Section A

Combined *Management* Report

of Nagarro SE and the Nagarro Group

The terms "Nagarro", "company", "the group" and "we" in this report refer to "Nagarro SE and its subsidiaries".

I. General information about this combined management report

Basis of preparation

This combined management report by Nagarro (collectively, "we," "us," "our," "Nagarro," "Group," or "Company") and the management report of Nagarro SE have been prepared in accordance with sections 289, 289a, 289b, 289f, 298, 315, 315a, 315b, and 315d of the German Commercial Code and German Accounting Standard (GAS) No. 20.

For 2024, the format of the combined management report has been re-aligned to the specific broad topics defined by GAS 20. Accordingly, the combined management report has been divided into separate, topic-specific sections in line with GAS 20. The content structure is more transparent using headings linked to GAS 20 for the individual sections. The alignment with GAS 20 has been done for 2024 to enhance clarity and transparency.

The combined management report presents the management's assessments and evaluation and focuses on the material information for understanding Nagarro's business, financial position and the expected development. A separate non-financial report is published together with this combined management report as Section D in our 2024 annual report in the Federal Gazette and on our website.

The figures presented throughout this report are rounded, which may result in minor discrepancies with the presented totals and percentages.

Forward-looking statements

The combined management report contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of publication of this combined management report. This applies, in particular, to statements in this combined management report containing information on our future earnings capacity, plans and expectations regarding business growth and profitability, and the general economic conditions to which we are exposed. Statements using words such as "predicts", "assumes", "estimates", "forecasts", "plans", "intends", "endeavors", "expects" or "targets" may be an indication of forward-looking statements.

The forward-looking statements contained in this combined management report are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of our present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, including, but not limited to, those described in disclosures, in particular in the sections on expected developments and associated material opportunities and risks in the Combined Management Report. The occurrence or non-occurrence of these assumptions, uncertainties and other factors could cause our actual results, including our financial condition and profitability, to differ materially from, or fail to meet, the expectations expressed or implied in the forward-looking statements.

II. Fundamental information about the group

A. Organizational and legal structure

Nagarro SE, based in Munich, Germany, is the parent company of the Nagarro Group. To the extent that no separate disclosures are made, the information provided for the Nagarro Group shall be deemed applicable to Nagarro SE. The Financial Statements of Nagarro SE are drawn up in accordance with the provisions of the German Commercial Code (HGB) and the relevant supplementary provisions contained in the German Stock Corporation Act (AktG).

Nagarro SE oversees the operations of its global subsidiaries. These subsidiaries are spread across 38 countries, with a focus on delivering digital engineering services to large, multinational clients around the world.

The Nagarro Group is organized into approximately twenty Global Business Units (GBUs), which may be specific to an industry, a particular service expertise or business achieved through a sales channel. GBUs are periodically added or retired, reflecting changes in business priorities. Our organizational model fosters autonomy within business units, empowering them to remain responsive to client needs and evolving market conditions, which allows the company to quickly adapt to changes and seize opportunities in various sectors. The GBUs leverage the company's global talent pool and also frequently collaborate with each other to win and service clients.

The GBUs are supported by central functions such as finance, enterprise data, legal, risk and compliance, and by the region-wise administrative units called Service Regions. Notably, talent allocation and planning is also centralized and global.

At year-end, the total number of professionals employed by Nagarro was 17,695 in 2024 (2023: 18,413), while the number of professionals in engineering was 16,192 (2023: 16,934). Note that even non-engineers, such as designers, contributing to our engineering efforts are included in professionals in engineering. At year-end, the top five countries in terms of professionals in engineering were India (11,934), Germany (884), Romania (751), Philippines (516) and the United States of America (372).

B. Business model

Nagarro is a global provider of digital engineering services. We combine advanced technology with human expertise to create digital solutions for our clients that address their evolving business opportunities and challenges.

Clients mostly engage our services either on a time and expense basis or through fixed price contracts. Fixed price contracts may be milestone-based or periodic. During the year 2024, Nagarro had revenues of €678.4 million (69.8% of total revenue) from time and expense projects, €130.0 million (13.4% of total revenue) from milestone-based fixed price projects, €157.6 million (16.2% of total revenue) from periodic services, and €5.9 million (0.6% of total revenue) from license sale and other sources.

Nagarro typically follows a monthly invoicing cycle for time-based deliverables. Under time and expense contracts, we bill our clients based on the actual time expended working on the project. Billing is on a person-hour, person-day or person-month basis, whereby the price of the actual time expended plus allowed expenses are charged directly to the customer. Revenue for time and expense contracts is recognized over the course of the project as services are performed.

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the input method. Efforts or costs expended are used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is determined based on the ratio of costs or efforts incurred to date relative to the estimated total costs or efforts. The transaction price and estimated costs are reviewed and updated regularly throughout the duration of the contract. Any revisions to estimates are recognized in the period in which they are identified. Provisions for estimated losses, if any, are recognized immediately.

Contracts that establish a fixed monthly billing amount for continuous service delivery are recognized as revenue over time, reflecting the transfer of services to the customer as they are performed. These contracts typically involve recurring services, such as maintenance activities, where services are delivered through an indefinite number of repetitive acts over a specified period. In such cases, revenue is recognized on a straight-line basis as the pattern of service delivery and the customer's receipt of benefits are uniform over the contract term, and there is no significant judgment required in measuring progress.

Revenue from the rental of datacenter resources is recognized on periodic basis based on the monthly fixed or monthly usage basis. Further, Nagarro also sells its own and third-party licenses, which is currently not a significant part of Nagarro's business model.

Nagarro serves a diverse portfolio of over 1,000 clients across 71 countries, almost always engaging with them directly without reliance on intermediaries. While much of our revenue from any client comes from individual projects, our relationships with our larger clients are often long-lasting and span many such individual projects. The total number of clients with whom we do more than €10 million of business annually in 2024 was 18 (2023: 16). The average length of our relationship with these clients was 12.8 years. The total number of clients at between €5 million and €10 million revenue in 2024 was 18 (2023: 16) with an average relationship of 8.6 years. The total number of clients at between €1 million and €5 million revenue in 2024 was 150 (2023: 149), with an average relationship of 6.1 years. We bring to our clients strong technological expertise, extensive domain knowledge, and the ability to deliver transformational solutions. While Nagarro maintains partnerships with leading technology providers, we remain technology-neutral, focusing on recommending the most suitable solutions based on each client's needs. [Note: the data presented in this paragraph has not been audited.]

Our largest sales markets are Europe and North America, which together account for approximately three-quarters of our 2024 revenue. Germany is the largest contributor to Europe revenue, while nearly all of our North America revenue derives from the US. We service each client using an appropriate mix of personnel from one or more of our locations.

Our clients operate in a variety of industries. Our business with our clients is affected by both country-specific and industry-specific trends. We are also affected by the conditions in the job markets from which these clients are serviced.

C. Strategy and objectives

This section describes Nagarro's medium- and long-term objectives and the strategies used to work towards these objectives.

Nagarro's Mission Statement is: "To make distance and difference irrelevant between intelligent people."

This mission reflects Nagarro's commitment to fostering seamless collaboration among talented individuals, regardless of their physical locations or diverse backgrounds. The IT industry today is a global industry, with talent, clients and partners distributed across the world. Many of our clients are also multinationals, and many have grown through M&A just like Nagarro has. Many of our projects are interdisciplinary. We deliver value to our clients by bringing people together from different contexts to collaborate smoothly on transformational digital initiatives. Therefore, we assess that, in the context of Nagarro's own operations, this objective has been partly achieved. However, there is still some scope to enhance the collaboration across individuals and teams, improving efficiencies and reducing frictions.

Agility is an important part of our strategy. In other industries, challengers have succeeded by being faster and more agile – for example, Toyota (with Just In Time and Lean manufacturing) and Inditex (with fast fashion and quick response). As technology becomes more powerful, and as technology and product cycles become shorter, we believe agility will be an important competitive strength for Nagarro.

Central to Nagarro's culture are its core values, encapsulated in the acronym CARING:

- Client-centric: Prioritizing client success and building lasting partnerships.
- Agile: Embracing responsiveness and swift adaptation to change.
- Responsible: Taking ownership of actions and their outcomes.
- Intelligent: Valuing knowledge, results, and boldness over hierarchy.
- Non-hierarchical: Empowering individuals to be creative and entrepreneurial.
- Global: Embracing diversity and collective intelligence across geographies.

These values derive from the Mission Statement and Vision Statement. They collectively define Nagarro's organizational ethos and guide its interactions with clients, colleagues, and society.

Nagarro's growth strategy emphasizes a balance between maintaining healthy margins and pursuing long-term expansion. Growth within existing accounts is typically driven by extending services across various divisions or geographic regions. New clients are often acquired through a strong foundation of testimonials, case studies, and references, which are selected to resonate with the client's industry, current challenges, and location. When working with interdisciplinary topics, Nagarro's collaborative internal structure allows the company to effectively leverage its collective knowledge.

Nagarro continuously works to enhance its future capabilities and its future standing at clients, by prototyping with new technologies, running ideation workshops with clients, and investing in proof-of-concept projects. While these efforts are not expected to drive short-term growth, they are crucial to supporting the company's medium-term strategic objectives.

We also seek inorganic growth through mergers and acquisitions (M&A). Nagarro's acquisitions team actively identifies businesses that complement its operations, particularly those that provide specialized expertise or access to new clients and talent pools. The cultural fit of potential acquisitions is also considered to ensure successful integration and alignment with Nagarro's values.

Nagarro's growth strategy, which combines organic client expansion, investments in future capabilities, and M&A, aligns with our goal of building a reputable and scalable organization. Achieving scale is viewed as a proxy for success in client engagements and long-term sustainability. A larger organization provides Nagarro with the resilience to adapt to evolving market conditions and deploy its agile, entrepreneurial, and global working model at scale.

As a people-driven industry, Nagarro focuses on deploying skilled professionals, most of whom are software experts. These professionals are equipped with the necessary tools, such as technology assets and ongoing training, to continually enhance their capabilities. Nagarro also prioritizes creating a fulfilling work environment, fostering long-term employee satisfaction and engagement.

We connect our diverse workforce of nearly 18,000 professionals across 38 countries with culture. We cultivate a non-hierarchical, globally connected, informal work culture. This shared informal culture makes working in Nagarro like working with friends. It keeps the company agile, entrepreneurial and global, and propels us towards our goals and our mission. It also helps us attract and retain top talent in a competitive market for talent.

Given Nagarro's large workforce, global footprint and large client portfolio, we have the opportunity to drive sustainability. We emphasize the responsible use of technology, embedding sustainability into our operations and client projects to support a greener, more inclusive future.

D. Steering concept and KPIs

Nagarro is steered by its senior management team, represented by the Management Board with its special legal responsibility.

Effective management and decision-making are supported by a well-defined set of key performance indicators (KPIs) that align with our strategic objectives. These KPIs enable us to monitor performance, assess progress, and make data-driven decisions across all levels of the organization.

The company's chosen key financial KPIs are revenue, gross margin and Adjusted EBITDA. Gross margin and Adjusted EBITDA are non-IFRS alternative performance measures, selected to provide supplemental information for a meaningful comparison of the company's financial performance with industry peers and across reporting periods.

Our success depends on building long-term relationships with our clients. In any year, a majority of our revenue comes from existing clients, and references from existing clients are also a significant source of new client acquisitions. With this in mind, our key non-financial KPIs are our client satisfaction (CSAT) score and our Net Promoter Score (NPS), both of which are measured via a standardized client satisfaction survey. Nagarro introduced the concept of NPS in 2023 to leverage this widely understood measure of client satisfaction. Since the internal and external feedback on this metric has been positive, we adopted it as an official KPI for 2024.

The KPIs (revenues, gross margin, Adjusted EBITDA, CSAT, NPS) are ultimately driven primarily by the performance of the GBUs. Importantly, in line with our goal of prioritizing internal collaboration, we have designed our internal processes and supporting metrics to allow for the potential collaboration of two or more GBUs in any client project, and such collaboration happens frequently. Supporting metrics that impact the company's KPIs are also tracked internally at the client, country, and regional levels.

Again with the goal to prioritize internal collaboration, the company's key leaders are mostly financially incentivized on the company's overall performance and not on the performance of their individual area of responsibility. This is achieved through an "organization bonus", which is linked to the Adjusted EBITDA, and stock options. (Individual under-performance may lead to other interventions such as performance improvement plans, a change of responsibilities, or even dismissals.)

The company's KPIs are described in greater detail in III.B. Comparison of outlook and results for 2024 of section A.

E. Market position and competitive landscape

Nagarro competes for client projects with global Tier-1 IT service providers, mid-sized digital engineering specialists, and niche software solution providers. Among these, we see ourselves as most akin to the mid-size digital engineering specialists in terms of our value proposition.

Compared to the global Tier-1 IT services providers, Nagarro seeks to differentiate itself through greater responsiveness and client-centricity, which allows us to consistently deliver good project outcomes as reflected in our Net Promoter Scores. Meanwhile, we aim to match the service portfolio and global footprint that these larger service providers may offer.

Compared to the mid-sized digital engineering specialists, we seek to differentiate ourselves through robust engineering in complex products and complex technology landscapes. Clients also appreciate that we can service their requirements locally as well as remotely from locations across Asia, Eastern Europe and Latin America.

Compared to the niche software solution providers, we seek to differentiate ourselves by demonstrating a better understanding of the broader client context and bringing more tools to address their requirements in a holistic and bespoke way.

Overall, Nagarro has carved out a defensible niche, positioning itself as a trusted, forward-looking, strategic partner for digital transformation.

F. Services offered

We harness the power of digital engineering and AI to help our clients become more “fluidic” – responsive, efficient, intimate with their customers, creative and sustainable.

We offer a broad range of specialized software engineering and consulting services. Clients engage our services to develop, test, integrate, deploy, secure, upgrade, maintain and manage their digital products, their digital commerce and customer experience solutions, their Big Data and AI solutions, their ERP, or their other third-party applications. Our expertise extends across sectors, including automotive, manufacturing, banking and financial services, life sciences and healthcare, telecom, retail, and the public sector. Leveraging industry-specific insights, we help clients leverage technology to achieve their strategic goals in a complex, evolving and competitive digital landscape.

Nagarro’s clients span a broad range of industries. Our expertise allows us to address industry-specific challenges while leveraging cutting-edge technologies like AI, big data, and cloud solutions. The diversity of industries we serve enables us to maintain a balanced business portfolio and mitigate the impact of fluctuations in individual sectors.

Automotive, Manufacturing and Industrial: Data, connectivity, AI, and sustainability are redefining the future of mobility. Our technology services enable our clients to navigate market shifts and accelerate innovation in connected cars, autonomous driving, customer experience, and efficient manufacturing. As our manufacturing and industrial clients embark on their Industry 4.0 transformation journeys, we provide technology solutions that create connected, intelligent enterprises, and drive efficiency and innovation across industrial operations.

Energy, Utilities and Building Automation: We enable the industry’s vision of digital, decentralized, and sustainable energy by driving innovation. Our services help energy and utility companies optimize their operations, ensure sustainability, and embrace digital transformation in response to an evolving energy landscape. Our integrated experiences for smart buildings ensure operational efficiency, enhanced user comfort, and improved sustainability.

Financial Services and Insurance: This sector has traditionally been among the largest consumer of IT services. Nagarro’s services help banks, fintech companies and insurers enhance customer experience, security, regulatory compliance and operational efficiency.

Horizontal Tech: Nagarro partners with leading Independent Software Vendors (ISVs) to help them accelerate their product vision and roadmap, adopt new business models, and deliver innovative solutions. Our long experience in software product development and digital engineering makes us a reliable engineering partner for ISVs.

Life Sciences and Healthcare: Technology is transforming the healthcare industry—from wearables collecting health data to AI-powered diagnostics. We help clients drive innovation in patient care, research, and medical device development while ensuring compliance with regulatory standards. Our solutions deliver superior patient outcomes and operational efficiency.

Management Consulting and Business Information: We help these companies build internal systems as well as data products for sale. Management consulting firms also often recommend us to their clients to execute on their digital transformation plans.

Public, Non-profit and Education: We enable public sector organizations to make smarter, data-driven decisions, enhance citizen engagement, and accelerate innovation. We support nonprofits and educational institutions in embracing digitization, leveraging data, and improving engagement with stakeholders.

Retail and CPG: We help retail and consumer goods companies address an ever-evolving consumer landscape by leveraging data and AI to personalize experiences, improve supply chain efficiency, and increase business agility.

Telecom, Media and Entertainment: In telecom, we help clients use AI and data to personalize services, boost loyalty, and improve operations. In the field of entertainment, we focus on data-driven engagement and smooth user experiences, especially in gaming. In media and publishing, we support digital innovation and new content platforms.

Travel and Logistics: Our services help airlines, airports, public transport operators, hotel chains, railroads, freight carriers and other travel and logistics companies stay safe, predictable, efficient and customer friendly.

III. Financial performance: review and analysis

The overall course of business for Nagarro in 2024 and till the date of this report may be termed as moderately favorable with some unfavorable or cautionary elements. The favorable aspects were the macroeconomic context through 2024, Nagarro-specific strengths such as diversification, and talent-side improvements. The unfavorable aspects were industry-wide spending pressure and a slowdown in the commissioning of new projects.

A. The business environment in 2024

Global economy

The global economy experienced moderate but steady growth, with OECD projecting that global GDP increased by 3.2% in 2024. Inflation eased, consumer spending was resilient, and public investment in emerging markets remained robust.

IT services industry

In 2023, we have witnessed a significant shift in enterprise IT spending, with CFOs in most industries tightening budgets following a post-COVID surge. This continued in 2024. Economic uncertainty and rising interest rates heightened the focus on delivering returns on companies' IT investments, leading to a cautious approach towards discretionary digital projects. Technology buyers often adopted a "VC mindset," demanding clear ROI milestones before committing further capital. The emergence of generative AI further complicated this landscape, as its full role in the enterprises of the future is still unclear, while Chief Information Officers (CIOs) face scrutiny regarding the ROI of projects built on this nascent and complex technology. We believe this dynamic has resulted in a temporary slowdown in new IT services engagements as budget holders navigate the uncertainties surrounding AI and seek assurance of seamless delivery and tangible outcomes. However, the current situation notwithstanding, we expect sustained growth in IT services spending in the long term.

The slowdown in enterprise IT spending growth had a silver lining. The pressure on talent hiring and retention was considerably lower than in the post-COVID years. Even so, the talent market remained competitive in India, our largest talent location, with considerable hiring by multinationals. The debate over "Work From Home" continued in the IT services industry. Some of the global Tier-1 IT services suppliers pushed more strongly to bring employees back to the offices.

Impact on Nagarro

Nagarro's geographic and industry diversification helped it navigate the business environment. Emerging markets, such as the Middle East, continued to offer promising opportunities for expansion, given their robust investments in technology infrastructure and AI development. Similarly, Nagarro was able to continue to grow significantly in 2024 in the "Public, Non-profit and Education" industry, where we discerned that the global uncertainty had a lesser effect. On the other extreme, Independent Software Vendors (ISVs) appeared significantly affected by the economic and technology uncertainty and were more aggressive in managing their spend on IT services with us. In many other industries in between, like "Automotive, Manufacturing and Industrial", we were able to use our expertise to continue to grow even in a difficult industry context.

On the talent side, attrition and wage inflation remained moderate. The requirements for working in the office or at client locations typically varied from team to team. We were mostly able to get an adequate number of employees to work in the office or at client locations to meet these needs. Yet, on most days in 2024, a majority of Nagarrians were still working from home.

B. Comparison of outlook and results for 2024

In this section, we compare the achieved results for 2024 with the outlook presented in the Combined Management Report for 2023. A detailed analysis can be found in the section on the result of operations.

Revenue

In our Combined Management Report for 2023, we had projected Nagarro's revenue for 2024 to be in the region of €1 billion, as against €912 million in 2023. However, the forecast rate of growth in IT services spending did not materialize, and research analysts such as Gartner scaled back their industry growth projections. Gartner's public estimates for the year-on-year growth in 2024 in the world-wide spend on IT services decreased steadily from 10.4% on October 18, 2023; to 9.0% on January 21, 2024; to 7.1% on July 16, 2024; to 5.6% on January 21, 2025. Our business experienced lower revenue than expected from some clients and projects. On October 15, 2024, we reduced our 2024 revenue forecast to approximately €960 million, calculated at the then-prevailing currency exchange rates. The final actual revenue for 2024 is €972 million.

Gross margin and Adjusted EBITDA

Gross margin and Adjusted EBITDA are non-IFRS alternative performance measures, selected to provide supplemental information for a meaningful comparison of the company's financial performance with industry peers and across reporting periods.

Gross margin is the ratio of gross profit to revenue, where gross profit is calculated on the basis of total performance which is sum of revenue and work capitalized. Cost of revenues is the total direct costs needed to service the revenue. It includes direct costs related to colleagues (employees and freelancers) allocated to the performance of customer services, costs related to travel of these colleagues, cost of licenses and other, smaller, reimbursable and non-reimbursable cost components. The gross margin is calculated as the difference between the total performance and the cost of revenues, expressed as a percentage of the revenue. From Q1 2024, Nagarro has revised the detailed definition of cost of revenues to align it better with that of other IT services companies. As per the new method, the cost of management of the Global Business Units (GBUs), cost of consultative sales and thought leadership across Centres of Excellence (CoEs) and GBUs have been reclassified from cost of revenues to sales and marketing, general and administrative cost. For our 2024 reporting, we will provide the gross profit and margin based on both the new method and the previous method to allow better comparison with the 2023 numbers which were reported via the previous method. Since this change in method occurred in 2024 we did not capture the costs for 2023 for the management of the Global Business Units (GBUs), cost of consultative sales and thought leadership across Centres of Excellence (CoEs) and GBUs as per the new method in 2023.

In our Combined Management Report for 2023, we had targeted gross margin in the region of 27% (previous method) for 2024. In October 2024, based on talent utilization for billed work which was slightly lower than expected, the company revised the guidance for gross margin to 30% by the current method and 26% by the previous method. The below table shows the achieved gross margin for 2024, as per both the current method and the previous method.

	2024	2023
	mEUR	mEUR
Revenue	972.0	912.1
Own work capitalized	0.3	0.3
Total performance	972.2	912.4
Cost of revenues - previous method	(718.3)	(676.7)
Costs reclassified to Selling, General and Administrative expenses	41.8	-
Cost of revenues - current method	(676.5)	-
Gross profit - previous method	253.9	235.7
Gross profit - current method	295.8	-
Gross margin (as % of revenue) - previous method	26.1%	25.8%
Gross margin (as % of revenue) - current method	30.4%	-

The items "Costs of revenues" and "Selling, General and Administrative expenses", both not including depreciation and amortization, reconcile to income and expense presented in consolidated statements of comprehensive income as follows:

	2024				
		thereof			
	Costs by nature	Cost of revenues	Selling, General and Administrative expenses	Special items	Total
	mEUR	mEUR	mEUR	mEUR	mEUR
Cost of freelancers and other direct cost	68.9	68.5	0.4	-	68.9
Staff costs	703.0	585.8	107.0	10.3	703.0
Other operating expenses	93.9	22.3	66.1	5.5	93.9
Impairment of trade receivables and contract assets	3.0	-	3.0	-	3.0
Other operating income	(30.6)	-	(28.3)	(2.3)	(30.6)
Total	**838.2**	**676.5**	**148.3**	**13.4**	**838.2**

	2023 Restated				
	thereof				
	Costs by nature	Cost of revenues	Selling, General and Administrative expenses	Special items	Total
	mEUR	mEUR	mEUR	mEUR	mEUR
Cost of freelancers and other direct cost	73.1	73.1	-	-	73.1
Staff costs	654.6	584.3	63.5	6.8	654.6
Other operating expenses	91.3	19.3	71.0	1.0	91.3
Impairment of trade receivables and contract assets	4.1	-	4.1	-	4.1
Other operating income	(29.3)	-	(29.0)	(0.2)	(29.3)
Total	**793.8**	**676.7**	**109.6**	**7.6**	**793.8**

We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization (EBITDA) adjusted to exclude effects that we consider extraordinary, such as impairment of goodwill, purchase price adjustments, badwill, foreign exchange effects on purchase price, sale of equity investments, spin-off and listing costs, share based payment arrangements cost, the expenses related to the rollover of minorities and acquisition expense, retention bonus and non-capitalized earn-out expenses related to acquisitions, and in the current year, expenses relating to the strategic review of company's listing and privatization choices and subsequent exploration of the take-private option. Adjusted EBITDA is calculated according to economic criteria and is independent from IFRS rules. Therefore, the Adjusted EBITDA is more suitable for comparing operating performance over several periods. A more detailed definition can be found in the consolidated financial statements.

In our Combined Management Report for 2023, we had targeted Adjusted EBITDA margin in the region of 14%. In October 2024, we modified the guidance for Adjusted EBITDA margin for 2024 to be over 14%. The table below shows the calculations for the achieved Adjusted EBITDA for the year 2024 of 15.2%. The Adjusted EBITDA margin result was affected positively by currency movements and Q4 revenue that was better than expected.

	2024	2023
	mEUR	mEUR
EBITDA	134.1	118.6
Adjustment for special items		
Income from purchase price adjustments	(2.3)	(0.2)
Share based payment arrangements cost	3.8	3.8
Acquisition expense	0.3	1.0
Retention bonus expense as part of share purchase agreement of the acquired entities	3.4	1.8
Non-capitalized earn-out expense relating to acquisitions	3.1	1.2
Expenses relating to strategic review of listing and privatization choices	1.2	-
Expenses relating to the exploration of the take-private option	3.9	-
Total adjustment for special items	**13.4**	**7.6**
Adjusted EBITDA	**147.5**	**126.1**
Revenues	972.0	912.1
Adjusted EBITDA (as % of revenues)	15.2%	13.8%

CSAT and NPS scores

Our key non-financial KPIs are our client satisfaction (CSAT) score and, from 2024, our Net Promoter Score (NPS). Both the CSAT and the NPS are measured via a standardized client satisfaction survey. This survey is sent every quarter to the person responsible for project success on the client side – excluding very small engagements, defined as those with staffing in only one month, or in two months with no more than 1 FTE in each. This survey will also not cover engagements via acquisitions in up to 5 quarterly cycles after the completion of their integration into Nagarro's systems and processes. Despite these caveats, the CSAT and NPS results are very central to our management system.

Each CSAT question asks the client's frequency of satisfaction with a particular aspect of our services. The responses collected are monitored carefully at the aggregate level, at the question level, and at the project level. While minor fluctuations are to be expected, any significant trends are discussed and addressed. Our CSAT score for 2024 was 91.8% (2023: 92.7%). In our Combined Management Report for 2023, we had targeted a CSAT score of 92% for 2024, so the goal was achieved.

The NPS question posed in the survey is: "On a scale of 1-10, how likely are you to recommend Nagarro to a friend or colleague?" Promoters are those who give a score of 9 or 10, Passives are those who give a score of 7 or 8, and Detractors are those who respond with a score below 7. The NPS score is calculated as (number of Promoters – number of Detractors)*100/(total number of NPS responses), and rounded to the nearest whole number. Nagarro's NPS score for 2024 was 62 (2023: 63). In our Combined Management Report for 2023, we had targeted an NPS of around 60 for 2024, so the goal was achieved.

C. Result of operations

Please note that the comparative numbers of 2023 have been restated in the current year – refer A.3. Correction of Errors and reclassification of Section B for more details.

Revenue

Nagarro's revenues grew to €972.0 million in 2024 from €912.1 million in 2023, up to 7.2% in constant currency and up 6.6% in Euro terms. This was in line with our updated guidance on October 15, 2024. Revenues were lower than our original 2024 forecast provided on February 20, 2024 of €1,000 million, mainly due to lower than expected demand and scale-backs in a few projects. Organic YoY revenue growth was 4.4% in constant currency, which translated to 4.2% organic YoY revenue growth in Euro terms.

Nagarro generated 69.8% of its revenue from time and expense basis (2023: 71.8%), 13.4% of its revenue from fixed price basis (2023: 16.2%), 16.2% of its revenue from periodic services basis (2023: 11.6%) and 0.6% of its revenue from other services (2023: 0.4%) in 2024. Please note that the 2023 numbers relating to fixed price basis contracts have been further bifurcated into periodic services to have better comparability with the increase in the periodic services revenues over the year.

Revenues from time and expense services have increased slightly by 3.6% to €678.4 million in 2024 from €654.9 million in 2023 mainly due to growth in Automotive, Manufacturing and Industrial sector (mainly United States of America and Saudi Arabia) and Public, Non-profit, Education sector (mainly United States of America and Germany). This is negated to some extent by movement of revenue for one of the Horizontal Tech sector from time and expense services to periodic services. Revenues from fixed price services decreased by 11.8% to €130.0 million in 2024 from €147.4 million in 2023 mainly due to decline in revenues from Automotive, Manufacturing and Industrial sector (India and USA). Revenues from periodic services increased by 48.6% to €157.6 million in 2024 from €106.1 million in 2023 mainly due to increase in revenues from the Horizontal Tech sector (mainly United States of America), Automotive, Manufacturing and Industrial sector (mainly United States of America and Germany), Public, Non-profit, Education sector (mainly United States of America and Germany) and Travel and Logistics sector (mainly United States of America, United Kingdom and Germany). Revenues from other revenues, mainly license sales, increased by 62.0% to €5.9 million in 2024 from €3.6 million in 2023.

Further, current year revenue includes the positive inflation impact of €2.7 million for the full year in 2024 compared to €1.9 million in 2023 both because of a higher positive inflation adjustment and a longer period of calculation, resulting in a net increase of €0.8 million as the Turkey entity was acquired during the middle of 2023.

Nagarro operates across a variety of industries. The focus on consumer experience underlies the digital transformation of almost every industry, while the technology used for this also cuts across industries. Innovation occurs increasingly often at the overlaps of the traditional industry definitions. Yet, each industry also requires specialized knowledge, and we have been investing in developing such specialized knowledge in industry after industry.

Industries with robust global growth in 2024 over 2023 included "Public, Non-profit, Education" (27.4%), "Automotive, Manufacturing and Industrial" (10.3%), "Retail and CPG" (8.6%), "Telecom, Media and Entertainment" (8.3%), "Energy, Utilities and Building Automation" (6.4%), "Travel and Logistics" (4.8%) and "Management Consulting and Business Information" (2.3%). Robust growth in "Public, Non-profit, Education" is mainly due to growth in existing customers from US and Europe. Growth in "Automotive, Manufacturing and Industrial" is mainly due to growth in existing customers from US and Germany and new customers in several geographies. Growth in "Telecom, Media and Entertainment" is mainly due to our acquisition of Telesis in November 2023 for which revenues in 2024 are for full year.

Industry with the least growth in 2024 over 2023 was in "Life Sciences and Healthcare" (0.8%).

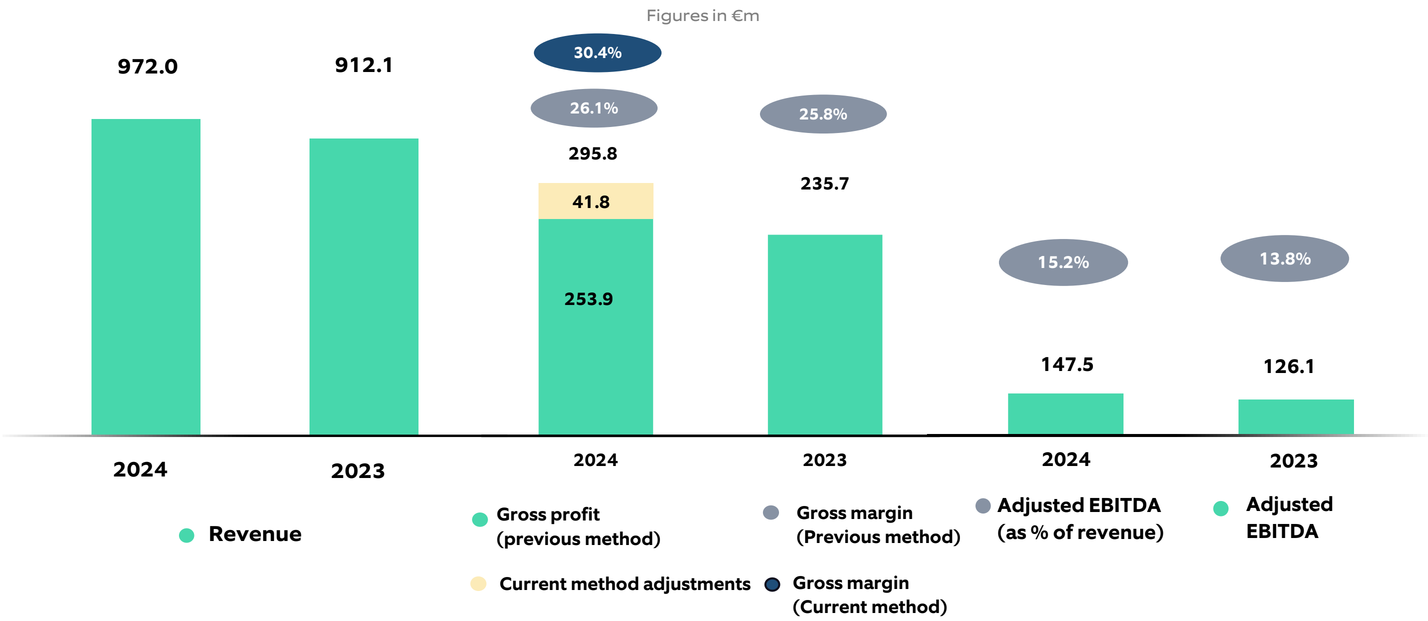
Industries with negative growth in 2024 over 2023 included "Horizontal Tech" (-4.9%), and "Financial Services and Insurance" (-1.0%). Negative growth in "Horizontal Tech" is mainly due to decrease in business from two major customers in US. "Financial Services and Insurance" revenue decrease is mainly due to decrease in business from customers in India.

In the geographical revenue distribution in 2024, Nagarro generated 35.8% of its revenue from North America (2023: 36.1%), 28.7% of its revenue from Central Europe (2023: 28.3%), 23.3% of its revenue from Rest of World (2023: 23.6%) and 12.2% of its revenue from Rest of Europe (2023: 12.0%) in 2024.

The revenue from our top 5 clients as a percentage of total revenue increased slightly to 14.4% in 2024 from 14.3% in 2023. Revenue from the next 5 largest clients declined to 9.1% compared to 9.3% in 2023, while revenue from clients outside the top 10 increased slightly to 76.5% from 76.4%.

Our clients in 71 countries chose to pay us in various currencies. The top 5 currencies that contributed significantly to our revenues are listed below (in € million).

Revenue currency	2024 mEUR	2023 mEUR
USD	373.7	381.6
EUR	356.8	322.5
INR	92.4	98.7
AED	30.5	21.6
GBP	21.2	11.9



Other operating income

Other operating income increased by €1.3 million to €30.6 million in 2024 from €29.3 million mainly due to increase in net monetary gain by €2.4 million, increase in fair value changes in the earnout payable of €2.1 million (mainly due to Infocore, Telesis and APSL). This gain is offset by reduction in reversal of value adjustment of receivables by €3.3 million.

Cost of freelancers and other direct costs

Cost of freelancers and other direct costs declined by €4.2 million to €68.9 million in 2024 from €73.1 million mainly due to lesser involvement of third party contractors on the projects.

Staff costs

Staff costs have increased by €48.4 million to €703.0 million in 2024 from €654.6 million due to increase in payroll cost by €32.4 million (pay increments offsets by decline of around 771 average number of professionals in comparison to 2023), increase in bonuses by €7.1 million, increase in earn-out expense as part of share purchase price agreement (SPA) by €1.9 million and increase in retention expense as part of SPA by €1.6 million. Further, current year staff costs include the positive inflation impact of €1.7 million in 2024 compared to €1.0 million in 2023, resulting in a net increase of €0.6 million.

Gross profit/Gross margin

Gross profit grew to €295.8 million (as per the current method) and €253.9 million (as per the previous method) in 2024 from €235.7 million (as per the previous method) in 2023. As per the previous method, gross margin was 26.1% in 2024 compared to 25.8% in 2023 and guidance on gross margin of 27.0% and revenues of €1,000 million for the year 2024 issued on February 20, 2024. Gross margin has improved by 0.3 percentage points compared to 2023 mainly due to improvement in project utilization. Gross margin has declined by 0.9 percentage points compared to the guidance due to a decrease in actual revenue of €24.9 million which would have been serviceable by the existing engineering capacity.

Gross margin was 30.4% in 2024 as per the current method which was in line with our updated guidance on gross margin of 30% and revenues of €960 million for the year 2024 issued on October 15, 2024. Gross margin has improved by 0.4 percentage points compared to the updated guidance issued on October 15, 2024 mainly due to an increase in actual revenue by €12.0 million leading to better utilization of existing engineering capacity.

Other operating expenses

Other operating expenses have increased by €2.6 million to €93.9 million in 2024 from €91.3 million mainly due to expenses relating to the exploration of the take-private option of €3.9 million (2023: €0.0 million) and expenses relating to strategic review of company's business of €1.2 million (2023: €0.0 million).

Adjusted EBITDA

Adjusted EBITDA was €147.5 million (15.2% of revenue) in 2024, up from €126.1 million (13.8% of revenue) in 2023 and against the guidance of 14% of revenue. Adjusted EBITDA, as a percentage of revenues, has improved by 1.4% compared to 2023 and exceeded our guidance of 14% due to favourable foreign currency impact and a slight increase in revenues contributing to increased gross profit and Adjusted EBITDA. Adjusted EBITDA and EBITDA were influenced by the cost impact of measures (such as reduction in people on the bench) taken to align capacity with demand during the year.

Further, current year Adjusted EBITDA includes the positive inflation impact of €1.7 million for the full year 2024 compared to €0.2 million in 2023 both because of a higher positive inflation adjustment and a longer period of calculation, resulting in a net increase of €1.7 million as the Turkey entity was acquired during the middle of 2023.

Our net adjustments to EBITDA, as explained in III.B. Comparison of outlook and results for 2024 of section A, in 2024 amount to €13.4 million (2023: €7.5 million) and the most significant adjustments were the expenses relating to exploration of the take-private option of €3.9 million (2023: €0.0 million) and expenses relating to strategic review of company's business of €1.2 million (2023: €0.0 million), expenses relating to share based arrangements of €3.8 million (2023: €3.8 million), retention bonus of €3.4 million (2023: €1.8 million) and earnouts of €3.1 million (2023: €1.2 million) offset by purchase price adjustments of €2.3 million (2023: €0.2 million) from past acquisitions.

EBITDA and EBIT

EBITDA was €134.0 million in 2024, up by €15.5 million from €118.6 million in 2023. The increase in EBITDA was largely passed on to the EBIT. EBIT was €96.7 million (10.0% of revenue) in 2024, up by €13.6 million from €83.2 million (9.1% of revenue) in 2023.

Interest expense, net

Interest expense was €21.1 million in 2024, up by €2.9 million from €18.2 million in 2023 mainly due to increase in syndicated loans in 2024. Interest income was €3.5 million in 2024, up by €1.7 million from €1.8 million in 2023 mainly due to an increase in cash balance and its effective deployment into interest bearing short-tenure deposits.

Income taxes

Income tax expense was €29.9 million (37.9% of EBT) in 2024, up by €12.4 million from €17.6 million (26.3% of EBT) in 2023 mainly due to non-creditable tax withholding on payment of dividend from certain jurisdictions within the Nagarro group.

Net profit

Net profit remained same at €49.2 million in 2024 compared to 2023.

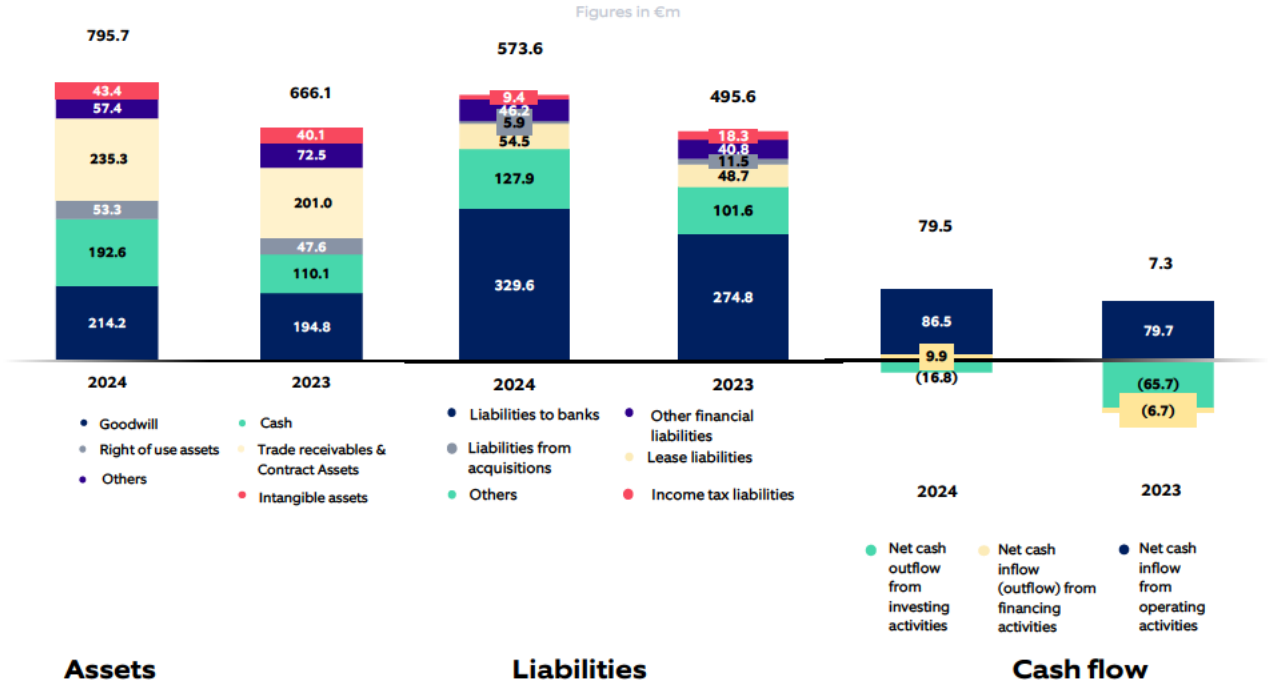
Earnings per share

Basic earnings per share based on weighted average of shares outstanding were €3.69 in 2024, up from €3.64 in 2023. Basic earnings per share based on total shares outstanding were same at €3.69 in 2024 as compared to 2023. Diluted earnings per share based on weighted average of shares outstanding were €3.69 in 2024, up from €3.64 in 2023. Diluted earnings per share based on total shares outstanding were same at €3.69 in 2024 as compared to 2023. Dilution effect is mainly due to share-based payment arrangements, wherein the share options (both equity-settled and cash-settled) exercise price is higher than the average market price for the years 2024 and 2023.

Nagarro has operations in 38 countries in which it pays its colleagues and vendors in various currencies. The top 5 currencies that contributed significantly to our expenses (net of operating income) including taxes but excluding foreign currency income and expenses are listed below (in € million).

Expenses currency	2024 mEUR	2023 mEUR
INR	379.6	364.1
EUR	232.7	219.2
USD	123.0	115.7
RON	58.1	54.9
CNY	20.7	25.2

D. Financial position



Capital structure

On September 23, 2022, Nagarro SE entered into a Euro-denominated revolving syndicated credit facility agreement with five European credit institutions amounting to €350 million with an option to further increase the loan facility amount to €450 million. The term of the financing arrangement is five years, which can be extended twice by one year each (5+1+1). This loan carries a floating interest rate based on three-month or six-month Euribor (depending upon the interest period) plus an applicable margin based on total net leverage. The applicable margin as at December 31, 2024 was 1.75 percentage points. The unutilized portion of the loan carries interest at 35% of the margin interest rate of the utilized loan.

Nagarro's syndicated loan has a covenant package which includes customary restrictions on total net leverage, minimum equity thresholds for pre-agreed milestones, permitted disposal and acquisitions, permitted financial indebtedness, guarantees, dividend payments, change of control and timely submission of the consolidated group financial statement to the banks together with a covenant statement by April 30 following the end of financial year. In general, a breach of financial covenants, non-payment of interest amounts payable, any non-compliance with the provisions of the loan agreement and insolvency of the company, carry the risk of an event of default, which if not cured within the remedy period, will lead to a default on the credit facility. The covenant for net leverage i.e., the ratio of net debt to Adjusted EBITDA, as defined in the loan agreement, requires that net leverage should not exceed 3.5 and that a minimum equity of €100 million should be maintained, both of which the company monitors to ensure its compliance. For 2024, the timeline for submission of the mentioned documents has been extended by the banks to May 31, 2025. Due to the extension, Nagarro is not in default of this covenant.

Also, the facility has the possibility to issue Schuldscheine (promissory notes) or similar instruments for a volume of up to in aggregate €125 million. Further, the non-recourse factoring is limited to 15% of the value of assets of the group.

The unutilized credit from the revolving syndicated credit facility amounted to €30.5 million (December 31, 2023: €83 million). Further, there is an option to increase the loan to by an additional €100 million.

We target a balanced debt-to-equity ratio and equity-to-total assets ratio that preserves flexibility for the company, allowing it to react to business opportunities and to changes in macroeconomic conditions.

Net debt is total liabilities to banks plus lease liabilities less cash. Net debt to adjusted EBITDA is net debt divided by adjusted EBITDA. The net debt reduced by €21.8 million to €191.5 million (net debt to adjusted EBITDA ratio of 1.3x) as of December 31, 2024, as against €213.3 million (net debt to adjusted EBITDA ratio of 1.7x) as of December 31, 2023.

Debt-to-equity ratio is calculated as total liabilities divided by equity. The debt-to-equity ratio has improved to 2.8 as of December 31, 2024, as against 3.0 as of December 31, 2023. Equity to total assets ratio is calculated as equity divided by total assets. The equity to total assets ratio has improved by 2 percentage point to 28.0% as of December 31, 2024, as against 26.0% as of December 31, 2023. Equity increased mainly due to positive current year's profits and positive other comprehensive income (OCI).

The details for net debt ratio, debt-to-equity ratio and equity-to-total assets ratio are below:

	Dec 31, 2024	**Dec 31, 2023**
	mEUR	mEUR
Liabilities to banks	329.6	274.8
Lease liabilities	54.5	48.7
Cash	(192.6)	(110.1)
Net debt	191.5	213.3
Adjusted EBITDA	147.5	126.1
Debt ratio (Net debt to Adjusted EBITDA)	1.3	1.7
Total liabilities	573.0	495.6
Equity	222.7	170.5
Debt-to-equity ratio (Debt to equity)	2.6	2.9
Total assets	795.7	666.1
Equity	222.7	170.5
Equity ratio (% of total assets)	28%	26%

Capital expenditure

We target a low capital expenditure as a ratio of revenues and take the benefit of leasing services for procuring computers and equipment, and for buildings. Our cash outflow on net capital expenditure was €7.2 million (0.7% of revenue) in 2024 against €6.0 million (0.7% of revenue) in 2023.

Liquidity

The company's liquidity position at the end of 2024 was comfortable. The current assets were €455.0 million, of which cash was €192.6 million. The current liabilities were €169.1 million, yielding a working capital of €285.9 million. In anticipation of the uncertainty around the working capital requirement going into the next year because of the anticipated take-private transaction, the company decided to maintain a high level of liquidity at the year-end.

Our total cash inflow was €79.5 million in 2024 against €7.3 million in 2023.

Our operating cash flow increased by €6.8 million from €79.7 million in 2023 to €86.5 million in 2024 mainly because of the lower reduction in the utilization of funds under the factoring program by €13.7 million in 2024 compared to 2023 (reduction in factoring utilization of €6.5 million in 2024 and €20.3 million in 2023). Operating cash flow adjusted for changes in factoring (including interest on factored amounts) was €93.1 million in 2024 as compared to €99.9 million in 2023.

Days of sales outstanding, calculated based on quarterly revenue and including both contract assets and trade receivables, has increased from 84 days on December 31, 2023 to 88 days on December 31, 2024. This also reflects the reduction of factoring volume.

The cash outflow from investing activities in 2024 was €16.8 million, mainly due to the payment for acquisition obligations of €18.2 million after adjusting for cash acquired from the acquisition (€8.6 million for acquisition of FWD view and payment of acquisition obligations of €9.6 million from older acquisitions - primarily ATCS: €6.5 million, Telesis: €1.0 million, APSL: €1.4 million, and Infocore: €0.7 million), and purchase of property, plant and equipment of €7.4 million. This outflow has been offset by fund inflows from maturity of a long term fixed deposit of €4.8 million and interest received on fixed deposits of €3.8 million. The cash outflow from investing activities in 2023 was €65.7 million.

The cash inflow from financing activities in 2024 was €9.9 million as compared to cash outflow of €6.7 million in 2023. Major inflows in 2024 were due to net bank loans of €81.6 million. This was offset by lease payments of €23.9 million and interest payments of €17.9 million.

Countries with the top 5 bank balances are listed below:

Countries	December 31, 2024 mEUR	December 31, 2023 mEUR
Germany	93.5	16.9
India	36.8	38.1
United States of America	11.4	8.2
Saudi Arabia	6.2	0.1
Romania	5.8	7.3

E. Net assets

Total assets grew by €129.6 million to €795.7 million as of December 31, 2024, as against €666.1 million as of December 31, 2023. Of these, non-current assets increased by €28.6 million to €340.7 million as of December 31, 2024, as against €312.1 million as of December 31, 2023. Within non-current assets, goodwill grew by €19.4 million (mainly on account of the acquisitions of FWD view (€10.0 million) and positive currency differences of €9.4 million), and right of use assets from leases increased by €5.6 million (addition of €26.4 million, mainly leased properties of €14.8 million, servers and laptops of €8.2 million and lease vehicles of €3.4 million, hyperinflationary adjustment in Türkiye of €0.9 million, offset by depreciation of €23.4 million). Intangible assets increased by €3.3 million to €43.4 million (mainly on account of increase in assets from business acquisitions of FWD view of €4.1 million, hyperinflationary adjustment in Türkiye of €3.0 million, additions of €3.9 million offset by amortization of assets of €7.7 million and currency differences of €0.0 million). Current assets grew by €101.0 million to €455.0 million as of December 31, 2024, as against €354.0 million as of December 31, 2023, within which cash balance grew by €82.4 million to €192.6 million. Contract assets, trade receivables, other current financial assets and other current assets together increased by €26.5 million primarily due to an increase in trade receivables and contract assets by €34.3 million (mainly due to increase in revenues compared to previous year, increase in receivables from certain public sector customers and on account of decrease in net factoring utilization of €4.3 million) offset by reduction in fixed deposit of €0.5 million.

Total liabilities grew by €77.4 million to €573.0 million as of December 31, 2024, as against €495.6 million as of December 31, 2023. Non-current liabilities increased by €72.8 million to €403.9 million as of December 31, 2024, as against €331.1 million as of December 31, 2023. This is primarily due to net additional loans of €51.6 million, increase in lease liabilities of €7.5 million, provision for post- employment benefits liabilities of €5.0 million and liabilities for cash-settled stock-based arrangements by €3.0 million. Current liabilities increased by €4.6 million to €169.1 million as of December 31, 2024, as against €164.5 million as of December 31, 2023. This is primarily due to an increase in liabilities for cash-settled stock-based arrangements by €11.5 million (on modification of equity-settled to cash-settled stock-based arrangements), increase in loan from factor of €2.4 million, provision for expenses relating to strategic review of listing and privatization choices and the exploration of the take-private option of €3.0 million, increase in liabilities for acquisition - employment linked by €2.2 million, increase in trade payables of €2.6 million and increase in provision for leaves of €2.1 million. This increase has been offset by decrease in liabilities for acquisition by €7.5 million (mainly due to payment to ATCS: €6.5 million, and APSL: €1.4 million) and decrease in income tax liabilities by €4.6 million (mainly due to adjustment against income tax receivables).

Net assets represented by total equity grew by €52.2 million to €222.7 million as of December 31, 2024, as against €170.5 million as of December 31, 2023. The increase is primarily due to an increase in total comprehensive income of €62.9 million and decrease in capital reserve of €10.7 million (mainly due to reclassification from capital reserve to liabilities for cash-settled stock-based arrangement on modification of the settlement arrangement).

Please note that the comparative numbers of 2023 have been restated in the current year – refer A.3. Correction of Errors and reclassifications of Section B for more details.

IV. Corporate governance statement

(pursuant to Section 289f HGB for Nagarro SE and Section 315d HGB for the group as part of the combined management report, unaudited)

A. Our approach to corporate governance

The prime objective of Nagarro's corporate governance is to facilitate the ethical, effective, agile and pragmatic management of the company to deliver sustainable long-term success for all stakeholders.

As a truly global company, Nagarro places a strong emphasis on good corporate governance. Our core values, based on the acronym "CARING" are our guiding principles across the globe. CARING stands for a humanistic way of thinking and nurturing, with a strong emphasis on ethics.

The Nagarro Constitution is our code of conduct, which is designed to be easy to understand and easy to apply. It is written in the form of a declaration in the first-person, and includes sections on our core values, dealing with personal data and privacy, intellectual property, discrimination and harassment, conflicts of interest, unfair competition and corruption, and the special responsibility of management. The Nagarro Constitution is meant to circumscribe and guide the actions of every Nagarrian. The company has its internal controls and internal compliance assessments, and encourages whistleblowers to speak up, whether openly or anonymously.

The Nagarro Constitution and the Whistleblower Policy can both be found on Nagarro's website under Nagarro corporate-governance.

Nagarro's management team sees itself as a trustee of the shareholders and is committed to building value in the company in a sustainable manner. It is also committed to keeping shareholders well-informed through frequent, high-quality, and transparent communication. To ensure our compliance with applicable laws, standards and regulations, we conduct regular compliance trainings. Nagarro has three formal governing bodies – the Management Board, the Supervisory Board and the General Meeting. The responsibilities and powers of these governing bodies are determined by the law on the implementation of the European Council Regulation on the Statute for a European company (Societas Europaea or SE), the SE Implementation Act and the SE Participation Act, the German Stock Corporation Act, the recommendations of the German Corporate Governance Code to the extent we comply with it, the Articles of Association, and the rules of procedure of the Management Board and Supervisory Board. While Nagarro is a European company, features of a German stock corporation have been retained, in particular, the dualistic management system consisting of a management board and a supervisory board.

The cooperation between the Management Board and the Supervisory Board is characterized by trust and dialogue. However, the Supervisory Board is singularly focused on its fundamental role of supervision of the Management Board's activities.

B. Declaration of conformity with the German Corporate Governance Code

The Management Board and Supervisory Board of Nagarro SE (hereinafter also referred to as the "Company") declare pursuant to Sec. 161 para. 1 sentence 1 of the German Stock Corporation Act (AktG) that the Company, since the issuance of the last declaration of conformity on 12 February 2024 and since the update and supplementation of the declaration of conformity on 18 July 2024, has complied with the recommendations of the German "Government Commission on the German Corporate Governance Code", as published by the Federal Ministry of Justice and Consumer Protection in the official section of the German Federal Gazette, as amended on 28 April 2022 and published in the German Federal Gazette on 27 June 2022 ("GCGC"), with exception of the following deviations:

1. F.2 (Publication of consolidated financial statements and group management report)

The consolidated financial statements and the group management report are not yet publicly available within 90 days of the end of the financial year. This is not yet possible due to the necessary consolidation of a large number of subsidiaries in Germany and abroad. For this reason this was also not yet possible for the consolidated financial statements and the group management report for the 2024 financial year. However, the Management Board and Supervisory Board still aim to publish the consolidated financial statements and group management reports in the future within the recommended period of 90 days after the end of the financial year.

2. G.7 (Establishment of performance criteria)

The remuneration system for the members of the Management Board, which was adjusted by the Supervisory Board with effect from 1 January 2024 and submitted for approval to the Annual General Meeting on 27 June 2024, provides for two short-term variable and one long-term variable remuneration components. However, the variable remuneration components are not linked to specific individual performance criteria of each Management Board member or of all Management Board members together, apart from a general positive development of the Company and the share price. This serves to fully align the interests of the members of the Management Board with those of the shareholders and other stakeholders.

3. G.9 (Determination of the amount of variable remuneration)

Given the structure of the remuneration system for the Management Board, there is no need for the Supervisory Board to determine the amount of variable remuneration on an annual basis. Short-term variable remuneration in the form of a quarterly organizational bonus and an annual ESG bonus is granted exclusively on the basis of objectively measurable criteria, its amount is in each case based on the fixed remuneration of the members of the Management Board. The current long-term variable remuneration consists exclusively in the form of share options. Accordingly, there is no need for the Supervisory Board to separately determine the amount of the remuneration components to be granted individually for a past financial year, depending on target achievement.

4. G.10 (Long-term variable remuneration)

The current remuneration system for the Management Board provides that the Supervisory Board may, at its reasonable discretion, decide to grant share options to members of the Management Board as an incentive for a long-term and sustainable increase in the value of the Company. The Company has granted share options to the members of the Management Board. The authorization of the Annual General Meeting of the Company on 30 October 2020 (confirmed by the Annual General Meeting on 31 August 2021) underlying the issue of share options has been fully utilized, so that currently no share options can be granted to the members of the Management Board as a long-term variable remuneration component. Accordingly, the recommendation G.10 can currently not be complied with.

In light of this, the Supervisory Board is currently revising the existing remuneration system for the Management Board and aims to grant the long-term variable remuneration for the Management Board in the form of restricted stock units, in order to comply with recommendation G.10 again. It is intended to submit a modified system for the remuneration of the members of the Management Board (Remuneration System 2025) to the next Annual General Meeting for approval. The Company will aim to implement the new Remuneration System 2025 in the current service contracts with the Management Board by agreement with the Management Board members as soon as it has been approved by the Annual General Meeting.

The Management Board and Supervisory Board of the Company further declare pursuant to Sec. 161 para. 1 sentence 1 AktG that the Company will continue to comply in the future with the recommendations of the GCGC, with the exception of the deviations from recommendations F.2, G.7, G.9 and G.10 as described above.

Munich, April 2025

For the Management Board:

Annette Mainka
Member of the Management Board of
Nagarro SE

For the Supervisory Board:

Carl Georg Dürschmidt
Chairperson of the Supervisory Board of
Nagarro SE

C. Shareholders and general meeting

The shareholders of Nagarro exercise their rights at the annual general meeting.

The annual general meeting ("AGM") of Nagarro SE's shareholders will ordinarily be held within the first six months of each financial year and can be convened by the Management Board or the Supervisory Board.

Per the Articles of Association, all shareholders who have registered prior to the general shareholders' meeting and are registered in the share register are entitled to participate in the general shareholders' meeting and exercise their voting rights. Each share confers one vote at the general shareholders' meeting of Nagarro SE. Voting rights may be exercised by proxy.

The chairperson of the Supervisory Board or another person appointed by him or her, who is not a member of the Management Board, chairs the general shareholders' meeting.

The resolutions of the general meeting will be passed by a simple majority vote. This also applies to resolutions on amendments to the Articles of Association if at least half of the capital stock is represented at the general meeting, otherwise a majority of two thirds is required. Certain resolutions of fundamental importance mandatorily require a majority of at least 75% of the share capital represented at the vote. Such resolutions include but are not limited to, creation of authorized capital, reduction of capital, and liquidation, etc. Neither German or European law nor the Articles of Association limit the right of foreign shareholders or shareholders not domiciled in Germany to hold shares or exercise the associated voting rights.

Notice of the meeting along with relevant documents are published in the German Federal Gazette and are available on the company website.

The AGM was held in Munich on June 27, 2024.

In accordance with the Exchange Rules of the Frankfurt Stock Exchange, the company is obliged to prepare, continuously update, publish and transmit a Financial Calendar with information on the AGM, analyst meetings, participation in conferences and roadshows, and various other publications. The Financial Calendar can be accessed on Nagarro's website.

D. Composition and working of the Management Board

Nagarro follows a two-tier governance structure, according to which the Management Board is responsible for running the company independently and implementing appropriate risk management and risk control systems. The members of the Management Board are appointed by the Supervisory Board, which in turn is appointed by the General Meeting. The Management Board is obliged to report regularly to the Supervisory Board about the company's business, and at least once a year on key topics such as business activities, corporate planning, and budgeting. The Management Board is obliged to take into consideration the shareholders' rights to equal treatment and equal access to information

Composition and Diversity

Under the Articles of Association, the Management Board consists of one or more persons. The Supervisory Board determines the specific number of members of the Management Board. The Supervisory Board may appoint members of the Management Board for a maximum term of up to six years. Reappointments or extensions, each for a maximum term of up to six years, are permissible. The Supervisory Board may revoke for good cause the appointment of a member of the Management Board prior to the expiration of the relevant member's term.

The members of the Management Board must possess all qualifications and competencies required to properly fulfil its legal and statutory obligations. Therefore, personal qualifications, professional suitability and expertise are the decisive factors for the appointment of members of the Management Board. In addition, Nagarro believes that a focus on diversity and inclusion is required for the continued successful development of the company and of the society. The composition of the Management Board is meant to reflect to some extent the company's underlying diversity. As its target for the proportion of women on the Management Board from January 1, 2022 to December 31, 2025, the Supervisory Board has stipulated that the Management Board should continue to include at least one female member. During the year 2024, the Management Board at all times had at least one female member and at least one male member. When selecting new members for the Management Board, the company is committed to considering qualified female candidates – a continuation of its existing practice of promoting women to senior positions.

On this basis, the Supervisory Board works together with the Management Board to ensure long-term succession planning. In the event that candidates for the position of member of the Management Board are sought, the abovementioned factors are the decisive selection criteria, in addition to the legal requirements and the recommendations of the German Corporate Governance Code.

Women form 28% of the total organization, 26% among engineers, and our leadership is comprised of 21% women as of the end of the reporting year 2024 (2023 year-end: 19%). We target women making up 25% of our leadership by December 31, 2026, where leadership is defined as the management level below the Management Board. Nagarro's organizational structure provides for only one leadership and management level below the Management Board.

Rules of procedure

The rules of procedure of the Management Board define, among other things, the principles of management to be followed, the overall responsibility of the Management Board, the allocation of responsibilities of the various members, and the Management Board's internal organization.

The members of the Management Board are jointly responsible to the shareholders and to the Supervisory Board for the company's overall management and for working towards its long-term success. Beyond this joint responsibility, each member of the Management Board independently assumes personal responsibility for specific areas.

Nomenclature is used to reinforce culture for the Management Board roles. The Chairperson of the Management Board is the Custodian of Entrepreneurship in the Organization and will be usually referred to as such externally. The Custodian of Entrepreneurship in the Organization is responsible for the coordination of all executive functions in line with the objectives of the company and with the Nagarro Constitution. The Custodian of Entrepreneurship in the Organization also coordinates with the Chair of the Supervisory Board, represents the company to the public, and decides on the roles, remuneration, hiring and relieving of senior management personnel outside the Management Board.

The member of the Management Board designated as the Custodian of Operational Excellence in the Organization decides on topics related to the finalization of the annual budgets as required by the Supervisory Board or by law, and the financial statements, although the principle of joint responsibility of the Management Board continues to apply.

The member of the Management Board designated as the Custodian of Regulatory Compliance decides on topics related to compliance with regulations, although the principle of joint responsibility of the Management Board continues to apply.

Since the Management Board currently consists of only three members, it was decided not to establish separate committees. The relevant committee topics were managed by the members of the Management Board. The Management Board is obliged to carry on the business of the company in compliance with the respective applicable legal regulations, the German Corporate Governance Code in its most current version (except with deviations disclosed in the declaration of conformity in accordance with section 161 of the German Stock Corporation Act), the Articles of Association of the company, the Nagarro Constitution (our internal code of conduct) in its most current version, the management contracts, and the resolutions of the Supervisory Board and the General Meeting. In doing so, the Management Board is bound by the company's interests and obligated to work towards increasing the company's lasting value.

Nagarro believes management structures must evolve over time. In keeping with Nagarro's organizational design, the Management Board is primarily a legal and administrative subset of Nagarro's senior management group. To the extent possible, the members of the Management Board operate and act as peers of the other members of Nagarro's senior management. This is important for the smooth functioning of Nagarro's deliberately flat management structure. The Management Board coordinates with the other senior management members to define the company's strategic direction, coordinates it with the Supervisory Board and again coordinates with the other senior management members to ensure its implementation.

Service agreement and remuneration

Each of the three members of the Management Board entered into a service agreement with the company in 2020 governed by German law and based on substantially similar terms. These agreements were extended in 2023 for three more years, beginning on November 1, 2023 and expiring on October 31, 2026.

The Management Board members have undertaken to not work for or participate in any business for their own or third-party account with any competitor in the company's line of business in accordance with Section 88 of the German Stock Corporation Act. They shall dedicate their working capacity and their best efforts to promote achievement of the company's objectives. Any other occupation, including assumption of any office of supervisory boards or advisory bodies, with or without remuneration, will require approval by the Supervisory Board.

For further details on the remuneration of the Management Board - in particular the individual payments made in and for the financial year 2024 please refer to the detailed Nagarro remuneration report 2024. The remuneration report was subject to a formal audit by the auditor. The remuneration report 2024 and the auditor's report are available on Nagarro's website under https://www.nagarro.com/en/investor-relations/financial-reports-and-publications.

Shareholdings in Nagarro SE

As of December 31, 2024, no member of the Management Board held, directly and indirectly, more than 10.00% of the shares in the company.

Information regarding any reportable securities transactions, pursuant to Article 19 of the EU Market Abuse Regulation, by any Management Board member is made public promptly and disclosed on the company website.

E. Composition and working of the Supervisory Board

Composition

The Supervisory Board consists of four members who represent the shareholders and are appointed by the shareholders until the annual general meeting in 2025. Members may be re-elected. A substitute member may be appointed to replace any Supervisory Board member who leaves prior to the end of his/her term. It may be noted that Nagarro is not required to establish a co-determined Supervisory Board (i.e., with worker participation).

The company targets that the Supervisory Board in the period up to December 31, include at least one female and at least one male member in the period until December 31, 2025. This target was met in 2024.

The Supervisory Board shall elect a chairperson and a deputy chairperson from among its members to serve for the duration of those members' terms.

The Supervisory Board has formed an audit committee, assisting the Supervisory Board in its monitoring of various financial aspects of Nagarro, in particular the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system as well as the audit of the financial statements and the selection and independence of the auditor. The audit committee is constituted by all four Supervisory Board members and Mr. Bacherl serves as the Chairperson of the audit committee. In accordance with the applicable legal requirements and further in line with the recommendations of the German Corporate Governance Code (GCGC), the committee members have the required expertise in accounting and auditing. Mr. Bacherl as the Chairperson of the audit committee has a degree in business administration. He is a former banker specializing in equity capital markets and board member of a German banking institution, where he gained expertise in financial topics including accounting and auditing. Mr. Dürschmidt also has a degree in business administration and broad experience and expertise as member of management and supervisory boards, including in finance and accounting.

In connection with the consideration of a take-private of Nagarro SE, which the company disclosed on October 16, 2024 (and ended on January 23, 2025), the Supervisory Board formed a transaction committee. The transaction committee was tasked with supporting and advising the Management Board during the review and acting on behalf of the Supervisory Board in the event of a transaction. The Transaction Committee consisted of Supervisory Board members Christian Bacherl, Dr. Shalini Sarin and Vishal Gaur, with Mr. Bacherl chairing the transaction committee.

No further committees were in place and relevant committee topics were covered by the Supervisory Board members directly.

Remuneration

Information on the Supervisory Board's remuneration can be found in the Nagarro remuneration report 2024. The remuneration report was subject to a formal audit by the auditor. The remuneration report 2024 and the auditor's report are available on Nagarro's website under https://www.nagarro.com/en/investor-relations/financial-reports-and-publications.

Shareholding in Nagarro SE

As of December 31, 2024, Carl Georg Dürschmidt indirectly holds a stake of 20.3% of the total number of outstanding shares of Nagarro SE. Information regarding any reportable securities transactions, pursuant to Article 19 of the EU Market Abuse Regulation, by any Supervisory Board members is made public promptly and disclosed on the company website.

V. Statutory management disclosures

(Pursuant to Section 289a and Section 315a HGB) and explanatory report (part of the Combined Management Report)

A. Takeover-related disclosures

Composition of subscribed capital

On the reporting date of December 31, 2024, the subscribed capital of Nagarro SE of € 13,775,985.00 was divided into 13,775,985 no-par value registered shares with a notional nominal amount of EUR 1.00 per share. All the shares are of the same class and confer the same rights and obligations. The shares are fully paid in.

Rights and obligations associated with Nagarro SE's shares are defined in its Articles of Association, supplemented by the Regulation (EC) No 2157/2001 on the Statute for a European company (SE), the German SE Implementation Act and the German Stock Corporation Act as well as other laws applicable to stock corporations.

Shareholdings exceeding 10 percent of the voting rights

As of December 31, 2024, Lantano Beteiligungen GmbH, Munich, Germany, directly holds a stake of 20.3% and hence 20.3% of the voting rights in Nagarro SE. The voting rights of Lantano Beteiligungen GmbH are attributable to Carl Georg Dürschmidt (Supervisory Board Chairperson), Germany (indirectly 20.3%); to Laura Maximiliane Pirkl-Dürschmidt, Germany (indirectly 20.3%); to Linda Viktoria Müller-Dürschmidt, Germany (directly and indirectly 20.3%); and to Dr. Christa Kleine-Dürschmidt, Germany (directly and indirectly 20.3%). No other direct or indirect stakes that exceed 10 percent of the voting rights were reported to the company nor are otherwise known.

Statutory regulations and provisions of the articles of association on appointing and dismissing Management Board members and amending the articles of association

The requirements for appointing and removal of members of the Management Board and amending the Articles of Association are defined in the provisions of the Articles of Association, the Council Regulation on the Statute for a European company, the German SE implementation Act and the German Stock Corporation Act. Pursuant to article 9.1 of the Articles of Association, the Management Board can be comprised of one or more members. The number of members of the Management Board is determined by the Supervisory Board according to article 9.1 of the Articles of Association and section 84 of the German Stock Corporation Act.

According to article 9.3 of the Articles of Association and section 84 of the German Stock Corporation Act, the Supervisory Board can appoint a chairperson of the Management Board. If a required member is not present, pursuant to section 85 of the German Stock Corporation Act, the court shall appoint the member in urgent matters on application of a party involved.

Pursuant to article 39 of the Council Regulation on the Statute for a European company and section 84 of the German Stock Corporation Act, the Supervisory Board can revoke the appointment of members of the Management Board and the chairperson for cause. According to article 9.2 of the Articles of Association, members of the Management Board are appointed for a maximum duration of six years. Reappointments, each for a maximum of six years, are permitted.

Unless the Articles of Association or the law provide otherwise, resolutions of the general meeting shall be adopted by a simple majority of the votes cast, pursuant to article 23.1 of the Articles of Association.

Resolutions on amendments to the Articles of Association require a majority of two thirds of the votes cast or, if at least half of the capital stock is represented, a simple majority of the votes cast, unless mandatory statutory provisions provide otherwise.

Authorization of the Management Board to issue or repurchase shares

Authorized Capital

The general shareholders' meeting which was held on October 30, 2020, authorized the Management Board to, subject to the consent of the Supervisory Board, in the period ending on September 23, 2025, increase the registered share capital in one or more tranches by up to €5,650,000 in the aggregate by issuing up to 5,650,000 new no par value registered shares against cash contribution and/or contributions in kind. The accordingly amended Articles of Association were registered in connection with the registration of the spin-off in December 2020. By resolution of May 17, 2021, and with the approval of the Supervisory Board of May 19, 2021, the Management Board exercised this authority by issuing 194,000 new shares in connection with a capital increase against cash contributions. The remaining authorized capital entered in accordance with article 6.1 of the Articles of Association amounts to €5,456,000.

In principle, shareholders must generally be granted subscription rights within the scope of the authorized capital. However, the Management Board is authorized, subject to the consent of the Supervisory Board, to exclude the statutory subscription rights of the shareholders in relation to one or more increases of the share capital within the scope of the authorized capital if one of the following conditions is fulfilled:

a) in the case of a subscription rights issue for fractional amounts arising due to the subscription ratio;

b) for a capital increase against contributions in kind to acquire companies, divisions of companies or interests in companies or other contributable assets in connection with such acquisition, if the acquisition is in the interest of the company;

c) for a capital increase against cash contributions, provided that the issue price of the new shares is not significantly lower than the stock market price of the shares already listed at the time of the final determination of the issue price, which should be as close as possible to the placement of the shares. The arithmetical proportion of the share capital attributable to the shares issued against cash contributions with the exclusion of subscription rights in accordance with section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) may not exceed a total of 10% of the share capital at the time this authorization comes into effect - or if this value is lower - at the time this authorization is exercised. This limit shall include shares issued or sold during the term of this authorization until the time it is exercised in direct or analogous application of this provision as well as shares to be issued or granted on the basis of a convertible bond or bond with warrants issued during the term of this authorization with the exclusion of subscription rights in accordance with section 186 (3) sentence 4 of the German Stock Corporation Act (AktG);

d) for the issuance of new shares to the holders of option rights issued by the company on the basis of the stock option plan resolved by the shareholders' meeting on October 30, 2020;

e) for the issuance of new shares as part of a long-term incentive program to members of the Management Board and employees of the company as well as to members of the management bodies and employees of companies affiliated with the company within the meaning of Sections 15 et seqq. of the German Stock Corporation Act (AktG).

Treasury shares

The shareholders' meeting held on October 30, 2020 authorized the Management Board to, subject to the consent of the Supervisory Board, purchase treasury shares until September 23, 2025, up to a total amount equal to no more than 10% of the registered share capital. Decisive for the threshold of 10% shall be the registered share capital figure on the date when the authorization becomes effective. If the registered share capital figure is lower at the time when the authorization is exercised, such lower value shall be decisive. In this connection, the shares purchased on the basis of the authorization together with other treasury shares, which Nagarro SE has already purchased and still holds or which are attributable to it pursuant to sections 71a et seqq. of the German Stock Corporation Act (AktG) not exceed 10% of the registered share capital. The authorization may be exercised to the full extent of repurchases thereby authorized or in partial amounts, on one or several occasions.

The purchase shall be effected on the stock market or by way of public purchase offer to all shareholders.

If the purchase of the shares is effected on the stock market, the purchase price (excluding ancillary purchasing costs) may not be more than 10% higher or lower than the arithmetic mean value of the closing prices on the Frankfurt Stock Exchange in XETRA trading (or a comparable successor system) for the last three trading days preceding the purchase.

If a purchase is effected via a public purchase offer, the purchase price (excluding ancillary purchasing costs) may not be more than 10% higher or lower than the arithmetic mean value of the closing prices on the Frankfurt Stock Exchange in XETRA trading (or a comparable successor system) for the last three trading days preceding the publication of the purchase offer or the request to submit offers. If the purchase price is adjusted during the offer period, the day of the final decision on the purchase offer shall be replaced by the day of the final decision on the purchase price adjustment.

The acquisition for the purpose of trading in own shares is excluded. In all other respects, the Management Board shall be responsible for determining the purpose of the acquisition.

As of December 31, 2024, Nagarro SE held 453,867 treasury shares. See note C 11. Equity of the Section B consolidated financial statements.

The Management Board is authorized, subject to the consent of the Supervisory Board, to cancel the treasury shares purchased on the basis of the authorization pursuant to section 71 (1) no. 8 AktG without requiring another resolution of the shareholder meeting. The cancellation may be restricted to part of the shares purchased. The authorization to effect cancellation may be exercised more than once. As a general rule, the cancellation shall result in a capital reduction. In derogation from this, the Management Board may stipulate that the registered share capital remain unchanged and that instead the proportion of the remaining shares in the registered share capital be increased as a result of the cancellation pursuant to section 8 (3) AktG. In this case the Management Board is authorized to adjust the corresponding number in the Articles of Association.

In accordance with the resolution of the Annual General Meeting on October 30, 2020, the Management Board is authorized, subject to the consent of the Supervisory Board, to use the shares purchased on the basis of the authorization for all legally permissible purpose, in particular the following:

a) for resale to third parties against cash contribution also other than on the stock exchange or through an offer to all shareholders;

b) for use as consideration for a direct or indirect contribution in kind by third parties to the company, in particular in the case of mergers with companies or in the acquisition of companies, division of companies, equity interests or other assets;

c) to fulfill conversion or option rights issued by the company or its subordinate group companies to the holders of these rights; and

d) for issuing as employee shares to employees or members of management bodies of the company or affiliated companies within the meaning of sections 15 et seqq. AktG

If the shares are sold for cash in a manner other than on the stock exchange or by way of an offer to all shareholders, the selling price may not be more than 5% lower than the market price of the company's shares at the time of the sale. The relevant stock market price within the meaning of this provision is the arithmetic mean of the closing prices of the company's shares on the Frankfurt Stock Exchange in XETRA trading (or a comparable successor system) during the last three trading days prior to the sale of the shares. Shareholders' subscription rights are excluded in this respect in accordance with Section 186 (3) sentence 4 AktG.

The authorization to sell treasury shares with the exclusion of subscription rights is limited to a maximum of 10% of the share capital existing at the time the authorization is exercised. Shares and rights that are issued or sold during the term of the authorization in direct or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) with the exclusion of subscription rights until this point in time are counted towards this restriction. This also applies if the authorization is used to service share options.

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

Some lending agreements contain standard provisions which result in legal consequences in the case of a majority takeover, or control exceeding 50 percent, or a disposal of company assets.

Company’s compensation agreements with Management Board members or employees in the event of a takeover bid

Nagarro SE has not entered into any compensation agreements with members of the Management Board or employees that especially apply in case of a takeover bid.

B. Remuneration report (unaudited)

Management Board

Under the service agreements the members of the Management Board receive a fixed basic annual salary of €420,000 each in gross payable in twelve monthly instalments. In addition, the Management Board members receive a short-term variable, performance-related remuneration in the form of (i) a quarterly organizational bonus of 25% of the fixed basic annual salary per quarter, which is based on the operational performance of the Nagarro group during a respective quarter, and (ii) an annual ESG Bonus of 2% of the fixed basic annual salary , which is based on the achievement of certain ESG targets during the respective business year. The Company may also determine and grant a discretionary bonus in the event of an exceptional and extraordinary performance of the Management Board and its corresponding effect on the business results of the Company. The payment of the exceptional bonus requires a separate resolution of the Supervisory Board. Members are entitled to participate in Nagarro’s future employee stock option plans, but not in the Employee Share Participation Program “MyN”.

Members are compensated for all reasonable expenses. The members are entitled to be provided with a company car.

Members are covered by D&O insurance policies with reasonable coverage and a deductible, and members may also be included in other group insurance policies in the future.

The company also covers the statutory social security and similar contributions.

The individual compensation for each board member is shown in the Nagarro remuneration report 2024.

Supervisory Board

The remuneration of the Supervisory Board is determined by article 17 of the Articles of Association.

Each member receives a fixed annual compensation which consists of €225,000 for the chairperson of the Supervisory Board, €187,500 for the deputy chairperson and €150,000 for each of the remaining members for participation in Supervisory Board.

Members are reimbursed for their out-of-pocket expenses (including VAT) incurred in connection with the performance of their duties.

There are no service agreements between the company and any of its Supervisory Board members under which a member would receive benefits from the company on termination of his or her service.

Furthermore, the members are covered by Company's D&O insurance.

The individual compensation for each board member is shown in the Nagarro remuneration report 2024.

VI. Research and development

While we work with the latest technology, we do not spend significant sums on traditional R&D. Rather, as a services company, we work with the technology products created by companies such as Adobe, Amazon, Google, Microsoft, Salesforce, SAP, ServiceNow and OpenAI, as well as those created by smaller, more specialized, software vendors. In this, we are similar to most of our peer group. However, we do occasionally capitalize some smaller assets related to R&D. In 2024, we capitalized €0.0 million (2023: €0.2 million) of intangible assets related to R&D, while amortizing €0.4 million (2023: €0.4 million) of such assets. The closing value of intangible assets related to R&D on our balance sheet as of December 31, 2024, was €0.5 million (2023: €0.9 million).

VII. Developments after December 31, 2024

Please refer F.13. Events after the balance sheet date in Section B.

VIII. Comments on the financial statements of Nagarro SE

Nagarro SE, based in Munich, Germany, is the parent company of the Nagarro Group. The comments on the Nagarro Group in earlier sections apply to Nagarro SE, unless presented differently in the following section. The Financial Statements of Nagarro SE are drawn up in accordance with the provisions of the German Commercial Code (HGB) and the relevant supplementary provisions contained in the German Stock Corporation Act (AktG).

Nagarro SE acts as the listed managing holding company of the Nagarro group. From 2024, the financial KPIs of Nagarro SE are cash position at year-end and retained earnings at year-end. In prior years, the financial KPIs of Nagarro SE were identical with the financial KPIs of the group, namely, group revenue, group gross margin and group Adjusted EBITDA margin. The change of KPIs of Nagarro SE, to cash position at year-end and retained earnings at year-end, is to focus on the liquidity and financial flexibility of Nagarro SE itself. There has also been a change in the non-financial KPIs for Nagarro SE. In prior years, the non-financial KPIs of Nagarro SE were identical with the non-financial KPIs of the group, which were related to client satisfaction. These have been removed since they were proving not as relevant to evaluating the performance of Nagarro SE itself.

Business environment and review of operations

The general and sector-specific environment of Nagarro SE is essentially the same as that of the Nagarro Group and is described in III.A. The business environment in 2024 of section A of the Combined Management Report.

Nagarro SE serves as the holding company for the global digital engineering group in the IT and software services sector. The business activities of Nagarro SE are to provide strategic direction and centralized services to its subsidiaries like financial management, compliance, and risk management. Nagarro SE, being listed on the Frankfurt stock exchange, manages the stock exchange related compliance and manages the stock options' plans (equity-settled and cash-settled) and stocks under the employee share participation program (ESPP) for all Nagarro subsidiaries. The subsidiaries align their operations with the Group's overall strategy and operating model.

The Management Board of Nagarro SE considers that the overall performance of Nagarro SE against its KPIs was favorable. Nagarro SE's cash position at year-end was €75.7 million. The retained earnings were €22.1 million.

Also, please refer note A.III. Correction of Errors of section B of standalone financial statements of Nagarro SE for correction of errors made in 2024 for more details.

Capital structure

The basic principles of financial management at Nagarro SE are financial prudence and stability, ensuring a reasonable profitability and assuring adequate liquidity. The Management Board works to ensure we have the right capital structure in place, that we are managing cash and liquidity carefully, and that we are managing financial risks such as currency risks with the appropriate instruments.

In 2022, Nagarro SE entered into a Euro-denominated revolving syndicated credit facility agreement with five European credit institutions amounting to €350 million with an option to further increase the loan facility amount to €450 million. The terms of this syndicated credit facility and its status as of December 31, 2024, are described in detail in Section III.D. Financial position at the end of the year.

We target a balanced debt-to-equity ratio and equity-to-total assets ratio that preserves flexibility for the company, allowing it to react to business opportunities and to changes in macroeconomic conditions.

Net debt is total liabilities to banks less cash. The net debt reduced by €22.0 million to €243.8 million as of December 31, 2024, as against €265.8 million as of December 31, 2023.

Debt-to-equity ratio is calculated as total liabilities divided by equity. The debt-to-equity ratio was at 1.5 compared to 1.4 as of December 31, 2023. Equity to total assets ratio is calculated as equity divided by total assets. The equity to total assets ratio has reduced by 2 percentage points to 40% as of December 31, 2024, as against 42% as of December 31, 2023 mainly due to increase of €74.4 million in cash balances from €1.2 million as of December 31, 2023 to €75.7 million as of December 31, 2024 and increase of €100.2 million in loans receivables from affiliated companies from €65.7 million as of December 31, 2023 to €165.9 million December 31, 2024.

The details for net debt, debt-to-equity ratio and equity-to-total assets ratio are below:

	Dec 31, 2024	Dec 31, 2023
	mEUR	mEUR
Liabilities to banks	319.5	267.1
Cash	(75.7)	(1.3)
Net debt	243.8	265.8
Total liabilities	406.2	290.9
Equity	268.6	211.7
Debt-to-equity ratio (Debt to equity)	1.5	1.4
Total assets	674.8	502.6
Equity	268.6	211.7
Equity ratio (% of total assets)	40%	42%

Capital expenditure

Nagarro SE's capital expenditure in current year represents investment in a newly incorporated company in Ireland amounting to €0.1 million.

Liquidity

The company's liquidity position at the end of 2024 was comfortable. The current assets were €91.7 million, of which cash was €75.7 million. The current liabilities were €22.2 million, yielding a working capital of €69.5 million.

Results of operations

Profit or Loss	2024	2023
in mEUR		
Revenue	0.0	0.0
Other operating income	6.2	8.4
Personnel expenses	(1.3)	(3.3)
Depreciation / amortization	0.0	0.0
Other operating expenses	(26.8)	(33.0)
Income from investments	79.6	1.0
Income from profit and loss transfer agreements	13.0	11.5
Income from other investments and long-term loans	4.4	3.9
Other interest and similar income	0.2	0.0
Interest and similar expenses	(17.0)	(13.9)
Result before taxes	**58.3**	**(25.4)**
Taxes	(1.4)	(1.3)
Net income for the year/ net (loss) for the year	**56.9**	**(26.7)**
Loss brought forward from previous year	(34.8)	(8.1)
Accumulated profit (prior year: accumulated loss)	**22.1**	**(34.8)**

Other operating income declined by €2.2 million from €8.4 million in 2023 to €6.2 million mainly due to decrease in foreign exchange gain of €1.1 million. Further, there has been a decrease in income from group companies by €3.7 million, as in 2023, the fair values of equity-settled share based payment arrangements were wrongly shown as income for which correction of error is made and disclosed in the current year standalone financial statement of Nagarro SE. With the modification of significant portion of the equity-settled share-based payment into cash-settled share-based payment, there is an increase in income of €0.6 million relating to cash-settled share-based payment cross-charged to its affiliate companies. Also, in the current year there is an increase in income on account of reversal of provision for acquisition liabilities amounting to €1.9 million relating to one subsidiary acquired in 2023, which is now estimated as not payable due to non-achievement of earnout target.

Personnel expenses has reduced by €2.0 million from €3.3 million in 2023 to €1.3 million in 2024 as in the previous year it wrongly included provision for acquisition liabilities of €1.9 million which has been called out as correction of error in the current year standalone financial statement of Nagarro SE.

Other operating expense decreased by €6.2 million from €33.0 million in 2023 to €26.8 million in 2024 as in the previous year €29.4 million was incurred on purchase of treasury shares. This decrease is offset by increase in expenses mainly due to prior period expenses of €12.1 million (correction of error - income from group companies relating to fair values of equity-settled share based payment arrangements for the year 2021 to 2023 were taken to other operating income whereas no income or expense should have been recognized for the amounts cross-charged to affiliated companies), increase in expenses relating to strategic review of listing and privatization choices by €1.2 million, increase in expenses relating to the exploration of take-private option by €3.9 million, increase in foreign currency expense of €2.7 million, increase in provision for earnout liabilities of €1.3 million, increase in provision for retention liabilities of €0.5 million and increase in cash-settled share based payment (including Nagarro SE standalone and amount cross-charged to subsidiaries) of €1.4 million.

Income from investments increased by €78.6 million due to dividend income from affiliated companies of €79.6 million.

Income from profit and loss transfer agreements increased by €1.5 million from €11.5 million in 2023 to €13.0 million in 2024, due to an increase in profits transferred by the two German group companies.

Income from other investments and long-term loans have increased by €0.5 million from €3.9 million in 2023 to €4.4 million in 2024 due to the increased loans and interest rate on loans to group companies.

Other interest receivables and similar income have increased by €0.2 million mainly due to interest received from banks in 2024.

Interest and similar expenses have increased by €3.1 million mainly due to an increase in interest rates on the term loan and increase in term loan from €267.1 million in 2023 to €319.5 million in 2024.

Profit after tax has increased by €83.6 million from a loss of €26.7 million in 2023 to a gain of €56.9 million mainly due to the above-mentioned effects. Income taxes of €1.4 million comprise the expense from the reversal of deferred taxes of € 0.9 million and the income tax expense of € 0.5 million.

Statement of financial position

Assets	2024	2023
in mEUR		
Shares in affiliated companies	415.4	415.3
Loans to affiliated companies	165.9	65.7
Non-current assets	**581.2**	**481.0**
Accounts receivables from affiliated companies	15.5	16.3
Other assets	0.5	1.2
Cash in hand, deposits with banks, bank balances and cheques	75.7	1.3
Current assets	**91.7**	**18.8**
Prepaid expenses	**0.9**	**1.0**
Deferred tax assets	**0.9**	**1.8**
Total assets	**674.8**	**502.6**

Equity and liabilities	2024	2023
in mEUR		
Share capital	13.8	13.8
Treasury shares	(0.5)	(0.5)
Capital reserve	233.2	233.2
Accumulated profit (prior year: accumulated loss)	22.1	(34.8)
Equity	**268.6**	**211.7**
Provisions	**19.5**	**2.1**
Liabilities to banks	319.5	267.1
Trade payables	2.3	0.4
Liabilities to affiliated companies	63.6	17.5
Other liabilities	1.4	3.9
Liabilities	**386.7**	**288.8**
Total equity and liabilities	**674.8**	**502.6**

Shares in affiliated companies increased by €0.1 million to €415.4 million as of December 31, 2024, as against €415.3 million as of December 31, 2023 mainly due to investments of €0.1 million in a newly incorporated affiliated company in Ireland.

Loans to affiliated companies increased by €100.2 million to €165.9 million as of December 31, 2024, as against €65.7 million as of December 31, 2023 due to additional loans of €151.8 million. This was reduced by the repayment of loans of €51.6 million.

Accounts receivables from affiliated companies have decreased by €0.8 million to €15.5 million as of December 31, 2024 (December 31, 2023: €16.3 million) as last year receivables from affiliated companies included receivables against equity-settled stock option whereas in the current year it includes receivables against cash-settled stock option only.

Other assets decreased by €0.7 million to €0.5 million as of December 31, 2024, as against €1.2 million as of December 31, 2023 mainly due to an adjustment of advance given of €0.7 million for purchase of shares as per the ESPP program in 2023.

Cash and bank balances increased by €74.4 million to €75.7 million as of December 31, 2024, as against €1.3 million as of December 31, 2023 mainly due to dividend income of €79.6 million in the current year.

Deferred tax assets decreased by €0.9 million to €0.9 million as of December 31, 2024, as against €1.8 million as of December 31, 2023 due to utilization of carried forward losses.

Equity has increased by €56.9 million to €268.6 million as of December 31, 2024, as against €211.7 million as of December 31, 2023 due to current year profit mainly on account of dividend income of €79.6 million which is offset by increase in other operating expenses.

Provisions have increased by €17.4 million to €19.5 million as of December 31, 2024, as against €2.1 million as of December 31, 2023 mainly on account of provision for cash-settled share based arrangement of €14.4 million and provision for expenses relating to strategic review of listing and privatization and expenses relating to the exploration of the take-private option of €2.2 million. The balance increase is due to classification of provision for acquisition liabilities amounting to €1.1 million from other liabilities which were wrongly classified under other liabilities in the previous year.

Liabilities to banks have increased by €52.4 million to €319.5 million as of December 31, 2024, as against €267.1 million as of December 31, 2023 due to net additional loan of €52.4 million taken during the year.

Liabilities to affiliated companies have increased by €46.1 million to €63.6 million as of December 31, 2024, as against €17.5 million as of December 31, 2023 mainly due to loan given to some affiliated companies to fund their working capital requirement.

Other liabilities have decreased by €2.5 million to €1.4 million as of December 31, 2024, as against €3.9 million as of December 31, 2023 mainly on account of reversal of provision for acquisition liabilities of €1.9 million relating to one subsidiary acquired in 2023 which is now estimated as not payable due to non-achievement of earnout target. Further, the remaining provisions for acquisition liabilities, which were wrongly accounted under other liabilities, has been corrected in the current year by reclassifying it under provisions as mentioned above and the same has been shown as correction of error for the previous year.

Nagarro SE's expected developments, opportunities and risks

Due to its significance in the Group and its relationship with other Group companies, expectations for Nagarro SE related to its key financial performance indicators are largely dependent on the Nagarro Group's outlook. This is described in detail in the Section A.IX. Report on expected developments of the Combined Management Report. Further, the financial position of Nagarro SE is expected to be stable in 2025. Its main income will be derived from dividend income from affiliated companies, profit-sharing agreements, interest income from loans given and other operating income with group companies. For Nagarro SE, the cash position at the end of 2025 is expected to be in the region of €20 million - €40 million. The retained earnings at the end of 2025 are expected to be in the region of €90 million - €110 million.

The Nagarro SE financial statements for the financial year 2024 will be submitted to the operator of the electronic version of the German Federal Gazette and can be obtained via the Company's registered website.

Nagarro SE's performance is essentially dependent on the same set of risks and opportunities that affect the Nagarro Group, and which are described in detail in Section A.X. Report on internal control system and risk management system and on risks and opportunities of the Combined Management Report. As a general rule, Nagarro SE participates in the risks entered into by Group companies in proportion to the respective shareholding percentage. At the same time investments have a significant impact on the earnings of Nagarro SE. There is also a potential risk of impairment of subsidiaries, which impairments might affect Nagarro SE's ability to pay out dividends.

Nagarro SE is integrated in the Group-wide risk management and internal control systems of the Nagarro Group. Further information is provided in the sub-section of Internal control system of Section A.X. Report on internal control system and risk management system and on risks and opportunities. of the Combined Management Report.

IX. Report on expected developments

Overall economic expectation

The OECD Interim Economic Outlook published in March 2025 has reduced global GDP growth estimates to 3.1% from the estimates of 3.3% in their report published in December 2024, citing increased trade barriers and heightened policy uncertainty.

According to an estimate by the United Nations in its *World Economic Situation and Prospects* report, global economic growth will remain unchanged at 2.8 per cent in 2025. This estimate is based on the assumption of a moderate global economic recovery. Nevertheless, decisive factors such as the development of individual sectors, inflation trends and geopolitical risks will have a significant impact on actual economic developments. The service sector is expected to remain the main driver of growth in 2025 and continue its positive momentum, while industrial growth will remain moderate. Although there could be a slight upturn in industrial activity, growth in the manufacturing sector is likely to remain subdued due to overcapacity and restrained demand for industrial products.

Expectations for the IT sector

The IT sector operates in a dynamic and rapidly developing market. There are numerous opportunities, particularly in the areas of AI, 5G, IoT, sustainable technologies and digital transformation. However, companies must also keep an eye on the risks of technological change, regulatory uncertainty, talent shortage and security threats. Continuous adaptation to market changes is crucial to remaining successful in a competitive environment.

While global growth is expected to continue at a moderate pace, supported by the services sector and declining inflation, the digital transformation is likely to continue to progress at a steady pace. The market research firm Gartner also made a forecast in a report from January 2025 that the IT services sector will continue to grow in 2025. Gartner expects spending on IT services to grow 9.0% in 2025 in US dollars, up from Gartner's own estimate of 5.6% growth in 2024. Gartner also stated that it does not expect generative AI to have a significant impact on growth of IT spending in the near-term. These forecasts result in a rather positive picture for Nagarro's economy and markets in 2025.

Expectations of Nagarro

Taking all the above context into account, we expect Nagarro's revenue in 2025 to be between €1,020 and €1,080 million, which corresponds to an increase compared to the revenue of €972 million in 2024. We expect the order situation with our customers to be stable in 2025. We target gross margin in the region of 30% (26% according to the previous method), which roughly corresponds to the gross margin for 2024 (30.4%; 26.2% according to the previous method). Our target adjusted EBITDA margin is between 14.5% and 15.5%, compared to 15.2% in 2024. Potential acquisitions in 2025 are not included in these forecasts.

The projections made on January 23, 2025, calculated at the currency exchange rates then prevailing, remain our estimate of 2025 performance. The moderation of global growth as expected by the OECD is not enough for us to materially change our expectations regarding Nagarro's 2025 performance. However, our business may be impacted, in ways we cannot predict, by the recent dramatic changes in global trade, the potential return of high inflation, and the resulting risks to the world economy.

The other key assumptions underlying our estimate of 2025 performance are:

1) Recovery in the spending on IT services: In line with the predictions by Gartner, we expect the global spend on IT services to grow between 5 and 10% in US dollar terms.

2) Availability of reasonably priced talent, especially in our most important talent hubs: We expect wage inflation and attrition to be close to historical averages and expect Nagarro's ability to hire strong talent to continue as before.

The key performance indicators in these management projections have been consistently estimated, except for the change in calculating the gross margin as explained in III.B. Comparison of outlook and results for 2024 of section A, with the accounting principles applied in the consolidated financial statements and described in B. Material accounting policies of Section B.

Nagarro continues to evaluate potential acquisition targets. Acquisitions, if any, are more likely to be of a bolt-on nature than transformative. The primary strategy is to acquire for client access, so as to even better leverage our existing capabilities and case studies. However, there is always the possibility of an opportunistic transaction that deviates from our current strategy.

Our most important non-financial KPIs are our client satisfaction (CSAT) score and our Net Promoter Score (NPS). Our CSAT score for 2024 was 91.8% and our NPS was 62 (s. [III.B. Comparison of outlook and results for 2024 of section A]). Since we do not expect any major and abrupt changes in 2025 in the ways we provide services to our clients, we expect the CSAT score and NPS for 2025 to be at approximately the same levels as in 2024, with the CSAT score in the region of 90% and the NPS in the region of 60. There is, however, a possibility that clients joining us through the integration of acquired entities may have higher or lower levels of satisfaction than the existing client base, which may result in some movements in the CSAT and NPS.

Overall, we expect 2025 to be a good year for the company as the long-term market drivers remain intact and we have positioned the company to take advantage of them. As such, both Boards of Nagarro have opted for an improved investors' participation in the company's operational successes via an intended share buy-back in a value of up to €400 million over the next years and a sustainable dividend policy of distributing between 10% and 20% of EBIT of the Group every year. These initiatives come along with a more energetic approach to efficiency and a gradually ramped-up growth strategy with organic and inorganic aspects. Nagarro therefore intends to use more of its existing loan facilities and look for non-linear growth options via strategic partnerships.

Historical technology waves have consistently created new opportunities for providers who adapt their offerings to evolving client needs. Generative AI, while initially causing hesitation, is expected to drive significant future demand as enterprises seek to integrate this transformative technology into their core operations. We believe we are well positioned to deliver industry-specific AI solutions and capitalize on this growth. As in past technology cycles, we expect to leverage our modern, agile, and human-centric platform to guiding enterprises through the complexities of AI implementation and unlock its potential.

At Nagarro, we are guided by our CARING values. As we look ahead, our long-term goal is to deliver excellence, foster innovation, and create value for all stakeholders. We remain committed to building Nagarro into a truly exceptional company and globally recognized leader.

All of the above management forecasts are expectations and may be proved wrong and are especially uncertain because of the multidimensional and unpredictable effects of the global economic situation. The actual development of Nagarro and its business units may be better or worse than the expected figures due to the opportunities and risks listed below or in the event that our expectations and assumptions do not materialise.

X. Report on the accounting-related internal control system and risk management system and on risks and opportunities

A. Main characteristics of the entire internal control system and risk management system

As a globally active company, Nagarro SE has implemented an internal control system (ICS) and a risk management system (RMS) and is continuously developing them further. The ICS and RMS are designed to effectively counter the diverse risks arising from global business activities and to identify and proactively manage possible developments that threaten the company's continued existence at an early stage. These systems are an integral part of our corporate management and form an important basis for securing our company's success in the long term.

The internal control and risk management system, including the accounting-related and non-accounting systems, the internal audit system and the compliance management system, serve the purpose of preventing or detecting errors and manipulations in accounting, identifying risks that threaten the company's going concern at an early stage, evaluating them appropriately and controlling them by means of appropriate measures, and avoiding financial losses to the detriment of the company. However, the systems cannot guarantee absolute certainty that all material risks are effectively addressed and controlled. Nevertheless, they ensure a high degree of transparency and controllability of the risks relevant to the company.

B. Risk management system

Risk management is an integral part of the strategic planning and implementation of our business model, whereby the Management Board is responsible for defining the risk policy. The RMS comprises various components such as risk strategy and planning, risk identification, risk analysis, risk assessment and risk measures. These structures established by the Management Board are intended to enable the early identification, thorough analysis, assessment and appropriate treatment of potential risks. In accordance with the organisational structure and the defined responsibilities at Nagarro, the senior management as risk owners are obliged to regularly review the risks assigned to them and related developments in their business units, to develop appropriate countermeasures and to report on these to the central Risk and Compliance Team.

Nagarro’s risk management system is based on a comprehensive, interactive and management-oriented approach that is integrated into the corporate structure and takes into account both risks and opportunities. Our risk management approach is based on the internationally recognised standards of the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) and has been tailored specifically to Nagarro’s requirements. Among other things, risk-bearing capacity is applied by using Monte Carlo Simulation to model the impact of uncertainties and variability in the financial parameters on long-term stability. In the simulation, the identified, aggregated risks are compared with a portfolio figure (50% of the planned Group equity as at 31 December 2025) and a liquidity figure (freely available cash and cash equivalents and available syndicated loans as at 31 December 2025).

The focus of our risk management system is on preventive measures based on a risk management cycle and risk assessment carried out at least once a year by the central Risk and Compliance Team at Group level in all business units. Nagarro has established a risk management system with four main categories: financial, operational and strategic, regulatory risks and risks caused by “bad actors”. The process of early risk detection comprises risk identification, risk assessment, risk communication, risk management, risk control and continuous monitoring of the early detection system. If significant risks are identified, both the Management Board and, if necessary, the Supervisory Board are informed immediately.

The risk management function is organised according to the hub-and-spoke principle. The central Risk and Compliance Team, which is led by a member of the Management Board, acts as a central body responsible for operational activities at a central level. The Risk and Compliance Team works regularly with functions that primarily deal with risk topics, such as the Security Council, the Global Privacy Council and the legal team, which manages customer contracts.

Nagarro’s business operating system, Ginger, enables the hub-and-spoke concept by facilitating data collection from the various operational functions for the central Risk and Compliance Team. The risk register was developed according to the principle of "low touch, lean and scalable" that is geared towards a dialogue between the decentralised risk owners and central risk management. "Low touch, lean, and scalable" describes a process design that focuses on minimal human intervention (low touch), efficient use of resources (lean) and the ability to adapt quickly to growing requirements (scalable). Risks are identified and reassessed at least once a year. Risks are assessed according to their financial impact and the probability of their occurrence. The risk owner also defines, , to the extent necessary, measures to mitigate and avoid risks and evaluates these measures. If individual operational and strategic risks are countered by aligning the business model accordingly, these are not reported and assessed as separate risk mitigation measures. The entries are assigned to the risk register, which is managed by the Risk and Compliance Team. The forecasting activities cover the time period of one year.

These figures form the basis for risk aggregation using a Monte Carlo Simulation, which is used to determine risk-bearing capacity. The risk-bearing capacity analysis showed that the company is viable in all scenarios.

The risk-bearing capacity is assessed not only for the overall risk situation, but also for each of the risk categories listed below. Management does not see any threat to the Nagarro Group's status as a going concern. The current risks for the Nagarro Group are not considered to jeopardise its status as a going concern and are readily acceptable. Nagarro's financial resources are stable, and its liquidity requirements are currently covered by existing liquidity and available financing instruments.

C. Risks

The following section describes risks that could have a negative impact on our business, financial position as well as our earnings capacity and reputation. The order of the risk categories corresponds to our current assessment of the respective extent of risk at Nagarro and provides an orientation with regard to their relevance. In addition, risks that are not yet known or are currently considered less significant can also have a negative impact and jeopardise our business objectives and activities. Unless otherwise stated, the following risks affect all of our corporate units.

The following risks with a forecast and assessment period of one year are presented net after existing risk mitigation measures. Risks with a potential loss amount of less than EUR 1 million are not reflected in the table below.

In addition, the non-financial report in section D under VII describes medium and long-term risks with a forecast and assessment period of more than one year and our measures to minimize them (not audited by the auditor).

The risk management process is designed to identify risk scenarios that could potentially jeopardise Nagarro as a going concern. Following risks are classified by their expected value based on the estimated probability of occurrence and the financial impact on business objectives.

Risk category	Risk	Expected value
Financial risks	Currency risk	Low risk
	Breach of covenants	Medium risk
	Revenue realization	Low risk
	Planning risk: quality of cost forecast	Low risk
	Planning risk: quality of cash flow forecast	Low risk
	Planning risk: quality of revenue forecast	Low risk
	Incorrect financial reporting	Low risk
	Risk of bad debts: customer dissatisfaction	Low risk
	Risk of bad debts: customer insolvency	Low risk
Operational and strategic risks	Dependence on highly specialized employees	Low risk
	Loss of key personnel and high employee turnover	Low risk
	Violation or disclosure of intellectual property	Low risk
	Technology failure/ data loss	Low risk
	Occupational safety risks	Low risk
	Dependence on key industries (automotive, energy, telecom)	Low risk
	Risks due to lack of technological adaptability in changing markets	Low risk
	Loss of market share due to new competitors	Low risk
	Planning risk: resource planning	Low risk
	Inadequate insurance coverage	Low risk
	Inadequate integration of acquisitions	Low risk
	Changes in the geopolitical situation	Low risk
Regulatory risks	Violation of corporate law	Low risk
	Violation of BaFin regulations	Low risk
	Violation of labor law	Low risk
	Violation of immigration law	Low risk
	Violation of GDPR	Low risk
	Conflicts of interest, self-dealing	Low risk
Risks from bad actors	Discrimination or harassment of employees	Low risk
	Bribery, corruption: authorities	Low risk
	Bribery, corruption: customers	Low risk
	Bribery, corruption: suppliers	Low risk
	Unauthorized awarding of contracts	Low risk
	Contract risk outside the risk position or lack of insurance compliance	Low risk
	Cyberattacks	Low risk

1. Financial risks

Our use of financial instruments for risk management is limited to hedging currency risk. **Currency risk** is the risk that exchange rates may fluctuate and affect our results. Since we operate worldwide, we often invoice our customers in non-Euro currencies or pay our employees in other currencies. Currency fluctuations can affect both our revenue and our profitability. The goal of our efforts to mitigate currency risk is to minimise the impact on the profitability. We can often renegotiate billing rates to compensate for unfavourable changes in exchange rates. However, there is a short-term currency risk, which we partially mitigate through currency hedging for the largest service region, India.

This hedging is not at the individual transaction level but rather based on the aggregate receivables of the India entities. In 2024, we primarily hedged five (2023: five) currency pairs during the year: USD-INR [USD 160.5 million hedged] (2023: USD 165.8 million hedged), EUR-INR [€48.4 million hedged] (2023: €62.0 million hedged), SEK-INR [SEK 51.6 million hedged] (2023: SEK 89.4 million hedged), GBP-INR [GBP 11.2 million hedged] (2023: GBP 11.5 million hedged), and AUD-INR [AUD 8.3 million hedged] (2023: AUD 7.0 million hedged).

In addition, we have a natural hedge in high-turnover regions such as the USA and Germany. A significant proportion of our revenue and expenses are denominated in the respective local currency. To ensure the intended effectiveness, the currency hedging follows a documented policy. The policy involves a monthly process to hedge a fixed fraction (typically 1/12) of the expected receivable for each month up to one year in the future if still unhedged. There is also a mechanism allowing some room for hedging beyond that, with adequate oversight and amount limits. The maximum term is one year.

We may also be exposed to currency risk if we acquire companies at a purchase price that is denominated in a non-Euro currency. In these cases, too, we consider hedging our currency risk.

Our aim is to have sufficient liquidity to conduct our business smoothly. We manage liquidity by continuously monitoring it, forecasting our cash inflows and outflows and taking appropriate measures as required. In order to ensure sufficient liquidity at all times, we utilise bank loans, leasing and rental agreements (for the procurement of computers and equipment as well as for buildings) and factoring options to finance our business operations and investment activities. As of December 31, 2024, the Group's financial liabilities amounted to €453.3 million (December 31, 2023: €393.6 million), of which €86.1 million are due within one year (December 31, 2023: €89.2 million). As of December 31, 2024, 100% of the current financial liabilities were covered by the current financial assets in the amount of €419.7 million (December 31, 2023: €307.9 million). The net current liquidity position of financial assets and liabilities has increased by €114.9 million from €218.7 million in December 31, 2023, to €333.6 million as of December 31, 2024. The group has sufficient factoring arrangements in the USA and Germany. Further, Nagarro has the syndicated revolving loan facility of €350.0 million. As at the year-end, Nagarro has largely utilized the syndicated loan facility. These loans under the syndicated loan facility denominated in Euros totaled €319.5 million (December 31, 2023: €267.1 million). These revolving loans have a floating interest rate based on three-month or six-month Euribor (depending upon the interest period) plus a margin of 1.75 (December 31, 2023: 1.75) percentage points as at December 31, 2024. The unutilized portion of the loan carries interest at 35% of the margin interest rate of the utilized loan. In financial year 2024, the loans had an average interest rate of 5.54% p.a. (2023: 4.94%). Further the unutilized portion of the loan carried an average interest rate of 0.61% p.a. (2023: 0.57%).

The **covenant package** for our syndicated loan contains the usual restrictions on total net debt and minimum equity thresholds. In general, a breach of the financial covenants harbours the risk of an event of default which, if not cured within the remediation period, may lead to a default under the credit facility. However, this is mitigated by regular and careful monitoring of the covenants by the Finance Council, compliance with a safety margin to the relevant thresholds, the expansion of the jointly liable Group companies in the event that the revenue-based covenants are exceeded as well as a contractual escalation mechanism, including remedy periods as well as amendment and waiver options, such that the risk is considered as a medium risk. For these reasons, the delayed publication of this annual report for 2024 on May 15, 2025 did not result in a breach of covenant.

Our aim is to minimise interest cost for the Group. So, we leverage our relationship in lower interest rate regions for getting loan facilities on attractive terms. The interest rates we receive are often linked to conditions, e.g. in the case of our syndicated loan facility. The finance team regularly reviews compliance with our covenants and takes financial measures to ensure that our ratio of net debt to EBITDA is within acceptable limits. A deterioration in interest costs due to these covenants is currently not expected. Our floating-rate financial liabilities totaled €326.4 million (December 31, 2023: €268.5 million) which have increased due to term loans of €52.4 million (December 31, 2023: €62.1 million) taken during the year, increase in factoring liabilities €3.3 million (December 31, 2023: decrease in factoring liabilities €4.7 million) and increase in loan from factor €2.4 million (December 31, 2023: € Nil million). Nagarro monitors the interest rate situation and adjusts its strategy accordingly.

There are also a number of other financial risks that we take into account. The financial integrity and transparency of a company are crucial to its success and credibility. There is a risk associated with **revenue recognition,** i.e., when revenue is not properly recognised. This can lead to a distortion of the company's financial reality and may have tax or legal consequences. To ensure the proper recognition of revenue, Nagarro relies on a combination of technological and organisational measures which automate accounting processes, establish clear guidelines for revenue recognition and shall ensure the transparency and accuracy of financial data through regular VAT reconciliations and internal controls. In addition, incoming payments are systematically reconciled with outstanding receivables and all business transactions are documented to ensure maximum financial integrity.

There is also a risk that **cost estimates, cash flow estimates and revenue estimates** could be incorrect. Such misjudgements may lead to incorrect strategic decisions and jeopardise the financial stability of the company. To avoid this, these estimates are regularly reviewed on the basis of current trends and developments and adjusted if necessary.

Finally, the possibility that annual financial statements could be substantially inaccurate represents a risk. **Incorrect financial statements or inaccurate financial reporting** can undermine the confidence of investors, lenders and other stakeholders and may have legal and regulatory consequences. In order to mitigate these risks, robust internal control systems , regular internal audits and a culture of financial integrity are essential.

A potential risk for Nagarro is that a **customer may refuse payment** or claim damages **due to dissatisfaction with the services provided**. Such situations can not only cause financial losses, but also damage business relationships and trust in the brand. To mitigate this risk, Nagarro relies on a range of preventive and reactive measures. Regular communication between the project teams and the accounting department shall ensure close coordination on financial aspects and potential risks. In addition, regular discussions are held with customers on financial issues in order to recognise and address potential dissatisfaction at an early stage. Contractual agreements contain clear liability and penalty clauses that provide legal protection for both the customer and the company. In addition, Nagarro uses comprehensive quality controls to ensure that the work performed meets the agreed standards, thereby significantly reducing the likelihood of customer complaints. These measures help to identify potential conflicts at an early stage and resolve them proactively in order to ensure both customer satisfaction and the financial stability of the company.

Bad debt risk poses another risk. This is the risk that customers or contractual partners may not fulfil their obligations, and that contract assets, receivables and other financial assets may default. Bad debt risks arise in the Group from the operating business and from certain financing activities. Our goal is to keep the ratio of default to customer revenue within the acceptable limit of 1%. We manage our bad debt risk by assessing the financial health of a prospective customer at the beginning of the collaboration and setting the credit terms for the relationship accordingly. For existing customers, Nagarro's receivables are managed, and incoming payments tracked, on a partially decentralized basis. The theoretical maximum credit risk corresponds to the carrying amount, totaling €437.8 million (December 31, 2023: €329.7 million). The group recognized impairments of €7.8 million (December 31, 2023: €6.3 million) on the gross amount of total customer receivables and other financial assets as of December 31, 2024. The impairment ratio on the gross amount was 1.7 % (December 31, 2023: 1.9 %).

2. Operational and strategic risks

Our business activities harbour potential operational and strategic risks, which are actively managed through targeted strategies and measures in order to ensure the company's resilience and competitiveness.

The **dependency on and thus also the competition for highly-qualified talent** represents a risk for our company. We are not only competing with companies within our own sector, but also with companies from other industries that are also seeking specialised professionals. This cross-industry competition intensifies particularly in times when the labour market heats up, i.e., when the demand for qualified talents increases. In such phases, we often observe rising salary expectations among talents and a higher staff turnover rate. This can lead to risks due to increased costs for salaries, recruitment and training of new employees. This can also lead to a loss of expertise due to the **departure of key personnel**, particularly in new technology areas where redundant skills are not yet sufficiently developed, as well as in management. We are not currently in such a tense phase and we are seeing fewer leavers than in previous years. Furthermore, Nagarro's business model is not dependent on key personnel individuals, but is based on a broad portfolio of expertise from many employees. In order to meet these challenges, it is crucial for us to be perceived as an attractive employer. We achieve this through competitive remuneration models, flexible working time models, targeted further training programmes via the internal Nagarro University (NagarroU) and the promotion of a positive corporate culture. This is the only way we at Nagarro can ensure that we attract the best talents and retain them in the long term, even when the labour market is tight.

In our industry, we regularly work with our customers' **intellectual property**. We not only utilise this, but also develop it further to create innovative solutions. Protecting this intellectual property is a top priority for us, as this not only strengthens the trust of our customers, but also fulfils legal and contractual obligations. Effective protective measures are taken by restricting access to customer's data and intellectual property to specific employees and through regular trainings and software audits.

Problems caused by system failures also harbour a certain risk. We are exposed to various types of disruption, such as those caused by natural disasters, geopolitical upheavals and technology failures. To mitigate this, our internal systems are decentralised and secured. We also draw up business continuity and disaster recovery plans.

There is also the **risk of personal injury** or damage to our infrastructure due to fires, earthquakes or other disasters. Safety in the workplace is extremely important to us, which is why we regularly train our employees to prepare and protect them in the best possible way.

Our performance is influenced by risks arising from macro-economic trends, developments in the various sectors we serve and competition. **Dependence on individual key industries** such as automotive, energy and telecommunications as well as economic or technological weaknesses in these sectors could adversely affect demand for Nagarro's services. The company mitigates this risk through a diversified portfolio of services and sectors served and a broad geographical focus with customers in 71 countries. Long-standing relationships with customers and the lack of dependence on individual major customers or specific industries enable Nagarro to compensate for industry-specific weaknesses between the global entities. The company's innovative strength is another critical factor. To prevent competitive disadvantages due to a lack of innovation, the company relies on a decentralised, adaptable organisational structure that promotes innovation flexibly and in line with the context. Investments in new technologies are coordinated centrally in order to avoid redundancies and strengthen the company's market position. We also invest in the development of new skills in line with technological developments and trends.

A risk is the **rapid pace of technological development and the associated adaptability in changing markets**, which leads the company to face the challenge of always remaining technologically up to date. The increasing use of artificial intelligence tools as well as low-code and no-code platforms have the potential to significantly increase the productivity of software developers. These technologies make it possible to simplify complex development processes and create innovative solutions more quickly. This opens up remarkable opportunities for mankind to use technology to an ever greater extent and benefit from its advantages. At the same time, the automation and simplification of programming processes also entail risks for IT service providers. Companies could increasingly rely on internal solutions or more cost-effective alternatives, which could reduce the demand for traditional IT services.

In addition, **competition within the industry** could intensify as new players enter the market with lower barriers to entry. In order to meet these challenges, it is crucial for IT service providers to adapt to the changes at an early stage. This includes the early identification of new technologies, their further development and integration into our own processes, the development of expertise and the creation of new services that go beyond what is possible through automation and simplified platforms. By taking a proactive approach, companies can not only maintain their competitiveness, but also actively contribute to shaping the technological future. Nagarro counters these risks through partnerships with leading technology providers such as Google, Microsoft and AWS, regular employee training and the use of Centres of Excellence (COEs), which identify and use innovative and disruptive technologies at an early stage. Generative AI (GenAI) in particular is seen as a significant driver of efficiency, creating new opportunities and ways of working in the long term. Despite the initial reluctance of many customers, Nagarro established an AI competence centre and a business unit at an early stage in order to position itself strategically in this area.

A further risk lies in potentially **incorrect resource forecasts** or planning algorithms. Such misjudgements could lead to inefficient use of resources, delays in projects and financial losses. This would be particularly problematic when accepting larger orders that could not be fulfilled due to resource bottlenecks. To mitigate this risk, Nagarro relies on a range of measures that ensure precise and flexible resource planning. This includes regular communication with customers about budget allocations and annual estimates of the allocated budget to enable sound planning. Resource planning is continuously updated and supported by internal tools such as the Revenue App. Regular meetings to allocate resources for the next quarter and quarterly reviews of the RevApp portal ensure ongoing adaptation to current requirements. In addition, Nagarro's finance team works closely with the Talent Allocation and Planning team ('TAP') and HR team to create forecasts at an early stage and avoid potential bottlenecks. Preliminary requirements for probable but still uncertain projects are collected in order to include buffers in plans at an early stage. Ongoing monitoring of the resource situation in weekly project team meetings helps to recognise skills gaps or overloads at an early stage and take appropriate countermeasures. These measures ensure that Nagarro's resource planning remains robust and can react flexibly to changes.

Furthermore, an incident could occur which is not fully covered by our **insurance policies**. This could lead to financial burdens and legal consequences, especially if the relevant liability exceeds the sums insured. To mitigate this risk, Nagarro implements a structured contract review process, including submission to internal approval, where potential liability exceeds defined limits. The company is also covered comprehensively under various insurance policies. Nagarro assumes that the insurance limits will increase over time in line with customers' needs. By regularly reviewing the insurance conditions and sums insured and adapting them to changing business requirements, the company ensures that it will continue to be adequately covered in the future. These measures help to mitigate the risk of financial losses due to inadequate insurance cover and ensure the company's financial stability.

Difficulties in integrating new **acquisitions** could also disrupt business operations and reduce synergies. To mitigate this risk, Nagarro pursues a targeted, multi-stage integration approach. In the case of acquisitions, we ensure that the acquired business is integrated into or complements that of an existing business unit and that the leaders continue their employment with us after the acquisition. We therefore work with long-term earn-out structures, close cooperation through an integration team and the gradual integration of leaders into global roles within the organisation.

Overall, Nagarro's diversification, innovative strength and global presence mean that it is well equipped to effectively manage potential operational and strategic risks and secure its market position in the long term. The **global business and political environment** harbours a variety of risks for Nagarro. The uncertainty in the global economy and on the financial markets can have an impact on business activities. Social and political instability in the markets in which Nagarro operates could also have a negative impact on business. Nagarro as service providing company is not directly affected by any restrictions on the movement of goods or import and export duties. General price increases in the overall business environment could have an indirect impact. Instability can take various forms, such as internal conflicts, terrorist attacks, civil unrest or even international armed conflicts. Such events have the potential to have a lasting impact on companies' business processes, investments and strategic decisions. They can disrupt supply chains, destabilise markets and shake the confidence of customers and investors. It is therefore crucial for global companies such as Nagarro to carefully monitor these geopolitical and economic risks and incorporate them into their business strategies in order to minimise potential negative impacts and strengthen corporate resilience. Nagarro is therefore focussing on geographical diversification with a presence in 38 countries and a customer portfolio in 71 countries in order to cushion the potential impact.

3. Regulatory risks

As a listed company with registered office in Germany, we are faced with the complex task of fulfilling a wide range of regulatory requirements. Our top priority is strict compliance with German **company law** and **capital market and financial regulator law** with regard to compliance with the regulations on the publication of *ad hoc* disclosures and regular financial reports as well as the notification of proprietary transactions and changes in voting rights. We must also comply with the provisions of the European Market Abuse Regulation (MAR), which prohibits insider trading and market manipulation. Our international business activities bring additional challenges. We must fulfil the local regulatory requirements in every country in which we operate. This includes not only the respective company law, but also **labour law**, anti-corruption laws and international sanction regulations as well as a corresponding infrastructure. The complexity is increased by the fact that these laws can vary from country to country. We pay particular attention to labour law, especially when certain employees work in several countries.

The international nature of our business poses a particular challenge in terms of visa and entry requirements. Frequent business trips and the deployment of our employees on customer projects worldwide are an integral part of our business, and thus obtaining visas and work permits form a source of risk. The complexity of this risk is exacerbated by the political sensitivity of the issue of **immigration** in many countries. This sensitivity can lead to abrupt and far-reaching changes in legal regulations or their practical implementation. Such changes can have an impact on our ability to deploy employees internationally or to carry out projects in certain countries. In order to meet these challenges, we not only observe the explicit regulations regarding the permitted activities for different visa types and their specific conditions, instead we have also decided to apply stricter internal guidelines voluntarily. This self-regulation serves to mitigate our risk in relation to immigration issues. Through this proactive approach, we aim to avoid potential immigration violations while maintaining the flexibility of our international operations. This strategy helps us to manage both legal and reputational risks and maintain our global presence responsibly.

In addition, we are subject to strict regulations in the area of **data security** and data protection, such as the General Data Protection Regulation (GDPR). These regulations require us to treat our customers' personal data and sensitive information with the utmost care and to protect it from unauthorised access or misuse. Failure to do so could have serious consequences. These include potential civil liability claims, the imposition of fines and the possible loss of customers and their trust in our company. Through a combination of robust security measures, clear internal guidelines and continuous training of our employees, we ensure that both our customers' intellectual property and their data are adequately protected at all times. This is not only a legal necessity, but also an essential part of our responsibility as a trustworthy partner.

Any violation of the law by our employees, independent contractors, customers, subcontractors, agents or business partners, including companies we acquire, can have serious consequences for our company. These include possible **penalties, fines, conflicts of interest or business restrictions** that could significantly impair our business activities. To mitigate such risks, we require our employees to recognise and act in accordance with the Nagarro Constitution, which defines our core values and ethical standards. At the same time, we require our suppliers and business partners to recognise and comply with our Code of Conduct for Suppliers and Business Partners. These measures ensure that all those involved act in accordance with our ethical principles and the applicable legal regulations.

4. Risks from bad actors

We are committed to consistently preventing and penalising risks relating to any form of **discrimination** against employees and harassment - including sexual harassment. These principles are not only legal and ethical requirements, but also an expression of our commitment to a respectful and safe working environment and to the protection of our business relationships. Through clear guidelines and policies, training and an open corporate culture, we ensure that all employees and business partners comply with these standards. We also provide our employees with various points of contact and a central whistleblower reporting centre to report any incidents.

Possible **attempts at bribery, whether towards authorities, customers, suppliers** or other partners, represent a further risk. To counteract this risk, the Nagarro Constitution, which is binding for all employees, contains a policy providing for prohibition of any forms of corruption. This policy is communicated regularly and a reminder of the ban on corruption is issued at least once a year.

Similarly, there is a risk that unauthorised persons could create **contractual obligations, i.e., unauthorised procurement**, for our companies. This risk is mitigated thanks to the dual control principle and the limited number of employees with signature authorisations. In addition, the Legal Team of our company must always be involved in the conclusion of all contracts.

The conclusion of **business contracts** that are not aligned with our **risk profile or insurance cover** also represents a risk for our company. Such deviations can lead to us being inadequately covered in the event of disputes or claims, which in turn could result in financial losses and legal consequences. In order to mitigate this risk, all contracts must be carefully reviewed by the Legal Team and brought into alignment with our internal guidelines, legal requirements and existing insurance cover.

There is also a risk of system violations. As an IT company, we must constantly guard against security breaches and **cyberattacks** and their potential impact, for which we have a dedicated IT Security Team. Here too, the decentralised set-up and safeguarding of internal systems and emergency plans mitigate the risk.

5. Overall assessment of the risks

In the previous section, we presented a comprehensive overview of the relevant risks that we have identified for our company. Our company's assessment of the risk categories shows a differentiated view of the potential threats. If these risks actually materialise, we cannot rule out an impact on our business, but we classify these assessed risks as manageable in all scenarios considered, taking into account the available risk cover in the form of equity or available liquidity. In the overall assessment of our risk situation, we have come to the conclusion that Nagarro's risks are manageable from a corporate perspective. In particular, it should be emphasised that there are currently no identifiable risks that, individually or in combination, could jeopardise Nagarro's ability to continue as a going concern.

As a result of the revision of the RMS, nine additional risks were recorded, assessed and included in the risk-bearing capacity analysis for the 2024 financial year compared to the previous year. There were no significant changes in our risk profile compared to the previous year. We are continuing this optimization process in the current financial year in order to successfully master future challenges.

To summarise, we are aware of the many risks in our business context. Our differentiated risk analysis, combined with targeted strategies to mitigate risk, puts us in a position to look to the future with confidence. We are convinced that we are well positioned not only to ward off potential threats, but also to take advantage of opportunities that may arise from changes in our market environment.

D. Opportunities

In the context of our risk management, we also identify opportunities in our business areas and act accordingly. The main opportunities are described below. They may change due to the continuous development of the company; they are also not guaranteed and may turn out to be unrealisable in the future. Nagarro aims to establish itself as a leading software services company, particularly in the area of digital transformation. To this end, the company has identified three central, strategic areas of opportunity.

1. Sales and marketing opportunities

As in 2024, Nagarro continues to see promising opportunities for growth and value creation, which can be allocated to various areas. According to a report published by independent market research firm Gartner in January 2024, global IT spending will continue to rise in the foreseeable future. Nagarro, as a specialist in digital product engineering, is ideally positioned to benefit from the ongoing expansion of the digital transformation market. The company plans to further optimise its sales and marketing activities in order to exploit these opportunities even more effectively and establish itself as a leading company in this segment. Despite already increasing brand awareness through the IPO in 2020 and subsequent marketing initiatives, Nagarro sees further potential and is continuously investing in improving its brand presence. We are also working on systematising and improving sales processes for new customers and partners in order to ensure sustainable and accelerated growth.

2. Technical and operational opportunities

In addition, there are considerable technical and operational opportunities. Nagarro is continuously expanding its technological and industry-related capabilities in order to optimally support the digital transformation of its customers. At the same time, we are improving global processes and systems in order to build a robust, scalable and differentiated company. There is great potential in increasing productivity through AI-supported software development and low-code/no-code solutions. We see greater potential opportunities here compared to the previous year. In the face of competition for skilled professionals, Nagarro continues to focus on employer branding, recruitment and the overall employee experience. Our corporate culture is to be further institutionalised and strengthened with the aim of taking on a pioneering role in spreading a strong corporate culture, including in globally distributed project teams.

3. Acquisition opportunities

Acquisitions represent a further opportunity to accelerate Nagarro’s growth. The company also plans to acquire companies in 2025 that have excellent capabilities but play a subordinate role or are limited by their geographical focus. The integration processes are to be continuously improved in order to optimally utilise synergy effects. We consider the opportunities for inorganic growth to be on the same level as in the previous year.

4. Overall assessment of opportunities

Nagarro has a promising opportunity profile with an appropriate balance between organic and inorganic growth, innovative strength and operational excellence. We are well positioned to benefit from the ongoing trend towards digital transformation. Short-term potential has improved slightly compared to the previous year. We see this as a solid basis for sustainable and scalable corporate development.

E. Accounting-related Internal Control System

Nagarro’s accounting related internal control system is designed to provide a proper, accurate and reliable base for the group’s consolidated financial position. This encompasses the accurate recognition, processing and assessment of all business transactions, ensuring their complete and seamless integration into financial reporting and management processes, free from errors. For accurate and reliable group financial reporting, specific control activities are carried out at the group level. In addition, various control mechanisms are implemented which are designed to be both process-integrated and process-independent. The process-integrated measures are specifically designed to address operational risks related to the preparation of financial reports to help in checking that the financial data is accurate, complete, and consistent across all levels of the organization. Process-integrated measures include manual process controls, such as the four-eye principle, as well as automated controls such as IT-based controls that help in systematic checks in the financial reporting process.

At Nagarro, group-wide binding guidelines and regulations serve as the foundation for a uniform, orderly, and continuous financial reporting process. A central component of these guidelines is the accounting policies, which define both the accounting and valuation principles for all consolidation units included in the consolidated financial statements as well as the formal requirements for the consolidated financial statements themselves. These policies establish the application of financial reporting standards, particularly IFRS, determine the scope of consolidation and specify the structure and components of the reporting packages to be prepared by the group entities.

In the last quarter of 2024, ICS transitioned to a risk control matrix-based approach having relied on a substantive testing methodology in earlier quarters. This shift reflects a continuous effort to strengthen the control environment and align with best practices. Key feature of Nagarro's current ICS includes risk control matrices which capture key process-related risks. Subsequently, controls are defined on different processes which help in mitigating these identified risks. This structured approach enhances transparency, compliance, and supports reliable financial reporting through systematic, evidence-based control assessments. The ICS conducts testing of controls at regular intervals and provides continuous improvement suggestions to designated process owners and teams which helps in improving the effectiveness of ICS. Apart from this, risks related to financial instruments are addressed as financial risks in Nagarro's risk report.

ICS plays a pivotal role and helps in:

- the effectiveness of business operations

- compliance with the International Financial Reporting Standards (IFRS)

- consolidating accurate and complete financial information for all subsidiaries in compliance with applicable accounting standards

- the identification, assessment and mitigation of risks

While the internal control system focuses on daily processes, compliance and prevention of errors, the risk management system takes a broader approach, identifying potential future risks and mitigating them.

The group's internal control system is largely centrally coordinated. The group has a standardized approach to identify risks across all entities.

The internal control system is a blend of entity level controls and process level controls. The entity level controls are high level controls that help the organization to prevent and detect fraud while the process level controls are more granular and focus on specific operational processes that are vulnerable to fraud. To avoid errors or fraud and risks arising from operational issues in subsidiaries such as financial mismanagement; duties related to financial reporting (such as data entry, consolidation and reconciliation) are clearly separated and financial data at subsidiary level is reviewed by senior management before being included in consolidated financial statements.

The Group's ICS has controls in place for mitigating identified risks, such as implementing intercompany reconciliation processes, adopting foreign currency hedging strategies, establishing clear guidelines for the application of the methods of accounting and monitoring compliance with international accounting standards and other relevant regulations. To prepare the consolidated financial statements of the Group, the data is brought together and consolidated using the LucaNet software, ensuring accurate, timely, and complete financial information flows from subsidiaries to the parent company for consolidation.

Notwithstanding the measures taken, every control system is subject to inherent limitations, given that it is not possible to prevent all incorrect disclosures or detect them in a timely manner. Therefore, the group has adopted a range of principles and techniques designed to address the complexity and risks inherent in consolidating financial information across multiple entities, jurisdictions, and accounting standards.

The Group's internal control systems (ICS) also provide feedback to management and the board about the effectiveness of controls and offer recommendations for improvement.

F. Appropriateness and effectiveness of ICS and RMS (not audited by the auditor)

We are continuously working on further developing our ICS and RMS, identifying and eliminating any weaknesses and optimizing the systems and their processes. As part of this ongoing review process, we identified the need for adjustments and potential for optimization in the existing systems during the reporting year. We then took targeted measures to improve the systems with the support of external consultants, some of which had been implemented by the reporting date. This process will continue in the current financial year. The aim of these measures is to further increase the effectiveness and efficiency of corporate and risk management and to henceforth comprehensively meet the requirements for the adequacy and effectiveness of the systems.

Munich, May 14, 2025

For the Management Board of Nagarro SE:

Manas Human	**Annette Mainka**	**Vikram Sehgal**
Chairperson	Member	Member

Section B

Standalone *Financial Statements* of Nagarro SE

(for the financial year 2024
in accordance with German GAAP)

I. Balance sheet

ASSETS	2024	2024	2023
in EUR			
A. Fixed assets			
I. Intangibles		7,333.32	8,000.00
1. Purchased rights	7,333.32		
II. Financial assets			
1. Shares in affiliated companies		415,356,454.97	415,306,454.97
2. Loans to affiliated companies		165,879,163.95	65,706,596.92
		581,235,618.92	481,013,051.89
		581,242,952.24	481,021,051.89
B. Current assets			
I. Receivables and other assets			
1. Accounts receivables from affiliated companies		15,495,024.82	16,319,682.25
2. Other assets		508,063.26	1,176,251.52
		16,003,088.08	17,495,933.77
II. Cash in hand, deposits with banks, bank balances and cheques		75,703,787.77	1,268,309.80
		91,706,875.85	18,764,243.57
C. Prepaid expenses		925,934.08	999,788.53
D. Deferred tax assets		909,794.11	1,808,720.96
Total assets		**674,785,556.28**	**502,593,804.95**

Equity and liabilities	2024	2024	2023
in EUR			
A. Equity			
I. Subscribed capital			
Share capital	13,775,985.00		13,775,985.00
Treasury shares	(453,867.00)		(453,867.00)
		13,322,118.00	13,322,118.00
II. Capital reserve		233,178,015.00	233,178,015.00
III. Accumulated profit (prior year: accumulated loss)		22,052,520.19	(34,832,291.40)
		268,552,653.19	211,667,841.60
B. Provisions			
I. Income tax provisions	187,343.48	-	644,704.58
II. Other provisions	19,304,830.05	19,492,173.53	1,432,027.66
		19,492,173.53	2,076,732.24
C. Liabilities			
I. Liabilities to banks		319,500,000.00	267,050,000.00
II. Trade payables		2,317,832.94	381,098.97
III. Liabilities to affiliated companies		63,567,163.44	17,544,643.50
IV. Other liabilities		1,355,733.18	3,873,488.64
- there of from taxes EUR 578,838.15 (December 31, 2023: 46,431.63)			
- of which under social security EUR 0.00 (December 31, 2023: EUR 0.00)			
		386,740,729.56	288,849,231.11
Total equity and liabilities		**674,785,556.28**	**502,593,804.95**

II. Income statement

Profit or Loss	2024	2024	2023
in EUR			
1. Revenue		25,000.00	17,000.00
- of which from affiliated companies EUR 25,000.00 (2023: EUR 17,000.00)			
2. Other operating income		6,184,108.66	8,425,293.16
- of which from affiliated companies EUR 617,852.96 (2023: EUR 3,684,672.14)			
- of which income from currency translation EUR 3,630,812.26 (2023: EUR 4,735,480.19)			
3. Personnel expenses		(1,274,599.29)	(3,259,678.02)
a) Wages and salaries	(1,215,398.31)		(3,212,352.10)
b) Social security and other pension costs	(59,200.98)		(47,325.92)
4. Depreciation / amortization			
a) of intangible assets and property, plant and equipment		(666.68)	(666.67)
5. Other operating expenses		(26,839,122.14)	(33,045,114.41)
- of which from affiliated companies EUR 579,764.40 (2023: EUR 3,306.38)			
- of which from expenses from currency translation EUR 3,109,124.17 (2023: EUR 422,380.67)			
- of which from prior years EUR 12,095,868.00 (2023: EUR Nil)			
6. Income from investments		79,568,872.76	997,827.96
- of which from affiliated companies EUR 79,568,872.76 (2023: EUR 997,827.96)			
7. Income from profit transfer agreements		13,013,473.19	11,489,787.50
8. Income from other investments and long-term loans		4,428,600.88	3,894,514.66
- of which from affiliated companies EUR 4,428,600.88 (2023: EUR 3,894,514.66)			
9. Other interest and similar income		180,327.76	-
10. Interest and similar expenses		(17,020,648.02)	(13,920,278.33)
- of which from affiliated companies EUR 982,325.57 (2023: EUR 1,362,283.66)			
11. Result before taxes		58,265,347.12	(25,401,314.15)
12. Taxes		(1,380,535.53)	(1,321,955.54)
13. Net income for the year/ net (loss) for the year		**56,884,811.59**	**(26,723,269.69)**
14. (Loss) brought forward from previous year		(34,832,291.40)	(8,109,021.71)
15. Accumulated profit (prior year: accumulated loss)		**22,052,520.19**	**(34,832,291.40)**

III. Notes to the financial statements

A. General Information

1. Corporate Information

Nagarro SE (the “Company”) has its registered office in Munich and is entered in the commercial register at the local court of Munich under HRB 254410. Its registered office is Baierbrunner Str. 15, 81379 Munich, Germany. The Company is listed in Frankfurt Stock Exchange.

Since the beginning of its active business activities, the object of the Company has been the provision of software and technology consulting, development, execution of test procedures, implementation, maintenance, operating and innovation services in the field of software and technology. The Company may itself be active in the aforementioned areas of activity or may also carry out its business activities as a holding company through subsidiaries, associated companies, and joint ventures which it may establish, acquire, sell, hold, manage, advise, and restructure under its uniform management and for which it may assume other administrative tasks. It may manage companies in which it holds participations under uniform management or limit itself to their management. It may transfer their operation in whole or in part to newly established or existing subsidiaries.

As a capital market-oriented company pursuant to § 264d of the German Commercial Code (HGB), the Company has been classified as a large corporation since its listing on the stock exchange on December 16, 2020 pursuant to § 267 para. 3 sentence 2 of the German Commercial Code (HGB). The annual financial statements under commercial law as of December 31, 2024, have been prepared in compliance with the provisions of the HGB for large corporations, the Articles of Association and the AktG.

For clarity of presentation, the notes required by law for items in the balance sheet and the profit and loss statement, which may be made either in the balance sheet or the profit and loss account or in the notes, are included in the notes. The profit and loss statement is structured according to the nature of expense method.

The standalone financial statements are prepared in Euro. Unless otherwise stated, all amounts are reported in Euro (EUR) or 1,000 Euros (kEUR) for reasons of clarity and comparability.

B. Correction of errors

During the year, Nagarro SE has corrected three prior year errors in the current financial year:

a) In the previous years, Nagarro SE had wrongly presented “income from investments” and “income from profit transfer agreements” after the line item “interest and similar expenses” instead of in the line item “operating expenses” in the income statement, which was not in line with section 275 of HGB. The same has been corrected and presented correctly in the right order of line items in the income statement.

b) For the years 2021-2023, Nagarro SE had recognized cumulative income from affiliated companies amounting to kEUR 12,096 on cross charging the cost relating to equity-settled stock options and employees share participation program (together “equity-settled stock arrangements”). As these were equity-settled stock options and were not exercised, no income should have been recognized in previous years. To correct this error, prior period expense of kEUR 12,096 has been recognized under “other operating expenses”. Further, any intercompany receivable relating to equity-settled stock arrangements has been derecognized at the reporting date and an amount of kEUR 1,527 which has already been received from the affiliated companies has now been recognized as a liability and classified under liabilities to affiliated companies.

   Also, during the year, significant portion of the equity-settled stock options has been converted into cash-settled transactions (including 100% of options of the management board members) in November 2024. Accordingly, an income under “other operating income”, to the extent these amounts are cross-charged to the affiliated companies, has been recognized for these cash-settled stock arrangements. Furthermore, other provisions and corresponding expenses (under “other operating expenses”) were recognized, which reflect the obligation against the employees. Further, Nagarro SE has also recognized the cash-settled arrangement expenses under “other operating expenses” with a corresponding provision amounting to kEUR 918 relating to the two management board members whose remuneration are paid from Nagarro SE. Refer note D.2. Equity, note D.3. Provisions, note E.4. Other operating expenses and note F.4. Share based payment arrangements for more details.

c) For the year ended December 31, 2023, Nagarro SE had classified “Non-capitalized earn-out expense relating to acquisitions” amounting to kEUR 1,915 and “Retention bonus expense as part of share purchase agreement of the acquired entities” amounting to kEUR 454 under personnel expenses. As these costs do not relate to Nagarro SE’s employees, the costs relating to these expenses for the year ended December 31, 2024 has been classified under “Other operating expenses”. Further, these provisions were wrongly shown under “Other liabilities” instead of “Provisions” in the previous year which has been corrected in the current year. Refer note D.3. Provisions, note E.3. Personnel expenses and note E.4. Other operating expenses for more details.

C. General Accounting principles

1. Accounting and valuation methods

Intangibles

Intangibles represent the "Nagarro" brand and carried at cost and are depreciated pro rata over the useful life of 15 years. If the impairment is expected to be permanent, an impairment loss is recognized to the lower fair value. If the reasons for the impairment no longer apply in subsequent years, a write-up is made up to a maximum of the amortized cost.

Financial assets

The shares in affiliated companies are recognised at acquisition cost or at the lower fair value in the case of an expected permanent impairment. Loans to affiliated companies are recognized at nominal value or at the lower fair value. If the impairment is expected to be permanent, an impairment loss is recognized to the lower fair value. If the reasons for the impairment no longer apply in subsequent years, a write-up is made up to a maximum of the amortized cost.

Receivables from affiliated companies and other assets

Receivables from affiliated companies and other assets are recognised at the lower of nominal value or fair value in accordance with section 253 (4) HGB. All items subject to risk are written off in full individually.

Cash in hand, deposits with banks, bank balances and cheques

Cash in hand, deposits with banks, bank balances and cheques are reported at nominal value. Balances denominated in foreign currency are valued at the mean spot exchange rate on the balance sheet date.

Prepaid expenses and deferred charges

Prepaid expenses are expenses that represent expenditure for a certain time after the balance sheet date.

Deferred taxes

Deferred taxes are recognized for temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory accounts and their tax carrying amounts, or due to tax loss carry forwards, using the company-specific tax rates applicable at the time when such differences reverse. The amounts of any resulting tax charge or benefit are not discounted. Deferred tax assets and liabilities are offset. The option pursuant to section 274 (1) sentence 2 HGB to recognize net deferred tax assets in excess of deferred tax liabilities was applied.

Equity

Treasury shares are deducted from the subscribed capital at their nominal value.

Provisions

Provisions were recognised at the settlement amount required according to prudent business judgment. Provisions with a remaining term of more than one year are discounted at the average market interest rate (published by the Deutsche Bundesbank) corresponding to their remaining term.

Liabilities

Liabilities are recognised at their settlement amounts.

Currency conversion

Assets and liabilities denominated in foreign currencies are translated at the transaction rate or mean spot exchange rate on the balance sheet date. Valuation differences are recognized in profit or loss. Assets and liabilities denominated in foreign currencies with a term of more than one year are valued at the mean spot exchange rate on the balance sheet date, taking into account the realization principle and the historical cost principle.

D. Notes to the balance sheet

1. Fixed assets

The breakdown and development of the individual fixed asset items can be found in the fixed asset movement schedule attached as Appendix 1 to the notes.

The information on the equity and annual results of the subsidiaries (at the same time list of shareholdings in accordance with § 285 No. 11 HGB) is provided in accordance with the individual financial statements prepared in accordance with the respective national regulations and is shown in Appendix 2 to the notes.

Current assets

Receivables and other assets

Receivables and other assets amounts to kEUR 16,003 (2023: kEUR 17,496) which includes receivables from affiliated companies amounting to kEUR15,495 (2023: kEUR16,320) and other assets amounting to kEUR 508 (2023: kEUR 1,176).

Receivables from affiliated companies primarily represent amounts recoverable from two German subsidiaries on account of profit transfer agreement amounting to kEUR 13,013 (2023: kEUR 11,490); receivable on account of cash settled stock options amounting to kEUR 1,408 (2023: kEUR 0); receivable on account of equity settled stock options and ESPP amounting to kEUR 0 (2023: kEUR 2,462) and other receivables amounting to kEUR 1,073 (2023: kEUR 2,368) primarily on account of expenses incurred on behalf of group companies and cross charged to respective affiliated companies.

Other assets represent VAT and withholding taxes recoverable.

All receivables and other assets are due within one year.

Prepaid expenses and deferred charges

The prepaid expenses include premiums for a stock exchange prospectus insurance for the performance periods 2021 to 2032.

Deferred tax

Deferred tax assets

The deferred tax assets are calculated with an income tax rate of 30% on the temporary differences between the valuations of assets and liabilities according to commercial law and their tax valuations as well as on tax loss carryforwards.

The tax expense resulting from the tax balance sheet does not correspond to the result of the commercial balance sheet. Use has been made of the option to form a netted asset item for deferred tax amounts.

The differences between the commercial balance sheet and the tax balance sheet are due in particular to group companies that are in a fiscal unity relationship with Nagarro SE through a profit and loss transfer agreement.

The deferred tax assets are based in particular on the following differences:

- Book value differences for intangible assets and property, plant and equipment,

- Pension provisions,

- Consideration of tax loss carryforwards. The entire loss carryforwards were used as a basis for calculating the deferred tax assets, as it is expected that the losses will be offset within the five financial years following the balance sheet date as Nagarro SE has profit and loss transfer agreements with its two profit generating German entities, namely Nagarro GmbH, Munich and Nagarro ES GmbH.

Deferred tax liabilities of kEUR 1,974 (previous year: kEUR 56) were offset against deferred tax assets of kEUR 2,884 (previous year: kEUR 1,865). Deferred tax liabilities mainly relate to differences of investments in subsidiaries.

The deferred tax assets of kEUR 910 (previous year: kEUR 1,809) are subject to a dividend payout block as there are no deferred tax liabilities.

2. Equity

Share capital

As of December 31, 2024, Nagarro SE had a share capital of EUR 13,775,985 (December 31, 2023: EUR 13,775,985), divided into 13,775,985 (December 31, 2023: 13,775,985) registered no-par value shares, each with a notional interest in the share capital of EUR 1.00 per share.

All Nagarro SE's shares are of the same class. The shares are fully paid in.

Authorized capital

The Management Board is authorized, subject to the consent of the Supervisory Board, to increase Nagarro SE's registered share capital during the period ending on September 23, 2025 in one or more tranches by up to EUR 5,456,000 in the aggregate by issuing up to 5,456,000 new no-par value registered shares against cash contribution and/or contributions in kind. The new shares are in principle to be offered to the shareholders for subscription. However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders' statutory subscription right in the following cases specified in Section 6.2 of the Articles of Association of Nagarro SE:

a) In the case of a rights issue, for fractional amounts arising due to the subscription ratio.

b) For a capital increase against contributions in kind for the (also indirect) acquisition of companies, parts of companies, participations in companies or other assets eligible for contribution in connection with such an acquisition, if the acquisition is in the interest of the Company.

c) For a capital increase against cash contributions, provided that the issue price of the new shares is not significantly lower than the stock exchange price of the shares already listed at the time of the final determination of the issue price, which should be as close as possible to the placement of the shares. The arithmetical portion of the share capital attributable to the shares issued against cash contributions under exclusion of the subscription right pursuant to § 186 paragraph 3 sentence 4 of the German Stock Corporation Act (AktG) may not exceed a total of 10% of the share capital at the time this authorization takes effect - or, if this value is lower, at the time this authorization is exercised. Shares issued or sold during the term of this authorization until the time of its exercise in direct or analogous application of this provision as well as shares to be issued or granted on the basis of a convertible or warrant bond issued during the term of this authorization under exclusion of the subscription right pursuant to section 186, paragraph 3, sentence 4 of the German Stock Corporation Act (AktG) shall be counted towards this limit.

d) For the issue of new shares to the holders of option rights issued by the Company on the basis of the share option program resolved by the Annual General Meeting on October 30, 2020.

e) For the issue of new shares as part of a long-term incentive program to members of the Executive Board and employees of the Company as well as to members of the management bodies and employees of companies affiliated with the Company within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG).

The subscription rights of shareholders may be excluded under further conditions.

Conditional capital

The share capital of the Company is conditionally increased by EUR 800,000.00 by resolution of the Annual General Meeting of August 31, 2021 (Conditional Capital 2021/I).

The share capital of the Company is conditionally increased by EUR 45,000.00 by resolution of the Annual General Meeting of August 31, 2021 (Conditional Capital 2021/II).

The share capital of the Company is conditionally increased by EUR 4,943,256.00 by resolution of the Annual General Meeting of August 31, 2021 (Conditional Capital 2021/III).

Treasury shares

The Annual General Meeting of Nagarro SE authorized the Management Board by resolution dated October 30, 2020 pursuant to section 71 (1) no. 8 of the German Stock Corporation Act (AktG) to acquire treasury shares of the Company until September 23, 2025, provided that these shares, together with other treasury shares which the Company has already acquired and still holds or which are attributable to it pursuant to Sections 71a et seq. of the German Stock Corporation Act (AktG), do not at any time account for more than 10% of the share capital. The 10%-limit is determined based on the amount of share capital at the time when the authorization became effective. The acquisition may be made on the stock exchange or by means of a purchase offer directed to all shareholders. The consideration for the acquisition of the shares (excluding incidental acquisition costs) may not exceed or fall below the arithmetic mean of the closing prices on the Frankfurt Stock Exchange in XETRA trading (or a comparable successor system) by more than 10%.

The Management Board is authorised, with the consent of the Supervisory Board, to use these shares of the Company for all legally permissible purposes, in particular the following:

• Resale to third parties for cash also other than through the stock exchange or through an offer to all shareholders;

• Use as consideration for a direct or indirect contribution in kind to the Company by a third party, in particular in the case of a merger with companies or the acquisition of companies, parts of companies, participations or other assets;

• Use to fulfil conversion or option rights issued by the Company or its subordinated Group companies vis-à-vis the holders of these rights;

• Use for issuance as employee shares to employees or members of executive bodies of the Company or of companies affiliated with the Company within the meaning of §§ 15 et seq. of the German Stock Corporation Act (AktG).

• Withdrawal of shares with the consent of the supervisory board without a further resolution of the general meeting of shareholders.

If the sale is made for cash in a manner other than through the stock exchange or through an offer to all shareholders, the sale price may not be more than 5% below the stock exchange price of the shares of the Company at the time of the sale. The relevant market price is the arithmetic mean of the closing prices of the shares on the Frankfurt Stock Exchange in XETRA trading (or a comparable successor system) during the last three trading days prior to the sale of the shares. Shareholders' subscription rights are excluded in this respect in accordance with Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG).

The authorization to sell treasury shares with the exclusion of subscription rights is limited to a maximum of 10% of the share capital existing at the time the authorization is exercised. Shares and rights that are issued or sold during the term of the authorization in direct or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) with the exclusion of subscription rights until this point in time are counted towards this restriction. This also applies if the authorization is used to service share options.

No treasury shares were acquired or sold in the 2024 financial year.

The changes in treasury shares are composed as follows:

	Dec 31, 2024	**Dec 31, 2024**	**Dec 31, 2023**	**Dec 31, 2023**
	Numbers	**kEUR**	**Numbers**	**kEUR**
Opening balance	453,867	454	103,867	104
Acquired during the year	-	-	350,000	350
Sale during the year	-	-	-	-
Closing balance	**453,867**	**454**	**453,867**	**454**

The treasury shares held at the end of the financial year correspond to a nominal amount of kEUR 454 or 3.3% of the share capital.

These treasury shares were purchased in 2023 and 2022 to meet the potential payment for share based arrangement programs as mentioned in note F.4. Share-based payment arrangements, or to potentially be used as a currency for merger and acquisition when permissible. The treasury shares purchased has been shown at nominal value of the treasury shares. The cost of acquisition of these treasury shares, net of nominal value, has been recorded under "other operating expenses" – Refer note E.4. Other operating expenses.

Capital reserves

There was no change in the capital reserves amounting kEUR 233,178 (2023: kEUR 233,178) as of December 31, 2024.

Accumulated profit in the current year (prior year: accumulated loss)

The changes in Accumulated profit in the current year (prior year: Accumulated loss) are comprised as follows:

	Dec 31, 2024	Dec 31, 2023
	kEUR	kEUR
Net income/net (loss) for the year	56,885	(26,723)
(Loss) brought forward from previous year	(34,832)	(8,109)
Accumulated profit (prior year: accumulated loss)	**22,053**	**(34,832)**

3. Provisions

Other provisions mainly relate to provisions for cash-settled stock-based arrangement of kEUR 14,443 (December 31, 2023: kEUR 0), provision for expenses relating to strategic review of listing and privatization and expenses relating to the exploration of the take-private option of kEUR 2,483 (December 31, 2023: kEUR 0), provision for earnout liabilities amounting to kEUR 1,096 which were wrongly classified under other liabilities in the previous year (refer note B. Corrections of errors), provision for retention bonus of kEUR 791 (December 31, 2023: kEUR 454), the costs for the preparation and audit of the annual and consolidated financial statements of kEUR 165 (December 31, 2023: kEUR 603), costs for the Annual General Meeting as at December 31, 2024, of kEUR 140 (December 31, 2023: kEUR 140), and outstanding purchase invoices of kEUR 96 (December 31, 2023: kEUR 141).

On November 16, 2024, Nagarro offered the option to convert the existing equity-settled options to cash-settled options for both SOP 2020/II and SOP 2020/III program. Significant portion of the equity-settled options was converted to cash-settled options - refer note E.4. Other operating expenses and note F.4. Share based payment arrangements for more details. On modification of these equity-settled SOPs to cash-settled SOPs, the liabilities toward cash-settled SOPs are shown as provisions, the details of which are as follows.

	Dec 31, 2024	**Dec 31, 2023**
	kEUR	**kEUR**
Recognition of provision for cash-settled stock options as on the date of modification	13,893	-
Current year expenses - cash settled stock option	550	-
Provision for cash-settled stock options - SOP	**14,443**	-

For provision for cash-settled stock-based arrangement, refer note F.4. Share based payment arrangements.

4. Liabilities

The maturities of the liabilities are shown in the following schedule of liabilities.

	Dec 31, 2024	Maturity within one year	Maturity between one and five years	Maturity later than five years
	Carrying amount	Repayment	Repayment	Repayment
	kEUR	kEUR	kEUR	kEUR
Liabilities towards credit institutions	319,500	-	319,500	-
Liabilities from deliveries and services	2,318	2,318	-	-
Amounts owed to affiliated companies - financing	61,505	10,443	51,062	-
Amounts owed to affiliated companies - trade	2,062	2,062	-	-
Other liabilities	1,356	1,356	-	-
	386,741	16,179	370,562	-

	Dec 31, 2023	Maturity within one year	Maturity between one and five years	Maturity later than five years
	Carrying amount	Repayment	Repayment	Repayment
	kEUR	kEUR	kEUR	kEUR
Liabilities towards credit institutions	267,050	-	267,050	-
Liabilities from deliveries and services	381	381	-	-
Amounts owed to affiliated companies - financing	16,492	16,492	-	-
Amounts owed to affiliated companies - trade	1,053	1,053	-	-
Other liabilities	3,873	3,873	-	-
	288,849	21,799	267,050	-

Liabilities to affiliated companies include trade payables in the amount of kEUR 2,062 (December 31, 2023: kEUR 1,053) and financing liabilities in the amount of kEUR 61,505 (December 31, 2023: kEUR 16,492).

The liabilities to banks relate to syndicated loan of kEUR 319,500 (December 31, 2023: kEUR 267,050) for which Nagarro SE is the original borrower and certain affiliated companies, as mentioned below, are guarantors. In September 2022, Nagarro SE along with its certain subsidiaries entered into a revolving syndicated credit facility agreement with five European credit institutions amounting to kEUR 350,000 with an option to further increase the loan facility amount to kEUR 450,000. The term of the financing arrangement is five years, which can be extended twice by one year each (5+1+1). Also, it has the possibility to issue Schuldscheine (promissory notes) or similar instruments for a volume of up to in aggregate kEUR 125,000. Further, the non-recourse factoring is limited to 15% of the value of assets of the group.

The following affiliated companies, which are guarantors for the syndicated loan facility, are liable for Nagarro SE's liabilities to banks of kEUR 319,500 (December 31, 2023: kEUR 267,050):

- Nagarro ES GmbH, Germany
- Nagarro ES France SAS, France
- Nagarro Denmark A/S, Denmark
- Nagarro SRL, Romania

- Nagarro Inc., USA
- Nagarro Software Inc., USA
- Nagarro GmbH, Germany
- Nagarro GmbH, Austria
- Advanced Technology Consulting Service Inc., USA
- Nagarro Software AB, Sweden
- Nagarro AS, Norway
- Nagarro Software Ltd., UK

As per the syndicated loan facility agreement, a material affiliate, other than Indian and Chinese group entities, is required to become additional guarantor after 60 days of publishing the annual results. To be eligible as additional guarantor, the affiliate of the company should be a material affiliate and the EBITDA of the affiliate should be 5% or more of group EBITDA or the revenue should be 5% or more of consolidated revenue of the group.

Furthermore, there is a negative clause on the unsecured part of the loan in which Nagarro assures the banks that it will not provide any credit collateral to other creditors apart from a group-wide pledge of participations or other assets of a maximum of kEUR 20,000 and, in addition, an assignment of receivables or bank balances customary for the factoring process.

Nagarro's syndicated loan has a covenant package which includes customary restrictions on total net leverage, minimum equity thresholds for pre-agreed milestones, permitted disposal and acquisitions, permitted financial indebtedness, and guarantees, dividend payments and change of control. In general, a breach of financial covenants, non-payment of interest amounts payable, any non-compliance with the provisions of the loan agreement and insolvency of the company, carry the risk of an event of default, which if not cured within the remedy period, will lead to a default on the credit facility. The loan contains a covenant stating that at the end of each quarter the total net leverage (the ratio of net debt to Adjusted EBITDA, as defined per the loan agreement) has not exceeded 3.5 and that a minimum equity of EUR 100 million is maintained, otherwise the loan will be repayable on demand. Nagarro monitors all the covenants to ensure their compliance. The covenants are well within the acceptable range and Nagarro expects to comply with the quarterly covenants within 12 months after the reporting date. Nagarro must submit the consolidated financial statements to the banks together with a covenant statement whereby the banks have extended the deadline for submission of the covenant statement until May 31, 2025. Nagarro is not in default with this covenant.

Further, as per the terms of the loan agreement, Nagarro should comply with the Guarantor Threshold Test ('GTT') wherein downstream subsidiaries of Nagarro contributing to a certain threshold of revenue and EBITDA are required to be the guarantors in this loan agreement. To ensure continuing compliance with GTT, Nagarro is in the process of adding certain additional guarantors. To complete the process, it has a time limit of 30 days for German subsidiaries and 45 days for non-German subsidiaries post presentation of the covenant statement. Nagarro has already initiated this process and shall be able to complete this process in the given timeline. Thus, Nagarro is not in default of this covenant.

These loans have a floating interest rate based on three-month or six-month Euribor (depending upon the interest period) plus a margin of 1.75 (December 31, 2023: 1.75) percentage points as at December 31, 2024. The unutilized portion of the loan carries interest at 35% of the margin interest rate of the utilized loan.

E. Notes to the income statement

1. Revenue

Revenue includes kEUR 3 (2023: kEUR 3) from domestic group companies and kEUR 22 (2023: kEUR 14) from international group companies.

2. Other operating income

Other operating income mainly includes foreign exchange gain of kEUR 3,631 (2023: kEUR 4,735) and reversal of earnout liabilities relating to MBIS acquisition amounting to kEUR 1.915 (2023: kEUR Nil) due to non-achievement of earnout target. It also includes income of kEUR 618 (2023: kEUR 3,671) from group companies against the fair value of cash-settled equity option (2023: equity-settled – refer note B correction of errors) cross charged by Nagarro SE for expenses relating to stock option programs and employees share participation program, given to the employees of group companies.

3. Personnel expenses

Personnel expenses mainly includes management board remuneration of kEUR 851 (2023: kEUR 549), earnout provision of kEUR Nil (2023: kEUR 1,915) and retention bonus provision of kEUR Nil (2023: kEUR 454) on account of acquisition of three subsidiaries in the last year. In the current year, earnout provision and retention bonus provision has been classified under "other operating expenses" – refer note B correction of errors for more details.

4. Other operating expenses

Other operating expenses mainly includes the expenses for the purchase of treasury shares kEUR Nil (2023: kEUR 29,389), expenses relating to strategic review of listing and privatization choices of kEUR 3,760 (2023: kEUR Nil) and expenses relating to the exploration of the take-private option of kEUR 1,211 (2023: kEUR Nil), earnout provision of kEUR 1,350 (2023: kEUR Nil), retention bonus provision of kEUR 459 (2023: kEUR Nil), foreign exchange loss of kEUR 3,109 (2023: kEUR 422), consulting charges of kEUR 885 (2023: kEUR 864); audit costs of kEUR 811 (2023: kEUR 593), Supervisory Board remuneration of kEUR 713 (2023: kEUR 638) and stock exchange expenses of kEUR 287 (2023: kEUR 283). It also includes kEUR 918 (2023: kEUR Nil) expense relating to the cash-settled options for employees of Nagarro SE, kEUR 550 (2023: kEUR Nil) relating to cash-settled equity option (2023: equity-settled – refer note B correction of errors) which are cross charged by Nagarro SE for expenses relating to stock options program and employees share participation program, given to the employees of group companies. Refer note B correction of errors and note E.3 Personnel expenses for more details.

It also includes prior period expenses of kEUR 12,096 (2023: kEUR Nil) relating to stock options program and employees share participation program, given to the employees of group companies. Refer note B correction of errors for more details.

5. Income from investments

It includes dividend of kEUR 79,569 (2023: kEUR Nil) received from three group companies and gain of kEUR Nil (2023: kEUR 998) on liquidation of one of the group companies.

6. Income from profit transfer agreements

It mainly includes profit shares of kEUR 13,013 (2023: kEUR 11,490) received based on profit transfer agreement between Nagarro SE and two German group companies.

7. Income from other investments and long-term loans

Income from other investments and long-term loans include kEUR 4,429 (2023: kEUR 3,895) received from affiliated companies.

8. Other interest and similar income

Other interest and similar income include interest income on bank deposits amounting to kEUR 180 (2023: kEUR Nil).

9. Interest and similar expenses

It mainly includes kEUR 15,996 (2023: kEUR 12,512) paid towards the interest and commitment fees of the term loan taken from the banks and kEUR 982 (2023: kEUR 1,362) interest paid to affiliated companies. Interest also includes amortized interest of kEUR 42 (2023: kEUR 46) towards earnout liabilities.

10. Taxes

It includes trade tax of kEUR 0 (2023: kEUR 283) and corporate tax of kEUR 0 (2023: kEUR 50). It also includes Global minimum top-up tax of kEUR 500 (2023: kEUR Nil)

Further deferred tax expense of kEUR 899 (2023: kEUR 1,064) has been recognized on recognition of deferred tax assets of 910 kEUR (2023: kEUR1,809).

F. Other disclosures

1. Capital and other commitment

On the balance sheet date, there were other commitments in the amount of kEUR Nil (2023: kEUR 8) from vehicle leasing.

Nagarro SE has given letters of comfort to its two German subsidiaries namely Infocore GmbH and ATCS GmbH in accordance with the Section 264(3)(2) of the Handelsgesetzbuch ('HGB'). The utilization of these letters of comfort is considered unlikely, as these subsidiary companies have sufficient annual results and liquid funds as of the reporting date and in their planning.

Nagarro SE has taken a syndicated loan of kEUR 319,500 (2023: kEUR 267,050) as of December 31, 2024. In this syndicated loan, Nagarro SE is the original borrower and the loan is guaranteed by certain subsidiaries ('guarantors"). Also refer to note D.4. Liabilities for more details on the loan.

2. Disclosure pursuant to section 160 (1) no. 8 AktG

For the year 2024, Nagarro SE received the following notifications of voting rights from persons subject to notification regarding reaching, exceeding, or falling below the relevant notification thresholds pursuant to Section 33 (1) WpHG.

Pursuant to Section 160 (1) No. 8 of the German Stock Corporation Act (AktG), information must be provided regarding the existence of shareholdings that were notified to Nagarro SE pursuant to Section 20 (1) or (4) of the AktG or Section 33 (1) or (2) of the German Securities Trading Act (WpHG). All voting rights notifications were published by Nagarro SE pursuant to Section 40 (1) of the WpHG and are available online at https://www.nagarro.com/en/investor-relations/ad-hocs-news-and-notifications. Details of shareholders holding more than 3% of the share capital as of December 31, 2024 are as follows:

Shareholder	Threshold	Total voting rights at the time of notification
Lantano Beteiligungen GmbH	> 20 %	21.48%
Morgan Stanley, Wilmington, USA	> 10 %	11.22%
Detlef Dinsel, Deutschland	> 5 %	9.66%
SIH Partners, LLLP, Wilmington, USA	> 5 %	9.34%
StarView Capital Partners, LLC, Delaware, USA	> 5 %	6.25%
All Nag Beteiligungs GmbH & Co. KG	> 5 %	5.81%
Goldman Sachs, Wilmington, USA	> 3 %	4.79%
SMALLCAP World Fund, Inc., Lutherville Timonium, USA	> 3 %	4.06%
The Capital Group Companies, Inc., Los Angeles, USA	> 3 %	4.06%
Bank of America Corporation, Wilmington, USA	> 3 %	3.98%

Please note that the above information may be out of date.

The table shows the notified shareholdings with a minimum stake of 3 percent, with the information corresponding to the most recent notification by a notifying party.

Shareholder	Threshold	Total voting rights at the time of notification	Voting rights (direct/ indirect) according to notification	Date of threshold contact according to notification	Date of publication of the notice
Morgan Stanley, Wilmington, USA	> 10 %	13.17%	1,814,618	5-Jan-24	11-Jan-24
Morgan Stanley, Wilmington, USA	> 10 %	12.59%	1,734,347	18-Jan-24	23-Jan-24
Morgan Stanley, Wilmington, USA	> 10 %	12.68%	1,746,306	19-Jan-24	24-Jan-24
Morgan Stanley, Wilmington, USA	> 10 %	13.98%	1,925,783	14-Mar-24	20-Mar-24
Morgan Stanley, Wilmington, USA	> 10 %	12.79%	1,761,963	18-Mar-24	21-Mar-24
Morgan Stanley, Wilmington, USA	> 10 %	12.27%	1,690,924	19-Mar-24	21-Mar-24
Morgan Stanley, Wilmington, USA	> 10 %	12.76%	1,757,914	20-Mar-24	25-Mar-24
Morgan Stanley, Wilmington, USA	> 10 %	12.51%	1,722,887	21-Mar-24	26-Mar-24
Morgan Stanley, Wilmington, USA	> 10 %	11.24%	1,548,975	19-Apr-24	25-Apr-24
Morgan Stanley, Wilmington, USA	> 10 %	10.57%	1,456,316	22-Apr-24	26-Apr-24
Morgan Stanley, Wilmington, USA	> 10 %	12.06%	1,660,717	3-Jun-24	7-Jun-24
Morgan Stanley, Wilmington, USA	> 10 %	11.63%	1,602,013	24-Jun-24	28-Jun-24
SIH Partners, LLLP, Wilmington, USA	> 5 %	5.75%	835,835	8-Jul-24	9-Jul-24
Morgan Stanley, Wilmington, USA	> 10 %	12.66%	1,744,469	6-Aug-24	9-Aug-24
Morgan Stanley, Wilmington, USA	> 10 %	12.03%	1,657,121	13-Aug-24	16-Aug-24
Morgan Stanley, Wilmington, USA	> 10 %	12.06%	1,661,501	9-Sep-24	12-Sep-24
Morgan Stanley, Wilmington, USA	> 10 %	12.03%	1,657,594	8-Oct-24	14-Oct-24
Morgan Stanley, Wilmington, USA	> 10 %	12.54%	1,727,653	17-Oct-24	23-Oct-24
Morgan Stanley, Wilmington, USA	> 10 %	13.22%	1,820,583	18-Oct-24	24-Oct-24
Morgan Stanley, Wilmington, USA	> 10 %	13.19%	1,816,974	21-Oct-24	25-Oct-24
Goldman Sachs, Wilmington, USA	> 5 %	5.37%	739,831	21-Oct-24	25-Oct-24
Morgan Stanley, Wilmington, USA	> 10 %	13.42%	1,848,304	23-Oct-24	29-Oct-24
Morgan Stanley, Wilmington, USA	> 10 %	13.47%	1,855,627	30-Oct-24	5-Nov-24
Goldman Sachs, Wilmington, USA	> 5 %	8.49%	1,169,207	30-Oct-24	5-Nov-24
Morgan Stanley, Wilmington, USA	> 10 %	13.50%	1,859,631	31-Oct-24	6-Nov-24
Morgan Stanley, Wilmington, USA	> 10 %	13.37%	1,841,579	5-Nov-24	11-Nov-24
SIH Partners, LLLP, Wilmington, USA	> 10 %	10.29%	1,417,231	11-Nov-24	12-Nov-24
Morgan Stanley, Wilmington, USA	> 10 %	13.43%	1,849,505	6-Nov-24	12-Nov-24
Morgan Stanley, Wilmington, USA	> 10 %	13.11%	1,805,423	7-Nov-24	13-Nov-24
Morgan Stanley, Wilmington, USA	> 10 %	12.52%	1,724,595	8-Nov-24	13-Nov-24
SIH Partners, LLLP, Wilmington, USA	> 5 %	9.34%	1,287,138	15-Nov-24	18-Nov-24
Morgan Stanley, Wilmington, USA	> 10 %	12.56%	1,730,880	14-Nov-24	20-Nov-24
Morgan Stanley, Wilmington, USA	> 10 %	12.59%	1,734,563	21-Nov-24	27-Nov-24
Morgan Stanley, Wilmington, USA	> 10 %	12.79%	1,761,910	5-Dec-24	11-Dec-24
Goldman Sachs, Wilmington, USA	> 3 %	4.93%	678,876	6-Dec-24	12-Dec-24
Goldman Sachs, Wilmington, USA	> 5 %	6.25%	860,340	10-Dec-24	16-Dec-24
Morgan Stanley, Wilmington, USA	> 10 %	12.40%	1,707,580	12-Dec-24	17-Dec-24
Goldman Sachs, Wilmington, USA	> 3 %	4.67%	643,361	12-Dec-24	18-Dec-24
Goldman Sachs, Wilmington, USA	> 5 %	5.97%	821,882	13-Dec-24	18-Dec-24
Morgan Stanley, Wilmington, USA	> 10 %	12.33%	1,698,023	13-Dec-24	19-Dec-24
Morgan Stanley, Wilmington, USA	> 10 %	11.22%	1,546,044	23-Dec-24	30-Dec-24
Goldman Sachs, Wilmington, USA	> 3 %	4.79%	659,841	23-Dec-24	30-Dec-24

Status: December 31, 2024: WpHG notifications from 1.1.2024.

Die Tabelle zeigt die gemeldeten Bestände mit einem Mindestanteil von 3 Prozent, wobei sich die Angaben auf die jeweils jüngste Stimmrechtsmitteilung eines Meldepflichtigen beziehen.

3. Governing bodies of Nagarro SE

Supervisory Board

The members of the Nagarro SE Supervisory Board during the year end 2024 were as follows:

Member	Membership with Nagarro SE	Additional information
Carl Georg Dürschmidt	Chairperson since August 10, 2020 Member and Deputy Chairperson from February 19, 2020 to August 10, 2020	Chairperson of the supervisory board of Allgeier SE (since September 30, 2022) Diplom-Betriebswirt (Business Administration), Resident of Bad Abbach, Germany
Shalini Sarin	Member since October 31, 2020	Executive Director at Elektromobilitat India Private Limited and Telenergy Technologies Private Limited, Resident of Delhi, India
Christian Bacherl	Member since November 8, 2022 Deputy Chairperson since November 16, 2022	Managing Partner of ACCNITE Partners GmbH Diplom-Betriebswirt (Business Administration), B.Sc. (Computer Sciences) Resident of Vaterstetten-Baldham, Germany
Vishal Gaur	Member since June 26, 2023	Professor of Operations, Information and Technology Management at the Samuel Curtis Johnson Graduate School of Management, Cornell SC Johnson College of Business, Cornell University Resident of Ithaca, New York, USA

Further memberships of the supervisory board members of Nagarro SE in other supervisory or management boards:

Carl Georg Dürschmidt

- Member of the supervisory board at: Allgeier SE (since July 7, 2022, Chairperson of the supervisory board since September 30, 2022), Allgeier Public SE (since March 7, 2023)
- Chairperson of the supervisory board at: Allgeier Management AG, Allgeier Experts SE, and Allgeier Enterprise Services AG (until September 30, 2021)
- Chairperson of the management board at: Allgeier SE (until September 30, 2021)

Shalini Sarin

- Member of the board at: Linde India Ltd; Meritor HVS (India) Ltd.; Automotive Axles Ltd.; and Kirloskar Oil Engines Ltd.; Sagility India Pvt. Ltd.; and Schneider Electric India Pvt. Ltd.

Christian Bacherl

- Managing Director of Halidon Ventures GmbH (until February 28, 2023)

Vishal Gaur

- Member of the Advisory Board of DIBIZ Pte. Ltd, Singapore

Total remuneration of the members of the Supervisory Board in the 2024 financial year was kEUR 713 (previous year: kEUR 638) out of which kEUR 178 (previous year: kEUR 178) were outstanding as at the balance sheet date and subsequent to the year-end fixed remuneration was paid. Refer Nagarro remuneration report 2024 for details.

Management Board

The members of the Nagarro SE Management Board during the year end 2024 were as follows:

Member	Membership with Nagarro SE	Additional information
Manas Human	Member since July 15, 2020 (Chairperson) Custodian of Entrepreneurship in the Organization	**Primary area(s) for responsibility:** - Representing the company; deciding the roles, remuneration, hiring, relieving of senior management outside management board **Other information:** - PhD in Engineering - Resident of Gurugram, India
Vikram Sehgal	Member since July 15, 2020 Custodian of Operational Excellence	**Primary area(s) for responsibility:** - Finalization of budgets and financial statements. **Other information:** - Bachelor of Engineering - Resident of Los Altos, USA
Annette Mainka	Member since July 15, 2020 Custodian of Regulatory Compliance	**Primary area(s) for responsibility:** - Compliance with regulations in the different environments and contexts in which we operate. **Other information:** - Diplom-Betriebswirtin (Business Administration) - Resident of Munich, Germany

Further memberships of the management board members of Nagarro SE in other supervisory or management boards:

Manas Human

- Founder and Trustee of Re-Imagining Higher Education Foundation, since 2018
- Member of the Governing Body of Plaksha University, since 2023
- Managing Director of Halidon Ventures GmbH, since 2023
- Managing Director of All Nag Beteiligungs GmbH & Co. KG, since 2023

Vikram Sehgal

- Board Member of Hundred Percentile Education Private Limited, since 2007
- Founder of Re-Imagining Higher Education Foundation, since 2019

Disclosures in accordance with § 285 No. 9 HGB

Total remuneration of the members of the Management Board in the 2024 financial year for their services in that capacity was kEUR 1,444 (previous year: kEUR 987) out of which kEUR 851 (previous year: kEUR 549) was from Nagarro SE and kEUR 594 (previous year: kEUR 438) was from other Nagarro companies. Each member of the Management Board was given Nil (December 31, 2023: Nil) stock options of Nagarro SE during 2024 and as the stock options are not yet exercisable, no expense has been recognized during the year. Refer Nagarro remuneration report 2024 for details.

4. Share-based payment arrangements

Nagarro SE has issued stock options under stock option plans and stocks under employee share participation program. The details of these plans are as follows:

Description of the share-based payment arrangements

Stock option plan

The details of the plans under which these options were issued are as follows:

People addressed	Members of the management of Nagarro SE and its group companies and employees of group companies	Members of the Management Board of Nagarro SE
Number of options authorized	800,000 until October 22, 2025	45,000 until October 22, 2025
Authorization by	General meeting on October 31, 2020	General meeting on October 31, 2020
Plan name	Stock Option Plan 2020/II	Stock Option Plan 2020/III
Vesting period	4 years	4 years
Term	10 years	10 years
Exercise price valuation	110% of the average closing price of the last five trading days prior to the offer	110% of the average closing price of the last five trading days prior to the offer
Vesting condition	25% of the stock options granted to an option holder vest after 12, 24, 36 and 48 months following the issuance date	25% of the stock options granted to an option holder vest after 12, 24, 36 and 48 months following the issuance date
Settlement method	Equity shares of Nagarro SE	Equity shares of Nagarro SE
Exercising of option	Exercisable after a vesting period of 4 years and limited to a period of two weeks after each Annual General Meeting and after the publication of annual, semi-annual and quarterly figures	Exercisable after a vesting period of 4 years and limited to a period of two weeks after each Annual General Meeting and after the publication of annual, semi-annual and quarterly figures

Plan name	**Stock Option Plan 2020/III**	**Stock Option Plan 2020/II (Tranche 1)**	**Stock Option Plan 2020/II (Tranche 2a)**	**Stock Option Plan 2020/II (Tranche 2b)**
Number of options issued	45,000	410,000	141,500	8,750
Date of grant	Jan 15, 2021	Jan 15, 2021	Apr 26, 2023	May 23, 2023
Exercise price	EUR 95.35	EUR 95.35	EUR 110.08	EUR 91.55
Average closing price on the grant date	EUR 86.68	EUR 86.68	EUR 100.07	EUR 83.23
Stock price on the grant date	EUR 78.60	EUR 78.60	EUR 94.60	EUR 83.40
Weighted average fair values at the measurement date	EUR 27.19	EUR 27.19	EUR 46.42	EUR 42.12
Dividend yield	0.00%	0.00%	0.00%	0.00%
Expected volatility	34.27%	34.27%	37.90%	37.80%
Risk–free interest rate	-0.37%	-0.37%	2.96%	2.94%
Term of share options	10 years	10 years	10 years	10 years
Expected life of share options	7 years	7 years	7 years	7 years
Model used	Binomial	Binomial	Binomial	Binomial

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

The expected volatility reflects the assumption that historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily reflect the actual outcome.

Since no options of the company are traded on derivative exchanges, the expected volatility cannot be determined from the implied volatilities of traded options of Nagarro SE. Historical share prices for the newly listed Nagarro SE were not available at the time of valuation of Tranche 1 in 2021. Also, insufficient time after listing had elapsed at the time of valuation for Tranche 2 (a) and Tranche 2(b) in 2023. Therefore, the historical volatility based on price movements of comparable listed companies (peer group) in the past is used as an estimate for the expected volatility. Based on this peer group and with an average exercise period of seven years, Nagarro SE has a historical volatility of 34.27% for Tranche 1; 37.90% for Tranche 2 (a) and 37.80% for Tranche 2 (b).

The movement of the equity settled stock options is as follows:

	2024		2023	
	Number of stock options	Weighted average exercise price (EUR)	Number of stock options	Weighted average exercise price (EUR)
Outstanding at 1 January	569,500	98.88	425,000	95.35
Options issued during the year	-	-	150,250	109.00
Forfeited during the year	(8,062)	104.14	(5,750)	102.39
Exercised during the year	-	-	-	-
Conversion of equity settled options into cash settled options	(499,000)	98.71	-	-
Expired during the year	-	-	-	-
Outstanding at 31 December	62,438	99.54	569,500	98.88
Exercisable at the end of the year	**-**	**-**	**-**	**-**

On November 16, 2024, Nagarro offered the option to convert the existing equity-settled options to cash settled options for both SOP 2020/II and SOP 2020/III programs. The last date for accepting the offer was November 20, 2024. As the market was open for three days from November 16, 2024 to November 20, 2024, three separate fair valuations for these SOPs were made based on the modification dates of these equity-settled SOPs to cash-settled SOPs.

The following disclosures are only relevant for the equity settled program modified to cash-settled:

Plan name	**Stock Option Plan 2020/III**	**Stock Option Plan 2020/II (Tranche 1)**	**Stock Option Plan 2020/II (Tranche 2a)**	**Stock Option Plan 2020/II (Tranche 2b)**
Number of options opted for cash settled	45,000	330,000	116,000	8,000
Date of grant of options	Jan 15, 2021	Jan 15, 2021	Apr 26, 2023	May 23, 2023
Term of options	10 years	10 years	10 years	10 years
Expected life of options	7 years	7 years	7 years	7 years
Fair value on the modification date	EUR 42.99	EUR 42.99	EUR 46.07	EUR 51.08
Dividend yield (on modification date)	0.00%	0.00%	0.00%	0.00%
Expected volatility (on modification date)	44.28%	44.28%	42.96%	42.90%
Risk–free interest rate (on modification date)	2.20%	2.20%	2.21%	2.21%
Dividend yield (on reporting date)	0.00%	0.00%	0.00%	0.00%
Expected volatility (on reporting date)	44.83%	44.83%	43.20%	43.24%
Risk–free interest rate (on reporting date)	2.19%	2.19%	2.25%	2.25%
Fair value on the reporting date	EUR 30.67	EUR 30.67	EUR 33.82	EUR 37.98
Model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

The movement of the cash-settled stock options is as follows:

	2024		2023	
	Number of stock options	Weighted average exercise price (EUR)	Number of stock options	Weighted average exercise price (EUR)
Outstanding at 1 January	-	-	-	-
Conversion of equity settled options into cash settled options	499,000	98.71	-	-
Options issued during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 December	499,000	98.71	-	-
Exercisable at the end of the year	**-**	**-**	**-**	**-**

The liabilities for the cash-settled stock options is as follows:

	2024	2023
	kEUR	kEUR
Total carrying amount of cash-settled options liabilities	14,443	-
Total intrinsic value of liabilities of cash-settled options for vested benefits	-	-

Employee Share Participation Program

On January 16, 2023, Nagarro rolled out the MyN (My Nagarro) program, an Employee Share Participation Program ("ESPP"), globally for every Nagarrian whereby for every multiple of 3 shares purchased and held by the employees ("investment shares") for 3 years (while staying a Nagarrian), 1 free matching share will be given by Nagarro. The program had two offering windows (Tranche 1 and Tranche 2) in 2023 and one offering window (Tranche 1) in 2024 with an annual maximum contribution of EUR 2,500 per employee, for all employees, and a higher contribution limit offered by exception in certain special cases.

Since matching shares are equity instruments of Nagarro SE, ESPP is accounted for as an equity-settled share-based payment scheme in line with IFRS 2. Once all eligible employees have decided upon their yearly participation, the fair value of the equity instrument granted is calculated and fixed for each tranche on the basis of proportional share price at the grant date taking into consideration the discounted estimated dividends.

The development of acquired investment and estimated matching shares, as well as the parameters used for the calculation of the fair value are as follows:

	Tranche 1a (Feb 2023)	Tranche 1b (May 2023)	Tranche 2 (December 2023)	Tranche 1 (June 2024)
Investment period	February 8 - 20, 2023	May 8 - 21, 2023	November 20 - December 1, 2023	May 15 - May 28, 2024
Grant date	February 20, 2023	May 25, 2023	December 13, 2023	June 6, 2024
Matching date	February 20, 2026	May 26, 2026	December 11, 2026	June 5, 2027
Reporting date	December 31, 2024	December 31, 2024	December 31, 2024	December 31, 2024
Acquired investment shares	12,834	447	6,837	5,142
thereof forfeited investment shares	(1,323)	-	(300)	(141)
Estimated matching shares	4,278	149	2,279	1,714
thereof forfeited matching shares	(441)	-	(100)	(47)
Fair value at grant date	EUR 124.40	EUR 79.50	EUR 87.60	EUR 82.20
recognized estimated dividend	EUR 0.00	EUR 0.00	EUR 0.00	EUR 0.00
Estimated leavers	15%	15%	15%	15%

Other information relating to the share-based payment arrangements

The equity-settled stock option and ESPP programs do not have any impact on the Nagarro SE financial statement as these have not been exercised by the employees yet.

The cash-settled stock options are recorded as an expense based in the fair values as on the reporting date with a corresponding provision. Amount cross-charged for cash-settled stock options to it group companies by Nagarro SE are shown as receivable from affiliated companies. Against the converted cash-settled stock options, Nagarro has recognized provisions of kEUR 14,443 (December 31, 2023: KEUR Nil).

The weighted average remaining contractual life for the equity-settled stock options outstanding, cash-settled stock options outstanding and ESPP as at December 31, 2024 was 0.7 years (2023: 1.6 years), 0.6 years (2023: Nil) and 1.6 years (2023: 2.4) respectively.

The weighted average fair value of equity-settled options and ESPP granted during the year was EUR Nil (2023: EUR 46.17) and EUR 82.20 (2023: EUR 110.89) respectively. The weighted average fair value of cash-settled options at the reporting date was EUR 32.36 (2023: EUR Nil).

The Stock Option Plans' exercise prices range from EUR 91.55 to EUR 110.08 per stock option.

5. Corporate Governance Code

The statement on the Corporate governance code prescribed by Section 161 of the German Stock Corporation Act (AktG) was submitted and made publicly accessible on the website of Nagarro SE.

6. Proposal for the appropriation of the result

The Management Board and Supervisory Board of Nagarro SE propose to the Annual General Meeting that a dividend of EUR 1.00 per no par value share carrying dividend rights be paid to shareholders from the unappropriated net income amounting to kEUR 22,053 and that the remaining amount be allocated to retained earnings.

The final amount of the total dividend payment depends on the number of no par value shares carrying dividend rights as of the date of the resolution on the appropriation of net income as adopted on the day of the Annual General Meeting.

7. Employees

In addition to the Management Board, there are average five (2023: three) salaried employees.

8. Disclosures according to § 285 No. 17 HGB

The services provided by KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, in 2024 were related to audit services amounting to kEUR 700; other assurance services of kEUR 11 and for approved non-audit services amounting to kEUR 119.

The audit fee related to the audit of the Nagarro Group's consolidated financial statements, the legally required audits of the annual financial statements of Nagarro SE and the subsidiaries included in the consolidated financial statements and the formal review of the remuneration report. The other assurance services related to a certification of loan covenant. The other services related to support services in the implementation of regulatory requirements.

9. Consolidated financial statements

As the parent company, the Company prepares consolidated financial statements in accordance with International Financial Reporting Standards, as applicable in the EU, and in accordance with the supplementary provisions of commercial law. The consolidated financial statements are published in the Federal Gazette.

10. Events after the balance sheet date

In the period between December 31, 2024, and the date when the consolidated financial statements were authorized for issuance by the Board of Directors of Nagarro SE, the following events of particular importance exist:

Treasury shares

On February 5, 2025, the Management Board of Nagarro SE has resolved to make use of the authorization pursuant to Sec. 71 para. 1 no. 8 of the German Stock Corporation Act (Aktiengesetz, AktG) to repurchase shares of the Company, which was granted by the shareholders' meeting of October 30, 2020.

In aggregate, up to 684,384 shares of Nagarro SE shall be repurchased as part of a share buyback program, corresponding to a portion of the current nominal share capital of approximately 4.97%, subject to an overall purchase volume limit of EUR 70 million (excluding ancillary costs of purchase). Nagarro SE announced the terms of this share buyback program on February 6, 2025, in accordance with art. 5 para. 1 lit. a) of the Regulation (EU) no. 596/2014 and art. 2 para. 1 of the Commission Delegated Regulation (EU) no. 2016/1052.

The share buyback has started from February 6, 2025 and will be carried out until September 19, 2025.

Employee Share Participation Program

As part of MyN (My Nagarro) program, an Employee Share Participation Program ("ESPP"), the first offering period for year 2025 was from March 7, 2025 to March 18, 2025. Since matching shares are equity instruments of Nagarro SE, ESPP is accounted for as an equity-settled share-based payment scheme.

Change in Supervisory Board members

Subsequent to the year end, Carl Georg Dürschmidt, Chairman of the Supervisory Board member, decided to step down for personal reasons effective as of May 1, 2025. On May 1, 2025 the Supervisory Board appointed Mr. Christian Bacherl as Chairperson, Ms. Shalini Sarin as Deputy Chairperson and Mr. Vishal Gaur as Chairperson of the audit committee of the Supervisory Board for the remaining term of office of the current Supervisory Board, i.e. until the conclusion of the upcoming AGM.

Covenants

In consultation with the banks, the submission of the covenant certificate has been postponed to May 31, 2025. Details can be found under D.4. Liabilities.

Munich, May 14, 2025

Nagarro SE

The Management Board

Manas Human   Annette Mainka   Vikram Sehgal

Appendix 1 - Statement of changes in fixed assets

	Gross carrying amount				Accumulated depreciation and amortization				Net carrying amount	
	1-Jan-24	Additions	Disposal	31-Dec-24	1-Jan-24	Additions	Disposal	31-Dec-24	1-Jan-24	31-Dec-24
	in kEUR	in kEUR	in kEUR	in kEUR	in kEUR	in kEUR	in kEUR	in kEUR	in kEUR	in kEUR
I. Intangibles										
1. Purchased rights	8	-	-	8	-	(1)	-	(1)	8	7
	8	**-**	**-**	**8**	**-**	**(1)**	**-**	**(1)**	**8**	**7**
II. Financial assets										
1. Shares in affiliated companies	415,306	50	-	415,356	-	-	-	-	415,306	415,356
2. Loans to affiliated companies	65,707	151,783	(51,610)	165,879	-	-	-	-	65,707	165,879
	481,013	**151,833**	**(51,610)**	**581,236**	**-**	**-**	**-**	**-**	**481,013**	**581,236**
Net carrying amount as at Dec 31, 2024	**481,021**	**151,833**	**(51,610)**	**581,244**	**-**	**(1)**	**-**	**(1)**	**481,021**	**581,243**

Appendix 2 - List of subsidiaries pursuant to section 285 para 11 German Commercial Code

No.	Company	Shareholding	Country of incorporation	Foreign currency (FC)	Equity 12/31/2024		Net profit/ (loss) for the year 2024		Note	Disclosure, auditing, preparation of notes and management report
					kFC	kEUR	kFC	kEUR		
1	Nagarro SE, Munich, Germany	100.00%	Germany	EUR	268,553	268,553	56,885	56,885		Separate and consolidated annual financial statements in the Federal Gazette (Bundesanzeiger)
	Direct investments of Nagarro SE									
2	Nagarro Inc., San Jose, USA	100.00%	USA	USD	5,157	(5,762)	34,584	31,963		
3	Nagarro ES GmbH, Kronberg im Taunus, Germany	100.00%	Germany	EUR	1,155	1,155	-	-	(1) & (2)	Exemption pursuant to Section 264 (3) HGB
4	Nagarro GmbH, Munich, Germany	100.00%	Germany	EUR	15,652	15,652	-	-	(1) & (2)	Exemption pursuant to Section 264 (3) HGB
5	Nagarro ATCS GmbH, Stuttgart, Germany	100.00%	Germany	EUR	1,817	1,817	173	173	(1)	Exemption pursuant to Section 264 (3) HGB
6	Infocore Engineering & IT Services GmbH, Kronberg im Taunus, Germany	100.00%	Germany	EUR	2,110	2,110	310	310	(1)	Exemption pursuant to Section 264 (3) HGB
7	Nagarro GmbH, Vienna, Austria	100.00%	Austria	EUR	4,178	4,178	(1,542)	(1,542)		
8	Nagarro MENA LLC, Dubai, UAE	100.00%	UAE	AED	60,447	15,743	9,040	2,275		
9	Nagarro Software S.A. De C.V., Monterrey, Mexico	100.00%	Mexico	MXN	(39,023)	(1,811)	(15,586)	(787)		
10	Nagarro Software AB, Stockholm, Sweden	100.00%	Sweden	SEK	6,594	575	2,059	180		
11	Nagarro Software Ltd., London, United Kingdom	100.00%	UK	GBP	4,325	5,008	671	793		
12	Nagarro AS, Oslo, Norway	100.00%	Norway	NOK	7,934	673	(2,182)	(188)		
13	Nagarro Pty. Ltd., Pretoria, South Africa	100.00%	South Africa	ZAR	39,696	2,030	6,268	316		
14	Nagarro Company Ltd., Bangkok, Thailand	100.00%	Thailand	THB	8,038	226	(258)	(7)		
15	Nagarro Ltd., Port Louis, Mauritius	100.00%	Mauritius	MUR	5,834	120	879	18		
16	Nagarro Oy, Espoo, Finland	100.00%	Finland	EUR	792	792	28	28		
17	Nagarro Ltd., Valetta, Malta	100.00%	Malta	EUR	1,036	1,036	205	205		
18	Nagarro S.A.S., Quito, Ecuador	100.00%	Ecuador	USD	(871)	(838)	(4)	(3)		
19	Nagarro Software S.A.S., Bogotá D.C, Colombia	100.00%	Colombia	COP	282,644	62	(151,623)	(34)		
20	Nagarro, UNIPESSOAL LDA, Funchal, Portugal	100.00%	Portugal	EUR	(940)	(940)	(134)	(134)		
21	Nagarro Software, S.L., Madrid, Spain	100.00%	Spain	EUR	(1,124)	(1,124)	(653)	(653)		
22	Advanced Programming Solutions, S.L., Palma de Mallorca, Spain	100.00%	Spain	EUR	6,496	6,496	959	959		
23	M.B.İ.S Bilgisayar Otomasyon Danışmanlık ve Eğitim Hizmetleri Sanayi ve Ticaret A.Ş., Istanbul, Türkiye	100.00%	Turkey	TRY	329,581	8,957	81,144	2,205		
24	Nagarro Korlátolt Felelősségű Társaság, Budapest, Hungary	100.00%	Hungary	HUF	(457,376)	(1,112)	(450,185)	(1,139)		
25	Nagarro Co., Ltd., Taipei,Taiwan	100.00%	Taiwan	TWD	7,788	229	3,141	90		
26	Nagarro Software Limited, Dublin, Ireland	100.00%	Ireland	EUR	48	48	(2)	(2)		

No.	Company	Shareholding	Country of incorporation	Foreign currency (FC)	Equity 12/31/2024		Net profit/ (loss) for the year 2024		Note	Disclosure, auditing, preparation of notes and management report
					kFC	kEUR	kFC	kEUR		
	Indirect investments of Nagarro SE									
27	Nagarro Software Pvt. Ltd., Gurugram, India	100.00%	India	INR	7,245,165	81,544	1,946,289	21,498		
28	Nagarro Software Inc., Fishers, USA	100.00%	USA	USD	(7,213)	(6,983)	3,816	3,526		
29	Nagarro Software Solutions (Beijing), Inc. (China)	100.00%	China	CNY	207,243	27,337	(13,131)	(1,688)		
30	Advanced Technology Consulting Service Inc., New Jersey, USA	100.00%	USA	USD	67,603	60,612	(2,403)	(2,221)		
31	Advanced Technology Consulting Service Canada Inc., Toronto, Canada	100.00%	Canada	CAD	268	180	(44)	(30)		
32	Ace Outsource LC, Salt Lake City, USA	100.00%	USA	USD	24,637	22,651	1,107	1,023		
33	RipeConcepts Incorporated, Cebu, Philippines	100.00%	Philippines	PHP	89,828	1,489	12,359	199		
34	Nagarro GS Inc., San Jose, USA	100.00%	USA	USD	5,017	4,830	3,589	3,317		
35	Telesis7 LLC, Missouri, USA	100.00%	USA	USD	6,997	6,523	(1)	(1)		
36	Nagarro Global Services Asia Pte. Ltd., Singapore	100.00%	Singapore	SGD	4,597	2,635	3,919	2,711		
37	Nagarro Enterprise Services Pvt. Ltd., Gurugram, India	100.00%	India	INR	6,168,382	69,704	2,118,150	23,397		
38	Advanced Technology Consulting Service Private Limited, Jaipur, India	100.00%	India	INR	641,330	7,214	142,127	1,570		
39	Nagarro SDN. BHD., Kuala Lumpur, Malaysia	100.00%	Malaysia	MYR	4,273	920	382	77		
40	Nagarro K.K., Tokyo, Japan	100.00%	Japan	JPY	57,592	354	(55,354)	(338)		
41	Nagarro (Private) Limited, Colombo, Sri Lanka	100.00%	Sri Lanka	LKR	(195,712)	(643)	(12,523)	(38)		
42	Techmill Global Pte Ltd, Singapore	100.00%	Singapore	SGD	3,128	2,210	562	388		
43	Tech Mills (Australia) Pty Ltd, Sydney, Australia	100.00%	Australia	AUD	134	80	(122)	(75)		
44	Nagarro SRL, Cluj-Napoca, Romania	100.00%	Romania	RON	65,062	13,067	704	142		
45	Nagarro iQuest Schweiz AG, Zurich, Switzerland	100.00%	Switzerland	CHF	2,484	2,624	285	296		
46	iQuest SPZOO, Warsaw, Poland	100.00%	Poland	PLN	(247)	(58)	96	22		
47	Nagarro Pty. Ltd., Sydney, Australia	100.00%	Australia	AUD	1,941	1,159	1,136	693		

No.	Company	Shareholding	Country of incorporation	Foreign currency (FC)	Equity 12/31/2024		Net profit/ (loss) for the year 2024		Note	Disclosure, auditing, preparation of notes and management report
					kFC	kEUR	kFC	kEUR		
48	Nagarro Software Co. W.L.L, Bahrain	100.00%	Bahrain	BHD	(51)	(130)	45	111		
49	Nagarro for Information Technology, Riyadh, Saudi Arabia	100.00%	Kingdom of Saudi Arabia	SAR	11,752	3,012	12,226	3,011		
50	Nagarro Software FZCO, UAE	100.00%	UAE	AED	303	79	(963)	(242)		
51	Nagarro ES France SAS, Entzheim, France	100.00%	France	EUR	7,040	7,040	2,621	2,621		
52	Nagarro Denmark A/S, Herlev, Denmark	100.00%	Denmark	DKK	32,040	4,296	14,584	1,955		
53	Novaline Bilişim Teknolojileri Danışmanlığı A.Ş., Istanbul, Türkiye	100.00%	Turkey	TRY	723	20	14	-		
54	Analytica Bilgi Teknolojileri A.Ş., Istanbul, Türkiye	100.00%	Turkey	TRY	2,261	61	(7,082)	(192)		
55	FWD View Ltd., London, United Kingdom	100.00%	UK	GBP	1,827	2,205	1,290	1,533		
56	Nagarro Software Co. W.L.L, New Cairo, Egypt	100.00%	Egypt	USD	8	7	(27)	(25)		

(1) After profit transfer or loss assumption

(2) Profit and loss transfer agreement with Nagarro SE

Section C

Important Information

I. Responsibility statement

Statement pursuant to Section 264 [paragraph] 2 sentence 3 and Section 289 [paragraph] 1 sentence 5 of the German Commercial Code (HGB):

“To the best of our knowledge, and in accordance with the applicable reporting principles, the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and results of operations of the company, and the Management Report includes a fair review of the development and performance of business and position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.”

Munich, May 14, 2025

Nagarro SE

The Management Board

Manas Human   Annette Mainka   Vikram Sehgal

II. Independent auditor's report

To Nagarro SE, Munich

Report on the Audit of the Annual Financial Statements and of the Combined Management Report

Opinions

We have audited the annual financial statements of Nagarro SE, Munich, which comprise the balance sheet as of December 31, 2024, and the income statement for the financial year from January 1 to December 31, 2024, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of the Company and the Group (hereinafter: combined management report) of Nagarro SE for the financial year from January 1 to December 31, 2024.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2024, and of its financial performance for the financial year from January 1 to December 31, 2024, in compliance with German legally required accounting principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2024. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Valuation of investments in affiliated companies

The accounting policies are disclosed in the notes to the financial statements in note C.1.

THE FINANCIAL STATEMENT RISK

In the annual financial statements of Nagarro SE as of December 31, 2024, shares in affiliated companies in the amount of EUR 415.4 million are recognized under financial assets. The shares in affiliated companies account for 61.6% of total assets and thus have a material effect on the Company's assets and liabilities.

Shares in affiliated companies are recognized at cost or, if they are expected to be permanently impaired, at their lower fair value. The Company calculates fair value using the discounted cash flow method.

The cash flows used for the discounted cash flow method are based on individual projections for each investment for the next 5 years, which are extrapolated based on assumptions regarding long-term growth rates. The respective discount rate is derived from the return on a risk-adjusted alternative investment. If the fair value is less than the book value, an impairment loss is recognized to the fair value.

Impairment testing including the calculation of the fair value in line with the discounted cash flow method is complex and the assumptions made depend to a high degree on assessments and judgments of the Company. This applies for the estimate of the future cash flows and the determination of the capitalization interest rates, among other elements.

Against this background, there is a risk for the financial statements that investments in affiliated companies are not recoverable.

OUR AUDIT APPROACH

First, we gained an understanding of the Company's process to determine the recoverability of investments in affiliated companies through explanations obtained from Accounting and by evaluating documentation. In this regard, we thoroughly examined the Company's approach to determining the need for write-downs and, based on the information obtained during our audit, assessed for which shares in affiliated companies there were indications of impairment.

Subsequently, with the support of our valuation specialists, we assessed for these shares the appropriateness of the key assumptions as well as of the valuation method for the company valuations performed by the Company. To this end, we discussed the expected cash flows and the assumed long-term growth rates with those responsible for planning. Furthermore, we evaluated the consistency of assumptions with external market assessments.

We compared the assumptions and data underlying the discount rate, in particular the risk-free rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

In order to take account of forecast uncertainty, we also investigated the impact of potential changes to the capitalization rate and the expected cash flows on the fair value (sensitivity analysis) by calculating alternative scenarios and comparing these with the Company's measurements. In order to ensure the computational accuracy of the valuation method used, we verified the Company's calculations using our own calculations and analyzed any discrepancies.

OUR OBSERVATIONS

The approach used for impairment testing the shares in affiliated companies is appropriate and in line with the accounting policies. The Company's assumptions and data are appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the combined corporate governance statement for the Company and Group, which is contained in Section IV of the combined management report, and
- information extraneous to management reports and marked as unaudited.

Other information also includes the separate combined non-financial report of the Company and Group, which is published with the combined management report.

Our opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Combined Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 combined 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 combined management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined 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 of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the combined 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 the Company's internal control or of these arrangements and measures.
- 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 Company'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 annual financial statements and in the combined 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 Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined 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 actions taken or safeguards applied to eliminate independence threats.

From 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Declaration of Non-issuance of the Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We were engaged to perform assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the combined management report (hereinafter the "ESEF documents") prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format").

We do not express an opinion on the ESEF documents. As a result of the significance of the circumstances described below, we have not been able to obtain sufficient appropriate assurance evidence as a basis for an opinion on the ESEF documents.

As management has not provided us with any ESEF documents for assurance by the date of the issuance of the independent auditor's report, we do not express an assurance opinion on the ESEF documents.

The Company's management is responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company's management is responsible for such internal control as they have considered 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 overseeing the process of preparing the ESEF documents as part of the financial reporting process.

It is our responsibility to perform assurance work on the ESEF documents in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). As a result of the above circumstances, we have not been able to obtain sufficient appropriate assurance evidence as a basis for an assurance opinion on the ESEF documents.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor at the Annual General Meeting on June 27, 2024. We were engaged by the Supervisory Board on November 12, 2024. We have been the auditor of Nagarro SE without interruption since financial year 2024.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Maximilian Bergler.

Munich, May 14, 2025
KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Hanshen	Bergler
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]