internally and externally. Examples of suggestions and steps implemented within the Group include turning off standby mode on all electronic devices overnight, switching off lights, and adjusting the air conditioning and temperature of rooms not in use, taking the stairs instead of the elevator, saving paper and using sustainable packaging for lunches. Moreover, mostly sustainable office materials and environmentally friendly cleaning products are purchased. Other related awareness activities are in planning.

3.7 Green IT

Our Group companies have been following the debate on green IT since its inception with the aim of making a proactive contribution toward the provision of sustainable IT solutions. It is our conviction that information and communication technology (ICT) has a significant role to play when it comes to reducing energy consumption and raising energy efficiency in industry. For the sake of ecological and economic sustainability, we pursue the goal of reducing emissions and saving resources on the one hand, and raising cost-effectiveness and competitiveness on the other. Companies and organizations require ICT-based procedures to monitor and control the distribution and consumption of energy and to make the entire energy system more efficient. At the same time, ICT needs to monitor its own energy consumption and realize efficiency improvements. Wherever the green IT approach can be pursued, advanced or realized in the client environment, at data centers, when setting up IT infrastructure, when our employees are out working on projects or in our own IT, we support its implementation with a view to sustainability, realizing savings potential and enhancing cost-effectiveness. Measures for achieving these goals include designing the IT infrastructure along energy-efficient lines, designing cooling systems and the energy supply in accordance with green IT approaches, and consolidating

data centers. In addition, we rely on the highest possible degree of system virtualization at our existing data centers in order to reduce the hardware needed. This results in savings in terms of the resources and electricity used in supplying the systems directly, and in air conditioning.
Together with the German non-governmental organization for the employment of disabled persons, the AfB, we ensure that hardware is refurbished. As in the years before, our Allgeier Experts division decommissioned 1.6 metric tons of IT and mobile equipment in total in 2020. AfB employs people with disabilities to recondition the hardware. Monitors, notebooks, PCs and printers from Allgeier Experts offices were loaded onto a truck bearing the "AfB – social & green IT" logo in 2020. Thanks to the partnership, Allgeier Experts saved the equivalent of 13,585 kg of iron, 82,616 kWh of energy and the equivalent of 21,748 kg of CO_2 in the past year. The partnership also resulted in one person with disability being hired. Allgeier Experts replaces its hardware on a regular basis in order to keep up with the pace of digitalization and to optimize work processes. The partnership with the AfB means the decommissioned devices are reused for a social and ecological purpose. Collections were not possible in 2021 on account of the pandemic in particular, but the collaboration with the AfB is still ongoing.

3.8 Legal obligations

We observe the legal obligations pertaining to environmental protection throughout the Group and sometimes go beyond the respective national regulations. Since December 5, 2015, for example, an energy audit is required to be conducted in accordance with DIN EN 16247-1 (with regular follow-up audits). We have implemented this within the Group.

4. Society

As a Group that operates in many countries and regions, we see ourselves as an active part of society with a duty to act responsibly. As our Group and our corporate develop continue to become more international, the number of our stakeholders is growing as well. As a consequence, a growing number of different expectations are placed upon us as a company. By actively taking responsibility, we firmly believe that we can make an important contribution towards protecting the environment, improving people's lives around the world and increasing opportunities for education. Making an active contribution and working for the public good and society are essential elements of our corporate culture and how we see ourselves as a company in the context of our values. To meet both our own aspirations and the expectations and demands of our stakeholders, the central measures that have been implemented are therefore accompanied by a large number of initiatives at the level of the Group's segments, individual companies and units or at individual locations.
In a world in constant flux and in view of the major social and economic challenges, we want our commitment to sustainability to generate a meaningful benefit, whether large or small, and we seek to continually refine and improve our measures and their effectiveness.

4.1 Corporate citizenship

As a good corporate citizen, the Allgeier Group works on behalf of society and its citizens in various different forms. At our Group companies, we are committed to civic engagement in many areas. Our divisions raise employee awareness in order to foster responsible action, encourage initiatives and campaigns and actively support them in many areas. In addition to our commitment at the level of our Group and our segments and units, many employees at individual locations also take on responsibility at a local level and make an active contribution to their local communities through their social or ecological commitment, for example. We have already undertaken numerous initiatives thanks to the voluntary work of our employees and teams. Our vision is to design our internal policies and budgeting in such a way that numerous issues can be tackled by initiatives in areas such as education, health, the environment, etc.

4.2 Stakeholder dialog

In order to ensure a regular and authentic stakeholder dialog and open, transparent communication, we conduct broad and systematic public relations work (including on social media) on all issues of relevance to the various stakeholders. At segment level, ongoing talks with relevant stakeholder groups are frequently implemented at the level of top management. This is supplemented by targeted direct communication with

stakeholder groups in the form of mailshots, newsletters, information letters, etc. We also participate in trade events and fairs in order to engage in personal dialog and exchange views, and we organize or play an active role in regular get-togethers for employees on external assignment and arrange our own events on specific issues.

4.3 Commitment to education, youth, the environment, culture and sport

We embrace corporate citizenship in many different ways. As a responsible and sustainable company, we take a variety of measures to promote society and support education, youth, the environment, culture and sport at a Group level, and at the level of our segments, subsidiaries and local units. We are also involved in educational, social and charitable projects as sponsors and donors – not only at Group level, but especially also at the level of our segments, companies and locally at our locations. We also support fundraising campaigns by our employees.
Many of our initiatives can be traced back to suggestions and ideas from our employees. Many of our employees volunteer in a wide variety of ways and become role models for others. As a company, we honor this commitment and promote and support it in various ways.
Further examples from our units illustrate the depth and breadth of our activities and measures and those of our dedicated employees:

Enterprise IT segment:

- Participation in the "Deckel gegen Polio" collection campaign, the first main project of the "Deckel drauf" association. Through the collection of lids made from high-quality plastics (HDPE and PP) and the subsequent sales proceeds, the "End Polio Now" program is supported by a worldwide project to prevent children from contracting polio
- Admission of EU citizens to the pool of experts through the active support of German courses and coaching with the aim of facilitating entry into the German labor market
- Donations in kind to the Tafel association and child care facilities
- Active participation in the City Cycling Initiative with a team of employees to cut carbon emissions; our employees pedaled 2,841.3 km in total to cut carbon emissions by 417.9 kg
- Participation in Earth Hour
- Christmas donation campaign "Donate instead of giving" for regional associations and organizations with the involvement of employees
- "Charitree" Christmas card campaign to support Plant for the Planet, resulting in 2,000 trees being planted
- Local environmental protection, conservation of resources and reduction of emissions through various mobility measures and campaigns for environmental protection, such as the use of alternative drive technologies for our pool vehicles, bicycle leasing offers, etc.
- Campaign to donate monitors to schools
- Donation to UNICEF, which organized 12,000 packs of soap to protect against coronavirus in refugee camps

mgm technology partners segment:

- Participation in the virtual TERIBEAR Moves Prague corporate run in support of disadvantaged children, mothers and families
- Participation in Do práce na kole – Bike to Work, to promote sustainability, exercise and a car-free city
- Site- and Group-wide mgm Charity Challenge from the middle of June to the middle of July, where approximately 40,000 km were traversed by bicycle, on foot or canoe to raise funds for sustainable projects chosen by employees: We Forest, Ocean Care and flooding victims in Germany through Aktion Deutschland Hilft

- Local environmental protection to conserve resources and reduce emissions through mobility measures, such as the introduction of travel passes to promote the use of public transport and traveling by rail to reduce the number of domestic flights taken
- Christmas donation campaign by the mgm consulting partners subsidiary for Xoco Unlimited, a non-profit social venture that empowers adolescent girls in Latin America, Africa and Asia to escape sexual exploitation
- Donation by the company and fundraising campaign by mgm employees worldwide for the victims of the flood in Vietnam in October 2020, which helped to rebuild nurseries, schools, bridges and houses in Vietnam in 2021
- A local grade school was provided with a power generator by the mgm subsidiary in Vietnam
- At the Leipzig site, support for the Leipzig University of Applied Sciences for a scholarship and the Patrons' Association of Leipzig University for an award
- In conjunction with UNICEF's “Donations instead of Gifts” campaign, 2,500 packs of highly nutritious peanut paste were financed for severely malnourished children
- Donation and Christmas packages for children in Bulgaria, Latvia and Slovakia for the “Christmas in a Shoebox” fundraising campaign
- Participation and fundraising for Movember to raise awareness of men's health

4.4 Sponsorship activities

In addition to the social commitment described above, we also get involved as sponsors at Group level and at the level of our segments, units and local sites. Examples of our sponsorship activities include:

- Sponsorship of two volleyball teams (Munich and Wiesbaden)
- Sponsorship of grass roots sport, e.g. sponsorship of football shirts for the F Youth Team of Dresdner Sportclub 1898, Bentstreeker SV, 1. FC Ohmstede and 1. FC Victoria Berlin, and sponsorship of football tournaments
- Conversion of employee birthday gifts into donations
- Participation in various charity runs and financial support for runners
- Sponsorship of an app development project at the University of Bremen for the early recognition of the signs of dengue fever (bachelor's project)
- Sponsorship of a LAN party with over 140 young people Sponsoring at Schulzentrum Utbremen
- Sponsorship of the regional ice hockey club EHC Olten and the national ice hockey club SC Bern (both in Switzerland)
- Cultural sponsorship of Olten City Theater (Switzerland)
- Organization and sponsorship of a local business network in Olten (Switzerland), which brings businesspeople from the region together, in particular women and young entrepreneurs as well

5. Clients and suppliers

The Allgeier Group has a broadly diversified customer portfolio with numerous large and smaller clients in nearly every sector of industry. On our many different markets, we work for global corporations, market and sector leaders, a large number of sophisticated mid-sized customers and for public sector contractors. Our aim is to be an agile, vigorous, but above all reliable and long-term partner to our clients, one that understands the wide-ranging requirements and needs of its clients, recognizes their challenges, and tackles and successfully solves them. As such, dealing responsibly with clients and suppliers in the spirit of fairness and integrity are crucial for our business and our sustained financial success. Our relationships with clients and suppliers are therefore shaped by our core values. Through the Code of Conduct for Business Partners and regular business partner checks, we ensure consistent compliance with our standards in all supplier relationships and throughout the supply chain. The consistently high quality of our products and services and our focus on important future trends deliver financial sustainability and constitute prerequisites for our future viability and continued growth.

5.1 Quality management system

Ensuring the consistently high quality of our services and products is of major importance to our financial success. We strive to give all-round satisfaction to our clients and to always offer them the best possible solutions using state-of-the-art technology. Consistent quality management forms an essential basis for satisfying this aspiration. As such, we have implemented quality management systems at our Group companies, and individual companies are certified in accordance with ISO 9001 or 27001. With regard to the process maturity of our technology services and software development, we also align with the CMMI reference models and have obtained corresponding certification in some cases. ISO 9001 is a standard for quality management systems and defines requirements for such systems. The implementation of quality management in accordance with ISO 9001 is illustrated by the examples of our Allgeier IT and Allgeier Experts Services units: The quality policy has been defined in accordance with the company's standards and customer-oriented quality principles. It supports the goals and initiatives derived. At the same time, it includes compliance with external quality standards that form a basis for a trusting cooperation with clients. ISO 9001 certification is also required to participate in invitations to tender for the public sector. An improvement in process quality and the quality of work results in an improvement in the quality of services. Success is measured by the satisfaction of our clients. Services are made possible and provided by employees who are committed to the careful and responsible application of the established policies and their ongoing refinement. Every individual is expected to seek error-free quality and thereby to satisfy customer expectations.

This is because only satisfied clients are the basis for business success. The entire company is committed to upholding the QM and ISM system and its continuous improvement.

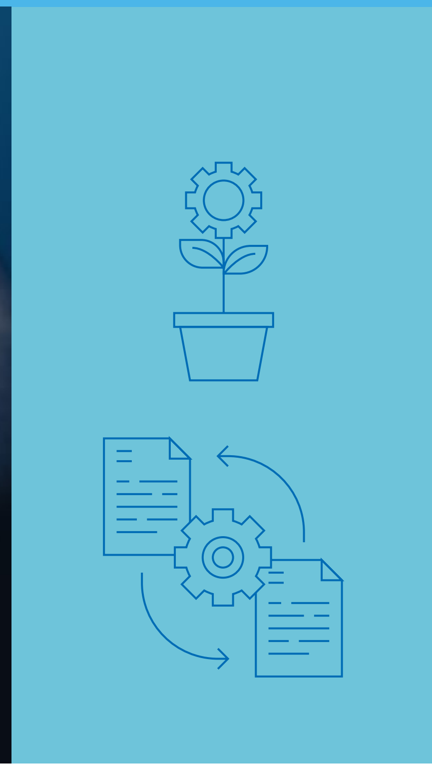
5.2 Customer satisfaction

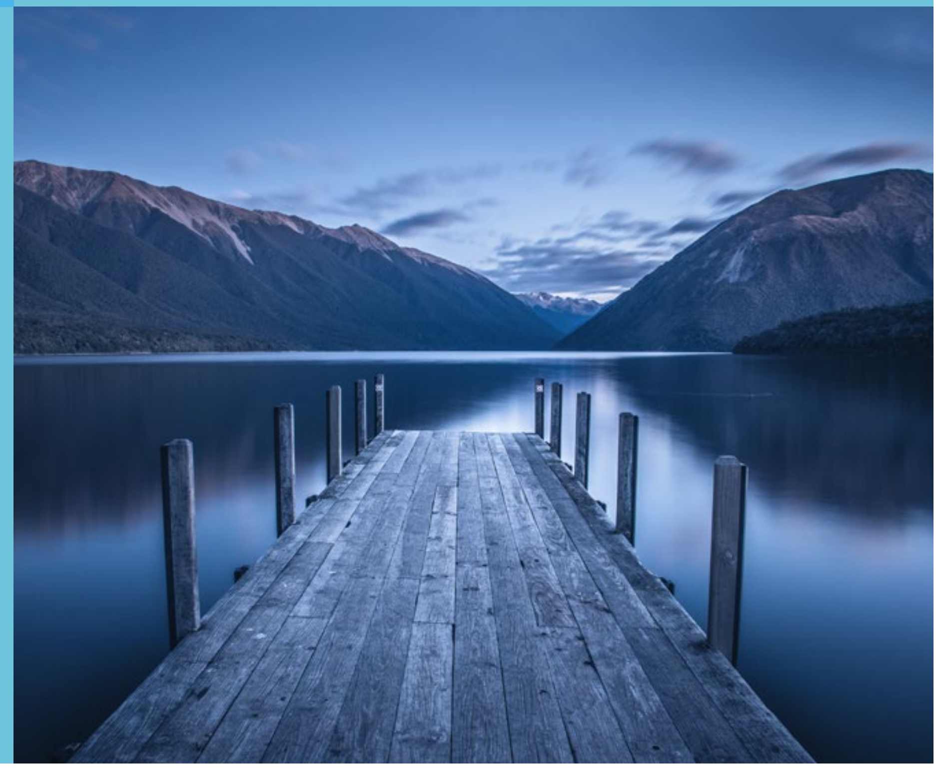
We aim to be a reliable, efficient, flexible and long-term partner for our customers. In many cases, we play a direct and active role in helping to shape the digital transformation at critical points of their business, thereby making a vital contribution to accompanying them into the digital future. In accordance with our high quality standards, we essentially define the success of our work in terms of the satisfaction of our customers and our contribution to the success of their business. Within the Group, we have established binding evaluation systems and processes in various areas. Their purpose is to measure the success of our work, regularly record and evaluate customer satisfaction, and derive continuous improvements to our products and services on the basis of the results. These processes are designed differently in our divisions depending on the services and products concerned.

In our Allgeier Experts unit, the increasing demands made by customers require the continuous optimization of processes and the continued development of our expertise. Close customer contact delivers information on customer satisfaction in the form of personal customer surveys, which are conducted on the basis of a standardized discussion guide. Along with other data, these discussions constitute an important source of information for improving our services. Additional important quality-related content from customer interviews and feedback is also exhaustively documented. This process is followed systematically. As part of the internal process audit, suggested changes from the organization are reviewed and assessed for implementation. In addition, all employees are encouraged to contribute suggestions for improvements, particularly with a view to the continuous expansion of the service portfolio and the optimization of service processes taking into account the entire quality management system. Data from the satisfaction analysis and any customer complaints received is evaluated, and appropriate steps are taken if problems are recognized or potential improvements identified. The results are fed into the management review. Allgeier Experts scored an average overall score of 1.7 in the 2021 customer satisfaction survey.

The Allgeier IT Services unit digitally tracks and analyzes customer satisfaction at the end of each service order.

The Evora unit holds regular meetings with its clients to increase their satisfaction. The aim of these meetings is to identify potential ways in which Evora can even better assist its client in the implementation of their digitalization. Evora's Managing Director Gregor Bender is the chairman of the “Mobile Maintenance” working group of the German-speaking SAP user group (DSAG). This group is one of the most influential user associations in the world. More than 60,000 members from more than 3,700 businesses form a strong network that extends from SMEs to DAX corporations and across all business sectors in Germany, Austria and Switzerland. Furthermore, the Evora Mobile Summit is an organized community with a focus on customer service and maintenance. With a net promoter score of 69, Evora has unusually high customer satisfaction.





5.3 UN Global Compact and corporate culture

Long-term supplier relationships based on partnership and characterized by openness, trust and mutual reliability are a key element of our business strategy. We adhere strictly to our corporate values in our wide-ranging relationships with our suppliers and business partners around the world. This includes keeping our employees informed and aware, and carefully monitoring the consistent application of our specifications. We avoid business relationships with suppliers that are commonly known to be in breach of the principles underlying the UN Global Compact. We also advocate the further enforcement of the UN Global Compact in our business relationships.

It is important that our corporate culture based on responsibility and sustainability criteria is understood and embraced across the board. Accordingly, we use introductory days and welcome days at our Group companies to communicate our culture. At these events, the most important task owners and contact persons introduce themselves and provide information on common values and practical knowledge for working within our Group. Our aim is for every employee to be approachable for their customers, partners and colleagues, and for our communication to be content-driven.

5.4 Fair competition and anti-corruption policy

As a Group, we subscribe to the principle of fair and transparent competition. Accordingly, the compliance commitment made by the Management Board of Allgeier SE forms the basis for all our actions. The strong reputation we enjoy with our customers, suppliers and other stakeholders and our financial success are founded on strict adherence to our values and rules. Corruption threatens these cornerstones of our success and our good reputation. Bribes and anti-trust agreements are not appropriate means of obtaining orders or achieving internal goals. With our five-pillar compliance management system, we have taken extensive steps to ensure that anti-corruption regulations and the Group guidelines based on them are observed. Incidents are investigated and appropriate measures are taken that can include labor action if necessary. All managers and employees must be aware of the extraordinary risks that any case of corruption can entail for the Allgeier Group and for them personally. As such, employees must actively cooperate in putting the Group-wide regulations into practice within their sphere of responsibility. We provide employees with access to all our compliance regulations through internal platforms, digital training, etc. We also regularly inform and train our managers on our requirements and all relevant changes and new features.

6. Sustainable products and solutions

In our operating business, we rely on the use of state-of-the-art technology based on the principles of sustainability. Data protection, confidentiality, integrity and customer proximity are essential cornerstones – but it is just as important to us to make the IT lifecycle as environmentally friendly and resource-efficient as possible. With our sustainable products and solutions, we aim to optimize the energy footprint of our internal systems and our customers, minimize the consumption of natural resources and hence reduce initial and ongoing costs.

6.1 Data protection and data security

The highest level of data protection and the maintenance of confidentiality are essential for us. We therefore place the highest demands on IT security in our internal processes and structures and in our collaboration with customers and partners. We firmly believe that the highest level of data security forms the basis for confidential and reliable business relationships. Accordingly, we respect the trade and business secrets of our customers and partners and observe the contractual confidentiality obligations entered into with third parties and the provisions of data protection law. The data protection regulations in place at the Group comply with the EU GDPR to protect our business partners and our employees. Their systematic implementation is ensured by corresponding technical and organizational measures and guidelines that are continuously refined. Compliance with data protection and confidentiality obligations is governed in detail at the level of the individual subsidiaries. In addition to an obligation of confidentiality, employment contracts require employees to familiarize themselves with the rules on data protection and to maintain data protection. Data protection coordinators and data protection officers, who confer regularly, are also appointed at our companies in order to monitor observance and implementation and clarify all related questions. A number of individual measures also contribute to data protection at our companies. For example, we provide technical facilities at our offices for destroying documents and data media using of shredders and special destruction boxes.

6.2 ISO 27001

Information security and the installation, implementation, maintenance and ongoing improvement of a documented information security management system (ISMS) with a process-oriented approach are of great importance as part of a sustainable solution strategy. Availability, confidentiality and integrity are essential prerequisites for complying with and ensuring security in all processes involving information

processing. Throughout the Group, we are guided by the specifications of ISO/IEC 27001 and have obtained numerous certifications ensuring that our quality management system complies with the latest data protection standards and our internal guidelines and specifications regarding confidentiality and information security, such as:

- a documented and institutionalized ISMS (information security management system); compliance with and the effectiveness of ISO 27001 standards are reviewed annually by a certified auditor
- an established Security Council in which all company functions are represented (Delivery, HR, Administration, Legal, Management, IT, etc.)
- NDAs or corresponding duties of confidentiality in employee contracts
- regular training programs organized by the Security Council to raise employee awareness of applicable external and internal guidelines and specifications
- a secure network with a high-end firewall, IPS and endpoint protection
- use of recognized tools for content management and collaboration, such as Microsoft Office 365, Atlassian Confluence and WebEx
- initiation of projects for the end-to-end compliance with and operational implementation of the General Data Protection Regulation (EU GDPR), including at our locations outside the European Union
- Information security officers, who confer regularly, are also appointed at our companies in order to monitor observance and implementation and clarify all related questions.

6.3 Product responsibility

Our software solutions, such as julia mailoffice and DocSetMinder®, and our forensic services, are synonymous with IT security made in Germany. For example, our e-mail security solution julia mailoffice is used by numerous federal and state authorities and prestigious companies. julia mailoffice is also the virtual post office of the German federal government. Our IT security portfolio also includes IT security services, security consulting, security training including support with ISO 27001 certification and advice on data protection, security due diligence and customized security concepts and comprehensive services for IT forensics, such as establishing, recording and investigating digital security incidents and cybersecurity. In addition, our product portfolio includes a range of secure, tried-and-tested software solutions from leading manufacturers which are used in different industries and areas of business. All our products perform central functions for their particular area of application and can be individually tailored to our customers' requirements. As part of our customized software development, we develop highly scalable, integrable and secure online applications for business-critical company processes. Interdisciplinary teams within our organization ensure that IT security issues that are relevant to the development of products and services, such as web and application security, are taken fully into account and integrated into project implementation from the outset. We also rely on coordinated and proven procedures across all projects that are continuously tested, compared and refined. As part of our sustainability concept, the applications we develop for our customers reflect essential factors such as accessibility, paperless systems, and a range of additional aspects that can affect the environment and the consumption of natural resources.

6.4 Ecological aspects of production and services

Protecting the natural environment and conserving resources are taken fully into account when it comes to fulfilling our responsibilities for our own company and in our services for our customers. The responsible and sustainable use of resources is a necessary condition. As part of our commitment to sustainability, we discuss possibilities for protecting the environment and enhancing resource efficiency with employees at our units and frequently implement their ideas and suggestions alongside our own specifications. In this way, our Group companies demand and promote environmental protection in production and services through a range of individual measures and innovations, including:

- The data centers of our Allgeier IT Services unit are certified as follows: ISO 14001, Environmental Management (ISO 50001), Energy Management Systems, Mainova AG (100 percent electricity generation from renewable energies)
- the environmentally friendly, resource-efficient use of information and communication technologies throughout their entire lifecycle
- minimizing the consumption of resources during the manufacture, operation and disposal of devices
- reducing business travel by means of internal process specifications and the use of collaboration tools and video conference solutions; carpooling is encouraged
- optimizing route planning when appointments are made and carpooling
- a car fleet with reduced emissions and lower noise levels (predominantly vehicles with lower carbon emissions and the procurement of CNG vehicles and electric cars) (see in particular the measures described under 3.4 above)
- reduction in electricity consumption by means of server virtualization
- reduction in the consumption of electricity and resources through measures such as LED lighting, presence sensors, and IoT sensors and systems for the central monitoring and control of electricity consumption
- installing power-saving functions in all electronic devices
- procuring electricity from renewable energies (green electricity)
- installing solar panels at individual locations
- recycling programs for electronic and IT consumables
- reduction in water consumption and waste water through intelligent systems for saving water, collection and use of rainwater and the recycling of waste water at individual locations
- reduction in paper consumption, e.g. replacing plastic cups with ceramic mugs, internal applications with paperless transactions, monitoring paper consumption for document printing

Remuneration Report

The remuneration report of Allgeier SE for fiscal 2021 can be found on the company's website at https://www.allgeier.com/en/investor-relations/reports

Report of the Supervisory Board of Allgeier SE for Fiscal 2021

The Supervisory Board submits the following report on its activities in fiscal 2021:

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 2021:

- processing of the spin-off of Nagarro SE in the annual and consolidated financial statements for fiscal 2020;
- strategic orientation of the Allgeier Group, in particular that of the Enterprise IT segment by reorganizing it into the four business areas of Allgeier IT, Allgeier Experts, Allgeier Inovar and Allgeier Security; adjustment in this context of the management structure of the four business areas Allgeier IT, Allgeier Experts, Allgeier Inovar and Allgeier Security;
- discussion and review of various acquisition projects; performance of multiple acquisitions to boost the business areas: it-novum GmbH, publicplan GmbH and Cloudical GmbH for the Allgeier IT business area, MySign AG for the Allgeier Inovar business area and Clientis AG for the mgm technology partners segment;
- acquisition of the Evora Group;
- financial and liquidity situation of the Group; agreement of a new factoring facility for the Allgeier Group with improved terms and a higher facility of up to EUR 40 million;
- close cooperation with the Management Board in connection with controlling and prevention measures in response to the coronavirus pandemic.

The Supervisory Board held eight meetings in fiscal 2021. Owing to the contact restrictions due to the coronavirus pandemic, the meetings were held virtually by video conference or as a conference call, with the exception of one meeting in December 2021. The meetings were attended by all the members of the Supervisory Board. Furthermore, there were several other discussions and votes by way of conference calls and video conferencing. The members of the Management Board attended all the meetings of the Supervisory Board. When discussing and adopting resolutions on individual issues, in particular issues concerning the Management Board and its remuneration, the Supervisory Board met and adopted resolutions without the Management Board in attendance. 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 did not form any committees on account of its size.

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

- the current business performance of the Group as compared to the approved Group planning;
- the ongoing financial and liquidity situation;
- the financing and capital structure of the Group;
- various acquisition projects;
- strategic issues and structuring of the Group, management of the operational business units;
- approval of the Group budget;
- corporate governance and integration within the Group;
- risk management and compliance;
- issues in connection with the audit of the financial statements and non-audit services.

In the discussions between the Management Board and the Supervisory Board, and on the basis of the information provided by the Management Board on an ongoing basis, the Supervisory Board satisfied itself that the Management Board managed the business of the company properly and in compliance with the law in fiscal 2021. In addition to the dominant work issues such as, in particular, acquisitions, the Management Board also continued the organizational development of the Allgeier Group in the past fiscal year. The Supervisory Board discussed the risk management system used by the company with the Management Board and the auditors and found it to be in order. Insofar as the approval of the Supervisory Board was required for individual management measures, such measures were examined by the Supervisory Board after receiving information and a corresponding submission from the Management Board in good time, and the necessary approval was issued. The Supervisory Board can therefore confirm that the Management Board enabled it to fully monitor the work of the Management Board on an ongoing basis. In doing so, the Supervisory Board satisfied itself that the management of the company by the Management Board complied with the statutory requirements in all regards and did not give rise to any complaints on the part of the Supervisory Board.

In addition, the Supervisory Board evaluated the efficiency of its own work as it does every year. There were no changes to the Supervisory Board in the reporting year.

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, 2021 and the management reports for Allgeier SE and the Group, and issued an unqualified audit opinion in each case. These documents and the audit reports of LOHR + COMPANY GmbH were made available to the Supervisory Board for inspection. The Supervisory Board examined and verified the above documents and the auditors' report in preparation for its meeting on April 25, 2022. The Supervisory Board examined the sustainability report. It discussed the annual financial statements, consolidated financial statements and the audit reports in detail in the presence of the auditors at its meeting on April 25, 2022. At this meeting, the auditors reported on the material findings of their audit and confirmed that there were no material vulnerabilities in the internal control system or the risk management system. 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. Following a detailed review, at its meeting on April 25, 2022, the Supervisory Board concurs with the findings of the auditors and approves the annual financial statements and consolidated financial statements for fiscal 2021 as prepared by the Management Board. The annual financial statements have thus been adopted.

The Supervisory Board also reviewed the proposal by the Management Board for the appropriation of the net retained profits of Allgeier SE for fiscal 2021. Its proposal to the Annual General Meeting is to use the net retained profits of Allgeier SE as of December 31, 2021 of EUR 46,840,573.23 to distribute a dividend of EUR 0.50 per entitled share to the shareholders of Allgeier SE. Fiscal 2021 was highly successful for the Allgeier Group, hence – in the interests of the continuity of dividend payments – the Management Board considers is possible and reasonable to propose a dividend of the same amount as in the previous year.

After carefully weighing up the interests, particularly the interests of the company in the financing of its business operations, future growth and safeguarding liquidity on the one hand and, on the other, the interests of shareholders in receiving a dividend payment, the Supervisory Board agrees with and endorses the proposed resolution.

The Supervisory Board would like to thank the management of the company and all the employees of the Allgeier Group for their work in fiscal 2021, a year that can be considered both extraordinary and remarkable for the Allgeier Group in a number of respects.

Munich, April 25, 2022
The Supervisory Board of Allgeier SE

Detlef Dinsel
Chairman of the Supervisory Board

Financial Calendar 2022

Important dates and events	
Publication of the 2021 consolidated/ annual financial statements	April 29, 2022
Publication of voluntary interim information as of March 31, 2022	May 13, 2022
Annual General Meeting (virtual)	June 30, 2022
Publication of 2022 half-yearly financial report	August 12, 2022
Publication of voluntary interim information as of September 30, 2022	November 14, 2022

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 above.

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

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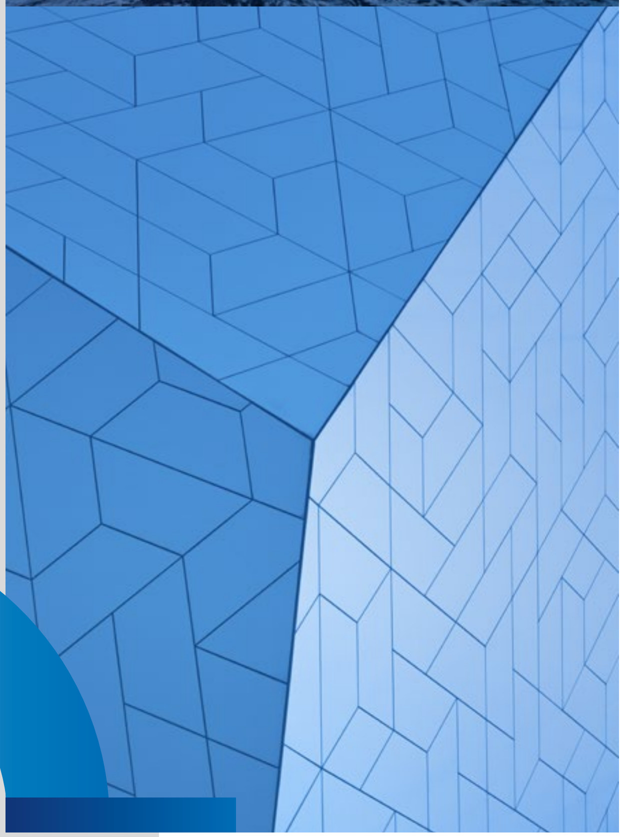

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Annual Report
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