



Nagarro ES Denmark A/S

Marielundvej 41, 2.
2730 Herlev
CVR No. 38450522

Annual report 2022

The Annual General Meeting adopted the annual report on 10.05.2023

Ole Sølvsten Hemmingsen
Chairman of the General Meeting

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Entity details

Entity

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

Business Registration No.: 38450522
Registered office: Herlev
Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Jörg Werner Dietmann
Michael Schmidt
Ole Sølvsten Hemmingsen

Executive Board

Søren Kastrup Aakilde
Ole Sølvsten Hemmingsen

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 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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, 10.05.2023

Executive Board

Søren Kastrup Aakilde

Ole Sølvsten Hemmingsen

Board of Directors

Jörg Werner Dietmann

Michael Schmidt

Ole Sølvsten Hemmingsen

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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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 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 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, 10.05.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Christian Sanderhage

State Authorised Public Accountant
Identification No (MNE) mne23347

Management commentary

Primary activities

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

The income statement for 2022 shows a negative result of DKK 1.300.079 against the profit DKK 3.285.804 last year.

Management expect that the company will be profitable again in 2023.

Description of material changes in activities and finances

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.

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 is the management's expectation that ComplianceNow, as a SAP Certified and proven software supplier, will continue to grow and strengthen its position as one of the key international vendors delivering software that strengthens and automates the compliance processes for companies running SAP ERP and S/4HANA.

Events after the balance sheet date

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

Income statement for 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		17,211,442	22,529,205
Staff costs	1	(16,475,207)	(16,275,920)
Depreciation, amortisation and impairment losses	2	(1,852,205)	(1,777,180)
Operating profit/loss		(1,115,970)	4,476,105
Other financial expenses		(546,109)	(515,357)
Profit/loss before tax		(1,662,079)	3,960,748
Tax on profit/loss for the year	3	362,000	(674,944)
Profit/loss for the year		(1,300,079)	3,285,804
Proposed distribution of profit and loss			
Retained earnings		(1,300,079)	3,285,804
Proposed distribution of profit and loss		(1,300,079)	3,285,804

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Completed development projects	5	4,676,225	4,410,501
Intangible assets	4	4,676,225	4,410,501
Other fixtures and fittings, tools and equipment		172,216	240,052
Leasehold improvements		11,272	14,391
Property, plant and equipment	6	183,488	254,443
Investments in group enterprises		7	7
Deposits		161,063	156,635
Financial assets	7	161,070	156,642
Fixed assets		5,020,783	4,821,586
Trade receivables		21,905,824	21,301,798
Receivables from group enterprises		1,103,539	790,332
Prepayments		59,441	111,375
Receivables		23,068,804	22,203,505
Cash		8,115,278	9,436,507
Current assets		31,184,082	31,640,012
Assets		36,204,865	36,461,598

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		500,000	500,000
Retained earnings		471,398	1,771,477
Equity		971,398	2,271,477
Deferred tax		321,000	683,000
Provisions		321,000	683,000
Trade payables		266,717	684,022
Payables to group enterprises		28,000,466	24,159,486
Income tax payable		0	689,713
Other payables	8	5,101,381	6,630,252
Deferred income		1,543,903	1,343,648
Current liabilities other than provisions		34,912,467	33,507,121
Liabilities other than provisions		34,912,467	33,507,121
Equity and liabilities		36,204,865	36,461,598

Unrecognised rental and lease commitments

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Statement of changes in equity for 2022

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	1,771,477	2,271,477
Profit/loss for the year	0	(1,300,079)	(1,300,079)
Equity end of year	500,000	471,398	971,398

Notes

1 Staff costs

	2022 DKK	2021 DKK
Wages and salaries	14,340,318	14,222,782
Pension costs	1,476,482	1,781,219
Other social security costs	80,397	87,462
Other staff costs	578,010	184,457
	16,475,207	16,275,920
Average number of full-time employees	18	18

2 Depreciation, amortisation and impairment losses

	2022 DKK	2021 DKK
Amortisation of intangible assets	1,694,117	1,624,589
Depreciation of property, plant and equipment	158,088	152,591
	1,852,205	1,777,180

3 Tax on profit/loss for the year

	2022 DKK	2021 DKK
Current tax	0	689,713
Change in deferred tax	(362,000)	187,000
Adjustment concerning previous years	0	(201,769)
	(362,000)	674,944

4 Intangible assets

	Completed development projects DKK
Cost beginning of year	10,669,878
Additions	1,959,841
Cost end of year	12,629,719
Amortisation and impairment losses beginning of year	(6,259,377)
Amortisation for the year	(1,694,117)
Amortisation and impairment losses end of year	(7,953,494)
Carrying amount end of year	4,676,225

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 2022 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.

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	654,061	257,934
Additions	74,837	12,296
Cost end of year	728,898	270,230
Depreciation and impairment losses beginning of year	(414,009)	(243,543)
Depreciation for the year	(142,673)	(15,415)
Depreciation and impairment losses end of year	(556,682)	(258,958)
Carrying amount end of year	172,216	11,272

7 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	7	156,635
Additions	0	4,428
Cost end of year	7	161,063
Carrying amount end of year	7	161,063

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Nagarro Software A/S	Denmark	Denmark	100.00	3,799,199	4,414,455

8 Other payables

	2022	2021
	DKK	DKK
VAT and duties	1,182,660	2,441,240
Wages and salaries, personal income taxes, social security costs, etc. payable	1,377,614	2,444,969
Holiday pay obligation	2,119,437	1,617,043
Other costs payable	421,670	127,000
	5,101,381	6,630,252

9 Unrecognised rental and lease commitments

	2022	2021
	DKK	DKK
Liabilities under rental or lease agreements until maturity in total	152,028	171,303

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 a few provisions for reporting class C.

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

Consolidated financial statements

Referring to section 112(1) / 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

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:

	Useful life
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.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments 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.

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.

Tax receivable or payable

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

Deferred income

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