



## Nagarro ES Denmark A/S

Marielundvej 41, 2.  
2730 Herlev  
CVR No. 38450522

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 07.05.2021

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**Bjarne Gammelgaard Moberg**  
Chairman of the General Meeting

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# Entity details

## Entity

Nagarro ES Denmark A/S

Marielundvej 41, 2.

2730 Herlev

CVR No.: 38450522

Registered office: Herlev

Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Jörg Werner Dietmann, chairman

Bjarne Gammelgaard Møberg

Michael Schmidt

## Executive Board

Bjarne Gammelgaard Møberg, chief executive officer

Ole Sølvsten Hemmingsen, director

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Nagarro ES Denmark A/S for the financial year 01.01.2020 - 31.12.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 07.05.2021

## Executive Board

**Bjarne Gammelgaard Møberg**  
chief executive officer

**Ole Sølvsten Hemmingsen**  
director

## Board of Directors

**Jörg Werner Dietmann**  
chairman

**Bjarne Gammelgaard Møberg**

**Michael Schmidt**

# Independent auditor's report

## To the shareholders of Nagarro ES Denmark A/S

### Opinion

We have audited the financial statements of Nagarro ES Denmark A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 as 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 users taken 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 07.05.2021

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

#### **Thomas Hermann**

State Authorised Public Accountant  
Identification No (MNE) mne26740

# Management commentary

## Primary activities

Nagarro ES Denmark A/S delivers SAP Managed services, Consulting Support, and Compliance products.

## Description of material changes in activities and finances

### Nagarro ES

Nagarro ES is the global SAP business unit within the Nagarro Group and a full-service provider of solutions based on SAP and Microsoft technologies. The portfolio includes all services ranging from strategy and process consulting to implementation and operation of complex solutions. Nagarro ES is well positioned as one of the most powerful and innovative SAP partners within the focus industries of pharmaceuticals, retail and public with more than 20 years of SAP experience from midsize companies and international clients. In total the Nagarro Group has 1500 SAP Specialists working with our clients in 25 countries.

### The Nagarro Group

There were two major structural changes in 2020. In the beginning of the year the SAP units in Allgeier Enterprise Services was consolidated under the brand Nagarro ES which included in the spin-off and IPO of the Nagarro Group on the Frankfurt Stock exchange in December 2020. The Nagarro group has 8500 employees across 25 countries and expect to report sales of EUR 400 to 410 million for 2020.

### Impact from Covid-19 and financial recession.

During 2020 we were able to maintain and strengthen our long term Managed Service partnership with key accounts but the covid-19 restrictions and economic uncertainties impacted our danish consulting business where the utilisation of own consultants was below target in the months from June to October.

### S/4HANA Transformation & SAP Cloud Services

The announcement from SAP that it is going to discontinue support for SAP ERP is forcing decision-makers to act. The time for transformation to SAP S/4HANA has come and there is a strong demand for partners with years of industry know-how and the technical expertise to take full advantage of digitalised business models offered by the very latest technologies SAP S/4HANA and SAP Cloud Services. Nagarro ES has based on more than 20 years of experience from the Retail and Pharmaceutical industries developed the industry-specific implementation packages Fit4Retail and FIT4Lifescience with a preconfigured turnkey SAP S/4HANA system, including fully comprehensive process documentation including training and testing documents.

SAP S/4HANA Platform management and Private Cloud services continuous to be a significant part of our business in Denmark. We continuously have a very high satisfaction rate from customers who runs their critical business applications in our German Tier 3+ Data centers supported by our SAP Basis & Platform experts.



**ComplianceNow**

The ComplianceNow team is dedicated to the challenges of the ever-increasing complexity of handling SAP compliance, getting processes aligned, increasing transparency and automating costly manual processes.

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

**Development in activities and finances**

The income statement for 2020 shows a loss of 1.154.204 against positive result of DKK 1.641.212 last year.

We have found that the Company has suffered a capital loss. In accordance with the Danish Companies Act section 119 the management has prepared a plan to regain the capital with future profit.

**Outlook**

Management expect that the company returns to profitable growth in 2021 within all business areas.

**Events after the balance sheet date**

The outbreak of coronavirus/COVID-19 is still a current event in the months after 31.12.2020. The outbreak has resulted in a series of precautions, that affects the daily operations, both for the Company, suppliers, customers and other business partners. The economical effect cannot be measured at this time.

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

# Income statement for 2020

	Notes	2020 DKK	2019 DKK
<b>Gross profit/loss</b>		<b>18,689,303</b>	<b>25,244,471</b>
Staff costs	1	(17,911,204)	(21,950,402)
Depreciation, amortisation and impairment losses	2	(1,750,899)	(1,523,070)
<b>Operating profit/loss</b>		<b>(972,800)</b>	<b>1,770,999</b>
Other financial expenses		(170,269)	(106,784)
<b>Profit/loss before tax</b>		<b>(1,143,069)</b>	<b>1,664,215</b>
Tax on profit/loss for the year	3	(11,137)	(23,003)
<b>Profit/loss for the year</b>		<b>(1,154,206)</b>	<b>1,641,212</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		(1,154,206)	1,641,212
<b>Proposed distribution of profit and loss</b>		<b>(1,154,206)</b>	<b>1,641,212</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	5	4,715,090	5,028,719
<b>Intangible assets</b>	4	<b>4,715,090</b>	<b>5,028,719</b>
Other fixtures and fittings, tools and equipment		77,558	62,281
Leasehold improvements		35,978	73,565
<b>Property, plant and equipment</b>	6	<b>113,536</b>	<b>135,846</b>
Deposits		219,659	214,751
<b>Other financial assets</b>	7	<b>219,659</b>	<b>214,751</b>
<b>Fixed assets</b>		<b>5,048,285</b>	<b>5,379,316</b>
Trade receivables		11,927,972	15,797,498
Receivables from group enterprises		1,509	3,028
Other receivables		17,020	61,351
Income tax receivable		290,400	0
Prepayments		122,750	244,712
<b>Receivables</b>		<b>12,359,651</b>	<b>16,106,589</b>
<b>Cash</b>		<b>9,513,555</b>	<b>6,412,054</b>
<b>Current assets</b>		<b>21,873,206</b>	<b>22,518,643</b>
<b>Assets</b>		<b>26,921,491</b>	<b>27,897,959</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK</b>	<b>2019 DKK</b>
Contributed capital		500,000	500,000
Retained earnings		(1,514,327)	(360,121)
<b>Equity</b>		<b>(1,014,327)</b>	<b>139,879</b>
Deferred tax		496,000	450,000
<b>Provisions</b>		<b>496,000</b>	<b>450,000</b>
Trade payables		625,528	908,044
Payables to group enterprises		12,797,734	14,532,626
Other payables	8	12,750,006	10,187,210
Deferred income		1,266,550	1,680,200
<b>Current liabilities other than provisions</b>		<b>27,439,818</b>	<b>27,308,080</b>
<b>Liabilities other than provisions</b>		<b>27,439,818</b>	<b>27,308,080</b>
<b>Equity and liabilities</b>		<b>26,921,491</b>	<b>27,897,959</b>

Unrecognised rental and lease commitments

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# Statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	(360,121)	139,879
Profit/loss for the year	0	(1,154,206)	(1,154,206)
<b>Equity end of year</b>	<b>500,000</b>	<b>(1,514,327)</b>	<b>(1,014,327)</b>

# Notes

## 1 Staff costs

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	15,954,237	17,547,447
Pension costs	1,785,878	1,857,606
Other social security costs	30,025	72,161
Other staff costs	141,064	2,473,188
	<b>17,911,204</b>	<b>21,950,402</b>
Average number of full-time employees	20	21

## 2 Depreciation, amortisation and impairment losses

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	1,633,629	1,357,630
Depreciation of property, plant and equipment	117,270	165,440
	<b>1,750,899</b>	<b>1,523,070</b>

## 3 Tax on profit/loss for the year

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	(290,400)	0
Change in deferred tax	46,000	23,003
Adjustment concerning previous years	255,537	0
	<b>11,137</b>	<b>23,003</b>

## 4 Intangible assets

	<b>Completed development projects DKK</b>
Cost beginning of year	8,029,878
Additions	1,320,000
<b>Cost end of year</b>	<b>9,349,878</b>
Amortisation and impairment losses beginning of year	(3,001,159)
Amortisation for the year	(1,633,629)
<b>Amortisation and impairment losses end of year</b>	<b>(4,634,788)</b>
<b>Carrying amount end of year</b>	<b>4,715,090</b>

## 5 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 2020 innovation was to support the new topics of introduction of S/4HANA.

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, Colgate Palmolive and Radius.

## 6 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improvements DKK</b>
Cost beginning of year	265,603	257,934
Additions	94,960	0
<b>Cost end of year</b>	<b>360,563</b>	<b>257,934</b>
Depreciation and impairment losses beginning of year	(203,322)	(184,369)
Depreciation for the year	(79,683)	(37,587)
<b>Depreciation and impairment losses end of year</b>	<b>(283,005)</b>	<b>(221,956)</b>
<b>Carrying amount end of year</b>	<b>77,558</b>	<b>35,978</b>

## 7 Financial assets

	<b>Deposits DKK</b>
Cost beginning of year	214,751
Additions	4,908
<b>Cost end of year</b>	<b>219,659</b>
<b>Carrying amount end of year</b>	<b>219,659</b>

**8 Other payables**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
VAT and duties	6,077,724	3,773,975
Wages and salaries, personal income taxes, social security costs, etc payable	4,014,673	3,736,866
Holiday pay obligation	2,568,197	2,393,955
Other costs payable	89,412	282,414
	<b>12,750,006</b>	<b>10,187,210</b>

**9 Unrecognised rental and lease commitments**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	426,221	317,652



# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

**Staff costs**

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

**Balance sheet****Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

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.

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

**Property, plant and equipment**

ther fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

**Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash**

Cash comprises bank deposits.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.