

Nagarro Denmark A/S

Marielundvej 41, 2., 2730 Herlev

Company reg. no. 38 45 05 22

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 10 July 2024.

Ole Sølvsten Hemmingsen
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's statement	1
Independent auditor's report	2
Management's review	
Company information	5
Management's review	6
Financial statements 1 January - 31 December 2023	
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes	12
Accounting policies	16

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Nagarro Denmark A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Herlev, 10 July 2024

Managing Director

Ole Sølvsten Hemmingsen

Board of directors

Jörg Werner Dietmann

Ole Sølvsten Hemmingsen

Michael Schmidt

Independent auditor's report

To the Shareholder of Nagarro Denmark A/S

Auditor's report on the Financial Statements

Opinion

We have audited the financial statements of Nagarro Denmark A/S for the financial year 1 January – 31 December 2023, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Independent auditor's report

Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Report on other legal and regulatory requirements

Non-compliance with VAT legislation

Due to the merger of Nagarro Software A/S and Nagarro Denmark A/S, the company has breached the filing deadline for VAT reporting's. The Company's Management may incur liability in this respect.

Fredericia, 10 July 2024

KPMG P/S

State Authorized Public Accountant
Company reg. no. 25 57 81 98

Michael Lund Siegumfeldt

State Authorised Public Accountant
mne28662

Company information

The company

Nagarro Denmark A/S
Marielundvej 41, 2.
2730 Herlev

Company reg. no. 38 45 05 22
Financial year: 1 January - 31 December

Board of directors

Jörg Werner Dietmann
Ole Sølvsten Hemmingsen
Michael Schmidt

Managing Director

Ole Sølvsten Hemmingsen

Auditors

KPMG P/S Statsautoriseret revisionspartnerselskab
Vesterballevej 27,2
7000 Fredericia

Parent company

Nagarro ES GmbH

Management's review

Description of key activities of the company

Nagarro Denmark A/S is a technology company delivering SAP Managed services, Consulting Support, and Compliance products to Danish and International customers.

Nagarro ES

Nagarro ES the SAP Global BU within the Nagarro Group and a full-service provider of business solutions based on SAP technologies. The portfolio includes all services ranging from strategy and process consulting to implementation, operation and maintenance of critical business solutions. Nagarro ES is recognised by SAP as one of the most powerful and innovative S/4HANA Cloud partners for SMB customers.

Nagarro Group

Nagarro is a digital engineering leader with full-service offerings. The company specialize in “change the business” technology services, including digital product engineering, e-commerce, and customer experience services, AI and ML-based solutions, cloud and IoT solutions, and consulting on next-generation ERP. Nagarro has a broad and long-standing international customer base, primarily in Europe, particularly Germany, and in North America. This includes many global blue-chip companies, leading independent software vendors (ISVs), other market and industry leaders, and public sector clients. Nagarro employs over 18,000 people across 33 countries.

Nagarro is listed on the Frankfurt Stock Exchange (NA9) in the Prime Standard and is also a part of SDAX and TecDAX indices

S/4HANA Transformation & SAP Cloud Services

Companies are in the process of replacing legacy SAP ECC systems with SAP S/4HANA solutions and there is a strong demand for partners with specialised industry know-how and technical expertise to take full advantage of digitalised business models offered by S/4HANA best practises and cloud solutions. Nagarro ES is offering a range of industry-specific partner-packaged S/4HANA solutions, that condense more than 20 years of experience from industries like Retail, LifeScience and Manufacturing.

SAP S/4HANA Platform management and Private Cloud services continuous to be a significant and growing part of the companys business in Denmark. These managed services continuously have a very high satisfaction rate from customers who runs their critical business applications in Nagarro's Private Cloud Tier 3+ Data centers in Frankfurt and SAP operation center in Freiburg.

Management's review

ComplianceNow

ComplianceNow is dedicated to the challenges of the ever-increasing complexity of handling risk management, optimize compliance operations, increase transparency and automating costly manual processes within SAP compliance.

There is an increasing pressure on companies to comply with higher standards preventing fraud, misuse of authority and cyber attacks. It the managements expectation that ComplianceNow, as a SAP Certified and proven software supplier, will continue to grow and strengthen it position as one of the key international vendors delivering software strengthen and automating the compliance processes for companies running SAP ERP and S/4HANA

Development in activities and financial matters

The income statement for 2023 shows a positiv result of DKK 12.685.530 against DKK 3.114.376 last year.

Management expect that the company will be profitable also in 2024.

The company is per 1 January 2023 merged with the group company Nagarro Software A/S with Nagarro Denmark A/S as the continuing company. The merger has been treated according to the consolidation method, and comparative figures have been adjusted.

Events occurring after the end of the financial year

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	39.506.124	22.695.805
1 Staff costs	-20.351.808	-15.949.407
2 Depreciation, amortisation, and impairment	-1.702.070	-1.852.205
Operating profit	17.452.246	4.894.193
Other financial income	42.422	16
3 Other financial expenses	-1.228.232	-894.106
Pre-tax net profit or loss	16.266.436	4.000.103
4 Tax on net profit or loss for the year	-3.580.906	-885.727
Net profit or loss for the year	12.685.530	3.114.376
Proposed distribution of net profit:		
Transferred to retained earnings	12.685.530	3.114.376
Total allocations and transfers	12.685.530	3.114.376

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets		
Non-current assets		
5 Completed development projects	4.563.873	4.676.225
Total intangible assets	<u>4.563.873</u>	<u>4.676.225</u>
6 Other fixtures and fittings, tools and equipment	188.033	183.488
6 Leasehold improvements	<u>7.173</u>	<u>0</u>
Total property, plant, and equipment	<u>195.206</u>	<u>183.488</u>
7 Deposits	<u>167.701</u>	<u>161.063</u>
Total investments	<u>167.701</u>	<u>161.063</u>
Total non-current assets	<u>4.926.780</u>	<u>5.020.776</u>
Current assets		
Trade receivables	38.696.730	33.922.596
Receivables from group enterprises	2.096.848	1.131.838
Prepayments	<u>130.988</u>	<u>73.278</u>
Total receivables	<u>40.924.566</u>	<u>35.127.712</u>
Cash and cash equivalents	<u>3.625.260</u>	<u>11.105.926</u>
Total current assets	<u>44.549.826</u>	<u>46.233.638</u>
Total assets	<u>49.476.606</u>	<u>51.254.414</u>

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity and liabilities		
Equity		
Contributed capital	500.000	500.000
Retained earnings	16.956.047	4.270.517
Total equity	17.456.047	4.770.517
Provisions		
Provisions for deferred tax	959.186	863.938
Total provisions	959.186	863.938
Liabilities other than provisions		
Bank loans	0	317
Trade payables	362.198	325.223
Payables to group enterprises	15.478.788	35.376.306
Income tax payable	3.903.680	418.022
8 Other payables	9.292.251	7.956.188
Deferred income	2.024.456	1.543.903
Total short term liabilities other than provisions	31.061.373	45.619.959
Total liabilities other than provisions	31.061.373	45.619.959
Total equity and liabilities	49.476.606	51.254.414

9 Contingencies

10 Related parties

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2023	500.000	471.398	971.398
Net effect of merger	0	3.799.119	3.799.119
Retained earnings for the year	0	12.685.530	12.685.530
	<u>500.000</u>	<u>16.956.047</u>	<u>17.456.047</u>

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
1. Staff costs		
Salaries and wages	17.536.186	13.952.097
Pension costs	1.261.235	1.569.811
Other costs for social security	479.620	105.200
Other staff costs	1.074.767	322.299
	<u>20.351.808</u>	<u>15.949.407</u>
Average number of employees	<u>25</u>	<u>19</u>
2. Depreciation, amortisation, and impairment		
Amortisation of intangible assets	1.512.352	1.694.117
Depreciation of fixtures and fittings, tools and equipment	189.718	158.088
	<u>1.702.070</u>	<u>1.852.205</u>
3. Other financial expenses		
Financial costs, group enterprises	13.017	127.342
Other financial costs	1.215.215	766.764
	<u>1.228.232</u>	<u>894.106</u>
4. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	3.485.658	418.022
Adjustment of deferred tax for the year	95.248	467.705
	<u>3.580.906</u>	<u>885.727</u>

Notes

All amounts in DKK.

5. Intangible assets

	Completed development projects
Cost 1. januar 2023	12.629.719
Additions during the year	<u>1.400.000</u>
Cost 31. december 2023	<u>14.029.719</u>
Amortisation and impairment losses 1. januar 2023	7.953.494
Amortisation for the year	<u>1.512.352</u>
Amortisation and impairment losses 31. december 2023	<u>9.465.846</u>
Carrying amount 31. december 2023	<u>4.563.873</u>

Development projects

ComplianceNow is a SAP certified product-suite consisting of 6 products for optimization of companies SAP compliance operations and security measures. Innovation and maintenance of ComplianceNow is an ongoing process, where the direction of the technological and functional development is defined by the overall direction SAP.

Key focus of 2023 innovation was to support data performance, SAP Certification on SAP Extended Cloud and pre studies to IdM integration. The innovative product roadmap of ComplianceNow is strongly influenced by the demand in the market.

Nagarro ES deliver products that not only competes with the already existing players on the market, but also new and unique products supporting and automating companies' different processes involving SAP Risk Management and Compliance.

ComplianceNow has been sold in 12 different countries, including the United States, to more than 200 companies like Mercedes Benz, Goodyear Rubber and Tire Company and Radius.

Notes

All amounts in DKK.

6. Property, plant, and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost 1. januar 2023	728.897	270.230
Additions for the year	<u>201.436</u>	<u>0</u>
Cost 31. december 2023	<u>930.333</u>	<u>270.230</u>
Depreciation and impairment losses 1. januar 2023	556.681	258.958
Depreciation for the year	<u>185.619</u>	<u>4.099</u>
Depreciation and impairment losses 31. december 2023	<u>742.300</u>	<u>263.057</u>
Carrying amount 31. december 2023	<u>188.033</u>	<u>7.173</u>

7. Deposits

Cost 1 January 2023	161.063
Additions during the year	<u>6.638</u>
Cost 31 December 2023	<u>167.701</u>
Carrying amount, 31 December 2023	<u>167.701</u>

8. Other payables

	<u>31/12 2023</u>	<u>31/12 2022</u>
VAT payable	3.841.513	3.601.184
Salaries, wages and bonus	2.599.465	1.459.549
Holiday pay obligations	2.377.150	2.119.437
Other payables	<u>474.123</u>	<u>776.018</u>
	<u>9.292.251</u>	<u>7.956.188</u>

Notes

All amounts in DKK.

9. Contingencies

Contingent liabilities

The company pledged a guarantee of DKK 2.607 million (EUR 350 million) together with other companies in the group, on a joint and several basis, to cover a loan granted to a company in the Nagarro Group. Management confirms that the guarantee has not been triggered and does not expect it to be.

10. Related parties

Nagarro Denmark A/S' related parties comprise the following:

Control

Nagarro Denmark A/S is part of the consolidated financial statements of Nagarro SE, Baierbrunner Str. 15, 81379 Munich, Germany, which is the smallest group in which the Company is included as a subsidiary.

Nagarro ES GmbH, Westerbachstrasse 32, 61476 Kronberg im Taunus, Germany, holds the majority of the contributed capital in the Company.

The consolidated financial statements of Nagarro SE can be obtained by contacting the company at the address above.

Accounting policies

The annual report for Nagarro Denmark A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

The company is per 1 January 2023 merged with the group company Nagarro Software A/S with Nagarro Denmark A/S as the continuing company. The merger has been treated according to the consolidation method, and comparative figures have been adjusted.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Accounting policies

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Balance sheet

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

Accounting policies

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	1-5 years
Leasehold improvements	1-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Payments received concerning future income are recognised under deferred income.