Prospectus

dated December 8, 2020

for the admission to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

of

120,000 existing no-par value registered shares

and

11,262,513 newly issued no-par value registered shares from a capital increase against contribution in kind resolved upon by a general shareholders' meeting on October 30, 2020

– each such no-par value share representing a notional interest in the share capital of €1.00 and carrying full dividend rights from January 1, 2020 –

of

Nagarro SE

Munich, Germany

International Securities Identification Number (ISIN): DE000A3H2200

German Securities Code (*Wertpapierkennnummer* (WKN)): A3H220

Ticker: NA9

Listing Agents

COMMERZBANK **Jefferies**

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SUMMARY OF THE PROSPECTUS

A. Introduction and Warnings

This prospectus (the "**Prospectus**") relates to the admission to the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (the "**Listing**") of 120,000 existing no-par value registered shares (*Stückaktien*) and 11,262,513 newly issued no-par value registered shares from a capital increase against contribution in kind resolved upon by a general shareholders' meeting on October 30, 2020 (the "**New Shares**" and, together with the 120,000 existing shares the "**Shares**") of Nagarro SE, Einsteinstraße 172, 81677 Munich, Germany (the "**Company**" or "**Nagarro**"), with the legal entity identifier ("**LEI**") 9845008396BA67DA9B37 and International Securities Identification Number ("**ISIN**") DE000A3H2200. The New Shares are issued in connection with a spin-off for absorption (*Abspaltung zur Aufnahme*) under the German Transformation Act (*Umwandlungsgesetz* - "**UmwG**") (the "**Spin-Off**"). In the Spin-Off, Allgeier SE, Munich, Germany ("**Allgeier SE**", together with its consolidated subsidiaries, "**Allgeier**" or "**Allgeier Group**"), as transferor will transfer its shareholdings in Allgeier Connect AG ("**Connect AG**") to the Company as transferee. As consideration for the transfer of the Spin-Off assets, the shareholders of Allgeier SE will receive the Shares according to their proportional shareholding in Allgeier SE.

In this Prospectus, references to "**we**", "**us**", "**our**", "**Nagarro Group**" or the "**Group**" are references to the consolidated group of entities and business activities comprising the Nagarro business, with the Company acting as the ultimate holding company as from the completion of the Spin-Off, which is expected to take place on December 15, 2020, and after this Prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*), on December 8, 2020, in accordance with Article 20 (2) of Regulation (EU) 2017/1129.

The listing agents are COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany (LEI: 851WYGNLUQLFZBSYGB56); www.commerzbank.com ("**COMMERZBANK**") and Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt am Main, Germany (LEI: 5493004I3LZM39BWHQ75); www.jefferies.com ("**Jefferies**" and, together with COMMERZBANK, the "**Listing Agents**").

The persons asking for admission to trading on a regulated market are the Company and COMMERZBANK. The Company can be contacted at: Einsteinstraße 172, 81677 Munich, Germany (telephone: +49 89 998 421 43, www.nagarro.com) and COMMERZBANK can be contacted at: Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany (telephone: +49 69 1 36 20, www.commerzbank.com).

This Prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* ("**BaFin**")), on December 8, 2020 in accordance with Article 20 (2) of Regulation (EU) 2017/1129. The BaFin can be contacted at Marie-Curie-Str. 24-28, 60439 Frankfurt am Main, Germany, by telephone +49 228 4108-0, or via its website: www.bafin.de.

As of the date of this Prospectus, the Spin-Off and its effects as described in this Prospectus have not yet occurred. It is expected that the Spin-Off will become effective on December 15, 2020.

*This summary (the "**Summary**") should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the Summary including any translation thereof, but only where the Summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.*

B. Key information on the issuer

Who is the issuer of the securities?

The issuer is Nagarro SE (LEI: 9845008396BA67DA9B37), a European stock corporation (*Societas Europaea, "***SE***"*) incorporated in Munich and operating under German law. The Company's registered office is in Munich, Germany. The Company is registered with the commercial register of the local court (*Amtsgericht*) of Munich under HRB 254410.

Nagarro comprises the global technology and software development business of the Allgeier Group.

The Nagarro Group is a global organization with offices in 25 countries and no formal headquarters. Our senior management team comprises 16 different nationalities. As of September 30, 2020, we had approximately 8,400 employees. Of these, more than 7,500 were professionals in engineering, distributed primarily across India (68%), Romania (9%), Germany (8%), China (7%), USA (3%) and Austria (2%).

We are a global digital engineering company, domiciled in Germany, with a full-service portfolio offering of digital product engineering, digital commerce and customer experience, managed services, enterprise resource planning ("**ERP**") consulting and other services. Historically, our business has largely focused on product engineering while offering additional services in areas such as digital commerce and customer experience and managed services.

In our digital product engineering service line, we offer services from the earliest stages of product conceptualization and design, through development, testing, maintenance and support. Our digital commerce and customer experience services provide a wide range of e-commerce solutions leveraging third-party products such as those by Adobe and SAP. We help to improve outcomes in our clients' digital landscape through managed services offerings such as application management and enhancement, cloud hosting and management, security operations management, transition management as well as helpdesks and ticketing. Our ERP consulting competencies include strategy and process consulting, SAP cloud solutions and transformation to SAP based systems.

Our sole shareholder is Allgeier SE. As the individual operating companies attributable to the Nagarro Group were previously held in different business units of the Allgeier Group, comprehensive reorganization measures were implemented in preparation of the Spin-Off. Nagarro Holding GmbH was identified as the future operating holding company and acquired Nagarro iQuest Holding GmbH, Objectiva Software Solutions Inc., and the SAP business of the Allgeier Group organized under Nagarro ES. Purchase price claims from such acquisitions have been partly assigned to Connect AG, a subsidiary of Allgeier SE. In connection with the Spin-Off, Allgeier SE will spin-off all shares held by Allgeier SE in Nagarro along with all shares it holds in Connect AG to Nagarro SE. In order to implement the Spin-Off, Nagarro will increase its share capital and issue the New Shares against contribution by Allgeier SE of the shares Allgeier SE holds in Nagarro and the shares it holds in Connect AG. Upon effectiveness of the Spin-Off, the shareholders of Allgeier SE become shareholders of Nagarro in accordance with the allotment ratio. In each case, Allgeier SE's shareholders will receive the alloted number of shares in Nagarro by way of book-entry into their securities accounts. Following the completion of the Spin-Off, Allgeier SE will not hold any shares in Nagarro SE or Connect AG. The number of shares in Nagarro SE attributable to each shareholder of Allgeier SE depends on the number of shares in Allgeier SE held by such shareholder immediately prior to the completion of the Spin-Off.

The management board (*Vorstand*) manages the affairs of the Company on its own responsibility. The current members of the management board are Manas Fuloria, Vikram Sehgal and Annette Mainka. Manas Fuloria serves as spokesperson of the management board and is responsible for the coordination of all management board functions, which are consistent with our goals and our code of conduct "Nagarro Constitution". Annette Mainka is responsible for the regulatory compliance and for compliance to internal regulatory processes. Vikram Sehgal is responsible for the Company's financial planning and reporting, both internally and externally, as part of our operational excellence.

The Company's statutory auditor is Lohr + Company GmbH Wirtschaftsprüfungsgesellschaft, Rochusstraße 47, 40479 Dusseldorf, Germany ("**Lohr + Company**").

What is the key financial information regarding the issuer?

The following financial information has been taken or derived from the combined financial statements of Nagarro as of and for the fiscal years ended December 31, 2019, 2018 and 2017 (the "**Audited Combined Financial Statements**") or the unaudited condensed consolidated interim financial statements of Nagarro as of and for the nine-month period ended September 30, 2020 (the "**Unaudited Condensed Consolidated Interim Financial Statements**"). The Audited Combined Financial Statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and have been audited in accordance with Section 317 of the German Commercial Code (*Handelsgesetzbuch*) 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)) by Lohr + Company, who issued an unqualified independent auditor's report thereon. The Unaudited Condensed Consolidated Interim Financial Statements were prepared in accordance with IFRS on interim financial reporting (IAS 34). The Audited Combined Financial Statements and the Unaudited Condensed Consolidated Interim Financial Statements (together, the "**Financial Statements**") present the combined group of entities and business activities comprising the Nagarro business in the fiscal years ended December 31, 2019, 2018 and 2017 and in the consolidated group of entities and business activities in the nine-month period ended September 30, 2020. During these periods, Nagarro did not conduct business operations as an independent group.

Where financial data in the following tables is labelled "audited", this means that it has been taken from the Audited Combined Financial Statements. The label "unaudited" is used in the following tables to indicate financial data that has not been taken from the Audited Combined Financial Statements but was taken either from the Unaudited Condensed Consolidated Interim Financial Statements or the Company's internal reporting system, or is based on calculations of figures from the sources mentioned before.

The Audited Combined Financial Statements of Nagarro present the Nagarro Group companies and the business activities allocated to the Nagarro Group in the manner in which they were included in the IFRS consolidated financial statements of Allgeier in the past and how they will exist after the Spin-Off enters into effect. The Audited Combined Financial Statements have been prepared in respect of Allgeier's uniform control over the Nagarro Group, taking into account the timing of the uniform control:

- Allgeier Nagarro Holding GmbH since before January 1, 2017;
- Certain SAP-businesses organized under Nagarro Allgeier ES GmbH since April 1, 2017;
- Objectiva Software Solutions, Inc. since July 1, 2018; and
- Nagarro iQuest Holding GmbH since October 1, 2018.

Key financial information from the Statements of Income

Euro (thousands)	For the fiscal year ended December 31,			For the nine months ended September 30,	
	2019	2018	2017	2020	2019
		(audited)		*(unaudited)*	
Revenue	402,430	287,329	210,551	321,433	294,116
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**61,584**	**32,283**	**21,357**	**53,542**	**39,026**
Adjusted EBITDA	**57,697**	**34,346**	**25,500**	**58,234**	**41,815**
Earnings before interest and taxes (EBIT)	42,422	18,569	11,268	37,548	25,051
Earnings before taxes (EBT)	37,153	14,418	8,240	31,298	20,932
Profit for the period	**30,396**	**8,174**	**3,649**	**23,444**	**14,561**

Key financial information from the Statements of Financial Position

Euro (thousands)	As of December 31,			As of September 30,
	2019	2018	2017	2020
		(audited)		*(unaudited)*
Non-current assets	184,853	170,132	85,465	181,215
Current assets	157,158	126,981	80,671	185,876
Total assets	**342,011**	**297,112**	**166,136**	**367,091**
Non-current liabilities	66,136	72,894	29,408	59,481
Current liabilities	215,933	135,309	103,277	499,727
Total liabilities	**282,069**	**208,203**	**132,685**	**559,209**
Total equity	**59,942**	**88,910**	**33,450**	**(192,118)**
Equity and liabilities	**342,011**	**297,112**	**166,136**	**367,091**

Key financial information from the Statements of Cash Flows

Euro (thousands)	For the fiscal year ended December 31,			For the nine months ended September 30,	
	2019	2018	2017	2020	2019
		(audited)		*(unaudited)*	
Net cash inflow from operating activities	40,867	8,576	5,540	53,512	22,377
Net cash outflow from investing activities	(8,013)	2,731	(6,728)	(6,621)	(4,693)
Net cash inflow (outflow) from financing activities	(17,145)	(3,857)	2,523	(10,369)	(11,015)
Effects of exchange rate changes on cash and cash equivalents	358	386	(675)	(1,170)	507
Total changes in cash and cash equivalents	**16,067**	**7,836**	**661**	**35,351**	**7,117**

Key Performance Indicators and Alternative Performance Measures

We present Adjusted EBITDA as an alternative performance measure as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on October 5, 2015 on alternative performance measures (the "**ESMA Guidelines**"). Specifically, we use Adjusted EBITDA as an indicator for evaluating our operating performance as it does not include interest, taxes, depreciation and amortization as well as results for special items such as losses from impairments and write-offs of customer receivables and purchase price adjustments. We present non-IFRS financial information because we use such information in monitoring our business and because we believe that it is frequently used by analysts, investors and other interested parties in evaluating companies in our industry and it may contribute to a more comprehensive understanding of our business.

Adjusted EBITDA is equal to the Company's earnings (profit after taxes) with the following added back: income taxes, financial expenses and financial income, depreciation, impairment of goodwill and amortization of other intangible assets, prior period effects, provision for bad debts and special items such as one-time costs related to business combination and Spin-Off. Further, one-time income related to a business combination, if any, is reduced.

	For the fiscal year ended December 31,			**For the nine months ended September 30,**	
Euro (thousands)	**2019**	**2018**	**2017**	**2020**	**2019**
		(audited)		*(unaudited)*	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	61,584	32,283	21,357	53,542	39,026
Adjusted EBITDA	57,697	34,346	25,500	58,234	41,815

Our key performance indicators ("**KPIs**") include revenue (as shown in our Financial Statements), gross margin and Adjusted EBITDA (as defined above). We define gross margin as the ratio of gross profit to revenue; gross profit is calculated after reducing from total performance (defined as the sum of revenue, change in work in progress and own work capitalized) all direct costs needed to service the revenue.

	For the fiscal year ended December 31,			**For the nine months ended September 30,**	
%	**2019**	**2018**	**2017**	**2020**	**2019**
		(audited)		*(unaudited)*	
Gross margin	32	31	31	33	32

What are the key risks that are specific to the issuer?

- Our international operations are exposed to risks related to fluctuations in exchange rates, which may be beyond our control. We may incur significant losses from currency variations.

- Our results of operations have been adversely affected and could in the future be materially adversely affected by global pandemics like COVID-19. To the extent COVID-19 adversely affects our business and results of operations, it may also have the effect of heightening other risks, including, but not limited to, our ability to execute on our growth strategy through strategic acquisitions, attracting, hiring and retaining personnel, the effects on movements in foreign currency exchange rates, changes to fiscal, political, regulatory and other federal policies and our ability to meet financial covenants under financing arrangements, each of which could materially adversely affect our business, financial condition and results of operations.

- We face intense and increasing competition for clients and opportunities from specialized service providers and local service providers as well as competition from large, global consulting and outsourcing firms and in-house IT departments of large corporations. If we are unable to compete successfully, pricing pressures or loss of market share could have a material adverse effect on our business.

- Volatile, negative or uncertain economic conditions could cause our clients to reduce, postpone or cancel spending on projects with us and could make it more difficult for us to accurately forecast client demand and the resources required to profitably address such client demand. Our results of operations could therefore be adversely affected by economic and political conditions globally and, in particular, in the markets in which our clients are concentrated.

- If we are unable to attract and retain sufficient qualified personnel or do not effectively utilize our workforce, our results of operations and profitability may be materially adversely affected.

- Strategic acquisitions are part of our growth strategy. If we fail to identify, acquire and integrate companies successfully, our profitability and anticipated continued growth could be materially adversely affected.

- We may be unable to achieve and manage anticipated growth, which could place significant strain on our management, systems and resources.

- Our profit forecast and medium-term targets could differ materially from our actual results of operations.

- For the most part, we do not have long-term contractual commitments from our clients, our clients may terminate contracts before completion, choose not to renew contracts, and we might not receive payment for services that we have performed. A loss of business or non-payment from large clients could materially affect our results of operations.

- Changes to fiscal, political and regulatory conditions could adversely affect our business and financial results. For example, proposed legislation in the U.S. could impose restrictions on our ability to obtain U.S. visas for employees and deploy employees holding U.S. work permits to client locations, both of which could adversely impact our business.

- We may not be able to prevent the unauthorized use of our or our business partners' intellectual property, and our intellectual property rights may not be adequate to protect our business and competitive position, both of which could materially adversely affect our business, financial condition and results of operations.

- We may be unable to achieve some or all of the benefits that we expect to achieve through the Spin-Off, such as a better focus on financial and operational resources on our specific business, bringing visibility to the Nagarro brand via the capital markets, or enhancing management focus on the core business.

- We may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent publicly-traded company, and we may experience increased costs and additional expenses after the Spin-Off. As a result, our business, financial condition, results of operations and prospects may be materially adversely affected.

C. Key information on the securities

What are the main features of the securities?

The Shares are no-par value registered shares each such share representing a notional interest in the Company's share capital of €1.00 and with full dividend rights from January 1, 2020.

All of the Shares are registered shares with no par value. The ISIN of the Shares is DE000A3H2200. The Shares are denominated in euros and are issued for an indefinite term. Each share in the Company carries one vote at the Company's shareholders' meeting. All of the Shares confer the same voting rights. There are no restrictions on voting rights. The Shares are freely transferable in accordance with the legal requirements for ordinary registered shares and no consent obligation applies in case of their transfer. All Shares provide holders thereof with the same rights and no shares provide any additional rights or advantages. The Shares are subordinated to all other securities and claims and entitle holders to a share of any liquidation proceeds or insolvency surpluses at the ratio of their notional share in the share capital in case of an insolvency of the Company.

In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Shares in proportion to their interest in the Company's share capital.

The Company currently intends to retain all available funds and any future earnings to support its operations and to finance the growth and development of its business. Therefore, the Company currently does not intend to pay dividends in the foreseeable future.

Where will the securities be traded?

An application will be made for admission of the Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard). The Shares are expected to be admitted to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on December 15, 2020. Public trading in the Shares is expected to commence on December 16, 2020.

What are the key risks that are specific to the securities?

- Current Allgeier shareholders who will, as a result of the Spin-Off, automatically receive shares of the Company, may not be interested in an investment in the Company on a stand-alone basis. As a result, such shareholders may decide to sell their shares in the Company following the Listing, which could lead to a decline of the share price of the Company.

D. Key information on the Listing of securities and the admission to trading on a regulated market

Under which conditions and timetable can I invest in this security?

Immediately following the completion of the Spin-Off, the Shares will be transferred to the shareholders of Allgeier SE. On December 16, 2020, each shareholder of Allgeier SE shall receive:

- for every one (1) no-par value registered share of Allgeier SE (ISIN DE000A2GS633 German Securities Identification Number (WKN) A2GS63) that it holds on the evening of December 15, 2020, taking into account any stock exchange transactions still outstanding

- one (1) no-par value registered Share of the Company (ISIN DE000A3H2200 / WKN A3H220).

Trading in the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on December 16, 2020.

Any changes to the terms of the Listing will be published by means of electronic media (such as Reuters or Bloomberg) and, if required by the German Securities Trading Act (*Wertpapierhandelsgesetz* ("**WpHG**")), the Regulation (EU) 596/2014, the Regulation (EU) 2017/1129 (or the German Securities Prospectus Act – *Wertpapierprospektgesetz* ("**WpPG**")), as an ad-hoc release via an electronic information dissemination system, on the Company's website www.nagarro.com under the "Spin-Off" section and as a supplement to this Prospectus. Investors who have submitted offers to purchase will not be notified individually. Under certain conditions, the Listing Agents may terminate the listing agreement entered into between the Company and the Listing Agents on December 7, 2020, even after commencement of trading (*Aufnahme des Handels*) of the Shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

The total costs and expenses of the Spin-Off will be approximately €11 to €16 million. The costs in connection with the preparation and execution of the Spin-Off shall be borne by Allgeier SE and Nagarro at a ratio of 50:50. The costs in connection with the Listing, amounting to approximately €8 to €13 million, shall be borne by Nagarro.

Who is the person asking for admission to trading?

The Company will apply for admission to trading. Application will be made together with COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany, and operating under the laws of Germany for the purpose of the admission to trading.

Why is this Prospectus being produced?

The purpose of the Prospectus is to admit the Shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

It is the intention of Allgeier to legally separate the business activities of the Allgeier Group in the area of technology and software development business (the "**Allgeier Global Digital Engineering Business**"). Therefore, it is the intention to carve-out the Allgeier Global Digital Engineering Business to Nagarro in accordance with the UmwG.

The Company intends to list its Shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

Neither the Company nor Allgeier SE will receive proceeds in connection with the Spin-Off.

In the context of the Spin-Off and the Listing, the Listing Agents have entered into a contractual relationship with the Company and Allgeier SE.

In addition, COMMERZBANK will act as designated sponsor for the Shares, as paying agent and settlement agent and as trustee within the meaning of Sections 125 sentence 1 and 71 (1) sentence 1 UmwG.

Allgeier SE has undertaken to pay the Listing Agents fees (including discretionary fees), which depend, *inter alia*, on the development of the price of the Shares following the Listing as well as on the development of the share price of Allgeier SE. The Company therefore assumes that the Listing Agents have an interest in the successful completion of the transaction which may result in a conflict of interest between the Listing Agents and the Company or Allgeier SE.

One or more of the Listing Agents or their affiliates has or have, and may from time to time in the future continue to have, business relations with Nagarro or Allgeier, including lending activities, or may perform certain advisory or other services for Nagarro or for Allgeier or certain of their subsidiaries in their capacity as financial institutions, in particular advisory services in connection with financing transactions, for which they have received, and are likely to receive in the future, customary fees, costs and expenses in the ordinary course of business. Nagarro has, on October 30, 2020, entered into a new syndicated credit facility in an amount of up to €200 million with five European credit institutions, including COMMERZBANK as arranger and bookrunner. Such business relations may result in a conflict of interest between the Listing Agents and the Company or Allgeier SE.

As of the date of the Prospectus, all members of the Supervisory Board, except of Mrs. Shalini Sarin, are management board or supervisory board members of Allgeier SE. Mr. Carl Georg Dürschmidt serves on the management board of Allgeier SE and Mr. Detlef Dinsel is a member of the supervisory board of Allgeier SE. In addition, Mr. Carl Georg Dürschmidt and Mr. Detlef Dinsel are significant shareholders of Allgeier SE. Although Allgeier and Nagarro will not be direct competitors, the interests of Allgeier and the Company will not necessarily always coincide or be aligned. Therefore, the aforementioned dual mandates and other interests or any past relationships of the Company's supervisory board members with Allgeier may in the future result in conflicts of interest for these persons.

Allgeier SE has an interest in the Spin-Off as the Spin-Off serves to dispose of its shareholding in the Company.

Except for the aforementioned interests, there are no interests, conflicting interests or potential conflicting interests which are material in the context of the Spin-Off and the Listing.

ZUSAMMENFASSUNG DES PROSPEKTS

A. Einleitung und Warnhinweise

Dieser Prospekt (der „**Prospekt**") bezieht sich auf die Zulassung zum regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) (die „**Börsenzulassung**") von 120.000 bestehenden auf den Namen lautenden Aktien ohne Nennbetrag (*Stückaktien*) sowie 11.262.513 neu ausgegebenen auf den Namen lautende Aktion ohne Nennbetrag (*Stückaktien*) aus einer von der Hauptversammlung am 30. Oktober 2020 beschlossenen Kapitalerhöhung gegen Sacheinlage (die „**Neuen Aktien**" und zusammen mit den 120.000 bestehenden Aktien, die „**Aktien**") der Nagarro SE, Einsteinstraße 172, 81677 München, Deutschland, (die „**Gesellschaft**" oder „**Nagarro**") mit der Rechtsträgerkennung („**LEI**"): 9845008396BA67DA9B37 und der internationalen Wertpapierkennnummer („**ISIN**") DE000A3H2200. Die Aktien werden im Zusammenhang mit einer Abspaltung zur Aufnahme nach dem Umwandlungsgesetz („**UmwG**") ausgegeben (die „**Abspaltung**"). Im Rahmen der Abspaltung überträgt Allgeier SE, München, Deutschland („**Allgeier SE**" zusammen mit ihren konsolidierten Tochtergesellschaften „**Allgeier**" oder „**Allgeier Gruppe**"), als übertragender Rechtsträger, Anteile an der Allgeier Connect AG („**Connect AG**") an die Gesellschaft als übernehmenden Rechtsträger. Als Gegenleistung für die abgespaltenen Anteile erhalten die Aktionäre der Allgeier SE die Aktien entsprechend ihrer Beteiligung an Allgeier SE.

In diesem Prospekt beziehen sich die Begriffe „**wir**", „**uns**", „**unser**", „**Nagarro Gruppe**" oder die „**Gruppe**" auf die konsolidierte Gruppe von Gesellschaften und Geschäftsaktivitäten, die das Nagarro-Geschäft umfasst, wobei die Gesellschaft ab dem Vollzug der Abspaltung die am 15. Dezember 2020 und nach Billigung dieses Prospekts durch die Bundesanstalt für Finanzdienstleistungsaufsicht am 8. Dezember 2020 gemäß Artikel 20 (2) der Verordnung (EU) 2017/1129 stattfinden wird, als oberste Holdinggesellschaft fungiert.

Die Listing Agents sind COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Deutschland (LEI: 851WYGNLUQLFZBSYGB56) www.commerzbank.com („**COMMERZBANK**") und Jefferies GmbH, Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt am Main, Deutschland (LEI: 5493004I3LZM39BWHQ75); www.jefferies.com („**Jefferies**" und, zusammen mit COMMERZBANK die „**Listing Agents**").

Die die Zulassung zum Handel an einem regulierten Markt beantragenden Personen sind die Gesellschaft und die COMMERZBANK. Die Gesellschaft ist erreichbar unter: Einsteinstraße 172, 81677 München, Deutschland (Telefon: +49 89 9984210, www.nagarro.com) und die COMMERZBANK ist erreichbar unter: COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main (Telefon: +49 69 1 36 20, www.commerzbank.com).

Dieser Prospekt wurde von der Bundesanstalt für Finanzdienstleistungsaufsicht („**BaFin**") am 8. Dezember 2020 gemäß Art. 20 Abs. 2 der Verordnung (EU) 2017/1129 gebilligt. Die BaFin ist unter der Anschrift Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Deutschland, telefonisch +49 228 4108-0 oder über ihre Website: www.bafin.de erreichbar.

Zum Zeitpunkt dieses Prospekts sind die Abspaltung und ihre Auswirkungen, wie in diesem Prospekt beschrieben, noch nicht wirksam. Es wird erwartet, dass die Abspaltung am 15. Dezember 2020 wirksam wird.

*Diese Zusammenfassung (die „**Zusammenfassung**") sollte als Einleitung zu diesem Prospekt verstanden werden. Bei jeder Entscheidung, in die Aktien der Gesellschaft zu investieren, sollte sich der Anleger auf den Prospekt als Ganzes stützen. Der Anleger könnte das investierte Kapital ganz oder teilweise verlieren. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in dem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung des Prospekts zu tragen haben, bevor das Gerichtsverfahren eingeleitet wird. Zivilrechtlich haften nur diejenigen Personen, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass die Zusammenfassung, wenn sie zusammen mit anderen Teilen des Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die betreffenden Wertpapiere für die Anleger eine Entscheidungshilfe darstellen würden.*

B. Basisinformationen über den Emittenten

Wer ist der Emittent der Wertpapiere?

Die Emittentin ist die Nagarro SE (LEI: 9845008396BA67DA9B37), eine Europäische Aktiengesellschaft (*Societas Europaea* „**SE**"), mit eingetragenem Sitz in München, Deutschland, die deutschem Recht unterliegt. Die Gesellschaft hat ihren Sitz in München, Deutschland. Die Gesellschaft ist im Handelsregister des Amtsgerichts München unter HRB 254410 eingetragen.

Nagarro umfasst das globale Technologie- und Softwareentwicklungsgeschäft der Allgeier Gruppe.

Die Nagarro Gruppe ist eine globale Organisation mit Büros in 25 Ländern und ohne offiziellen Hauptsitz. Unser Führungsteam besteht aus 16 verschiedenen Nationalitäten. Zum 30. September 2020 beschäftigten wir etwa 8.400 Mitarbeiter. Davon sind mehr als 7.500 Fachleute aus dem Ingenieurwesen, die sich hauptsächlich auf Indien (68%), Rumänien (9%), Deutschland (8%), China (7%), USA (3%) und Österreich (2%) verteilen.

Wir sind ein globales Unternehmen für digitale Entwicklung mit Sitz in Deutschland und einem kompletten Dienstleistungsportfolio, das digitale Produktentwicklung, digitalen Handel und Kundenerfahrung, Implementierungsdienstleistungen (*managed services*), Enterprise Resource Planning („**ERP**“ – Unternehmensressourcenplanung) bezogene Beratung sowie andere Dienstleistungen umfasst. In der Vergangenheit hat sich unser Geschäftsmodell weitestgehend auf die Produktentwicklung konzentriert und gleichzeitig zusätzliche Dienstleistungen in Bereichen des digitalen Handels, Kundenerfahrung und Implementierungsdienstleistungen (*managed services*) angeboten.

In unserer Servicelinie für die digitale Produktentwicklung bieten wir Dienstleistungen von den frühesten Phasen der Produktkonzeption und -gestaltung über Entwicklung, Prüfung sowie Wartung und Unterstützung an. Unsere Dienstleistungen für digitalen Handel und Kundenerfahrung decken eine breite Palette von Lösungen für den elektronischen Geschäftsverkehr (*e-commerce*), unter Nutzung von Produkten von Drittanbietern wie Adobe und SAP, ab. Wir tragen dazu bei, die Ergebnisse in der digitalen Landschaft unserer Kunden durch Implementierungsdienstleistungen wie Anwendungsmanagement und -verbesserung, Einrichtung von Serverkapazitäten (*cloud hosting and management*), Management von Sicherheitsvorgängen, Übergangsmanagement sowie im Bereich der IT-Unterstützung (*helpdesks*) und Buchungssystemen zu verbessern. Unsere ERP-Beratungskompetenzen umfassen Strategie- und Prozessberatung, SAP-Cloud-Lösungen und die Umstellung auf SAP-basierte Systeme.

Unser alleiniger Anteilseigner ist die Allgeier SE. Da die einzelnen Betriebsgesellschaften, die der Nagarro Gruppe zuzurechnen sind, zuvor in verschiedenen Geschäftsbereichen der Allgeier-Gruppe gehalten wurden, wurden zur Vorbereitung der Abspaltung umfassende Reorganisationsmaßnahmen durchgeführt. Die Nagarro Holding GmbH wurde als künftige Holdinggesellschaft identifiziert und übernahm die Nagarro iQuest Holding GmbH, die Objectiva Software Solutions Inc. und das unter Nagarro ES in der Allgeier Gruppe organisierten SAP-Geschäft. Die Kaufpreisansprüche aus diesen Akquisitionen wurden teilweise an die Connect AG, eine Tochtergesellschaft der Allgeier SE, abgetreten. Im Zusammenhang mit der Abspaltung wird die Allgeier SE alle Aktien, die die Allgeier SE an Nagarro hält, zusammen mit allen Aktien, die sie an der Connect AG hält, auf die Nagarro SE abspalten. Zur Durchführung der Abspaltung wird Nagarro das Grundkapital erhöhen und die Neuen Aktien gegen Einbringung der von der Allgeier SE gehaltenen Aktien an Nagarro und der Connect AG durch die Allgeier SE ausgeben. Mit Wirksamkeit der Abspaltung werden die Aktionäre der Allgeier SE entsprechend dem Zuteilungsverhältnis Aktionäre der Nagarro SE. Die Aktionäre der Allgeier SE erhalten jeweils die ihnen zugeteilte Anzahl von Aktien der Nagarro durch Einbuchung in ihre Wertpapierdepots. Nach dem Abspaltungsvollzug wird die Allgeier SE keinerlei Aktien an Nagarro SE oder der Connect AG halten. Die Anzahl der Aktien an Nagarro SE, die dem einzelnen Aktionär von Allgeier SE zustehen, entspricht der Anzahl an Aktien der Allgeier SE, die er unmittelbar vor dem Abspaltungsvollzug hält.

Der Vorstand leitet die Gesellschaft unter eigener Verantwortung. Die derzeitigen Vorstandsmitglieder der Gesellschaft sind Manas Fuloria, Vikram Sehgal und Annette Mainka. Manas Fuloria hat die Funktion des Vorstandssprechers inne und ist für die Koordinierung aller Vorstandsfunktionen verantwortlich, welche im Einklang mit den Zielen des Unternehmens und unserem Verhaltenskodex „Nagarro Constitution“ stehen. Annette Mainka ist für Compliance mit Vorschriften (*regulatory compliance*) und Compliance mit internen regulatorischen Prozessen verantwortlich. Vikram Sehgal ist im Rahmen unserer operativen Exzellenz, “*Operational Excellence*”, für die Finanzplanung und die Finanzberichterstattung der Gesellschaft, sowohl intern als auch extern, verantwortlich.

Der Abschlussprüfer der Gesellschaft ist Lohr + Company GmbH Wirtschaftsprüfungsgesellschaft, Rochusstraße 47, 40479 Düsseldorf, Deutschland („**Lohr + Company**“).

Welches sind die wesentlichen Finanzinformationen über den Emittenten?

Die folgenden Finanzinformationen sind den kombinierten Abschlüssen von Nagarro bis und für die am 31. Dezember 2019, 2018 und 2017 endenden Geschäftsjahre („**Geprüfte Kombinierte Abschlüsse**“) sowie dem ungeprüften verkürzten konsolidierten Zwischenabschluss von Nagarro bis und für den am 30. September 2020 endenden Neunmonatszeitraum („**Ungeprüfter Verkürzter Konsolidierter Zwischenabschluss**“) entnommen oder aus diesen abgeleitet worden. Die Geprüften Kombinierten Abschlüsse wurden in Übereinstimmung mit den Vorgaben der International Financial Reporting Standards („**IFRS**“), wie sie in der Europäischen Union anzuwenden sind, erstellt und wurden in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgelegten deutschen Grundsätze ordnungsgemäßer Abschlussprüfung von Lohr + Company geprüft und mit einem uneingeschränkten Bestätigungsvermerk des unabhängigen Abschlussprüfers versehen. Der Ungeprüfte Verkürzte Konsolidierte Zwischenabschluss wurde in Übereinstimmung mit IFRS für Zwischenberichterstattung (IAS 34) erstellt. Die Geprüften Kombinierten Abschlüsse und der Ungeprüfte Verkürzte Konsolidierte Zwischenabschluss (zusammen die „**Abschlüsse**“) stellen die kombinierte Gruppe von Gesellschaften und Geschäftsaktivitäten dar, die dem Nagarro-Geschäft für die zum 31. Dezember 2019, 2018 und 2017 sowie die konsolidierte Gruppe von Gesellschaften und Geschäftsaktivitäten für den zum 30. September 2020 endenden Neunmonatszeitraum zugeordnet waren. In diesem Zeitraum hat Nagarro keine Geschäftstätigkeit als eigenständiger Konzern ausgeübt.

Soweit Finanzinformationen in den folgenden Tabellen als „geprüft“ gekennzeichnet sind, bedeutet dies, dass sie den Geprüften Kombinierten Abschlüssen entnommen wurden. Mit der Kennzeichnung „ungeprüft“ werden in den folgenden Tabellen Finanzinformationen gekennzeichnet, die nicht den oben erwähnten Geprüften Kombinierten Abschlüssen entnommen wurden, sondern entweder dem oben erwähnten Ungeprüften Verkürzten Konsolidierten Zwischenabschluss oder dem internen Berichtswesen der Gesellschaft entnommen wurden oder auf Grundlage von Zahlen aus den zuvor genannten Quellen berechnet wurden.

Die Geprüften Kombinierten Abschlüsse der Nagarro stellen die Unternehmen der Nagarro Gruppe und die der Nagarro Gruppe zugeordneten Geschäftsaktivitäten so dar, wie sie in der Vergangenheit in den IFRS-Konzernabschluss der Allgeier einbezogen wurden und wie sie nach Vollzug der Abspaltung bestehen werden. Die Geprüften Kombinierten Abschlüsse wurden unter Berücksichtigung der Kontrolle von Allgeier über die Nagarro Gruppe erstellt, unter Berücksichtigung des Zeitpunkts der einheitlichen Kontrolle:

- Allgeier Nagarro Holding GmbH seit vor dem 1. Januar 2017;
- Bestimmte SAP-Unternehmen, organisiert unter der Nagarro Allgeier ES GmbH, seit dem 1. April 2017;
- Objectiva Software Solutions, Inc. seit Juli 2018; und
- Nagarro iQuest Holding GmbH seit dem 1. Oktober 2018.

Wesentliche Finanzinformationen aus den Gewinn- und Verlustrechnungen

Euro (Tausend)	**Für das zum 31. Dezember endende Geschäftsjahr**			**Für den zum 30. September endenden Neunmonatszeitraum**	
	2019	**2018**	**2017**	**2020**	**2019**
		(geprüft)		*(ungeprüft)*	
Einnahmen	402.430	287.329	210.551	321.433	294.116
Gewinn vor Zinsen, Steuern, Abschreibungen und Amortisation (EBITDA)	**61.584**	**32.283**	**21.357**	**53.542**	**39.026**
Bereinigtes EBITDA	**57.697**	**34.346**	**25.500**	**58.234**	**41.815**
Gewinn vor Zinsen und Steuern (EBIT)	42.422	18.569	11.268	37.548	25.051
Gewinn vor Zinsen (EBT)	37.153	14.418	8.240	31.298	20.932
Gewinn für den Zeitraum	**30.396**	**8.174**	**3.649**	**23.444**	**14.561**

Wesentliche Finanzinformationen aus den Bilanzen

Euro (Tausend)	**Zum 31. Dezember**			**Zum 30. September**
	2019	**2018**	**2017**	**2020**
		(geprüft)		*(ungeprüft)*
Langfristiges Vermögen	184.853	170.132	85.465	181.215
Umlaufvermögen	157.158	126.981	80.671	185.876
Summe Aktiva	**342.011**	**297.112**	**166.136**	**367.091**
Langfristige Verbindlichkeiten	66.136	72.894	29.408	59.481
Kurzfristige Verbindlichkeiten	215.933	135.309	103.277	499.727
Summe Verbindlichkeiten	**282.069**	**208.203**	**132.685**	**559.209**
Summe Eigenkapital	**59.942**	**88.910**	**33.450**	**(192.118)**
Eigenkapital und Verbindlichkeiten	**342.011**	**297.112**	**166.136**	**367.091**

Wesentliche Finanzinformationen aus den Kapitalflussrechnungen

Euro (Tausend)	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 30. September endenden Neunmonatszeitraum	
	2019	**2018**	**2017**	**2020**	**2019**
		(geprüft)		*(ungeprüft)*	
Netto Cashflow aus betrieblicher Tätigkeit	40.867	8.576	5.540	53.512	22.377
Netto Cashflow aus Investitionstätigkeit	(8.013)	2.731	(6.728)	(6.621)	(4.693)
Netto Cashflow aus Finanzierungstätigkeit	(17.145)	(3.857)	2.523	(10.369)	(11.015)
Auswirkungen von Wechselkursänderungen auf Zahlungsmittel und Zahlungsmitteläquivalente	358	386	(675)	(1,170)	507
Summe der Veränderung des Zahlungsmittelbestands	**16.067**	**7.836**	**661**	**35.351**	**7.117**

Wesentliche Leistungskennzahlen und alternative Leistungskennzahlen

Wir stellen das bereinigte EBITDA als eine alternative Leistungskennzahl dar, wie sie in den von der Europäischen Wertpapier- und Marktaufsichtsbehörde (ESMA) am 5. Oktober 2015 herausgegebenen Richtlinien zu alternativen Leistungskennzahlen (die „**ESMA-Richtlinien**") definiert ist. Insbesondere verwenden wir das bereinigte EBITDA als Indikator zur Bewertung unserer operativen Leistung, da es Zinsen, Steuern, Abschreibungen und Amortisation sowie Ergebnisse für Sondereinflüsse wie Verluste aus Wertminderungen und Abschreibungen von Kundenforderungen und Kaufpreisanpassungen nicht berücksichtigt. Wir stellen Nicht-IFRS-Finanzinformationen dar, weil wir solche Informationen bei der Überwachung unseres Geschäfts verwenden und weil wir glauben, dass sie häufig von Analysten, Investoren und anderen interessierten Parteien bei der Bewertung von Unternehmen in unserer Branche verwendet werden und zu einem umfassenderen Verständnis unseres Geschäfts beitragen können.

Das bereinigte EBITDA entspricht dem Gewinn des Unternehmens (Gewinn nach Steuern) mit folgenden Additionen: Ertragssteuern, Finanzaufwendungen und Finanzerträge, Abschreibungen, Wertminderung von Geschäftswert und Abschreibung anderer immaterieller Vermögenswerte, Effekte aus früheren Perioden sowie Rückstellungen für uneinbringliche Forderungen und Sonderposten wie einmalige Kosten im Zusammenhang mit Unternehmenszusammenschlüssen und der Abspaltung. Ferner werden einmalige Erträge im Zusammenhang mit einem Unternehmenszusammenschluss, falls vorhanden, reduziert.

Euro (Tausend)	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 30. September endenden Neunmonatszeitraum	
	2019	**2018**	**2017**	**2020**	**2019**
		(geprüft)		*(ungeprüft)*	
EBITDA	61.584	32.283	21.357	53.542	39.026
Bereinigtes EBITDA	57.697	34.346	25.500	58.234	41.815

Unsere wesentlichen Leistungskennzahlen beinhalten Einnahmen (wie in unseren Jahresabschlüssen ausgewiesen), die Brutto-Marge und das bereinigte EBITDA (wie oben definiert). Wir definieren die Brutto-Marge als das Verhältnis des Bruttogewinns zur Gesamtleistung (definiert als die Summe aus Einnahmen, Veränderung der unfertigen Erzeugnisse und aktivierten Eigenleistungen); der Bruttogewinn errechnet sich durch Abzug aller direkten Kosten, die zur Deckung der Einnahmen erforderlich sind, von den Einnahmen.

%	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 30. September endenden Neunmonatszeitraum	
	2019	**2018**	**2017**	**2020**	**2019**
		(geprüft)		*(ungeprüft)*	
Brutto-Marge	32	31	31	33	32

Welches sind die zentralen Risiken, die für den Emittenten spezifisch sind?

- Unsere internationalen Geschäftstätigkeiten sind Risiken im Zusammenhang mit Wechselkursschwankungen ausgesetzt, die sich unserer Kontrolle entziehen können. Durch Wechselkursschwankungen können wir erhebliche Verluste erleiden.

- Unsere Betriebsergebnisse wurden nachteilig beeinflusst und könnten auch in Zukunft durch globale Pandemien wie COVID-19 erheblich beeinträchtigt werden. In dem Maße, in dem sich COVID-19 nachteilig auf unser Geschäft und unsere Ertragslage auswirkt, können sich auch andere Risiken erhöhen, einschließlich, aber nicht beschränkt auf unsere Fähigkeit, unsere Wachstumsstrategie durch strategische Akquisitionen, oder die Anwerbung, Einstellung und Bindung von Personal, fortzusetzen, die Auswirkungen auf Wechselkursschwankungen, Änderungen der fiskalischen, politischen, regulatorischen und sonstigen Politik sowie unsere Fähigkeit, vereinbarte Finanzkennzahlen im Rahmen von Finanzierungsvereinbarungen einzuhalten. All dies kann sich erheblich nachteilig auf unsere Geschäfts-, Finanz- und Ertragslage auswirken.
- Wir stehen in einem intensiven und zunehmenden Wettbewerb um Kunden und Möglichkeiten mit spezialisierten und lokalen Dienstleistern, großen globalen Beratungs- und Outsourcing-Unternehmen sowie internen IT-Abteilungen großer Unternehmen. Wenn wir nicht in der Lage sind, erfolgreich zu konkurrieren, könnten Preisdruck oder der Verlust von Marktanteilen erhebliche negative Auswirkungen auf unser Geschäft haben.
- Volatile, negative oder unsichere wirtschaftliche Bedingungen könnten dazu führen, dass unsere Kunden die Ausgaben für Projekte mit uns reduzieren, verschieben oder stornieren. Dies kann es uns erschweren, die Kundennachfrage und die Ressourcen, die erforderlich sind, um diese Kundennachfrage gewinnbringend zu befriedigen, genau vorherzusagen. Unsere Geschäftsergebnisse könnten insofern durch wirtschaftliche und politische Rahmenbedingungen weltweit und insbesondere auf den Märkten, auf denen sich unsere Kunden konzentrieren, nachteilig beeinflusst werden.
- Wenn wir nicht in der Lage sind, ausreichend qualifiziertes Personal zu gewinnen und zu halten oder unsere Mitarbeiter nicht effektiv einsetzen, könnten unsere Betriebsergebnisse und unsere Rentabilität erheblich beeinträchtigt werden.
- Strategische Akquisitionen sind Teil unserer Wachstumsstrategie. Wenn es uns nicht gelingt, Unternehmen erfolgreich zu identifizieren, zu erwerben und zu integrieren, könnte unsere Rentabilität und das erwartete weitere Wachstum erheblich beeinträchtigt werden.
- Es kann sein, dass wir nicht in der Lage sind, das erwartete Wachstum zu erreichen und zu verwalten, was unser Management, unsere Systeme und Ressourcen erheblich belasten könnte.
- Unsere Gewinnprognose und unsere mittelfristigen Ziele könnten erheblich von unseren tatsächlichen Betriebsergebnissen abweichen.
- In den meisten Fällen haben wir keine langfristigen vertraglichen Verpflichtungen gegenüber unseren Kunden, unsere Kunden können Verträge vor dem Abschluss kündigen, Verträge nicht verlängern, und Zahlungen für von uns vertraglich erbrachten Leistungen könnten ausfallen. Ein Geschäfts- oder Zahlungsausfall von großen Kunden könnte unsere Betriebsergebnisse erheblich beeinträchtigen.
- Änderungen der steuerlichen, politischen und regulatorischen Bedingungen könnten sich nachteilig auf unsere Geschäfts- und Finanzergebnisse auswirken. Beispielsweise könnten Gesetzesvorschläge in den USA unsere Möglichkeiten einschränken, U.S.-Visa für Mitarbeiter zu erhalten und Mitarbeiter mit U.S.-Arbeitserlaubnis an bestimmte Kundenstandorte zu entsenden, was sich nachteilig auf unser Geschäft auswirken könnte.
- Wir sind möglicherweise nicht in der Lage, die unbefugte Nutzung unseres geistigen Eigentums oder des geistigen Eigentums unserer Geschäftspartner zu verhindern und unsere geistigen Eigentumsrechte sind möglicherweise nicht ausreichend, um unser Geschäft und unsere Wettbewerbsposition zu schützen. Beides könnte unsere Geschäfts-, Finanz- und Ertragslage erheblich beeinträchtigen.
- Es kann sein, dass wir nicht in der Lage sind, einige oder alle der Vorteile zu erzielen, die wir durch die Abspaltung erwarten. Hierzu gehören etwa eine bessere Fokussierung der finanziellen und operativen Ressourcen auf unser spezifisches Geschäft, eine bessere Sichtbarkeit der Marke Nagarro an den Kapitalmärkten oder eine stärkere Fokussierung des Managements auf das Kerngeschäft.
- Es kann sein, dass wir nicht in der Lage sind, rechtzeitig oder kosteneffektiv die Veränderungen vorzunehmen, die notwendig sind, um als unabhängiges börsennotiertes Unternehmen zu operieren, und es kann sein, dass wir nach der Abspaltung erhöhte Kosten und zusätzliche Ausgaben haben. Infolgedessen könnten unsere Geschäfts-, Finanz- und Ertragslage sowie unsere Aussichten erheblich beeinträchtigt werden.

C. Basisinformationen über die Wertpapiere

Welches sind die wichtigsten Merkmale der Wertpapiere?

Die Aktien sind auf den Namen lautende Stückaktien der Gesellschaft, jeweils mit einem rechnerischen Anteil am Grundkapital von €1,00 und mit voller Gewinnanteilberechtigung ab dem 01. Januar 2020.

Alle Aktien der Gesellschaft sind auf den Namen lautende Aktien ohne Nennbetrag. Die ISIN der Aktien lautet DE000A3H2200. Die Aktien lauten auf Euro und sind für eine unbestimmte Laufzeit ausgegeben. Jede Aktie der Gesellschaft berechtigt zu einer Stimme in der Hauptversammlung. Alle Aktien verleihen die gleichen Stimmrechte. Es bestehen keine

Stimmrechtsbeschränkungen. Die Aktien sind in Übereinstimmung mit den gesetzlichen Bestimmungen für auf den Namen lautende Stückaktien frei übertragbar, und im Falle ihrer Übertragung besteht keine Zustimmungspflicht. Alle Aktien verleihen ihren Inhabern dieselben Rechte und keine Aktien verleihen zusätzliche Rechte oder Vorteile. Die Aktien sind gegenüber allen anderen Wertpapieren und Forderungen nachrangig und berechtigen auf einen Anteil am Liquidationserlös oder Insolvenzüberschuss im Verhältnis ihres rechnerischen Anteils am Grundkapital im Fall einer Insolvenz der Gesellschaft.

Im Fall der Liquidation der Gesellschaft werden alle Erträge an die Aktionäre, ihrem Anteil am Grundkapital der Gesellschaft entsprechend, ausgeschüttet.

Die Gesellschaft beabsichtigt derzeit, alle verfügbaren Mittel und etwaige zukünftige Einnahmen einzubehalten, um ihre Geschäftstätigkeit zu fördern und ihren Wachstum und ihre Entwicklung zu finanzieren. Daher beabsichtigt die Gesellschaft derzeit nicht, in absehbarer Zeit Dividenden auszuschütten.

Wo werden die Wertpapiere gehandelt?

Es wird ein Antrag auf Zulassung der Aktien zum Handel am regulierten Markt der Frankfurter Wertpapierbörse und gleichzeitig zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) gestellt. Voraussichtlich am 15. Dezember 2020 werden die Aktien zum Handel an der Frankfurter Wertpapierbörse zugelassen. Der öffentliche Handel mit den Aktien wird voraussichtlich am 16. Dezember 2020 aufgenommen.

Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

- Gegenwärtige Aktionäre der Allgeier, die infolge der Abspaltung automatisch Aktien der Gesellschaft erhalten, sind möglicherweise nicht daran interessiert, in die eigenständige Gesellschaft zu investieren. Daher können solche Aktionäre beschließen, ihre Aktien der Gesellschaft nach der Börsennotierung zu verkaufen, was zu einem Sinken des Aktienkurses der Gesellschaft führen könnte.

D. Basisinformationen über die Notierung von Wertpapieren und die Zulassung zum Handel an einem geregelten Markt

Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

Die Aktien werden unmittelbar nach dem Abspaltungsvollzug an die Aktionäre von Allgeier SE übertragen. Am 16. Dezember 2020 erhält jeder Aktionär der Allgeier SE:

- für jeweils eine (1) nennwertlose auf den Namen lautende Stückaktie von Allgeier SE (ISIN DE000A2GS633 / Deutsche Wertpapierkennnummer WKN A2GS63), die er am Abend des 15. Dezember 2020 unter Berücksichtigung aller noch ausstehenden Börsengeschäfte hält,

- eine (1) auf den Namen lautende Stückaktie der Gesellschaft (ISIN DE000A3H2200 / WKN A3H220).

Der Handel mit den Aktien an der Frankfurter Wertpapierbörse wird voraussichtlich am 16. Dezember 2020 beginnen.

Änderungen der Bedingungen dieser Notierung werden mittels elektronischer Medien (z.B. Reuters oder Bloomberg) und, sofern dies nach dem Wertpapierhandelsgesetz („**WpHG**"), der Verordnung (EU) 596/2014, der Verordnung (EU) 2017/1129 (oder dem Wertpapierprospektgesetz „**WpPG**") erforderlich ist, als Ad-hoc-Mitteilung über ein elektronisches Informationsverbreitungssystem, auf der Website des Unternehmens unter www.nagarro.com im Abschnitt „Spin-Off" und als Ergänzung zu diesem Prospekt veröffentlicht. Anleger, die Kaufangebote abgegeben haben, werden nicht einzeln benachrichtigt. Unter bestimmten Umständen können die Listing Agents den zwischen der Gesellschaft und den Listings Agents am 7. Dezember 2020 geschlossenen Listingvertrag auch nach Aufnahme des Handels mit den Aktien am regulierten Markt der Frankfurter Wertpapierbörse kündigen.

Die Gesamtkosten und Aufwendungen der Abspaltung werden sich auf etwa €11 bis €16 Millionen Euro belaufen. Die Kosten im Zusammenhang mit der Vorbereitung und Durchführung der Abspaltung werden von der Allgeier SE und der Nagarro im Verhältnis 50:50 getragen. Die Kosten im Zusammenhang mit der Börsenzulassung, in Höhe von circa €8 bis €13 Millionen, werden von Nagarro getragen.

Wer ist die die Zulassung zum Handel beantragende Person?

Die Gesellschaft wird die Zulassung zum Handel beantragen. Der Antrag wird zusammen mit der COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Deutschland und tätig nach deutschem Recht zum Zweck der Zulassung zum Handel gestellt werden.

Weshalb wird dieser Prospekt erstellt?

Der Zweck des Prospekts ist es, die Aktien zum Handel an der Frankfurter Wertpapierbörse zuzulassen.

Allgeier beabsichtigt die Geschäftsaktivitäten der Allgeier Gruppe im Bereich der Technologie- und Softwareentwicklung („**Allgeier Globales Digitaltechnik Geschäft**") rechtlich abzutrennen. Es wird daher beabsichtigt Allgeier Globales Digitaltechnik Geschäft an Nagarro gemäß des UmwG auszugliedern.

Die Gesellschaft beabsichtigt, ihre Aktien im regulierten Markt der Frankfurter Wertpapierbörse und gleichzeitig im Teilbereich des regulierten Marktes mit zusätzlichen Zulassungsfolgepflichten (Prime Standard) der Frankfurter Wertpapierbörse zu notieren.

Weder die Gesellschaft noch Allgeier SE werden im Zusammenhang mit der Abspaltung Erlöse erhalten.

Im Zusammenhang mit der Abspaltung und der Zulassung zum Handel der Aktien sind die Listing Agents mit der Gesellschaft und Allgeier in eine vertragliche Beziehung getreten.

Darüber hinaus wird die COMMERZBANK als Designated Sponsor für die Aktien, als Zahlstelle sowie als Settlement Agent und als Treuhänderin im Sinne der §§ 125 Satz 1 und 71 Absatz 1 Satz 1 UmwG tätig.

Die Allgeier SE hat sich verpflichtet, den Listing Agents Provisionen (einschließlich Ermessensprovisionen) zu zahlen, die unter anderem von der Entwicklung des Kurses der Aktien nach der Notierung sowie von der Entwicklung des Aktienkurses der Allgeier SE abhängt. Das Unternehmen geht daher davon aus, dass die Listing Agents ein Interesse am Erfolg der Transaktion haben, was zu einem Interessenkonflikt zwischen den Listing Agents und der Gesellschaft oder der Allgeier SE führen kann.

Einer oder mehrere der Listing Agents oder mit ihm oder ihnen verbundene Unternehmen unterhalten, unter Umständen auch in der weiteren Zukunft, Geschäftsbeziehungen mit Nagarro oder Allgeier, einschließlich Kreditgeschäfte oder etwaige Beratungs- oder andere Dienstleistungen in ihrer Eigenschaft als Finanzinstitute für Nagarro oder Allgeier oder bestimmte ihrer Tochterunternehmen, insbesondere Beratungsdienstleistungen im Zusammenhang mit Finanzierungen, für die sie im Rahmen des normalen Geschäftsbetriebes übliche Gebühren, Kosten und Auslagen erhalten haben und wahrscheinlich auch in Zukunft erhalten werden. Nagarro hat am 30. Oktober 2020 eine neue Konsortialkreditfazilität in Höhe von bis zu €200 Mio. mit fünf europäischen Kreditinstituten, zu denen auch COMMERZBANK, als Arrangeur und Konsortialführer, gehört, abgeschlossen. Solche Geschäftsbeziehungen können zu einem Interessenkonflikt zwischen den Listing Agents und der Gesellschaft oder der Allgeier SE führen.

Zum Datum des Prospekts sind alle Mitglieder des Aufsichtsrats, mit Ausnahme von Frau Shalini Sarin, Vorstands- oder Aufsichtsratsmitglieder der Allgeier SE. Carl Georg Dürschmidt gehört dem Vorstand der Allgeier SE an und Herr Detlef Dinsel ist Mitglied des Aufsichtsrats der Allgeier SE. Darüber hinaus sind Herr Carl Georg Dürschmidt und Herr Detlef Dinsel bedeutende Aktionäre der Allgeier SE. Obwohl Allgeier und Nagarro keine direkten Wettbewerber sein werden, werden die Interessen von Allgeier und der Gesellschaft nicht unbedingt immer zusammenfallen oder in Einklang zueinander stehen. Deshalb können die oben genannten Doppelmandate und sonstigen Interessen und ehemalige Beziehungen der Aufsichtsratsmitglieder der Gesellschaft zu Allgeier in Zukunft zu Interessenkonflikten für diese Personen führen.

Die Allgeier SE hat ein Interesse an der Abspaltung, da die Abspaltung dem Zweck dient, ihre Beteiligung an der Gesellschaft aufzugeben.

Neben den vorgenannten Interessen gibt es keine Interessen, Interessenkonflikte oder potenziellen Interessenkonflikte, die im Zusammenhang mit der Abspaltung und der Börsenzulassung von wesentlicher Bedeutung sind.

1. RISK FACTORS

*In considering whether to invest in the shares (the "**Shares**") of Nagarro SE (hereinafter "**Company**" or "**Nagarro**"), investors should consider carefully the following risks, in addition to the other information in this prospectus (the "**Prospectus**"). In this Prospectus, references to the "**Nagarro Group**", the "**Group**", "**we**", "**us**" or "**our**" are references to the consolidated group of entities and business activities comprising the Nagarro business, with the Company acting as the ultimate holding company as from the completion of the spin-off for absorption (Abspaltung zur Aufnahme) under the German Transformation Act (Umwandlungsgesetz, "**UmwG**") (the "**Spin-Off**"), which is expected to take place on December 15, 2020, and after this Prospectus has been approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**")), on December 8, 2020 in accordance with Article 20 (2) of Regulation (EU) 2017/1129.*

The risk factors featured in the Prospectus are limited to risks which are specific to Nagarro or the Shares in the Company and which are material for taking an informed investment decision. The materiality of the risk factors has been assessed based on the probability of their occurrence and the expected magnitude of their negative impact. The risk factors are presented in categories depending on their nature. In each category the two most material risk factors are mentioned first according to the assessment based on the probability of their occurrence and the expected magnitude of their negative impact. The risks mentioned may materialize individually or cumulatively.

1.1 Risks related to Our Business and Industry

1.1.1 Our international operations are exposed to risks related to fluctuations in exchange rates, which may be beyond our control.

Our exposure to currencies other than the euro, in particular the Indian rupee, the Romanian leu, the Chinese renminbi, the U.S. dollar, the Swedish krona and British pound may impact our financial results, which we report in euros. We sell our products and services in many different countries but provide our services wholly or partly through personnel located in other countries. Currency variations contribute to variations in the amount of revenue generated from the sale of products and services, as well as the costs of providing these services, in affected jurisdictions when translated into euros.

We conclude foreign exchange forward transactions to hedge currency exchange rate risks of future cash flows from time to time. The effectiveness of these hedging transactions will depend on our ability to accurately forecast future cash flows, which may be particularly difficult during periods of uncertain demand and highly volatile exchange rates. We may incur significant losses from our hedging activities due to factors such as demand volatility and currency variations. In addition, certain or all of our hedging activities may be ineffective, may expire and not be renewed or may not offset the adverse financial impact resulting from currency variations. Losses associated with hedging activities may also impact our revenues and, to a lesser extent, our cost of sales and financial condition.

1.1.2 Our results of operations have been adversely affected and could in the future be materially adversely affected by global pandemics like COVID-19.

The global coronavirus pandemic ("**COVID-19**") has caused and may continue to cause widespread economic disruption and has created significant uncertainty in future client demand for our services, such as in the travel and hospitality industry, in particular with regard to increasing numbers of COVID-19 cases in autumn and winter, especially in Europe, which led to further lock-downs in several European countries. The extent to which COVID-19 or other future pandemics will impact our business, operations and financial results will depend on numerous factors that are frequently changing or unknown, and that we may not be able to accurately predict, including:

- the duration and scope of the pandemic;
- governmental, businesses' and individuals' responses or planned responses to the pandemic;

- the impact of the pandemic on economic activity and any interventions intended to mitigate decreased economic activity;

- the effect on our clients, their products and services and client demand for our products, services, and solutions;

- the effect on personnel working from home, including burnout and attrition;

- consumer confidence and sentiment;

- our ability to sell and provide our products, services, and solutions, including as a result of travel restrictions, illness of personnel or illness of their family members, the desire of personnel to stay close to their families, personnel working from home or with diminished technology and communication abilities, and social distancing;

- the ability of our clients to pay in a timely manner, if at all, for our services and solutions with or without discounts requested by our clients; and

- closures of our and our clients' offices and facilities.

The closure of our clients' facilities, restrictions that prevent our clients from accessing those facilities or their own clients, and broad disruptions in our clients' markets and client base, have disrupted and could in the future disrupt the demand for our products, services and solutions and result in, among other things, termination of client contracts, delays or interruptions in the performance of contracts, requests for price cuts, loss of revenues and an increase in bad debt expense. Clients may also slow or halt decision making, delay planned work or suspend, terminate or reduce existing contracts or services. In particular, the increase in remote working arrangements, including with respect to our clients' employees, may lead clients to consider hiring additional employees directly who work remotely rather than working with us.

Travel and immigration restrictions may delay or prevent our personnel from accessing worksites, and work-from-home or remote working arrangements could reduce profitability or increase information security and connectivity vulnerabilities. In addition, when COVID-19-related restrictions on business are eased, our ability to deliver services to our clients could be affected by any outbreak of illness among employees returning to our facilities or to our clients' facilities. To the extent COVID-19 adversely affects our business and results of operations, it may also have the effect of heightening other risks described in this section, including, but not limited to, our ability to execute on our growth strategy through strategic acquisitions, attracting, hiring and retaining personnel, the effects on movements in foreign currency exchange rates, changes to fiscal, political, regulatory and other federal policies and our ability to meet financial covenants under financing arrangements, each of which could materially adversely affect our business, financial condition and results of operations.

1.1.3 *We face intense and increasing competition for clients and opportunities. If we are unable to compete successfully, pricing pressures or loss of market share could have a material adverse effect on our business.*

The market for our services and products is highly competitive, and we expect competition to persist and intensify due to, among other factors, relatively low barriers to entry. We face competition from specialized service providers and local service providers as well as competition from large, global consulting and outsourcing firms and in-house IT departments of large corporations. Clients tend to engage multiple IT services providers instead of using an exclusive IT services provider, which could place significant downward pressure on pricing among competing IT services providers, such as us, and lead to a loss of market share and lower revenues. Clients may prefer service providers that have more locations, more personnel, more experience in a particular country, market or with certain products or services, or that are based in countries that have the perception of being more stable than some of the emerging markets in which we operate, or that are based in countries that are geographically closer or in a closer time zone.

Current or prospective clients may also elect to perform certain services themselves or may be discouraged from transferring services from local to global service providers, which could harm our ability to compete effectively with competitors that provide services from within the countries in which our clients operate.

In addition, some of our competitors may have substantially greater financial, marketing or technical resources than we do, which may make it difficult for us to retain existing clients or successfully attract new clients. Increased competition, our inability to compete successfully, pricing pressures or loss of market share could have a material adverse effect on our business, financial condition and results of operations.

1.1.4 Our results of operations could be adversely affected by economic and political conditions globally and in particular in the markets in which our clients are concentrated.

Global macroeconomic conditions have a significant effect on our business as well as on the businesses of our clients. Volatile, negative or uncertain economic conditions could cause our clients to reduce, postpone or cancel spending on projects with us and could make it more difficult for us to accurately forecast client demand and the resources required to profitably address such client demand. The short-term nature of contracts in our industry means that actions by clients may occur quickly and with little warning, which may cause us in particular to incur extra costs where we have employed more professionals than client demand supports.

Our business is particularly susceptible to economic and political conditions in the markets where our clients are concentrated. We derive a significant portion of our revenues from clients located in Europe and the United States, which collectively accounted for 90% of our revenues in the financial year ended December 31, 2019. The technology services industry is particularly sensitive to the economic environment, and tends to decline during general economic downturns. If the U.S. or European economies weaken or slow, pricing for our services may be depressed and our clients may reduce or postpone their technology spending significantly, which may, in turn, lower the demand for our services and negatively affect our revenues while costs of employment cannot be adjusted so quickly. This may have a negative impact on our profitability.

1.1.5 If we are unable to attract and retain sufficient qualified personnel or do not effectively utilize our workforce, our results of operations and profitability may be materially adversely affected.

Hiring and retaining engineering and management professionals and engineering resources with diverse skill sets across our broad geography of operations is critical to maintaining existing engagements and obtaining new business. If we do not deploy those professionals and use computers, office space, and other related resources productively, our profitability may be significantly impacted. We must manage the utilization levels of the professionals that we hire and train by planning for future needs effectively and staffing projects appropriately while accurately predicting the changes in the general economy and our clients' need for our various services. If we are unable to attract, train, and retain highly skilled personnel and productively deploy them on client projects, we will jeopardize our ability to service and develop ongoing and future business and our financial condition and results of operations could be adversely affected. This is especially true for highly qualified and key personnel who cannot be easily replaced.

Competition for highly skilled professionals is intense in certain of the markets where we operate, and we may experience significant employee turnover rates due to such competition. If we are unable to retain professionals with specialized skills, our revenues, operating efficiency and profitability may decline. Cost reductions, such as reducing headcount, or voluntary departures that result from our failure to retain the professionals we hire, could negatively affect our reputation as an employer and our ability to hire qualified personnel to meet our business requirements.

In addition, our ability to operate our business and implement our growth strategies depends, to a significant degree, on the continued contributions of our senior management and highly qualified software engineers, among others. The unplanned loss of the services of any of our members of senior management or other highly qualified personnel could materially adversely affect our business until a suitable replacement can be found and may adversely impact client relationships as well as our organizational culture.

Our inability to attract and retain qualified personnel and senior management could have a material adverse effect on our business, financial condition, prospects and results of operations.

1.1.6 If we fail to identify, acquire and integrate companies successfully our profitability and anticipated continued growth could be materially adversely affected.

Strategic acquisitions have been, and will continue to be, part of our growth strategy. For example, from 2017 to 2019, we consummated a number of complementary business combinations, including the acquisitions of ANECON Software Design und Beratung GmbH, Vienna and Nagarro MENA LLC, as well as our merger with Nagarro iQuest, Nagarro ES and Nagarro Objectiva in the course of the reorganization measures prior to the Spin-Off. However, this strategy involves significant risks, including, but not limited to:

- competition for acquisition targets, which may lead to substantial increases in purchase prices or terms that are not attractive to us, including the use of our shares for payment of the purchase price;
- dependence on external sources of capital, in particular to finance the purchase prices of acquisitions;
- currency risk in earn-outs payable;
- acquired companies may not advance our business strategy as expected or achieve anticipated returns on investment;
- inability to retain management and personnel of the acquired companies and integrate their employees successfully;
- increased outflows in terms of wages and benefits to equalize employment terms;
- diversion of our management's attention from existing operations to the acquisition process and integration of acquired companies;
- a failure to accurately predict or realize expected cost savings and synergies; and
- expenses, delays and difficulties in integrating acquired businesses into our existing organization.

These risks may manifest themselves even months or years after the completion of an acquisition. If not effectively managed, disruption of our business and the difficulty and complexity of effectively integrating acquired operations may materially adversely affect our growth strategy and profitability.

If we carry out acquisitions, there can be no assurance that we will be able to retain the clients, key personnel and know-how of the companies we acquire, generate expected margins or cash flows, or realize the anticipated benefits of such acquisitions, including expected growth or synergies. Acquisitions may also impact our ability to meet financial covenants under financing arrangements. Although we analyze acquisition targets on an ongoing basis and conduct customary due diligence, those assessments are subject to a number of assumptions concerning profitability, growth, interest rates and company valuations. There can be no assurance that our assessments and assumptions regarding acquisition targets will prove to be correct, and actual developments may differ significantly from our expectations. For example, although the process of integrating Allgeier Nagarro ES GmbH, Nagarro iQuest and Nagarro Objectiva into the Group is completed, the implementation of certain systems is still in process and is likely to continue until the second quarter of 2021. Moreover, acquisition targets may be subject to risks or problems which we may not be aware of, which we may not detect or which have not been disclosed to us in the due diligence process. We may learn about such risks or problems only after consummation of the acquisitions or even much later, which could result in costly or ineffective litigation or legal proceedings. Such risks may include client contracts between acquisition targets and their clients that may lack terms and conditions that adequately protect us against the risks associated with the services we provide, which may increase our potential exposure to damages. This risk is even higher in countries in which we might not be able to enforce indemnity rights or existing court decisions or arbitration awards. If we fail to successfully identify and assess risks related to acquisitions, we may be exposed to legal, operational, market, reputational or other risks related to companies that we acquire, which could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

1.1.7 We may be unable to achieve and manage anticipated growth, which could place significant strain on our management, systems and resources.

We have significantly expanded our business over the past several years, both organically and through strategic acquisitions. Our growth has also resulted, in part, from managing larger and more complex engagements with our clients. Consequently, our growth in recent years places significant demands on our management and on our administrative, operational and financial infrastructure, and creates challenges for us, including:

- recruiting, training and retaining sufficiently skilled professionals in engineering, administration and management;
- achieving high resource utilization rates on a consistent basis and efficiently using staffing across our global engineering team;
- controlling costs and minimizing cost overruns and project delays;
- effectively maintaining productivity levels and implementing process improvements across business units and service regions;
- effectively and efficiently marketing and selling to a diverse set of potential clients across a greater number of industries and locations;
- maintaining close and effective relationships with a larger number of clients in a greater number of industries and locations; and
- improving our administrative and operational infrastructure.

We intend to continue our expansion and pursue available opportunities for the foreseeable future. As we introduce new services, enter into new markets, and take on increasingly large and complex projects and engagements, our business may face new challenges. If we do not effectively manage the budgeting and expenses of these projects, workforce requirements and other challenges, our reputation, business, and financial goals may be damaged. If the challenges identified above or new challenges associated with expansion negatively impact our anticipated growth and margins, our business, financial condition and results of operations could be materially adversely affected.

1.1.8 Our profit forecast and medium-term targets could differ materially from our actual results of operations.

We currently expect revenue to be in the range of €427 million and €433 million for the financial year ending December 31, 2020 (lower and upper end of the estimations). We also expect Adjusted EBITDA for the financial year ending December 31, 2020 to be in the range of €72 million to €77 million (lower and upper end, positively impacted by interim cost measures and cuts) and gross margin for the financial year ending December 31, 2020 to be in the range of 32% to 33% (lower and upper end of the estimations) (collectively, and together with the respective explanatory notes, the "**Profit Forecast**").

In addition, we currently target annual organic revenue growth to be in the region of 15% in 2021 and to return to historical levels (2017-2019) in the medium term. In the medium term, we also currently target an Adjusted EBITDA margin of approximately 15%. The management board ("**Management Board**") has based the Profit Forecast and our medium-term targets on a number of assumptions. These assumptions could prove to be inaccurate since they relate to factors over which we have limited or, in some cases, no control or influence. These financial projections are based on a number of assumptions, which are inherently subject to significant business, operational, economic and other risks and many of which are outside of our control. Accordingly, such assumptions may change or may not materialize at all. Should one or more of the assumptions underlying the Profit Forecast or our medium-term targets prove to be incorrect, our actual results of operations for the financial year ending December 31, 2020 could differ materially from such forecast and projections. As a result, investors should not place undue reliance on them.

1.1.9 For the most part, we do not have long-term commitments from our clients, our clients may terminate contracts before completion, choose not to renew contracts, and we are not guaranteed payment for services performed under contract. A loss of business or non-payment from large clients could materially affect our results of operations.

Our ability to maintain relationships with clients and successfully obtain payment for our services is essential to the growth and profitability of our business. However, the volume of work performed for any specific client is likely to vary from year to year, especially since we generally are not our clients' exclusive IT services provider and we generally do not have long-term commitments from clients to purchase our services. Therefore, we must seek to obtain new engagements when our current engagements end and we must maintain a good relationship with our clients who often are longstanding clients with recurring business. Our clients' ability to terminate engagements with or without cause and our clients' inability or unwillingness to pay for services we performed make our future revenues and profitability uncertain.

There are several factors relating to our clients, some of which are outside of our control and which may lead them to terminate or not renew a contract or project with us, or be unwilling or unable to pay us, including:

- change in strategic priorities or economic conditions, resulting in elimination of the impetus for the project or a reduced level of technology-related spending;
- financial difficulties;
- corporate restructuring, or mergers and acquisitions activity;
- actual or perceived quality or other issues with our services and deliverables;
- change in procurement strategy resulting in moving more work to the client's in-house technology departments or to our competitors; and
- replacement of existing software with packaged software supported by licensors.

Termination or non-renewal of a client contract could cause us to experience a higher than expected number of unassigned employees and thus compress our margins until we are able to reallocate our headcount. Clients that delay payment, request modifications to their payment arrangements or fail to meet their payment obligations to us could increase our cash collection time or cause us to incur bad debt expense. The risk of delayed payment could increase due to the economic disruption caused by COVID-19. While we may resort to alternative methods to pursue claims or collect receivables, these methods are expensive and time consuming and successful collection is not guaranteed.

The loss of a significant number of clients, a significant decrease in the volume of work they outsource to us or price they are willing or able to pay us, if not replaced by new service engagements and revenue, could materially adversely affect our business, financial condition, prospects and results of operations.

1.1.10 Increases in wages and other compensation expenses could prevent us from sustaining our competitive advantage and lead to cost increases and lower profitability.

Wages for technology professionals in the emerging markets where we have significant operations are typically lower than comparable wages in more developed countries. For example, of our more than 7,500 engineering professionals in total, more than 5,100 are located in India. However, wages in the technology industry in the emerging market countries in which we operate may increase at a faster rate than in the past, which may make us less competitive unless accompanied by corresponding depreciation in the currencies of these countries with respect to our billing currencies or unless we are able to increase the efficiency and productivity of our personnel. If we increase operations and hiring in more developed economies, our compensation expenses will increase because of the higher wages demanded by technology professionals in those markets. Wage inflation, whether driven by competition for talent or ordinary course pay increases, may also increase our cost of providing services and reduce our profitability if we are not able to pass those increased costs on to our clients, move our operations to locations with lower wage levels or charge premium prices when justified by market demand, which could have a material adverse effect on our business, financial condition, prospects and results of operations.

1.1.11 If we are unable to adapt to rapidly changing technologies, methodologies and evolving industry standards, we may lose clients and our business prospects could be materially adversely affected.

The software industry is constantly and rapidly changing. Among other things, changing technologies, changing software development methods and evolving industry standards are inherent in the market for our products and services and solutions. Our ability to anticipate developments in our industry, enhance our existing capabilities, services and solutions, develop and introduce new capabilities, services and solutions, provide enhancements and new features for our products, and in general keep pace with changes and developments are critical to being an attractive partner for clients. Developing competitive solutions for our clients is extremely complex and is expected to remain challenging in the future due to the introduction of new platforms, operating systems, technologies and methodologies. Our ability to keep pace with, anticipate or respond to changes and developments is subject to a number of risks, including that:

- we may find it difficult or costly to update existing or develop new services and solutions, applications, tools and software quickly enough to meet our clients' needs and expectations;

- we may find it difficult or costly to update existing or develop new software, services, and products to keep pace with evolving industry standards, methodologies, and regulatory developments in the industries where our clients operate;

- we may find it difficult to maintain high quality levels with new technologies and methodologies; and

- we may find it difficult to stay relevant and competitive with innovations in the way software is developed, such as low-code platforms or the use of artificial intelligence.

We may not be successful in anticipating or responding to these developments in a timely manner. Even if we do respond in a timely manner, the services, products, technologies or methodologies we develop or implement may not be attractive to existing and prospective clients if our solutions are not ahead of the technological developments or state of the art. Further, services, products, technologies or methodologies that our competitors develop may render our services or products non-competitive or obsolete. Our failure to enhance our existing services and products and to develop and introduce new services and products to promptly address the needs of our clients could have a material adverse effect on our business, financial condition and results of operations.

1.1.12 Economic and political conditions in the markets in which we operate, in particular in India, could adversely affect our results of operations.

Economic and political developments in India, where a significant majority of our operations and over 5,000 of our professionals are located, or in other countries where we maintain delivery operations, such as the United States, Romania and China, may also have a significant impact on our business and costs of operations. As a developing country, India has experienced and may continue to experience high inflation and wage growth, fluctuations in gross domestic product growth and volatility in currency exchange rates, any of which could materially adversely affect our cost of operations.

Additionally, we benefit from governmental policies in India that encourage foreign investment and promote the ease of doing business. The specific laws and policies affecting technology companies, foreign investment, currency exchange and other matters affecting investment in our securities could change at any time. Any change in policy or circumstances that results in the elimination of any benefits we currently enjoy or degradation of the rule of law, or imposition of new adverse restrictions or costs on our operations could have a material adverse effect on our business, financial condition and results of operations.

1.1.13 Undetected software design defects, errors or failures may result in reputational damage and, as a consequence, in the loss of business and clients as well as in liabilities, both of which could materially adversely affect our business and results of operations.

Our software development solutions involve a high degree of technological complexity, have unique specifications and could contain design defects or software errors that are difficult to detect or correct. Errors or defects may result in the loss of current clients, revenues, market share, or client data, a failure to attract new clients or maintain market acceptance, and could divert development resources and increase support or service costs. We cannot provide assurance that, despite testing by our clients and us, errors will not be found in the software products we develop or the services we perform. Any such errors could result in claims for damages against us, litigation, and reputational harm that could materially adversely affect our business, financial condition and results of operations.

1.1.14 Security breaches and other disruptions to network security could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of business, we collect, store, process, transmit, and view sensitive or confidential data, including intellectual property, or proprietary business information or personally identifiable information belonging to us, our clients, respective employees and other end users. Physical security and the secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Some of our clients are seeking additional assurances for the protection of their sensitive information, including personally identifiable information, and attach greater liability in the event that their sensitive information is disclosed.

Despite the Company's security measures, information technology and infrastructure remain vulnerable to attacks by hackers or breaches due to human error, employee misconduct or malfeasance, system failure or other disruptions, and the Company has experienced minor incidents in the past. Any such breach could compromise our networks or the networks of our third-party providers and the information stored there could be accessed, publicly disclosed (or threatened to be disclosed unless a ransom is paid), misappropriated, lost or stolen. Such a breach, misappropriation, or disruption could also disrupt our operations and the services we provide to clients, damage our reputation, and cause a loss of confidence in our products and services, as well as require us to expend significant resources to protect against further breaches and to rectify problems caused by these events. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under applicable laws, and regulatory penalties and could adversely affect our business, reputation, prospects, financial condition and results of operations.

1.1.15 A significant failure in our systems, telecommunications or IT infrastructure could harm our service model, which could result in a reduction of our revenues and otherwise disrupt our business.

Our service model relies on maintaining active voice and data communications, online resource management, financial and operational record management, client service and data processing systems between our client sites, our delivery centers and various other locations including those of third-party cloud service providers. Our business activities may be materially disrupted in the event of a partial or complete failure of any of these technologies, which could be due to software malfunction, computer virus attacks, conversion errors due to system upgrades, damage from fire, earthquake, power loss, telecommunications failure, unauthorized entry, demands placed on internet infrastructure by growing numbers of users and time spent online, increased bandwidth requirements or other events beyond our control. Our crisis management procedures, business continuity, and disaster recovery plans may not be effective at preventing or mitigating the effects of such disruptions, particularly in the case of a catastrophic event. Loss of all or part of the infrastructure or systems for a period of time could hinder our performance or our ability to complete client projects on time which, in turn, could lead to a reduction of our revenues, payment of penalties or otherwise materially adversely affect our business, financial condition and results of operations.

1.1.16 If our current insurance coverage is insufficient to protect against losses incurred, our business, financial condition and results of operations may be materially adversely affected.

We provide technology services that are integral to our clients' businesses. If we were to default in the provision of any contractually agreed-upon services, our clients could suffer significant damages and make claims upon us for those damages. Although we believe that we have adequate processes in place to protect against defaults in the provisions of services, errors and omissions may occur. To the extent client damages are deemed recoverable against us in amounts substantially in excess of our insurance coverage, or if our claims for insurance coverage are denied by our insurance carriers for any reason including, but not limited to, our failure to provide insurance carrier-required documentation or our failure to follow insurance carrier-required claim settlement procedures, this could have a material adverse effect on our business, financial condition and results of operations.

1.1.17 Our business depends on a strong brand and corporate reputation.

Since many of our client engagements involve highly tailored solutions, our corporate reputation is an important factor in our clients' and prospective clients' confidence in our capabilities and determination of whether to engage us. We believe the Nagarro brand name and our reputation are important corporate assets that help distinguish our services from those of our competitors and also contribute to our efforts to recruit and retain talented IT professionals. However, our corporate reputation is susceptible to damage by actions or statements made by current or former employees, clients, competitors, vendors and adversaries in legal proceedings, as well as members of the investment community and the media. There is a risk that negative information about the Company, even if based on false information, rumor or misunderstanding, could adversely affect our business. In particular, damage to our reputation could be difficult and time-consuming to repair, could make potential or existing clients reluctant to select us for new engagements, resulting in a loss of business, and could adversely affect our employee recruitment and retention efforts. Damage to our reputation could also reduce the value and effectiveness of the Nagarro brand name and could reduce investor confidence in us and adversely affect our business, prospects, financial condition and results of operations.

1.1.18 Our substantial amount of intangible assets heightens the risk of impairment charges and could adversely affect thus our results of operations and capitalization.

As a result of our acquisitions in recent years, the amount of intangible assets recorded in our combined statement of financial positions has increased significantly. The increase in intangible assets primarily relates to goodwill and, to a lesser extent, order backlog, client lists, products and software and license rights. For example, the carrying amount of goodwill increased from €43.7 million as of January 1, 2017 to €102.4 million as of December 31, 2019. An adverse development in our business activities could require us to recognize impairment charges to write-off all or a part of the carrying amount of our goodwill or other intangible assets. A write-off of all or a part of our goodwill or other intangible assets would adversely affect our financial condition and results of operations.

1.1.19 Our operating results could be adversely affected by inaccurate estimates of contract completion costs and dates, including wage inflation rates and currency exchange rates that may affect cost projections.

Fixed bid contracts accounted for approximately one-fifth of our total revenue in financial year ended December 31, 2019. Revenues from services provided on a fixed bid basis are recognized based on the percentage of order completion and under consideration of realized partial performance. Because we bear the risk of cost overruns and inflation with respect to fixed bid contracts, inaccurate estimates of contract completion costs and dates, including wage inflation rates and currency exchange rates may affect our cost projections. This is also true for time and expense contracts where our remuneration is capped at a certain amount. Such miscalculation of our contracts could have an adverse effect on our business, financial condition and results of operations.

1.2 Risks related to Legal, Regulatory and Compliance Matters

1.2.1 Changes to fiscal, political and regulatory conditions could adversely affect our business and financial results.

Changes in the economic, political and regulatory environments in the countries in which our clients or our operations are located, in particular the U.S. and European countries as well as India, could result in substantial changes to existing laws and regulation, which could, in turn, adversely affect our business. For example, the current U.S. administration has proposed and may continue to propose significant changes with respect to a variety of matters, including international trade agreements and conducting business offshore, know-how transfer, import and export regulations, tariffs and customs duties, foreign relations, labor and immigration laws and travel restrictions, and corporate governance laws, that could have a positive or negative impact on our business.

Companies that outsource services to organizations operating in other countries are a topic of political discussion in many countries. For example, proposed legislation in the United States could impose restrictions on our ability to obtain U.S. visas for employees and deploy employees holding U.S. work permits to client locations, both of which could adversely impact our business. Legislative measures, in the United States as well as other countries, could also broaden restrictions on outsourcing by federal and state government agencies or contracts and impact private industry with tax disincentives, intellectual property transfer restrictions and restrictions on the use or availability of certain work visas. Moreover, the process to obtain required visas and work permits can be lengthy and difficult and variations in the application and enforcement of legislation and rules due to political forces and economic conditions may cause delays or rejections.

Delays in obtaining visas or work permits, or an inability to source a sufficient number of visas or work permits, or significant additional costs for visas or work permits may result in a reduction in the ability of our personnel to travel to meet with and provide services to our clients or to continue to provide services on a timely basis or may result in a reduction in the efficiency or efficacy of our sales and delivery operations. Delays in, or the unavailability of, or increase in the costs related to visas and work permits could have an adverse effect on our business, financial condition and results of operations.

1.2.2 We are subject to laws and regulations in the United States and other countries in which we operate, including export restrictions, economic sanctions, the FCPA and similar anti-corruption laws. Non-compliance with these laws may result in civil or criminal penalties and other remedial measures.

We are subject to various laws and regulations that restrict our international operations, including laws that prohibit activities involving restricted countries, organizations, entities and persons that have been identified as unlawful actors or that are subject to U.S. sanctions. The U.S. Office of Foreign Assets Control, or OFAC, and other international bodies have imposed sanctions that prohibit companies from engaging in trade or financial transactions with certain countries, businesses, organizations and individuals. We are also subject to the FCPA and anti-bribery and anti-corruption laws in other countries, all of which prohibit companies and their intermediaries from bribing government officials for the purpose of obtaining or keeping business or otherwise obtaining favorable treatment. We operate in many parts of the world that have experienced government corruption to some degree, and, in certain circumstances, compliance with anti-bribery laws may conflict with local customs and practices.

Our compliance program contains controls and procedures designed to ensure our compliance with the FCPA, OFAC and other sanctions, and laws and regulations. However, we cannot exclude that such controls and procedures may not be successful in preventing violations by our employees. In addition, adherence to our compliance program and policies has resulted, in limited cases in the past, and may result in the future in lost business opportunities because of us declining to compete for certain projects or government tenders due to corruption concerns.

Any violation of these or other laws, regulations and procedures by our employees, independent contractors, clients, subcontractors and agents, including third parties we associate with or companies we acquire, could expose us to administrative, civil or criminal penalties, fines or business restrictions, or result in litigation costs, or be a drain on management time, which could have a material adverse effect on our results of operations, and financial condition and would adversely affect our reputation, our share price and the market for shares of our common stock and may require certain of our investors to disclose their investment in us under certain laws.

1.2.3 Changes in privacy and data protection regulations could expose us to risks of non-compliance and costs associated with compliance.

We are required to comply with increasingly complex and changing data security and privacy regulations in the European Union, the United States, India and in other jurisdictions in which we operate that regulate the collection, use and transfer of personal data, including the transfer of personal data between or among countries. For example, the European Union's General Data Protection Regulation ("**GDPR**") imposes stringent compliance obligations regarding the handling of personal data and has resulted in the issuance of significant financial penalties for non-compliance. In the United States, there have been proposals for federal privacy legislation and new state privacy laws are on the horizon. Recently enacted legislation imposes extensive privacy requirements on organizations governing personal information. In addition, in India, the Personal Data Protection Bill, 2019 was tabled in the Indian Parliament on December 11, 2019. If enacted in its current form, it would impose stringent obligations on the handling of personal data, including certain localization requirements for sensitive data. Other countries have enacted or are considering enacting data localization laws that require certain data to stay within their borders. We may also face audits or investigations by one or more domestic or foreign government agencies or our clients pursuant to our contractual obligations relating to our compliance with these regulations.

Businesses that handle personal data have been subject to investigations, lawsuits and adverse publicity. Enforcement actions taken by the European Union data protection authorities as well as audits or investigations by one or more individuals, organizations, or foreign government agencies can result in penalties and fines for non-compliance or direct claims against us in the event of any loss or damage as a result of a breach of these regulations. In the case of the GDPR, violations carry fines of up to 4% of the Company's global turnover and the GDPR grants individual data subjects the right to claim damages for violations of their rights under the GDPR.

We have implemented procedures to comply with changing privacy and data protection regulations but cannot exclude that we will have to incur additional costs, that we may be exposed to potential regulatory action or litigation, and may require changes to our business practices in certain jurisdictions, all of which could materially adversely affect our business, financial condition, prospects and results of operations.

1.3 Risks related to Intellectual Property

1.3.1 We may not be able to prevent the unauthorized use of our or our business partners' intellectual property, and our intellectual property rights may not be adequate to protect our business and competitive position.

We rely on trade secrets and know-how as well as, to a lesser extent, on trademarks and copyrights to protect our intellectual property rights. In order to not compete with our own clients and partners, we only seldom develop our own proprietary technologies for license sale. The proprietary technologies developed and licensed by us on average account for less than 5% of our revenues. These proprietary technologies include software, such as SC-OWI, SC-Mobil, SCADA X-Sight and Workibo. In addition, the net carrying amount of software, licenses and rights and inhouse developments amounted to €2.62 million as of September 30, 2020 (€2.5 million as of December 31, 2019). Since we have several partnerships with leading international technology vendors across the globe to develop and deliver solutions for our clients, we also need to protect intellectual property and know-how of our business partners. Since we operate globally, protection of our and our clients' intellectual property rights and trademarks as well as confidentiality in some countries in which we operate may not be as effective as in other countries with more developed intellectual property protections.

We typically require our employees and independent contractors that work in digital engineering to assign to us all intellectual property and work product they create in connection with their employment or engagement with us, typically so that these can then be further assigned to our clients as a next step. These assignment agreements that our employees and independent contractors enter into also typically obligate them to keep proprietary information confidential. If these agreements are not entered into for any reason (such as human error), or are not enforceable in any of the jurisdictions in which we operate, or are breached, we cannot ensure that we will own the intellectual property they create or that proprietary information belonging to us or to our clients or to our other business partners will not be disclosed. Our clients and certain vendors are generally obligated to keep our information confidential, but if these contractual obligations are not entered into, or are breached or deemed unenforceable, our trade secrets, know-how or other proprietary information may be subject to unauthorized use, misappropriation or disclosure. Reverse engineering, unauthorized copying, disclosure or other misappropriation of our and our clients' proprietary technologies, tools and applications could enable unauthorized parties to benefit from our or our clients' technologies, tools and applications without payment and may make us liable to our clients for damages and compensation, which could harm our business and competitive position.

We rely on our trademarks, trade names, service marks and brand names to distinguish our services and solutions from the services of our competitors, especially the "Nagarro" brand. In Germany, Nagarro SE has twelve registered trademarks, including our most important one "Nagarro" which has also been registered as a trademark in the US, Switzerland, Norway, Australia and India. Third parties may oppose our trademark applications, or otherwise challenge our use of our trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our services and solutions, which could result in loss of brand recognition, and could require us to devote additional resources to advertising and marketing new brands. Further, we cannot provide assurance that competitors will not infringe our trademarks, or that we will have adequate resources to enforce our trademarks. If we try to enforce our trademarks and our other intellectual property rights through litigation, we may not be successful and the litigation may result in substantial costs and diversion of resources and management attention, which could, in turn, materially adversely affect our business, financial condition and results of operations.

1.3.2 We may face intellectual property infringement claims that could be time-consuming and costly to defend. If we fail to defend ourselves against such claims, we may lose significant intellectual property rights and may be unable to continue providing our existing services.

We typically indemnify clients who purchase our products, services and solutions against potential infringement of third-party intellectual property rights, which subjects us to the risk and cost of defending the underlying infringement claims. These claims may require us to initiate or defend protracted and costly litigation on behalf of our clients, regardless of the merits of these claims, and our indemnification obligations are often not subject to liability limits or exclusion of consequential, indirect or punitive damages. Intellectual property litigation could also divert our management's attention from our business and existing or potential clients could defer or limit their purchase or use of our software product development services or solutions until we resolve such litigation. If any of these claims succeed, we may be forced to pay damages on behalf of our clients, redesign or cease offering our allegedly infringing products, services, or solutions, or obtain licenses for the intellectual property that such services or solutions allegedly infringe. If we cannot obtain all necessary licenses on commercially reasonable terms, our clients may be forced to stop using our services or solutions.

Our success largely depends on our ability to use and develop our technology, tools, code, methodologies, products, and services without infringing the intellectual property rights of third parties, including copyrights, trade secrets and trademarks. We may be unaware of intellectual property rights relating to our products or services that may give rise to potential infringement claims against us. If those intellectual property rights are potentially relevant to our service offerings, we may need to license those rights in order to continue to use the applicable technology, but the holders of those intellectual property rights may be unwilling to license those rights to us on commercially acceptable terms, if at all. There may also be technologies licensed to and relied on by us that if subject to infringement or misappropriation claims by third parties, may become unavailable to us if such third parties obtain an injunction to prevent us from delivering our services or using technology involving the allegedly infringing intellectual property.

Any of these actions, regardless of the outcome of litigation or merits of the claim, could damage our reputation and materially adversely affect our business, financial condition, prospects and results of operations.

1.4 Risks related to the Spin-Off

1.4.1 We may be unable to achieve some or all of the benefits that we expect to achieve through the Spin-Off.

We believe that, as a listed company, we will be able to, among other things, better focus financial and operational resources on our specific business, bring visibility to the Nagarro brand via the capital markets, enhance management focus on the core business with fewer distractions, have the ability to raise equity and other financing and exploit the growth potential of the business, more effectively respond to industry dynamics and create effective incentives for our management and employees that are more closely tied to our business performance. As of the date of this Prospectus, we are still operating as a subsidiary of Allgeier SE (together with its consolidated subsidiaries, "**Allgeier**" or the "**Allgeier Group**"). Following completion of the Spin-Off, we will be operating independently from Allgeier and may therefore be more susceptible to market fluctuations and other adverse events. In addition, we may be unable to achieve some or all of these benefits in the time we expect, if at all. If we fail to achieve some or all of such benefits, or do not achieve them in the time we expect, our business, financial condition, prospects and results of operations could be adversely affected.

Furthermore, comprehensive intra-group reorganization measures were implemented prior to the Spin-Off. As part of this process, Allgeier Nagarro ES GmbH, Nagarro iQuest and Nagarro Objectiva, which were acquired by Allgeier in 2017 and 2018, were transferred to Nagarro Holding GmbH or subsidiaries of Nagarro Holding GmbH. These acquired businesses did not form a part of the business of the Nagarro Group prior to such measures. We are still in the process of integrating these businesses within the Nagarro Group. We might not be successful in doing so as planned, due to additional demands from the Spin-Off, and therefore not be able to benefit from cost savings and synergies of the mergers as much as we expect to and may face additional expenses, delays and difficulties in integrating these acquired businesses into our existing organization.

1.4.2 We may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent publicly-traded company, and we may experience increased costs and additional expenses after the Spin-Off.

We have historically operated as part of Allgeier's corporate organization, and Allgeier has provided us with various services and corporate functions. Following the Spin-Off, Allgeier will have no obligation to provide us with assistance other than under a transitional services agreement. These services do not include every service that we have received from Allgeier in the past, and Allgeier is only obligated to provide these services for limited periods following completion of the Spin-Off. Accordingly, following the Spin-Off, we will need to provide internally or obtain from unaffiliated third parties the services we currently receive from Allgeier. These services include tax administration, treasury activities, technical accounting, insurance, legal, and ethics and compliance program assistance. The effective and appropriate performance of these services is critical to our operations. We may be unable to replace these services in a timely manner, in a way that guarantees the same quality of the service or on terms and conditions as favorable as those we received from Allgeier.

Because our business has historically operated as part of the wider Allgeier organization, we may be unable to establish successfully or in a timely manner all of the infrastructure or implement the changes necessary to operate independently, or may incur additional costs that could adversely affect our business. As part of Allgeier, we have benefited from Allgeier's size and purchasing power in procuring certain goods and services such as insurance and health care benefits, and technology such as computer software licenses. If we fail to obtain the quality of services necessary to operate effectively or incur greater costs in obtaining goods and services, our business, financial condition, results of operations and prospects may be materially adversely affected.

In addition, we may seek to obtain financing from banks, public or private placements of debt, convertible or equity securities in the future. The cost of obtaining third-party financing could be higher than under the financing received under the Allgeier Group prior to the Spin-Off. Although we already have certain agreements in place, third-party providers of debt financing, such as banks, may not be willing or, due to internal thresholds or other limitations, be able to provide or extend credits or other forms of debt financing to us in the first several months after Spin-Off because they have already provided similar financing to other entities of the Allgeier Group and it may take time to adjust credit lines and transfer such exposures.

1.4.3 We may lose business opportunities because of the Spin-Off from Allgeier.

Nagarro has always been a relatively independent company with most of the services running independently from Allgeier. Nonetheless, in the past the Company was able to profit to a certain extent from synergies between Allgeier's and Nagarro's business activities, primarily with respect to financial aspects (*e.g.* consolidation and accounting) as well as legal aspects. It cannot be ruled out that, following the Spin-Off, we will no longer benefit from such cooperation as much as we used to. We may also lose business opportunities we previously enjoyed because our business partners took into consideration other business opportunities relating to the entire Allgeier Group when they entered into business relations with us. The Company will be a smaller and less diversified company than Allgeier prior to the Spin-Off. As a separate, independent listed company, the Company may be unable to obtain all types of services and products at the same favorable prices and conditions as prior to the Spin-Off or be unable to leverage efficiencies accordingly. We face the risk that the new stand-alone position of Nagarro may be negatively perceived by potential technology partners, suppliers, clients and their lenders, employees and other shareholders.

The loss of business opportunities and procurement advantages associated with being part of the Allgeier Group could have material adverse effects on the business and the financial condition and results of operations of the Company.

1.4.4 It is possible that the Combined Financial Statements prepared for, and included in, the Prospectus will not provide accurate information on the actual results and financial development of the Nagarro Group as an independent company.

Due to the economical new formation (*wirtschaftliche Neugründung*) of the Company in 2020 and prior to the completion of the Spin-Off, which is expected to take place prior to and the approval of this Prospectus, no historical consolidated financial information can be prepared at the level of the Company to present the development of the assets, financial position and earnings of the business combined under it in the last three financial years. In addition, several companies were acquired in the last three financial years.

Therefore, the Company is an issuer with a complex financial history and prepared audited combined financial statements for financial years ending on December 31, 2019, 2018 and 2017 for the purposes of the Prospectus (the "**Audited Combined Financial Statements**"). The Company's Audited Combined Financial Statements present the development of the financial condition and results of operations of Nagarro's future business activities, as they historically evolved under the management of the Allgeier Group and as they were included in Allgeier's consolidated financial statements. For this reason, the historical financial information presented in the Prospectus only provides limited indications on which a forecast of Nagarro Group's combined business activities can be based. Nagarro Group's economic situation, as presented with regard to its financial condition and results of operations, therefore does not necessarily reflect the economic situation that would have arisen if it had already existed as an independent exchange-listed group of companies in fiscal years ending on December 31, 2019, 2018 and 2017.

The Audited Combined Financial Statements for the financial years ending on December 31, 2019, 2018 and 2017 were prepared on the basis of various assumptions and estimates affecting the presentation and amounts reported for assets, liabilities and equity, income and expenses, and contingent liabilities. Assumptions and estimates were used in particular when combining the recognized amounts for income tax and the inclusion of certain subsidiaries held during the reporting period and when allocating services which were not on-charged in the past. Assumptions and estimates are subject to risks and the historical financial information as presented in this Prospectus does not necessarily reflect in full the changes that would have occurred if Nagarro Group had operated as an independent listed group of companies.

Therefore, the historical financial information contained in the Prospectus in the form of the Audited Combined Financial Statements does not necessarily reflect the financial position, results of operations and/or cash flows that the Company would have had if the Nagarro Group had existed as a separate group in the periods presented.

1.4.5 We may be subject to claims under the German Transformation Act as a consequence of the Spin-Off (so-called continued liability (Nachhaftung) and the creditors' right to be provided with collateral).

In accordance with Section 133 (1) and (3) UmwG, the Company will be jointly and severally liable with Allgeier for any liabilities that remain with Allgeier and were incurred prior to the Spin-Off entering into effect if such liabilities fall due within five years after the registration of the Spin-Off in Allgeier's commercial register has been announced and a claim against the Company is submitted to a court or established in another manner specified in Section 133 UmwG. As for retirement benefit obligations under the German Company Pension Act (*Betriebsrentengesetz*), this deadline will be extended from five to ten years. The liability of the Company pursuant to Section 133 (1) and (3) of the UmwG is restricted to the liability of Allgeier only and does not apply to liabilities of the subsidiaries of Allgeier.

Accordingly, although the Company is not directly liable for the losses of Allgeier's subsidiaries, Allgeier has entered into domination and profit and loss transfer agreements with certain of its subsidiaries with respect to their respective losses and is thus obligated to absorb such losses to the extent the respective subsidiary's reserves or the profits of other subsidiaries cannot be used to offset those losses. Thus, the Company's joint and several liability also includes Allgeier's obligation to absorb losses.

Allgeier and the Company agreed in the spin-off and transfer agreement dated August 14, 2020 (the "**Spin-Off and Transfer Agreement**") to indemnify the Company in the event that existing claims of any third parties against Allgeier are asserted by such third parties against the Company. Should any creditors of Allgeier enforce such existing claims against the Company and should Allgeier not satisfy its obligations to indemnify the Company, this could materially adversely affect our business, financial condition and results of operations.

Furthermore, pursuant to the UmwG, the Company's creditors may, within six months after the date on which the Spin-Off was registered in the Company's commercial register, require the Company to provide collateral if they are unable to have their claims satisfied and if they can credibly demonstrate that the Spin-Off may jeopardize the satisfaction of their claims.

Should the Company be required to provide collateral as set out above, or should the Company be held liable, this could materially adversely affect our business, results of operations, financial position, cash flows and prospects.

1.4.6 Being a listed company, which includes additional requirements entailing considerable costs, including, but not limited to, market communication, investor relations, accounting, controlling, risk management and corporate governance could have a material adverse effect on our financial condition and results of operations.

Once the Company is listed on the stock exchange following the Spin-Off, it will be subject to the statutory provisions governing the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the stock exchange rules and applicable securities laws regulations. In addition, the prohibition on insider trading, the obligation to maintain insider lists and the prohibition on market manipulation apply. Listed companies are also subject to stricter requirements in relation to market communication, investor relations, accounting, controlling, risk management and corporate governance. In addition, the Company will be required to hold annual shareholders' meetings in the future, which the Company was not required to do in the past. As a non-listed company within the Allgeier Group, the Company was not obligated to comply with such requirements in the past. Compliance with these requirements will necessitate additional human resources and results in additional costs, and a failure to comply with these requirements may result in regulatory fines or punitive measures. These additional activities will require more of the management's and additional employees' time, which will not be available for the operating business and this could have a material adverse effect on our financial condition and results of operations.

1.4.7 We have incurred substantial costs in connection with the preparation and implementation of the Spin-Off and Listing and may fail to recoup these costs in the future.

The total costs of the preparation and implementation of the Spin-Off and the Listing are expected to amount to approximately €11 to €16 million, of which the Company and Nagarro Group will bear 50% of the costs related to the Spin-Off and all costs related to the Listing. Thereof, €1.8 million had been incurred as of September 30, 2020 and have been reflected in the unaudited condensed consolidated financial statements for the nine months ended September 30, 2020. We may fail to generate the expected return on investment on these costs and tax charges which could have a material adverse effect on our business, results of operations, financial position and prospects.

1.4.8 Following the Spin-Off, several principal shareholders and the management will retain a significant influence over the Company and their interests may conflict with those of the Company and its other shareholders.

Following the successful completion of the Spin-Off, Mr. Carl Georg Dürschmidt and Mr. Detlef Dinsel will continue to own at least directly and indirectly approximately 25% and 11% of the Company's share capital, respectively. Consequently, they will retain a significant influence over the Company following the Spin-Off. Their interests as shareholders may deviate from the Company's interests or those of other shareholders. Depending on the shareholder presence at the general shareholders' meeting of the Company, such shareholders may be in a position to control the resolutions passed by the general shareholders' meeting of the Company. Certain measures and transactions as well as dividend payments may be impossible to implement without the support of such shareholders.

Furthermore, as of the date of the Prospectus, certain members of the Supervisory Board are management board or supervisory board members of Allgeier SE. Mr. Carl Georg Dürschmidt serves on the management board of Allgeier SE and Mr. Detlef Dinsel is a member of the supervisory board of Allgeier SE. In addition, Mr. Carl Georg Dürschmidt and Mr. Detlef Dinsel are significant shareholders of Allgeier SE. Although Allgeier and Nagarro will not be direct competitors, the interests of Allgeier and the Company will not necessarily always coincide or be aligned, the aforementioned dual mandates and other relationships of the Company's supervisory board members with Allgeier Group may in the future result in conflicts of interest for these persons.

1.4.9 *Following the Spin-Off, the Company will be a holding company with no material business operations of its own and will rely on operating subsidiaries to provide the Company with the funds required to meet its financial obligations and make dividend payments.*

Following the Spin-Off, the Company will be a holding company with no material business operations of its own. The principal assets of the Company will be its direct interests in Allgeier Nagarro Holding GmbH, Allgeier Connect AG ("**Connect AG**") and indirect interests in its operating subsidiaries. As a result, the Company will be dependent on these subsidiaries in order to generate the funds required to meet the Company's financial obligations and make dividend payments, if any.

The ability of the Company's subsidiaries to make distributions and other payments to the Company will depend on the subsidiaries' earnings and is subject to various contractual and statutory limitations. The amount and timing of such distributions depend on the laws of the operating companies' respective jurisdictions and such distributions may not arrive in time for the dividend payments of the Company and the Company would have to draw on its distributable reserves to enable dividend distributions. For example, with respect to operating profits booked in legal entities located in India, it might be difficult to receive payments from our Indian subsidiaries which could limit future dividend payments.

If the Company does not receive sufficient distributions and other payments from its direct and indirect subsidiaries at all or not in time, it may be unable to meet its financial obligations and/or to make dividend payments.

1.4.10 *Our prospective shareholders may face tax-related risks from the Spin-Off, in particular, from uncertainties regarding the application of the so-called footstep theory.*

While we expect no tax effects for the German-resident shareholders of Allgeier, which correspond to the prospective shareholders of the Company, from the reorganization, the shareholders of Allgeier taxable in Germany may be exposed to tax-related risks from the Spin-Off. The tax effects of the Spin-Off derive from the provisions of Section 15 (1) in conjunction with Section 13 of the German Reorganization Tax Act (*Umwandlungssteuergesetz*) as well as Section 20 (4a) of the German Income Tax Act (*Einkommensteuergesetz*). Obtaining a binding assessment from all tax authorities competent for every individual shareholder regarding the issue of the applicable standard under tax law for the allocation of the acquisition costs or tax book values of the shareholder, respectively, was not possible due to legal and factual reasons, neither for Allgeier nor for the Company. Consequently, tax-related risks from the reorganization preceding the Spin-Off remain for the shareholders of Allgeier.

In the case of shares in Allgeier held as business assets, the tax consequences for the shareholders derive from Section 15 in conjunction with Section 13 of the German Reorganization Tax Act. According to these provisions, the shares in Allgeier are deemed to have been disposed of pro rata at their fair market value (*gemeiner Wert*), and the shares in the Company replacing them are deemed to have been acquired, Section 13 (1) of the German Reorganization Tax Act. In the event of a capital gain therefrom, taxation depends on whether the shareholder is a corporation, an individual entrepreneur or a commercial partnership as well as other factors such as holding times or latent value recovery obligations. Tax neutrality of the Spin-Off, *i.e.*, a roll-over of tax book values, may be possible subject to the requirements of Section 15 (1) sentence 2 in conjunction with Section 13 (2) of the German Reorganization Tax Act, if a respective application is submitted by the individual shareholder. We believe that such requirements will be fulfilled (based on a clarification of tax law issues for Allgeier, the Company and other Allgeier Group companies by way of a binding ruling (*Umwandlungssteuererlass*) that the Spin-Off of the 100% interest in Connect AG from Allgeier to the Company constitutes a so-called business unit for tax purposes (*Teilbetrieb*). Pursuant to Section 13 (2) of the German Reorganization Tax Act the Company shares replace the shares in Allgeier proportionately for tax purposes (so-called "footstep theory") and certain tax characteristics of the shareholding in Allgeier are transferred to the shares in the Company and thereby continue to exist. However, the tax authority competent for a shareholder may independently review the pertinent requirements. Tax authorities might not follow our interpretation which could result in a material adverse effect on the shareholders of Allgeier.

Regarding shares held as non-business assets, Section 13 of the German Reorganization Tax Act and, thus, the above explanation of the corresponding risks applies *mutatis mutandis* also for shares held as non-business assets within the meaning of Section 17 of the German Income Tax Act. To the extent that shares in the Existing Shareholder are part of non-business assets and the shareholder did not during the last five years hold an interest of at least 1% in the Allgeier (shareholders within the meaning of Section 20 of the German Income Tax Act), we expect the Spin-Off to be conducted in a tax neutral manner.

Irrespective of whether or not the shares are held as business or non-business assets, according to published opinions of the tax authorities, the allocation of the acquisition costs or, as the case may be, the tax book values to shares in Allgeier and shares of the Company is generally to be based (if the shares are held as non-business assets) or may generally be based (if the shares are held as business assets) on the allocation ratio set forth in the Spin-Off and Transfer Agreement, *i.e.*, shareholders of Allgeier receive one share of the Company for each share in Allgeier. Accordingly, previous acquisition costs of shares in Allgeier would have to be allocated 50:50. Since this allocation does not consider the fair market value of the shares, the acquisition costs thus determined may not accurately reflect the pro rata proportionate value of the shares. This could possibly lead to detrimental tax consequences for the shareholders in case of any subsequent disposals.

In addition, tax effects from the Spin-Off under foreign jurisdictions as well as possibly applicable double taxation treaties, particularly effects of transactions taxable abroad, may also have a detrimental tax effect on the shareholders of Nagarro.

The realization of any of these tax related risks could have a material adverse effect on the shareholders of Nagarro.

1.4.11 Unutilized tax loss carry forwards, interest carry forwards and EBITDA carry forwards for tax purposes of the Company and its subsidiaries which may have been lost in the implementation of the Spin-Off may have material adverse effects on Nagarro's financial condition and results of operations.

In Germany, unutilized losses for corporate income tax, trade tax and interest carry forwards are forfeited in full if within a period of five years more than 50% of a corporation's registered share capital or voting rights are directly or indirectly transferred to an acquiring party, affiliated individuals/entities or a group of acquirers with aligned interests, or a comparable change of ownership in the corporation occurs (harmful acquisition – *schädlicher Beteiligungserwerb*). The foregoing forfeiture rules are, however, subject to certain exceptions, *e.g.*, losses and interest carry forwards may be preserved to the extent the losses and interest carry forwards do not exceed the taxable hidden reserves in Germany. Unutilized losses for trade tax of a partnership are in general forfeited to the extent a direct change of ownership occurs at the level of the partnership.

Therefore, Allgeier will spin off the 120,000 shares held by Allgeier in Nagarro SE along with all shares in Connect AG to Nagarro SE

In the course of the separation from the Allgeier Group, a harmful acquisition or change of ownership could have occurred upon the Spin-Off of the shares in Connect AG. This may also occur in the future resulting in the risks stated above. Thereupon, German loss and interest carry forwards of Nagarro SE or any of its subsidiaries could have been forfeited.

Comparable rules providing for a limitation on the utilization of loss carry forwards and similar tax attributes also exist in other jurisdictions (for instance, in the United States). Therefore, the separation also might have limited or excluded the utilization of such loss carry forwards or similar attributes of any Nagarro Group company that has previously been available.

If any of these risks materializes, this could have a material adverse effect on our financial condition and results of operations.

1.5 Risks related to the Shares

1.5.1 Potential sales of the Shares at the present time or in the future may have a negative impact on the Company's share price.

After the Spin-Off enters into effect and trading in the Shares starts, a significant number of these Shares could be sold and the Company's share price could accordingly experience a sharp decline. Such a decline in the price of the Shares could be due to shareholders selling their Shares because they do not wish to invest in the activities which have been spun off and new investors do not buy the shares to the same extent, one reason being that no experience has yet been gained with Nagarro on a stand-alone basis. Current Allgeier shareholders who will, as a result of the Spin-Off, automatically receive shares of the Company pursuant to Section 123 (2) no. 1 of the German Transformation Act, as allocated to them in accordance with the allotment ratio, may not be interested in an investment in the Company on a stand-alone basis and, as a result, may decide to sell their shares of the Company following the Listing, which could lead to a decline of the share price of the Company. Above all, it is possible that the Shares will not be included in the same share indexes as those which currently include the shares of Allgeier. This means that shareholders who, in accordance with investment guidelines or for other reasons, can only invest in shares in a certain share index which currently includes Allgeier may be required to sell the Shares immediately after they are listed.

Even though the major shareholders of Nagarro are subject to a lock-up of 180 days after the completion of the Spin-Off, the remaining shareholders could sell their shares directly after the Spin-Off or in the near future. If the shareholders sell a significant amount of their shares on the stock exchange or if the market anticipates such a sale, this could materially negatively affect the Company's share price.

1.5.2 There is no guarantee that an active and liquid market will develop for the Shares of the Company.

Prior to their listing, there was no public market for the Shares. There is no guarantee that a liquid market for trading in the Shares will develop and become established. Investors may be unable to sell their shares quickly or at a fair market price if no active market exists for the shares. If no active and liquid market develops, this could have material adverse economic effects on an investment in the shares of the Company.

1.5.3 Shareholders who will, as a result of the Spin-Off, automatically receive shares of the Company, may decide to sell their shares in the Company following the Listing, which can have an adverse effect on Nagarro's stock price and stock price volatility.

Prior to the Spin-Off, there was no public market for the Shares. Following the listing, share turnover and the share price may be subject to significant fluctuations, particularly because the Shares will be credited to the securities accounts of the shareholders of Allgeier without them having made their own investment decision, and these shareholders may not wish to invest in the shares of the Company in the long-term or at all. It is also possible that institutional investors are prohibited from investing in the Shares due to their investment policies. Furthermore, it is possible that investors have not formed a sufficient opinion on which to base an investment decision or to assess the Nagarro Group.

If the price of the Shares falls, investors may be unable to sell their shares at what they consider to be an appropriate share price. Further conditions which could negatively affect the share price or which could result in strong fluctuations in turnover in the shares include, *inter alia*, changes in the Nagarro Group's financial figures, profit forecasts (if any), changes in the economic situation of technology companies, takeover offers, negative changes affecting competitors or negative deviations from investor and analyst expectations. Changes in the Nagarro Group's strategy, risk assessment, shareholder structure or other factors could also have an adverse effect. Finally, general fluctuations in share prices, particularly for the shares of other companies in the IT and software sector, may result in price pressure on the Shares, even if this was not caused by the business or the business development of the Nagarro Group. This could have adverse economic effects on an investment in the Shares.

1.5.4 The combined value of the shares of Nagarro and the shares of Allgeier following the Spin-Off may not equal or exceed the value of the Allgeier shares prior to the Spin-Off.

As a result of the Spin-Off, the shareholders of Allgeier SE will receive shares of the Company, as allocated to them in accordance with the allotment ratio, by way of book-entry into their securities account. Following the Spin-Off, the shares of Allgeier SE will continue to be listed. As a result of the Spin-Off and the Listing, the current shareholders of Allgeier SE will be shareholders of two publicly listed companies, Allgeier SE and Nagarro SE. Following the first trading day after the Spin-Off enters into effect, the share price of Allgeier SE will take the Spin-Off into account and may decline (ex Spin-Off trading) as the business of Nagarro will, following the Spin-Off, no longer be a part of Allgeier. As the market capitalization of a company is calculated by multiplying the total number of such company's outstanding shares by the current market price of the share, the market capitalization depends on the development of the share price. Therefore, in case of a declining share price, the combined value of Allgeier and Nagarro reflecting the respective market capitalization of Allgeier and Nagarro following the Spin-Off and the Listing may be lower than the market capitalization of Allgeier SE prior to the completion of the Spin-Off.

As a result of the Spin-Off, current shareholders of Allgeier SE will automatically receive shares of Nagarro SE pursuant to Section 123 (2) no. 1 of the German Transformation Act, as allocated to them in accordance with the allotment ratio. Such shares are expected to be credited to Allgeier SE shareholders' securities accounts on the first day of trading of the shares of Nagarro, which is expected to take place on December 16, 2020. As their shareholding in Nagarro following the Listing will not be the result of an active investment decision, but rather of the automatic acquisition of the shares of Nagarro, such shareholders may not be interested in an investment in Nagarro on a stand-alone basis and, as a result, may decide to sell their shares of Nagarro following the Listing, which could lead to a decline of the share price of the Company. This might especially be true for institutional investors such as investment funds, because applicable rules and guidelines regulating their investments and shareholdings may not allow for a stake in Nagarro as a stand-alone listed company. Until the market has fully evaluated the business of Allgeier excluding the business of the Company as well as the business of Nagarro on a stand-alone basis, the shares of Allgeier SE and the Company may be subject to significant fluctuations, and this could have adverse economic effects on an investment in the Shares.

1.5.5 Following the Spin-Off, the Company intends to roll-over certain shareholdings in Nagarro Holding GmbH up to the Company level which will dilute the existing shareholders.

Nagarro SE is the sole shareholder of Nagarro Holding GmbH, its primary operating subsidiary. However, due to several trust agreements and with the participation of several holding companies, Nagarro SE is only entitled to the economic share of around 83.83% of Nagarro Holding GmbH. The remaining 16.17% of shares in Nagarro Holding GmbH are economically held by the Group's management through trust agreements. Following the Spin-Off, the Company intends to roll over the remaining shareholding to the Company level. On the one hand, failure to do so for technical or other reasons may result in management dissatisfaction. On the other hand, such roll-over will dilute the existing shareholders.

2. GENERAL INFORMATION

2.1 Responsibility Statement

Nagarro SE, with its registered office at Einsteinstraße 172, 81677 Munich, Germany (telephone: +49 89785 000 0), and registered with the commercial register of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRB 254410 with the legal entity identifier ("**LEI**") 9845008396BA67DA9B37 (the "**Company**"), along with COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany, (LEI: 851WYGNLUQLFZBSYGB56); www.commerzbank.com ("**COMMERZBANK**") and Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt am Main (LEI: 5493004I3LZM39BWHQ75); www.jefferies.com ("**Jefferies**" and, together with COMMERZBANK, the "**Listing Agents**"), assume responsibility for the contents of this prospectus (the "**Prospectus**") pursuant to Article 11 (1) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and hereby declare that, to the best of their knowledge, the information contained in the Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

Neither the Company nor the Banks are required by law to update the Prospectus subsequent to the date hereof, except in accordance with Article 23 of the Prospectus Regulation, which stipulates, among other things, that every significant new factor, material mistake or material inaccuracy relating to the information included in a prospectus which may affect the assessment of the securities and which arises or is noted after approval of the prospectus and before trading on a regulated market begins shall be disclosed in a supplement to the prospectus without undue delay.

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.

2.2 Purpose of this Prospectus

This Prospectus relates to the admission to and listing on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) (the "**Listing**") of 120,000 existing no-par value registered shares and 11,262,513 newly issued no-par value registered shares from a capital increase against contribution in kind resolved upon by a general shareholders' meeting on October 30, 2020 (the "**New Shares**" and, together with the 120,000 existing shares the "**Shares**"). Each such share has a notional par value in the Company's share capital of €1.00 and full dividend rights from January 1, 2020. The Shares represent the entire share capital of the Company. The New Shares are issued in connection with a spin-off for absorption (*Abspaltung zur Aufnahme*) under the German Transformation Act (*Umwandlungsgesetz*) (the "**Spin-Off**").

In this Prospectus, references to "**we**", "**us**", "**our**", "**Nagarro Group**" or the "**Group**" are references to the consolidated group of entities and business activities comprising the Nagarro business, with the Company acting as the ultimate holding company as from the completion of the Spin-Off, which is expected to take place on December 15, 2020, and after this Prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*), on December 8, 2020, in accordance with Article 20 (2) of Regulation (EU) 2017/1129.

This Prospectus constitutes a prospectus for the purposes of Article 3 (3) of the Prospectus Regulation. This Prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**"), as competent authority under Regulation (EU) 2017/1129, on December 8, 2020. BaFin only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the issuer that is the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Shares. BaFin can be contacted at Marie-Curie-Str. 24-28, 60439 Frankfurt am Main, Germany, by telephone +49 228 4108-0, or via its website: www.bafin.de.

2.3 Validity of this Prospectus

The validity of this Prospectus will expire with the beginning of the trading of the Shares on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), which is expected to occur on December 16, 2020, and no obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will apply when this Prospectus is no longer valid.

2.4 Forward-looking Statements

This Prospectus 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 Prospectus. This applies, in particular, to statements in this Prospectus 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 Prospectus 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, the occurrence or non-occurrence of which 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. These expressions can be found in different sections of this Prospectus, particularly in the sections titled "*1. – Risk Factors*", "*7 – Operating and Financial Review of the Group*", "*8. – Profit Forecast*" and "*9.2. Markets and Competition*", "*18 – Recent Developments and Outlook*" and wherever information is contained in this Prospectus regarding the Company's intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business prospects, growth, strategy and profitability, as well as the economic and regulatory environment to which we are subject.

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in this Prospectus might not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party reports could prove to be inaccurate (for more information on the third-party sources used in this Prospectus, see "*2.5 – Sources of Market Data*"). Actual results, performance or events may differ materially from those in such statements due to, among other reasons:

- Our international operations are exposed to risks related to fluctuations in exchange rates, which may be beyond our control.
- Our results of operations have been adversely affected and could in the future be materially adversely affected by global pandemics like COVID-19.
- We face intense and increasing competition for clients and opportunities. If we are unable to compete successfully, pricing pressures or loss of market share could have a material adverse effect on our business.
- Our results of operations could be adversely affected by economic and political conditions globally and in particular in the markets in which our clients are concentrated.
- If we are unable to attract and retain sufficient qualified personnel or do not effectively utilize our workforce, our results of operations and profitability may be materially adversely affected.
- If we fail to identify, acquire and integrate companies successfully our profitability and anticipated continued growth could be materially adversely affected.
- We may be unable to achieve and manage anticipated growth, which could place significant strain on our management, systems and resources.
- Our profit forecast and medium-term targets could differ materially from our actual results of operations.

- For the most part, we do not have long-term commitments from our clients, our clients may terminate contracts before completion, choose not to renew contracts, and we are not guaranteed payment for services performed under contract. A loss of business or non-payment from large clients could materially affect our results of operations.

- Increases in wages and other compensation expenses could prevent us from sustaining our competitive advantage and lead to cost increases and lower profitability.

- If we are unable to adapt to rapidly changing technologies, methodologies and evolving industry standards, we may lose clients and our business prospects could be materially adversely affected.

- Economic and political conditions in the markets in which we operate, in particular in India, could adversely affect our results of operations.

- Undetected software design defects, errors or failures may result in reputational damage and, as a consequence, in the loss of business and clients as well as in liabilities, both of which could materially adversely affect our business and results of operations.

- Security breaches and other disruptions to network security could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

- A significant failure in our systems, telecommunications or IT infrastructure could harm our service model, which could result in a reduction of our revenues and otherwise disrupt our business.

- If our current insurance coverage is insufficient to protect against losses incurred, our business, financial condition and results of operations may be materially adversely affected.

- Our business depends on a strong brand and corporate reputation.

- Our substantial amount of intangible assets heightens the risk of impairment charges and could adversely affect thus our results of operations and capitalization.

- Our operating results could be adversely affected by inaccurate estimates of contract completion costs and dates, including wage inflation rates and currency exchange rates that may affect cost projections.

Moreover, it should be noted that all forward-looking statements only speak as of the date of this Prospectus and that neither the Company nor any of the Listing Agents assumes any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments. The foregoing may prevent us from achieving our financial and strategic objectives.

See "*1. – Risk Factors*" for a further description of some of the factors that could influence the actual outcome of the matters described in the Company's forward-looking statements.

2.5 Sources of Market Data

Unless otherwise specified, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which Nagarro operates are based on the Company's assessments. These assessments, in turn, are based in part on internal observations of the markets and on various market studies.

The following sources from third parties concerning markets and market trends were used in the preparation of this Prospectus:

- International Data Corporation (IDC), "Worldwide Black Book: 3rd Platform Edition; August (V2 2020) Forecast", 2020; and

- Minton, Stephen and Wirth, Philip, "IDC's Worldwide Black Book Taxonomy, 2020: 3rd Platform Edition", 2020.

Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and that, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Company and the Listing Agents (see "*2.1 – Responsibility Statement*"), neither the Company nor the Listing Agents have independently verified the figures, market data or other information on which third parties have based their studies.

The Prospectus also contains certain estimates of market and other data and information derived from such data that cannot be obtained from publications by market research institutes or from other independent sources. Such information is partly based on the Company's own market observations, the evaluation of industry information (from conferences, sector events, etc.) or internal assessments. The Company's management believes that its estimates of market and other data and the information it has derived from such data assists investors in gaining a better understanding of the industry in which companies of the Group operate in and the Group's position therein. The Company's own estimates have not been checked or verified externally. The Company nevertheless assumes that its own market observations are reliable, whereby the internal assessments regarding future developments and trends in the markets described in this Prospectus are subject to additional uncertainties relating to the impact of the Coronavirus pandemic ("**COVID-19**"), a major disruptive factor, and its various related effects. We assume no responsibility for the accuracy of our own estimates and the information derived therefrom. They may differ from estimates made by competitors of the Group or from future studies conducted by market research institutes or other independent sources.

2.6 Documents Available for Inspection

For the period during which this Prospectus remains valid, the following documents will be available for inspection on the Company's website at www.nagarro.com:

- the Company's articles of association, as amended to date (the "**Articles of Association**");
- Nagarro Group's unaudited condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), on interim financial reporting (IAS 34) as of and for the nine months ended September 30, 2020 (the "**Unaudited Condensed Consolidated Interim Financial Statements**");
- Nagarro Group's audited combined financial statements prepared in accordance with IFRS as of and for the financial years ended December 31, 2019, 2018 and 2017 (the "**Audited Combined Financial Statements**");
- Nagarro SE's audited unconsolidated financial statements as of June 30, 2020 and for the period from January 17, 2020 to June 30, 2020 prepared in accordance with the German Commercial Code (*Handelsgesetzbuch* – "**HGB**").

The Unaudited Interim Condensed Consolidated Financial Statements, together with the Audited Combined Financial Statements, are collectively referred to herein as the "**Financial Statements**". The Financial Statements present the combined group of entities and business activities comprising the Nagarro business in the fiscal years ended December 31, 2019, 2018 and 2017 and the consolidated group of entities and business activities in the nine-month period ended September 30, 2020. During these periods, the Nagarro Group did not conduct business operations as an independent group.

The aforementioned documents will also be available in electronic form, at least for as long as the Prospectus is valid, on the Company's internet website, www.nagarro.com. The Company's future consolidated financial statements, unconsolidated financial statements and interim condensed consolidated financial statements will be available from the Company on its website and from the German Company Register (*Unternehmensregister*) (www.unternehmensregister.de). The Company's consolidated and unconsolidated financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

Information on the Company's website www.nagarro.com and information accessible via this website is neither part of, nor incorporated by reference into, this Prospectus.

2.7 Currency Presentation

In this Prospectus, "**Euro**" and "**€**" refer to the single European currency adopted by certain participating member states of the European Union, including Germany. "**USD**", "**U.S. dollars**" and "**US$**" refer to the legal currency of the United States of America ("**United States**", "**USA**" or "**U.S.**"). Fluctuations in the currency exchange rates between the Euro and the U.S. dollar or other currencies will affect the U.S. dollar or other currency amounts received by owners of the Shares on conversion of dividends, if any, paid in Euro on the Shares. The Group's principal functional currency is the Euro, and the Financial Statements have been prepared in euro.

2.8 Time Specifications

References to "**CET**" in this Prospectus refer to Central European Time. References to time in this Prospectus refer to CET, unless stated otherwise.

2.9 Presentation of Financial Information

Unless otherwise indicated, financial information contained in the Prospectus has been prepared on the basis of IFRS.

Where financial data in this Prospectus is labelled "audited", this means that it has been taken or derived from the Audited Combined Financial Statements mentioned above in "*2.6 – Documents Available for Inspection*". The label "unaudited" is used in this Prospectus to indicate financial data that has not been taken or derived from the Audited Combined Financial Statements but was taken or derived either from the Unaudited Interim Condensed Consolidated Financial Statements or the Company's internal reporting system, or is based on calculations of figures from the sources mentioned before.

Unless otherwise indicated, all financial data presented in the text and tables in this section of this Prospectus is shown in millions of Euros (€ million), commercially rounded to the nearest million. Certain financial information (including percentages) in this Prospectus have been rounded according to established commercial standards. As a result, the aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) may not correspond in all cases to the aggregated amounts of the underlying (unrounded) figures appearing elsewhere in this Prospectus. Furthermore, these rounded figures may not add up exactly to the totals contained in certain tables in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("—") signifies that the relevant figure is a true zero or is not available, while a zero ("0") signifies that the relevant figure is available but has been rounded to zero.

A glossary of certain technical and financial terms and abbreviations used in the Prospectus is provided at the end of the Prospectus under the heading "*17 – Glossary*".

2.10 Non-IFRS Financial Information

This Prospectus contains non-IFRS financial measures, including Adjusted EBITDA (as defined below) as well as cost of revenues and selling, general and administrative expenses ("**SG&A**"), that are not required by, or presented in accordance with, IFRS. Of these non-IFRS financial measures, Adjusted EBITDA is an alternative performance measure as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on October 5, 2015 on alternative performance measures (the "**ESMA Guidelines**").

We present non-IFRS financial information because we use such information in monitoring our business and because we believe that it is frequently used by analysts, investors and other interested parties in evaluating companies in our industry and it may contribute to a more comprehensive understanding of our business. However, such non-IFRS financial information may not be comparable to similarly-titled information published by other companies, may not be suitable for an analysis of our business and operations, and should not be considered as a substitute for an analysis of our operating results prepared in accordance with IFRS. We believe that the presentation of non-IFRS financial information included in this Prospectus complies with the ESMA Guidelines.

2.10.1 Adjusted EBITDA

We define Adjusted EBITDA ("**Adjusted EBITDA**") as the Company's earnings (profit after taxes) with the following added back: income taxes, financial expenses and financial income, depreciation, impairment of goodwill and amortization of other intangible assets, prior period effects, provision for bad debts and special items such as one-time costs related to business combination and Spin-Off. Further, one-time income related to a business combination, if any, is reduced. We use Adjusted EBITDA as an indicator for evaluating our operating performance over several periods as it does not include interest, taxes, depreciation and amortization as well as results for special items such as losses from impairments and write-offs of customer receivables and purchase price adjustments. The following table presents a reconciliation of Adjusted EBITDA to EBITDA as reported in the Group's Financial Statements.

	For the fiscal year ended December 31,			**For the nine months ended September 30,**	
Euro (thousands)	**2019**	**2018**	**2017**	**2020**	**2019**
		(audited)		*(unaudited)*	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**61,584**	**32,283**	**21,357**	**53,542**	**39,026**
Losses on the disposal of non-current assets (net)	105	7	37	20	56
Losses from impairments and write-offs of customer receivables (net)	875	504	1,154	2,080	688
Recognition of purchase price components (badwill)	—	—	(1,129)	—	—
Income from purchase price adjustments (net)	(7,144)	0	0	—	—
Expense from purchase price adjustments	116	124	0	—	116
Expenses from acquisitions	173	128	181	47	126
Staff costs from restructuring and severance	732	771	4,426	238	349
Other non-recurring and prior period related items	1,256	529	(524)	2,307	1,455
Adjusted EBITDA	**57,697**	**34,346**	**25,500**	**58,234**	**41,815**

2.10.2 Cost of Revenues

We define cost of revenues as the direct costs related to staffing (employees and freelancers) allocated to engineering topics, costs related to travel of these staff, and other, smaller, reimbursable, and non-reimbursable cost components. We use cost of revenues for the purpose of assessing the performance of the Group's segments. Cost of revenues excludes both SG&A and special items (as excluded from EBITDA to arrive at Adjusted EBITDA) from each of our expense line items that are presented in accordance with IFRS. These excluded items are not allocated to any segment but are used to reconcile the net income for the segments to the net income of the company.

The following table presents a breakdown of cost of revenues by the line items comprising cost of revenues, as reported in the Group's Financial Statements: cost of materials, staff costs, other operating expenses and other operating income.

	For the fiscal year ended December 31,			**For the nine months ended September 30,**	
Euro (thousands)	**2019**	**2018**	**2017**	**2020**	**2019**
		(audited)		*(unaudited)*	
Cost of revenues					
Cost of materials	49,072	39,866	31,588	36,922	36,978
Staff costs	212,408	149,407	104,357	173,060	155,044
Other operating expenses	12,761	8,670	9,024	5,761	9,568
Other operating income	0	0	0	(15)	0
Total	**274,240**	**197,943**	**144,970**	**215,728**	**201,590**

The following tables present a reconciliation of cost of revenues relating to each of the following line items reported in the Group's Financial Statements: cost of materials, staff costs, other operating expenses and other operating income.

Euro (thousands)	For the fiscal year ended December 31,			For the nine months ended September 30,	
	2019	**2018**	**2017**	**2020**	**2019**
		(audited)		*(unaudited)*	
Cost of materials	**49,072**	**39,866**	**31,588**	**36,922**	**36,978**
SG&A	0	0	0	0	0
Special items	0	0	0	0	0
Cost of materials as part of cost of revenues	**49,072**	**39,866**	**31,588**	**36,922**	**36,978**

Euro (thousands)	For the fiscal year ended December 31,			For the nine months ended September 30,	
	2019	**2018**	**2017**	**2020**	**2019**
		(audited)		*(unaudited)*	
Staff costs	**254,662**	**179,768**	**128,039**	**201,137**	**185,426**
SG&A	(41,522)	(29,590)	(19,256)	(27,839)	(30,032)
Special items	(732)	(771)	(4,426)	(238)	(349)
Staff costs as part of cost of revenues	**212,408**	**149,407**	**104,357**	**173,060**	**155,044**

Euro (thousands)	For the fiscal year ended December 31,			For the nine months ended September 30,	
	2019	**2018**	**2017**	**2020**	**2019**
		(audited)		*(unaudited)*	
Other operating expenses	**49,762**	**37,357**	**34,564**	**38,352**	**34,619**
SG&A	(34,594)	(27,464)	(23,259)	(29,576)	(23,363)
Special items	(2,407)	(1,223)	(2,281)	(3,015)	(1,689)
Other operating expenses as part of cost of revenues	**12,761**	**8,670**	**9,024**	**5,761**	**9,568**

Euro (thousands)	For the fiscal year ended December 31,			For the nine months ended September 30,	
	2019	**2018**	**2017**	**2020**	**2019**
		(audited)		*(unaudited)*	
Other operating income	**(12,730)**	**(2,443)**	**(6,330)**	**(10,638)**	**(2,174)**
SG&A	4,718	1,502	3,767	9,790	2,237
Special items	8,012	941	2,563	833	(63)
Other operating income as part of cost of revenues	**0**	**0**	**0**	**(15)**	**0**

2.10.3 Selling, General and Administrative Expenses

We define SG&A as selling, general and administrative expenses. SG&A excludes both cost of revenues and special items (as excluded from EBITDA to arrive at Adjusted EBITDA) from each of our expense line items that are presented in accordance with IFRS.

The following table presents a breakdown of SG&A by the line items comprising SG&A, as reported in the Group's Financial Statements: staff costs, other operating expenses and other operating income.

Euro (thousands)	For the fiscal year ended December 31,			For the nine months ended September 30,	
	2019	2018	2017	2020	2019
		(audited)		*(unaudited)*	
SG&A					
Staff costs	41,522	29,590	19,256	27,839	30,032
Other operating expenses	34,594	27,464	23,259	29,576	23,363
Other operating income	(4,718)	(1,502)	(3,767)	(9,790)	(2,237)
Total	**71,399**	**55,552**	**38,748**	**47,625**	**51,158**

The following tables present a reconciliation of SG&A relating to each of the following line items reported in the Group's Financial Statements: staff costs, other operating expenses and other operating income.

Euro (thousands)	For the fiscal year ended December 31,			For the nine months ended September 30,	
	2019	2018	2017	2020	2019
		(audited)		*(unaudited)*	
Staff costs	**254,662**	**179,768**	**128,039**	**201,137**	**185,426**
Cost of revenues	(212,408)	(149,407)	(104,357)	(173,060)	(155,044)
Special items	(732)	(771)	(4,426)	(238)	(349)
Staff costs as part of SG&A	**41,522**	**29,590**	**19,256**	**27,839**	**30,032**

Euro (thousands)	For the fiscal year ended December 31,			For the nine months ended September 30,	
	2019	2018	2017	2020	2019
		(audited)		*(unaudited)*	
Other operating expenses	**49,762**	**37,357**	**34,564**	**38,352**	**34,619**
Cost of revenues	(12,761)	(8,670)	(9,024)	(5,761)	(9,568)
Special items	(2,407)	(1,223)	(2,281)	(3,015)	(1,689)
Other operating expenses as part of SG&A	**34,594**	**27,464**	**23,259**	**29,576**	**23,363**

Euro (thousands)	For the fiscal year ended December 31,			For the nine months ended September 30,	
	2019	2018	2017	2020	2019
		(audited)		*(unaudited)*	
Other operating income	**(12,730)**	**(2,443)**	**(6,330)**	**(10,638)**	**(2,174)**
Cost of revenues	0	0	0	15	0
Special items	8,012	941	2,563	833	(63)
Other operating income as part of SG&A	**(4,718)**	**(1,502)**	**(3,767)**	**(9,790)**	**(2,237)**

2.11 Identification of Target Market

Each distributor is responsible for undertaking its own target market assessment with respect to the Shares and determining appropriate distribution channels. Solely for the purpose of the product governance requirements contained within (i) Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended ("**MiFID II**"), (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II and (iii) local implementing measures (together, the "**MiFID II Requirements**"), and disclaiming any and all liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process. As a result, it has been determined that the Shares are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II, and (ii) eligible for distribution through all distribution channels permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, the price of the Shares may decline and investors could lose all or part of their investment. The Shares offer no guaranteed income and no capital protection, and an investment in the Shares is suitable only for investors who:

- do not need a guaranteed income or capital protection;
- either alone or together with an appropriate financial or other adviser, are capable of evaluating the merits and risks of such an investment; and
- have sufficient resources to be able to bear any losses that may result from such investment.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions with respect to the Listing and does not constitute (i) an assessment of suitability or appropriateness for the purposes of MiFID II or (ii) a recommendation to any investor or group of investors to invest in, purchase, or take any other action whatsoever with respect to, the Shares.

Each distributor is responsible for undertaking its own market assessment with respect to the Shares and determining appropriate distribution channels.

In addition, other restrictions may apply in other jurisdictions in relation to any subsequent offering, transfer or resale of the Shares. Potential investors or distributors should make their own assessment on the suitability, appropriateness and lawfulness of any such offering, transfer or resale and as to their own investment decision and, if appropriate, seek professional advice for the relevant jurisdiction or jurisdictions. In particular, it may be unlawful in certain jurisdictions, including Malaysia and the People's Republic of China, to make Shares available to others, including through a resale, allotment, delivery or transfer, without a registration or the publication of a disclosure document approved or otherwise endorsed by the competent authority in such jurisdictions unless an exemption or waiver applies.

3. THE SPIN-OFF

3.1 Overview

It is the intention of Allgeier SE (together with its consolidated subsidiaries, "**Allgeier**" or "**Allgeier Group**") to legally separate the business activities of the Allgeier Group in the area of technology and software development business (the "**Allgeier Global Digital Engineering Business**"). Therefore, it is the intention to conduct a spin-off in accordance with the German Transformation Act (*Umwandlungsgesetz – "***UmwG***"*), and to list the share capital of Nagarro SE on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (the "**Transaction**" or the "**Spin-Off**") as further described below.

3.2 Legal Background of the Spin-Off

The legal basis of the Spin-Off is the spin-off and transfer agreement between Allgeier SE and Nagarro SE as of August 14, 2020 (the "**Spin-Off and Transfer Agreement**").

The Spin-Off will take retroactive economic effect as of January 1, 2020, 00:00 CET (the "**Spin-Off Date**"). The Spin-Off will enter into effect upon its entry into Allgeier's commercial register.

The Spin-Off and Transfer Agreement is subject to the approvals of the general meetings of Allgeier and the Company, which were granted at the annual shareholders' meeting of Allgeier on September 24, 2020 and at the Company's general meeting on October 30, 2020, which resolved on the implementation of the share capital increase required for purposes of the Spin-Off, under which the shareholders of Allgeier SE receive the Shares in the Company (one (1) share in the Company in return for one (1) share in Allgeier SE).

3.3 Preparatory Measures, Implementation of the Spin-Off and Listing

3.3.1 Restructuring Measures

As the individual operating companies attributable to the Nagarro Group were previously held in different business units of the Allgeier Group, comprehensive reorganization measures were implemented prior to the Spin-Off. Nagarro Holding GmbH (formerly Allgeier Nagarro Holding GmbH and together with its subsidiaries excluding Nagarro iQuest, Nagarro Objectiva and Nagarro ES, "**Nagarro Holding**") was identified as the future operating holding company.

With regard to Nagarro iQuest Holding GmbH (formerly iQuest Holding GmbH, together with its subsidiaries "**Nagarro iQuest**"), Allgeier Project Solutions GmbH initially acquired investments from minority shareholders and dissolved an existing participation program. Through these steps, Allgeier Project Solutions GmbH acquired a 100% stake in Nagarro iQuest, which it resold and transferred to Nagarro Holding by purchase and transfer agreement dated July 15, 2020.

Objectiva Software Solutions Inc. (together with its subsidiaries "**Nagarro Objectiva**") was sold and transferred by Allgeier Project Solutions GmbH to Nagarro Inc., a wholly owned subsidiary of Nagarro Holding, by purchase and transfer agreement dated July 15, 2020

Allgeier Midmarket Services GmbH and Allgeier Consulting Services GmbH were initially sold and transferred at 90% to Nagarro Holding under a purchase and transfer agreement dated December 17, 2019. On June 5, 2020 Allgeier Midmarket Services GmbH merged with Allgeier Consulting Services GmbH and was renamed Nagarro Allgeier ES GmbH (together with its subsidiaries "**Nagarro ES**"). Subsequently, Nagarro Holding acquired the remaining 10% of the shares in Nagarro ES by purchase and transfer agreement dated July 15, 2020.

Nagarro Holding was sold by Allgeier Project Solutions GmbH to the Company by purchase and transfer agreement dated July 15, 2020 (see "*3.3.2 – Implementation of the Spin-Off*").

3.3.2 Implementation of the Spin-Off and Listing

The Allgeier Global Digital Engineering Business comprises of Nagarro iQuest, Nagarro Objectiva, Nagarro ES and Nagarro Holding. In preparation of the Spin-Off, it has been combined under the umbrella of Nagarro Holding (see "*3.3.1 – Restructuring Measures*"). Nagarro Holding is a limited liability company (*Gesellschaft mit beschränkter Haftung*) under German law. It has its registered office in Munich, Germany and is registered in the commercial register of the local court of Munich under docket number HRB 213425. At the date of this Prospectus, the share capital of Nagarro Holding amounts to EUR 50,000.00 and is divided into 50,000 shares with a nominal value of EUR 1.00. In connection with Nagarro Holding, there is an equity participation by two co-founders of Nagarro Inc., who were also management members of Nagarro Inc. which was implemented through a participation in Nagarro Beteiligungs GmbH (formerly Allgeier Nagarro Beteiligungs GmbH). Further, there is a share participation program for certain members of the top management and key employees of Nagarro Holding on the basis of trust agreements and with the participation of several holding companies (the (i) Nagarro SPP GmbH, (ii) SPP Co-Investor GmbH & Co. KG, and (iii) SPP Co-Investor Verwaltungs GmbH and all together with the (x) trust agreements and (y) other agreements entered into in connection with the share participation program, "**Nagarro SPP**").

The sole shareholder of Nagarro Holding (directly and indirectly via Nagarro Beteiligungs GmbH and the Nagarro SPP) is Nagarro SE. Due to the minority participations through Nagarro Beteiligungs GmbH and the Nagarro SPP, however, Nagarro SE is only entitled to the economic share of around 83.83% of Nagarro Holding. Nagarro SE has been acquired by Allgeier on February 19, 2020 as a shelf company. The shares of Nagarro SE will be held entirely by Allgeier at the time of the Spin-Off. The financial year of the Company is the calendar year.

The Company acquired the shares in Nagarro Holding and the holding companies of the Nagarro SPP by share purchase agreement dated July 15, 2020 (the "**Share Purchase Agreement**") from Allgeier Project Solutions GmbH, a limited liability company under German law with its registered office in Munich, Germany, registered in the commercial register of the local court of Munich under docket number HRB 179057.

The purchase price claim resulting from the Share Purchase Agreement as well as purchase price claims resulting from the preceding restructuring measures (see "*3.3.1 – Restructuring Measures*") have been sold and transferred to Allgeier. Subsequently, the purchase price claim resulting from the Share Purchase Agreement as well as one further claim against Nagarro Holding from a preceding restructuring measure have been contributed to the capital reserves of Allgeier Connect AG ("**Connect AG**"). Connect AG is a stock corporation under German law (*Aktiengesellschaft*) with its registered office in Munich, Germany. It is registered in the commercial register of the local court of Munich under docket number HRB 241940. The share capital of Connect AG amounts to EUR 50,000.00 and is divided into 50,000 no-par value registered shares. Allgeier SE holds all shares of Connect AG. Its main assets consist of purchase price claims against Nagarro Holding and the Company.

In connection with the Spin-Off, Allgeier intends to completely divest its share in Nagarro SE. Therefore, Allgeier will spin-off the 120,000 shares held by Allgeier SE in Nagarro along with all shares in Connect AG to Nagarro SE (the "**Spin-Off Assets**").

In order to implement the Spin-Off, the Company will increase its share capital from €120,000.00 by €11,262,513.00 to €11,382,513.00 by issuing 11,262,513 no-par value registered shares, each with a notional value in the share capital of the Company of €1.00 (the "**Spin-Off Capital Increase**"). The Spin-Off Capital Increase will be affected against contribution in kind. As contribution in kind, Allgeier SE will contribute the shares of Connect AG and the shares it holds in the Company to Nagarro SE.

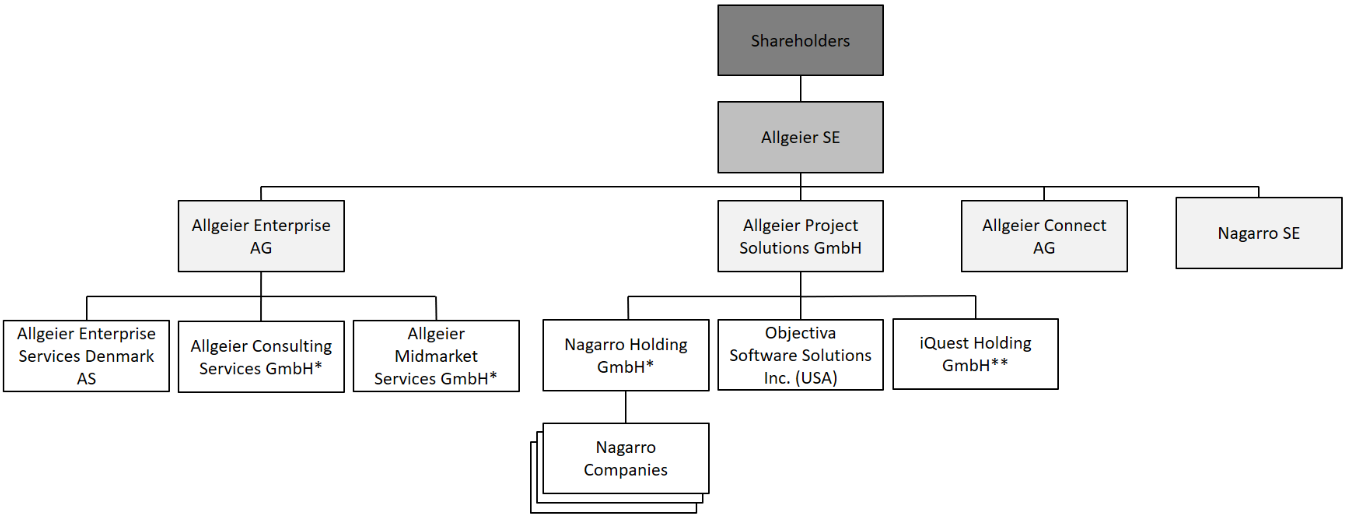
As consideration for the Spin-Off, the shareholders of Allgeier will receive 11,382,513 shares in Nagarro SE, consisting of (i) the 120,000 spun-off shares in Nagarro SE and/or (ii) the 11,262,513 New Shares from the Spin-Off Capital Increase, in accordance with their shareholding in Allgeier SE pursuant to Section 123 (2) UmwG. Allgeier SE, as the previous sole shareholder of Nagarro, will not receive any shares. The share capital of Allgeier SE prior to the Spin-Off amounts to €11,382,513.00 and is divided into 11,382,513 shares (for further information see *11.2 – Shareholdings in Allgeier SE*). The allotment ratio will therefore be 1:1 (one (1) share in the Company in return for one (1) share in Allgeier SE). As a result, Allgeier's shareholders will have a proportionate interest in Nagarro and indirectly hold 100% of the shares in Nagarro Holding.

It is expected that the Spin-Off will take place on December 15, 2020 with economic retroactive effect as of January 1, 2020, 00:00 CET.

Immediately after the Spin-Off becomes effective, the Shares shall be admitted to trading on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, additionally, to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard).

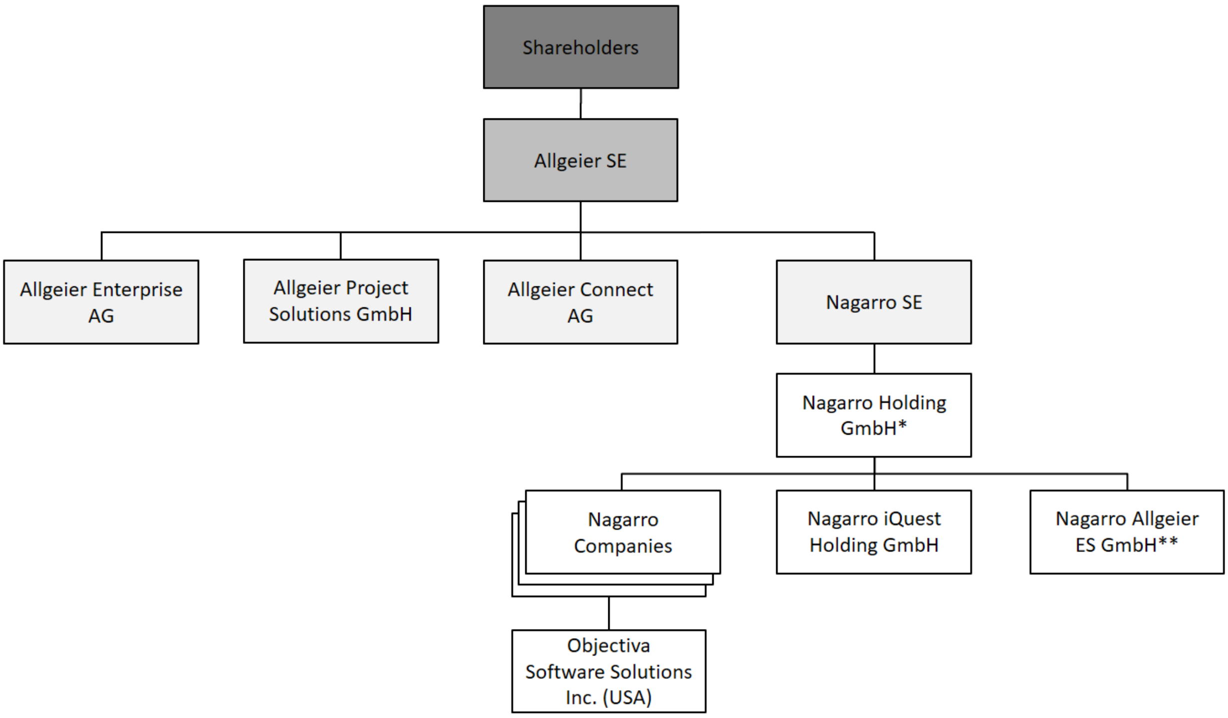
3.4 Graphical Illustration of the Implementation of the Spin-Off

The following chart shows the corporate structure (in simplified form and in most cases without showing subsidiaries of the depicted entities) prior to the implementation of the restructuring measures carried out to prepare and implement the Spin-Off:



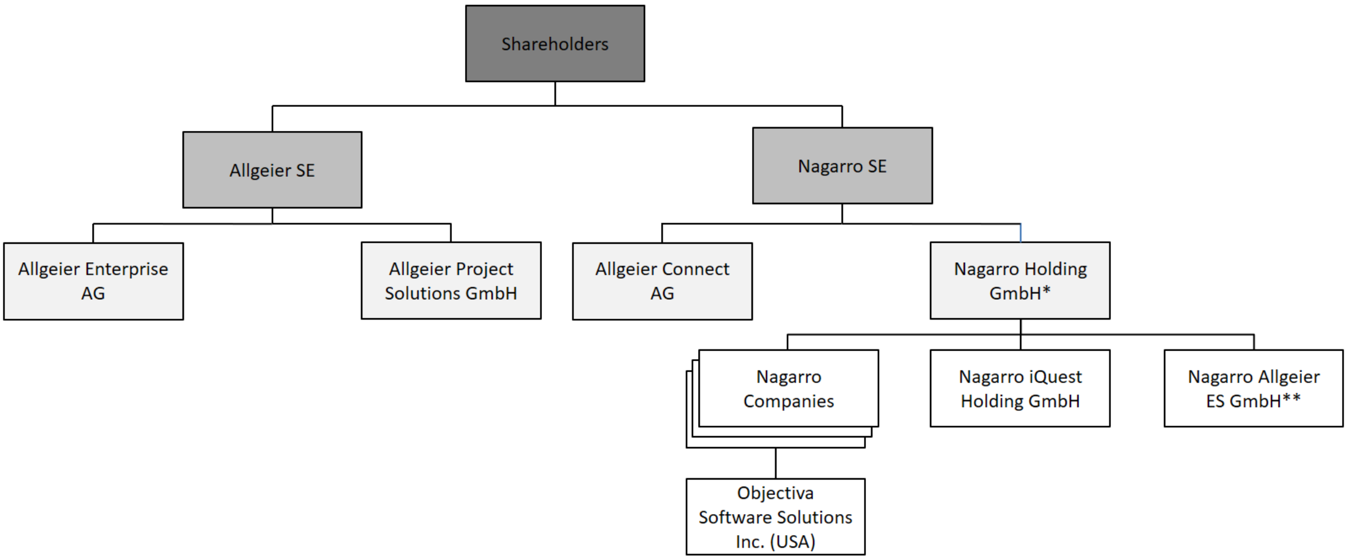
* In part held indirectly through a participation program.
** Renamed to Nagarro iQuest Holding GmbH after the restructuring measures.

The following chart shows the corporate structure (in simplified form and in most cases without showing subsidiaries of the depicted entities) after the implementation of the preparatory corporate measures but before the completion of the Spin-Off:



* In part held indirectly through a participation program.
** Nagarro Allgeier ES GmbH was formed by merging Allgeier Consulting Services GmbH with Allgeier Midmarket Services GmbH and holds all the shares in Allgeier Enterprise Services Denmark AS.

The following chart shows (in simplified and in parts illustrative form and in most cases without showing subsidiaries of the depicted entities) the corporate structure upon completion of the Spin-Off:



* In part held indirectly through a participation program.
** Nagarro Allgeier ES GmbH was formed by merging Allgeier Consulting Services GmbH with Allgeier Midmarket Services GmbH and holds all the shares in Allgeier Enterprise Services Denmark AS.

3.5 Statutory Spin-Off Auditor

By court order of the regional court (*Landgericht*) Munich I dated February 25, 2020, Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Johannstraße 39, 40476 Dusseldorf, Germany ("**Warth & Klein**"), was appointed as spin-off auditor. This court order has been confirmed and specified by the court at June 19, 2020. Warth & Klein as the spin-off auditor audited the Spin-Off and Transfer Agreement and prepared a spin-off audit report.

3.6 Audit of the Contribution in Kind

The issuance of New Shares to the shareholders of Allgeier against contribution of the shares in Connect AG to Nagarro SE by way of spin-off by absorption is associated with a capital increase against contribution in kind (*Sachkapitalerhöhung*) at Nagarro SE and subject to German post-formation rules (*Nachgründung*). By court order of the local court of Munich dated July 8, 2020, LOHR + COMPANY GmbH Wirtschaftsprüfungsgesellschaft, Rochusstraße 47, 40479 Dusseldorf, Germany ("**Lohr + Company**"), was appointed as the auditor of the contribution in kind (*Sacheinlage*) and the post-formation process. Lohr + Company prepared the audit report for the contribution in kind dated October 14, 2020.

3.7 Allocation Ratio, Trustee, Allocation and Settlement

COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany has been appointed as trustee in connection with the Spin-Off as required by the German Transformation Act. The trustee will receive the Shares in Nagarro SE allocable to the shareholders of Allgeier as a result of the Spin-Off for transfer to such shareholders upon the Spin-Off becoming effective. COMMERZBANK has also been appointed as settlement agent for the Spin-Off.

The German language version of the notification of allotment (*Zuteilungsbekanntmachung*) set forth below is expected to be published on December 16, 2020 in the German Federal Gazette (*Bundesanzeiger*):

Allgeier SE

Munich

ISIN: DE000A2GS633 // GERMAN SECURITIES IDENTIFICATION NUMBER

(*WERTPAPIERKENNNUMMER*): A2GS63

Allotment of Shares in Nagarro SE in connection with the Spin-Off

ISIN: DE000A3H2200 // German Securities Identification Number (*Wertpapierkennnummer*): A3H220

On August 14, 2020, Allgeier SE, as the transferring company, and Nagarro SE, as the transferee company, entered into a spin-off and transfer agreement (*Abspaltungs- und Übernahmevertrag*). Pursuant to that agreement, Allgeier SE shall transfer all shares in Allgeier Connect AG, which in turn holds as its sole asset the purchase price claim against Nagarro SE from the previous intragroup sales of Nagarro Holding GmbH and several trust agreements as well as a further purchase price claim against Nagarro Holding GmbH from a preceding restructuring measure, and all existing shares in Nagarro SE by way of a spin-off for assumption pursuant to Section 123 (2) no. 1 of the German Transformation Act to Nagarro SE. As consideration, Nagarro SE will grant to the shareholders of Allgeier SE, free of charge, existing and new shares in Nagarro SE. An allotment ratio of 1:1 has been stipulated in the spin-off and transfer agreement, *i.e.*, for every one share of Allgeier SE one (1) Share of Nagarro SE will be allocated. The shareholders' meetings of Allgeier SE and Nagarro SE approved the spin-off and transfer agreement on September 24, 2020 and on October 30, 2020, respectively. The Spin-Off was first registered with the commercial register of Nagarro SE at the local court (*Amtsgericht*) of Munich and, subsequently, with the commercial register of Allgeier SE at the local court of Munich, and became effective accordingly. Upon effectiveness of the Spin-Off, 100% of the Nagarro SE Shares are now held by the shareholders of Allgeier SE. For the completion of the Spin-Off, Nagarro SE increased its share capital by €11,262,513.00 from €120,000.00 to €11,382,513.00 through the issuance of 11,262,513 no-par value registered shares, each representing a notional value of the share capital of €1.00. These new shares and the spun-off shares in Nagarro SE will be granted to the shareholders of Allgeier SE. All Shares issued by Nagarro SE will be entitled to dividends as from January 1, 2020.

Allotment Ratio

Upon effectiveness of the Spin-Off, the shareholders of Allgeier SE have become shareholders of Nagarro SE in the proportion of their shareholdings in Allgeier SE. In this context, Section 10.1 of the spin-off and transfer agreement provides for an allotment ratio of 1:1. This means that each shareholder of Allgeier SE receives:

- for every one (1) no-par value registered share of Allgeier SE (ISIN DE000A2GS633 / German Securities Identification Number (WKN) A2GS63)
- one (1) no-par value registered share of Nagarro SE (ISIN DE000A3H2200 / WKN A3H220), representing a notional amount of the share capital of €1.00 and granting dividend rights as from January 1, 2020.

Trustee

As regards the settlement of the allotment of the shares in Nagarro SE, COMMERZBANK Aktiengesellschaft acts as trustee for the shareholders of Allgeier SE pursuant to Sections 125 sentence 1, 71(1) sentence 1 of the German Transformation Act.

Allotment Procedure

As all shares in Allgeier SE are held in collective safe custody accounts, the shareholders of Allgeier SE need not take any action in relation to the allotment of the shares in Nagarro SE. The shares in Nagarro SE will be allotted to the shareholders entitled thereto by crediting the shares to the securities account, which shall in principle occur on December 16, 2020, in accordance with their holdings of shares in Allgeier SE on (the evening of) December 15, 2020, taking into account any stock exchange transactions still outstanding. It may be expected that, in individual cases, depositary banks will effect, in analogy to the handling at Clearstream Banking AG, Frankfurt am Main, such crediting only upon settlement of stock exchange transactions still outstanding, *i.e.* only on December 18, 2020. The settlement of the above described measures is centralized at

COMMERZBANK Aktiengesellschaft.

As the right of the shareholders of Nagarro SE to receive certificates for their Shares is excluded pursuant to the articles of association, the Shares of Nagarro SE are represented by two permanent global certificates deposited with Clearstream Banking AG, Frankfurt am Main. The shareholders of Nagarro SE hold an interest in this global holding of Shares in accordance with their proportional share as co-owners.

As a result of the allotment ratio, there will not be any consolidation of fractional rights in Shares of Nagarro SE.

Because the allotment of shares in Nagarro SE, as a component of the Spin-Off, is in the interest of Allgeier SE, Allgeier SE will pay to the Allgeier shareholders' depositary banks domiciled in Germany a fee to cover their processing expenses. However, no assurance can be given that respective Allgeier shareholders will not be subject to additional charges by their respective depositary banks.

Admission to Stock Exchange Trading and First Day of Listing

The listing prospectus of Nagarro SE for the admission to stock exchange trading was approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*) on December 8, 2020. The prospectus relating to 11,382,513 no-par value registered Shares of Nagarro SE has been published on the website of Nagarro SE (www.nagarro.com).

All shares of Nagarro SE were admitted to the regulated market of the Frankfurt Stock Exchange and, additionally, to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange on December 15, 2020.

Trading in the 11,382,513 shares in Nagarro SE is expected to commence on December 16, 2020.

Accordingly, from such date, the shares of Allgeier SE will be traded on the regulated market of the Frankfurt Stock Exchange "ex spin-off" and no longer represent, in economic terms, a participation in the business activities that have been spun off.

Munich, in December 2020

Allgeier SE
The Management Board

3.8 Admission to the Stock Exchange and Commencement of Trading

The admission of the Shares to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), with concurrent admission to the regulated market sub-segment with additional post-admission listing obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to take place on December 15, 2020. The commencement of trading at the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to take place on the morning of December 16, 2020, as the next trading day. Trading in the Shares will not be possible on the date on which the Spin-Off enters into effect by virtue of being recorded in the commercial register of Allgeier and the Allgeier shares will still be trading including the commercial interest in Nagarro SE.

The persons asking for admission to trading on a regulated market are the Company and COMMERZBANK. The Company can be contacted at: Einsteinstraße 172, 81677 Munich, Germany (telephone: +49 89 998 421 43), www.nagarro.com; and COMMERZBANK can be contacted at: Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany (telephone: + 49 69 1 36 20), www.commerzbank.com.

3.9 Publication and Availability of the Prospectus

Following the approval of the Prospectus by BaFin, the Prospectus will be published on the website of Nagarro SE (www.nagarro.com).

3.10 Timetable for the Spin-Off and Stock Exchange Admission

The Spin-Off and the Listing are expected to take place according to the following presumed timetable:

December 8, 2020	Approval of the Prospectus by the German Federal Financial Supervisory Authority (*BaFin*). Publication of the Prospectus on the Company's website (www.nagarro.com)
by December 15, 2020	Registration of the Spin-Off and non-cash capital increase with the competent commercial registers; Non-cash capital increase taking effect in connection with the Spin-Off.
December 15, 2020	Listing approval (*Zulassungsbeschluss*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).
December 16, 2020	Allocation of the new shares to the Allgeier SE shareholders.
December 16, 2020	First day of trading.

3.11 Designated Sponsors

COMMERZBANK will serve as designated sponsor for the Shares trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), being entitled, with the Company's prior consent, to delegate the exercise of this function to an authorized third party. Pursuant to the designated sponsor agreement between the Company and COMMERZBANK, COMMERZBANK will, *inter alia*, place limited buy and sell orders for Shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. The purpose thereof is, in particular, to achieve a sufficient level of liquidity for the trading in the Shares.

3.12 Interests of Parties Participating in the Spin-Off and the Listing

In the context of the Spin-Off and the Listing, the Listing Agents have entered into a contractual relationship with the Company and Allgeier SE. In addition, COMMERZBANK will act as designated sponsor for the Shares, as paying agent and settlement agent and as trustee within the meaning of Sections 125 sentence 1 and 71 (1) sentence 1 UmwG. Allgeier SE has undertaken to pay the Listing Agents fees (including discretionary fees), which depend *inter alia* on the development of the price of the Shares following the Listing as well as on the development of the share price of Allgeier SE. The Company therefore assumes that the Listing Agents have an interest in the successful completion of the transaction which may result in a conflict of interest between the Listing Agents and the Company or Allgeier SE.

As of the date of the Prospectus, all members of the Supervisory Board, except Mrs. Shalini Sarin, are management board or supervisory board members of Allgeier SE. Mr. Carl Georg Dürschmidt serves on the management board of Allgeier SE and Mr. Detlef Dinsel is a member of the supervisory board of Allgeier SE. In addition, Mr. Carl Georg Dürschmidt and Mr. Detlef Dinsel are significant shareholders of Allgeier SE. Although Allgeier and Nagarro will not be direct competitors, the interests of Allgeier and the Company will not necessarily always coincide or be aligned. Therefore, the aforementioned dual mandates and other interests or any past relationships of the Company's supervisory board members with Allgeier may in the future result in conflicts of interest for these persons.

Allgeier SE has an interest in the Spin-Off as the Spin-Off serves to dispose of its shareholding in the Company. For further details regarding the expectations of Allgeier and the Company as to the effects of the Spin-Off, see "*4. – Reasons for the Spin-Off and Listing and Costs*". Allgeier SE's interest in the Spin-Off may not always be in line with the Company's interests and could therefore result in a conflict of interest between the Company and Allgeier SE.

One or more of the Listing Agents or their affiliates has or have, and may from time to time in the future continue to have, business relations with Nagarro or Allgeier, including lending activities, or may perform certain advisory or other services for Nagarro or for Allgeier or certain of their subsidiaries in their capacity as financial institutions, in particular advisory services in connection with financing transactions, for which they have received, and are likely to receive in the future, customary fees, costs and expenses in the ordinary course of business. Nagarro has, on October 30, 2020, entered into a new syndicated credit facility in an amount of up to €200 million with five European credit institutions, including COMMERZBANK as arranger and bookrunner. Such business relations may result in a conflict of interest between the Listing Agents and the Company or Allgeier SE.

Except for the aforementioned potential conflicts of interests, there are no interests, conflicting interests or potential conflicting interests which are material in the context of the Spin-Off and the Listing.

3.13 Listing Agreement, Fees and Indemnification

In the context of the Spin-Off and the Listing of the Shares, Allgeier SE, the Company and the Listing Agents entered into a listing agreement on December 7, 2020. In addition, Allgeier SE and the Company entered into a trustee and settlement agreement with COMMERZBANK, which will act as trustee in accordance with Sections 125 sentence 1, 71 (1) Sentence 1 UmwG and as central issuing agent. With regard to the fee payable to the Listing Agents, see "*3.12 – Interests of Parties Participating in the Spin-Off and the Listing*".

In the listing agreement, Allgeier SE and the Company agreed to indemnify the Listing Agents against certain liabilities arising in connection with the Spin-Off and the exchange listing. Within their internal relationship, Allgeier SE and the Company agreed to assume certain liability risks at a specific ratio.

3.14 Lock-up Agreements

3.14.1 Company Lock-up Agreement

For a period commencing on December 7, 2020 and ending 90 calendar days after the introduction of the Shares to trading on the Frankfurt Stock Exchange, without the prior written consent of the Listing Agents (such consent not to be unreasonably withheld or delayed), the Company, or its Management Board or its Supervisory Board, to the extent legally permissible, shall not:

- announce or effect an increase of the share capital of the Company out of authorized capital, or
- submit a proposal for a capital increase to any meeting of the shareholders for resolution, or
- announce to issue, effect or submit a proposal for the issuance of any securities convertible into shares of the Company, with option rights for shares of the Company, or
- enter into any swap or other agreement that transfers in whole or in part any of the economic consequences of the ownership of the Shares, or
- enter into a transaction or perform any action economically similar to an increase of the share capital of the Company out of authorized capital, to the submission of a proposal for a capital increase to any meeting of the shareholders for resolution or to an announcement to issue, effect or submit a proposal for the issuance of any securities convertible into shares of the Company, with option rights for shares of the Company.

The Company may, however, issue options, warrants and Shares of the Company under employee and management share purchase and share option schemes. In addition, the Company may take all necessary measures, including a capital increase, to effect the roll-over of management shareholdings in Nagarro Holding GmbH to the Company level against issuance of new shares in the Company.

3.14.2 Shareholder Lock-up Agreements

For the period commencing on December 7, 2020 and ending 90 calendar days after the first day of trading of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on December 16, 2020), each of the shareholders Dr. Christa Kleine-Dürschmidt and Lantano Beteiligungen GmbH, as well as Detlef Dinsel have agreed that they will not:

- vote for or solicit any votes for any proposal to increase or reduce the registered share capital of the Company, or

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, charge, assign, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities exchangeable for or convertible into, or substantially similar to, Shares (or any interest therein or in respect thereof) or any rights arising from or attaching to any such Shares at any time, or

- enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Shares, or

- enter into any other transaction with the same economic effect as, or agree to do, or announce or otherwise publicize the intention to do any of the foregoing, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise.

This undertaking shall not apply to the tender (*in das Angebot einreichen*) of any of the Shares into a public takeover offer within the meaning of Section 29 (1) of the German Securities and Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* – "**WpÜG**"), provided, however, that such takeover offer is a bona fide offer, made by an independent and unrelated third party on an unsolicited basis.

A waiver by the Financial Advisors of the lock-up undertakings agreed to by the Company will be communicated to the public before launch of the respective transaction for which a waiver is granted.

4. REASONS FOR THE SPIN-OFF AND LISTING AND COSTS OF SPIN-OFF AND LISTING

4.1 Reasons for the Spin-Off and Listing

Over the past 16 years, the Allgeier Group has grown strongly through a buy and build concept. Allgeier has built up strong business units within its group, which differ significantly in the nature of their business activities and key performance indicators. In the autumn of 2019, the Management Board and Supervisory Board, after considering this issue for some time, decided to spin off and list the Nagarro Group as an independent company. The Nagarro Group, which has been characterized by its strong growth in the past, will be a global technology and software services company with its registered office and stock exchange listing in Germany.

Against the background of a continuing trend towards greater digitalization, both companies are expected to gain significantly in reputation, size and value. Nagarro will be part of the global peer group of technology and digitization service providers with its own branding. Both companies will be attractive employers with a modern culture and values for their employees through their positioning in future and growth areas and through attractive projects with market and industry leaders.

Nagarro intends to list its entire share capital on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange *(Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment with additional post-admission listing obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to gain access to the capital markets.

4.2 Costs of the Spin-Off and Listing

Neither Allgeier nor the Company will receive any proceeds in connection with the Spin-Off.

The total costs and expenses of the Spin-Off will be approximately €11 to €16 million. These costs primarily relate to costs for external advice (especially by financial advisors, legal counsels and strategy consultants), auditing costs, transaction costs, costs for notarization, costs of the general shareholders' meeting, costs of registrations with the commercial registers and costs of the contemplated listing. Thereof, costs in the amount of €8 to €13 million are attributable to the Listing in connection with the Spin-Off.

The costs in connection with the preparation and execution of the Spin-Off shall be borne by Allgeier SE and Nagarro SE at a ratio of 50:50. All costs in connection with the listing of the Shares shall be borne by Nagarro SE.

5. DIVIDEND POLICY

5.1 General Provisions Relating to Profit Allocation and Dividend Payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a European stock corporation (*Societas Europaea (SE)*) under German law, the distribution of dividends for a given financial year and the amount and payment date thereof are resolved by the general shareholders' meeting (*Hauptversammlung*). Such resolution is the responsibility of the general shareholders' meeting of the following financial year, which must take place in the first eight months of the financial year and which decides on the proposal adopted by the Management Board and the Supervisory Board for the appropriation of profits.

Dividends may only be distributed from the distributable net retained profit (*Bilanzgewinn*) of the Company. Since the Company as a holding company conducts its operations only through its subsidiaries, its ability to pay future dividends will fully depend on the transfer of distributable profits from its subsidiaries. The determination of each subsidiary's ability to pay dividends is made in accordance with applicable law and will depend on the respective subsidiary's earnings, its economic and financial position, and other factors. These particularly include its liquidity requirements, its future prospects, market trends, and fiscal, statutory and other general framework conditions. The distributable net retained profit of the Company is calculated based on the Company's unconsolidated annual financial statements prepared in accordance with German GAAP as laid down in the HGB. German GAAP differs from IFRS in material respects.

When determining the net retained profit, the net income or loss for the financial year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for retained profit/loss carryforwards (*Gewinn-/Verlustvorträge*) from the prior financial year and withdrawals from, or appropriations, to reserves (retained earnings). Certain reserves are required to be set up by law and certain reserves may be set up by the Management Board upon approval by the Supervisory Board, on the basis of the Company's Articles of Association. The setup of those reserves must be deducted when calculating the net retained profit available for distribution. Certain additional limitations apply if self-created intangible assets or deferred tax assets have been capitalized or certain plan assets that exceed corresponding pension liabilities have been capitalized. The Management Board must prepare the annual financial statements (balance sheet, income statement and notes to the financial statements) and the management report for the previous financial year by the statutory deadline, and present these to the auditors and then the Supervisory Board after preparation. At the same time, the Management Board must prepare a proposal for the allocation of the Company's distributable profit pursuant to Section 170 of the German Stock Corporation Act (*Aktiengesetz* – "**AktG**") and present the proposal to the Supervisory Board which it intends to make to the general shareholders' meeting with regard to the distribution of profit. According to Section 171 AktG, the Supervisory Board must review the annual financial statements, the Management Board's management report and the proposal for the allocation of the distributable profit, and report to the general shareholders' meeting in writing on the results. The Supervisory Board must submit its report to the Management Board within one month of the documents being received. If the Supervisory Board approves the annual financial statements after its review, these are deemed adopted unless the Management Board and Supervisory Board resolve to assign adoption of the annual financial statements to the general shareholders' meeting. If the Management Board and Supervisory Board choose to allow the general shareholders' meeting to adopt the annual financial statements, or if the Supervisory Board does not approve the annual financial statements, the Management Board must convene a general shareholders' meeting without delay.

The general shareholders' meeting's resolution on the allocation of the distributable net retained profit requires a simple majority of votes to be passed. The general shareholders' meeting may pursuant to the Articles of Association also resolve that the dividends be distributed partially or entirely in kind, *e.g.*, as a distribution of treasury shares if held by the Company at that time. Dividends resolved by the general shareholders' meeting are due and payable on the third business day after the relevant general shareholders' meeting, unless provided otherwise in the dividend resolution, in compliance with statutory rules and the rules of the respective clearing system. Any dividends not claimed within three years become time-barred. Once time-barred, the dividend payment claim passes to the Company. Since all Shares of the Company are represented by global certificates that either have been deposited or will be deposited with Clearstream, dividends are paid via Clearstream to the custodian banks for the benefit of shareholders. Domestic custodian banks have the same payout duty towards their clients. Shareholders who deposit their shares at foreign custodian banks must contact their custodian banks to inquire about the applicable conditions. Notifications of any distribution of dividends will be published in the German Federal Gazette (*Bundesanzeiger*). To the extent dividends can be distributed by the Company in accordance with German GAAP and corresponding decisions are taken, there are no restrictions on shareholder rights to receive dividends.

5.2 Dividend Policy and Profit per Share

The Company currently intends to retain all available funds and any future earnings to support operations and to finance the growth and development of its business. Therefore, the Company currently does not intend to pay dividends in the foreseeable future. Any future decision to pay dividends will be made in accordance with applicable laws and will depend upon, among other things, the Company's results of operations, financial condition, contractual restrictions and capital requirements.

No distributions of profits or reserves were made to the Company's shareholders in the years ended December 31, 2019, 2018 and 2017, respectively, or between January 1, 2020 and the date of this Prospectus.

6. CAPITALIZATION AND NET INDEBTEDNESS

The following tables show the Company's consolidated capitalization and indebtedness as of September 30, 2020 and as adjusted for the transfer of Connect AG pursuant to the Spin-Off. For simplification purposes, it is assumed that the costs of the Listing can be fully charged against capital reserves and no deferred taxes are taken into account. Investors should read these tables in conjunction with "*7. – Operating and Financial Review of the Group*", the Audited Combined Financial Statements and the Unaudited Interim Condensed Consolidated Financial Statements, including the notes thereto, contained in this Prospectus, and additional financial information contained elsewhere in this Prospectus.

6.1 Capitalization

	As of September 30, 2020	Adjustment for the Transfer of Connect AG*	As Adjusted
		(in € million) (unaudited)	
Total current debt (including current portion of non-current debt)(1)	**499.7**	**(244.6)**	**255.1**
- Guaranteed	—	—	—
- Secured	3.3	—	3.3
- Unguaranteed / unsecured	496.4	(244.6)	251.8
Total non-current debt (excluding current portion of non-current debt)(2)	**59.5**	**—**	**59.5**
- Guaranteed	—	—	—
- Secured	—	—	—
- Unguaranteed / unsecured	59.5	—	59.5
Shareholders' equity(3)	**(162.4)**	**244.6**	**82.2**
- Share capital	0.1	11.3	11.4
- Legal reserve(s)	—	—	—
- Other reserves	(162.5)	233.3	70.8
Total(4)	**396.8**	**—**	**396.8**

* Relates to the transfer of Connect AG to Nagarro SE, including the purchase price receivables from the sale and transfer of shares to Nagarro into equity of Connect AG. For additional information, see "*3. – The Spin-Off*" and Notes 1.1 and 8.7 of the Unaudited Interim Condensed Consolidated Financial Statements.

(1) Total current debt is shown as 'Current liabilities' in the consolidated statement of financial position in the Unaudited Interim Condensed Consolidated Financial Statements.

(2) Total non-current debt is shown as 'Non-current liabilities' in the consolidated statement of financial position in the Unaudited Interim Condensed Consolidated Financial Statements.

(3) Shareholders' equity is referred to as 'Equity attributable to the shareholders of Nagarro' in the consolidated statement of financial position in the Unaudited Interim Condensed Consolidated Financial Statements.

(4) Total is the sum of Total current debt, Total non-current debt and Shareholders' equity.

6.2 Indebtedness

	As of September 30, 2020	Adjustment for the Transfer of Connect AG*	As Adjusted
		(in € million) (unaudited)	
A. Cash	79.5	—	79.5
B. Cash equivalents[(1)]	(5.4)	—	(5.4)
C. Other current financial assets[(2)]	7.4	—	7.4
D. Liquidity (A + B + C)	**81.5**	—	**81.5**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)[(3)]	448.3	(244.6)	203.7
F. Current portion of non-current financial debt[(4)]	5.4	—	5.4
G. Current financial indebtedness (E + F)	**453.7**	**(244.6)**	**209.1**
H. Net current financial indebtedness (G - D)	**372.2**	**(244.6)**	**127.6**
I. Non-current financial debt (excluding current portion and debt instruments)[(5)]	45.5	—	45.5
J. Debt instruments	—	—	—
K. Non-current trade and other payables	—	—	—
L. Non-current financial indebtedness (I + J + K)	**45.5**	—	**45.5**
M. Total financial indebtedness (H +L)	**417.7**	**(244.6)**	**173.1**

* Relates to the transfer of Connect AG to Nagarro SE, including the purchase price receivables from the sale and transfer of shares to Nagarro into equity of Connect AG. For additional information, see "*3. – The Spin-Off*" and Notes 1.1 and 8.7 of the Unaudited Interim Condensed Consolidated Financial Statements.

(1) Cash equivalents refer to the sum of 'Liabilities from factoring' and 'Overdraft facilities' as shown in Note 7.2 of the Unaudited Interim Condensed Consolidated Financial Statements.

(2) Other current financial assets is shown as 'Other current financial assets' in the consolidated statement of financial position in the Unaudited Interim Condensed Consolidated Financial Statements.

(3) Current financial debt refers to the sum of 'Other current financial liabilities' and 'Current lease liabilities' as shown in the consolidated statement of financial position in the Unaudited Interim Condensed Consolidated Financial Statements and includes €405.2 million of other current financial liabilities to related parties. For additional information, see Note 5.8 of the Unaudited Interim Condensed Consolidated Financial Statements.

(4) Current portion of non-current financial debt is shown as 'Current liabilities to banks' in the consolidated statement of financial position in the Unaudited Interim Condensed Consolidated Financial Statements.

(5) Non-current financial debt refers to the sum of 'Non-current liabilities to banks' and 'Non-current lease liabilities' as shown in the consolidated statement of financial position in the Unaudited Interim Condensed Consolidated Financial Statements.

6.3 Statement on Working Capital

In our opinion, our working capital is sufficient to meet our present requirements over at least the next twelve months from the date of the Prospectus.

7. OPERATING AND FINANCIAL REVIEW OF THE GROUP

*The discussion and analysis below provides information that we believe is relevant to an assessment and understanding of our historical financial position and results of operations. You should read this discussion and analysis in conjunction with the sections entitled "2.9 – Presentation of Financial Information" as well as the Audited Combined Financial Statements and the notes thereto prepared in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a HGB, and the Unaudited Condensed Consolidated Interim Financial Statements and the notes thereto prepared in accordance with IAS 34 (Interim Financial Reporting), in each case included elsewhere in this Prospectus. You should read the Prospectus in its entirety and not just rely on the information set out below. References to the "**Company**" in this section mean Nagarro SE and references to the "**Group**" mean Nagarro SE together with its direct and indirect subsidiaries, in each case, as the context requires.*

This section includes forward looking statements. Such forward looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed or implied by such forward looking statements. Results of operations for prior fiscal years are not necessarily indicative of the results to be expected for the next fiscal year or any future period. See "2.4 – Forward-looking Statements" and "1. – Risk Factors" We do not undertake any obligation to revise or publicly release the results of any revision to these forward-looking statements.

The following discussion of our results of operations also makes reference to certain non-IFRS financial measures. Prospective investors should bear in mind that these non-IFRS financial measures are not financial measures defined in accordance with IFRS, may not be comparable to other similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. See "2.10 – Non-IFRS Financial Information"

7.1 Overview

We are a leading global digital engineering company, domiciled in Germany, with a full-service portfolio offering of digital product engineering, digital commerce and customer experience, Enterprise Resource Planning ("**ERP**") consulting, managed services, and other services such as third-party testing. We are a decentralized organization with no formal headquarters and offices in 25 countries. As of September 30, 2020, we employed more than 8,400 employees and our senior management team comprised 16 different nationalities. Our global team members work side by side and the leadership and expertise for each business unit and for each project may be located anywhere in the world.

We serve a global client base of more than 750 clients in 48 countries. Our segment reporting is based on our four client regions: North America, Central Europe (including Austria, Czech Republic, Germany, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia and Switzerland), Rest of Europe and Rest of World. Our client base consists of large multinational clients, mid-sized regional players as well as smaller companies, and we believe that many of our clients are either global or regional leaders in their respective business and market segments. We service global names, houses of brands and niche leaders across a wide range of industries.

Our service and product offering has developed both in-house and via acquisitions and we have thus been able to become a digital engineering leader with a full-service portfolio. With more than 7,500 professionals in engineering (as of September 30, 2020), we specialize in providing solutions for clients' complex and strategic opportunities and challenges.

7.1.1 Digital Product Engineering

In our digital product engineering service line, we offer services from the earliest stages of product conceptualization and design, through development, testing, maintenance and support. Our offering includes product architecture design, Agile development, software development and IT operations ("**DevOps**"), cloud migration, product management, user experience ("**UX**") and rapid prototyping. Agile development describes an adapting approach to software development, emphasizing incremental delivery, team collaboration, continual planning and continual learning, instead of trying to define everything at once near the start and deliver everything at once near the end of the software development process.

7.1.2 Digital Commerce and Customer Experience Services

Our digital commerce and customer experience ("**CX**") services offer a wide range of e-commerce solutions leveraging third-party products such as those by Adobe and SAP. With these, Nagarro enables clients to build strong multi-channel e-commerce businesses with a particular focus on next-generation customer experience. In order to offer high quality end-to-end services and a complete suite of e-commerce services, Nagarro partners with SAP C/4HANA (former Hybris (SAP)) and Magento, which offer a CX suite and an e-commerce platform.

7.1.3 Managed Services

Increasing digitalization also leads to a larger need for services that run and manage a company's entire digital landscape. We help to improve outcomes in this area through managed services offerings such as application management and enhancement, cloud hosting and management, security operations management, transition management as well as helpdesks and ticketing. These managed services may be provided either for third-party applications or for applications and platforms that Nagarro has developed. An example of the former is the high-availability SAP managed services that Nagarro provides for Coop, the Danish cooperative. An example of the latter includes managed services provided by Nagarro to sIT Solutions, the IT arm of Austria's largest bank, Erste Group.

7.1.4 New-Gen Enterprise Resource Planning

ERP forms the backbone for many businesses. As companies become more digital and their markets are changing rapidly, they need to adopt ERP solutions which can respond to this change. We accelerate this adoption through our new generation ("**New-Gen**") ERP consulting services. Our core competencies include strategy and process consulting, SAP cloud solutions, transformation to SAP S/4HANA, add-ons with own products and custom-developed extensions. For our SAP cloud solutions Nagarro was recognized by SAP as S/4HANA Cloud Partner of the year (medium-sized businesses and partner sales) in September 2020. SAP is a key part of our strategy to assist in the digitalization of the German market.

7.2 Basis of Preparation of Combined Financial Statements of the Nagarro Group

On November 5, 2019, Allgeier SE announced its plans to spin off and separately list Nagarro. The Listing is contemplated to take place simultaneously with the Spin-Off. The Spin-Off will be conducted by way of a spin-off for absorption (*Abspaltung zur Aufnahme*) with the issuance of the New Shares and subsequent Listing. Once the Spin-Off has been entered into the commercial register of the local court of Munich, it becomes effective retrospectively as of January 1, 2020. The issuer of the New Shares and hence the parent company of the future stand-alone Nagarro Group is Nagarro SE. In contemplation of the Spin-Off, all businesses that are to be part of the new Nagarro Group (other than Connect AG, the shares of which will be transferred to the Group upon the effectiveness of the demerger and the entity renamed as Nagarro Connect AG) have already been transferred to Nagarro SE through a legal reorganization under common control of Allgeier SE prior to the Spin-Off.

According to the Commission Delegated Regulation (EU) 2019/980 (the "**Delegated Regulation**"), an issuer must present audited historical financial information covering the latest three financial years in a securities prospectus for the contemplated listing on the stock exchange. Given that Nagarro was not a group in accordance with IFRS 10 prior to the completion of the legal reorganization and due to the significant restructuring in the context of the legal reorganization, Nagarro SE has a "Complex Financial History" according to the Delegated Regulation as there is no historical financial information for Nagarro as of and for the fiscal years ended December 31, 2019, 2018 and 2017 that reflects the entire operating activities of Nagarro. Therefore, combined financial statements as of and for the fiscal years ended December 31, 2019, 2018 and 2017 (the "**Audited Combined Financial Statements**") have been prepared for the planned listing; the Audited Combined Financial Statements include those businesses of the Allgeier Group that are to be part of the new Group.

The Audited Combined Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and the interpretations of the IFRS Interpretations Committee as adopted by the European Union. Since IFRS does not provide specific guidance for the preparation of combined financial statements, in accordance with IAS 8 *"Accounting policies, changes in accounting estimates and errors"* management uses judgment in developing and applying an accounting policy that, in accordance with the standard, would produce information that is relevant to users, reliable and free from bias, and complete in all material respects. In doing so, IAS 8.12 requires consideration of recent pronouncements by other standard-setters, other accounting pronouncements and accepted industry practices.

For the preparation of the Audited Combined Financial Statements, the predecessor accounting approach has been applied, *i.e.*, the Audited Combined Financial Statements are considered to be an extract from the consolidated financial statements of the parent company Allgeier SE ("**Extraction Method**") and reflect the businesses attributable to Nagarro as they have been historically included in the IFRS consolidated financial statements of Allgeier SE. Hence, Nagarro is presented using the carrying amounts and historical costs that are also included in the IFRS consolidated financial statements of Allgeier SE. In general, the same accounting policies are applied by the entities in the scope of combination as they were used for the preparation of the IFRS consolidated financial statements of Allgeier SE, unless such accounting policies are not in accordance with IFRS when presenting Nagarro as a group of companies independent of the Allgeier Group. This approach is globally recognized for the preparation of combined financial statements with respect to reporting in a securities prospectus.

By applying this approach, the carrying amounts used from the IFRS consolidated financial statements of Allgeier SE for the preparation of the Audited Combined Financial Statements also include historical amounts for acquired intangible assets, step ups from purchase price allocation and goodwill, which result from the acquisition of the businesses in scope of the Audited Combined Financial Statements by the Allgeier Group.

Transactions between Nagarro and the remaining Allgeier Group are accounted for and classified as related party transactions in accordance with IFRS.

With the acquisition of Connect AG by Nagarro (which will occur upon the effectiveness of the Spin-Off), the capital reserves previously reflected on the balance sheet of Connect AG relating to (i) the purchase price paid by Nagarro SE for the businesses of the Nagarro Group, (ii) other receivables of the Allgeier Group against Nagarro, and (iii) the rights to the "Nagarro" trademark, will be transferred to the Statement of Financial Position of Nagarro and, consequently, offset at the consolidated level corresponding liabilities of Nagarro reflected in the Audited Combined Financial Statements. Accordingly, the Statements of Financial Position included in the Audited Combined Financial Statements will not be directly comparable to the future Statements of Financial Position of Nagarro following the completion of the Spin-Off. For further information on the adjustments to be reflected to Nagarro's Statement of Financial Position, see "*6 – Capitalization and Net Indebtedness*".

7.3 Key Factors Affecting Results of Operations

The factors discussed below affected the Nagarro Group's results of operations and financial condition in the periods that are the subject of discussion in this section "*Operating and Financial Review of the Group*". We expect such factors and trends may continue to have a significant impact on our results of operations and financial condition in the future.

7.3.1 Foreign Currency Exchange Rates

Our financial condition and results of operations are subject to fluctuations due to exchange rate movements. Our revenues are primarily denominated in Euro, U.S. dollar, Swedish krona, British pound and Australian dollar, and our expenses are primarily denominated in Indian rupee, Romanian leu, Chinese renminbi, Euro and U.S. dollar, while our reporting currency is the Euro. Consequently, changes in foreign currency exchange rates can affect the value of our foreign assets, revenues, liabilities and costs when reported in Euro and, therefore, our financial condition and results of operations. For additional information regarding the effects of foreign currency exchange rates on the Group, see "*Quantitative and Qualitative Disclosures—Foreign Currency Exchange Rate Risk*" below.

7.3.2 Staff Costs and Costs for Temporary External Staff and Subcontractors

Staff costs represent the predominant part of our operating expenses. Wages for technology professionals in the emerging markets where we have significant personnel are typically lower than comparable wages in more developed countries. Our profitability is dependent in part upon the significant savings we can achieve by employing professionals in these emerging markets at lower wages. However, wages in the technology industry in these countries may increase at a faster rate than in the past, which may reduce our profitability unless these wage increases are offset by a corresponding depreciation in the currencies of these countries with respect to our billing currencies, or unless we are able to increase the efficiency and productivity of our personnel. Furthermore, if we increase operations and hiring in more developed countries, our compensation expenses will increase because of the higher wages demanded by technology professionals in those markets.

7.3.3 Pricing of Services

For both new and existing clients, our business model relies on continually adjusting the prices of our services to account for the evolution of our costs, especially staff costs. With existing clients, this often takes the form of annual price negotiations. While we believe we have had considerable success in positioning our digital engineering services away from commodity IT services, it is possible that our latitude to adjust pricing may be reduced in the future due to more aggressive competition or less flexible procurement policies at clients.

7.3.4 General Economic Growth

We believe that organic growth in our revenues is influenced by growth in the information technology industry, with Nagarro historically outpacing general industry growth. In turn, industry growth is linked to overall economic growth in the regions where our clients are located. Should the economies of our core markets experience any slowdowns or downturns, demand in those markets could decline, which could have a negative impact on our revenue development. Trade conflicts (particularly between the United States and China), social unrest in individual markets, unique events such as Brexit and, especially, the COVID-19 pandemic could trigger such slowdowns, downturns or even recessions in national economies.

7.3.5 Recurring Revenue from Existing Clients and New Client Wins

We serve a broad, global client base across a large variety of industries, with clients in 48 countries. We rely upon our continuing business with our existing clients to generate the majority of our total organic revenues (91% in 2019). Additionally, we rely in part upon referrals by our existing multinational clients to acquire new clients. Because clients tend to engage multiple IT services providers instead of an exclusive one, competition for our clients' business remains intense, and we may be unable to retain our clients or successfully attract new ones.

7.3.6 Growth through Acquisitions and Synergies

Strategic acquisitions have been, and are intended to continue to be, a key part of our growth strategy. Since 2011, the Allgeier Group has acquired 11 companies that are now part of Nagarro. Our acquisitions have allowed us to expand our footprint across the globe, as well as to gain access to specific clients and industries. Recent acquisitions have contributed to growth in our revenues. See "*Key Factors Affecting Comparability of Results—Acquisitions*" below. Furthermore, our post-merger strategy has allowed us to successfully realize synergies from acquisitions, which has had a positive impact on our profitability. Nevertheless, there can be no assurance that we will be able to continue to make value-enhancing acquisitions and to integrate them successfully and realize synergies from acquisitions in the future.

7.3.7 Impact of COVID-19

Although we have and may continue to experience an adverse impact on our revenue derived from the travel and hospitality industry, as well as some other industries, due to the outbreak of the COVID-19 pandemic, we have seen a marked increase in demand for our portfolio of products and services related to e-commerce following the implementation of shelter-in-place orders to mitigate the outbreak of COVID-19. However, as certain of our clients or partners experience downturns or uncertainty in their own business operations or revenue, resulting from the spread of COVID-19, they may decrease or delay their spending, request pricing concessions, or seek renegotiations of their contracts, any of which may result in decreased revenue for us. In addition, we may experience client losses, including due to bankruptcy or our clients ceasing operations, which may result in an inability to collect receivables from these clients. In addition, in response to the spread of COVID-19, we are requiring or have required substantially all of our employees to work remotely to minimize the risk of the virus to our employees and the communities in which we operate, and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, clients and business partners.

As the global impact of COVID-19 continues to evolve rapidly, we will continue to closely monitor the situation and the effects on our business and operations. Following a decline in the acceleration of COVID-19 case numbers in several countries during the summer of 2020, this trend has sharply reversed in the autumn of 2020 in many countries, leading to various new governmental measures, such as the one-month partial lockdown in Germany during November 2020. The full effects of the COVID-19 pandemic will not be reflected in our results of operations and overall financial performance until future periods. For additional details, refer to "*1. – Risk Factors*".

7.3.8 Write-offs of Receivables

We occasionally are required to write-off receivables from a client, either because the client is not in a financial position to make the payments, or because the client disputes our invoices, invoking reasons like the quality or timeliness of the service provided. While this generally occurs only infrequently and typically with smaller clients (with the diversity of our client base and number of projects with each client acting as a natural hedge), it is possible that in a particular period this can have a larger impact on our results than in past periods.

7.4 Key Factors Affecting Comparability of Results

7.4.1 Acquisitions

Since the beginning of 2017, the Nagarro Group acquired the businesses listed further below.

The table below presents the effects on the Group's reported revenues and earnings before interest, taxes, depreciation and amortization (EBITDA) if the companies acquired in 2019 and 2018 had been shown for the entirety of both financial years 2019 and 2018 (pro forma):

Euro (thousands)	For the fiscal year ended December 31, 2019	2018
	(audited)	
Revenues (pro forma)	404,068	327,759
Thereof: pro forma revenues attributable to companies acquired	1,638	40,430
Revenues (as reported)	402,430	287,329
EBITDA (pro forma)	61,851	37,476
Thereof: pro forma EBITDA attributable to companies acquired	267	5,193
EBITDA (as reported)	61,584	32,283

The table below presents the effects on the Group's reported revenues and earnings before interest, taxes, depreciation and amortization (EBITDA) if the companies acquired in 2019 had been shown for the entirety of the financial year 2018 and if the companies acquired in 2018 had been shown for the entirety of both financial years 2017 and 2018 (pro forma):

Euro (thousands)	For the fiscal year ended December 31, 2018	2017
	(audited)	
Revenues (pro forma)	327,759	281,273
Thereof: pro forma revenues attributable to companies acquired	40,430	70,722
Revenues (as reported)	287,329	210,551
EBITDA (pro forma)	37,476	30,296
Thereof: pro forma EBITDA attributable to companies acquired	5,193	8,939
EBITDA (as reported)	32,283	21,357

If the acquired businesses had been acquired and consolidated for the first time at the beginning of the respective fiscal year of the respective acquisition, the effects on the Group's reported revenues and earnings before interest, taxes, depreciation and amortization (EBITDA) would have been as follows:

	For the fiscal year ended December 31,		
Euro (thousands)	**2019**	**2018**	**2017**
		(audited)	
Revenues (pro forma)	404,068	322,894	210,551
Thereof: pro forma revenues attributable to companies acquired	1,638	35,565	—
Revenues (as reported)	402,430	287,329	210,551
EBITDA (pro forma)	61,851	36,656	21,277
Thereof: pro forma EBITDA attributable to companies acquired	267	4,373	(80)
EBITDA (as reported)	61,584	32,283	21,357

7.4.1.1 Acquisition of GES Systemhaus in 2020

By way of an asset purchase agreement dated December 17, 2019, Nagarro Allgeier ES GmbH (formerly Allgeier Midmarket Services GmbH, Kronberg im Taunus), acquired the GES division for SAP public sector consulting and development services ("GES") from GES Systemhaus GmbH Co. KG, Wiesbaden to extend its SAP business with the public sector and acquire qualified SAP engineering professionals to enhance the SAP business. GES provides software solutions for municipal applications on the basis of its own software suite. GES was included in consolidation for the first time as of January 1, 2020. With the acquisition of GES, Nagarro acquired assets of €3,750 thousand and assumed total liabilities of €270 thousand. In the period from January 1, 2020 to September 30, 2020, GES generated revenue of €3,021 thousand and earnings before interest, taxes, depreciation and amortization of €910 thousand. In connection with the transaction there were costs of €55 thousand which were recognized in other operating expenses.

7.4.1.2 Acquisition of Nagarro MENA LLC in 2019

On April 1, 2019, Nagarro Holding GmbH, Munich, signed contracts to acquire Farabi Technology Middle East LLC, Dubai, United Arab Emirates ("**Farabi**") and Solutions 4 Mobility LLC, Dubai, United Arab Emirates ("**S4M**"), experts in the development of mobile applications to support digital transformation in the banking, telecommunications and transport sectors in particular. Farabi was consolidated for the first time as of April 1, 2019. On the acquisition of the two companies, Nagarro acquired total assets of €2,554 thousand and assumed total liabilities of €662 thousand. In the period from April to December 2019, Farabi and S4M generated revenue of €4,410 thousand and earnings before interest, taxes, depreciation and amortization of €529 thousand. In September 2020, the Farabi and S4M acquired businesses were renamed Nagarro MENA LLC ("**Nagarro MENA**").

7.4.1.3 Acquisition of iQuest Holding GmbH, Karlsruhe in 2018

On August 13, 2018, Allgeier Project Solutions GmbH and iQuest SPP GmbH signed agreements to acquire 66.7% of the shares of iQuest Holding GmbH, Karlsruhe, a developer of individual software products and solutions for large international clients, particularly in the life sciences, telecommunications, financial services, transport and energy sectors. As a result, Allgeier SE directly and indirectly held 60.82% of the shares in iQuest Holding GmbH as of December 31, 2018. At the time of acquisition, iQuest Holding GmbH was a parent company of a total of eight subsidiaries based in Germany, Romania, Poland and Switzerland (together, "**iQuest**").

iQuest was consolidated for the first time after the closing conditions were met on October 1, 2018. With the acquisition of iQuest, the Allgeier Group acquired assets totalling €21,431 thousand and liabilities totalling €6,802 thousand. In the fourth quarter of 2018, iQuest generated revenues of €9,049 thousand and earnings before interest, taxes, depreciation and amortization of €382 thousand.

7.4.1.4 Acquisition of Objectiva Software Solutions, Inc. in 2018

On June 8, 2018, Allgeier Project Solutions GmbH signed a purchase agreement for the acquisition of 100% of the shares of Objectiva Software Solutions, Inc. with headquarters in San Diego, California, USA ("**Objectiva**"), a company specializing in software product development. Objectiva was initially consolidated on

July 1, 2018, and the consolidated financial statements of Objectiva prepared as of the initial consolidation date considered assets of €7,065 thousand and liabilities of €5,153 thousand. Included among a fair value assessment of the acquired assets and liabilities performed on July 1, 2018 were income tax liabilities amounting to €4,148 thousand, of which €1,770 thousand related to estimated taxes as part of the purchase price allocation, which has, as of the date of this Prospectus, not yet materialized, and €2,177 thousand related to a provision which was reversed in July 2020. In the second half of 2018, Objectiva achieved sales revenues of €10,386 thousand and earnings before interest, taxes, depreciation and amortization of €1,030 thousand.

7.4.1.5 *Acquisition of ANECON Software Design und Beratung GmbH in 2018*

On January 8, 2018, Nagarro Austria Beteiligungs GmbH, Vienna, Austria acquired all business shares of ANECON Software Design und Beratung GmbH, Vienna, Austria (together with its wholly-owned subsidiary, ANECON Software Design und Beratung GmbH, Dresden, "**Anecon**"), one of the leading companies for software development and consulting in the Austrian market. With the acquisition of Anecon, Nagarro received assets of €6,205 thousand and liabilities of €3,685 thousand as of January 1, 2018. Although no separate disclosures can be made for Anecon in 2018 due to the merger with Nagarro companies, in 2017, Anecon had achieved revenues of €17,256 thousand and earnings before interest, taxes, depreciation and amortization of €1,638 thousand.

7.4.1.6 *Acquisition of Allgeier ES France SAS in 2017*

On June 21, 2017, Nagarro Allgeier ES GmbH acquired all shares in AI2S-Consulting SAS, Entzheim, France (subsequently renamed Allgeier ES France), a provider of IT consultancy and managed services in the SAP environment. On the date of initial consolidation, May 31, 2017, Allgeier ES France recognized assets of €718 thousand and liabilities of €699 thousand. In the period from June to December 2017, the company generated revenues of €2,541 thousand and earnings before interest, taxes, depreciation and amortization of €286 thousand.

7.4.1.7 *Acquisition of the "Ciber Denmark" business in 2017*

With the sale and purchase agreement dated May 5, 2017, Allgeier Enterprise Services Denmark A/S, Copenhagen, Denmark, acquired the business of Ciber Denmark A/S headquartered in Brøndby, Denmark ("**Ciber Denmark**") by way of an asset deal. Ciber Denmark is the developer of the SAP add-on solution, Ciber Compliance Suite (CCS) and the ComplianceNow (CN) solution and provides these solutions for deployment at more than 100 international client companies. With the purchase, Nagarro assumed assets of €1,180 thousand and liabilities of €852 thousand. In the 2017 fiscal year, Allgeier Enterprise Services Denmark A/S generated revenues of €2,453 thousand and earnings before interest, taxes, depreciation and amortization of negative €301 thousand.

7.4.1.8 *Acquisition of the "Ciber Germany" business in 2017*

On April 6, 2017, Allgeier Enterprise Services AG, Munich acquired all shares in Blitz 17-72 GmbH, Munich, and Blitz 17-73 GmbH, Munich. With the two companies, the Nagarro Group acquired specific assets and contractual relationships of Ciber AG, Heidelberg, which was involved in insolvency proceedings, and also Ciber Managed Services GmbH, Heidelberg ("**Ciber Germany**"), which was also involved in insolvency proceedings. Both Ciber companies specialized in SAP consulting, SAP implementation and SAP managed services for medium-sized clients and large clients.

With the purchase, Nagarro assumed assets of €2,869 thousand and liabilities of €748 thousand. No separate disclosures can be made in respect of the share of revenue and results for Blitz 17-72 GmbH, Munich, and Blitz 17-73 GmbH, Munich between April and December 2017 due to their merger with Nagarro companies.

7.4.2 *Adoption of Accounting Standards*

7.4.2.1 *Adoption of IFRS 16 – Leases*

IFRS 16 introduces a uniform accounting model according to which leases must be recognized in the balance sheet of the lessee. A lessee recognizes a right-of-use asset that represents its right to use the underlying asset, as well as a liability arising from the lease, that constitutes its obligation to make lease payments. Exemptions exist for short-term leases and leases for low-value assets.

The Group applied IFRS 16 for the first time with the fiscal year 2019, using the full retrospective method. Consequently, IFRS 16 has been applied in respect of each fiscal year included in the Group's Audited Combined Financial Statements. Lease agreements between Nagarro and remaining Allgeier Group are also accounted for in accordance with IFRS 16 for all periods under consideration in the Audited Combined Financial Statements.

7.4.2.2 *Adoption of IFRS 15 – Revenue from Contracts with Clients*

IFRS 15 provides a comprehensive framework for determining whether, to what extent, and at what point in time revenues are recognized. Furthermore, the standard provides for extensive disclosure requirements concerning the type, amount and timing of recognition of revenues and cash flows, as well as their associated uncertainties, including impairment expenses.

The Group applied the modified retrospective method as of January 1, 2018 for the transition to IFRS 15. Accordingly, the figures for the 2017 fiscal year included in the Audited Combined Financial Statements are still reported in accordance with IAS 11 and IAS 18 and any cumulative transition effects are included directly in equity in the opening balance sheet as at January 1, 2018. The accounting policies have been changed in accordance with the transitional provisions. In contrast to the previous method, costs to fulfil a contract as well as contract assets and contract liabilities arising from client-specific construction contracts are not shown under inventories or trade receivables / trade payables, but from the 2018 fiscal year are shown as separate balance sheet items.

As at December 31, 2017, client-specific construction contracts measured using the percentage-of-completion method amounted to €5,179 thousand, of which €4,088 thousand related to production costs and €1,091 thousand to profit shares. Of this amount, a total of €2,101 thousand of installments received were offset under receivables and payables from client-specific construction contracts. After offsetting the amount for contract work against the advance payments received, construction contracts with clients were recognized with a debit balance of €3,895 thousand and a credit balance of €829 thousand. In the fiscal year 2017 contract revenue using the percentage-of-completion method in the amount of €4,359 thousand was recognized. See section Note C.I IFRS 15—Revenue from contracts with clients to the Combine Financial Statements for more detailed information regarding the effects of the application of IFRS 15 on the Group's statement of financial position.

7.5 Explanation of Certain Income Statement Items

7.5.1 Revenue

7.5.1.1 *Revenue by contract type*

The Group recognizes almost all revenue with performance obligations satisfied over time for period-related services, the amount of which can be clearly derived from the contractual agreements, as well as from client-specific orders (contracts for work and services) scheduled to be completed in accordance with the terms of the contract, the amount of which is derived from unsatisfied, firmly agreed order values taking into consideration any updates.

We generate revenues predominantly from services rendered under time-and-expense and fixed bid contracts, including those relating to acquisitions.

- Product engineering and consulting contracts are typically time-and-expense contracts. Time and expense contracts constituted 79% of our total revenue in 2019. These contracts are generally of lower risk, since there is limited exposure to project mis-estimation and billing is predominantly monthly. In accordance with IFRS 15, service revenue is recognized depending on the contract provisions under consideration of the services provided, which is usually based upon the days and hours worked.

- Product implementation contracts are often fixed bid contracts. Contracts for the provision of various kinds of application management services and cloud services to our clients are also often fixed bid contracts, which may be annuity or ticket-based contracts. Fixed bid contracts accounted for 20% of our total revenue in 2019. In accordance with IFRS 15, revenue from products is recognized as soon as control of the products sold has been passed on to the buyer along with the associated rewards and risks, which is usually the case upon delivery of the product and/or its components. Revenues from services provided on a fixed bid basis are recognized based on the percentage of order completion and under consideration of realized partial performance. Because we bear the risk of cost overruns and inflation with respect to fixed bid contracts, our operating results could be adversely affected by inaccurate estimates of contract completion costs and dates, including wage inflation rates and currency exchange rates that may affect cost projections.

We also generate revenues through the development and licensing of proprietary technologies. These accounted for 1% of our total revenue in 2019. In accordance with IFRS 15, revenue from user fees (licenses) is recognized on an accrual basis in accordance with the commercial substance of the underlying contract.

7.5.1.2 Revenue by service line

Among our service lines, the digital product engineering service line typically generates the greatest proportion of our revenues. In 2019, revenues from digital product engineering represented 51% of the total revenues. Managed services followed, at 19% of our total revenues in 2019, with digital commerce and customer experience accounting for 14% and new-gen ERP consulting services accounting for 10%. The final 7% of our 2019 revenues was attributable to third-party testing, as well as to consulting and other services not allocated among the four largest service lines.

7.5.2 Changes in work in progress

Changes in work in progress reflect the inventory changes during the relevant period which arise from the difference of revenue which we believe has been generated but cannot yet be invoiced, and revenue which has been invoiced but not yet earned.

7.5.3 Own work capitalized

Own work capitalized reflects the cost of material, staff cost and other operating cost which is incurred for the development of internally generated software and other assets that are allocated to the line items “property, plant and equipment” or “intangible assets” on the Group’s Combined Statements of Financial Position.

7.5.4 Total performance

Total performance represents the sum of revenue, change in work in progress and own work capitalized, as described above. In respect of any segment, total performance represents the sum of revenue, change in work in progress and own work capitalized in relation to such segment.

7.5.5 Cost of materials

Our cost of materials includes costs related to purchased services from third parties (including external temporary staff and subcontractors engaged on a project-specific basis), costs related to software, license cost and other, smaller, reimbursable and non-reimbursable cost components.

7.5.6 Staff costs

Our staff costs include the cost of staff on client projects as well as other client-related costs, our expenditure on personnel in Centres of Excellence and industry and horizontal practices in order to support our clients, our expenditure on spare personnel capacity (the bench) in anticipation of future growth or to deal with attrition, and the cost of staff working in SG&A functions. The predominant majority of our staff costs typically relate to salaries and wages, with social security contributions and bonuses accounting for most of the remainder.

7.5.7 Other operating expenses

Other operating expenses represent travel expenses, vehicle costs, IT costs, services, land and building costs, other staff costs (including costs of recruitment, training and different types of events), advertising expenses, communication expenses, maintenance, expense from currency translation, insurance (including contributions), legal and consulting fees, entertainment expenses, office supplies, expenses for foreign exchange forward transactions, expenses for preparation of statutory financial statements, direct selling expenses, write-offs and impairments of trade receivables, and miscellaneous expenses.

7.5.8 Cost of revenues

Cost of revenues includes direct costs related to staffing (employees and freelancers) allocated to engineering topics, costs related to travel of these staff, and other, smaller, reimbursable, and non-reimbursable cost components. In respect of any segment, cost of revenues represents such direct costs in relation to such segment. The direct costs incurred by each legal entity are spread across the segment it services proportionately to the volume of business it is supporting for each segment. For further information, including reconciliations of cost of revenues to each of cost of materials, staff costs, other operating expenses and other operating income, see *"2.10 – Non-IFRS Financial Information".* Cost of revenues is not required by, or presented in accordance with, IFRS.

7.5.9 Gross profit and gross margin

Gross profit is calculated as the difference between the total performance and cost of revenues. In respect of any segment, gross profit is calculated as the difference between total performance in relation to such segment and cost of revenues in relation to such segment. Gross margin is calculated as gross profit expressed as a percent of revenue. In respect of any segment, gross margin is calculated as gross profit in relation to such segment expressed as a percentage of revenue in relation to such segment. Neither gross profit nor gross margin is required by, or presented in accordance with, IFRS.

7.5.10 Selling, general and administrative expenses

We define SG&A as selling, general and administrative expenses. For further information, including reconciliations of cost of revenues to each of staff costs, other operating expenses and other operating income, see *"2.10 – Non-IFRS Financial Information"*. SG&A is not required by, or presented in accordance with, IFRS.

7.5.11 Adjusted EBITDA and Adjusted EBITDA margin

We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization (EBITDA) adjusted to exclude effects that we consider to qualify operationally as extraordinary or that relate to another accounting period. For further information, including reconciliations of Adjusted EBITDA to EBITDA, see *"2.10 – Non-IFRS Financial Information"*. We define Adjusted EBITDA margin as the ratio of Adjusted EBITDA to revenue and expressed as a percentage. Neither Adjusted EBITDA nor Adjusted EBITDA margin is required by, or presented in accordance with, IFRS.

7.5.12 Finance costs

Finance costs represent interest on leases, interest on loans from the Allgeier Group, interest on liabilities from acquisitions, interest on bank loans, factoring interest, the interest portion of additions to pension provisions, and other interest expenses.

7.5.13 Income tax expense

Income taxes are calculated on the basis of the applicable or expected tax rates of the countries and municipalities in which Nagarro companies are domiciled.

For purposes of the Audited Combined Financial Statements, as all of the entities included in the scope of the Audited Combined Financial Statements historically have filed separate tax returns, no stand-alone adjustments for current and deferred taxes with respect to these entities were necessary, *i.e.*, income tax receivables and payables, expenses and income as well deferred tax assets and liabilities on temporary differences and tax loss carry forwards are included in the Audited Combined Financial Statements as reported for the purpose of preparation of the IFRS consolidated financial statements of Allgeier SE. Deferred tax assets on tax loss carry forwards are deemed to be recoverable to the same extent as reported for the purpose of preparation of the IFRS consolidated financial statements of Allgeier SE at each balance sheet date, including net operating losses at Nagarro Holding GmbH. For the purpose of the Audited Combined Financial Statements, a respective tax effect has been recognized in regard to the corporate cost allocation for services that have not been historically charged to Nagarro Holding GmbH.

7.6 Results of operations

7.6.1 Combined Statement of Income for the Nine Months ended September 30, 2020 Compared to the Nine Months ended September 30, 2019

The table below sets forth our consolidated statement of income and the period on period percentage of change for the nine months ended September 30, 2020 and 2019.

Euro (thousands)	For the nine months ended September 30, 2020	2019	Change in %
	(unaudited)		*(unaudited)*
Revenue	321,433	294,116	9.3
Own work capitalized	153	448	N/M
Other operating income	10,638	2,174	N/M
Cost of materials	36,922	36,978	(0.2)
Staff costs	201,137	185,426	8.5
Impairment of trade receivables and contract assets	2,271	689	N/M
Other operating expenses	38,352	34,619	10.8
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**53,542**	**39,026**	**37.2**
Depreciation, amortization and impairment	15,995	13,975	14.5
Earnings before interest and taxes (EBIT)	**37,548**	**25,051**	**49.9**
Finance income	306	103	N/M
Finance costs	6,555	4,222	55.3
Earnings before taxes (EBT)	**31,298**	**20,932**	**49.5**
Income tax expense	(7,854)	(6,371)	(23.3)
Profit for the period	**23,444**	**14,561**	**61.0**
Thereof:			
Attributable to shareholders of Nagarro	19,357	12,098	60.0
Attributable to non-controlling interests	4,087	2,463	65.9

N/M: not meaningful

The table below sets forth our results and the period on period percentage of change for the nine months ended September 30, 2020 and 2019 on the basis of our alternative performance measure adjusted EBITDA.

Euro (thousands) unless otherwise indicated	For the nine months ended September 30, 2020	2019	Change in %
	(unaudited)		*(unaudited)*
Revenue	321,433	294,116	9.3
Own work capitalized	153	448	N/M
Total performance	321,586	294,564	9.2
Cost of revenues(1), (2)	215,728	201,590	7.0
SG&A(1), (3)	47,625	51,158	(6.8)
Adjusted EBITDA(1)	**58,234**	**41,815**	**39.3**
Special items(1), (4)	(4,691)	(2,789)	(68.2)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**53,542**	**39,026**	**37.2**
Gross profit(1)	105,858	92,973	13.9
Gross margin(1) (%)	33	32	N/M
Adjusted EBITDA margin(1) (%)	18	14	N/M

N/M: not meaningful

(1) Not presented in accordance with IFRS. For further information, see "*2.10 – Non-IFRS Financial Information*".

(2) For further information on cost of revenues, including reconciliations to the respective measures reported in accordance with IFRS, see "*2.10.2 – Cost of Revenues*".

(3) For further information on SG&A, including reconciliations to the respective measures reported in accordance with IFRS, see "*2.10.2 – Cost of Revenues*".

(4) For further information on special items, see "*2.10.1 – Adjusted EBITDA*".

7.6.1.1 Revenue

Revenue increased by €27,317 thousand, or 9.3%, from €294,116 thousand for the nine months ended September 30, 2019 to €321,433 thousand for the nine months ended September 30, 2020. The increase was driven by Nagarro's growth from 2019, which was somewhat softened by the effects of the COVID-19 pandemic. The Company continued to derive a large majority of its revenues from existing clients but also continued to win new clients.

7.6.1.2 Other operating income

Other operating income increased by €8,464 thousand from €2,174 thousand for the nine months ended September 30, 2019 to €10,638 thousand for the nine months ended September 30, 2020. The increase was primarily driven by gains from currency translation by €7,644 thousand.

7.6.1.3 Cost of materials

Cost of materials decreased by €56,000, or 0.2%, from €36,978 thousand for the nine months ended September 30, 2019 to €36,922 thousand for the nine months ended September 30, 2020. The decrease despite the increase in revenue was driven by some substitution of third party contractors by in-house engineering personnel.

7.6.1.4 Staff costs

Staff costs increased by €15,711 thousand, or 8.5%, from €185,426 thousand for the nine months ended September 30, 2019 to €201,137 thousand for the nine months ended September 30, 2020. The increase was the result of the growth in revenue, although the proportional increase in staff costs was lower than the increase in revenue primarily due to COVID-19-related temporary salary cuts.

7.6.1.5 Other operating expenses

Other operating expenses increased by €3,733 thousand, or 10.8%, from €34,619 thousand for the nine months ended September 30, 2019 to €38,352 thousand for the nine months ended September 30, 2020. The increase was primarily the result of the growth in revenue. Other operating expenses included Spin-Off costs and an increase in expenses from currency translation, partly offset by reduction in travel and vehicle costs.

7.6.1.6 Cost of revenues

Cost of revenues increased by €14,138 thousand, or 7.0%, from €201,590 thousand for the nine months ended September 30, 2019 to €215,728 thousand for the nine months ended September 30, 2020. The increase was the result of the growth in revenue. The proportionate increase in cost of revenues compared to the proportionate increase in revenues, however, decreased due to temporary reductions in engineering salaries due to the COVID-19 pandemic, shifting of work from third-party contractors to in-house engineering personnel and reduction in the travel expenses of engineering personnel, among other things.

7.6.1.7 Gross profit and gross margin

Gross profit increased by €12,885 thousand, or 13.9%, from €92,973 thousand for the nine months ended September 30, 2019 to €105,858 thousand for the nine months ended September 30, 2020. Gross margin for the nine months ended September 30, 2020 slightly increased to 33% from 32% for the nine months ended September 30, 2019. The increase in gross margin can primarily be ascribed to the temporary pro-active measures that we took to reduce costs to address the potential impact of COVID-19 on our business, as described in further detail above in relation to our cost of revenues.

7.6.1.8 Selling, General and Administrative expenses

SG&A decreased by €3,533 thousand, or 6.9%, from €51,158 thousand for the nine months ended September 30, 2019 to €47,625 thousand for the nine months ended September 30, 2020. The decrease was driven by the impact of COVID-19, which led to a reduction of spend on office running expenses, travel and events. As a percentage of revenue, SG&A for the nine months ended September 30, 2020 was 15% compared to 17% for the nine months ended September 30, 2019.

7.6.1.9 EBITDA

EBITDA increased by €14,516 thousand, or 37.2%, from €39,026 thousand for the nine months ended September 30, 2019 to €53,542 thousand for the nine months ended September 30, 2020, as a result of growth in revenue, and was also positively impacted by the COVID-19-related factors including temporary reduction in salary costs and government support in various geographies, the overall reduction in travel costs, and reductions in office-running expenses due to the increase in staff working from home.

7.6.1.10 Adjusted EBITDA and Adjusted EBITDA margin

Adjusted EBITDA increased by €16,419 thousand, or 39.3%, from €41,815 thousand for the nine months ended September 30, 2019 to €58,234 thousand for the nine months ended September 30, 2020. The increase in Adjusted EBITDA was primarily driven by the factors described above for EBITDA as well as through adjustment of one-time costs related to the Spin-Off and losses arising out of write-offs of customer receivables. Adjusted EBITDA margin for the nine months ended September 30, 2020 was 18% compared to 14% for the nine months ended September 30, 2019.

7.6.1.11 Depreciation, amortization and impairment

Depreciation, amortization and impairment increased by €2,020 thousand, or 14.5%, from €13,975 thousand for the nine months ended September 30, 2019 to €15,995 thousand for the nine months ended September 30, 2020. The increase was primarily driven by an increase in finance leases which are long-term in nature.

7.6.1.12 Finance costs

Finance costs increased by €2,333 thousand, or 55.3%, from €4,222 thousand for the nine months ended September 30, 2019 to €6,555 thousand for the nine months ended September 30, 2020. The increase was driven by interest on loans payable to the Allgeier Group companies due to the reorganization of Objectiva, iQuest and the SAP business under Nagarro.

7.6.1.13 Income tax expense

Income tax expense increased by €1,483 thousand, or 23.3%, from €6,371 thousand for the nine months ended September 30, 2019 to €7,854 thousand for the nine months ended September 30, 2020. The increase was driven by an increase in the profit before tax compared to the previous period offset by (i) a decrease in the tax rate in India from 34.0% to 25.2% (announced in October 2019 for the period effective from April 2019 onwards), (ii) a reversal of a tax provision of Objectiva in the United States amounting to €2,177 thousand, and (iii) a decrease in the effective tax rate due to execution of a profit sharing agreement within Nagarro entities after the reorganization of the Nagarro Group companies.

7.6.1.14 Profit for the period

Profit for the period increased by €8,883 thousand, or 61.0%, from €14,561 thousand for the nine months ended September 30, 2019 to €23,444 thousand for the nine months ended September 30, 2020. The increase was driven by primarily by the increase in EBITDA as set forth above.

7.6.2 *Combined Statements of Income for the Fiscal Year ended December 31, 2019 Compared to the Fiscal Year ended December 31, 2018*

The table below sets forth our combined statements of income and the period on period percentage of change for the fiscal years ended December 31, 2019 and 2018.

	For the fiscal years ended December 31,		**Change in %**
Euro (thousands)	**2019**	**2018**	
	(audited)		*(unaudited)*
Revenue	402,430	287,329	40.1
Changes in work in progress	—	—	—
Own work capitalized	906	512	77.0
Other operating income	12,730	2,443	N/M
Cost of materials	49,072	39,866	23.1
Staff costs	254,662	179,768	41.7
Impairment of trade receivables and contract assets	986	1,011	(2.5)
Other operating expenses	49,762	37,357	33.2
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**61,584**	**32,283**	**90.8**
Depreciation, amortization and impairment	19,161	13,714	39.7
Earnings before interest and taxes (EBIT)	**42,422**	**18,569**	**N/M**
Finance income	212	463	N/M
Finance costs	5,481	4,614	18.8
Earnings before taxes (EBT)	**37,153**	**14,418**	**N/M**
Income tax expense	(6,757)	(6,244)	8.2
Profit for the period	**30,396**	**8,174**	**N/M**
Thereof:			
Attributable to shareholders of Nagarro	25,481	6,852	N/M
Attributable to non-controlling interests	4,915	1,322	N/M

N/M: not meaningful

The table below sets forth our results and the period on period percentage of change for the fiscal years ended December 31, 2019 and 2018 on the basis of our alternative performance measure adjusted EBITDA:

	For the fiscal years ended December 31,		**Change in %**
Euro (thousands) unless otherwise indicated	**2019**	**2018**	
	(audited)		*(unaudited)*
Revenue	402,430	287,329	40.1
Own work capitalized	906	512	77.0
Total performance	403,336	287,841	40.1
Cost of revenues(1), (2)	274,240	197,943	38.5
SG&A(1), (3)	71,399	55,552	28.5
Adjusted EBITDA(1)	**57,697**	**34,346**	**68.0**
Special items(1), (4)	3,886	(2,063)	N/M
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**61,584**	**32,283**	**91.0**
Gross profit(1)	129,096	89,898	43.6
Gross margin(1) (%)	32	31	N/M
Adjusted EBITDA margin(1) (%)	14	12	N/M

N/M: not meaningful

(1) Not presented in accordance with IFRS. For further information, see "*2.10 – Non-IFRS Financial Information*".
(2) For further information on cost of revenues, including reconciliations to the respective measures reported in accordance with IFRS, see "*2.10.2 – Cost of Revenues*".
(3) For further information on SG&A, including reconciliations to the respective measures reported in accordance with IFRS, see "*2.10.2 – Cost of Revenues*".
(4) For further information on special items, see "*2.10.1 – Adjusted EBITDA*".

7.6.2.1 Revenue

Revenue increased by €115,101 thousand, or 40.1%, from €287,329 thousand for the fiscal year ended December 31, 2018 to €402,430 thousand for the fiscal year ended December 31, 2019. The increase was primarily driven by the recognition of full year revenues for the first time for Objectiva's businesses and iQuest's businesses in 2019 and the increase in revenue due to the acquisition of Nagarro MENA businesses in 2019. The revenue growth was also partly fueled by new clients, including clients referred to us by top management consulting firms. Also contributing to the increase in revenue was our growth in existing accounts, *e.g.*, from one division to another division or from a local to a global relationship. In 2019, 91% of revenue of the new, combined Nagarro came from existing clients.

7.6.2.2 Other operating income

Other operating income increased by €10,287 thousand from €2,443 thousand for the fiscal year ended December 31, 2018 to €12,730 thousand for the fiscal year ended December 31, 2019. The increase was mainly driven by a change in the fair value of the Objectiva purchase price and by gains achieved through currency fluctuations.

7.6.2.3 Cost of materials

Cost of materials increased by €9,206 thousand, or 23.1%, from €39,866 thousand for the fiscal year ended December 31, 2018 to €49,072 thousand for the fiscal year ended December 31, 2019. The increase was mainly driven by an increase in cost of purchased services from third parties in order to service the increase in revenue.

7.6.2.4 Staff costs

Staff costs increased by €74,894 thousand, or 41.7%, from €179,768 thousand for the fiscal year ended December 31, 2018 to €254,662 thousand for the fiscal year ended December 31, 2019. The increase was driven by the recognition of full year costs for Objectiva and iQuest, an increase in costs due to acquisition of Nagarro MENA in 2019, and an increase in costs of own staff necessitated due to the increase in revenue.

7.6.2.5 Other operating expenses

Other operating expenses increased by €12,405 thousand, or 33.2%, from €37,357 thousand for the fiscal year ended December 31, 2018 to €49,762 thousand for the fiscal year ended December 31, 2019. The increase was mainly driven by increase in travel expense for staff in delivery, an increase in IT spend for strengthening our IT infrastructure and incremental increases in a number of miscellaneous other smaller expenses in order to service the increased revenue.

7.6.2.6 Cost of revenues

Cost of revenues increased by €76,297 thousand, or 38.5%, from €197,943 thousand for the fiscal year ended December 31, 2018 to €274,240 thousand for the fiscal year ended December 31, 2019. The increase was predominantly driven by an increase in staff costs and cost of materials as a result of the increase in revenues.

7.6.2.7 Gross profit and gross margin

Gross profit increased by €39,198 thousand, or 43.6%, from €89,898 thousand for the fiscal year ended December 31, 2018 to €129,096 thousand for the fiscal year ended December 31, 2019. Gross margin for the fiscal year ended December 31, 2019 slightly increased to 32% from 31% for the fiscal year ended December 31, 2018. The increase in gross margin can primarily be ascribed to a reduction in cost of revenues from third-party services.

7.6.2.8 Selling, General and Administrative expenses

SG&A increased by €15,847 thousand, or 28.5%, from €55,552 thousand for the fiscal year ended December 31, 2018 to €71,399 thousand for the fiscal year ended December 31, 2019. The increase was driven by the scaling up of operations. As a percentage of revenue, SG&A for the fiscal year ended December 31, 2019 was 18% compared to 19% for the fiscal year ended December 31, 2018.

7.6.2.9 EBITDA

EBITDA increased by €29,301 thousand, or 90.8%, from €32,283 thousand for the fiscal year ended December 31, 2018 to €61,584 thousand for the fiscal year ended December 31, 2019. The increase was driven by the effect of full year EBITDA of Objectiva and iQuest, an increased contribution to EBITDA due to increase in revenue (and also increased EBITDA as a percentage of revenue) and an extraordinary positive effect of the change in fair value of the Objectiva purchase price.

7.6.2.10 Adjusted EBITDA and Adjusted EBITDA margin

Adjusted EBITDA increased by €23,351 thousand, or 68.0%, from €34,346 thousand for the fiscal year ended December 31, 2018 to €57,697 thousand for the fiscal year ended December 31, 2019. The increase in Adjusted EBITDA was driven by the factors described above for EBITDA, with the lower overall level of increase in comparison to EBITDA mainly attributable to purchase price adjustments of €7,144 thousand, which positively contributed to EBITDA in 2019 but are excluded as 'special items' from the definition of Adjusted EBITDA. Adjusted EBITDA margin for the fiscal year ended December 31, 2019 was 14% compared to 12% for the fiscal year ended December 31, 2018.

7.6.2.11 Depreciation, amortization and impairment

Depreciation, amortization and impairment increased by €5,447 thousand, or 39.7%, from €13,714 thousand for the fiscal year ended December 31, 2018 to €19,161 thousand for the fiscal year ended December 31, 2019. The increase was predominantly driven by depreciation of assets under finance leases.

7.6.2.12 Finance costs

Finance costs increased by €867 thousand, or 18.8%, from €4,614 thousand for the fiscal year ended December 31, 2018 to €5,481 thousand for the fiscal year ended December 31, 2019. The increase was mainly driven by an increase in interest on assets under finance leases and, because of the increase in interest, on the earn-out liabilities for Objectiva.

7.6.2.13 Income tax expense

Income tax expense increased by €513 thousand, or 8.2%, from €6,244 thousand for the fiscal year ended December 31, 2018 to €6,757 thousand for the fiscal year ended December 31, 2019. At 18.2%, the effective income tax rate for the fiscal year ended December 31, 2019 was substantially lower than the effective tax rate for the fiscal year ended December 31, 2018 (43.3%). The increase in income tax expense in 2019 is not commensurate with the increase as a percentage of profit before tax compared to the previous year largely because the increase in 2019 has been reduced by recognition of deferred tax income due to a transfer of deferred tax assets from Allgeier SE to Nagarro under the profit transfer agreement because of the reorganization prior to the Spin-Off. The tax expense also decreased because of a reduction in the tax rates in India from 34.0% to 25.2% in 2019 (announced in October 2019 for the period effective from April 2019 onwards). Further, income on reversal of earnout liabilities amounting to €7,143 thousand and the foreign exchange effect thereon were non-taxable and thus helped reduce the tax expense in the 2019.

7.6.2.14 Profit for the period

Profit for the period increased by €22,222 thousand from €8,174 thousand for the fiscal year ended December 31, 2018 to €30,396 thousand for the fiscal year ended December 31, 2019. The increase was driven by full year recognition of the profits for Objectiva and iQuest, a reduction in the tax rate for the 2019 fiscal year for our legal entities in India and the transfer of deferred tax assets from Allgeier SE to Nagarro under the profit transfer agreement within Nagarro, as well as an overall improvement in the operating performance of Nagarro.

7.6.3 *Combined Statements of Income for the Fiscal Year ended December 31, 2018 Compared to the Fiscal year ended December 31, 2017*

The table below sets forth our combined statements of income and the period on period percentage of change for the fiscal years ended December 31, 2018 and 2017.

Euro (thousands)	For the fiscal years ended December 31, 2018	2017	Change in %
	(audited)		*(unaudited)*
Revenue	287,329	210,551	36.5
Changes in work in progress	—	(1,333)	N/M
Own work capitalized	512	0	N/M
Other operating income	2,443	6,330	(61.4)
Cost of materials	39,866	31,588	26.2
Staff costs	179,768	128,039	40.5
Impairment of trade receivables and contract assets	1,011	—	N/M
Other operating expenses	37,357	34,564	8.1
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**32,283**	**21,357**	**51.2**
Depreciation, amortization and impairment	13,714	10,089	35.9
Earnings before interest and taxes (EBIT)	**18,569**	**11,268**	**64.8**
Finance income	463	898	(48.4)
Finance costs	4,614	3,925	17.6
Earnings before taxes (EBT)	**14,418**	**8,240**	**74.9**
Income tax expense	(6,244)	(4,591)	(36.0)
Profit for the period	**8,174**	**3,649**	**N/M**
Thereof:			
Attributable to shareholders of Nagarro	6,852	3,059	N/M
Attributable to non-controlling interests	1,322	590	N/M

N/M: not meaningful

The table below sets forth our results and the period on period percentage of change for the fiscal years ended December 31, 2018 and 2017 on the basis of our alternative performance measure adjusted EBITDA.

Euro (thousands) unless otherwise indicated	For the fiscal years ended December 31, 2018	2017	Change in %
	(audited)		*(unaudited)*
Revenue	287,329	210,551	36.5
Changes in work in progress	—	(1,333)	N/M
Own work capitalized	512	0	N/M
Total performance	287,841	209,218	37.6
Cost of revenues(1), (2)	197,943	144,970	36.5
SG&A(1), (3)	55,552	38,748	
Adjusted EBITDA(1)	**34,346**	**25,500**	**34.7**
Special items(1), (4)	(2,063)	(4,144)	N/M
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**32,283**	**21,357**	**50.4**
Gross profit(1)	89,898	64,248	39.9
Gross margin(1) (%)	31	31	N/M
Adjusted EBITDA margin(1) (%)	12	12	N/M

N/M: not meaningful

(1) Not presented in accordance with IFRS. For further information, see "*2.10 – Non-IFRS Financial Information*".

(2) For further information on cost of revenues, including reconciliations to the respective measures reported in accordance with IFRS, see "*2.10.2 – Cost of Revenues*".

(3) For further information on SG&A, including reconciliations to the respective measures reported in accordance with IFRS, see "*2.10.2 – Cost of Revenues*".

(4) For further information on special items, see "*2.10.1 – Adjusted EBITDA*".

7.6.3.1 *Revenue*

Revenue increased by €76,778 thousand, or 36.5%, from €210,551 thousand for the fiscal year ended December 31, 2017 to €287,329 thousand for the fiscal year ended December 31, 2018. The increase was driven by the strong organic growth in all our segments and the acquisitions of Anecon, the business operations of Objectiva in China and the United States and the business operations of iQuest in Germany, Romania, Switzerland and Poland in 2018.

7.6.3.2 *Other Operating Income*

Other operating income decreased by €3,887 thousand, or 61.4% from €6,330 thousand for the fiscal year ended December 31, 2017 to €2,443 thousand for the fiscal year ended December 31, 2018. The decrease was driven primarily by significant decreases in both income from currency translation by €1,196 thousand and income from foreign exchange forward transactions by €1,409 thousand, as well as the nonrecurrence of a recognition of badwill from business combinations amounting to €1,129 thousand. Partly offsetting these decreases was an increase in income from the reversal of provisions for bad debt by €472 thousand, which had a positive impact on the other operating income.

7.6.3.3 *Cost of materials*

Cost of materials increased by €8,278 thousand, or 26.2%, from €31,588 thousand for the fiscal year ended December 31, 2017 to €39,866 thousand for the fiscal year ended December 31, 2018. The increase was driven primarily by the increase in software costs purchased in the SAP business and due to modest growth rate in third party consultant costs.

7.6.3.4 *Staff costs*

Staff costs increased by €51,729 thousand, or 40.4%, from €128,039 thousand for the fiscal year ended December 31, 2017 to €179,768 thousand for the fiscal year ended December 31, 2018. The increase was driven by the additional capacity needed to service the organic growth in all our segments and the increase due to acquisitions of Anecon, Objectiva and iQuest in 2018.

7.6.3.5 *Other operating expenses*

Other operating expenses increased by €2,793 thousand, or 8.1%, from €34,564 thousand for the fiscal year ended December 31, 2017 to €37,357 thousand for the fiscal year ended December 31, 2018. The increase was driven by incremental increases in the majority of the miscellaneous costs allocated to other operating expenses in order to service the higher revenue, although at an overall lower percentage compared to growth in revenue.

7.6.3.6 *Cost of revenues*

Cost of revenues increased by €52,973 thousand, or 36.5%, from €144,970 thousand for the fiscal year ended December 31, 2017 to €197,943 thousand for the fiscal year ended December 31, 2018. The increase was predominantly driven by an increase in staff costs and cost of materials as a result of the increase in revenues.

7.6.3.7 *Gross profit and gross margin*

Gross profit increased by €25,650 thousand, or 39.9%, from €64,248 thousand for fiscal year ended December 31, 2017 to €89,898 thousand for the fiscal year ended December 31, 2018. At 31%, gross margin for the fiscal year ended December 31, 2018 remained on the same level compared to the fiscal year ended December 31, 2017.

7.6.3.8 *Selling, General and Administrative expenses*

SG&A increased by €16,804 thousand, or 43.4%, from €38,748 thousand for the fiscal year ended December 31, 2017 to €55,552 thousand for the fiscal year ended December 31, 2018. The increase was driven by the scaling up of operations. As a percentage of revenue, SG&A for the fiscal year ended December 31, 2018 was 19% compared to 18% for the fiscal year ended December 31, 2017.

7.6.3.9 EBITDA

EBITDA increased by €10,926 thousand, or 51.2%, from €21,357 thousand for the fiscal year ended December 31, 2017 to €32,283 thousand for the fiscal year ended December 31, 2018. The increase was driven by the strong increase in revenue, better management of costs and the incremental effects of Anecon, Objectiva and iQuest acquisitions in 2018. Another contributor was the decrease in extraordinary personnel cost in 2018 over 2017 in the SAP business of Nagarro.

7.6.3.10 Adjusted EBITDA and Adjusted EBITDA margin

Adjusted EBITDA increased by €8,846 thousand, or 34.7%, from €25,500 thousand for the fiscal year ended December 31, 2017 to €34,346 thousand for the fiscal year ended December 31, 2018. The increase in Adjusted EBITDA was driven by the factors described above for EBITDA. Adjusted EBITDA margin for the fiscal year ended December 31, 2018 was 12% compared to 12% for the fiscal year ended December 31, 2017.

7.6.3.11 Depreciation, amortization and impairment

Depreciation, amortization and impairment increased by €3,625 thousand, or 35.9%, from €10,089 thousand for the fiscal year ended December 31, 2017 to €13,714 thousand for the fiscal year ended December 31, 2018. The increase was predominantly driven by depreciation of assets under finance leases.

7.6.3.12 Finance costs

Finance costs increased by €689 thousand, or 17.6%, from €3,925 thousand for the fiscal year ended December 31, 2017 to €4,614 thousand for the fiscal year ended December 31, 2018. The increase was driven by an increase in interest on leases and an increase in interest on loans from Allgeier.

7.6.3.13 Income tax expense

Income tax expense increased by €1,653 thousand, or 36.0%, from €4,591 thousand for the fiscal year ended December 31, 2017 to €6,244 thousand for the fiscal year ended December 31, 2018. The absolute increase was driven by an increase in the profit before tax by €6,178 thousand. Overall, there was a decrease in tax rate from 55.7% in 2017 to 43.3% 2018 due to combined effect of (i) a higher tax rate in 2017 because of a jump in tax expense of €422 thousand in 2017 as there was a one-time effect of change in US tax law in 2017, and (ii) a reduction in federal tax rates in the US from 35% to 21% in 2018.

7.6.3.14 Profit for the period

Profit for the period increased by €4,525 thousand from €3,649 thousand for the fiscal year ended December 31, 2017 to €8,174 thousand for the fiscal year ended December 31, 2018. The increase was driven by the incremental effects of Anecon, Objectiva and iQuest acquisitions in 2018, a reduction in the tax rate for the 2018 fiscal year for the U.S. entities of Nagarro.

7.7 Results of Operations by Segment

7.7.1 Segmental Results for the Nine Months ended September 30, 2020 compared to the Nine Months ended September 30, 2019

The table below sets forth our segmental results for the nine months ended September 30, 2020.

For the nine months ended September 30, 2020 Euro (thousands) unless otherwise indicated	**North America**	**Central Europe**	**Rest of Europe**	**Rest of World**	**Total**
			(unaudited)		
Revenue	111,674	119,639	47,866	42,254	321,433
Own work capitalized	0	0	153	0	153
Total performance	**111,674**	**119,639**	**48,019**	**42,254**	**321,586**
Cost of revenues[(1), (2)]	(72,121)	(83,398)	(32,827)	(27,381)	(215,728)
Gross profit[(1)]	**39,553**	**36,240**	**15,192**	**14,873**	**105,858**
Gross margin[(1)] (%)	35	30	32	35	33

(1) Not presented in accordance with IFRS. For further information, see "*2.10 – Non-IFRS Financial Information*".
(2) For further information on cost of revenues, including reconciliations to the respective measures reported in accordance with IFRS, see "*2.10.2 – Cost of Revenues*".

The table below sets forth our segmental results for the nine months ended September 30, 2019.

For the nine months ended September 30, 2019 Euro (thousands) unless otherwise indicated	**North America**	**Central Europe**	**Rest of Europe**	**Rest of World**	**Total**
			(unaudited)		
Revenue	100,525	122,727	43,294	27,570	294,116
Own work capitalized	0	280	168	0	488
Total performance	**100,525**	**123,007**	**43,461**	**27,570**	**294,564**
Cost of revenues[(1), (2)]	(66,646)	(86,141)	(30,629)	(18,174)	(201,590)
Gross profit[(1)]	**33,879**	**36,866**	**12,833**	**9,396**	**92,973**
Gross margin[(1)] (%)	34	30	30	34	32

(1) Not presented in accordance with IFRS. For further information, see "*2.10 – Non-IFRS Financial Information*".
(2) For further information on cost of revenues, including reconciliations to the respective measures reported in accordance with IFRS, see "*2.10.2 – Cost of Revenues*".

7.7.1.1 Total performance

(A) North America Segment

Total performance in our North America segment increased by €11,149 thousand, or 11.1%, from €100,525 thousand for the nine months ended September 30, 2019 to €111,674 thousand for the nine months ended September 30, 2020, driven by Nagarro's growth from 2019, supported by a lower impact of the COVID-19 pandemic on the business of our North America clients.

(B) Central Europe Segment

Total performance in our Central Europe segment decreased by €3,368 thousand, or 2.7%, from €123,007 thousand for the nine months ended September 30, 2019 to €119,639 thousand for the nine months ended September 30, 2020, driven by a greater impact of the COVID-19 pandemic on the business of our Central Europe clients, particularly those in the travel industry.

(C) Rest of Europe Segment

Total performance in our Rest of Europe segment increased by €4,558 thousand, or 10.5%, from €43,461 thousand for the nine months ended September 30, 2019 to €48,019 thousand for the nine months ended September 30, 2020, driven by a lower impact of the COVID-19 pandemic on the business of our clients in this segment.

(D) Rest of World Segment

Total performance in our Rest of World segment increased by €14,684 thousand, or 53.3%, from €27,570 thousand for the nine months ended September 30, 2019 to €42,254 thousand for the nine months ended September 30, 2020, driven by continued growth in most verticals but with a significant decline in the travel and logistics vertical.

7.7.1.2 *Cost of revenues*

(A) North America Segment

Cost of revenues in our North America segment increased by €5,475 thousand, or 8.2%, from €66,646 thousand for the nine months ended September 30, 2019 to €72,121 thousand for the nine months ended September 30, 2020, driven by the growth in revenues in this segment. However, the proportionate increase in costs of revenues compared to the proportionate increase in revenues in the North America segment was lower, driven by COVID-19-related factors including temporary salary cuts, government support in servicing countries, and lower travel costs.

(B) Central Europe Segment

Cost of revenues in our Central Europe segment decreased by €2,743 thousand, or 3.2%, from €86,141 thousand for the nine months ended September 30, 2019 to €83,398 thousand for the nine months ended September 30, 2020. Compared to the proportional decrease in revenues in this segment, the cost of revenues exhibited a greater proportional decrease, driven by COVID-19-related factors including temporary salary cuts, government support, and lower travel costs.

(C) Rest of Europe Segment

Cost of revenues in our Rest of Europe segment increased by €2,198 thousand, or 7.2%, from €30,629 thousand for the nine months ended September 30, 2019 to €32,827 thousand for the nine months ended September 30, 2020, driven by the growth in revenues in this segment. However, the proportionate increase in costs of revenues compared to the proportionate increase in revenues in the Rest of Europe segment was lower, driven by COVID-19-related factors including temporary salary cuts and lower travel costs.

(D) Rest of World Segment

Cost of revenues in our Rest of World segment increased by €9,207 thousand, or 50.7%, from €18,174 thousand for the nine months ended September 30, 2019 to €27,381 thousand for the nine months ended September 30, 2020, driven by the growth in revenues in this segment. However, the proportionate increase in costs of revenues compared to the proportionate increase in revenues in the Rest of World segment was lower, driven by COVID-19-related factors including temporary salary cuts and lower travel costs

7.7.1.3 *Gross profit and gross margin*

(A) North America Segment

Gross profit in our North America segment increased by €5,674 thousand, or 16.7%, from €33,879 thousand for the nine months ended September 30, 2019 to €39,553 thousand for the nine months ended September 30, 2020. Gross margin in our North America segment for the nine months ended September 30, 2020 increased to 35% from 34% for the nine months ended September 30, 2019.

(B) Central Europe Segment

Gross profit in our Central Europe segment decreased by €626 thousand, or 1.7%, from €36,866 thousand for the nine months ended September 30, 2019 to €36,240 thousand for the nine months ended September 30, 2020. At 30%, gross margin in our Central Europe segment for the nine months ended September 30, 2020 remained on the same level compared to the nine months ended September 30, 2019.

(C) Rest of Europe Segment

Gross profit in our Rest of Europe segment increased by €2,359 thousand, or 18.4%, from €12,833 thousand for the nine months ended September 30, 2019 to €15,192 thousand for the nine months ended September 30, 2020. Gross margin in our Rest of Europe segment for the nine months ended September 30, 2020 increased to 32% from 30% for the nine months ended September 30, 2019.

(D) Rest of World Segment

Gross profit in our Rest of World segment increased by €5,477 thousand, or 58.3%, from €9,396 thousand for the nine months ended September 30, 2019 to €14,873 thousand for the nine months ended September 30, 2020. Gross margin in our Rest of World segment for the nine months ended September 30, 2020 increased to 35% from 34% for the nine months ended September 30, 2019.

7.7.2 Segmental Results for the Fiscal Year ended December 31, 2019 compared to the Fiscal Year ended December 31, 2018

The table below sets forth our segmental results for the fiscal year ended December 31, 2019.

For the fiscal year ended December 31, 2019 Euro (thousands) unless otherwise indicated	**North America**	**Central Europe**	**Rest of Europe**	**Rest of World**	**Total**
			(unaudited)		
Revenue	135,998	164,923	60,918	40,592	402,430
Own work capitalized	0	647	259	0	906
Total performance	**135,998**	**165,570**	**61,177**	**40,592**	**403,336**
Cost of revenues[(1), (2)]	(89,857)	(112,829)	(44,581)	(26,973)	(274,240)
Gross profit[(1)]	**46,141**	**52,741**	**16,596**	**13,618**	**129,096**
Gross margin[(1)] (%)	34	32	27	34	32

(1) Not presented in accordance with IFRS. For further information, see "*2.10 – Non-IFRS Financial Information*".

(2) For further information on cost of revenues, including reconciliations to the respective measures reported in accordance with IFRS, see "*2.10.2 – Cost of Revenues*".

The table below sets forth our segmental results for the fiscal year ended December 31, 2018.

For the fiscal year ended December 31, 2018 Euro (thousands) unless otherwise indicated	**North America**	**Central Europe**	**Rest of Europe**	**Rest of World**	**Total**
			(unaudited)		
Revenue	90,504	128,833	48,972	19,020	287,329
Own work capitalized	0	298	215	0	512
Total performance	**90,504**	**129,130**	**49,187**	**19,020**	**287,841**
Cost of revenues[(1), (2)]	(57,383)	(94,003)	(34,660)	(11,896)	(197,943)
Gross profit[(1)]	**33,121**	**35,127**	**14,527**	**7,123**	**89,898**
Gross margin[(1)] (%)	37	27	30	37	31

(1) Not presented in accordance with IFRS. For further information, see "*2.10 – Non-IFRS Financial Information*".

(2) For further information on cost of revenues, including reconciliations to the respective measures reported in accordance with IFRS, see "*2.10.2 – Cost of Revenues*".

7.7.2.1 <u>*Total performance*</u>

(A) North America Segment

Total performance in our North America segment increased by €45,494 thousand, or 50.3%, from €90,504 thousand for the fiscal year ended December 31, 2018 to €135,998 thousand for the fiscal year ended December 31, 2019, driven by first time recognition in 2019 of full year revenue for Nagarro Objectiva, the revenue of which comes predominantly from clients in North America and robust organic growth in revenue in the segment.

(B) Central Europe Segment

Total performance in our Central Europe segment increased by €36,440 thousand, or 28.2%, from €129,130 thousand for the fiscal year ended December 31, 2018 to €165,570 thousand for the fiscal year ended December 31, 2019, driven by first time recognition in 2019 of full year revenue for Nagarro iQuest whose revenue comes from clients in Central Europe. The rest of the growth is driven by organic growth in the segment.

(C) Rest of Europe Segment

Total performance in our Rest of Europe segment increased by €11,990 thousand, or 24.4%, from €49,187 thousand for the fiscal year ended December 31, 2018 to €61,177 thousand for the fiscal year ended December 31, 2019, driven by first time recognition in 2019 of full year revenue for Nagarro iQuest from its clients in Rest of Europe and otherwise stable organic growth in the segment.

(D) Rest of World Segment

Total performance in our Rest of World segment increased by €21,572 thousand from €19,020 thousand for the fiscal year ended December 31, 2018 to €40,592 thousand for the fiscal year ended December 31, 2019, driven by strong organic growth in the segment, acquisition of Nagarro MENA in April 2019 and full year effect in the segment from the clients of Nagarro iQuest and Nagarro Objectiva.

7.7.2.2 *Cost of revenues*

(A) North America Segment

Cost of revenues in our North America segment increased by €32,474 thousand, or 56.6%, from €57,383 thousand for the fiscal year ended December 31, 2018 to €89,857 thousand for the fiscal year ended December 31, 2019, primarily as a result of an increase in the cost of engineering personnel driven by the revenue growth in the North America segment attributable to the aforementioned factors.

(B) Central Europe Segment

Cost of revenues in our Central Europe segment increased by €18,826 thousand, or 20.0%, from €94,003 thousand for the fiscal year ended December 31, 2018 to €112,829 thousand for the fiscal year ended December 31, 2019, primarily as a result of an increase in the cost of engineering personnel driven by the revenue growth in the Central Europe segment attributable to the aforementioned factors.

(C) Rest of Europe Segment

Cost of revenues in our Rest of Europe segment increased by €9,921 thousand, or 28.6%, from €34,660 thousand for the fiscal year ended December 31, 2018 to €44,581 thousand for the fiscal year ended December 31, 2019, primarily as a result of an increase in the cost of engineering personnel driven by the revenue growth in the Rest of Europe segment attributable to the aforementioned factors.

(D) Rest of World Segment

Cost of revenues in our Rest of World segment increased by €15,077 thousand from €11,896 thousand for the fiscal year ended December 31, 2018 to €26,973 thousand for the fiscal year ended December 31, 2019, primarily as a result of an increase in the cost of engineering personnel driven by the revenue growth in the Rest of World segment attributable to the aforementioned factors.

7.7.2.3 *Gross profit and gross margin*

(A) North America Segment

Gross profit in our North America segment increased by €13,020 thousand, or 39.3%, from €33,121 thousand for the fiscal year ended December 31, 2018 to €46,141 thousand for the fiscal year ended December 31, 2019. Gross margin in our North America segment for the fiscal year ended December 31, 2019 decreased to 34% from 37% for the fiscal year ended December 31, 2018. The decrease in the gross margin can be ascribed to the customer mix in the periods and to a mix of currency fluctuations, acquisitions effects and growth investments.

(B) Central Europe Segment

Gross profit in our Central Europe segment increased by €17,614 thousand, or 50.1%, from €35,127 thousand for the fiscal year ended December 31, 2018 to €52,741 thousand for the fiscal year ended December 31, 2019. Gross margin in our Central Europe segment for the fiscal year ended December 31, 2019 increased to 32% from 27% for the fiscal year ended December 31, 2018. The increase in the gross margin can be ascribed to the customer mix in the periods and to a mix of currency fluctuations, acquisitions effects and growth investments.

(C) Rest of Europe Segment

Gross profit in our Rest of Europe segment increased by €2,069 thousand, or 14.2%, from €14,527 thousand for the fiscal year ended December 31, 2018 to €16,596 thousand for the fiscal year ended December 31, 2019. Gross margin in our Rest of Europe segment for the fiscal year ended December 31, 2019 decreased to 27% from 30% for the fiscal year ended December 31, 2018. The decrease in the gross margin can be ascribed to the customer mix in the periods and to a mix of currency fluctuations, acquisitions effects and growth investments.

(D) Rest of World Segment

Gross profit in our Rest of World segment increased by €6,495 thousand, or 91.2%, from €7,123 thousand for the fiscal year ended December 31, 2018 to €13,618 thousand for the fiscal year ended December 31, 2019. Gross margin in our Rest of World segment for the fiscal year ended December 31, 2019 decreased to 34% from 37% for the fiscal year ended December 31, 2018. The decrease in the gross margin can be ascribed to the customer mix in the periods and to a mix of currency fluctuations, acquisitions effects and growth investments.

7.7.3 Segmental results for the Fiscal Year ended December 31, 2018 compared to the Fiscal Year ended December 31, 2017

The table below sets forth our segmental results for the fiscal year ended December 31, 2018.

For the fiscal year ended December 31, 2018 Euro (thousands) unless otherwise indicated	**North America**	**Central Europe**	**Rest of Europe**	**Rest of World**	**Total**
			(unaudited)		
Revenue	90,504	128,833	48,972	19,020	287,329
Own work capitalized	0	298	215	0	512
Total performance	**90,504**	**129,130**	**49,187**	**19,020**	**287,841**
Cost of revenues[(1), (2)]	(57,383)	(94,003)	(34,660)	(11,896)	(197,943)
Gross profit[(1)]	**33,121**	**35,127**	**14,527**	**7,123**	**89,898**
Gross margin[(1)] (%)	37	27	30	37	31

(1) Not presented in accordance with IFRS. For further information, see "*2.10 – Non-IFRS Financial Information*".
(2) For further information on cost of revenues, including reconciliations to the respective measures reported in accordance with IFRS, see "*2.10.2 – Cost of Revenues*".

The table below sets forth our segmental results for the fiscal year ended December 31, 2017.

For the fiscal year ended December 31, 2017 Euro (thousands) unless otherwise indicated	**North America**	**Central Europe**	**Rest of Europe**	**Rest of World**	**Total**
			(unaudited)		
Revenue	69,088	94,675	37,700	9,088	210,551
Own work capitalized	(707)	82	(149)	(559)	(1,333)
Total performance	**68,381**	**94,756**	**37,551**	**8,529**	**209,218**
Cost of revenues[(1), (2)]	(46,622)	(66,682)	(25,791)	(5,874)	(144,970)
Gross profit[(1)]	**21,759**	**28,074**	**11,761**	**2,655**	**64,248**
Gross margin[(1)] (%)	31	30	31	29	31

(1) Not presented in accordance with IFRS. For further information, see "*2.10 – Non-IFRS Financial Information*".
(2) For further information on cost of revenues, including reconciliations to the respective measures reported in accordance with IFRS, see "*2.10.2 – Cost of Revenues*".

7.7.3.1 *Total Performance*

(A) North America Segment

Total performance in our North America segment increased by €22,123 thousand, or 32.4%, from €68,381 thousand for the fiscal year ended December 31, 2017 to €90,504 thousand for the fiscal year ended December 31, 2018, driven by the organic growth in the segment and the contribution of revenue from the acquisition of Nagarro Objectiva in July 2018.

(B) Central Europe Segment

Total performance in our Central Europe segment increased by €34,374 thousand, or 36.3%, from €94,756 thousand for the fiscal year ended December 31, 2017 to €129,130 thousand for the fiscal year ended December 31, 2018, driven largely by the acquisition of Anecon and recognition of full year revenue from its acquisition in the segment, and acquisition of Nagarro iQuest and recognition of revenue in the segment from October 2018.

(C) Rest of Europe Segment

Total performance in our Rest of Europe segment increased by €11,636 thousand, or 31.0%, from €37,551 thousand for the fiscal year ended December 31, 2017 to €49,187 thousand for the fiscal year ended December 31, 2018, significantly driven by the growth in the SAP business of Nagarro and contribution to revenue from the acquisition of Nagarro iQuest and Nagarro Objectiva.

(D) Rest of World Segment

Total performance in our Rest of World segment increased by €10,491 thousand from €8,529 thousand for the fiscal year ended December 31, 2017 to €19,020 thousand for the fiscal year ended December 31, 2018, driven by a strong organic growth in revenue on a small base.

7.7.3.2 *Cost of revenues*

(A) North America Segment

Cost of revenues in our North America segment increased by €10,761 thousand, or 23.1%, from €46,622 thousand for the fiscal year ended December 31, 2017 to €57,383 thousand for the fiscal year ended December 31, 2018, primarily as a result of an increase in the cost of engineering personnel driven by the revenue growth in the North America segment attributable to the aforementioned factors.

(B) Central Europe Segment

Cost of revenues in our Central Europe segment increased by €27,321 thousand, or 41.0%, from €66,682 thousand for the fiscal year ended December 31, 2017 to €94,003 thousand for the fiscal year ended December 31, 2018, primarily as a result of an increase in the cost of engineering personnel driven by the revenue growth in the Central Europe segment attributable to the aforementioned factors.

(C) Rest of Europe Segment

Cost of revenues in our Rest of Europe segment increased by €8,869 thousand, or 34.4%, from €25,791 thousand for the fiscal year ended December 31, 2017 to €34,660 thousand for the fiscal year ended December 31, 2018, primarily as a result of an increase in the cost of engineering personnel driven by the revenue growth in the Rest of Europe segment attributable to the aforementioned factors.

(D) Rest of World Segment

Cost of revenues in our Rest of World segment increased by €6,022 thousand from €5,874 thousand for the fiscal year ended December 31, 2017 to €11,896 thousand for the fiscal year ended December 31, 2018, primarily as a result of an increase in the cost of engineering personnel driven by the revenue growth in the Rest of World segment attributable to the aforementioned factors.

7.7.3.3 Gross Profit and Gross Margin

(A) North America Segment

Gross profit in our North America segment increased by €11,362 thousand, or 52.2%, from €21,759 thousand for the fiscal year ended December 31, 2017 to €33,121 thousand for the fiscal year ended December 31, 2018. Gross margin in our North America segment for the fiscal year ended December 31, 2018 increased to 37% from 31% for the fiscal year ended December 31, 2017. The increase in the gross margin can be ascribed to the customer mix in the periods and to a mix of currency fluctuations, acquisitions effects and growth investments.

(B) Central Europe Segment

Gross profit in our Central Europe segment increased by €7,053 thousand, or 25.1%, from €28,074 thousand for the fiscal year ended December 31, 2017 to €35,127 thousand for the fiscal year ended December 31, 2018. Gross margin in our Central Europe segment for the fiscal year ended December 31, 2018 decreased to 27% from 30% for the fiscal year ended December 31, 2017. The decrease in the gross margin can be ascribed to the customer mix in the periods and to a mix of currency fluctuations, acquisitions effects and growth investments.

(C) Rest of Europe Segment

Gross profit in our Rest of Europe segment increased by €2,766 thousand, or 23.5%, from €11,761 thousand for the fiscal year ended December 31, 2017 to €14,527 thousand for the fiscal year ended December 31, 2018. Gross margin in our Rest of Europe segment for the fiscal year ended December 31, 2018 slightly decreased to 30% from 31% for the fiscal year ended December 31, 2017. The decrease in the gross margin can be ascribed to the customer mix in the periods and to a mix of currency fluctuations, acquisitions effects and growth investments.

(D) Rest of World Segment

Gross profit in our Rest of World segment increased by €4,468 thousand from €2,655 thousand for the fiscal year ended December 31, 2017 to €7,123 thousand for the fiscal year ended December 31, 2018. Gross margin in our Rest of World segment for the fiscal year ended December 31, 2018 increased to 37% from 29% for the fiscal year ended December 31, 2017. The increase in the gross margin can be ascribed to the customer mix in the periods and to a mix of currency fluctuations, acquisitions effects and growth investments.

7.8 Assets, Liabilities and Equity – Statements of Financial Position

7.8.1 Assets

Changes in the Group's asset position generally reflect acquisition activity and the associated addition of new Group companies and measures implemented to finance the Group. Other factors impacting the asset position are operating activities, client payment behavior and payments to suppliers.

The following table provides an overview of our assets as of the dates shown:

	As of December 31,			**As of Sept. 30,**
Euro (thousands)	**2019**	**2018**	**2017**	**2020**
		(audited)		*(unaudited)*
Non-current assets				
Intangible assets	111,388	107,655	45,450	109,407
Property, plant and equipment	7,201	6,653	4,227	6,555
Right of use assets	54,862	47,258	28,039	53,801
Non-current contract costs	332	554	—	194
Other non-current financial assets	2,702	3,404	3,580	2,838
Other non-current assets	34	34	1	125
Deferred tax assets	8,332	4,574	4,168	8,296
Non-current assets	**184,853**	**170,132**	**85,465**	**181,215**

Euro (thousands)	As of December 31, 2019	2018	2017	As of Sept. 30, 2020
Current assets				
Inventories	9	10	265	222
Current contract costs	278	301	—	246
Contract assets	12,562	5,528	—	12,310
Trade receivables	80,320	74,977	50,268	70,539
Other current financial assets	6,047	5,190	5,106	7,359
Other current assets	8,964	7,724	4,302	6,541
Income tax receivables	5,219	5,304	4,155	9,153
Cash	43,758	27,947	16,576	79,505
Current assets	**157,158**	**126,981**	**80,671**	**185,876**
Total assets	**342,011**	**297,112**	**166,136**	**367,091**

7.8.1.1 Comparison of September 30, 2020 to December 31, 2019

Total non-current assets decreased slightly by €3,638 thousand, or 2.0%, from €184,853 thousand as of December 31, 2019 to €181,215 thousand as of September 30, 2020. Within non-current assets, rights of use from leases decreased by €1,061 thousand to €53,801 thousand. Intangible assets fell by €1,982 thousand to €109,407 thousand mainly due to a decrease in goodwill on account of foreign currency revaluation of €3,276 thousand and amortization during the period, partially offset by an increase in intangibles (products) of €3,152 thousand due to the GES asset deal.

Total current assets increased by €28,717 thousand, or 18.3%, from €157,158 thousand as of December 31, 2019 to €185,876 thousand as of September 30, 2020. The increase was mainly due to an increase in cash balance by €35,747 thousand to €79,505 thousand, primarily driven by better receivable management and an increase in payables. Trade receivables, inventories and other current assets declined by €7,029 thousand due to a reduction in trade receivables by €9,780 thousand driven by better receivable management.

7.8.1.2 Comparison of December 31, 2019 to December 31, 2018

Non-current assets rose by €14,721 thousand to €184,853 thousand as of December 31, 2019, compared to €170,132 thousand as of December 31, 2018. Right of use assets increased by €7,604 thousand to €54,862 thousand due to new offices in India, Austria and Germany and investment in data centers. Intangible assets increased by €3,733 thousand to €111,388 thousand overall, primarily as a result of the acquisition of Nagarro MENA, a positive adjustment to goodwill denominated in foreign currencies, and additions from in-house developments. The increase from these developments was partially offset by accumulated amortization and impairment. Deferred tax assets rose to €8,332 thousand as of December 31, 2019 compared with €4,574 thousand as of December 31, 2018 due to a deferred tax asset transfer by the Allgeier Group to Nagarro under the profit transfer agreement entered with Nagarro's German entities.

As of December 31, 2019, total current assets increased by €30,177 thousand to €157,158 thousand, compared to €126,981 thousand as of December 31, 2018. Cash increased by €15,811 thousand to €43,758 thousand, primarily from cash inflow from operating activities as well as an increase in contract assets and trade receivables, partially offset by outflows from repayment of loans from the Allgeier Group, principal elements of lease payments and further payments for investing and financing activities.

7.8.1.3 Comparison of December 31, 2018 to December 31, 2017

Total non-current assets increased by €84,667 thousand, from €85,465 thousand as of December 31, 2017 to €170,132 thousand as of December 31, 2018. The increase was predominantly attributable to the €62,204 thousand rise in intangible assets driven by the acquisitions of Anecon, Objectiva and iQuest. The rise in intangible assets also reflects a positive adjustment to goodwill denominated in foreign currencies and additions from in-house developments, partially offset by accumulated amortization and impairment. Right of use assets increased by €19,219 thousand to €47,258 thousand due to the acquisitions of Objectiva and iQuest, the lease of a new office in Germany and investment in data centers. Furthermore, non-current contract costs in the amount of €554 thousand were recorded for the first time following the first time application of IFRS 15 in 2018.

Total current assets increased by €46,310 thousand from €80,671 thousand as of December 31, 2017 to €126,981 thousand as of December 31, 2018. The increase was mainly driven by a €24,709 thousand rise in trade receivables to €74,977 thousand resulting from growth in the operating business and the acquisitions of Anecon, Objectiva and iQuest. Also contributing to the increase was a rise in cash, which rose by €11,371 thousand to €27,947 thousand, mainly due to an increase in cash due to the acquisitions of Anecon, Objectiva and iQuest. Furthermore, contract assets in the amount of €5,528 thousand and current contract costs in the amount of €301 thousand were recorded for the first time following the first time application of IFRS 15 in 2018.

7.8.2 Liabilities and Equity

The following table provides an overview of our liabilities and equity as of the dates shown.

	As of December 31,			**As of Sept. 30,**
Euro (thousands)	**2019**	**2018**	**2017**	**2020**
		(audited)		*(unaudited)*
Non-Current liabilities				
Non-current liabilities to banks	244	233	149	275
Non-current lease liabilities	47,232	41,024	25,061	45,234
Long-term provisions for post-employment benefits	3,815	2,767	2,227	4,618
Other long-term provisions	236	241	0	249
Non-current contract liabilities	285	237	—	277
Other non-current financial liabilities	2,125	1,470	1,157	561
Non-current liabilities from acquisitions	10,633	25,202	0	5,791
Deferred tax liabilities	1,566	1,720	814	2,477
Non-current liabilities	**66,136**	**72,894**	**29,408**	**59,481**
Current liabilities				
Current liabilities to banks	5,252	5,734	3,534	5,380
Current lease liabilities	12,133	9,664	5,375	12,039
Short-term provisions for post-employment benefits	579	404	289	666
Other short-term provisions	9,927	8,191	6,005	10,917
Current contract liabilities	7,249	4,431	—	4,249
Trade payables	16,055	17,358	14,670	8,037
Current liabilities from acquisitions	10,988	879	755	4,314
Other current financial liabilities	140,283	76,755	66,705	436,234
Other current liabilities	2,480	2,553	1,916	6,070
Income tax liabilities	10,987	9,341	4,029	11,820
Current liabilities	**215,933**	**135,309**	**103,277**	**499,727**
Total liabilities	**282,069**	**208,203**	**132,685**	**559,209**
Equity				
Equity attributable to shareholders of Nagarro	49,241	74,533	28,041	(162,400)
Equity attributable to non-controlling interests	10,701	14,377	5,409	(29,718)
Total equity	**59,942**	**88,910**	**33,450**	**(192,118)**
Equity and liabilities	**342,011**	**297,112**	**166,136**	**367,091**

7.8.2.1 Comparison of September 30, 2020 to December 31, 2019

Total non-current liabilities decreased by €6,655 thousand, or 10.1%, from €66,136 thousand as of December 31, 2019 to €59,481 thousand as of September 30, 2020. The decrease was mainly due to a decrease in acquisition liabilities by €4,843 thousand driven by the payment of the Objectiva purchase price by Allgeier, the payment of the Nagarro MENA purchase price and the impact of revaluations, as well as a decrease in lease liabilities by €1,999 thousand mainly due to the vacating of certain lease properties in India.

Total current liabilities significantly increased by €283,794 thousand, from €215,933 thousand as of December 31, 2019 to €499,727 thousand as of September 30, 2020. The increase was mainly due to an increase in other current financial liabilities by €295,951 thousand on account of an increase in liabilities to Allgeier against acquisitions with a corresponding decrease in equity, partly offset by a decrease in trade payables by €8,017 thousand due to settlement of payments as well as a decrease in acquisition liabilities by €6,673 thousand arising from the payment of the Objectiva purchase price by Allgeier, the payment of the Nagarro MENA purchase price and the impact of revaluations.

With the acquisition of Connect AG by Nagarro (which will occur upon the effectiveness of the demerger), the capital reserves allocated to Connect AG relating to (i) the purchase price paid by Nagarro SE for the businesses of the Nagarro Group, (ii) other receivables of the Allgeier Group against Nagarro, and (iii) the rights to the "Nagarro" trademark, will be transferred to the Statement of Financial Position of Nagarro and, consequently, offset at the consolidated level corresponding liabilities of Nagarro after elimination of intercompany transactions. For further information on the adjustments to be reflected to Nagarro's Statement of Financial Position, see "*6 – Capitalization and Net Indebtedness*".

7.8.2.2 Comparison of December 31, 2019 to December 31, 2018

Total non-current liabilities decreased by €6,758 thousand from €72,894 thousand as of December 31, 2018 to €66,136 thousand as of December 31, 2019. The decrease was predominantly driven by lower non-current liabilities from acquisitions, which decreased by €14,569 thousand to €10,633 thousand, mainly due to the reversal of €7,144 thousand acquisition liabilities payable to Objectiva for which a corresponding gain has been recognized in the statement of income, with the balance attributable to a reclassification from non-current liabilities of acquisition liabilities to current liabilities. Further, lease contract liabilities increased by €6,209 thousand to €47,232 thousand, with a corresponding increase in the right to use assets due to new offices in India, Austria and Germany and investment in data centers. Additionally, long term provisions for post-employment benefits increased by €1,047 thousand to €3,815 thousand, driven by an increase in gratuity provisions in India.

Total current liabilities increased by €80,624 thousand from €135,309 thousand as of December 31, 2018 to €215,933 thousand as of December 31, 2019. Other current financial liabilities substantially increased by €63,347 thousand to €140,283 thousand, mainly driven by loans from Allgeier Enterprise Services AG amounting to €61,219 thousand granted in connection with Nagarro Holding GmbH's acquisition of Nagarro Allgeier ES GmbH, Allgeier Consulting Services GmbH and Allgeier Enterprise Services Denmark A/S in December 2019 as part of the legal reorganization of the Allgeier Group in anticipation of the Spin-Off. Furthermore, current liabilities from acquisitions increased from €879 thousand as of December 31, 2018 to €10,988 thousand as of December 31, 2019 as a result of acquisition liabilities payable for Objectiva and Farabi.

7.8.2.3 Comparison of December 31, 2018 to December 31, 2017

Total non-current liabilities increased by €43,486 thousand, from €29,408 thousand as of December 31, 2017 to €72,894 thousand as of December 31, 2018. The increase was primarily driven by non-current liabilities from acquisitions, which rose from zero as of December 31, 2017 to €25,202 thousand as of December 31, 2018. Contributing to the increase was a €15,963 thousand rise in non-current lease liabilities, which rose to €41,024 thousand, and a €906 thousand rise in deferred tax liabilities, which rose to €1,720 thousand.

Total current liabilities increased by €32,032 thousand, from €103,277 thousand as of December 31, 2017 to €135,309 thousand as of December 31, 2018. Other current financial liabilities rose by €10,174 thousand to €76, 936 thousand, mainly due to increases in social security liabilities, loans to Allgeier SE and Allgeier Project Solutions GmbH, wages and salaries, and leave obligations. Income tax liabilities increased by €5,312 thousand to €9,341 thousand and current lease liabilities increased by €4,289 thousand to €9,664 thousand. Trade payables also rose, increasing by €2,688 thousand to €17,358 thousand. Furthermore, current contract assets in the amount of €4,431 thousand were recorded for the first time following the first time application of IFRS 15 in 2018.

7.8.2.4 Equity

Total equity decreased by €252,059 thousand, from €59,942 thousand as of December 31, 2019 to a negative €192,118 thousand as of September 30, 2020. The decrease was due to acquisition of Nagarro Holding GmbH, Nagarro iQuest, Nagarro Objectiva and minorities of Nagarro Allgeier ES from the Allgeier Group for €252,226 thousand and negative currency translation effects of €6,070 thousand and other smaller equity movements. This was offset by an increase in total comprehensive income of €16,031 thousand.

With the acquisition of Connect AG by Nagarro (which will occur upon the effectiveness of the demerger), the capital reserves allocated to Connect AG relating to (i) the purchase price paid by Nagarro SE for the businesses of the Nagarro Group, (ii) other receivables of the Allgeier Group against Nagarro, and (iii) the rights to the "Nagarro" trademark, will be transferred to the Statement of Financial Position of Nagarro and, consequently, offset at the consolidated level corresponding liabilities of Nagarro after elimination of intercompany transactions. For further information on the adjustments to be reflected to Nagarro's Statement of Financial Position, see "*6 – Capitalization and Net Indebtedness*".

Total equity decreased by €28,968 thousand, from €88,910 thousand as of December 31, 2018 to €59,942 thousand as of December 31, 2019. The decrease was driven by an outflow of €60,818 thousand to the Allgeier Group mainly relating to the purchase price for the entities conducting the SAP Business, partially offset by €31,151 thousand inflow from total comprehensive income for the period.

Total equity increased by €55,460 thousand, from €33,450 thousand as of December 31, 2017 to €88,910 thousand as of December 31, 2018. The increase was driven by an inflow of €45,053 thousand from the Allgeier Group mainly relating to the goodwill and contingent purchase price consideration (liabilities from acquisition) arising from the acquisition of iQuest and Objectiva, as well as an inflow of €10,406 thousand from total comprehensive income for the period.

7.9 Liquidity and capital resources

7.9.1 Overview

The Group finances its operations and investment activities primarily through the cash flow from its operating activities. The aim of our capital management is to ensure that there is sufficient liquidity at all times and that we maintain a balanced capital structure. These objectives are achieved by focusing on a strong business performance and receivable management. Decisions regarding the acquisition of subsidiaries are made under consideration of the impact on our capital structure as well as the effects of the particular transaction in future years.

Nagarro has, on October 30, 2020, entered into a new syndicated credit facility with five European credit institutions. The new credit facility is in an amount of €200 million, comprising a term loan facility of €100 million and a revolving credit facility of €100 million, which has an original maturity date falling three years after the date of entry that can be extended twice upon request, in each case by one year. The new credit facility includes customary financial and other covenants, and provides for a competitive interest rate. Nagarro intends to utilize the new credit facility to repay loans to the Allgeier Group arising from the purchase price payable under the Spin-Off and Transfer Agreement (*Abspaltungs- und Übernahmevertrag*) from the Allgeier Group and other outstanding loans to the Allgeier Group in connection with the Spin-Off, as well as for working capital and general corporate purposes.

7.9.2 Cash Flows

The following table sets forth the principal components of our cash flows for the periods indicated.

	For the fiscal year ended December 31,			**For the nine months ended September 30,**	
Euro (thousands)	**2019**	**2018**	**2017**	**2020**	**2019**
		(audited)		*(unaudited)*	
Cash flows from operating activities					
EBIT	42,422	18,569	11,268	37,548	25,051
Depreciation, amortization and impairments of non-current assets	19,161	13,714	10,089	15,995	13,975
Non-cash purchase price adjustments of liabilities from acquisitions	(7,144)	0	0	0	0
Change in long-term provisions	428	630	344	697	350
Other non-cash income and expenses	1,297	(171)	230	2,780	1,352
Income taxes paid	(9,046)	(7,146)	(5,575)	(10,246)	(7,898)
Cash flows from changes in working capital	(6,250)	(17,020)	(10,816)	6,738	(10,453)
Net cash inflow from operating activities	**40,867**	**8,576**	**5,540**	**53,512**	**22,377**

Euro (thousands)	For the fiscal year ended December 31, 2019	2018	2017	For the nine months ended September 30, 2020	2019
Cash flows from investing activities					
Payments for property, plant and equipment and intangible assets	(3,082)	(2,666)	(2,286)	(2,166)	(2,236)
Proceeds from sale of property, plant and equipment and intangible assets	430	38	10	11	405
Repayments from loans to Allgeier Group	26	410	0	—	—
Payments for loans to Allgeier Group	(2,524)	0	(322)	—	—
Acquisition of subsidiaries, net of cash acquired	(2,863)	4,950	(4,129)	(4,467)	(2,863)
Net cash outflow from investing activities	**(8,013)**	**2,731**	**(6,728)**	**(6,621)**	**(4,693)**
Cash flows from financing activities					
Proceeds from bank loans	293	154	1,759	30	0
Repayment of bank loans	(495)	(2,088)	(11,410)	(260)	(387)
Proceeds from loans from Allgeier Group	5,579	5,057	15,514	—	—
Repayment of loans from Allgeier Group	(8,969)	(66)	0	—	—
Proceeds from shareholders of Nagarro	—	—	—	120	0
Principal elements of lease payments	(14,993)	(9,780)	(7,055)	(13,221)	(10,797)
Net cash inflow from factoring	255	1,220	3,111	2,920	285
Interest received	146	185	81	223	55
Interest paid	(244)	(283)	(413)	(181)	(171)
Other transactions with Allgeier Group	1,283	1,744	935	—	—
Net cash inflow (outflow) from financing activities	**(17,145)**	**(3,857)**	**2,523**	**(10,369)**	**(11,015)**
Total cash flow	**15,709**	**7,450**	**1,335**	**36,522**	**6,669**
Effects of exchange rate changes on cash and cash equivalents	358	386	(675)	(1,170)	507
Total changes in cash and cash equivalents	**16,067**	**7,836**	**661**	**35,351**	**7,177**
Cash and cash equivalents at beginning of period	22,718	14,882	14,222	38,786	22,718
Cash and cash equivalents at end of period	38,786	22,718	14,882	74,137	29,895

7.9.2.1 *Cash Flows from Operating Activities*

Cash flow from operating activities increased by €31,135 thousand, from €22,377 thousand for the nine months ended September 30, 2019 to €53,512 thousand for the nine months ended September 30, 2020. The increase was driven by a higher EBIT conversion to cash due to better receivable and payable management and the new factoring facility started in September 2020. Receivables decreased by €9,781 thousand (including due to cash flow improvement through factoring by €2,920 thousand). Further, other current financial liabilities from third parties increased by €10,605 thousand due to precautionary financial management to tide over uncertainties in the face of the COVID 19 pandemic.

Cash flows from operating activities increased by €32,291 thousand, from €8,576 thousand for the fiscal year ended December 31, 2018 to €40,867 thousand for the fiscal year ended December 31, 2019. The increase was predominantly due to a significant rise in EBIT, which at €42,422 thousand more than doubled in comparison to 2018, driven by both an increase in revenue due to acquisitions made in 2018 as well as an overall increase in the Group's profitability. Further, the outflows from changes in working capital reduced significantly compared to 2018 due to optimization in receivables management. Non-cash items relating to depreciation, amortization and impairments of non-current assets were added back and increased the cashflows by €5,447 thousand to €19,161 thousand. Additionally, unlike in 2018, the Group recorded a non-cash impact on cashflow of €7,144 thousand in 2019 relating to the non-cash purchase price adjustments of liabilities from the acquisition of Objectiva.

Cash flows from operating activities increased by €3,036 thousand from €5,540 thousand for the fiscal year ended December 31, 2017 to €8,576 thousand for the fiscal year ended December 31, 2018. The increase was mainly driven by better cash management with receivables and a rise in EBIT, from €11,268 thousand in 2017 to €18,569 thousand in 2018, primarily due to the acquisitions of Anecon, iQuest, Objectiva made in 2018. Furthermore, cash outflows from changes in working capital increased from €10,816 thousand in 2017 to €17,020 thousand in 2018 as a result of an increase in receivables by €24,709 thousand with the growth in business and acquisitions of Objectiva, iQuest and Anecon, partly offset by an increase in trade payables by €2,687 thousand and other current financial liabilities by €10,050 thousand.

7.9.2.2 Cash Flows from Investing Activities

Cash flows from investing activities changed by €1,928 thousand, from net cash outflows of €4,693 thousand for the nine months ended September 30, 2019 to net cash outflows of €6,621 thousand for the nine months ended September 30, 2020. The change was driven mainly by the acquisition of GES under an asset deal of €3,480 thousand and offset by a decrease in payments on acquisition of Nagarro MENA by €1,876 thousand (in the first nine months of 2019 there were payments of €2,863 thousand compared to payments of €987 thousand in the first nine months of 2020 relating to acquisition of Nagarro MENA).

Cash flows from investing activities changed by €10,744 thousand, from net cash inflows of €2,731 thousand for the fiscal year ended December 31, 2018 to net cash outflows of €8,013 thousand for the fiscal year ended December 31, 2019. The change was driven by a cash outflow of €2,863 thousand in 2019 relating to the acquisition of Nagarro MENA compared to a net cash inflow of €4,950 thousand in 2018 relating to the acquisitions of iQuest, Objectiva and Anecon as well as cash outflows in 2019 of €2,524 thousand as payments of loans to the Allgeier Group.

Cash flows from investing activities changed by €9,459 thousand, from net cash outflows of €6,728 thousand for the fiscal year ended December 31, 2017 to net cash inflows of €2,731 thousand for the fiscal year ended December 31, 2018. The change was driven by a net cash inflow of €4,950 thousand in 2018 relating to the acquisitions of iQuest, Objectiva and Anecon compared to a net cash outflow of €4,130 thousand in 2017 relating to subsequent payments in respect of acquisitions made in prior years together with asset deals for the entities conducting the SAP business.

7.9.2.3 Cash flows from financing activities

Cash flows from financing activities changed by €646 thousand, from net cash outflows of €11,015 thousand for the nine months ended September 30, 2019 to net cash outflows of €10,369 thousand for the nine months ended September 30, 2020. The change was driven by a higher amount of lease payment offset by net inflow from factoring.

Cash flows from financing activities changed by €13,288 thousand, from net cash outflows of €3,857 thousand for the fiscal year ended December 31, 2018 to net cash outflows of €17,145 thousand for the fiscal year ended December 31, 2019. The change was primarily driven by a number of factors. Cash outflows of €8,969 thousand in 2019 from repayments of loans from the Allgeier Group increased significantly compared to outflows of €66 thousand in 2018 due to excess cash inflow in 2019 which was used to repay loans from the Allgeier Group. Cash outflows of €14,993 thousand in 2019 relating to the payment of principal on leases increased compared to outflows of €9,780 in 2018, resulting from the general higher level of lease payments in 2019 arising from new offices in India, Austria and Germany and the leasing of data centers and computers. Conversely, outflows due to repayments of bank loans decreased to €495 thousand in 2019 compared to €2,088 thousand in 2018. Cash inflows from factoring decreased by €965 thousand to €255 thousand due to fewer receivables factored under the factoring facility.

Cash flows from financing activities changed by €6,380 thousand, from net cash inflows of €2,523 thousand for the fiscal year ended December 31, 2017 to net cash outflows of €3,857 thousand for the fiscal year ended December 31, 2018. The change was driven by a number of factors. Cash inflows from proceeds of loans from the Allgeier Group decreased significantly, from €15,514 thousand in 2017 to €5,057 thousand in 2018. Offsetting this development was a significant drop in cash outflows due to repayment of bank loans, from €11,410 thousand in 2017 to €2,088 thousand in 2018. Cash outflows relating to the payment of principal on leases increased to €9,780 thousand in 2018 compared to €7,055 thousand in 2017, mainly resulting from the general higher level of lease payments in 2018 arising from the acquisitions made in 2018 and the leasing of data centers. Contributing to the overall change was a decline in both cash inflows from proceeds of bank loans and cash inflows from factoring.

Cash flows from financing activities include "Other transactions with Allgeier Group", of which €375 thousand for the fiscal year ended December 31, 2019 related to the allocation of corporate costs, net of tax, that are deemed to be immediately settled through equity (2018: €299 thousand; 2017: €139 thousand) and €882 thousand related to the cash inflow from loss transfer from Allgeier Consulting Services GmbH to Allgeier Enterprise Services AG (2018: €1,000 thousand; 2017: €729 thousand).

7.9.3 Capital Expenditures

Our principal capital expenditures are made in business acquisitions, property, plant and equipment and intangible assets. In each of the years described below, the Group has financed its capital expenditures (including all business acquisitions) through a combination of cash flows from operations and intercompany loans from Allgeier Group companies (prior to the Spin-Off) (see also *10.4.1 – Outstanding Balances with the Allgeier Group*) as well as Allgeier Group's cash on balance sheet and its financing arrangements. See also "*7.9.4 – Financial Liabilities*".

7.9.3.1 Business acquisitions

The following table summarizes the Group's capital expenditures for business acquisitions in the nine months ended September 30, 2020 and in each of the fiscal years ended 2019, 2018 and 2017. For additional information on Nagarro Group's most recent acquisitions of maihiro GmbH and Livisi GmbH see *18.1 – Recent Developments*.

Euro (thousands)	For the fiscal year ended December 31, 2019	2018	2017	For the nine months ended Sept. 30, 2020
		(audited)		*(unaudited)*
Business acquisitions (net of cash acquired)	**2,863**	**(4,950)**	**4,129**	**4,467**
thereof payments for acquisitions in prior years	—	—	2,946	987

(A) Acquisitions in 2020

In the first nine months of 2020, we acquired GES for a purchase price of €3,480 thousand. Cash outflows for the acquisition of the GES asset deal, net of cash acquired, reconcile as follows:

Euro (thousands)	GES
	(audited)
Acquisition cost	**3,480**
Non cash share in 2019	—
Purchase price paid in cash in 2019	3,480
Acquired cash and cash equivalents	—
Outflow of cash and cash equivalents	**3,480**

Additionally, for the acquisition of Nagarro MENA in 2019, a subsequent payment of €987 thousand has been made in the first nine months of 2020.

The Group estimates that for the entire 2020 fiscal year, its investments in business acquisitions will be approximately the same as in the first nine months of 2020.

(B) Acquisitions in 2019

In the 2019 fiscal year, we acquired Nagarro MENA for an acquisition cost of €5,312 thousand. Cash outflows for the acquisitions, net of cash acquired, reconcile as follows:

Euro (thousands)	Nagarro MENA
	(audited)
Acquisition cost	**5,313**
Non cash share in 2019	(2,371)
Purchase price paid in cash in 2019	2,942
Acquired cash and cash equivalents	(79)
Outflow of cash and cash equivalents	**2,863**

(C) Acquisitions in 2018

In the 2018 fiscal year, we acquired Anecon, Objectiva and iQuest.

The acquisition cost of Anecon was €8,117 thousand, with cash outflows for the acquisition, net of cash acquired, reconciling as follows:

Euro (thousands)	Nagarro Anecon	Nagarro Objectiva(1)	Nagarro iQuest(2)	Total
		(audited)		
Acquisition cost	**8,117**	**21,573**	**—**	**29,690**
Non cash share in 2018	(2,926)	(21,573)	—	(24,499)
Purchase price paid in cash in 2018	5,191	—	—	**5,191**
Acquired cash and cash equivalents	(1,307)	(2,649)	(6,185)	(10,141)
Outflow (inflow) of cash and cash equivalents	**3,884**	**(2,649)**	**(6,185)**	**(4,950)**

(1) Acquisition cost has been taken only to the extent the liabilities are recognized by Nagarro. The balance purchase price was paid by Allgeier Project Solutions GmbH.
(2) The purchase price was paid by Allgeier Project Solutions GmbH, for Nagarro iQuest.

(D) Acquisitions in 2017

In the 2017 fiscal year, we acquired the entities conducting the SAP business for a total acquisition cost of €1,338 thousand. Cash outflows for the acquisitions, net of cash acquired, reconcile as follows:

	Nagarro ES					
Euro (thousands)	Ciber Germany	Blitz 17-72	Blitz 17-73	Ciber Denmark	Allgeier ES France	Total
			(audited)			
Acquisition cost	**1,000**	—	—	**328**	**10**	**1,338**
Purchase price paid in cash in 2019	1,000	—	—	328	10	1,338
Acquired cash and cash equivalents	—	(24)	(24)	—	(106)	(154)
Outflow of cash and cash equivalents	**1,000**	**(24)**	**(24)**	**328**	**(96)**	**1,184**

Additionally, subsequent payments totalling €2,945 thousand relating to subsidiaries acquired in prior years were made in 2017.

7.9.3.2 Property, plant and equipment

The following table summarizes the Group's capital expenditures for property, plant and equipment (other than in relation to business acquisitions) in the nine months ended September 30, 2020 and in each of the fiscal years ended 2019, 2018 and 2017.

	For the fiscal year ended December 31,			For the nine months ended Sept. 30,
Euro (thousands)	2019	2018	2017	2020
		(audited)		*(unaudited)*
Property, plant and equipment	**7,201**	**6,653**	**4,227**	**6,555**

7.9.3.3 Intangible assets

The following table summarizes the Group's capital expenditures for intangible assets (other than in relation to business acquisitions) in the nine months ended September 30, 2020 and in each of the fiscal years ended 2019, 2018 and 2017.

Euro (thousands)	For the fiscal year ended December 31, 2019	2018	2017	For the nine months ended Sept. 30, 2020
		(audited)		*(unaudited)*
Intangible assets	**111,388**	**107,655**	**45,450**	**109,407**

7.9.4 Financial Liabilities

The following table sets forth the composition and maturity structure of our financial liabilities as of December 31, 2019. The figures in the table represent future undiscounted cash flows based on contractually agreed terms and conditions as of December 31, 2019.

Euro (thousands)	Dec. 31, 2019	Cash Outflow 2020		Cash Outflow 2021		Cash Outflow 2022		Cash Outflow >2022	
	Carry-ing Amount	Repay-ment	Interest	Repay-ment	Interest	Repay-ment	Interest	Repay-ment	Interest
					(audited)				
Overdraft facility of Nagarro Software Pvt. Ltd.	2,760	2,760	13	—	—	—	—	—	—
Liabilities from factoring	1,663	1,663	—	—	—	—	—	—	—
Overdraft facility of Nagarro Enterprise Services Pvt. Ltd.	550	550	1	—	—	—	—	—	—
Bank loan Nagarro Software srl	245	52	8	52	6	52	4	90	3
Bank loans iQuest Technologies srl	232	232	2	—	—	—	—	—	—
Trade payables...	16,055	16,055	—	—	—	—	—	—	—
Loans from Allgeier Group...	119,829	119,829	359	—	—	—	—	—	—
Derivative financial instruments	404	404	—	—	—	—	—	—	—
Contingent purchase price liabilities...........	21,397	10,988	—	6,590	—	3,564	—	479	—
Other financial liabilities...........	22,445	20,274	—	425	—	425	—	1,321	—
Total Financial Liabilities.........	**185,579**	**172,806**	**383**	**7,067**	**6**	**4,041**	**4**	**1,890**	**3**

In addition to the table above, our financial liabilities included lease liabilities in the amount of €59,365 thousand as of December 31, 2019. Furthermore, the Group has started participating in a new factoring arrangement with a volume of €20 million and has, on October 30, 2020, entered into a new syndicated credit facility in an amount of €200 million, comprising a term loan facility of €100 million and a revolving credit facility of €100 million, which has an original maturity date falling three years after the date of entry that can be extended twice upon request, in each case by one year.

7.9.5 Off Balance Sheet Arrangements

As indicated above, in September 2020, Nagarro entered into a new factoring arrangement with a volume of €20 million. Nagarro derecognizes customer receivables after the entire risk associated with the sold receivables is transferred. Interest on the factoring receivables is calculated at Euribor plus a margin of up to 1.88 percentage points. An interest rate of 1.43% p.a. was applied as a result of ongoing negative short-term interest rates.

As of the September 30, 2020, the Group utilized €8,396 thousand of the factoring volume. Of this amount, a portion of €7,507 thousand was offset against trade receivables and the remaining portion of €591 thousand paid by clients was recognized as liabilities to banks. The factor pays the submitted receivables lists on two specified days in the month. In cases in which the individual receivables are paid by the client in the period between payment by the factor and the end of the month, the amounts received by Nagarro are recognized as liabilities. The liabilities have floating interest rates. At the end of September 2020, an interest rate of 1.43% p.a. was applied.

7.10 Quantitative and Qualitative Disclosures

We are exposed to several financial risks, including liquidity risks, credit risks, interest rate risks and foreign currency risks.

7.10.1 Liquidity Risks

Liquidity risk is the risk that the Group may not be able to meet obligations associated with its financial liabilities. With the aim to ensure that adequate liquidity is available at all times, we use instruments to control the cash flows and uses debt instruments to finance our operations and our investment activities. As of September 30, 2020, the financial liabilities of the Group amounted to €517,865 thousand (December 31, 2019: €244,945 thousand; December 31, 2018: €178,318 thousand; December 31, 2017: €117,406 thousand), of which €466,005 thousand are due within one year (December 31, 2019: €184,711; December 31, 2018: €110,390 thousand; December 31, 2017: €91,039 thousand).

As of September 30, 2020, 100% of the current financial liabilities excluding loans from the Allgeier Group (December 31, 2019: 100%; December 31, 2018: 100%; December 31, 2017: 100%) were covered by current financial assets in the amount of €157,403 thousand (December 31, 2019: €130,125 thousand; December 31, 2018: €108,114 thousand; December 31, 2017: €71,950 thousand). As of September 30, 2020, the value of loans from the Allgeier Group included in the current financial liabilities was €405,174 thousand (December 31, 2019: €119,829 thousand; December 31, 2018: €60,090 thousand; December 31, 2017: €53,356 thousand), out of which €244,603 thousand (December 31, 2019: nil; December 31, 2018: nil; December 31, 2017: nil) are related to purchase price liabilities which will be eliminated upon the consolidation of Connect AG at the time of the Spin-Off.

For information regarding our financial liabilities, see "*Liquidity and capital resources—Financial Liabilities*" above.

7.10.2 Credit Risks

For the Group's financial assets, a general risk exists that clients or contracting parties may not meet their obligations and that contract assets, receivables and other financial assets may default. Credit risks in the Group arise from operations and from certain financing activities. Receivables are managed, and incoming payments tracked on a partially decentralized basis in the Nagarro companies. The theoretical maximum credit risk corresponds to the carrying amount, totalling €172,550 thousand as of September 30, 2020 (December 31, 2019: €145,390 thousand; December 31, 2018: €117,046 thousand; December 31, 2017: €75,529 thousand). The Group recognized impairments of €4,022 thousand on the gross amount of total customer receivables and other financial assets as of September 30, 2020 (December 31, 2019: €2,202 thousand; December 31, 2018: €1,789 thousand; December 31, 2017: €1,109 thousand). The impairment ratio on the gross amount was 2.3% (December 31, 2019: 1.7%; December 31, 2018: 1.6%; December 31, 2017: 1.5%).

The Group categorizes its credit risks as those arising from contract assets and trade receivables, other financial assets, derivative assets and cash.

7.10.2.1 Credit risk from contract assets and trade receivables

The Group has a broad-based client structure which minimizes larger individual risks. The largest individual client accounted for less than 7% of revenue of Nagarro in the 2019, 2018 and 2017 fiscal years (in 2019, <4%). Trade receivables are generally due within 30 to 90 days. If clients default on payments, the steps required to collect the receivables are taken in a timely manner. Certain companies have granted credit insurance in the event of unexpected defaults. Wherever possible, trade receivables are subject to retention of title which expires only when the respective receivable is paid. Currently we have no indications that the credit risk for financial assets exceeds the carrying amount.

As of January 1, 2018, under the simplified approach in accordance with IFRS 9, expected credit losses on trade receivables are calculated on the basis of calculated loss rates derived from historical and forecast data and taking into account the respective client and the economic environment of the region. Impaired receivables and the respective accumulated impairments are derecognized if there is no probability of payment. Trade receivables do not bear interest in general, but may be subject to interest according to the contractual arrangement with the client where a recognized receivable that is becomes due is not paid in time.

Until December 31, 2017, allowances for doubtful accounts were recognized at 50% for receivables past due more than 180 days and 100% for receivables past due more than one year. As a rule, impairments were made to the amounts reduced by value added tax. More recent customer receivables were also impaired in whole or in part as soon as indications of default were identified.

Breakdowns of amounts under contract assets and trade receivables that were past due as of December 31, 2019, 2018 and 2017, and the impairments assessed, are set forth in the following tables.

December 31, 2019 Euro (thousands), unless otherwise indicated	**As of Dec. 31 2019**	**Not past due**	**Days past due**					
			<30	**30-60**	**61-90**	**91-180**	**181-360**	**>360**
				(audited)				
Expected loss rate		0%	0%	0%	0%	13%	15%	66%
Gross carrying amount								
Contract asset	12,562	12,562	—	—	—	—	—	—
Customer receivables	82,502	51,611	15,405	4,068	4,685	3,278	1,420	2,036
Impairment	**(2,182)**	**(193)**	—	—	**(11)**	**(419)**	**(216)**	**(1,342)**
Carrying Amount	92,882	63,979	15,405	4,068	4,674	2,859	1,204	693

December 31, 2018 Euro (thousands), unless otherwise indicated	**As of Dec. 31 2018**	**Not past due**	**Days past due**					
			<30	**30-60**	**61-90**	**91-180**	**181-360**	**>360**
				(audited)				
Expected loss rate		0%	0%	0%	0%	9%	43%	74%
Gross carrying amount								
Contract asset	5,528	5,528	—	—	—	—	—	—
Customer receivables	76,707	50,010	14,237	3,558	2,792	3,701	1,392	1,017
Impairment	**(1,730)**	**(16)**	**(41)**	—	**0**	**(320)**	**(597)**	**(756)**
Carrying Amount	80,505	55,521	14,196	3,558	2,792	3,381	795	261

December 31, 2017 Euro (thousands), unless otherwise indicated	**As of Dec. 31 2017**	**Not past due**	**Days past due**					
			<30	**30-60**	**61-90**	**91-180**	**181-360**	**>360**
				(audited)				
Customer receivables not impaired	50,144	35,462	7,409	2,561	1,673	2,645	346	47
Gross amount of impaired customer receivables	1,233	—	—	—	152	323	620	137
Impairment	**(1,109)**	—	—	—	**(152)**	**(310)**	**(528)**	**(120)**
Carrying Amount	50,268	35,462	7,409	2,561	1,673	2,659	438	65

Impairment losses on trade receivables have developed as follows in the 2019, 2018 and 2017 fiscal years:

Euro (thousands)	**2019**	**2018**	**2017**
		(audited)	
Balance as of January 1	**(1,730)**	**(1,109)**	**(109)**
Additions to the scope of combination	—	(254)	—
Allocation to expenses	(984)	(923)	(1,062)
Disposal value from internal transaction	84	—	—
Consumption and reversal	441	572	35
Currency differences	—	2	—
Other	7	(18)	27
Balance on December 31	**(2,182)**	**(1,730)**	**(1,109)**

The theoretical maximum exposure to credit risk is equal to the carrying amount of customer receivables, which amounted to €80,320 thousand as of December 31, 2019 (December 31, 2018: €74,977 thousand; December 31, 2017: €50,268 thousand). This risk is reduced by collateral and other credit rating improvements. Additionally, as of December 31, 2019, credit insurance covered 9% of contractual customer receivables.

7.10.2.2 Credit risk from other financial assets

The gross carrying amounts before impairment losses and net carrying amounts of other financial assets as of December 31, 2019 and 2018 in accordance with IFRS 9 are shown in the following tables.

December 31, 2019	**FVTPL**	**At amortized cost**			
			Expected credit loss over the term		
Euro (thousands)		**Expected 12-month credit loss**	**No impaired credit quality**	**Impaired credit quality**	**Total**
			(audited)		
Gross value before value adjustment....		8,255	60	—	8,315
Value adjustments		—	(20)	—	(20)
Residual carry amount.......................	**455**	**8,255**	**40**	**—**	**8,295**

December 31, 2018	**FVTPL**	**At amortized cost**			
			Expected credit loss over the term		
Euro (thousands)		**Expected 12-month credit loss**	**No impaired credit quality**	**Impaired credit quality**	**Total**
			(audited)		
Gross value before value adjustment....		7,555	—	59	7,614
Value adjustments		—	—	(59)	(59)
Residual carry amount.......................	**1,040**	**7,555**	**—**	**0**	**7,555**

The impairment of other financial assets at amortized cost for the 2019 and 2018 financial years can be reconciled as follows.

2019	**At amortized cost**			
		Expected credit loss over the term		
Euro (thousands)	**Expected 12-month credit loss**	**No impaired credit quality**	**Impaired credit quality**	**Total**
Balance as of January 1, ...	**—**	**—**	**(59)**	**(59)**
Net revaluation of value adjustments	—	(20)	59	39
Reclassification to lifetime expected credit loss – no credit impaired...	—	—	—	—
Reclassification to lifetime expected credit loss – credit impaired...	—	—	—	—
Additions from business combinations..........................	—	—	—	—
Balance on December 31	**—**	**(20)**	**—**	**(20)**

2018	At amortized cost			
		Expected credit loss over the term		
Euro (thousands)	Expected 12-month credit loss	No impaired credit quality	Impaired credit quality	Total
Balance as of January 1,	—	—	—	—
Net revaluation of value adjustments	—	—	—	—
Reclassification to lifetime expected credit loss – no credit impaired	—	—	—	—
Reclassification to lifetime expected credit loss – credit impaired	—	—	—	—
Additions from business combinations	—	—	(59)	(59)
Balance on December 31	**—**	**—**	**(59)**	**(59)**

7.10.2.3 *Credit risk from derivative assets*

The Group enters into derivatives with banks and financial institutions mostly for its legal entities in India. To diversify the risk relating to any single entity, business relationships are maintained with various banks. As of December 31, 2019, our assets resulting from foreign exchange forward transactions amounted to €455 thousand (December 31, 2018: €1,040 thousand; December 31, 2017: €458 thousand).

7.10.2.4 *Credit risk from cash*

As of December 31, 2019, we had cash of €43,758 thousand (December 31, 2018: €27,947 thousand; December 31, 2017: €16,576 thousand). Cash is deposited with banks that have a first-class rating. To diversify the risk relating to any single entity, business relationships are maintained with various banks. The Group assumes that its cash has a very low credit risk based on expected losses within twelve months.

7.10.3 Interest Rate Risks

Certain of the Group's financial liabilities have floating interest rates and are subject to the risk that interest rates can change, thereby impacting our results.

Our floating-rate financial liabilities totalled €7,969 thousand as of September 30, 2020 (December 31, 2019: €8,858 thousand; December 31, 2018: €9,041 thousand; December 31, 2017: €10,003 thousand). A change in interest rates of 100 basis points per annum would result in an increase or decrease in the financial result for the nine months ending September 30, 2020 of €80 thousand (2019: €80 thousand; 2018: €78 thousand; 2017: €160 thousand). In this case, and applying a group tax rate of 30%, equity would have increased or decreased by €56 thousand as of September 30, 2020 (December 31, 2019: €56 thousand; December 31, 2018: €55 thousand; December 31, 2017: €112 thousand).

Due to the European Central Bank's continuing low-interest policy and the slightly weakening economy, as well as the still very moderate inflation rates, our management does not expect any significant interest rate increases for the rest of 2020 and in 2021. We closely monitor the developments on the interest and capital markets and, if considered expedient, interest rate hedging could be contemplated.

7.10.4 Currency Risks

The following sensitivity analyses shows the impact of currency risks in accordance with IFRS 7 for the most important foreign currencies applicable to the Group in the event of a strengthening or weakening of the foreign currency of 5% against the euro. All monetary assets and monetary liabilities denominated in a foreign currency different from the functional currency of the respective Nagarro company were analyzed at the respective balance sheet date and sensitivity analyses were carried out for the respective currency pairs, in terms of the net risk, to show the implications on profit for the period and on equity. These analyses assume that all other variables, in particular interest rates, remain constant.

2019	**Profit for the Period**		**Equity**	
Euro (thousands)	**5% Increase**	**5% Decrease**	**5% Increase**	**5% Decrease**
		(audited)		
Swiss Francs	(77)	77	(77)	77
Swedish Krona	(63)	63	(63)	63
Indian Rupee	(506)	506	(506)	506
U.S. Dollar	(1,892)	1,892	(1,892)	1,892
Chinese Renminbi	(102)	102	(102)	102
South African Rand	(55)	55	(55)	55
Danish Krone	(155)	155	(155)	155
Japanese Yen	(40)	40	(40)	40
Total	**(2,890)**	**2,890**	**(2,890)**	**2,890**

2018	**Profit for the Period**		**Equity**	
Euro (thousands)	**5% Increase**	**5% Decrease**	**5% Increase**	**5% Decrease**
		(audited)		
Swiss Francs	(89)	89	(89)	89
Swedish Krona	(71)	71	(71)	71
Indian Rupee	(120)	120	(120)	120
U.S. Dollar	(1,607)	1,607	(1,607)	1,607
Chinese Renminbi	(88)	88	(88)	88
South African Rand	(43)	43	(43)	43
Danish Krone	(58)	58	(58)	58
Japanese Yen	(54)	54	(54)	54
Total	**(2,130)**	**2,130**	**(2,130)**	**2,130**

2017	**Profit for the Period**		**Equity**	
Euro (thousands)	**5% Increase**	**5% Decrease**	**5% Increase**	**5% Decrease**
		(audited)		
Swiss Francs	(4)	4	(4)	4
Swedish Krona	(80)	80	(80)	80
Indian Rupee	(129)	129	(129)	129
U.S. Dollar	(636)	636	(636)	636
Chinese Renminbi	0	0	0	0
South African Rand	0	0	0	0
Danish Krone	(45)	45	(45)	45
Japanese Yen	(1)	1	(1)	1
Total	**(895)**	**895**	**(895)**	**895**

The Group has entered into foreign exchange forward transactions to hedge some of its foreign currency risks of future cash flows. For further information, see Note D.19 *Financial Instruments—Derivative financial instruments* to the Audited Combined Financial Statements included elsewhere in this Prospectus.

7.11 Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are included below.

7.11.1 Revenue recognition

We apply judgment to determine whether each service promised to a client is capable of being distinct, and is distinct in the context of the contract, if not, the promised services are combined and accounted as a single performance obligation. We allocate the arrangement consideration to separately identifiable performance obligation deliverables based on their relative stand-alone selling price. In cases where we are unable to determine the stand-alone selling price the company uses expected cost plus margin approach in estimating the stand-alone selling price. We use the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future staff costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, revenue recognized, profit and timing of revenue for remaining performance obligations are subject to revisions as the contract progresses to completion. When estimates indicate that we will incur a loss, the loss is provided for in the period in which the loss becomes probable. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the client.

7.11.2 Impairment testing

Goodwill and intangible assets with infinite useful life recognized on business combination are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or the cash generating unit to which these pertain is less than the carrying value. We assess acquired intangible assets with finite useful life for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the asset or the cash generating units is higher of value-in-use and fair value less cost of disposal. The calculation of value in use of an asset or a cash generating unit involves use of significant estimates and assumptions which include turnover, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

7.11.3 Income taxes

The major tax jurisdictions for the Group are India, the United States, Germany and Romania. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

7.11.4 Deferred taxes

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. We consider expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of deferred tax assets considered realizable, however, could reduce in the near term if estimates of future taxable income during the carry-forward period are reduced.

7.11.5 Business combination

In accounting for business combinations, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets (including useful life estimates) and liabilities acquired, and contingent consideration assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.

7.11.6 Defined benefit plans and compensated absences

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. This is predominantly true for the Nagarro entities in India. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

7.11.7 Expected credit losses on financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. We use judgment in making these assumptions and selecting the inputs to expected credit loss calculation based on our past history of collections, client's creditworthiness, existing market conditions as well as forward-looking estimates at the end of each reporting period.

7.11.8 Useful lives of property, plant and equipment

We depreciate property, plant and equipment on a straight-line basis over estimated useful lives of the assets. The charge in respect of periodic depreciation is derived based on an estimate of an asset's expected useful life and the expected residual value at the end of its life. The life is based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The estimated useful life is reviewed at least annually.

7.11.9 Useful lives of intangible assets

We amortize intangible assets on a straight-line basis over estimated useful lives of the assets. The useful life is estimated based on a number of factors including the effects of obsolescence, demand, competition and other economic factors such as the stability of the industry and known technological advances and the level of maintenance expenditures required to obtain the expected future cash flows from the assets. The estimated useful life is reviewed at least annually.

7.11.10 Leases

IFRS 16 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. We consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term is included in the lease term, if it is reasonably certain that the lessee would exercise the option. We reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

7.11.11 Derivative instruments

Fair valuation of derivative hedging instruments designated as cash flow hedges involves significant estimates relating to the occurrence of forecasted transaction.

8. PROFIT FORECAST

*This profit forecast for the fiscal year ending December 31, 2020 for Nagarro SE (hereinafter the "**Company**" or "**Nagarro**") together with the respective explanatory notes (hereinafter collectively referred to as the "**Profit Forecast**") discussed in this section is not a statement of facts and should not be regarded as such by investors. Rather, it reflects the forward-looking expectations of Nagarro's management, which are necessarily based on a number of assumptions and estimates regarding factors that may be difficult to predict and could be largely or completely outside Nagarro's influence. These factors include, but are not limited to, developments in the business of our clients and that of our potential clients; political, legal, fiscal, market, job market, currency and other economic conditions; applicable legislation, regulation and rules; and the COVID-19 pandemic and its impact.*

Any change to these factors can significantly alter the assumptions made in preparing the profit forecast and the forecast could prove incomplete or inaccurate which would lead to differences between Nagarro's forecasted and actual results.

Even if these assumptions were reasonable at the time of preparing the Profit Forecast, they may prove to be inappropriate or incorrect in the future. Should one or more of these assumptions prove to be inappropriate or incorrect, the Company's actual results could materially deviate from the Profit Forecast made by the Company. Accordingly, prospective investors should not overly rely on any of the profit forecast or outlook information included in this Prospectus.

8.1 Definitions of the Key Performance Indicators

1. **Revenue** – Our primary Key Performance Indicator ("**KPI**") is revenue which is our revenue as shown in our financial statements.

2. **Gross Margin** – Gross Margin is the ratio of gross profit to revenue. Gross profit is calculated after reducing from the total performance including revenue all direct costs needed to service the revenue. The direct cost comprises personnel costs related to Nagarro's engineering function, as well as associated travel and other costs. To calculate the gross margin, the absolute gross profit is divided by the revenue and expressed as a percentage.

3. **Adjusted EBITDA**: We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization (EBITDA) adjusted to exclude effects that we consider to qualify operationally as extraordinary or that relate to another accounting period.

Special items are not a recognized term under IFRS. Special items are subject to certain discretion in the allocation of various income and expense items and the degree of the application of discretion may differ from company to company.

Not all KPIs as well as selected cost items presented before depreciation and amortization as well as specific non-recurring items are measurements of Nagarro's performance under International Financial Reporting Standards as adopted by the European Union (IFRS) and should not be considered in isolation or as a substitute for analysis of the Company's operating results as reported under IFRS.

8.2 Profit Forecast for Nagarro for the current Financial Year 2020

Based on the developments in the fiscal year ended December 31, 2019 and the current observed trends and results achieved in the nine months ending September 30, 2020 including the impact of COVID-19 and currency rates;

- Nagarro expects revenue for the financial year ending December 31, 2020 ("**Fiscal Year 2020**") to be in the range of €427 million and €433 million (lower end and upper end of the estimations).

- Nagarro expects gross margin for the financial year ending December 31, 2020 to be in the range of 32% to 33% (lower and upper end of the estimations).

- Nagarro expects the Adjusted EBITDA for the financial year ending December 31, 2020 to be in the range of €72 million to €77 million (lower end and upper end of the estimations).

8.3 The Underlying Principles

The Profit Forecast was prepared in accordance with the principles of the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V.,* "**IDW**") IDW Accounting Practice Statement: Preparation of Forecasts and Estimates in Accordance with the Specific Requirements of the Regulation on Prospectuses and Profit Estimates on the basis of Preliminary Figures (IDW AcPS AAB 2.003) (*IDW Rechnungslegungshinweis: Erstellung von Gewinnprognosen und -schätzungen nach den besonderen Anforderungen der Prospektverordnung sowie Gewinnschätzungen auf Basis vorläufiger Zahlen* (IDW RH HFA 2.003)).

The Profit Forecast was prepared on the basis of the accounting principles of the IFRS. In respect of the accounting principles used, reference is made to the relevant presentation in the Audited Combined Financial Statements of the combined group of companies and entities comprising the business of Nagarro and its consolidated subsidiaries as of and for the fiscal years ended December 31, 2017, 2018 and 2019.

The major factors and assumptions that have an impact on the Profit Forecast are set out below.

8.4 Factors and Assumptions

8.4.1 Factors beyond our control and related assumptions

8.4.1.1 <u>Factors related to Revenue, Gross Margin and Adjusted EBITDA</u>

a) **Global and regional economic and political developments:** There are several areas of uncertainty around the economic and political developments in the near- and medium-term. In particular, it is difficult to predict the rate and timing of the recovery of the global economy and regional economies from the disruption due to COVID-19. Though IT spend is largely expected to stay robust, uncertainty and instability in the world economy may lead to deferment of capital spend by existing or potential clients. The Company has attempted to factor in the impact of COVID-19 as per its own estimates and assumed a gradual recovery, with a near return to normalcy by the end of 2021. There is also the uncertainty around trade relations, in particular in between the U.S. and China. We have not assessed the risk of this to be high enough to factor into our forecast. There is also the risk of new restrictions on immigration by the US. Since Nagarro has been able to operate with its international travel reduced to nearly zero, visa or work permit risk has not been factored into the forecast.

b) **Foreign exchange rate movements:** Due to the global nature of our business, our results of operations are affected by foreign exchange rate movements, both on a transactional and translation basis. While translation effects cannot be mitigated per definition, transactional effects can be mitigated by hedging, which the Company does to an extent. The EUR/USD, EUR/INR and USD/INR currency pairs are the most important currency pairs for us.

c) **Cost of hiring:** The Company hires the best talent in a highly competitive world market. We are fortunate to operate largely in job markets that are somewhat self-correcting in terms of wages. Still, the cost of hiring remains an important external factor that affects our planning. For the forecast, we have assumed the cost of hiring to grow more or less in line with past trends.

d) **Tax rates:** We expect income tax rates to generally remain stable during the Fiscal Year 2020. For the forecast, we have assumed the tax rates in various countries will remain stable.

e) **Unforeseen events:** Unfavorable unforeseen events such as fire, floods, earthquakes or other natural disasters, cyber or terrorist attacks, war or extraordinary macroeconomic events may negatively impact Nagarro's business. For the purpose of this Profit Forecast, Nagarro assumes no occurrence of material unforeseen events that could result in material or lasting limitations on the ongoing operations of Nagarro.

8.4.2 Factors that can be influenced by the Company and related assumptions

a) **Expected business from existing clients:** In any given year, the contribution of revenue from existing clients forms a large and predictable part of our forecast. For the Fiscal Year 2020 our revenue from existing clients as a percentage of total revenue is estimated in the range of 90% to 95%.

b) **Client acquisition:** New client acquisition is an important parameter for ensuring continuous future growth. Since new clients typically start with a small engagement with Nagarro, the revenue contribution in the year of acquisition is typically small. We expect the revenue from new clients in 2020 to be in the range of 5% to 10%.

c) **Billing rates:** To support our clients through the COVID-19 downturn, Nagarro has postponed some scheduled/usual billing rate increases and also assisted selected strategic partners with temporary relief in terms of rates. This is factored into the Profit Forecast.

d) **Integration:** The Profit Forecast assumes success with the continued gradual integration of the various parts to be spun-off as Nagarro SE, causing no great increase in attrition at the entities being combined and no loss of any client relationships.

e) **M&A:** The Profit Forecast for the financial year ending December 31, 2020 is based on the assumption that Nagarro will not undertake any further acquisitions in Q4 2020.

f) **Costs**

   a. **Cost of revenues:** The cost of revenues as calculated by Nagarro includes the cost of personnel on client projects as well as other client-related costs, our expenditure on Centres of Excellence and industry and horizontal practices in order to support our clients, and our expenditure on spare personnel capacity (the bench) in anticipation of future growth at our clients or to deal with attrition. The main cost here is salaries and bonuses. Other costs here include costs related to travel and other, smaller, reimbursable and non-reimbursable cost components. Taken together, these costs are likely to remain approximately in the same proportion to revenue in 2020 compared to 2019.

   b. **Sales and marketing:** Due to COVID-19, the spend on sales travel, marketing events etc. has fallen. For the Profit Forecast, the Company has assumed some increased spending in Q4 2020, though still falling short of the historical average spends.

   c. **General and Administrative:** A vast majority of the Company's employees worldwide have expressed the desire to work from home for at least a few days every week. As a response, we have reduced our office space requirements, which has a proportionate impact on other office running expenses. This is factored into our Profit Forecast.

   d. **Depreciation and amortization:** Depreciation and amortization mainly relates to depreciation on property & equipment and leased (right to use) properties and leased office equipment. Depreciation and financing cost on leased properties is dependent on the duration of the lease contracts and rental amounts. During the current year, due to the COVID-19 situation and expected utilization of leased properties, we have got some relief in rental amounts.

g) **Factors related to non-operating financial expenses:** For the purpose of the Profit Forecast it was assumed that Nagarro's financing will be restructured at the time of the listing, with some financing measures though secured are still to take place till the date of listing. Nagarro's financing will consist of the following instruments: the largest loan is a three-year term loan and revolving credit facility denominated in Euros, a few small working capital facilities, and a few factoring arrangements in Europe. The future degree of utilization of some of these instruments and applicable future interest rates are uncertain. The above-mentioned factors lead to a certain degree of uncertainty with regard to the non-operational financial expenses expressed in the range of the forecast.

Our largest loan facility, which was entered into on October 30, 2020, and has resulted as a result of the Spin-Off from the Allgeier Group, has defined interest rates based on certain pre-defined formulas related to

Nagarro’s performance and is assumed to be approximately 75% utilized post listing for the remaining period of 2020. This loan will kick in several days after the Company becomes listed.

Our largest factoring arrangement in Germany has been assumed to be 75% from Q4 2020.

8.4.3 Other Explanatory Notes

The forecast of Adjusted EBITDA excludes effects from some extraordinary one-off events like specific non-recurring items within the meaning of IDW Accounting Practice Statement (IDW RH HFA 2.003), as stated above.

As this Profit Forecast relates to a period that has not yet ended and is based on certain assumptions regarding uncertain future events and actions, it inherently entails substantial uncertainties. As a result of such uncertainties, the actual revenues, gross margin and Adjusted EBITDA of Nagarro for the current Fiscal Year 2020 may deviate materially from the Profit Forecast.

This Profit Forecast was prepared on November 22, 2020.

9. BUSINESS DESCRIPTION

9.1 Overview

We are a leading global digital engineering company, domiciled in Germany, with a full-service portfolio offering of digital product engineering, digital commerce and customer experience, ERP consulting, managed services, and other services such as third-party testing. We are a decentralized organization with no formal headquarters and offices in 25 countries. As of September 30, 2020, we employed more than 8,400 employees and our senior management team comprised 16 different nationalities. Our global team members work side by side and the leadership and expertise for each business unit and for each project may be located anywhere in the world.

As a global organization with the mission statement "to make distance irrelevant between intelligent people", we believe our flat, non-hierarchical structure and culture promotes entrepreneurship, agility and friendly collaboration. We manage our business through a multi-dimensional structure, which includes regional sales and marketing units, service regions for staffing, and global business units. In our view, this organizational design and culture have helped us to grow and to integrate acquisitions smoothly in recent years. Our core values, based on the acronym "CARING", are our guiding principles across the globe. CARING stands for humanistic, but is also an acronym: C for Client-centric; A for Agile; R for Responsible; I for Intelligent; N for Non-hierarchical and G for Global.

We have a diverse blue-chip client base comprising more than 750 clients across a large variety of industries, leading to a globally diversified revenue base. Our clients include A1 Telekom, Amway, ASSA ABLOY, Audi, Austrian Post, BMW, dm – drogerie markt, Emirates NBD, the bank Erste Group, Fresenius, the Lufthansa group, Maruti Suzuki, Nokia, New York City, Nokia, Roche, Seismic, Siemens, Twitter, Verizon, VF Corporation, Walmart Labs and two of the three leading management consulting firms. In the financial year ended December 31, 2019, the five largest industries we served based on revenue were automotive, manufacturing and industrial (13%), travel and logistics (13%), telecom, media and entertainment (12%), retail and consumer packaged goods (11%) and financial services and insurance (11%).

Nagarro Inc., which became part of the Allgeier Group in 2011, was founded in the United States in 1999 by Manas Fuloria and Vikram Sehgal, among others, and they remain part of our Management Board. Since then, it has acquired and integrated several companies, including, most recently, Nagarro iQuest, Nagarro Objectiva and Nagarro ES (the last of which we acquired from Allgeier). Many founders and executives from acquired companies have joined Manas Fuloria, Vikram Sehgal and other Nagarro executives in Nagarro's senior management circle.

Following completion of the Spin-Off, Nagarro will be an independent corporate group in the global IT services space. The Company expects that the capital markets visibility through the Spin-Off and listing will help position the "Nagarro" brand better in the IT services market as well as with potential employees. Furthermore, the independence of the Company will allow the management to focus on the core business. The Spin-Off will also allow Nagarro to independently raise equity and other forms of financing from the capital markets in the future to support the high-growth potential of the business.

We are a fast-growing company. In the financial year ended December 31, 2019, we had revenue of €402.4 million compared to €210.6 million in the financial year ended December 31, 2017 (€287.3 million in the financial year ended December 31, 2018) and had a compound annual growth rate of organic revenue (*i.e.* excluding through acquisitions) of 19% compared to financial year ended December 31, 2017. We believe that we have an attractive, increasing profitability. Our adjusted EBITDA margin in the financial year ended December 31, 2019 increased to 14% compared to 12% in the financial year ended December 31, 2017 (12% in the financial year ended December 31, 2018).

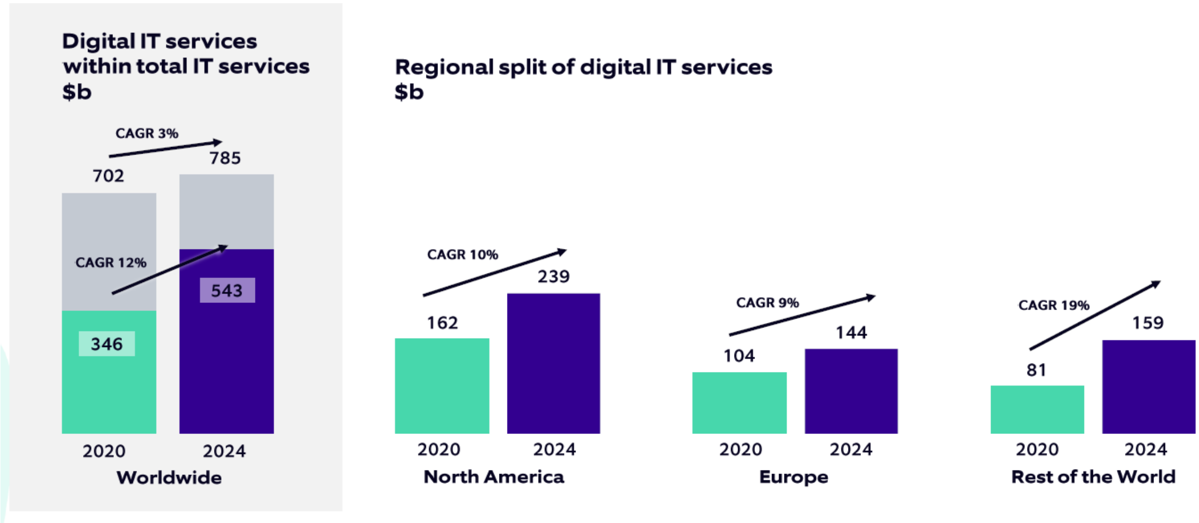
9.2 Markets and Competition

Businesses across all industries are undergoing a significant transformation characterized by the disruptive digitalization of internal processes and product offerings. This transformation is affecting how companies connect with clients and employees and is providing opportunities to significantly improve efficiencies in the delivery of products and services. Clients increasingly expect interaction with the digital ecosystem anywhere and anytime, in a fast, relevant, smart and unrestricted way. The outbreak of the COVID-19 pandemic has accelerated this trend.

This is resulting in the IT services market undergoing a secular shift from traditional low-value added services such as infrastructure management and the implementation of large systems towards high-value added services involving the creation or enhancement of digital products and services. This shift presents an opportunity for service providers focused on this large and fast-growing segment, as organizations across sectors embrace, adapt and respond to the new digital opportunities.

According to IDC[(1)], an independent third-party research firm, global IT services spending is estimated to be $702 billion in 2020 and expected to grow to $785 billion in 2024. 3rd Platform IT services[(2)] spend, broadly representing digital services spend, is estimated to be $346 billion in 2020, and to grow at 12% year-on-year to reach $543 billion by 2024. Regionally, North America comprises $162 billion of this 3rd Platform IT services market in 2020, growing to $239 billion in 2024 at a 10% CAGR, while Europe comprises $104 billion in 2020, growing to $144 billion in 2024 at a 9% CAGR, and the Rest of the World comprises $81 billion in 2020, growing to $159 billion in 2024 at a 19% CAGR.

Figure 1: Global and Regional Market Size[(2)]



9.2.1 Market Drivers

Below are some key themes that companies across industries need to address today that in turn are driving the increasing demand for digital IT services:

- **Digitalization**: As society increasingly "goes digital", companies continue to face the challenges and opportunities of digital transformation and increasingly compete via software. The challenges include intensifying competition from digital disruptors and there is frequently the pressure to push digital capabilities through products and services to end-clients as well as in organizational processes. These changes will impact all aspects of running a business, from how companies serve their clients to how their products and services are developed and marketed, and how they are organized. Given the inherent complexity involved in this transformation, companies are relying on partners to spearhead their digitalization efforts. Competent IT services partners can help companies

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(1) See International Data Corporation (IDC), "Worldwide Black Book: 3rd Platform Edition; August (V2 2020) Forecast", 2020; and Minton, Stephen and Wirth, Philip, "IDC's Worldwide Black Book Taxonomy, 2020: 3rd Platform Edition", 2020.

(2) IDC defines the 3rd Platform as made up of four pillars: cloud, mobile, big data, and social. These pillars represent a new architecture for ICT, based on a cloud-first, mobile-first approach to the management and usage of devices, infrastructure, software, and services. In addition to the four pillars, IDC also added new technologies that it refers to as innovation accelerators, which include 3D printing, augmented reality/virtual reality (AR/VR), artificial intelligence, internet of things, blockchain, robotics, and security. Above, North America comprises IDC Regions USA and Canada, Europe comprises IDC Regions Western Europe + Central & Eastern Europe, Rest of the World comprises IDC Regions APeJC plus Japan plus PRC plus Latin America plus Middle East & Africa.

build a digital advantage over their competitors, with new product and service designs as well as more efficient digital operations, aligned to best meet the future demands of their clients.

- **Agility**: Organizations are facing increasing pressure to adapt quickly to changing market environments, digital initiatives from traditional competitors, as well as the entry of digital disruptors. With the time-to-market demands for digital investments accelerating, there is an increasing focus on optimizing software development and IT operations ("**DevOps**")[(3)] and agile development approaches. This drives the need for digital IT service providers that can support complex product engineering requirements and help businesses to reduce time-to-market and not just costs.

- **Specialization**: The global IT services industry, which was traditionally viewed as providing a cost-saving, low value-add service, is now increasingly being split between those who primarily service just "run the business" IT requirements and those that drive business value by helping change the business. Providers that are seen to primarily drive business value by helping change the business are benefiting from digital transformation.

- **Talent shortage**: As technologies change rapidly, many of the newer skills related to digital transformation are in short supply, many businesses across the world find it difficult to attract and retain high-quality personnel possessing these latest IT skills that are most in demand. This results in the increased attractiveness of global services providers that can source, train and deploy highly skilled people from different parts of the world efficiently and effectively in meeting the needs of digital transformation.

9.2.2 Digital Engineering Landscape

In the digital engineering landscape, IT services providers such as Nagarro are positioned between a business' internal IT team and external software product and platform providers. The internal IT and R&D teams of companies are often constrained in size and focused largely on the individual company itself, possibly missing a broader view beyond the company or industry. Software product companies, on the other hand, are not well-suited to fulfill the demands from companies that are looking for vertical and situation-specific solutions or need tailored implementations.

Here lies the role of the IT services providers, where the market is covered by both global and regional players. The competition ranges from global vendors or service providers (*e.g.*, CGI, IBM, Accenture, Tata Consulting Services, Cognizant and Infosys) to local or niche players whose expertise is limited to specific regions or subjects. Nagarro views its competitors based on the inherent culture and origin of the firms and their resulting natural strengths (their "**DNA**"), segmenting the competitive landscape in three main categories: (1) Services DNA (*e.g.*, CGI and Tata Consulting Services), (2) Consulting DNA (*e.g.*, Accenture and KPMG) and (3) Engineering DNA (*e.g.*, EPAM, Globant and Endava). Nagarro views itself in the last of these categories, with a history and culture arising from agile product engineering, inspired by the Silicon Valley, rather than from managed services or management consulting. Therefore, Nagarro's most direct competitors are in the Engineering DNA category – such as EPAM, Globant and Endava – who offer similar product development and digital platform engineering as Nagarro and also focus on agile development and next-generation solutions.

Our key strengths as a company with an Engineering DNA include client intimacy, rapid prototyping, agile development, lean & small-team culture, architecture and code quality, use of new technologies and product management. Beyond that, our full-service portfolio combines these strengths in digital product engineering to "change the business" with enterprise services to "run the business". We provide access to a large global talent pool with the expertise to execute the most complex and mission-critical product engineering challenges faced by our clients. Our organization also works flexibly across multiple industries and regions, enabling learnings and innovations from one place to be applied in another.

[(3)] A set of practices that combines software development and IT operations that aim to shorten the systems development life cycle and provide continuous delivery with high software quality.

9.3 Strengths and Strategy

9.3.1 Our Strengths

We believe we benefit from the following competitive strengths.

9.3.1.1 Leading digital engineering specialist with full-service portfolio

We believe we are a leading digital engineering specialist with a full-service portfolio. In addition to our core digital product engineering services, which accounted for 51% of our revenue in 2019, our offering extends to digital commerce and customer experience (primarily the implementation and enhancement of leading third-party platforms), new generation enterprise resource planning consulting (primarily around SAP S4/HANA) and managed services, which accounted for 14%, 10% and 19%, respectively, of our revenue in 2019. We believe that our clear expertise and experience in digital product engineering, coupled with our portfolio of complementary digital consulting and business enterprise services, distinguish us positively from competitors.

9.3.1.2 Large base of blue-chip clients across multiple verticals and geographies

Every satisfied client is a pillar of strength for us. We consider our case studies, testimonials and references from across a large and diverse base of industry-leading clients to be major competitive strengths. Our clients range from global multinationals that are household names, to region- or category-specific leaders. Our capabilities at both nurturing smaller, younger client relationships and continuing to develop our more mature relationships are key to our sustained growth rates. From 2017 to 2019, we increased the number of client accounts generating more than €1 million in annual revenue from 54 to 93 while, over the same period, increasing revenue from our top 20 clients from €128 million to €163 million.

Our large and diverse client base spans a wide range of industries and has low client concentration. For example, for the year ended December 31, 2019, our top five and top 6-10 clients accounted for approximately 15% and 11% of our revenue, respectively, and no single industry accounted for more than 14% of our revenue. By geographic region, clients in Central Europe and the Rest of Europe accounted for approximately 41% and 15% during the same period, with approximately 34% of revenue generated from clients in North America.

9.3.1.3 Differentiated organizational design based on flat, entrepreneurial management and agile, global teams

We believe our differentiated organizational design and corporate culture set us apart from many of our competitors. Despite our global presence with registered offices in 25 countries and more than 8,400 total professionals worldwide, we maintain a flat, virtual organizational structure designed to be agile and flexible to support our clients in their markets around the world. With no single headquarter office, our non-hierarchical approach aims to address growth opportunities entrepreneurially with an emphasis on autonomy and choice over top-down decision making. As a result, our leadership team includes more than 50 role-oriented senior managers, over 25% of whom were themselves entrepreneurs prior to joining the Nagarro Group, who foster and promote collaboration and self-responsibility as core tenets of our corporate culture.

9.3.1.4 Strong, predictable revenue growth, with attractive profitability offering potential further upside

We believe we maintain an attractive margin and financial profile with potential further upside as shown by our strong revenue growth during the period under review. Our revenue increased from €211 million for the financial year ended December 31, 2017 to €402 million for the financial year ended December 31, 2019, a CAGR of approximately 38% (and a CAGR of approximately 19% for organic revenue growth over the same period). Over the same period, our Adjusted EBITDA increased from €26 million for the financial year ended December 31, 2017 to €58 million for the financial year ended December 31, 2019, with our Adjusted EBITDA margin increasing to 14% for the financial year ended December 31, 2019 driven by our scale, operating leverage and synergies. We also benefit from a significant degree of revenue visibility due to the ongoing digital transformation trend coupled with longstanding relationships with our existing larger clients. In the financial year ended December 31, 2019, approximately 91% of our revenue was generated from business with existing clients and we had revenue visibility at the start of the year for approximately 87% of our budgeted revenue for the year. In the future, we expect to maintain a strong revenue base of more than three-fourths of our total revenues from existing clients while continuing to attract new clients.

9.3.2 Our Strategy

Nagarro's strategy is focused primarily on growth and secondarily on margin expansion. A few key components of the strategy are outlined below.

9.3.2.1 Growth at existing clients through expansion and cross-selling

Growth at existing clients is a significant driver of our plans for growth. We intend to grow at existing large, multinational clients by expanding our footprint across functional areas, divisions and countries. The goal is to become a preferred vendor for each client and to establish ourselves as a trusted, strategic partner. We also aim to actively cross-sell services and solutions at each client, especially new offerings such as artificial intelligence and cyber security. As large clients are a significant driver of our growth, we aim to continue to grow with our existing clients by expanding our footprint and cross-selling new capabilities to be a partner of choice for our clients. We intend to deepen our existing client relationships by expanding our offerings across divisions and countries. If we are able to successfully serve clients across multiple divisions and regions, our brand will be carried to a larger number of potential new clients and demonstrate our expertise in the global market. In addition, we also intend to grow with our clients by cross-selling new offerings, such as artificial intelligence, security and independent testing, to address our clients' strategic needs. Moreover, through "Thinking Breakthroughs" innovation workshops with our clients, we seek to jointly generate ideas and digital innovations to address their strategic priorities.

9.3.2.2 Acquire new large clients

In order to maintain and expand our position as a digital engineering leader, we aim to continue to expand our existing loyal and blue-chip client base through new large, long-term clients. We believe that clients value experience along with expertise when choosing service partners, and we believe our extensive track record of experience underscores our winning capabilities. We intend to continue to leverage our expertise and breadth of experience, together with positive testimonials from existing clients, to present compelling propositions to new large clients. In addition, we believe that the listing of our shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) will increase our brand recognition among potential clients, while underlining the credibility of our company. In this respect, we believe that the listing will help us to take a significant step towards expanding our client base and acquiring new large clients.

9.3.2.3 Continue to pursue value-enhancing strategic acquisitions

We intend to continue to expand our position and increase our share of the fragmented digital IT services market by pursuing an acquisition strategy focused on generating value and realizing synergies while maintaining our differentiated organizational design and culture. The digital IT services market is characterized by a fragmented market of excellent regional competitors with specialized capabilities and good client bases. We pursue strategic acquisitions which complement our existing product portfolio, expanding the breadth of our digital IT engineering services and improve our financial and operational metrics. We also seek to continue to expand our global presence, including in North America and Asia, and may consider acquisition opportunities to accelerate penetration of these markets. We seek to ensure that the integration of acquired businesses enables us to build on our capabilities and bring them closer to our global clients and to offer our global services to larger clients as well as to enter new markets.

9.3.2.4 Pursue economies of scale for possible margin expansion

We believe that we have the possibility to pursue economies of scale to expand our margin. We expect that our revenue growth may outpace the growth in our expenditures in vertical and horizontal competencies, in centers of excellence, in our talent sourcing and retention processes, in IT systems and in other general administration activities.

9.4 Products and Services

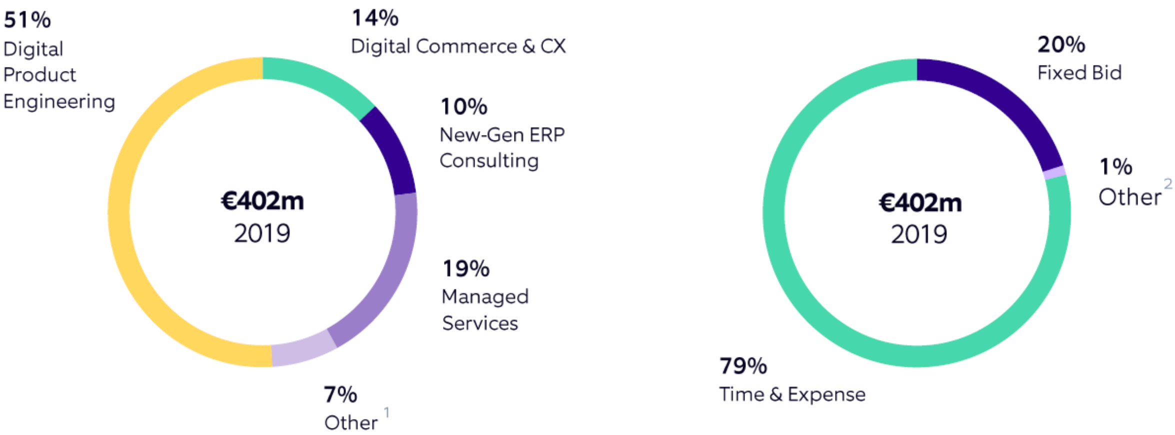
Our service and product offering has developed both in-house and via acquisitions and we have thus been able to become a digital engineering leader with a full-service portfolio. With more than 7,500 professionals in engineering (as of September 30, 2020), we specialize in providing solutions for clients' complex and strategic opportunities and challenges.

Historically, our business has largely focused on product engineering while offering additional services in areas such as digital commerce and customer experience and managed services. The exception is the business of Nagarro ES which focused overwhelmingly on services and solutions covering the entire SAP lifecycle.

Digital product engineering accounted for 51% of our revenue in the financial year ended December 31, 2019. In addition, we provide digital commerce and CX services, new-gen ERP consulting services and managed services, which accounted for 14%, 10% and 19% of our revenue, respectively, in the financial year ended December 31, 2019. Our digital product engineering as well as digital commerce and CX services are almost all delivered as part of digital transformation initiatives at the client and therefore may be largely called "change the business" services. Some of the new-gen ERP consulting services are also of the "change the business" nature. Only our managed services may wholly be considered so-called "run the business" services.

The contracts under which we provide our "change the business" services are typically time-and-expense contracts, usually limited by caps, which constituted approximately 79% of total revenue in the financial year ended December 31, 2019 (approximately 81% for the nine months ended September 30, 2020). Product development or implementation contracts are sometimes fixed bid contracts. Client projects related to application management services and cloud services are often fixed bid contracts, possibly in the form of annuity-based or ticket-based arrangements. Fixed bid contracts approximately account for 20% of the company's total revenue in the financial year ended December 31, 2019 (approximately 19% in the nine months ended September 30, 2020).

Figure 2: Revenue by service line and contract type



(1) Other products and services include third-party testing, plus consulting and other services not covered elsewhere.
(2) Other contracts include mainly license sales.

9.4.1 Digital Product Engineering

In our digital product engineering service line, we offer services from the earliest stages of product conceptualization and design, through development, testing, maintenance and support.

Our offering includes product architecture design, Agile development, DevOps, cloud migration, product management, UX and rapid prototyping. Agile development describes an adapting approach to software development, emphasizing incremental delivery, team collaboration, continual planning and continual learning, instead of trying to define everything at once near the start and deliver everything at once near the end of the software development process.

We also offer an innovation workshop methodology called "Thinking Breakthroughs". With "Thinking Breakthroughs" we help our clients to embrace digital and accelerate technology-led innovation. Our Digital Ventures team helps launch the products of new digital companies or products related to new digital business models in existing companies. Our Agile and DevOps advisory helps clients to build their own capabilities in these areas.

As a consequence of the global trend towards digitization, our clients need to transform themselves into digital native companies that compete through superior software platforms. To address this trend, companies face several challenges, such as software-based competition, time to market pressure, evolving digital requirements, new technologies and talent squeeze. Our digital product engineering expertise supports companies in their transformation.

Nagarro's digital product engineering supports different types of clients with their complex and often mission-critical projects. The following six examples of digital product engineering engagements, each of a different nature, illustrate the functional and geographical breadth and complexity of digital product engineering work.

- Nagarro is a strategic partner of Blackbaud, a leading cloud software provider for non-profit and other social good organizations, and provides product development, product sustenance and testing services across various client-relationship-management (CRM), accounting and fundraising products.

- For A1, a leading fixed and mobile network operator in Austria, Nagarro conceptualized and implemented a connected worker solution using the latest smart glass technology from Google, which forms the basis of developing other connected worker use cases.

- Nagarro is one of three strategic partners for the Cox Automotive product engineering group, a leader in the automotive supply chain

- Nagarro assisted Emirates NBD, one of the largest banks in the Middle East, in creating a digital-first card product to be launched for a premier global event.

- For Lufthansa Systems, Nagarro is re-developing the flagship market-leading flight planning product LIDO, which is used by more than one hundred airline operators.

- For Seismic, the sales enablement platform valued at over $1 billion, Nagarro helped create the first version of the product using the latest technologies and accelerating time-to-market.

9.4.2 Digital Commerce and Customer Experience Services

Our digital commerce and CX services offer a wide range of e-commerce solutions leveraging third-party products such as those by Adobe and SAP. With these, Nagarro enables clients to build strong multi-channel e-commerce businesses with a particular focus on next-generation customer experience. In order to offer high quality end-to-end services and a complete suite of e-commerce services, Nagarro partners with SAP C/4HANA (former Hybris (SAP)) and Magento, which offer a CX suite and an e-commerce platform.

For example, Nagarro is a strategic partner of Amway, a leading direct-selling company with sales in 100 countries, and helped implement and roll out e-commerce, order management, point of sale and distributor management solutions for web, mobile and retail shops across multiple markets. Nagarro has helped Walmart Labs, the tech arm of the retailer Walmart, to transform the omni-channel business of its operations by introducing and enhancing the Hybris commerce platforms.

9.4.3 Managed Services

Increasing digitalization also leads to a larger need for services for running and managing a company's entire digital landscape. We help to improve outcomes in this area through managed services offerings such as application management and enhancement, cloud hosting and management, security operations management, transition management as well as helpdesks and ticketing.

These managed services may be provided either for third-party applications or for applications and platforms that Nagarro has developed. An example of the former is the high-availability SAP managed services that Nagarro provides for Coop, the Danish cooperative. An example of the latter includes managed services provided by Nagarro to sIT Solutions, the IT arm of Austria's largest bank, Erste Group.

9.4.4 New-Gen Enterprise Resource Planning

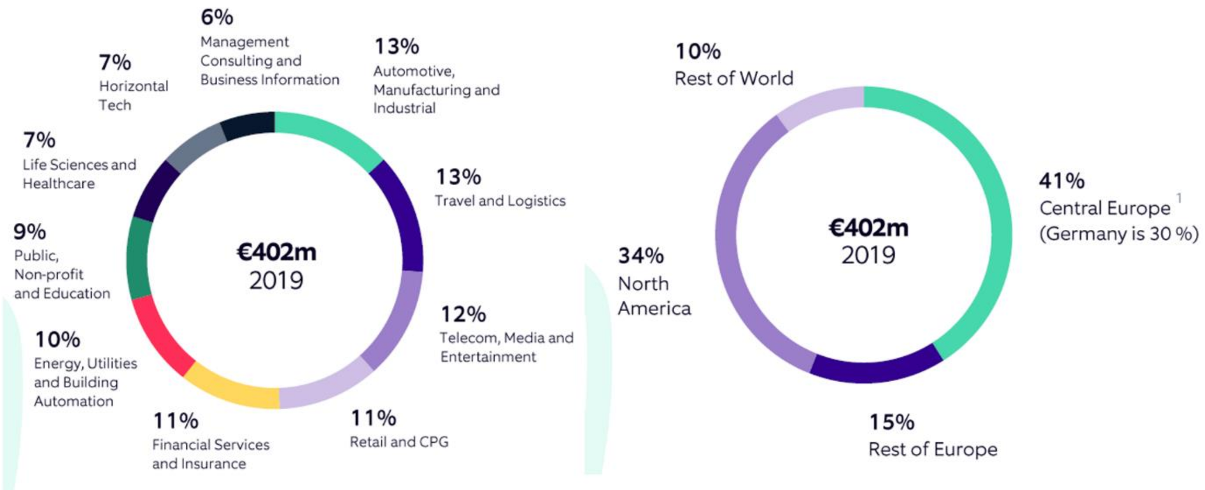
ERP forms the backbone for many businesses. As companies become more digital and their markets are changing rapidly, they need to adopt ERP solutions which can respond to this change. We accelerate this adoption through our New-Gen ERP consulting services.

Our core competencies include strategy and process consulting, SAP cloud solutions, transformation to SAP S/4HANA, add-ons with own products and custom-developed extensions. For our SAP cloud solutions Nagarro was recognized by SAP as S/4HANA Cloud Partner of the year (medium-sized businesses and partner sales) in September 2020. SAP is a key part of our strategy to assist in the digitalization of the German market.

The clients that choose Nagarro's ERP consulting services include large multinationals as well as niche leaders. For example, Nagarro has helped both Siemens Mobility and the bottling machinery leader Krones with these services.

9.5 Clients

Figure 3: Revenue by industry and client region



Revenue by industry is based on the Company's own classification of each client (or its corporate group) by industry.

(1) Central Europe comprises Austria, Croatia, Czech Republic, Germany, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia and Switzerland.

We serve a global client base of more than 750 clients in 48 countries.

Our segment reporting is based on client regions. We have four client regions: North America, Central Europe (including Austria, Czech Republic, Germany, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia and Switzerland), Rest of Europe and Rest of World. In the financial year ended December 31, 2019, 41% of our revenue was generated in Central Europe (with Germany representing 30% of revenue), 34% was generated from clients in North America, 15% from Rest of Europe and 10% from the Rest of World. In the financial years ended December 31, 2018 and 2017, 45% and 45% of our total revenue was generated in Central Europe, 31% and 33% was generated from clients in North America, 17% and 18% from Rest of Europe and 7% and 4% from the Rest of World, respectively. For additional information see also "*0 –*

Results of Operations by Segment".

Our client base consists of large multinational clients, mid-sized regional players as well as smaller companies, and we believe that many of our clients are either global or regional leaders in their respective business and market segments. We service global names, houses of brands and niche leaders across a wide range of industries. In the financial year ended December 31, 2019, these included: automotive, manufacturing and industrial (13% of revenue), travel and logistics (13% of revenue), telecom, media and entertainment (12% of revenue), retail and consumer packaged goods (11% of revenue), financial services and insurance (11% of revenue), energy, utilities and building automation (10% of revenue), public, non-profit, education (9% of revenue), life sciences and healthcare (7% of revenue), horizontal tech (7% of revenue) as well as management consulting and business information (6% of revenue). Due to our size, industry-level growth may vary based on a few engagements. Although for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019, we have seen strong growth in management consulting and business information (34%), horizontal tech (26%), financial services and insurance (24%), automotive, manufacturing and industrial (19%), retail and consumer packaged goods (18%), as well as life sciences and healthcare (11%), past growth trends may not be indicative for future trends. In addition, growth in some of our industries such as travel and logistics (1%), public, non-profit, education (-7%), telecom, media and entertainment (-10%) as well as energy, utilities and building automation (-11%) in the nine months ended September 30, 2020 has been impacted by the economic downturn due to COVID-19.

In the financial year ended December 31, 2019, we counted 76 clients who generated between €1 and €5 million in revenue, 13 clients between €5 and €10 million and four clients who generated more than €10 million in revenue. During the same period, our top 20 clients accounted for €163 million in revenue, compared to €135 million and €126 million in the financial years ended December 31, 2018 and 2017, respectively.

We also have low client concentration, with our top five and ten clients accounting for 15% and 26% of total revenues, respectively, in the financial year ended December 31, 2019. This shows a decline of our client concentration compared to the financial years ended December 31, 2018 and 2017, in which our top five clients accounted for 16% in both years respectively, and our top 10 clients accounted for 27% and 29%, respectively. In the nine months ended September 30, 2020, we were able to continue this trend with 14% and 22% of our revenues coming from our top five and ten clients, respectively, although this may partly be a temporary effect due to the COVID-19 pandemic.

Based on our own assessment we have a high satisfaction rate and referenceability among our clients.

9.6 Sales and Marketing

Nagarro is managed in a multi-dimensional structure, which includes regional sales and marketing units, service regions for delivery, and global business units. Therefore, Nagarro has its reportable operating segments organized by client regions. This choice is driven by the strategic acquisition and investment strategy which has a regional focus. A clearly established chain of responsibility tasks the leaders of the local sales and marketing units with driving revenue and profitability growth from the client regions. The chain of responsibility may be reorganized both for internal reasons and for external reasons like industry trends and technology changes.

We market and sell our products and services worldwide through a variety of channels, including direct sales and indirect sales channels via technology and consulting partners. Former clients and employees are an important source of new sales leads and partners. In particular, we have counted among our clients some of the major management consulting firms, who have referred us to their own clients.

In addition, our business units also have business development and pre-sales capabilities and optionally cooperate with the sales and marketing units, with each other and with the centers of excellence to identify and pursue new business opportunities. These may be at prospective clients or at existing clients.

We strive to be differentiated and consumer-oriented in our marketing activities. Our marketing strategy is not only addressed to our clients but also to prospective employees, and we focus strongly on social media, such as LinkedIn, Instagram, Twitter, Facebook and YouTube. We also have a strong focus on inbound marketing through content such as blogs, whitepapers or success stories, and host webinars and events.

9.7 History

Nagarro Inc. was founded in the United States as a software product engineering specialist by Manas Fuloria and Vikram Sehgal (among others) and was acquired by Allgeier in 2011. Manas and Vikram continue to be a part of Nagarro's Management Board. Over the years, Nagarro merged with several companies as a part of its M&A strategy to develop and strengthen various offerings in its portfolio, while expanding its geographic footprint. Founders and executives from acquired companies have joined Manas, Vikram and other Nagarro executives in Nagarro's senior management circle.

In 2020, Nagarro iQuest, Nagarro Objectiva and Nagarro ES were merged into Nagarro Holding GmbH.

Nagarro iQuest has been part of the Allgeier Group since 2018 and has a large portion of employees based in Romania. Nagarro Objectiva has been with the Allgeier Group since 2018 and has most of its employees based in China. Nagarro ES started within Allgeier and expanded its business through the acquisitions of the businesses of Ciber Inc. in Germany, Denmark and France in 2017.

On September 24, 2020, the annual shareholders' meeting of Allgeier SE approved the Spin-Off and Transfer Agreement and resolved on the implementation of the share capital increase required for purposes of the Spin-Off (see also "*3 – The Spin-Off*").

9.8 Partnerships and Certifications

We partner with leading international technology vendors across the globe to develop and deliver solutions for our clients. Moreover, we partner with the leading management consulting companies, who often refer us to their clients to help them realize digital transformation in practice.

Our partners include SAP, where we are a S/4HANA Lighthouse Partner and have been recognized as S/4HANA Cloud Partner of the year (medium-sized businesses and partner sales) in 2020, Google Cloud, where we are partner for Google Cloud Services, Apigee and Google Glass, Microsoft, where we are "Gold Partner for Application Development, Cloud Platform, and Collaboration and Content" as well as system integrator for Dynamics, Amazon Web Services, where we are a consulting partner and reseller, Salesforce, where we are "Gold Partner" for consulting and Atlassian, where we are "Platinum Partner". We also partner with SRI International (formerly known as the "Stanford Research Institute") and Plaksha University, which Nagarro assists in running its first graduate program in collaboration with the University of California, Berkeley. In total we have over 40 partnerships and alliances. We also hold various CMMI and ISO certifications for different parts of the business.

9.9 Intellectual Property

We have developed and licensed proprietary technologies that are important, but based on their revenue not material, to our success. Our products rely on trade secrets and know-how as well as, to a lesser extent, on trademarks, copyrights and other intellectual property rights. On average, our proprietary technologies account for less than 5% of our revenues.

We have also entered into partnership and licensing agreements that are important to our business and impose restrictions on our use of certain intellectual property. For example we own SAP frameworks that are almost exclusively proprietary developments based on the SAP system. Nevertheless, for the development of certain of these SAP frameworks, we acquired non-exclusive, perpetual licenses from the German state printing office (*Bundesdruckerei*).

Our developed software and applications, such as the SC-OWI, SC-Mobil, SCADA X-Sight tools or Workibo, are offered to our clients by way of non-exclusive, non-transferable, non-sublicensable, worldwide licenses. The licenses may be perpetual or term-based.

Furthermore, we share intellectual property rights with Deutsche Bahn AG for our systems iQRailway, built on top of SAP Commerce, and Omniting, which is built on top of iQRailway. Nagarro iQuest owns all rights, titles and interests in the iQRailway software and documentation, including all intellectual property rights therein and Deutsche Bahn has the limited right to use the iQRailway Software and documentation.

In addition, we own several trademarks and internet domains, including www.nagarro.com.

9.10 Material Agreements

After the completion of the Spin-Off, by way of agreement Nagarro SE shall continue to receive certain accounting services from the Allgeier Group for a transitional period until Nagarro has successfully established its own departments and functions. Therefore, the Company entered into a transitional services agreement dated November 11, 2020 (the "**Transitional Services Agreement**").

Pursuant to the Transitional Services Agreement Allgeier SE agreed to provide certain services related to finance and legal support, including services in connection with accounting, controlling, taxes, reporting, treasury, factoring and corporate law, on an arm's lengths basis for a service charge as further detailed in the agreement. For additional information see "*10.3 – Transitional Services Agreement*".

9.11 Leased Properties

The Nagarro Group is a global organization with no formal headquarters. The Group leases most buildings, properties and individual office spaces across its business operations world-wide on a short- to mid-term basis. The Group maintains its main office spaces in Gurugram (India), Noida (India), San José (United States), New York (United States), Beijing (China), Xian (China), Vienna (Austria), Cluj (Romania), Timisoara (Romania), Stockholm (Sweden), Dubai (UAE), Oslo (Norway), Monterrey (Mexico), Copenhagen (Denmark), Strasbourg (France) as well as in Karlsruhe (Germany), Frankfurt (Germany), Pirmasens (Germany), Freiburg (Germany) and Munich (Germany) among others. Additionally, the Group owns a property in Gurugram (approximately 181 square meters) and holds a long-term lease regarding a property near Jaipur (India) which is situated in a special economic zone in India as defined by the Special Economic Zones Act 2005.

9.12 Regulatory Matters

We are subject to anti-corruption and bribery laws, environmental, health and safety regulations, immigration regulations as well as data privacy regulations in all the countries in which we have registered offices, as well as in the countries where we provide our services or where our products are used or sold.

9.12.1 Regulatory Matters Worldwide

Our operations and the activities of our employees, contractors and agents around the world are subject to the laws and regulations of numerous countries, including the United States. These laws and regulations include data privacy requirements, labor relations laws, tax laws, anti-competition regulations, prohibitions on payments to governmental officials, import and trade restrictions and export requirements. Violations of these laws and regulations could result in fines, criminal sanctions against our officers, our employees, or us and may result in prohibitions on the conduct of our business. Any such violations could also result in prohibitions on our ability to offer our products and services in one or more countries and could materially damage our reputation, our ability to attract and retain employees, our business and our operating results.

A key part of our strategy is to expand our delivery footprint, including by increasing the number of employees that are deployed onsite at our clients or near client locations. Therefore, we must comply with the immigration, work permit, social insurance and visa laws and regulations of the countries in which we operate or plan to operate.

Our operations (particularly in those countries with developing economies) are also subject to risks of violations of laws prohibiting improper payments and bribery, including the German Criminal Code (*Strafgesetzbuch* – StGB) addressing bribery of domestic and foreign public officials as well as passive and active corruption in business transactions, the U.S. Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act of 2010 and similar regulations in other jurisdictions. Although we intend to implement policies and procedures designed to ensure compliance with these laws, our employees, contractors and agents may take actions in violation of such policies. Any such violations, even if prohibited by our policies, could subject us to civil or criminal penalties or otherwise have an adverse effect on our business and reputation.

9.12.2 Data Protection laws in Germany and the European Union

We are subject to stringent data privacy regulations, *inter alia*, with respect to the collection, storage, use and disclosure of personal data. Although we predominantly operate in a business to business environment where our clients are not usually end consumers but legal entities outside the scope of data privacy legislation in most countries, nevertheless our projects may include handling personal data of our clients. We usually secure such data via secure authenticated and encrypted tunnels on our client's systems or work with obfuscated data. In addition, we hold personal data with respect to our employees such as data regarding health, religious beliefs, trade union memberships, and disabilities. We may also deal with personal data of clients and potential clients for sales and marketing purposes or personal data of contractors.

Privacy regulations establish complex, multi-jurisdictional regulatory frameworks on a variety of subjects, including the circumstances under which we may process personal data. These frameworks involve (i) conflicting privacy laws and regulations in different countries, (ii) the circumstances under which processing of sensitive information is permitted without consent of the data subject, (iii) rights of the data subject to access, delete and correct its personal data, (iv) requirements to notify the data subject of privacy practices for personal data and (v) administrative, technical and physical safeguards required of entities that process personal data.

For example, when processing personal data in the European Economic Area we are subject to the General Data Protection Regulation (EU) 2016/679 ("**GDPR**") and respective implementing legislation under national laws of member states, like in Germany the Federal Data Protection Act (*Bundesdatenschutzgesetz*, "**BDSG**"). Both the GDPR and BDSG have been applicable since May 25, 2018. The GDPR introduced substantial sanctions for non-compliance. A violation of obligations under the GDPR may constitute an administrative offense, which can result in fines or investigative measures imposed by the competent data protection authority, as well as civil liabilities or even criminal sanctions. The GDPR has significantly changed the legal framework for data protection in the EU and triggered additional compliance efforts and costs for German companies in general. Our data processing operations may consist of exchanges of personal data among our group companies in different countries. Such exchanges of personal data to a country outside the European Economic Area for which the EU Commission has not recognized an adequate level of data protection ("**Third Country**") is only permissible if the recipient in the Third Country ensures adequate safeguards for the protection of personal data. Therefore, we have implemented different measures in order to achieve compliance (including, but not limited to, adjustments of internal processes, safeguarding of internal and external data transfers) and are further developing our data protection systems, procedures and organization.

9.13 Environmental, Social and Corporate Governance

We aim to take on a leading role in environmental and social topics among our peers. Over the years, we have launched several campaigns and projects to contribute to the environment and to society in general.

- For example, as part of our leadership in WWF's "Give up to give back" campaign, we, as an organization, pledged to give up using single-use plastic in many of our larger offices.

- In our "TestingPro" initiative in Austria, we train people with autism to become software testers and open new ways for them to enter the job market. For this purpose, we cooperate with the autism experts at Specialisterne, who have been integrating talented people with autism into professional careers for many years.

- We built a platform called CivicQuotient to enable people of all ages and professions to connect with non-profit organizations, mainly in India.

- In addition, we empower young and budding artists and provide them a platform to showcase their art, by exhibiting the work of young artists in our Austrian office.

- Inspired by Bogota's La Ciclovia Sunday initiative where streets are dedicated to bicycling, Nagarro and its leaders helped in the creation of the Raahgiri ("reclaim your streets") car-free Sunday movement in Gurugram, which was later replicated in dozens of towns and cities across India and was even covered by the Economist. Raahgiri and Nagarro's role in it was also covered by a publication of the German Environment Agency (*Umwelt Bundesamt*) titled "Reverse Innovation – Rethinking Urban Transport Through Global Learning"

- Nagarro also collaborated with the World Resources Institute, the Indian IT association NASSCOM and Honda India to bring Sweden's Vision Zero road safety concept (also embraced elsewhere such as in New York City) to the state of Haryana, India. Haryana Vision Zero has been shown to have saved many lives by reducing accident and fatality rates.

- Nagarro and its leaders are also helping to incubate a non-profit technical university called Plaksha from its Gurugram office buildings, from which the Technology Leaders Fellowship program is being conducted in collaboration with the University of California, Berkeley and Purdue University.

With these and other initiatives, we seek to be positively involved in the communities in which we operate and use our reach as a global company to cross-pollinate environmental and social ideas across the world. Beyond all this activity, mostly classified as CSR, we strive in our day-to-day working environment as a truly global, low-hierarchy, friendly company to be a positive example of a modern, humanistic company.

For additional information on corporate governance considerations, see "*14.8 – Corporate Governance*".

9.14 Employees

Highly qualified and motivated employees are an essential success factor. The company is crucially dependent on its employees' technical knowledge, competencies, loyal commitment, ethics and engagement. Our employees are in constant contact with clients, providing the agreed consulting and other services, as well as developing innovative solutions to meet complex challenges. In the future as well, our success will depend on our continued ability to recruit new high-performing employees in the face of market competition, retain them within the company and enable their efficiency, effectiveness and job satisfaction.

Nagarro has a powerful recruiting engine with a global acceptance rate of less than 3%. In 2019, from more than 100,000 resumes and more than 30,000 tested candidates, the company only hired around 2,500 candidates. In addition, we had an attrition rate of 13% in the period from September 1, 2019 until August 31, 2020 which is less than most companies have in the hot talent markets where we operate.

Equally, staff worldwide benefits from the company's constant growth, advancing internationalization as well as its increasing size. New complex and aspiring requirements from interesting clients provide exciting technical perspectives and good possibilities for individual career development. This is also shown in our senior management that, on average, spent 12 years with Nagarro or acquired companies.

As of September 30, 2020, we employed 8,404 professionals, thereof 27% women. The following table sets forth the average number of employees broken down by region for as of September 30, 2020.

	As of September 30, 2020
Total professionals	8,404
Total professionals in engineering	7,580
thereof: India	5,117
Romania	686
Germany	613
China	565
USA	201
Austria	168
Others	230

9.15 Insurance

We maintain insurance coverage in relation to a number of risks associated with our business activities. This includes a business liability insurance which covers damages to persons, property and assets occurring during the provision of our services and is capped at a certain amount. Besides our business liability insurance, we maintain insurance policies covering certain crime and cyber-crime liabilities. Among others, these supplement our business liability insurance in case of a cyber-attack and covers losses in case of a longer operational interruption. In addition, we have obtained directors and officers liability insurance, which covers expenses, capped at a certain amount, that our management and supervisory board members and our executive managers and compliance officers may incur in connection with their conduct as members of our management and supervisory boards or executive managers. We also maintain a "loss of confidence" insurance, which takes effect in case of damages due to a willful or grossly negligent misconduct of a trusted person. Additionally, we obtained an insurance against bad debt due to insolvency and protracted default.

We also maintain insurance coverage for property damages as well as a fire and burglary policy for individual subsidiaries and branch offices, such as our offices in India. Additionally, we maintain several insurance policies with regards to our employees dependent on their activities in our various offices, such as Worker's Compensation Insurance, Group Mediclaim Insurance, Group Personal Accident Insurance, Group Term Life Insurance and Automobile Insurance.

Overall the Company believes that its insurance coverage will be adequate in light of the risks it faces. All previous group-wide insurance policies relating to the Allgeier Group were terminated as of the date of the Spin-Off and the Company has been purchasing new coverage in its place in line with its needs and exposure, except for certain D&O and criminal defense insurance policies. The D&O insurance policy of Allgeier will be converted into a so-called "run-off" policy as of the completion of the Spin-Off, which means, it will only cover incidents prior to the completion of the Spin-Off.

9.16 Legal Proceedings

We are from time to time subject to various claims, enforcement actions, investigations and legal proceedings arising in the ordinary course of business. As of the date of this Prospectus, we are not involved, and have not been involved during the past 12 months, in any governmental, proceedings (including any such proceedings which are pending or threatened of which we are aware) or investigations which may have, or have had in the recent past material effects on our financial position or profitability.

Nagarro Inc. ("**NI**"), a company of the Nagarro Group, is subject to legal proceedings with one of its clients. NI had an outstanding debt against one of its clients, which is incorporated in Ireland and has significant operations in India. For recovery of this outstanding debt, NI filed a winding up petition against this client in Ireland in May 2020 which it later withdrew based on advice from local attorneys.

Subsequently, the client filed a counter claim of US$1.26 million against NI in India for recovery of amounts paid by them to NI under the agreement claiming that the deliverables were not fit for purpose. They have also demanded US$1 million as damages along with legal costs.

The client intended to include Nagarro Software Private Limited ("**NSPL**"), the India subsidiary of NI into the proceedings since the work was performed in India by NSPL. However, the court has dismissed the case against NSPL on November 20, 2020.

The case against NI is in initial stages of hearing at Gurugram, India. In our understanding it is a wrongful claim and we are contesting it.

10. RELATED PARTY TRANSACTIONS

In accordance with IAS 24 "Related Party Disclosures", transactions with persons or companies which are, inter alia, members of the same group as a company or which are in control of, or controlled by a company must be disclosed unless they are already included as consolidated companies in a company's financial statements. Control exists if a shareholder owns more than one half of the voting rights in a company or, by virtue of an agreement, has the power to control the financial and operating policies of a company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures) as well as transactions with persons who have significant influence on a company's financial and operating policies, including close family members and intermediate entities. This includes members of the Management Board and Supervisory Board and close members of their families, as well as those entities over which the members of the Management Board and Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below is a summary of such transactions of Nagarro with related parties for the financial years ended December 31, 2019, 2018 and 2017 as well as for the current financial year 2020 up to the date of this Prospectus. Further information, including quantitative amounts, of related party transactions are contained in Section H "II. Other disclosure" to our Audited Combined Financial Statements and Note 8.3 to our Unaudited Condensed Consolidated Interim Financial Statements, which are included in "16 – Financial Information" of this Prospectus on page F-2 et seq. Business relationships between companies of the Nagarro Group are not included.

10.1 Relationships and Transactions with the Allgeier Group

Prior to the completion of the Spin-Off, Nagarro SE is a wholly-owned directly and indirectly held subsidiary of Allgeier SE. Before the Spin-Off, the Allgeier Group and Nagarro entered into agreements, mainly covering general administrative and specific technical matters as well as services provided by Allgeier.

10.2 Spin-Off and Transfer Agreement (Abspaltungs- und Übernahmevertrag)

On August 14, 2020, Allgeier SE and Nagarro SE entered into the Spin-Off and Transfer Agreement which was approved by the shareholders' meeting of Allgeier SE on September 24, 2020. The Spin-Off and Transfer Agreement is yet to be registered with the commercial registers of Allgeier SE and Nagarro SE in order to become effective which is expected to occur on December 15, 2020. The agreement contains, among other things, the mandatory provisions pursuant to the German Transformation Act (*Umwandlungsgesetz*). This includes provisions on the assets to be spun off as well as details of the transfer and consideration to be granted in return, including the allotment ratio of 1:1, *i.e.*, one Allgeier SE share is entitled to one Nagarro SE share. Further, the Spin-Off and Transfer Agreement describes special rights, benefits and consequences of the Spin-Off for employees and their representative bodies. It contains a number of annexes, such as the Articles of Association of Nagarro SE and capital-related authorizations.

10.3 Transitional Services Agreement

After the completion of the Spin-Off, by way of agreement Nagarro SE shall continue to receive certain services from the Allgeier Group for a transitional period until Nagarro has successfully established its own departments and functions. Therefore, the Company entered into a transitional services agreement dated November 11, 2020 (the "**Transitional Service Agreement**").

Pursuant to the Transitional Services Agreement, Allgeier SE agreed to provide certain services related to finance and legal support, including services in connection with accounting, controlling, taxes, reporting, treasury, factoring and corporate law, on an arm's lengths basis for a service charge as further detailed in the agreement. The initial term for these services is four months and the Transitional Service Agreement anticipates an expected service volume of a total of 1.2 full time employees (FTEs).

10.4 Relationships with the Allgeier Group in the past

The Nagarro Group received various services from the Allgeier Group in the past, including treasury, financing, finance services and global insurance coverage of the Allgeier Group, and we have conducted other business with the Allgeier Group as described in more detail below.

10.4.1 Outstanding Balances with the Allgeier Group

The following table describes the outstanding balances with Allgeier SE and other Allgeier Group companies in the financial years ended December 31, 2019, 2018 and 2017.

	Allgeier SE			**Other Allgeier Group Companies**		
	For the fiscal year ended December 31,			**For the fiscal year ended December 31,**		
Euro (thousands)	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
	(audited)			*(audited)*		
Trade receivables	1	1	2	1,323	1,731	842
Other current financial assets	2,009	0	362	1,205	1,533	1,632
Total assets	**2,010**	**1**	**364**	**2,528**	**3,265**	**2,474**
Trade payables	1,605	1,504	1,593	2,320	4,046	3,879
Other current financial liabilities	37,954	34,257	31,585	81,875	25,832	21,771
Total liabilities	**39,559**	**35,761**	**33,178**	**84,195**	**29,878**	**25,650**

Other current financial assets and liabilities resulted from loans and other receivables to and loans from Allgeier Group companies.

Up to and including the financial year ended December 31, 2018, a profit and loss transfer agreement between Allgeier Enterprise Services GmbH and Allgeier Consulting Services GmbH was effective. Under this agreement losses have been transferred to Allgeier Enterprise Services GmbH. The respective receivables amounting to €882 thousand as of December 31, 2018 and €1,000 thousand as of December 31, 2017 have been interest bearing with an interest rate of 5% p.a. as agreed with respect to such receivables.

Loans from Allgeier Enterprise Services AG amounting to €61,219 thousand as of December 31, 2019 were granted in connection with the acquisition of Allgeier Midmarket Services GmbH, Allgeier Consulting Services GmbH and Allgeier Enterprise Services Denmark A/S in December 2019 to Allgeier Nagarro Holding GmbH. The loans have an indefinite term and may be terminated by both parties on a one month's notice. The loans can be repaid early, either partially or in full without any additional costs.

The loans from Allgeier SE and Allgeier Project Solutions GmbH mainly relate to the financing of purchase prices for various acquisitions by Allgeier Nagarro Holding.

On October 30, 2020, a credit agreement has been entered into with several banks to finance the repayment of the loan liabilities to Allgeier Group with a net amount of €116,615 thousand as of December 31, 2019. This syndicated credit facility includes a redeemable term loan facility in the amount of €100 million and a revolving credit facility in the amount of €100 million, see "*7.9.1 – Overview*".

In addition to the balances presented above, lease agreements existed between Nagarro and the remaining Allgeier Group. As at December 31, 2019, 2018 and 2017 the carrying amounts of the respective right-of-use assets amounted to €3,745 thousand, €4,376 thousand and €4,763 thousand, respectively. The respective lease liabilities amounted to €3,878 thousand, €4,479 thousand and €4,830 thousand, respectively.

10.4.2 Equity transactions with the Allgeier Group and Non-Controlling Interest

Transactions between Nagarro and the remaining Allgeier Group directly impacting equity, either cash or non-cash, are reported as "Other transactions with shareholders" within "Net asset attributable to shareholders of Nagarro" in the Combined Statements of Changes in Equity, and further discussed in section F.30 of the Notes to the Audited Combined Financial Statements, if material. Transactions between Nagarro and Non-Controlling Interest directly impacting equity, either cash or non-cash, are reported as "Other transactions with shareholders" within "Net asset attributable to shareholders of Nagarro" in the Combined Statements of Changes in Equity, and further discussed in section E.29 of the Notes to the Audited Combined Financial Statements, if material.

10.4.3 Income and Expense Resulting from Transactions with the Allgeier Group

Income and expense resulting from transactions with the Allgeier Group in the financial years ended December 31, 2019, 2018 and 2017 are set forth in the following table.

	Allgeier SE			**Other Allgeier Group Companies**		
	For the fiscal year ended December 31,			**For the fiscal year ended December 31,**		
Euro (thousands)	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
	(audited)				*(audited)*	
Revenue and other income						
Revenue	14	6	20	5,147	3,827	2,791
Operating expenses						
Cost of materials	0	(1)	(1)	(2,780)	(3,404)	(2,228)
Other operating expenses	(723)	(583)	(214)	(3,196)	(2,795)	(2,056)
Total operating expenses	**(723)**	**(584)**	**(215)**	**(5,976)**	**(6,199)**	**(4,284)**
Amortization and Depreciation						
Depreciation right-of-use assets	0	0	0	(766)	(704)	(408)
Financial result						
Interest income	9	3	12	57	64	46
Interest expense	(1,093)	(982)	(714)	(838)	(770)	(663)
Total financial result	**(1,084)**	**(979)**	**(702)**	**(782)**	**(706)**	**(618)**

Revenues realized from the Allgeier Group predominantly relate to software development, consulting and managed services. Cost of materials result predominantly from the purchase of services from the Allgeier Group with respect to delivering projects and managed services. Other operating expenses relate to rental costs for buildings and vehicles not accounted for under IFRS 16 and other services rendered by the Allgeier Group, including legal and consulting fees. Expenses for such services include the allocation of corporate costs in relation with the Spin-Off. Interest income and expense mainly relate to the loans to and from the Allgeier Group as well as from lease agreements between Nagarro and the other Allgeier Group companies. Depreciation of right-of-use assets result from lease agreements.

10.4.4 Remuneration of Key Management Personnel

Nagarro's organization has developed many verticals and horizontals in the form of business units, each of which is led by a senior person who makes or reviews decisions on strategy, pricing or staffing. In addition, Nagarro operates in 25 countries, and has many priority sales and marketing regions defined which are each led by a senior employee who represents Nagarro in that market and plans the outreach and the investments in the market. Nagarro has service region and human resource responsibilities at senior management level in the largest regions overseeing the payroll of many employees as well as hiring, salary planning and other decisions. Furthermore, the senior management performs central planning and directing tasks. Therefore, Nagarro has a very complex structure with clients in over 45 countries across all types of industries and technologies.

Historically, cost incurred for such key management personnel, excluding Nagarro SE's Supervisory Board, have been fully charged within the Nagarro Group. From 2017 to 2019 the Management Board of Nagarro comprised two members. A third member of the Management Board joined in 2020.

In the financial years ended December 31, 2019, 2018 and 2017, salaries and other short-term employee benefits of Nagarro amounted to €8,193 thousand, €7,367 thousand and €5,788 thousand, respectively, and post-employment benefits to €90 thousand, €96 thousand and €61 thousand, respectively. Of the provisions for post-employment benefits €175 thousand, €147 thousand and €129 thousand relate to the members of the key management personnel in the financial years ended December 31, 2019, 2018 and 2017.

As at December 31, 2019, 2018 and 2017, the value of loans outstanding in Nagarro Group companies to certain members of the key management personnel was in the total amount of €5 thousand, €18 thousand and €35 thousand, respectively.

11. SHAREHOLDER STRUCTURE

11.1 Shareholdings in Nagarro

As of the date of the Prospectus, all of the 120,000 existing shares, currently representing all shares in the Company, are held directly by Allgeier SE, so that the Company is controlled by Allgeier SE.

In connection with the Spin-Off, Allgeier will spin off all shares held by Allgeier SE in Nagarro along with all shares in Connect AG to Nagarro SE, and Nagarro SE will issue the New Shares. As consideration for the Spin-Off, the Shares will be allocated pro rata to the shareholders of Allgeier SE. After the completion of the Spin-Off, Allgeier SE will not hold any shares in the Company.

Due to the pro rata allocation of the Shares, the shareholder structure of the Company immediately after the completion of the Spin-Off will be identical to the shareholder structure of Allgeier SE, immediately prior to the completion of the Spin-Off.

Therefore, based on information available to the Company, immediately after the Spin-Off, Lantano Beteiligungen GmbH, Munich, Germany ("**Lantano**") is expected to hold 25.15% of the Shares. Lantano is the investment vehicle of certain members of the Dürschmidt family, Carl Georg Dürschmidt, Dr. Christa Kleine-Dürschmidt, Laura Maximiliane Dürschmidt and Linda Viktoria Dürschmidt. Lantano's 25.15% shareholding in the Company will be fully attributed to each of the aforementioned members of the Dürschmidt family so that each of them will indirectly hold 25.15% of the Shares. Dr. Christa Kleine-Dürschmidt in addition directly holds Shares. In combination with the shareholding of Lantano attributed to her, Dr. Christa Kleine-Dürschmidt is expected to hold 27.12% of the Shares. Furthermore, Detlef Dinsel is expected to directly and indirectly hold 11.78% of the Shares. Axxion S.A., Grevenmacher, Luxembourg, is expected to directly hold approximately 4.9% of the Shares and Canada Life Assurance Europe plc is expected to directly hold approximately 3.0% of the Shares.

Following the Spin-Off, the Company intends to roll over certain shareholdings in Nagarro Holding to the Company level, which will result in a dilution of the Company's shareholders. Nagarro Holding's sole shareholder is the Company. However, due to several trust agreements and with the participation of several holding companies, Nagarro SE is only entitled to the economic share of around 83.83% of Nagarro Holding. The remaining 16.17% of shares in Nagarro Holding are economically held by the Group's management through trust agreements and are intended to be rolled-over to the Company level.

11.2 Shareholdings in Allgeier SE

As of the date of the Prospectus, the share capital of Allgeier SE amounts to €11,382,513.00 and is divided into 11,382,513 registered shares.

As of the date of the Spin-Off and Transfer Agreement, Allgeier SE had a share capital in the amount of €11,289,000.00 divided into 11,289,000 registered shares. In addition, Allgeier SE held 105,351 treasury shares.

In preparation of the Spin-Off, beneficiaries under a stock option program of Allgeier SE undertook to exercise their stock options until the Spin-Off becomes effective. Following the exercise of a total of 93,513 stock options, Allgeier SE increased its share capital from €11,289,000.00 by €93,513.00 to €11,382,513.00, divided into 11,382,513 registered shares. Such capital increase was effected from Allgeier SE's conditional capital.

Furthermore, to allow for an allotment ratio of 1:1 (see *3.7 – Allocation Ratio, Trustee, Allocation and Settlement*), Allgeier SE sold its 105,351 treasury shares in full.

12. DESCRIPTION OF THE COMPANY'S SHARE CAPITAL

12.1 Current Share Capital; Shares

As of the date of this Prospectus, the share capital of the Company amounts to €120,000.00 and is divided into 120,000 registered shares with no par value (*Stückaktien*). The share capital has been fully paid up. The Shares were created pursuant to the laws of Germany. Each Share confers one vote at the general shareholders' meeting of the Company. The Shares carry full dividend rights as from January 1, 2020, *i.e.*, for the full financial year beginning on January 1, 2020 and ending on December 31, 2020. All Shares are represented by global certificates that either have been deposited or will be deposited in connection with the Spin-Off with Clearstream Banking AG. The Shares are freely transferable in accordance with the legal requirements for registered shares. Except for the restrictions set forth in section "*3.14 – Lock-up Agreement*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Shares.

The International Securities Identification Number (ISIN) of the Shares is DE000A3H2200 and the German Securities Identification Number (WKN) is A3H220.

12.2 Development of the Share Capital

On January 17, 2020, the Company was incorporated as a European stock corporation (Societas Europaea) and had a share capital of €120,000.00.

On October 30, 2020, the Company's general shareholders' meeting resolved to increase the Company's share capital from €120,000.00 by €11,262,513.00 to €11,382,513.00 (the "**Spin-Off Capital Increase**", see also 3.3.2 – Implementation of the Spin-Off and Listing). The Spin-Off Capital Increase will be affected against contribution in kind. As contribution in kind, Allgeier SE will contribute the shares of Connect AG and the shares it holds in the Company to Nagarro SE. As consideration for the spun off shares in Connect AG and Nagarro SE, Allgeier SE's shareholders will automatically receive shares of the Company pursuant to Section 123 (2) no. 1 UmwG, as allocated to them in accordance with the allotment ratio, by way of book-entry into their securities account. Following the completion of the Spin-Off, Allgeier SE will not hold any shares in Nagarro SE and Connect AG.

The consummation of the Spin-Off Capital Increase is expected to be registered with the commercial register of the local court (*Amtsgericht*) of Munich, Germany, as of December 15, 2020. The issuance of these shares will become effective simultaneously with the completion of the Spin-Off expected to occur on December 15, 2020. The shares that are expected to be created by way of the Spin-Off Capital Increase are referred to as the New Shares in this Prospectus. The New Shares as well as the 120,000 existing shares are expected to be credited to the shareholders of Allgeier SE on or about December 16, 2020 (see also *3.7 – Allocation Ratio, Trustee, Allocation and Settlement*).

12.3 Authorized Capital

The general shareholders' meeting of the Company which was held on October 30, 2020 resolved upon the authorization of the Management Board to subject to the consent of the Supervisory Board, in the period ending on September 23, 2025, increase the Company's registered share capital in one or more tranches by up to €5,650,000.00 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 will be registered in connection with the registration of the Spin-Off on or about December 15, 2020.

In principle, shareholders are to be granted subscription rights. 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 in the event of any of the following conditions,

- to exclude fractional amounts resulting from the subscription ratio from the statutory subscription rights of the shareholders;
- in the case of increases of the share capital against contributions in kind in particular – but without limitation – to (also indirectly) 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;

- in the case that the increase of the share capital is against contribution in cash and provided that the issue price of the new shares is not substantially lower (within the meaning of Sections 203 (1) and (2), 186 (3) sentence 4 AktG) than the stock exchange price for shares in the Company of the same class and having the same conditions already listed at the time of the final determination of the issue price and provided that the amount of the share capital represented by the shares issued under the exclusion of the statutory subscription right as set forth in Section 186 (3) sentence 4 AktG does not exceed 10% of the share capital at the time of this authorization coming into effect or being exercised. Such amount of 10% of the registered share capital shall include shares, which (a) have been or are to be issued or sold during the term of this authorized capital until its respective exercise on another legal basis subject to exclusion of subscription rights in direct or analogous application of Section 186 (3) sentence 4 AktG and (b) have been or are to be issued during the term of this authorized capital until its respective exercise to fulfil warrant-linked or convertible bonds to the extent that such bonds are issued or to be issued subject to the exclusion of subscription rights in analogous application of Section 186 (3) sentence 4 AktG;

- in the case of 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; and

- in the case of 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 Section 15 et seq. AktG.

12.4 Authorization to Issue Stock Options

The general shareholders' meeting of the Company which was held on October 30, 2020 authorized the Management Board and the Supervisory Board to issue stock options in order to give the holders of stock options at Allgeier SE a corresponding participation in Nagarro SE as well as to establish future employee stock option plans.

A total of 194,000 options may be issued for this purpose, each option entitling the holder to purchase one registered share of Nagarro SE. Each option may only be exercised within two weeks after the shareholders' Meeting or the publication of an annual or semi-annual report and a quarterly notification, unless the exercise falls within the period between (i) the last day of registration for the shares prior to the Company's Shareholder Meeting and the first banking day after the Shareholder Meeting, (ii) from two weeks before the end of each fiscal year of the Company or (iii) from the day on which the Company has announced an offer to its shareholders for the subscription of new shares by means of a notice to all shareholders or via the Federal Gazette (*Bundesanzeiger*) until the day on which these shares are traded on the stock exchange for the first time. After a period of 10 years after the resolution of the Management Board by which the respective option rights are issued, they shall lapse without compensation.

The subscription price for one no-par value share of the Company upon exercise of the option is determined on the basis of the subscription prices determined for the outstanding stock options under the 2010 and 2014 stock option plans of Allgeier SE.

If, during the term of the option rights, the Company increases its share capital by issuing new shares while granting subscription rights to the shareholders or if the Company grants subscription rights to acquire treasury shares, the exercise price is reduced by the amount corresponding to the unweighted average closing price of the subscription right granted to the shareholders on all trading days at the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) in XETRA trading (or a comparable trading system substituting XETRA). If there is no subscription right trading, the exercise price is reduced by the value of the subscription right determined in accordance with recognized financial mathematical methods. The reduced exercise price shall apply from the first trading day after the end of the subscription period.

In the event of a reduction in the Company's capital, however, the exercise price is not adjusted if the total number of shares is not changed by the reduction or if the reduction is linked to a capital repayment or to the acquisition of treasury shares against payment.

The option rights issued are neither transferable nor alienable, pledgeable or otherwise encumberable.

Furthermore, after completion of the Spin-Off and until October 22, 2025, the Company is authorized to issue 45,000 option rights once by resolution of the Supervisory Board, of which 15,000 option rights will be allocated to each member of the Management Board. Additionally, the Company is authorized to issue up to 800,000 stock options in one or several tranches to employees and members of the management boards of affiliated companies until October 22, 2025, of which up to 325,000 option rights will be allocated to the managing directors and members of the management board of affiliated companies of Nagarro SE and up to 475,000 option rights to employees of affiliated companies. For further information see "*14.5.2 – Future Nagarro Employee Stock Option Plan*".

12.5 Authorization to Purchase and Sell Treasury Shares

The shareholders' meeting of the Company which was held on October 30, 2020 authorized the Management Board to, subject to the consent of the Supervisory Board, purchase treasury shares 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 this authorization becomes effective. If the registered share capital figure is lower at the time when this authorization is exercised, such lower value shall be decisive. In this connection, the shares purchased on the basis of this authorization together with other shares of the Company which the Company has already purchased and still holds shall not exceed 10% of the respective registered share capital existing at any one time. The authorization may also be exercised by companies which are controlled by the Company or in which it holds a majority interest or by third parties for the account of the Company or companies controlled by it or in which it holds a majority interest. The authorization may be exercised to the full extent of repurchases thereby authorized or in partial amounts, on one or several occasions. It shall apply until September 23, 2025.

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

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 (closing prices of the share of Nagarro SE as determined in XETRA trading or on any comparable trading system substituting XETRA) on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) for the last three trading days preceding the purchase or the assumption of an obligation to purchase.

If a purchase is effected via a public purchase offer, the Company will publish a formal offer to the shareholders. The offered purchase price (excluding ancillary purchasing costs) or the limits of the purchase price range per share determined by the Company (excluding ancillary purchasing costs) in each case may not be more than 10% higher or lower than the arithmetic mean value of the closing prices (closing prices of the share of Nagarro SE as determined in XETRA trading or on any comparable trading system substituting XETRA) on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) 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. The Management Board is authorized, subject to the consent of the Supervisory Board, to cancel the treasury shares purchased on the basis of this authorization pursuant to Section 71 (1) no. 8 AktG without adopting another resolution of the Company's 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.

The Management Board is authorized, subject to the consent of the Supervisory Board, to use the shares purchased on the basis of the authorization by means other than by a sale via the stock market or an offer to all shareholders subject to full or partial exclusion of subscription rights of the shareholders as follows:

(a) for resell to third parties against cash contribution other than on the stock market or through a public offer to all shareholders;

(b) for sale against non-cash contribution, in particular - but without limitation - to acquire companies, divisions of companies, equity interests or other assets in companies;

(c) for sale against cash payment provided that this takes place at a price that is not lower than 5% of the market price of shares of the Company at the time of the sale (simplified exclusion of subscription rights pursuant to Section 186 (3) sentence 4, Section 71 (1) no. 8 sentence 5 half-sentence 2 AktG). The authorization shall be limited, subject to inclusion of other shares and warrant-linked or convertible bonds as well as profit-sharing certificates conferring an option or conversion right or a conversion obligation which have been issued or sold subject to the exclusion of subscription rights of the shareholders during the term of this authorization until its exercise in direct or analogous application of Section 186 (3) sentence 4 AktG, to a threshold of 10% in aggregate of the current registered share capital. Decisive for the threshold of 10% is the registered share capital figure on the date when this authorization becomes effective. In the event that the registered share capital figure should be lower at the time when this authorization is exercised, such lower value shall be decisive;

(d) to fulfil obligations of the Company arising from conversion and option rights which have been issued by the Company or by companies which are controlled by it or in which it holds a majority interest; and

(e) to issue as employee shares to employees or members of the Management Board of the Company or of companies affiliated with the Company within the meaning of Section 15 et seq. AktG.

The authorizations above are possibly also exercised by companies which are controlled by the Company or in which it holds a majority interest or by third parties for the account of the Company or companies controlled by it or in which it holds a majority interest.

Under the authorization, the sale of treasury shares subject to exclusion of subscription rights is permitted only if the sum of the sold shares and together with new shares issued by the Company from an authorized capital during the term of the authorization until its exercise by exercising another authorization subject to the exclusion of subscription rights of the shareholders, as well as together with rights issued during the term of this authorization until its exercise by exercising another authorization subject to exclusion of subscription rights and enabling the conversion into or the subscription of shares of the Company or establishing an obligation for such conversion or subscription, nominally represents no more than 10% in aggregate of the registered share capital. What is decisive for calculating the threshold of 10% of the registered share capital is the registered share capital figure on the date when the authorization becomes effective. In the event that the registered share capital figure should be lower at the time when the authorization is exercised, such lower value is expected to be decisive.

12.6 General Provisions Governing a Liquidation of the Company

Apart from liquidation as a result of insolvency proceedings, the Company may only be liquidated with a vote of 75% or more of the share capital represented at the vote. Furthermore, the commencement of insolvency proceedings regarding the assets of the Company, the rejection of insolvency proceedings for insufficient assets to cover the costs of the proceedings, a cancellation of the Company for lack of funds or the imposition of a final decision of the registry court about a material defect in the Articles of Association could lead to a cancellation of the Company. In the event of the Company's liquidation, the AktG provides that any assets remaining once all of the Company's liabilities have been settled shall be distributed pro rata amongst the Company's shareholders. The AktG provides certain protections for creditors in the event of a liquidation of the Company.

12.7 General Provisions Governing a Change in the Share Capital

Under the AktG, a resolution of the shareholders' meeting passed by a majority of at least 75% of the share capital represented at the vote is required to increase the share capital of a European stock corporation (*SE*) and change the articles of association accordingly. However, the articles of association may provide – as the Company's Articles of Association do – that, instead of the 75% majority, a simple majority of the share capital represented at the vote suffices to increase the Company's share capital. Our Articles of Association provide in § 23 (1) that the resolutions of the general shareholders' meeting are adopted by a simple majority of the votes cast unless mandatory law or the articles of association require a higher majority or additional requirements (which is currently not the case under the Articles of Association of the Company).

The shareholders' meeting may also create authorized capital. This requires a resolution passed by a majority of at least 75% of the share capital represented at the vote, authorizing the Management Board to issue a specific number of shares within a period not exceeding five years. The aggregate nominal amount of the new shares may not exceed 50% of the share capital existing at the time the authorization is granted (*i.e.*, at the time the authorized capital is registered in the commercial register.)

In addition, the shareholders' meeting can create conditional capital through a resolution passed with a majority of at least 75% of the share capital represented at the vote, for the purposes of (i) granting exchange or subscription rights to holders of convertible bonds or other securities granting a right to subscribe for shares; (ii) preparing for a merger with other companies; or (iii) granting subscription rights to managers and employees of the Company or an affiliated company by way of an approval resolution or authorization resolution. The nominal amount of conditional capital may not exceed 10% of the share capital at the time the resolution is passed in cases where it is created to grant subscription rights to managers and employees, and may not exceed 50% in all other cases.

Resolutions to reduce the Company's share capital require a majority of at least 75% of the share capital represented at the vote.

12.8 General Provisions Governing Subscription Rights

Section 186 AktG generally grants all shareholders the right to subscribe for new shares of the Company issued in case of a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. However, shareholders do not have the right to demand admission to trading for subscription rights. The Company's shareholders' meeting may resolve to exclude shareholders' subscription rights with a vote of 75% or more of the share capital represented at the vote. Exclusion of shareholders' subscription rights, wholly or in part, also requires a report from the Management Board that justifies the exclusion to the shareholders' meeting and demonstrates that the Company's interest in excluding subscription rights outweighs the interests of the shareholders to be granted subscription rights. An exclusion of shareholders' subscription rights is, in particular, permissible if:

- the Company increases its share capital against cash contributions;
- the amount of the capital increase of the issued shares with no subscription rights does not exceed 10% of the share capital at issue, both at the time when the authorization takes effect and at the time when it is authorized; and
- the price at which the new shares are being issued is not materially lower than the stock exchange price of the Shares.

12.9 Exclusion of Minority Shareholders

12.9.1 Squeeze-Out under Stock Corporation Law

Sections 327a *et seq.* AktG, which govern the so-called "squeeze-out under stock corporation law", upon request of a shareholder holding 95% or more of the Company's share capital, provide that the Company's shareholders' meeting may resolve to transfer the shares of minority shareholders to such majority shareholder against payment of an adequate compensation in cash. The amount of the cash payment offered to minority shareholders must reflect "the circumstances of the Company" at the time the shareholders' meeting passes the resolution. The amount of the cash payment is based on the full value of the Company, which is generally determined using the capitalized earnings method (*Ertragswertmethode*). Minority shareholders are entitled to file for a valuation proceeding (*Spruchverfahren*), wherein the court will review the fairness (*Angemessenheit*) of the cash payment.

12.9.2 Squeeze-Out and Tender Rights under Takeover Law

Under Sections 39a and 39b of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* – ("**WpÜG**")), in case of a so-called "squeeze-out under takeover law", an offeror holding at least 95% of the voting share capital of a target company (as defined in the WpÜG) following a takeover bid or mandatory offer, may, within three months of the expiration of the deadline for acceptance of the offer, petition the regional court (*Landgericht*) of Frankfurt am Main, Germany, to order the transfer of the remaining voting shares to such offeror against payment of an adequate compensation. Such transfer does not require a resolution of the target company's shareholders' meeting. The consideration paid in connection with the takeover bid or mandatory offer is considered adequate if the offeror has obtained at least 90% of the share capital that was subject to the offer. The nature of the compensation must be the same as the consideration paid under the takeover bid or mandatory offer, while at all times a cash compensation must also be offered.

In addition, following a takeover bid or mandatory offer, the shareholders in a target company who have not accepted the offer may do so up to three months after the acceptance period has expired (Section 39c WpÜG), provided the offeror is entitled to petition for the transfer of the outstanding voting shares in accordance with Section 39a WpÜG.

The provisions for a squeeze-out under stock corporation law cease to apply once an offeror has petitioned for a squeeze-out under takeover law, and only apply again when these proceedings have been definitively completed.

12.9.3 Squeeze-Out under Reorganization Law

Under Section 62 (5) of the German Transformation Act (*Umwandlungsgesetz – UmwG*), a majority shareholder holding at least 90% of the Company's share capital may require the Company's shareholders' meeting to resolve to transfer the shares of the minority shareholders to such majority shareholder against payment of an adequate compensation in cash, provided that (i) the majority shareholder is a stock corporation (*Aktiengesellschaft* (*AG*)), a partnership limited by shares (*Kommanditgesellschaft auf Aktien* (*KGaA*)), or a European company (*Societas Europaea* (*SE*)) having its registered offices in Germany; and (ii) the squeeze-out is performed to facilitate a merger under the UmwG between the majority shareholder and the Company. The shareholders' meeting held to approve the squeeze-out must take place within three months of the conclusion of the merger agreement.

The procedure for a squeeze-out under the UmwG is essentially identical to the "squeeze-out under stock corporation law" described above, including the minority shareholders' right to judicial review of the appropriateness of the cash compensation.

12.9.4 Integration

Under Section 319 *et seq.* AktG, the Company's shareholders' meeting may vote for an integration (*Eingliederung*) into another stock corporation that has its registered office in Germany, provided the prospective parent company holds at least 95% of the shares of the Company. The former shareholders of the Company are entitled to adequate compensation, which generally must be provided in the form of shares in the parent company. In such case, Section 305 (3) sentence 1 AktG stipulates that shares must be issued based on the appropriate valuation in case a merger had taken place between the two companies. Fractional amounts may be paid out in cash.

12.10 Shareholder Notification Requirements; Mandatory Takeover Bids; Directors' Dealings

Once the Shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company will be subject to German Securities Trading Act (*Wertpapierhandelsgesetz*) provisions governing, *among other things*, disclosure requirements for significant shareholdings, the WpÜG provisions governing takeover bids and mandatory offers, as well as the Market Abuse Regulation (Regulation (EU) 596/2014 of April 16, 2014 – "**MAR**") provisions governing, *among other things*, directors' obligations to disclose transactions in the Shares, debt instruments, related derivatives or other related financial instruments.

12.10.1 Notification Requirements of Shareholders

12.10.1.1 <u>Notification Thresholds and Attribution Rules</u>

Pursuant to Section 33 (1) WpHG, anyone who acquires or whose shareholding in any other way reaches or exceeds 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total number of voting rights in the Company, is required to concurrently notify both the Company and BaFin of such occurrence. Subsequent notifications are required if such person sells or in any other way falls below the aforementioned thresholds.

All such notifications must be submitted without undue delay, and no later than within four trading days. The four-day notification period starts at the time the person or entity subject to the notification requirement has knowledge of or, in consideration of the circumstances should have had knowledge of, his proportion of voting rights reaching, exceeding or falling below the aforementioned thresholds. The WpHG contains a conclusive presumption that the person or entity subject to the notification requirement has knowledge at the latest two trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim of transfer related to such shares. If a threshold has been reached or crossed due to a change in the total number of voting rights, the notification period starts at the time the person or entity subject to the notification requirement has knowledge about such change, or upon the publication of the revised total number of voting rights by the Company, at the latest.

In connection with these requirements, Section 34 WpHG contains various attribution rules. For example, voting rights attached to shares held by a subsidiary are attributed to its parent company. Similarly, voting rights attached to shares held by a third party for the account of a person or entity are attributed to such person or entity. Voting rights which a person or entity is able to exercise as a proxy according to such person's or entity's discretion are also attributed to such person or entity. Furthermore, any coordination by a person or entity with a third party on the basis of an agreement or in any other way generally results in an attribution of the full amount of voting rights held by, or attributed to, the third party as well as to such person or entity. Such acting-in-concert generally requires a consultation on the exercise of voting rights or other efforts designed to effect a permanent and material change in the business strategy of the Company (*e.g.*, fundamental changes to the Group's business model or a sale of a substantial part of the Group's assets). Accordingly, the exercise of voting rights does not necessarily have to be the subject of acting-in-concert. Coordination in individual cases, however, is not considered as acting-in-concert.

Except for the 3%-threshold, similar notification requirements towards the Company and BaFin exist, if the aforementioned thresholds are reached, exceeded or undercut, because the shareholder holds financial instruments that (i) confer to him (a) the unconditional right to acquire already issued shares of the Company to which voting rights are attached when due or (b) discretion to exercise his right to acquire such shares, or (ii) relate to such shares and have a similar economic effect as the aforementioned instruments, whether or not conferring a right to a physical settlement. Thus, the latter mentioned notification requirements also apply, for example, to share swaps against cash consideration and contracts for difference. The number of voting rights relevant for the notification requirement will generally be calculated by reference to the full nominal amount of shares underlying the instrument except where the instrument provides exclusively for a cash settlement. Details for such calculations are laid down in the Commission Delegated Regulation (EU) 2015/761 of December 17, 2014. In addition, a person or entity is subject to a notification requirement towards the Company and BaFin if the sum of the voting rights from shares and (financial) instruments held or attributed to such person or entity reaches, exceeds or falls below the aforementioned thresholds, again except for the 3% threshold.

12.10.1.2 Exceptions to Notification Requirements

There are certain exceptions to the notification requirements. For example, a company is exempt from notification obligations if its parent company has filed a group notification pursuant to Section 37 (1) WpHG. If the Company's parent company is itself a subsidiary, then the relevant company is exempt from notification obligations if its parent's parent company has filed such group notification. Moreover, shares or instruments held by a credit institution or a credit securities services company with a registered seat in the European Union or in an EEA Member State are not taken into account for determining the notification obligation or proportion of voting rights held, provided (i) the shares or instruments are held in such credit institution's or credit securities services company's trading book, (ii) they amount to no more than 5% of the Company's voting rights, do not grant the right to acquire more than 5% of the voting rights, or do not have a similar economic effect and (iii) it is ensured that the voting rights pertaining to such shares or instruments are not exercised or otherwise utilized.

12.10.1.3 Fulfilment of Notification Requirements

If any notification obligation is triggered, the notifying person or entity is required to fully complete the notification form set forth as an annex to the German Securities Trading and Insider List Regulation (*Wertpapierhandelsanzeige- und Insiderverzeichnisverordnung*). The notice may be submitted either in German or English, in writing or via fax. Irrespective of the event triggering the notification, the notice must include (i) the number and proportion of voting rights, (ii) the number and proportion of instruments and (iii) the aggregate number and proportion of voting rights and instruments held by, or attributed to, the notifying person or entity. In addition, the notice must include certain attribution details (*e.g.*, the first name, surname and date of birth of the notifying individual or the legal name, seat and state of a notifying entity, the event triggering the notification, the date on which the threshold was reached or crossed and whether voting rights or instruments are attributed).

As a domestic issuer in Germany, the Company is required to publish such notices without undue delay, but no later than three trading days after receipt, via media outlets or outlets where it can be assumed that the notice will be disseminated in the entire European Union and in all EEA Member States. Such publications shall only be made in the English-language. The Company is also required to transmit these publications to BaFin, specifying the time of publication and the media used and to the German Company Register (*Unternehmensregister*) for storage.

12.10.1.4 Consequences of Violations of Notification Requirements

Rights of shares held by shareholders, or from which voting rights are attributed to shareholders, do not exist for as long as the notification requirements are not fulfilled or not fulfilled appropriately. This temporary nullification of rights applies, in particular, to dividend, voting and subscription rights. However, it does not apply to entitlements to dividend and liquidation gains if the notifications were not omitted willfully and have since been submitted. If the shareholder willfully or grossly negligently fails to disclose the correct proportion of voting rights held, then the rights attached to shares held by or attributed to such shareholder cease to exist for a period of six months after such shareholder has correctly filed the necessary notification, except if the variation was less than 10% of the actual voting right proportion and no notification with respect to reaching, exceeding or falling below the aforementioned thresholds, including the 3% threshold, was omitted. In addition, a fine may be imposed for failure to comply with notification obligations.

12.10.1.5 Special Notification Requirements for more than 10% of the Voting Rights

Pursuant to Section 43 WpHG, a shareholder who reaches or exceeds the threshold of 10% of the voting rights of the Company, or a higher threshold, is required to notify the Company within 20 trading days regarding the objective being pursued through the acquisition of such voting rights, as well as regarding the source of funds used for the purchase. Changes in those objectives must also be reported within 20 trading days. The Articles of Association have not made use of the option to release shareholders from this disclosure obligation. In calculating whether the 10%-threshold has been reached, the aforementioned attribution rules apply. The Company is required to publish any notification pursuant to Section 43 WpHG it receives without undue delay and no later than within three trading days.

12.10.2 Mandatory Offers

Pursuant to the WpÜG, every person whose share of voting rights reaches or exceeds 30% of the voting rights of the Company is required to publish this fact, including the percentage of its voting rights, within seven calendar days of crossing this threshold. Such publication must be furnished on the internet and by means of an electronic system for disseminating financial information. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights attached to such shares.

Once the share of voting rights exceeds 30% of the voting rights of the Company, such shareholder is required to make a mandatory tender offer to all shareholders of the Company. Under certain conditions, BaFin may grant an exemption from this rule. If the relevant shareholder fails to give notice of reaching or exceeding the 30%-threshold or fails to submit the mandatory tender offer, such shareholder is barred from exercising the rights associated with these shares (including voting rights and, in case of willful failure to send the notice and failure to subsequently send the notice in a timely manner, the right to dividends) for the duration of the delinquency. A fine may also be imposed in such cases.

12.10.3 Managers' Transactions

A person discharging managerial responsibilities within the meaning of Article 3 (1) no. 25 MAR (*i.e.*, the members of the Management Board and the Supervisory Board), must notify the Company and BaFin of transactions undertaken for their own account relating to the Shares or to financial instruments based on the Shares (subject to a €5,000.00 *de minimis* exception per calendar year for all such transactions). This also applies to persons closely associated with a person discharging managerial responsibilities within the meaning of Article 3 (1) no. 26 MAR. Such notifications shall be made promptly and no later than three business days after the date of the relevant transaction. The Company shall ensure that such notifications are made public promptly and no later than three business days after the relevant transaction.

During a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the Company is required to make public according to (i) the rules of the trading venue where the Shares are admitted to trading or (ii) national law, persons discharging managerial responsibilities are prohibited from conducting for their own account or for the account of a third party any transactions directly or indirectly relating to shares or debt instruments of the Company, or to derivatives or other financial instruments linked to such securities.

12.11 EU Short Selling Regulation (Ban on Naked Short-Selling)

Pursuant to Regulation (EU) 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps (the "**Short Selling Regulation**"), the European Commission's delegated regulation for the purposes of detailing the Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012, the short-selling of the Shares is only permitted under certain conditions. Additionally, under the provisions of the Short Selling Regulation, significant net-short selling positions in the Shares must be reported to BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net-Short Positions (*Netto-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short-selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Shares with its long positions in such shares. The details are regulated in the EU Short Selling Regulation and the other regulations the European Commission enacted on short-selling. In certain situations described in the Short Selling Regulation, BaFin may restrict short-selling and comparable transactions.

13. GENERAL INFORMATION ON THE COMPANY AND THE ALLGEIER GROUP

13.1 Formation, Incorporation, Commercial Name and Registered Office

Nagarro SE was formed on January 17, 2020 as a European stock corporation (*Societas Europaea (SE))* under the legal name Blitz 20-361 SE under German law and registered in the commercial register of the local court (*Amtsgericht*) of Munich under HRB 254410. It was acquired by Allgeier SE on February 19, 2020 as a shell company. The acquisition and the associated capitalization was an economic re-establishment (*wirtschaftliche Neugründung*) of Nagarro SE, which was duly registered in the commercial register. At that time, Nagarro SE had no further assets and no existing liabilities apart from the fully paid-up share capital in the form of a bank balance. Based on the resolution of the annual shareholders' meeting on July 15, 2020, the Company's legal name was changed to "Nagarro SE". As of the date of the Prospectus, the Company is registered in the commercial register of the local court (*Amtsgericht*) of Munich under HRB 254410.

The Company is organized as a European stock corporation (*Societas Europaea (SE)* under German law. Therefore, the Company, which has its seat in Germany, is governed by German and European law. Thus, the Regulation (EC) No 2157/2001 on the Statute for a European company (SE), the German SE Implementation Act (*SE-Ausführungsgesetz* "**SEAG**") and the German Stock Corporation Act (*Aktiengesetz*) as well as other laws applicable to stock corporations (in particular the German Transformation Act (*Umwandlungsgesetz*), the HGB, the WpHG and the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) apply or will apply to the Company.

The Company's legal name is Nagarro SE. The Company is the holding company of the Nagarro Group and primarily operates under the commercial name "Nagarro".

The Company has its registered office at Einsteinstraße 172, 81677 Munich, Germany (telephone: +49 89 998421 43, www.nagarro.com) and is registered in the commercial register of the local court of Munich under docket number HRB 254410. The Company's legal identifier (LEI) is: 9845008396BA67DA9B37.

13.2 Financial Year and Duration

The Company's financial year is the calendar year. The Company has been established for an unlimited period.

13.3 Corporate Purpose

The object of the Company is to provide software and technology consulting, development, perform test procedures, implementation as well as maintenance, operation and innovation services in the field of software and technology.

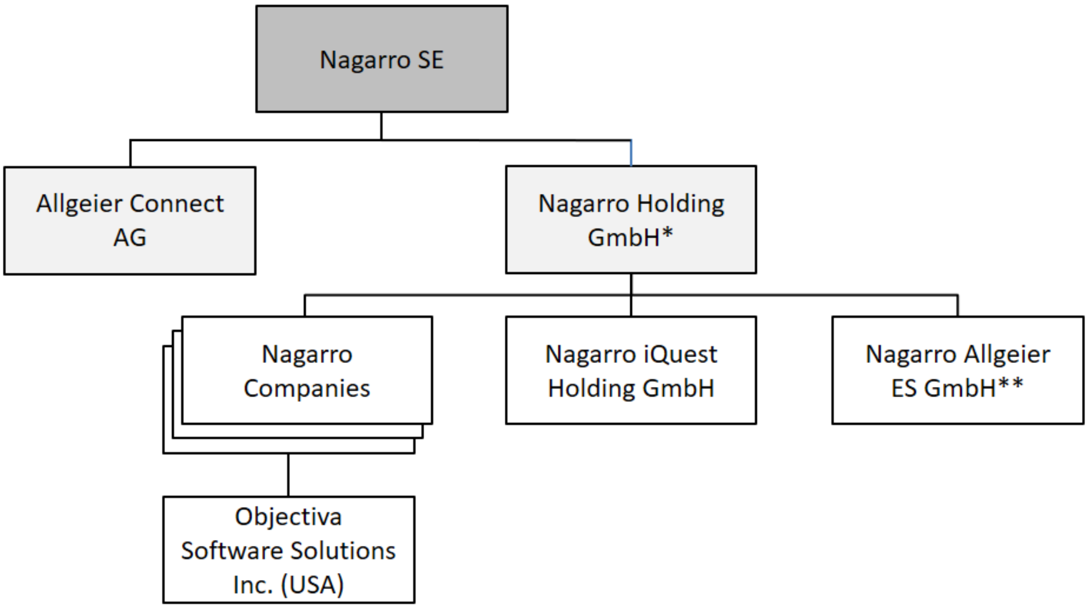
The Company may realize its activities itself or as a holding company through consolidated subsidiaries or associated companies, holdings and joint ventures which it may establish, acquire interest in, sell, hold, manage, advise and restructure under its uniform management and for which it may perform other management tasks and may furthermore manage companies in which it holds interests under its uniform management or confine itself to the administration of such companies. It may transfer all or part of its operations to newly established or existing subsidiaries.

The Company is entitled to enter into intra-company and cooperation agreements with other companies and to engage in all transactions and take all measures which are directly or indirectly suited to enhance the object of the Company.

13.4 Group Structure

The Company is the holding company of the Nagarro Group. Nagarro SE's business is conducted by Nagarro Holding GmbH and its various subsidiaries.

The following graph provides a simplified overview of the current structure of the Group and the material direct and indirect subsidiaries of the Company upon completion of the Spin-Off. Except as otherwise indicated, all shareholdings are 100.0%, certain subsidiaries are owned by other subsidiaries:



* In part held indirectly through a participation program
** Nagarro Allgeier ES GmbH was formed by merging Allgeier Consulting Services GmbH with Allgeier Midmarket Services GmbH and holds all the shares in Allgeier Enterprise Services Denmark AS

13.5 Consolidated Subsidiaries

The following table presents an overview of the Company's consolidated subsidiaries:

	For the fiscal years ended December 31,		
	2017	**2018**	**2019**
Nagarro			
SPP Co-Investor Verwaltungs GmbH, Munich, Germany	100.00%	100.00%	100.00%
SPP Co-Investor GmbH & Co. KG, Munich, Germany	23.76%	24.57%	16.41%
Nagarro SPP GmbH, Munich, Germany	62.64%	63.04%	59.04%
Allgeier Nagarro Beteiligungs GmbH, Munich, Germany(14)	50.01%	50.01%	50.01%
Allgeier Nagarro Holding GmbH, Munich, Germany(7)	84.37%	84.43%	83.83%
Nagarro Inc., San Jose, USA	84.37%	84.43%	83.83%
Nagarro Software Pvt. Ltd., Gurgaon, India	84.37%	84.43%	83.83%
Nagarro Software GmbH, Frankfurt, Germany	84.37%	84.43%	83.83%
Nagarro Software S.A., Monterrey, Mexico	84.37%	84.43%	83.83%
Mokriya Inc., Cupertino, USA	84.37%	84.43%	83.83%
Allgeier Global Services Asia Pte. Ltd., Singapore	84.37%	84.43%	83.83%
Nagarro Enterprise Services Pvt. Ltd., Jaipur, India	84.37%	84.43%	83.83%
Nagarro SDN. BHD., Kuala Lumpur, Malaysia(3)	84.37%	84.43%	83.83%
Nagarro K.K., Tokio, Japan(3)	84.37%	84.43%	83.83%
Nagarro Software AB, Stockholm, Sweden	84.37%	84.43%	83.83%
Nagarro GmbH, Vienna, Austria	84.37%	84.43%	83.83%

Nagarro Austria Beteiligungs GmbH, Vienna, Austria(1)	84.37%	-	-
Nagarro GmbH, Munich, Germany	84.37%	84.43%	83.83%
Nagarro Software srl, Timisoara, Romania	84.37%	84.43%	83.83%
Nagarro Testing Service GmbH, Dresden, Germany(2)	-	84.43%	-
Nagarro Software A/S, Copenhagen, Denmark	84.37%	84.43%	83.83%
Nagarro Software Ltd., London, United Kingdom	84.37%	84.43%	83.83%
Nagarro Software SAS, Paris, France	84.37%	84.43%	83.83%
Nagarro AS, Oslo, Norway	84.37%	84.43%	83.83%
Nagarro Pty. Ltd., Sydney, Australia(3)	84.37%	84.43%	83.83%
Nagarro Oy, Espoo, Finland(3)	84.37%	84.43%	83.83%
Nagarro Ltd., Valetta, Malta(3)	-	84.43%	83.83%
Nagarro Pty. Ltd., Pretoria, South Africa(3)	-	84.43%	83.83%
Nagarro Software LLC, Abu Dhabi, UAE(4)	-	84.43%	-
Nagarro Inc., Toronto, Canada(3)	-	84.43%	83.83%
Nagarro Company Ltd., Bangkok, Thailand(3)	-	-	83.83%
Nagarro Ltd., Port Luis, Mauritius(3)	-	-	83.83%
Farabi Technology Middle East LLC, Dubai, UAE(8)	-	-	83.83%
Solutions4Mobility LLC, Dubai, UAE	-	-	83.83%
Nagarro ES			
Allgeier Midmarket Services GmbH, Bremen, Germany(9)	100.00%	95.00%	95.00%
Allgeier Consulting Services GmbH, Munich, Germany(10)	100.00%	95.00%	95.00%
Allgeier ES France SAS, Entzheim, France(11)	100.00%	95.00%	95.00%
Allgeier Enterprise Services Denmark A/S, Bröndby, Denmark(12)	100.00%	95.00%	95.00%
Nagarro Objectiva			
Objectiva Software Solutions Inc., San Diego, USA	-	100.00%	100.00%
Objectiva Software Solutions Co. Ltd., Beijing, China	-	100.00%	100.00%
Objectiva Software Solutions Co. Ltd., Xi'an, China	-	100.00%	100.00%
Nagarro iQuest			
iQuest Holding GmbH, Karlsruhe, Germany(13)	-	60.82%	68.72%
iQuest Technologies GmbH & Co. KG, Bad Homburg, Germany	-	60.82%	68.72%
iQuest Verwaltungs GmbH, Bad Homburg, Germany	-	60.82%	68.72%
iQuest Technologies srl, Cluj-Napoca, Romania	-	60.82%	68.72%
iQuest Solutions srl, Sibiu, Romania(5)	-	60.82%	-
iQuest Tech Labs srl, Cluj-Napoca, Romania(4)	-	60.82%	-
iQuest Technologies srl, Brasov, Romania(5)	-	60.82%	-
iQuest Schweiz AG, Zürich, Switzerland	-	60.82%	68.72%
iQuest SPZOO, Warschau, Poland	-	60.82%	68.72%
iQuest Technologies North America LLC(6)	-	-	-

1) The company was merged into Nagarro GmbH, Vienna, Austria in 2018.
2) The company was merged into Nagarro GmbH, Munich, Germany in 2019.
3) The companies were incorporated in the financial years 2017, 2018 or 2019 and consolidated accordingly in the respective years.
4) The company was liquidated in 2019.
5) The company was merged into iQuest Technologies srl, Cluj-Napoca, Romania in 2019.
6) The company was acquired and liquidated in 2018.
7) The company name was changed to Nagarro Holding GmbH in 2020 (hereafter "Nagarro Holding GmbH" irrespective of the period being referred to).
8) The company name was changed to Nagarro MENA LLC, UAE in 2020 (hereafter "Nagarro MENA LLC" irrespective of the period being referred to).
9) The company name was changed to Nagarro Allgeier ES GmbH, Kronberg, Germany in 2020 (hereafter "Nagarro Allgeier ES GmbH" irrespective of the period being referred to).
10) The company was merged with Nagarro Allgeier ES GmbH in 2020.
11) The company name was changed to Nagarro Allgeier ES France SAS, Entzheim, France in 2020.
12) The company name was changed to Nagarro Allgeier ES Denmark A/S, Bröndby, Denmark in 2020.
13) The company name was changed to Nagarro iQuest Holding GmbH, Karlsruhe, Germany, in 2020.
14) The company name was changed to Nagarro Beteiligungs GmbH, Munich, Germany, in 2020.

13.6 Independent Auditors

LOHR + COMPANY GmbH Wirtschaftsprüfungsgesellschaft, Rochusstrasse 47, 40479 Dusseldorf, Germany ("**Lohr + Company**") has audited and issued German-language unqualified independent auditor's reports (*uneingeschränkte Bestätigungsvermerke des unabhängigen Abschlussprüfers*) on (i) the English-language Audited Combined Financial Statements of Nagarro as of and for the financials years ended December 31, 2019, 2018 and 2017 prepared in accordance with IFRS and (ii) the German-language unconsolidated financial statements of Nagarro SE as of June 30, 2020 and for the period from January 17, 2020 to June 30, 2020 prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*).

Lohr + Company is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10727 Berlin, Germany.

13.7 Announcements, Paying Agent

Pursuant to the Articles of Association, the Company's announcements are published in the German Federal Gazette (*Bundesanzeiger*), unless provided otherwise by mandatory law.

The Company is entitled, in accordance with Section 49 (3) WpHG to provide information to shareholders by way of remote data transmission.

The paying agent is COMMERZBANK. The mailing address of the paying agent is Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany.

Pursuant to Article 21 (3) of the Prospectus Regulation, this Prospectus, as well as any supplements thereto, are published on the Company's website www.nagarro.com under the section "Spin-Off".

14. DESCRIPTION OF THE GOVERNING BODIES OF THE COMPANY

14.1 Overview

Our governing bodies are the Management Board, the Supervisory Board and the shareholders' meeting. The responsibilities and powers of these governing bodies are determined by the SEAG, the AktG, the German Corporate Governance Code (the "**DCGK**"), the Articles of Association and internal rules of procedure of the Management Board (*Geschäftsordnung für den Vorstand*) as well as the rules of procedure of the Supervisory Board (*Geschäftsordnung des Aufsichtsrats*) which may be resolved following the completion of the Spin-Off.

The members of the Management Board are appointed by the Supervisory Board, and the Supervisory Board is entitled to remove any member of the Management Board under certain circumstances. Simultaneous membership in the Supervisory Board and the Management Board is not permitted under German law. The Supervisory Board may appoint certain of its members as deputies for absent or incapacitated members of the Management Board for a predetermined period of time which may not in any event exceed one year. The members of the Supervisory Board may not exercise the functions of a member of the Supervisory Board during their term of office as deputy members of the Management Board.

The Management Board is responsible for independently running the business of the Company without being subject to instructions. The Management Board is also responsible for implementing appropriate risk management and risk control systems within the Group. The Management Board is also obligated to report regularly to the Supervisory Board, at least on a quarterly basis, on the status of the business and condition of the Company and its subsidiaries. Furthermore, the Management Board reports to the Supervisory Board at least once a year on the projected business objectives and other key issues relating to corporate planning (especially finance, investment and human resources planning), which must include discussion of any deviations between actual developments and objectives previously reported on, including the reasons for such deviations. In addition, the Management Board must submit a budget for the following financial year to the Supervisory Board. The Management Board is also required to report to the Supervisory Board in a timely fashion on any transactions that may be significant with respect to the profitability or liquidity of the Company in order to give the Supervisory Board an opportunity to express its opinion on such transactions prior to their implementation. The Management Board must report important matters to the chairperson of the Supervisory Board, including any matters involving subsidiaries that become known to the Management Board and that could have a material effect on the Company. The Articles of Association or the Supervisory Board shall designate types of transactions that may only be conducted with the prior approval of the Supervisory Board. According to Section 13 (1) of the Articles of Association of the Company matters subject to the prior approval of the Supervisory Board currently are a) the acquisition, sale and encumbrance of real estate and leasehold rights, if the value exceeds €500,000.00, b) commencement of new, and the discontinuance of existing lines of businesses, or c) granting permission to perform one of the above legal acts within an associated company.

In addition to the aforementioned transactions and measures, the Supervisory Board may make other types of transactions and measures subject to its prior approval by amending the rules of procedure of the Management Board or the Supervisory Board or through a resolution of the Supervisory Board. The Supervisory Board may also grant revocable consent in advance to a certain group of transactions in general or to individual transactions that meet certain requirements.

Each member of the Management Board and Supervisory Board owes a duty of loyalty, duty of legality and duty of care to the Company. In discharging these duties, each member of these bodies must consider a broad spectrum of interests, particularly those of the Company and its shareholders, employees and creditors. In addition, the Management Board must also take into consideration the shareholders' rights to equal treatment and equal access to information. If members of the Management Board or Supervisory Board breach their duties, they may be jointly and severally liable with the other members of the Management Board or the Supervisory Board to the Company for any damages the Company has incurred. The Company's Directors' and Officers' (D&O) Liability insurance policy provides financial loss coverage up to a certain amount for members of the Management Board and the Supervisory Board with regard to their activities. The Company bears the cost of these insurance policies. However, it should be noted that applicable German law requires that each member of our Management Board remains personally responsible in the case of any finding of personal liability of such member, as the case may be, for 10% of the total amount of such personal liability, up to an amount that equals 150% of such member's total annual fixed remuneration.

Under German law, shareholders generally have no right to directly assert claims against members of the Management Board or Supervisory Board if they believe that such members have violated their duties to the Company (*i.e.*, only the Company has the right to enforce such claims against the members of the Management Board or Supervisory Board). With respect to claims against members of the Management Board, the Company is represented by the Supervisory Board, and with respect to claims against members of the Supervisory Board, the Company is represented by the Management Board. The German Federal Supreme Court (*Bundesgerichtshof*) has ruled that the Supervisory Board is generally required to assert claims against members of the Management Board if it is likely that such claims can be pursued and enforced successfully, unless significant interests of the Company conflict with the pursuit of such claims and outweigh the interests of the Company asserting such claims against members of the Management Board.

If either the Supervisory Board or the Management Board decides not to pursue claims of the Company against members of the respective other governing body for violations of their duties, such claims must nevertheless be asserted if the shareholders' meeting adopts a resolution to this effect with a simple majority of the votes validly cast. The shareholders' meeting may also appoint a special representative (*besonderer Vertreter*) to assert such claims. Shareholders whose aggregate shareholdings amount to 10% of the Company's share capital or a *pro rata* share of €1 million in the Company's share capital may also motion for the competent court to appoint such a special representative. If there are facts that justify the suspicion that the Company was harmed by dishonesty or a gross violation of laws or the Articles of Association, shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital may under certain conditions assert claims of the Company against members of the Management Board or Supervisory Board in their own names. However, such claims become inadmissible once the Company itself files a suit to assert such claims.

In addition, the Company's shareholders' meeting may appoint special auditors (*Sonderprüfer*) to audit transactions, particularly management transactions, with a simple majority of the votes validly cast. If the shareholders' meeting rejects a motion to appoint special auditors, the competent court shall appoint such special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if there are facts that justify the suspicion that the relevant occurrence involved acts of dishonesty or gross violations of the law or the Articles of Association. If the shareholders' meeting has resolved to appoint special auditors, the competent court shall appoint different special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if such appointment appears necessary due to reasons concerning the original special auditors.

Shareholders and shareholder associations may solicit via the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*), other shareholders to file a motion, jointly or by proxy, for the appointment of special auditors, for the appointment of a special representative, the convention of a shareholders' meeting, or the exercise of voting rights in a shareholders' meeting.

The Company may only waive or settle claims for damages against members of the Management Board or Supervisory Board if at least three years have elapsed since such claims arose and if the shareholders' meeting has consented to such waiver or settlement by a simple majority vote, provided that a minority of the shareholders whose aggregate shareholdings amount to at least 10% of the Company's share capital does not object to such resolution in the minutes of the shareholders' meeting.

Under German law, neither individual shareholders nor other persons may use their influence on the Company to cause a member of the Management Board or the Supervisory Board to act in a manner that would be detrimental to the Company. Any person who uses his or her influence on the Company to cause a member of the Management Board or the Supervisory Board, an authorized representative (*Prokurist*) or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders may be liable to compensate the Company and the affected shareholders for the resulting losses. Moreover, in this context, the members of the Management Board and Supervisory Board are jointly and severally liable, in addition to the person using his influence, if such members acted in breach of their duty of care towards the Company.

14.2 Management Board

Under the Articles of Association, the Management Board consists of one or more persons. The Supervisory Board determines the specific number of the 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 (*e.g.*, a gross breach of fiduciary duties, inability to properly manage the Company or if the Company's shareholders' meeting has passed a vote of no-confidence with respect to such member, unless the vote of no-confidence was clearly passed for arbitrary reasons) the appointment of a member of the Management Board prior to the expiration of the relevant member's term.

The Supervisory Board is also responsible for entering into, amending and terminating service agreements with members of the Management Board and, in general, for representing the Company in and out of court *vis-à-vis* the members of the Management Board.

Pursuant to Section 84 (2) AktG and Section 9 (3) of the Articles of Association, the Supervisory Board may appoint any member of the Management Board as chairperson of the Management Board (the "**Management Board Chairperson**") and any other member as deputy chairperson.

The Management Board has a quorum if more than a half of its members participate in voting except otherwise required by law. Absent members may cast their votes in writing, orally by telephone, by fax or e-mail, or using any other common means of communication. Where possible, resolutions by the Management Board should be passed unanimously. If this cannot be accomplished, adoption of a resolution shall require a simple majority of the votes cast. In the event of a tie, the Management Board Chairperson shall cast the tie-breaking vote. At the instruction of the Management Board Chairperson, resolutions may also be voted on during telephone or video conference calls, or votes may be cast outside of meetings in writing, orally by telephone, by fax or e-mail, or using other common means of communication. Notwithstanding the general rule described above, a resolution voted on in this manner shall be considered to have passed if at least half of the members of the Management Board have cast their votes in favor.

The Company is represented *vis-à-vis* third parties and in court proceedings by one member of the Management Board, if only one member of the Management Board has been appointed or two members of the Management Board or a member of the Management Board jointly with any authorized representative (*Prokurist*) in case several members of the Management Board were appointed. In addition, the Company is represented by authorized representatives (*Prokuristen*) or other authorized signatories in line with detailed specifications of the Management Board.

Additional provisions regarding, among other things, the principles of management, the overall responsibility of the Management Board, the allocation of responsibilities of the chairperson and the Management Board's internal organization are set forth in the rules of procedure of the Management Board.

14.2.1 Members of the Management Board

The following table sets forth the current members of the Management Board, their respective age and position, and the duration of their respective current term:

Name	**Age**	**Member since**	**Appointed until**	**Position**
Manas Fuloria	48	2020	2023	Custodian of entrepreneurship in the organization (*Vorstand*)
Annette Mainka	52	2020	2023	Custodian of regulatory compliance in the organization (*Vorstand*)
Vikram Sehgal	49	2020	2023	Custodian of operational excellence in the organization (*Vorstand*)

Manas Fuloria born in 1972 in Dibrugarh, Assam in India, is a co-founder of Nagarro. Since 2015 he served as Custodian of Entrepreneurship in the Organization of Nagarro and from 2013 to 2020, he served as member of the management board at Allgeier SE. Mr. Fuloria has an academic background in Technology and Operations Management with a Master's degree from Stanford University, California. Afterwards he received his doctorate from the Indian Institute of Technology in Delhi. In addition, Manas Fuloria is a management board member of several of Nagarro's subsidiaries and of Wrig Nanosystems. He also is founder and trustee of Re-Imagining Higher Education Foundation that is the sponsoring body of Plaksha University in Punjab, India.

Alongside his office as a member of the Management Board, Manas Fuloria is, or has within the last five years been, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Nagarro Group:

Currently:

- Wrig Nanosystems, board member, since 2015
- Re-Imagining Higher Education Foundation, founder and trustee, since 2018

Former:

- Allgeier SE, member of the management board, 2013 to 2020
- Raahgiri Foundation, founder and trustee, 2015 to 2019

Other than listed above, Manas Fuloria has not been a member of any administrative, management or supervisory body of any other company or partnership outside Nagarro SE within the last five years.

Annette Mainka born in 1968 in Laupheim, Germany, has been Custodian of Regulatory Compliance in the Organization since 2020. She holds a diploma in business administration from the University of Applied Sciences Pforzheim and the Grand Ecole de Commerce in Lille, France since 1992. She has been part with the Allgeier Group since 2017 and has been member of the management board of Allgeier Management AG and Allgeier Experts SE. Before she joined Allgeier, Annette Mainka was Managing Director and Chief Operating Officer at Berlitz Deutschland GmbH for more than ten years.

Alongside her office as a member of the Management Board, Annette Mainka has within the last five years been, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Nagarro Group:

Former:

- Allgeier Management AG, member of the management board, 2017 to 2020
- Allgeier Experts SE, member of the management board, 2017 to 2020
- Berlitz Deutschland GmbH, managing director and chief operating officer, 1996 to 2017

Other than listed above, Annette Mainka has not been a member of any administrative, management or supervisory body of any other company or partnership outside Nagarro SE within the last five years.

Vikram Sehgal born in 1971 in Beri, Haryana in India, is a co-founder of Nagarro. He has been Chief Operating Officer since 2015. As a co-founder he served in previous operations roles in the Nagarro Group for over 20 years. Since 2016, he was member of the Management Board of Nagarro Inc. Mr. Sehgal graduated from National Institute of Technology Kurukshetra, with a Bachelor of Technology in 1992. He is also a founder of the Re-Imagining Higher Education Foundation, which is the sponsoring body of Plaksha University in Punjab, India.

Alongside his office as a member of the Management Board, Vikram Sehgal is, or has within the last five years been, a member of the administrative, management or supervisory body of and/or a partner in the following companies and partnerships outside the Nagarro Group:

Currently:

- Hundred Percentile Education Private Limited, board member, since 2007
- Re-Imagining Higher Education Foundation, founder, since 2019

The members of the Management Board may be reached at the Company's office at Einsteinstraße 172, 81677 Munich, Germany (telephone: +49 89 998421 43)

14.2.2 Management Service Agreements

Each member of the Management Board entered into a service agreement (the "**Service Agreements**") with the Company governed by German law and based on substantially the same terms:

- The service agreement between Manas Fuloria and the Company was entered into on November 1, 2020. The agreement expires on October 31, 2023.
- The service agreement between Annette Mainka and the Company was entered into on November 1, 2020. The agreement expires on October 31, 2023.
- The service agreement between Vikram Sehgal and the Company was entered into on November 1, 2020. The agreement expires on October 31, 2023.

14.2.3 Remuneration and Other Benefits of the Members of the Management Board

14.2.3.1 Remuneration

Under the Service Agreements the members of the Management Board receive a total fixed annual remuneration of €320 thousand in gross as annual fixed compensation (base salary) ("**Fixed Remuneration**"). Such Fixed Remuneration is payable in twelve monthly instalments over the course of the respective financial year.

In addition to the Fixed Remuneration, the Company may determine and grant a discretionary bonus in the event of exceptional and extraordinary performance and corresponding effects on the business results of the Company ("**Exceptional Bonus**"). Any due Fixed Remuneration or Exceptional Bonus shall be payable *pro rata temporis* if the Service Agreement commences or ends during a current financial year. In the event of a valid termination of the Service Agreement for good cause, the respective member of the Management Board is no longer entitled to the Exceptional Bonus. The payment of the Exceptional Bonus requires a separate resolution of the Supervisory Board.

Furthermore, the members of the Management Board are entitled to participate in Nagarro's future employee stock option plans. For further information, see "*14.5.2 – Future Nagarro Employee Stock Option Plans*".

14.2.3.2 Reimbursement for Expenses

In addition to the Fixed Remuneration and Exceptional Bonus, the members of the Management Board are compensated in accordance with the Company's applicable policies for any reasonable expenses and travel expenses they incur in connection with the performance of their official duties for and in the interest of the Company. The members of the Management Board are entitled to be provided with a company car.

14.2.3.3 Insurance

The members of the Management Board are also covered by D&O insurance policies with reasonable coverage and a deductible of the Management Board in line with the respective provisions of the AktG.

The members of the Management Board may also be included in other Group insurance policies in the future.

14.2.4 Ancillary Activities and Non-Competition

Each member of the Management Board shall dedicate his whole working capacity to the Company and use his best efforts to promote the achievement of the Company's objectives. Any other occupation for or without remuneration must be approved by the Supervisory Board in writing in advance. This particularly applies to any permanent employment and the assumption of any office supervisory boards or advisory bodies. Each member of the Management Board shall only assume honorary posts after prior consultation with the Supervisory Board.

Each member of the Management Board has undertaken not to work, directly or indirectly participate in or to do business for his own or for third party account in the Company's line of business with any competitor of the Company or a company affiliated to it within the meaning of Section 15 AktG for the term of the respective Service Agreement. This does not apply to shareholdings in listed companies not exceeding 2% of the issued share capital.

The Company is entitled to demand from each member of the Management Board to enter into a customary post contractual non-compete obligation with the Company for a period of 18 months. Such obligation shall be compensated by payment of 50% of the annual remuneration of the respective member of the Management Board.

14.3 Supervisory Board

In accordance with Sections 17 (1) SEAG and Section 8 (1) of the Articles of Association, the Supervisory Board consists of three members. All of the members are appointed by the Company's shareholders' meeting and represent the shareholders. Pursuant to German rules on co-determination (*unternehmerische Mitbestimmung*), the Company is not required to establish a co-determined supervisory board. It employs less than the relevant number of employees and, in accordance with German co-determination rules, employees of other Group companies are not attributed to the Company.

According to the Articles of Association, members of the Supervisory Board may be elected for a maximum term lasting until the end of the shareholders' meeting which resolves on the discharge (*Entlastung*) of the relevant members of the Supervisory Board for the fourth financial year after the commencement of the term of office. The financial year in which the term of office commenced is not counted towards the aforementioned number of four years. Re-election of members of the Supervisory Board is permissible.

When electing members of the Supervisory Board, the shareholders' meeting may also appoint substitute members who shall replace any members of the Supervisory Board leaving their office before the end of their term or whose election has been successfully contested. The term of office of such substitute members shall terminate at the end of the Company's shareholders' meeting in which a successor is elected and, at the latest, at the end of the term of office of the leaving member of the Supervisory Board. If a substitute member was appointed as substitute member for several members of the Supervisory Board and if its term of office is terminated due to the election of a successor, the member's position as substitute member for such other position(s) shall revive.

The Supervisory Board shall elect a chairperson (the "**Supervisory Board Chairperson**") and a deputy chairperson from among its members to serve for the duration of those members' terms, unless a shorter period is determined at the time of their respective election(s). If the chairperson or the deputy leaves office before the end of his term, the Supervisory Board shall hold a new election without undue delay.

Each member of the Supervisory Board may resign from office with good cause, giving written notice one month in advance or without good cause, giving written notice three months in advance to the Management Board with notification of the Supervisory Board.

The Supervisory Board shall hold at least two meetings in the first two quarters and two meetings in the second two quarters of each calendar year. Additional meetings shall be held as necessary. Meetings of the Supervisory Board shall be called at least 14 calendar days in advance by the Supervisory Board Chairperson. The date on the invitation is authoritative for the calculation of the aforementioned notice period. In urgent cases, this notice period may be shortened. The invitation shall include the agenda of the meeting and, if possible, the working documents.

The Articles of Association provide that the Supervisory Board has a quorum if at least half of its members participate in the vote. Absent members of the Supervisory Board who cast their vote in writing (including by e-mail or fax) or in any other way permitted by the Articles of Association are considered present for purposes of calculating the quorum.

Unless otherwise provided by mandatory law, resolutions of the Supervisory Board are passed with a simple majority of the votes cast. Abstentions shall not be deemed votes cast. If a Supervisory Board vote results in a tie the Supervisory Board Chairperson shall cast the tie-breaking vote.

The Supervisory Board may adopt internal rules of procedure.

14.3.1 *Members of the Supervisory Board*

The following table sets forth the current members of the Supervisory Board, their respective age and position, and the duration of their respective current term:

Name	Age	Member since	Appointed until	Position
Carl Georg Dürschmidt	62	2020	2025	Chairperson of the Supervisory Board
Detlef Dinsel	60	2020	2025	Member of the Supervisory Board (Vice Chairperson)
Shalini Sarin	55	2020	2025	Member of the Supervisory Board

Carl Georg Dürschmidt, born in Neutraubling, Germany in 1958, has been the chairperson of our Supervisory Board since 2020. Mr. Dürschmidt received his degree in Business Administration from Munich University of Applied Sciences in 1983. From 1986, he gathered experience in strategy consulting for SMEs at an international management consulting firm. Following a successful IPO Mr. Dürschmidt took over his first position in a management board in 1992. After founding an investment company together with partners, Carl Georg Dürschmidt was responsible for the development and management of investment portfolio of medium-sized companies, with a view to applying his many years of international experience in strategy consulting. Since 2003 Mr. Dürschmidt served as Chief Executive Officer of Allgeier SE.

Alongside his office as a member of the Supervisory Board, Carl Georg Dürschmidt is, or has within the last five years been, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Nagarro Group:

Currently:

- Chief executive officer of Allgeier SE since 2001

Detlef Dinsel, born in Stuttgart, Germany in 1960, has been the vice chairperson of our Supervisory Board since 2020. Mr. Dinsel studied Mechanical Engineering at the University of Stuttgart and the Technical University of Munich. Subsequently he earned a master’s degree in Business Administration from INSEAD in Fontainebleau, France. Thereafter, Mr. Dinsel began his career as a project manager in an international strategy consulting firm before becoming Chairman and Chief Executive Officer of a Swiss industrial company and finally, in 1996, Managing Partner of IK Investment Partners Ltd. Since 2001 Mr. Dinsel served as chairman of the supervisory board of Allgeier SE. From 2013 onward, Detlef Dinsel has served as an independent member of the boards of a number of companies.

Alongside his office as a member of the Supervisory Board, Mr. Dinsel is, or has within the last five years been, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Nagarro Group:

Currently:

- Chairman of the supervisory board of Allgeier SE since 2001
- Chairman of the supervisory board of Alanta Health Group
- Member of the supervisory board at Klingel Medical Group
- Chairman of the supervisory board of Aposan GmbH
- Deputy chairman at Schock GmbH
- Chairman of the advisory board at Winkelmann Group, Ahlen, Germany
- IK Investment Partners S.A.R.L., Luxemburg

Past:

- Axtone S.p.r.o., Kanczuga, Poland (*Vorsitzender*) (until 2015)
- Transnorm System GmbH, Harsum (*Vorsitzender*) (until 2016)
- Schenck Process GmbH, Darmstadt (*stellvertretender Vorsitzender*) (until 2016)
- ZytoService GmbH, Hamburg (*Vorsitzender*) (2016-2018)
- SVT Beteiligungen GmbH, Seevetal (*Vorsitzender*) (2016-2018)
- Winkelmann Group, Ahlen (*stellvertretender Vorsitzender*) (2016-2018)
- Studienkreis GmbH, Bochum (*Vorsitzender*) (2017-2018)
- Bahr Modultechnik, Luhden (until 2018)
- IK Investment Partners Ltd., London, UK (until 2019)

Shalini Sarin, born in 1965 in Gujarat, India, has been a member of our Supervisory Board since 2020. She holds a Doctorate in Organization Behaviour, and double Masters in Sociology and Human Resource Management. Moreover, Mrs. Sarin has a certificate in Advanced Human Resource from Ross School of Business, University of Michigan, an Executive Coach from Motorola University-Chicago and a Psychometrician from British Psychology Society. She is also certified from INSEAD on International Director's program and on Governance from IOD. She started her career as a lecturer of Organization Behaviour and has over three decades of corporate experience, including roles as global chief people officer, head of global foundation and business leader for the Base of the Pyramid Solar Lighting business, an innovation of the International Finance Corporation. She has worked across India, Europe and US in regional and global roles.

Since January 2020, Mrs. Shalini Sarin is a co-founder and Executive Director of EV charge point operator start-up in addition to serving on the boards of a few listed companies as an Independent Director. She is an executive coach and a strategic advisor on HR, CSR, Sustainability, Transformation and Leadership.

Alongside her office as a member of the Supervisory Board, Mrs. Shalini Sarin is, or has within the last five years been, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Nagarro Group:

Currently:

- Chair Center for Clean Energy of Plaksha University since March 2020
- Executive council member of Alliance of Energy Efficient Economy since February 2020
- Executive director Elektromobilitat India Private Limited since January 2020
- Executive director of Telenergy Technologies Private Limited since January 2020
- Independent director of Kirloskar Oil Engines Ltd. since October 2019
- Independent director of Linde India Ltd. since July 2019
- Independent director of Meritor HVS India Ltd. since February 2019
- Independent director of Automotive Axles Ltd. since February 2019

Past:

- Global head CSR of Signify Innovations India until December 2019

- Chair of Signify Foundation, NL until December 2019
- Head HR, CSR & Solar BoP for Signify, NL (earlier Philips Lighting) until March 2018

The members of the Supervisory Board may be reached at the Company's office at Einsteinstraße 172, 81677 Munich, Germany (telephone: +49 89 998421 12).

14.3.2 Supervisory Board Committees

The Supervisory Board may form committees from among its members and delegate decision making power to any such committees as permitted by law. The committees' respective tasks, authorizations and processes are determined by the Supervisory Board. On the date of this prospectus, the Supervisory Board has not formed any committees.

14.3.3 Remuneration and Other Benefits of the Members of the Supervisory Board

The remuneration of the Supervisory Board is determined by the Company's Articles of Association.

Pursuant to Section 17 of the new Articles of Association that will come into force upon the completion of the Spin-Off and completion of the status proceedings, the members of the Supervisory Board of Nagarro SE will receive a fixed annual compensation as follows: the base compensation will be €30,000.00 for the chair of the Supervisory Board and €15,000.00 for each of the remaining members ("**Fixed Compensation**"). For participation in Supervisory Board meetings each member receives €2,000.00 per meeting, whereas the Chairman of a meeting receives double the amount ("**Attendance Fee**"). Members of the Supervisory Board who have held office for less than a full fiscal year receive their compensation on a *pro rata temporis* basis (with parts of months being rounded up to full months).

Additionally, each member of the Supervisory Board receives an annual remuneration based on the long-term success of the Company in the amount of €1,000.00 for each €100,000.00 of earnings before taxes and shares of other shareholders in the consolidated financial statements of the Company ("**EBT**") by which the EBT for the fiscal year exceeds €300,000.00 ("**Performance-Related Remuneration**"). The maximum performance-related remuneration per Supervisory Board member is €200,000.00.

The fixed compensation and the attendance fee are due after the end of the fiscal year for the previous financial year. The performance-related remuneration is due after the adoption of the annual financial statements and approval of the consolidated financial statements for the financial year in question.

There are no service agreements between the Company, its subsidiaries and any of its Supervisory Board members under which a Supervisory Board member would receive benefits from the Company or its subsidiaries on termination of his or her service as Supervisory Board member. Any envisaged D&O liability insurance that provides coverage for liability claims arising out of their activities as members of the corporate bodies shall also cover the members of the Supervisory Board of Nagarro SE.

In addition, members of the Supervisory Board are reimbursed for their out-of-pocket expenses incurred in connection with the performance of their duties. The Company also reimburses the members of the Supervisory Board for any VAT due on their remuneration and reimbursement for out-of-pocket expenses. Furthermore, the members of the Supervisory Board are covered by Nagarro SE's D&O insurance that provides coverage for liability claims arising out of their activities as members of the corporate bodies, the terms of which Nagarro SE believes are in line with market practice.

Pursuant to the current version of the Articles of Association, other than reimbursement of their costs and the remuneration described above, the members of the Supervisory Board are not entitled to compensation. In the fiscal year ended December 30, 2019, members of the Supervisory Board of Nagarro SE did not receive any remuneration because no Supervisory Board existed during that period.

14.4 Shareholdings of the Members of the Management Board and the Supervisory Board

Prior to the Spin-Off, neither the members of the Management Board nor the members of the Supervisory Board hold shares in the Company. Immediately after the completion of the Spin-Off, Mr. Carl Georg Dürschmidt indirectly holds a stake of 25.15% and Mr. Detlef Dinsel directly and indirectly holds 11.78% in of the total number of Shares. In addition, Mr. Sehgal will hold directly and indirectly approximately 1.41% and Mr. Fuloria approximately 0.74% and Ms. Mainka approximately 0.06% of the shares in the Company.

Mr. Sehgal and Mr. Fuloria each hold approximately 5.0% of the shares in Nagarro Holding through their economic participation in Nagarro Beteiligungs GmbH and will therefore receive additional shares in the Company in case of a roll-over (see "*11. – Shareholder Structure*").

For details of the stock option plan to be introduced after the Spin-Off, see "*14.5.2 – Future Nagarro Employee Stock Option Plan*".

14.5 Stock Option Plans

14.5.1 Allgeier Stock Option Plan issued prior to the Spin-Off

Certain persons of Allgeier SE were granted stock options to acquire shares in Allgeier SE within the framework of share-based payment programs or employee programs of Allgeier SE. The Company will grant holders of such stock options equivalent rights in Nagarro. Therefore, the Company is authorized to issue up to 194,000 stock options until September 23, 2025. Such stock options are not transferable and may only be exercised within two weeks after the annual shareholders' meeting of the Company or after the publication of an annual report or the interim reports of the Company. Only in case of change of control the stock options can be exercised immediately. The strike price is determined on the basis of the strike prices of the 2010 and 2014 stock option plans of Allgeier SE in connection with the outstanding stock options. In each case, the unweighted average closing price of the shares of the Company or Allgeier SE on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during the thirty trading days after the completion of the Spin-Off is relevant.

14.5.2 Future Nagarro Employee Stock Option Plans

After the Spin-Off becomes effective, in order to encourage employee participation in the Company and to increase opportunities to further attract and retain highly qualified personnel, Nagarro intends to introduce a new share-based compensation program for its senior management. For this purpose, the Company is authorized until October 22, 2025, to issue 45,000 option rights once, by resolution of the Supervisory Board. Of the total 45,000 option rights, 15,000 are allocated to each member of the Management Board. The options can only be exercised after a waiting period of four years and have a term of ten years from the issue date. In addition, the holders of the options are granted a subscription right in the event of a capital increase by issuing new shares. Such stock options may only be exercised within two weeks after the annual shareholders‘ meeting of the Company or after publication of an annual report or the interim reports of the Company. Only in the event of a change of control can the stock options be exercised immediately. The option rights issued under the share-based compensation program cannot be sold, pledged or otherwise transferred. The exercise price corresponds to 110% of the unweighted average closing price of the shares of the Company on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during the last five trading days prior to the issue date.

In addition, the Company is authorized to issue up to 800,000 stock options in one or several tranches to employees and members of the management of affiliated companies until October 22, 2025. Each option entitles the holder to acquire one share in the Company with a proportionate amount of the share capital of EUR 1.00. Of the 800,000 options, up to 325,000 option rights are allocated to the managing directors and members of the management boards or managing directors of affiliated companies of Nagarro SE, and up to 475,000 option rights to the employees of affiliated companies. The options can only be exercised after a vesting period of four years while they have a term of ten years from the issue date. Such stock options may only be exercised within two weeks after the annual shareholders‘ meeting of the Company or after publication of an annual report or the interim reports of the Company. The exercise price is 110% of the average closing price of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during the last five trading days prior to the resolution to issue the option rights.

14.6 Certain Information Regarding the Members of the Management Board and the Supervisory Board

In the last five years, no member of the Management Board or the Supervisory Board has been:

- convicted of fraudulent offences; or

- associated with any bankruptcy, receivership or liquidation acting in its capacity as a member of any administrative, management or supervisory body.

In the last five years, no official public incriminations and/or sanctions have been pending or imposed by statutory or legal authorities (including designated professional bodies) against the members of the Management Board or Supervisory Board.

No court has ever disqualified any of the members of the Management Board or the Supervisory Board from acting as a member of the administrative, management, or supervisory body of an issuer.

No court has ever disqualified any of the members of the Management Board or the Supervisory Board from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

Some members of the Supervisory Board are at the same time affiliated with Allgeier SE, either because they are members of the management board or of the supervisory board of Allgeier SE. Mr. Carl Georg Dürschmidt serves on the management board of Allgeier SE and Mr. Detlef Dinsel is a member of the supervisory board of Allgeier SE. In addition, Mr. Carl Georg Dürschmidt and Mr. Detlef Dinsel are significant shareholders of Allgeier SE. Although Allgeier and Nagarro will not be direct competitors, the interests of Allgeier SE and the Company will not necessarily always coincide or be aligned. The aforementioned dual mandates and other relationships of the Company's Supervisory Board members with the Allgeier Group may result in conflicts of interest for Mr. Carl Georg Dürschmidt and Mr. Detlef Dinsel in situations in which the Company's interests do not coincide with those of Allgeier. However, it should be noted that Supervisory Board members may not act in their own interests or in the interests of persons or companies with whom they have a close relationship if those interests conflict with those of the company. Apart from the aforementioned potential conflicts of interest, there are no conflicts of interest or potential conflicts of interests between the duties of members of the Management Board and duties of members of the Supervisory Board *vis-à-vis* the Company and their private interests or other obligations.

None of the members of the Management Board or the Supervisory Board has entered into a service agreement with a company of Nagarro SE that provides for benefits upon termination of employment or office.

There are no family relationships between the members of the Management Board and the Supervisory Board, either among themselves or in relation to the members of the respective other body.

14.7 Shareholders' Meeting

14.7.1 Convening of Shareholders' Meetings

The annual shareholders' meeting of the Company is held within the first six months of each financial year. At the choice of the body convening the shareholders' meeting, the meeting is held either at the registered office of the Company, at the seat of a German stock exchange or in a German city with more than 500.000 inhabitants. The Company's shareholders' meeting is generally convened by the Management Board. Notice must be issued in the German Federal Gazette (*Bundesanzeiger*) in compliance with the statutory deadlines applicable at the time of the meeting. The Notice may provide for a shorter period, to be measured in days. The day of the meeting and the day of the receipt of the notice are disregarded when calculating this 30-day period. This period is extended for the period for registration by the shareholders (see "*14.7.2 – Shareholders' Right to participate in Shareholders' Meetings*").

A shareholders' meeting may also be convened by the Supervisory Board. In addition, shareholders whose aggregate shareholdings amount to 5% or more of the Company's share capital may request that a shareholders' meeting be held. Shareholders or shareholder associations may solicit other shareholders to submit such request, jointly or by proxy, in the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*). If, following a request submitted by shareholders whose aggregate shareholdings amount to 5% or more of the Company's share capital, a shareholders' meeting of the Company is not held in a timely manner, the competent local court (*Amtsgericht*) may authorize the shareholders who have requested such meeting or their representatives to convene a shareholders' meeting of the Company.

14.7.2 Shareholders' Right to participate in Shareholders' Meetings

Pursuant to the Articles of Association, all shareholders who have registered prior to the general shareholders' meeting and are registered in the share register of the Company are entitled to participate in the general shareholders' meeting and exercise the voting rights. Each Share confers one vote at the general shareholders' meeting of the Company. The application for participation must be received by the body designated in the notice of the respective general shareholders' meeting in compliance with the statutory deadlines applicable at the time of the meeting. The day of the general shareholders' meeting and the day of receipt are to be disregarded when calculating such period.

Voting rights may be exercised by proxy. As far as statutory regulations or the Company in the convocation do not provide for relief, the authorization as well as its revocation and the evidence of the proxy authorization to be provided to the Company must be made in text form (Section 126b BGB). The chairperson of the general shareholders' meeting is authorized to allow the audiovisual transmission of the general shareholders' meeting via electronic media in a manner to be further specified by him, provided that this has been stated in the notice of the general shareholders' meeting. The management board may also stipulate in the convocation to the general shareholders' meeting that shareholders may submit their votes in writing or by means of electronic communication without attending the general shareholders' meeting (vote by mail).

14.7.3 Conduct of Shareholders' Meetings

The chairperson of the supervisory board or another person appointed by him shall chair the general shareholders' meeting, provided such other person is not a member of the Management Board of the Company and is not pursuant to mandatory law excluded from chairing the general shareholders' meeting. In the event that neither the chairman of the Supervisory Board nor a person to be determined by him takes the chair, the chairperson of the meeting is elected by the Supervisory Board. In the event that the Supervisory Board does not elect a chairperson of the meeting, a person to be determined by the Management Board, who may not be a member of the Management Board of the company, shall open the meeting and have a chairperson of the meeting elected by it.

The chairperson of the shareholders' meeting chairs the proceedings of the meeting and directs the course of the proceedings. With regard to the right of the shareholders to speak and submit questions, the chairperson may limit the time shareholders have to do so and to stipulate further rules in this regard. In particular, the chairperson may at the beginning or during the general shareholders' meeting set reasonable time frames for the course of the general shareholders' meeting, for the comments on the agenda items and for the specific questions and speeches. If it is announced in the Notice convening the annual shareholders' meeting, the chairperson may permit the audiovisual transmission of the annual shareholders' meeting via electronic media in a manner to be specified by him.

14.7.4 Resolutions of the Shareholders' Meeting

The resolutions of the general shareholders' meeting will be passed by a simple majority vote, unless mandatory regulations of the Regulation (EC) No 2157/2001 or other statutory regulations or the articles of association provide for deviating provisions. As far as the Regulation (EC) No 2157/2001 additionally prescribes for passing the resolution a majority of the share capital to be represented during the passing of the resolution, the simple majority of the represented capital will be sufficient as far as this is legally admissible. According to the Regulation (EC) No 2157/2001, resolutions of fundamental importance (*grundlegende Bedeutung*) mandatorily require a majority of at least 75% of the share capital represented at the vote. Resolutions of fundamental importance include:

- the approval to conclude, amend or terminate affiliation agreements (*Unternehmensverträge*);
- amendments to the articles of association;
- amendments to the corporate purpose of the company;
- the creation of conditional or authorized capital;
- the issuance of, or authorization to issue, convertible, warrant and profit-sharing certificates and other profit-sharing rights;

- an exclusion of subscription rights as part of a capital increase by the shareholders' meeting;
- capital reductions;
- a liquidation of the Company or a subsequent continuation of the liquidated Company;
- the approval of contracts within the meaning of Section 179a AktG (transfer of the entire assets of the Company) and management actions of special significance that require the approval of the shareholders' meeting in compliance with legal precedents;
- an integration of the Company into another corporation or a squeeze-out of the Company's minority shareholders; and
- any actions within the meaning of the UmwG.

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 voting rights associated therewith.

14.8 Corporate Governance

The German Corporate Governance Code (*Deutscher Corporate Governance Kodex*) (the "**DCGK**"), in its most recent version of December 16, 2019 and as published in the German Federal Gazette (*Bundesanzeiger*) on March 20, 2020, includes recommendations and suggestions for managing and supervising companies listed on German stock exchanges. It is based on internationally and nationally recognized standards of good, responsible corporate management. The DCGK contains recommendations ("shall provisions") and suggestions ("should provisions") for corporate governance in relation to shareholders and the shareholders' meeting, the management board and the supervisory board, transparency and accounting as well as auditing of financial statements. While compliance with the recommendations or suggestions of the DCGK is not mandatory, the German Stock Corporation Act (*Aktiengesetz*) requires the management and supervisory boards of a listed company to disclose each year which recommendations were and will be complied with and which recommendations were not or will not be applied and why (so-called "declaration of conformity"). Deviations from the suggestions contained in the DCGK need not be disclosed. The declaration of conformity must be made publicly available on the Company's website at all times.

Prior to the Listing, the Company is not subject to the obligation to render a declaration as to compliance with the DCGK. As of the date of this Prospectus, the Company – as a corporation whose shares are not yet listed – does not comply with the recommendations of the DCGK.

The Company will fully meet the obligation as a listed company to submit, publish and provide shareholders with permanent access to disclosure in accordance with Section 161 of the German Stock Corporation Act (*Aktiengesetz*) during the course of the current fiscal year. The Management Board and Supervisory Board of Nagarro believe in the objectives of the DCGK to foster a responsible and transparent corporate management and control directed towards achieving a sustained increase in shareholder value.

The Company intends to comply after the listing of the Shares with all recommendations in the DCGK, except for the following:

- Principle 10: According to the DCGK, the Supervisory Board shall consist of shareholder representatives, and of employee representatives, if applicable. Nagarro, in the legal form of a Societas Europaea, establishes an employee council representing the interest of the employees in front of the Supervisory and Management Board. Therefore, employee representation within the company is being observed and no election of members of the Supervisory Board by employees is required.
- Principle 14 & Recommendation D.2 – D.5: The DCGK recommends the establishment of committees to support the effectiveness of the work of the Supervisory Board. Due to the appointment of not more than three Supervisory Board members, it is not believed that committees would add additional value to the quality of governance implied by the DCGK but would rather bring along unnecessary bureaucracy. Instead, the members of the board take on the duties of an audit and nomination committee together and in combined efforts.

- Recommendation C. 4: The DCGK recommends that a Supervisory Board member who is not a member of any Management Board of a listed company shall not accept more than five Supervisory Board mandates at non-group listed companies or comparable functions, with an appointment as Chair of the Supervisory Board being counted twice. Nagarro intends to engage the most qualified people for its Supervisory Board. So in some exceptional cases it may occur that a member of the board holds more than five Supervisory Board mandates at non-group listed companies or comparable functions. Decisions are made individually for each member.

- Recommendation & Suggestion G. 18: According to the DCGK, the Supervisory Board remuneration should be fixed remuneration. Nagarro intends to provide Supervisory Board compensation not only in fixed but also in variable form to allow the members of the Supervisory Board to participate in the success or adversity of the Company. This will create a stronger identification with the Company. The variable portion of the Supervisory Board's compensation is based on the Company's annual performance and is reviewed regularly.

15. TAXATION OF SHAREHOLDERS IN GERMANY

The tax laws of any jurisdiction with authority to impose taxes on the Company's shareholders and the tax laws of the Company's country of incorporation (i.e., Germany) may have an impact on the income received from the Shares.

The following section presents a number of key German taxation principles which generally are or can be relevant to the acquisition, holding or transfer of shares both by a shareholder (an individual, a partnership or corporation) that has a tax domicile in Germany (that is, whose place of residence, habitual abode, registered office or place of management is in Germany) and by a shareholder without a tax domicile in Germany. However, it does not address the tax consequences for the shareholders of Allgeier SE that arise in connection with the Spin-Off. The information is not exhaustive and does not constitute a definitive explanation of all possible aspects of taxation that could be relevant for shareholders. The information is based on the tax laws in force in Germany as of the date of the Prospectus (and their interpretation by administrative directives and courts) as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax law can change – sometimes retrospectively. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative interpretation or application to be correct that differs from the one described in this section.

This section cannot serve as a substitute for tailored tax advice to individual shareholders. Shareholders are therefore advised to consult their tax advisers regarding the tax implications of the acquisition, holding or transfer of shares and regarding the procedures to be followed to achieve a possible reimbursement of German withholding tax (Kapitalertragsteuer). Only such advisers are in a position to take the specific tax-relevant circumstances of individual shareholders into due account.

15.1 Income Tax Implications of the Holding, Sale and Transfer of Shares

In terms of the taxation of shareholders of the Company, a distinction must be made between taxation in connection with the holding of shares ("*15.2 – Taxation of Dividends"*) and taxation in connection with the sale of shares ("*15.3 – Taxation of Capital Gains"*) and taxation in connection with the gratuitous transfer of shares ("*15.5 – Inheritance and Gift Tax"*).

15.2 Taxation of Dividends

15.2.1 Withholding Tax

As a general rule, dividends distributed to the shareholder are subject to a withholding tax (Kapitalertragsteuer) of 25.0% and a solidarity surcharge of 5.5% thereon (*i.e.*, 26.375% in total plus church tax, if applicable). This, however, will not apply if and to the extent that dividend payments are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 Körperschaftsteuergesetz*, "**KStG**"); in this case no withholding tax will be withheld. However, these payments will reduce the acquisition costs of the shares and may, consequently, result in or increase a taxable gain upon the disposal of the shares (see below at "*15.3 – Taxation of Capital Gains"*). The assessment basis for the withholding tax is the dividend approved by the general shareholders' meeting.

If shares – as it is the case with the shares in the Company – are admitted for collective custody by a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such bank for collective custody (*Sammelverwahrung*) in Germany, the withholding tax is withheld and passed on for the account of the shareholders (i) by the domestic credit or financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including domestic branches of such foreign enterprises), by the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or by the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps or administers the shares and disburses or credits the dividends to the shareholder or disburses the dividends to a foreign agent, (ii) by the central securities depository (Wertpapiersammelbank) to which the shares were entrusted for collective custody if the dividends are disbursed to a foreign agent by such central securities depository (Wertpapiersammelbank) or (iii) by the Company itself if and to the extent shares held in collective custody (*Sammelverwahrung*) by the central securities depository (*Wertpapiersammelbank*) are treated as so-called "*abgesetzte Bestände*" (stock being held separately) (hereinafter in all cases, the "**Dividend Paying Agent**"). Aside from the case of stock being held separately, the Company does not assume any responsibility for the withholding of the withholding tax.

In general, the withholding tax must be withheld without regard as to whether and to what extent the dividend is exempt from (corporate) income tax at the level of the shareholder and whether the shareholder is domiciled in Germany or abroad.

However, withholding tax on dividends distributed to a company domiciled in another EU Member State within the meaning of Article 2 of the Council Directive 2011/96/EU of November 30, 2011, as amended ("**Parent-Subsidiary Directive**"), may be refunded upon application and subject to further conditions. This also applies to dividends distributed to a permanent establishment of such a parent company in another EU Member State or to a parent company that is subject to unlimited tax liability in Germany, provided that the participation in the Company is actually part of such permanent establishment's business assets. Further requirements for the refund of withholding tax under the Parent-Subsidiary Directive are that the shareholder has directly held at least 10.0% of the Company's registered share capital continuously for one year and that a respective application is filed with the German Federal Central Tax Office (*Bundeszentralamt für Steuern, Hauptdienstsitz Bonn-Beuel,* An der Küppe 1, D-53225 Bonn, Germany). If, in the case of a holding of at least 10.0% of the Company's registered share capital, shares held in collective custody (*Sammelverwahrung*) by the German central securities depository (*Wertpapiersammelbank*) Clearstream Banking AG are treated as so-called "*abgesetzte Bestände*" (stock being held separately), the German tax authorities will not object when the main paying agent (*Hauptzahlstelle*) of the Company upon presentation of a valid exemption certificate (*Freistellungsbescheinigung*) and of a proof that this stock has been held separately, disburses the dividend without deducting withholding tax. An exemption certificate can be granted upon application (using official application forms) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) (at the above address).

With respect to distributions made to shareholders not tax resident in Germany, the withholding tax may be at least partially refunded in accordance with an applicable double taxation treaty Germany has entered into with the respective shareholder's country of residence if the shares neither form part of the assets of a permanent establishment or a fixed place of business in Germany, nor form part of business assets for which a permanent representative in Germany has been appointed. The withholding tax refund is generally granted by the German Federal Central Tax Office (at the above address) upon application in such a manner that the difference between the total amount withheld, including the solidarity surcharge, and the reduced withholding tax actually owed under the relevant double taxation treaty (generally 15.0%) is refunded by the German Federal Central Tax Office. A refund is not required if the Federal Central Tax Office has, upon application on the officially prescribed form, issued an exemption certificate (*Freistellungsbescheinigung*) which documents that the prerequisites for the application of the reduced withholding tax rates have been met. Dividends covered by the exemption certificate of the shareholder are then only subject to the reduced withholding tax rates stipulated in the exemption certificate.

Forms for the reimbursement and the exemption from the withholding at source procedure are available at the German Federal Central Tax Office (at the above address or online at https://www.bzst.de).

If dividends are distributed to corporations subject to non-resident taxation in Germany, *i.e.*, corporations with no registered office or place of management in Germany and if the shares neither belong to the assets of a permanent establishment or fixed place of business in Germany nor are part of business assets for which a permanent representative in Germany has been appointed, two-fifths of the tax withheld at the source can generally be refunded even if not all of the prerequisites for a refund under the Parent-Subsidiary Directive or an applicable double taxation treaty are fulfilled. The relevant application forms are available at the German Federal Central Tax Office (at the above address).

The aforementioned possibilities for an exemption from or a refund of withholding tax depend on certain other conditions being met (particularly the fulfillment of so-called "substance requirements" – *Substanzerfordernisse*).

Pursuant to a special rule, the aforementioned withholding tax reliefs as well as the credit of withholding tax described in the section "*15.2.2 – Taxation of Dividends of Shareholders with a Tax Domicile in Germany"* below for shares held as non-business and as business assets will only be granted if the shareholder (i) has been the economic owner of the shares for a continuous period of at least 45 days during the period starting 45 days prior to the date when the dividend becomes due and ending 45 days after such date (the "**Minimum Holding Period**" (*Mindesthaltedauer*)), (ii) has been exposed (if taking into account claims of the shareholder from transactions reducing the risk of changes of the market value of the shares and corresponding claims of related parties of the shareholder) to at least 70.0% of the risk resulting from a decrease-in-value of the shares continuously during the Minimum Holding Period (the minimum change-in-value risk

(*Mindestwertänderungsrisiko*)) and (iii) is not obliged to forward (*vergüten*) these dividends, directly or indirectly, in total or to more than 50.0% to another person.

In the event that a shareholder tax resident in Germany does not meet the aforementioned three requirements, three fifths of the withholding tax levied on the dividends (*i.e.*, 15.0% of the dividends) is not creditable, but may, upon application, be deducted when determining the shareholder's taxable income in an assessment procedure. Shareholders who do not meet the requirements but who have, nevertheless, not suffered a withholding tax deduction on the dividends (for example, due to the presentation of a non-assessment certificate) or have already obtained a refund of the taxes withheld, are obliged to notify their competent tax office thereof and to make the payment of an amount corresponding to the amount which would otherwise be withheld; pursuant to the law regarding tax incentives for electric mobility and the amendment of further tax regulations (*Gesetz zur weiteren steuerlichen Förderung der Elektromobilität und zur Änderung weiterer steuerlicher Vorschriften*) that came into force on December 18, 2019, this amount will be equal to 15.0% of the dividends from January 1, 2019 onwards. The special rule on the restriction of withholding tax credit does not apply to a shareholder if either (i) his or her amount of dividend income on shares (including shares of the Company) and certain profit participation rights (*Genussrechte*) does not exceed an amount of €20,000 in a given tax assessment period or if (ii) he or she has been, upon actual receipt of the dividend, the economic owner of the shares for a continuous period of at least one year, whereby shares of the shareholder acquired first are deemed to be sold first (first in – first out).

In the event that a shareholder not tax resident in Germany does not meet the aforementioned three requirements, a refund of the withholding tax pursuant to a double taxation treaty is not available. This restriction only applies if (i) the applicable double taxation treaty provides for a tax reduction leading to an applicable tax rate of less than 15.0%, (ii) the shareholder is not a corporation that directly holds at least a participation of 10.0% of the equity capital of the Company and is subject to tax on its income and profits in its state of residence without being exempt and (iii) the shareholder has not been, upon actual receipt of the dividend, the economic owner of the shares for a continuous period of at least one year, whereby shares of the shareholder acquired first are deemed to be sold first (first in – first out).

The Dividend Paying Agent which keeps or administrates the shares and pays or credits the capital income is required to create so-called "pots for offsetting losses" (*Verlustverrechnungstöpfe*) to allow for negative capital income to be set off against current and future positive capital income. A set off of negative capital income at one Dividend Paying Agent against positive capital income at another Dividend Paying Agent is only possible in the course of the income tax assessment at the level of the respective shareholder. In such case the relevant shareholder has to apply for a certificate confirming the amount of losses not offset with the Dividend Paying Agent where the pot for offsetting losses exists. The application is irrevocable and must reach the Dividend Paying Agent until December 15 of the respective year, as otherwise the losses will be carried forward by the respective Dividend Paying Agent to the following year.

Withholding tax will not be withheld by a Dividend Paying Agent if the shareholder provides such Dividend Paying Agent with an application for exemption (*Freistellungsauftrag*) to the extent such shareholder's capital income does not exceed the annual lump-sum deduction (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples and registered partners jointly assessed) as outlined on the application for exemption. Furthermore, no withholding tax will be levied if the shareholder provides the Dividend Paying Agent with a non-assessment certificate (*Nichtveranlagungsbescheinigung*) to be applied for with the competent tax office.

15.2.2 Taxation of Dividends of Shareholders with a Tax Domicile in Germany

This section applies to shareholders with a tax domicile in Germany (*i.e.*, persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

15.2.2.1 Shares Held as Non-Business Assets

Dividends distributed to shareholders with a tax domicile in Germany whose shares are held as non-business assets form part of their taxable capital investment income, which is subject to a special uniform income tax rate of 25.0% plus solidarity surcharge of 5.5% thereon (*i.e.*, 26.375% in total plus church tax, if applicable). The income tax owed for this dividend income is generally satisfied by the withholding tax withheld by the Dividend Paying Agent (flat-rate withholding tax (*Abgeltungsteuer*)). Income-related expenses cannot be deducted from the shareholder's capital investment income (including dividends), except for an annual lump-sum deduction (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples and registered partners jointly assessed). However, the shareholder may request that his capital investment income (including dividends) along with his other taxable income be subject to a progressive income tax rate (instead of the uniform tax rate for capital investment income) if this results in a lower tax burden. In this case, income-related expenses cannot be deducted from the capital investment income, except for the aforementioned annual lump-sum deduction.

If the withholding tax deduction does not satisfy (*abgelten*) the tax liability of the shareholder, the withholding tax will generally be credited against the progressive income tax and any excess amount will be refunded if the requirements of the special rule on the restriction of withholding tax credit (see "*15.2.1 – Withholding Tax"*) are fulfilled.

Exceptions from the flat-rate withholding tax also apply upon application for shareholders who have a shareholding of at least 25.0% in the Company and for shareholders who have a shareholding of at least 1.0% in the Company and are able to entrepreneurially influence the business activities of the company through a professional work for the Company. In this situation, the tax treatment described at "*15.2.2.2(2) – Sole Proprietors"*) applies.

For taxpayers, subject to church tax, such tax will be withheld by way of an automated procedure and remitted to the religious community levying the tax. Church tax withheld at source may not be deducted as a special expense (*Sonderausgabe*) in the course of the tax assessment, but the Dividend Paying Agent may reduce the standard withholding tax rate (including the solidarity surcharge of 26.375%) by the church tax to be withheld on the dividends. Where shareholders have lodged a timely written objection with the German Federal Central Tax Office (Bundeszentralamt für Steuern (at the above address)) (so-called "blocking notice" – *Sperrvermerk*) as regards the automated retrieval of data on their religious affiliation, church tax will not be automatically deducted. In this case, a shareholder subject to church tax is obliged to declare the dividends in his income tax return. The church tax on the dividends is then levied by way of a tax assessment.

Shareholders who are subject to German tax residents' taxation and hold their shares as non-business assets may be paid the dividends without deduction of withholding tax if certain prerequisites are met, in particular, if the shareholder has provided a non-assessment certificate (*Nichtveranlagungs-Bescheinigung*) or an exemption instruction (*Freistellungsauftrag*) and the exempt amount indicated therein has not yet been exhausted.

As an exemption, dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; § 27 KStG) and are paid to shareholders with a tax domicile in Germany whose shares are held as non-business assets, do – contrary to the above – not form part of the shareholder's taxable income but reduce the acquisition costs for the underlying shares. This results in a higher capital gain in the event of the shares' disposal (see "*15.3 – Taxation of Capital Gains"*). However, this will not apply if (i) the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the (deemed, as the case may be,) disposal directly or indirectly held at least 1.0% of the share capital of the Company (a "**Qualified Holding**") and (ii) the dividend payment funded from the Company's contribution account for tax purposes exceeds the actual acquisition costs of the shares. In such a case of a Qualified Holding, a dividend payment funded from the Company's contribution account for tax purposes is deemed a sale of the shares and is taxable as a capital gain if and to the extent the dividend payment funded from the Company's contribution account for tax purposes exceeds the acquisition costs of the shares. In this case the taxation corresponds with the description in the section "*15.3.1.1 – Shares Held as Non-Business Assets"* made with regard to shareholders maintaining a Qualified Holding.

15.2.2.2 Shares Held as Business Assets

Dividends from shares held as business assets of a shareholder with a tax domicile in Germany are not subject to the flat-rate withholding tax. However, dividends are generally subject to the withholding tax on capital investment income of 25.0% plus 5.5% solidarity surcharge thereon, resulting in an aggregate tax rate of 26.375%, plus church tax for individuals, if applicable. The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid by the Dividend Paying Agent will generally be credited against the shareholder's income or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) or refunded in the amount of any excess if the requirements of the special rule on the restriction of withholding tax credit (see "*15.2.1 – Withholding Tax"*) are fulfilled. The taxation depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship).

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; § 27 KStG) and are paid to shareholders with a tax domicile in Germany whose shares are held as business assets, are generally fully tax-exempt in the hands of such shareholder but reduce the acquisition costs for the underlying shares. To the extent the dividend payments funded from the Company's contribution account for tax purposes exceed the actual acquisition costs of the shares, a taxable capital gain occurs. The taxation of such gain corresponds with the description in the section "*15.3.1.2 – Shares Held as Business Assets"* made with regard to shareholders whose shares are held as business assets.

(1) Corporations

If the shareholder is a corporation with a tax domicile in Germany, the dividends are in general effectively 95.0% exempt from corporate income tax and the solidarity surcharge. 5.0% of the dividends are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge) at a total tax rate of 15.825%. Business expenses actually incurred in direct relation to the dividends may be deducted. However, dividends are not exempt from corporate income tax (including solidarity surcharge thereon), if the shareholder only holds a direct participation of less than 10.0% in the Company's registered share capital at the beginning of the calendar year ("**Portfolio Participation**" – *Streubesitzbeteiligung*). Participations of at least 10.0% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations which a shareholder holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the shareholder only on a pro rata basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership.

Dividends (after deducting business expenses economically related to the dividends) are subject to trade tax in the full amount, unless the shareholder held at least 15.0% of the Company's registered share capital at the beginning of the relevant tax assessment period. In the latter case, the dividends are not subject to trade tax; however, trade tax is levied on the amount considered to be a non-deductible business expense (amounting to 5.0% of the dividend). Trade tax depends on the municipal trade tax multiplier applied by the relevant municipal authority.

Special rules apply to dividends received by companies active in the financial and insurance sectors, as well as pension funds (see "*15.4 – Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds"*).

(2) Sole Proprietors

If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60.0% of the dividends are subject to a progressive income tax (plus the solidarity surcharge) at a total tax rate of up to approximately 47.5%, known as the partial income method (*Teileinkünfteverfahren*). The partial income method does not apply with respect to church tax (if applicable). Only 60.0% of the business expenses economically related to the dividends are tax-deductible. If the shares belong to a domestic permanent establishment in Germany of a business operation of the shareholder, the dividend income (after deducting business expenses economically related thereto) is not only subject to income tax but is also fully subject to trade tax, unless the shareholder held at least 15.0% of the Company's registered share capital at the beginning of the relevant tax assessment period. In this latter case, the net amount of dividends, *i.e.*, after deducting directly related expenses, is exempt from trade tax. As a rule, trade tax can be credited against the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method, depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

(3) Partnerships

If the shareholder is a partnership with a tax domicile in Germany, the income or corporate income tax, as the case may be, and the solidarity surcharge are not levied at the level of the partnership but at the level of the respective partner. The taxation for every partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, the dividends contained in the profit share of the shareholder will be taxed in accordance with the principles applicable for corporations (see "*15.2.2.2(1) – Corporations"*). If the partner is an individual, the taxation is in line with the principles described for sole proprietors (see "*15.2.2.2(2) – Sole Proprietors"*). Upon application and subject to further conditions, an individual as a partner can have his personal income tax rate lowered for earnings not withdrawn from the partnership.

In addition, the dividends are generally subject to trade tax in the full amount at the level of a commercial or deemed commercial partnership if the shares are attributed to a German permanent establishment of the partnership. If a partner of the partnership is an individual, the portion of the trade tax paid by the partnership pertaining to his profit share will generally be credited, either in full or in part, against his personal income tax by means of a lump-sum method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer. If the partnership held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, the dividends (after deduction of business expenses economically related thereto) should generally not be subject to trade tax. In this case, trade tax should, however, be levied on 5% of the dividends to the extent they are attributable to the profit share of a corporate partner to whom at least 10% of the shares in the Company are attributable on a look-through basis, since this portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to partners other than such specific corporate partners (which includes individual partners and should, according to a literal reading of the law, also include corporate partners to whom, on a look-through basis, only Portfolio Participations are attributable) should not be subject to trade tax. Due to a lack of case law and administrative guidance, the exact application of the rules for the taxation of dividends from Portfolio Participations (see "*15.2.2.2(1) – Corporations"*) is, however, unclear. Shareholders are strongly recommended to consult their tax advisers.

15.2.3 Taxation of Dividends of Shareholders with a Non-German Tax Domicile

Shareholders without a tax domicile in Germany, whose shares are attributable to a German permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed, are liable for tax in Germany on their dividend income. In this respect the provisions outlined above for shareholders with a tax domicile in Germany whose shares are held as business assets apply accordingly (see "*15.2.2.2 – Shares Held as Business Assets"*). The withholding tax (including the solidarity surcharge) withheld and passed on will generally be credited against the income or corporate income tax liability or refunded in the amount of any excess if the requirements of the special rule on the restriction of withholding tax credit (see above "*15.2.1 – Withholding Tax"*) are fulfilled.

In all other cases, any tax liability in Germany for dividends received by shareholders resident outside of Germany will be discharged through the withholding of the withholding tax by the Dividend Paying Agent. A refund or exemption is granted only as discussed under "*15.2.1 – Withholding Tax"* above.

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; § 27 KStG) are generally not subject to German taxation.

15.3 Taxation of Capital Gains

15.3.1 Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany

This section applies to shareholders with a tax domicile in Germany (*i.e.*, persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

15.3.1.1 Shares Held as Non-Business Assets

Gains on the disposal of shares acquired after December 31, 2008 by a shareholder with a tax domicile in Germany and held as non-business assets are generally – regardless of the holding period – subject to a uniform tax rate on capital investment income in Germany (25.0% plus the solidarity surcharge of 5.5% thereon, *i.e.*, 26.375% in total plus any church tax, if applicable).

The taxable capital gain is equal to the difference between (a) the proceeds of the disposal and (b) the acquisition costs of the shares plus the expenses related directly and materially to the disposal. Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; § 27 KStG) reduce the original acquisition costs; if dividend payments that are funded from the Company's contribution account for tax purposes exceed the acquisition costs, negative acquisition costs – which can increase a capital gain – can arise in case of shareholders, whose shares are held as non-business assets and do not qualify as a Qualified Holding.

Only an annual lump-sum deduction of €801 (€1,602 for married couples and registered partners jointly assessed) may be deducted from the entire capital investments income. It is generally not possible to deduct income-related expenses in connection with capital gains, except for the expenses directly related in substance to the disposal which can be deducted when calculating the capital gains. Losses from the disposal of shares may only be offset against profits from capital investments arising from the disposal of the Shares or other shares in stock corporations during the same assessment period or in future assessment periods. Furthermore, in case of a derecognition or transfer of worthless shares (or other capital assets), the utilization of such loss is further restricted and can only be offset up to the amount of €10,000 per calendar year.

If the shares are held in custody or administered by a domestic credit or financial services institution, domestic securities trading company or a domestic securities trading bank, including domestic branches of foreign credit institutions or financial service institutions, or if such an office executes the disposal of the shares and pays out or credits the capital gains (each a "**Domestic Paying Agent**"), the tax on the capital gains will generally be satisfied by the Domestic Paying Agent withholding the withholding tax on investment income in the amount of 26.375% (including the solidarity surcharge) on the capital gain and transferring it to the tax authority for the account of the seller. If the shares were held in custody or administered by the respective Domestic Paying Agent continuously after acquisition, the amount of tax withheld is generally based on the difference between the proceeds from the sale, after deducting expenses directly related to the sale, and the amount paid to acquire the shares. However, the withholding tax rate of 25.0% plus the 5.5% solidarity surcharge thereon and any church tax (if applicable), will be applied to 30.0% of the gross sales proceeds if the shares were not administered by the same custodian bank since acquisition and the original cost of the shares cannot be verified or such verification is not admissible. In this case, the shareholder is entitled to, and in case the actual gain is higher than 30% of the gross proceeds must, verify the original costs of the shares in his or her annual income tax return.

The church tax deduction for capital gains is performed by way of standardized tax withholding procedure by the Domestic Paying Agent withholding such tax. The principles outlined above for church tax on dividend income (see "*15.2.2.1 – Shares Held as Non-Business Assets"* above) apply accordingly.

The shareholder can apply for his total capital investment income, together with his other taxable income, to be subject to a progressive income tax rate as opposed to the uniform tax rate on investment income, if this results in a lower tax liability. In this case, the withholding tax is credited against the progressive income tax and any resulting excess amount will be refunded. Limitations on offsetting losses are applicable. Further, income-related expenses are non-deductible, except for the annual lump-sum deduction.

Shareholders who are subject to German residents' taxation and hold their shares as non-business assets may realize capital gains without deduction of tax on capital investment income and solidarity surcharge if certain prerequisites are met, particularly if the shareholder has provided a non-assessment certificate (*Nichtveranlagungs-Bescheinigung*) or an exemption instruction (*Freistellungsauftrag*) and the exempt amount indicated therein has not yet been exhausted.

If the withholding tax or, if applicable, the church tax on capital gains is not withheld by a Domestic Paying Agent, the shareholder is required to declare the capital gains in his income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

In case of a Qualified Holding, the capital gain deriving from the disposal of the shares is not subject to the flat-rate withholding tax, but to the progressive income tax regime. In this case the partial income method applies to gains on the disposal of shares, which means that only 60.0% of the capital gains are subject to tax and only 60.0% of the losses on the disposal and expenses economically related thereto are tax deductible. Even though withholding tax is withheld by a Domestic Paying Agent in the case of a Qualified Holding, this does not satisfy the tax liability of the shareholder. Consequently, a shareholder must declare his capital gains in his income tax returns. The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid will be credited against the shareholder's income tax liability on his tax assessment (including the solidarity surcharge and any church tax if applicable) or refunded in the amount of any excess.

15.3.1.2 Shares Held as Business Assets

Gains on the sale of shares held as business assets of a shareholder with a tax domicile in Germany are not subject to a uniform withholding tax. Withholding tax may only be withheld if the shares are kept with a Domestic Paying Agent. Subject to certain prerequisites, the tax on capital investment income withheld and remitted to the tax authorities will be imputed towards the shareholder's income tax liability and any excess amount paid will be refunded. Subject to certain requirements, however, the Domestic Paying Agent may refrain from deducting tax on capital investment income if (i) the shareholder is a corporation subject to German residents taxation, an association of individuals or an estate or (ii) the shares form part of the business assets of a business operation in Germany and the shareholders declare such to the Domestic Paying Agent in the officially prescribed form. Should the Domestic Paying Agent nonetheless have withheld tax on capital investment income, the tax withheld and remitted to the tax authorities (including solidarity surcharge, and church tax, if applicable) will be credited against the shareholder's personal income tax or corporate income tax liability and any excess amount paid will be refunded.

The taxation of the capital gains depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; § 27 KStG) reduce the original acquisition costs. In the event of disposal, a higher taxable capital gain can arise therefrom. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain can arise.

(1) Corporations

If the shareholder is a corporation with a tax domicile in Germany, the gains on the disposal of shares are, in general, effectively 95.0% exempt from corporate income tax (including the solidarity surcharge) and trade tax, regardless of the size of the participation and the holding period. 5.0% of the gains are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge) at a tax rate amounting to 15.825% and trade tax (depending on the municipal trade tax multiplier applied by the respective municipal authority). As a rule, losses on disposals and other profit reductions in connection with shares (for example, from a write-down) cannot be deducted as business expenses.

Special rules apply to capital gains realized by companies active in the financial and insurance sectors, as well as pension funds (see "*15.4 – Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds"*).

(2) Sole Proprietors

If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60.0% of the gains on the disposal of the shares are subject to a progressive income tax (plus the solidarity surcharge) at a total tax rate of up to approximately 47.5% (partial-income method). Only 60.0% of the losses on the disposal and expenses economically related thereto are tax deductible. The partial income method does not apply with respect to church tax (if applicable). If the shares belong to a German permanent establishment of a business operation of the sole proprietor, 60.0% of the gains of the disposal of the shares are, in addition, subject to trade tax.

Trade tax can be credited towards the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

(3) Partnerships

If the shareholder is a partnership with a tax domicile in Germany, the income or corporate income tax is not levied at the level of the partnership but at the level of the respective partners. The taxation depends on whether the partner is a corporation or an individual. If the partner is a corporation, the gains on the disposal of the shares as contained in the profit share of the partner will be taxed in accordance with the principles applicable for corporations (see "*15.3.1.2(1) – Corporations"* above). For capital gains in the profit share of a partner that is an individual, the principles outlined above for sole proprietors apply accordingly (partial-income method, see above under "*15.3.1.2(2) – Sole Proprietors"*). Upon application and subject to further conditions, an individual as a partner can obtain a reduction of his personal income tax rate for earnings not withdrawn from the partnership.

In addition, gains on the disposal of shares are subject to trade tax at the level of a commercial or deemed commercial partnership, if the shares are attributed to a domestic permanent establishment of a business operation of the partnership: Generally, 60.0% of the gain as far as the shares are attributable to the profit share of an individual as the partner of the partnership, and, currently, 5.0% as far as the shares are attributable to the profit share of a corporation as the partner of the partnership. Losses on disposals and other profit reductions in connection with the shares are currently not considered for the purposes of trade tax if they are attributable to the profit share of a corporation, and are taken into account at 60.0% in the context of general limitations if they are attributable to the profit share of an individual.

If the partner of the partnership is an individual, the portion of the trade tax paid by the partnership attributable to his profit share will generally be credited, either in full or in part, against his personal income tax by means of a lump-sum method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

15.3.2 Taxation of Capital Gains of Shareholders with a Non-German Tax Domicile

Capital gains derived from the disposal of shares by shareholders with no tax domicile in Germany are only subject to German tax if the selling shareholder has a Qualified Holding in the Company or the shares belong to a domestic permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed.

Pursuant to a decision of the German Federal Fiscal Court (*Bundesfinanzhof*) dated May 31, 2017 (Federal Tax Gazette (*Bundessteuerblatt*), part II of 2018, p. 144), in case of a Qualified Holding, the capital gain on the disposal of shares is not subject to German taxation if the shareholder is a corporation which is not tax resident in Germany and neither maintains a permanent establishment nor has appointed a permanent representative in Germany.

If the shareholder is a private individual, only 60.0% of the gains on the disposal of the shares are subject to progressive income tax plus the solidarity surcharge thereon and church tax, if applicable. However, most double taxation treaties provide for a partial or full relief from German taxation and assign the right of taxation to the shareholder's country of residence. Where a Domestic Paying Agent is involved, withholding tax on capital gains is generally levied at a rate of 25.0% (plus 5.5% solidarity surcharge thereon, resulting in an aggregate withholding tax rate of 26.375%). However, if (i) the shares are not held through a permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany and (ii) a Domestic Paying Agent is involved, then, pursuant to a tax decree issued by the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) on January 18, 2016, the Domestic Paying Agent will in general not be required to withhold the tax on capital investment income (plus solidarity surcharge thereon). In the case of a Qualified Holding, the capital gains must be declared in a tax return and will be taxed via an assessment procedure if no exemption under a double taxation treaty or under domestic law applies.

With regard to gains or losses on the disposal of shares belonging to a domestic permanent establishment or fixed place of business, or which are part of business assets for which a permanent representative in Germany has been appointed, the above-mentioned provisions pertaining to shareholders with a tax domicile in Germany whose shares are business assets apply accordingly (see "*15.3.1.2 – Shares Held as Business Assets*"). The Domestic Paying Agent can refrain from deducting the withholding tax if the shareholder declares to the Domestic Paying Agent on the officially prescribed form that the shares form part of domestic business assets and certain other requirements are met.

15.4 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

If credit institutions (*Kreditinstitute*) or financial services institutions (*Finanzdienstleistungsinstitute*) hold or sell shares that are allocable to their trading portfolio (*Handelsbestand*) pursuant to Section 340e (3) of the German Corporate Code (*Handelsgesetzbuch*), they will neither be able to benefit from the partial income method nor be entitled to the effective 95.0% exemption from corporate income tax plus the solidarity surcharge and any applicable trade tax. Thus, dividend income and capital gains are fully taxable. The same applies to shares acquired by financial institutions in the meaning of the German Banking Act (*Kreditwesengesetz*) held in the majority by credit institutions or financial services institutions and where the shares are to be allocated to the current assets (*Umlaufvermögen*) as of the date of acquisition. The preceding sentence applies accordingly for shares held in a permanent establishment in Germany by financial institutions, financial service institutions and financial institutions tax resident in another EU Member State or in other signatory states of the Treaty on the EEA.

Likewise, the tax exemption described earlier afforded to corporations for dividend income and capital gains from the sale of shares does not apply to shares that qualify as a capital investment in the case of life insurance and health insurance companies, or those which are held by pension funds.

However, an exemption to the foregoing, and thus a 95.0% effective tax exemption, applies to dividends obtained by the aforementioned companies, to which the Parent-Subsidiary Directive applies. In addition, applicable double taxation treaties might provide further relief from German tax, subject to certain prerequisites, *e.g.*, substance requirements and holding periods, being met.

15.5 Inheritance and Gift Tax

The transfer of shares to another person by way of inheritance or gift is generally subject to German inheritance or gift tax if:

i. the place of residence, habitual abode, place of management or registered office of the decedent, the donor, the heir, the donee or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German national, has prior to the transfer not spent more than generally five consecutive years outside of Germany without maintaining a place of residence in Germany;

ii. the decedent's or donor's shares belonged to business assets for which there had been a permanent establishment in Germany or a permanent representative had been appointed; or

iii. the decedent or the donor, at the time of the succession or gift, held a direct or indirect interest of at least 10.0% of the Company's share capital either alone or jointly with other related parties.

The small number of double taxation treaties in respect of inheritance and gift tax which Germany has concluded to date usually provide for German inheritance or gift tax only to be levied in the cases under (i) and, subject to certain restrictions, in the cases under (ii). Special provisions apply to certain German nationals living outside of Germany and to former German nationals.

15.6 Abolishment of Solidarity Surcharge

On December 13, 2019, the law regarding a significant reduction of the solidarity surcharge (*Gesetz zur Rückführung des Solidaritätszuschlags 1995*) came into force. Even though, this new law has no impact on the solidarity surcharge levied in addition to the withholding tax, it can affect the solidarity surcharge levied on the income tax liability which the withholding tax is credited against, as the case may be. According to this new law the threshold as of which solidarity surcharge is levied will be significantly increased, so that the solidarity surcharge shall be abolished in full for approximately 90% of the German taxpayers and partly for a further 6.5% of German taxpayers. The new rules apply as of 2021. Shareholders are advised to monitor further future developments.

15.7 Other Taxes

No German capital transfer taxes, value-added-tax, stamp duties or similar taxes are currently levied on the purchase or disposal or other forms of transfer of the shares. However, an entrepreneur may opt to subject disposals of shares, which are in principle exempt from value-added-tax, to value-added-tax if the sale is made to another entrepreneur for the entrepreneur's business. Wealth tax is currently not levied in Germany.

On February 14, 2013, the EU Commission adopted a proposal for a Council Directive (the "**Draft Directive**") on a common financial transaction tax ("**FTT**") to be implemented in Austria, Belgium, France, Germany, Greece, Italy, Portugal, Spain, Slovakia, and Slovenia (the "**Participating Member States**"). Estonia has stated in 2015 that it will not participate in implementing the proposed FTT.

The Draft Directive has a very broad scope and could, if introduced, apply to certain dealings in the shares (including secondary market transactions) in certain circumstances. The Draft Directive focused on levying a FTT on financial transactions (as defined in the Draft Directive), including the purchase, sale and exchange of financial instruments. Under the Draft Directive, the rate of the FTT would not be lower than 0.1% (0.01% for derivatives), generally based on the amount of the paid or owed consideration or in case of derivatives, the notional amount referred to in the derivatives contract at the time of the financial transaction. The issuance and subscription of shares should, however, be exempt.

Since the date of the publication of the Draft Directive, discussions have taken place between the Participating Member States. According to a statement of the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) dated May 25, 2020, the work on the legal framework for the FTT is well advanced and shall be finalized in the second half of the calendar year 2020. The FTT is expected to be modelled on the existing French FTT legislation. Consequently, the FTT is expected to apply to the acquisition of shares in domestic companies with a market capitalization of more than €1 billion and at a rate of 0.2%.

Nevertheless, the FTT remains subject to negotiation between the Participating Member States and was (and most probably will be) the subject of legal challenge. It may still be altered prior to its adoption. Moreover, once any directive has been adopted, it will need to be implemented into the respective domestic laws of the participating member states, and the domestic provisions implementing the directive might deviate from the directive itself. Finally, additional EU member states may decide to participate in or to dismiss the implementation.

Prospective holders of the Shares are advised to monitor future developments closely and should consult their own tax advisers in relation to the consequences of the FTT.

16. FINANCIAL INFORMATION

Interim Condensed Consolidated Financial Statements for Nagarro

For the nine-month period ended September 30, 2020

Interim Condensed Consolidated Statements of Financial Position

ASSETS	**Note**	**September 30, 2020**	**December 31, 2019**
in kEUR			
Intangible assets	5.1	109,407	111,388
Property, plant and equipment	5.2	6,555	7,201
Right of use assets	5.3	53,801	54,862
Non-current contract costs		194	332
Other non-current financial assets	5.4	2,838	2,702
Other non-current assets		125	34
Deferred tax assets		8,296	8,332
Non-current assets		**181,215**	**184,853**
Inventories		222	9
Current contract costs		246	278
Contract assets		12,310	12,562
Trade receivables	5.5	70,539	80,320
Other current financial assets	5.4	7,359	6,047
Other current assets		6,541	8,964
Income tax receivables		9,153	5,219
Cash		79,505	43,758
Current assets		**185,876**	**157,158**
Total assets		**367,091**	**342,011**

Interim Condensed Consolidated Statements of Financial Position

EQUITY AND LIABILITIES	**Note**	**September 30, 2020**	**December 31, 2019**
in kEUR			
Share capital	5.6	120	50
Capital reserve	5.6	-	22,415
Retained earnings		67,030	47,673
Changes in equity recognized directly in equity	5.6	-228,816	-25,370
Other comprehensive income		-734	5,480
Equity attributable to the shareholders of Nagarro		-162,400	50,249
Equity attributable to non-controlling interests	5.7	-29,718	9,693
Total Equity		**-192,118**	**59,942**
Non-current liabilities to banks		275	244
Non-current lease liabilities		45,234	47,232
Long-term provisions for post-employment benefits		4,618	3,815
Other long-term provisions		249	236
Non-current contract liabilities		277	285
Other non-current financial liabilities	5.8	561	2,125
Non-current liabilities from acquisitions		5,791	10,633
Deferred tax liabilities		2,477	1,566
Non-current liabilities		**59,481**	**66,136**
Current liabilities to banks		5,380	5,252
Current lease liabilities		12,039	12,133
Short-term provisions for post-employment benefits		666	579
Other short-term provisions		10,917	9,927
Current contract liabilities		4,249	7,249
Trade payables		8,037	16,055
Current liabilities from acquisitions		4,314	10,988
Other current financial liabilities	5.8	436,234	140,283
Other current liabilities		6,070	2,480
Income tax liabilities		11,820	10,987
Current liabilities		**499,727**	**215,933**
Equity and liabilities		**367,091**	**342,011**

Interim Condensed Consolidated Statements of Comprehensive Income

Profit or loss

Nine months period ended September 30	**Note**	**2020**	**2019**
in kEUR			
Revenue	6.1	321,433	294,116
Own work capitalized		153	448
Other operating income	6.2	10,638	2,174
Cost of materials	6.3	36,922	36,978
Staff costs	6.4	201,137	185,426
Impairment of trade receivables and contract assets		2,271	689
Other operating expenses	6.5	38,352	34,619
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**53,542**	**39,026**
Depreciation, amortization and impairment		15,995	13,975
Earnings before interest and taxes (EBIT)		**37,548**	**25,051**
Finance income		306	103
Finance costs	6.6	6,555	4,222
Earnings before taxes (EBT)		**31,298**	**20,932**
Income taxes	6.7	-7,854	-6,371
Profit for the period		**23,444**	**14,561**
Profit for the period attributable to:			
Shareholders of Nagarro		19,357	12,098
Non-controlling interests		4,087	2,463

Other comprehensive income

Nine months period ended September 30	**Note**	**2020**	**2019**
in kEUR			
Items that will not be reclassified to profit or loss			
Actuarial gains (losses)		-239	-435
Tax effects		60	140
		-179	**-295**
Items that may be reclassified to profit or loss			
Foreign exchange differences		-7,234	3,145
		-7,234	**3,145**
Other comprehensive income for the period		**-7,413**	**2,850**
Total comprehensive income for the period		**16,031**	**17,412**
Total comprehensive income for the period attributable:			
Shareholders of Nagarro		13,143	14,393
Non-controlling interests		2,889	3,019
Basic earning per share:			
Numbers of shares after the spin-off (in numbers) [1)]		11,382,513	-
Earnings per shares in EUR		1.70	-

[1)] Refer note section 1.1 Background information. The comparative earning per share is not shown as the parent company in 2019 was Nagarro Holding GmbH which is different from current parent company Nagarro SE.

Interim Condensed Consolidated Statements of Changes in Equity

in kEUR	Share capital	Capital reserve	Retained earnings	Changes in equity recognized directly in equity	Other Comprehensive income: Foreign exchange differences	Other Comprehensive income: Acturial gain or loss on pension provisions	Equity attributable to the shareholders of Nagarro	Equity attributable to Non-controlling interests	Total Equity
Balance at January 1, 2019	**50**	**22,415**	**22,192**	**24,265**	**5,927**	**-316**	**74,533**	**14,377**	**88,910**
Profit for the period	-	-	12,098	-	-	-	12,098	2,463	14,561
Other comprehensive income for the period	-	-	-	-	2,637	-342	2,295	555	2,850
Total comprehensive income for the period	-	-	12,098	-	2,637	-342	14,393	3,019	17,412
Dividends	-	-	-	-	-	-	-	-	-
Other transactions with shareholders	-	-	-	-	-	-	-	-	-
Change in shares of Non-controlling interests	-	-	-	-	-	-	-	-	-
Balance at September 30, 2019	**50**	**22,415**	**34,290**	**24,265**	**8,564**	**-658**	**88,926**	**17,395**	**106,321**
Balance at January 1, 2020	**50**	**22,415**	**47,673**	**-25,370**	**6,169**	**-689**	**50,249**	**9,693**	**59,942**
Profit for the period	-	-	19,357	-	-	-	19,357	4,087	23,444
Other comprehensive income for the period	-	-	-	-	-6,065	-150	-6,214	-1,199	-7,413
Total comprehensive income for the period	-	-	19,357	-	-6,065	-150	13,143	2,889	16,031
Share capital isssued	120	-	-	-	-	-	120	-	120
Dividends	-	-	-	-	-	-	-	-	-
Other transactions with shareholders	-50	-22,415	-	-203,447	-	-	-225,912	-	-225,912
Change in shares of Non-controlling interests	-	-	-	-	-	-	-	-42,299	-42,299
Balance at September 30, 2020	**120**	**-**	**67,030**	**-228,816**	**104**	**-839**	**-162,400**	**-29,718**	**-192,118**

Interim Condensed Consolidated Statements of Cash Flows

Nine months period ended September 30	**Note**	**2020**	**2019**
in kEUR			
Cash flows from operating activities			
EBIT		37,548	25,051
Depreciation, amortization and impairments of non-current assets		15,995	13,975
Change in long-term provisions		697	350
Other non-cash income and expenses		2,780	1,352
Income taxes paid		-10,246	-7,898
Cash flows from changes in net working capital		6,738	-10,453
Net cash inflow from operating activities		**53,512**	**22,377**
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		-2,166	-2,236
Proceeds from sale of property, plant and equipment and intangible assets		11	405
Repayments from loans to Allgeier Group		0	0
Payments for loans to Allgeier Group		0	0
Acquisition of subsidiaries, net of cash aquired	7.1	-4,467	-2,863
Net cash outflow from investing activities		**-6,621**	**-4,693**
Cash flows from financing activities			
Proceeds from bank loans		30	-
Repayment of bank loans		-260	-387
Proceeds from shareholders of Nagarro		120	0
Principal elements of lease payments		-13,221	-10,797
Net cash inflow from factoring		2,920	285
Interest received		223	55
Interest paid		-181	-171
Net cash inflow (outflow) from financing activities		**-10,369**	**-11,015**
Total cash flow		**36,522**	**6,669**
Effects of exchange rate changes on cash and cash equivalents		-1,170	507
Total changes in cash and cash equivalents		**35,351**	**7,177**
Cash and cash equivalents at beginning of period		38,786	22,718
Cash and cash equivalents at end of period	7.2	74,137	29,895

A. Notes to the Interim Condensed Consolidated Financial Statements for the nine-month period ended September 30, 2020

1. General Information

1.1 Background

Nagarro SE (the "Company"), a former shelf company, founded on January 17, 2020, was acquired by Allgeier SE on February 19, 2020 and renamed accordingly. After several legal reorganizations (described below) which were completed in July 2020, Nagarro SE was finally the ultimate parent company of the newly formed Nagarro Group.

The listing on the stock exchange is contemplated to take place simultaneously with the spin-off. The spin-off will be conducted by the way of a demerger into another company (*Abspaltung zur Aufnahme*) with the issuance of new shares to the shareholders of Allgeier SE in exchange for the spun-off net assets, and subsequent listing of those shares. Once the demerger has been entered into the commercial register of the District Court of Munich, it becomes effective retrospectively as per 1 January 2020. The issuer of the new shares and hence the parent company of the future stand-alone Nagarro will be Nagarro SE. Shares of Nagarro SE are to be admitted to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), Germany, with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange. The spin-off has been approved by the Shareholders' Meetings of Allgeier SE on September 24, 2020.

In connection with the Spin-Off, Allgeier intends to completely divest its share in Nagarro SE. Therefore, Allgeier will spin-off the 120,000 shares held by Allgeier SE in Nagarro along with all shares in Connect AG to Nagarro SE. In order to implement the Spin-Off, Nagarro SE will increase its share capital from Eur 120,000 by Eur 11,262,513 to Eur 11,382,513 by issuing 11,262,513 no-par value registered shares, each with a notional value in the share capital of the Company of Eur 1.00. The Spin-Off Capital Increase will be affected against contribution in kind. As contribution in kind, Allgeier SE will contribute the shares of Connect AG and the shares it holds in the Company to Nagarro SE.

It is expected, that the Spin-Off will take place in the second half of December 2020 with economic retroactive effect upon its entry into Allgeier's commercial register as of January 1, 2020.

As consideration for the Spin-Off, the shareholders of Allgeier will receive the spun-off shares in Nagarro SE and/or the New Shares from the Spin-Off Capital Increase in accordance with their shareholding in Allgeier SE. Allgeier SE, as the previous sole shareholder of Nagarro, will not receive any shares. As a result, Allgeier's shareholders will have a proportionate interest in Nagarro. Immediately after the Spin-Off becomes effective, the Shares shall be admitted to trading on the regulated market of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse).

After all legal reorganizations have been finished until September 30, 2020, Nagarro has due to the purchase of additional businesses from the remaining Allgeier group acquisition liabilities of kEUR 339,051 which lead temporarily to a high negative consolidated Nagarro group equity. The spin off vehicle Allgeier Connect AG, which will provide Nagarro's group additional equity financing with kEUR 243,619 simultaneously with the spin-off expected in December 2020, is not yet included in the interim condensed consolidated financial statements of September 30, 2020. The equity and the liabilities are shown including the spin-off of Allgeier Connect in the capitalization table in section *8.7 Events after the balance date*

1.2 Basis of accounting

The interim condensed consolidated financial statements reflect the group parent company Nagarro SE and the four business areas that are subject to the Transaction as historically conducted in the entities of the Allgeier group.

Nagarro SE is a European public limited company (Societas Europea, SE) with headquarters in Munich, Germany. The Company is registered in the Commercial Register of the District Court of Munich under number HRB 254410 with its registered offices at Einsteinstrasse 172, 81677 Munich.

In an internal reorganization within the group, in July 2020 Nagarro Software SAS, Paris, France merged into Nagarro Allgeier ES France SAS. This merger is considered to have taken place retrospectively from January 1, 2020.

The nine-month interim condensed consolidated financial statements as of September 2020 of Nagarro SE and its subsidiaries were prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting (as adopted by the European Union). The nine-month interim condensed consolidated financial statements 2020 have been prepared in euro (€), which is the functional currency of the company. Unless noted otherwise, amounts are stated in thousands of euros.

The interim condensed consolidated financial statements were authorized for issue by the company's board of directors on November 13, 2020.

2. Basis of preparation of the interim condensed consolidated financial statements

2.1 Compliance with IFRS and other principles

These interim condensed consolidated financial statements were prepared using the same accounting and valuation methods as those on which the combined financial statements as of December 31, 2019 were based and which are described in detail in the notes contained therein.

In the opinion of the company's management, the nine months interim condensed consolidated financial statements reflect all accounting entries (in other words, normal recurring entries) necessary for a fair presentation of Nagarro's financial position and performance. Results presented for interim periods are not necessarily indicative of results that may be expected in future periods or for the full financial year.

In preparing the nine months interim condensed consolidated financial statements according to IFRS, management must make discretionary decisions, estimates and assumptions to a certain extent. These may affect the amount and presentation of assets and liabilities recognised in the balance sheet, disclosures of contingent assets and liabilities as of the reporting date, as well as disclosed income and expenses for the reporting period. Due to the currently unforeseeable global consequences of the Covid-19 pandemic, these estimates and discretionary decisions are subject to increased uncertainty. Actual amounts may vary from these estimates and assumptions; changes can have a significant impact on the nine months interim condensed consolidated financial statements.

All significant intercompany balances and transactions were eliminated.

3. General Accounting Principles

3.1 First time adoption of IFRS (IFRS 1)

With the planned spin-off and the stock market listing already in December 2020, Nagarro SE will be legally obliged to prepare the first annual financial statements for the year ending on December 31, 2020. IFRS 1 has to be applied. By using the predecessor accounting approach, the opening balance for the first consolidated annual financial statement and the interim condensed consolidated financial statements of 2020 is January 1, 2019.

A group, which has the calendar year as financial year, has to apply the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020:

STANDARD/INTERPRETATION	TITLE OF THE STANDARD, INTERPRETATION OR AMENDMENT
Amendments to IAS 1 and IAS 8	Amended by defenition of material
IFRS Framework	Changes in references to the Framework in IFRS Standards
Amendments to IFRS 3	Amended by definition of a business
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 1

As first-time adopter, Nagarro has to apply these new standards and interpretations according to IFRS 1 (note: IFRS 1.7) already in the previous financial year 2019. This adoption had no impact on the amounts reported in these interim condensed consolidated financial statements and on the disclosures for the previous year's figures extracted from Allgeier group financial statements (predecessor accounting approach).

3.2 Standards and interpretations not yet applied

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

STANDARD/ INTERPRETATION	TITLE OF THE STANDARD, INTERPRETATION OR AMENDMENT	FIRST-TIME APPLICATION Jan 1
IFRS 17	Insurance Contracts	2023
Annual Improvements to IFRS Standards 2018-2019 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture	2021
Amendments to IFRS 4	Insurance contracts - deferral of IFRS 9	2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2	2021
Amendments to IFRS 3	Reference to the Conceptual Framework	2022
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use	2022
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	2023

The management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

3.3 Composition of the Group

Scope of consolidation

The scope of consolidation of the group entities for the interim condensed consolidated financial statements of Nagarro was determined based on the legal reorganization concept. That is, the interim condensed consolidated financial statements reflect all businesses which, as a result of the legal reorganization under common control of Allgeier SE, have been transferred to Nagarro SE.

The following table represents an overview of the legal entities that are in scope of consolidation in the interim consolidated financial statement. Businesses that were acquired from a third party during the reporting periods of the interim consolidated financial statement were included from the date at which Allgeier SE obtained control.

	Sep 30, 2020	Dec 31, 2019
Nagarro Base		
Nagarro SE, Munich, Germany[1)]	100.00%	-
SPP Co-Investor Verwaltungs GmbH, Munich, Germany[2)]	100.00%	100.00%
SPP Co-Investor GmbH & Co. KG, Munich, Germany[2)]	16.41%	16.41%
Nagarro SPP GmbH, Munich, Germany	59.04%	59.04%
Nagarro Beteiligungs GmbH, Munich, Germany [2) & 3)]	50.01%	50.01%
Nagarro Holding GmbH, Munich, Germany [2), 4) & 5)]	83.83%	83.83%
Nagarro Inc., San Jose, USA	83.83%	83.83%
Nagarro Software Pvt. Ltd., Gurgaon, India	83.83%	83.83%
Nagarro Software GmbH, Frankfurt, Germany	83.83%	83.83%
Nagarro Software S.A., Monterrey, Mexico	83.83%	83.83%
Mokriya Inc., Cupertino, USA	83.83%	83.83%
Objectiva Software Solutions Inc., San Diego, USA[6)]	83.83%	-
Objectiva Software Solutions Co. Ltd., Beijing, China	83.83%	-
Objectiva Software Solutions Co. Ltd., Xi'an, China	83.83%	-
Allgeier Global Services Asia Pte. Ltd., Singapore	83.83%	83.83%
Nagarro Enterprise Services Pvt. Ltd., Jaipur, India	83.83%	83.83%
Nagarro SDN. BHD., Kuala Lumpur, Malaysia	83.83%	83.83%
Nagarro K.K., Tokio, Japan	83.83%	83.83%
Nagarro Software AB, Stockholm, Sweden	83.83%	83.83%
Nagarro GmbH, Vienna, Austria	83.83%	83.83%
Nagarro GmbH, Munich, Germany	83.83%	83.83%
Nagarro Software srl, Timisoara, Romania	83.83%	83.83%
Nagarro Software A/S, Copenhagen, Denmark	83.83%	83.83%
Nagarro Software Ltd., London, United Kingdom	83.83%	83.83%
Nagarro Software SAS, Paris, France [7)]	-	83.83%
Nagarro AS, Oslo, Norway	83.83%	83.83%
Nagarro Pty. Ltd., Sydney, Australia	83.83%	83.83%
Nagarro Oy, Espoo, Finland	83.83%	83.83%
Nagarro Ltd., Valetta, Malta	83.83%	83.83%
Nagarro Pty. Ltd., Pretoria, South Africa	83.83%	83.83%
Nagarro Inc., Toronto, Canada	83.83%	83.83%
Nagarro Company Ltd., Bangkok, Thailand	83.83%	83.83%
Nagarro Ltd., Port Luis, Mauritius	83.83%	83.83%
Nagarro MENA LL, Dubai, UAE [8)]	83.83%	83.83%
Solutions4Mobility LLC, Dubai, UAE	83.83%	83.83%
Nagarro Allgeier ES GmbH, Kronberg im Taunus, Germany [5) & 9)]	83.83%	-
Allgeier Consulting Services GmbH, Munich, Germany [10)]	-	-
Nagarro Allgeier ES France SAS, Entzheim, France [11)]	83.83%	-
Nagarro Allgeier Enterprise Services Denmark A/S, Bröndby, Denmark [12)]	83.83%	-
Nagarro iQuest Holding GmbH, Karlsruhe, Germany [5) & 13)]	83.83%	-
iQuest Technologies GmbH & Co. KG, Bad Homburg, Germany	83.83%	-
iQuest Verwaltungs GmbH, Bad Homburg, Germany	83.83%	-
iQuest Technologies srl, Cluj-Napoca, Romania	83.83%	-
iQuest Schweiz AG, Zürich, Switzerland	83.83%	-
iQuest SPZOO, Warschau, Poland	83.83%	-
Nagarro ES		
Nagarro Allgeier ES GmbH, Kronberg im Taunus, Germany [5) & 9)]	-	95.00%
Allgeier Consulting Services GmbH, Munich, Germany [10)]	-	95.00%
Nagarro Allgeier ES France SAS, Entzheim, France [11)]	-	95.00%
Nagarro Allgeier Enterprise Services Denmark A/S, Bröndby, Denmark [12)]	-	95.00%
Nagarro Objectiva		
Objectiva Software Solutions Inc., San Diego, USA[6)]	-	100.00%
Objectiva Software Solutions Co. Ltd., Beijing, China	-	100.00%
Objectiva Software Solutions Co. Ltd., Xi'an, China	-	100.00%
Nagarro iQuest		
Nagarro iQuest Holding GmbH, Karlsruhe, Germany [13)]	-	68.72%
iQuest Technologies GmbH & Co. KG, Bad Homburg, Germany	-	68.72%
iQuest Verwaltungs GmbH, Bad Homburg, Germany	-	68.72%
iQuest Technologies srl, Cluj-Napoca, Romania	-	68.72%
iQuest Schweiz AG, Zürich, Switzerland	-	68.72%
iQuest SPZOO, Warschau, Poland	-	68.72%

[1] The company was acquired in 2020.
[2] These companies were acquired by Nagarro SE, Germany in 2020.
[3] The company name was changed from Allgeier Nagarro Beteiligungs GmbH, Munich, Germany, in 2020.
[4] The company name was changed from Allgeier Nagarro Holding GmbH, Germany in 2020
[5] These companies alongwith its subsidiaries were acquired by Nagarro Holding GmbH in 2020.
[6] The company alongwith its subsidiaries were acquired by Nagarro Inc., USA in 2020.
[7] The company was merged with Nagarro Allgeier ES France SAS, France in 2020.
[8] The company name was changed from Farbi Technology Middle East LLC, UAE in 2020.
[9] The company name was changed from Allgeier Midmarket Services GmbH, Germany in 2020.
[10] The company was merged with Nagarro Allgeier ES GmbH in 2020.
[11] The company name was changed from Allgeier ES France SAS in 2020
[12] The company name was changed from Allgeier Enterprise Services Denmark A/S in 2020
[13] The company name was changed from iQuest Holding GmbH, Karlsruhe, Germany, in 2020

As of September 30, 2020, the shares in Nagarro Holding GmbH were held by Nagarro SE (65.00%), Nagarro SPP GmbH (15.00%) and Nagarro Beteiligungs GmbH (20.00%), where shares in Nagarro SPP GmbH were held by SPP Co-Investor GmbH & Co KG (49.00%) and Nagarro SE (51.00%). Of the shares in Nagarro Beteiligungs GmbH 49.99% (December 31, 2019: 49.99%) were held by co-founders of Nagarro Inc. and of the shares in SPP Co-Investor GmbH & Co KG 83.59% (December 31, 2019: 83.59%) were held by members of management of Nagarro Base. In total, indirectly 16.17% of the shares of Nagarro Holding GmbH (December 31, 2019: 16.17%) were held by the co-founders and management of Nagarro Base. This indirect share of 16.17% remains unchanged since December 31, 2019. Nagarro Holding GmbH by itself, holds 100% of shares in its respective subsidiaries presented in the table above.

In the preparation of the Transaction all businesses that were considered to be part of Nagarro have already been transferred between December 2019 and July 2020 to Nagarro SE or its subsidiaries through a legal reorganization under common control of Allgeier SE prior to the demerger. Details on these legal reorganizations were as follows:

- 90 % each of the shares held by Allgeier Enterprise Services AG in Allgeier Consulting Services GmbH and Nagarro Allgeier ES GmbH, the latter along with its shares in Nagarro Allgeier ES Denmark A/S and Nagarro Allgeier ES France SAS, were sold to Nagarro Holding GmbH in December 2019. Previously, the shares in Nagarro Allgeier ES Denmark A/S (100.00%) had been sold by Allgeier Enterprise Services AG to Nagarro Allgeier ES GmbH.

- 10% of the shares of Nagarro Allgeier ES GmbH were sold to Nagarro Holding GmbH in July 2020.

- 100% percent shares held by Allgeier Project Solutions GmbH in iQuest Holding GmbH ("iQuest") were sold to Nagarro Holding GmbH in July 2020.

- 100% of the shares held by Allgeier Project Solutions GmbH in Objectiva Software Solutions Inc. ("Objectiva") were sold to Nagarro Inc in July 2020

- 100% of the shares in Allgeier Nagarro Holding GmbH were sold to Nagarro SE in July 2020

- Subsequent to the above transfers all shares directly or indirectly held by Allgeier Project Solutions GmbH in SPP Co-Investor Verwaltungs GmbH, SPP Co-Investor GmbH & Co. KG, Nagarro SPP GmbH, Nagarro Beteiligungs GmbH and Nagarro Holding GmbH have been sold and transferred to Nagarro SE, including the related SPP.

When a company acquires other entities in third-party transactions, the accounting is usually defined by IFRS 3 "Business Combinations". However, when a company is acquired by another company within the same group, IFRS 3 does not apply. This situation also arises in a group reorganization in anticipation of spin off, and is referred to as a "Business Combination under Common Control" ("BCUCC"). Currently there is no guidance for BCUCC accounting in IFRS, In practice, there is a choice for the accounting methodology to apply for the acquisition between predecessor accounting and acquisition accounting according to IFRS 3, which is also approved by the German accounting standard IDW RS HFA 50: Modul IFRS 3-M2 (Nr. 4 case B).

As these legal transfers constitute business combinations under common control of Allgeier SE, Nagarro elected to apply the predecessor value approach by carrying forward the historical carrying amounts recorded by Allgeier Group without step up to fair value. Accordingly, as the IFRS book values of the respective companies have been already recorded in the interim condensed consolidated financial statements, the recognition and subsequent measurement of the purchase price liabilities totaling to kEUR 61,219 in December 2019 and kEUR 277,832 during September 30, 2020 totaling to kEUR 339,051, resulting in a corresponding decrease in equity, which is reported in "Net assets attributable to shareholders of Nagarro" under "Other transactions with shareholders" in the Interim Condensed Consolidated Statements of Changes in Equity in fiscal years 2019 and 2020. Further, for the purchase price liabilities totaling to kEUR 339,051, Nagarro has agreed for deferred payment with a fixed interest rate of 3.0% with Allgeier SE.

The predecessor accounting approach means that the interim condensed consolidated financial statements are considered to be an extract from the consolidated financial statements of the parent company Allgeier SE ("Extraction Method") and reflect the businesses attributable to Nagarro as they have been historically included in the IFRS consolidated financial statements of Allgeier SE. Hence, Nagarro is presented using the carrying amounts and historical costs that are also included in the IFRS consolidated financial statements of Allgeier SE. In general, the same accounting policies are applied by the entities in the scope of consolidation as they were used for the preparation of the IFRS consolidated financial statements of Allgeier SE, unless such accounting policies are not in accordance with IFRS when presenting Nagarro as a group of companies independent of the Allgeier Group. This approach is generally recognized for the preparation of interim condensed consolidated financial statements.

By applying this approach, the carrying amounts used from the IFRS consolidated financial statements of Allgeier SE for the preparation of the interim condensed consolidated financial statements of Nagarro SE also include historical amounts for acquired intangible assets, step ups from purchase price allocation and goodwill, which result from the acquisition of the businesses in scope of the consolidated financial statements from the Allgeier Group.

3.4 Currency translation

The functional currency of the entities located in the Eurozone is the euro. The functional currency of all other entities is the respective local currency. As part of the preparation of the Interim Condensed Consolidated Financial Statements, the interim financial statements of the entities prepared in a foreign currency were translated into euro, the reporting currency of Nagarro. The closing rates as of September 30, 2020 and December 31, 2019 were used for the translation of assets and liabilities, and the nine-month average rates for revenue and expenses for the nine-month period ended September 30, 2020 and September 30, 2019. Differences arising from translation to Nagarro's reporting currency are reported directly in other comprehensive income not impacting profit or loss.

The following exchange rates applied for the translation of annual financial statements prepared in foreign currencies:

		Average rate per 1 EUR		Period-end rate per 1 EUR	
		9 month ended Sep 30, 2020	9 month ended Sep 30, 2019	Sep 30, 2020	Dec 31, 2019
Chinese yuan renminbi	CNY	7.906	7.685	7.979	7.823
Danish krone	DKK	7.455	7.464	7.445	7.469
Indian rupee	INR	83.470	78.459	86.255	79.823
Japanese yen	JPY	120.856	122.356	123.610	122.160
Canadian dollar	CAD	1.531	1.487	1.566	1.463
Mauritian rupee	MUR	43.140	38.319	45.469	39.499
Mexican peso	MXN	24.824	21.631	26.197	21.115
Malaysian ringgit	MYR	4.791	4.632	4.867	4.600
Polish zloty	PLN	4.439	4.308	4.553	4.258
Romanian leu	RON	4.827	4.742	4.866	4.781
Swiss franc	CHF	1.068	1.116	1.079	1.087
Singapore dollar	SGD	1.569	1.529	1.603	1.511
South African rand	ZAR	19.041	16.101	19.892	15.733
Thai baht	THB	35.671	34.898	36.987	33.574
US dollar	USD	1.129	1.120	1.171	1.120
UAE dirham	AED	4.149	4.114	4.299	4.113

4. Notes to the statements of financial position

The Interim Condensed Consolidated Statements of Financial Position are prepared in accordance with IAS 1 *Presentation of Financial Statements*. Assets that are realized within the next twelve months and liabilities that are due within one year are generally reported as current.

Derivatives and purchase price liabilities from business combinations are measured at fair value. All other assets and liabilities are accounted for at amortized cost.

Intangible assets

Orders on hand, customer lists, websites, and products acquired in business combinations are initially recognized at fair value and subsequently measured at its cost less accumulated amortization and any accumulated impairment. Amortization of orders on hand occurs concurrently with revenue recognition of the orders. Acquired products are amortized on a straight-line basis over four years. Customer lists are amortized on a straight-line basis over five years.

Inhouse developments are recognized as intangible assets, if the development costs can be measured reliably, and from which an economic benefit from a sale of the services anticipated in the future is probable. Capitalized costs for inhouse developments are measured at cost less accumulated amortization and impairment. Inhouse developments are amortized for the first time from the month of completion on a straight-line basis with a term of four years. Interest on borrowing is not included in the cost of production.

Purchased software, licenses and rights are measured at cost less any accumulated amortization and any accumulated impairment losses. Brands and domains are amortized on a straight-line basis over a term of 15 years. Otherwise software, licenses and rights are subject to amortization on a straight-line basis over three to six years.

Goodwill arising from business combinations is recognized as an intangible asset with an indefinite useful life. Goodwill, and other intangible assets with indefinite useful lives or intangible assets that are not yet available for use are subject to impairment tests at least once a year. For the aforementioned assets impairment tests are also performed whenever there is an indication or specific event ("triggering event") that an asset may be impaired. If the recoverability is no longer given as the carrying amount exceeds the recoverable amount of capitalized goodwill, an impairment loss must be recognized. This is also applicable for other intangible assets with indefinite useful lives or intangible assets that are not yet available for use. Assets in use and other intangible assets with finite useful live are tested for impairment only if there are specific indications that they may be impaired.

Property, plant and equipment

Non-current assets are recognized at cost of acquisition or production, less accumulated depreciation. For internally generated assets, cost of production includes costs that can be directly allocated, proportionate overhead costs and depreciation. Interest on borrowings directly attributable to the acquisition, construction or production of a 'qualifying asset' (one that necessarily takes a substantial period of time to get ready for its intended use or sale) are included in the cost of the asset. Repair and maintenance costs are recognized as expense directly. Straight-line depreciation is applied over the expected, estimated useful life of the assets. The carrying amounts of property, plant and equipment are subject to an impairment test as soon as this is indicated. Land, land rights and buildings, including constructions on third-party property, are measured using the cost model. Straight-line depreciation on buildings is recognized over a maximum useful life of 58 years. Other plant, operating and office equipment is subject to straight-line depreciation over a period of three to 15 years.

Leases

Nagarro applies IFRS 16 for lease accounting and assesses each individual lease contract as to whether it contains a lease in accordance with IFRS 16.

On the day of the inception of the lease Nagarro recognizes an asset for the right of use in this contract and a lease liability for the present value of future lease payments. The right of use asset corresponds to the present value at lease inception, adjusted for the payments made before the commencement date, plus initial direct costs incurred and estimated costs to dismantle or restore the underlying asset.

The right of use asset is depreciated on a straight-line basis over the useful life of the underlying asset, adjusted by impairments. The useful life of the right of use asset is determined as the shorter of the asset's economic useful life and the lease term on a straight-line basis.

The lease liability is measured at the present value of the lease payments that are not yet paid. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate is the interest rate based on the Group's borrowing costs.

Assets are not recognized for leases with a useful life of less than twelve months (short-term leases) and for leases where the respective acquisition cost do not exceed kEUR 5 (leases of low-value assets). These leases are recognized in other operating expenses in the Consolidated Statements of Comprehensive Income.

For leases acquired in the course of a business combination Nagarro recognizes a lease liability at the present value of the remaining lease payments as if the acquired lease were a new lease at the acquisition date and the right-of-use asset at the same amount as the lease liability, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

The Group leases land and buildings as well as equipment and vehicles. Lease contracts for equipment and vehicles are typically made for fixed periods of three to five years, for buildings up to 18 years, but several contracts have extension or termination options. These are used to maximize operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Deferred taxes

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amount of an asset or liability and its tax base as well as for tax loss carryforwards. Deferred tax assets are recognized to the extent that their utilization is deemed to be probable.

Deferred taxes are calculated at the applicable or expected tax rates at the time of realization according to the current legal situation in the respective countries. Deferred tax assets and liabilities are calculated using country-specific tax rates.

Deferred tax assets and liabilities are set off if the entity has a legally enforceable right to set off current tax positions and if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority. Deferred tax assets and liabilities are reported under non-current assets and non-current liabilities.

Contract costs

Capitalized contract costs relate to the costs to fulfil a customer contract. If the costs to fulfil the contract are not within the scope of another standard (e.g. inventories, intangible assets or property, plant and equipment), they must be capitalized separately in the balance sheet if they create resources in connection with a customer contract and it is expected that the costs will be covered by future revenue. They are measured at direct costs plus proportionate production overheads. Capitalized costs are expensed according to the scheduled revenue recognition to which the asset relates. The amortization period must also include probable contract extensions in the future. If the expected revenue less expenses still to be incurred is lower than the contract costs, an impairment is recognized.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of purchased inventory are generally determined based on the weighted average method after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Impairments are recognized if the cost of purchased inventory or net realizable value has decreased at the reporting date.

Contract assets and liabilities

With the fulfillment of contractual obligations of one of the contractual parties, either Nagarro or a customer, a contract asset or a contract liability is recognized, depending on the net balance of the performed contract work and the customer's advanced payment. Contract assets and contract liabilities are generally reported as current, as they generally arise within the normal operating cycle of less than one year.

Contract assets and contract liabilities include customer-specific fixed fee contracts that are accounted for using the percentage-of-completion method in accordance with IFRS 15. Revenue is recognized in line with the stage of completion at the reporting date. The stage of completion corresponds to the proportion of contract costs incurred for work performed to date and the estimated total contract costs as of the reporting date. After deduction of partial payments received, contract costs are recognized under contract assets if the contract balance is positive, and under contract liabilities if the contract balance is negative. Borrowing costs are not capitalized in customer-specific fixed fee contracts.

For contracts in which the period between the transfers of a promised good or service to a customer and the customer's payment for that good or service will be one year or less, the Group uses the practical expedient in IFRS 15.63 to not adjust the amount of consideration for the effects of a significant financing component.

Trade receivable

Trade receivables are recognized initially at the amount of consideration that is unconditional. They are subsequently measured at amortized cost using the effective interest method, less loss allowance. The Group applies the IFRS 9 simplified approach to measuring expected credit losses. The expected loss rates are based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Trade receivables are derecognized when they are assessed as uncollectible or with respect to factoring if essentially all risks and rewards associated with ownership are transferred.

Other financial assets

Other financial assets are recognized at nominal value, less impairments. For other financial receivables, expected credit losses are determined based on expected credit risks, either on the basis of defaults expected in the next twelve months or on the basis of the remaining term to maturity. Significant changes in credit risks are taken into account.

Nagarro uses foreign exchange forwards contracts as derivative financial instruments to reduce exchange rate risks. These hedging transactions are initially recognized and subsequently measured at each following reporting date at fair value. In the case of derivatives with quoted market prices, fair value is the positive or negative market price. Positive market values result in the recognition of a financial asset and negative market values in the recognition of a financial liability. Gains and losses due to changes in fair value are recognized through profit or loss. Derivatives are recognized on the respective trading day.

Other assets and income tax receivables

Other assets and income tax receivables are stated at their nominal amount.

Cash

Cash include cash balances, bank balances and current deposits with original terms of less than three months. They are stated at their nominal amount.

Provisions for post-employment benefits

The Indian companies have obligations for future gratuity payments to employees (gratuity obligations) who have worked with the company for a minimum period of five years that become payable when employees depart, regardless of termination by the employer or employee. These gratuity payments constitute a defined benefit plan according to IAS 19 and are measured using actuarial methods. Calculating the present value of defined benefit obligations is based on country-specific interest rates and mortality tables for India and the company's specific rate of staff turnover.

Other provisions

Other provisions are recognized when a legal or constructive obligation to a third party exists due to a past event, which is expected to result in a future outflow of resources to settle the obligation, and this future outflow of resources can be estimated reliably. The provisions are recognized for all identifiable risks as well as contingent liabilities acquired in a business combination at the expected amounts. The provisions are not offset against recourse claims. Warranty provisions are recognized based on past and/or estimated future claims experience. The cost for the recognition of provisions is reported as profit or loss after deducting expected reimbursements. Non-current portions of the provisions are discounted.

Liabilities to banks and other financial liabilities

Interest-bearing loans, which include liabilities to banks and loans to related parties, are recognized at the amount received on the date the loan is granted. Borrowing costs are recognized as an expense directly in the period in which they are incurred.

Other financial liabilities are initially recognized at settlement amount. Subsequently they are measured at amortized cost. Other financial liabilities include contingent liabilities from business combinations that are recognized and subsequently measured at fair value. The non-current portion of other financial liabilities is recognized at the present value of expected future payments. Market interest rates according to the term are used.

Trade payables

Trade payables are initially recognized at settlement amount. Subsequently they are measured at amortized cost.

Other liabilities

Other liabilities are initially recognized at the cost of acquisition. Subsequently they are measured at amortized cost.

Financial instruments

<u>Financial assets</u>

The financial assets include loans, receivables, derivatives with a positive present value and cash. Based on their characteristics and the purpose for which they were acquired, financial assets are allocated to the categories "financial assets measured at fair value", "financial assets not measured at fair value".

Financial assets are subsequently measured in accordance with IFRS 9 in the categories „at amortized cost (AC)", „at fair value through changes in other comprehensive income (FVOCI)" and „at fair value with changes in fair value through profit or loss (FVTPL)".

The classification of a financial instrument into one of these categories depends on the company's business model, taking into account the risks of the financial assets and the terms of the instrument. The examination of the conditions comprises the assessment of whether contractually agreed cash flows are solely interest and principal payments on the principal amount outstanding.

A financial asset is measured at amortized cost using the effective interest method if it is held within a business model whose objective is to collect the contractual cash flows and the terms of the contract result solely in interest and principal payments on the outstanding principal amount on specified dates. Changes in value are recognized through profit or loss.

The FVOCI category includes financial assets held within the framework of a business model whose objective is both to collect the contractual cash flows and to sell those assets, provided that the terms of the contract result solely in interest and principal payments on the outstanding principal on specified dates. Subsequent measurement is at fair value. Changes in value are recognized directly in other comprehensive income (OCI).

Equity instruments and derivative financial instruments are allocated to the FVTPL category and net gains or losses and dividends are recognized through profit or loss.

Impairment losses on financial assets in the category „measured at amortized cost" and on contract assets are recognized in the amount of the expected credit loss if the credit risk has increased significantly since initial recognition. For receivables and contract assets, this involves checking at each reporting date whether there is evidence of credit impairment and whether the credit risk has thereby increased significantly. Both quantitative and qualitative information and analyses such as the length of time past due, the nature and duration of financial difficulties or the geographical location are taken into account, and forward-looking assessments are made on the basis of past experience. Past due more than 90 days is considered objective evidence that the credit quality of an asset is impaired. If the asset is credit-impaired or defaulted, the expected credit losses are recognized as an impairment loss over the entire term of the financial asset. If the credit risk has increased significantly since initial recognition, but no credit impairment or default exists, the expected credit losses over the entire term are taken into account as impairment. In the case of trade receivables and contract assets, expected credit losses are measured with historical probabilities of default on the basis of an impairment matrix by maturity class. For all other financial assets, impairments are made in an amount equal to the share of the expected credit losses that are possible within twelve months of the reporting date or are expected to be incurred within the remaining term. The expected loss model of IFRS 9 requires discretionary decisions in forecasting the development of future economic conditions. However, the assumptions made are subject to uncertainties.

Financial liabilities

Financial liabilities include amounts due to financial institutions, trade payables, lease liabilities, liabilities from acquisitions and other financial liabilities. Based on their characteristics, financial liabilities are allocated to the categories „financial liabilities measured at fair value", „financial liabilities not measured at fair value".

Financial liabilities measured at amortized cost are non-derivative financial liabilities with payments that are fixed or can be determined. They are recognized and subsequently measured using the effective interest method. When liabilities are derecognized, the resulting gains are recognized under other operating income. The financial liabilities measured at fair value through profit or loss include contingent purchase price liabilities from business combinations that are classified as measured at fair value through profit or loss when they are recognized. Subsequently these financial liabilities are measured according to the assignment to this category. Effects from the remeasurement of contingent purchase price liabilities are recognized through profit or loss.

5. Notes to the Interim Consolidated Statement of Financial Position

5.1 Intangible assets

Intangible assets break down as follows:

	Sep 30, 2020 kEUR	Dec 31, 2019 kEUR
Customer lists	4,601	5,880
Products	3,061	577
Software, licences, rights	1,258	983
Inhouse developments	1,368	1,553
Goodwill	99,119	102,395
	109,407	111,388

With the exception of inhouse developments, all intangible assets were acquired.

The orders on hand were measured at its expected net amount determined as the order value for the orders less full costs.

To measure customer lists, historical revenues were analyzed for regular and other customers, in order to determine what revenue with regular customers can be expected within the next five years with. Customer lists were recognized at the amount of expected revenues less full costs and risk discounts, as well as amounts already recognized as orders on hand.

The acquired products are measured based on sales planning and the expected result for the products less risk discounts due to aging and technical obsolescence. A planning period of five years was used.

Current period addtitions mainly relates to acqusition of GES assets totaling to kEUR 3,702 out of which kEUR 550 were under customer list and kEUR 3,152 were under products.Refer *section 8.2 Business Combination.*

There is no impairment of goodwill and the decline in the goodwill is due to foregin currency revaluation.

5.2 Property, plant and equipment

Property, plant and equipment break down is as follows:

	Sep 30, 2020 kEUR	Dec 31, 2019 kEUR
Land and buildings	2,051	2,328
Other plant, vehicles, operating and office equipment	4,505	4,873
	6,555	7,201

5.3 Right of use assets

The right of use assets are composed as follows:

	Sep 30, 2020 kEUR	Dec 31, 2019 kEUR
Land use rights and buildings	35,386	39,962
Vehicles, operating and office equipment	18,415	14,901
	53,801	54,862

5.4 Other financial assets

Other financial assets break down as follows:

	Sep 30, 2020			Dec 31, 2019		
		of which:			of which:	
	Total kEUR	non-current kEUR	current kEUR	Total kEUR	non-current kEUR	current kEUR
Loans to Allgeier SE	3,287	-	3,287	2,009	-	2,009
Loans to Allgeier Project Solutions GmbH	-	-	-	1,205	-	1,205
Trade receivables from related parties	1,922	-	1,922	-	-	-
Related parties	5,209	-	5,209	3,215	-	3,215
Security deposits	3,350	2,628	722	2,900	2,493	408
Receivables from employees	360	-	360	756	-	756
Securities to suppliers	-	-	-	756	-	756
Derivative financial instruments	187	-	187	455	-	455
Creditors with debit balances	5	-	5	116	-	116
Other	1,085	210	875	552	210	342
Third parties	4,988	2,838	2,150	5,535	2,702	2,833
	10,197	2,838	7,359	8,750	2,702	6,047

Further information on receivables from Allgeier Group companies is provided in section *7.3 Related party transactions.*

5.5 Trade receivables

Trade receivables are composed as follows:

	Sep 30, 2020 kEUR	Dec 31, 2019 kEUR
Customer receivables	74,562	82,502
Impairment of customer receivables	-4,022	-2,182
	70,539	80,320

Till mid-September 2020, for financing customer receivables the Allgeier Group had a factoring volume of kEUR 60,000 (2019: kEUR 60,000), in which Nagarro also participated in the past which stands terminated as at September 30, 2020. Under this factoring program, Nagarro derecognizes customer receivables after the risk associated with the sold receivables is transferred. From September 2020, Nagarro has entered into a new factoring facility with a limit of kEUR 20,000 and has partially utilized it. Interest on the factored receivables is calculated at Euribor plus a margin of up to 1.3 percentage points under the Allgeier group factoring program till mid-September 2020 and 1.88 percentage points under the Nagarro factoring program thereafter. In September 2020 under the new facility, an interest rate of 1.43% p.a. was applied as a result of ongoing negative short-term interest rates (December 31, 2019: 0.94% p.a.).

As of September 30, 2020, kEUR 8,396 (December 31, 2018: kEUR 6,249) of the factoring volume was used. Of this amount, a portion of kEUR 7,507 (December 31, 2019: kEUR 4,586) was offset against trade receivables. The remaining portion of kEUR 591 (December 31, 2019: kEUR 1,663) paid by customers was recognized under liabilities to banks. The factor pays the submitted receivables lists on two specified days in the month. In cases in which the individual receivables are paid by customer in the period between payment by the factor and the end of the month, the amounts received by Nagarro are recognized as liability. The liabilities have floating interest rates. At the end of September 30, 2020 an interest rate of 1.43% p.a. was applied (December 31, 2019: 0.94% p.a.).

Impairment of customers receivables includes provision for debt amounting to kEUR 1,178 (December 31, 2019: kEUR Nil) made against receivable from one of the clients where legal proceedings have started with that client. Also refer section *8.5 Contingent liabilities and guarantees.*

5.6 Equity share capital

Equity is composed as follows:

	Sep 30,2020 kEUR	Dec 31, 2019 kEUR
Share capital	120	50
Capital reserve	-	22,415
Retained earnings	67,030	47,673
Changes in equity recognized directly in equity	- 228,816	- 25,370
Other comprehensive income		
Foreign currency reserve	104	6,169
Acturial gain or loss on pension provisions	- 839	- 689
Total equity attributable to shareholders of Nagarro	- 162,400	50,249
Equity attributable to Non-controlling interests	- 29,718	9,693
Total Equity	- 192,118	59,942

The negative equity is temporary due to pending legal reorganization of Allgeier Connect AG under Nagarro SE and would be positive once this legal reorganization is completed (refer to section 8.7. *Events after the balance sheet*).

Subscribed share capital

The subscribed share capital of Nagarro SE on the reporting date of September 30, 2020 of kEUR 120 was divided into 120,000 no-par bearer shares. In the previous year, the share capital represents the share capital of Nagarro Holding GmbH of kEUR 50 divided into 50,000 no-par bearer shares. Each share has a notional share in the share capital of EUR 1.00. All the company's no-par shares are of the same class. The shares are fully paid in.

Capital reserve

Capital reserve has been transferred to changes in equity recognized directly in equity due to change in equity holding from Nagarro Holding GmbH to Nagarro SE.

Changes in equity recognized directly in equity

The movement of Changes in equity recognized directly in equity is as follows:

Changes in equity recognized directly in equity	Sep 30,2020 kEUR	Dec 31, 2019 kEUR
Opening balance	-25,370	24,265
Share capital of Nagarro Holding GmbH transferred	50	0
Capital reserve of Nagarro Holding GmbH transferred	22,415	0
Acquisitions of companies from Allgeier Group	-232,906	-51,320
Objectiva earnout paid by Allgeier group	8,026	0
Changes in the shares of non-controlling interests of the Nagarro Group participation program	47	0
Other	-1,079	1,685
Closing balance	-228,816	-25,370

Also refer section *8.1 Financial instruments*.

5.7 Non-Controlling interest

The negative Non-Controlling Interest are calculated for Nagarro Holding group and the movement of Non-Controlling interest is as:

Equity attributable to Non-controlling interests	Sep 30,2020 kEUR	Dec 31, 2019 kEUR
Opening balance	9,693	14,377
Total Other comprehensive income for the period/year	2,889	5,037
Acquisitions of companies from Allgeier Group	-44,926	-9,899
Objectiva earnout paid by Allgeier group	1,547	0
Other	1,079	178
	-29,718	9,693

For the Objectiva earnout paid by Allgeier Group, refer section *8.1 Financial instruments*.

5.8 Other financial liabilities

Other financial liabilities are composed as follows:

	Sep 30, 2020			Dec 31, 2019		
		of which:			of which:	
	Total kEUR	non-current kEUR	current kEUR	Total kEUR	non-current kEUR	current kEUR
Liabilities to Allgeier Enterprise Services AG	1,129	-	1,129	61,219	-	61,219
Loan Allgeier Connect	244,603	-	244,603	-	-	-
Loan Allgeier SE	156,408	-	156,408	37,954	-	37,954
Loan Allgeier Management AG	595	-	595	-	-	-
Loan Allgeier Project Solutions GmbH	-	-	-	17,564	-	17,564
Loan Allgeier Enterprise Services AG	-	-	-	3,091	-	3,091
Trade payables to related parties	2,438	-	2,438	-	-	-
Related parties	405,174	-	405,174	119,829	-	119,829
Wages and salaries	8,882	-	8,882	7,956	-	7,956
Leave obligations	7,176	-	7,176	4,702	-	4,702
Outstanding incoming invoices	7,936	-	7,936	2,908	-	2,908
Social security liabilities	3,311	-	3,311	3,953	-	3,953
Derivative financial instruments	345	-	345	404	-	404
Working time accounts	345	-	345	345	-	345
Customers with credit balances	1	-	1	154	-	154
Other	3,625	561	3,064	2,157	2,125	33
Third parties	31,620	561	31,059	22,579	2,125	20,454
	436,795	561	436,234	142,408	2,125	140,283

Obligations arising from vacation days not yet taken and granted to employees of Nagarro companies as of the reporting date are recognized as leave obligations. Expenditure per vacation day is calculated according to the individual average salary (excluding one-time payments) of the employees in the fiscal year under review, including social security contributions.

Refer to section 8.3 *Related party transactions* for information on liabilities with the companies of the Allgeier Group and for information on business acquired from Allgeier Group.

The liabilities to Allgeier Connect AG of kEur 244,603 is temporary due to legal reorganization and would be set off once the legal reorganization of Allgeier Connect AG under Nagarro SE is completed (refer to section 8.6 *Events after the balance sheet*).

5.9 Provisions for spin off cost and restructuring cost

As at September 30, 2020, the Group has provisioned kEur 1,760 (December 31, 2019 : Eur Nil) towards spin off cost and restructuring cost which is included in other operating expense in the Interim Consolidated Statement of Comprehensive income. There are more costs which are expected to be recognised as spin off costs in the fourth quarter of 2020.

6. Notes to the Interim Condensed Consolidated Statements of Comprehensive Income

6.1 Revenue

Almost all revenue is recognized with performance obligations satisfied over time from period-related services, the annual amount of which can be clearly derived from the contractual agreements, as well as from customer-specific orders (contracts for work and services) generally to be completed in the following year, the amount of which is derived from the unsatisfied, firmly agreed order values considering any updates.

More information on revenue is provided in section 8.4 *Segment information*.

6.2 Other operating income

The other operating income is composed as follows:

Nine months period ended September 30	2020 kEUR	2019 kEUR
Income from currency translation	9,238	1,594
Income from the sale of fixed assets	11	4
Reversal of value adjustments on receivables	191	1
Release of provisions	306	0
Miscellaneous	890	575
	10,638	2,174

6.3 Cost of material

The cost of material is composed as follows:

Nine months period ended September 30	2020 kEUR	2019 kEUR
Purchased services	29,943	31,237
Raw materials and supplies	6,978	5,741
	36,922	36,978

Purchased services include external temporary staff and subcontractors engaged on a project-specific basis.

6.4 Staff costs

Staff costs are composed as follows:

Nine months period ended September 30	2020 kEUR	2019 kEUR
Salaries and wages	172,416	158,793
Social security contributions	16,867	16,049
Bonuses	11,854	10,584
	201,137	185,426

6.5 Other operating expenses

Other operating expenses are composed as follows:

Nine months period ended September 30	2020 kEUR	2019 kEUR
Travel expenses	4,220	9,575
Vehicle costs	2,045	3,542
IT costs	3,643	2,845
Services	2,601	2,457
Land and building costs	1,682	2,274
Other staff costs	2,138	2,051
Advertising expenses	925	2,043
Communication expenses	1,420	1,291
Maintenance	2,463	1,195
Expense from currency translation	9,658	1,417
Insurance, contributions	1,100	946
Legal and consulting fees	797	703
Entertainment expenses	348	651
Office supplies	449	460
Expenses for statutory financial statements	466	354
Direct selling expenses	331	427
Miscellaneous	4,067	2,387
	38,352	34,619

Miscellaneous expense includes kEUR 1,760 (September 30, 2019 : Eur Nil) towards spin off cost and restructuring cost. Refer section 5.9 Provisions for spin off cost and restructuring cost

6.6 Finance cost

Finance cost is composed as follows:

Nine months period ended September 30	2020 kEUR	2019 kEUR
Interest on leases	1,710	2,125
Interest on loans from Allgeier Group	4,477	1,386
Interest on liabilities from acquisitions (net)	-3	375
Interest on bank loans	58	97
Factoring interest	86	50
Interest portion of additions to pension provisions	190	165
Other interest expenses	37	25
	6,555	4,222

Interest on loans from Allgeier Group has increased due to acquisition of businesses from Allgeier for which payment will be settled with the help of the syndicated loan as mentioned in section *8.7 Events after the balance sheet date*. Also refer section *8.2 Related party transactions* for the details of businesses acquired from Allgeier.

6.7 Income taxes

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the interim period. As such, the effective tax rate in the interim condensed consolidated financial statements may differ from management's estimate of the effective tax rate for the annual consolidated financial statements.

The Group's consolidated effective tax rate in respect of continuing operations for the nine months ended September 30, 2020 was 25.1% (nine months ended 30 September 2019: 30.4%). The change of effective tax rates – besides the changing profits of the single entities – was caused mainly by the following factors:

- For Indian entities the corporate income tax rate was reduced for tax years beginning on April 1, 2019 from 34.0% to 25.2%.
- After implementation of a profit and loss transfer agreement with Nagarro ES GmbH beginning with the financial year 2020, the carried forward tax losses of Nagarro Holding GmbH can be used through expected future profits and therefore deferred tax assets have been accrued. For carried forward tax losses until September 2019 no deferred tax asset has been accrued.
- Spin-off costs which primarily relate to external advice (especially by financial advisors, legal counsels and strategy consultants), auditing costs, transaction costs, costs for notarization, costs of the shareholders' meeting, costs of registrations with the commercial registers of around kEUR 1,760 are considered as non-deductible expenses. Therefore, these costs have an impact on raising the tax rate. For uncertainties about the taxable allocation of these costs, the principle of prudence was taken into account.
- Reversal of excess tax provisions at the time of acquisition of Nagarro Objectiva kEUR 2,177.

7. Notes to the Interim Condensed Consolidated Statements of Cash Flows

7.1 Net cash flows from business combination

Cash outflows for the acquisition of business from third party in current period of 2020 net of cash acquired, reconcile as follows:

	GES Asset details kEUR
Acquisition cost	3,480
Non cash share in 2020	-
Purchase price paid in cash in 2020	3,480
Acquired cash and cash equivalents	-
Outflow of cash and cash equivalents	3,480

Additionally, for the acquisition of subsidiary in 2019 kEUR 987 (Nagarro MENA), subsequently have been paid during the current period of 2020. Also refer section *8.1 Financial instruments*.

Cash outflows for the acquisition of business from third party in previous period of 2019 net of cash acquired, reconcile as follows:

	Nagarro MENA kEUR
Acquisition cost	5,313
Non cash share in 2019	-2,371
Purchase price paid in cash in 2019	2,942
Acquired cash and cash equivalents	-79

Outflow of cash and cash equivalents	2,863

7.2 Cash and cash equivalent

Cash and cash equivalent for the purpose of cashflow comprised of the below:

	Sep 30, 2019 kEUR	Dec 31, 2019 kEUR
Cash	79,505	43,758
Liabilities from factoring	-888	-1,663
Overdraft facilities	-4,479	-3,310
	74,137	38,786

8. Other disclosures

8.1 Financial instruments

The carrying amounts and fair values of financial instruments are classified as follows:

	Carrying amounts			Fair values			
Sep 30, 2020 kEUR	at fair value	at amortized costs	Total	Level 1	Level 2	Level 3	Total
Financial assets							
FVTPL							
Other financial assets							
Foreign exchange forward transactions	187	-	187	-	187	-	187
	187	-	187	-	187	-	187
AC							
Trade receivables	-	72,461	72,461				72,461
Other financial assets	-	8,088	8,088				8,088
Cash	-	79,505	79,505				79,505
	-	160,054	160,054				160,054
	187	160,054	160,241				160,241
Financial liabilities							
FVTPL							
Liabilities from acquisitions	9,882	-	9,882	-	-	9,882	9,882
Other financial liabilities							
Foreign exchange forward transactions	345	-	345	-	345	-	345
	10,227	-	10,227	-	345	9,882	10,227
AC							
Liabilities from acquisitions	-	223	223				223
Liabilities to banks	-	5,655	5,655				5,655
Trade payables	-	8,037	8,037				8,037
Other financial liabilities	-	436,450	436,450				436,450
	-	450,366	450,366				450,366
	10,227	450,366	460,593				460,593

Dec 31, 2019 kEUR	Carrying amounts at fair value	 at amortized costs	 Total	Fair values Level 1	 Level 2	 Level 3	 Total
Financial assets							
FVTPL							
Other financial assets							
Foreign exchange forward transactions	455	-	455	-	455	-	455
	455	-	455	-	455	-	455
AC							
Trade receivables	-	80,320	80,320				80,320
Other financial assets	-	8,295	8,295				8,295
Cash	-	43,758	43,758				43,758
	-	132,373	132,373				132,373
	455	132,373	132,828				132,828
Financial liabilities							
FVTPL							
Liabilities from acquisitions	21,398	-	21,398	-	-	21,398	21,398
Other financial liabilities							
Foreign exchange forward transactions	404	-	404	-	404	-	404
	21,802	-	21,802	-	404	21,398	21,802
AC							
Liabilities from acquisitions	-	223	223				223
Liabilities to banks	-	5,496	5,496				5,496
Trade payables	-	16,055	16,055				16,055
Other financial liabilities	-	142,004	142,004				142,004
	-	163,778	163,778				163,778
	21,802	163,778	185,580				185,580

For items for which fair value is not disclosed, the carrying amounts are deemed a fair representation of the fair value.

For determining the fair value of assets and liabilities, if possible, Nagarro uses prices that can be observed in the market. Depending on the input factors, the fair value is classified in different levels of the measurement hierarchy:

- Level 1: Prices for identical assets and liabilities are used that are available in active markets.
- Level 2: Other measurement factors are used for an asset or a liability that can be observed directly or indirectly, or that can be derived from market prices.
- Level 3: Measurement factors are used that are not based on observable market data.

In the periods under consideration there were no reclassifications between hierarchy levels.

Forward rate pricing: The fair value is determined using quoted forward rates on the balance sheet date and net present value calculations based on yield curves with high credit ratings in corresponding currencies.

Financial instruments categorized in Level 3 are derived as follow:

Contingent purchase price liabilities measured at fair value	Total kEUR
Balance as at Dec 31, 2018	25,202
Additions	2,370
Fair value changes recognized through profit or loss	-7,144
Interest effect	490
Reduction due to payments	-
Currency differences	480
Balance as at Dec 31, 2019	21,398
Additions	0
Fair value changes recognized through profit or loss	0
Interest effect	-3
Reduction due to payments	-987
Currency differences	-953
Transactions with Allgeier Group	-9,573
Balance as at Sep 30, 2020	9,882

Reduction due to payments relates to payment for acquisition to Nagarro MENA in the current period. Also refer section 8.*1 Net cash flows from business combination*.

Transactions with Allgeier Group relates to earnout relating to Objectiva paid by Allgeier Group. This has been reduced from the equity. Also refer section *5.6 Equity share capital and 5.7 Non-Controlling interest*.

8.2 Business combination

Acquisition of GES (asset deal)

By way of purchase agreement dated December 17, 2019, Allgeier Midmarket Services GmbH, Kronberg im Taunus (from March 13, 2020: Nagarro Allgeier ES GmbH), acquired the GES division for SAP public sector consulting and development services (GES) from GES Systemhaus GmbH Co. KG, Wiesbaden to extend its SAP business with the public sector and acquire qualified SAP engineering professionals to enhance the SAP business. GES provides software solutions for municipal applications on the basis of its own software suite. kEUR 3,480 was agreed as the purchase price for the assets and customer agreements assumed and was paid in the first quarter of 2020. GES was included in consolidation for the first time as of January 1, 2020. kEUR 3,152 of the purchase price was attributed to the acquired software product "Public Sector," kEUR 550 to acquired customer agreements, kEUR 48 to property, plant and equipment and kEUR 270 to provisions in connection with the acquired employees. In the period from January 1, 2020 to September 30, 2020, GES generated revenue of kEUR 3,021 and earnings before interest, taxes, depreciation and amortization of kEUR 910. In connection with the transaction there were costs of kEUR 55 which were recognized in other operating expenses.

Below is the break of net assets acquired of GES asset deal:

	Fair values kEUR
Intangible assets	3,702
Property, plant and equipment	48
Assets acquired	3,750
Other liabilities	270
Liabilities assumed	270
Net assets	3,480

8.3 Related party transactions

Transactions and outstanding balances with related parties exist between the consolidated Nagarro companies (see section *3.3 Composition of the Group*) and the companies of the remaining Allgeier Group, i.e. Allgeier SE and its direct and indirect subsidiaries outside the scope of combination, as well as with the members of Nagarro's key management personnel.

Outstanding balances with Allgeier Group companies

	Allgeier SE		Other Allgeier Group companies	
	Sep 30, 2020 kEUR	Dec 31, 2019 kEUR	Sep 30, 2020 kEUR	Dec 31, 2019 kEUR
Total assets				
Trade receivables	451	1	1,471	1,323
Other current financial assets	3,287	2,009	0	1,205
	3,738	2,010	1,471	2,528
Total liabilities				
Trade payables	2,000	1,605	438	2,320
Other current financial liabilities	156,408	37,954	246,327	81,875
	158,409	39,559	246,765	84,195

Loans taken from Allgeier Group companies

kEUR	Maturity	Interest rate	September 30, 2020	December 31, 2019
Allgeier Nagarro Holding				
from Allgeier SE	monthly	3% p.a.	116,735	37,954
from Allgeier Project Solutions GmbH	monthly	3% p.a.	-	5,206
from Allgeier Enterprise Services AG	monthly	3% p.a.	1,129	61,219
from Allgeier Connect AG	monthly	3% p.a.	50,204	-
Nagarro SPP GmbH				
from Allgeier SE	3 month's notice	EURIBOR plus 3%p.a.	6,870	-
from Allgeier Project Solutions GmbH	3 month's notice	EURIBOR plus 3%p.a.	-	6,719
Nagarro Inc. (USA)				
from Allgeier SE	monthly	3% p.a.	26,617	-
Allgeier Nagarro Beteiligungen GmbH				
from Allgeier SE	3 month's notice	3% p.a.	5,767	-
from Allgeier Project Solutions GmbH	3 month's notice	3% p.a.	-	5,640
Allgeier Midmarket Services GmbH				
from Allgeier Enterprise Services AG	monthly	3% p.a.	-	2,761
Allgeier Enterprise Services Denmark A/S				
from Allgeier Enterprise Services AG	monthly	3% p.a.	-	331
Nagarro SE				
from Allgeier SE	monthly	3% p.a.	419	-
from Allgeier Management AG	monthly	3% p.a.	595	-
from Allgeier Connect AG	monthly	3% p.a.	194,399	-
			402,736	119,830

Loans given and other receivables from Allgeier Group companies

kEUR	Maturity	Interest rate	September 30, 2020	December 31, 2019
Nagarro Inc. (USA)				
to Allgeier SE	monthly	3% p.a.	547	-
to Allgeier Project Solutions GmbH	monthly	3% p.a.	-	535
Nagarro GmbH (Germany)				
to Allgeier SE	monthly	3% p.a.	686	-
to Allgeier Project Solutions GmbH	monthly	3% p.a.	-	671
Nagarro iQuest Holding GmbH				
to Allgeier SE	monthly	3% p.a.	2,055	2,009
			3,287	3,215

Acquisitions from Allgeier Group

During the year 2019 and 2020, Nagarro Base has acquired the below entities for the purchase consideration mentioned therein. Nagarro has agreed for deferred payment with a fixed interest rate of 3.0% with Allgeier SE. Also refer section *3.3 Composition of the Group, 5.6 Equity share capital and 5.7 Non-controlling interest*.

Entity acquired from Allgeier Group	Entity acquired by	Sep 30, 2020 kEUR	Dec 31, 2019 kEUR
Nagarro Allgeier ES	Nagarro Holding GmbH		
'acquired 90% in 2019			61,219
'acquired 10% in 2020		6,802	
Nagarro iQuest	Nagarro Holding GmbH	50,974	-
		57,776	61,219
Nagarro Objectiva	Nagarro Inc	26,448	-
		26,448	-
Nagarro Holding GmbH	Nagarro SE	149,928	-
Nagarro Beteiligungs GmbH	Nagarro SE	23,093	-
Nagarro SPP GmbH	Nagarro SE	17,744	-
SPP Co-Investor GmbH & Co. KG	Nagarro SE	2,823	-
SPP Co-Investor Verwaltungs GmbH	Nagarro SE	21	-
		193,609	-
Acquisitions cost		277,832	61,219
Purchase price paid		-	-
Acquired cash and cash equivalents[1)]		-	-
Purchase price payable to Allgeier group		277,832	61,219

[1)] Acquired cash and cash equivalents has been recognised in the respective years of acquisition by Allgeier group as per predecessor accounting of IFRS 3.

Purchase price attributable to:		
Shareholders of Nagarro	232,906	51,320
Non-controlling interests	44,926	9,899

As at September 30, 2020, the total purchase price payable to Allgeier Group is kEUR 339,051 (December 31, 2019: kEUR 61,219).

Equity transactions with Allgeier Group

Transactions between Nagarro and remaining Allgeier Group directly impacting equity, either cash or non-cash, are reported as "Other transactions with shareholders" within "Net asset attributable to shareholders of Nagarro" in the Interim Condensed Consolidated Statements of Changes in Equity, and further discussed in section *5.6 Equity share capital*, if material.

Income and expense resulting from transactions with Allgeier Group

	Allgeier SE		Other Allgeier Group companies	
	Sep 20 kEUR	Sep 19 kEUR	Sep 20 kEUR	Sep 19 kEUR
Revenue and other income				
Revenue	3	14	4,444	3,604
Operating expenses				
Cost of materials	0	0	-1,029	-2,171
Staff costs	0	0	0	0
Other operating expenses	-356	-2	-1,639	-1,711
	-356	-2	-2,668	-3,883
Amorization and Depreciation				
Depreciation right-of-use assets	0	0	0	-572
Financial result				
Interest income	72	0	0	48
Interest expense	-2,304	-814	-2,172	-651
	-2,232	-814	-2,172	-603

Revenue

Revenues realized with remaining Allgeier Group predominantly relate to software development, consulting and managed services.

Operating expense

Cost of materials result predominantly from the purchase of services from remaining Allgeier Group with respect to delivering projects and managed services.

Other operating expenses relate to rental costs for buildings and vehicles not accounted for under IFRS 16 and other services rendered by the Allgeier Group, including e.g., legal and consulting fees. Expenses for such services include the allocation of corporate costs.

Financial result

Interest income and expense mainly relate to the loans to and from remaining Allgeier Group presented above as well as from the lease agreements with between Nagarro and the other Allgeier Group companies.

Depreciation

Depreciation of right-of-use assets result from the lease agreements.

8.4 Segment information

Segment reporting for the periods under consideration of the interim Condensed Consolidated Financial Statements is based on the management reporting established in August 2020.

The segment report for Nagarro has been prepared using the guiding principle of IFRS 8 and the Custodian of Entrepreneurship in the Organization of the company has been identified as the Chief Operating Decision Maker (CODM).

The company has chosen Client Region for its segments to reflect the primary approach by which Nagarro allocates its resources, especially the significant investments in M&A, and how it assesses the financial performance of the investments. Nagarro has acquired/merged with many companies over the years, including those domiciled in and mainly serving clients in Germany, Austria, USA, Norway, and the UAE. A major motivation for, and natural outcome of, this M&A activity has been the increased access to clients in the geographical area of the target company's domicile. Assessing the performance of such investments is also therefore tied to Nagarro's performance in relation to clients in that region, including in some cases for the purpose of "earn out" calculations for the final acquisition price. In addition, even besides the M&A, the chain of responsibility for a Client Region is established with the Sales & Marketing Unit leaders corresponding to the region tasked with driving the company's success with clients in that region. Finally, the Client Regions are, given the nature of geography, rather stable in their definitions, whereas Nagarro is constantly re-organizing its global delivery units, both for internal reasons and for external reasons such as industry trends and technology changes.

There are four reportable operating Client Region segments: North America, Central Europe, Rest of Europe, and Rest of World. The definition of Central Europe used is Austria, Croatia, Czech Republic, Germany, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia, and Switzerland. The other segments are rather self-explanatory.

The measures used to report to the CODM for assessing the segments' performance are third-party (non-intersegment) revenues and gross margin. Third-party revenues are categorized on the basis of the country of a customer's domicile and are then attributed to the appropriate segment. 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 engineering topics, costs related to travel of these colleagues, and other, smaller, reimbursable, and non-reimbursable cost components. The direct costs incurred by each legal entity are spread across the Client Regions it services proportionately to the volume of business it is supporting for each Client Region. The segment's gross margin is calculated as the difference between the total performance of the segment and the cost of revenues, expressed as a percentage of the Revenue of the segment. Given the definition of Client Regions and how revenues and costs are apportioned, the question of intersegment transactions does not arise.

Certain items like sales expense, general and administrative expense, depreciation, results related to currency fluctuations, results unrelated to the accounting period, interest income and expense, goodwill, tax depreciation of intangible assets, income taxes, etc. are not allocated to any segment but are used to reconcile the net income for the segments to the net income of the company. The CODM does not review assets and liabilities at the reportable segment level, thus segment disclosure relating to total assets and liabilities is not included in the report.

Nine months period ended September 30	North America 2020 kEUR	Central Europe 2020 kEUR	Rest of Europe 2020 kEUR	Rest of World 2020 kEUR	Total 2020 kEUR
Revenue	111,674	119,639	47,866	42,254	321,433
Own work capitalized	-	-	153	-	153
Total performance	111,674	119,639	48,019	42,254	321,586
Costs of revenues	-72,121	-83,398	-32,827	-27,381	-215,728
Segment gross profit	39,553	36,240	15,192	14,873	105,858
as % of revenue	35%	30%	32%	35%	33%
Selling, General and Administrative expenses					-47,625
as % of revenue					-15%
Adjusted EBITDA					58,234
as % of revenue					18%
Special items					-4,691
EBITDA					53,542
as % of revenue					17%

Nine months period ended September 30	North America 2019 kEUR	Central Europe 2019 kEUR	Rest of Europe 2019 kEUR	Rest of World 2019 kEUR	Total 2019 kEUR
Revenue	100,525	122,727	43,294	27,570	294,116
Own work capitalized	-	280	168	-	448
Total performance	100,525	123,007	43,461	27,570	294,564
Costs of revenues	-66,646	-86,141	-30,629	-18,174	-201,590
Segment gross profit	33,879	36,866	12,833	9,396	92,973
as % of revenue	34%	30%	30%	34%	32%
Selling, General and Administrative expenses					-51,158
as % of revenue					-17%
Adjusted EBITDA					41,815
as % of revenue					14%
Special items					-2,789
EBITDA					39,026
as % of revenue					13%

The items "Costs of revenues" and "Selling, General and Administrative expenses", both not including depreciation and amortization, reconcile to income and expense presented in Interim Condensed Consolidated Statements of Comprehensive Income as follows:

Nine months period ended September 30	2020				
		thereof			
	Cost by nature kEUR	Costs of revenues kEUR	Selling, General and Administrative expenses kEUR	Special items kEUR	Total kEUR
Cost of materials	36,922	36,922	-	-	36,922
Staff costs	201,137	173,060	27,839	238	201,137
Other operating expenses	38,352	5,761	29,576	3,015	38,352
Impairment of trade receivables and contract assets	2,271	-	-	2,271	2,271
Other operating income	-10,638	-15	-9,790	-833	-10,638
Total	268,044	215,728	47,625	4,691	268,044

Nine months period ended September 30	2019				
		thereof			
	Cost by nature	Costs of revenues	Selling, General and Administrative expenses	Special items	Total
	kEUR	kEUR	kEUR	kEUR	kEUR
Cost of materials	36,978	36,978	-	-	36,978
Staff costs	185,426	155,044	30,032	349	185,426
Other operating expenses	34,619	9,568	23,363	1,689	34,619
Impairment of trade receivables and contract assets	689	-	-	689	689
Other operating income	-2,174	-	-2,237	63	-2,174
Total	255,537	201,590	51,158	2,789	255,537

The "Special items" relate to non-recurring items, purchase price adjustments and acquisition costs, and effects with respect to prior periods as discussed in the following.

Adjusted EBITDA is calculated according to economic criteria and is independent from IFRS rules. It provides information on the profitability of Nagarro and contain elements of the interim Consolidated Statement of Comprehensive Income relating to operating performance. It is adjusted for the "Special items". All items mentioned in the table below and qualifying as special items are generally eliminated irrespective of the amount. Therefore, Adjusted EBITDA is more suitable for comparing operating performance over several periods.

The reconciliation of EBITDA (as reported in the Interim Condensed Consolidated Statements of Comprehensive Income) to Adjusted EBITDA is presented below:

Nine months period ended September 30	2020	2019
	Total	Total
	kEUR	kEUR
EBITDA	53,542	39,026
Losses on the disposal of non-current assets (net)	20	56
Losses from impairments and write-offs of customer receivables (net)	2,080	688
Expense from purchase price adjustments	-	116
Expenses from acquisitions	47	126
Staff costs from restructuring and severance	238	349
Other non-recurring and prior periods related items	2,307	1,455
Adjusted EBITDA	58,234	41,815

8.5 Contingent liabilities and guarantees

No contingent liabilities and guarantees existed during the period ended September 30, 2020 and December 31, 2019.

Further, Nagarro Inc. ("NI"), a company of Nagarro, is subject to legal proceedings with one of its clients. NI had an outstanding debt against a client, who is incorporated in Ireland and has significant operations in India. For recovery of this outstanding debt, NI filed a winding up petition against it in Ireland in May 2020 which it later withdrew based on advice from local attorneys and has made a provision for bad debt of kEUR 1,178 during the year. Also refer section *5.5 Trade receivables.*

Subsequently, the client filed a counter claim of US$1.26 million against NI in India for recovery of amounts paid by them to NI under the agreement claiming that the deliverables were not fit for purpose. It has also demanded US$1 million as damages along with legal costs. The client intends to include Nagarro Software Private Limited ("NSPL"), the India subsidiary of NI into the proceedings. The case is in initial stages of hearing at Gurugram, India. In our understanding it is a wrongful claim and we are contesting it and believe that the client claim is not tenable.

8.6 Capital management

Nagarro ensures that there is always sufficient liquidity and a balanced capital structure. These objectives are achieved by focusing on a strong business performance and receivable management. Decisions regarding the acquisition of subsidiaries are made under consideration of the impact on the capital structure and the effects of the transactions on future years.

The key figures used for capital management are as follows with respect to Nagarro at the respective balances sheet dates.

	Sep 30, 2020		Dec 31, 2019	
	Total kEUR		Total kEUR	
Cash	79,505		43,758	
Loans to Allgeier Group companies	3,287		3,215	
Liabilities to banks	5,655		5,496	
Loans from Allgeier Group companies	402,736		119,829	
Lease liabilities	57,272		59,365	
Net debt	382,872		137,718	
Adjustment for Allgeier Connect	-244,603		-	
Net debt after adjustment of Allgeier Connect	138,268		137,718	
Adjusted EBITDA for first three quarters	58,234		41,815	
Adjusted EBITDA for the fourth quarter of 2019	15,882		15,882	
Adjusted EBITDA for the period	74,115	(1)	57,697	(2)

(1) This figure refers to the period October 1, 2019 to September 30, 2020
(2) This figure refers to the period January 1, 2019 to December 31, 2019

	Sep 30, 2020	Dec 31, 2019
Debt ratio (Net debt to adjusted EBITDA)	5.2	2.4
Debt ratio (Net debt to adjusted EBITDA) after adjustment of Allgeier Connect	1.9	2.4
Total assets	367,091	342,011
Equity	-192,118	59,942
Adjustment for Allgeier Connect	244,603	-
Equity after adjustment of Allgeier Connect	52,485	59,942
Equity ratio (% of total assets)	-52.3%	17.5%
Equity ratio (% of total assets) after adjustment of Allgeier Connect	14.3%	17.5%

Net debt and debt ratio excluding the effect of Allgeier Connect transaction mentioned in (refer to section 8.7. *Events after the balance sheet*) is kEur 138,268 and 1.9 respectively for the period ended September 30, 2020.

8.7 Events after the balance sheet date

In the period between September 30, 2020 and the date when the Interim Condensed Consolidated Financial Statements were authorized for issuance by the Board of Directors of Nagarro SE, the following events of particular importance exist:

Business Combination

Acquisition of Maihiro

By way of purchase agreement dated September 21, 2020, Nagarro Allgeier ES GmbH, Kronberg im Taunus, acquired the Maihiro Products from Insolvency. Nagarro Allgeier ES GmbH also took over all employees of Maihiro. Maihiro is well-known for their established products maiConnect, maiTour und maiCatch at multi-national clients and the global SAP organization. kEUR 100 was agreed as the purchase price for the assets and customer agreements assumed and will be paid in the fourth quarter of 2020. Maihiro will be included in consolidation of overall Group for the first time on October 1, 2020.

Acquisition of Livisi

By way of purchase agreement dated October 13, 2020, Nagarro iQuest Holding GmbH acquired Livisi GmbH from Innogy SE for which the deal closing is planned for January 2021. Livisi operates in the Smart Home/Home automation market. It offers an IoT AppStore providing a Smart Home ecosystem/platform for vertical partners, service partners and end customers.

Legal reorganization

Allgeier Connect AG, as such not being a business in accordance with IFRS 3 and therefore is not included in the Interim Condensed Consolidated Financial Statements. Allgeier Connect AG will become part of Nagarro when the demerger of its shares currently held by Allgeier SE becomes effective and Allgeier SE loses control over Nagarro. Contemplating the demerger to take place in December 2020 there will be a statutory requirement to prepare IFRS consolidated financial statements for Nagarro as of and for the fiscal year ending December 31, 2020, then including Allgeier Connect AG (the "stand-alone consolidated financial statements").

As in the interim condensed consolidated financial statements Allgeier Connect AG is not being included in the scope of consolidation, the equity contribution, hence, may not yet be considered in the consolidation. Therefore, due to the structure and timing of the legal reorganization equity has temporarily decrease by kEUR 277,832 in the interim condensed consolidated financial statements for Nagarro for the nine months period ended September 30, 2020.

For the purpose of the contemplated spin-off Allgeier Group simultaneously contributed its purchase price receivables from the sale and transfer of shares to Nagarro into equity of Allgeier Connect AG with a total amount of kEUR 243,608 as an increase of capital. In the consolidated financial statements post spin-off purchase price liabilities of Nagarro SE and receivables in Allgeier Connect AG would be offset in the course of the intercompany elimination. The remaining liability of kEUR 34,229 would result in a respective decrease in equity of Nagarro SE.

The below capitalization table shows the adjusted debt and equity position as of September 30, 2020 assuming the adjustment for the spin-off for transfer of Allgeier Connect AG has taken place as of September 30, 2020, other things remaining unchanged.

	Sep 30,2020 kEUR	Adjustment[1] kEUR	Sep 30,2020 kEUR
Debt			
Liabilities to banks	5,655		5,655
Loans from Allgeier Group companies	402,736	-244,603	158,132
	408,391	-244,603	163,788
Equity			
Share capital	120	11,263	11,383
Capital reserve	-		-
Retained earnings[2]	67,030	985	68,015
Changes in equity recognized directly in equity	-228,816	232,356	3,540
Other comprehensive income			-
Foreign currency reserve	104		104
Acturial gain or loss on pension provisions	-839		-839
Total equity attributable to shareholders of Nagarro	-162,400	244,603	82,203
Equity attributable to Non-controlling interests	-29,718	-	-29,718
Total Equity	-192,118	244,603	52,485

[1] Adjusted for the Spin-Off for Transfer of Allgeier Connect AG
[2] Retained earnings includes profit during the period

Also refer to section 5.8 *Other financial liabilities* for the loan from Allgeier Connect.

Financing

Following the completion of the spin-off from the Allgeier Group, Nagarro has, as of October 30, 2020 entered into a new syndicated credit facility with five local and regional European credit institutions. The new credit facility is in an amount of kEUR 200,000, comprising a term loan facility of kEUR 100,000 and a revolving credit facility of kEUR 100,000, and with an original maturity date falling three years after the date of signing, which can be extended twice upon request, in each case by one year. The new credit facility includes customary financial and other covenants and provides for a competitive interest rate. Nagarro intends to utilize the new credit facility to repay loans to to Allgeier Group arising from the purchase price payable under the spinoff and transfer agreement (Abspaltungs und Übernahmevertrag) from Allgeier Group and other outstanding loans to the Allgeier Group in connection with the spinoff, as well as for working capital and general corporate purposes.

Partial relief from COVID-19 impact

While the COVID-19 Pandemic has negatively affected revenue growth till the balance sheet date, many clients have subsequently started to aks us to resume delayed projects or ramp up new project teams.

Munich, November 13, 2020

Nagarro SE, Munich

Annette Mainka

Director

Combined Financial Statements for Nagarro

For the fiscal years 2019, 2018 and 2017

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Combined Statements of Financial Position

ASSETS	Note	December 31, 2019	December 31, 2018	December 31, 2017	January 1, 2017
in kEUR					
Intangible assets	D.1., D.2.	111,388	107,655	45,450	49,270
Property, plant and equipment	D.3.	7,201	6,653	4,227	4,435
Right of use assets	D.4.	54,862	47,258	28,039	22,809
Non-current contract costs	D.9.	332	554	-	-
Other non-current financial assets	D.5.	2,702	3,404	3,580	2,541
Other non-current assets	D.6.	34	34	1	5
Deferred tax assets	D.7.	8,332	4,574	4,168	3,448
Non-current assets		**184,853**	**170,132**	**85,465**	**82,508**
Inventories	D.8.	9	10	265	2
Current contract costs	D.9.	278	301	-	-
Contract Assets	D.10.	12,562	5,528	-	-
Trade receivables	D.11.	80,320	74,977	50,268	34,719
Other current financial assets	D.5.	6,047	5,190	5,106	4,942
Other current assets	D.6.	8,964	7,724	4,302	2,137
Income tax receivables		5,219	5,304	4,155	4,090
Cash	D.12.	43,758	27,947	16,576	14,222
Current assets		**157,158**	**126,981**	**80,671**	**60,112**
Total assets		**342,011**	**297,112**	**166,136**	**142,620**

Combined Statements of Financial Position

EQUITY AND LIABILITIES	Note	December 31, 2019	December 31, 2018	December 31, 2017	January 1, 2017
in kEUR					
Equity attributable to the shareholders of Nagarro		50,249	74,533	28,041	29,820
Equity attributable to non-controlling interests	E.29.	9,693	14,377	5,409	6,337
Total Equity	F.29.	**59,942**	**88,910**	**33,450**	**36,157**
Non-current liabilities to banks	D.13.	244	233	149	365
Non-current lease liabilities	D.4.	47,232	41,024	25,061	20,286
Long-term provisions for post-employment benefits	D.14.	3,815	2,767	2,227	1,989
Other long-term provisions	D.17.	236	241	0	0
Non-current contract liabilities	D.10.	285	237	-	-
Other non-current financial liabilities	D.16.	2,125	1,470	1,157	622
Non-current liabilities from acquisitions	D.15.	10,633	25,202	0	698
Deferred tax liabilities	D.7.	1,566	1,720	814	260
Non-current liabilities		**66,136**	**72,894**	**29,408**	**24,220**
Current liabilities to banks	D.13.	5,252	5,734	3,534	11,395
Current lease liabilities	D.4.	12,133	9,664	5,375	3,977
Short-term provisions for post-employment benefits	D.14.	579	404	289	224
Other short-term provisions	D.17.	9,927	8,191	6,005	2,773
Current contract liabilities	D.10.	7,249	4,431	-	-
Trade payables		16,055	17,358	14,670	8,365
Current liabilities from acquisitions	D.15.	10,988	879	755	3,176
Other current financial liabilities	D.16.	140,283	76,755	66,705	46,426
Other current liabilities	D.18.	2,480	2,553	1,916	1,374
Income tax liabilities		10,987	9,341	4,029	4,533
Current liabilities		**215,933**	**135,309**	**103,277**	**82,243**
Equity and liabilities		**342,011**	**297,112**	**166,136**	**142,620**

Combined Statements of Comprehensive Income

Profit or loss	**Note**	**2019**	**2018**	**2017**
in kEUR				
Revenue	E.20.	402,430	287,329	210,551
Changes in work in progress		-	-	-1,333
Own work capitalized		906	512	0
Other operating income	E.21.	12,730	2,443	6,330
Cost of materials	E.22.	49,072	39,866	31,588
Staff costs	E.23.	254,662	179,768	128,039
Impairment of trade receivables and contract assets	D.19.	986	1,011	-
Other operating expenses	E.24.	49,762	37,357	34,564
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**61,584**	**32,283**	**21,357**
Depreciation, amortization and impairment	E.25.	19,161	13,714	10,089
Earnings before interest and taxes (EBIT)		**42,422**	**18,569**	**11,268**
Finance income	E.26.	212	463	898
Finance costs	E.27.	5,481	4,614	3,925
Earnings before taxes (EBT)		**37,153**	**14,418**	**8,240**
Income taxes	E.28.	-6,757	-6,244	-4,591
Profit for the period		**30,396**	**8,174**	**3,649**
Profit for the period attributable to:				
Shareholders of Nagarro		25,481	6,852	3,059
Non-controlling interests	E.29.	4,915	1,322	590

Other comprehensive income	**Note**	**2019**	**2018**	**2017**
in kEUR				
Items that will not be reclassified to profit or loss				
Actuarial gains (losses)	D.14.	-485	-87	196
Tax effects		68	30	-67
		-417	**-58**	**129**
Items that may be reclassified to profit or loss				
Foreign exchange differences		1,172	2,290	-7,739
		1,172	**2,290**	**-7,739**
Other comprehensive income for the period		**755**	**2,232**	**-7,610**
Total comprehensive income for the period		**31,151**	**10,406**	**-3,961**
Total comprehensive income for the period attributable:				
Shareholders of Nagarro		26,114	8,724	-3,320
Non-controlling interests	E.29.	5,037	1,683	-640

Combined Statements of Changes in Equity

in kEUR	Net assets attributable to the shareholders of Nagarro	Foreign exchange differences	Equity attributable to the shareholders of Nagarro	Equity attributable to Non-controlling interests	Total Equity
Balance at January 1, 2017	**20,066**	**9,755**	**29,820**	**6,337**	**36,157**
Profit for the period	3,059	-	3,059	590	3,649
Other comprehensive income for the period	150	-6,488	-6,338	-1,272	-7,610
Total comprehensive income for the period	3,209	-6,488	-3,279	-682	-3,961
Dividends	0	-	0	0	0
Other transactions with shareholders	1,500	-	1,500	-246	1,254
Balance at December 31, 2017	**24,775**	**3,267**	**28,041**	**5,409**	**33,450**
Balance at January 1, 2018	**24,775**	**3,267**	**28,041**	**5,409**	**33,450**
Profit for the period	6,852	-	6,852	1,322	8,174
Other comprehensive income for the period	-67	2,660	2,593	-361	2,232
Total comprehensive income for the period	6,785	2,660	9,445	961	10,406
Dividends	0	-	0	0	0
Other transactions with shareholders	37,046	-	37,046	8,007	45,053
Balance at December 31, 2018	**68,606**	**5,927**	**74,533**	**14,377**	**88,910**
Balance at January 1, 2019	**68,606**	**5,927**	**74,533**	**14,377**	**88,910**
Profit for the period	25,481	-	25,481	4,915	30,396
Other comprehensive income for the period	-484	1,362	878	-122	755
Total comprehensive income for the period	24,997	1,362	26,359	4,793	31,151
Dividends	0	-	0	0	0
Other transactions with shareholders	-50,643	-	-50,643	-9,477	-60,120
Balance at December 31, 2019	**42,960**	**7,289**	**50,249**	**9,693**	**59,942**

Combined Statements of Cash Flows

in kEUR	2019	2018	2017
Cash flows from operating activities			
EBIT	42,422	18,569	11,268
Depreciation, amortization and impairments of non-current assets	19,161	13,714	10,089
Non-cash purchase price adjustments of liabilities from acquisitions	-7,144	0	0
Change in long-term provisions	428	630	344
Other non-cash income and expenses	1,297	-171	230
Income taxes paid	-9,046	-7,146	-5,575
Cash flows from changes in net working capital	-6,250	-17,020	-10,816
Net cash inflow from operating activities	**40,867**	**8,576**	**5,540**
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets	-3,082	-2,666	-2,286
Proceeds from sale of property, plant and equipment and intangible assets	430	38	10
Repayments from loans to Allgeier Group	26	410	0
Payments for loans to Allgeier Group	-2,524	0	-322
Acquisition of subsidiaries, net of cash aquired	-2,863	4,950	-4,129
Net cash outflow from investing activities	**-8,013**	**2,731**	**-6,728**
Cash flows from financing activities			
Proceeds from bank loans	293	154	1,759
Repayment of bank loans	-495	-2,088	-11,410
Proceeds from loans from Allgeier Group	5,579	5,057	15,514
Repayment of loans from Allgeier Group	-8,969	-66	0
Principal elements of lease payments	-14,993	-9,780	-7,055
Net cash inflow from factoring	255	1,220	3,111
Interest received	146	185	81
Interest paid	-244	-283	-413
Other transactions with Allgeier Group	1,283	1,744	935
Net cash inflow (outflow) from financing activities	**-17,145**	**-3,857**	**2,523**
Total cash flow	**15,709**	**7,450**	**1,335**
Effects of exchange rate changes on cash and cash equivalents	358	386	-675
Total changes in cash and cash equivalents	**16,067**	**7,836**	**661**
Cash and cash equivalents at beginning of period	22,718	14,882	14,222
Cash and cash equivalents at end of period	38,786	22,718	14,882

Notes to the Combined Financial Statements

A. General Information

I. Background

Early November 2019, with the approval of its supervisory board, management of Allgeier SE agreed on a strategic realignment of Allgeier SE and its subsidiaries (the "Allgeier Group" or the "the Group").

Allgeier Group offers IT services, IT solutions and products, as well as personnel services. Allgeier SE is the Group's ultimate parent company. Its registered office is Einsteinstraße 172, 81677 Munich, Germany. It is registered with the commercial register of the District Court of Munich under HRB 198543. Allgeier SE acquires, holds and sells companies in the information technology and service sectors as well as related fields.

In the context of the strategic realignment it is intended to spin-off certain businesses from Allgeier Group to a separate listed entity ("the Transaction"). The new stand-alone group (hereafter "Nagarro") will be developed on the basis of the entrepreneurial organization model of Allgeier Group's previous Nagarro division including Nagarro Holding GmbH, Munich, (until July 2020 Allgeier Nagarro Holding GmbH, Munich) and its subsidiaries (hereafter "Nagarro Base"). Nagarro will also consist of Allgeier Group's previous divisions iQuest group ((hereafter "Nagarro iQuest") and Objectiva group ((hereafter "Nagarro Objectiva"), as well as of the SAP services business (in the following "Nagarro ES"). Within these four business areas, 8,406 employees located in 25 countries as at end of June 2020.

The listing on the stock exchange is contemplated to take place simultaneously with the spin-off. The spin-off will be conducted the way of a demerger into another company (*Abspaltung zur Aufnahme*) with the issuance of new shares to the shareholders of Allgeier SE in exchange for the spun-off net assets, and subsequent listing of those shares. Once the demerger has been entered into the commercial register of the District Court of Munich, it becomes effective retrospectively as per 1 January 2020. The issuer of the new shares and hence the parent company of the future stand-alone Nagarro will be Nagarro SE. Shares of Nagarro SE are to be admitted to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), Germany, with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange. The spin-off has been approved by the Shareholders' Meetings of Allgeier SE on September 24, 2020.

In contemplation of the spin-off the Nagarro SE, a former shelf company, founded on January 29, 2020, was acquired by Allgeier SE on February 19, 2020 and renamed accordingly. Subject to the demerger of Nagarro SE from Allgeier SE, Allgeier Connect AG, Munich, which is currently held by Allgeier SE, will be merged with Nagarro SE.

In the course of the Transaction all businesses that are to be part of the new Nagarro have already been transferred to Nagarro SE through a legal reorganization under common control of Allgeier SE prior to the demerger. Further details on such legal reorganization are provided in sections B.II. *Scope of combination and acquisitions* and H.VIII. *Events after the balance sheet date*.

According to the Commission Delegated Regulation (EU) 2019/980 (the "Regulation") an issuer must present audited historical financial information covering the latest three financial years in a securities prospectus for the contemplated listing on the stock exchange. Given that Nagarro was not a group in accordance with IFRS 10 prior to the completion of the legal reorganization and due to the significant restructuring in the context of the legal reorganization, Nagarro SE has a "Complex Financial History" according to the Regulation as there is no historical financial information for the Nagarro as of and for the fiscal years ended December 31, 2019, 2018 and 2017 that reflects entire operating activities of Nagarro.

Therefore, Nagarro’s management has prepared combined financial statements as of and for the fiscal years ended December 31, 2019, 2018 and 2017 (the “Combined Financial Statements”), which include those businesses of the Allgeier Group that are to be part of the new Nagarro. Detailed information on the businesses included are presented in sections B.II. *Scope of combination and acquisitions*, H.I. *Business combinations* and H.VIII. *Events after the balance sheet date.*

The Combined Financial Statements comprise the Combined statements of financial position as of December 31, 2019, 2018 and 2017, as well as of January 1, 2017, Combined statements of comprehensive income, Combined statements of changes in equity, Combined statements of cash flows and Notes to the Combined Financial Statements for the fiscal years 2019, 2018 and 2017, prepared on a going concern bases.

The Combined Financial Statements are presented in euros. Amounts are stated in thousands of euros (kEUR), except where otherwise indicated. Rounding differences may arise when individual amounts or percentages are added together.

The Combined Financial Statements were prepared and authorized for issuance on October 05, 2020 by the Board of Directors of Nagarro SE.

II. Description of Nagarro

The Combined Financial Statements reflect the following four business areas that are subject to the Transaction as historically conducted in the entities of the Allgeier Group.

Of the Group’s previous segment "Technology", Nagarro Holding GmbH and its subsidiaries, Nagarro iQuest and Nagarro Objectiva are included. Nagarro ES entities are included from the Group’s previous segment "Enterprise Services".

With its “thinking breakthroughs” philosophy, Nagarro delivers pioneering technology solutions for industry leaders and aspiring companies all over the world. Nagarro specializes in solving complex and strategic challenges for clients with agile software engineering and co-innovation.

It Nagarro Base employs some 6,608 personnel in 16 countries, of which 5,172 are the engineering professionals employed in India as at June 30, 2020. Clients include market and industry leaders, leading software providers and public authorities. Nagarro currently generates most of its revenue in the United States and the German-speaking countries (Germany and Austria). A smaller proportion derives from Scandinavia and Great Britain, the Asia-Pacific region and the rest of the world. In 2016, Nagarro acquired “Conduct”, an information security and IT consulting company based in Oslo, and “Mokriya”, a software product development studio with its headquarters in Silicon Valley. In 2018, Nagarro acquired “Anecon” (hereafter “Nagarro Anecon”), a leading Austrian software development, testing and consulting company. In April 2019, Nagarro signed contracts to acquire Farabi and Solutions4Mobility (hereafter “Nagarro MENA”), based in Dubai, which specialize in the development of mobile applications to support digital transformation. On the basis of strategic acquisitions focusing on disruptive technologies and exclusive partnerships with state-of-the-art research and development organizations, Nagarro is steadily advancing its position as a reliable global partner for innovative and transformative technology services.

Nagarro iQuest is a European technology consultancy and software provider that has been part of the Allgeier Group since 2018. Nagarro iQuest currently employs 680 people across 4 countries, but mostly in Romania as at June 30, 2020

Nagarro Objectiva, which has been part of the Group since 2018, is a leading provider of software outsourcing services for independent software vendors, companies and digital agencies. Nagarro Objectiva was founded in 2001 and is headquartered in the US, where most of its clients are located, and has development centers in Beijing and Xi’an in China. Nagarro Objectiva employs 593 people, nearly all of them in China as at June 30, 2020

Nagarro ES covers the entire SAP lifecycle and is considered one of the most powerful full-service providers for SAP in the German-speaking region. It employs 525 personnel, all in Europe, but primarily in Germany as at June 30, 2020.

Nagarro Objectiva and Nagarro iQuest joined the Group in fiscal year 2018. Material assets and processes of Nagarro ES were acquired by the Group by way of asset deals in fiscal year 2017.

Further information as well as disclosures in accordance with IFRS 3 are provided in sections B.II. *Scope of combination and acquisitions* and H.I. *Business Combinations.*

B. Basis of preparation of the combined financial statements

I. Compliance with IFRS and other principles

During the reporting periods presented Nagarro is not a group of entities under the control of a parent company as defined by IFRS 10 "*Consolidated Financial Statements*" and has historically not prepared consolidated financial statements for internal or external reporting purposes. Management has prepared these Combined Financial Statements for the planned listing. The Combined Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the interpretations of the IFRS Interpretations Committee as adopted by the European Union.

Since IFRS do not provide specific guidance for the preparation of combined financial statements, in accordance with IAS 8 *"Accounting policies, changes in accounting estimates and errors"* management uses judgement in developing and applying an accounting policy, which produce information that is relevant to users, reliable and free from bias, and complete in all material respects. In doing so, IAS 8.12 requires consideration of recent pronouncements by other standard-setters, other accounting pronouncements and accepted industry practices.

For the preparation of these Combined Financial Statements the predecessor accounting approach has been applied, i.e. the Combined Financial Statements are considered to be an extract from the consolidated financial statements of the parent company Allgeier SE ("Extraction Method") and reflect the businesses attributable to Nagarro as they have been historically included in the IFRS Consolidated Financial Statements of Allgeier SE. Hence, Nagarro is presented using the carrying amounts and historical costs that are also included in the IFRS consolidated financial statements of Allgeier SE. In general, the same accounting policies are applied by the entities in the scope of combination as they were used for the preparation of the IFRS consolidated financial statements of Allgeier SE, unless such accounting policies are not in accordance with IFRS when presenting the Nagarro as a group of companies independent of the Allgeier Group. This approach is globally recognized for the preparation of combined financial statements with respect to reporting in a securities prospectus.

By applying this approach, the carrying amounts used from the IFRS consolidated financial statements of Allgeier SE for the preparation of the Combined Financial Statements also include historical amounts for acquired intangible assets, step ups from purchase price allocation and goodwill, which result from the acquisition of the businesses in scope of the Combined Financial Statements by the Allgeier Group.

New IFRS accounting standards were applied in the Combined Financial Statements of Nagarro in fiscal years 2017 through 2019 (see section C.I. *Accounting standards to be applied for the first time*) in accordance with the same respective dates of first-time adoption of Allgeier SE.

Specifically, for IFRS 16 "*Leases"* (replacing IAS 17 "Leases"), Allgeier SE adopted the standard for the first time in fiscal year 2019, using the full retrospective method. As the IFRS consolidated financial statements for the Allgeier Group only presented one comparative period, the cumulative transition effects were included in accordance with the transition rules directly in retained earnings at the start of that comparative period on January 1, 2018. However, due to the additional period from January 1 to December 31, 2017 presented for the Combined Financial Statements, IFRS 16 has been applied starting with the period from

January 1 to December 31, 2017, according to the full retrospective approach. Hence, the cumulative effects were included directly in equity as of January 1, 2017 within "Net assets attributable to Nagarro". As for the group of entities in scope of the Combined Financial Statements historically no financial statements have been prepared for periods in which IAS 17 was still applicable, and IFRS 16 was applied for all of the three fiscal years 2017 to 2019 presented in the Combined Financial Statements, the Combined Financial Statements do not include reconciliation statements. However, a separate opening balance sheet as of January 1, 2017 is presented.

All entities included in the Combined Financial Statements prepare their separate financial statements as of December 31.

Transactions between Nagarro and the remaining Allgeier Group are accounted for and classified as related party transactions in accordance with IFRS as further described in section H.II. *Related party transactions*.

II. Scope of combination

The scope of combination for the Combined Financial Statements of Nagarro for the fiscal years 2017 to 2019 was determined based on the legal reorganization concept. That is, the Combined Financial Statements reflect all businesses which, as a result of the legal reorganization under common control of Allgeier SE, have been transferred to Nagarro SE. For more details on the legal reorganization also refer to section H.VIII. *Events after the balance sheet date*.

The following table represents an overview of the legal entities that are in scope of combination for the reporting periods presented in the Combined Financial Statement. Businesses that were acquired from a third party during the reporting periods of the Combined Financial Statements were included from the date at which Allgeier SE obtained control.

	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019
Nagarro Base			
SPP Co-Investor Verwaltungs GmbH, Munich, Germany	100.00%	100.00%	100.00%
SPP Co-Investor GmbH & Co. KG, Munich, Germany	23.76%	24.57%	16.41%
Nagarro SPP GmbH, Munich, Germany	62.64%	63.04%	59.04%
Allgeier Nagarro Beteiligungs GmbH, Munich, Germany [14)]	50.01%	50.01%	50.01%
Allgeier Nagarro Holding GmbH, Munich, Germany [7)]	84.37%	84.43%	83.83%
Nagarro Inc., San Jose, USA	84.37%	84.43%	83.83%
Nagarro Software Pvt. Ltd., Gurgaon, India	84.37%	84.43%	83.83%
Nagarro Software GmbH, Frankfurt, Germany	84.37%	84.43%	83.83%
Nagarro Software S.A., Monterrey, Mexico	84.37%	84.43%	83.83%
Mokriya Inc., Cupertino, USA	84.37%	84.43%	83.83%
Allgeier Global Services Asia Pte. Ltd., Singapore	84.37%	84.43%	83.83%
Nagarro Enterprise Services Pvt. Ltd., Jaipur, India	84.37%	84.43%	83.83%
Nagarro SDN. BHD., Kuala Lumpur, Malaysia [3)]	84.37%	84.43%	83.83%
Nagarro K.K., Tokio, Japan [3)]	84.37%	84.43%	83.83%
Nagarro Software AB, Stockholm, Sweden	84.37%	84.43%	83.83%
Nagarro GmbH, Vienna, Austria	84.37%	84.43%	83.83%
Nagarro Austria Beteiligungs GmbH, Vienna, Austria [1)]	84.37%	-	-
Nagarro GmbH, Munich, Germany	84.37%	84.43%	83.83%
Nagarro Software srl, Timisoara, Romania	84.37%	84.43%	83.83%
Nagarro Testing Service GmbH, Dresden, Germany [2)]	-	84.43%	-
Nagarro Software A/S, Copenhagen, Denmark	84.37%	84.43%	83.83%
Nagarro Software Ltd., London, United Kingdom	84.37%	84.43%	83.83%
Nagarro Software SAS, Paris, France	84.37%	84.43%	83.83%
Nagarro AS, Oslo, Norway	84.37%	84.43%	83.83%
Nagarro Pty. Ltd., Sydney, Australia [3)]	84.37%	84.43%	83.83%
Nagarro Oy, Espoo, Finland [3)]	84.37%	84.43%	83.83%
Nagarro Ltd., Valetta, Malta [3)]	-	84.43%	83.83%
Nagarro Pty. Ltd., Pretoria, South Africa [3)]	-	84.43%	83.83%
Nagarro Software LLC, Abu Dhabi, UAE [4)]	-	84.43%	-
Nagarro Inc., Toronto, Canada [3)]	-	84.43%	83.83%
Nagarro Company Ltd., Bangkok, Thailand [3)]	-	-	83.83%
Nagarro Ltd., Port Luis, Mauritius [3)]	-	-	83.83%
Farabi Technology Middle East LLC, Dubai, UAE [8)]	-	-	83.83%
Solutions4Mobility LLC, Dubai, UAE	-	-	83.83%
Nagarro ES			
Allgeier Midmarket Services GmbH, Bremen, Germany [9)]	100.00%	95.00%	95.00%
Allgeier Consulting Services GmbH, Munich, Germany [10)]	100.00%	95.00%	95.00%
Allgeier ES France SAS, Entzheim, France [11)]	100.00%	95.00%	95.00%
Allgeier Enterprise Services Denmark A/S, Bröndby, Denmark [12)]	100.00%	95.00%	95.00%
Nagarro Objectiva			
Objectiva Software Solutions Inc., San Diego, USA	-	100.00%	100.00%
Objectiva Software Solutions Co. Ltd., Beijing, China	-	100.00%	100.00%
Objectiva Software Solutions Co. Ltd., Xi'an, China	-	100.00%	100.00%

	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019
Nagarro iQuest			
iQuest Holding GmbH, Karlsruhe, Germany 13)	-	60.82%	68.72%
iQuest Technologies GmbH & Co. KG, Bad Homburg, Germany	-	60.82%	68.72%
iQuest Verwaltungs GmbH, Bad Homburg, Germany	-	60.82%	68.72%
iQuest Technologies srl, Cluj-Napoca, Romania	-	60.82%	68.72%
iQuest Solutions srl, Sibiu, Romania 5)	-	60.82%	-
iQuest Tech Labs srl, Cluj-Napoca, Romania 4)	-	60.82%	-
iQuest Technologies srl, Brasov, Romania 5)	-	60.82%	-
iQuest Schweiz AG, Zürich, Switzerland	-	60.82%	68.72%
iQuest SPZOO, Warschau, Poland	-	60.82%	68.72%
iQuest Technologies North America LLC 6)	-	-	-

1) The company was merged into Nagarro GmbH, Vienna, Austria in 2018

2) The company was merged into Nagarro GmbH, Munich, Germany in 2019

3) The companies were incorporated in the respective financial year

4) The company was liquidated in 2019

5) The company was merged into iQuest Technologies srl, Cluj-Napoca, Romania in 2019

6) The company was acquired and liquidated in 2018

7) Subsequent to the year, the company name was changed to Nagarro Holding GmbH in 2020 (hereafter "Nagarro Holding GmbH" irrespective of the period being referred to)

8) Subsequent to the year, the company name was changed to Nagarro MENA LLC, UAE in 2020 (hereafter "Nagarro MENA LLC" irrespective of the period being referred to)

9) Subsequent to the year, the company name was changed to Nagarro Allgeier ES GmbH, Kronberg, Germany (hereafter "Nagarro Allgeier ES GmbH" irrespective of the period being referred to)

10) Subsequent to the year, the company was merged with Nagarro Allgeier ES GmbH

11) Subsequent to the year, the company name was changed to Nagarro Allgeier ES France SAS, Entzheim, France in 2020 (hereafter "Nagarro Allgeier ES France SAS" irrespective of the period being referred to)

12) Subsequent to the year, the company name was changed to Nagarro Allgeier ES Denmark A/S, Bröndby, Denmark in 2020 (hereafter "Nagarro Allgeier ES Denmark A/S" irrespective of the period being referred to)

13) Subsequent to the year, the company name was changed to Nagarro iQuest Holding GmbH, Karlsruhe, Germany, in 2020 (hereafter "Nagarro iQuest Holding GmbH" irrespective of the period being referred to)

14) Subsequent to the year, the company name was changed to Nagarro Beteiligungs GmbH, Munich, Germany, in 2020 (hereafter "Nagarro Beteiligungs GmbH" irrespective of the period being referred to)

In all periods presented the shares in Nagarro Holding GmbH were held by Allgeier Project Solutions GmbH (65.00%), Nagarro SPP GmbH (15.00%) and Nagarro Beteiligungs GmbH (20.00%), where shares in Nagarro SPP GmbH were held by SPP Co-Investor GmbH & Co KG (49.00%) and Allgeier Project Solutions GmbH (51.00%). Of the shares in Nagarro Beteiligungs GmbH 49.99% (December 31, 2018: 49.99%; December 31, 2017: 49.99%) were held by co-founders of Nagarro Inc. and of the shares in SPP Co-Investor GmbH & Co KG 83.59% (December 31, 2018: 75.43%; December 31, 2017: 76.24%) were held by members of management of Nagarro Base. In total, indirectly 16.17% of the shares of Nagarro Holding GmbH (December 31, 2018: 15.57%; December 31, 2017: 15.63 %) were held by the co-founders and management of Nagarro Base. This indirect share of 16.17% remains unchanged to date. Nagarro Holding GmbH by itself, holds 100% of shares in its respective subsidiaries presented in the table above.

Of the shares in Nagarro iQuest Holding GmbH 4.87% (December 31, 2018: 5.84%) were directly held by members of management of the Nagarro iQuest Holding GmbH and 21.53% (December 31, 2018: 27.49%) were directly held by former owners. Additionally, 4.87% (December 31, 2018: 5.84%) were indirectly held by members of management of the Nagarro iQuest Holding GmbH via iQuest SPP GmbH, Munich, the latter acquired as Blitz 18-492 GmbH by Allgeier Project Solutions GmbH and holding 15.01% of the shares in Nagarro iQuest Holding GmbH. All existing Non-Controlling Interests in Nagarro iQuest Holding GmbH were acquired by Allgeier Project Solutions GmbH which sold 100.00% of the shares of Nagarro iQuest

Holding GmbH to Nagarro Holding GmbH in July 2020, so that the Nagarro currently holds 100.00% of the shares of Nagarro iQuest.

Of the shares in Allgeier Consulting Services GmbH as well as in Nagarro Allgeier ES GmbH 5.00% each (December 31, 2018: 5.00% each) were indirectly held by employees and members of the management of these two companies via AES SPP GmbH, Munich. This company was acquired as Blitz 18-616 GmbH by Allgeier Enterprise Service AG, Bremen, in December 2018. All existing Non-Controlling Interests in Allgeier Consulting Services GmbH as well as in Nagarro Allgeier ES GmbH were acquired by Allgeier Enterprise Services AG which sold the remaining 10.00% share of both companies Allgeier Consulting Services GmbH as well as Nagarro Allgeier ES GmbH to Nagarro Holding GmbH in July 2020, so that the Nagarro currently holds 100% of the shares of Nagarro ES. 90.00% of the shares of both the companies were acquired by Nagarro Holding GmbH in December 2019. Allgeier Consulting Services GmbH has been merged into Nagarro Allgeier ES GmbH with effect from January 1, 2020.

Material changes in the scope of combination in fiscal year 2018 result from the acquisition of Nagarro iQuest in July 2018 and Nagarro Objectiva in October 2018 by Allgeier Project Solutions GmbH. Beyond, the acquisition of ANECON Software Design und Beratung GmbH, based in Vienna, Austria, by Nagarro Austria Beteiligungs GmbH in January 2018 with its subsequent merger into Nagarro GmbH, Vienna, as well as the acquisition of Farabi Technology Middle East LLC ((hereafter "Nagarro Farabi") and Solutions 4 Mobility LLC (hereafter "Nagarro S4M") by Nagarro Holding GmbH in April 2019 (in the following together also referred to as "Nagarro MENA") affected the scope of combination.

In fiscal year 2017, significant assets and business processes in the area of SAP-services were acquired by Allgeier Group companies in the way of asset deals.

In Nagarro Farabi, acquired in April 2019, and in Nagarro S4M, also acquired in April 2019, Nagarro Holding GmbH holds 49.00% of the voting rights in legal terms and 100.00% in economic terms. Due to the right to determine the management of the company alone and to exercise a controlling influence, these companies historically were fully included in the Group's IFRS consolidated financial statements.

The aforementioned acquisitions have been accounted for in the Combined Financial Statements in accordance with IFRS 3 *Business Combinations*, as they have been accounted for in the IFRS consolidated financial statements of Allgeier SE. Hence, the respective entities have been included in the Combined Financial Statements starting with the date of their acquisition, i.e. when Allgeier Group obtained control, and for the period of time they have been under common control of Allgeier SE, i.e. through 31 December 2019. Respective disclosures are provided in section H.I. *Business combinations*.

As part of the legal reorganization, the shares held by Allgeier Enterprise Services AG in Allgeier Consulting Services GmbH (90.00%) and Nagarro Allgeier ES GmbH (90.00%), the latter along with its shares in Nagarro Allgeier ES Denmark A/S and Nagarro Allgeier ES France SAS, were sold to Nagarro Holding GmbH in December 2019. Previously, the shares in Nagarro Allgeier ES Denmark A/S (100.00%) had been sold by Allgeier Enterprise Services AG to Nagarro Allgeier ES GmbH. As these transfers constitute business combinations under common control of Allgeier SE, Nagarro elected to apply the predecessor value approach by carrying forward the historical carrying amounts recorded by Allgeier Group without step up to fair value. Accordingly, as the IFRS book values of the respective companies have been already recorded in the Combined Financial Statements, the recognition and subsequent measurement of the purchase price liabilities totaling to kEUR 61,219 (also refer to section H.II. *Related party transactions*) result in a corresponding decrease in equity, which is reported in "Net assets attributable to shareholders of Nagarro" under "Other transactions with shareholders" in the Combined Statements of Changes in Equity in fiscal year 2019.

Also, for all mergers within Nagarro during the reporting periods under consideration the predecessor value approach was applied.

III. Carve-out specific accounting principles

The businesses transferred to Nagarro SE historically have been conducted already within entire legal entities. Accordingly, aside matters discussed in the following section, no further assets, liabilities or income and expenses were attributed or allocated to the Combined Financial Statements.

Purchase price allocation and impairment test

By applying the Extraction Method, the book values used from the IFRS consolidated financial statements of Allgeier SE include acquired intangible assets, step ups from purchase price allocation and goodwill, as they can be attributed to the acquisition of Nagarro in fiscal year 2011 as well as Nagarro iQuest and Nagarro Objectiva in fiscal year 2018 by the Allgeier Group (see also section B.I. *Compliance with IFRS and other principles)*. Nagarro Anecon as well as Nagarro MENA have been acquired by Nagarro, hence acquired intangible assets, fair value step ups and goodwill are also reflected in the Combined Financial Statements as they are included in the IFRS consolidated financial statements of Allgeier SE.

Goodwill historically was allocated based on the Group's cash generating units ("CGU"), i.e. Nagarro Holding GmbH and its subsidiaries, Nagarro iQuest and Nagarro Objectiva. As all of the entities comprising these CGUs are transferred in the course of the Transaction, goodwill is reported in the Combined Financial Statements with the same total amount as in the IFRS consolidated financial statements of Allgeier SE. Historically the annual impairment test was performed on the basis of these GCUs. However, for the purpose of the Combined Financial Statements certain assumptions have been adjusted to re-perform the tests, e.g., weighted average cost of capital rate (WACC) based on new peer group, GCUs and level on which goodwill is tested based on new management reporting. As a result, no additional impairment is required for the Combined Financial Statements.

Changes in goodwill through the reporting periods along with the assumptions and estimates made for the impairment test are presented in section D.2. *Impairment test for goodwill.*

The acquisition of Nagarro ES in fiscal year 2017 resulted in a difference between considerations given and the fair value of the assets acquired and liabilities assumed ("Badwill") that was recognized in equity through profit and loss in the IFRS consolidated financial statement of Allgeier SE and reported in the Combined Financial Statements accordingly.

The purchase price for the acquisition of Nagarro Objectiva in fiscal year 2018 included a contingent consideration, which is also reflected in the Combined Financial Statements. More information is provided in sections D.19. *Financial Instruments* and H.VIII. *Events after the balance sheet date*.

Presentation of Equity

The Combined Statements of Changes in Equity present the changes in equity attributable to the shareholders of the combined entities SPP Co-Investor Verwaltungs GmbH, SPP Co-Investor GmbH & Co. KG, Nagarro Beteiligungs GmbH, Nagarro SPP GmbH and Nagarro Holding GmbH, Nagarro Allgeier ES GmbH and Allgeier Consulting Services GmbH, Nagarro iQuest Holding GmbH and Objectiva Software Solutions Inc., including its subsidiaries (see section B.II. *Scope of combination*) in the respective reporting periods. In the periods under consideration, Nagarro did not constitute a group with one parent company in accordance with IFRS 10 "*Consolidated Financial Statements*". Therefore, "Net assets attributable to the shareholders of Nagarro" and "Equity attributable to Non-controlling interests" (including actuarial gains and losses from remeasurement of postemployment benefits) is shown in lieu of share capital, reserves and retained earnings. Exchange differences on currency translation of foreign operations are reported separately in accordance with IAS 1 *"Presentation of Financial Statements*".

For further information on changes in equity refer to sections F. *Notes to the Combined Statements of Changes in Equity* and H.II. *Related Party Transactions*.

Financing and statements of cash flows

Financing of Nagarro historically was made available by loans within the Allgeier Group and externally with banks. Respective information on financial liabilities to the remaining Allgeier Group are disclosed in section H.II. *Related party transactions*.

In the Combined Statements of Cash Flows, changes in financial liabilities to remaining Allgeier Group are presented separately as cash flows from financing activities, unless they relate to material non-cash transactions. Carve-out specific adjustments, when accounted for as contributions or withdrawals by shareholder, are presented separately in the item "Other transactions with shareholders" in the cash flows from financing activities, unless they are not deemed to be immediately settled.

Leases

Lease agreements between Nagarro and remaining Allgeier Group are accounted for in accordance with IFRS 16 for all periods under consideration in the Combined Financial Statements. Lease accounting is discussed in section C.I. *Accounting standards to be applied for the first time* and B.I. *Compliance with IFRS and other principles.* Explanation and disclosure on transactions with remaining Allgeier Group are provided in Sections B.I. *Compliance with IFRS and other principles* and H.II. *Related party transactions*.

Allocation of corporate costs

Allgeier SE as well as other Allgeier Group companies, such as Allgeier Enterprise Services AG, provided various central services to Nagarro. The respective costs for such services, that historically have been already recharged to Nagarro companies, have been included in profit or loss with their historical amounts.

Costs for such services that historically have not been recharged to Nagarro companies are allocated to the Combined Financial Statements using reasonable allocation keys. Allocation is based on historical costs incurred and allocated amounts are deemed to be settled immediately by the Nagarro group companies.

Accordingly, they are reported with the total pretax amount of kEUR 544 (2018: kEUR 433, 2017: kEUR 201) within "Other operating expenses" in the Combined Statements of Comprehensive Income, in "Other transactions with Allgeier Group" in the Combined Statement of Changes in Equity, and in "Cashflows from operating activities" in the Combined Statements of Cashflows.

Taxes

As all of the entities included in the scope of the Combined Financial Statements historically have filed separate tax returns, no stand-alone adjustments for current and deferred taxes with respect to these entities have been necessary, i.e. income tax receivables and payables, expenses and income as well deferred tax assets and liabilities on temporary differences and tax loss carryforwards are included in the Combined Financial Statements as reported for the purpose of preparation of the IFRS consolidated financial statements of Allgeier SE. Deferred tax assets on tax loss carryforwards are deemed to be recoverable to the same extent as reported for the purpose of preparation of the IFRS consolidated financial statements of Allgeier SE at each balance sheet date, including net operating losses at Nagarro Holding GmbH. For the purpose of the Combined Financial statements a respective tax effect has been recognized in regard to the corporate cost allocation for services that have not been historically recharged to Nagarro Holding GmbH.

Segment Reporting

In accordance with the management approach required by IFRS 8 "Operating Segments", the internal reporting of Nagarro is based on the internal organizational and reporting structure of Nagarro that was implemented in August 2020. During the reporting periods as of and for the years ended December 31, 2019, 2018 and 2017, there was no central chief operating decision maker (CODM) that reviewed regularly the operating results of Nagarro. As such, the segment reporting structure in the Combined Financial Statement reflects the internal organization and reporting structure that was established after the fiscal year ended December 31, 2019 (for more details see section H.III. *Segment information*).

C. General Accounting Principles

I. Accounting standards to be applied for the first time

The Combined Financial Statements were prepared for each of the fiscal years 2019, 2018 and 2017, including a balance sheet as of January 1, 2017. The IASB and the IFRS Interpretations Committee had issued the following new standards and amendments whose application was mandatory for the first time in the respective reporting periods as follows:

STANDARD/INTERPRETATION	TITLE OF THE STANDARD, INTERPRETATION OR AMENDMENT	FIRST-TIME APPLICATION Jan 1
IFRS 16	Leases	2019
Amendments to IFRS 9	Prepayment Features with Negative Compensation	2019
IFRIC 23	Uncertainty over Income Tax Treatments	2019
Amendments to IAS 28	Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	2019
Amendments to IAS 19	Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	2019
Improvements to IFRS 2015-2017	Annual Improvements to IFRS Standards 2015-2017 Cycle	2019
IFRS 9	Financial Instruments	2018
IFRS 15	Revenue from Contracts with Customers	2018
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	2018
Amendments to IAS 40	Transfers of Investment Property	2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	2018
Amendments to IFRS 15	Clarifications to IFRS 15	2018
Improvements to IFRS 2014-2016	Ammendments to IFRS 1 and IAS 28	2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	2018
Amendments to IAS 7	Disclosure Initiative	2017
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	2017
Improvement to IFRS 2014-2016	Amendments to IFRS 12	2017

Effects of the first-time application of the standards and interpretations are discussed below:

<u>First time Application in fiscal year 2019</u>

IFRS 16 - Leases

IFRS 16 introduces a uniform accounting model according to which leases must be recognized in the balance sheet of the lessee. A lessee recognizes a right-of-use asset that represents its right to use the underlying asset, as well as a liability arising from the lease, that constitutes its obligation to make lease payments. Exemptions exist for short-term leases and leases for low-value assets. IFRS 16 replaces the existing guidelines on leases, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The Group applied IFRS 16 for the first time with the fiscal year 2019, using the full retrospective method. For further information, please refer to section B.I. *Compliance with IFRS and other principles.*

IFRIC 23 - Uncertainty over Income Tax Treatments

The tax treatment of certain items, circumstances and transactions may depend on the future treatment by the tax administration and the tax courts. IAS 12 *Income Taxes* regulates how current and deferred taxes are to be recognized and measured. IFRIC 23 supplements in the provisions of IAS 12 on accounting for current and deferred taxes with regard to uncertainties over the treatment of particular items, circumstances and transactions by the tax authorities and courts pertaining to income taxes. IFRIC 23 is applicable for annual reporting periods beginning on or after January 1, 2019. The interpretations have no material effect on the Combined Financial Statements.

Amendments to IFRS 9, IAS 28 and IAS 19

The Amendments had no impact on the Combined Financial Statements.

Improvements to IFRS 2015 - 2017

As a result of the Annual Improvements to IFRS 2015-2017, IFRS 3 *Business Combinations*, IFRS 11 *Joint arrangements*, IAS 12 *Income taxes* and IAS 23 *Borrowing costs* were amended. The amendments had no impact on the Combined Financial Statements.

First time Application in fiscal year 2018

IFRS 9 - Financial instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidelines for the classification and evaluation of financial instruments, including the new expected credit loss model for the calculation of impairments of financial assets, as well as the new general accounting provisions for hedging transactions. It also carries forward the guidelines for recognition and derecognition of financial instruments from IAS 39. The Group made use of the exception not to restate comparative information for prior periods in respect of changes in classification and measurement. The first-time application of IFRS 9 as of January 1, 2018 had no material impact on recognition and measurement. However, new disclosures on the impairment of financial assets were included in the notes.

IFRS 15 - Revenue from contracts with customers

IFRS 15 provides a comprehensive framework for determining whether, to what extent, and at what point in time revenues are recognized. It replaces guidelines applied until the 2017 fiscal year for recognizing revenues, including IAS 18 Revenues, IAS 11 *Construction contracts* and IFRIC 13 *Customer loyalty programs*. Furthermore, the standard provides for extensive disclosure requirements concerning the type, amount and timing of recognition of revenues and cash flows, as well as their associated uncertainties, including impairment expenses.

Nagarro applied the modified retrospective method as of January 1, 2018 for the transition to IFRS 15 (refer to section B.I. *Compliance with IFRS and other principles*). Accordingly, previous year's figures are still reported in accordance with IAS 11 and IAS 18 and any cumulative transition effects is included directly in equity in the opening balance sheet as at January 1, 2018. The accounting policies have been changed in accordance with the transitional provisions. In contrast to the previous method, costs to fulfil a contract as well as contract assets and contract liabilities arising from customer-specific fixed fee contracts are not shown under inventories or trade receivables / trade payables, but from the 2018 fiscal year are shown as separate balance sheet items.

As at December 31, 2017, customer-specific fixed fee contracts measured using the percentage-of-completion method amounted to kEUR 5,179, of which kEUR 4,088 related to production costs and kEUR 1,091 to profit shares. Of this amount, a total of kEUR 2,101 of installments received were offset under receivables and payables from customer-specific fixed fee contracts. After offsetting the amount for contract work against the advance payments received, fixed fee contracts with customers existed with a debit balance of kEUR 3,895 and a credit balance of kEUR 829. In the fiscal year 2017 contract revenue using the percentage-of-completion method in the amount of kEUR 4,359 was recognized. More detailed, the transition to the application of IFRS 15 had the following effects on the respective financial position as of January 1, 2018:

IFRS 15 adjustments

	Dec 31, 2017	Adjustments	Jan 1, 2018
	kEUR	kEUR	kEUR
Assets			
Non-current assets			
Inventories	776	-776	0
Contract costs	-	776	776
Current assets			
Inventories	265	-260	5
Contract costs	-	260	260
Contract assets	-	3,895	3,895
Trade receivables	50,268	-3,895	46,373
Equity and Liabilities			
Non-current liabilities			
Contract liabilities	-	0	0
Other liabilities	0	0	0
Current Liabilities			
Contract liabilities	-	2,285	2,285
Trade payables	14,670	-829	13,842
Other liabilities	3,372	-1,456	1,916

As of December 31, 2018 the transition to the application of IFRS 15 had the following effects:

	Dec 31, 2018	Adjustments	Dec 31, 2018 without application of IFRS 15
	kEUR	kEUR	kEUR
Assets			
Non-current assets			
Inventories	0	554	554
Contract costs	554	-554	0
Current assets			
Inventories	10	301	311
Contract costs	301	-301	0
Contract assets	5,528	-5,528	0
Trade receivables	74,977	5,528	80,505
Equity and Liabilities			
Non-current liabilities			
Contract liabilities	237	-237	0
Other liabilities	0	237	237
Current Liabilities			
Contract liabilities	4,431	-4,431	0
Trade payables	17,358	1,809	19,167
Other liabilities	2,553	2,621	5,174

Amendments to IFRS 2, IAS 40 and IFRS 4

The Amendments had no impact on the Combined Financial Statements.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

This IFRIC addresses an application issue in respect to IAS 21 *The effects of changes in foreign exchange rates.* It is clarified on which date the exchange rate is determined for the translation of transactions in foreign currencies which include consideration paid or received. Decisive for the determination of the exchange rate for the underlying asset, income or expense is the point in time when an asset or a liability resulting from the advance consideration is recognized. The interpretation was to be applied for the first time on January 1, 2018. The interpretation has no material effect on the Combined Financial Statements.

Improvements to IFRS 2014 – 2016

The improvements affected three standards of which the amendments of IFRS 1 and IAS 28 were applicable for the first time for fiscal year 2018. The amendments have no effect on the Combined Financial Statements.

<u>First time Application in fiscal year 2017</u>

Amendments to IAS 7 - Disclosure Initiative

The amendment improves the information on the changes in the entity's indebtedness. The entity discloses information about such financial liabilities, whose changes are reported in the statement of cash flows under cash flows from financing activities. The Combined Financial Statements have been supplemented by a respective reconciliation statement accordingly.

Amendments to IAS 12 - Recognition of deferred tax assets for unrealized losses

The amendments clarify the recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments have no effect on the Combined Financial Statements.

Improvements to IFRS 2014 – 2016

The improvements affected three standards of which only the amendment of IFRS 12 was applicable for the first time for fiscal year 2017. The amendments have no effect on the Combined Financial Statements.

II. Standards and interpretations not yet applied

The IASB and IFRIC have issued the following standards, interpretations and amendments to existing standards, the application of which was not yet mandatory for the periods presented in the combined financial statements according to EU regulations:

STANDARD/ INTERPRETATION	TITLE OF THE STANDARD, INTERPRETATION OR AMENDMENT	FIRST-TIME APPLICATION Jan 1
EU endorsement already issued		
IFRS Framework	Changes in references to the Framework in IFRS Standards	2020
Amendments to IAS 1 and IAS 8	Amended by defenition of material	2020
Amendments IFRS 9, IAS 39 and IFRS 7	Additional disclosures in IFRS 7 around uncertainty arising from the interest rate benchmark reform	2020
EU endorsement pending		
Amendments to IFRS 3	Amended by definition of a business	2020
IFRS 17	Insurance Contracts	2021
Amendments to IFRS 10 and IAS 28	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture	indefinite

The expected potential impact of these changes on the financial statements of Nagarro going forward is discussed in the following:

IFRS framework

Together with the revised Conceptual Framework for Financial Reporting, amendments to references to the Conceptual Framework in various IFRSs were also issued. For the first time the objectives of the Conceptual Framework were clarified, and three main aspects explained. Firstly, the Conceptual Framework serves to provide consistent concepts for the development of standards and interpretations by the IASB and the IFRS Interpretations Committee. At the same time, it has the purpose of assisting preparers of financial reports to develop accounting policies for transactions if there are no relevant requirements in standards and interpretations in the IFRS Framework. In addition, it simplifies the understanding and interpretation of the standards for all parties involved.

The amendments which are primarily updates are to be applied for fiscal years beginning on or after January 1, 2020. Management does not expect the amendments to have a material impact.

Amendments to IAS 1 and IAS 8

To avoid two definitions of materiality in IAS 1 *Presentation of financial statements* and IAS 8 *Accounting policies, changes in accounting estimates and errors*, in the future "material" is defined only in IAS 1.7. IAS 8 will indicate merely that "material" is defined in IAS 1 and is to be applied in IAS 8 with the same meaning. The amendments to IAS 1 and IAS 8 serve the improvement of the definition of materiality by standardizing the wording in various IASB standards and frameworks and providing more precision in the terms related to the definition. The word "obscuring" is introduced and explained using examples. The amended information places the focus on the materiality of information. It is clarified that information is material if omitting, misstating and/or obscuring could reasonably be expected to influence decisions the primary users of financial statements make on the basis of these assumptions.

The amendments are to be adopted for fiscal years beginning on or after January 1, 2020 (prospective application). Management does not expect the amendments to have a material impact.

Changes to IFRS 9, IAS 39 and IFRS 7

As a result of the Amendments to IFRS 9 *Financial instruments*, IAS 39 *Financial instruments: Recognition and measurement* and IFRS 7 *Financial instruments: Disclosures*, the impact on financial reporting resulting from the reform of interest rate benchmarks (the IBOR Reform) is to be mitigated. The amendments aim to allow recognized hedging relationships (hedge accounting) to continue or to remain designated despite the uncertainties related to the expected discontinuation of various interest rate benchmarks.

The amendments are effective for fiscal years beginning on or after January 1, 2020. Management does not expect the amendments to have a material impact.

Amendments to IFRS 3

Amendments to IFRS 3 "Business Combinations" serve to clarify the definition of a business. A business is still defined by the three elements: inputs, processes and output. The inputs and the processes applied should be deployed in such a manner that they contribute to the generation of output. The changed definition of output places the focus on the provision of goods and services to the customer, but also covers investment income such as dividends, interest and other income. On the other hand, cost reduction is no longer a feature of output.

The amendments clarify that a business comprises at least the acquisition of an input and a substantive process that together contribute to the ability to create output. Ultimately the existence of processes is the difference between the acquisition of a business and the acquisition of a group of assets. The examination depends on whether output is generated or not with the acquired group of activities and assets.

In addition, a transaction-relation option was introduced that permits a simplified assessment of whether an acquired set of activities and assets does not represent a business. This is the case if substantially all the fair value of the acquired gross assets is concentrated on an individual identifiable asset (or a group of comparable identifiable assets).

The amendments are applied to transactions whose acquisition date is in the 2020 fiscal year (prospective application).
If relevant transactions take place in the future, the amendments in IFRS 3 may have an impact on the Nagarro's financial statements.

III. Principles of consolidation

The Group consolidates newly acquired companies using the acquisition accounting method. The identifiable assets, liabilities and contingent liabilities of the acquired companies are measured at their fair value at the date of acquisition. Any remaining surplus between the consideration given and the fair values of the net assets acquired are capitalized as goodwill. Acquisition-related costs for legal and consulting services and agency fees are recognized as other operating expenses through profit or loss.

The consolidation of the companies acquired by the Group from third parties occurs from the month that control is obtained. From this point in time, the expenses and revenue of the acquired companies are included in the Combined Financial Statements. Receivables and liabilities, as well as revenue and expenses between the Nagarro companies, are eliminated. Intercompany profit or loss is also eliminated. With respect to consolidation procedures impacting profit or loss deferred taxes are recognized.

IV. Currency translation

The functional currency of the entities located in the Eurozone is the euro. The functional currency of all other entities is the respective local currency. As part of the preparation of the Combined Financial Statements, the annual financial statements of the entities prepared in a foreign currency were translated into euro, the reporting currency of Nagarro. The closing rates as of December 31, 2019, 2018, 2017 and 2016 respectively were used for the translation of assets and liabilities, and the annual average rates for revenue and expenses.

Differences arising from translation to Nagarro's reporting currency are reported directly in other comprehensive income not impacting profit or loss.

The following exchange rates applied for the translation of annual financial statements prepared in foreign currencies:

		Average rate per 1 EUR			Period-end rate per 1 EUR		
		2019	2018	2017	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Chinese yuan renminbi	CNY	7.714	7.931	-	7.823	7.865	-
Danish krone	DKK	7.465	7.453	7.439	7.469	7.466	7.444
Indian rupee	INR	78.605	80.518	73.734	79.823	79.471	76.322
Japanese yen	JPY	122.081	129.987	133.008	122.160	126.180	134.960
Canadian dollar	CAD	1.480	1.535	-	1.463	1.559	-
Mauritian rupee	MUR	38.560	-	-	39.499	-	-
Mexican peso	MXN	21.545	22.577	21.362	21.115	22.470	23.572
Malaysian ringgit	MYR	4.627	4.756	4.887	4.600	4.748	4.860
Polish zloty	PLN	4.301	4.303	-	4.258	4.295	-
Romanian leu	RON	4.749	4.645	4.569	4.781	4.652	4.652
Swiss franc	CHF	1.111	1.152	1.116	1.087	1.125	1.169
Singapore dollar	SGD	1.524	1.590	1.562	1.511	1.562	1.601
South African rand	ZAR	16.104	15.890	-	15.733	16.485	-
Thai baht	THB	34.528	-	-	33.574	-	-
US dollar	USD	1.118	1.179	1.137	1.120	1.144	1.198
UAE dirham	AED	4.105	4.331	4.174	4.113	4.200	4.399

Transactions in foreign currencies different to the functional currency of the respective Nagarro company are translated at the exchange rate on the transaction date. If it results in exchange rate gains or losses due to payments or measurements at later points in time, these are recognized in profit or loss. Currency differences from expense and revenue consolidation are also recognized in profit or loss.

V. Notes to the statements of financial position

The Combined Statements of Financial Position are prepared in accordance with IAS 1 *Presentation of Financial Statements*. Assets that are realized within the next twelve months and liabilities that are due within one year are generally reported as current.

Derivatives and purchase price liabilities from business combinations are measured at fair value. All other assets and liabilities are accounted for at amortized cost.

Intangible assets

Orders on hand, customer lists, websites, and products acquired in business combinations are initially recognized at fair value and subsequently measured at its cost less accumulated amortization and any accumulated impairment. Amortization of orders on hand occurs concurrently with revenue recognition of the orders. Acquired products are amortized on a straight-line basis over four years. Customer lists are amortized on a straight-line basis over five years.

Inhouse developments are recognized as intangible assets, if the development costs can be measured reliably, and from which an economic benefit from a sale of the services anticipated in the future is probable. Capitalized costs for inhouse developments are measured at cost less accumulated amortization and impairment. Inhouse developments are amortized for the first time from the month of completion on a straight-line basis with a term of four years. Interest on borrowing is not included in the cost of production.

Purchased software, licenses and rights are measured at cost less any accumulated amortization and any accumulated impairment losses. Brands and domains are amortized on a straight-line basis over a term of 15 years. Otherwise software, licenses and rights are subject to amortization on a straight-line basis over three to six years.

Goodwill arising from business combinations is recognized as an intangible asset with an indefinite useful life. Goodwill, and other intangible assets with indefinite useful lives or intangible assets that are not yet available for use are subject to impairment tests at least once a year. For the aforementioned assets impairment tests are also performed whenever there is an indication or specific event (“triggering event”) that an asset may be impaired. If the recoverability is no longer given as the carrying amount exceeds the recoverable amount of capitalized goodwill, an impairment loss must be recognized. This is also applicable for other intangible assets with indefinite useful lives or intangible assets that are not yet available for use. Assets in use and other intangible assets with finite useful live are tested for impairment only if there are specific indications that they may be impaired.

Property, plant and equipment

Non-current assets are recognized at cost of acquisition or production, less accumulated depreciation. For internally generated assets, cost of production includes costs that can be directly allocated, proportionate overhead costs and depreciation. Interest on borrowings directly attributable to the acquisition, construction or production of a 'qualifying asset' (one that necessarily takes a substantial period of time to get ready for its intended use or sale) are included in the cost of the asset. Repair and maintenance costs are recognized as expense directly. Straight-line depreciation is applied over the expected, estimated useful life of the assets. The carrying amounts of property, plant and equipment are subject to an impairment test as soon as this is indicated. Land, land rights and buildings, including constructions on third-party property, are measured using the cost model. Straight-line depreciation on buildings is recognized over a maximum useful life of 58 years. Other plant, operating and office equipment is subject to straight-line depreciation over a period of three to 15 years.

Leases

Nagarro applies IFRS 16 for lease accounting (see section C.I. *Accounting standards to be applied for the first time*) and assesses each individual lease contract as to whether it contains a lease in accordance with IFRS 16.

On the day of the inception of the lease Nagarro recognizes an asset for the right of use in this contract and a lease liability for the present value of future lease payments. The right of use asset corresponds to the present value at lease inception, adjusted for the payments made before the commencement date, plus initial direct costs incurred and estimated costs to dismantle or restore the underlying asset.

The right of use asset is depreciated on a straight-line basis over the useful life of the underlying asset, adjusted by impairments. The useful life of the right of use asset is determined as the shorter of the asset's economic useful life and the lease term on a straight-line basis.

The lease liability is measured at the present value of the lease payments that are not yet paid. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate is the interest rate based on the Group's borrowing costs.

Assets are not recognized for leases with a useful life of less than twelve months (short-term leases) and for leases where the respective acquisition cost do not exceed kEUR 5 (leases of low-value assets). These leases are recognized in other operating expenses in the Combined Statements of Comprehensive Income.

For leases acquired in the course of a business combination Nagarro recognizes a lease liability at the present value of the remaining lease payments as if the acquired lease were a new lease at the acquisition date and the right-of-use asset at the same amount as the lease liability, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

The Group leases land and buildings as well as equipment and vehicles. Lease contracts for equipment and vehicles are typically made for fixed periods of three to five years, for buildings up to 18 years, but several contracts have extension or termination options. These are used to maximize operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Deferred taxes

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amount of an asset or liability and its tax base as well as for tax loss carryforwards. Deferred tax assets are recognized to the extent that their utilization is deemed to be probable.

Deferred taxes are calculated at the applicable or expected tax rates at the time of realization according to the current legal situation in the respective countries. Deferred tax assets and liabilities are calculated using country-specific tax rates. The country-specific tax rates are as follows:

	2019	2018	2017
Germany	31.0%	31.0%	31.0%
Austria	25.0%	25.0%	25.0%
USA	27.0%	27.0%	27.0%
India *	25.2%	34.0%	34.0%
Romania	16.0%	16.0%	-
Sweden	21.4%	21.4%	-
Denmark	22.0%	22.0%	22.0%
France	-	33.3%	33.3%
Norway	-	23.0%	23.0%
United Kindgom	-	-	19.0%
Switzerland (Canton of Zürich)	-	21.1%	-
Australia	30.0%	30.0%	-
Malaysia	24.0%	-	-
Malta	-	35.0%	-

* Changes in tax rates for Indian entities effective April 1, 2019.

Deferred tax assets and liabilities are set off if the entity has a legally enforceable right to set off current tax positions and if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority. Deferred tax assets and liabilities are reported under non-current assets and non-current liabilities.

Contract costs

Capitalized contract costs relate to the costs to fulfil a customer contract. If the costs to fulfil the contract are not within the scope of another standard (e.g. inventories, intangible assets or property, plant and equipment), they must be capitalized separately in the balance sheet if they create resources in connection with a customer contract and it is expected that the costs will be covered by future revenue. They are measured at direct costs plus proportionate production overheads. Capitalized costs are expensed according to the scheduled revenue recognition to which the asset relates. The amortization period must also include probable contract extensions in the future. If the expected revenue less expenses still to be incurred is lower than the contract costs, an impairment is recognized.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of purchased inventory are generally determined based on the weighted average method after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Impairments are recognized if the cost of purchased inventory or net realizable value has decreased at the reporting date.

In fiscal year 2017 inventories consisted of costs to fulfill a contract. With the first time application of IFRS 15, these costs to fulfil a contract have been excluded from inventories and, as of fiscal year 2018, are reported separately under contract costs.

Contract assets and liabilities

With the fulfillment of contractual obligations of one of the contractual parties, either Nagarro or a customer, a contract asset or a contract liability is recognized, depending on the net balance of the performed contract work and the customer‵s advanced payment. Contract assets and contract liabilities are generally reported as current, as they generally arise within the normal operating cycle of less than one year.

Contract assets and contract liabilities include customer-specific fixed fee contracts that are accounted for using the percentage-of-completion method in accordance with IFRS 15. Revenue is recognized in line with the stage of completion at the reporting date. The stage of completion corresponds to the proportion of contract costs incurred for work performed to date and the estimated total contract costs as of the reporting date. After deduction of partial payments received, contract costs are recognized under contract assets if the contract balance is positive, and under contract liabilities if the contract balance is negative. Borrowing costs are not capitalized in customer-specific fixed fee contracts.

For contracts in which the period between the transfers of a promised good or service to a customer and the customer's payment for that good or service will be one year or less, the Group uses the practical expedient in IFRS 15.63 to not adjust the amount of consideration for the effects of a significant financing component.

Trade receivable

Since January 1, 2018:
Trade receivables are recognized initially at the amount of consideration that is unconditional. They are subsequently measured at amortized cost using the effective interest method, less loss allowance. The Group applies the IFRS 9 simplified approach to measuring expected credit losses. The expected loss rates are based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Trade receivables are derecognized when they are assessed as uncollectible or with respect to factoring if essentially all risks and rewards associated with ownership are transferred.

Until December 31, 2017
Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. This corresponds to the nominal value of the receivables, less individual allowances for doubtful accounts. Impairments on receivables are recognized when there are indications of default or the receivables have been past due for an extended period of time. No lump-sum allowances for doubtful accounts are recognized. Trade receivables are derecognized when they are assessed as uncollectible or with respect to factoring if essentially all risks and rewards associated with ownership are transferred.

Other financial assets

Other financial assets are recognized at nominal value, less impairments. For other financial receivables, expected credit losses are determined based on expected credit risks, either on the basis of defaults expected in the next twelve months or on the basis of the remaining term to maturity. Significant changes in credit risks are taken into account.

Nagarro uses foreign exchange forwards contracts as derivative financial instruments to reduce exchange rate risks. These hedging transactions are initially recognized and subsequently measured at each following reporting date at fair value. In the case of derivatives with quoted market prices, fair value is the positive or negative market price. Positive market values result in the recognition of a financial asset and negative market values in the recognition of a financial liability. Gains and losses due to changes in fair value are recognized through profit or loss. Derivatives are recognized on the respective trading day.

Other assets and income tax receivables

Other assets and income tax receivables are stated at their nominal amount.

Cash

Cash include cash balances, bank balances and current deposits with original terms of less than three months. They are stated at their nominal amount.

Provisions for post-employment benefits

The Indian companies have obligations for future gratuity payments to employees (gratuity obligations) who have worked with the company for a minimum period of five years that become payable when employees depart, regardless of termination by the employer or employee. These gratuity payments constitute a defined benefit plan according to IAS 19 and are measured using actuarial methods. Calculating the present value of defined benefit obligations is based on country-specific mortality tables for India and the following general parameters:

	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Calculated interest rate	6.45%	7.30%	7.15%
Salary increase p.a.	10.0%	10.0%	10.0%
Rate of staff turnover p.a.	20.0%	20.0%	20.0%
Remaining term of service to retirement in years	30	30	30

Other provisions

Other provisions are recognized when a legal or constructive obligation to a third party exists due to a past event, which is expected to result in a future outflow of resources to settle the obligation, and this future outflow of resources can be estimated reliably. The provisions are recognized for all identifiable risks as well as contingent liabilities acquired in a business combination at the expected amounts. The provisions are not offset against recourse claims. Warranty provisions are recognized based on past and/or estimated future claims experience. The cost for the recognition of provisions is reported profit or loss after deducting expected reimbursements. Non-current portions of the provisions are discounted.

Liabilities to banks and other financial liabilities

Interest-bearing loans, which include liabilities to banks and loans to related parties, are recognized at the amount received on the date the loan is granted. Borrowing costs are recognized as an expense directly in the period in which they are incurred.

Other financial liabilities are initially recognized at settlement amount. Subsequently they are measured at amortized cost. Other financial liabilities include contingent liabilities from business combinations that are recognized and subsequently measured at fair value. The non-current portion of other financial liabilities is recognized at the present value of expected future payments. Market interest rates according to the term are used.

Trade payables

Trade payables are initially recognized at settlement amount. Subsequently they are measured at amortized cost.

Other liabilities

Other liabilities are initially recognized at the cost of acquisition. Subsequently they are measured at amortized cost.

Financial instruments

Financial assets

The financial assets include loans, receivables, derivatives with a positive present value and cash. Based on their characteristics and the purpose for which they were acquired, financial assets are allocated to the categories „financial assets measured at fair value", „financial assets not measured at fair value".

Since January 1, 2018:

Financial assets are subsequently measured in accordance with IFRS 9 in the categories „at amortized cost (AC)", „at fair value through changes in other comprehensive income (FVOCI)" and „at fair value with changes in fair value through profit or loss (FVTPL)". The classification of a financial instrument into one of these categories depends on the company's business model, taking into account the risks of the financial assets and the terms of the instrument. The examination of the conditions comprises the assessment of whether contractually agreed cash flows are solely interest and principal payments on the principal amount outstanding.

A financial asset is measured at amortized cost using the effective interest method if it is held within a business model whose objective is to collect the contractual cash flows and the terms of the contract result solely in interest and principal payments on the outstanding principal amount on specified dates. Changes in value are recognized through profit or loss.

The FVOCI category includes financial assets held within the framework of a business model whose objective is both to collect the contractual cash flows and to sell those assets, provided that the terms of the contract result solely in interest and principal payments on the outstanding principal on specified dates. Subsequent measurement is at fair value. Changes in value are recognized directly in other comprehensive income (OCI).

Equity instruments and derivative financial instruments are allocated to the FVTPL category and net gains or losses and dividends are recognized through profit or loss.

Impairment losses on financial assets in the category „measured at amortized cost" and on contract assets are recognized in the amount of the expected credit loss if the credit risk has increased significantly since initial recognition. For receivables and contract assets, this involves checking at each reporting date whether there is evidence of credit impairment and whether the credit risk has thereby increased significantly. Both quantitative and qualitative information and analyses such as the length of time past due, the nature and duration of financial difficulties or the geographical location are taken into account, and forward-looking assessments are made on the basis of past experience. Past due more than 90 days is considered objective evidence that the credit quality of an asset is impaired. If the asset is credit-impaired or defaulted, the expected credit losses are recognized as an impairment loss over the entire term of the financial asset. If the credit risk has increased significantly since initial recognition, but no credit impairment or default exists, the expected credit losses over the entire term are taken into account as impairment. In the case of trade receivables and contract assets, expected credit losses are measured with historical probabilities of default on the basis of an impairment matrix by maturity class. For all other financial assets, impairments are made in an amount equal to the share of the expected credit losses that are possible within twelve months of the reporting date or are expected to be incurred within the remaining term. The expected loss model of IFRS 9 requires discretionary decisions in forecasting the development of future economic conditions. However, the assumptions made are subject to uncertainties.

Until December 31, 2017:

In accordance with IAS 39, financial assets were classified in the categories "at fair value through profit or loss (FVTPL)", "held-to-maturity", "loans and receivables (LoR)" and "available-for-sale" for subsequent measurement. Loans and receivables as well as held-to-maturity investments were measured at amortized cost using the effective interest method, and changes in value were recognized in profit or loss. Financial assets in the "held-to-maturity" and "loans and receivables" categories were tested for impairment on the balance sheet date. Available-for-sale financial assets were recognized at fair value, with unrealized gains and losses being reported separately under equity with no effect on profit or loss until realized, taking deferred taxes into account. All other assets are measured at fair value. Interest income, dividends and other net gains or losses are recognized in the Combined Statements of Comprehensive Income.

Financial assets measured at amortized cost are non-derivative financial assets with payments that are fixed or can be determined, and not listed in an active market. After they are initially recognized, such financial assets with respect to subsequent measurement are measured at amortized cost less possible impairments. Impairments are recognized under other operating expenses and reversals are recognized under other operating income. On every reporting date, the Group conducts a review for indications of the need for impairments. If there are indications that the present value of the expected future cash flows is less than the carrying amount, the impairment loss is the difference between the carrying amount of the financial asset and the present value of its expected future cash flows. The carrying amount of the assets is reduced using an impairment account and the impairment loss is recognized through profit or loss. If the impairment loss is increased or reduced in one of the following reporting periods due to an event that occurs after the impairment is recognized, the previous impairment loss is increased or decreased through profit or loss by adjusting the impairment account.

Financial assets measured at fair value through profit or loss include derivatives that are classified as recognized at fair value through profit or loss when they are initially recognized and shares in an unlisted venture capital company that has been classified as "available for sale". Subsequently these financial assets are measured according to the assignment to this category.

Financial liabilities

Financial liabilities include amounts due to financial institutions, trade payables, lease liabilities, liabilities from acquisitions and other financial liabilities. Based on their characteristics, financial liabilities are allocated to the categories „financial liabilities measured at fair value", „financial liabilities not measured at fair value".

Financial liabilities measured at amortized cost are non-derivative financial liabilities with payments that are fixed or can be determined. They are recognized and subsequently measured using the effective interest method. When liabilities are derecognized, the resulting gains are recognized under other operating income. The financial liabilities measured at fair value through profit or loss include contingent purchase price liabilities from business combinations that are classified as measured at fair value through profit or loss when they are recognized. Subsequently these financial liabilities are measured according to the assignment to this category. Effects from the remeasurement of contingent purchase price liabilities are recognized through profit or loss.

VI. Notes to the Combined Statements of Comprehensive Income

The Combined Statements of Comprehensive Income were prepared applying the cost by nature method.

Revenue

Since January 1, 2018

The Group recognizes revenue when control over goods or services is transferred to the customer. After the transfer, the customer has the ability to determine the use of the goods or services and obtain substantially the remaining benefits. This requires that a contract with enforceable rights and obligations exists and that it is probable that the consideration will be received, taking into account the creditworthiness of the customer. Revenue corresponds to the transaction price that the Group is expected to be entitled to. Revenue is reduced by rebates, customer discounts and bonuses granted to customers. Variable consideration (performance bonuses) is included in the transaction price when it is highly probable that there will be no significant reversal of revenue when the uncertainty related to the variable consideration no longer exists.

If a contract comprises several goods or services which are distinct, the transaction price is allocated to the performance obligations on the basis of the relative stand-alone selling prices. For each performance obligation, revenue is recognized either at a point in time or over a period of time.

Revenue from products is recognized as soon as control of the products sold has been passed on to the buyer along with the associated rewards and risks. This is usually the case upon delivery of the product. Service revenue is recognized depending on the contract provisions under consideration of the services provided. This is usually performed on the basis of days and hours worked. In case of fixed price contracts, service revenue is recognized based on the percentage of order completion and under consideration of realized partial performance. In addition, revenue from user fees (licenses) is recognized on an accrual basis in accordance with the commercial substance of the underlying contract.

Until December 31, 2017

Revenues and other income generally are realized when goods are delivered or services are rendered, that is, when the material risks and rewards are transferred to the buyer and it is sufficiently likely that the Group will obtain the economic benefit. Revenues are reduced by rebates, customer discounts and bonuses granted to customers.

Product revenues are realized when the risks and rewards associated with ownership of the products sold are transferred to the buyer. This is usually the case upon delivery of the product. Service revenues are recognized depending on the contract provisions under consideration of the services provided. This is usually done on the basis of days and hours worked. In case of fixed price contracts, service revenues are recognized based on the percentage of completion method and the stage of completion of the order. The stage of completion hereby is determined as the proportion that contract costs incurred by the end of the reporting period bear to the estimated total contract costs. Furthermore, licensing revenues are recognized according to the period of the contract provisions.

Staff costs

Obligations for defined contribution plans are recognized directly as an expense after the related employee service.

Operating expenses

Operating expenses are recognized when incurred.

Financial result

Borrowing costs are recognized in the period in which they are incurred.

Taxes

Income taxes are determined according to the tax law provisions of the countries where the respective Nagarro company is based.

VII. Estimates and assumptions

When preparing the Combined Financial Statements estimates and assumptions were made that affect the amount and recognition of the reported assets and liabilities, as well as the recognition of revenue and expenses. Even though these estimates and assumptions were made to the best of our knowledge, actual amounts can deviate. The estimates and assumptions are reviewed on an ongoing basis. Necessary adjustments are recognized prospectively.

The estimates and assumptions mainly relate to impairment testing of goodwill and the valuation of contingent purchase price components resulting from business combinations, the impairment assessment with respect to current assets, the calculation of income tax liabilities and the measurement of provisions. If the estimates and assumptions are significant and a material adjustment could be necessary, reference is made to this in the notes to the balance sheet. From today's perspective, material adjustments to the assets and liabilities recognized on the consolidated balance sheet are not expected in the following fiscal year.

D. Notes to the Combined Statement of Financial Position

1. Intangible assets

Intangible assets developed as follows:

	Orders on hand kEUR	Customer lists kEUR	Products kEUR	Software, licences, rights kEUR	Inhouse develop-ments kEUR	Goodwill kEUR	Total kEUR
Gross carrying amount as at Jan 1, 2017	-	4,540	-	2,160	772	43,746	51,218
Acquisitions through business combinations	321	2,024	454	243	-	-	3,041
Additions	-	-	-	1,016	119	-	1,136
Disposals	-	-	-	-0	-	-	0
Currency differences	-	-457	0	-173	0	-4,757	-5,388
Gross carrying amount as at Dec 31, 2017	321	6,107	453	3,246	891	38,989	50,006
Accumulated amortization and impairment as at Jan 1, 2017	-	-521	-	-1,427	-	-	-1,948
Amortization of the year	-210	-1,158	-68	-1,161	-193	-	-2,790
Impairment	-	-	-	-	-	-	-
Disposals	-	-	-	0	-	-	0
Currency differences	-	61	0	121	-	-	182
Accumulated amortization and impairment as at Dec 31, 2017	-210	-1,618	-68	-2,466	-193	-	-4,556
Net carrying amount as of Dec 31, 2017	110	4,488	385	780	698	38,989	45,450

	Orders on hand kEUR	Customer lists kEUR	Products kEUR	Software, licences, rights kEUR	Inhouse develop-ments kEUR	Goodwill kEUR	Total kEUR
Gross carrying amount as at Jan 1, 2018	321	6,107	453	3,246	891	38,989	50,006
Acquisitions through business combinations	501	4,712	552	222	102	56,202	62,291
Additions	-	-	-	520	512	-	1,033
Disposals	-	-	-	-243	-	-	-243
Currency differences	-	170	29	-86	6	2,284	2,402
Gross carrying amount as at Dec 31, 2018	822	10,989	1,034	3,659	1,511	97,474	115,489
Accumulated amortization and impairment as at Jan 1, 2018	-210	-1,618	-68	-2,466	-193	-	-4,556
Amortization of the year	-465	-1,627	-154	-795	-269	-	-3,309
Impairment	-	-235	-	-	-	-	-235
Disposals	-	-	-	243	-	-	243
Currency differences	-	-46	0	71	-4	-	22
Accumulated amortization and impairment as at Dec 31, 2018	(675)	-3,525	-222	-2,946	-465	-	-7,834
Net carrying amount as at Dec 31, 2018	146	7,464	812	712	1,045	97,474	107,655

	Orders on hand kEUR	Customer lists kEUR	Products kEUR	Software, licences, rights kEUR	Inhouse develop-ments kEUR	Goodwill kEUR	Total kEUR
Gross carrying amount as at Jan 1, 2019	822	10,989	1,034	3,659	1,511	97,474	115,489
Acquisitions through business combinations	97	862	-	-	-	3,420	4,379
Additions	-	33	30	376	875	-	1,315
Disposals	-6	-	-	-291	-	-	-298
Currency differences	0	88	12	-33	8	1,501	1,577
Carrying amount as at Dec 31, 2019	913	11,972	1,077	3,710	2,394	102,395	122,461
Accumulated amortization and impairment as at Jan 1, 2019	-675	-3,525	-222	-2,946	-465	-	-7,834
Amortization of the year	-237	-2,535	-247	-96	-370	-	-3,485
Impairment	-	-	-30	-	-	-	-30
Disposals	-	-	-	274	-	-	274
Currency differences	(0)	-32	(0)	41	-6	-	2
Accumulated amortization and impairment as at Dec 31, 2019	-913	-6,092	-500	-2,727	-841	-	-11,073
Net carrying amount as at Dec 31, 2019	0	5,880	577	983	1,553	102,395	111,388

With the exception of inhouse developments, all intangible assets were acquired.

The orders on hand were measured at its expected net amount determined as the order value for the orders less full costs.

To measure customer lists, historical revenues were analyzed for regular and other customers, in order to determine what revenue with regular customers can be expected within the next five years with. Customer lists were recognized at the amount of expected revenues less full costs and risk discounts, as well as amounts already recognized as orders on hand.

The acquired products are measured based on sales planning and the expected result for the products less risk discounts due to aging and technical obsolescence. A planning period of five years was used.

2. Impairment test for goodwill

Goodwill is subject to regular annual impairment tests or more frequently if events or changes in circumstances indicate that it might be impaired. The Group applies the value-in-use method and determines the value-in-use based on a three-years planning for the respective CGUs. For the perpetual period, it extrapolates the cash flows of the third detailed planning year for all other future years. These cash flows are discounted using a WACC after tax of 5,41% (2018: 3,42%; 2017: 3,20%), which corresponds to a WACC before taxes of 5,49% (2018: 3,94%; 2017: 3,77%). In the planning phase after the third planning year, the interest rates are reduced by a growth discount of 1 percentage point. The interest rate takes into account debt and equity ratios derived from peer groups.

The following parameters were incorporated in calculating the WACC rate:

	2019	2018	2017
Interest rate for 10-year bonds	0.30%	0.97%	0.95%
Equity ratio peergroup comparison	83.00%	80.08%	76.87%
Debt ratio peergroup	17.00%	19.92%	23.13%
5-year beta factor Nagarro SE	0.7955	0.5949	0.5635
Tax rate	30.00%	30.00%	30.00%
Interest rate on debt	1.70%	1.93%	1.88%
Risk premium for equity	7.50%	5.00%	5.00%
WACC pre-tax	5.49%	3.94%	3.77%
WACC after tax	**5.41%**	**3.42%**	**3.20%**

The following growths rates have been applied:

	North America		Central Europe		Rest of Europe	Rest of World
	Nagarro Base	Nagarro Objectiva	Nagarro Base	Nagarro iQuest	Nagarro Base	Nagarro Base
Growth rates 2017						
Average annual revenue growth in %	11.3	-	11.3	-	11.3	11.3
in %	12.6	-	12.6	-	12.6	12.6
Growth rates 2018						
Average annual revenue growth in %	10.4	31.4	10.4	10.8	10.4	10.4
in %	11.6	58.8	11.6	-10.1	11.6	11.6
Growth rates 2019						
Average annual revenue growth in %	17.9	20.4	17.9	8.0	17.9	17.9
in %	9.0	15.2	9.0	9.9	9.0	9.0

All goodwill was considered recoverable. Goodwill changed as follows:

	Dec 31, 2017 kEUR	Impairment kEUR	Currency differences kEUR	Additions kEUR	Jan 1, 2017 kEUR
North America	34,493	-	-4,724	0	39,217
Central Europe	4,067	-	-33	0	4,100
Rest of Europe	429	-	0	0	429
Rest of World	0	-	0	0	0
	38,989	-	-4,757	0	43,746

	Dec 31, 2018 kEUR	Impairment kEUR	Currency differences kEUR	Additions kEUR	Dec 31, 2017 kEUR
North America	69,783	-	2,288	33,002	34,493
Central Europe	27,300	-	0	23,200	4,100
Rest of Europe	392	-	-4	0	396
Rest of World	0	-	0	0	0
	97,474	-	2,284	56,202	38,989

	Dec 31, 2019 kEUR	Impairment kEUR	Currency differences kEUR	Additions kEUR	Dec 31, 2018 kEUR
North America	71,274	-	1,491		69,783
Central Europe	27,300	-	0		27,300
Rest of Europe	395	-	3		392
Rest of World	3,427	-	7	3,420	0
	102,395	-	1,501	3,420	97,474

3. Property, plant and equipment

The changes in property, plant and equipment were as follows:

	Land and buildings kEUR	Other plant, vehicles, operating and office equipment kEUR	Total kEUR
Gross carrying amount as at Jan 1, 2017	3,335	5,231	8,566
Acquisitions through business combinations	-	220	220
Additions	79	1,048	1,126
Disposals	-6	-123	-129
Currency differences	-214	-291	-505
Gross carrying amount as at Dec 31, 2017	3,193	6,085	9,279
Accumulated depreciation and impairment as at Jan 1, 2017	-384	-3,747	-4,130
Depreciation of the year	-152	-1,135	-1,287
Impairment	-	-	-
Disposals	-	96	96
Currency differences	29	240	270
Accumulated depreciation and impairment as at Dec 31, 2017	-506	-4,546	-5,052
Net carrying amount as at Dec 31, 2017	2,687	1,540	4,227

	Land and buildings kEUR	Other plant, vehicles, operating and office equipment kEUR	Total kEUR
Gross carrying amount as at Jan 1, 2018	3,193	6,085	9,279
Acquisitions through business combinations	-	1,972	1,972
Additions	8	2,110	2,117
Disposals	-	-1,039	-1,039
Currency differences	-126	-157	-284
Gross carrying amount as at Dec 31, 2018	3,074	8,971	12,045
			-
Accumulated depreciation and impairment as at Jan 1, 2018	-506	-4,546	-5,052
Depreciation of the year	-143	-1,378	-1,521
Impairment	-	-	-
Disposals	-	1,023	1,023
Currency differences	18	139	157
Accumulated depreciation and impairment as at Dec 31, 2018	-631	-4,762	-5,392
Net carrying amount as at Dec 31, 2018	2,443	4,209	6,653

	Land and buildings kEUR	Other plant, vehicles, operating and office equipment kEUR	Total kEUR
Gross carrying amount as at Jan 1, 2019	3,074	8,971	12,045
Acquisitions through business combinations	42	221	263
Additions	0	3,122	3,122
Disposals	-	-883	-883
Currency differences	-13	-129	-143
Gross carrying amount as at Dec 31, 2019	3,103	11,301	14,404
Accumulated depreciation and impairment as at Jan 1, 2019	-631	-4,762	-5,392
Depreciation of the year	-150	-2,105	-2,254
Impairment	-	-	-
Disposals	-	379	379
Currency differences	5	60	65
Accumulated depreciation and impairment as at Dec 31, 2019	-775	-6,427	-7,203
Net carrying amount as at Dec 31, 2019	2,328	4,873	7,201

4. Leases

With the adoption of IFRS 16 assets used under lease agreements were determined and respective right-of-use assets were recognized, unless relating to leases of low-value assets or short-term leases. The right-of-use assets developed as follows:

	Land use rights and buildings kEUR	Vehicles, operating and office equipment kEUR	Total kEUR
Gross carrying amount as at Jan 1, 2017	16,120	8,921	25,041
Acquisitions through business combinations	9,828	805	10,633
Additions	119	1,282	1,402
Disposals	-164	-1,076	-1,240
Currency differences	-683	-359	-1,042
Gross carrying amount as at Dec 31, 2017	25,221	9,573	34,794
Accumulated depreciation and impairment as at Jan 1, 2017	-	-2,233	-2,233
Depreciation of the year	-3,285	-2,727	-6,012
Impairment	-	-	-
Disposals	164	1,072	1,236
Currency differences	89	165	253
Accumulated depreciation and impairment as at Dec 31, 2017	-3,033	-3,723	-6,756
Net carrying amount as at Dec 31, 2017	22,188	5,850	28,039

	Land use rights and buildings kEUR	Vehicles, operating and office equipment kEUR	Total kEUR
Gross carrying amount as at Jan 1, 2018	25,221	9,573	34,794
Acquisitions through business combinations	11,075	6	11,081
Additions	9,373	8,047	17,420
Disposals	-162	-1,893	-2,055
Currency differences	-560	-240	-800
Gross carrying amount as at Dec 31, 2018	44,947	15,494	60,441
			-
Accumulated depreciation and impairment as at Jan 1, 2018	-3,033	-3,723	-6,756
Depreciation of the year	-5,317	-3,332	-8,649
Impairment	-	-	-
Disposals	162	1,884	2,047
Currency differences	63	113	176
Accumulated depreciation and impairment as at Dec 31, 2018	-8,124	-5,058	-13,182
Net carrying amount as at Dec 31, 2018	36,823	10,435	47,258

	Land use rights and buildings kEUR	Vehicles, operating and office equipment kEUR	Total kEUR
Gross carrying amount as at Jan 1, 2019	44,947	15,494	60,441
Acquisitions through business combinations	105	-	105
Additions	11,516	9,692	21,207
Disposals	-989	-1,981	-2,970
Currency differences	-358	-51	-409
Gross carrying amount as at Dec 31, 2019	55,222	23,153	78,375
Accumulated depreciation and impairment as at Jan 1, 2019	-8,124	-5,058	-13,182
Depreciation of the year	-8,204	-5,188	-13,392
Impairment	-	-	-
Disposals	989	1,974	2,963
Currency differences	80	20	99
Accumulated depreciation and impairment as at Dec 31, 2019	-15,260	-8,252	-23,512
Net carrying amount as at Dec 31, 2019	39,962	14,901	54,862

The lease liabilities are as follows:

	Dec 31, 2019			Dec 31, 2018			Dec 31, 2017		
		of which:			of which:			of which:	
	Total kEUR	non-current kEUR	current kEUR	Total kEUR	non-current kEUR	current kEUR	Total kEUR	non-current kEUR	current kEUR
Properties	43,914	36,049	7,865	39,885	33,837	6,048	24,242	21,334	2,908
Motor vehicles	1,966	811	1,155	2,294	1,075	1,219	1,950	1,010	940
Operating and office equipment	13,485	10,372	3,113	8,509	6,112	2,397	4,244	2,717	1,527
	59,365	47,232	12,133	50,688	41,024	9,664	30,436	25,061	5,375

The lease liabilities were translated at the closing rate on 31 December.

In the fiscal year 2019 expenses relating to leases of low-value assets totaled kEUR 92 (2018: kEUR 41; 2017: kEUR 7). For short-term leases, there were expenses of kEUR 441 in fiscal year 2019 (2018: kEUR 1,116; 2017: kEUR 75).

5. Other financial assets

Other financial assets break down as follows:

	Dec 31, 2019			Dec 31, 2018			Dec 31, 2017		
		of which:			of which:			of which:	
	Total kEUR	non-current kEUR	current kEUR	Total kEUR	non-current kEUR	current kEUR	Total kEUR	non-current kEUR	current kEUR
Security deposits	2,900	2,493	408	2,660	2,283	377	1,952	1,784	168
Loans to Allgeier SE	2,009	-	2,009	-	-	-	362	-	362
Loans to Allgeier Project Solutions GmbH	1,205	-	1,205	651	-	651	632	-	632
Receivables from employees	756	-	756	874	-	874	857	-	857
Securities to suppliers	756	-	756	687	-	687	685	-	685
Derivative financial instruments	455	-	455	1,040	-	1,040	458	-	458
Creditors with debit balances	116	-	116	207	-	207	57	-	57
Receivable from loss transfer to Allgeier Enterprise Services AG	-	-	-	882	-	882	1,000	-	1,000
Other	552	210	342	1,594	1,122	472	2,683	1,795	887
	8,750	2,702	6,047	8,595	3,404	5,190	8,685	3,580	5,106

Other mainly comprises loans and advances granted to vendors as well as receivables from the national health insurance in Romania.

Further information on receivables from Allgeier Group companies is provided in section H.II. *Related party transactions.*

6. Other assets

The other assets are composed as follows:

	Dec 31, 2019			Dec 31, 2018			Dec 31, 2017		
		of which:			of which:			of which:	
	Total kEUR	non-current kEUR	current kEUR	Total kEUR	non-current kEUR	current kEUR	Total kEUR	non-current kEUR	current kEUR
Prepayments and accrued income	4,568	34	4,534	3,900	34	3,866	2,051	1	2,050
VAT receivables	4,430	-	4,430	3,858	-	3,858	2,252	-	2,252
	8,998	34	8,964	7,758	34	7,724	4,303	1	4,302

7. Deferred taxes

Deferred tax assets and liabilities are recognized in respect of the following types of temporary differences and unused tax losses:

	Dec 31, 2019		Dec 31, 2018		Dec 31, 2017	
	Deferred tax assets kEUR	Deferred tax liabilities kEUR	Deferred tax assets kEUR	Deferred tax liabilities kEUR	Deferred tax assets kEUR	Deferred tax liabilities kEUR
Intangible assets	1,050	1,899	957	1,584	1,185	447
Property, plant and equipment	186	130	490	285	420	245
Contract costs	-	186	-	267	-	-
Contract assets and liabilities	202	256	73	156	-	-
Miscellaneous financial assets	220	17	183	286	172	482
Provisions for post-employment benefits	794	-	1,100	-	-	-
Other provisions	1,857	205	992	-	1,787	129
Other financial liabilities	58	-	273	-	77	-
Temporary differences	4,367	2,693	4,068	2,578	3,641	1,303
Loss carryforwards	5,092	-	1,364	-	1,016	-
Offsetting	-1,127	-1,127	-858	-858	-489	-489
	8,332	1,566	4,574	1,720	4,168	814

As of December 31, 2019, Nagarro had corporate income tax loss carryforwards of kEUR 28,647 (December 31, 2018: kEUR 24,664; December 31, 2017: kEUR 13,977) and trade tax loss carryforwards of kEUR 14,041 (December 31, 2018: kEUR 12,589; December 31, 2017: kEUR 9,894). Deferred tax assets on tax loss carryforwards of kEUR 5,092 (December 31, 2018: kEUR 1,364; December 31, 2017: kEUR 1,016) were recognized. An amount of kEUR 2,785 (December 31, 2018: kEUR 5,602; December 31, 2017: kEUR 3,062) were not recognized as deferred tax asset due to uncertainty concerning their utilization. The expiry dates of the unrecognized deferred taxes are as follows:

	Dec 31, 2019 kEUR	Dec 31, 2018 kEUR	Dec 31, 2017 kEUR
Forfeiture within less than 4 years	50	0	0
Forfeiture within 4 to 7 years	377	300	247
Forfeiture within more than 7 years	16	102	186
Non-forfeitable	2,342	5,201	2,630
	2,785	5,602	3,063

Deferred tax assets exceeding deferred tax liabilities in the amount of kEUR 4,544 (December 31, 2018: kEUR 1,276; December 31, 2017: kEUR 655) for companies that generated a loss in the current or previous period were recognized as these are considered to be recoverable based on current tax planning.

Of the deferred tax assets, kEUR 7,337 (December 31, 2018: kEUR 3,497; December 31, 2017: kEUR 2,504) are current and kEUR 995 (December 31, 2018: kEUR 1,076; December 31, 2017: kEUR 1,664) are non-current. Of the deferred tax liabilities, kEUR 526 (December 31, 2018: kEUR 467; December 31, 2017: kEUR 0) are current and kEUR 1,040 (December 31, 2018: kEUR 1,253; December 31, 2017: kEUR 814) are non-current. Current deferred taxes are reported within non-current assets and non-current liabilities.

Deferred tax liabilities on temporary differences associated with investments in subsidiaries have not been recognized as it is not likely that these temporary differences will be reversed in the foreseeable future.

8. Inventories

Inventories include advance payments to suppliers amounting to kEUR 9 (December 31, 2018: kEUR 10; December 31, 2017: kEUR 5). In fiscal year 2017, inventories also consist of capitalized costs amounting to kEUR 260 to fulfill a contract. With the first time application of IFRS 15 as of January 1, 2018, these costs have been excluded from inventories and are reported separately within contract costs.

No impairment losses are recognized on inventories in fiscal years 2019, 2018 and 2017. In fiscal year 2019, the cost of purchased materials for inventories amounted to kEUR 301 (2018: kEUR 206; 2017: kEUR 56).

9. Contract costs

Capitalized contract costs in connection with customer projects were amortized in the amount of kEUR 222 (2018: kEUR 155; 2017: kEUR 25). No impairment losses were recognized on capitalized contract costs.

10. Contract assets and liabilities

Contract assets and liabilities as of the reporting dates were as follows:

	Dec 31, 2019			Dec 31, 2018		
		of which:			of which:	
	Total kEUR	non-current kEUR	current kEUR	Total kEUR	non-current kEUR	current kEUR
Customer projects measured according to the percentage-of-completion method	12,562	-	12,562	5,528	-	5,528
Contract assets	12,562	-	12,562	5,528	-	5,528
Customer projects measured according to the percentage-of-completion method	4,976	-	4,976	1,809	-	1,809
Accruals and deferred income	2,234	2	2,232	2,624	2	2,621
Other timing differences between revenue recognition and customer billing	324	283	41	235	235	-
Contract liabilities	7,534	285	7,249	4,668	237	4,431

Contract assets and liabilities developed as follows in the fiscal years 2018 and 2019:

	Contract assets kEUR	Contract liabilities kEUR
Balance on January 1, 2018	3,895	2,285
Revenue recognition	5,386	-2,477
Addition due to business combinations	109	271
Currency effect	62	58
Reclassification to trade receivables	-3,924	-
Advance payments received from customers	-	4,531
Disposal due to business combinations	-	-
Balance on December 31, 2018	5,528	4,668

Revenue recognized in fiscal year 2018 include kEUR 2,266 which was reported under contract liabilities at the beginning of the fiscal year.

	Contract assets kEUR	Contract liabilities kEUR
Balance on January 1, 2019	5,528	4,668
Revenue recognition	12,551	-4,450
Addition due to business combinations	-	70
Currency effect	16	22
Reclassification to trade receivables	-5,533	-
Advance payments received from customers	-	7,224
Disposal due to business combinations	-	-
Balance on December 31, 2019	12,562	7,534

Revenue recognized in fiscal year 2019 include kEUR 4,439 which was reported under contract liabilities at the beginning of the fiscal year.

11. Trade receivables

Trade receivables are composed as follows:

	Dec 31, 2019 kEUR	Dec 31, 2018 kEUR	Dec 31, 2017 kEUR
Customer receivables	82,502	76,707	51,377
Impairment of customer receivables	-2,182	-1,730	-1,109
	80,320	74,977	50,268

For financing customer receivables the Allgeier Group has a factoring volume of EUR 60 million (2018: EUR 50 million; 2017: EUR 50 million), in which Nagarro also participated. The Group derecognizes customer receivables after the entire risk associated with the sold receivables are transferred. Interest on the factored receivables is calculated at Euribor plus a margin of up to 1.3 percentage points. In December 2019, an interest rate of 0.94% p.a. was applied as a result of ongoing negative short-term interest rates (December 31, 2018: 0.94% p.a.; December 31, 2017: 0.94% p.a.).

As of December 31, 2019, kEUR 6,249 (December 31, 2018: kEUR 6,111; December 31, 2017: kEUR 4,791) of the factoring volume were used. Of this amount, a portion of kEUR 4,586 (December 31, 2018: kEUR 4,332; December 31, 2017: kEUR 3,111) was offset against trade receivables. The remaining portion of kEUR 1,663 (December 31, 2018: kEUR 1,779; December 31, 2017: kEUR 1,680) paid by customers was recognized under liabilities to banks. The factor pays the submitted receivables lists on two specified days in the month. In cases in which the individual receivables are paid by customer in the period between payment by the factor and the end of the month, the amounts received by the factor are recognized as liability. The liabilities have floating interest rates. At the end of 2019 an interest rate of 0.87% p.a. was applied (2018: 0.94% p.a.; 2017: 0.94% p.a.).

12. Cash

Cash is composed as follows:

	Dec 31, 2019 kEUR	Dec 31, 2018 kEUR	Dec 31, 2017 kEUR
Bank balances	43,745	27,934	16,538
Cash on hand	13	13	37
	43,758	27,947	16,576

Bank balances include term deposits and current account balances. They are highly liquid and available on short notice. Demand deposits are not subject to fluctuation risks, or subject to such risk only to an insignificant extent. Cash is part of the funds of Nagarro.

13. Liabilities to banks

Outstanding balances with banks are composed as follows:

	Dec 31, 2019			Dec 31, 2018			Dec 31, 2017		
		of which:			of which:			of which:	
	Total kEUR	non-current kEUR	current kEUR	Total kEUR	non-current kEUR	current kEUR	Total kEUR	non-current kEUR	current kEUR
Overdraft facility of Nagarro Software Pvt. Ltd.	2,760	-	2,760	2,900	-	2,900	-	-	-
Liabilities from factoring	1,663	-	1,663	1,779	-	1,779	1,680	-	1,680
Overdraft facility of Nagarro Enterprise Services Pvt. Ltd.	550	-	550	549	-	549	-	-	-
Bank loan Nagarro Software srl	245	198	47	-	-	-	-	-	-
Bank loans iQuest Technlogies srl	232	-	232	582	233	349	-	-	-
Mortgage of Nagarro Enterprise Services Pvt. Ltd.	-	-	-	156	-	156	321	149	171
Bank loan Nagarro Inc.	-	-	-	-	-	-	1,670	-	1,670
Other	46	46	-	-	-	-	13	-	13
	5,496	244	5,252	5,967	233	5,734	3,683	149	3,534

Nagarro Software Pvt. Ltd. uses term loans denominated in euro at a local bank to finance working capital fluctuations. As of December 31, 2019, these term loans denominated in euro totaled kEUR 2,760 (December 31, 2018: kEUR 2,900) out of which kEUR 1,525 (December 31, 2018: kEUR 2,900) was secured by an exclusive charge over all its current and movable assets except assets financed under finance lease and exclusive charge over its entire immovable fixed assets. In fiscal year 2019, the loans had an average interest rate of 1.65% p.a. (2018: 1.72%).

Nagarro Enterprise Services Pvt. Ltd. has concluded a current account credit line with a local bank in the amount of kEUR 550. As of December 31, 2019, this credit line was utilized in the amount of kEUR 550 (December 31, 2018: kEUR 549) which was fully secured by an exclusive charge over its current assets excluding those assets which are charged under mortgage loan mentioned below and the assets which are financed under finance lease. The interest rate was 1.9% p.a. (2018: 1.85% p.a.).

In November 2019, Nagarro Software srl, Timisoara, Romania, concluded a bank loan to finance investments in a new office building. The loan has a duration to October 2024 and will be repaid in equal monthly installments. The loan has a floating interest rate based on 6-month Euribor plus a margin of 2.5 percentage points, with a minimum interest rate of 2.5% p.a.

In the 2017 fiscal year, iQuest Technologies srl, Cluj-Napoca, Romania, took out a bank loan totaling kEUR 1,045. This loan is being repaid in equal monthly installments to August 2020. The loan has a floating interest rate based on 1-month Euribor plus a margin of 1.6%, with a minimum interest rate of 1.6%. As of December 31, 2019, the remaining amount from this loan was kEUR 232 (December 31, 2018: kEUR 582).

Nagarro Enterprise Services Pvt. Ltd. entered into a mortgage loan in 2012 to finance an office building in Jaipur. This loan was fully repaid in 2019. The remaining debt of the loan, which was issued in US dollars, amounted to kUSD 179 or kEUR 156 on December 31, 2018 (December 31, 2017: kUSD 384 or kEUR 321). This loan had a variable interest rate and is linked to the development of USD-LIBOR. The interest rate as of December 31, 2018 was 8.88% p.a. (December 31, 2017: 7.67% p.a.) The loan was repaid in monthly installments of kUSD 17 each. The borrower's property, plant and equipment was pledged as collateral. It had a carrying amount of kEUR 2,165 as of December 31, 2018 (December 31, 2017: kEUR 2,420).

As of December 31, 2017, of the credit facilities of USD 3 million which it had been granted, Nagarro Inc., Cupertino, USA, utilized USD 2 million (kEUR 1,670). The credit facility had a duration to September 30, 2018, further extended for 3 months and attracts interest at Libor plus a margin of 2 percentage points.

There were no defaults on payments during or after the reporting periods. All financial ratios to which the companies committed themselves within the framework of loans and credit agreements were complied with in fiscal years 2019, 2018 and 2017.

14. Provisions for post-employment benefits

The Indian companies have obligations for future gratuity payments to employees who have worked with the company for more than 5 years (gratuity obligations) that become payable when employees depart, regardless of termination by the employer or employee. These severance payments represent a defined benefit plan in accordance with IAS 19. To cover these post-employment benefit obligations, provisions of kEUR 4,394 were recognized as of December 31, 2019 (December 31, 2018: kEUR 3,171; December 31, 2017: kEUR 2,516). The amounts can be reconciled as follows:

	2019	2018	2017
	kEUR	kEUR	kEUR
Present value of the defined benefit obligation on January 1	3,171	2,516	2,213
Current service cost	803	678	606
Actuarial gains or losses	485	87	-196
Interest cost	219	161	134
Currency translation	3	-71	-115
Benefits paid	-287	-200	-126
Present value of the defined benefit obligation on December 31	4,394	3,171	2,516

The change in defined benefit obligations affected the Combined Statements of Comprehensive Income as follows:

	2019	2018	2017
	kEUR	kEUR	kEUR
Staff costs			
Current service cost	803	603	606
Past service cost	-	75	-
	803	678	606
Finance expenses			
Interest cost	219	161	134
Recognized in profit and loss	1,022	839	740
Losses (Gains) from remeasurement of defined benefit obligations			
due to experience adjustments	293	111	143
due to changes in financial assumptions	192	-24	-339
Included in other comprehensive income	485	87	-196

As of December 31, 2019, the average expected length of service until an employee leaves the company was 5.0 years (December 31, 2018: 5.0 years; December 31, 2017: 5.0 years).

Sensitivity analysis

As a result of the existing benefit commitments, Nagarro is exposed to the following actuarial risks:

Longevity risk	The higher life expectancy is higher than the best possible estimate according to the mortality tables. This increases an actual pension obligation at a later date.
Interest rate risk	The calculated interest rate to determine the present value of the defined benefit obligations is derived from the yield on high-quality corporate bonds. A decrease in interest on corporate bonds leads to an increase in benefit obligations.
Salary risk	Subsequent, unexpected salary increases lead to an increase in benefit obligations linked to remuneration.

The actuarial parameters used for calculating the present value of defined benefit obligations are the calculated interest rate, the expected annual salary increases for commitments linked to remuneration (salary trend), and the annual increase in current pensions (pension trend). On the assumption that the remaining parameters are constant, the present value of the defined benefit obligations as of December 31, 2019, 2018 and 2017 increases or decreases by changing one assumption at a time according to the following sensitivity analysis:

Dec 31, 2017	Increase kEUR	Decrease kEUR
Calculated interest rate (1.00% change)	-125	138
Salary trend (1.00% change)	119	-113
Pension trend (0.25% change)	0	0

Dec 31, 2018	Increase kEUR	Decrease kEUR
Calculated interest rate (1.00% change)	-154	171
Salary trend (1.00% change)	157	-147
Pension trend (0.25% change)	0	0

Dec 31, 2019	Increase kEUR	Decrease kEUR
Calculated interest rate (1.00% change)	-221	245
Salary trend (1.00% change)	221	-208
Pension trend (0.25% change)	0	0

The above sensitivity analyses were performed by extrapolating the effects of realistic changes in key assumptions at the end of the reporting period on the defined benefit obligation.

15. Liabilities from acquisitions

For details on liabilities from acquisitions refer to sections D.19 *Financial Instruments* and H.I. *Business Combinations*.

16. Other financial liabilities

Other financial liabilities are composed as follows:

	Dec 31, 2019			Dec 31, 2018			Dec 31, 2017		
		of which:			of which:			of which:	
	Total kEUR	non-current kEUR	current kEUR	Total kEUR	non-current kEUR	current kEUR	Total kEUR	non-current kEUR	current kEUR
Liabilities to Allgeier Enterprise Services AG	61,219	-	61,219	0	-	0	0	-	0
Loan Allgeier SE	37,954	-	37,954	34,257	-	34,257	31,585	-	31,585
Loan Allgeier Project Solutions GmbH	17,564	-	17,564	17,594	-	17,594	13,707	-	13,707
Wages and salaries	7,956	-	7,956	4,892	-	4,892	3,830	-	3,830
Leave obligations	4,702	-	4,702	4,196	-	4,196	2,682	-	2,682
Outstanding incoming invoices	2,908	-	2,908	2,696	-	2,696	3,692	-	3,692
Social security liabilities	3,953	-	3,953	3,463	-	3,463	523	-	523
Loan Allgeier Enterprise Services AG	3,091	-	3,091	5,432	-	5,432	5,340	-	5,340
Derivative financial instruments	404	-	404	314	-	314	254	-	254
Working time accounts	345	-	345	380	-	380	332	-	332
Customers with credit balances	154	-	154	159	-	159	20	-	20
Loan Allgeier IT Solutions GmbH	0	-	0	2,806	-	2,806	2,724	-	2,724
Other	2,157	2,125	33	2,036	1,470	566	3,172	1,157	2,015
	142,408	2,125	140,283	78,225	1,470	76,755	67,862	1,157	66,705

Obligations arising from vacation days not yet taken and granted to employees of Nagarro companies as of the reporting date are recognized as leave obligations. Expenditure per vacation day is calculated according to the individual average salary (excluding one-time payments) of the employees in the fiscal year under review, including social security contributions.

Refer to section H.II. *Related party transactions* for information on liabilities with the companies of the Allgeier Group.

17. Other provisions

Other provisions are composed as follows:

	Dec 31, 2019			Dec 31, 2018			Dec 31, 2017		
		of which:			of which:			of which:	
	Total kEUR	non-current kEUR	current kEUR	Total kEUR	non-current kEUR	current kEUR	Total kEUR	non-current kEUR	current kEUR
Bonuses	8,119	-	8,119	7,056	-	7,056	4,862	-	4,862
Preparation and audit of statutory financial statements	497	-	497	242	-	242	216	-	216
Employers' liability insurance association	164	-	164	162	-	162	140	-	140
Restructuring, severance pay	100	-	100	14	-	14	41	-	41
Miscellaneous	1,285	236	1,049	958	241	717	745	-	745
	10,164	236	9,927	8,432	241	8,191	6,005	-	6,005

Provisions for bonuses relate to performance-based remuneration of management and employees of Nagarro companies.

Provision for financial statements include expected costs to be incurred with respect to the preparation and the audit of the annual financial statements as well as preparation of the tax returns.
Other provisions developed as follows:

	Jan 1, 2017 kEUR	Additions through business combi-nation kEUR	Use kEUR	Release kEUR	Additions kEUR	Currency kEUR	Dec 31, 2017 kEUR
Bonuses	1,932	209	-2,098	-87	4,963	-57	4,862
Preparation and audit of statutory financial statements	209	-	-114	-88	215	-6	216
Employers' liability insurance association	36	-	-30	-6	140	-	140
Restructuring, severance pay	-	13	-	-	29	-	41
Miscellaneous	596	-	-383	-13	580	-36	745
	2,773	221	-2,625	-193	5,928	-99	6,005

	Jan 1, 2018 kEUR	Additions through business combin-ation kEUR	Use kEUR	Release kEUR	Additions kEUR	Currency kEUR	Dec 31, 2018 kEUR
Bonuses	4,862	938	-5,083	-157	6,506	-10	7,056
Preparation and audit of statutory financial statements	216	62	-206	-2	170	2	242
Employers' liability insurance association	140	2	-139	-5	164	-	162
Restructuring, severance pay	41	-	-28	-	-	-	14
Miscellaneous	745	237	-602	-34	638	-26	958
	6,005	1,239	-6,057	-198	7,477	-34	8,432

	Jan 1, 2019 kEUR	Additions through business combin-ation kEUR	Use kEUR	Release kEUR	Additions kEUR	Currency kEUR	Dec 31, 2019 kEUR
Bonuses	7,056	-	-9,480	-11	10,564	-9	8,119
Preparation and audit of statutory financial statements	242	-	-171	-7	432	1	497
Employers' liability insurance association	162	-	-153	-8	162	-	164
Restructuring, severance pay	14	-	-14	-	100	-	100
Miscellaneous	958	-	-514	-271	1,119	-6	1,285
	8,432	-	-10,331	-298	12,375	-15	10,164

18. Other liabilities

Other liabilities are composed as follows:

	Dec 31, 2019		Dec 31, 2018		Dec 31, 2017	
	Total kEUR	of which: current kEUR	Total kEUR	of which: current kEUR	Total kEUR	of which: current kEUR
Liabilities from VAT	2,458	2,458	2,537	2,537	1,897	1,897
Other	22	22	15	15	19	19
	2,480	2,480	2,553	2,553	1,916	1,916

19. Financial instruments

The carrying amounts and fair values of financial instruments are classified as follows:

Dec 31, 2019 kEUR	Carrying amounts at fair value	Carrying amounts at amortized costs	Carrying amounts Total	Fair values Level 1	Fair values Level 2	Fair values Level 3	Fair values Total
Financial assets							
FVTPL							
Other financial assets							
Foreign exchange forward transactions	455	-	455	-	455	-	455
	455	-	455	-	455	-	455
AC							
Trade receivables	-	80,320	80,320				80,320
Other financial assets	-	8,295	8,295				8,295
Cash	-	43,758	43,758				43,758
	-	132,373	132,373				132,373
	455	132,373	132,828				132,828
Financial liabilities							
FVTPL							
Liabilities from acquisitions	21,398	-	21,398	-	-	21,398	21,398
Other financial liabilities							
Foreign exchange forward transactions	404	-	404	-	404	-	404
	21,802	-	21,802	-	404	21,398	21,802
AC							
Liabilities from acquisitions	-	223	223				223
Liabilities to banks	-	5,496	5,496				5,496
Trade payables	-	16,055	16,055				16,055
Other financial liabilities	-	142,004	142,004				142,004
	-	163,778	163,778				163,778
	21,802	163,778	185,580				185,580

Dec 31, 2018 kEUR	Carrying amounts at fair value	 at amortized costs	 Total	Fair values Level 1	 Level 2	 Level 3	 Total
Financial assets							
FVTPL							
Other financial assets							
Foreign exchange forward transactions	1,040	-	1,040	-	1,040	-	1,040
	1,040	-	1,040	-	1,040	-	1,040
AC							
Trade receivables	-	74,977	74,977				74,977
Other financial assets	-	7,555	7,555				7,555
Cash	-	27,947	27,947				27,947
	-	110,479	110,479				110,479
	1,040	110,479	111,518				111,518
Financial liabilities							
FVTPL							
Liabilities from acquisitions	25,202	-	25,202	-	-	25,202	25,202
Other financial liabilities							
Foreign exchange forward transactions	314	-	314	-	314	-	314
	25,517	-	25,517	-	314	25,202	25,517
AC							
Liabilities from acquisitions	-	879	879				879
Liabilities to banks	-	5,967	5,967				5,967
Trade payables	-	17,358	17,358				17,358
Other financial liabilities	-	77,911	77,911				77,911
	-	102,114	102,114				102,114
	25,517	102,114	127,630				127,630

Contract assets (December 31, 2019: kEUR 12,562; December 31, 2018: kEUR 5,528) and lease liabilities (December 31, 2019: kEUR 59,365; December 31, 2018: kEUR 50,688) are not allocated to any of the measurement categories under IFRS 9 and are therefore not included in the tables above.

Dec 31, 2017 kEUR	Carrying amounts Hedging instruments	Loans and receivables	Other financial liabilities	Total	Fair values Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss								
Other financial assets								
Foreign exchange forward transactions	458	-	-	458	-	458	-	458
	458	-	-	458	-	458	-	458
Financial assets recognized at amortized cost								
Trade receivables	-	50,268		50,268				50,268
Other financial assets	-	8,227		8,227				8,227
Cash	-	16,576		16,576				16,576
	-	75,071	-	75,071				75,071
Financial assets	458	75,071	-	75,529				75,529
Financial liabilities measured at fair value through profit or loss								
Other financial liabilities								
Foreign exchange forward transactions	254	-	-	254	-	254	-	254
	254	-	-	254	-	254	-	254
Financial liabilities recognized at amortized cost								
Liabilities from acquisitions	-	-	755	755				755
Liabilities to banks	-	-	3,683	3,683				3,683
Trade payables	-	-	14,670	14,670				14,670
Other financial liabilities	-	-	67,608	67,608				67,608
	-	-	86,717	86,717				86,717
Financial liabilities	254	-	86,717	86,971				86,971

For items for which fair value is not disclosed, the carrying amounts are deemed a fair representation of the fair value.

For determining the fair value of assets and liabilities, if possible Nagarro uses prices that can be observed in the market. Depending on the input factors, the fair value is classified in different levels of the measurement hierarchy:

Level 1: Prices for identical assets and liabilities are used that are available in active markets.

Level 2: Other measurement factors are used for an asset or a liability that can be observed directly or indirectly, or that can be derived from market prices.

Level 3: Measurement factors are used that are not based on observable market data.

In the periods under consideration there were no reclassifications between hierarchy levels.

Forward rate pricing: The fair value is determined using quoted forward rates on the balance sheet date and net present value calculations based on yield curves with high credit ratings in corresponding currencies.

Financial instruments categorized in Level 3 are derived as follow:

value	Nagarro Anecon kEUR	Nagarro Objectiva kEUR	Nagarro MENA kEUR	Total kEUR
Balance as at Dec 31, 2017	-	-	-	-
Additions	2,926	21,573	-	24,499
Fair value changes recognized through profit or loss	-	-	-	-
Interest effect	35	259	-	294
Reduction due to payments	-	-	-	-
Currency differences	-	409	-	409
Balance as at Dec 31, 2018	2,961	22,241	-	25,202
Additions	-	-	2,370	2,370
Fair value changes recognized through profit or loss	-	-7,144	-	-7,144
Interest effect	39	433	18	490
Reduction due to payments	-	-	-	-
Currency differences	-	476	4	480
Balance as at Dec 31, 2019	3,000	16,006	2,392	21,398

Contingent purchase price liabilities are measured on the basis of the respective planning. The criteria agreed in the purchase agreements for achieving the contingent purchase prices are compared with the plans, and the fair value of the contingent purchase price liabilities is determined on this basis.

For the fair values of the contingent consideration, a change (increase or decrease) of input factors while keeping the remaining input factors constant has the following effects:

	Profit for the period			
	2019		2018	
	Increase kEUR	Decrease kEUR	Increase kEUR	Decrease kEUR
Anecon				
Change in the earn-out relevant EBITDA by 10% relative to plan	0	0	0	0
Objectiva				
Change in the earn-out relevant EBITDA by 10% relative to plan	0	0	0	2,411
Change of 10% in the USD exchange rate	-1,786	1,461	-2,471	2,022
Farabi				
Change contribution margin relevant to earn-out by 10% relative to plan	0	0	-	-
Change of 10% in the USD exchange rate	-218	179	-	-
	-2,004	1,640	-2,471	4,433

Derivative financial instruments

Nagarro concludes foreign exchange forward transactions to hedge foreign currency risks of future cash flows. When the contract is concluded, it is determined whether the derivative is designated as a cash flow hedge.

In the Nagarro India companies, the euro (EUR), US dollar (USD), the Swedish krone (SEK), the British pound (GBP) and the Australian dollar (AUD) are the currencies that are hedged as the customer receivables are mainly in these currencies while purchasing costs (staff costs and the purchase of third-party services) are incurred in Indian rupees (INR). In each case the maturity of the foreign exchange forward transactions is less than one year. There are no derivatives designated or qualified as hedging relationships for the transactions concluded. Since the conditions for the application of hedge accounting are not fully met, all changes in the value of these forward transactions were recognized through profit or loss.

The foreign exchange forward transactions are as follows:

	Dec 31, 2019			Dec 31, 2018			Dec 31, 2017		
Foreign exchange forwards	Nominal amount (in thousands)	Assets kEUR	Liabilities kEUR	Nominal amount (in thousands)	Assets kEUR	Liabilities kEUR	Nominal amount (in thousands)	Assets kEUR	Liabilities kEUR
INR / USD	USD 40,070	332	90	USD 25,580	375	311	USD 18,785	360	64
INR / EUR	EUR 12,255	119	69	EUR 12,012	534	0	EUR 10,545	55	131
INR / SEK	SEK 59,475	4	193	SEK 25,860	87	3	SEK 33,675	37	57
INR / GBP	GBP 1,114	0	49	GBP 627	44	0	GBP 600	6	2
INR / AUD	AUD 285	0	3	AUD 0	-	-	AUD 0	-	-
		455	404		1,040	314		458	254

If the income or expenses for the foreign exchange forward transactions are not recognized for tax purposes until settlement or sale, deferred taxes are recognized.

The following sensitivity analysis shows the effects of foreign exchange forward transactions if one of the foreign currencies increases or decreases by 5%. The analysis assumes that all other such as the interest rate remain constant.

2019	Profit for the period		Equity	
Effect in kEUR	5% increase	5% decrease	5% increase	5% decrease
INR / EUR	2,761	-2,761	2,761	-2,761
INR / USD	-1,879	1,879	-1,879	1,879
INR / SEK	-285	285	-285	285
INR / GBP	-65	65	-65	65
INR / AUD	-9	9	-9	9

2018	Profit for the period		Equity	
Effect in kEUR	5% increase	5% decrease	5% increase	5% decrease
INR / EUR	2,026	-2,026	2,026	-2,026
INR / USD	-1,249	1,249	-1,249	1,249
INR / SEK	-141	141	-141	141
INR / GBP	-35	35	-35	35

2017	Profit for the period		Equity	
Effect in kEUR	5% increase	5% decrease	5% increase	5% decrease
INR / EUR	1,516	-1,516	1,516	-1,516
INR / USD	-784	784	-784	784
INR / SEK	-171	171	-171	171
INR / GBP	-34	34	-34	34

Net gains and losses from financial instruments

The net gains and losses from financial instruments are composed as follows:

in kEUR	Dec 31, 2019 Category in accordance with IFRS 9	2019 Other operating income	Other operating expenses	Finance income	Finance costs	Total
Cash	AC	-	-	101	-	101
Factoring	AC	-	-	-	-60	-60
Trade and other receivables	AC	111	-986	14	-	-861
of which impairments			*-984*			*-984*
Other financial assets	AC	-	-	66	-	66
Liabilities from Acquisitions	FVTPL	7,144	-	-	-489	6,654
Derivative financial instruments	FVTPL	-	-656	-	-	-656
Leases	n/a	-	-	-	-2,699	-2,699
Other financial liabilities	AC	-	-	-	-1,963	-1,963
		7,255	-1,642	181	-5,212	581

in kEUR	Dec 31, 2018 Category in accordance with IFRS 9	2018 Other operating income	Other operating expenses	Finance income	Finance costs	Total
Cash	AC	-	-	80	-	80
Factoring	AC	-	-	-	-42	-42
Trade and other receivables	AC	561	-1,011	186	-	-264
of which impairments			*-923*			*-923*
Other financial assets	AC	-	-	67	-	67
Liabilities from Acquisitions	FVTPL	-	-	-	-294	-294
Derivative financial instruments	FVTPL	547	-104	-	-	443
Leases (under IFRS 16)	n/a	-	-	-	-2,239	-2,239
Other financial liabilities	AC	-	-	-	-1,869	-1,869
		1,108	-1,115	334	-4,444	-4,117

in kEUR	Dec 31, 2017 Category in accordance with IAS 39	2017 Other operating income	Other operating expenses	Finance income	Finance costs	Total
Cash	LoR	-	-	72	-	72
Factoring	LoR	-	-	-	-24	-24
Trade and other receivables	LoR	185	-1,189	764	-	-240
of which impairments			*-1,062*			*-1,062*
Other financial assets	LoR	-	-	58	-	58
Derivative financial instruments	FVTPL	1,956	-527	-	-	1,429
Leases (under IFRS 16)	n/a	-	-	-	-2,076	-2,076
Other financial liabilities	AC	-	-	-	-1,686	-1,686
		2,140	-1,716	894	-3,786	-2,468

E. Notes to the Combined Statements of Comprehensive Income

20. Revenue

Almost all revenue is recognized with performance obligations satisfied over time from period-related services, the annual amount of which can be clearly derived from the contractual agreements, as well as from customer-specific orders (contracts for work and services) generally to be completed in the following year, the amount of which is derived from the unsatisfied, firmly agreed order values considering any updates.

For customer contracts whose original duration was at least one year, expected revenue from performance obligations yet to be fulfilled are as follows:

as of	Total kEUR	2019 kEUR	2020 kEUR	2021 kEUR	2022 kEUR	2023 kEUR
December 31, 2019	6,256	-	2,821	2,209	1,094	132
December 31, 2018	7,604	3,456	1,659	1,659	830	-

The above amounts do not include variable remuneration components that are subject to a limit.

More information on revenue is provided in section H.III. *Segment information*.

21. Other operating income

Other operating income is broken down as follows:

	2019 kEUR	2018 kEUR	2017 kEUR
Fair value changes recognized as income through profit or loss	7,144	0	0
Income from currency translation	3,542	371	1,568
Income from the sale of fixed assets	369	38	9
Reversal of value adjustments on receivables	111	507	35
Release of provisions	298	198	193
Income from foreign exchange forward transactions	0	547	1,956
Collection of derecognized receivables	0	54	150
Recognition of badwill from business combinations	-	-	1,129
Miscellaneous	1,267	729	1,291
	12,730	2,443	6,330

22. Cost of materials

The cost of materials is composed as follows:

	2019 kEUR	2018 kEUR	2017 kEUR
Purchased services	40,875	32,672	29,102
Raw materials and supplies	8,197	7,194	2,486
	49,072	39,866	31,588

Purchased services include external temporary staff and subcontractors engaged on a project-specific basis.

23. Staff costs

Staff costs are composed as follows:

	2019 kEUR	2018 kEUR	2017 kEUR
Salaries and wages	218,795	151,951	109,854
Social security contributions	22,120	17,107	10,562
Bonuses	13,747	10,710	7,624
	254,662	179,768	128,039

Staff costs of kEUR 556 (2018: kEUR 610; 2017: kEUR 343) were incurred for non-capitalizable activities in connection with product development.

24. Other operating expenses

Other operating expenses are composed as follows:

	2019 kEUR	2018 kEUR	2017 kEUR
Travel expenses	12,573	9,459	8,572
Vehicle costs	4,907	3,899	6,926
IT costs	4,034	1,844	310
Services	3,953	3,128	2,551
Land and building costs	3,423	3,173	2,722
Other staff costs	3,055	2,456	1,574
Advertising expenses	2,687	2,429	1,600
Communication expenses	1,775	1,264	975
Maintenance	1,675	1,449	1,743
Expense from currency translation	1,435	1,337	322
Insurance, contributions	1,384	1,183	739
Legal and consulting fees	1,105	1,090	669
Entertainment expenses	887	482	440
Office supplies	669	443	497
Expenses for foreign exchange forward transactions	656	104	527
Expenses for statutory financial statements	647	380	304
Direct selling expenses	471	549	380
Write-offs and impairments of trade receivables	-	-	1,189
Miscellaneous	4,424	2,687	2,525
	49,762	37,357	34,564

25. Depreciation, amortization and impairment

For information on depreciation, amortization and impairment please refer to Sections *D.1. Intangible Assets, D.2. Impairment test for goodwill* and *D.3. Property, plant and equipment.*

26. Finance income

Finance income is composed as follows:

	2019 kEUR	2018 kEUR	2017 kEUR
Interest income on bank balances	101	80	72
Interest income on security deposits	0	178	759
Other finance income	112	204	67
	212	463	898

Other finance income mainly includes interest from income tax refunds as well as interest income relating to loans granted to the remaining Allgeier Group.

Further information relating to interest income from related party transactions included in other finance income is set out in Section H.II. *Related party transactions.*

27. Finance costs

Finance costs are composed as follows:

	2019 kEUR	2018 kEUR	2017 kEUR
Interest on leases	2,699	2,239	2,076
Interest on loans from Allgeier Group	1,829	1,638	1,302
Interest on liabilities from acquisitions	489	294	-
Interest on bank loans	134	231	384
Factoring interest	60	42	24
Interest portion of additions to pension provisions	219	161	134
Other interest expenses	50	10	5
	5,481	4,614	3,925

For further Information please refer to Section H.II. *Related party transactions* and Section D.13. *Liabilities to banks.*

28. Income taxes

The income tax expense is composed as follows:

	2019 kEUR	2018 kEUR	2017 kEUR
Current tax result	-10,799	-7,036	-5,542
Deferred tax result	4,042	792	951
	-6,757	-6,244	-4,591

Income taxes are calculated on the basis of the applicable or expected tax rates of the countries and municipalities in which the Nagarro companies are domiciled. In the following tax reconciliation, the expected income tax result is reconciled to the actual tax result. The expected tax result is based on a group tax rate of 30%.

	2019 kEUR	2018 kEUR	2017 kEUR
Earnings before income taxes	37,153	14,418	8,240
Tax rate	30.0%	30.0%	30.0%
Expected income taxes	-11,146	-4,325	-2,472
Tax rate differences	917	-86	-1,011
Changes in tax rates	-542	32	-326
Non-deductible expenses	-420	-363	-208
Tax-free income	794	518	224
Tax loss carryforwards for which no deferred tax assets were recognized	-826	-1,497	-333
Use of tax loss carryforwards for which no deferred tax assets were recognized	258	42	104
Reversal of valuation allowance on deferred tax assets	3,055	44	0
Additions to value allowance on deferred tax assets	-44	-23	-70
Adjustment of earn-out liabilities	1,751	-212	0
Expenses relating to IFRS 16	-234	-262	-75
Tax effects relating to prior periods	-337	-43	7
Others	17	-69	-431
Effective income taxes	-6,757	-6,244	-4,591
	18.2%	43.3%	55.7%

29. Non-Controlling Interests

For the purpose of the report, in all periods, an indirect share of Non-Controlling Interests of 16.17% was recorded. This share corresponds to the unchanged share of the Non-Controlling Interests of Nagarro Holding GmbH as of December 31, 2019 (Sections B.II. *Scope of combination)* and as of today.

In the second quarter of the fiscal year 2016 Allgeier offered two co-founders of Nagarro Inc. who were also management members of Nagarro Base of Nagarro Inc. to acquire shares in Nagarro Holding GmbH at fair market value through Nagarro Beteiligungs GmbH (refer to section *B.II. Scope of combination*). For this participation through Nagarro Beteiligungs GmbH there was no vesting schedule or period and the shares have been immediately vested. The shareholders agreement provided for put and call options for defined events. The total indirect participation in Nagarro Holding GmbH and its subsidiaries of the two participants through Nagarro Beteiligungs GmbH amounted to 10.00% at each balance sheet date.

Further, starting in the second quarter of fiscal year 2016 Allgeier and Nagarro offered certain members of the top management and key employees of Nagarro Base to invest in shares in Nagarro Holding GmbH at fair market value under a share participation program (SPP) through the investment vehicles SPP Co-Investor GmbH & Co KG and Nagarro SPP GmbH (refer to section B.II. Scope of combination). Under the SPP there was a vesting period that equaled to the shorter of an expected exit event and five years with the first part of 1/6 of the investment being vested immediately. If a participant in SPP Co-Investor GmbH & Co KG left before the vesting period of five years ended, she/he only received a proportional amount at fair market value (calculated through an EBITA-Multiple, net debt and cash) according to every year since shares were granted (vesting schedule) and the other portion was paid at the lower of the fair market value or the initial investment by the participant. In addition, the SPP provided for call and put options for specific events. While the call option enabled SPP Co-Investor GmbH & Co KG and the other participants in the SPP to purchase the shares from a participant, the put option enables the participant to sell her/his shares at the fair market value in defined cases. At December 31, 2019 the total indirect participation in Nagarro Holding GmbH and its subsidiaries of the participants of the SPP through SPP Co-Investor GmbH & Co KG and Nagarro SPP GmbH amounted to 6.17% (December 31, 2018: 5.57%; December 31, 2017: 5.63%).

The different Non-Controlling Interests correspond to a total number of shares in Nagarro Holding GmbH in December 31, 2019 of 16.17% (December 31, 2018: 15.57%; December 31, 2017: 15.63%). In 2020, both the shareholder agreements among the shareholders of Nagarro Beteiligungs GmbH as well as the SPP agreements have been amended and with that all participations have fully vested with no remaining option rights.

F. Notes to the Combined Statement of Changes in Equity

30. Other transactions with shareholders

The changes in "Total Equity" result from "Other transactions with shareholders" in the amount of kEUR -60,120 (2018: kEUR 45,053; 2017: kEUR 1,254).

In fiscal year 2019 it relates to the purchase price for Nagarro ES (refer to section B.II. *Scope of combination)* and to the allocation of corporate costs (refer to section B.III. *Carve-out specific accounting principles*).

In fiscal year 2018 goodwill and contingent purchase price consideration (liabilities from acquisition) arising from the acquisition of Nagarro iQuest and Nagarro Objectiva are considered. By applying the Extraction Method, they are attributed to and presented in the Combined Financial Statements with the same amounts as reported in the consolidated financial statements of Allgeier SE. Hence, equity is affected accordingly, as purchase price have been paid by Allgeier Group. Furthermore, the loss transfer from Allgeier Consulting GmbH to Allgeier Enterprise Services AG for fiscal year 2018 is included (see section H.II. *Related party transactions*). The allocation of corporate cost for fiscal year 2018 (refer to section B.III. *Carve-out specific accounting principles*) is also included.

In fiscal year 2017 the "Other transactions with shareholders" mainly result from the loss transfer from Allgeier Consulting Services GmbH to Allgeier Enterprise Services AG for fiscal year 2017 (see section H.II. *Related party transactions*) and from the allocation of corporate cost for fiscal year 2017 (refer to section B.III. *Carve-out specific accounting principles*)

G. Notes to the Combined Statements of Cash Flows

Cash flows from operating activities are reported using the indirect method. Interest paid and received are included in cash flows from financing activities.

Cash flows from financing activities include "Other transactions with Allgeier Group", of which kEUR 375 (2018: kEUR 299; 2017: kEUR 139) relate to the allocation of corporate costs, net of tax, that are deemed to be immediately settled through equity and kEUR 882 (2018: kEUR 1,000; 2017: kEUR 729) relate to the cash inflow from loss transfer from Allgeier Consulting Services GmbH to Allgeier Enterprise Services AG.

31. Net Cash flows from business combinations

Cash outflows for the acquisition of subsidiaries from third parties in fiscal year 2019, net of cash acquired, reconcile as follows:

	Nagarro MENA kEUR
Acquisition cost	5,313
Non cash share in 2019	-2,371
Purchase price paid in cash in 2019	2,942
Acquired cash and cash equivalents	-79
Outflow of cash and cash equivalents	2,863

In fiscal year 2018 there have been net cash inflows on the acquisition of Nagarro Anecon, Nagarro Objectiva and Nagarro iQuest in the amount of kEUR 4,950, net of cash acquired:

	Nagarro Anecon kEUR	Nagarro Objectiva [1)] kEUR	Nagarro iQuest [2)] kEUR	Total kEUR
Acquisition cost	8,117	21,573	-	29,690
Non cash share in 2018	-2,926	-21,573	-	-24,499
Purchase price paid in cash in 2018	5,191	-	-	5,191
Acquired cash and cash equivalents	-1,307	-2,649	-6,185	-10,141
Outflow (inflow) of cash and cash equivalents	3,884	-2,649	-6,185	-4,950

[1)] Acquisition cost has been taken only to the extent the liabilities are recognised by Nagarro. The balance purchase price was paid by Allgeier Project Solutions GmbH.

[2)] The purchase price was paid by Allgeier Project Solutions GmbH, for Nagarro iQuest.

Cash outflows for the acquisition of businesses from third parties in fiscal year 2017, net of cash acquired, relate to the asset deals with respect to Nagarro ES (refer to section H.I. *Business combinations*) with a total amount of kEUR 1,184.

	Nagarro ES					
	Ciber Germany kEUR	Blitz 17-72 kEUR	Blitz 17-73 kEUR	Ciber Denmark kEUR	Allgeier ES France kEUR	Total kEUR
Acquisition cost	1,000	-	-	328	10	1,338
Purchase price paid in cash in 2017	1,000	-	-	328	10	1,338
Acquired cash and cash equivalents	-	-24	-24	-	-106	-154
Outflow of cash and cash equivalents	1,000	-24	-24	328	-96	1,184

Additionally, for the acquisition of subsidiaries in prior years kEUR 2,945 (e.g., Hexa, Mokriya), subsequently have been paid in fiscal year 2017.

In the course of business combinations in fiscal years 2017 through 2019, assets acquired and liabilities assumed have been as follows:

	2019 Nagarro MENA kEUR
Intangible assets	959
Property, plant and equipment	263
Right of use assets	105
Contract assets	15
Trade receiveables	816
Other financial assets	164
Other assets	153
Cash	79
Assets acquired	2,554
Lease liabilities	105
Contract liabilities	81
Trade payables	115
Other financial liabilities	326
Other liabilities	35
Liabilities assumed	662
Net assets	1,892

	2018			
	Nagarro Objectiva kEUR	Nagarro iQuest kEUR	Nagarro Anecon kEUR	Total kEUR
Intangible assets	1,290	3,839	1,006	6,135
Property, plant and equipment	114	1,651	212	1,977
Right of use assets	1,604	9,477	395	11,081
Contract assets	-	101	8	109
Trade receiveables	3,411	7,520	2,498	13,429
Other financial assets	144	934	387	1,465
Other assets	71	681	187	939
Income tax recievables	-	198	28	226
Cash and cash equivalents	2,649	6,185	1,353	10,187
Deferred tax assets	-	322	131	453
Assets acquired	9,283	30,908	6,205	46,001
Bank borrowings	-	672	47	719
Lease liabilties	1,604	9,477	395	11,081
Provisions	858	1,625	765	3,248
Contract liabilities	-	212	59	271
Trade payables	57	447	556	1,060
Other financial liabilities	1,851	1,962	1,051	4,864
Other liabilities	8	487	429	924
Income tax liabilities	4,148	208	147	4,503
Deferred tax liabilities	166	1,187	236	1,589
Liabilities assumed	8,692	16,277	3,685	28,259
Net assets	591	14,631	2,520	17,742

	2017					
	Nagarro ES					
	Ciber Germany kEUR	Blitz 17-72 kEUR	Blitz 17-73 kEUR	Ciber Denmark kEUR	Allgeier ES France kEUR	Total kEUR
Intangible assets	2,587	-	-	454	-	3,041
Property, plant and equipment	183	-	-	38	-	221
Inventories	-	-	-	-	61	61
Trade receiveables	-	-	-	435	445	880
Other assets	-	-	-	245	29	274
Cash and cash equivalents	-	24	24	-	106	154
Deferred income	-	-	-	8	-	8
Deferred tax assets	99	-	-	-	77	176
Assets acquired	2,869	24	24	1,180	718	4,815
Trade payables	-	-	-	-	389	389
Other provisions	13	-	-	195	14	222
Income tax liabilities	-	-	-	-	165	165
Other liabilities	133	-	-	657	131	921
Deferred tax liabilities	602	-	-	-	-	602
Liabilities assumed	748	-	-	852	699	2,299
Net assets	2,121	24	24	328	19	2,516

32. Reconciliation of cash and cash equivalents and of financial liabilities

Cash and cash equivalents comprised as follows:

	Dec 31, 2019 kEUR	Dec 31, 2018 kEUR	Dec 31, 2017 kEUR
Cash	43,758	27,947	16,576
Liabilities from factoring	-1,663	-1,779	-1,680
Overdraft facilities	-3,310	-3,449	-13
	38,786	22,718	14,882

Cash and cash equivalents include restricted cash balances of kEUR 635 (December 31, 2018: kEUR 256; December 31, 2017: kEUR 282) in favor of third parties and of kEUR 1,822 (December 31, 2018: none; December 31, 2017: none) with transfer restrictions to Germany.

Financial liabilities reconcile to the cashflows from financing activities as follows:

			Non-cash transactions			
		Cash flows	Additions	Currency differences	Accrued interests	
	Dec 31, 2018 kEUR	2019 kEUR	2019 kEUR	2019 kEUR	2019 kEUR	Dec 31, 2019 kEUR
Liabilities to banks						
Bank loans	739	-202	-	-13	-	524
Lease Liabilities	50,688	-14,993	21,313	1,692	665	59,365
Other financial liabilities						
Loans from Allgeier Group	60,090	-3,390	61,219	82	1,829	119,830
	111,516	-18,584	82,532	1,761	2,494	179,719

	Dec 31, 2017 kEUR	Cash flows 2018 kEUR	Non-cash transactions: Additions 2018 kEUR	Non-cash transactions: Currency differences 2018 kEUR	Non-cash transactions: Accrued interests 2018 kEUR	Dec 31, 2018 kEUR
Liabilities to banks						
Bank loans	1,990	-1,934	672	10	-	739
Lease Liabilities	30,436	-9,780	28,501	1,032	499	50,688
Other financial liabilities						
Loans from Allgeier Group	53,357	4,991	-	105	1,638	60,090
	85,783	-6,724	29,173	1,147	2,137	111,516

	Jan 1, 2017 kEUR	Cash flows 2017 kEUR	Non-cash transactions: Additions 2017 kEUR	Non-cash transactions: Currency differences 2017 kEUR	Non-cash transactions: Accrued interests 2017 kEUR	Dec 31, 2017 kEUR
Liabilities to banks						
Bank loans	11,759	-9,651	-	-118	-	1,990
Lease Liabilities	24,263	-7,055	10,633	2,275	320	30,436
Other financial liabilities						
Loans from Allgeier Group	36,541	15,514	-	0	1,302	53,357
	72,563	-1,192	10,633	2,157	1,622	85,783

For net cash inflows from factoring refer to section D.11. *Trade receivables*. Other transactions with Allgeier Group are discussed in section F.30. *Other transactions with shareholders*.

H. Other disclosures

I. Business combinations

Acquisition of the previous "Ciber Germany" business in fiscal year 2017

On April 6, 2017, Allgeier Enterprise Services AG, Munich, acquired all shares in Blitz 17-72 GmbH, Munich, and Blitz 17-73 GmbH, Munich. The purchase price for both companies was kEUR 54. At the time of acquisition, the companies each had equity and cash and cash equivalents of kEUR 24. The difference between the purchase price and the equity of kEUR 6 was written off. With the two companies, on April 7, 2017 the Group acquired specific assets and contractual relationships of Ciber AG, Heidelberg which was involved in insolvency proceedings and also Ciber Managed Services GmbH, Heidelberg ("Ciber Germany") which was also involved in insolvency proceedings. Both Ciber companies were specialized in SAP consulting, SAP implementation and SAP managed services for medium-sized customers and large customers. A purchase price of kEUR 1,000 was agreed for the assets acquired. The purchase price and net assets of kEUR 2,121 resulted in a negative difference of kEUR 1,121, which was recognized in other operating income. In connection with the transaction there were costs of kEUR 291 which were recognized in other operating expenses.

The following assets were acquired and liabilities assumed with the acquisition of the business:

	Fair values kEUR
Intangible assets	2,587
Property,plant and equipment	183
Deferred tax assets	99
Assets acquired	2,869
Other provisions	13
Other liabilities	133
Deferred tax liabilities	602
Liabilities assumed	748
Net assets	2,121

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In fiscal year 2017, Blitz 17-72 GmbH, Munich, and Blitz 17-73 GmbH, Munich, were merged into Allgeier Consulting Services GmbH and Nagarro Allgeier ES GmbH, respectively. No information is provided on the share of revenues and results in the period between April and December 2017 relating to the businesses acquired, because due to mergers this would have entailed a disproportionate expense.

Acquisition of the previous "Ciber Denmark" business in fiscal year 2017

With the sale and purchase agreement dated May 5, 2017, Nagarro Allgeier ES Denmark A/S, Copenhagen, Denmark, acquired the business of Ciber Denmark by way of an asset deal. Ciber Denmark is the developer of the SAP add-on solution, Ciber Compliance Suite (CCS) and the ComplianceNow (CN) solution and provides these solutions for deployment at more than 100 international customer companies. The ComplianceNow solution consists of six highly effective individual products to optimize and manage complex, modern processes in companies with an SAP environment. The unit thus makes a material contribution to the sharper focus on the important growth areas of SAP Compliance. For the acquired assets and liabilities and the transfer of employees, a purchase price of kDKK 2,438 (kEUR 328) was agreed. Further transaction costs of kEUR 106 were recognized as expenses.
The following assets were acquired and liabilities assumed with the acquisition of the business:

	Fair values kEUR
Intangible assets	454
Property,plant and equipment	38
Trade receivables	435
Other assets	245
Deferred income	8
Assets acquired	1,180
Provisions	195
Other liabilities	657
Liabilities assumed	852
Net assets	328

In the 2017 fiscal year, Nagarro Allgeier ES Denmark A/S generated revenues of kEUR 2,453 and earnings before interest, taxes, depreciation and amortization of kEUR -301. The trade receivables acquired were paid in the 2017 fiscal year.

Acquisition of Nagarro Allgeier ES France SAS in fiscal year 2017

On June 21, 2017, Nagarro Allgeier ES GmbH acquired all shares in AI2S-Consulting SAS, Entzheim, France (subsequently renamed Allgeier ES France). Allgeier ES France provides IT consultancy and managed services in the SAP environment. The purchase price for the company was kEUR 10.

On the date of initial consolidation, May 31, 2017, Allgeier ES France recognized assets of kEUR 718 and liabilities of kEUR 699. The difference between the purchase price and the net assets of kEUR 19 resulted in a negative difference of kEUR 9, which was recognized in other operating income and was the result of expected synergies.

As of May 31, 2017, the fair values of the net assets acquired were:

	Fair values kEUR
Inventories	61
Trade receivables	445
Other assets	29
Cash and cash equivalents	106
Deferred tax assets	77
Assets acquired	718
Trade payables	389
Other financial liabilities	14
Income tax liabilities	165
Deferred tax liabilities	131
Liabilities assumed	699
Net assets	19

All third-party receivables acquired were paid in full in the 2017 fiscal year. In the period from June to December 2017, the company generated revenues of kEUR 2,541 and earnings before interest, taxes, depreciation and amortization of kEUR 286. Historically Nagarro ES was integrated into the segment "Enterprise Services" of the Allgeier Group. Based on new management reporting goodwill is allocated to segment "Central Europe".

Acquisition of ANECON Software Design und Beratung GmbH in fiscal year 2018

On January 8, 2018, Nagarro Austria Beteiligungs GmbH, Vienna, Austria, acquired all business shares of ANECON Software Design und Beratung GmbH, Vienna, Austria. Nagarro Anecon is one of the leading companies for software development and consulting in the Austrian market. The company offers the highest quality for its customers' IT projects and maps the entire software lifecycle.

ANECON Software Design und Beratung GmbH, Vienna, Austria in turn held all shares in ANECON Software Design und Beratung GmbH, Dresden (both companies together referred to as "Nagarro Anecon "). ANECON Software Design und Beratung GmbH, Dresden, was renamed Nagarro Testing Service GmbH in fiscal year 2018 and merged into Nagarro GmbH, Munich, effective January 1, 2019. Nagarro Austria Beteiligungs GmbH was merged into Nagarro GmbH, Vienna, effective January 1, 2018.

A purchase price of kEUR 5,191 was paid for the acquisition of Nagarro Anecon in fiscal year 2018. In addition, the purchaser has undertaken to pay an earn-out of a maximum of EUR 3 million. The earn-out depends on reaching specified profit margins in the fiscal years 2018 to 2020. The company expects the earn-out to reach its full amount in 2020 and to be due for payment in 2021. After discounting, the capitalized variable purchase price thereby amounts to kEUR 2,926. In return for the purchase price, Nagarro received cash and cash equivalents amounting to kEUR 1,307. In addition, costs of kEUR 116 were incurred, which were recognized as other operating expenses.

With the acquisition of Nagarro Anecon, Nagarro received assets of kEUR 6,205 and liabilities of kEUR 3,685 on January 1, 2018. This includes identified customer relationships in the amount of kEUR 952 and an increase of kEUR 7 in allowances for doubtful accounts. Acquired lease agreements have been recognized in accordance with IFRS 16, i.e., a lease liability at the present value of the remaining lease payments of kEUR 395 and a right-of-use asset at the same amount. Deferred tax liabilities of kEUR 236 were considered. The purchase price of kEUR 8,117 and the net assets of kEUR 2,519 resulted in goodwill of kEUR 5,598. The goodwill reflects the future potential arising from the integration of Nagarro Anecon.

The fair values of the net assets acquired as of January 1, 2018, including right of use assets and lease liabilities resulting from the retrospective application of IFRS 16, are as follows:

	Fair values kEUR
Intangible assets	1,006
Property, plant and equipment	212
Right of use assets	395
Contract assets	8
Trade receivables	2,498
Other financial assets	387
Other assets	187
Income tax receivables	28
Cash and cash equivalents	1,353
Deferred tax assets	131
Assets acquired	6,205
Bank borrowings	47
Lease liabilties	395
Provisions	765
Contract liabilities	59
Trade payables	556
Other financial liabilities	1,051
Other liabilities	429
Income tax liabilities	147
Deferred tax liabilities	236
Liabilities assumed	3,685
Net assets	2,520

Trade receivables comprise gross contractual amounts due of kEUR 2,604, of which kEUR 106 were expected to be uncollectable at the date of acquisition. The net receivables of kEUR 2,498 were paid in fiscal year 2018.

In 2017, Nagarro Anecon achieved revenues of kEUR 17,256 and earnings before interest, taxes, depreciation and amortization of kEUR 1,638. In fiscal year 2018, ANECON Software Design und Beratung GmbH, Vienna, Austria was merged into Nagarro GmbH, Vienna, so that no separate disclosures can be made for Nagarro Anecon for the year 2018. Historically Nagarro Anecon was integrated into segment "Technology" of the Allgeier Group. Based on new management reporting goodwill is allocated to segment "Central Europe".

Acquisition of Objectiva Software Solutions, Inc., San Diego, USA in fiscal year 2018

On June 8, 2018, Allgeier Project Solutions GmbH signed a purchase agreement for the acquisition of 100% of the shares of Objectiva Software Solutions, Inc. with headquarters in San Diego, California, USA. The company specializes in software development solutions and cross-platform technology implementation, particularly in the areas of e-commerce and content. Nagarro Objectiva has a sales network at several US locations and maintains with its two subsidiaries Objectiva Software Solutions (Beijing) Co. Ltd., Beijing, China, and Objectiva Software Solutions (Xi'an) Co. Ltd., Xi'an, China, two software development centers in China.

A fixed purchase price of USD 14.0 million (EUR 12.0 million) and variable purchase price components of up to USD 26 million were agreed for the acquisition of the company. The variable purchase prices was dependent on reaching certain EBITDA targets in the 2018 to 2021 years. At the time of the acquisition maximum amounts of USD 7.0 million for 2018, USD 9.0 million for 2019 and USD 10.0 million for 2020 were contemplated to be paid, with unused maximum amounts increasing the cap for the following year. When calculating the variable purchase price to be capitalized, the Allgeier Group assumed that the planning submitted by the company would be adhered to. According to this plan, the earn-out initially should be achieved in full and paid in installments of USD 8.2 million, USD 8.1 million and USD 9.7 million in the years 2020 to 2022 in euros and after discounting, the capitalized variable purchase price amounted to kEUR 21,573.

Affecting fiscal year 2019 the variable purchase price component was subsequently reassessed, which resulted in a decrease of the fair value of the respective liability from acquisitions by kEUR 7,144 and gain of kEUR 7,144 in the statement of total comprehensive income (refer to section D.19. *Financial instruments*). Additionally, further information on the treatment of the contingent liability resulting from that acquisition is provided in sections B.III. *Carve-out specific accounting principles* and VIII. *Events after the balance sheet date*.

In addition to the purchase price, consulting and due diligence costs of kEUR 243 were incurred, which have not been allocated to the Combined Financial Statements.

Nagarro Objectiva was initially consolidated on July 1, 2018. With the fulfillment of the closing conditions, control over the company was obtained by the Group at that time. The consolidated financial statements of the Nagarro Objectiva prepared as of the initial consolidation date considered assets of kEUR 7,065 and liabilities of kEUR 5,153. The purchase price allocation led to the recognition of customer relationships in an amount of kEUR 683. In addition, valuation allowances of kEUR 69 on receivables were recognized and a liability of kEUR 1,770 was recognized for tax risks. Acquired lease agreements have been recognized with a lease liability at the present value of the remaining lease payments of kEUR 1,604 and a right-of-use asset at the same amount. In total, the Group acquired net assets of kEUR 591 with Nagarro Objectiva. The capitalized purchase price of kEUR 33,592 and the net assets accordingly resulted in a difference of kEUR 33,002, which was capitalized as goodwill. The goodwill from the acquisition of Nagarro Objectiva is justified by the potential from future cooperation between Nagarro Objectiva and the Group companies and the expansion of joint activities in Germany, Europe and the USA.

The fair values of the net assets acquired as of July 1, 2018, including right of use assets and lease liabilities resulting from the retrospective application of IFRS 16, are as follows:

	Fair values kEUR
Intangible assets	1,290
Property,plant and equipment	114
Right of use assets	1,604
Trade receivables	3,411
Other financial assets	144
Other assets	71
Cash and cash equivalents	2,649
Assets acquired	9,283
Lease liabilties	1,604
Provisions	858
Trade payables	57
Other financial liabilities	1,851
Other liabilities	8
Income tax liabilities	4,148
Deferred tax liabilities	166
Liabilities assumed	8,692
Net assets	591

The acquired trade receivables are meanwhile fully paid, except an amount of kEUR 111 that have been written off in July 2020.

In the second half of 2018, Nagarro Objectiva achieved sales revenues of kEUR 10,386 and earnings before interest, taxes, depreciation and amortization of kEUR 1,030. Historically Nagarro Objectiva was integrated into the segment "Technology" of the Allgeier Group. Based on new management reporting goodwill is allocated to segment "North America".

Acquisition of Nagarro iQuest Holding GmbH, Karlsruhe

On August 13, 2018 Allgeier Project Solutions GmbH acquired all shares of Blitz 18-492 GmbH, Munich, which immediately was renamed iQuest SPP GmbH and 38.9% of the shares in which were sold to the management of the Nagarro iQuest Holding GmbH. At the same time, Allgeier Project Solutions GmbH and iQuest SPP GmbH signed agreements to acquire 66.7% of the shares of Nagarro iQuest Holding GmbH, Karlsruhe. As a result Allgeier SE directly and indirectly held 60.82% of the shares in Nagarro iQuest as of December 31, 2018. Via iQuest SPP GmbH and a direct participation in Nagarro iQuest Holding GmbH the Non-Controlling Interests held a total of 11.7% of the shares in Nagarro iQuest Holding GmbH and its subsidiaries. The remaining shares were held by the founder of Nagarro iQuest. At the time of acquisition Nagarro iQuest Holding GmbH was a parent company of a total of eight subsidiaries based in Germany, Romania, Poland and Switzerland. Nagarro iQuest develops individual software solutions for large international customers, particularly in the life sciences, telecommunications, financial services, transport and energy sectors.

A purchase price of kEUR 26,500 was paid for the acquisition of the Nagarro iQuest shares. In addition, costs of kEUR 521 were incurred, which have not been allocated to the Combined Financial Statements. When closing conditions were met on October 1, 2018 Nagarro iQuest was consolidated for the first time. With the acquisition of Nagarro iQuest, the Group acquired assets totaling kEUR 21,431 and liabilities totaling kEUR 6,802. Customer relationships and orders on hand totaling kEUR 3,602 were recognized. Acquired lease agreements have been recognized with a lease liability at the present value of the remaining lease payments of kEUR 9,477 and a right-of-use asset at the same amount. Deferred taxes of kEUR 866 net were attributable to the purchase price allocation. The purchase price and net assets of kEUR 14,631 and the non-controlling shareholder of kEUR 5,731 resulted in a difference of kEUR 17,600, which was capitalized as goodwill. The goodwill from the acquisition of Nagarro iQuest is based on the potential from the future cooperation of the Nagarro iQuest with the other Group companies and the expansion of joint activities in Germany and Europe.

The fair values of the net assets acquired as of October 1, 2018, including right of use assets and lease liabilities resulting from the retrospective application of IFRS 16, are as follows:

	Fair values kEUR
Intangible assets	3,839
Property,plant and equipment	1,651
Right of use assets	9,477
Contract assets	101
Trade receivables	7,520
Other financial assets	934
Other assets	681
Income tax receivables	198
Cash and cash equivalents	6,185
Deferred tax assets	322
Assets acquired	30,908
Bank borrowings	672
Lease liabilties	9,477
Provisions	1,625
Contract liabilities	212
Trade payables	447
Other financial liabilities	1,962
Other liabilities	487
Income tax liabilities	208
Deferred tax liabilities	1,187
Liabilities assumed	16,277
Net assets	14,631

Trade receivables comprise gross contractual amounts due of kEUR 7,617, with loss allowances of kEUR 126. The net amount have been meanwhile fully paid.

In the fourth quarter of 2018, Nagarro iQuest generated revenues of kEUR 9,049 and earnings before interest, taxes, depreciation and amortization of kEUR 382. Historically Nagarro iQuest was integrated into the segment "Technology" of the Allgeier Group. Based on new management reporting goodwill is allocated to segment "Central Europe".

Acquisition of Farabi Technology Middle East LLC and SOLUTIONS 4 MOBILITY L.L.C. in fiscal year 2019

On April 1, 2019, Nagarro Holding GmbH, Munich, signed contracts to acquire Nagarro Farabi and Nagarro S4M, experts in the development of mobile applications to support digital transformation. Their activities focus on computer animation, graphics work, information technology networks and computer system hardware for large customers in the banking, telecommunications and transport sectors in particular. The transaction gives Nagarro valuable access to market and industry-leading customers in the Middle East, wand strengthens its consulting and implementation expertise on local markets.

A maximum purchase price of USD 6.5 million was agreed for the acquisition of the Nagarro MENA shares. In addition, the buyer pays EUR 0.5 million for the acquisition of working capital which is not necessary for operations. The fixed component of the purchase price of USD 3.3 million (kEUR 2,941) was paid in the first half of 2019. The remaining purchase price is due between 2019 and 2022, depending on the achievement of targets. USD 1.0 million of the variable purchase price is recognized as other operating expenses if the criteria are fulfilled. The other components are fully capitalized. Calculated on the basis of the exchange rate on the acquisition date, and after discounting the longer-time purchase price components, a total purchase price of kEUR 5,312 was capitalized. There were also costs of kEUR 138 which were not capitalized, but recognized under other operating expenses.

Nagarro MENA was consolidated for the first time as of April 1, 2019. On the acquisition of the two companies, Nagarro acquired total assets of kEUR 2,554 and assumed total liabilities of kEUR 662. Customer relationships and orders on hand totaling kEUR 959 were recognized. Goodwill of kEUR 3,420 resulted from the difference between the purchase price and the net assets acquired. The goodwill reflects the potential arising from the integration of the two companies into the Group. Acquired lease agreements have been recognized with a lease liability of kEUR 105 and a right-of-use asset at the same amount.

As of April 1, 2019, the fair values of the net assets were as follows:

	Fair values kEUR
Intangible assets	959
Property, plant and equipment	263
Right of use assets	105
Contract assets	15
Trade receivables	816
Other financial assets	164
Other assets	153
Cash and cash equivalents	79
Assets acquired	2,554
Lease liabilities	105
Contract liabilities	81
Trade payables	115
Other financial liabilities	326
Other liabilities	35
Liabilities assumed	662
Net assets	1,892

All acquired trade receivables were paid in the 2019 fiscal year.

In the period from April to December 2019, Nagarro MENA generated revenue of kEUR 4,410 and earnings before interest, taxes, depreciation and amortization of kEUR 529. Historically Nagarro MENA were integrated into the "Technology" segment of Allgeier Group. Based on new management reporting goodwill is allocated to segment "Rest of World".

Pro forma earnings

The companies acquired in 2018 have been shown below for the full years 2017 and 2018 and the companies acquired in 2019 have been shown for the full years 2018 and 2019.

	2019 kEUR	2018 kEUR	2017* kEUR
Revenue	404,068	327,759	281,273
Earnings before interest, taxes, depreciation and amortization (EBITDA)	61,851	37,476	30,296

*The revenue and EBITDA of the two companies acquired in 2019, Nagarro Farabi and Nagarro S4M are combined together for the year 2017 and were kEur 3,617 and kEur 635 respectively.

If the acquired businesses had been acquired and consolidated for the first time at the beginning of the respective fiscal year of the acquisition, revenues and results of Nagarro would have been as follows:

	2019 kEUR	2018 kEUR	2017 kEUR
Revenue	404,068	322,894	210,551
Earnings before interest, taxes, depreciation and amortization (EBITDA)	61,851	36,656	21,277

No respective IFRS earnings information is available for Nagarro ES acquired in 2017 in the context of asset deals and could therefore not be taken into account. The effects of the full retrospective application of IFRS 16 were taken into account.

II. Related party transactions

Transactions and outstanding balances with related parties exist between the combined Nagarro companies (see section B.II. *Scope of combination and acquisitions*) and the companies of the remaining Allgeier Group, i.e. Allgeier SE and its direct and indirect subsidiaries outside the scope of combination, as well as with the members of the Nagarro's key management personnel.

Outstanding balances with Allgeier Group companies

	Allgeier SE			Other Allgeier Group companies		
	Dec 31, 2019 kEUR	Dec 31, 2018 kEUR	Dec 31, 2017 kEUR	Dec 31, 2019 kEUR	Dec 31, 2018 kEUR	Dec 31, 2017 kEUR
Total assets						
Trade receivables	1	1	2	1,323	1,731	842
Other current financial assets	2,009	0	362	1,205	1,533	1,632
	2,010	1	364	2,528	3,265	2,474
Total liabilities						
Trade payables	1,605	1,504	1,593	2,320	4,046	3,879
Other current financial liabilities	37,954	34,257	31,585	81,875	25,832	21,771
	39,559	35,761	33,178	84,195	29,878	25,650

In addition to the balances presented above, lease agreements exist between Nagarro and the remaining Allgeier Group. As at December 31, 2019 the carrying amounts of the respective right-of-use assets amounted to kEUR 3,745 (December 31, 2018: kEUR 4,376; December 31, 2017: kEUR 4,763), the respective lease liabilities amounted to kEUR 3,878 (December 31, 2018: kEUR 4,479; December 31, 2017: kEUR 4,830).

The other current financial assets and liabilities presented in the table result from loans and other receivables to and loans from Allgeier Group companies as further discussed in the following.

Loans and other receivables to Allgeier Group companies

			Carrying amounts including accrued interests		
kEUR	Maturity	Interest rate	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Nagarro Inc. (USA)					
to Allgeier Project Solutions GmbH	monthly	3% p.a.	535	-	-
Nagarro GmbH (Germany)					
to Allgeier SE	monthly	3% p.a.	-	-	362
to Allgeier Project Solutions GmbH	monthly	3% p.a.	671	651	632
iQuest Holding GmbH					
to Allgeier SE	monthly	3% p.a.	2,009	-	-
Allgeier Consulting Services GmbH					
to Allgeier Enterprise Services AG	monthly	5% p.a.	-	882	1,000
			3,215	1,533	1,994

Up to and including fiscal year 2018, a profit and loss transfer agreement between Allgeier Enterprise Services GmbH and Allgeier Consulting Services GmbH was effective. Under this agreement losses have been transferred to Allgeier Enterprise Services GmbH. The respective receivables amounting to kEUR 882 as of December 31, 2018 and kEUR 1,000 as of December 31, 2017 are interest bearing with an interest rate of 5% p.a. as agreed with respect to such receivables.

Loans from Allgeier Group companies

			Carrying amounts including accrued interests		
kEUR	Maturity	Interest rate	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Allgeier Nagarro Holding					
from Allgeier SE	monthly	3% p.a.	37,954	34,257	31,585
from Allgeier Project Solutions GmbH	monthly	3% p.a.	5,206	2,094	2,058
from Allgeier Enterprise Services AG	monthly	3% p.a.	61,219	-	-
Nagarro SPP GmbH					
from Allgeier Project Solutions GmbH	3 month's notice	EURIBOR plus 3%p.a.	6,719	6,523	6,333
Nagarro Inc. (USA)					
from Allgeier Project Solutions GmbH	monthly	3% p.a.	-	3,502	-
Allgeier Nagarro Beteiligungen GmbH					
from Allgeier Project Solutions GmbH	3 month's notice	3% p.a.	5,640	5,476	5,316
Allgeier Consulting Services GmbH					
from Allgeier IT Solutions GmbH	monthly	3% p.a.	-	1,249	1,213
from Allgeier Enterprise Services AG	monthly	3% p.a.	-	2,418	2,348
Allgeier Midmarket Services GmbH					
from Allgeier IT Solutions GmbH	monthly	3% p.a.	-	1,557	1,511
from Allgeier Enterprise Services AG	monthly	3% p.a.	2,761	2,683	2,605
Allgeier Enterprise Services Denmark A/S					
from Allgeier Enterprise Services AG	monthly	3% p.a.	331	331	388
			119,830	60,090	53,357

Loans from Allgeier Enterprise Services AG amounting to kEUR 61,219 as of December 31. 2019 were granted in connection with the acquisition of Nagarro Allgeier ES GmbH, Allgeier Consulting Services GmbH and Nagarro Allgeier ES Denmark A/S in December 2019 to Nagarro Holding GmbH (refer to section B.II. *Scope of combination and acquisitions*). The loans have an indefinite term and may be terminated by both parties on a one month's notice. The loans can be early repaid partially or in full without any additional costs.

The loans from Allgeier SE and Allgeier Project Solutions GmbH mainly relate to the financing of purchase prices for various acquisitions by Nagarro Holding.

A credit agreement with several banks is contemplated to finance the repayment of the loan liabilities to Allgeier Group with a net amount of kEUR 116,615. The agreement shall include a redeemable credit line in the amount of EUR 100 million and a revolving credit line in the amount of EUR 100 million (refer to section H.VIII. *Events after the balance sheet date*).

Equity transactions with Allgeier Group

Transactions between Nagarro and remaining Allgeier Group directly impacting equity, either cash or non-cash, are reported as "Other transactions with shareholders" within "Net asset attributable to shareholders of Nagarro" in the Combined Statements of Changes in Equity, and further discussed in section F.30. *Other transactions with shareholders*, if material.

Equity transactions with Non-Controlling Interest

Transactions between Nagarro and Non-Controlling Interest directly impacting equity, either cash or non-cash, are reported as "Other transactions with shareholders" within "Net asset attributable to shareholders of Nagarro" in the Combined Statements of Changes in Equity, and further discussed in section E.29. *Non-Controlling Interest*, if material.

Income and expense resulting from transactions with Allgeier Group

	Allgeier SE			Other Allgeier Group companies		
	2019 kEUR	2018 kEUR	2017 kEUR	2019 kEUR	2018 kEUR	2017 kEUR
Revenue and other income						
Revenue	14	6	20	5,147	3,827	2,791
Operating expenses						
Cost of materials	0	-1	-1	-2,780	-3,404	-2,228
Other operating expenses	-723	-583	-214	-3,196	-2,795	-2,056
	-723	-584	-215	-5,976	-6,199	-4,284
Amorization and Depreciation						
Depreciation right-of-use assets	0	0	0	-766	-704	-408
Financial result						
Interest income	9	3	12	57	64	46
Interest expense	-1,093	-982	-714	-838	-770	-663
	-1,084	-979	-702	-782	-706	-618

Revenue

Revenues realized with remaining Allgeier Group predominantly relate to software development, consulting and managed services.

Operating expense

Cost of materials result predominantly from the purchase of services from remaining Allgeier Group with respect to delivering projects and managed services.

For staff costs see sections B.III. *Carve-out specific accounting principles*, F.30. *Other transactions with shareholders*..

Other operating expenses relate to rental costs for buildings and vehicles not accounted for under IFRS 16 and other services rendered by the Allgeier Group, including e.g., legal and consulting fees. Expenses for such services include the allocation of corporate costs discussed in section B.III. *Carve-out specific accounting principles*.

Financial result

Interest income and expense mainly relate to the loans to and from remaining Allgeier Group presented above as well as from the lease agreements between Nagarro and the other Allgeier Group companies.

Depreciation

Depreciation of right-of-use assets result from the lease agreements.

Remuneration of key management personnel

The Nagarro organization is developing many verticals and horizontals in its quest to be a full service company. These are typically in the form of business units, each of which is led by a senior person who makes or reviews decisions on strategy, pricing, staffing, etc. Similarly, Nagarro operates in 25 countries, and has many priority sales and marketing regions defined, which are each led by a senior person who represents Nagarro in that market and plans the outreach in the market and the investments there. Then Nagarro has service region custodians and some HR people in the largest regions in senior management who oversee payroll of many employees as well as hiring, salary planning, decisions, etc. There is central planning and directing efforts. It is a very complex enterprise for just 400 million Euro - with clients in over 40 countries across all types of industries and technologies. Last but not the least, many of these colleagues are founders or early employees of companies that have merged with Nagarro.

Cost incurred for the above described key management personnel, excluding Nagarro SE's oversight board, historically have been already fully charged within the entities in scope of the Combined Financial Statements. Key management personnel for the period 2017-19 include two out of three dedicated members of the board of directors of Nagarro SE as the third member joining Nagarro in 2020. No additional allocations of personnel expenses, e.g., with respect to the Group's management board, the third dedicated member of the board of directors of Nagarro SE, or the oversight boards have been made.

	2019 kEUR	2018 kEUR	2017 kEUR
Salaries and other short-term employee benefits	8,193	7,367	5,788
Termination benefits	-	-	-
Post-employment benefits	90	96	61
Other long-term benefits	-	-	-
Total	8,283	7,463	5,849

The total number of colleagues who were a part of key management during the year 2019 were 54.

Loans have been granted by Nagarro companies to certain members of the key management personnel in the total amount of kEUR 5 (December 31, 2018: kEUR 18; December 31, 2017: kEUR 35).

Of the provisions for post-employment benefits kEUR 175 (December 31, 2018: kEUR 147; December 31, 2017: kEUR 129) relate to the members of the key management personnel.

III. Segment information

Segment reporting for the periods under consideration of the Combined Financial Statements is based on the management reporting established in August 2020 (refer to section B.III. *Carve-out specific accounting principles*).

The segment report for Nagarro has been prepared using the guiding principle of IFRS 8 and the Custodian of Entrepreneurship in the Organization of the company has been identified as the Chief Operating Decision Maker (CODM).

The company has chosen Client Region for its segments to reflect the primary approach by which Nagarro allocates its resources, especially the significant investments in M&A, and how it assesses the financial performance of the investments. Nagarro has acquired/merged with many companies over the years, including those domiciled in and mainly serving clients in Germany, Austria, USA, Norway, and the UAE. A major motivation for, and natural outcome of, this M&A activity has been the increased access to clients in the geographical area of the target company's domicile. Assessing the performance of such investments is also therefore tied to Nagarro's performance in relation to clients in that region, including in some cases for the purpose of "earn out" calculations for the final acquisition price. In addition, even besides the M&A, the chain of responsibility for a Client Region is established with the Sales & Marketing Unit leaders corresponding to the region tasked with driving the company's success with clients in that region. Finally, the Client Regions are, given the nature of geography, rather stable in their definitions, whereas Nagarro is constantly re-organizing its global delivery units, both for internal reasons and for external reasons such as industry trends and technology changes.

There are four reportable operating Client Region segments: North America, Central Europe, Rest of Europe, and Rest of World. The definition of Central Europe used is Austria, Croatia, Czech Republic, Germany, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia, and Switzerland. The other segments are rather self-explanatory.

The measures used to report to the CODM for assessing the segments' performance are third-party (non-intersegment) revenues and gross margin. Third-party revenues are categorized on the basis of the country of a customer's domicile and are then attributed to the appropriate segment. 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 engineering topics, costs related to travel of these colleagues, and other, smaller, reimbursable, and non-reimbursable cost components. The direct costs incurred by each legal entity are spread across the Client Regions it services proportionately to the volume of business it is supporting for each Client Region. The segment's gross margin is calculated as the difference between the total performance of the segment and the cost of revenues, expressed as a percentage of the Revenue of the segment. Given the definition of Client Regions and how revenues and costs are apportioned, the question of intersegment transactions does not arise.

Certain items like sales expense, general and administrative expense, depreciation, results related to currency fluctuations, results unrelated to the accounting period, interest income and expense, goodwill, tax depreciation of intangible assets, income taxes, etc. are not allocated to any segment but are used to reconcile the net income for the segments to the net income of the company. The CODM does not review assets and liabilities at the reportable segment level, thus segment disclosure relating to total assets and liabilities is not included in the report.

	North America 2019 kEUR	Central Europe 2019 kEUR	Rest of Europe 2019 kEUR	Rest of World 2019 kEUR	Total 2019 kEUR
Revenue	135,998	164,923	60,918	40,592	402,430
Own work capitalized	0	647	259	0	906
Total performance	135,998	165,570	61,177	40,592	403,336
Costs of revenues	-89,857	-112,829	-44,581	-26,973	-274,240
Segment gross profit	46,141	52,741	16,596	13,618	129,096
as % of revenue	34%	32%	27%	34%	32%
Selling, General and Administrative expenses					-71,399
as % of revenue					-18%
Adjusted EBITDA					57,697
as % of revenue					14%
Special items					3,886
EBITDA					61,584
as % of revenue					15%

	North America 2018 kEUR	Central Europe 2018 kEUR	Rest of Europe 2018 kEUR	Rest of World 2018 kEUR	Total 2018 kEUR
Revenue	90,504	128,833	48,972	19,020	287,329
Own work capitalized	0	298	215	0	512
Total performance	90,504	129,130	49,187	19,020	287,841
Costs of revenues	-57,383	-94,003	-34,660	-11,896	-197,943
Segment gross profit	33,121	35,127	14,527	7,123	89,898
as % of revenue	37%	27%	30%	37%	31%
Selling, General and Administrative expenses					-55,552
as % of revenue					-19%
Adjusted EBITDA					34,346
as % of revenue					12%
Special items					-2,063
EBITDA					32,283
as % of revenue					11%

	North America 2017 kEUR	Central Europe 2017 kEUR	Rest of Europe 2017 kEUR	Rest of World 2017 kEUR	Total 2017 kEUR
Revenue	69,088	94,675	37,700	9,088	210,551
Changes in work in progress	-707	82	-149	-559	-1,333
Total performance	68,381	94,756	37,551	8,529	209,218
Costs of revenues	-46,622	-66,682	-25,791	-5,874	-144,970
Segment gross profit	21,759	28,074	11,761	2,655	64,248
as % of revenue	31%	30%	31%	29%	31%
Selling, General and Administrative expenses					-38,748
as % of revenue					-18%
Adjusted EBITDA					25,500
as % of revenue					12%
Special items					-4,144
EBITDA					21,357
as % of revenue					10%

Of the revenues kEUR 119,854 (2018: kEUR 94,744; 2017: kEUR 78,285) have been recognized from customers domiciled in Germany and kEUR 135,923 (2018: kEUR 90,143; 2017: kEUR 67,874) have been recognized from customers in the US.

Nagarro derives its revenue predominantly from the provision of software services to its clients. This type of work makes up for more than 90% of Nagarro's business. This is true for all the segments in which Nagarro operates. The services revenue growth is mainly driven by growth in existing accounts. In the 2017-2019 period, a large part of Nagarro's business was contracted on a time and expense basis. In 2019 time and expense based services accounted for about 79% of the total revenue, with almost all of the remaining being contracted on a fixed bid basis.

Nagarro is not dependent on single major customers contributing more than 10% to Nagarro's total revenues.

The items "Costs of revenues" and "Selling, General and Administrative expenses", both not including depreciation and amortization, reconcile to income and expense presented in Combined Statements of Comprehensive Income as follows:

	2019				
		thereof			
	Cost by nature kEUR	Costs of revenues kEUR	Selling, General and Administrative expenses kEUR	Special items kEUR	Total kEUR
Cost of materials	49,072	49,072	0	0	49,072
Staff costs	254,662	212,408	41,522	732	254,662
Other operating expenses	49,762	12,761	34,594	2,407	49,762
Impairment of trade receivables and contract assets	986	0	0	986	986
Other operating income	-12,730	0	-4,718	-8,012	-12,730
Total	341,752	274,240	71,399	-3,886	341,752

	2018				
		thereof			
	Cost by nature	Costs of revenues	Selling, General and Administrative expenses	Special items	Total
	kEUR	kEUR	kEUR	kEUR	kEUR
Cost of materials	39,866	39,866	0	0	39,866
Staff costs	179,768	149,407	29,590	771	179,768
Other operating expenses	37,357	8,670	27,464	1,223	37,357
Impairment of trade receivables and contract assets	1,011	0	0	1,011	1,011
Other operating income	-2,443	0	-1,502	-941	-2,443
Total	255,558	197,943	55,552	2,063	255,558

	2017				
		thereof			
	Cost by nature	Costs of revenues	Selling, General and Administrative expenses	Special items	Total
	kEUR	kEUR	kEUR	kEUR	kEUR
Cost of materials	31,588	31,588	0	0	31,588
Staff costs	128,039	104,357	19,256	4,426	128,039
Other operating expenses	34,564	9,024	23,259	2,281	34,564
Other operating income	-6,330	0	-3,767	-2,563	-6,330
Total	187,861	144,970	38,748	4,144	187,861

The "Special items" relate to non-recurring items, purchase price adjustments and acquisition costs, and effects with respect to prior periods as discussed in the following.

Adjusted EBITDA is calculated according to economic criteria and is independent from IFRS rules. It provides information on the profitability of Nagarro and contain elements of the Combined Statement of Comprehensive Income relating to operating performance. It is adjusted for the "Special items". All items mentioned in the table below and qualifying as special items are generally eliminated irrespective of the amount. Therefore, Adjusted EBITDA is more suitable for comparing operating performance over several periods.

The reconciliation of EBITDA (as reported in the Combined Statements of Comprehensive Income) to Adjusted EBITDA is presented below:

	2019	2018	2017
	Total	Total	Total
	kEUR	kEUR	kEUR
EBITDA	61,584	32,283	21,357
Losses on the disposal of non-current assets (net)	105	7	37
Losses from impairments and write-offs of customer receivables (net)	875	504	1,154
Recognition of purchase price components (Badwill)	-	-	-1,129
Income from purchase price adjustments	-7,144	0	0
Expense from purchase price adjustments	116	124	0
Expenses from acquisitions	173	128	181
Staff costs from restructuring and severance	732	771	4,426
Other non-recurring and prior periods related items	1,256	529	-524
Adjusted EBITDA	57,697	34,346	25,500

Information about assets and liabilities and additions to non-current assets by segment are not regularly provided in the management reporting. Goodwill by segments, the level at which it is monitored, is disclosed in section D.2. *Impairment test for goodwill*.

Total non-current assets other than goodwill, financial instruments and deferred tax assets amount to kEUR 25,117 (December 31, 2018: 24,534; December 31, 2017: 12,371) located in Germany and kEUR 46,305 (December 31, 2018: 40,145; December 31, 2017: 27,134) located in foreign countries. Thereof there are no material assets in an individual foreign country, that needs to be disclosed separately. Of the goodwill kEUR 20,059 (December 31, 2018: kEUR 20,059; December 31, 2017: kEUR 2,457) is allocated to Germany.

IV. Contingent liabilities and guarantees

No contingent liabilities and guarantees existed during the fiscal years 2019, 2018 and 2017.

V. Capital Management

During the periods under consideration Nagarro companies have been integral part of the Group's capital management. The Group ensures that there is sufficient liquidity at all times and a balanced capital structure. These objectives are achieved by focusing on a strong business performance, a forward-looking dividend policy and equity measures to increase equity. Decisions regarding the acquisition and disposal of subsidiaries are made under consideration of the impact on the capital structure and the effects of the transactions on future years. The Group also utilizes opportunities to finance acquisitions with debt. In some cases the financing conditions are variable, also dependent on the equity structure and other key indicators. Another objective of the capital management is the reduction of existing debt.

The key figures used for capital management are as follows with respect to Nagarro at the respective balances sheet dates.

	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
	Total kEUR	Total kEUR	Total kEUR
Cash	43,758	27,947	16,576
Loans to Allgeier Group companies	3,215	1,533	1,994
Liabilities to banks	5,496	5,967	3,683
Loans from Allgeier Group companies	119,829	60,090	53,356
Lease liabilities	59,365	50,688	30,436
Net debt	137,718	87,264	68,906
Adjusted EBITDA	57,697	34,346	25,500
Debt ratio (Net debt to adjusted EBITDA)	2.4	2.5	2.7
Total assets	342,011	297,112	166,136
Equity	59,942	88,910	33,450
Equity ratio (% of total assets)	17.5%	29.9%	20.1%

VI. Financial risk management

The financial instruments of Nagarro are subject to various risks, such as liquidity risks, credit risks and market risks from changes in market prices and exchange rates. For the identification, evaluation and limitation of these risks, tiered risk management and control systems are used. Nagarro also implements safeguards and concludes hedges for the avoidance, early identification and mitigation of risks arising from financial instruments.

Liquidity risks

Liquidity risk is the risk that Nagarro may not be able to meet obligations associated with its financial liabilities. To ensure that adequate liquidity is available at all times, Nagarro uses instruments to control the cash flows and uses debt and equity instruments to finance its operations and its investment activities. On December 31, 2019, the financial liabilities of Nagarro amounted to kEUR 244,945 (December 31, 2018: kEUR 178,318; December 31, 2017: kEUR 117,406), of which kEUR 184,711 (December 31, 2018: kEUR 110,390; December 31, 2017: kEUR 91,039) are due within one year.

As of December 31, 2019, 100% of the current financial liabilities excluding Loans from Allgeier Group (December 31, 2018: 100%; December 31, 2017: 100%) were covered by current financial assets in the amount of kEUR 130,125 (December 31, 2018: kEUR 108,114; December 31, 2017: kEUR 71,950). The value of Loans from Allgeier Group included in the current financial liabilities is kEUR 119,829 (December 31, 2018: kEUR 60,090; December 31, 2017: kEUR 53,356).

To meet out the current financial liabilities for Loans from Allgeier Group see Financing section VIII. *Events after the balance sheet date*

Future undiscounted cash flows associated with financial liabilities were as follows based on contractually agreed terms and conditions at the respective balance sheet dates:

	Dec 31, 2019	Cash outflow 2020		Cash outlow 2021		Cash outflow 2022		Cash outflow >2022	
	Carrying amount kEUR	Repay-ment kEUR	Interest kEUR	Repay-ment kEUR	Interest kEUR	Repay-ment kEUR	Interest kEUR	Repay-ment kEUR	Interest kEUR
Overdraft facility of Nagarro Software Pvt. Ltd.	2,760	2,760	13	-	-	-	-	-	-
Liabilities from factoring	1,663	1,663	-	-	-	-	-	-	-
Overdraft facility of Nagarro Enterprise Services Pvt. Ltd.	550	550	1	-	-	-	-	-	-
Bank loan Nagarro Software srl	245	52	8	52	6	52	4	90	3
Bank loans iQuest Technlogies srl	232	232	2	-	-	-	-	-	-
Trade payables	16,055	16,055	-	-	-	-	-	-	-
Loans from Allgeier Group	119,829	119,829	359	-	-	-	-	-	-
Derivative financial instruments	404	404	-	-	-	-	-	-	-
Contingent purchase price liabilities	21,397	10,988	-	6,590	-	3,564	-	479	-
Other financial liabilities	22,445	20,274	-	425	-	425	-	1,321	-
	185,579	172,806	383	7,067	6	4,041	4	1,890	3

	Dec 31, 2018 Carrying amount kEUR	Cash outflow 2019 Repay-ment kEUR	Cash outflow 2019 Interest kEUR	Cash outlow 2020 Repay-ment kEUR	Cash outlow 2020 Interest kEUR	Cash outflow 2021 Repay-ment kEUR	Cash outflow 2021 Interest kEUR	Cash outflow >2021 Repay-ment kEUR	Cash outflow >2021 Interest kEUR
Overdraft facility of Nagarro Software Pvt. Ltd.	2,900	2,900	20	-	-	-	-	-	-
Liabilities from factoring	1,779	1,779	-	-	-	-	-	-	-
Overdraft facility of Nagarro Enterprise Services Pvt. Ltd.	549	549	4	-	-	-	-	-	-
Bank loan Nagarro Software srl	-	-	-	-	-	-	-	-	-
Bank loans iQuest Technlogies srl	582	349	11	233	2	-	-	-	-
Mortgage of Nagarro Enterprise Services Pvt. Ltd.	156	156	8	-	-	-	-	-	-
Bank loan Nagarro Inc.	-	-	-	-	-	-	-	-	-
Trade payables	17,358	17,358	-	-	-	-	-	-	-
Loans from Allgeier Group	60,090	60,090	207	-	-	-	-	-	-
Derivative financial instruments	314	314	-	-	-	-	-	-	-
Contingent purchase price liabilities	25,203	3,582	-	10,988	-	6,590	-	4,043	-
Other	18,700	17,230	-	294	-	294	-	882	-
Financial liabilities	127,632	104,308	250	11,515	2	6,884	-	4,925	-

	Dec 31, 2017 Carrying amount kEUR	Cash outflow 2018 Repay-ment kEUR	Cash outflow 2018 Interest kEUR	Cash outflow 2019 Repay-ment kEUR	Cash outflow 2019 Interest kEUR	Cash outflow 2020 Repay-ment kEUR	Cash outflow 2020 Interest kEUR	Cash outflow >2020 Repay-ment kEUR	Cash outflow >2020 Interest kEUR
Overdraft facility of Nagarro Enterprise Services Pvt. Ltd.	-	-	-	-	-	-	-	-	-
Liabilities from factoring	1,680	1,680	-	-	-	-	-	-	-
Overdraft facility of Nagarro Software Pvt. Ltd.	-	-	-	-	-	-	-	-	-
Bank loan Nagarro Software srl	-	-	-	-	-	-	-	-	-
Bank loans iQuest Technlogies srl	-	-	-	-	-	-	-	-	-
Mortgage of Nagarro Enterprise Services Pvt. Ltd.	321	171	18	149	5	-	-	-	-
Bank loan Nagarro Inc.	1,670	1,670	43	-	-	-	-	-	-
Trade payables	14,670	14,670	-	-	-	-	-	-	-
Loans from Allgeier Group	53,356	53,356	190	-	-	-	-	-	-
Derivative financial instruments	254	254	-	-	-	-	-	-	-
Contingent purchase price liabilities	-	-	-	-	-	-	-	-	-
Other	15,020	13,108	-	986	-	231	-	694	-
Financial liabilities	86,971	84,910	251	1,136	5	231	-	694	-

In addition to the tables above, financial liabilities include lease liabilities in the amount of kEUR 59,365 (December 31, 2018: kEUR 50,688; December 31, 2017: kEUR 30,436). Information on future cash outflows related to leases are shown in section D.4. *Leases*.

Credit risks

For financial assets a general risk exists that customers or contracting parties will not meet their obligations and that contract assets, receivables and other financial assets, including loans granted and cash, default. Credit risks arise from operations and from certain financing activities. Receivables are managed, and incoming payments tracked on a decentralized basis in the Nagarro companies. The theoretical maximum credit risk corresponds to the carrying amount totaling kEUR 145,390 (December 31, 2018: kEUR 117,046; December 31, 2017: kEUR 75,529). Impairments of kEUR 2,202 (December 31, 2018: kEUR 1,789; December 31, 2017: kEUR 1,109) were recognized on the gross amount of total customer receivables and other financial assets as of December 31, 2019. The impairment ratio on the gross amount was 1.7% (December 31, 2018: 1.6%; December 31, 2017: 1.5%).

The specific credit risks are as follows:

Contract assets and trade receivables

Nagarro has a broad-based customer structure which minimizes larger individual risks. The largest individual customer accounted for less than 7% of revenue of Nagarro in the 2019, 2018 and 2017 fiscal year. Trade receivables are generally due within 30 to 90 days. Credit checks occur on a regular basis for customers with whom Nagarro has an ongoing business relationship. The creditworthiness of new customers is checked before order commitments are made, and information is obtained in specific cases. If customers default on payments, the steps required to collect the receivables are taken in a timely manner. Certain companies have granted credit insurance in the event of unexpected defaults. Wherever possible, trade receivables are subject to retention of title which expires only when the respective receivable is paid. Currently Nagarro has no indications that the credit risk for financial assets exceeds the carrying amount.

Impairments until December 31, 2017:

Allowances for doubtful accounts are recognized at 50% for receivables past due more than 180 days and 100% for receivables past due more than one year. As a rule, impairments are made to the amounts reduced by value added tax if the tax laws of that country allow. More recent customer receivables are also impaired in whole or in part as soon as indications of default are identified.

Impairments after December 31, 2017:

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

Impaired receivables and the respective accumulated impairments are derecognized if there is no probability of payment. Trade receivables do not bear interest.

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

	As of Dec 31, 2019	not past due	days past due					
			<30	30-60	61-90	91-180	181-360	>360
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Expected loss rate		0%	0%	0%	0%	13%	15%	66%
Gross carrying amount								
Contract assets	12,562	12,562	-	-	-	-	-	-
Customer receivables	82,502	51,611	15,405	4,068	4,685	3,278	1,420	2,036
Impairment	-2,182	-193	-	-	-11	-419	-216	-1,342
Carrying amount	92,882	63,979	15,405	4,068	4,674	2,859	1,204	693

	As of Dec 31, 2018	not past due	days past due					
			<30	30-60	61-90	91-180	181-360	>360
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Expected loss rate		0%	0%	0%	0%	9%	43%	74%
Gross carrying amount								
Contract assets	5,528	5,528	-	-	-	-	-	-
Customer receivables	76,707	50,010	14,237	3,558	2,792	3,701	1,392	1,017
Impairment	-1,730	-16	-41	-	0	-320	-597	-756
Carrying amount	80,505	55,521	14,196	3,558	2,792	3,381	795	261

	As of Dec 31, 2017	not past due	days past due					
			<30	30-60	61-90	91-180	181-360	>360
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Customer receivables not impaired	50,144	35,462	7,409	2,561	1,673	2,645	346	47
Gross amount of impaired customer receivables	1,233	-	-	-	152	323	620	137
Impairment	-1,109	-	-	-	-152	-310	-528	-120
Carrying amount	50,268	35,462	7,409	2,561	1,673	2,659	438	65

Impairment losses on trade receivables have developed as follows:

	2019	2018	2017
	kEUR	kEUR	kEUR
Balance as of January 1	-1,730	-1,109	-109
Additions to the scope of combination	-	-254	-
Allocation to expenses	-984	-923	-1,062
Disposal value from internal transaction	84	-	-
Consumption and reversal	441	572	35
Currency differences	-	2	-
Other	7	-18	27
Balance on December 31	-2,182	-1,730	-1,109

The theoretical maximum exposure to credit risk at the end of the reporting period is the carrying amount of customer receivables of kEUR 80,320 (December 31, 2018: kEUR 74,977; December 31, 2017: kEUR 50,268). This risk is reduced by collateral and other credit rating improvements. Additionally, as of December 31, 2017 credit insurance covers 9% of contractual customer receivables.

Other financial assets

The gross carrying amounts before impairment losses and net carrying amounts of other financial assets are shown in the following tables:

Dec 31, 2019	FVTPL kEUR	At armotized cost Expected 12-month credit loss kEUR	Expected credit loss over the term No impaired credit quality kEUR	Expected credit loss over the term Impaired credit quality kEUR	Total kEUR
Gross value before value adjustment		8,255	60	-	8,315
Value adjustments		-	-20	-	-20
Residual carrying amount	455	8,255	40	-	8,295

Dec 31, 2018	FVTPL kEUR	At armotized cost Expected 12-month credit loss kEUR	Expected credit loss over the term No impaired credit quality kEUR	Expected credit loss over the term Impaired credit quality kEUR	Total kEUR
Gross value before value adjustment		7,555	-	59	7,614
Value adjustments		-	-	-59	-59
Residual carrying amount	1,040	7,555	-	0	7,555

The impairment of other financial assets at amortized cost can be reconciled as follows:

2019	At armotized cost Expected 12-month credit loss kEUR	Expected credit loss over the term No impaired credit quality kEUR	Expected credit loss over the term Impaired credit quality kEUR	Total kEUR
Balance as at January 1	-	-	-59	-59
Net revaluation of value adjustments	-	-20	59	39
Reclassification to lifetime expected credit loss - no credit-impaired	-	-	-	-
Reclassification to lifetime expected credit loss - credit-impaired	-	-	-	-
Additions from business combinations	-	-	-	-
Balance on December 31	-	-20	-	-20

2018	At armotized cost Expected 12-month credit loss kEUR	Expected credit loss over the term no impaired credit quality kEUR	Impaired credit quality kEUR	Total kEUR
Balance as at January 1	-	-	-	-
Net revaluation of value adjustments	-	-	-	-
Reclassification to lifetime expected credit loss - no credit-impaired	-	-	-	-
Reclassification to lifetime expected credit loss - credit-impaired	-	-	-	-
Additions from business combinations	-	-	-59	-59
Balance on December 31	-	-	-59	-59

Derivative assets

Derivatives are entered into with banks where investments are considered financially sound. To diversify the risk business relationships are maintained with various banks. As of December 31, 2019, there were assets resulting from foreign exchange forward transactions of kEUR 455 (December 31, 2018: kEUR 1,040; December 31, 2017: kEUR 458).

Cash

As of December 31, 2019, Nagarro had cash of kEUR 43,758 (December 31, 2018: kEUR 27,947; December 31, 2017: kEUR 16,576). Cash is deposited with banks that have a first-class rating. To diversify the risk business relationships are maintained with various banks. Nagarro assumes that its cash has a very low credit risk based on expected losses within twelve months.

Interest rate risks

Some of the financial liabilities have floating interest rates and are subject to the risk that interest rates can change and thereby impact the results of Nagarro.

The floating-rate financial liabilities totaled kEUR 8,858 on December 31, 2019 (December 31, 2018: kEUR 9,041; December 31, 2017: kEUR 10,003). A change in interest rates of 100 basis points p.a. would result in an increase or decrease in the financial result of kEUR 80 in 2019 (2018: kEUR 78; 2017: kEUR 160). In this case and applying a tax rate of 30%, equity would increase or decrease by kEUR 56 (December 31, 2018: kEUR 55; December 31, 2017: kEUR 112).

Due to the European Central Bank's continuing low-interest policy and the weakening economy, as well as the still very moderate inflation rates, management does not expect any significant interest rate increases for the rest of 2020 and in 2021. Nagarro closely monitors the developments on the interest and capital markets and, if necessary, interest rate hedging might be contemplated.

Currency risks

The following sensitivity analysis shows the impact of currency risks in accordance with IFRS 7 for the most important foreign currencies in the event of a strengthening or weakening of the foreign currency of 5 percent against the EUR. All monetary assets and monetary liabilities denominated in a foreign currency different from the functional currency of the respective Nagarro company were analyzed at the respective balance sheet date and sensitivity analyzes were carried out for the respective currency pairs, in terms of the net risk to show the implications on profit for the period and equity. This analysis assumes that all other variables, in particular interest rates, remain constant.

2019	Profit for the period		Equity	
Effect in kEUR	5% increase	5% decrease	5% increase	5% decrease
CHF	-77	77	-77	77
SEK	-63	63	-63	63
INR	-506	506	-506	506
USD	-1,892	1,892	-1,892	1,892
CNY	-102	102	-102	102
ZAR	-55	55	-55	55
DKK	-155	155	-155	155
JPY	-40	40	-40	40
	-2,890	2,890	-2,890	2,890

2018	Profit for the period		Equity	
Effect in kEUR	5% increase	5% decrease	5% increase	5% decrease
CHF	-89	89	-89	89
SEK	-71	71	-71	71
INR	-120	120	-120	120
USD	-1,607	1,607	-1,607	1,607
CNY	-88	88	-88	88
ZAR	-43	43	-43	43
DKK	-58	58	-58	58
JPY	-54	54	-54	54
	-2,130	2,130	-2,130	2,130

2017	Profit for the period		Equity	
Effect in kEUR	5% increase	5% decrease	5% increase	5% decrease
CHF	-4	4	-4	4
SEK	-80	80	-80	80
INR	-129	129	-129	129
USD	-636	636	-636	636
CNY	0	0	0	0
ZAR	0	0	0	0
DKK	-45	45	-45	45
JPY	-1	1	-1	1
	-895	895	-895	895

Nagarro hedges some of the cash flows to reduce its currency risks. Details are provided in section D.19. *Financial instruments.*

VII. Tax risks

Income tax items are regularly assessed particularly considering the numerous changes in tax laws, tax regulations, legal decisions and ongoing tax audits. Nagarro is responding to this circumstance, applying IFRIC 23, by continuously identifying and assessing the tax environment and the resulting effects. The most current information is then incorporated into the estimate parameters necessary for recognizing and measuring the tax provisions.

VIII. Events after the balance sheet date

In the period between December 31, 2019 and the date when the Combined Financial Statements were authorized for issuance by the Board of Directors of Nagarro SE, the following events of particular importance exist:

Legal reorganization

In fiscal year 2020 the legal reorganization to establish Nagarro as a group of entities under the control of a parent company as defined by IFRS 10 "*Consolidated Financial Statements*" has been completed. That is, all businesses that are to be part of the new Nagarro have been transferred to Nagarro SE prior to the demerger (*Abspaltung*) and the listing of Nagarro SE shares on the stock exchange, whereas the transfer has been executed in several stages.

In the second quarter Allgeier Consulting Services GmbH has been merged into Nagarro Allgeier ES GmbH. In the third quarter Nagarro Holding GmbH acquired the remaining 10.00% of shares in Nagarro Allgeier ES GmbH from Allgeier Enterprise Services AG. Prior to this, the shares in AES SPP GmbH held by Non-Controlling Interests have been purchased by Allgeier Enterprise Services AG and AES SPP has been merged into Allgeier Enterprise Services AG. For the previous acquisition of 90.00% of the shares in Nagarro Allgeier ES GmbH and Allgeier Consulting Services GmbH by Nagarro Holding GmbH in fiscal year 2019 refer to section B.II. *Scope of combination*.

In the third quarter all shares in Nagarro iQuest Holding GmbH have been sold and transferred by Allgeier Project Solutions GmbH to Nagarro Holding GmbH and all shares in Objectiva Software Solutions Inc. have been sold and transferred by Allgeier Project Solutions GmbH to Nagarro Inc., a subsidiary of Nagarro Holding GmbH. Prior to the sale of 100% of the shares in Nagarro iQuest Holding GmbH the remaining shares of 26.40% in Nagarro iQuest Holding GmbH and 32.44% in iQuest SPP GmbH, held by the management of the company and former owners, have been repurchased by Allgeier Project Solutions GmbH and iQuest SPP GmbH has been merged into Allgeier Project Solutions GmbH in the first half of fiscal year 2020.

Subsequent to the above transfers all shares directly or indirectly held by Allgeier Project Solutions GmbH in SPP Co-Investor Verwaltungs GmbH, SPP Co-Investor GmbH & Co. KG, Nagarro SPP GmbH, Nagarro Beteiligungs GmbH and Nagarro Holding GmbH (see section B.II *Scope of combination*) have been sold and transferred to Nagarro SE, including the related SPP.

Accordingly, as of September 30, 2020 Nagarro constitute a group in accordance with IFRS 10, for which interim consolidated financial statement for the nine months period then ending will be prepared for the purpose of the security prospectus. Allgeier Connect AG, as such not being a business in accordance with IFRS 3 and therefore not included in the Combined Financial Statements, will also not be included in the scope of consolidation in the interim consolidated financial statement. Allgeier Connect AG will become part of the Nagarro when the demerger of its shares currently held by Allgeier SE becomes effective and Allgeier SE loses control over Nagarro. Contemplating the demerger to take place in December 2020 there will be a statutory requirement to prepare IFRS consolidated financial statements for the Nagarro as of and for the fiscal year ending December 31, 2020, then including Allgeier Connect AG (the "stand-alone consolidated financial statements").

For Nagarro the legal reorganization results in purchase price liabilities in the total amount of kEUR 277,832, for which deferred payment with a fixed interest rate of 3.0% is agreed.

As in the interim consolidated financial statements Allgeier Connect AG is not being included in the scope of consolidation, the equity contribution may not yet be considered in the consolidation. Hence, due to the structure and timing of the legal reorganization equity will temporarily decrease by kEUR 277,832 in the interim consolidated financial statements for Nagarro for the nine months period ending September 30, 2020.

For the purpose of the contemplated spin-off Allgeier Group simultaneously contributed its purchase price receivables from the sale and transfer of shares to Nagarro into equity of Allgeier Connect AG with a total amount of kEUR 243,608 as an increase of capital. In the stand-alone consolidated financial statements purchase price liabilities and receivables would be offset in the course of the intercompany elimination. The remaining liability of kEUR 34,224 would result in a respective decrease in equity.

In April and August 2020 kUSD 11,000 (kEUR 10,246) have been paid by Allgeier Project Solutions GmbH for the contingent purchase price liabilities related to the historic acquisitions of Nagarro Objectiva (see sections B.III. *Carve-out specific accounting principles*, D.19. *Financial Instruments* and H.I. *Business Combinations*). Along with the transfer of the shares in Objectiva Software Solutions Inc. the outstanding liability has been partially legally assigned to Nagarro Inc. with an amount of kUSD 6,500 (kEUR 5,513).

Financing

A syndicated loan agreement for the financing of Nagarro is to be concluded before the demerger of Allgeier Connect AG becomes effective. A consortium consisting of several banks has committed to this in a Commitment Letter to Nagarro SE in August 2020. The credit agreement will include a redeemable credit line in the amount of EUR 100 million and a revolving credit line in the amount of EUR 100 million. The credit lines will have a minimum term of three years. The credit lines will initially serve to refinance existing loans to the remaining Allgeier Group. The revolving credit line is also available to finance general working capital requirements. Standard market conditions have been agreed. Amount and term of the credit lines were determined to ensure that Nagarro has sufficient liquidity and flexibility in the medium term in line with its business planning.

The existing syndicated loan facility of the Allgeier Group shall be adjusted accordingly. Among others, the volume will be reduced and the group of companies included will be amended.

Further, in September 2020, Nagarro has entered into a new factoring facility with a limit of kEUR 20,000.

COVID-19

COVID-19 and the actions taken globally since the beginning of fiscal year 2020 to limit the spread of the SARS-CoV-2 virus led to a global economic depression and affected almost all markets relevant for Nagarro. The so-called corona crisis is a major challenge for our customers, but also for our employees. Our business model, which allows most of our project work to be carried out without a personal presence in the office or at the customer's premises, has proven to be largely stable so far in fiscal year 2020 in the light of COVID-19. The general need of customers for services to digitize their business models and to operate and improve their IT systems has not declined fundamentally up to now. Our employees are generally able to work remotely from their home office for longer periods of time. In some cases, productivity is even higher due to the absence of commuting and business trips. Therefore, there have been no major temporary declines in our business so far.

However, due to the current crisis caused by the global spread of the SARS-CoV-2 virus, there is still considerable uncertainty about the extent of the impact on the global economy and a sustained stabilization of the international capital and financial markets. Despite the expected significant reduction in growth in the German market as well as in some other markets due to the medium- and long-term effects of COVID-19, which cannot yet be fully assessed, as well as uncertainties due to international crisis such as trade conflicts, an unregulated Brexit or social disruption, we consider ourselves to be very well prepared for a continued organic growth.

In the recent months of fiscal year 2020, despite COVID-19, we achieved nearly a growth in revenue at the level originally planned before COVID-19 occurred. Due to lower costs, we achieved an EBITDA that was even significantly higher than originally budgeted for the first half of the year. There are no relevant concentration risks on the side of our customers, that is due to the high diversification of our customer portfolio in terms of size, region, industries and business models. However, should entire economies be affected by a prolonged economic depression in the course of or as a result of the pandemic, and should demand in certain markets or sectors of the economy decline massively, this will most likely also have an impact on the short- and medium-term development and further growth of Nagarro for the remaining fiscal year. As a result, the potential impact on Nagarro's revenue and financial performance cannot be accurately estimated at this point in time. Although we do not expect a significant decrease in corporate and public spending on digitization and IT, the negative impact on individual customers or industries may also have a selective negative impact on our business. Therefore, management continues to monitor those risks whose probability of occurrence has increased due to COVID-19 and those risks that affect the business, assets, liabilities, financial position and results of operations of Nagarro.

Munich, October 05, 2020

Nagarro SE, Munich

Annette Mainka
Director

Nagarro SE,
Munich

Auditor´s Opinion

on the audit of the combined financial statements for the financial years 2019, 2018 and 2017

Independent Auditor´s Report

To Nagarro SE, Munich,

We have audited the combined financial statements, which comprise the combined statements of financial positions, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows as well as the notes to the combined financial statements for the years January 1, 2017 to December 31, 2017, January 1, 2018
to December 31, 2018 and January 1, 2019 to December 31, 2019, prepared by Nagarro SE, Munich, for the business of Nagarro SE of the Allgeier SE Group as described in Notes A. I. and A.
II. of the notes to the combined financial statements ("Nagarro+ Group").

Management´s Responsibility for the Combined Financial Statements

Nagarro SE´s management is responsible for the preparation and fair presentation of these combined financial statements that comply, in all material respects, with International Financial Re- porting Standards, as adopted by the EU, as well as that the combined financial statements, in compliance with these requirements, give a true and fair view of the assets and liabilities, financial position and financial performance of Nagarro + Group. In addition, management is responsible for such internal control as management determined is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor´s Responsibility

Our objective is to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these combined financial statements. We exercise professional judgement and maintain professional skepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the combined financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

Opinion

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Nagarro+ Group as at December 31, 2019, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards, as adopted by the EU.

Emphasis of Matter

Without modifying our opinion, we draw attention to the fact that, as described in Note A. I. of the notes to the combined financial statements, the Nagarro+ Group included in the combined financial statements has not operated as a separate group of entities. These combined financial statements are, therefore, not necessarily indicative of results that would have occurred if the Nagarro+ Group had been a separate stand-alone group of entities during the years presented or of future results of the Nagarro+ Group.

Düsseldorf, November 9, 2020

LOHR + COMPANY
GmbH

Wirtschaftsprüfungsgesellschaft

Prof. Dr. Jörg-Andreas Lohr	ppa. Uwe Höschler
- Wirtschaftsprüfer -	- Wirtschaftsprüfer -

Nagarro SE,
Munich

Audited Unconsolidated Financial Statements

for the six months ended June 30, 2020

Balance Sheet as of June 30, 2020

Assets	June 30, 2020 EUR	January 17, 2020 EUR
Current assets		
I. Receivables and other assets		
Outstanding contributions	0.00	120,000.00
II. Cash and cash equivalent	**119,869.90**	**0.00**
	119,869.90	**120,000.00**

Balance Sheet as of June 30, 2020

Equity and liabilities	June 30, 2020		January 17, 2020
	EUR	EUR	EUR
A. Equity			
I. Share capital	120,000.00		120,000.00
II. Net loss for the half year	-930.10		0.00
		119,069.90	**120,000.00**
B. Provisions			
Other Provisions		**800.00**	**0.00**
		119,869.90	**120,000.00**

Profit and loss statement

for the period from January 17, 2020 to June 30, 2020

		Half year 2020 EUR
1.	Other operating expenses	930.10
2.	Earnings after taxes	-930.10
3.	**Net loss for the half year**	**-930.10**

INDEPENDENT AUDITOR'S REPORT

To Nagarro SE, Munich:

We have audited the half-year financial statements of Nagarro SE, Munich, which comprise the balance sheet as at June 30, 2020 and the statement of profit and loss for the period from January 17, 2020 to June 30, 2020.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying half year 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 at June 30, 2020 and of its financial performance for the period from January 17, 2020 to June 30, 2020 in compliance with German Legally Required Accounting Principles and the application of the exemption for micro-entities pursuant to Sec. 264 (1) Sentence 5 HGB ("Handelsgesetzbuch": German Commercial Code).

Pursuant to § 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the half year financial statements.

BASIS FOR THE AUDIT OPINION

We conducted our audit of the half year financial statements in accordance with § 317 HGB 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). We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the half year financial statements.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS FOR THE HALF YEAR FINANCIAL STATEMENTS

The executive directors are responsible for the preparation of the half year financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the half year 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 and applying the exemption for micro-entities pursuant to Sec. 264 (1) Sentence 5 HGB.. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of half year financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the half year financial statements, the executive directors are 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE HALF YEAR FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the half-year financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the annual financial statements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB 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 half year financial statements.

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

- Identify and assess the risks of material misstatement of the half-year financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, and intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the half year financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' 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 half year financial statements, or if such disclosures are inadequate, to modify our respective audit 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 half year financial statements, including the disclosures, and whether the half-year financial statements present the underlying transactions and events in a manner that the half year 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 and applying the exemptions for micro-entities pursuant to Sec. 264 (1) Sentence 5 HGB.

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.

Düsseldorf, November 9, 2020

LOHR + COMPANY GmbH

Wirtschaftsprüfungsgesellschaft

Prof. Dr. Jörg-Andreas Lohr	ppa. Uwe Höschler
- Wirtschaftsprüfer -	- Wirtschaftsprüfer -

17. GLOSSARY

Agile Development	describes an adapting approach to software development, emphasizing incremental delivery, team collaboration, continual planning and continual learning and deliver everything at once near the end of the software development process
AktG	German Stock Corporation Act (*Aktiengesetz*).
BaFin	German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).
BGB	refers to the German Civil Code (*Bürgerliches Gesetzbuch).*
CAGR	refers to compound annual growth rate.
CET	refers to Central European Time.
Clearstream	Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany.
Cloud migration	means moving classic IT applications into the cloud or between different cloud environments.
CMR	refers to client-relationship-management.
Code	refers to the German Corporate Governance Code.
Company	Nagarro SE.
COMMERZBANK	COMMERZBANK Aktiengesellschaft, Frankfurt am Main, Germany.
COVID-19	COVID-19 is an infectious disease which is caused by the virus SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2).
Council Regulation	Regulation (EC) 2157/2001 on the Stature for a European company (SE).
CX	refers to customer experience, which means all the experience that a client or buyer has with a company.
DevOps	refers to a set of practices that combines software development and IT operations that aim to shorten the systems development life cycle and provide continuous delivery with high software quality.
EEA	European Economic Area (encompassing all of the members of the European Union and the European Free Trade Association).
EEA Member State	a member state of the EEA.
ERP	refers to Enterprise Resource Planning.
ESMA Guidelines	the guidelines issued by the European Securities and Markets Authority (ESMA) on October 5, 2015.
EU	refers to the European Union.
Euro, EUR or €	refers to the single currency of the participating member states in the third stage of the European Economic Union pursuant to the Treaty Establishing the European Community.
FCPA	Foreign Corrupt Practices Act of 1977.
GDPR	European Union's General Data Protection Regulation (EU) 2016/679.
German GAAP	German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*).
Germany	the Federal Republic of Germany.
HGB	German Commercial Code (*Handelsgesetzbuch*).
IDC	International Data Corporation.
IDW	Institute of Public Auditors in Germany
IFRS	refers to the International Financial Reporting Standards as adopted by the European Union, including International Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB).
INR	refers to the legal currency of the Republic of India.
KPI	Key Performance Indicators.
Lohr + Company	LOHR + COMPANY GmbH Wirtschaftsprüfungsgesellschaft.
Management Board	refers to the Company's management board (*Vorstand).*
Management Board Chairperson	refers to the chairperson of the Management Board.

MAR .... Regulation (EU) 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation).

MiFID II .... Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended.

MiFID II Requirements ..... MiFID II together with Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II and local implementing measures.

OFAC .... U.S. Office of Foreign Assets Control.

Order .... refers to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

Prospectus Regulation .... Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

Rapid prototyping .... prototypes are developed quickly and cost-effectively in order to obtain user feedback in short iteration cycles (repeat loops), which helps to improve the product.

R&D .... research and development.

Regulation .... Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing the Prospectus Regulation.

SE .... refers to Societas Europaea, a European stock corporation.

SEAG .... German SE Implementation Act (*SE-Ausführungsgesetz*).

Service Agreements .... refers to the service agreements each member of the Management Board entered into with the Company.

Short Selling Regulation .... refers to the Regulation (EU) 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps.

StGB .... German Criminal Code (*Strafgesetzbuch*).

Supervisory Board .... refers to the Company’s supervisory board (*Aufsichtsrat).*

Supervisory Board Chairperson .... refers to the chairperson of the Supervisory Board.

UmwG .... German Transformation Act (*Umwandlungsgesetz)*

U.S. dollars, USD or US$ ... refers to the legal currency of the United States of America.

UX .... User experience, *i.e.* a person's emotions and attitudes about using a particular product, system or service.

VAT .... refers to value added tax.

WpHG .... German Securities Trading Act (*Wertpapierhandelsgesetz*).

WpPG .... German Securities Prospectus Act (*Wertpapierprospektgesetz*).

WpÜG .... German Securities and Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

18. RECENT DEVELOPMENTS AND OUTLOOK

18.1 Recent Developments

By way of purchase agreement dated September 21, 2020, Nagarro ES acquired the products of maihiro GmbH, Ismaning, from insolvency. Nagarro ES took over all employees of maihiro GmbH. An amount of €100 thousand was agreed as the purchase price for the acquired assets and client contracts, which will be paid in the fourth quarter of 2020. maihiro GmbH will be included in the consolidation of Nagarro for the first time as of October 1, 2020.

By way of purchase agreement dated October 13, 2020, Nagarro iQuest acquired Livisi GmbH from Innogy SE. The transaction is planned to close in January 2021. Livisi GmbH operates in the smart home and home automation market.

On October 30, 2020, the Company's general shareholders' meeting resolved to increase the Company's share capital from €120,000.00 to €11,382,513.00 by issuing 11,262,513 New Shares in the Spin-Off Capital Increase. The Spin-Off Capital Increase will be affected against contribution in kind. Allgeier SE will contribute its shares of Connect AG and its holdings in the Company to Nagarro SE, which, as stated in the Unaudited Interim Condensed Consolidated Financial Statements, is currently not included in the scope of consolidation.

On October 30, 2020, Nagarro entered into a new syndicated credit facility with five European credit institutions. The new credit facility in an amount of €200 million comprises a term loan facility of €100 million and a revolving credit facility of €100 million, with an original maturity date falling three years after the date of entry that can be extended twice upon request, in each case by one year.

COVID-19 and the actions taken globally since the beginning of the financial year 2020 to limit the spread of COVID-19 led to a global economic depression and affected almost all markets relevant for Nagarro. Due to the current crisis caused by COVID-19, there is still considerable uncertainty about the extent of the impact on the global economy and a sustained stabilization of the international capital and financial markets. As a result, the potential impact on Nagarro's revenue and financial performance cannot be accurately estimated at this point in time. Although the Company does not expect a significant decrease in corporate and public spending on digitization and IT, the negative impact on individual clients or industries may also have a negative impact on its business. Therefore, the Company's management continues to monitor risks whose probability of occurrence has increased due to COVID-19 and risks that affect the business, assets, liabilities, financial position and results of operations of Nagarro.

Except as described above, between September 30, 2020 and the date of the Prospectus, there have been no significant changes in our financial condition and operating results.

18.2 Outlook

Nagarro expects revenue for the financial year ending December 31, 2020 to be in the range of €427 million and €433 million (lower end and upper end of the estimations).

Nagarro expects gross margin for the financial year ending December 31, 2020 to be in the range of 32% to 33% (lower and upper end of the estimations).

Nagarro expects the Adjusted EBITDA for the financial year ending December 31, 2020 to be in the range of €72 million to €77 million (lower end and upper end of the estimations).

For additional information, see "*8. – Profit Forecast*".

Nagarro targets the organic revenue growth rate to be in the region of 15% in 2021 and aims to return to historical levels (2017-2019) in the medium term. In the medium term, Nagarro targets an Adjusted EBITDA margin in the region of approximately 15% and a net leverage of 2.0x net debt to Adjusted EBITDA.

In preparing the targets described above, we have assumed that there will be no significant changes in existing political, legal, financial, market or economic conditions, or in applicable legislation, regulations or rules (including, but not limited to, accounting policies, accounting treatments and tax rules and interpretative guidance) and that foreign exchange rates will not change materially, in each case except as described in the Prospectus; and that we will not become party to any litigation or administrative proceeding or proceedings that might have a material impact on us of which we are not currently aware.