Prospectus

dated October 26, 2021

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

2,199,472 newly issued no-par value registered shares from a capital increase against contribution in kind resolved by the annual shareholders' meeting on August 31, 2021,

– 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, 2021 –

of

Nagarro SE

Munich, Germany

International Securities Identification Number (ISIN): DE000A3H2200

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

Ticker: NA9

Listing Agent

M.M.Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien

The validity of this Prospectus will expire with the beginning of the trading of the New Shares on the regulated market of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), which is expected to occur on October 29, 2021, 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in the event of significant new factors, material mistakes or material inaccuracies will apply when this Prospectus is no longer valid.

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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 2,199,472 newly issued no-par value registered shares (*Stückaktien*) from a capital increase against contribution in kind resolved by the annual shareholders' meeting on August 31, 2021 (the "**New 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 merger by absorption (*Verschmelzung durch Aufnahme*) under the German Transformation Act (*Umwandlungsgesetz* - "**UmwG**") (the "**Merger**") by which the assets of Nagarro Holding GmbH, Munich, Germany ("**Nagarro Holding**") as transferring legal entity are transferred as a whole with all rights and obligations, excluding liquidation pursuant to Section 2 (1) UmwG to the Company as acquiring legal entity.

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.

The Company and M.M.Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien, a German partnership limited by shares (*Kommanditgesellschaft auf Aktien* or *KG a.A.*), having its registered seat in Hamburg, Germany, under the registration number HRB 84168, with business address at Ferdinandstraße 75, 20095 Hamburg, Germany (LEI: MZI1VDH2BQLFZGLQDO60), telephone: +49 (0) 40 32820; website: www.mmwarburg.de ("**M.M.Warburg**" or "**Listing Agent**"), have asked for admission of the New Shares to trading on the regulated market (*regulierter Markt*) on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard).

This Prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* ("**BaFin**")), on October 26, 2021 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.

*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 Company is Nagarro SE (LEI: 9845008396BA67DA9B37), a European stock corporation (*Societas Europaea*, "**SE**") incorporated in Munich and operating under German law.

The Nagarro Group is a global organization with offices in 27 countries (as of June 30, 2021) and no formal headquarters. As of June 30, 2021, we had approximately 10,900 employees. Of these, about 10,000 were professionals in engineering, distributed primarily across India (73%), Romania (7%), Germany (6%), China (6%), the USA (2%) 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.

In 2020, the Company entered into a spin-off and transfer agreement with its previous sole shareholder Allgeier SE, Munich, Germany ("**Allgeier**" and together with its consolidated subsidiaries "**Allgeier Group**") regarding a spin-off (*Abspaltung zur Aufnahme*) under the UmwG in order to legally separate the business activities of the Allgeier Group in the area of technology and software development business and to list the shares of Nagarro on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (the "**Spin-Off**"). The Spin-Off became commercially effective with retroactive effect as of January 1, 2020. In preparation for the Spin-Off, comprehensive reorganization measures were implemented in the Allgeier Group. Several individual operating companies, which were previously held in different business units of the Allgeier Group, are now attributable to the Nagarro Group. In the context of the Spin-Off, Nagarro Holding was identified as the future operating holding company and it acquired Nagarro iQuest Holding GmbH, Objectiva Software Solutions Inc., and the SAP business of the Allgeier Group organized under Nagarro ES.

As part of the planned process to fully integrate Nagarro Holding into Nagarro, Nagarro Connect AG was merged into Nagarro by way of absorption as a whole by transfer of all assets to Nagarro and subsequent dissolution without liquidation of Nagarro Connect AG under the UmwG, effective as of August 2, 2021. Additionally, as Nagarro previously was only entitled to the economic share of around 84% in Nagarro Holding following the Spin-Off due to several trust agreements and with participation of several holding companies, the Company rolled-over the remaining shareholdings into the Company level. The roll-over of the remaining shares was done by merger by absorption of the relevant holding companies to Nagarro, effective as of October 22, 2021 under the UmwG in order to untangle indirect shareholdings. As a last step to fully integrate Nagarro Holding into the Company, the Company has effected the Merger.

The management board (*Vorstand*) of the Company (the "**Management Board**") 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 regulatory compliance and for compliance with 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 consolidated financial statements of Nagarro as of and for the fiscal year ended December 31, 2020 (the "**Audited Consolidated Financial Statements**"), 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**") that were prepared for the Spin-Off and the unaudited interim condensed consolidated financial statements of Nagarro as of and for the six-month period ended June 30, 2021 (the "**Unaudited Interim Condensed Consolidated Financial Statements**"). The Audited Consolidated Financial Statements and 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 Nagarro Group included in the Combined Financial Statements has not operated as a separate group of entities. The 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. The Unaudited Interim Condensed Consolidated Financial Statements were prepared in accordance with IFRS on interim financial reporting (IAS 34). The Audited Consolidated Financial Statements, the Audited Combined Financial Statements and the Unaudited Interim Condensed Consolidated Financial Statements present the combined group of entities and business activities comprising the Nagarro business in the fiscal years ended December 31, 2019 and 2018 and the consolidated group of entities and business activities in the fiscal year ended December 31, 2020 and the six-month period ended June 30, 2021. During the fiscal years ended December 31, 2019 and 2018 and the six-month period ended June 30, 2020, the Nagarro Group 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 Consolidated Financial Statement or 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 Consolidated Financial Statement or the Audited Combined Financial Statements but was taken 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.

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 exist after the Spin-Off. 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 six months ended June 30,	
	2020	2019	2018	2021	2020
		(audited)		(unaudited)	
Revenue	430,372	402,430	287,329	243,046	216,039
Earnings before interest and taxes (EBIT)	44,543	42,422	18,569	21,379	24,934
Earnings before taxes (EBT)	37,742	37,153	14,418	17,790	21,826
Profit for the period	**24,356**	**30,396**	**8,174**	**13,287**	**15,121**
Basic earnings per shares (based on weighted average)(1), (2)	**30.94**	**-**	**-**	**0.92**	**144.88**
Basic earnings per shares (based on outstanding share)(1), (2)	**1.62**	**-**	**-**	**0.91**	**105.87**

(1) The comparative earning per share is not shown for 2019 and 2018 as the parent company in 2019 and 2018 was Nagarro Holding GmbH which is different from the current parent company Nagarro SE.

(2) The earnings per share for the six months ended June 30, 2021 is not comparable with the earnings per share for the six months ended June 30, 2020 as the number of shares as at June 30, 2020 does not correspond to the number of shares post Spin-off and Listing on December 16, 2020.

Key financial information from the Statements of Financial Position

Euro (thousands)	As of December 31,			As of June 30,
	2020	2019	2018	2021
		(audited)		(unaudited)
Non-current assets	176,475	184,853	170,132	178,336
Current assets	210,346	157,158	126,981	219,937
Total assets	**386,822**	**342,011**	**297,112**	**398,273**
Non-current liabilities	223,911	66,136	72,894	218,438
Current liabilities	116,383	215,933	135,309	107,689
Total liabilities	**340,294**	**282,069**	**208,203**	**326,127**
Total equity	**46,528**	**59,942**	**88,910**	**72,147**
Equity and liabilities	**386,822**	**342,011**	**297,112**	**398,273**

Key financial information from the Statements of Cash Flows

Euro (thousands)	For the fiscal year ended December 31,			For the six months ended June 30,	
	2020	2019	2018	2021	2020
		(audited)		(unaudited)	
Net cash inflow from operating activities	69,440	40,867	8,576	6,839	38,886
Net cash outflow from investing activities	(10,120)	(8,013)	2,731	(5,981)	(5,365)
Net cash inflow (outflow) from financing activities	6,478	(17,145)	(3,857)	(6,349)	(7,425)
Effects of exchange rate changes on cash and cash equivalents	(1,410)	358	386	486	(305)
Total changes in cash and cash equivalents	**64,388**	**16,067**	**7,836**	**(5,004)**	**25,791**

Key Performance Indicators and Alternative Performance Measures

We present adjusted EBITDA and EBIT as alternative performance measures 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. We present EBIT as an indicator for evaluating our operating performance over several periods as it does not include income tax taxes and financial expenses and financial income.

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. Due to the Spin-Off, Nagarro's approach to EBITDA adjustments as of fiscal year 2020 is different from its previous approach, adjusting for fewer categories of items namely those relating to income/expense because of purchase price adjustments, badwill, foreign exchange effects on purchase price, sale of equity investments, stock option plan cost and, in 2020, Spin-Off and listing expenses, and, in the six month ended June 30, 2021, the expenses related to the rollover of minorities and acquisition cost. These are the adjustments that we make to reach adjusted EBITDA in the consolidated financial statements for the financial year ended December 31, 2020 and the six months ended June 30, 2021 ("**Current Method of Calculating Adjusted EBITDA**"). This approach is different from adjustments made to reach adjusted EBITDA (which was primarily based on the Allgeier Group's adjustment) in the presentation of the Audited Combined Financial Statements for the fiscal years ended December 31, 2019, 2018 and 2017 ("**Previous Method of Calculating Adjusted EBITDA**"). In order to allow for comparability of the financial numbers of adjusted EBITDA in this Prospectus, the numbers presented under adjusted EBITDA show Adjusted EBITDA both according to the Previous Method of Calculating Adjusted EBITDA as well as according to the Current Method of Calculating Adjusted EBITDA.

EBIT is equal to the Company's earnings (profit after taxes) with the following added back: income taxes, financial expenses and financial income.

	For the fiscal year ended December 31,			**For the six months ended June 30,**	
Euro (thousand)	**2020**	**2019**	**2018**	**2021**	**2020**
		(audited)		*(unaudited)*	
EBIT	44,543	42,422	18,569	21,379	24,934
EBITDA	66,184	61,584	32,283	32,693	35,694
Adjusted EBITDA (previous method)(1)	77,626	57,697	34,346	n/a	n/a
Adjusted EBITDA (current method)(2)	76,204	55,035	n/a	37,519	35,692

(1) According to Previous Method of Calculating Adjusted EBITDA.
(2) According to Current Method of Calculating Adjusted EBITDA.

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 six months ended June 30,**	
%	**2020**	**2019**	**2018**	**2021**	**2020**
		(audited)		*(unaudited)*	
Gross margin	32	32	31	30	34

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

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

- We face intense competition for international top talent. If we are unable to hire an adequate number of professionals to fulfil customer demand, our business and financial condition may be adversely impacted. If we are unable to attract and retain sufficient qualified personnel or do not effectively utilize our workforce, our operating results and profitability may be materially adversely affected.

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

- 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.

- 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.

- Our operating results have been adversely affected and could in the future be materially adversely affected by global pandemics like COVID-19 which could materially adversely affect our business, financial condition and results of operations.

- 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 operating results, which could in turn impact the price of Nagarro's shares.

- 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 our employees and deploy employees holding U.S. work permits to client locations, both of which could adversely impact our business.

- 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 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 face the risk of unfavourable taxation resulting from the Merger, which may result in a (partially) taxable gain at Nagarro.

C. Key information on the securities

What are the main features of the securities?

The New 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, 2021.

The ISIN of the New Shares is DE000A3H2200 as for all other issued shares of the Company. The New Shares are denominated in euros and are issued for an indefinite term. Each New Share in the Company carries one vote at the Company's shareholders' meeting. All of the shares of the Company confer the same voting rights. There are no restrictions on voting rights. The New 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 of the Company, including the New Shares, provide holders thereof with the same rights and no shares provide any additional rights or advantages. The New 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 Company's 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 has been made for admission of the New 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 New Shares are expected to be admitted to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on October 27, 2021. Public trading in the New Shares is expected to commence on October 29, 2021.

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

- The minority shareholders who receive shares in the Merger may face the risk of unfavourable taxation resulting from the Merger that could derive from the provisions of Section 13 of the German Reorganization Tax Act (*Umwandlungssteuergesetz*) as well as Section 20 (4a) of the German Income Tax Act (*Einkommensteuergesetz*).

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?

An offering of shares is not the subject of this Prospectus.

Following the completion of the Merger, the New Shares will be transferred to the former minority shareholders of Nagarro Holding (i.e. except for the Company). Following commencement of trading of the New Shares which is currently expected to occur on or about October 29, 2021, the shareholders of Nagarro Holding shall receive the following number of New Shares of Nagarro (ISIN DE000A3H2200 / WKN A3H220), based on a fixed arithmetical allotment ratio of 1:275.5197420091868, *i.e.*, one Nagarro Holding share is entitled to 275.5197420091868 Nagarro shares, but under avoidance of partial rights to shares (so-called share fractions) arising on the basis of this allotment ratio:

- All Nag Beteiligungs GmbH & Co. KG ("**ANB**") 688,523 New Shares of Nagarro for 2,499 shares of Nagarro Holding;
- StarView Capital Growth Fund, LLC ("**SV LLC**") 688,523 New Shares of Nagarro for 2,499 shares of Nagarro Holding; and
- SPP Co-Investor GmbH & Co. KG ("**SPP KG**") 822,426 New Shares of Nagarro.

To the extent that ANB, SV LLC and SPP KG (together the "**Entitled Nagarro Holding Shareholders**") could be entitled to a higher number of shares in Nagarro in terms of value on the basis of the aforementioned determined arithmetical allotment ratio, they have waived the granting of shares pursuant to Section 68 para. 1 sentence 3 UmwG by notarized declaration. Insofar as Nagarro is a shareholder of Nagarro Holding, there shall be no capital increase at Nagarro (Section 68 para. 1 sentence 1 no. 1 UmwG). Insofar as Nagarro Holding holds treasury shares, there shall also be no capital increase at Nagarro (Section 68 para. 1 sentence 1 no. 2 UmwG). No additional cash payment is granted to the Entitled Nagarro Holding Shareholders; they have waived such additional cash payment as a precaution.

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 "Investor Relations" section and as a supplement to this Prospectus. Under certain conditions, the Listing Agent may terminate the listing agreement entered into between the Company and the Listing Agent on October 26, 2021, even after commencement of trading (*Aufnahme des Handels*) of the New Shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

The total costs and expenses of the Merger and the Listing of the Company are expected to total approximately €2.4 million, which will be borne by the Company.

Who is the person asking for admission to trading?

The Company has applied for admission to trading of the New Shares. Application has been made together with M.M.Warburg.

Why is this Prospectus being produced?

The purpose of the Prospectus is to admit the New Shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) resulting from the Merger of Nagarro Holding into the Company accordance with the UmwG. The Merger has been implemented to integrate Nagarro Holding into Nagarro.

The Company intends to list the New 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*).

The Company will not receive any proceeds in connection with the Merger.

In the context of the Merger and the Listing, the Listing Agent has entered into a contractual relationship with the Company.

The Company has undertaken to pay the Listing Agent a fixed fee, which will be partly payable on the date of this Prospectus. The Company therefore assumes that the Listing Agent has an interest in the successful completion of the Listing.

The Listing Agent or its affiliates has or have, and may from time to time in the future continue to have, business relations with Nagarro, including lending activities, or may perform certain advisory or other services for Nagarro 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.

The members of the Management Board of Nagarro, Mr. Manas Fuloria and Mr. Vikram Sehgal each indirectly received Nagarro shares in the course of the Merger, corresponding to (commercially rounded) 5% of the share capital of Nagarro (after capital increase). Mr. Vikram Sehgal holds 50% in StarView Capital LLC that indirectly holds (through its subsidiaries, including SV LLC) approximately 6.2% in the Company's share capital following the Merger together with shares held prior to the Merger. Mr. Manas Fuloria holds directly and indirectly a total of approximately 5.6% of the Company's share capital following the Merger together with shares held prior to the Merger.

Except for the aforementioned interests, there are no interests, conflicting interests or potential conflicting interests which are material in the context of the Merger 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 2.199.472 neu ausgegebenen auf den Namen lautende Aktion ohne Nennbetrag (*Stückaktien*) aus einer von der Hauptversammlung der Gesellschaft am 31. August 2021, beschlossenen Kapitalerhöhung gegen Sacheinlage (die „**Neuen 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 Neuen Aktien werden im Zusammenhang mit einer Verschmelzung durch Aufnahme nach dem Umwandlungsgesetz („**UmwG**") ausgegeben (die „**Verschmelzung**"). Im Rahmen der Verschmelzung wird die Nagarro Holding GmbH, München, Deutschland („**Nagarro Holding**"), als übertragender Rechtsträger, ihr Vermögen als Ganzes mit allen Rechten und Pflichten unter Ausschluss der Abwicklung gemäß § 2 Absatz 1 UmwG an die Gesellschaft als übernehmenden Rechtsträger übertragen.

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 die oberste Holdinggesellschaft ist.

Die die Zulassung zum Handel an einem regulierten Markt beantragenden Personen sind die Gesellschaft und M.M.Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien mit Sitz in Hamburg, Deutschland, eingetragen im Handelsregister unter der Nr. 84168, mit Geschäftsadresse Ferdinandstraße 75, 20095 Hamburg, Deutschland (LEI: MZI1VDH2BQLFZGLQDO60), Telefon: +49 (0) 40 32820; Webseite: www.mmwarburg.de („**M.M.Warburg**" oder „**Listing Agent**"). Die Gesellschaft ist erreichbar unter: Einsteinstraße 172, 81677 München, Deutschland (Telefon: +49 89 9984210, www.nagarro.com) und M.M.Warburg ist erreichbar unter: Ferdinandstraße 75, 20095 Hamburg, Deutschland (Telefon: +49 (0) 40 32820; Webseite: www.mmwarburg.de).

Dieser Prospekt wurde von der Bundesanstalt für Finanzdienstleistungsaufsicht („**BaFin**") am 26. Oktober 2021 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.

*Diese Zusammenfassung (die „**Zusammenfassung**") sollte als Einleitung zu diesem Prospekt verstanden werden. Bei jeder Entscheidung, in die Wertpapiere 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 Gesellschaft ist die Nagarro SE (LEI: 9845008396BA67DA9B37), eine Europäische Aktiengesellschaft (*Societas Europaea* „**SE**"), mit eingetragenem Sitz in München, Deutschland, die deutschem Recht unterliegt.

Die Nagarro Gruppe ist eine globale Organisation mit Büros in 27 Ländern (zum 30. Juni 2021) und ohne offiziellen Hauptsitz. Zum 30. Juni 2021 beschäftigten wir etwa 10.900 Mitarbeiter. Davon sind etwa 10.000 Fachleute aus dem Ingenieurwesen, die sich hauptsächlich auf Indien (73%), Rumänien (7%), Deutschland (6%), China (6%), die USA (2%) und Österreich (2%) verteilen.

Wir sind ein globales Unternehmen für digitale Entwicklung mit Sitz in Deutschland mit 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 Angebote von 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.

Im Jahre 2020 hat die Gesellschaft mit ihrem damaligen alleinigen Anteilseigner der Allgeier SE, München, Deutschland („**Allgeier**" und, zusammen mit ihren konsolidierten Tochtergesellschaften die „**Allgeier Gruppe**") einen Abspaltungs- und Übernahmevertrag zur Abspaltung zur Aufnahme nach dem Umwandlungsgesetz abgeschlossen, um den Geschäftsbetrieb der Allgeier Gruppe im Bereich der Technologie- und Softwareentwicklung rechtlich abzuspalten und die Neuen Aktien der Nagarro am regulierten Markt der Frankfurter Wertpapierbörse zu notieren (die „**Abspaltung**"). Die Abspaltung wurde wirtschaftlich rückwirkend zum 1. Januar 2020 wirksam. Zur Vorbereitung der Abspaltung wurden umfassende Reorganisationsmaßnahmen durchgeführt. Verschiedene eigenständige Betriebsgesellschaften, die zuvor in verschiedenen Geschäftsbereichen der Allgeier Gruppe gehalten wurden, sind nunmehr der Nagarro Gruppe zuzurechnen. Die Nagarro Holding wurde im Zusammenhang mit der Abspaltung 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 organisierte SAP-Geschäft.

Im Rahmen der geplanten vollständigen Integration der Nagarro Holding in die Nagarro wurde die Nagarro Connect AG im Wege der Aufnahme als Ganzes durch Übertragung des gesamten Vermögens auf die Nagarro und anschließende Auflösung ohne Abwicklung der Nagarro Connect AG nach dem Umwandlungsgesetz mit Wirkung zum 2. August 2021 auf die Nagarro verschmolzen. Da der Nagarro nach der Abspaltung aufgrund mehrerer Treuhandverträge und unter Beteiligung mehrerer Holdinggesellschaften zunächst nur einen wirtschaftlichen Anteil von rund 84% an der Nagarro Holding zustand, hat die Gesellschaft zudem die verbleibenden Anteile auf die Ebene der Gesellschaft überführt. Die Übertragung der restlichen Anteile erfolgte im Wege der Verschmelzung durch Aufnahme der betreffenden Holdinggesellschaften auf die Nagarro mit Wirkung zum 22. Oktober 2021 nach dem Umwandlungsgesetz, um die indirekten Beteiligungen zu entflechten. Als letzter Schritt zur vollständigen Integration der Nagarro-Beteiligung in die Gesellschaft hat die Gesellschaft die Verschmelzung durchgeführt.

Der Vorstand leitet die Angelegenheiten der 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 dem konsolidierten Abschluss von Nagarro für das am 31. Dezember 2020 endende Geschäftsjahr („**Geprüfter Konsolidierter Abschluss**"), den kombinierten Abschlüssen von Nagarro bis und für die am 31. Dezember 2019, 2018 und 2017 endenden Geschäftsjahre („**Geprüfte Kombinierte Abschlüsse**"), die für die Abspaltung erstellt wurden sowie dem ungeprüften verkürzten konsolidierten Zwischenabschluss von Nagarro bis und für das zum 30. Juni 2021 endende Halbjahr („**Ungeprüfter Verkürzter Konsolidierter Zwischenabschluss**") entnommen oder aus diesen abgeleitet worden. Der Geprüfte Konsolidierte Abschluss und 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. Die Nagarro Gruppe, die in den Geprüften Kombinierten Abschlüssen dargestellt ist, war nicht als eigenständige Gruppe von Unternehmen tätig. Die Geprüften Kombinierten Abschlüsse sind daher nicht notwendigerweise ein Indikator für die Ergebnisse, die erzielt worden wären, wenn die Nagarro Gruppe in den dargestellten Jahren eine eigenständige Gruppe von Unternehmen gewesen wäre, oder für die zukünftigen Ergebnisse der Nagarro Gruppe. Der Ungeprüfte Verkürzte Konsolidierte Zwischenabschluss wurde in Übereinstimmung mit IFRS für Zwischenberichterstattung (IAS 34) erstellt. Der Geprüfte Konsolidierte Abschluss, die Geprüften Kombinierten Abschlüsse und der Ungeprüfte Verkürzte Konsolidierte Zwischenabschluss stellen die kombinierte Gruppe von Gesellschaften und Geschäftsaktivitäten dar, die dem Nagarro-Geschäft für die zum 31. Dezember 2020, 2019 und 2018 sowie die konsolidierte Gruppe von Gesellschaften und Geschäftsaktivitäten für das zum 30. Juni 2021 endende Halbjahr umfassen. Während der jeweils zum 31. Dezember 2019 und 2018 endenden Geschäftsjahre und des zum 30. Juni 2020 endenden Halbjahres hat Nagarro Holding keine Geschäftstätigkeit als eigenständiger Konzern ausgeübt.

Soweit Finanzinformationen in den folgenden Tabellen als „geprüft" gekennzeichnet sind, bedeutet dies, dass sie dem Geprüften Konsolidierten Abschluss oder den Geprüften Kombinierten Abschlüssen entnommen wurden. Mit der Kennzeichnung „ungeprüft" werden in den folgenden Tabellen Finanzinformationen gekennzeichnet, die nicht dem oben erwähnten Geprüften Konsolidierten Abschluss oder den Geprüften Kombinierten Abschlüssen, sondern entweder dem 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. Die Geprüften Kombinierten Abschlüsse wurden unter Berücksichtigung der einheitlichen 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 dem 1. 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 das zum 30. Juni endende Halbjahr**	
	2020	**2019**	**2018**	**2021**	**2020**
		(geprüft)		*(ungeprüft)*	
Umsatzerlöse	430.372	402.430	287.329	243.046	216.039.
Ergebnis der betrieblichen Tätigkeit (EBIT)	44.543	42.422	18.569	21.379	24.934
Ergebnis vor Steuern (EBT)	37.742	37.153	14.418	17.790	21.826
Ergebnis der Periode	**24.356**	**30.396**	**8.174**	**13.287**	**15.121**
Unverwässertes Ergebnis je Aktie (gewichteter Durchschnitt)(1), (2)	**30,94**	**-**	**-**	**0,92**	**144,88**
Unverwässertes Ergebnis je Aktie (ausstehend)(1), (2)	**1,62**	**-**	**-**	**0,91**	**105,87**

(1) Vergleichsdaten zum Ergebnis je Aktie für 2019 und 2018 werden nicht angezeigt, da die Muttergesellschaft im Jahr 2019 und 2018 die Nagarro Holding GmbH war, die nicht mit der heutigen Muttergesellschaft Nagarro SE identisch ist.
(2) Das Ergebnis je Aktie für das zum 30. Juni 2021 endende Halbjahr ist mit dem Ergebnis je Aktie für das zum 30. Juni 2020 endende Halbjahr nicht vergleichbar, da die Anzahl der Aktien zum 30 Juni 2020 nicht der Anzahl der Aktien nach der Abspaltung und der Börsennotierung am 16. Dezember 2020 entspricht.

Wesentliche Finanzinformationen aus den Bilanzen

Euro (Tausend)	**Zum 31. Dezember**			**Zum 30. Juni**
	2020	**2019**	**2018**	**2021**
		(geprüft)		*(ungeprüft)*
Langfristiges Vermögen	176.475	184.853	170.132	178.336
Kurzfristiges Vermögen	210.346	157.158	126.981	219.937
Summe Aktiva	**386.822**	**342.011**	**297.112**	**398.273**
Langfristige Schulden	223.911	66.136	72.894	218.438
Kurzfristige Schulden	116.383	215.933	135.309	107.689
Summe Schulden	**340.294**	**282.069**	**208.203**	**326.127**
Eigenkapital	**46.528**	**59.942**	**88.910**	**72.147**
Eigenkapital und Schulden	**386.822**	**342.011**	**297.112**	**398.273**

Wesentliche Finanzinformationen aus den Kapitalflussrechnungen

Euro (Tausend)	Für das zum 31. Dezember endende Geschäftsjahr			Für das zum 30. Juni endende Halbjahr	
	2020	2019	2018	2021	2020
		(geprüft)		*(ungeprüft)*	
Cash Flow aus der betrieblichen Tätigkeit	69.440	40.867	8.576	6.839	38.886
Cash Flow aus der Investitionstätigkeit	(10.120)	(8.013)	2.731	(5.981)	(5.365)
Cash Flow aus der Finanzierungstätigkeit der Cashflows	6.478	(17.145)	(3.857)	(6.349)	(7.425)
Wechselkursbedingte Veränderungen des Finanzmittelfonds	(1.410)	358	386	486	(305)
Veränderung des Finanzmittelfonds gesamt	**64.388**	**16.067**	**7.836**	**(5.004)**	**25.791**

Wesentliche Leistungskennzahlen und alternative Leistungskennzahlen

Wir stellen das bereinigte EBITDA und EBIT als alternative Leistungskennzahlen 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. Wir zeigen das EBIT als Indikator zur Bewertung unserer operativen Leistung, da es Ertragssteuern, Finanzaufwendungen und Finanzerträge nicht berücksichtigt.

Das bereinigte EBITDA entspricht dem Gewinn des Unternehmens (Gewinn nach Steuern) zu dem Folgendes hinzugerechnet wird: 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, abgezogen. Infolge der Abspaltung hat sich der Ansatz der Nagarro für die Ermittlung des Bereinigten EBITDA für das Geschäftsjahr 2020 in der Art von dem bisherigen Ansatz verändert, indem sie weniger Kategorien von Posten bereinigt, nämlich solche, die sich auf Erträge/Aufwendungen aufgrund von Kaufpreisanpassungen, Badwill, Fremdwährungseffekten auf den Kaufpreis, den Verkauf von Beteiligungen, Kosten für den Aktienoptionsplan und, im Jahr 2020, Abspaltungs- und Börsenzulassungsaufwand sowie für den zum 30. Juni 2021 endenden Sechsmonatszeitraum Aufwendungen im Zusammenhang mit der Fortschreibung von Minderheiten und Anschaffungskosten beziehen. Dies sind Anpassungen, die vorgenommen worden sind, um das bereinigte EBITDA im Konzernabschluss für das zum 31. Dezember 2021 endende Geschäftsjahr und das zum 30. Juni endende Halbjahr darzustellen („**Aktuelle Berechnungsmethode des Bereinigten EBITDA**"). Dieser Ansatz unterscheidet sich von den Anpassungen, die wir vorgenommen haben, um das bereinigte EBITDA zu erreichen (das im Wesentlichen auf der Anpassung des Allgeier Konzerns basierte), in der Darstellung der kombinierten Abschlüsse für die Geschäftsjahre endend zum 31. Dezember 2019 und 2018 („**Vorherige Berechnungsmetode des Bereinigten EBITDA**"). Um die Vergleichbarkeit der Finanzzahlen des bereinigten EBITDA in diesem Prospekt zu ermöglichen, zeigen die unter dem „bereinigten EBITDA" dargestellten Zahlen das bereinigte EBITDA sowohl nach der Vorherigen Berechnungsmethode des Bereinigten EBITDA als auch nach der Aktuellen Berechnungsmethode des Bereinigten EBITDA.

Das EBIT entspricht dem Gewinn des Unternehmens (Gewinn nach Steuern) zu dem Folgendes hinzugerechnet wird: Ertragssteuern, Finanzaufwendungen und Finanzerträge.

Euro (Tausend)	Für das zum 31. Dezember endende Geschäftsjahr			Für das zum 30. Juni endende Halbjahr	
	2020	2019	2018	2021	2020
		(geprüft)		*(ungeprüft)*	
EBIT	44.543	42.422	18.569	21.379	24.934
EBITDA	66.184	61.584	32.283	32.693	35,694
Bereinigtes EBITDA (vorherige Methode)(1)	77.626	57.697	34.346	n/a	n/a
Bereinigtes EBITDA (aktuelle Methode)(2)	76.204	55.035	n/a	37.519	35,692

(1) Gemäß Vorherige Berechnungsmethode des Bereinigten EBITDA.
(2) Gemäß Aktuelle Berechnungsmethode des Bereinigten EBITDA.

Unsere wesentlichen Leistungskennzahlen umfassen Umsatzerlöse (wie in unseren Jahresabschlüssen ausgewiesen), die Brutto-Marge und das bereinigte EBITDA (wie oben definiert). Wir definieren die Brutto-Marge als das Verhältnis von

Bruttogewinn zu den Umsatzerlösen; der Bruttogewinn errechnet sich durch Abzug aller direkten Kosten, die zur Deckung der Einnahmen erforderlich sind, von den Einnahmen (definiert als Summe der Umsatzerlöse, Veränderung des Bestands an unfertigen Erzeugnisse und aktivierten Eigenleistungen).

	Für das zum 31. Dezember endende Geschäftsjahr			**Für das zum 30. Juni endende Halbjahr**	
%	**2020**	**2019**	**2018**	**2021**	**2020**
		(geprüft)		*(ungeprüft)*	
Brutto-Marge	32	32	31	30	34

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

- Erhöhungen der Löhne und anderer Vergütungsaufwendungen könnten uns daran hindern, unseren Wettbewerbsvorteil aufrechtzuerhalten und zu Kostensteigerungen und geringerer Rentabilität führen.
- Wir stehen in einem intensiven Wettbewerb um internationale hochqualifizierte Fachkräfte. Sollten wir nicht in der Lage sein, eine ausreichende Anzahl von Fachkräften einzustellen, um die Nachfrage unserer Kunden zu befriedigen, könnte dies negative Auswirkungen auf unsere geschäftliche und finanzielle Situation haben. Sollten wir nicht in der Lage sein, ausreichend qualifiziertes Personal zu gewinnen und zu halten, oder unsere Mitarbeiter nicht effektiv einsetzen, könnten unsere Geschäftsergebnisse und unsere Rentabilität erheblich beeinträchtigt werden.
- Unsere internationalen Geschäftstätigkeiten sind dem Risiko von Wechselkursschwankungen ausgesetzt, die sich unserer Kontrolle entziehen können. Durch Wechselkursschwankungen können wir erhebliche Verluste erleiden.
- 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 oder Projekte 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.
- 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.
- Unsere Betriebsergebnisse wurden durch COVID-19 nachteilig beeinflusst und könnten auch in Zukunft durch globale Pandemien wie COVID-19 erheblich beeinträchtigt werden, was sich erheblich nachteilig auf unsere Geschäfts-, Finanz- und Ertragslage auswirken.
- Es kann sein, dass wir nicht in der Lage sind, das erwartete Wachstum zu erreichen und zu beherrschen, was unser Management, unsere Systeme und Ressourcen erheblich belasten könnte.
- Unsere Gewinnprognose und unsere mittelfristigen Ziele könnten erheblich von unseren tatsächlichen Betriebsergebnissen abweichen, was sich auf den Kurs der Nagarro Aktie nachteilig auswirken könnte.
- Überwiegend 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 jeweils 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, was jeweils unsere Geschäfts-, Finanz- und Ertragslage erheblich beeinträchtigen könnte.
- Wir unterliegen Gesetzen und Vorschriften in den Vereinigten Staaten und anderen Ländern, in denen wir tätig sind, einschließlich Exportbeschränkungen, Wirtschaftssanktionen, dem FCPA und ähnlichen Anti-Korruptionsgesetzen. Die Nichteinhaltung dieser Gesetze kann zu zivil- oder strafrechtlichen Strafen und anderen Abhilfemaßnahmen führen.

- Es kann sein, dass wir nicht in der Lage sind, die unbefugte Nutzung unseres geistigen Eigentums oder des geistigen Eigentums unserer Geschäftspartner zu verhindern, und dass unsere Rechte an geistigem Eigentum nicht ausreichen, um unser Geschäft und unsere Wettbewerbsposition zu schützen; beides könnte unsere Geschäfts-, Finanz- und Ertragslage erheblich beeinträchtigen.
- Wir könnten dem Risiko nachteiliger Besteuerung im Zusammenhang mit dem Zusammenschluss ausgesetzt sein, das zu einem (teilweise) steuerpflichtigen Gewinn bei Nagarro führen könnte.

C. Basisinformationen über die Wertpapiere

Welches sind die wichtigsten Merkmale der Wertpapiere?

Die Neuen 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 2021.

Die ISIN der Neuen Aktien lautet DE000A3H2200 (wie für alle anderen von der Gesellschaft ausgegeben Aktien). Die Neuen Aktien lauten auf Euro und sind für eine unbestimmte Laufzeit ausgegeben. Jede Neue Aktie der Gesellschaft berechtigt zu einer Stimme in der Hauptversammlung. Alle Aktien der Gesellschaft verleihen die gleichen Stimmrechte. Es bestehen keine Stimmrechtsbeschränkungen. Die Neuen Aktien sind in Übereinstimmung mit den gesetzlichen Bestimmungen für auf den Namen lautende Stückaktien frei übertragbar, und im Falle ihrer Übertragung besteht keine Zustimmungspflicht der Gesellschaft. Alle Aktien der Gesellschaft, einschließlich der Neuen Aktien, verleihen ihren Inhabern dieselben Rechte und keine Aktien verleihen zusätzliche Rechte oder Vorteile. Die Neuen Aktien sind gegenüber allen anderen Wertpapieren und Forderungen nachrangig und berechtigen zu einem 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 das Wachstum und die Entwicklung ihres Geschäfts zu finanzieren. Daher beabsichtigt die Gesellschaft derzeit nicht, in absehbarer Zeit Dividenden auszuschütten.

Wo werden die Wertpapiere gehandelt?

Es wurde ein Antrag auf Zulassung der Neuen Aktien zum Handel am regulierten Markt der Frankfurter Wertpapierbörse und gleichzeitig zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) gestellt. Die Neuen Aktien werden voraussichtlich am 27. Oktober 2021 zum Handel an der Frankfurter Wertpapierbörse zugelassen. Der öffentliche Handel mit den Neuen Aktien wird voraussichtlich am 29. Oktober 2021 aufgenommen.

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

- Für die Minderheitsaktionäre, die im Rahmen der Verschmelzung Anteile erhalten, kann sich aus der Verschmelzung das Risiko nachteiliger Besteuerung aus den Vorschriften des § 13 des Umwandlungssteuergesetzes sowie des § 20 Abs. 4a des Einkommensteuergesetzes ergeben.

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?

Ein Angebot von Aktien ist nicht Gegenstand dieses Prospekts.

Nach Vollzug der Verschmelzung werden die Neuen Aktien an die ehemaligen Minderheitsaktionäre der Nagarro Holding (d.h. mit Ausnahme der Gesellschaft) übertragen. Nach Aufnahme des Handels der Neuen Aktien, die derzeit voraussichtlich am oder um den 29. Oktober 2021 erwartet wird, erhalten die Aktionäre der Nagarro Holding die folgende Anzahl von Neuen Aktien der Nagarro (ISIN DE000A3H2200 / WKN A3H220) auf der Grundlage eines festen rechnerischen Zuteilungsverhältnisses von 1:275,5197420091868, d.h. eine Nagarro Holding Aktie berechtigt zu 275,5197420091868 Nagarro Aktien, aber unter Vermeidung von auf Grundlage dieses Zuteilungsverhältnisses entstehenden Teilrechten an Aktien (sog. Aktienspitzen):

- All Nag Beteiligungs GmbH & Co. KG ("**ANB**") 688.523 für 2.499 Anteile an der Nagarro Holding;
- StarView Capital Growth Fund, LLC ("**SV LLC**") 688.523 für 2.499 Anteile an der Nagarro Holding; und

- SPP Co-Investor GmbH & Co. KG (“**SPP KG**”) 822.426 für 2.985 Anteile an der Nagarro Holding.

Soweit ANB, SV LLC und SPP KG (zusammen die “**Berechtigten Nagarro Holding Aktionäre**”) aufgrund des vorstehend ermittelten rechnerischen Zuteilungsverhältnisses eine wertmäßig höhere Anzahl von Aktien an der Nagarro zustehen könnten, haben sie gemäß § 68 Abs. 1 Satz 3 UmwG auf die Gewährung von Aktien durch notarielle Erklärung verzichtet. Soweit die Nagarro Gesellschafterin der Nagarro Holding ist, findet gemäß § 68 Abs. 1 Satz 1 Nr. 1 UmwG keine Kapitalerhöhung bei der Nagarro statt. Soweit die Nagarro Holding eigene Aktien hält, findet gemäß § 68 Abs. 1 Satz 1 Nr. 2 UmwG ebenfalls keine Kapitalerhöhung bei der Nagarro statt. Den Berechtigten Nagarro Holding Aktionären wird keine bare Zuzahlung gewährt; sie haben vorsorglich auf eine solche Zuzahlung verzichtet.

Änderungen der Bedingungen dieser Börsenzulassung 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 „Investor Relations” und als Nachtrag zu diesem Prospekt veröffentlicht. Unter bestimmten Umständen kann der Listing Agent den zwischen der Gesellschaft und dem Listing Agent am 26. Oktober 2020 geschlossenen Listingvertrag auch nach Aufnahme des Handels mit den Neuen Aktien am regulierten Markt der Frankfurter Wertpapierbörse kündigen.

Die Gesamtkosten und Aufwendungen für die Verschmelzung und die Börsennotierung der Gesellschaft werden sich voraussichtlich auf etwa €2,4 Millionen belaufen, die von der Gesellschaft getragen werden.

Wer ist die die Zulassung zum Handel beantragende Person?

Die Gesellschaft hat einen Antrag auf Zulassung zum Handel der Neuen Aktien gestellt. Der Antrag wurde gemeinsam mit M.M.Warburg gestellt.

Weshalb wird dieser Prospekt erstellt?

Der Zweck des Prospekts ist es, die Neuen Aktien zum Handel an der Frankfurter Wertpapierbörse zuzulassen, die im Rahmen der Verschmelzung der Nagarro Holding auf die Gesellschaft gemäß UmwG ausgegeben wurden. Die Verschmelzung wurde durchgeführt, um die Nagarro Holding rechtlich vollständig in die Nagarro zu integrieren.

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

Die Gesellschaft wird im Zusammenhang mit der Verschmelzung keine Erlöse erhalten.

Im Zusammenhang mit der Verschmelzung und der Zulassung zum Handel der Neuen Aktien ist der Listing Agent mit der Gesellschaft ein Vertragsverhältnis eingegangen.

Die Gesellschaft hat sich verpflichtet, dem Listing Agent eine feste Gebühr zu zahlen, die zum Teil am Datum dieses Prospekts fällig wird. Die Gesellschaft geht daher davon aus, dass der Listing Agent ein Interesse am erfolgreichen Abschluss der Börsenzulassung hat.

Der Listing Agent oder mit ihm verbundene Unternehmen unterhalten, unter Umständen auch in der weiteren Zukunft, Geschäftsbeziehungen mit Nagarro, einschließlich Kreditgeschäfte oder etwaige Beratungs- oder andere Dienstleistungen in ihrer Eigenschaft als Finanzinstitute für Nagarro 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.

Die Mitglieder des Vorstands der Nagarro, Herr Manas Fuloria und Herr Vikram Sehgal, haben im Zuge der Verschmelzung jeweils indirekt Aktien der Nagarro erhalten, was (kaufmännisch gerundet) 5% des Grundkapitals der Nagarro (nach Kapitalerhöhung) entspricht. Herr Vikram Sehgal hält 50% der Anteile an der StarView Capital LLC, die indirekt (über ihre Tochtergesellschaften, einschließlich der SV LLC) etwa 6,2% des Aktienkapitals der Gesellschaft nach der Verschmelzung, zusammen mit vor der Verschmelzung gehaltenen Aktien, hält. Herr Manas Fuloria hält direkt und indirekt insgesamt etwa 5,6% des Aktienkapitals der Gesellschaft nach der Verschmelzung, zusammen mit vor der Verschmelzung gehaltenen Aktien.

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

1. RISK FACTORS

*In considering whether to invest in the shares (the "**New Shares**") of Nagarro SE (hereinafter "**Company**", or "**Nagarro**"), investors should carefully consider the following risks. In this prospectus (the "**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.*

The risk factors featured in the Prospectus are limited to risks which are specific to Nagarro or the New 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 Increase in wages and other compensation expenses could prevent us from sustaining our competitive advantage and lead to cost increases and lower profitability.

Since December 2020, we have experienced intense competition for top talent in our key service regions, and a subsequent inflation in wages. 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, as of June 30, 2021, of our more than 10,000 engineering professionals in total, more than 7,300 are located in India. However, wages in the technology industry, especially regarding top talents, in the emerging market countries in which we operate have been increasing and may further 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. For example, we reduced our guidance for gross margin for the financial year ending December 31, 2021 from 32% to 29%, partly due to wage inflation in our key service regions and the several months of typical lag between wage increases and subsequent increases in billing rates. 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.

1.1.2 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 these professionals and do not 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 talent in general and highly skilled professionals in particular is intense in certain of the markets where we operate, especially in technology-driven industries such as the IT industry. In the first half of 2021, we experienced intense competition for top software talent in our key service regions and we aggressively upgraded our hiring operations. However, there is no guarantee that in the future we will succeed in hiring and retaining the required number of such skilled professionals on terms and wages acceptable to us or at all. In addition, 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. The increased competition also leads to wage inflationary pressures (see "*1.1.1 – Increase in wages and other compensation expenses could prevent us from sustaining our competitive advantage and lead to cost increases and lower profitability.*").

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.

1.1.3 Our international operations are exposed to the risk of 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.

From time to time we conclude foreign exchange forward transactions to hedge the risk of fluctuations in exchange rates for future cash flows. 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.

1.1.4 We face intense and increasing competition for clients and opportunities. If we are unable to compete successfully, pricing pressure 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 service providers instead of using an exclusive IT service provider, which could place significant downward pressure on pricing among competing IT service 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 pressure or loss of market share could have a material adverse effect on our business, financial condition and results of operations.

1.1.5 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 87% of our revenues in the financial year ended December 31, 2020. 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 slowdown, 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.

1.1.6 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 2018 to 2020, 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. Furthermore, we acquired Livisi GmbH in 2021. However, this strategy involves significant challenges, 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 price of acquisitions;
- currency fluctuations 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;

- 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 aspects may become relevant 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. Moreover, acquisition targets may be subject to factors 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 factors or problems only after consummation of the acquisitions or even much later, which could result in costly or ineffective litigation or legal proceedings. This 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 is of particular relevance in countries in which we might not be able to enforce indemnity rights or existing court decisions or arbitration awards.

1.1.7 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. COVID-19 caused several lock-downs in Europe and severely hit India and we lost several employees to COVID-19. Although most countries started vaccination programs in 2021, COVID-19 continues to threaten the personal health of our colleagues in various countries and new variants and waves of the pandemic may infect our employees. While Nagarro adapted quickly to the pandemic, many of our clients' businesses were significantly impacted. This may affect the volume of services we can deploy to our clients and we may also need to spend more on equipment or services or financial support to help our employees or their family members during the pandemic. If and to what extent 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 increasing attrition rates;

- 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, 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. 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 our services 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 €515 million for the financial year ending December 31, 2021. We also expect our gross margin to be approximately 28% and Adjusted EBITDA margin for the financial year ending December 31, 2021 to be 14% (collectively, and together with the respective explanatory notes, the "**Profit Forecast**").

In addition, we continue to target annual organic revenue growth to be around 20% 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 influence such as the general macro-economic development. 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, 2021 could differ materially from such forecast and projections, which could in the future impact the price of Nagarro's shares. 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 service 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 the 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 We face the risk of failing to adapt to rapidly changing technologies, methodologies and evolving industry standards.

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 to 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 factors and challenges, 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.

1.1.11 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, 2020. 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.

1.1.12 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 as of June 30, 2021, more than 7,300 of our professionals are located, or in other countries where we maintain delivery operations, such as Germany, 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 We may incur significant costs related to maintaining data security and in the event of any data security breaches due to cyber-attacks that could compromise our information technology network security, trade secrets and customer data.

While we believe we take reasonable measures to protect the security of, and against unauthorized or other improper access to, our technology infrastructure, data, equipment, and systems, our security controls and practices may not prevent any unauthorized or other improper access.

Cybersecurity threats and attacks may take on a variety of forms, ranging from inadvertent disclosures or acts by team members to purposeful attacks by individuals and groups of hackers and even sophisticated organizations, including state-sponsored actors. Cybersecurity threats may result from viruses, worms, and other malicious software programs, including phishing attacks, to hacking or other significant security incidents (*e.g.*, ransomware attacks) targeted against information technology infrastructure and systems, any of which could result in (i) disclosure, unauthorized access to, or corruption of data, including personal information, confidential information and proprietary information, (ii) defective products, including as a result of system and production downtimes, and (iii) interruptions in the ability to operate our business. Any of the foregoing could subject us to liability or damage our reputation. In addition, as the techniques used to obtain unauthorized access or sabotage systems change frequently and may not be identified until they are first launched against a target, despite our efforts to secure our technology infrastructure, data, equipment, and systems, we may be unable to anticipate all attacks or to implement adequate preventative measures against them.

In connection with the COVID-19 pandemic, we expanded our work from home environment and transitioned a significant portion of our global workforce to work remotely from home. Our global remote working solutions deployed during the COVID-19 pandemic could result in heightened exposure to cyberattacks on account of services being delivered in a physically unsupervised environment and via computer systems and networks outside of our control and management. Team members who work from home rely on residential communication networks and internet providers that may not be as resilient as commercial networks and providers and may be more susceptible to service interruptions and cyberattacks than commercial systems, which may also make our enterprise information technology systems, when interfacing with these residential environments, vulnerable.

1.1.16 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.

1.1.17 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 file claims against 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.

1.1.18 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, it could be difficult and time-consuming to repair damage to our reputation and potential or existing clients could be 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.

1.1.19 Our substantial amount of intangible assets heightens the risk of impairment charges and could thus adversely affect 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 €39.0 million as of January 1, 2018 to €95.9 million as of December 31, 2020. 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.

1.1.20 The financial information for the Group presented in this Prospectus may not be entirely comparable and may not be representative of our results as an independently listed consolidated company going forward.

During the fiscal years ended December 31, 2017, 2018 and 2019, the Company operated as a subsidiary of Allgeier SE (together with its consolidated subsidiaries, "**Allgeier**" or "**Allgeier Group**"). As part of Allgeier's plan 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**"), Nagarro Holding GmbH, a subsidiary of the Company ("**Nagarro Holding**"), acquired Nagarro iQuest Holding GmbH, Objectiva Software Solutions Inc., and the SAP business of the Allgeier Group organized under Nagarro ES. Subsequently, Allgeier conducted a spin-off (*Abspaltung zur Aufnahme*) of the Company under the German Transformation Act (*Umwandlungsgesetz* – "**UmwG**"), which became effective retroactively as of January 1, 2020 (the "**Spin-Off**") and the Company's share capital was listed on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) as of December 16, 2020.

Prior to the reorganization and the Spin-Off, the Group did not exist as a "group" for the purpose of preparing consolidated financial statements under IFRS 10. Consequently, the Group does not have consolidated financial statements for the fiscal years ended December 31, 2019, 2018 and 2017. Due to the Group's complex financial history, the Company has prepared combined financial statements for the fiscal years ended December 31, 2019, 2018 and 2017 as if the Group's current consolidated subsidiaries had been part of the Group during those periods. As the financial statements included for the fiscal year ended December 31, 2020 and the interim financial statements as of and for the six-month period ended June 30, 2021 were prepared on a consolidated basis, these two sets of financial statements may not be completely comparable in all respects with the combined financial statements for the fiscal years ended December 31, 2017, 2018 and 2019 included in this Prospectus.

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, travel restrictions, and corporate governance laws, that could have a positive or negative impact on our business. In March 2021, the US government passed the pro-union bill Protecting the Right to Organize Act of 2021. In an effort at labor reform, the Indian government is deliberating some changes in labor law that may significantly impact the expense of the Company on post-retirement schemes for employees.

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 the risk of non-compliance with laws and regulations.

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 in-house developments amounted to €2.3 million as of June 30, 2021 (€2.2 million as of December 31, 2020). 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 has eleven 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 or to pay royalties, 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 Shares and the Merger

1.4.1 We may face the risk of unfavorable taxation resulting from the Merger, which may result in a (partially) taxable gain at Nagarro.

Depending on the recognition of the transferred assets in the closing tax balance sheet of Nagarro Holding at their book value, fair market value or an intermediate value, there may be a takeover loss or a takeover profit at Nagarro in the amount of the difference between the book value of the shares in Nagarro Holding, which will cease to exist, and the value of the assets transferred to Nagarro recognized in the closing balance sheet of Nagarro Holding, less the costs for the transfer of assets. Any takeover profit should be exempt from German taxes except for an addback of deemed non-deductible business expenses in the amount of 5% of any such gain whereas any takeover loss should not be deductible.

Any losses that may exist at Nagarro Holding for tax purposes at the time of the Merger, any remaining loss carryforwards, any current losses, any interest carryforward and any EBITDA carryforward are not transferable and shall cease to exist with effect of the Merger.

1.4.2 Our shareholders that received New Shares in the Merger may face from the risk of unfavorable taxation resulting from the Merger.

The tax effects of the Merger for the minority shareholders of Nagarro Holding derive from the provisions of Section 13 of the German Reorganization Tax Act (*Umwandlungssteuergesetz*) as well as Section 20 (4a) of the German Income Tax Act (*Einkommensteuergesetz*).

In the case of shares in Nagarro Holding held as business assets, the tax consequences for the shareholders derive from Section 13 of the German Reorganization Tax Act. According to these provisions, the shares in Nagarro Holding 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 Merger, *i.e.*, a roll-over of tax book values, may be possible subject to the requirements of Section 13 (2) of the German Reorganization Tax Act, if a respective application is submitted by the individual shareholder. Pursuant to Section 13 (2) of the German Reorganization Tax Act the Company shares replace the shares in Nagarro Holding proportionately for tax purposes (so-called "footstep theory") and certain tax characteristics of the shareholding in Nagarro Holding are transferred to the shares in the Company and thereby continue to exist.

Regarding shares held as non-business assets, Section 13 of the German Reorganization Tax Act and, thus, the above explanation of the corresponding risk applies *mutatis mutandis* also for shares held as non-business assets within the meaning of Section 17 of the German Income Tax Act. Shares in this sense exist if a minority shareholder or, in the case of legal succession without a consideration, one of its legal predecessors held a direct or indirect interest of at least 1% of the capital of Nagarro Holding at a time within the last five years prior to the Merger (shareholder within the meaning of Section 17 of the German Income Tax Act). To the extent that shares in the Nagarro Holding are part of non-business assets and the shareholder is not a shareholder within the meaning of Section 17 of the German Income Tax Act, we expect the Merger to be conducted in a tax neutral manner.

In addition, tax effects from the Merger 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.

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

Sales of a substantial number of the Company's shares in the public market following the Listing, or the perception that such sales might occur, could depress the market price of the Company's shares and could impair the Company's ability to raise capital through the sale of additional equity securities.

The major shareholders of the company may dispose of their shares of the Company. There may be a significant adverse effect on the market price of the shares in the Company if a major shareholder were to sell substantial amounts of the shares on the public exchange or if market participants were to become convinced that such sales might occur.

Any future sales of the shares in the Company by the Company's shareholders could depress the market price of the shares.

1.4.4 Future capitalization measures may lead to substantial dilution, i.e., a reduction in the value of the shares in the Company and the control rights of existing shareholders' interests in us. Future offerings of debt or equity securities may adversely affect the market price of the shares.

We may require additional capital in the future to finance our business operations and growth. The raising of additional equity through the issuance of new shares, the potential exercise of conversion or option rights by holders of convertible bonds or bonds with warrants or the fulfillment of conversion obligations relating to such bonds, which may be issued in the future, and the exercise of stock option rights which may be granted to the Management Board members and certain other employees, may dilute shareholder interests. The Company's articles of association currently provide for the issuance of up to 5,456,000 additional shares as authorized capital. We may issue all of these shares without any action or approval by the shareholders, and under certain limited conditions, for example in the event of a capital increase against contributions in kind, without reserving any preemptive subscription rights for the shareholders. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of future offerings. Thus, holders of shares in the Company bear the risk that future offerings might reduce the market price of the shares and dilute their shareholdings in us, which could cause the price of the shares in the Company to fall, in which case investors could lose some or all of their investment.

1.4.5 The Company has several principal shareholders who may retain a significant influence over the Company and their interests may conflict with those of the Company and its other shareholders.

Mr. Carl Georg Dürschmidt and Mr. Detlef Dinsel, members of the supervisory board, directly and indirectly own approximately 21% and 10% of the Company's share capital, respectively. Following the Merger, Mr. Vikram Sehgal holds 50% in StarView Capital LLC that indirectly holds (through its subsidiaries, including SV LLC) approximately 6.2% in the Company's share capital (including shares already owned prior to completion of the Merger). Mr. Manas Fuloria indirectly (through ANB) holds approximately 5.6% (including shares already owned prior to completion of the Merger). Consequently, such shareholders retain a significant influence over the Company. 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.

1.4.6 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.

In the course of the separation from the Allgeier Group, a harmful acquisition or change of ownership could have occurred upon the Spin-Off. This may also occur in the future resulting in the risk stated above. Thereupon, German loss and interest carry forwards of Nagarro 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.

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

The total costs of the preparation and implementation of the Spin-Off in December 2020 borne by the Nagarro Group amounted to approximately €10.3 million. Furthermore, the total costs of the preparation and implementation of the Merger and Listing are expected to amount to approximately €2.4 million. 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.

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**" or "**Nagarro**"), along with M.M.Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien, a German partnership limited by shares (*Kommanditgesellschaft auf Aktien* or *KG a.A.*), having its registered seat in Hamburg, Germany, under the registration number HRB 84168, with business address at Ferdinandstraße 75, 20095 Hamburg, Germany, (LEI: MZI1VDH2BQLFZGLQDO60), telephone: +49 (0) 40 32820; website: www.mmwarburg.de ("**M.M.Warburg**" or "**Listing Agent**"), assume responsibility for the contents of this prospectus (the "**Prospectus**") pursuant to Article 11 (1) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and Section 8 German Securities Prospectus Act (*Wertpapierprospektgesetz*) 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 Listing Agent is 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 2,199,472 newly issued no-par value registered shares from a capital increase against contribution in kind, resolved by the annual shareholders' meeting of the Company on August 31, 2021 (the "**New 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, 2021. The New Shares are issued in connection with a merger by absorption (*Verschmelzung durch Aufnahme*) under the German Transformation Act (*Umwandlungsgesetz* - "**UmwG**") (the "**Merger**").

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.

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 October 26, 2021. 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 or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the New 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 New Shares on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), which is expected to occur on October 29, 2021, 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 opportunities, assumptions 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 "*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.

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 the Listing Agent assume any obligation, except as required by law, to update any forward-looking statement or to conform to any such statement to actual events or developments. The foregoing may prevent us from achieving our financial and strategic objectives.

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:

- Market report of International Data Corporation (IDC), "Worldwide Black Book: 3rd Platform Edition; August (V2 2020) Forecast", 2020 (available via IDC Research, Inc.); and

- IDC study by Minton, Stephen and Wirth, Philip, "IDC's Worldwide Black Book Taxonomy, 2020: 3rd Platform Edition", 2020 (available via IDC Research, Inc.).

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.

We believe these statements to be true, based on market data and industry statistics, but neither the Company nor the Listing Agent have independently verified the figures, market data or other information on which third parties have based their studies. We cannot guarantee that another third party using different methods to assemble, analyze or compute market data or public disclosure from competitors would obtain or generate the same or similar results.

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 interim condensed consolidated 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 six months ended June 30, 2021 (the "**Unaudited Interim Condensed Consolidated Financial Statements**");
- Nagarro Group's audited consolidated financial statements prepared in accordance with IFRS as of and for the financial year ended December 31, 2020 (the "**Audited Consolidated 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's audited unconsolidated financial statements as of and for the financial year ended December 31, 2020 prepared in accordance with the German Commercial Code (*Handelsgesetzbuch* – "**HGB**");
- the merger agreement between Nagarro and Nagarro Holding dated July 19, 2021 (the "**Merger Agreement**").

The Unaudited Interim Condensed Consolidated Financial Statements, together with the Audited Combined Financial Statements and the Audited Consolidated 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 and 2018 and the consolidated group of entities and business activities in the fiscal year ended December 31, 2020 and the six-month period ended June 30, 2021. During the fiscal years ended December 31, 2019 and 2018 and the six-month period ended June 30, 2020, the Nagarro Group did not conduct business operations as an independent group.

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 New Shares on conversion of dividends, if any, paid in Euro on the New 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 or the Audited Consolidated 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 or the Audited Consolidated 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 EBIT, 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 (see below "*3.3.1 – Shareholding structure of Nagarro Holding following the 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.

Due to the Spin-Off, Nagarro's approach to EBITDA adjustments for fiscal year 2020 is different from its previous approach, adjusting for fewer categories of items namely those relating to income/expense because of purchase price adjustments, badwill, foreign exchange effects on purchase price, sale of equity investments, stock option plan cost and, in 2020, Spin-Off and listing expenses and, in the six months ended June 30, 2021, the expenses related to the rollover of minorities and acquisition cost. These are the adjustments that we make to reach adjusted EBITDA in the consolidated financial statements for the financial year ended December 31, 2020 and the six months ended June 30, 2021 ("**Current Method of Calculating Adjusted EBITDA**"). This approach is different from adjustments made to reach adjusted EBITDA (which was based on the Allgeier Group's adjustment) in the presentation of the Audited Combined Financial Statements for the fiscal years ended December 31, 2019 and 2018 ("**Previous Method of Calculating Adjusted EBITDA**"). In order to allow for a comparability of the financial numbers of adjusted EBITDA in this Prospectus, we present adjusted EBITDA according to the Current Method of Calculating Adjusted EBITDA for the financial year ended December 31, 2020 and 2019 as well as for the six months ended June 30, 2020 and 2021. In addition, we present adjusted EBITDA according to the Previous Method of Calculating Adjusted EBITDA for the financial year ended December 31, 2019 and 2018.

This change has an effect on the numbers presented in this Prospectus for the financial year ended as of December 31, 2020 and for the six months ended June 30, 2021 under "Total Costs of Revenue", "Selling, General and Administrative Expenses" and "Special Items".

2.10.1.1 Current Method of Calculating Adjusted EBITDA

The reconciliation of EBITDA (as reported in the consolidated statements of comprehensive income) to Adjusted EBITDA (current method) is presented below:

	For the fiscal year ended December 31,	
Euro (thousands)	**2020**	**2019**
	(audited)	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**66,184**	**61,584**
Recognition of purchase price components (badwill)	(1,581)	—
Income from purchase price adjustments	—	(7,144)
Expense from purchase price adjustments	—	116
Exchange loss (gain) on purchase price components	1,757	480
Spin-off and listing expense	10,288	—
Residual value of investment sold	105	—
Realized value on sale of investment	(550)	—
Adjusted EBITDA (current method)[(1)]	**76,204**	**55,035**

(1) According to Current Method of Calculating Adjusted EBITDA.

Euro (thousands)	For the six months ended June 30, 2021	2020
	(unaudited)	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**32,693**	**35,694**
Recognition of purchase price components (badwill)	(98)	—
Exchange loss (gain) on purchase price components	33	(2)
Stock option expense	2,908	—
Acquisition cost	183	—
Expenses related to the rollover of non-controlling interest	1,801	—
Adjusted EBITDA (1)	**37,519**	**35,692**

(1) According to Current Method of Calculating Adjusted EBITDA.

2.10.1.2 Previous Method of Calculating Adjusted EBITDA

The reconciliation of EBITDA (as reported in the consolidated statements of comprehensive income) to Adjusted EBITDA (previous method) is presented below:

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	2018
		(audited)	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**66,184**	**61,584**	**32,283**
Losses on the disposal of non-current assets (net)	(57)	105	7
Losses from impairments and write-offs of customer receivables (net)	1,313	875	504
Recognition of purchase price components (badwill)	(1,581)	—	—
Income from purchase price adjustments	—	(7,144)	0
Expense from purchase price adjustments	—	116	124
Expenses from acquisitions	117	173	128
Staff costs from restructuring and severance	566	732	771
Spin-off and listing expenses	10,288	—	—
Other non-recurring and prior period related items	796	1,256	529
Adjusted EBITDA (previous method)(1)	**77,626**	**57,697**	**34,346**

(1) According to Previous Method of Calculating Adjusted EBITDA.

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.

2.10.2.1 Current Method of Calculating Adjusted EBITDA

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 according to Current Method of Calculating Adjusted EBITDA.

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	For the six months ended June 30, 2021	2020
	(audited)		*(unaudited)*	
Cost of revenues				
Cost of materials	**49,168**	**49,072**	**26,389**	**25,393**

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	For the six months ended June 30, 2021	2020
Staff costs	**233,586**	212,408	141,404	116,260
Other operating expenses	7,729	12,761	3,250	3,545
Other operating income	0	0	0	0
Total (current method)	**290,484**	**274,240**	**171,043**	**145,196**

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, 2020	2019	For the six months ended June 30, 2021	2020
	(audited)		*(unaudited)*	
Cost of materials	**49,168**	**49,072**	**26,389**	**25,393**
SG&A(1)	0	0	0	0
Special items(1)	0	0	0	0
Cost of materials as part of cost of revenues	**49,168**	**49,072**	**26,389**	**25,393**

(1) According to Current Method of Calculating Adjusted EBITDA.

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	For the six months ended June 30, 2021	2020
	(audited)		*(unaudited)*	
Staff costs	**271,679**	**254,662**	**163,997**	**137,756**
SG&A(1)	38,093	42,254	19,685	21,496
Special items(1)	0	0	2,908	0
Staff costs as part of cost of revenues	**233,586**	**212,408**	**141,404**	**116,260**

(1) According to Current Method of Calculating Adjusted EBITDA.

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	For the six months ended June 30, 2021	2020
	(audited)		*(unaudited)*	
Other operating expenses	**53,279**	**49,762**	**26,771**	**25,438**
SG&A(1)	33,238	36,406	21,538	21,893
Special items(1)	12,312	595	1,984	0
Other operating expenses as part of cost of revenues	**7,729**	**12,761**	**3,250**	**3,545**

(1) According to Current Method of Calculating Adjusted EBITDA.

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	For the six months ended June 30, 2021	2020
	(audited)		*(unaudited)*	
Other operating income	**(11,635)**	**(12,730)**	**(7,539)**	**(9,653)**
SG&A(1)	(9,344)	(5,586)	(7,474)	(9,651)
Special items(1)	(2,292)	(7,144)	(65)	(2)
Other operating income as part of cost of revenues	**0**	**0**	**0**	**0**

(1) According to Current Method of Calculating Adjusted EBITDA.

2.10.2.2 Previous Method of Calculating Adjusted EBITDA

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 according to Previous Method of Calculating Adjusted EBITDA.

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	2018
		(audited)	
Cost of revenues			
Cost of materials	49,168	49,072	39,866
Staff costs	233,586	212,408	149,407
Other operating expenses	7,729	12,761	8,670
Other operating income	0	0	0
Total (previous method)	**290,484**	**274,240**	**197,943**

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, 2020	2019	2018
		(audited)	
Cost of materials	**49,168**	**49,072**	**39,866**
SG&A(1)	0	0	0
Special items(1)	0	0	0
Cost of materials as part of cost of revenues	**49,168**	**49,072**	**39,866**

(1) According to Previous Method of Calculating Adjusted EBITDA.

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	2018
		(audited)	
Staff costs	**271,679**	**254,662**	**179,768**
SG&A(1)	(37,526)	(41,522)	(29,590)
Special items(1)	(566)	(732)	(771)
Staff costs as part of cost of revenues	**233,586**	**212,408**	**149,407**

(1) According to Previous Method of Calculating Adjusted EBITDA.

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	2018
		(audited)	
Other operating expenses	**53,279**	**49,762**	**37,357**
SG&A(1)	(32,144)	(34,594)	(27,464)
Special items(1)	(13,405)	(2,407)	(1,223)
Other operating expenses as part of cost of revenues	**7,729**	**12,761**	**8,670**

(1) According to Previous Method of Calculating Adjusted EBITDA.

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	2018
		(audited)	
Other operating income	**(11,635)**	**(12,730)**	**(2,443)**
SG&A[(1)]	7,086	4,718	1,502
Special items[(1)]	4,549	8,012	941
Other operating income as part of cost of revenues	**0**	**0**	**0**

(1) According to Previous Method of Calculating Adjusted EBITDA.

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.

2.10.3.1 Current Method of Calculating Adjusted EBITDA

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 according to Current Method of Calculating Adjusted EBITDA.

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	For the six months ended June 30, 2021	2020
	(audited)		*(unaudited)*	
SG&A				
Staff costs[(1)]	**38,093**	42,254	19,685	21,496
Other operating expenses[(1)]	33,238	36,406	21,538	321,893
Impairment of trade receivables and contract assets[(1)]	2,020	986	824	1,501
Other operating income[(1)]	(9,344)	(5,586)	(7,474)	(9,651)
Total (current method)	**64,006**	**74,061**	**34,573**	**35,240**

(1) According to Current Method of Calculating Adjusted EBITDA.

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, 2020	2019	For the six months ended June 30, 2021	2020
	(audited)		*(unaudited)*	
Staff costs	**271,168**	**254,662**	**163,997**	**137,756**
Cost of revenues	233,586	212,408	141,404	116,260
Special items[(1)]	0	0	2,908	0
Staff costs as part of SG&A[(1)]	**38,093**	**42,254**	**19,685**	**21,496**

(1) According to Current Method of Calculating Adjusted EBITDA.

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	For the six months ended June 30, 2021	2020
	(audited)		*(unaudited)*	
Other operating expenses	**53,279**	**49,762**	**26,771**	**25,438**
Cost of revenues	7,729	12,761	3,250	3,545
Special items[(1)]	12,312	595	1,984	0
Other operating expenses as part of SG&A[(1)]	**33,238**	**36,406**	**21,538**	**21,893**

(1) According to Current Method of Calculating Adjusted EBITDA.

Euro (thousands)	For the fiscal year ended December 31,		For the six months ended June 30,	
	2020	2019	2021	2020
	(audited)		*(unaudited)*	
Other operating income	**(11,635)**	**(12,730)**	**(7,539)**	**(9,653)**
Cost of revenues	0	0	0	0
Special items(1)	(2,292)	(7,144)	(65)	(2)
Other operating income as part of SG&A(1)	**(9,344)**	**(5,586)**	**(7,474)**	**(9,651)**

(1) According to Current Method of Calculating Adjusted EBITDA.

2.10.3.2 Previous Method of Calculating Adjusted EBITDA

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 according to Previous Method of Calculating Adjusted EBITDA.

Euro (thousands)	For the fiscal year ended December 31,		
	2020	2019	2018
		(audited)	
SG&A			
Staff costs(1)	37,526	41,522	29,590
Other operating expenses(1)	32,144	34,594	27,464
Other operating income(1)	(7,086)	(4,718)	(1,502)
Total (previous method)	**62,584**	**71,399**	**55,552**

(1) According to Current Method of Calculating Adjusted EBITDA.

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,		
	2020	2019	2018
		(audited)	
Staff costs	**271,679**	**254,662**	**179,768**
Cost of revenues	(233,586)	(212,408)	(149,407)
Special items(1)	(566)	(732)	(771)
Staff costs as part of SG&A(1)	**37,526**	**41,522**	**29,590**

(1) According to Previous Method of Calculating Adjusted EBITDA.

Euro (thousands)	For the fiscal year ended December 31,		
	2020	2019	2018
		(audited)	
Other operating expenses	**53,279**	**49,762**	**37,357**
Cost of revenues	(7,729)	(12,761)	(8,670)
Special items(1)	(13,405)	(2,407)	(1,223)
Other operating expenses as part of SG&A(1)	**32,144**	**34,594**	**27,464**

(1) According to Previous Method of Calculating Adjusted EBITDA.

Euro (thousands)	For the fiscal year ended December 31,		
	2020	2019	2018
		(audited)	
Other operating income	**(11,635)**	**(12,730)**	**(2,443)**
Cost of revenues	0	0	0
Special items(1)	4,549	8,012	941

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	2018
Other operating income as part of SG&A[(1)]	**(7,086)**	**(4,718)**	**(1,502)**

(1) According to Previous Method of Calculating Adjusted EBITDA.

2.10.4 EBIT

We define EBIT ("**EBIT**") as the Company's earnings (profit after taxes) with the following added back: income taxes, financial expenses and financial income. We use EBIT as an indicator for evaluating our operating performance over several periods as it does not include income taxes, financial expenses and financial income. For a reconciliation of our Profit for the period to EBIT as reported in the Group's Financial Statements, see below "*7.6 – Results of operations*".

3. THE MERGER

3.1 Overview

The management board (*Vorstand*) of the Company (the "**Management Board**") intends to bring about a complete legal integration of Nagarro Holding GmbH, registered with the commercial register of the local court (*Amtsgericht*) of Munich under the docket number HRB 213425 ("**Nagarro Holding**" and, together with its subsidiaries "**Nagarro Holding Group**"), into the Company. Therefore, the Company conducted a merger by absorption (*Verschmelzung durch Aufnahme*) in accordance with the UmwG of Nagarro Holding into the Company (the "**Transaction**" or the "**Merger**") as further described below.

3.2 Legal Background of the Merger

The legal basis of the Merger is the Merger Agreement between Nagarro and Nagarro Holding dated July 19, 2021.

Approvals of the general meetings of Nagarro Holding and the Company to the Merger Agreement were granted at the general meeting of Nagarro Holding and the annual shareholders' meeting of the Company on August 31, 2021, respectively. The Merger takes retroactive economic effect as of January 1, 2021.

3.3 Preparatory Measures and Implementation of the Merger

3.3.1 Shareholding structure of Nagarro Holding following the Spin-Off

In 2020, the Company entered into a spin-off and transfer agreement with its previous sole shareholder Allgeier SE, Munich, Germany ("**Allgeier**" and together with its consolidated subsidiaries "**Allgeier Group**") regarding a spin-off (*Abspaltung zur Aufnahme*) under the German Transformation Act (*Umwandlungsgesetz*) in order to legally separate the business activities of the Company from those of Allgeier Group in the area of technology and software development business (the "**Allgeier Global Digital Engineering Business**") and to list the shares of Nagarro on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (the "**Spin-Off**"). The Spin-Off became commercially and taxwise effective retroactively as of January 1, 2020. In preparation of the Spin-Off, comprehensive reorganization measures were implemented in the Allgeier Group. Several individual operating companies, which were previously held in different business units of the Allgeier Group, are now attributable to the Nagarro Holding Group. In the context of the Spin-Off, Nagarro Holding was identified as the future operating holding company and it acquired Nagarro iQuest Holding GmbH, Objectiva Software Solutions Inc., and the SAP business of the Allgeier Group organized under Nagarro ES. Purchase price claims resulting from such acquisitions as well as one further claim against Nagarro Holding from a preceding restructuring measure have been contributed to the capital reserves of Nagarro Connect AG ("**Connect AG**"). Connect AG was a stock corporation under German law (*Aktiengesellschaft*) with its registered office in Munich, Germany. It was registered with the commercial register of the local court of Munich under docket number HRB 241940. At the time of the Spin-Off, the share capital of Connect AG amounted to €50,000.00 and was divided into 50,000 no-par value registered shares. Its main assets consisted of purchase price claims against Nagarro Holding and the Company. In connection with the Spin-Off, Allgeier SE spun-out all shares held by Allgeier SE in Nagarro along with all shares it held in Connect AG to Nagarro, making Nagarro the sole shareholder of the Connect AG.

Two co-founders of Nagarro Inc., which was founded in the United States in 1999 and later became part of the Allgeier Group in 2011 and through the Spin-Off part of the Nagarro business, have an equity participation in Nagarro Holding. The equity participation 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 (together with the equity participation of the two co-founders of Nagarro Inc., the "**Management Participation Programs**") 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. Due to the minority participations through Nagarro Beteiligungs GmbH and the Nagarro SPP, however, subsequent to the Spin-Off, Nagarro was only entitled to the economic share of around 83.83% of Nagarro Holding.

3.3.2 Preparatory Measures

In order to allow a complete legal integration of Nagarro Holding into the Company, several restructuring measures were implemented. These include the merger by absorption of Connect AG to Nagarro, with retroactive commercial effect as of January 1, 2021 ("**Connect AG Merger**") as well as the restructuring of the indirect shareholdings of Nagarro in the minority shareholders of Nagarro Holding.

3.3.2.1 Merger of Connect AG into Nagarro SE

Based on a merger agreement dated May 28, 2021, Connect AG as the transferring legal entity was absorbed by a merger of absorption under the German Transformation Act into Nagarro as the acquiring legal entity. As Nagarro was the sole shareholder of Connect AG, a resolution of the shareholders' meeting of the Company ("**Shareholders' Meeting**") was dispensable in accordance with Sections 62 (4) sentence 1, 62 (1) sentence 1 UmwG. The merger was registered with the commercial register of the Company on August 2, 2021 and thereby became legally effective (with retroactive commercial effect as of January 1, 2021).

3.3.2.2 Unbundling of Nagarro SE's indirect shareholdings in the minority shareholders of Nagarro Holding and transfer of shareholding programs

In preparation of the Merger the Company unbundled the (indirect) shareholdings of Nagarro in the minority shareholders of Nagarro Holding. To achieve this, Nagarro transferred the indirect economic interests of beneficiaries of its Management Participation Programs ("**Beneficiaries**") in Nagarro Holding to indirect economic interests of the Beneficiaries in Nagarro.

At formation, Nagarro Holding had a share capital of €50,000.00, divided into 50,000 shares at €1.00 each. Approximately 64.93% of these shares were held by Nagarro, 20% of the shares were held by Nagarro Beteiligungs GmbH ("**BET**") and approximately 15.07% of the shares were held by Nagarro SPP GmbH ("**SPP GmbH**").

50.01% of the shares in BET were held by Nagarro in its own name. The remaining shares were held by Nagarro on a fiduciary basis for associated companies, which wholly or partly belong to the members of the Management Board, Manas Fuloria and Vikram Sehgal. In addition, Nagarro held 51% of the shares in SPP GmbH directly and in its own economic interest and the remaining 49% of the shares were held by SPP Co-Investor GmbH & Co. KG ("**SPP KG**"). SPP KG is the shareholding vehicle for certain of the Beneficiaries. Nagarro was the sole limited partner of SPP KG. The limited partnership interests were held by Nagarro in trust for the Beneficiaries of the Management Participation Program. These shareholdings resulted in a (direct and indirect) shareholding of 83.83% of Nagarro in Nagarro Holding as of December 31, 2020.

In order to prepare for a full integration of Nagarro Holding into Nagarro the (indirect commercial) participation of the Beneficiaries in Nagarro Holding was streamlined as follows:

- **Capital increase in kind of SPP GmbH**

  On June 21, 2021 the general meeting of Nagarro SPP GmbH resolved upon a capital increase in kind of Nagarro SPP GmbH, increasing the share capital by €829.00 to €25,829.00 divided into 25,829 shares, each at €1.00. Only Nagarro was approved to take over the newly issued 829 shares. Nagarro thereby increased its economic interest of Nagarro Holding GmbH to 84.03%. The object of the contribution in kind to be made by Nagarro was its claim for repayment of a loan against SPP GmbH in the amount of €6,995,368.77 including the accrued interest until June 21, 2021, pursuant to a loan agreement between Nagarro and SPP GmbH dated December 21, 2020. The contribution was made in full. To the extent that the value of the contributed claims exceeded the arithmetical value of the new shares, the exceeding amount was contributed to the capital reserve of SPP GmbH.

- **Transfer of Management Participation Programs**

  Nagarro sold and transferred all participations and trust agreements as well as other agreements, which it held or had entered into in connection with the Management Participation Programs. The approximately 49.99% of the shares of BET were held by Nagarro on the basis of a fiduciary agreement in favor of Manas Fuloria and StarView Capital Growth Fund, LLC ("**SV LLC**"). SV LLC is a family asset company of Vikram Sehgal. Additionally, Nagarro was the sole shareholder of the SPP Co-Investor Verwaltungs GmbH ("**SPP-V GmbH**"), which is the only personally liable partner (general partner) of SPP KG. SPP-V GmbH does not have any interest in the capital of SPP KG. About 83.53% of the shares in SPP KG were held by Nagarro in trust for certain Beneficiaries. To implement the fiduciary participation of such Beneficiaries a framework agreement ("**SPP Agreement**") as well as a trust agreement with each Beneficiary of the Management Participation Program was concluded.

Nagarro transferred its shares in BET, which were held in trust for the benefit of Manas Fuloria, and the trust agreement with Manas Fuloria with notarized agreement dated June 8, 2021 to All Nag Beteiligungs GmbH & Co. KG ("**ANB**"). Nagarro initially held these shares in trust for ANB. This fiduciary relationship ended automatically when the merger of BET into Nagarro Holding became effective (see below). Accordingly, Nagarro transferred shares previously held in trust for Manas Fuloria to ANB as of July 14, 2021.

Nagarro transferred its shares in BET, which it held in trust for the benefit of SV LLC, by way of a notarized agreement dated June 21, 2021 to SV LLC and terminated the respective trust agreement accordingly.

By agreement dated June 25, 2021 between Nagarro and Neeraj Chhibba, Nagarro assigned its shares in SPP KG, which were held on fiduciary basis for Neeraj Chhibba, to Neeraj Chhibba who simultaneously assumed his own liability contribution of the SPP KG and became its limited partner. The existing trust agreement with Nagarro was cancelled.

Nagarro sold and transferred its limited partnership interest in SPP KG as well as all shares in SPP-V GmbH by way of notarized agreement dated July 8, 2021 to ACCNITE Management GmbH. In this context, Nagarro transferred the SPP Agreement and, with the approval of all Beneficiaries, all other trust agreements with Beneficiaries of the Management Participation Programs to ACCNITE Management GmbH. Shares in the SPP KG as well as shares in the SPP-V GmbH are therefore no longer property of Nagarro and are no longer attributable to Nagarro pursuant to Sections 15 et seq. AktG.

- **Withdrawal of Nagarro shares in SPP KG and SPP GmbH and transfer of the shares**

  Pursuant to the articles of association of SPP KG, Nagarro withdrew a partial amount of its limited partnership interest based on a joint shareholder resolution of SPP KG and SPP GmbH. By way of agreement, Nagarro and SPP KG transferred the limited partnership interest to Nagarro.

- **Merger of BET and SPP GmbH with Nagarro**

  By way of agreement dated July 5, 2021, BET, SPP GmbH and Nagarro Holding agreed on a merger of BET and SPP GmbH, each as the transferring legal entity, into Nagarro Holding as acquiring legal entity. In return, the previous shareholders of BET and SPP GmbH received new shares in Nagarro Holding granted in each case in the amount of a total nominal value of the shares in the transferring legal entities held by the respective shareholders. Each shareholder in BET received 0.4 shares in Nagarro Holding per share held in BET and each shareholder in SPP GmbH received 0.29 shares in Nagarro Holding per share held in SPP GmbH. For the implementation of the merger, the share capital of Nagarro Holding was increased by €17,534.00 to €67,534.00 by issuance of 17,534 new shares. Thereof, SV LLC received 2,499 shares, Nagarro received 12,050 shares (thereof 2,499 shares initially held in trust for ANB) and SPP KG received 2,985 shares. The shares previously held by BET and SPP GmbH in Nagarro Holding became treasury shares of Nagarro Holding as a result of the merger. Following this merger, 2,499 shares previously held in trust by Nagarro for All Nag Bet were transferred to All Nag Bet.

Following these restructuring measures, Nagarro held 42,017 shares in Nagarro Holding. ANB and SV LLC each held 2,499 shares in Nagarro Holding, SPP KG held 2,985 shares in Nagarro Holding and 17,534 shares of Nagarro Holding are held in treasury by Nagarro Holding.

3.3.3 Implementation of the Merger

On July 19, 2021, Nagarro and Nagarro Holding entered into the Merger Agreement. The Merger Agreement was approved by the shareholders' meetings of Nagarro Holding and of the Company on August 31, 2021, respectively.

In order to implement the Merger of Nagarro Holding with Nagarro, Nagarro increased its share capital from €11,576,513.00 by €2,199,472.00 to €13,775,985.00 by issuing 2,199,472 no-par value registered shares, each with a notional value in the share capital of the Company of €1.00 (the "**Merger Capital Increase**"). The Merger Capital Increase was resolved by the annual shareholders' meeting on August 31, 2021 under exclusion of subscription rights of the existing shareholders of Nagarro and is implemented against contribution in kind.

As contribution in kind, the assets of Nagarro Holding as a whole with all rights and obligations, shall be transferred to Nagarro. As far as the value at which the assets of Nagarro Holding are transferred to Nagarro exceed the amount of the Merger Capital Increase, the excess amount will be transferred to the capital reserve of Nagarro in accordance with Section 272 (2) no. 1 of the German Commercial Code (*Handelsgesetzbuch* – "**HGB**").

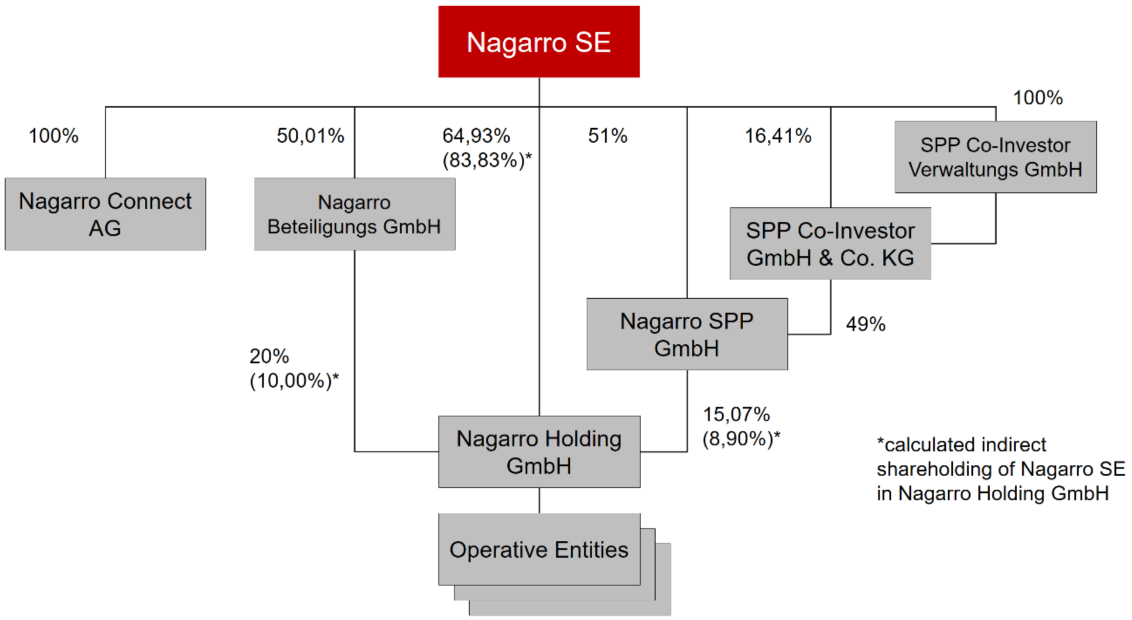
As consideration for the Merger, ANB, SV LLC and SPP KG (together the "**Entitled Nagarro Holding Shareholders**") receive a total of 2,199,472 New Shares in Nagarro. Specifically, ANB as well as SV LLC each receives 688,523 New Shares in Nagarro respectively and SPP KG receives 822,426 New Shares in Nagarro. Based on an arithmetical allotment ratio the Entitled Nagarro Holding Shareholders would have been entitled to a total amount of 2,199,474.1 New Shares of Nagarro. In order to create an integer number for the Merger Capital Increase, the allotment ratio was adjusted so far as to result to an amount of €2,199,474.00. As a consequence, this would have led to the creation of partial shares in Nagarro (so called fractional shares) amounting to a total of two shares in Nagarro. The Entitled Nagarro Holding Shareholders waived the granting of these two shares by notarized waiver dated as of July 19, 2021 in accordance with Section 68 (1) sentence 3 UmwG. Insofar as Nagarro is shareholder of Nagarro Holding and Nagarro Holding owns treasury stocks, no capital increase was initiated in accordance with Section 68 (1) sentence 1 no. 1 and 2 UmwG. The Entitled Nagarro Holding Shareholders are not granted a cash-payment, such cash-payment was waived as a precaution by way of agreement.

In principle, an audit of the contribution in kind (*Sacheinlageprüfung*) in respect to the Merger Capital Increase carried out by Nagarro is not necessary in accordance with Section 69 (1) sentence 1 UmwG. However, an audit has been carried out as a matter of precaution. Additionally, a further post-formation audit (*Nachgründungsprüfung*) has been carried out, as since the closing of the Merger Agreement on July 19, 2021 and the registration of Nagarro in the commercial register on January 29, 2020 two years have not yet passed. With resolution of the local court of Munich dated May 31, 2021 Lohr + Company GmbH Wirtschaftsprüfungsgesellschaft was appointed as auditor for the audit of the contribution in kind and the post-formation audit and issued a post-formation audit dated July 19, 2021.

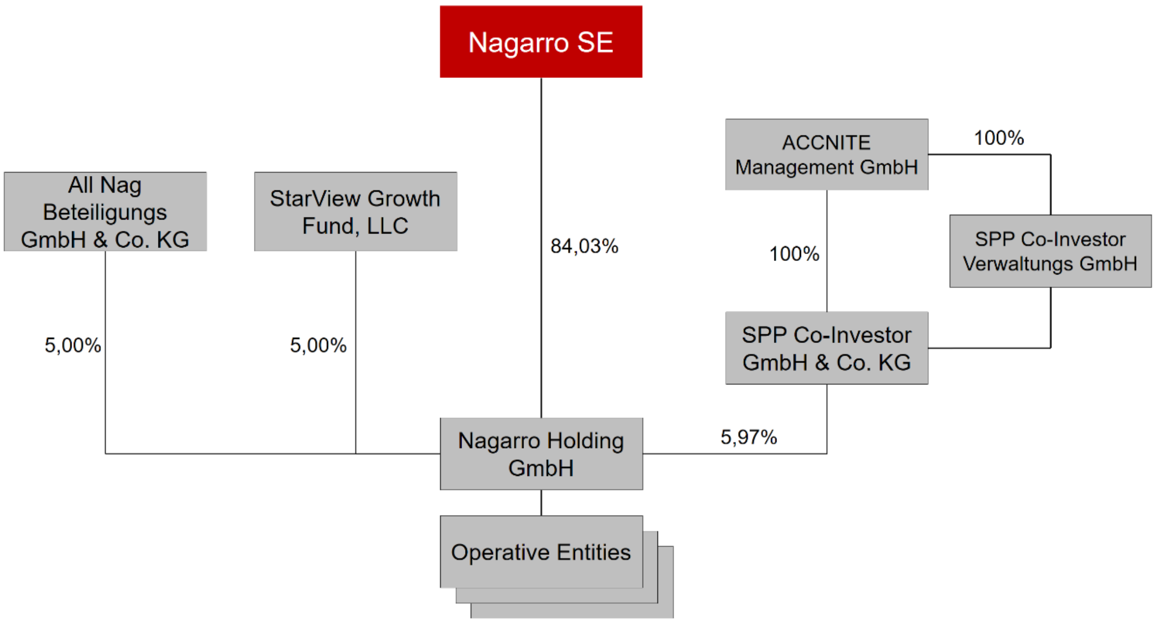
The Merger became effective upon registration in the commercial registers of Nagarro Holding and Nagarro with economic retroactive effect as of January 1, 2021, 24:00 CET. The Merger was registered in the commercial registers on October 22, 2021. Immediately after the Merger becomes effective, the New 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 Merger

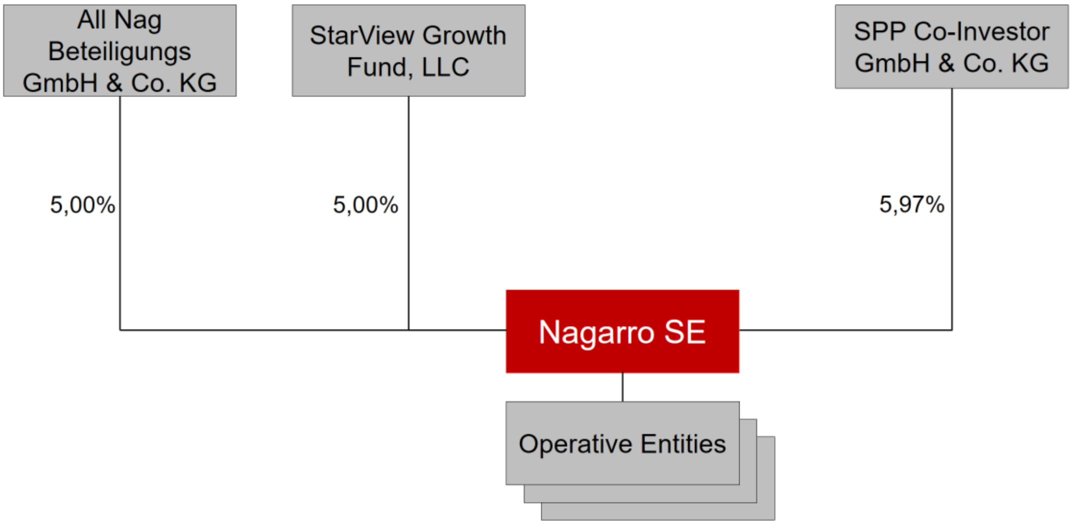
The following chart shows the corporate structure (in simplified form and in most cases without showing subsidiaries of the depicted entities) prior to the implementation of the restructuring measures carried out to prepare and implement the Merger:



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 Merger. As of December 31, 2020 Nagarro was economically only entitled to 83,83% of the shares of Nagarro Holding. The remaining shares were held by ANB (with an economic share of about 5.0%), SV LLC (with an economic share of about 5.0%) and SPP Co-Investor GmbH & Co. KG ("**SPP KG**") (with an economic share of about 6.17%). Any remaining shares were held by the Nagarro Holding as treasury shares:



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 Merger:



3.5 Statutory Merger Auditor

By court order of the regional court (*Landgericht*) Munich I dated March 31, 2021, Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Johannstraße 39, 40476 Dusseldorf, Germany ("**Warth & Klein**"), was appointed as merger auditor (*Verschmelzungsprüfer*). As the merger auditor, Warth & Klein audited the Merger and Merger Agreement and prepared a merger audit report.

3.6 Audit of the Contribution in Kind

The issuance of New Shares to the shareholders of Nagarro against contribution of the shares in Nagarro Holding by way of merger by absorption is associated with a capital increase against contribution in kind (*Sachkapitalerhöhung*) at Nagarro and subject to German post-formation rules (*Nachgründung*). By court order of the local court of Munich dated May 31, 2021, 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 July 19, 2021.

3.7 Allocation Ratio, Trustee, Allocation and Settlement

M.M.Warburg has been appointed as merger trustee in connection with the Merger as required by the German Transformation Act. The merger trustee will receive the New Shares in Nagarro allocable to the shareholders of Nagarro Holding as a result of the Merger for transfer to such shareholders upon the Merger becoming effective.

3.8 Admission to the Stock Exchange

The admission of the New 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 October 29, 2021.

The persons asking for admission to trading on a regulated market are the Company and M.M.Warburg. The Company can be contacted at: Einsteinstraße 172, 81677 Munich, Germany (telephone: +49 89 998 421 43), www.nagarro.com; M.M.Warburg can be contacted at: Ferdinandstraße 75, 20095 Hamburg, Germany, telephone: +49 (0) 40 32820; website: www.mmwarburg.de.

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 (www.nagarro.com).

3.10 Timetable for the Stock Exchange Admission

The Listing are expected to take place according to the following presumed timetable:

October 26, 2021	Approval of the Prospectus by the German Federal Financial Supervisory Authority (*BaFin*).
	Publication of the Prospectus on the Company's website (www.nagarro.com)
October 27, 2021	Listing approval (*Zulassungsbeschluss*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

3.11 Designated Sponsor

Stifel Europe Bank AG will serve as designated sponsor for the Company's 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 Stifel Europe Bank AG, the designated sponsor will, *inter alia*, place limited buy and sell orders for New 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 New Shares.

3.12 Interests of Parties Participating in the Merger and the Listing

In the context of the Merger and the Listing, M.M.Warburg has entered into a contractual relationship with the Company. M.M.Warburg is acting as the Listing Agent for the New Shares and as merger trustee within the meaning of Section 71 (1) Sentence 1 UmwG. Nagarro has undertaken to pay the Listing Agent a fixed fee, which will be partly payable on the date of this Prospectus. The Company therefore assumes that the Listing Agent has an interest in the successful completion of the Transaction and the Listing.

The Listing Agent or one of its affiliates has or have, and may from time to time in the future continue to have, business relations with Nagarro, including lending activities, or may perform certain advisory or other services for Nagarro 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.

Mr. Manas Fuloria and Mr. Vikram Sehgal are Beneficiaries of the Management Participation Programs. They therefore have an interest in the successful Merger and Listing.

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 Merger and the Listing.

3.13 Listing Agreement, Fees and Indemnification

The Company entered into a listing agreement and trustee agreement with M.M.Warburg, according to which M.M.Warburg is acting as merger trustee in accordance with Section 71 (1) Sentence 1 UmwG and as listing agent. With regard to the fee payable to the Listing Agent, see "*3.12 – Interests of Parties Participating in the Merger and the Listing*".

In the listing agreement, the Company agreed to indemnify the Listing Agent against certain liabilities arising in connection with the Merger and the Listing.

4. REASONS FOR THE MERGER AND LISTING AND COSTS OF THE MERGER AND LISTING

4.1 Reasons for the Merger and Listing

The Merger allows the Company to establish a simplified group structure as well as to grant the Beneficiaries a direct legal participation in the Company equal to the current shareholders of Nagarro.

4.2 Costs of the Merger and Listing

The Company will not receive any proceeds in connection with the Listing.

The total costs and expenses of the Merger and the Listing will be approximately €2.4 million. These costs primarily relate to costs for the court-appointed auditor, external advice, the implementation of the merger resolutions and other costs (such as costs for notarization, costs of registrations with the commercial registers as well as other domestic and foreign taxes and fees) and will be borne by the Company. The own costs for the preparation of the Merger Agreement are borne by Nagarro and Nagarro Holding respectively.

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 (*Aufsichtsrat*) of the Company (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, 2020, 2019 and 2018, respectively, or between January 1, 2021 and the date of this Prospectus.

6. CAPITALIZATION AND NET INDEBTEDNESS

The following tables show the Company's consolidated capitalization and indebtedness as of August 31, 2021 and adjusted for the Merger Capital Increase. For simplification purposes, it is assumed that the expenses related to the rollover of non-controlling interest can be fully charged against other reserves and no deferred taxes are taken into account. Further, on the merger of Nagarro Holding GmbH with Nagarro SE, there will be a reduction in the carry-forward tax loss and deferred tax assets of Nagarro Holding GmbH. In Nagarro SE starting 2021 we will start recognizing deferred tax assets against carry-forward losses of Nagarro SE which were earlier not recognized. For simplification purposes, the net loss impact on deferred tax assets has not been taken into account. Investors should read these tables in conjunction with "*7. – Operating and Financial Review of the Group*", the Audited Consolidated Financial Statements, 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 August 31, 2021	**Adjustment for the Merger Capital Increase***	**As Adjusted**
		(in € million) (unaudited)	
Total current debt (including current portion of non-current debt)[(1)]	**118.7**	**-**	**118.7**
- Guaranteed	-	-	-
- Secured	5.7	-	5.7
- Unguaranteed / unsecured	113.0	-	113.0
Total non-current debt (excluding current portion of non-current debt)[(2)]	**218.1**	-	**218.1**
- Guaranteed	-	-	-
- Secured	5.2	-	5.2
- Unguaranteed / unsecured	212.9	-	212.9
Shareholders' equity[(3)]	**72.8**	**2.2**	**75.0**
- Share capital	11.6	2.2	13.8
- Legal reserve(s)	-	-	-
- Other reserves	61.2	-	61.2
Total[(4)]	**409.6**	**2.2**	**411.8**

* The adjustments reflect the increase of the Company's share capital by €2,199,472.00 from €11,576,513.00 to €13,775,985.00 against contribution in kind.

(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 August 31, 2021	Adjustment for the Merger Capital Increase*	As Adjusted
		(in € million) (unaudited)	
A. Cash	113.8	-	113.8
B. Cash equivalents[(1)]	(5.5)	-	(5.5)
C. Other current financial assets[(2)]	5.1	-	5.1
D. Liquidity (A + B + C)	**113.5**	-	**113.5**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)[(3)]	44.6	-	44.6
F. Current portion of non-current financial debt[(4)]	17.4	-	17.4
G. Current financial indebtedness (E + F)	**62.0**	-	**62.0**
H. Net current financial indebtedness (G - D)	**(51.5)**	-	**(51.5)**
I. Non-current financial debt (excluding current portion and debt instruments)[(5)]	207.1	-	207.1
J. Debt instruments	-	-	-
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I + J + K)	**207.1**	-	**207.1**
M. Total financial indebtedness (H +L)	**155.6**	-	**155.6**

* The Merger Capital Increase refers to the increase of the Company's share capital by €2,199,472.00 from €11,576,513.00 to €13,775,985.00 against contribution in kind. As the Company does not receive any proceeds from the Merger Capital Increase there are no adjustments relating to the Company's indebtedness.

(1) Cash equivalents refer to the sum of 'Liabilities from factoring' as shown in 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.

(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.

As of August 31, 2021, financial debt included liabilities related to leases. Current financial debt included lease liabilities in an amount of €12.7 million. Non-current financial debt included non-current lease liabilities in an amount of €42.6 million.

6.3 Statement on Working Capital

In the Company's opinion, the Group's working capital is sufficient to meet Nagarro Group's present requirements over at least the next twelve months from the date of this 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 Consolidated Financial Statements, 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 Interim Condensed Consolidated 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 and references to the "**Group**" mean Nagarro 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 27 countries. As of June 30, 2021, we employed more than 10,900 employees. 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 approximately 50 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 10,000 professionals in engineering (as of June 30, 2021), 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 Financial Statements

7.2.1 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 Spin-Off was conducted by way of a spin-off for absorption (*Abspaltung zur Aufnahme*) with issuance of new shares and subsequent listing, which became effective retroactively as of January 1, 2020. Nagarro's shares were admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and public trading in the shares commenced on December 16, 2020. Subsequent thereto, the issuer of the shares and hence the parent company of the stand-alone Nagarro Group is Nagarro. In contemplation of the Spin-Off, all businesses that are part of the new Nagarro Group following the Spin-Off (other than Connect AG) were transferred to Nagarro 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 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 and 2018 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**") had been prepared for the planned listing; the Audited Combined Financial Statements include those businesses of the Allgeier Group that are part of the new Group. The Nagarro Group included in the Combined Financial Statements has not operated as a separate group of entities. The 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.

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, 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 occurred 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 for the businesses of the Nagarro Group, (ii) other receivables of the Allgeier Group against Nagarro, and (iii) the rights to the “Nagarro” trademark, were 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 are not directly comparable to the Statements of Financial Position included in the Consolidated Financial Statements.

7.2.2 Basis of Preparation of Consolidated Financial Statements of the Nagarro Group

With the Spin-off becoming effective retroactively as of January 1, 2020 and the listing of the Company’s shares in December 2020, all net assets of the Group business have been controlled by Nagarro within the meaning of IFRS 10, Consolidated Financial Statements and thus Nagarro was legally obligated to prepare the first annual group financial statements for the fiscal year ended December 31, 2020- The first-time consolidated financial statements of Nagarro have been prepared in accordance with IFRS 1, First time Adoption of International Financial Reporting Standards, for the reporting period ended December 31, 2020, including an additional opening balance sheet as of January 1, 2019, although Nagarro was founded in 2020. As Consolidated Financial Statements previously were not prepared for the combined Nagarro Group business, no reconciliation for consolidated equity and for comprehensive income is required pursuant to IFRS 1.

In accordance with IFRS 1.18 in conjunction with IFRS 1.D16(a), Nagarro applied the predecessor accounting approach by using the carrying amounts (including goodwill) recognized in the IFRS Consolidated Financial Statements of Allgeier SE. No other exemptions permitted under IFRS 1 were used in the Audited Consolidated Financial Statements for the fiscal year ended December 31, 2020. The scope of consolidation of the group entities for the consolidated financial statements of Nagarro was determined based on the legal reorganization concept. That is, the 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.

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 a 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.

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. In addition, prior year comparative information required by IFRS was presented as if the legal structure of Nagarro Group after taking into account the legal transfers of the business activities, had already existed in the past. Accordingly, disclosures in the published Combined Financial Statements can be referred for comparative information as of January 1, 2019. Further, as the IFRS book values of the respective companies have been already recorded in the consolidated financial statements, the recognition and subsequent measurement of the purchase price liabilities totaling to €61,219 in December 2019 and €277,832, in July 2020 totaling to €339,051, resulting in a corresponding decrease in equity, which is reported in "Changes in equity recognized directly in equity" under "Other transactions with shareholders" and "Equity attributable to Non-controlling interests" and "Change in shares of non-controlling interests" in the Consolidated Statements of Changes in Equity in the financial years 2019 and 2020. Further, for the purchase price liabilities totaling €339,051, Nagarro agreed for deferred payment with a fixed interest rate of 3.0% with Allgeier SE. These purchase price liabilities, after setting off the receivables of €243,669 towards the capital contribution of the equity shareholders of Allgeier in Nagarro, have been paid in December 2020.

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 approximately 50 countries. We rely upon our continuing business with our existing clients to generate the majority of our total organic revenues (94% in 2020). Additionally, we rely in part upon referrals by our existing multinational clients to acquire new clients. Because clients tend to engage multiple IT service 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. 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 experienced downturns or uncertainty in their own business operations or revenue, resulting from the spread of COVID-19, they have and may in the future 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, in response to the spread of COVID-19, we 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.

With the continued rollout of vaccines across most of our markets, there is optimism that the world will continue its journey back to normalcy. The demand for IT services has recovered well, and especially the demand for digital engineering. COVID-19 may even have accelerated the digital transformation of industries like retail and healthcare, creating new work for companies like Nagarro. We do not expect demand from travel and related industries to bounce back meaningfully in 2021, yet our overall view on demand may be termed very optimistic.

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 2018, 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 2020 and 2019 had been shown for the entirety of both financial years 2020 and 2019 (pro forma):

Euro (thousands)	For the fiscal year ended December 31, 2020	2019
	(audited)	
Revenues (pro forma)	430,949	408,865
Thereof: pro forma revenues attributable to companies acquired	577	6,435
Revenues (as reported)	430,372	402,430
EBITDA (pro forma)	64,904	60,532
Thereof: pro forma EBITDA attributable to companies acquired	(1,280)	(1,052)
EBITDA (as reported)	66,184	61,584

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:

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	2018
			(audited)
Revenues (pro forma)	430,949	404,068	322,894
Thereof: pro forma revenues attributable to companies acquired	577	1,638	35,565
Revenues (as reported)	430,372	402,430	287,329
EBITDA (pro forma)	64,904	61,851	36,656
Thereof: pro forma EBITDA attributable to companies acquired	(1,280)	267	4,373
EBITDA (as reported)	66,184	61,584	32,283

7.4.1.1 Acquisition of Livisi in 2020

By way of purchase agreement dated October 13, 2020, Nagarro iQuest Holding GmbH acquired Livisi GmbH, Essen, ("**Livisi**") from Innogy SE, Essen. Livisi is a company operating in the Smart Home/Home automation market. The agreed upon final purchase price amounted to €601,000.00. In the period from January 1, 2021 to June 30, 2021, Livisi generated revenue of €1,219 thousand and (loss) earnings before interest, taxes, depreciation and amortization of €(132) thousand. In connection with the transaction there were costs of €183 thousand which were recognized in other operating expenses of Nagarro in the first half of 2021 and €40 thousand in the last quarter of 2020. The deal is effective as of January 1, 2021. One hundred percent of the equity of Livisi has been acquired and accordingly Livisi is consolidated for the first time with Nagarro from January 1, 2021.

7.4.1.2 Acquisition of maihiro GmbH in 2020

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 has been paid in the fourth quarter of 2020. maihiro GmbH was included in the consolidation of Nagarro for the first time as of October 1, 2020.

7.4.1.3 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 December 31, 2020, GES generated revenue of €4,133 thousand and earnings before interest, taxes, depreciation and amortization of €912 thousand. In connection with the transaction there were costs of €55 thousand which were recognized in other operating expenses.

7.4.1.4 *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**").

7.4.1.5 *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 totaling €21,431 thousand and liabilities totaling €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.

7.4.1.6 *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, 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.

7.4.1.7 *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.

7.4.2 Adoption of Accounting Standards

7.4.2.1 Adoption of IFRS 1 – First-time Adoption of International Financial Reporting Standards

With the Spin-Off and Listing, all the net assets of Nagarro Group business have been controlled by Nagarro within the meaning of IFRS 10, Consolidated Financial Statements and thus Nagarro was legally obliged to prepare the first annual group financial statements for the year ended December 31, 2020. The first-time consolidated financial statements of Nagarro has been prepared in accordance with IFRS 1, First time Adoption of International Financial Reporting Standards, for the reporting period ended December 31, 2020, including an additional opening balance sheet as of January 1, 2019, although Nagarro was founded in 2020. As Consolidated Financial Statements previously were not prepared for the combined Nagarro Group business, no reconciliation for consolidated equity and for comprehensive income is required pursuant to IFRS 1.

In accordance with IFRS 1.18 in conjunction with IFRS 1.D16(a), Nagarro applied the predecessor accounting approach by using the carrying amounts (including goodwill) recognized in the IFRS Consolidated Financial Statements of Allgeier SE. No other exemption permitted under IFRS 1 were used in the Consolidated Financial Statements presented here. The scope of consolidation of the group entities for the consolidated financial statements of Nagarro was determined based on the legal reorganization concept. That is, the 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.

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 a spin-off, and is referred to as a “Business Combination under Common Control”. Currently there is no guidance for Business Combination under Common Control 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.

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. In addition, prior year comparative information required by IFRS was presented as if the legal structure of Nagarro Group after taking into account the legal transfers of the business activities, had already existed in the past. Accordingly, disclosures in the published Audited Combined Financial Statements can be referred for comparative information as of January 1, 2019. Further, as the IFRS book values of the respective companies have been already recorded in the consolidated financial statements, the recognition and subsequent measurement of the purchase price liabilities totaling to €61,219 thousand in December 2019 and €277,832 thousand, in July 2020 totaling to €339,051 thousand, resulting in a corresponding decrease in equity, which is reported in “Changes in equity recognized directly in equity” under “Other transactions with shareholders” and “Equity attributable to Non-controlling interests” and “Change in shares of non-controlling interests” in the Consolidated Statements of Changes in Equity in the financial years 2019 and 2020. Further, for the purchase price liabilities totaling €339,051 thousand, Nagarro agreed for deferred payment with a fixed interest rate of 3.0% with Allgeier SE. These purchase price liabilities, after setting off the receivables of €243,669 thousand towards the capital contribution of the equity shareholders of Allgeier SE in Nagarro, have been paid in December 2020.

7.4.2.2 Amendments to IAS 1 and IAS 8 Definition

The amendments make the definition of “material” in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of “obscuring” material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from “could influence” to “could reasonably be expected to influence”. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Con Framework that contain a definition of “material” or refer to the term “material” to ensure consistency.

7.4.2.3 Amendments to References to the Conceptual Framework in IFRS Standards

The amendments include consequential amendments to affected standards so that they refer to the new framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised conceptual framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised conceptual framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC -32.

7.4.2.4 Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020.

7.4.2.5 Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments to IFRS 9, IAS 39 and IFRS 7 are intended to mitigate the effects of the reform of reference interest rates (so-called IBOR reform) on financial reporting. The aim of the amendments is to ensure that hedge accounting continues to exist or can still be designated despite the uncertainties associated with the expected replacement of various reference interest rates. The amendment has no impact on the current year consolidated financial statements.

As first-time adopter, Nagarro has applied these new standards and interpretations according to IFRS 1. This adoption had no impact on the amounts reported in these consolidated financial statements and on the disclosures for the previous year's figures extracted from Allgeier group financial statements (predecessor accounting approach).

7.4.2.6 Share-based payments

Key employees (including senior executives) of the Nagarro Group received remuneration in the form of share-based payments, whereby these employees render services in exchange of granting of equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost of equity-settled transactions is recognized in staff costs, together with a corresponding increase in equity (capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Nagarro Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statement of profit or loss for a period represents the movement in cumulative expense recognized at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Nagarro Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

7.4.2.7 *Amendments to IFRS 16 - COVID-19 Related Rent Concessions*

The amendments to IFRS 16 in connection with COVID-19 grant lessee relief while accounting for changes to the lease contract (lease modifications) due to rental concessions as a result of the corona pandemic. As a practical workaround, a lessee may choose to suspend the assessment of whether a pandemic lease concession from a lessor constitutes an amendment to the lease. A lessee making this choice accounts for any qualified change in lease payments resulting from the rental concession in connection with the corona pandemic in the same way as it would account for the change under IFRS 16 if it were not a lease modification.

These changes do not have any significant effects on the Unaudited Interim Condensed Consolidated Financial Statements.

7.4.2.8 *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are intended to mitigate the effects of the reform of reference interest rates (so called IBOR reform) on financial reporting when an existing reference interest rate is replaced by an alternative interest rate. In particular, the amendment provides practical relief with regard to modifications that are required by the IBOR reform. In addition, hedging relationships on the balance sheet should be able to continue in spite of the replacement of the reference interest rate under adapted documentation.

These changes do not have any significant effects on the interim condensed consolidated financial statements.

7.4.2.9 *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 the remaining Allgeier Group are also accounted for in accordance with IFRS 16 for all periods under consideration in the Audited Combined Financial Statements.

7.4.2.10 *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.

7.5 Explanation of Certain Income Statement Items

7.5.1 Revenue

7.5.1.1 *Revenue by industry*

We operate across a variety of industries. The focus on consumer experience underlies the digital transformation of almost every industry, while the technology used for this also cuts across industries. Innovation occurs increasingly often at the overlaps of the traditional industry definitions. Yet, each industry also requires specialized knowledge, and we have been investing in developing such specialized knowledge in industry after industry. We generate revenues from the following industries: automotive, manufacturing and industrial, energy, utilities and building automation, financial services and insurance, horizontal tech, life sciences and healthcare, management consulting and business information, public, non-profit and education, retail and consumer packaged goods, telecom, media and entertainment as well as travel and logistics.

7.5.1.2 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 77.4% of our total revenue in 2020. 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 21.1% of our total revenue in 2020. 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 approximately 1.3% of our total revenue in 2020. 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.

7.5.2 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 Consolidated 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.

Prior to the Spin-Off, for purposes of the Audited Combined Financial Statements, *i.e.*, for the financial years ended December 31, 2019 and 2018 as shown in the prospectus, 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 Consolidated Statement of Comprehensive Income for the Six Months ended June 30, 2021 Compared to the Six Months ended June 30, 2020

The table below sets forth our consolidated statement of comprehensive income and the period on period percentage of change for the six months ended June 30, 2021 and 2020.

Euro (thousands)	**For the six months ended June 30,**		**Change in %**
	2021	**2020**	
	(unaudited)		*(unaudited)*
Revenue	243,046	216,039	12.5
Own work capitalized	89	88	1.1
Other operating income	7,539	9,653	(21.9)
Cost of materials	(26,389)	(25,393)	(3.9)
Staff costs	(163,997)	(137,756)	19.0
Impairment of trade receivables and contract assets	(824)	(1,501)	(54.9)
Other operating expenses	(26,771)	(25,438)	5.2
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**32,693**	**35,694**	**(8.4)**
Depreciation, amortization and impairment	(11,314)	(10,759)	5.2
Earnings before interest and taxes (EBIT)	**21,379**	**24,934**	**(14.3)**
Finance income	245	188	30.3
Finance costs	(3,834)	(3,297)	16.3
Earnings before taxes (EBT)	**17,790**	**21,826**	**(18.5)**
Income tax expense	(4,503)	(6,705)	(32,8)
Profit for the period	**13,287**	**15,121**	**(12.1)**
Thereof:			
Attributable to shareholders of Nagarro	10,560	12,705	(16.9)
Attributable to non-controlling interests	2,727	2,416	12.9
Basic earnings per shares (based on weighted average)(1)	0.92	144.88	(99.4)
Basic earnings per shares (based on outstanding shares)(1)	0.91	105.87	(99.2)
Diluted earnings per share (based on weighted average)(2)	0.92	1.10	(16.4)
Diluted earnings per share (based on share outstanding)(2)	0.91	1.10	(17.3)

(1) The earnings per share for the six months ended June 30, 2021 is not comparable with the earnings per share for the six months ended June 30, 2020 as the number of shares as at June 30, 2020 does not correspond to the number of shares post Spin-off and Listing on December 16, 2020.

(2) For the calculation of diluted earnings per share for the six months ended June 30, 2020, the number of shares of Nagarro SE issued to the shareholders of Allgeier SE, which are exercized in May 2021, has also been considered.

The table below sets forth our results and the period on period percentage of change for the six months ended June 30, 2021 and 2020 on the basis of our alternative performance measure adjusted EBITDA.

Euro (thousands) unless otherwise indicated	**For the six months ended June 30,**		**Change in %**
	2021	**2020**	
	(unaudited)		*(unaudited)*
Revenue	243,046	216,039	12.5
Own work capitalized	89	88	1.1
Total performance	243,135	216,128	12.5
Cost of revenues(1), (2)	(171,043)	(145,196)	17.8
SG&A(1), (3)	(34,573)	(35,240)	1.9
Adjusted EBITDA(1)	**37,519**	**35,692**	**5.1**
Special items(1), (4)	(4,826)	2	—
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**32,693**	**35,694**	**(8.4)**
Gross profit(1)	72,092	70,932	1.6
Gross margin(1) (%)	29.7	32.8	N/M
Adjusted EBITDA margin(1) (%)	15.4	16.5	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 €27,007 thousand, or 12.5%, from €216,039 thousand for the six months ended June 30, 2020 to €243,046 thousand for the six months ended June 30, 2021. The increase was driven by revenue on acquisition of Livisi and growth in existing accounts, primarily in 'Automotive, Manufacturing and Industrial' and 'Retail and CPG' industries.

7.6.1.2 Other operating income

Other operating income decreased by 2,114 thousand, or 21.9%, from €9,653 thousand for the six months ended June 30, 2020 to €7,539 thousand for the six months ended June 30, 2021. The decrease was primarily driven by reduction in foreign exchange gain of €2,163 thousand.

7.6.1.3 Cost of materials

Cost of materials increased by €996 thousand, or 3.9%, from €25,393 thousand for the six months ended June 30, 2020 to €26,389 thousand for the six months ended June 30, 2021. The increase was driven by increase in the use of sub-contractor services.

7.6.1.4 Staff costs

Staff costs increased by €26,241 thousand, or 19%, from €137,756 thousand for the six months ended June 30, 2020 to €163,997 thousand for the six months ended June 30, 2021. The increase was the result of increase in the head counts, wage inflation and stock option expense of €2,908 thousand. Further, the staff costs in 2020 included the effect of salary cuts in response to the onset of the COVID-19 pandemic.

7.6.1.5 Other operating expenses

Other operating expenses increased by €1,333 thousand, or 5.2%, from €25,438 thousand for the six months ended June 30, 2020 to €26,771 thousand for the six months ended June 30, 2021. The increase was primarily the result of increase in the expenses related to the rollover of non-controlling interests of €1,801 thousand, recruitment cost, IT cost, consulting cost, supervisory board remuneration and other expenses. This is offset by decrease in foreign exchange losses, travel cost and utility expenses.

7.6.1.6 *Cost of revenues*

Cost of revenues increased by €25,847 thousand, or 17.8%, from €145,196 thousand for the six months ended June 30, 2020 to €171,043 thousand for the six months ended June 30, 2021. The increase was the result of wage inflation, COVID-related disruption and the hiring of a large number of trainees. Further, the cost of revenue in 2020 included the effect of salary cuts in response to the onset of the COVID-19 pandemic.

7.6.1.7 *Gross profit and gross margin*

Gross profit increased by €1,160 thousand, or 1.6%, from €70,932 thousand for the six months ended June 30, 2020 to €72,092 thousand for the six months ended June 30, 2021. Gross margin for the six months ended June 30, 2021 decreased to 29.7% from 32.8% for the six months ended June 30, 2020. The decrease in gross margin can primarily be ascribed to wage inflation, COVID-related disruption and the hiring of a large number of trainees. Further, previous year cost of revenue included the effect of salary cuts in response to the onset of the COVID-19 pandemic.

7.6.1.8 *Selling, General and Administrative expenses*

SG&A decreased by €667 thousand, or 1.9%, from €35,240 thousand for the six months ended June 30, 2020 to €34,573 thousand for the six months ended June 30, 2021. The decrease was driven by reduction in the staff cost. As a percentage of revenue, SG&A for the six months ended June 30, 2021 was 14.22% compared to 16.31% for the six months ended June 30, 2020.

7.6.1.9 *EBITDA*

EBITDA decreased by €3,001 thousand, or 8.4%, from €35,694 thousand for the six months ended June 30, 2020 to €32,693 thousand for the six months ended June 30, 2021, as a result of growth in revenue, and was also impacted by increased expenses related to the rollover of non-controlling interests (€1,801 thousand) and the expense on stock options offered in Jan 2021 (€2,908 thousand), wage inflation, COVID-related disruption and the hiring of a large number of trainees. Further, previous year cost included the effect of salary cuts in response to the onset of the COVID-19 pandemic.

7.6.1.10 *Adjusted EBITDA and Adjusted EBITDA margin*

Adjusted EBITDA increased by €1,827 thousand, or 5.1%, from €35,692 thousand for the six months ended June 30, 2020 to €37,519 thousand for the six months ended June 30, 2021. The increase in Adjusted EBITDA was primarily driven by wage inflation, COVID-19-related disruption and the hiring of a large number of trainees. Adjusted EBITDA margin for the six months ended June 30, 2021 was 15.4% compared to 16.5% for the six months ended June 30, 2020.

7.6.1.11 *Depreciation, amortization and impairment*

Depreciation, amortization and impairment increased by €555 thousand, or 5.2%, from €10,759 thousand for the six months ended June 30, 2020 to €11,314 thousand for the six months ended June 30, 2021. The increase was primarily driven by increase in the leased assets.

7.6.1.12 *Finance costs*

Finance costs increased by €537 thousand, or 16.3%, from €3,297 thousand for the six months ended June 30, 2020 to €3,834 thousand for the six months ended June 30, 2021. The increase was driven by increased bank loans compared to the Allgeier Group loan in 2020.

7.6.1.13 *Income tax expense*

Income tax expense decreased by €2,202 thousand, or 32.8%, from €6,705 thousand for the six months ended June 30, 2020 to €4,503 thousand for the six months ended June 30, 2021. The decrease was driven by a decrease in the EBIT and decrease in the effective tax rate as per management assessment.

7.6.1.14 *Profit for the period*

Profit for the period decreased by €1,834 thousand, or 12.1%, from €15,121 thousand for the six months ended June 30, 2020 to €13,287 thousand for the six months ended June 30, 2021. The decrease was driven by a decrease in the EBITDA as set forth above.

7.6.2 *Consolidated Statements of Income for the Fiscal Year ended December 31, 2020 Compared to the Fiscal Year ended December 31, 2019*

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, 2020 and 2019.

Euro (thousands)	For the fiscal years ended 2020	2019	Change in %
	(unaudited)		*(unaudited)*
Revenue	430,372	402,430	6.9
Own work capitalized	323	906	(64.3)
Other operating income	11,635	12,730	(8.6)
Cost of materials	(49,168)	(49,072)	0.2
Staff costs	(271,679)	(254,662)	6.7
Impairment of trade receivables and contract assets	(2,020)	(986)	104.9
Other operating expenses	(53,279)	(49,762)	7.1
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**66,184**	**61,584**	**7.5**
Depreciation, amortization and impairment	(21,641)	(19,161)	12.9
Earnings before interest and taxes (EBIT)	**44,543**	**42,422**	**5**
Finance income	495	212	133.5
Finance costs	(7,296)	(5,481)	33.1
Earnings before taxes (EBT)	**37,742**	**37,153**	**1.6**
Income tax expense	(13,386)	(6,757)	98.1
Profit for the period	**24,356**	**30,396**	**(19.9)**
Thereof:			
Attributable to shareholders of Nagarro	18,447	25,481	(27.5)
Attributable to non-controlling interests	5,909	4,915	20.2
Basic earnings per shares (based on weighted average)	30.94	—	—
Basic earnings per shares (based on outstanding shares)	1.62	—	—
Diluted earnings per share (based on weighted average)	24.50	—	—
Diluted earnings per share (based on share outstanding)	1.60	—	—

(1) The comparative earning per share is not shown for 2019 and 2018 as the parent company in 2019 and 2018 was Nagarro Holding GmbH which is different from the current parent company Nagarro SE.

The table below sets forth our results and the period on period percentage of change for the fiscal years ended December 31, 2020 and 2019 on the basis of our alternative performance measure adjusted EBITDA:

Euro (thousands) unless otherwise indicated	For the fiscal years ended December 31, 2020	2019	Change in %
	(audited)		*(unaudited)*
Revenue	430,372	402,430	6.9
Own work capitalized	323	906	(64.3)
Total performance	430,694	403,336	6.8
Cost of revenues[(1), (2)]	(290,484)	(274,240)	5.9
SG&A[(1), (3), (5)]	(64,006)	(74,061)	(13.6)
Adjusted EBITDA[(1), (5)]	**76,204**	**55,035**	**38.5**
Special items[(1), (4), (5)]	(10,020)	6,548	253.0
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**66,184**	**61,584**	**7.5**
Gross profit[(1)]	140,210	129,096	**8.6**
Gross margin[(1)] (%)	33	32	**N/M**
Adjusted EBITDA margin[(1), (5)] (%)	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".

(5) According to Current Method of Calculating Adjusted EBITDA.

7.6.2.1 Revenue

Revenue increased by €27,942 thousand, or 6.9%, from €402,430 thousand for the fiscal year ended December 31, 2019 to €430,372 thousand for the fiscal year ended December 31, 2020. The increase was primarily driven by full year revenue recognition for the first time by Nagarro MENA (which were acquired in April 2019) and GES (which was acquired in January 2020) and revenue on the acquisition of Maihiro. Further, there were revenue growth in existing clients, 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.

7.6.2.2 Other operating income

Other operating income decreased by €1,095 thousand, or 8.6%, from €12,730 thousand for the fiscal year ended December 31, 2019 to €11,635 thousand for the fiscal year ended December 31, 2020. The decrease was mainly driven by change in the fair value of the Objectiva purchase price in 2019 and was offset by an increase in gains from currency fluctuations and recognition of badwill on the acquisition of Maihiro in 2020.

7.6.2.3 Cost of materials

Cost of materials substantially remained stable at €49,168 thousand for the fiscal year ended December 31, 2020 compared to €49,072 thousand for the fiscal year ended December 31, 2019.

7.6.2.4 Staff costs

Staff costs increased by €17,017 thousand, or 6.7%, from €254,662 thousand for the fiscal year ended December 31, 2019 to €271,679 thousand for the fiscal year ended December 31, 2020. The increase was driven by acquisition of GES and Maihiro and increase in own staff necessitated due to increase in revenue. This was offset by the effect of salary cuts in response to the onset of the COVID-19 pandemic.

7.6.2.5 Other operating expenses

Other operating expenses increased by €3,517 thousand, or 7.1%, from €49,762 thousand for the fiscal year ended December 31, 2019 to €53,279 thousand for the fiscal year ended December 31, 202. The increase was mainly driven by spin-off and listing costs and loss on account of foreign currency. This is offset by reduced travel and utility cost on account of COVID-19 pandemic.

7.6.2.6 Cost of revenues

Cost of revenues increased by €16,244 thousand, or 5.9%, from €274,240 thousand for the fiscal year ended December 31, 2019 to €290,484 thousand for the fiscal year ended December 31, 2020. The increase was predominantly driven by an increase in staff costs as a result of the increase in revenues.

7.6.2.7 Gross profit and gross margin

Gross profit increased by €11,114 thousand, or 8.6%, from €129,096 thousand for the fiscal year ended December 31, 2019 to €140,210 thousand for the fiscal year ended December 31, 2020. Gross margin remained relatively stable, changing from 32.1 % for the fiscal year ended December 31, 2019 to 32.6% for the fiscal year ended December 31, 2020. The increase in gross margin can be ascribed to reduced travel cost on account of COVID-19 pandemic

7.6.2.8 Selling, General and Administrative expenses

SG&A decreased by €10,005 thousand, or 13.6%, from €74,061 thousand for the fiscal year ended December 31, 2019 to €64,006 thousand for the fiscal year ended December 31, 2020. The decrease was driven by the effect of salary cuts in response to the onset of the COVID-19 pandemic and reduced travel and utility cost on account of COVID-19 pandemic. As a percentage of revenue, SG&A for the fiscal year ended December 31, 2020 was 15% compared to 18% for the fiscal year ended December 31, 2019.

7.6.2.9 EBITDA

EBITDA increased by €4,600 thousand, or 7.5%, from €61,584 thousand for the fiscal year ended December 31, 2019 to €66,184 thousand for the fiscal year ended December 31, 2020. The increase was driven by increase in revenue and the effects of salary cuts and reductions in travel and utility expense. This was offset by reduction of the positive effect of the change in fair value of Objectiva purchase price and increase in spin-off and listing cost.

7.6.2.10 Adjusted EBITDA and Adjusted EBITDA margin

Adjusted EBITDA increased by €21,169 thousand, or 38,5%, from €55,035 thousand for the fiscal year ended December 31, 2019 to €76,204 thousand for the fiscal year ended December 31, 2020. The increase in Adjusted EBITDA was driven by increase in revenue and the effects of salary cuts and reductions in travel and utility expense. Adjusted EBITDA margin for the fiscal year ended December 31, 2020 was 18% compared to 14% for the fiscal year ended December 31, 2019.

7.6.2.11 Depreciation, amortization and impairment

Depreciation, amortization and impairment increased by €2,480 thousand, or 12.9%, from €19,161 thousand for the fiscal year ended December 31, 2019 to €21,641 thousand for the fiscal year ended December 31, 2020. The increase was predominantly driven by increase in depreciation of the lease assets (though lease assets have decreased towards the second half due to vacation of certain lease properties) and increase in amortization of intangible assets acquired on business combination during the year.

7.6.2.12 Finance costs

Finance costs increased by €1,815 thousand, or 33.1%, from €5,481 thousand for the fiscal year ended December 31, 2019 to €7,296 thousand for the fiscal year ended December 31, 2020. The increase was mainly driven by interest on loan from Allgeier group on purchase price payable on acquisition of Objectiva, Nagarro ES and Nagarro ES.

7.6.2.13 Income tax expense

Income tax expense increased by €6,629 thousand, or 98.1%, from €6,757 thousand for the fiscal year ended December 31, 2019 to €13,386 thousand for the fiscal year ended December 31, 2020. At 35.5%, the effective income tax rate for the fiscal year ended December 31, 2020 was substantially higher than the effective tax rate for the fiscal year ended December 31, 2019 (18.2%). The increase in income tax expense in 2020 has increased with the increased EBIT. The tax expense for 2019 was lower on account of (i) 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, (ii) income on reversal of earnout liabilities amounting to €7,144 thousand and the foreign exchange effect thereon were non-taxable.

7.6.2.14 Profit for the period

Profit for the period decreased by €6,040 thousand, or 19.9% from €30,296 thousand for the fiscal year ended December 31, 2019 to €24,356 thousand for the fiscal year ended December 31, 2020. The decrease was driven by increase in tax expense and interest expense.

7.6.3 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.

Euro (thousands)	For the fiscal years ended December 31, 2019	2018	Change in %
	(audited)		*(unaudited)*
Revenue	402,430	287,329	40.1
Changes in work in progress	—	—	—
Own work capitalized	906	512	77.0

Euro (thousands)	For the fiscal years ended December 31, 2019	2018	Change in %
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:

Euro (thousands) unless otherwise indicated	For the fiscal years ended December 31, 2019	2018	Change in %
	(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), (5)	71,399	55,552	28.5
Adjusted EBITDA(1), (5)	**57,697**	**34,346**	**68.0**
Special items(1), (4), (5)	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), (5) (%)	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".

(5) According to Previous Method of Calculating Adjusted EBITDA.

7.6.3.1 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.

7.6.3.2 *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.

7.6.3.3 *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.

7.6.3.4 *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.

7.6.3.5 *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 spent for strengthening our IT infrastructure and incremental increases in a number of miscellaneous other smaller expenses in order to service the increased revenue.

7.6.3.6 *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.

7.6.3.7 *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.

7.6.3.8 *Selling, General and Administrative expenses*

SG&A (according to Previous Method of Calculating Adjusted EBITDA) 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.

7.6.3.9 *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.

7.6.3.10 *Adjusted EBITDA and Adjusted EBITDA margin*

Adjusted EBITDA (according to Previous Method of Calculating 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.

7.6.3.11 *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.

7.6.3.12 *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.

7.6.3.13 *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 €7,144 thousand and the foreign exchange effect thereon were non-taxable and thus helped reduce the tax expense in the 2019.

7.6.3.14 *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.

7.7 Results of Operations by Segment

7.7.1 Segmental Results for the Six Months ended June 30, 2021 compared to the Six Months ended June 30, 2020

The table below sets forth our segmental results for the six months ended June 30, 2021.

For the six months ended June 30, 2021 Euro (thousands) unless otherwise indicated	**North America**	**Central Europe**	**Rest of Europe**	**Rest of World**	**Total**
			(unaudited)		
Revenue	84,698	84,822	37,001	36,525	243,046
Own work capitalized	0	-0	89	0	89
Total performance	**84,698**	**84,822**	**37,090**	**36,525**	**243,135**
Cost of revenues(1), (2)	(59,691)	(59,882)	(26,775)	(24,694)	(171,043)
Gross profit(1)	**25,007**	**24,939**	**10,315**	**11,831**	**72,092**
Gross margin(1) (%)	29.5	29.4	27.9	32.4	29.7

(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 six months ended June 30, 2020.

For the six months ended June 30, 2020 Euro (thousands) unless otherwise indicated	**North America**	**Central Europe**	**Rest of Europe**	**Rest of World**	**Total**
			(unaudited)		
Revenue	75,276	80,633	32,487	27,644	216,039
Own work capitalized	0	0	88	0	88
Total performance	**75,276**	**80,633**	**32,575**	**27,644**	**216,128**
Cost of revenues(1), (2)	(49,167)	(55,781)	(22,518)	(17,730)	(145,196)
Gross profit(1)	**26,108**	**24,852**	**10,057**	**9,914**	**70,932**
Gross margin(1) (%)	34.7	30.8	31.0	35.9	32.8

(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 €9,422 thousand, or 12.5%, from €75,276 thousand for the six months ended June 30, 2020 to €84,698 thousand for the six months ended June 30, 2021 The increase was driven by growth in existing accounts, primarily in the 'Automotive, Manufacturing and Industrial' and 'Horizontal Tech' industries.

(B) Central Europe Segment

Total performance in our Central Europe segment increased by €4,189 thousand, or 5.2%, from €80,633 thousand for the six months ended June 30, 2020 to €84,822 thousand for the six months ended June 30, 2021. The increase was driven by growth in existing accounts, primarily in the 'Automotive, Manufacturing and Industrial' industry.

(C) Rest of Europe Segment

Total performance in our Rest of Europe segment increased by €4,515 thousand, or 13.9%, from €32,575 thousand for the six months ended June 30, 2020 to €37,090 thousand for the six months ended June 30, 2021. The increase was driven by growth in existing accounts, primarily in the 'Automotive, Manufacturing and Industrial' and 'Retail and CPG' industries.

(D) Rest of World Segment

Total performance in our Rest of World segment increased by €8,881 thousand, or 32.1%, from €27,644 thousand for the six months ended June 30, 2020 to €36,525 thousand for the six months ended June 30, 2021, The increase was driven by growth majorly in existing accounts, primarily in 'Financial Services and Insurance' and 'Retail and CPG'.

7.7.1.2 *Cost of revenues*

(A) North America Segment

Cost of revenues in our North America segment increased by €10,524 thousand, or 21.4%, from €49,167 thousand for the six months ended June 30, 2020 to €59,691 thousand for the six months ended June 30, 2021, driven by an unprecedented wage inflation in the six months ended June 30, 2021 in the bigger delivery centers of Nagarro whereas results of the six months ended June 30, 2020 also included the effect of temporary salary cuts and government support in servicing countries from March 2020 onwards in response to the COVID-19 pandemic, the business impact of which mostly started in the second quarter 2020.

(B) Central Europe Segment

Cost of revenues in our Central Europe segment increased by €4,101 thousand, or 7.4%, from €55,781 thousand for the six months ended June 30, 2020 to €59,882 thousand for the six months ended June 30, 2021, driven primarily by the effect from the gap created by temporary salary cuts and government support (for e.g. short time work (*Kurzarbeit*) in Germany) in servicing countries in response to the pandemic, the business impact of which mostly started in the second quarter 2020.

(C) Rest of Europe Segment

Cost of revenues in our Rest of Europe segment increased by €4,257 thousand, or 18.9%, from €22,518 thousand for the six months ended June 30, 2020 to €26,775 thousand for the six months ended June 30, 2021, driven by wage inflation in the six months ended June 30, 2021 in the bigger delivery centers of Nagarro whereas results in the six months ended June 30, 2020 also included the effect of temporary salary cuts in response to the pandemic in the second quarter 2020.

(D) Rest of World Segment

Cost of revenues in our Rest of World segment increased by €6,964 thousand, or 39.3%, from €17,730 thousand for the six months ended June 30, 2020 to €24,694 thousand for the six months ended June 30, 2021, driven by an unprecedented wage inflation in the six months ended June 30, 2021 in the bigger delivery centers of Nagarro whereas results in the six months ended June 30, 2020 also included the effect of temporary salary cuts in response to the pandemic, the business impact of which mostly started in the second quarter 2020.

7.7.1.3 *Gross profit and gross margin*

(A) North America Segment

Gross profit in our North America segment decreased by €1,101 thousand, or 4.2%, from €26,108 thousand for the six months ended June 30, 2020 to €25,007 thousand for the six months ended June 30, 2021. Gross margin in our North America segment for the six months ended June 30, 2021 decreased to 29.5% from 34.7% for the six months ended June 30, 2020.

(B) Central Europe Segment

Gross profit in our Central Europe segment slightly increased by €87 thousand, or 0.4%, from €24,852 thousand for the six months ended June 30, 2020 to €24,939 thousand for the six months ended June 30, 2021. Gross margin in our Central Europe segment for the six months ended June 30, 2021 decreased to 29.4% from 30.8% for the six months ended June 30, 2020.

(C) Rest of Europe Segment

Gross profit in our Rest of Europe segment increased by €258 thousand, or 2.6%, from €10,057 thousand for the six months ended June 30, 2020 to €10,315 thousand for the six months ended June 30, 2021. Gross margin in our Rest of Europe segment for the six months ended June 30, 2021 decreased to 27.9% from 31.0% for the six months ended June 30, 2020.

(D) Rest of World Segment

Gross profit in our Rest of World segment increased by €1,917 thousand, or 19.3%, from €9,914 thousand for the six months ended June 30, 2020 to €11,831 thousand for the six months ended June 30, 2021. Gross margin in our Rest of World segment for the six months ended June 30, 2021 decreased to 32.4% from 35.9% for the six months ended June 30, 2020.

7.7.2 Segmental Results for the Fiscal Year ended December 31, 2020 compared to the Fiscal Year ended December 31, 2019

The table below sets forth our segmental results for the fiscal year ended December 31, 2020.

For the fiscal year ended December 31, 2020 Euro (thousands) unless otherwise indicated	**North America**	**Central Europe**	**Rest of Europe**	**Rest of World**	**Total**
			(audited)		
Revenue	147,719	161,251	64,703	56,699	430,372
Own work capitalized	—	—	323	—	323
Total performance	**147,719**	**161,251**	**65,025**	**56,699**	**430,694**
Cost of revenues(1), (2)	(96,038)	(112,710)	(44,692)	(37,044)	(290,484)
Gross profit(1)	**51,681**	**48,541**	**20,333**	**19,656**	**140,210**
Gross margin(1) (%)	35	30	31	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 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**
			(audited)		
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*".

7.7.2.1 *Total performance*

(A) North America Segment

Total performance in our North America segment increased by €11,721 thousand, or 8.6%, from €135,998 thousand for the fiscal year ended December 31, 2019 to €147,719 thousand for the fiscal year ended December 31, 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 €4,319 thousand, or 2.6%, from €165,570 thousand for the fiscal year ended December 31, 2019 to €161,251 thousand for the fiscal year ended December 31, 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 €3,848 thousand, or 6.3%, from €61,177 thousand for the fiscal year ended December 31, 2019 to €65,025 thousand for the fiscal year ended December 31, 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 €16,107 thousand from €40,592 thousand, or 39.68%, for the fiscal year ended December 31, 2019 to €56,699 thousand for the fiscal year ended December 31, 2020, driven by continued growth in most verticals but with a significant decline in the travel and logistics vertical.

7.7.2.2 Cost of revenues

(A) North America Segment

Cost of revenues in our North America segment increased by €6,181 thousand, or 6.9%, from €89,857 thousand for the fiscal year ended December 31, 2019 to €96,038 thousand for the fiscal year ended December 31, 2020, primarily 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 substantially remained stable at €112,710 thousand for the fiscal year ended December 31, 2020, compared to €112,829 thousand for the fiscal year ended December 31, 2019.

(C) Rest of Europe Segment

Cost of revenues in our Rest of Europe segment slightly increased by €111 thousand, or 0.3%, from €44,581 thousand for the fiscal year ended December 31, 2019 to €44,692 thousand for the fiscal year ended December 31, 2020, primarily 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 €10,071 thousand, or 37.3%, from €26,973 thousand for the fiscal year ended December 31, 2019 to €37,044 thousand for the fiscal year ended December 31, 2020, primarily 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.

7.7.2.3 Gross profit and gross margin

(A) North America Segment

Gross profit in our North America segment increased by €5,540 thousand, or 12.0%, from €46,141 thousand for the fiscal year ended December 31, 2019 to €51,681 thousand for the fiscal year ended December 31, 2020. Gross margin in our North America segment for the fiscal year ended December 31, 2020 increased slightly to 35% from 34% for the fiscal year ended December 31, 2019. The increase in the gross margin can be ascribed to good growth in 2020 due to the relatively lower impact of COVID-19 on the North America business and supported by temporary salary cuts and government support in servicing countries.

(B) Central Europe Segment

Gross profit in our Central Europe segment decreased by €4,200 thousand, or 8.0%, from €52,741 thousand for the fiscal year ended December 31, 2019 to €48,541 thousand for the fiscal year ended December 31, 2020. Gross margin in our Central Europe segment for the fiscal year ended December 31, 2020 decreased to 30% from 32% for the fiscal year ended December 31, 2019. The decrease in the gross margin can be ascribed to greater impact of the COVID-19 pandemic on the revenue from our Central Europe clients, particularly those in the travel industry which was not equally supported by reduction in costs.

(C) Rest of Europe Segment

Gross profit in our Rest of Europe segment increased by €3,737 thousand, or 22.5%, from €16,596 thousand for the fiscal year ended December 31, 2019 to €20,333 thousand for the fiscal year ended December 31, 2020. Gross margin in our Rest of Europe segment for the fiscal year ended December 31, 2020 increased to 31% from 27% for the fiscal year ended December 31, 2019. The increase in the gross margin can be ascribed to lower impact of the COVID-19 pandemic on the business of our clients in this segment supported by temporary salary cuts in servicing countries and lower travel costs.

(D) Rest of World Segment

Gross profit in our Rest of World segment increased by €6,038 thousand, or 44.3%, from €13,618 thousand for the fiscal year ended December 31, 2019 to €19,656 thousand for the fiscal year ended December 31, 2020. Gross margin in our Rest of World segment for the fiscal year ended December 31, 2020 increased to 35% from 34% for the fiscal year ended December 31, 2019. The decrease in the gross margin can be ascribed to the growth in revenues in this segment in some industries. The proportionate increase in costs in segment was relatively lower driven by COVID-19-related factors including temporary salary cuts and lower travel costs.

7.7.3 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*".

7.7.3.1 *Total performance*

(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, or 113.4%, 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.

7.7.3.2 *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, or 126.7%, 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.

7.7.3.3 *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.

7.8 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:

Euro (thousands)	As of December 31, 2020	2019	2018	As of June 30, 2021
		(audited)		*(unaudited)*
Non-current assets				
Intangible assets	11,003	8,993	107,655(1)	9,840
Goodwill	95,878	102,395	—	98,106
Property, plant and equipment	6,390	7,201	6,653	6,496
Right of use assets	51,735	54,862	47,258	52,407
Non-current contract costs	438	332	554	327
Other non-current financial assets	2,999	2,702	3,404	3,020
Other non-current assets	102	34	34	159
Deferred tax assets	7,932	8,332	4,574	7,981
Non-current assets	**176,475**	**184,853**	**170,132**	**178,336**
Current assets				
Inventories	127	9	10	183
Current contract costs	252	278	301	252
Contract assets	10,922	12,562	5,528	17,207
Trade receivables	73,872	80,320	74,977	78,323
Other current financial assets	2,502	6,047	5,190	2,874
Other current assets	8,023	8,964	7,724	8,051
Income tax receivables	6,906	5,219	5,304	11,117
Cash	107,742	43,758	27,947	101,929
Current assets	**210,346**	**157,158**	**126,981**	**219,937**
Total assets	**386,822**	**342,011**	**297,112**	**398,273**

(1) Intangible assets include goodwill in an amount of €97,474 thousand.

7.8.1.1 Comparison of June 30, 2021 to December 31, 2020

Total non-current assets slightly increased by €1,861 thousand, or 1.1%, from €176,475 thousand as of December 31, 2020 to €178,336 thousand as of June 30, 2021. Within non-current assets, right of use from assets increased by €672 thousand to €52,407 thousand and goodwill by €2,228 thousand to €98,106 thousand. Intangible assets fell by €1,163 thousand to €9,840 thousand mainly due to amortization during the period.

Total current assets increased by €11,451 thousand, or 3.0%, from €386,822 thousand as of December 31, 2020 to €398,273 thousand as of June 30, 2021. The increase was mainly due to an increase of contract assets and trade receivables as well as income tax receivables by €14,947 thousand, while cash decreased by €5,813 thousand.

7.8.1.2 Comparison of December 31, 2020 to December 31, 2019

Total non-current assets decreased by €8,378 thousand to €176,475 thousand as of December 31, 2020, compared to €184,853 thousand as of December 31, 2019. Right of use assets decreased by €3,127 thousand to €51,735 thousand due to addition of lease assets offset by amortization, lease modification and currency differences. Deferred tax assets decreased to €7,932 thousand as of December 31, 2020 compared with €8,332 thousand as of December 31, 2019 due to utilization of certain taxable profit against the deferred tax asset. The decrease was partially offset by the increase in intangible assets of €2,010 thousand to €11,003 thousand overall, primarily as a result of addition on account of acquisition offset by amortization.

As of December 31, 2020, total current assets increased by €53,188 thousand to €210,346 thousand, compared to €157,158 thousand as of December 31, 2019. Cash increased by €63,984 thousand to €107,742 thousand, primarily from better receivable management and increase in payables.

7.8.1.3 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 (including goodwill) 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.

7.8.2 Liabilities and Equity

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

Euro (thousands)	As of December 31, 2020	2019	2018	As of June 30, 2021
		(audited)		*(unaudited)*
Non-Current liabilities				
Non-current liabilities to banks	168,158	244	233	164,477
Non-current lease liabilities	43,191	47,232	41,024	43,329
Long-term provisions for post-employment benefits	5,262	3,815	2,767	6,061
Other long-term provisions	243	236	241	138
Non-current contract liabilities	125	285	237	2
Other non-current financial liabilities	1,672	2,125	1,470	1,344
Non-current liabilities from acquisitions	2,662	10,633	25,202	615
Deferred tax liabilities	2,599	1,566	1,720	2,470
Non-current liabilities	**223,911**	**66,136**	**72,894**	**218,438**
Current liabilities				
Current liabilities to banks	14,429	5,252	5,734	15,620
Current lease liabilities	11,966	12,133	9,664	12,783
Short-term provisions for post-employment benefits	728	579	404	859
Other short-term provisions	14,443	9,927	8,191	11,798
Current contract liabilities	9,396	7,249	4,431	9,268
Trade payables	22,196	16,055	17,358	6,288
Current liabilities from acquisitions	4,291	10,988	879	2,125
Other current financial liabilities	23,088	140,283	76,755	28,204
Other current liabilities	3,363	2,480	2,553	4,340
Income tax liabilities	12,484	10,987	9,341	16,405
Current liabilities	**116,383**	**215,933**	**135,309**	**107,689**
Total liabilities	**340,294**	**282,069**	**208,203**	**326,127**

Euro (thousands)	As of December 31, 2020	2019	2018	As of June 30, 2021
		(audited)		*(unaudited)*
Equity				
Share capital	11,383	50	—	11,577
Capital reserve	232,410	22,415	—	238,285
Profit carried forward	47,922	22,441	—	66,370
Net profit for the period, excluding non-controlling interests	18,447	25,481	—	10,560
Changes in equity recognized directly in equity	(260,612)	(25,522)	—	(260,612)
Other comprehensive income	(5,750)	5,384	—	(2,965)
Equity attributable to shareholders of Nagarro	43,800	50,249	74,533	63,214
Equity attributable to non-controlling interests	2,728	9,693	14,377	8,932
Total equity	**46,528**	**59,942**	**88,910**	**72,147**
Equity and liabilities	**386,822**	**342,011**	**297,112**	**398,273**

7.8.2.1 Comparison of June 30, 2021 to December 31, 2020

Total non-current liabilities decreased by €5,473 thousand, from €223,911 thousand as of December 31, 2020 to €218,438 thousand as of June 30, 2021. The decrease was mainly due to a decrease of non-current liabilities from acquisitions of €2,047 thousand.

Total current liabilities decreased by €8,694 thousand, from €116,383 thousand as of December 31, 2020 to €107,689 thousand as of June 30, 2021. The decrease was mainly due to a decrease of €20,719 thousand in trade payables, other short-term provisions and current liabilities from acquisitions partly offset by an increase in other current financial liabilities of €5,116 thousand to €28,204 thousand.

7.8.2.2 Comparison of December 31, 2020 to December 31, 2019

Total non-current liabilities increased by €157,775 thousand from €66,136 thousand as of December 31, 2019 to €223,911 thousand as of December 31, 2020. The increase was predominantly driven by higher non-current liabilities from banks, which increased by €167,914 thousand to €168,158 thousand, mainly due to increase in term loans for which the repayment extends till December 2023. Further, non-current liabilities from acquisitions decreased by €7,971 thousand to €2,662 thousand, driven by payment of Anecon and Objectiva's purchase price.

Total current liabilities decreased by €99,550 thousand from €215,933 thousand as of December 31, 2019 to €116,383 thousand as of December 31, 2020. Other current financial liabilities substantially decreased by €117,195 thousand to €23,088 thousand, mainly driven by the settlement of Allgeier group's liabilities through a term loan from banks.

7.8.2.3 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 €6,208 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 €1,048 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 €63,528 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.

7.8.2.4 Equity

Total equity increased by €25,619 thousand, from €46,528 thousand as of December 31, 2020 to €72,147 thousand as of June 30, 2021. Share capital has increased by €194 thousand from €11,383 thousand to €11,577 thousand resulting from the issuance of shares to certain stock option holders.

Total equity decreased by €13,414 thousand, from €59,942 thousand as of December 31, 2019 to €46,528 thousand as of December 31, 2020. The decrease was driven by the acquisition of interests in various companies from Allgeier Group for €277,832 thousand as part of the re-organization in preparation for spin-off largely offset by a capital contribution of €243,669 thousand through Allgeier SE for shareholding in Nagarro and an increase in total comprehensive income of €11,055 thousand.

With the acquisition of Connect AG by Nagarro, the capital reserves allocated to Connect AG relating to (i) the purchase price paid by Nagarro for the businesses of the Nagarro Group, (ii) other receivables of the Allgeier Group against Nagarro, and (iii) the rights to the "Nagarro" trademark, were 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.

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 €60,120 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.

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.

On October 30, 2020, Nagarro entered into a new syndicated credit facility with five European credit institutions in an amount of €200 million, comprising a term loan facility of €100 million and a revolving credit facility of €100 million, and 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. Nagarro has utilized 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*) with 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. As of December 31, 2020, the loan amount drawn from the new syndicated credit facility denominated in euro was €175,000 thousand.

7.9.2 *Cash Flows*

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

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	2018	For the six months ended June 30, 2021	2020
		(audited)		*(unaudited)*	
Cash flows from operating activities					
EBIT	44,543	42,422	18,569	21,379	24,934
Depreciation, amortization and impairments of non-current assets	21,641	19,161	13,714	11,314	10,759
Non-cash purchase price adjustments of liabilities from acquisitions	—	(7,144)	0	—	—
Change in long-term provisions	1,190	428	630	333	435
Other non-cash income and expenses	(418)	1,297	(171)	2,737	2,490
Income taxes paid	(13,162)	(9,046)	(7,146)	(4,856)	(4,459)
Cash flows from changes in working capital	15,646	(6,250)	(17,020)	(24,068)	4,726
Net cash inflow from operating activities	**69,440**	**40,867**	**8,576**	**6,839**	**38,886**
Cash flows from investing activities					
Payments for property, plant and equipment and intangible assets	(3,567)	(3,082)	(2,666)	(1,820)	(1,712)
Proceeds from sale of property, plant and equipment and intangible assets	105	430	38	4	5
Repayments from loans to Allgeier Group	1,156	26	410	—	—
Payments for loans to Allgeier Group	—	(2,524)	0	—	—
Acquisition of subsidiaries, net of cash acquired	(7,814)	(2,863)	4,950	(4,165)	(3,658)
Net cash outflow from investing activities	**(10,120)**	**(8,013)**	**2,731**	**(5,981)**	**(5,365)**
Cash flows from financing activities					
Proceeds from shareholders of Nagarro	120	—	—	—	—
Proceeds from bank loans	179,599	293	154	3,162	120
Repayment of bank loans	(125)	(495)	(2,088)	(2,045)	(162)
Proceeds from loans from Allgeier Group	—	5,579	5,057	—	3,195
Repayment of loans from Allgeier Group	(158,530)	(8,969)	(66)	—	—
Principal elements of lease payments	(17,636)	(14,993)	(9,780)	(8,996)	(9,631)
Net cash inflow from factoring	2,920	255	1,220	1,051	(845)
Interest received	401	146	185	245	142
Interest paid	(271)	(244)	(283)	(2,713)	(96)
Other transactions with Allgeier Group	—	1,283	1,744	2,948	(147)
Net cash inflow (outflow) from financing activities	**6,478**	**(17,145)**	**(3,857)**	**(6,349)**	**(7,425)**
Total cash flow	**65,798**	**15,709**	**7,450**	**(5,490)**	**26,096**
Effects of exchange rate changes on cash and cash equivalents	(1,410)	358	386	486	(305)
Total changes in cash and cash equivalents	**64,388**	**16,067**	**7,836**	**(5,004)**	**25,791**
Cash and cash equivalents at beginning of period	38,786	22,718	14,882	103,173	38,786
Cash and cash equivalents at end of period	103,173	38,786	22,718	98,169	64,577

7.9.2.1 Cash Flows from Operating Activities

Cash flow from operating activities decreased by €32,047 thousand, from a net cash inflow of €38,886 thousand for the six months ended June 30, 2020 to an inflow of €6,839 thousand for the six months ended June 30, 2021. The decrease was driven by a decrease of cash flows from changes in net working capital.

Cash flows from operating activities increased by €28,573 thousand from €40,867 thousand for the fiscal year ended December 31, 2019 to €69,440 thousand for the fiscal year ended December 31, 2020. The increase was mainly driven by an increase in cash flows from changes in working capital, from negative €6,250 thousand in 2019 to positive €15,646 thousand in 2020, which includes improved receivable management and temporary measures taken to preserve liquidity in the COVID-19 situation, but also an increase in trade payables of €6.1 million mainly driven by costs for the Spin-Off. The increase also reflects an increase in EBITDA of €4.6 million compared to 2019 plus another €7.1 million from non-cash price adjustments of liabilities from acquisitions in the 2019 EBITDA.

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.

7.9.2.2 Cash Flows from Investing Activities

Cash flows from investing activities slightly changed by €616 thousand, from net cash outflows of €5,365 thousand for the six months ended June 30, 2020 to net cash outflows of €5,981 thousand for the six months ended June 30, 2021.

Cash flows from investing activities changed by €2,107 thousand, from net cash outflows of €8,013 thousand for the fiscal year ended December 31, 2019 to net cash outflows of €10,120 thousand for the fiscal year ended December 31, 2020.

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.

7.9.2.3 Cash flows from financing activities

Cash flows from financing activities changed by €1,076 thousand, from net cash outflows of €7,425 thousand for the six months ended June 30, 2020 to net cash outflows of €6,349 thousand for the six months ended June 30, 2021. The change was driven mainly by an increase in proceeds from shareholders of Nagarro of €3,042 thousand to an inflow of €3,162 thousand and an increase in net cash inflow from factoring of €1,896 thousand to an inflow of €1,051 thousand.

Cash flows from financing activities changed by €23,623 thousand, from net cash outflows of €17,145 thousand for the fiscal year ended December 31, 2019 to net cash inflows of €6,478 thousand for the fiscal year ended December 31, 2020. This can largely be ascribed to loans from banks of €179.6 million, mainly through a new syndicated term loan facility, offset by settlement of loans from the Allgeier Group of €158.5 million. Cash outflows of €158,530 thousand in 2020 from repayments of loans from the Allgeier Group increased significantly compared to outflows of €8,969 thousand in 2019. Cash outflows of €17,636 thousand in 2020 relating to the payment of principal on leases increased compared to outflows of €14,993 thousand in 2019. Conversely, outflows due to repayments of bank loans decreased to €125 thousand in 2020 compared to €495 thousand in 2019. Cash inflows from factoring increased significantly by €2,665 thousand to €2,920 thousand.

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 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 thousand 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 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) and intercompany loans from Nagarro Group companies (after the Spin-Off) (see also *10.2.3.1 – 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 each of the fiscal years ended 2020, 2019 and 2018 as well as the six months ended June 30, 2021. For additional information on Nagarro Group's most recent acquisition of ATCS Group (as defined in section 8.4.2), see *18.1 – Recent Developments*.

	For the fiscal year ended December 31,		
Euro (thousands)	**2020**	**2019**	**2018**
		(audited)	
Business acquisitions (net of cash acquired), outflow (inflow) including payments for acquisitions in prior years	**7,814**	**2,863**	**(4,950)**

(A) Acquisitions in 2021

Cash outflows for the acquisition of subsidiaries from third parties in first half year of 2021, net of cash acquired, reconcile as follows:

	For the six months ended June 30,	
Euro (thousands)	**2021**	**2020**
	(audited)	
Acquisition cost	**601**	**3,480**
Non cash share	—	—
Purchase price paid in cash in 2020	247	3,480
Purchase price paid in cash in 2021	354	—
Acquired cash and cash equivalents	(575)	—
Outflow (inflow) of cash and cash equivalents	**(222)**	**3,480**

(B) Acquisitions in 2020

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

Euro (thousands)	GES	Maihiro	Livisi[(1)]	Total
		(audited)		
Acquisition cost	**3,480**	**100**	**247**	**3,827**
Non cash share in 2020	—	—	—	—
Purchase price paid in cash in 2020	3,480	100	247	3,827
Acquired cash and cash equivalents	—	—	—	—
Outflow of cash and cash equivalents	**3,480**	**100**	**247**	**3,827**

(1) As part of closing protocol for acquisition of Livisi GmbH, which was effective from January 1, 2021, payment of €247 thousand has been made in December 2020. The final acquisition price was determined based on the financial statements of Livisi GmbH as at December 31, 2020.

Additionally, for the acquisition of Nagarro MENA in 2019 and Anecon in 2018, subsequent payments of €987 thousand and €3,000 thousand, respectively, have been made in the first nine months of 2020.

(C) 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**

(D) 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.

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 six months ended June 30, 2021 and in each of the fiscal years ended 2020, 2019 and 2018.

Euro (thousands)	For the fiscal year ended December 31,			For the six months ended June 30,
	2020	**2019**	**2018**	**2021**
		(audited)		*(unaudited)*

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	2018	For the six months ended June 30, 2021
Property, plant and equipment	**6,390**	**7,201**	**6,653**	**6,496**

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 six months ended June 30, 2021 and in each of the fiscal years ended 2020, 2019 and 2018.

Euro (thousands)	For the fiscal year ended December 31, 2020	2019	2018	For the six months ended June 30, 2021
		(audited)		*(unaudited)*
Intangible assets	**11,003**	**8,993**	**107,655(1)**	**9,840**
Goodwill	**95,878**	**102,395**	—	**98,106**

(1) Intangible assets include goodwill in an amount of €97,474 thousand.

7.9.3.4 Major Current and Ongoing Capital Expenditures

Between June 30, 2021 and the date of this Prospectus, our capital expenditures amounted to approximately €1 million, comprising mainly of investments in plant and equipment predominantly in USA, India, Romania and Mexico.

Between June 30, 2021 and the date of this Prospectus, our ongoing capital expenditures, *i.e.*, projects that have been initiated but have not been finalized as of the date of the Prospectus, amounts to €48 million.

Other than as disclosed under ongoing capital expenditures, as of the date of the Prospectus, the Management Board has not yet made any material commitments on capital expenditures for the remaining period of 2021.

7.9.4 Financial Liabilities

The following table sets forth the composition and maturity structure of our financial liabilities as of December 31, 2020. The figures in the table represent future undiscounted cash flows based on contractually agreed terms and conditions as of December 31, 2020.

Euro (thousands)	Dec. 31, 2020	Maturity within one year		Maturity between one and five years		Maturity later than five years	
	Carrying Amount	Repayment	Interest	Repayment	Interest	Repay-ment	Interest
			(audited)				
Mixed-use syndicated loan of Nagarro SE	173,283	5,398	4,672	167,885	8,581	—	—
Working capital facility of Nagarro Software Pvt. Ltd. (secured)	2,760	2,760	4	—	—	—	—
Working capital facility of Nagarro Software Pvt. Ltd.	1,130	1,130	1	—	—	—	—
Working Capital facility of Nagarro Enterprise Services Pvt. Ltd. (secured)	520	520	1	—	—	—	—

Liabilities from factoring	4,569	4,569	—	—	—	—	—
Bank loan of Nagarro Software SRL	198	52	6	146	13	—	—
Bank Loan of Nagarro GmbH Austria	126	—	—	126	—	—	—
Trade payables	22,196	22,196	—	—	—	—	
Derivative financial instruments	429	429	—	—	—	—	—
Contingent purchase price liabilities	6,749	4,291	—	2,458	—	—	—
Other financial liabilities	24,534	22,862	—	1,337	—	334	—
Total Financial Liabilities	**236,495**	**64,208**	**4,684**	**171,952**	**8,594**	**334**	—

In addition to the table above, our financial liabilities included lease liabilities in the amount of €55,156 thousand as of December 31, 2020. Furthermore, the Group has started participating in a new factoring arrangement with a volume of €20 million from September 2020 onwards 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

From September 2020, Nagarro entered into a new factoring facility with a limit of €20 million and has partially utilized it. Nagarro derecognizes customer receivables after the risk associated with the sold receivables is transferred. Interest on the factored receivables is calculated at Euribor plus a margin of up to 1.88 percentage points. In December 2020, an interest rate of 1.41% p.a. was applied as a result of ongoing negative short-term interest rates (December 31, 2019: 0.94% p.a.; January 1, 2019: 0.94% p.a.). The factor makes the payment against submitted receivables lists on two specified days in the month. At the end of the month, in cases where the amounts are received both from the factor and the customer and such amounts are still outstanding from the company to the factor, then such amounts received from customer are recognized as liability to the factor.

As of the June 30, 2021, the Group utilized €13,138 thousand of the factoring volume. Of this amount, a portion of €9,328 thousand was offset against trade receivables and the remaining portion of €3,810 thousand paid by clients was recognized as liabilities to banks. The liabilities have floating interest rates. At the end of June 30, 2021, an interest rate of 1.40% 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 Nagarro 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, Nagarro uses its working capital and financial instruments such as hedging foreign currency costumer receivables to control the cash flows and uses debt to finance its operations and its investment activities. As of June 30, 2021, the financial liabilities of Nagarro amounted to €274,785 thousand (December 31, 2020: €291,651 thousand; December 31, 2019: €244,945 thousand; December 31, 2018: €178,318 thousand), of which €65,019 thousand are due within one year (December 31, 2020: €75,969 thousand; December 31, 2019: €184,711 thousand; December 31, 2018: €110,390 thousand).

As of June 30, 2021, 100% of the current financial liabilities excluding loans from the Allgeier Group (December 31, 2020: 100%; December 31, 2019: 100%; December 31, 2018: 100%) were covered by current financial assets in the amount of €183,126 thousand (December 31, 2020: €184,116 thousand; December 31, 2019: €130,125 thousand; December 31, 2018: €108,114 thousand). As of June 30, 2021, the value of loans from the Allgeier Group included in the current financial liabilities was €0 (December 31, 2020: €0; December 31, 2019: €119,829 thousand; December 31, 2018: €60,090 thousand; December 31, 2017: €53,356 thousand).

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 will not meet their obligations and that contract assets, receivables and other financial assets, including loans granted and cash, default. Credit risks in the Group arise from operations and from certain financing activities. Receivables are managed, and incoming payments tracked on decentralized basis in the Nagarro companies. The theoretical maximum credit risk corresponds to the carrying amount, totaling €203,354 thousand as of June 30, 2021 (December 31, 2020: €198,038 thousand; December 31, 2019: €145,390 thousand; December 31, 2018: €117,046 thousand). The Group recognized impairments of €2,505 thousand on the gross amount of total customer receivables and other financial assets as of June 30, 2021 (December 31, 2020: €1,755 thousand; December 31, 2019: €2,202 thousand; December 31, 2018: €1,789 thousand). The impairment ratio on the gross amount was 1.2% (December 31, 2020: 0.9%; December 31, 2019: 1.7%; December 31, 2018: 1.6%).

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 4% of revenue of Nagarro in the 2020 and 2019 financial years. 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 credit worthiness of new customers is checked before order commitments are made and information is obtained in specific cases. If clients default on payments, the steps required to collect the receivables are taken in a timely manner. 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 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.

Breakdowns of amounts under contract assets and trade receivables that were past due as of December 31, 2020, 2019 and 2018, and the impairments assessed, are set forth in the following tables.

December 31, 2020 **Euro (thousands),** unless otherwise indicated	**As of Dec. 31 2020**	**Not past due**	**Days past due** **<30**	**30-60**	**61-90**	**91-180**	**181-360**	**>360**
				(audited)				
Expected loss rate		0%	0%	0%	0%	5%	14%	85%
Gross carrying amount								
Contract asset	10,922	10,922	—	—	—	—	—	—
Customer receivables	75,607	47,317	14,386	5,347	2,967	2,171	1,841	1,577
Impairment	**(1,735)**	**(26)**	—	**(2)**	**(0)**	**(110)**	**(251)**	**(1,346)**
Carrying Amount	84,794	58,213	14,386	5,345	2,966	2,061	1,590	232

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

Impairment losses on trade receivables have developed as follows in the 2020, 2019 and 2018 fiscal years:

Euro (thousands)	**2020**	**2019**	**2018**
		(audited)	
Balance as of January 1	**2,182**	**1,730**	**1,109**
Additions to the scope of combination	—	—	254
Allocation to expenses..	37	984	923
Disposal value from internal transaction	—	(84)	—
Consumption and Reversal..	(904)	(441)	(572)
Currency differences	421	—	(2)
Other	—	(7)	18
Balance on December 31	**1,735**	**2,182**	**1,730**

The theoretical maximum exposure to credit risk is equal to the carrying amount of customer receivables, which amounted to €73,872 thousand as of December 31, 2020 (December 31, 2019: €80,320 thousand; December 31, 2018: €74,977 thousand). This risk is reduced by collateral and other credit rating improvements.

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, 2020, 2019 and 2018 in accordance with IFRS 9 are shown in the following tables.

December 31, 2020	**FVTPL**(1)	**At amortized cost**			
			Expected credit loss over the term		
Euro (thousands)		**Expected 12-month credit loss**	**Lifetime ECL – no credit impaired**	**Lifetime ECL – credit impaired**	**Total**
			(audited)		
Gross value before value adjustment....		5,282	60	—	5,342
Value adjustments		—	(20)	—	(20)
Residual carry amount.......................	**180**	**5,282**	**40**	**—**	**5,322**

December 31, 2019	**FVTPL**(1)	**At amortized cost**			
			Expected credit loss over the term		
Euro (thousands)		**Expected 12-month credit loss**	**Lifetime ECL – no credit impaired**	**Lifetime ECL – credit impaired**	**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[(1)]	At amortized cost			
			Expected credit loss over the term		
Euro (thousands)		Expected 12-month credit loss	Lifetime ECL – no credit impaired[(2)]	Lifetime ECL – credit impaired[(3)]	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**

(1) Fair value through profit or loss.
(2) Referred to as "No impaired credit quality" in the Combined Financial Statements.
(3) Referred to as "Impaired credit quality" in the Combined Financial Statements.

The impairment of other financial assets at amortized cost for the 2020, 2019 and 2018 financial years can be reconciled as follows.

2020	At amortized cost			
		Expected credit loss over the term		
Euro (thousands)	Expected 12-month credit loss	Lifetime ECL – no credit impaired	Lifetime ECL – credit impaired	Total
Balance as of January 1, ...	**—**	**(20)**	**—**	**(20)**
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.........................	—	—	—	—
Balance on December 31	**—**	**(20)**	**—**	**(20)**

2019	At amortized cost			
		Expected credit loss over the term		
Euro (thousands)	Expected 12-month credit loss	Lifetime ECL – no credit impaired	Lifetime ECL – credit impaired	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	Lifetime ECL – no credit impaired(1)	Lifetime ECL – credit impaired(2)	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)**

(1) Referred to as "No impaired credit quality" in the Combined Financial Statements.
(2) Referred to as "Impaired credit quality" in the Combined Financial Statements.

7.10.2.3 Credit risk from derivative assets

The Group entered into derivatives with banks where investments are considered financially sound. To diversify the risk business relationships are maintained with various banks. As of December 31, 2020, our assets resulting from foreign exchange forward transactions amounted to €180 thousand (December 31, 2019: €455 thousand; December 31, 2018: €1,040 thousand).

7.10.2.4 Credit risk from cash

As of December 31, 2020, we had cash of €107,742 thousand (December 31, 2019: €43,758 thousand; December 31, 2018: €27,947 thousand). Cash is deposited with banks that have a first-class rating. To diversify the risk 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 totaled €178,050 thousand as of December 31, 2020 (December 31, 2019: €8,858 thousand; December 31, 2018: €9,041 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 fiscal year ending December 31, 2020 of €1,781 thousand (2019: €80 thousand; 2018: €78 thousand). In this case, and applying a group tax rate of 27%,(2019: 30%) equity would have increased or decreased by €1,300 thousand as of December 31, 2020 (December 31, 2019: €56 thousand; December 31, 2018: €55 thousand).

Due to the European Central Bank's continuing low-interest policy and the 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 2021 and in 2022. We closely monitor the developments on the interest and capital markets and, if considered expedient, interest rate hedging might 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.

2020	**Profit for the Period**		**Equity**	
Euro (thousands)	**5% Increase**	**5% Decrease**	**5% Increase**	**5% Decrease**
		(audited)		
Indian Rupee	(2,500)	2,764	(2,500)	2,764
Chinese Renminbi	(1,021)	1,128	(1,021)	1,128
U.S. Dollar	(948)	1,048	(948)	1,048
Romanian Leu	(317)	350	(317)	350
British Pound	(133)	147	(133)	147
UAE Dirham	(115)	127	(115)	127
Swiss Francs	8	(9)	8	(9)
Total	**(5,026)**	**5,555**	**(5,026)**	**5,555**

2019	**Profit for the Period**		**Equity**	
Euro (thousands)	**5% Increase**	**5% Decrease**	**5% Increase**	**5% Decrease**
		(audited)		
Indian Rupee	(2,086)	2,306	(2,086)	2,306
Chinese Renminbi	(991)	1,095	(991)	1,095
U.S. Dollar	(743)	821	(743)	821
Romanian Leu	(450)	497	(450)	497
British Pound	(93)	103	(93)	103
UAE Dirham	(91)	101	(91)	101
Swiss Francs	94	(104)	94	(104)
Total	**(4,361)**	**4,821**	**(4,361)**	**4,821**

Nagarro has presented foreign exchange sensitivity considering all outstanding balances, whether in foreign currencies or local currencies of the non-euro subsidiaries. In the previous year presentation, the local currencies of the non-euro subsidiaries were not considered.

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**

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 C.21 *Financial Instruments—Derivative financial instruments* to the Audited Consolidated 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, 2021 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 Margin** – We define Adjusted EBITDA margin as the ratio of Adjusted EBITDA to revenue and expressed as a percentage. We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization (EBITDA) adjusted to exclude effects that we consider to qualify operationally as special items.

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 2021

Based on the developments in the fiscal year ended December 31, 2020, the current observed trends and results achieved in the eight months ending August 31, 2021 including the diminishing possibility of a significant impact of COVID-19 in the rest of the year, wage inflation trends, hiring challenges and currency rates, Nagarro expects the Adjusted EBITDA margin for the financial year ending December 31, 2021 ("**Fiscal Year 2021**") to be 14%. We believe Adjusted EBITDA number is a measure that gives a fair indication of the profit.

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 Consolidated Financial Statements of Nagarro and its subsidiaries as of and for the fiscal year ended December 31, 2020 and the Unaudited Interim Condensed Consolidated Financial Statements of Nagarro and its subsidiaries as of and for the six-month period ended June 30, 2021. The Profit Forecast is comparable with the historical financial information of the Group and consistent with the Company's accounting policies.

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

Factors related to Adjusted EBITDA

a) **Revenue and gross margin:** Nagarro expects revenue for the financial year ending December 31, 2021 to be €515 million and expects gross margin for the financial year ending December 31, 2021 to be 28%.

b) **Supply and cost of hiring:** The operational risk related to the supply of engineering talent has significantly increased since the publishing of the Annual Report. The Company hires the best talent in a highly competitive world market. In recent months, the competition for top software engineers has spiraled as economies have recovered from COVID-19 and companies rush to build new digital products and services. Related to this, the wages sought by top talent have also been increasing. Attrition rates have also increased for top talent.

While we are fortunate to operate largely in job markets that have a large talent pool and are somewhat self-correcting in terms of wages in the medium term, cost of hiring remains an important external factor that affects our current planning.

We believe that the demand for Nagarro's services is fairly price-inelastic for narrow bands of price variation, and so in the medium term, our clients will support price increases to offset these cost increases. However, the price increases may often lag the increase in wages by several months. The above assumptions have accordingly been built into our forecast.

c) **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. COVID-19 related disruptions continue to impact businesses even as economies have started to recover. However, it has been difficult to predict the rate and timing of the broad global economic recovery as industries and regions have stuttered from the impact of various pandemic waves. 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. There is also the continued uncertainty around trade relations, in particular 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 risks has not been factored into the forecast.

d) **Subsequent waves of COVID-19 outbreak, especially in India**: The second wave of the pandemic in India affected our revenue and profitability in the second quarter 2021 as the lives of many Nagarrians were severely disrupted. Any subsequent wave, the timing and magnitude of which cannot be ascertained, could lead to a capacity constraint and affect our profit forecast.

e) **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.

f) **Tax rates:** We expect income tax rates to generally remain stable during the fiscal year 2021. For the forecast, we have assumed the tax rates in various countries will remain stable.

g) **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 2021, our revenue from existing clients as a percentage of total revenue is estimated in the range of 95% to 98%.

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 2021 to be in the range of 2% to 5%.

c) **Billing rates:** To support our clients through the COVID-19 downturn, Nagarro had postponed some scheduled/usual billing rate increases and also assisted selected strategic partners with temporary relief in terms of rates. However, Nagarro has initiated pricing conversations with its clients in response to the recent wage inflation trends, as well as in certain cases, per pre-agreed contractual terms with clients. We believe that the demand for Nagarro's services is fairly price-inelastic for narrow bands of price variation, and so in the medium term, our clients will support price increases to offset these cost increases. However, the price increases may often lag the increase in wages by several months. This is factored into the Profit Forecast.

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

e) **M&A:** Nagarro is continually scouting the market for potential acquisitions, which, if any, are more likely to be of a bolt-on nature than transformative. We are in discussions with a few potential targets and it is possible, but by no means assured, that a couple of these transactions may be consummated in the remainder of this year. On October 18, 2021, Nagarro signed agreements with the shareholders of Advanced Technology Consulting Service, Inc. (together with its subsidiaries, the "**ATCS Group**"), based in New Jersey, USA, and its international subsidiaries to acquire the ATCS Group. Nagarro expects that the acquisition of ATCS Group has no meaningful impact on the Profit Forecast. Accordingly, the Profit Forecast for the financial year ending December 31, 2021 does not incorporate impact from any acquisitions in the second half of 2021.

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, such as 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.

   In response to the increased demand for its services, the company has hired more Nagarrians, adding a net 2,237 in the half-year ended June 30, 2021- numbers that include both trainees and lateral hires.

Consequently, our salary costs have increased due to wage inflation in our key service regions, acceleration of disruptions related to COVID-19, as well as the hiring of more fresh graduates than usual. The Company has factored these increases in costs into the profit forecast for FY 2021.

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 lesser costs as a percentage of revenue than historical average spends of pre-COVID-19 times.

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. We expect our Depreciation and amortization costs to remain stable and in line with our historical average spends.

g) **Factors related to non-operating financial expenses:** For the purpose of the Profit Forecast, we have assumed that Nagarro's financing facilities will continue to stay the same. Nagarro had entered into a €200 million syndicated credit facility on October 30, 2020, which consists of the following instruments: a €100 million three-year term loan and a €100 million revolving credit facility. The facility was drawn down by €175 million on December 21, 2020. The Company also has a few small working capital facilities and a few factoring arrangements in Europe and in the US. While there is continued uncertainty in the financial markets from COVID-19, we expect our financing arrangements to be stable and this assumption has been incorporated into our Profit Forecast.

8.4.3 Other Explanatory Notes

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

The significant adjustments to EBITDA in the half year ended June 30, 2021 included the expense of €1,801 thousand related to the rollover of non-controlling interest by the merger of Nagarro Holding GmbH into Nagarro, and the expense of €2,908 thousand on issuance of stock options under Stock Option Plan 2020/II and Stock Option Plan 2020/III in January 2021.

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 2021 may deviate materially from the Profit Forecast.

The Profit Forecast supersedes any other profit forecast issued by the Company prior to the date of the Profit Forecast, as stated below. The Profit Forecast matches the profit forecast disclosed by the Company via ad-hoc announcement on September 20, 2021 according to Article 17 of the Regulation (EU) 596/2014.

This Profit Forecast was prepared on October 20, 2021 and remains valid as of the date of this Prospectus.

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 27 countries. As of June 30, 2021, we employed more than 10,900 employees. 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 800 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, 2020, the five largest industries we served based on revenue were automotive, manufacturing and industrial (14%), retail and consumer packaged goods (12%), financial services and insurance (12%), travel and logistics (11%) and telecom, media and entertainment (10%).

Our subsidiary 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 is an independent corporate group in the global IT services space. Furthermore, the independence of the Company allows the management to focus on the core business. Since the Spin-Off, Nagarro is able to independently raise equity and other forms of financing from the capital markets to support the high-growth potential of the business.

We are a fast-growing company. In the financial year ended December 31, 2020, we had revenue of €430.4 million compared to €287.3 million in the financial year ended December 31, 2018 (€402.4 million in the financial year ended December 31, 2019) and had a compound annual growth rate of organic revenue (*i.e.* excluding acquisitions) of 14.3% compared to the financial year ended December 31, 2018. We believe that we have an attractive, increasing profitability. Our adjusted EBITDA margin in the financial year ended December 31, 2020 increased to 18% compared to 14% in the financial year ended December 31, 2019 (according to Current Method of Calculating Adjusted EBITDA) (12% in the financial year ended December 31, 2018 according to Previous Method of Calculating Adjusted EBITDA).

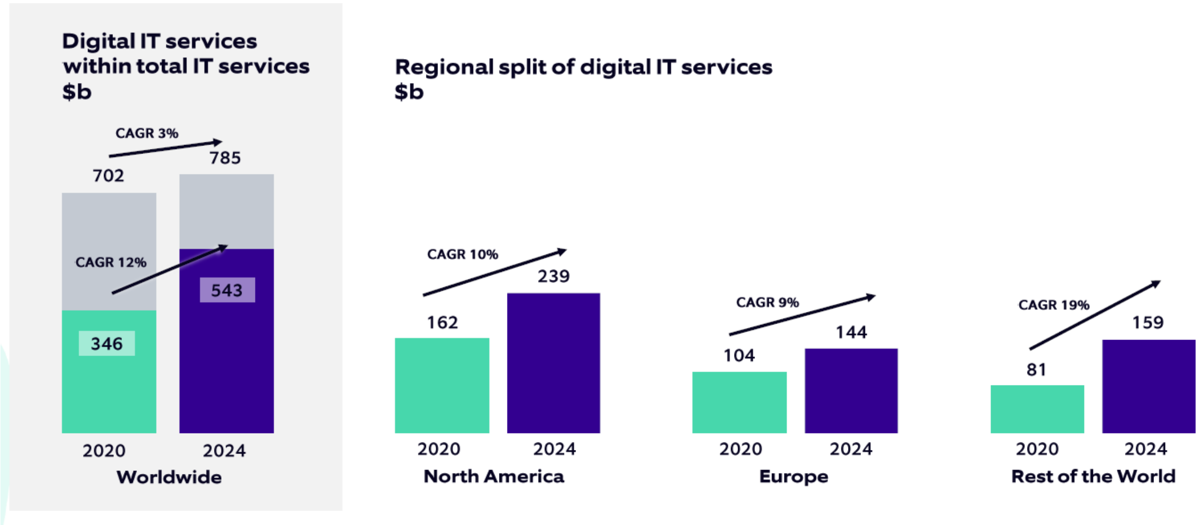
9.2 Markets and Competition

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



Source: IDC.

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. 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

[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 to change the business. Providers that are seen to primarily drive business value by helping to 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 service 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 service 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 service 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. A significant majority of our revenues can be credited to core digital product engineering services. Additionally, our range of services 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. 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.

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, 2020, our top five and top 6-10 clients accounted for approximately 13.5% and 9.7% of our revenue, respectively, and no single industry accounted for more than 15% of our revenue. By geographic region, clients in Central Europe and the Rest of Europe accounted for approximately 37% 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 27 countries and more than 10,000 total professionals worldwide as of June 30, 2021, 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 €287.3 million for the financial year ended December 31, 2018 to €430.4 million for the financial year ended December 31, 2020, a CAGR of approximately 22.4% (and a CAGR of approximately 14.3% for organic revenue growth over the same period). Over the same period, our Adjusted EBITDA increased from €34 million for the financial year ended December 31, 2018 to €78 million for the financial year ended December 31, 2020, with our Adjusted EBITDA margin increasing to 18% for the financial year ended December 31, 2020 (based on the Previous Method of Calculating Adjusted EBITDA). 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, 2020, approximately 94.5% of our revenue was generated from business with existing clients and we had revenue visibility at the start of the year for approximately 85.4% of our budgeted revenue for the year. In the future, we expect to maintain a strong revenue base of more than three quarters 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*) already has and further will increase our brand recognition among potential clients, while underlining the credibility of our company. In this respect, we believe that the listing continues to 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 10,000 professionals in engineering (as of June 30, 2021), 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.

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 77.4% of total revenue in the financial year ended December 31, 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 21.1% of the Company's total revenue in the financial year ended December 31, 2020.

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.

Nagarro offers the full breadth of independent testing services across all realms of testing. Our independent testing offerings include regular testing services (test management, testing, test analysis, test data preparation) and advanced test automation services. With our independent testing services, we help customers achieve a better user experience, performance, security, usability and provide SAP, ERP testing. Our emerging technology testing services (AI, ML, c, IoT, blockchain, cloud) are cutting-edge and being constantly improved in our Centres-of-Excellence (thought leadership groups).

9.4.4 New-Gen Enterprise Resource Planning

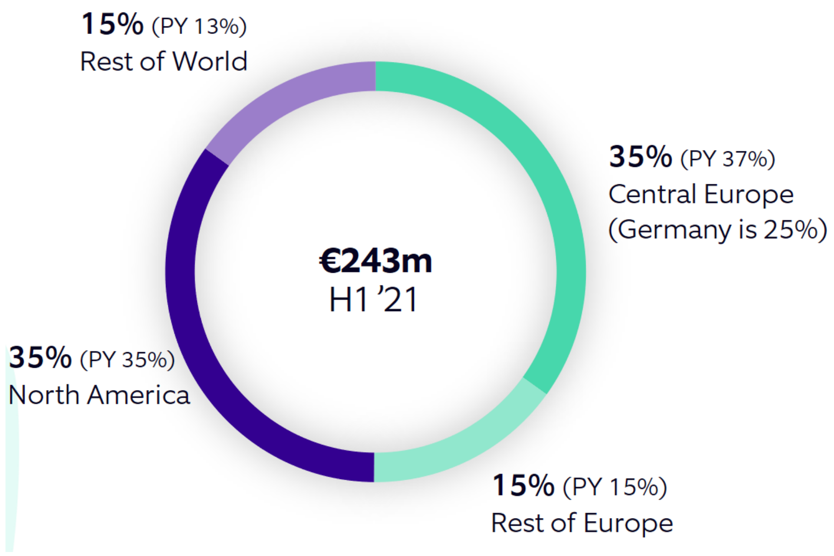
ERP forms the backbone for many businesses. As companies become more digital and their markets are changing rapidly, they need to adopt ERP solutions which can respond to this change. We accelerate this adoption through our New-Gen ERP consulting services.

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 2: Revenue by client region

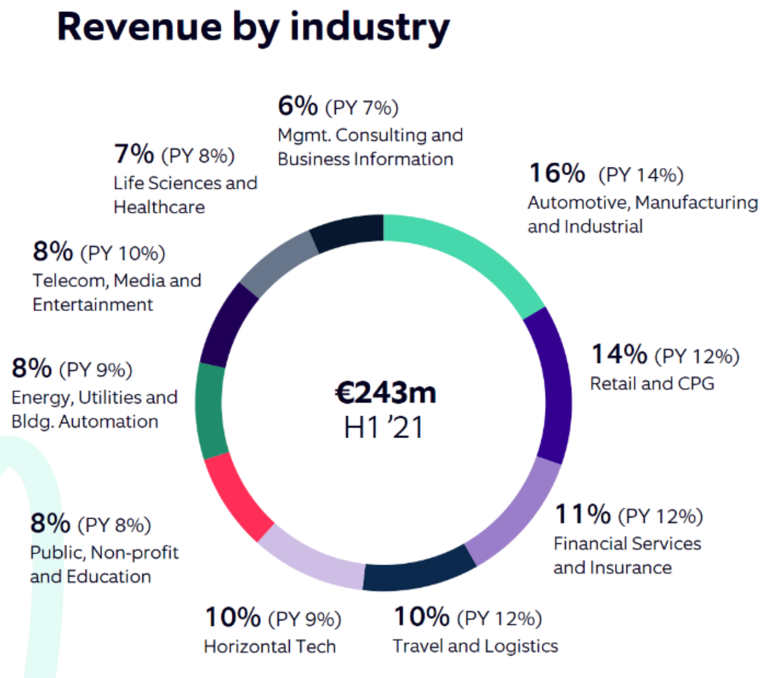


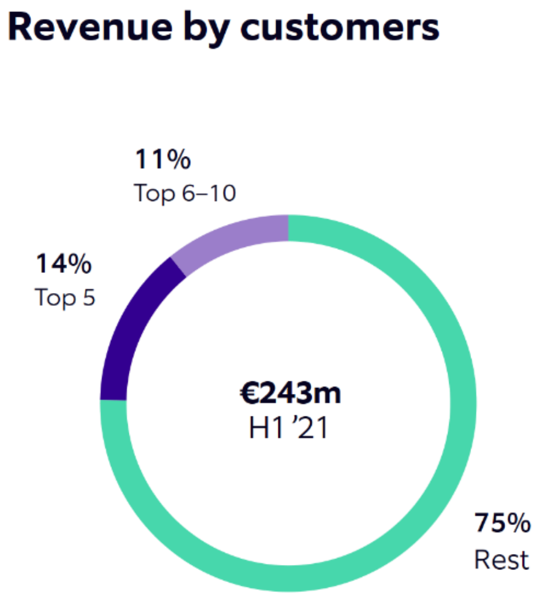
Central Europe comprises Austria, Croatia, Czech Republic, Germany, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia and Switzerland.

We serve a global client base of more than 750 clients in approximately 50 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, 2020, 37% of our revenue was generated in Central Europe (with Germany representing 27% of revenue), 34% was generated from clients in North America, 15% from Rest of Europe and 13% from the Rest of World. In the six months ended June 30, 2021, 35% of our total revenue was generated in Central Europe, 35% was generated from clients in North America, 15% from Rest of Europe and 15% from the Rest of World. For additional information see also "*7.7 – Results of Operations by Segment*".

Figure 3: Revenue by industry and customers





Revenue by industry is based on the company's own classification of each client (or its corporate group) by industry.
Each corporate group is counted as a single customer.
Numbers in brackets represent previous year (PY) data, i.e. for H1'20.
Percentages are individually rounded and may not add up to 100%.

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, 2020, these included: automotive, manufacturing and industrial (14% of revenue), retail and consumer packaged goods (12% of revenue), financial services and insurance (12% of revenue), travel and logistics (11% of revenue) and telecom, media and entertainment (10% of revenue), energy, utilities and building automation (9% of revenue), horizontal tech (9% of revenue), public, non-profit, education (8% of revenue), life sciences and healthcare (8% of revenue) as well as management consulting and business information (7% of revenue). Due to our size, industry-level growth may vary based on a few engagements. Although for the six months ended June 30, 2021 compared to the six months ended June 30, 2020, we have seen strong growth in automotive, manufacturing and industrial (35.4%), retail and CPG (34.0%) and horizontal tech (30.2%), past growth trends may not be indicative for future trends. In addition, growth in some of our industries such as travel and logistics (-7.2%) and telecom, media and entertainment (-11.9%) in the six months ended June 30, 2021 has been negative.

In the financial year ended December 31, 2020, we counted 72 clients who generated between €1 and €5 million in revenue (2019: 76), 16 clients between €5 and €10 million (2019: 13) and 6 clients who generated more than €10 million in revenue (2019: 4).

We also have low client concentration, with our top five and ten clients accounting for 13.5% and 23.2% of total revenues, respectively, in the financial year ended December 31, 2020. This shows a decline of our top five client concentration compared to the financial years ended December 31, 2019, in which our top five clients accounted for 15.2% of total revenues and our top 10 clients accounted for 26.2%. In the six months ended June 30, 2021, we were able to continue this trend with 13.9% and 24.7% of our revenues coming from our top five and ten clients, respectively.

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

Our subsidiary 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. The Spin-Off became effective retroactively as of January 1, 2020, 00:00 CET.

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

9.10.1 Agreements regarding the Spin-Off

On August 14, 2020, the Company entered into a spin-off and transfer agreement with Allgeier SE regarding a spin-off (Abspaltung zur Aufnahme) under the German Transformation Act (Umwandlungsgesetz) in order to legally separate the Allgeier Global Digital Engineering Business and to list the share capital of Nagarro on the regulated market of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) (the "Spin-Off and Transfer Agreement"). The Spin-Off became effective retroactively as of January 1, 2020.

For additional information see "*10.2.1 – Spin-Off and Transfer Agreement (Abspaltungs- und Übernahmevertrag)*".

In the context of the Spin-Off, the Company entered into a transitional services agreement dated November 11, 2020 (the "**Transitional Services Agreement**"). By way of the Transitional Services Agreement Nagarro continues to receive certain accounting services from the Allgeier Group for a transitional period until Nagarro has successfully established its own departments and functions.

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 "*10.2.2 – Transitional Services Agreement*".

9.10.2 Agreements regarding the Merger

On July 19, 2021 Nagarro Holding and the Company entered into the Merger Agreement which was approved by the general meeting of Nagarro Holding and the shareholders' meeting of the Company on August 31, 2021. The Merger was registered with the commercial register of Nagarro Holding and the Company on October 22, 2021.

For additional information see "*10.4 – Merger Agreement*".

9.10.3 Financing Agreement

On October 30, 2020, the Company entered into a syndicated credit facility in an amount of up to €200 million with Commerzbank Aktiengesellschaft, Landesbank Baden-Württemberg, Landesbank Hessen-Thüringen Girozentrale, Norddeutsche Landesbank – Girozentrale – and Raiffeisen Bank International AG, comprising a term loan facility in an aggregate amount of €100 million and a revolving credit facility in an aggregate amount of €100 million. The syndicated credit facility 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. It includes customary financial and other covenants, and provides for a competitive interest rate.

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 (*Umweltbundesamt*) 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 Corporate Social Responsibility (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 Group and enable their efficiency, effectiveness and job satisfaction.

Nagarro has a powerful recruiting engine with a global acceptance rate of less than 2.5%. In 2020, from more than 79,000 resumes and more than 31,000 tested candidates, the company only hired around 1,800 candidates.

The global job market for top talent suddenly became intensely competitive around the end of 2020, and it stayed that way through June 2021. In addition, attrition rates for top talent also increased.

Nagarro responded by aggressively upgrading its hiring operations and rolling out a number of new initiatives to recruit more Nagarrians. We also started an initiative to improve the experience of candidates in the hiring pipeline, as well as the overall "Nagarrian experience". As a result, the Company added a net 2,237 professionals in the six months ended June 30, 2021, including both trainees and lateral hires. This hiring allowed the company to keep growing. Equally, staff worldwide benefits from Nagarro'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 by the fact that our senior management, on average, spent 12 years with Nagarro or acquired companies.

Figure 4: Personnel worldwide

A portion of the new hires in Q2 are fresh engineering graduates, to be trained further, and not likely to be immediately deployed on client projects.

As of December 31, 2020, we employed 8,666 professionals, of which 27% were women. The following table sets forth the average number of employees broken down by region for as of December 31, 2020 and June 30, 2021.

	As of December 31, 2020	As of June 30, 2021
Total professionals	8,666	10,903
Total professionals in engineering	7,829	10,014
thereof: India	5,368	7,344
Romania	687	684
Germany	580	613
China	591	647
USA	197	211
Austria	165	157
Others	241	358

9.15 Insurance

We maintain insurance coverage in relation to a number of risks associated with our business activities. This includes 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 Board and Supervisory Board members and our executive managers and compliance officers may incur in connection with their conduct as members of our Management Board and Supervisory Board 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.

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.

In our understanding it is a wrongful claim and we are contesting it. The client has also sent a legal notice to NI through its attorneys in the US to which NI has replied appropriately. No further developments have occurred.

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, 2020, 2019 and 2018 as well as for the current financial year 2021 up to the date of this Prospectus. Further information, including quantitative amounts, of related party transactions are contained in Note G.II to our Audited Consolidated Financial Statements and Note F.2 to our Unaudited Interim Condensed Consolidated Financial Statements, which are included in "16 – Financial Information" of this Prospectus on page F-2 et seq.

10.1 Transactions with Related Parties

Business relationships between all companies included in the consolidated financial statements were fully eliminated in the consolidated financial statements.

During the six months ended June 30, 2021, two of the management board members namely Manas Fuloria and Vikram Sehgal (through SV LLC) made cash contributions of €2,948 thousand towards their proportionate capital increase in Nagarro Beteiligungs GmbH before Nagarro Beteiligungs GmbH got merged with Nagarro Holding GmbH.

10.2 Relationships and Transactions with the Allgeier Group

Prior to the completion of the Spin-Off, Nagarro was 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.

10.2.1 Spin-Off and Transfer Agreement (Abspaltungs- und Übernahmevertrag)

On August 14, 2020, Allgeier SE and Nagarro entered into the Spin-Off and Transfer Agreement which was approved by the shareholders' meeting of Allgeier on September 24, 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 share is entitled to one Nagarro 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 and capital-related authorizations.

10.2.2 Transitional Services Agreement

By way of agreement, dated November 11, 2020, Nagarro continues to receive certain services from the Allgeier Group for a transitional period until Nagarro has successfully established its own departments and functions.

Pursuant to the Transitional Services Agreement, Allgeier 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).

10.2.3 *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.

10.2.3.1 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, 2020, 2019 and 2018.

	Allgeier SE			**Other Allgeier Group Companies**		
	For the fiscal year ended December 31,			**For the fiscal year ended December 31,**		
Euro (thousands)	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
		(audited)			*(audited)*	
Trade receivables	—	1	1	—	1,323	1,731
Other current financial assets	—	2,009	0	—	1,205	1,533
Total assets	**—**	**2,010**	**1**	**—**	**2,528**	**3,265**
Trade payables	—	1,605	1,504	—	2,320	4,046
Other current financial liabilities	—	37,954	34,257	—	81,875	25,832
Total liabilities	**—**	**39,559**	**35,761**	**—**	**84,195**	**29,878**

In addition to the balances presented above, lease agreements exist between Nagarro and the remaining Allgeier Group. As at December 31, 2020, 2019 and 2018 the carrying amounts of the respective right-of-use assets amounted to €0, €3,745 thousand and €4,376 thousand, respectively. The respective lease liabilities amounted to €0, €3,878 thousand and €4,479 thousand, respectively. 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 amounted to €882 thousand as of December 31, 2018 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 was 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*".

10.2.3.2 Acquisitions from Allgeier Group

During the year 2019 and 2020, Nagarro 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.

Entity acquired from Allgeier Group	Entity acquired by	As of December 31, 2020	2019
Euro (thousands)		*(audited)*	
Nagarro Allgeier ES	Nagarro Holding GmbH		
acquired 90% in 2019	Nagarro Holding GmbH	—	61,219
acquired 10% in 2020	Nagarro Holding GmbH	6,802	—
Nagarro iQuest	Nagarro Holding GmbH	50,974	—
Total	Nagarro Holding GmbH	**57,776**	**61,219**
Nagarro Objectiva	Nagarro Inc	26,448	—
Total	Nagarro Inc	**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	—
Total	Nagarro SE	**193,609**	**—**
Nagarro Connect AG	Nagarro SE	—	—
Acquisition cost		277,832	61,219
Acquired cash and cash equivalents		—	—
Purchase price to Allgeier group		277,832	61,219
attributable to shareholders of Nagarro		264,213	51,320
attributable to non-controlling interests		13,619	9,899

As at December 31, 2020, the total purchase price payable to Allgeier Group of €339,051 thousand (December 31, 2019: €61,219 thousand) has been settled partly against the receivables of €243,669 thousand through Nagarro Connect AG and the balance net amount (along with the interest thereon and other net payables) were settled through the term loan from the banks.

10.2.3.3 *Capital contribution form the shareholders of Allgeier Group*

As part of the Spin-Off, the shareholders of Allgeier Group's capital contribution was as follows:

Euro (thousands)	As of December 31, 2020	2019
	(audited)	
Capital contribution from the shareholders of Allgeier Group through		
Nagarro Connect AG	243,669	—
Capital attributable to shareholders of Nagarro	243,669	—

10.2.3.4 *Equity transactions with the Allgeier Group and Non-Controlling Interest*

Transactions between Nagarro and the Allgeier Group directly impacting equity, either cash or non-cash, are reported as "Other transactions with shareholders" in the Consolidated and within "Other transactions with shareholders" within "Net asset attributable to shareholders of Nagarro" of the Combined Statements of Changes in Equity, and further discussed in section E.32 of the Notes to the Audited Consolidated Financial Statements and 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.

10.2.3.5 *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, 2020, 2019 and 2018 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)	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
		(audited)			*(audited)*	
Revenue and other income						
Revenue	6	14	6	5,531	5,147	3,827
Operating expenses						
Cost of materials	0	0	(1)	(1.320)	(2,780)	(3,404)
Other operating expenses	(1,816)	(723)	(583)	(2,288)	(3,196)	(2,795)
Total operating expenses	**(1,816)**	**(723)**	**(584)**	**(3,608)**	**(5,976)**	**(6,199)**
Amortization and Depreciation						
Depreciation right-of-use assets	0	0	0	—	(766)	(704)
Financial result						
Interest income	94	9	3	—	57	64
Interest expense	(3,333)	(1,093)	(982)	(1,178)	(838)	(770)
Total financial result	**(3,239)**	**(1,084)**	**(979)**	**(1,178)**	**(782)**	**(706)**

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.

10.3 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 regions 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 approximately 50 countries across all types of industries and technologies.

Historically, cost incurred for such key management personnel, excluding Nagarro's Supervisory Board, have been fully charged within the Nagarro Group. From 2018 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, 2020, 2019 and 2018, salaries and other short-term employee benefits of Nagarro amounted to €9,903 thousand, €8,193 thousand and €7,367 thousand, respectively, and post-employment benefits to €105 thousand, €90 thousand and €96 thousand, respectively. Of the provisions for post-employment benefits €189 thousand, €175 thousand and €147 thousand relate to the members of the key management personnel in the financial years ended December 31, 2020, 2019 and 2018.

As at December 31, 2020, 2019 and 2018, the value of loans outstanding in Nagarro Group companies to certain members of the key management personnel was in the total amount of €0, €5 thousand and €18 thousand, respectively.

10.4 Merger Agreement

On July 19, 2021 Nagarro Holding and the Company entered into the Merger Agreement which was approved by the general meeting of Nagarro Holding and the shareholders' meeting of the Company on August 31, 2021. The Merger was registered with the commercial register of Nagarro Holding and the Company on October 22, 2021.

The agreement contains, among other things, the mandatory provisions pursuant to the German Transformation Act. This includes provisions on the details of the transfer of Nagarro Holding and considerations to be granted in return, including the allotment ratio of 1:275.5197420091868, *i.e.*, one Nagarro Holding share is entitled to 275.5197420091868 Nagarro shares. In order to create an integer number for the Merger Capital Increase, the allotment ratio was adjusted so far as to result to an amount of €2,199,474.00 for the Merger Capital Increase. As a consequence, this would have led to the creation of partial shares in Nagarro (so called fractional shares) amounting to a total of two shares in Nagarro. The entitled shareholders of Nagarro Holding waived the granting of these shares by notarized waiver dated as of July 19, 2021 in accordance with Section 68 (1) sentence 3 UmwG.

Further, the Merger Agreement describes special rights, benefits and consequences of the Merger for employees and their representative bodies.

11. SHAREHOLDER STRUCTURE

The following table sets forth all major shareholders which directly or indirectly hold an interest of 3% or more (calculated pursuant to Sections 33 et seqq. WpHG) in the Company's capital and voting rights immediately prior to the Merger and the respective shareholdings upon completion of the Merger. The information is based on voting rights notifications received by the Company by October 24, 2021.

	Actual (indirect) ownership in the Company (in %)	
Shareholder	**immediately prior to the Merger**	**upon completion of the Merger(1)**
Carl Georg Dürschmidt	25.5*	21.4*
Dr. Christa Kleine-Dürschmidt	27.4*	23.1*
Laura Dürschmidt	25.5*	21.4*
Linda Dürschmidt	25.5*	21.4*
Detlef Dinsel	11.6	9.7
The Capital Group Companies, Inc.	5.2	4.4
SMALLCAP World Fund, Inc., Irvine, USA	5.2	4.4

* Lantano Beteiligungen GmbH, Munich, Germany, holds a direct stake of 19.98% (immediately prior to the Merger: 23.78%) as well as 1.45% of instruments (within the meaning of Section 38 para. 1 sentence 1 WpHG) (immediately prior to the Merger: 1.73%) and hence 21.43% of the voting rights (immediately prior to the Merger: 25.5%) in the Company. The voting rights of Lantano Beteiligungen GmbH are attributable to Carl Georg Dürschmidt, Laura Dürschmidt, Linda Dürschmidt and to Dr. Christa Kleine-Dürschmidt.

(1) Indicative only and calculated based on voting rights notifications received by the Company by October 24, 2021.

Upon completion of the Merger, the shareholders of Nagarro Holding shall receive the following number of New Shares of Nagarro ANB received 688,523 New Shares, corresponding to approximately 5.0% in the Company's increased share capital, SV LLC received 688,523 New Shares, corresponding to approximately 5.0% in the Company's increased share capital and SPP KG received 822,426 New Shares, corresponding to approximately 6.0% in the Company's increased share capital.

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 €13,775,985.00 and is divided into 13,775,985 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 of the Company confers one vote at the general shareholders' meeting of the Company. The New Shares carry full dividend rights as from January 1, 2021, *i.e.*, for the full financial year beginning on January 1, 2021 and ending on December 31, 2021. 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 Company's shares are freely transferable in accordance with the legal requirements for registered shares.

The International Securities Identification Number (ISIN) of the Company's 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, which was registered with the commercial register of the local court (*Amtsgericht*) of Munich, Germany, as of December 15, 2020 (the "**Spin-Off Capital Increase**", see also *3.3.3 – Implementation of the Merger*). The Spin-Off Capital Increase was affected against contribution in kind. As contribution in kind, Allgeier SE contributed the shares of Connect AG and the shares it held in the Company to Nagarro. As consideration for the spun off shares in Connect AG and Nagarro, Allgeier SE's shareholders automatically received 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 does not hold any shares in Nagarro and Connect AG.

On May 17, 2021, the Management Board, with approval of the Supervisory Board, resolved upon a capital increase from authorized capital from €11,382,513.00 by €194,000.00 to €11,576,513.00 by issuing 194,000 registered shares with no par value (*Stückaktien*). The increase resulted from the issuance of shares to certain persons of Allgeier SE that were granted stock options to acquire shares in Allgeier SE within the framework of share-based payment programs or employee programs of Allgeier SE and to which the Company granted equivalent rights in Nagarro. The shares were issued for agreed stock option consideration of €3,161,940.00 out of which €2,967,940.00 is classified under capital reserve.

On August 31, 2021, the Company's general shareholders' meeting resolved upon a capital increase against contribution in kind from €11,576,513.00 by €2,199,472.00 to €13,775,985.00 ("**Merger Capital Increase**") to implement the Merger. The consummation of the Merger Capital Increase was registered with the commercial register of the local court (*Amtsgericht*) of Munich, Germany, on October 22, 2021. The issuance of these shares has become effective simultaneously with the completion of the Merger on October 22, 2021. The shares created by way of the Merger Capital Increase are referred to as the New Shares in this Prospectus. The New Shares will be transferred to the entitled shareholders of Nagarro Holding following commencement of trading of the New Shares which is currently expected to occur on or about October 29, 2021 (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 were registered in connection with the registration of the Spin-Off on December 15, 2020. After partial utilization, the authorized capital amounts to €5,456,000.00.

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 Conditional Capital

12.4.1 Conditional Capital 2021/I

The general shareholders' meeting of the Company, which was held on August 31, 2021, resolved a conditional increase of the Company's registered share capital by up to €800,000.00 by issuing up to 800,000 new no par value registered shares (the Conditional Capital 2021/I). The conditional capital increase will only be implemented to the extent that the holders of option rights under the stock option plan 2020/II issued by the Company before October 22, 2025 on the basis of the authorizations of the shareholders' meeting on October 30, 2020 and August 31, 2021 exercise their subscription rights to no-par value shares of the Company. Such subscription rights can only be exercised after a vesting period of four years from the issue date of the respective options (for additional information on the stock option plan 2020/II, see "*14.5.2 Stock Option Plan 2020/II*"). At the date of the Prospectus, no subscription rights have been exercised under the stock option plan 2020/II.

12.4.2 Conditional Capital 2021/II

In addition, the general shareholders' meeting of the Company which was held on August 31, 2021, resolved a conditional increase of the Company's registered share capital by up to €45,000.00 by issuing up to 45,000 new no par value registered shares (Conditional Capital 2021/II). The conditional capital increase will only be implemented to the extent that the holders of option rights under the stock option plan 2020/III, which are issued by the Company before October 22, 2025on the basis of the authorizations of the shareholders' meeting on October 30, 2020 and August 31, 2021, exercise their subscription rights to no-par value shares of the Company. Such subscription rights can only be exercised after a vesting period of four years from the issue date of the respective options (for additional information on the stock option plan 2020/III, see "*14.5.3 Stock Option Plan 2020/III*). At the date of the Prospectus, no subscription rights have been exercised under the stock option plan 2020/III.

12.4.3 Conditional Capital 2021/III

Furthermore, the general shareholders' meeting of the Company, which was held on August 31, 2021, resolved a conditional increase of the Company's registered share capital by up to €4,943,256.00 by issuing up to 4,943,256 new no par value registered shares (Conditional Capital 2021/III). The conditional capital serves to grant shares to the holders or creditors of bonds with warrants or convertible bonds issued to companies dependent on it or companies in which the Company holds a majority interest in accordance with the authorization of the general shareholders' meeting of the Company (see "*12.5 Authorization to Issue Bonds with Warrants or Convertible Bonds*"). It will only be implemented to the extent that option or conversion rights from the aforementioned bonds with warrants and convertible bonds are exercised or conversion obligations from such bonds are fulfilled and to the extent that treasury shares or new shares from the authorized capital are not used for this purpose. The issue price of the new shares shall correspond to the option or conversion price to be determined in each case in accordance with the authorization. At the date of the Prospectus, no bonds with warrants or convertible bonds have been issued.

12.5 Authorization to Issue Bonds with Warrants or Convertible Bonds

The Management Board is, with the approval of the Supervisory Board, authorized to issue, in on one or more tranches up to August 30, 2026, bearer or registered bonds with warrants or convertible bonds with a total nominal amount of up to €1,000,000,000.00 with or without a term to maturity and to grant the holders or creditors of such bonds option or conversion rights for up to 4,943,256 new shares in the Company with a pro rata total amount of the share capital of up to €4,943,256.00 in accordance with the terms and conditions for warrants and convertible bonds to be determined by the Management Board.

In addition to euros, the bonds may also be issued in a foreign legal currency, subject to a limit of the equivalent value in euros. The bonds may also be issued by companies dependent on the Company or in which the Company holds a majority interest. In this case, the Management Board shall be authorized, with the consent of the Supervisory Board, to assume the guarantee for the bonds on behalf of the Company and to grant the holders of such bonds option or conversion rights to shares in the Company and to make other declarations and take other actions necessary for a successful issue. The issuance of the bonds may be divided into partial bonds each having equal rights.

12.6 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 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 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.

12.7 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.

12.8 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 Section 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.

12.9 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 Company's shares.

12.10 Exclusion of Minority Shareholders

12.10.1 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.

12.10.2 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.

12.10.3 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.

12.10.4 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.

12.11 Shareholder Notification Requirements; Mandatory Takeover Bids; Directors' Dealings

The Company is subject to the 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 Company's shares, debt instruments, related derivatives or other related financial instruments.

12.11.1 Notification Requirements of Shareholders

12.11.1.1 Notification Thresholds and Attribution Rules

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.

12.11.1.2 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.

12.11.1.3 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.

12.11.1.4 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.

12.11.1.5 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.

12.11.2 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.

12.11.3 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 Company's shares or to financial instruments based on the Company's 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 Company's 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.

12.12 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 Company's shares is only permitted under certain conditions. Additionally, under the provisions of the Short Selling Regulation, significant net-short selling positions in the Company's 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 Company's 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 GROUP

13.1 Formation, Incorporation, Commercial Name and Registered Office

Nagarro 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, which was duly registered in the commercial register. At that time, Nagarro 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. 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, testing, 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'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 Merger. Except as otherwise indicated, all shareholdings are 100.0%, certain subsidiaries are owned by other subsidiaries:

13.5 Consolidated Subsidiaries

The following table presents an overview of the Company's consolidated subsidiaries for the fiscal years ended 2019 and 2020 based on the consolidated financial statement for the year ended December 31, 2020:

	For the fiscal years ended December 31,	
	2019	**2020**
Nagarro		
Nagarro Connect AG, Munich, Germany[(1), (2)]	-	100.00%
SPP Co-Investor Verwaltungs GmbH, Munich, Germany[(1)]	100.00%	100.00%
SPP Co-Investor GmbH & Co. KG, Munich, Germany[(1)]	16.41%	16.41%
Nagarro SPP GmbH, Munich, Germany	59.04%	59.04%
Nagarro Beteiligungs GmbH, Munich, Germany[(1), (3)]	50.01%	50.01%
Nagarro Holding GmbH, Munich, Germany[(1), (4)]	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%
Nagarro Objectiva Inc. Fishers, USA[(5)]	-	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[(6)]	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 Software LLC, Abu Dhabi, UAE[(19)]	-	-
Nagarro MENA LL, Dubai, UAE[(7)]	83.83%	83.83%
Solutions4Mobility LLC, Dubai, UAE	83.83%	83.83%
Nagarro ES GmbH, Kronberg im Taunus, Germany[(8), (9)]	-	83.83%
Nagarro ES France SAS, Entzheim, France[(10)]	-	83.83%
Nagarro ES Denmark A/S, Herlev, Denmark[(11)]	-	83.83%
Nagarro iQuest Holding GmbH, Karlsruhe, Germany[(8), (12)]	-	83.83%
Nagarro iQuest GmbH & Co. KG, Bad Homburg, Germany[(13)]	-	83.83%
Nagarro iQuest Verwaltungs GmbH, Bad Homburg, Germany[(14)]	-	83.83%
Nagarro iQuest Technologies SRL, Cluj -Napoca, Romania[(15)]	-	83.83%
Nagarro iQuest Schweiz AG, Zurich, Switzerland[(16)]	-	83.83%
iQuest SPZOO, Warsaw, Poland	-	83.83%

	For the fiscal years ended December 31,	
	2019	2020
Nagarro ES		
Nagarro ES GmbH, Kronberg im Taunus, Germany(8), (9)	95.00%	-
Allgeier Consulting Services GmbH, Munich, Germany(17)	95.00%	-
Nagarro Allgeier ES France SAS, Entzheim, France(10)	95.00%	-
Nagarro ES Denmark A/S, Herlev, Denmark(11)	95.00%	-
Nagarro Objectiva		
Nagarro Objective Inc, Fishers, USA(5)	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, Bad Homburg, Germany(8), (12)	68.72%	-
Nagarro iQuest GmbH & Co. KG, Bad Homburg, Germany(13)	68.72%	-
Nagarro iQuest Verwaltungs GmbH, Bad Homburg, Germany(14)	68.72%	-
Nagarro iQuest Technologies SRL, Cluj -Napoca, Romania(15)	68.72%	-
Nagarro iQuest Schweiz AG, Zurich, Switzerland(16)	68.72%	-
iQuest SPZOO, Warsaw, Poland	68.72%	-
iQuest Solutions SRL, Sibiu, Romania(18)	-	-
iQuest Tech Labs SRL, Cluj -Napoca, Romania(19)	-	-
iQuest Technologies SRL, Brasov, Romania(18)	-	-

(1) These companies were acquired by Nagarro SE, Germany in 2020.
(2) The company name was changed from Allgeier Connect AG, Munich, 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) The company along with its subsidiaries were acquired by Nagarro Inc., USA in 2020 and the name of the company was changed from Objectiva Software Solutions Inc. in 2020.
(6) The company was merged with Nagarro ES France SAS, France in 2020.
(7) The company name was changed from Farabi Technology Middle East LLC, UAE in 2020.
(8) These companies along with its subsidiaries were acquired by Nagarro Holding GmbH in 2020.
(9) The company name was changed from Allgeier Midmarket Services GmbH, Germany to Nagarro Allgeier ES GmbH in 2020 and Nagarro ES GmbH in early 2021.
(10) The company name was changed from Allgeier ES France SAS to Nagarro Allgeier ES France SAS and then to Nagarro ES France SAS in 2020.
(11) The company name was changed from Allgeier Enterprise Services Denmark A/S to Nagarro Allgeier Enterprise Services Denmark A/S and then to Nagarro ES Denmark A/S in 2020
(12) The company name was changed from iQuest Holding GmbH, Karlsruhe, Germany, in 2020
(13) The company name was changed from iQuest Technologies GmbH & Co. KG, Germany, in 2020
(14) The company name was changed from iQuest Verwaltungs GmbH, Germany, in 2020
(15) The company name was changed from iQuest Technologies SRL, Romania, in 2020
(16) The company name was changed from iQuest Schweiz AG, Switzerland, in 2020
(17) The company was merged with Nagarro ES GmbH in 2020.
(18) The company was merged into Nagarro iQuest Technologies SRL, Cluj-Napoca, Romania in 2019
(19) The company was liquidated in 2019

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, 2020, 2019 and 2018 prepared in accordance with IFRS and (ii) the German-language unconsolidated financial statements of Nagarro as of June 30, 2021 and for the period from January 1, 2021 to June 30, 2021 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 Aktiengesellschaft. 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 "Investor Relations".

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*).

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 furthermore 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 set forth that certain types of transactions and decisions, such as the commencement of a new major line of business may only be conducted with the prior approval of the Supervisory Board. The Supervisory Board may decide that additional transactions may only be implemented 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	49	2020	2023	Custodian of entrepreneurship in the organization (*Vorstand*)
Annette Mainka...................................	53	2020	2023	Custodian of regulatory compliance in the organization (*Vorstand*)
Vikram Sehgal.....................................	50	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 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 "Grande 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/Berlitz International Inc. 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/Berlitz International Inc., 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 within the last five years.

Vikram Sehgal born in 1971 in Beri, Haryana in India, is a co-founder of Nagarro. He has been custodian of operational excellence in the organization 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

Other than listed above, Vikram Sehgal has not been a member of any administrative, management or supervisory body of any other company or partnership outside Nagarro within the last five years.

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 employee stock option plans. For further information, see "*14.5 – 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.

14.2.3.4 Remuneration of the Management Board in the Fiscal Year ended December 31, 2020

In the fiscal year ended December 31, 2020, total remuneration of the members of the Management Board of Nagarro for their service in that capacity was €290 thousand, the breakup of which is as: Manas Fuloria and Vikram Sehgal each received a fixed remuneration of €53 thousand, and other perks of €2 thousand. Annette Mainka received a fixed remuneration of €53 thousand, and other perks of €1 thousand. No member of the Management Board of Nagarro received any variable compensation in the fiscal year ended December 31, 2020 from the Company. In addition, Manas Fuloria received a fixed remuneration of €30 thousand from other Nagarro companies and Vikram Sehgal received a fixed remuneration of €34 thousand, a variable remuneration of €57 thousand and social cost of €4 thousand from other Nagarro companies.

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 has adopted 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	63	2020	2025	Chairperson of the Supervisory Board
Detlef Dinsel	61	2020	2025	Member of the Supervisory Board (Vice Chairperson)
Shalini Sarin	56	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 small and medium-sized enterprises (SMEs) at an international management consulting firm. Following a successful initial public offering 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. From 2003 until September 30, 2021 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 not 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:

- Chief executive officer of Allgeier SE (2003-2021)

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 onwards, 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 2003
- 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

Former:

- Axtone S.p.r.o., Kanczuga (Chairman) (until 2015)
- Transnorm System GmbH (Chairman) (until 2016)
- Schenck Process GmbH (deputy Chairman) (until 2016)
- ZytoService GmbH (Chairman) (2016-2018)
- SVT Beteiligungen GmbH (Chairman) (2016-2018)
- Winkelmann Group (deputy Chairman) (2016-2018)
- Studienkreis GmbH (Chairman) (2017-2018)
- Bahr Modultechnik (until 2018)
- IK Investment Partners Ltd. (until 2019)

Shalini Sarin, born in 1965 in Gujarat, India, has been a member of our Supervisory Board since 2020. She holds a doctorate degree 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 the US in regional and global roles.

Since January 2020, Mrs. Shalini Sarin is a co-founder and Executive Director of the 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 Human Resources, Corporate Social Responsibility, 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 the 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

Former:

- Global head Corporate Social Responsibility 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, as approved by the Company on August 31, 2021.

Pursuant to Section 17 of the Articles of Association the members of the Supervisory Board of Nagarro will receive a fixed annual compensation as follows: the base compensation will be €225,000.00 for the chair of the Supervisory Board, €187,500.00 for the deputy chair of the Supervisory Board and €150,000.00 for each of the remaining members ("**Fixed Compensation**"). 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). The provisions pursuant to Section 17 of the Articles of Association are applicable for the first time for the financial year beginning January 1, 2021.

One quarter of the Fixed Compensation is due at the end of each qarter for the previous quarter of each year.

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.

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'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 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 31, 2020, total remuneration of the members of the Supervisory Board of Nagarro was €45 thousand, the breakup of which is as follows: Carl Georg Dürschmidt received a fixed remuneration of €2 thousand, a variable compensation of €11 thousand and other allowance of €4 thousand. Detlef Dinsel and Shalini Sarin each received a fixed remuneration of €1 thousand, a variable compensation of €11 thousand and other perks of €2 thousand:

Name	Fixed Compensation	Variable Compensation	Other allowance
Carl Georg Dürschmidt	€2,000	€11,000	€4,000
Detlef Dinsel	€1,000	€11,000	€2,000
Shalini Sarin	€1,000	€11,000	€2,000

14.4 Shareholdings of the Members of the Management Board and the Supervisory Board

Mr. Carl Georg Dürschmidt holds a stake of 26.03% in Lantano Beteiligungen GmbH that holds a direct stake of approximately 19.98% as well as 1.45% of instruments (within the meaning of Section 38 para. 1 sentence 1 WpHG) in the Company's share capital. All voting rights held by Lantano Beteiligungen GmbH are attributed to Mr. Carl Georg Dürschmidt, Laura Dürschmidt, Linda Dürschmidt and Dr. Christa Kleine-Dürschmidt see "*11 – Shareholder Structure*". Mr. Detlef Dinsel directly and indirectly holds approximately 9.7% in the Company's share capital. In addition, Mr. Vikram Sehgal holds 50% in StarView Capital LLC that indirectly holds (through its subsidiaries, including SV LLC) approximately 6.2% in the Company's share capital (including shares already owned prior to completion of the Merger). Mr. Manas Fuloria directly and indirectly (through ANB) holds approximately 5.6% in the Company's share capital (including shares already owned prior to completion of the Merger). Ms. Annette Mainka holds approximately 0.1% in the Company's share capital.

14.5 Stock Option Plans

14.5.1 Stock Option Plan 2020/I

At the time of the Spin-Off, since the stock option plans of Allgeier SE (stock option plan 2010 (54,000 options) and stock option plan 2014 (140,000 options)) did not provide for specific provisions that could be applied in the event of a spin-off. Therefore in the Spin-Off contract between Allgeier and Nagarro it was agreed that the Allgeier stock option program 2010 (54,000 options) and stock option program 2014 (140,000 options) would be adjusted and partially transferred to Nagarro. Nagarro set up the stock option plan 2020/I at the original exercise prices of €7.61 for the formerly Allgeier SE stock option plan 2010 and €19.65 for the formerly Allgeier stock option plan 2014, respectively.

14.5.2 Stock Option Plan 2020/II

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 €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, 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.

14.5.3 Stock Option Plan 2020/III

Furthermore, in order to encourage employee participation in the Company and to increase opportunities to further attract and retain highly qualified personnel, Nagarro introduced 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.

14.5.4 Stock Options Granted

As of June 30, 2021, a total of 455,000 stock options have been issued at an exercise price of €95.35 (410,000 under Stock Option Plan 2020/II and 45,000 under Stock Option Plan 2020/III) and thereof 7,000 stock options have been forfeited. Therefore, the Company has recognized an expense of €2,908 thousand, corresponding to 448,000 net stock options issued.

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, liquidation or any company put into administration 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 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 of the Company 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 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. The declaration of conformity was submitted and made accessible to the shareholders on the website of Nagarro.

Since the shares of the Company were first listed on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company has fully complied with the recommendations of the DCGK, with the following exceptions:

- 1. C.5 (Maximum number of supervisory board mandates for board members who are members of the management board of a listed company): The Chairperson of the Supervisory Board of Nagarro is also the Chairperson of the Management Board of the listed company Allgeier SE. Nagarro only became independent from the Allgeier Group by way of a spin-off in 2020 and was listed on the stock exchange. Due to the special expertise and the many years of experience of the Chairperson of the Supervisory Board from the operational management of the Nagarro Group, it is reasonable in the view of the Management Board and the Supervisory Board to deviate from this recommendation in the interest of continuity and the best possible use of resources.

- G.1 (Determinations in the remuneration system): The Management Board compensation system consists solely of fixed compensation and long-term variable compensation in the form of stock options. The Management Board and Supervisory Board are not of the opinion that the addition of short-term variable compensation would create further behavioral incentives which would be in the interests of the Company. Rather, the compensation system would reach a level of complexity that is not appropriate to the size and structure of the Company.

- G.3 (Peer group comparison): The Supervisory Board has dispensed with a peer group comparison due to the structure of Management Board compensation.

- 4. G.7 (Target setting): The compensation system for the Board of Management does not provide for any short-term variable compensation requiring annual setting of performance criteria. The long-term variable compensation granted in the form of stock options is not linked to specific performance criteria in the interests of full alignment of the interests of the Management Board members with those of the shareholders.

- 5. G.9 (Determination of the amount of variable compensation): In view of the structure of the Management Board compensation system, there is no need for the Supervisory Board to determine the amount of variable compensation on an annual basis.

- G.10 (Share-based compensation): As explained, the Company has granted stock options to the members of the Management Board as a long-term variable compensation component. There is no short-term variable compensation that could also be converted into share-based compensation.

The Company will continue to comply with the recommendations of the DCGK in the future with the exception of the recommendations in C.5, G.1, G.3, G.7, G.9 and G.10.

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 New 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 Nagarro Holding that arise in connection with the Merger. 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 of Nagarro SE

as of and for the six months ended June 30, 2021 in accordance with IFRS (IAS 34)

B •

Interim condensed consolidated financial statements

Interim condensed consolidated statements of financial position

Assets	Note	June 30, 2021	December 31, 2020
in kEUR			
Intangible assets	C.1	9,840	11,003
Goodwill	C.2	98,106	95,878
Property, plant and equipment		6,496	6,390
Right of use assets	C.3	52,407	51,735
Non-current contract costs		327	438
Other non-current financial assets		3,020	2,999
Other non-current assets		159	102
Deferred tax assets		7,981	7,932
Non-current assets		**178,336**	**176,475**
Inventories		183	127
Current contract costs		252	252
Contract assets	C.4	17,207	10,922
Trade receivables		78,323	73,872
Other current financial assets		2,874	2,502
Other current assets		8,051	8,023
Income tax receivables		11,117	6,906
Cash		101,929	107,742
Current assets		**219,937**	**210,346**
Total assets		**398,273**	**386,822**

Equity and Liabilities	Note	June 30, 2021	December 31, 2020
in kEUR			
Share capital	C.5	11,577	11,383
Capital reserve	C.5	238,285	232,410
Profit carried forward		66,370	47,922
Net profit for the period, excluding non-controlling interests		10,560	18,447
Changes in equity recognized directly in equity	C.5	(260,612)	(260,612)
Other comprehensive income	C.5	(2,965)	(5,750)
Equity attributable to the shareholders of Nagarro		63,214	43,800
Equity attributable to non-controlling interests	C.6	8,932	2,728
Total equity		**72,147**	**46,528**
Non-current liabilities to banks		164,477	168,158
Non-current lease liabilities	C.3	43,329	43,191
Long-term provisions for post-employment benefits		6,061	5,262
Other long-term provisions		138	243
Non-current contract liabilities		2	125
Other non-current financial liabilities		1,344	1,672
Non-current liabilities from acquisitions		615	2,662
Deferred tax liabilities		2,470	2,599
Non-current liabilities		**218,438**	**223,911**
Current liabilities to banks		15,620	14,429
Current lease liabilities	C.3	12,783	11,966
Short-term provisions for post-employment benefits		859	728
Other short-term provisions		11,798	14,443
Current contract liabilities		9,268	9,396
Trade payables		6,288	22,196
Current liabilities from acquisitions		2,125	4,291
Other current financial liabilities		28,204	23,088
Other current liabilities		4,340	3,363
Income tax liabilities		16,405	12,484
Current liabilities	C.7	**107,689**	**116,383**
Equity and liabilities		**398,273**	**386,822**

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Interim condensed consolidated financial statements

Interim condensed consolidated statements of comprehensive income

Profit or Loss Six months period ended June 30	Note	2021	2020
in kEUR			
Revenue	D.1	243,046	216,039
Own work capitalized		89	88
Other operating income	D.2	7,539	9,653
Cost of materials		(26,389)	(25,393)
Staff costs	D.3	(163,997)	(137,756)
Impairment of trade receivables and contract assets		(824)	(1,501)
Other operating expenses	D.4	(26,771)	(25,438)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		32,693	35,694
Depreciation, amortization and impairment		(11,314)	(10,759)
Earnings before interest and taxes (EBIT)		21,379	24,934
Finance income		245	188
Finance costs	D.5	(3,834)	(3,297)
Earnings before taxes (EBT)		17,790	21,826
Income taxes	D.6	(4,503)	(6,705)
Profit for the period		13,287	15,121
Profit for the period attributable to:			
Shareholders of Nagarro		10,560	12,705
Non-controlling interests		2,727	2,416

Other comprehensive income Six months period ended June 30	Note	2021	2020
in kEUR			
Items that will not be reclassified to profit or loss			
Actuarial gains (losses)		(203)	(277)
Tax effects		50	70
		(153)	(208)
Items that may be reclassified to profit or loss			
Foreign exchange differences		3,467	(2,752)
		3,467	(2,752)
Other comprehensive income for the period		3,314	(2,960)
Total comprehensive income for the period		16,601	12,161
Total comprehensive income for the period attributable to:			
Shareholders of Nagarro		13,345	10,223
Non-controlling interests		3,257	1,938
Basic earnings per share:	D.7		
Numbers of shares (based on weighted average)[1)]		**11,424,865**	**87,692**
Numbers of shares (based on outstanding shares)[1)]		**11,576,513**	**120,000**
Basic earnings per shares in EUR (based on weighted average)		**0.92**	**144.88**
Basic earnings per shares in EUR (based on outstanding shares)		**0.91**	**105.87**
		-	-
Diluted earnings per share:	D.7		
Numbers of shares (based on weighted average)[1)]		**11,424,865**	**11,506,888**
Numbers of shares (based on outstanding shares)[1)]		**11,576,513**	**11,539,196**
Diluted earnings per share in EUR (based on weighted average)		**0.92**	**1.10**
Diluted earnings per share in EUR (based on outstanding shares)		**0.91**	**1.10**

1) The earnings per share for H1 2021 is not comparable with the earnings per share for H1 2020 as the number of shares as at June 30, 2020 does not correspond to the number of shares post spin-off and on stock listing on December 16, 2020. However, for the calculation of diluted earnings per share for H1 2020, the number of shares of Nagarro SE issued to the shareholders of Allgeier SE, which are exercised in May 2021, has also been considered

Interim condensed consolidated statements of changes in equity

in kEUR	Share capital	Capital reserve	Profit carried forward	Net profit for the period, excluding non-controlling interests	Changes in equity recognized directly in equity	Other comprehensive income: Foreign exchange differences	Other comprehensive income: Actuarial 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, 2020	50	22,415	22,441	25,481	(25,522)	6,073	(689)	50,249	9,693	59,942
Profit for the period	–	–	–	12,705	–	–	–	12,705	2,416	15,121
Other comprehensive income for the period	–	–	–	–	–	(2,307)	(174)	(2,481)	(479)	(2,960)
Total comprehensive income for the period	**–**	**–**	**–**	**12,705**	**–**	**(2,307)**	**(174)**	**10,223**	**1,938**	**12,161**
Transfer of profit or loss for the previous year to profit carried forward	–	–	25,481	(25,481)	–	–	–	–	–	–
Dividends	–	–	–	–	–	–	–	–	–	–
Share capital issued	120	–	–	–	–	–	–	120	–	120
Transfer of capital reserve	(50)	(22,415)	–	–	22,465	–	–	–	–	–
Other transactions with shareholders	–	–	–	–	1,600	–	–	1,600	1,751	3,351
Balance at June 30, 2020	**120**	**–**	**47,922**	**12,705**	**(1,457)**	**3,766**	**(863)**	**62,192**	**13,382**	**75,574**
Balance at January 1, 2021	**11,383**	**232,410**	**47,922**	**18,447**	**(260,612)**	**(4,723)**	**(1,026)**	**43,800**	**2,728**	**46,528**
Profit for the period	–	–	–	10,560	–	–	–	10,560	2,727	13,287
Other comprehensive income for the period	–	–	–	–	–	2,913	(128)	2,785	529	3,314
Total comprehensive income for the period	**–**	**–**	**–**	**10,560**	**–**	**2,913**	**(128)**	**13,345**	**3,257**	**16,601**
Transfer of profit or loss for the previous year to profit carried forward	–	–	18,447	(18,447)	–	–	–	–	–	–
Dividends	–	–	–	–	–	–	–	–	–	–
Share capital issued	194	–	–	–	–	–	–	194	–	194
Transfer of capital reserve	–	–	–	–	–	–	–	–	–	–
Stock option expense	–	2,908	–	–	–	–	–	2,908	–	2,908
Other transactions with shareholders	–	2,968	–	–	–	–	–	2,968	2,948	5,916
Balance at June 30, 2021	**11,577**	**238,285**	**66,370**	**10,560**	**(260,612)**	**(1,810)**	**(1,154)**	**63,214**	**8,932**	**72,147**

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Interim condensed consolidated financial statements

Interim condensed consolidated statements of cash flow

Six months period ended June 30 in kEUR	Note	2021	2020
Cash flows from operating activities			
EBIT		21,379	24,934
Depreciation, amortization and impairments of non-current assets		11,314	10,759
Change in long-term provisions		333	435
Other non-cash income and expenses		2,737	2,490
Income taxes paid		(4,856)	(4,459)
Cash flows from changes in net working capital		(24,068)	4,726
Net cash inflow from operating activities		**6,839**	**38,886**
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		(1,820)	(1,712)
Proceeds from sale of property, plant and equipment and intangible assets		4	5
Acquisition of subsidiaries, net of cash acquired	E.1	(4,165)	(3,658)
Net cash outflow from investing activities		**(5,981)**	**(5,365)**
Cash flows from financing activities			
Proceeds from shareholders of Nagarro		3,162	120
Repayment of bank loans		(2,045)	(162)
Proceeds from loans from Allgeier Group		-	3,195
Principal elements of lease payments		(8,996)	(9,631)
Net cash inflow (outflow) from factoring		1,051	(845)
Interest received		245	142
Interest paid		(2,713)	(96)
Other transactions with shareholders		2,948	(147)
Net cash inflow (outflow) from financing activities		**(6,349)**	**(7,425)**
Total cash flow		**(5,490)**	**26,096**
Effects of exchange rate changes on cash and cash equivalents		486	(305)
Total changes in cash and cash equivalents		**(5,004)**	**25,791**
Cash and cash equivalents at the beginning of period	E.2	103,173	38,786
Cash and cash equivalents at the end of period	E.2	98,169	64,577

Notes to the interim condensed consolidated financial statements

A.1

Basis of preparation

The interim condensed consolidated financial statements of Nagarro SE and its subsidiaries (collectively, the Group) for the six months ended June 30, 2021 are unaudited and were authorized for issuance in accordance with the resolution of the management board on August 13, 2021.

The interim condensed consolidated financial statements for the six months ended June 30, 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2020, which were prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU), and the supplementary requirements of §315e (1) of the German Commercial Code (HGB).

The interim condensed consolidated financial statements also comply with German Accounting Standard No. 16 (GAS 16) – Interim Financial Reporting – issued by the German Accounting Standards Committee e. V. (GASC).

The interim condensed consolidated 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.

In the opinion of the management, the 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 interim condensed consolidated financial statements according to IFRS, management has made discretionary decisions, estimates and assumptions. These may affect the amount and presentation of assets and liabilities recognized 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 ongoing tentativeness around the progress of the Covid-19 pandemic, these estimates and discretionary decisions are subject to uncertainty. Actual amounts may vary from these estimates and assumptions; changes can have a significant impact on the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements of Nagarro SE for the half year ended June 30, 2021, have not been reviewed by an auditor or have not been audited according to section 115 (5) WpHG (German Securities Trading Act).

B.1

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as of January 1, 2021 and the adoption of IFRS 2 Share Based Payment as Nagarro has issued stock options during the period. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2021, which are described below, but do not have a significant impact on the interim condensed consolidated financial statements of the Group.

Share-based payments

Key colleagues (including senior executives) of the Group received remuneration in the form of share-based payments, whereby these colleagues render services in exchange of granting of equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note D.3 Staff costs.

The cost of equity-settled transactions is recognised in staff costs (Note D.3 Staff costs), together with a corresponding increase in equity (capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statement of profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

B.

Interim condensed consolidated financial statements

Notes to the interim condensed consolidated financial statements

B.1

New standards, interpretations and amendments adopted by the Group

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note D.7 Earnings per share (EPS)).

Amendments to IFRS 16 - Covid-19 Related Rent Concessions

The amendments to IFRS 16 in connection with COVID-19 grant lessee relief while accounting for changes to the lease contract (lease modifications) due to rental concessions as a result of the corona pandemic. As a practical workaround, a lessee may choose to suspend the assessment of whether a pandemic lease concession from a lessor constitutes an amendment to the lease. A lessee making this choice accounts for any qualified change in lease payments resulting from the rental concession in connection with the corona pandemic in the same way as it would account for the change under IFRS 16 if it were not a lease modification.

These changes do not have any significant effects on the interim condensed consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are intended to mitigate the effects of the reform of reference interest rates (so called IBOR reform) on financial reporting when an existing reference interest rate is replaced by an alternative interest rate. In particular, the amendment provides practical relief with regard to modifications that are required by the IBOR reform. In addition, hedging relationships on the balance sheet should be able to continue in spite of the replacement of the reference interest rate under adapted documentation.

These changes do not have any significant effects on the interim condensed consolidated financial statements.

B.2

Basis of consolidation

The interim consolidated financial statements as at June 30, 2021 include all the subsidiaries of the Group as mentioned in the consolidated financial statements as at December 31, 2020 along with the following additions made during the first half of 2021:-

(i) Nagarro (Private) Limited, a newly incorporated wholly owned subsidiary in Sri Lanka.

(ii) Livisi GmbH, a company acquired in 2020 in Germany and consolidated from January 1, 2021.

(iii) Nagarro Software Co. W.L.L. Limited, a newly incorporated wholly owned subsidiary in Bahrain.

On March 26, 2021, the management board of Nagarro SE decided - as already indicated in the securities prospectus published on December 08, 2020, in connection with the initial listing of the company's shares - to enter into negotiations with the participants of the management participation program at the level of the operational management company Nagarro Holding GmbH regarding the dissolution of this program and the subsequent full integration of Nagarro Holding GmbH into Nagarro SE by way of merger, with the issuance of new shares in Nagarro SE to the members of the management participation program. Currently, members of the Management Board and executives of various Nagarro group companies (including the members of the Management Board of Nagarro SE, Manas Fuloria and Vikram Sehgal) hold a fiduciary interest of 15.97% (December 31, 2020: 16.17%) of the shareholding in Nagarro Holding GmbH.

In order to be effective, the merger and the capital increase would require the approval of the general meeting of Nagarro SE. It is planned to submit the intended merger of Nagarro Holding GmbH and Nagarro SE for resolution at the general meeting of both Nagarro Holding GmbH and Nagarro SE on August 31, 2021. Once the merger happens, Nagarro SE will not be able to utilize the tax losses that are being carried at the level of Nagarro Holding GmbH against future profits in Nagarro SE as the same is not allowed according to the German tax law. The tax losses would thus lapse.

In order to implement the steps for the transfer of the indirect economic participation of the beneficiaries in Nagarro Holding GmbH into direct economic participation in Nagarro SE, the following reorganizations were done: -

(i) Merger of Nagarro Connect AG (merged entity) with Nagarro SE with effective merger date of January 1, 2021. The same has been entered in the commercial register.

(ii) Unbundling of Nagarro SE's indirect shareholdings in Nagarro Holding GmbH through Nagarro Beteiligungs GmbH ("BET GmbH") and Nagarro SPP GmbH ("SPP GmbH") into direct shareholding of Nagarro Holding GmbH.

The share capital of SPP GmbH was increased by kEUR 6,995 in kind with corresponding increase in its capital reserve of SPP GmbH. The capital reserve of SPP GmbH was eliminated against the inter-group loan on consolidation. As the participants of the management participation program did not participate in this increased capital, their holding in Nagarro Holding GmbH reduced by about 0.20%.

The capital of BET GmbH was increased by kEUR 5,897 (partly cash contribution of kEUR 2,948 and partly in-kind contribution of kEUR 2,949) with corresponding increase in its capital reserve of BET GmbH. The capital reserve of BET GmbH was eliminated against the inter-group loan on consolidation. The actual cash contribution from the equity holder of non-controlling interest of kEUR 2,948 has been shown in the capital reserve at consolidation level – refer C.5 Equity for details. As all the shareholders of BET GmbH, namely, Nagarro SE and both the members of management board of Nagarro SE, Manas Fuloria and Vikram Sehgal (through StarView LLC), contributed their proportionate share in the equity, this did not result in any change in the percentage holding in the equity of BET GmbH.

(iii) Merger of BET GmbH (merged entity) and SPP GmbH (merged entity) with Nagarro Holding GmbH with effective merger date of January 1, 2021 and its entry into the commercial register.

As a result of the above re-organization, Nagarro SE now directly holds 84.03% (December 31, 2020: 83.83%) and the non-controlling shareholders hold 15.97% (December 31, 2020: 16.17%) in Nagarro Holding GmbH with effect from January 1, 2021.

B•

Interim condensed consolidated financial statements

Notes to the interim condensed consolidated statements of financial position

C.1

Intangible assets

Intangible assets are as follows:

	Jun 30, 2021 kEUR	Dec 31, 2020 kEUR
Customers list	3,314	4,155
Products	4,259	4,698
Software, licenses, rights	850	678
In-house developments	1,416	1,473
	9,840	**11,003**

C.2

Goodwill

Goodwill developed as follows:

	Jun 30, 2021 kEUR	Dec 31, 2020 kEUR
Opening balance	95,878	102,395
Acquisitions through business combinations	-	-
Additions	-	-
Disposals	-	-
Currency differences	2,228	-6,517
Closing balance	**98,106**	**95,878**

C.3

Right-of-use assets and lease liabilities

According to 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 is as follows:

	Jun 30, 2021	Dec 31, 2020
	kEUR	kEUR
Land use rights and buildings	32,028	33,609
Vehicles, operating and office equipment	20,379	18,126
	52,407	**51,735**

The lease liabilities are as follows:

	Jun 30, 2021			Dec 31, 2020		
		of which:			of which:	
	Total	non-current	current	Total	non-current	current
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Properties	33,745	25,292	8,454	36,664	28,441	8,223
Motor vehicles	3,035	1,818	1,217	2,497	1,440	1,057
Operating and office equipment	19,332	16,220	3,112	15,996	13,310	2,686
	56,112	**43,329**	**12,783**	**55,156**	**43,191**	**11,966**

C.4

Current contract assets

Current contract assets as at the period end amounts to kEUR 17,207 (December 31, 2020: kEUR 10,922). These are fully recoverable and for which invoicing will be done in the coming quarter.

C.5

Equity

Equity is composed as follows:

	Jun 30, 2021	Dec 31, 2020
	kEUR	kEUR
Share capital	11,577	11,383
Capital reserve	238,285	232,410
Profit carried forward	66,370	47,922
Net profit for the period, excluding non-controlling interest	10,560	18,447
Changes in equity recognized directly in equity	(260,612)	(260,612)
Other comprehensive income		
Foreign currency reserve	(1,810)	(4,723)
Actuarial gain or loss on pension provisions	(1,154)	(1,026)
Total equity attributable to shareholders of Nagarro	63,214	43,800
Equity attributable to non-controlling interests	8,932	2,728
Total Equity	**72,147**	**46,528**

Share capital

During the current period, the share capital has increased by EUR 194,000 from EUR 11,382,513 to EUR 11,576,513, divided into 11,576,513 registered no-par value shares with a calculated share capital of EUR 1.00 per share. The increase resulted from the issuance of shares to the stock option holders of SOP 2020/I for an agreed stock option consideration of EUR 3,161,940 out of which EUR 2,967,940 is classified under capital reserve.

Treasury shares

No treasury shares were acquired or sold in the current period.

Capital reserves

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. Nagarro's capital reserves changed as follows:

	Jun 30, 2021	Dec 31, 2020
	kEUR	kEUR
Opening balance	232,410	22,415
Capital reserve of Nagarro Holding GmbH transferred	-	(22,415)
Non-cash capital infusion by the shareholders of the Allgeier SE against equity holding in Nagarro SE	-	232,410
Cash received on stock option exercise of SOP 2020/I	2,968	-
Stock option expense of SOP 2020/II	2,616	-
Stock option expense of SOP 2020/III	292	-
Closing balance	**238,285**	**232,410**

Changes in equity recognized directly in equity

The changes in equity recognized directly in equity are composed as follows**:**

	Jun 30, 2021	Dec 31, 2020
	kEUR	kEUR
Opening balance	(260,612)	(25,522)
Share capital of Nagarro Holding GmbH transferred	-	50
Capital reserve of Nagarro Holding GmbH transferred	-	22,415
Acquisitions of companies from Allgeier group	-	(264,213)
Objectiva earnout paid by Allgeier group	-	8,026
Other	-	(1,368)
Closing balance	**(260,612)**	**(260,612)**

Changes in other comprehensive income

The changes in other comprehensive income are composed as follows:

	Jun 30, 2021	Dec 31, 2020
	kEUR	kEUR
Opening balance	(5,750)	5,384
Foreign currency reserve	2,913	(10,796)
Actuarial gain or loss on pension provisions	(128)	(337)
Closing balance	**(2,965)**	**(5,750)**

C.6

Non-controlling interests

Non-controlling interests is composed as follows:

	June 30, 2021	Dec 31, 2020
	kEUR	kEUR
Opening balance	2,728	9,693
Total comprehensive income for the year	3,257	3,741
Acquisitions of companies from Allgeier group	-	(13,619)
Objectiva earnout paid by Allgeier group	-	1,548
Cash infusion by non-controlling interests	2,948	-
Other	-	1,365
Closing balance	**8,932**	**2,728**

During the current period, the non-controlling interests has reduced by 0.20% from 16.17% in previous years to 15.97%, refer note B.2 Basis of consolidation for details

C.7

Current liabilities

Current liabilities as at the period end amount to kEUR 107,689 (December 31, 2020: kEUR 116,383). The significant decline in the current period relate largely to settlement of spin off and listing cost amounting to kEUR 8,435 (kEUR 8,283 from the trade payables and kEUR 152 from other current financial liabilities).

C.8

Financial instruments

The carrying amounts and fair values of financial instruments are classified as follows:

Jun 30, 2021	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
kEUR							
Financial assets							
Fair value through profit and loss account (FVTPL)							
Other financial assets							
Foreign exchange forward transactions	625	-	625	-	625	-	625
	625	-	625	-	625	-	625
Amortized cost (AC)							
Trade receivables	-	78,323	78,323	-	-	-	78,323
Other financial assets	-	5,270	5,270	-	-	-	5,270
Cash	-	101,929	101,929	-	-	-	101,929
	-	185,522	185,522	-	-	-	185,522
	625	**185,522**	**186,147**	**-**	**625**	**-**	**186,147**
Financial liabilities							
Fair value through profit and loss account (FVTPL)							
Liabilities from acquisitions	2,740	-	2,740	-	-	2,740	2,740
Foreign exchange forward transactions	90	-	90	-	90	-	90
	2,830	-	2,830	-	90	2,740	2,830
Amortized cost (AC)							
Liabilities from acquisitions	-	-	-	-	-	-	-
Liabilities to banks	-	180,098	180,098	-	-	-	180,098
Trade payables	-	6,288	6,288	-	-	-	6,288
Other financial liabilities	-	29,458	29,458	-	-	-	29,458
	-	215,843	215,843	-	-	-	215,843
	2,830	**215,843**	**218,673**	**-**	**90**	**2,740**	**218,673**

Dec 31, 2020	Carrying amounts			Fair values			
	at fair value	at amortized costs	Total	Level 1	Level 2	Level 3	Total
kEUR							
Financial assets							
Fair value through profit and loss account (FVTPL)							
Other financial assets							
Foreign exchange forward transactions	180	-	180	-	180	-	180
	180	-	180	-	180	-	180
Amortized cost (AC)							
Trade receivables	-	73,872	73,872				73,872
Other financial assets	-	5,322	5,322				5,322
Cash	-	107,742	107,742				107,742
	-	186,936	186,936	–	–	–	186,936
	180	**186,936**	**187,115**	-	**180**	-	**187,115**
Financial liabilities							
Fair value through profit and loss account (FVTPL)							
Liabilities from acquisitions	6,749	-	6,749	-	-	6,749	6,749
Foreign exchange forward transactions	429	-	429	-	429	-	429
	7,179	-	7,179	-	429	6,749	7,179
Amortized cost (AC)							
Liabilities from acquisitions	-	204	204	–	–	–	204
Liabilities to banks	-	182,586	182,586	–	–	–	182,586
Trade payables	-	22,196	22,196	–	–	–	22,196
Other financial liabilities	-	24,330	24,330	–	–	–	24,330
	-	229,316	229,316	–	–	–	229,316
	7,179	**229,316**	**236,495**	-	**429**	**6,749**	**236,495**

Contract assets (June 30, 2021: kEUR 17,207; December 31, 2020: kEUR 10,922) and lease liabilities (June 30, 2021: kEUR 56,112; December 31, 2020: kEUR 55,156) are not allocated to any of the measurement categories under IFRS 9 and are therefore not included in the tables above.

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, where 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 follows:

Contingent purchase price liabilities measured at fair value	**Nagarro Anecon**	**Nagarro Objectiva**	**Nagarro MENA**	**Total**
	kEUR	kEUR	kEUR	kEUR
Balance as at Jan 1, 2020	3,000	16,006	2,392	21,398
Additions	-	-	-	-
Fair value changes recognized through profit or loss	-	-	-	-
Interest effect	-	(39)	(14)	(53)
Reduction due to payments	(3,000)	-	(987)	(3,987)
Currency differences	-	(1,129)	93	(1,036)
Transactions with Allgeier Group	-	(9,573)	-	(9,573)
Balance as at Dec 31, 2020	-	**5,265**	**1,484**	**6,749**
Additions	-	-	-	-
Fair value changes recognized through profit or loss	-	-	-	-
Interest effect	-	(20)	(3)	(23)
Reduction due to payments	-	(3,734)	(456)	(4,190)
Currency differences	-	156	48	204
Balance as at Jun 30, 2021	-	**1,668**	**1,072**	**2,740**

Contingent purchase price liabilities are measured based on 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.

B •

Interim condensed consolidated financial statements

Notes to the interim condensed consolidated statements of comprehensive income

D.1

Revenue

Six months period ended June 30	2021	2020
	kEUR	kEUR
Automotive, Manufacturing and Industrial	39,983	29,535
Energy, Utilities and Bldg Automation	20,287	18,590
Financial Services and Insurance	27,742	26,764
Horizontal Tech	23,985	18,423
Life Sciences and Healthcare	18,015	16,322
Management Consulting and Business Information	15,792	15,864
Public, Non-profit, Education	20,429	17,897
Retail and CPG	33,782	25,202
Telecom, Media and Entertainment	18,596	21,101
Travel and Logistics	24,435	26,341
	243,046	**216,039**

D.2

Other operating income

Six months period ended June 30	2021	2020
	kEUR	kEUR
Income from currency translation	4,205	8,737
Income from foreign exchange forward transactions	2,369	-
Income from sale of fixed assets	4	5
Reversal of value adjustments on receivables	77	3
Release of provisions	85	(87)
Recognition of badwill from business combinations	98	-
Gain on lease modification	83	525
Miscellaneous	619	471
	7,539	**9,653**

D•3

Staff costs

Staff costs are composed as follows:

Six months period ended June 30	2021	2020
	kEUR	kEUR
Salaries and wages	137,511	118,760
Social security contributions	14,422	11,274
Bonuses	9,157	7,722
Stock option expense	2,908	0
	163,997	**137,756**

As on June 30, 2021, Nagarro had 10,903 (June 30, 2020: 8,406) professionals of which 10,014 (June 30, 2020: 7,588) were professionals in engineering.

During the current period, Nagarro SE issued stock options. The details of the plans under which these options were issued are as follows:

People addressed	Members of the management of Nagarro SE and its group companies and employees of group companies	Members of the Management Board of Nagarro SE
Number of options authorized	800,000 until October 22, 2025	45,000 until October 22, 2025
Authorization by	General meeting on October 31, 2020	General meeting on October 31, 2020
Plan name	Stock Option Plan 2020/II	Stock Option Plan 2020/III
Number of options granted	410,000 on January 15, 2021, exercise price EUR 95.35	45,000 on January 15, 2021, exercise price EUR 95.35
Vesting period	4 years	4 years
Term	10 years	10 years
Exercise price valuation	110% of the average closing price of the last five trading days prior to the offer	110% of the average closing price of the last five trading days prior to the offer
Weighted average share price	EUR 86.68	EUR 86.68
Stock price on the grant date	EUR 78.60	EUR 78.60
Expected volatility	34.27%	34.27%
Vesting condition	25% of the stock options granted to an option holder become vested after 12, 24, 36 and 48 months following the issuance date	25% of the stock options granted to an option holder become vested after 12, 24, 36 and 48 months following the issuance dat
Settlement method	Equity shares of Nagarro SE	Equity shares of Nagarro SE
Exercising of option	Limited to a period of two weeks after each Annual General Meeting and after the publication of annual, semi-annual and quarterly figures	Limited to a period of two weeks after each Annual General Meeting and after the publication of annual, semi-annual and quarterly figures

Against the grant of these stock options, the Company has recognized an expense of kEUR 2,908 (June 30, 2020: kEUR Nil) and recognized the corresponding amount in capital reserve (refer note C.5 Equity), the details of which are as follows:

	Jun 30, 2021		Jun 30, 2020	
	Numbers of stock options	kEUR	Numbers of stock options	kEUR
Opening	-	-	-	-
Issued during the period	455,000	-	-	-
Forfeited during the period	(7,000)	-	-	-
Net stock options and expense for the period	448,000	2,908	-	-
	448,000	**2,908**	-	-

D.4

Other operating expenses

Other operating expenses are composed as follows:

Six months period ended June 30	2021	2020
	kEUR	kEUR
Travel expenses	950	3,666
Vehicle costs	1,240	1,402
IT costs	3,150	2,142
Services	1,358	1,552
Land and building costs	880	1,025
Other staff costs	2,979	1,406
Advertising expenses	809	592
Communication expenses	1,141	1,011
Maintenance	759	971
Expense from currency translation	3,502	8,367
Expenses for foreign exchange forward transactions	1,582	1,055
Insurance, contributions	1,067	700
Legal and consulting fees	1,398	389
Entertainment expenses	193	189
Office supplies	238	312
Expenses for statutory financial statements	527	301
Direct selling expenses	189	249
Supervisory board remuneration	378	-
Residual book value from disposal of assets	26	32
Expenses related to the rollover of non-controlling interest	1,801	-
Acquisition costs	183	-
Miscellaneous	2,422	76
	26,771	**25,438**

As mentioned in note B.2 – Basis of consolidation, the Company is in the process of rollover of non-controlling interest by merger of Nagarro Holding GmbH into Nagarro SE and has incurred expenses relating to rollover of non-controlling interest of kEUR 1,801 during the current period out of which kEUR 1,412 is under provision for expenses relating to rollover of non-controlling interests. Also costs of kEUR 625 are expected to be incurred in the second half of 2021.

D•5

Finance costs

Finance costs are composed as follows:

Six months period ended June 30	2021	2020
	kEUR	kEUR
Interest on leases	958	1,246
Interest on loans from Allgeier Group	-	1,825
Interest on bank loans	2,612	28
Factoring interest	94	31
Interest portion of additions to pension provisions	140	129
Other interest expenses	30	38
	3,834	**3,297**

D • 6

Income taxes

Income tax expense is recognized at an amount determined by multiplying the profit 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.

D • 7

Earnings per share (EPS)

Six months period ended June 30	2021	2020
	kEUR	kEUR
Profit for the period	13,287	15,121
Less: Profit for the period attributable to non-controlling interests	(2,727)	(2,416)
Profit for the period attributable to shareholders of Nagarro	10,560	12,705
Weighted average number of shares outstanding - Basic	11,424,865	87,692
Numbers of shares outstanding - Basic	11,576,513	120,000
Effect of dilutive shares issued to Allgeier shareholders in 1:1 ratio as part of spin off	-	11,262,513
Effect of dilutive share based payment (Stock Option Plan 2020/I)	-	156,683
Effect of dilutive share based payment (Stock Option Plan 2020/II & 2020/III)	-	-
Total effect of dilution	-	11,419,196
Weighted average numbers of share outstanding - diluted	11,424,865	11,506,888
Number of shares outstanding - diluted	11,576,513	11,539,196
Basic earnings per share in EUR (based on weighted average)	0.92	144.88
Basic earnings per share in EUR (based on shares outstanding)	0.91	105.87
Diluted earnings per share in EUR (based on weighted average)	0.92	1.10
Diluted earnings per share in EUR (based on shares outstanding)	0.91	1.10

B•

Interim condensed consolidated financial statements

Notes to the interim condensed consolidated statements of cash flow

Interim condensed consolidated financial statements

Notes to the interim condensed consolidated statements of cash flow

Cash flows from operating activities are reported using the indirect method. Interest paid and received are included in cash flows from financing activities.

E.1

Net Cash flows from business combinations

Cash outflows for the acquisition of subsidiaries from third parties in first half year of 2021, net of cash acquired, reconcile as follows:

Six months period ended June 30	2021	2020
	kEUR	kEUR
	Livisi GmbH	GES
Acquisition cost	601	3,480
Non cash share	–	–
Purchase price paid in cash in 2020	247	3,480
Purchase price paid in cash in 2021	354	-
Acquired cash and cash equivalents	(575)	–
Outflow (inflow) of cash and cash equivalents	**(222)**	**3,480**

Additionally, to fulfil the contractual obligations of the company for the acquisition of Nagarro UAE in 2019 kEUR 653 (June 30, 2020: kEUR 178) and Objectiva in 2020 kEUR 3,734 (June 30, 2020: kEUR Nil) have been paid during the first half of 2021. Also refer note C.8 Financial instruments.

E.2

Reconciliation of cash and cash equivalents, and financial liabilities

Cash and cash equivalents comprise as follows:

	Jun 30, 2021	Jun 30, 2020
	kEUR	kEUR
Cash	101,929	68,410
Liabilities from factoring	(3,760)	(509)
Overdraft facilities	-	(3,324)
	98,169	**64,577**

E.3

Cashflows

Cash outflows during the period is kEUR 5,490 (June 30, 2020: cash inflows of kEUR 26,096). This is mainly attributable to decrease in current liabilities (refer note C.7 Current liabilities) and increase in contract assets (refer note C. 4 Current contract assets).

B •

Interim condensed consolidated financial statements

Other Disclosures

F.1

Business combinations

By way of purchase agreement dated October 13, 2020, Nagarro iQuest Holding GmbH, Karlsruhe, acquired Livisi GmbH, Essen, from Innogy SE, Essen. Livisi is a company operating in the Smart Home/Home automation market. kEUR 247 was the initial price agreed, which was paid in the last quarter of 2020, as the purchase price for the assets and clients agreements acquired from Innogy. During the current half-year, the final purchase price of kEUR 601 was agreed and the balance kEUR 354 has been paid.

One hundred percent of the equity of Livisi GmbH has been acquired and Livisi is being consolidated as a part of Nagarro effectively from January 1, 2021. Below is the breakdown of net assets acquired from Livisi:

	Fair Values
	kEUR
Right to use assets	98
Contract assets	6
Trade receivables	1
Other assets	137
Cash and cash equivalents	575
Assets acquired	818
Contract liabilities	42
Trade payables	60
Other financial liabilities	16
Other liabilities	1
Liabilities assumed	119
Net assets	**699**

Accordingly, badwill of kEUR 98 has been recognized in the interim condensed consolidated statements of comprehensive income.

In the period from January 1, 2021 to June 30, 2021, Livisi generated revenue of kEUR 1,219 and (loss) earnings before interest, taxes, depreciation and amortization of kEUR (132). In connection with the transaction there were costs of kEUR 183 which were recognized in other operating expenses of Nagarro in the first half of 2021 and kEUR 40 in the last quarter of 2020.

F.2

Related party transactions

Significant transactions with related parties in accordance with section 115 (4) sentence 2 WpHG and IAS 34.15B (j)

Business relationships between all companies included in the consolidated financial statements were fully eliminated in the consolidated financial statements.

During the current period, two of the management board members namely Manas Fuloria and Vikram Sehgal (through StarView LLC) made cash contribution of kEUR 2,948 towards their proportionate capital increase in Nagarro Beteiligungs GmbH (BET) before BET got mergered with Nagarro Holding GmbH (refer note B.2 Basis of consolidation).

F.3

Adjusted EBITDA

The reconciliation of EBITDA (as reported in the Consolidated Statements of Comprehensive Income) to Adjusted EBITDA is presented below:

Six months period ended June 30	2021	2020
	Total	Total
	kEUR	kEUR
EBITDA	**32,693**	**35,694**
Recognition of purchase price components (Badwill)	(98)	-
Exchange loss (gain) on purchase price components	33	(2)
Stock option expense	2,908	-
Acquisition cost	183	-
Expenses related to the rollover of non-controlling interest	1,801	-
Adjusted EBITDA	**37,519**	**35,692**

F.4 Segment information

Six months period ended June 30	North America 2021	Central Europe 2021	Rest of Europe 2021	Rest of World 2021	Total 2021
	kEUR	kEUR	kEUR	kEUR	kEUR
Revenue	84,698	84,822	37,001	36,525	243,046
Own work capitalized	-	(0)	89	-	89
Total performance	84,698	84,822	37,090	36,525	243,135
Cost of revenues	(59,691)	(59,882)	(26,775)	(24,694)	(171,043)
Segment gross profit	25,007	24,939	10,315	11,831	72,092
as % of revenue	29.5%	29.4%	27.9%	32.4%	29.7%
Selling, General and Administrative expenses					(34,573)
as % of revenue					-14.2%
Adjusted EBITDA					37,519
as % of revenue					15.4%
Special items					(4,826)
EBITDA					32,693
as % of revenue					13.5%

Six months period ended June 30	North America 2020	Central Europe 2020	Rest of Europe 2020	Rest of World 2020	Total 2020
	kEUR	kEUR	kEUR	kEUR	kEUR
Revenue	75,276	80,633	32,487	27,644	216,039
Own work capitalized	-	-	88	-	88
Total performance	75,276	80,633	32,575	27,644	216,128
Cost of revenues	(49,167)	(55,781)	(22,518)	(17,730)	(145,196)
Segment gross profit	26,108	24,852	10,057	9,914	70,932
as % of revenue	34.7%	30.8%	31.0%	35.9%	32.8%
Selling, General and Administrative expenses					(35,240)
as % of revenue					-16.3%
Adjusted EBITDA					35,692
as % of revenue					16.5%
Special items					2
EBITDA					35,694
as % of revenue					16.5%

The items "Cost 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:

Six months period ended June 30	2021				
		thereof			
	Costs by nature	Cost of revenues	Selling, General and Administrative expenses	Special items	Total
	kEUR	kEUR	kEUR	kEUR	kEUR
Cost of materials	26,389	26,389	-	-	26,389
Staff costs	163,997	141,404	19,685	2,908	163,997
Other operating expenses	26,771	3,250	21,538	1,984	26,771
Impairment of trade receivables and contract assets	824	-	824	-	824
Other operating income	(7,539)	-	(7,474)	(65)	(7,539)
Total	**210,442**	**171,043**	**34,573**	**4,826**	**210,442**

Six months period ended June 30	2020				
		thereof			
	Costs by nature	Cost of revenues	Selling, General and Administrative expenses	Special items	Total
	kEUR	kEUR	kEUR	kEUR	kEUR
Cost of materials	25,393	25,393	-	-	25,393
Staff costs	137,756	116,260	21,496	-	137,756
Other operating expenses	25,438	3,545	21,893	-	25,438
Impairment of trade receivables and contract assets	1,501	-	1,501	-	1,501
Other operating income	(9,653)	-	(9,651)	(2)	(9,653)
Total	**180,434**	**145,197**	**35,240**	**(2)**	**180,434**

The "Special items" relate to non-recurring items, purchase price adjustments, acquisition costs and expenses related to the rollover of non-controlling interest etc., which are included in note F.3. Adjusted EBITDA.

F.5

Contingent liabilities and guarantees

No contingent liabilities and guarantees existed during the current period and previous year.

In the matter of the legal proceedings of Nagarro Inc. ("NI"), a company of Nagarro, with one of its clients, which was explained in detail in the Annual Report for 2020 in "G.V Contingent liabilities and guarantees", there is no further development to report.

F.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: -

	Jun 30, 2021	Dec 31, 2020
	Total	Total
	kEUR	kEUR
Liabilities to banks	180,098	182,586
Lease liabilities	56,112	55,156
Cash	(101,929)	(107,742)
Net debt	**134,280**	**130,000**
Adjusted EBITDA for the first half of the year	37,519	35,692
Adjusted EBITDA for the second half of 2020	40,512	40,512
Adjusted EBITDA for last twelve months	78,031	76,204
Debt ratio (Net debt to Adjusted EBITDA	1.7	1.7
Total assets	**398,273**	**386,822**
Equity	**72,147**	**46,528**
Equity ratio (% of total assets)	18%	12%

F.7

Events after the balance sheet date

In the period between June 30, 2021 and the date when the interim condensed consolidated financial statements were authorized for issuance by the Management Board of Nagarro SE, the following events of particular importance exist.

COVID-19

India, where Nagarro has the largest count of professionals in engineering, battled a deadly "second wave" of Covid-19. The virus that appeared in the second quarter of 2021 was more contagious and lethal than the virus in the first wave, and the situation was compounded by inadequate health infrastructure. Over one thousand Nagarrians were infected, 10 young Nagarrians lost their lives, and perhaps hundreds have lost loved ones. It is an enormous tragedy.

Nagarrians around the world came together to support impacted families as best as we could. Many clients also helped. Despite this, we currently expect that the subsequent waves of the pandemic are unlikely to have a major impact on 2021 business results in light of the ongoing vaccination drives in the countries where we have significant presence.

Code on Social Security 2020

We expect further delays in the implementation of the newly updated labor codes in India. For background, please refer to Section B of the Annual Report for 2020 note "G.XIII Events after the balance sheet date – Code on Social Security 2020".

Merger of Nagarro Holding GmbH with Nagarro SE

As mentioned in note B.2. Basis of consolidation, we continue to work on the intended merger of Nagarro Holding GmbH and Nagarro SE. For more information, please refer to Section B of the Annual Report for 2020, note "G.XIII Events after the balance sheet date – Intended merger of Nagarro Holding GmbH and Nagarro SE". The reorganization, if it happens, would result in reduction of our carry-forward tax loss and dilution in the earning per shares attributable to the equity holders of Nagarro.

Consolidated Financial Statements of Nagarro SE

for the financial year 2020 in accordance with IFRS

Consolidated Statements of Financial Position

ASSETS	Note	December 31, 2020	December 31, 2019	January 1, 2019
in kEUR				
Intangible assets	C.1.	11,003	8,993	10,180
Goodwill	C.2.	95,878	102,395	97,474
Property, plant and equipment	C.3.	6,390	7,201	6,653
Right of use assets	C.4.	51,735	54,862	47,258
Non-current contract costs	C.9.	438	332	554
Other non-current financial assets	C.5.	2,999	2,702	3,404
Other non-current assets	C.6.	102	34	34
Deferred tax assets	C.7.	7,932	8,332	4,574
Non-current assets		**176,475**	**184,853**	**170,132**
Inventories	C.8.	127	9	10
Current contract costs	C.9.	252	278	301
Contract assets	C.10.	10,922	12,562	5,528
Trade receivables	C.11.	73,872	80,320	74,977
Other current financial assets	C.5.	2,502	6,047	5,190
Other current assets	C.6.	8,023	8,964	7,724
Income tax receivables		6,906	5,219	5,304
Cash	C.12.	107,742	43,758	27,947
Current assets		**210,346**	**157,158**	**126,981**
Total assets		**386,822**	**342,011**	**297,112**

Consolidated Statements of Financial Position

EQUITY AND LIABILITIES	Note	December 31, 2020	December 31, 2019	January 1, 2019
in kEUR				
Share capital	C.13.	11,383	50	50
Capital reserve	C.13.	232,410	22,415	22,415
Profit carried forward	C.13.	47,922	22,441	15,590
Net profit for the period, excluding non-controlling interests	C.13.	18,447	25,481	6,852
Changes in equity recognized directly in equity	C.13.	(260,612)	(25,522)	24,112
Other comprehensive income	C.13.	(5,750)	5,384	5,514
Equity attributable to the shareholders of Nagarro		43,800	50,249	74,533
Equity attributable to non-controlling interests	C.14.	2,728	9,693	14,377
Total Equity		**46,528**	**59,942**	**88,910**
Non-current liabilities to banks	C.15.	168,158	244	233
Non-current lease liabilities	C.4.	43,191	47,232	41,024
Long-term provisions for post-employment benefits	C.16.	5,262	3,815	2,767
Other long-term provisions	C.19.	243	236	241
Non-current contract liabilities	C.10.	125	285	237
Other non-current financial liabilities	C.18.	1,672	2,125	1,470
Non-current liabilities from acquisitions	C.17.	2,662	10,633	25,202
Deferred tax liabilities	C.7.	2,599	1,566	1,720
Non-current liabilities		**223,911**	**66,136**	**72,894**
Current liabilities to banks	C.15.	14,429	5,252	5,734
Current lease liabilities	C.4.	11,966	12,133	9,664
Short-term provisions for post-employment benefits	C.16.	728	579	404
Other short-term provisions	C.19.	14,443	9,927	8,191
Current contract liabilities	C.10.	9,396	7,249	4,431
Trade payables		22,196	16,055	17,358
Current liabilities from acquisitions	C.17.	4,291	10,988	879
Other current financial liabilities	C.18.	23,088	140,283	76,755
Other current liabilities	C.20.	3,363	2,480	2,553
Income tax liabilities		12,484	10,987	9,341
Current liabilities		**116,383**	**215,933**	**135,309**
Equity and liabilities		**386,822**	**342,011**	**297,112**

Consolidated Statements of Comprehensive Income

Profit or loss	Note	2020	2019
in kEUR			
Revenue	D.22.	430,372	402,430
Own work capitalized		323	906
Other operating income	D.23.	11,635	12,730
Cost of materials	D.24.	(49,168)	(49,072)
Staff costs	D.25.	(271,679)	(254,662)
Impairment of trade receivables and contract assets	D.21.	(2,020)	(986)
Other operating expenses	D.26.	(53,279)	(49,762)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**66,184**	**61,584**
Depreciation, amortization and impairment	D.27.	(21,641)	(19,161)
Earnings before interest and taxes (EBIT)		**44,543**	**42,422**
Finance income	D.28.	495	212
Finance costs	D.29.	(7,296)	(5,481)
Earnings before taxes (EBT)		**37,742**	**37,153**
Income taxes	D.30.	(13,386)	(6,757)
Profit for the period		**24,356**	**30,396**
Profit for the period attributable to:			
Shareholders of Nagarro		18,447	25,481
Non-controlling interests	C.14.	5,909	4,915

Other comprehensive income	Note	2020	2019
in kEUR			
Items that will not be reclassified to profit or loss			
Actuarial gains (losses)	C.16.	(505)	(485)
Tax effects		102	68
		(402)	**(417)**
Items that may be reclassified to profit or loss			
Foreign exchange differences		(12,899)	1,172
		(12,899)	**1,172**
Other comprehensive income for the period		**(13,301)**	**755**
Total comprehensive income for the period		**11,055**	**31,151**
Total comprehensive income for the period attributable:			
Shareholders of Nagarro		7,314	25,351
Non-controlling interests	C.14.	3,741	5,801

Basic earnings per share:	D.31.	
Numbers of shares(based on weighted average) [1)]	596,285	-
Numbers of shares (based on outstanding share) [1)]	11,382,513	-
Basic earnings per shares in EUR (based on weighted average)	30.94	-
Basic earnings per shares in EUR (based on outstanding share)	1.62	-

Diluted earnings per share:	D.31.	
Numbers of shares(based on weighted average) [1)]	752,968	
Numbers of shares (based on outstanding share) [1)]	11,539,196	
Diluted earnings per share in EUR (based on weighted average)	24.50	-
Diluted earnings per share in EUR (based on outstanding share)	1.60	-

Consolidated Statements of Changes in Equity

in kEUR	Share capital	Capital reserve	Profit carried forward	Net profit for the period, excluding Non-controlling interests	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**	**15,590**	**6,852**	**24,112**	**5,831**	**(316)**	**74,533**	**14,377**	**88,910**
Profit for the period	-	-	-	25,481	-	-	-	25,481	4,915	30,396
Other comprehensive income for the period	-	-	-	-	-	242	(373)	(130)	886	755
Total comprehensive income for the period	-	-	-	25,481	-	242	(373)	25,351	5,801	31,151
Transfer of profit or loss for the previous year to profit carried forward	-	-	6,852	(6,852)	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Other transactions with shareholders	-	-	-	-	(49,635)	-	-	(49,635)	(10,485)	(60,120)
Balance at December 31, 2019	**50**	**22,415**	**22,441**	**25,481**	**(25,522)**	**6,073**	**(689)**	**50,249**	**9,693**	**59,942**
Balance at January 1, 2020	**50**	**22,415**	**22,441**	**25,481**	**(25,522)**	**6,073**	**(689)**	**50,249**	**9,693**	**59,942**
Profit for the period	-	-	-	18,447	-	-	-	18,447	5,909	24,356
Other comprehensive income for the period	-	-	-	-	-	(10,796)	(337)	(11,134)	(2,168)	(13,301)
Total comprehensive income for the period	-	-	-	18,447	-	(10,796)	(337)	7,314	3,741	11,055
Transfer of profit or loss for the previous year to profit carried forward	-	-	25,481	(25,481)	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Share capital isssued	11,383	(11,263)	-	-	-	-	-	120	-	120
Transfer of capital reserve	(50)	(22,415)	-	-	22,465	-	-	-	-	-
Other transactions with shareholders	-	243,672	-	-	(257,555)	-	-	(13,883)	(10,706)	(24,589)
Balance at December 31, 2020	**11,383**	**232,410**	**47,922**	**18,447**	**(260,612)**	**(4,723)**	**(1,026)**	**43,800**	**2,728**	**46,528**

Consolidated Statements of Cash Flows

in kEUR	Note	2020	2019
Cash flows from operating activities			
EBIT		44,543	42,422
Depreciation, amortization and impairments of non-current assets		21,641	19,161
Non-cash purchase price adjustments of liabilities from acquisitions		-	(7,144)
Change in long-term provisions		1,190	428
Other non-cash income and expenses		(418)	1,297
Income taxes paid		(13,162)	(9,046)
Cash flows from changes in net working capital		15,646	(6,250)
Net cash inflow from operating activities		**69,440**	**40,867**
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		(3,567)	(3,082)
Proceeds from sale of property, plant and equipment and intangible assets		105	430
Repayments from loans to Allgeier Group		1,156	26
Payments for loans to Allgeier Group		-	(2,524)
Acquisition of subsidiaries, net of cash acquired	F.33.	(7,814)	(2,863)
Net cash outflow from investing activities		**(10,120)**	**(8,013)**
Cash flows from financing activities			
Proceeds from shareholders of Nagarro		120	-
Proceeds from bank loans	F.34.	179,599	293
Repayment of bank loans	F.34.	(125)	(495)
Proceeds from loans from Allgeier Group	F.34.	-	5,579
Repayment of loans from Allgeier Group	F.34.	(158,530)	(8,969)
Principal elements of lease payments	F.34.	(17,636)	(14,993)
Net cash inflow from factoring		2,920	255
Interest received		401	146
Interest paid		(271)	(244)
Other transactions with Allgeier Group		-	1,283
Net cash inflow (outflow) from financing activities		**6,478**	**(17,145)**
Total cash flow		**65,798**	**15,709**
Effects of exchange rate changes on cash and cash equivalents		(1,410)	358
Total changes in cash and cash equivalents		**64,388**	**16,067**
Cash and cash equivalents at beginning of period	F.34.	38,786	22,718
Cash and cash equivalents at end of period	F.34.	103,173	38,786

Consolidated Statements of Changes in Fixed Assets

	Intangible assets kEUR	Goodwill kEUR	Property, plant and equipment kEUR	Right of use assets kEUR	Total kEUR
Gross carrying amount as at Jan 1, 2020	20,066	102,395	14,404	78,375	215,240
Acquisitions through business combinations	5,994	-	69	-	6,063
Additions	970	-	1,522	19,139	21,631
Disposals	(43)	-	(1,521)	(5,970)	(7,533)
Lease modification				(5,232)	(5,232)
Currency differences	(844)	(6,517)	(943)	(3,403)	(11,707)
Gross carrying amount as at Dec 31, 2020	26,143	95,878	13,531	82,909	218,461
Accumulated amortization and impairment as at Jan 1, 2020	(11,073)	-	(7,203)	(23,512)	(41,788)
Amortization of the year	(4,714)	-	(2,002)	(14,925)	(21,641)
Impairment	-	-	-	-	-
Disposals	39	-	1,478	5,968	7,486
Currency differences	608	-	586	1,295	2,488
Accumulated amortization and impairment as at Dec 31, 2020	(15,140)	-	(7,140)	(31,174)	(53,454)
Net carrying amount as at Dec 31, 2020	11,003	95,878	6,390	51,734	165,005

	Intangible assets kEUR	Goodwill kEUR	Property, plant and equipment kEUR	Right of use assets kEUR	Total kEUR
Gross carrying amount as at Jan 1, 2019	18,015	97,474	12,045	60,441	187,975
Acquisitions through business combinations	959	3,420	263	105	4,747
Additions	1,315	-	3,122	21,207	25,644
Disposals	(298)	-	(883)	(2,970)	(4,151)
Currency differences	76	1,501	(143)	(409)	1,025
Gross carrying amount as at Dec 31, 2019	20,066	102,395	14,404	78,375	215,240
Accumulated amortization and impairment as at Jan 1, 2019	(7,834)	-	(5,392)	(13,182)	(26,409)
Amortization of the year	(3,485)	-	(2,254)	(13,392)	(19,131)
Impairment	(30)	-	-	-	(30)
Disposals	274	-	379	2,963	3,615
Currency differences	2	-	65	99	167
Accumulated amortization and impairment as at Dec 31, 2019	(11,073)	-	(7,203)	(23,512)	(41,788)
Net carrying amount as at Dec 31, 2019	8,993	102,395	7,201	54,862	173,452

Notes to the Consolidated Financial Statements of Nagarro SE

A. General Information

I. Corporate Information

Nagarro is a corporate group offering IT services and solutions. Nagarro SE is the group's 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 commercial register sheet number HRB 254410. Nagarro delivers global digital engineering services, including digital product engineering services, digital commerce and customer experience services, managed services, and ERP consulting.

The Consolidated 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 Consolidated Financial Statements were prepared on April 28, 2021 by the Management Board of Nagarro SE and approved for publication.

II. Historical background

Nagarro was formerly part of the stock-market listed Allgeier group, comprising Allgeier SE and its subsidiaries (hereafter, the "Allgeier Group"). The Allgeier Group offers IT services, IT solutions and products, as well as personnel services. The registered office of Allgeier SE 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.
Early November 2019, with the approval of its supervisory board, management of Allgeier SE agreed on a strategic realignment of the Allgeier Group. In the context of the strategic realignment, it was intended to spin off certain businesses from Allgeier Group to a separate listed entity.

The spin-off was 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. After the demerger was entered into the commercial register of the District Court of Munich at December 15, 2020, it became effective retrospectively from 1 January 2020. The issuer of the new shares and hence the parent company of the stand-alone Nagarro is Nagarro SE. Shares of Nagarro SE were 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). The spin-off was approved by the Shareholders' Meetings of Allgeier SE on September 24, 2020.

In contemplation of the spin-off, Nagarro SE, a former shelf company founded on January 17, 2020, was acquired by Allgeier SE on February 19, 2020 and renamed to "Nagarro SE". After several legal reorganizations (described later) which were completed in mid of July 2020, Nagarro SE was finally the ultimate parent company of all the operating entities. Allgeier SE also transferred its shareholding in Nagarro Connect AG, Munich (until December 2020 known as Allgeier Connect AG) to Nagarro SE at the time of spin-off.
The spin-off became legally effective at December 15, 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 received 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, did not receive any shares. Immediately after the spin-off became effective, the Nagarro SE shares were admitted to trading on the regulated market of the Frankfurt Stock Exchange.

.The new stand-alone Nagarro group is based on 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 (together, "Nagarro Base"). Nagarro also consists of the iQuest group ("Nagarro iQuest") and Objectiva group ("Nagarro Objectiva") from Allgeier Group's "Technology" segment, the SAP services business ("Nagarro ES") from Allgeier Group's "Enterprise Services" segment, as well as of the spin-off vehicle Nagarro Connect AG (which provided Nagarro's group additional equity financing with kEUR 243,669 simultaneously with the spin-off in December 2020). Therefore, Nagarro's management prepared Consolidated Financial Statements as of and for the financial year ended December 31, 2020 (hereafter "Consolidated Financial Statements").

Nagarro employs some 8,666 professionals, of which 7,829 are professionals in engineering. 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.

Nagarro iQuest is a European technology consultancy and software provider that had been part of the Allgeier Group since 2018. Nagarro iQuest currently employs people across 4 countries, but mostly in Romania as at December 31, 2020.

Nagarro Objectiva, which had been part of the Allgeier 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. Most of its clients are located in the US, and it has development centers in Beijing and Xi'an in China.

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 has development centers in Europe, but primarily in Germany as at December 31, 2020.

Nagarro Objectiva and Nagarro iQuest joined the Allgeier Group in financial year 2018. Material assets and processes of Nagarro ES were acquired by the Allgeier Group by way of asset deals in financial year 2017.

Further information as well as disclosures in accordance with IFRS 3 are provided in sections *B.III. Principles of consolidation* and *G.I. Business Combinations.*

III. Accounting and valuation principles

The consolidated financial statements of Nagarro SE were prepared in compliance with the International Financial Reporting Standards (IFRS) as they apply in the European Union and according to the commercial law regulations pursuant to Section 315e of the German Commercial Code (HGB).

These consolidated financial statements of Nagarro SE, prepared in accordance with IFRS, qualify for the exemption of preparing consolidated financial statements in German GAAP according to Section 290 HGB. They consist of the consolidated balance sheet, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and notes. The consolidated financial statements of Nagarro SE are based on the going concern assumption.

The consolidated financial statements have been prepared on a historical cost basis (amortized cost), except for derivatives, factoring receivables and liabilities, and variable purchase price liabilities from business combinations (contingent consideration) recognized in financial assets and liabilities, that have been measured at fair value.

Unless otherwise stated, all figures in the consolidated financial statements are in EUR thousand. Rounding differences may arise when individual amounts or percentages are added together. The figures reported in the consolidated financial statements for the financial year are presented with comparative figures from the previous year.

B. General Accounting Principles

I. First time adoption of IFRS

With the spin-off and the stock market listing in December 2020, all the net assets of Nagarro Group business have been controlled by Nagarro SE within the meaning of IFRS 10, Consolidated Financial Statements and thus Nagarro SE is legally obliged to prepare the first annual group financial statements for the year ended December 31, 2020. The first-time consolidated financial statements of Nagarro SE has been prepared in accordance with IFRS 1, First time Adoption of International Financial Reporting Standards, for the reporting period ended December 31, 2020, including an additional opening balance sheet as of January 1, 2019, although Nagarro SE was founded in 2020. As Consolidated Financial Statements previously were not prepared for the combined Nagarro Group business, no reconciliation for consolidated equity and for comprehensive income is required pursuant to IFRS 1.

In accordance with IFRS 1.18 in conjunction with IFRS 1.D16(a), Nagarro SE applied the predecessor accounting approach by using the carrying amounts (including goodwill) recognised in the IFRS Consolidated Financial Statements of Allgeier SE. No other exemption permitted under IFRS 1 were used in the Consolidated Financial Statements presented here. The scope of consolidation of the group entities for the consolidated financial statements of Nagarro was determined based on the legal reorganization concept. That is, the 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.

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.

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. In addition, prior year comparative information required by IFRS was presented as if the legal structure of Nagarro Group after taking into account the legal transfers of the business activities, had already existed in the past. Accordingly, disclosures in the published Combined Financial Statements can be referred for comparative information as of January 1, 2019. Further, as the IFRS book values of the respective companies have been already recorded in the 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, in July 2020 totaling to kEUR 339,051, resulting in a corresponding decrease in equity, which is reported in "Changes in equity recognized directly in equity" under "Other transactions with shareholders" and "Equity attributable to Non-controlling interests" and "Change in shares of non-controlling interests" in the Consolidated Statements of Changes in Equity in financial years 2019 and 2020. Further, for the purchase price liabilities totaling kEUR 339,051, Nagarro agreed for deferred payment with a fixed interest rate of 3.0% with Allgeier SE. These purchase price liabilities, after setting off the receivables of kEUR 243,669 towards the capital contribution of the equity shareholders of Allgeier SE in Nagarro SE, have been paid in December 2020.

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
IFRS Framework	Changes in References to the Conceptual Framework in IFRS Standards
Amendments to IAS 1 and IAS 8	Amended by definition of "material"
Amendments to IFRS 3	Amended by definition of a business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform - Phase 1

Insofar as the first-time adoption of the standards or interpretations were relevant for Nagarro, they are explained below:

Amendments to IAS 1 and IAS 8 Definition of “material”

The amendments make the definition of “material” in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of “obscuring” material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from “could influence” to “could reasonably be expected to influence”. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of “material” or refer to the term “material” to ensure consistency.

Amendments to References to the Conceptual Framework in IFRS Standards

The amendments include consequential amendments to affected standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020.

Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments to IFRS 9, IAS 39 and IFRS 7 are intended to mitigate the effects of the reform of reference interest rates (so-called IBOR reform) on financial reporting. The aim of the amendments is to ensure that hedge accounting continues to exist or can still be designated despite the uncertainties associated with the expected replacement of various reference interest rates. The amendment has no impact on the current year consolidated financial statements.

As first-time adopter, Nagarro has applied these new standards and interpretations according to IFRS 1. This adoption had no impact on the amounts reported in these consolidated financial statements and on the disclosures for the previous year’s figures extracted from Allgeier group financial statements (predecessor accounting approach).

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 Consolidated Financial Statements according to EU regulations:

Standard/Interpretation	Title of the Standard, Interpretation or Amendment	First time applicatation
Endorsed by the EU		
Amendments to IFRS 16	Covid-19-Related Rent Concessions	June 01, 2020
Amendments to IFRS 4	Insurance Contracts - Deferral of IFRS 9	January 01, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2	January 01, 2021
Not yet endorsed by the EU		
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	January 01, 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	January 01, 2022
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use	January 01, 2022
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	January 01, 2022
IFRS 17	Insurance Contracts	January 01, 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 01, 2023
Amendments to IFRS 10 und IAS 28	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture	Indefinite

Nagarro has not applied early adoption of any of the Standard/ Interpretation that were allowed. If standards or amendments could be significant or relevant for the company in the future, they are explained below:

Amendments to IFRS 16 - Covid-19 Related Rent Concessions

The amendments to IFRS 16 in connection with COVID-19 grant lessee relief while accounting for changes to the lease contract (lease modifications) due to rental concessions as a result of the corona pandemic. As a practical workaround, a lessee may choose to suspend the assessment of whether a pandemic lease concession from a lessor constitutes an amendment to the lease. A lessee making this choice accounts for any qualified change in lease payments resulting from the rental concession in connection with the corona pandemic in the same way as it would account for the change under IFRS 16 if it were not a lease modification.

The changes apply to fiscal years beginning on or after June 01, 2020. However, early application is permitted. These changes are not expected to have any or no significant effects on the consolidated financial statements in the future.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are intended to mitigate the effects on financial reporting when an existing reference interest rate is replaced by an alternative interest rate. In particular, the amendment provides practical relief with regard to modifications that are required by the IBOR reform. In addition, hedging relationships on the balance sheet should be able to continue in spite of the replacement of the reference interest rate under adapted documentation.

The changes are mandatory for fiscal years beginning on or after January 01, 2021. Nagarro does not expect any or insignificant effects on the consolidated financial statements.

Annual Improvements to IFRS Standards 2018–2019 Cycle

The Annual Improvements include amendments to four Standards.

a) IFRS 1 First-time Adoption of International Financial Reporting Standards: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1.D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1. D16(a). The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

b) IFRS 9 Financial Instruments: The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted.

c) IFRS 16 Leases: The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

d) IAS 41 Agriculture: not relevant for Nagarro

Amendments to IFRS 3

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

<u>Amendments to IFRS 10 and IAS 28</u>
The amendments address a conflict between IAS 28 "Investments in Associates and Joint Ventures" and IFRS 10 "Consolidated Financial Statements". It is clarified that in transactions with an associated company or joint venture, the extent to which income is recognized depends on whether the assets sold or contributed represent a business operation in accordance with IFRS 3. The date of first-time application was postponed indefinitely by the IASB.

The management does not expect that the adoption of all the Standards listed above will have a material impact on the financial statements of the group in future periods.

III. Principles of consolidation

In financial year 2020, in preparation of the spin-off, 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.

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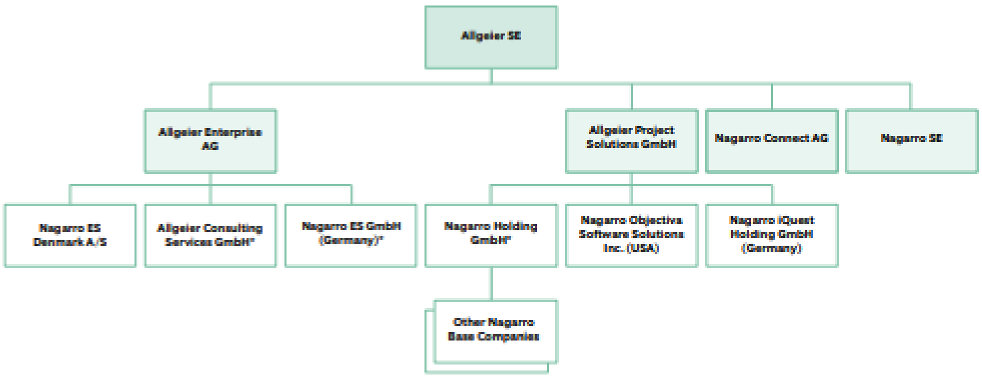
The following simplified presentation illustrates the shareholding relationships prior to the implementation of the reorganization:



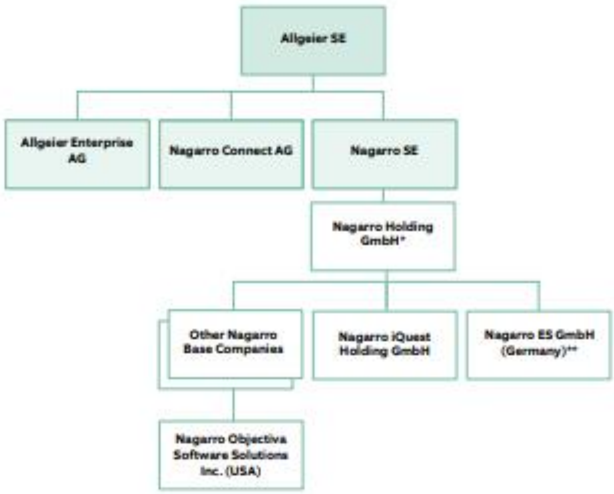
*In parts held by a Share Participation Program (SPP)

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 ES GmbH, the latter along with its shares in Nagarro ES Denmark A/S and Nagarro ES France SAS, were sold to Nagarro Holding GmbH in December 2019. Previously, the shares in Nagarro ES Denmark A/S (100.00%) had been sold by Allgeier Enterprise Services AG to Nagarro ES GmbH (until January 2020 known as Allgeier Midmarket Services GmbH). In the second quarter of 2020 Allgeier Consulting Services GmbH has been merged into Nagarro ES GmbH.
- 10% of the shares of Nagarro 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

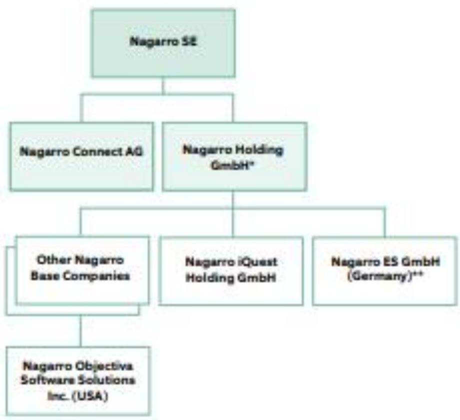
- 100% of the shares in Allgeier Nagarro Holding GmbH were sold to Nagarro SE in July 2020
- Subsequent to the above transfers all shares directly or indirectly held by Allgeier Project Solutions GmbH in SPP Co-Investor Verwaltungs GmbH, SPP Co-Investor GmbH & Co. KG, Nagarro SPP GmbH, Nagarro Beteiligungs GmbH and Nagarro Holding GmbH have been sold and transferred to Nagarro SE, including the related SPP.

The following simplified presentation illustrates the shareholding relationships after the reorganization was implemented and before the spin-off took effect:



*In parts held by a Share Participation Program (SPP)
** Allgeier Consulting Services GmbH was merged with Nagarro ES GmbH. Further, Nagarro ES GmbH (Germany) holds the entire stake in Nagarro ES Denmark A/S

With the spin-off taking effect, Nagarro SE acquired its stake in Nagarro Connect AG, and the group structure that resulted remains unchanged as follows:



*In parts held by a Share Participation Program (SPP)
** Allgeier Consulting Services GmbH was merged with Nagarro ES GmbH. Further, Nagarro ES GmbH (Germany) holds the entire stake in Nagarro ES Denmark A/S

For the preparation of these consolidated financial statements, the predecessor accounting approach has been applied, i.e., the Nagarro subgroup 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 had 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 generally recognized for the preparation of 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 Consolidated 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 Consolidated Financial Statements by the Allgeier Group.

Also, for all mergers within Nagarro during the reporting periods under consideration the predecessor value approach was applied.

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 *G.II. Related party transactions*.

Other consolidation principles

Nagarro 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 Nagarro 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 Consolidated 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. Basis of consolidation

The scope of consolidation for the Consolidated Financial Statements of Nagarro SE was determined based – before the final structure was completed with entry of the spin-off in commercial register - on the legal reorganization concept. That is, the 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. Further, as per the spin-off and takeover agreement between Allgeier SE and Nagarro SE dated August 14, 2020, which was ratified by the respective shareholders' meetings of the two companies on September 24, 2020, and on October 30, 2020, with the effect of the spin-off by the entry of the spin-off in the commercial register of Allgeier SE, the shares of Nagarro Connect AG were also passed to Nagarro SE as a whole. .

The following table represents an overview of the legal entities that are in scope of consolidation / combination for the reporting periods presented in the Consolidated Financial Statement. Businesses that were acquired from a third party during the reporting periods were included from the date at which Nagarro SE or Allgeier SE obtained external control.

	December 31, 2020	December 31, 2019	January 1, 2019
Nagarro SE, Munich, Germany[1)]	100.00%	-	-
Nagarro Connect AG, Munich, Germany[2) & 3)]	100.00%	-	-
SPP Co-Investor Verwaltungs GmbH, Munich, Germany[2)]	100.00%	100.00%	100.00%
SPP Co-Investor GmbH & Co. KG, Munich, Germany[2)]	16.41%	16.41%	24.57%
Nagarro SPP GmbH, Munich, Germany	59.04%	59.04%	63.04%
Nagarro Beteiligungs GmbH, Munich, Germany [2) & 4)]	50.01%	50.01%	50.01%
Nagarro Base			
Nagarro Holding GmbH, Munich, Germany [2) & 5)]	83.83%	83.83%	84.43%
Nagarro Inc., San Jose, USA	83.83%	83.83%	84.43%
Nagarro Software Pvt. Ltd., Gurgaon, India	83.83%	83.83%	84.43%
Nagarro Software GmbH, Frankfurt, Germany	83.83%	83.83%	84.43%
Nagarro Software S.A., Monterrey, Mexico	83.83%	83.83%	84.43%
Mokriya Inc., Cupertino, USA	83.83%	83.83%	84.43%
Nagarro Objectiva Inc., Fishers, 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%	84.43%
Nagarro Enterprise Services Pvt. Ltd., Jaipur, India	83.83%	83.83%	84.43%
Nagarro SDN. BHD., Kuala Lumpur, Malaysia	83.83%	83.83%	84.43%
Nagarro K.K., Tokyo, Japan	83.83%	83.83%	84.43%
Nagarro Software AB, Stockholm, Sweden	83.83%	83.83%	84.43%
Nagarro GmbH, Vienna, Austria	83.83%	83.83%	84.43%
Nagarro GmbH, Munich, Germany	83.83%	83.83%	84.43%
Nagarro Software SRL, Timisoara, Romania	83.83%	83.83%	84.43%
Nagarro Software A/S, Copenhagen, Denmark	83.83%	83.83%	84.43%
Nagarro Software Ltd., London, United Kingdom	83.83%	83.83%	84.43%
Nagarro Software SAS, Paris, France [7)]	-	83.83%	84.43%
Nagarro AS, Oslo, Norway	83.83%	83.83%	84.43%
Nagarro Pty. Ltd., Sydney, Australia	83.83%	83.83%	84.43%
Nagarro Oy, Espoo, Finland	83.83%	83.83%	84.43%
Nagarro Ltd., Valetta, Malta	83.83%	83.83%	84.43%
Nagarro Pty. Ltd., Pretoria, South Africa	83.83%	83.83%	84.43%
Nagarro Inc., Toronto, Canada	83.83%	83.83%	84.43%
Nagarro Company Ltd., Bangkok, Thailand	83.83%	83.83%	84.43%
Nagarro Ltd., Port Luis, Mauritius	83.83%	83.83%	84.43%
Nagarro Software LLC, Abu Dhabi, UAE [20)]	-	-	84.43%
Nagarro MENA LLC, Dubai, UAE [8)]	83.83%	83.83%	84.43%
Solutions4Mobility LLC, Dubai, UAE	83.83%	83.83%	84.43%
Nagarro ES GmbH, Kronberg im Taunus, Germany [9) & 10)]	83.83%	-	-
Nagarro ES France SAS, Entzheim, France [11)]	83.83%	-	-
Nagarro ES Denmark A/S, Herlev, Denmark [12)]	83.83%	-	-
Nagarro iQuest Holding GmbH, Bad Homburg, Germany [9) & 13)]	83.83%	-	-
Nagarro iQuest GmbH & Co. KG, Bad Homburg, Germany [14)]	83.83%	-	-
Nagarro iQuest Verwaltungs GmbH, Bad Homburg, Germany [15)]	83.83%	-	-
Nagarro iQuest Technologies SRL, Cluj-Napoca, Romania [16)]	83.83%	-	-
Nagarro iQuest Schweiz AG, Zurich, Switzerland [17)]	83.83%	-	-
iQuest SPZOO, Warsaw, Poland	83.83%	-	-

Nagarro ES			
Nagarro ES GmbH, Kronberg im Taunus, Germany [9) & 10)]	-	95.00%	95.00%
Allgeier Consulting Services GmbH, Munich, Germany [18)]	-	95.00%	95.00%
Nagarro Allgeier ES France SAS, Entzheim, France [11)]	-	95.00%	95.00%
Nagarro ES Denmark A/S, Herlev, Denmark [12)]	-	95.00%	95.00%
Nagarro Objectiva			
Nagarro Objectiva Inc, Fishers, USA[6)]	-	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			
Nagarro iQuest Holding GmbH, Bad Homburg, Germany [9) & 13)]	-	68.72%	60.82%
Nagarro iQuest GmbH & Co. KG, Bad Homburg, Germany [14)]	-	68.72%	60.82%
Nagarro iQuest Verwaltungs GmbH, Bad Homburg, Germany [15)]	-	68.72%	60.82%
Nagarro iQuest Technologies SRL, Cluj-Napoca, Romania [16)]	-	68.72%	60.82%
Nagarro iQuest Schweiz AG, Zurich, Switzerland [17)]	-	68.72%	60.82%
iQuest SPZOO, Warsaw, Poland	-	68.72%	60.82%
iQuest Solutions SRL, Sibiu, Romania [19)]	-	-	60.82%
iQuest Tech Labs SRL, Cluj-Napoca, Romania [20)]	-	-	60.82%
iQuest Technologies SRL, Brasov, Romania [19)]	-	-	60.82%

[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 Connect AG, Munich, Germany, in 2020.

[4)] The company name was changed from Allgeier Nagarro Beteiligungs GmbH, Munich, Germany, in 2020.

[5)] The company name was changed from Allgeier Nagarro Holding GmbH, Germany in 2020

[6)] The company along with its subsidiaries were acquired by Nagarro Inc., USA in 2020 and the name of the company was changed from Objectiva Software Solutions Inc. in 2020.

[7)] The company was merged with Nagarro ES France SAS, France in 2020.

[8)] The company name was changed from Farabi Technology Middle East LLC, UAE in 2020.

[9)] These companies along with its subsidiaries were acquired by Nagarro Holding GmbH in 2020.

[10)] The company name was changed from Allgeier Midmarket Services GmbH, Germany to Nagarro Allgeier ES GmbH in 2020 and Nagarro ES GmbH in early 2021.

[11)] The company name was changed from Allgeier ES France SAS to Nagarro Allgeier ES France SAS and then to Nagarro ES France SAS in 2020

[12)] The company name was changed from Allgeier Enterprise Services Denmark A/S to Nagarro Allgeier Enterprise Services Denmark A/S and then to Nagarro ES Denmark A/S in 2020

[13)] The company name was changed from iQuest Holding GmbH, Karlsruhe, Germany, in 2020

[14)] The company name was changed from iQuest Technologies GmbH & Co. KG, Germany, in 2020

[15)] The company name was changed from iQuest Verwaltungs GmbH, Germany, in 2020

[16)] The company name was changed from iQuest Technologies SRL, Romania, in 2020

[17)] The company name was changed from iQuest Schweiz AG, Switzerland, in 2020

[18)] The company was merged with Nagarro ES GmbH in 2020.

[19)] The company was merged into Nagarro iQuest Technologies SRL, Cluj-Napoca, Romania in 2019

[20)] The company was liquidated in 2019.

The below table presents the direct and indirect shareholdings in Nagarro Holding GmbH and 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.

	December 31, 2020	December 31, 2019	January 1, 2019
Shareholders of Nagarro Holding GmbH, Munich, Germany			
Nagarro SE, Munich, Germany[1)]	64.93%	-	-
Allgeier Project Solutions GmbH, Munich, Germany [1) & 2)]	-	64.93%	64.93%
Nagarro Beteiligungs GmbH, Munich, Germany	20.00%	20.00%	20.00%
Nagarro SPP GmbH, Munich, Germany	15.07%	15.07%	15.07%
Shareholders of Nagarro SPP GmbH, Munich, Germany			
Nagarro SE, Munich, Germany[1)]	51.00%	-	-
Allgeier Project Solutions GmbH, Munich, Germany [1) & 2)]	-	51.00%	51.00%
SPP Co-Investor GmbH & Co. KG, Munich, Germany	49.00%	49.00%	49.00%
Shareholders of Nagarro Beteiligungs GmbH, Munich, Germany			
Nagarro SE, Munich, Germany[1)]	50.01%	-	-
Allgeier Project Solutions GmbH, Munich, Germany [1) & 2)]	-	50.01%	50.01%
Co-founders of Nagarro Inc	49.99%	49.99%	49.99%
Shareholders of SPP Co-Investor GmbH & Co. KG, Munich, Germany			
Nagarro SE, Munich, Germany[1)]	16.41%	-	-
Allgeier Project Solutions GmbH, Munich, Germany [1) & 2)]	-	16.41%	24.57%
Members of management of Nagarro Base	83.59%	83.59%	75.43%
Summarised Shareholders of Nagarro Holding GmbH, Munich, Germany			
Controlling Interest (directly and indirectly)			
Nagarro SE, Munich, Germany[1)]	83.83%	-	-
Allgeier Project Solutions GmbH, Munich, Germany [1) & 2)]	-	83.83%	84.43%
Non-Controlling Interest			
Co-founders of Nagarro Inc	10.00%	10.00%	10.00%
Members of management of Nagarro Base	6.17%	6.17%	5.57%
Total Non-Controlling Interest (indirectly)	16.17%	16.17%	15.57%

[1)] As part of legal reorganisation, the shares held by Allgeier Project Solutions GmbH were transaferred to Nagarro SE in 2020.
[2)] The company was merged with Allgeier SE in 2020.

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. At December 31, 2019 of the shares in Nagarro iQuest Holding GmbH 4.87% (January 1, 2019: 5.84%) were directly held by members of management of the Nagarro iQuest Holding GmbH and 21.53% (January 1, 2019: 27.49%) were directly held by former owners. Additionally, at December 31, 2019 a percentage of 4.87% (January 1, 2019: 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 Allgeier Consulting Services GmbH as well as in Nagarro 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 ES GmbH to Nagarro Holding GmbH in July 2020, so that 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 ES GmbH with effect from January 1, 2020.

At December 31, 2019 of the shares in Allgeier Consulting Services GmbH as well as in Nagarro ES GmbH 5.00% each (January 1, 2019: 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.

Material changes in the scope of consolidation in financial year 2019 result from the acquisition of Nagarro UAE LLC (until September 2020 known as Farabi Technology Middle East LLC) ((hereafter "Nagarro MENA") and Solutions 4 Mobility LLC (hereafter "Nagarro S4M") by Nagarro Holding GmbH in April 2019 (together also referred to as "Nagarro UAE"), which affected the scope of combination.

In Nagarro MENA, 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 Nagarro's IFRS consolidated financial statements.

The aforementioned acquisitions have been accounted for in the Consolidated 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 Consolidated 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. Respective disclosures are provided in section G.I. Business combinations.

V. Carve-out specific accounting principles

The businesses transferred to Nagarro SE historically have been conducted already within entire legal entities. Accordingly, besides what has been discussed n the following section, no further assets, liabilities or income and expenses were attributed or allocated to the Consolidated 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 financial year 2011 as well as Nagarro ES in financial year 2017, Nagarro iQuest and Nagarro Objectiva in financial year 2018 by the Allgeier Group. Nagarro Anecon as well as Nagarro UAE have been acquired by Nagarro, hence acquired intangible assets, fair value step ups and goodwill are also reflected in the Consolidated Financial Statements as they are included in the IFRS consolidated financial statements of Allgeier SE.

Goodwill historically was allocated based on Nagarro'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 Consolidated 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 CGUs. However, for the purpose of the Consolidated 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, CGUs and level on which goodwill is tested based on new management reporting. As a result, no additional impairment is required for the Consolidated Financial Statements.

Changes in goodwill through the reporting periods along with the assumptions and estimates made for the impairment test are presented in section C.2. Goodwill.

The acquisition of Nagarro ES in financial 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 is included in the opening balance retained earnings of the Consolidated Financial Statements accordingly.

The purchase price for the acquisition of Nagarro Objectiva in financial year 2018 included a contingent consideration, which is also reflected in the Consolidated Financial Statements. More information is provided in sections *C.21. Financial Instruments*.

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, which have been fully repaid in December 2020, are disclosed in section *G.II. Related party transactions*.

In the Consolidated Statements of Cash Flows, changes in financial liabilities to the 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 the remaining Allgeier Group are accounted for in accordance with IFRS 16 for all periods under consideration in the Consolidated Financial Statements. Explanation and disclosure on transactions with the remaining Allgeier Group are provided in Section *G.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 had been 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 Consolidated 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 Nil (2019: kEUR 544) within “Other operating expenses” in the Consolidated Statements of Comprehensive Income, in "Profit for the period" in the Consolidated Statement of Changes in Equity, and in “Cashflows from operating activities” in the Consolidated Statements of Cashflows.

Taxes

As all of the entities included in the scope of the Consolidated Financial Statements historically have filed separate tax returns and combined tax returns (for the entities covered as part of profit and loss transfer agreement in Germany and United States of America), no stand-alone adjustments for current and deferred taxes with respect to these entities are necessary, i.e., income tax receivables and payables, expenses and income as well as deferred tax assets and liabilities on temporary differences and tax loss carryforwards are included in the Consolidated 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 Consolidated 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.

VI. 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 Consolidated 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, 2020 and 2019, 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 are applied for the translation of annual financial statements prepared in foreign currencies:

		Average rate per 1 EUR		Period-end rate per 1 EUR		
		2020	2019	Dec 31, 2020	Dec 31, 2019	Jan 1, 2019
Australian dollar	AUD	1.655	1.607	1.591	1.601	1.625
Chinese yuan renminbi	CNY	7.903	7.714	8.012	7.823	7.865
Danish krone	DKK	7.452	7.465	7.441	7.469	7.466
Indian rupee	INR	84.651	78.605	89.559	79.823	79.471
Japanese yen	JPY	121.717	122.081	126.535	122.160	126.180
Canadian dollar	CAD	1.537	1.480	1.563	1.463	1.559
Mauritian rupee	MUR	44.063	38.560	48.569	39.499	-
Mexican peso	MXN	24.717	21.545	24.393	21.115	22.470
Malaysian ringgit	MYR	4.814	4.627	4.942	4.600	4.748
Norwegian krone	NOK	10.792	9.843	10.485	9.858	9.946
Polish zloty	PLN	4.468	4.301	4.571	4.258	4.295
Romanian leu	RON	4.837	4.749	4.868	4.781	4.652
Singapore dollar	SGD	1.578	1.524	1.621	1.511	1.562
Swedish krona	SEK	10.471	10.585	10.056	10.445	10.250
Swiss franc	CHF	1.070	1.111	1.082	1.087	1.125
South African rand	ZAR	18.881	16.104	17.981	15.733	16.485
Thai baht	THB	35.857	34.528	36.752	33.574	-
United Kingdom pound	GBP	0.890	0.876	0.899	0.854	0.901
US dollar	USD	1.146	1.118	1.226	1.120	1.144
UAE dirham	AED	4.211	4.105	4.505	4.113	4.200

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 of the respective Nagarro company. At the consolidation level, the income statement items are translated at the yearly average rate from the respective functional currency of the subsidiaries to Euro.

VII. Notes to the consolidated statements of financial position

The 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.

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 Nagarro 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:

	2020	2019
Germany	31.0%	31.0%
Austria	25.0%	25.0%
USA	27.0%	27.0%
India *	25.2%	25.2%
Romania	16.0%	16.0%
Sweden	21.4%	21.4%
Denmark	22.0%	22.0%
Norway	22.0%	-
Australia	30.0%	30.0%
Thailand	20.0%	-
Malaysia	24.0%	24.0%

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.

The UAE companies have obligations for future end of service benefits payments to employees (end of service benefits obligations) who have worked with the company and are paid lumpsum amount for first 5 years at 21 days' salary for each completed year or part thereof and after first 5 years at 30 days' salary for each completed year or part thereof with maximum end of service benefit payable being equal to 24 months' salary. This amount is payable when an employee departs the company.

These end of service benefits /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 UAE and the following general assumptions:

Indian Companies

	Dec 31, 2020	Dec 31, 2019	Jan 1, 2019
Calculated interest rate	5.37%	6.45%	7.30%
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	31	30	30

UAE companies

	Dec 31, 2020	Dec 31, 2019	Jan 1, 2019
Calculated interest rate	2.4%	-	-
Salary increase p.a.	3.5%	-	-
Rate of staff turnover p.a.	5.0%	-	-
Remaining term of service to retirement in years	33	-	-

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. 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".

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.

VIII. Notes to the consolidated statements of comprehensive income

The Consolidated Statements of Comprehensive Income were prepared applying the cost by nature method.

Revenue

Nagarro 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.

Staff costs

Staff costs are recognized when incurred. 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.

IX. Estimates and assumptions

When preparing the Consolidated 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 based on our best understanding of the situation, 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 financial year.

C. Notes to the Consolidated 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	Total kEUR
Gross carrying amount as at Jan 1, 2020	913	11,972	1,077	3,710	2,394	20,066
Acquisitions through business combinations	-	921	5,073	-	-	5,994
Additions	-	11	68	569	323	970
Disposals	-	-	-	(43)	-	(43)
Currency differences	-	(449)	(50)	(349)	3	(844)
Gross carrying amount as at Dec 31, 2020	913	12,455	6,167	3,888	2,720	26,143
Accumulated amortization and impairment as at Jan 1, 2020	(913)	(6,092)	(500)	(2,727)	(841)	(11,073)
Amortization of the year	-	(2,498)	(998)	(813)	(405)	(4,714)
Impairment	-	-	-	-	-	-
Disposals	-	-	-	39	-	39
Currency differences	-	290	28	290	(1)	608
Accumulated amortization and impairment as at Dec 31, 2020	(913)	(8,300)	(1,470)	(3,210)	(1,247)	(15,140)
Net carrying amount as at Dec 31, 2020	0	4,155	4,698	678	1,473	11,003

	Orders on hand kEUR	Customer lists kEUR	Products kEUR	Software, licences, rights kEUR	Inhouse develop-ments kEUR	Total kEUR
Gross carrying amount as at Jan 1, 2019	822	10,989	1,034	3,659	1,511	18,015
Acquisitions through business combinations	97	862	0	0	0	959
Additions	-	33	30	376	875	1,315
Disposals	(6)	-	-	(291)	-	(298)
Currency differences	0	88	12	(33)	8	76
Gross carrying amount as at Dec 31, 2019	913	11,972	1,077	3,710	2,394	20,066
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	8,993

The intangible assets include software, licenses and rights required for business operations, order backlog, customer lists, products and websites identified for companies acquired.

With the exception of inhouse developments, all intangible assets were acquired.

In the 2020 financial year, orders on hand of kEUR Nil (previous year: kEUR 97) were acquired as part of business combinations. The orders on hand were measured at its expected net amount determined as the order value for the orders less full costs. Orders on hand are derecognized when the order backlog is realized and invoiced.

In the 2020 financial year, customer lists of kEUR 921 (previous year: kEUR 862) were acquired as part of business combinations. 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. Customer lists were recognized at the amount of expected revenues less full costs, risk discounts due to aging and technical obsolescence, and amounts already recognized as orders on hand and are subject to straight-line amortization over a useful life of five years.

In the 2020 financial year, products of kEUR 5,073 (previous year: kEUR Nil) were acquired as part of business combinations.

Products are subject to straight-line amortization over four years.

2. Goodwill

Goodwill developed as follows:

	Goodwill kEUR
Gross carrying amount as at Jan 1, 2020	102,395
Acquisitions through business combinations	-
Additions	-
Disposals	-
Currency differences	(6,517)
Gross carrying amount as at Dec 31, 2020	95,878
Accumulated amortization and impairment as at Jan 1, 2020	-
Impairment	-
Currency differences	-
Accumulated amortization and impairment as at Dec 31, 2020	-
Net carrying amount as at Dec 31, 2020	95,878

	Goodwill kEUR
Gross carrying amount as at Jan 1, 2019	97,474
Acquisitions through business combinations	3,420
Currency differences	1,501
Gross carrying amount as at Dec 31, 2019	102,395
Accumulated amortization and impairment as at Jan 1, 2019	-
Impairment	-
Currency differences	-
Accumulated amortization and impairment as at Dec 31, 2019	-
Net carrying amount as at Dec 31, 2019	102,395

Goodwill results from the difference between the purchase costs of interests in business combinations and the fair value of the assets, liabilities and contingent liabilities of shares in the acquired companies on the acquisition date. With the acquisition of Nagarro MENA and S4M in 2019, goodwill of kEUR 3,420 was recognised. The translation of companies not acquired in euros reduced the goodwill by kEUR 6,517 (previous year: increase of kEUR 1,501). The currency differences were recognized in the consolidated statement of comprehensive income under other comprehensive income.

Goodwill is subject to regular annual impairment tests or more frequently if events or changes in circumstances indicate that it might be impaired. Nagarro 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 weighted average cost of capital (WACC) which are disclosed in below table. 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 group.

The following parameters were incorporated in calculating the WACC rate:

	Dec 31, 2020				Dec 31, 2019
	North America	Central Europe	Rest of Europe	Rest of World	Nagarro Group
Risk free rate	1.56%	0.82%	0.94%	5.53%	-
interest rate for 10-year bonds	-	-	-	-	0.30%
Equity ratio peer group comparison	62.07%	62.07%	62.07%	62.07%	83.00%
Debt ratio peer group comparison	37.93%	37.93%	37.93%	37.93%	17.00%
Beta (unlevered)	0.7252	0.7252	0.7252	0.7252	-
5-year beta factor	-	-	-	-	0.7955
Tax rate	27.00%	28.86%	22.07%	29.66%	30.00%
Interest rate on debt	3.00%	3.35%	3.35%	4.26%	1.70%
Risk premium for equity	5.22%	5.31%	5.49%	6.96%	7.50%
WACC pre-tax	5.50%	5.31%	5.79%	10.67%	5.49%
WACC after tax	**5.20%**	**4.92%**	**5.47%**	**10.06%**	**5.41%**

In the previous year, Nagarro Group level WACC was used as the same was derived from the consolidated financial statements of Allgeier SE and was not based on the segment adopted by the management in 2020. In the current year, segment wise WACC has been used and thus risk-free rate instead of interest rate for 10-year bonds and Beta (unlevered) instead of 5-year beta factor has been used.

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 2020						
Average annual revenue growth in %	18.8	-	16.4	-	16.8	19.7
Average annual growth of underlying cash flow in %	13.1	-	12.4	-	12.6	13.6
Growth rates 2019						
Average annual revenue growth in %	17.9	20.4	17.9	8.0	17.9	17.9
Average annual growth of underlying cash flow in %	9.0	15.2	9.0	9.9	9.0	9.0

During the year 2020, Nagarro Objectiva and Nagarro iQuest are being presented as one under Nagarro.

The details of value in use is as below:

	North America	Central Europe	Rest of Europe	Rest of World
	kEUR	kEUR	kEUR	kEUR
Dec 31, 2020				
Book value	65,079	27,300	371	3,129
Value in use	411,579	235,289	106,464	67,230
Dec 31, 2019				
Book value	71,273	27,300	395	3,427
Jan 1, 2019				
Book value	69,783	27,300	392	-

In the previous year, value in use was not disclosed as the same was calculated on Nagarro Group level and was derived from the consolidated financial statements of Allgeier SE and was not based on the segment adopted by the management in 2020. Further, there were no impairment in the previous year. In the current year, the value in use has been calculated at segment level.

All goodwill was considered recoverable. Goodwill changed as follows:

	Dec 31, 2020	Impairment	Currency differences	Additions	Jan 1, 2020
	kEUR	kEUR	kEUR	kEUR	kEUR
North America	65,079	-	(6,195)	-	71,274
Central Europe	27,300	-	-	-	27,300
Rest of Europe	371	-	(24)	-	395
Rest of World	3,129	-	(298)	-	3,427
	95,878	-	(6,517)	-	102,395

	Dec 31, 2019 kEUR	Impairment kEUR	Currency differences kEUR	Additions kEUR	Jan 1, 2019 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	-
	102,395	-	1,501	3,420	97,475

GES division for SAP public sector consulting and development services (GES), acquired from GES Systemhaus GmbH Co. KG, Wiesbaden, and Maihiro Products acquired from insolvency, in the 2020 financial year, were allocated in the “Central Europe” cash generating unit.

Nagarro UAE companies acquired in the 2019 financial year, were allocated in the “Rest of World” cash generating unit.

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, 2020	3,103	11,301	14,404
Acquisitions through business combinations	-	69	69
Additions	3	1,518	1,522
Disposals	(42)	(1,479)	(1,521)
Currency differences	(334)	(609)	(943)
Gross carrying amount as at Dec 31, 2020	2,731	10,800	13,531
Accumulated depreciation and impairment as at Jan 1, 2020	(775)	(6,427)	(7,203)
Depreciation of the year	(84)	(1,918)	(2,002)
Impairment	-	-	-
Disposals	31	1,447	1,478
Currency differences	87	499	586
Accumulated depreciation and impairment as at Dec 31, 2020	(742)	(6,399)	(7,140)
Net carrying amount as at Dec 31, 2020	1,989	4,401	6,390

	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. Right-of-use assets and lease liabilities

According to 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, 2020	55,222	23,153	78,375
Acquisitions through business combinations	-	-	-
Additions	8,173	10,966	19,139
Disposals	(2,545)	(3,425)	(5,970)
Lease modification	(4,224)	(1,008)	(5,232)
Currency differences	(2,621)	(781)	(3,403)
Gross carrying amount as at Dec 31, 2020	54,005	28,904	82,909
Accumulated depreciation and impairment as at Jan 1, 2020	(15,260)	(8,252)	(23,512)
Depreciation of the year	(8,630)	(6,296)	(14,925)
Impairment	-	-	-
Disposals	2,545	3,423	5,968
Currency differences	949	346	1,295
Accumulated depreciation and impairment as at Dec 31, 2020	(20,396)	(10,779)	(31,174)
Net carrying amount as at Dec 31, 2020	33,609	18,126	51,735

	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, 2020			Dec 31, 2019			Jan 1, 2019		
		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	36,664	28,440	8,224	43,914	36,049	7,865	39,885	33,837	6,048
Motor vehicles	2,497	1,440	1,057	1,966	811	1,155	2,294	1,075	1,219
Operating and office equipment	15,995	13,311	2,685	13,485	10,372	3,113	8,509	6,112	2,397
	55,156	43,191	11,966	59,365	47,232	12,133	50,688	41,024	9,664

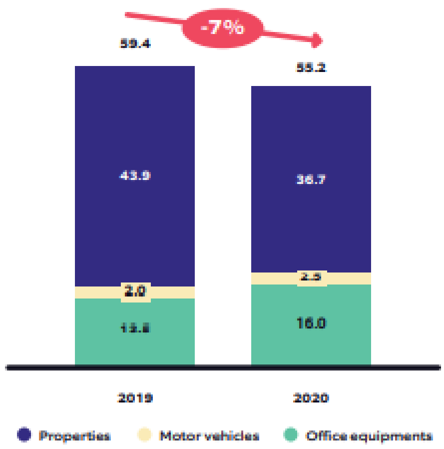
The classification of lease liabilities is as follows: -

	Dec 31, 2020			Dec 31, 2019			Jan 1, 2019		
		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
Lease liabilities (secured)	3,502	1,691	1,811	3,887	2,025	1,861	2,510	1,268	1,243
Lease liabilities (unsecured)	51,654	41,500	10,155	55,478	45,207	10,272	48,178	39,756	8,421
	55,156	43,191	11,966	59,365	47,232	12,133	50,688	41,024	9,664

Certain lease liabilities in Nagarro Software Pvt. Ltd. and Nagarro Enterprise Services Pvt. Ltd. are secured by hypothecation of assets received under the lease.

The lease liabilities were translated at the closing rate on December 31.

In the 2020 financial year, expenses relating to leases of low-value assets totaled kEUR 49 (2019: kEUR 92). For short-term leases, there were expenses of kEUR 241 in financial year 2020 (2019: kEUR 441).



5. Other financial assets

Other financial assets break down as follows:

	Dec 31, 2020			Dec 31, 2019			Jan 1, 2019		
		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
Loans to Allgeier SE	-	-	-	2,009	-	2,009	0	-	0
Loans to Allgeier Project Solutions GmbH	-	-	-	1,205	-	1,205	651	-	651
Receivable from loss transfer to Allgeier Enterprise Services AG	-	-	-	-	-	-	882	-	882
Related parties	-	-	-	3,214	-	3,214	1,533	-	1,533
Security deposits	3,428	2,880	548	2,900	2,493	408	2,660	2,283	377
Receivables from employees	169	-	169	756	-	756	874	-	874
Securities to suppliers	305	-	305	756	-	756	687	-	687
Derivative financial instruments	180	-	180	455	-	455	1,040	-	1,040
Creditors with debit balances	8	-	8	116	-	116	207	-	207
Other	1,413	119	1,294	552	210	342	1,594	1,122	472
Third parties	5,501	2,999	2,502	5,535	2,702	2,833	7,061	3,404	3,657
	5,501	2,999	2,502	8,750	2,702	6,047	8,595	3,404	5,190

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 *G.II. Related party transactions.*

6. Other assets

The other assets are composed as follows:

	Dec 31, 2020			Dec 31, 2019			Jan 1, 2019		
		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	4,912	102	4,810	4,568	34	4,534	3,900	34	3,866
VAT receivables	3,213	-	3,213	4,430	-	4,430	3,858	-	3,858
	8,124	102	8,023	8,998	34	8,964	7,758	34	7,724

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, 2020			Dec 31, 2019			Jan 1, 2019	
	Deferred tax assets kEUR	Deferred tax liabilities kEUR	Deferred tax income statement kEUR	Deferred tax assets kEUR	Deferred tax liabilities kEUR	Deferred tax income statement kEUR	Deferred tax assets kEUR	Deferred tax liabilities kEUR
Intangible assets	122	2,044	(414)	1,050	1,899	(293)	957	1,584
Property, plant and equipment	207	147	4	186	130	(144)	490	285
Contract costs	-	111	75	-	186	65	-	267
Contract assets and liabilities	252	162	144	202	256	24	73	156
Miscellaneous financial assets	401	66	132	220	17	323	183	286
Provisions for post-employment benefits	1,425	-	800	794	-	(308)	1,100	-
Other provisions	1,412	242	(339)	1,857	205	798	992	-
Liabilities to banks	-	532	(532)	-	-	-	-	-
Other financial liabilities	-	58	(116)	58	-	(210)	273	-
Other liabilities	58	16	42	-	-	-	-	-
Temporary differences	3,877	3,378	(204)	4,367	2,693	255	4,068	2,578
Loss carryforwards	4,834	-	-	5,092	-	3,787	1,364	-
Offsetting	(779)	(779)	(262)	(1,127)	(1,127)	-	(858)	(858)
	7,932	2,599	(466)	8,332	1,566	4,042	4,574	1,720

During the year, the management has reassessed the tax rate of Nagarro Group for the purpose of deferred tax and effective tax rate computation and reduced the same from 30% (erstwhile tax rate used by Allgeier Group which was based on the domestic rate of tax in the country in which the entity is domiciled) to 27% (based on weighted average tax rates of the significant tax jurisdiction of Nagarro group entities which are mainly India, Germany, US, Austria, Romania, China).

As of December 31, 2020, Nagarro had corporate income tax loss carryforwards of kEUR 30,775 (December 31, 2019: kEUR 28,647; January 1, 2019: kEUR 24,664) and trade tax loss carryforwards of kEUR 19,256 (December 31, 2019: kEUR 14,041; January 1, 2019: kEUR 12,589). Deferred tax assets on tax loss carryforwards of kEUR 4,834 (December 31, 2019: kEUR 5,092; January 1, 2019: kEUR 1,364) were recognized.

An amount of kEUR 4,056 (December 31, 2019: kEUR 2,785; January 1, 2019: kEUR 5,602) 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, 2020	Dec 31, 2019	Jan 1, 2019
	kEUR	kEUR	kEUR
Forfeiture within less than 4 years	-	50	-
Forfeiture within 4 to 7 years	38	377	300
Forfeiture within more than 7 years	100	16	102
Non-forfeitable	3,919	2,342	5,201
	4,056	2,785	5,602

Deferred tax assets exceeding deferred tax liabilities in the amount of kEUR 4,318 (December 31, 2019: kEUR 4,544; January 1, 2019: kEUR 1,276) 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 7,891 (December 31, 2019: kEUR 7,337; January 1, 2019: kEUR 3,497) are current and kEUR 41 (December 31, 2019: kEUR 995; January 1, 2019: kEUR 1,076) are non-current. Of the deferred tax liabilities, kEUR 828 (December 31, 2019: kEUR 526; January 1, 2019: kEUR 467) are current and kEUR 1,771 (December 31, 2019: kEUR 1,040; January 1, 2019: kEUR 1,253) 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, as well as merchandise, amounting to kEUR 127 (December 31, 2019: kEUR 9; January 1, 2019: kEUR 10).

No impairment losses are recognized on inventories in financial years 2020 and 2019. In financial year 2020, the cost of purchased materials for inventories amounted to kEUR 359 (2019: kEUR 301).

9. Contract costs

As of December 31, 2020, capitalized contract costs in connection with customer projects were amortized in the amount of kEUR 222 (December 31, 2019: kEUR 222; January 1, 2019: kEUR 155). 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, 2020			Dec 31, 2019			Jan 31, 2019		
		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
Customer projects measured according to the percentage-of-completion method	10,922	-	10,922	12,562	-	12,562	5,528	-	5,528
Contract assets	10,922	-	10,922	12,562	-	12,562	5,528	-	5,528
Customer projects measured according to the percentage-of-completion method	6,427	-	6,427	4,976	-	4,976	1,809	-	1,809
Accruals and deferred income	2,810	2	2,808	2,234	2	2,232	2,624	2	2,621
Other timing differences between revenue recognition and customer billing	283	122	160	324	283	41	235	235	-
Contract liabilities	9,520	125	9,396	7,534	285	7,249	4,668	237	4,431

Contract assets and liabilities developed as follows in the financial years 2019 and 2020:

	Contract assets kEUR	Contract liabilities kEUR
Balance on January 1, 2020	12,562	7,534
Revenue recognition	11,476	(7,159)
Currency effect	(1,108)	(256)
Reclassification to trade receivables	(12,008)	-
Advance payments received from customers	-	9,400
Balance on December 31, 2020	10,922	9,520

	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
Balance on December 31, 2019	12,562	7,534

Revenue recognized in financial year 2020 includes kEUR 7,249 which was reported under contract liabilities at the beginning of the financial year (2019: kEUR 4,439).

11. Trade receivables

Trade receivables are composed as follows:

	Dec 31, 2020 kEUR	Dec 31, 2019 kEUR	Jan 1, 2019 kEUR
Customer receivables	75,607	82,502	76,707
Impairment of customer receivables	(1,735)	(2,182)	(1,730)
	73,872	80,320	74,977

Till mid-September 2020, for financing customer receivables the Allgeier Group had a factoring facility of kEUR 60,000 (December 31, 2019: kEUR 60,000; January 1, 2019: kEUR 50,000), in which Nagarro also participated in the past. This factoring facility was terminated in September 30, 2020. From September 2020, Nagarro entered into a new factoring facility with a limit of kEUR 20,000 and has partially utilized it. The Nagarro Group derecognizes customer receivables after the risk associated with the sold receivables is transferred. Interest on the factored receivables is calculated at Euribor plus a margin of up to 1.88 percentage points. In December 2020, an interest rate of 1.41% p.a. was applied as a result of ongoing negative short-term interest rates (December 31, 2019: 0.94% p.a.; January 1, 2019: 0.94% p.a.).

The factor makes the payment against submitted receivables lists on two specified days in the month. At the end of the month, in cases where the amounts are received both from the factor and the customer and such amounts are still outstanding from the company to the factor, then such amounts received from customer are recognized as liability to the factor. As of December 31, 2020, kEUR 12,075 (December 31, 2019: kEUR 6,249; January 1, 2019: kEUR 6,111) of the factoring volume were used out of which kEUR 12,060 (December 31, 2019: kEUR 6,249; January 1, 2019: kEUR 6,111) related to factoring facility in Germany and kEUR 15 (December 31, 2019: kEUR Nil; January 1, 2019: kEUR Nil) is related to factoring in Norway. Out of this kEUR 4,569 (December 31, 2019: kEUR 1,663; January 1, 2019: kEUR 1,779) paid by customers was recognized under liabilities to the factor and kEUR 7,506 (December 31, 2019: kEUR 4,586; January 1, 2019: kEUR 4,332) was offset against trade receivables. The liabilities have floating interest rates. At the end of 2020 an interest rate of 1.41% p.a. was applied (2019: 0.94% p.a.; 2018: 0.94% p.a.).

12. Cash

Cash is composed as follows:

	Dec 31, 2020 kEUR	Dec 31, 2019 kEUR	Jan 1, 2019 kEUR
Bank balances	107,728	43,745	27,934
Cash on hand	14	13	13
	107,742	43,758	27,947

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.

13. Equity

Equity is composed as follows:

	Dec 31, 2020 kEUR	Dec 31, 2019 kEUR	Jan 1, 2019 kEUR
Share capital	11,383	50	50
Capital reserve	232,410	22,415	22,415
Profit carried forward	47,922	22,441	15,590
Net profit for the period, excluding non-controlling interests	18,447	25,481	6,852
Changes in equity recognized directly in equity	(260,612)	(25,522)	24,112
Other comprehensive income			
Foreign currency reserve	(4,723)	6,073	5,831
Acturial gain or loss on pension provisions	(1,026)	(689)	(316)
Total equity attributable to shareholders of Nagarro	43,800	50,249	74,533
Equity attributable to Non-controlling interests	2,728	9,693	14,377
Total Equity	46,528	59,942	88,910

Share capital

Post the spin-off share capital of Nagarro SE amounts to EUR 11,382,513.00 and is divided into 11,382,513 registered no-par value shares with a calculated share capital of EUR 1.00 per share. 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 Nagarro SE's shares are of the same class. The shares are fully paid in.

The authorized share capital of Nagarro SE was increased by 11,262,513 shares to 11,382,513 shares from a capital increase against contribution in kind resolved upon by a general shareholders' meeting on October 30, 2020.

In Xetra trading on the Frankfurt Stock Exchange, on December 30, 2020 the closing price of the Nagarro SE share was EUR 91.00.

The share capital is composed as follows:

Share capital	Dec 31, 2020 kEUR	Dec 31, 2019 kEUR	Jan 1, 2019 kEUR
Share capital of Nagarro Holding GmbH	-	50	50
Share capital of Nagarro SE	11,383	-	-
	11,383	50	50

Authorized capital

As at December 31, 2020, Nagarro SE has an authorized share capital of EUR 11,382,513.00 divided into 11,382,513 registered no-par value shares of EUR 1.00 per share The Management Board, subject to the consent of the Supervisory Board, during the period ending on September 23, 2025, may increase the Nagarro SE's registered share capital in one or more tranches by up to kEUR 5,650 in the aggregate by issuing up to 5,650,000 new no-par value registered shares against cash contribution and/or contributions in kind.

Treasury shares

No treasury shares were acquired or sold in the 2020 financial year.

Capital reserves

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. Nagarro's capital reserves changed as follows:

Capital reserve	Dec 31, 2020 kEUR	Dec 31, 2019 kEUR
Opening balance	22,415	22,415
Capital reserve of Nagarro Holding GmbH transferred	(22,415)	-
Non-cash capital infusion by the shareholders of the Allgeier SE against equity holding in Nagarro SE	232,410	-
Closing balance	232,410	22,415

Profit carried forward

The changes in profit carried forward are composed as follows:

Profit carried forward	Dec 31, 2020 kEUR	Dec 31, 2019 kEUR
Opening balance	22,441	15,590
Transfer of profit or loss for the previous year to profit carried forward	25,481	6,852
Closing balance	47,922	22,441

Net profit for the period, excluding profit attributable to Non-controlling interest

The net profit for the period, excluding profit attributable to Non-controlling interest are as:

	kEUR
2018	6,852
2019	25,481
2020	18,447

Changes in equity recognized directly in equity

The changes in equity recognized directly in equity are composed as follows:

Changes in equity recognized directly in equity	Dec 31, 2020 kEUR	Dec 31, 2019 kEUR
Opening balance	(25,522)	24,112
Share capital of Nagarro Holding GmbH transferred	50	-
Capital reserve of Nagarro Holding GmbH transferred	22,415	-
Acquisitions of companies from Allgeier Group	(264,213)	(51,319)
Objectiva earnout paid by Allgeier group	8,026	-
Other	(1,368)	1,685
Closing balance	(260,612)	(25,522)

Changes in Other comprehensive income

The changes in Other comprehensive income are composed as follows:

Other comprehensive income	Dec 31, 2020 kEUR	Dec 31, 2019 kEUR
Opening balance	5,384	5,514
Foreign currency reserve	(10,796)	242
Acturial gain or loss on pension provisions	(337)	(373)
Closing balance	(5,750)	5,384

14. Non-controlling interests

Non-controlling interests is composed as follows:

Equity attributable to Non-controlling interests	Dec 31, 2020 kEUR	Dec 31, 2019 kEUR
Opening balance	9,693	14,377
Total comprehensive income for the year	3,741	5,801
Acquisitions of companies from Allgeier Group	(13,619)	(9,899)
Objectiva earnout paid by Allgeier group	1,548	-
Other	1,365	(586)
Closing balance	2,728	9,693

This share corresponds to the unchanged share of the Non-Controlling Interests of Nagarro Holding GmbH as of December 31, 2020 (Section B.IV. *Basis of consolidation)* and as of today.

In the second quarter of the financial year 2016, Allgeier offered two co-founders of Nagarro Inc. who were also management members of Nagarro Base to acquire shares in Nagarro Holding GmbH at fair market value through Nagarro Beteiligungs GmbH (refer to section *B.IV. Basis of consolidation*). For this participation through Nagarro Beteiligungs GmbH there was no vesting schedule or period and the shares vested immediately. 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 financial 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.IV. Basis of consolidation*). 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) based on the number of years elapsed 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, 2020 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, 2019: 6.17%; January 1, 2019: 5.57%).

The total of Non-Controlling Interests of the two founders through Nagarro Beteiligungs GmbH and the top management and key employees of Nagarro base through SPP Co-Investor GmbH & Co KG and Nagarro SPP GmbH correspond to a total number of shares in Nagarro Holding GmbH in December 31, 2020 of 16.17 % (December 31, 2019: 16.17%; January 1, 2019: 15.57%). 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.

The following table shows the financial figures of the subsidiaries of Nagarro in which Nagarro SE does not hold all shares:

	Dec 31, 2020					
	Nagarro Holding GmbH	Nagarro Beteiligungen GmbH	SPP Co-Investor GmbH & Co. KG	Nagarro SPP GmbH	Other	Total
Percentage holding of non-controlling interest (effective)	16.17%	49.99%	83.59%	40.96%		
Non-current assets	178,472	9,060	12	6,780		
Current assets	196,830	18	308	19		
Non-current liabilities	(69,983)	-	-	-	(3,372)	
Current liabilities	(296,217)	(5,814)	(57)	(6,924)		
Net assets	9,103	3,264	264	(124)	(3,372)	
Carrying amount of non-controlling interests	1,472	1,632	220	(51)	(545)	2,728
Revenue	430,377	-	-	-		
Earnings before interest, taxes, depreciation and amortization	77,818	(4)	(7)	(3)		
Profit for the period	37,571	(173)	(26)	(205)	161	
Profit for the period attributable:						
Non-controlling interests	6,075	(87)	(21)	(84)	26	5,909
Other comprehensive income for the period	(13,301)	-	-		-	
Total comprehensive income for the period	24,269	(173)	(26)	(205)	56	23,921
Total comprehensive income for the period attributable:						
Non-controlling interests	3,924	(87)	(21)	(84)	9	3,741
Cash inflow from operating activities	74,461	(4)	(25)	(2)		
Cash outflow from investing activities	(11,276)	-	-	-		
Cash inflow (outflow) from financing activities	(14,991)	-	-	-		
Effects of exchange rate changes on cash and cash equivalents	(1,410)	-	-	-		
Total changes in cash and cash equivalents	46,783	(4)	(25)	(2)		46,753

	Dec 31, 2019					
	Nagarro Holding GmbH	Nagarro Beteiligungen GmbH	SPP Co-Investor GmbH & Co. KG	Nagarro SPP GmbH	Other	Total
Percentage holding of non-controlling interest (effective)	16.17%	49.99%	83.59%	40.96%		
Non-current assets	186,875	9,060	12	6,780		
Current assets	156,798	22	309	21		
Non-current liabilities	(80,639)	-		-	(3,372)	
Current liabilities	(203,551)	(5,645)	(32)	(6,721)		
Net assets	59,482	3,437	289	81	(3,372)	
Carrying amount of non-controlling interests	9,618	1,718	242	33	(1,918)	9,693
Revenue	402,564	-	-			
Earnings before interest, taxes, depreciation and amortization	61,596	(3)	(8)	(2)		
Profit for the period	30,771	(167)	(11)	(197)	699	
Profit for the period attributable:						
Non-controlling interests	4,976	(84)	(9)	(81)	113	4,915
Other comprehensive income for the period	755	-	-		-	
Total comprehensive income for the period	31,527	(167)	(11)	(197)	699	31,850
Total comprehensive income for the period attributable:						
Non-controlling interests	5,098	(84)	(9)	(81)	876	5,801
Cash inflow from operating activities	40,939	(1)	(29)	(1)		
Cash outflow from investing activities	(8,013)	-	-	-		
Cash inflow (outflow) from financing activities	(17,119)	-	26	-		
Effects of exchange rate changes on cash and cash equivalents	358	-	-	-		
Total changes in cash and cash equivalents	16,165	(1)	(3)	(1)		16,159

	Jan 1, 2019					
	Nagarro Holding GmbH	Nagarro Beteiligungen GmbH	SPP Co-Investor GmbH & Co. KG	Nagarro SPP GmbH	Other	Total
Percentage holding of non-controlling interest (effective)	15.57%	49.99%	75.43%	36.96%		
Non-current assets	172,154	9,060	12	6,780		
Current assets	126,584	23	287	23		
Non-current liabilities	(87,396)	-		-	(3,372)	
Current liabilities	(123,241)	(5,479)	(24)	(6,525)		
Net assets	88,101	3,604	275	278	(3,372)	
Carrying amount of non-controlling interests	13,717	1,802	207	103	(1,452)	14,377

15. Liabilities to banks

Outstanding balances with banks are as follows:

	Dec 31, 2020			Dec 31, 2019			Jan 1, 2019		
		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
Mixed-use syndicated loan of Nagarro SE	173,283	167,885	5,398	-	-	-	-	-	-
Working capital facility of Nagarro Software Pvt. Ltd.(secured)	2,760	-	2,760	1,525	-	1,525	2,900	-	2,900
Working capital facility of Nagarro Software Pvt. Ltd.	1,130		1,130	1,235		1,235	-		
Working capital facility of Nagarro Enterprise Services Pvt. Ltd. (secured)	520	-	520	550	-	550	549	-	549
Liabilities from factoring	4,569	-	4,569	1,663	-	1,663	1,779	-	1,779
Bank loan of Nagarro Software SRL	198	146	52	245	198	47	-	-	-
Bank loans of Nagarro iQuest Technlogies SRL	-	-	-	232	-	232	582	233	349
Mortgage of Nagarro Enterprise Services Pvt. Ltd. (secured)	-	-	-	-	-	-	156	-	156
Bank loan of Nagarro GmbH Austria	126	126	-	46	46	-	-	-	-
	182,586	168,158	14,429	5,496	244	5,252	5,967	233	5,734

The classification between secured and unsecured loans are as follows: -

	Dec 31, 2020			Dec 31, 2019			Jan 1, 2019		
		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
Secured loans	3,280	-	3,280	2,075	-	2,075	3,606	-	3,606
Unsecured loans	179,306	168,158	11,149	3,421	244	3,177	2,361	233	2,128
	182,586	168,158	14,429	5,496	244	5,252	5,967	233	5,734

Nagarro SE has, on October 30, 2020, entered into a new syndicated credit facility with five European credit institutions. The new credit facility amounts to kEUR 200,000, comprising a term loan facility of kEUR 100,000 and a revolving credit facility of kEUR 100,000, 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 has utilized 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) with 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. As of December 31, 2020, these loans under the new syndicated credit facility denominated in euro totaled kEUR 175,000 (December 31, 2019: kEUR Nil; January 1, 2019: kEUR Nil). These loans have floating interest rate based on 3 or 6 month Euribor (depending upon the interest period) plus a margin of 2.5 percentage points and unutilised portion of the loan carries interest at 35% of the floating interest rate of the utilised loan. In financial year 2020, the loans had an average interest rate of 2.5% p.a. (2019: Nil). Further the unutilised portion of the loan carries an average interest rate of 0.88% p.a. (2019: Nil).

Nagarro Software Pvt. Ltd., India uses loans denominated in euro with local banks to finance working capital fluctuations. As of December 31, 2020, these loans denominated in euro totaled kEUR 3,890 (December 31, 2019: kEUR 2,760; January 1, 2019: kEUR 2,900) out of which euro totaled kEUR 2,760 (December 31, 2019: kEUR 1,525; January 1, 2019: kEUR 2,900) are secured against exclusive charge on all current assets and movable assets of Nagarro Software Pvt. Ltd. except assets financed under finance lease, exclusive charge over entire immovable fixed assets including equitable mortgage over immovable property of Nagarro Software Pvt. Ltd.. In financial year 2020, the loans had an average interest rate of 1.98% p.a. (2019: 1.65% p.a).

Nagarro Enterprise Services Pvt. Ltd., India uses loans denominated in euro with a local bank to finance working capital fluctuations. As of December 31, 2020, these loans denominated in euro totaled kEUR 520 (December 31, 2019: kEUR 550; January 1, 2019: kEUR 549). The interest rate was 2.10% p.a. (2019: 1.9% p.a.) and these loans are fully secured against exclusive charge on all current assets of Nagarro Enterprise Services Pvt. Ltd excluding those assets which are exclusively charged mortgage loan for their term loan and the assets which are financed under finance lease.

In November 2019, Nagarro Software SRL, Romania, concluded a bank loan to finance investments in a new office building. The loan has a duration till 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 financial year, iQuest Technologies SRL, Romania, took out a bank loan totaling kEUR 1,045. The loan had equal monthly installments and has been fully paid up in August 2020. The loan had 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, 2020, the remaining amount from this loan was kEUR 0 (December 31, 2019: kEUR 232; January 1, 2019: kEUR 582).

There were no defaults on payments during or after the reporting periods. The financial ratios to which the companies committed themselves within the framework of loans and credit agreements were complied with in financial years 2020 and 2019.

16. Post-employment benefits

Defined benefit obligation

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.

The UAE companies have obligations for future end of service benefits payments to employees (end of service benefits obligations) who have worked with the company and become payable when employees depart.

These severance payments represent a defined benefit plan in accordance with IAS 19. To cover these post-employment benefit obligations, provisions of kEUR 5,991 were recognized as of December 31, 2020 (December 31, 2019: kEUR 4,394; January 1, 2019: kEUR 3,171). The amounts can be reconciled as follows:

	2020	2019
	kEUR	kEUR
Present value of the defined benefit obligation on January 1	4,394	3,171
Transfer from other financial liabilities	316	-
Current service cost	1,190	803
Interest cost	271	219
Currency translation - relating to income statement	(455)	3
Currency translation - relating to OCI	(156)	-
Actuarial gains or losses - relating to OCI	661	485
Benefits paid	(231)	(287)
Present value of the defined benefit obligation on December 31	5,991	4,394

The change in defined benefit obligations affected the Consolidated Statements of Comprehensive Income as follows:

	2020	2019
	kEUR	kEUR
Staff costs		
Current service cost	1,190	803
Past service cost	-	-
	1,190	803
Finance expenses		
Interest cost	271	219
	271	219
Foregin exchange (loss) gain		
Currency translation	(455)	3
	(455)	3
Recognized in income statement	1,007	1,025
Losses (Gains) from remeasurement of defined benefit obligations		
due to experience adjustments	247	293
due to changes in financial assumptions	258	192
Included in other comprehensive income	505	485

As of December 31, 2020, the average expected length of service until an employee leaves the Indian company is assumed to be 5.0 years (December 31, 2019: 5.0 years; January 1, 2019: 5.0 years) and the UAE company is assumed to be 14.0 years (December 31, 2019: Nil years; January 1, 2019: Nil years) respectively.

Sensitivity analysis

As a result of the existing benefit commitments, Nagarro is exposed to the following actuarial risks:

Longevity risk	The 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, 2020 and 2019 increases or decreases by changing one assumption at a time according to the following sensitivity analysis:

Dec 31, 2020	Increase kEUR	Decrease kEUR
Calculated interest rate (1.00% change)	(240)	415
Salary trend (1.00% change)	375	(216)
Pension trend (0.25% change)	-	-

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)	-	-

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.

Defined contribution plans

Nagarro also supports private contribution through deferred compensation schemes.

Employer contributions of kEUR 1,275 (2019: kEUR 1,153) were paid for defined contribution plans in the financial year under review.

For the former employees of GES, which was acquired with effect from January 1, 2020, deferred compensation is essentially offered through a fully multi-employer plan (Höchster Pensionskasse VVaG) for contributions up to 4% of the assessment ceiling in social security. The pension contribution fund ensures guaranteed minimum interest for which Nagarro is ultimately liable under the German Company Pensions Law. The company is not liable for guarantees to employees of other companies. As Höchster Pensionskasse VVaG is a combined defined benefit plan for several companies and Nagarro has no right to the information required for accounting for this defined benefit plan, this plan is recognized as a defined contribution plan. Since 2020, new entitlements were no longer granted and were replaced by alternative remuneration. Further, the contribution to Höchster Pensionskasse VVaG for former GES employees has been stopped from January 2021.

17. Liabilities from acquisitions

For details on liabilities from acquisitions refer to sections *C.21 Financial Instruments* and *G.I. Business Combinations*.

18. Other financial liabilities

Other financial liabilities are composed as follows:

	Dec 31, 2020			Dec 31, 2019			Jan 1, 2019		
		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	-	-	-	61,219	-	61,219	-	-	-
Loan Allgeier SE	-	-	-	37,954	-	37,954	34,257	-	34,257
Loan Allgeier Project Solutions GmbH	-	-	-	17,564	-	17,564	17,594	-	17,594
Loan Allgeier Enterprise Services AG	-	-	-	3,091	-	3,091	5,432	-	5,432
Loan Allgeier IT Solutions GmbH	-	-	-	-	-	-	2,806	-	2,806
Related parties	-	-	-	119,829	0	119,829	60,090	-	60,090
Wages and salaries	9,448	-	9,448	7,956	-	7,956	4,892	-	4,892
Leave obligations	7,292	1,528	5,764	5,713	1,011	4,702	4,893	697	4,196
Outstanding incoming invoices	2,995	-	2,995	2,908	-	2,908	2,696	-	2,696
Social security liabilities	3,399	-	3,399	3,953	-	3,953	3,463	-	3,463
Derivative financial instruments	429	-	429	404	-	404	314	-	314
Working time accounts	280	-	280	345	-	345	380	-	380
Customers with credit balances	5	-	5	154	-	154	159	-	159
Other	912	143	768	1,146	1,114	33	1,339	773	566
Third parties	24,759	1,672	23,088	22,579	2,125	20,454	18,135	1,470	16,665
	24,759	1,672	23,088	142,408	2,125	140,283	78,225	1,470	76,755

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 financial year under review, including social security contributions. The non-current portion of leave obligations amounting to kEUR 1,011 and kEUR 697 for the period ended December 31, 2019 and January 1, 2019 has been reclassified from non-current others third parties financial liabilities.

Refer to section *G.II. Related party transactions* for information on liabilities with the companies of the Allgeier Group.

19. Other provisions

Other provisions are composed as follows:

	Dec 31, 2020			Dec 31, 2019			Jan 1, 2019		
		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	11,700	-	11,700	8,119	-	8,119	7,056	-	7,056
Preparation and audit of statutory financial statements	873	-	873	497	-	497	242	-	242
Employers' liability insurance association	141	-	141	164	-	164	162	-	162
Restructuring, severance pay	293	243	50	336	236	100	254	241	14
Miscellaneous	1,679	-	1,679	1,049	-	1,049	717	-	717
	14,686	243	14,443	10,164	236	9,927	8,432	241	8,191

The non-current portion of restructuring, severance pay amounting to kEUR 241 and kEUR 236 for the period ended December 31, 2019 and January 1, 2019 has been reclassified from non-current miscellaneous. Accordingly the below provision movement has also be restated to that effect.

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, 2020 kEUR	Additions through business combin-ation kEUR	Use kEUR	Release kEUR	Disposals kEUR	Additions kEUR	Currency kEUR	Dec 31, 2020 kEUR
Bonuses	8,119	122	(6,284)	(100)	-	10,131	(287)	11,700
Preparation and audit of statutory financial statements	497	-	(441)	(21)	-	852	(13)	873
Employers' liability insurance association	164	-	(164)	(0)	-	141	-	141
Restructuring, severance pay	336	-	(100)	-	-	56	-	293
Miscellaneous	1,049	-	(716)	(3)	-	1,432	(82)	1,680
	10,164	122	(7,704)	(125)	-	12,610	(382)	14,686

	Jan 1, 2019 kEUR	Additions through business combin-ation kEUR	Use kEUR	Release kEUR	Disposals 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	254	-	(18)	-	-	100	-	336
Miscellaneous	717	-	(510)	(271)	-	1,119	(5)	1,049
	8,432	-	(10,331)	(298)	-	12,375	(14)	10,164

20. Other liabilities

Other liabilities are composed as follows:

	Dec 31, 2020		Dec 31, 2019		Jan 1, 2019	
		of which:		of which:		of which:
	Total	current	Total	current	Total	current
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Liabilities from VAT	3,325	3,325	2,458	2,458	2,537	2,537
Other	38	38	22	22	15	15
	3,363	3,363	2,480	2,480	2,553	2,553

21. Financial instruments

The carrying amounts and fair values of financial instruments are classified as follows:

Dec 31, 2020 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	180	-	180	-	180	-	180
	180	-	180	-	180	-	180
AC							
Trade receivables	-	73,872	73,872				73,872
Other financial assets	-	5,322	5,322				5,322
Cash	-	107,742	107,742				107,742
	-	186,936	186,936				186,936
	180	186,936	187,116				187,116
Financial liabilities							
FVTPL							
Liabilities from acquisitions	6,749	-	6,749	-	-	6,749	6,749
Other financial liabilities							
Foreign exchange forward transactions	429	-	429	-	429	-	429
	7,179	-	7,179	-	429	6,749	7,179
AC							
Liabilities from acquisitions	-	204	204				204
Liabilities to banks	-	182,586	182,586				182,586
Trade payables	-	22,196	22,196				22,196
Other financial liabilities	-	24,330	24,330				24,330
	-	229,316	229,316				229,316
	7,179	229,316	236,495				236,495

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

Jan 1, 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	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, 2020: kEUR 10,922; December 31, 2019: kEUR 12,562; January 1, 2019: kEUR 5,528) and lease liabilities (December 31, 2020: kEUR 55,156; December 31, 2019: kEUR 59,365; January 1, 2019: kEUR 50,688) are not allocated to any of the measurement categories under IFRS 9 and are therefore not included in the tables above.

As of December 31, 2020, trade payables include liabilities to banks towards the spin-off and listing cost amounting to kEUR 6,387 (December 31, 2019: kEUR Nil, January 1, 2019: kEUR Nil).

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 follows:

Contingent purchase price liabilities measured at fair value	Nagarro Anecon kEUR	Nagarro Objectiva kEUR	Nagarro MENA kEUR	Total kEUR
Balance as at Jan 1, 2019	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
Additions	-	-	-	-
Fair value changes recognized through profit or loss	-		-	0
Interest effect	-	(39)	(14)	(53)
Reduction due to payments	(3,000)	-	(987)	(3,987)
Currency differences	-	(1,129)	93	(1,036)
Transactions with Allgeier Group	-	(9,573)	-	(9,573)
Balance as at Dec 31, 2020	-	5,265	1,484	6,749

The changes in the contingent purchase price liabilities impacting income statement is as:

	2020 kEUR	2019 kEUR
Fair value changes recognized through profit or loss	-	(7,144)
Interest effect	(53)	490
Currency differences	(1,036)	480
Total (income)/expense recongised in income statement	(1,089)	(6,174)

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			
	2020		2019	
	Increase	Decrease	Increase	Decrease
	kEUR	kEUR	kEUR	kEUR
Anecon				
Change in the earn-out relevant EBITDA by 10% relative to plan	-	-	-	-
Objectiva				
Change in the earn-out relevant EBITDA by 10% relative to plan	-	-	-	-
Change of 10% in the USD exchange rate	(646)	646	(1,786)	1,461
Farabi				
Change contribution margin relevant to earn-out by 10% relative to plan	-	-	-	-
Change of 10% in the USD exchange rate	(182)	182	(218)	179
	(828)	828	(2,004)	1,640

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 were hedged in the past 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, 2020			Dec 31, 2019			Jan 1, 2019		
Foreign exchange forwards	Nominal amount (in	Assets kEUR	Liabilities kEUR	Nominal amount (in	Assets kEUR	Liabilities kEUR	Nominal amount (in thousands)	Assets kEUR	Liabilities kEUR
INR / USD	USD 23,045	180	-	USD 40,070	332	90	USD 25,580	375	311
INR / EUR	EUR 12,965	-	252	EUR 12,255	119	69	EUR 12,012	534	-
INR / SEK	SEK 39,195	-	158	SEK 59,475	4	193	SEK 25,860	87	3
INR / GBP	GBP 913	-	19	GBP 1,114	-	49	GBP 627	44	-
INR / AUD	AUD -	-	-	AUD 285	-	3	AUD -	-	-
		180	429		455	404		1,040	314

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 influencing factors such as interest rates remain constant.

2020	Profit for the period		Equity	
Effect in kEUR	5% increase	5% decrease	5% increase	5% decrease
INR / EUR	1,833	(1,833)	1,833	(1,833)
INR / USD	(939)	939	(939)	939
INR / SEK	(195)	195	(195)	195
INR / GBP	(51)	51	(51)	51
INR / AUD	-	-	-	-

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

Net gains and losses from financial instruments

The net gains and losses from financial instruments are composed as follows:

	Dec 31, 2020	2020				
in kEUR	Category in accordance with IFRS 9	Other operating income	Other operating expenses	Finance income	Finance costs	Total
Cash	AC	-	-	254	-	254
Factoring	AC	-	-	-	(126)	(126)
Trade and other receivables	AC	715	(2,020)	14	-	(1,292)
of which impairments			*(37)*			*(37)*
Other financial assets	AC	-	-	94	-	94
Liabilities from Acquisitions	FVTPL	-	-	-	21	21
Derivative financial instruments	FVTPL	-	(312)	-	-	(312)
Leases	n/a	-	-	-	(2,242)	(2,242)
Other financial liabilities	AC	-	-	-	(4,640)	(4,640)
		715	(2,332)	361	(6,987)	(8,243)

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 (under IFRS 16)	n/a	-	-	-	(2,699)	(2,699)
Other financial liabilities	AC	-	-	-	(1,963)	(1,963)
		7,255	(1,642)	181	(5,212)	581

D. Notes to the Consolidated Statements of Comprehensive Income

22. 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	2020 kEUR	2021 kEUR	2022 kEUR	2023 kEUR	2024 kEUR	2025 kEUR
December 31, 2020	76,105	-	42,612	17,556	11,492	3,945	500
December 31, 2019	6,256	2,821	2,209	1,094	132	-	-

The revenues by industry is as:-

	2020 kEUR	2019 kEUR
Automotive, Manufacturing and Industrial	62,071	52,134
Energy, Utilities and Bldg Automation	36,617	41,422
Financial Services and Insurance	52,105	43,663
Horizontal Tech	36,735	29,641
Life Sciences and Healthcare	34,837	29,963
Management Consulting and Business Information	30,798	25,484
Public, Non-profit, Education	34,164	35,573
Retail and CPG	53,443	45,655
Telecom, Media and Entertainment	41,498	48,178
Travel and Logistics	48,103	50,717
	430,372	402,430

The revenues by contract type is as:-

	2020 kEUR	2019 kEUR
Time and expenses	332,920	319,698
Fixed price	90,801	78,916
Other revenues	6,651	3,816
	430,372	402,430

More information on revenue is provided in section *G.IV. Segment information*.

23. Other operating income

Other operating income is broken down as follows:

	2020 kEUR	2019 kEUR
Fair value changes recognized as income through profit or loss	-	7,144
Income from currency translation	6,068	3,542
Income from foreign exchange forward transactions	0	0
Income from the sale of fixed assets	105	369
Reversal of value adjustments on receivables	707	111
Release of provisions	125	298
Collection of derecognized receivables	7	0
Recognition of badwill from business combinations	1,581	-
Realised value on sale of investment	550	-
Gain on lease modification	511	-
Miscellaneous	1,982	1,267
	11,635	12,730

24. Cost of materials

The cost of materials is composed as follows:

	2020 kEUR	2019 kEUR
Purchased services	39,362	40,875
Cost of softwares and others	9,806	8,197
	49,168	49,072

Purchased services include external temporary staff and subcontractors engaged on a project-specific basis.

25. Staff costs

Staff costs are composed as follows:

	2020 kEUR	2019 kEUR
Salaries and wages	231,947	218,795
Social security contributions	22,700	22,120
Bonuses	17,032	13,747
	271,679	254,662

Staff costs of kEUR 587 (2019: kEUR 556) were incurred for non-capitalizable activities in connection with product development.

As at the year end, Nagarro has 8,666 (2019: 8,183) number of professionals out of which 7,829 (2019: 7,386) are professionals in engineering. During the year, Nagarro had 8,435 (2019: 7,316) numbers of average professionals out of which 7,612 (2019: 6,510) were delivery professionals. The average values were calculated based on the number of employees on January 1, March 31, June 30, September 30 and December 31. The number of salaried employees includes members of the Management Board and managing directors.

26. Other operating expenses

Other operating expenses are composed as follows:

	2020 kEUR	2019 kEUR
Travel expenses	4,948	12,573
Vehicle costs	2,638	4,907
IT costs	5,411	4,034
Services	2,993	3,953
Land and building costs	2,415	3,423
Other staff costs	2,916	3,055
Advertising expenses	1,198	2,687
Communication expenses	1,967	1,775
Maintenance	1,967	1,675
Expense from currency translation	4,498	1,435
Exchange loss on purchase price components	1,918	480
Expenses for foreign exchange forward transactions	312	656
Insurance, contributions	1,598	1,384
Legal and consulting fees	1,388	1,105
Entertainment expenses	311	887
Office supplies	646	669
Expenses for statutory financial statements	935	647
Direct selling expenses	522	471
Supervisory board remuneration	44	0
Residual book value from disposal of assets	48	474
Spin off and listing cost	10,288	0
Residual value of investment sold	105	0
Miscellaneous	4,212	3,470
	53,279	49,762

Other operating expenses include fees for the auditor of the consolidated financial statements as follows:

	2020 kEUR	2019 kEUR
Audit services	336	107
Tax consultancy services	27	2
Other services	10	-
Other assurance services	407	-
	780	109

27. Depreciation, amortization and impairment

For information on depreciation, amortization and impairment please refer to Sections *C.1. Intangible Assets, C.2. Goodwill* and *C.3. Property, plant and equipment* and *C.4. Right of use assets and lease liabilities*

28. Finance income

Finance income is composed as follows:

	2020 kEUR	2019 kEUR
Interest income on bank balances	254	101
Other finance income	241	112
	495	212

Other finance income mainly includes interest from income tax refunds as well as interest income relating to deposits with banks and loans granted to the remaining Allgeier Group.

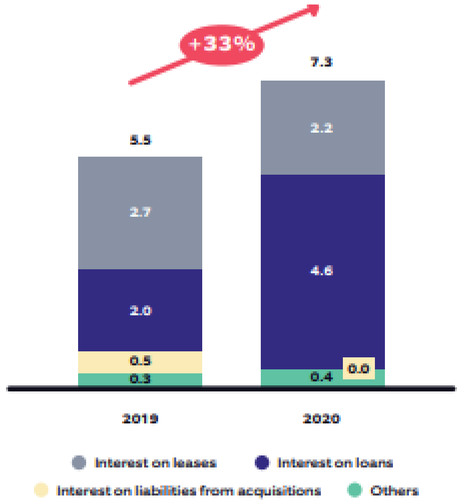
Further information relating to interest income from related party transactions included in other finance income is set out in Section *G.II. Related party transactions.*

29. Finance costs

Finance costs are composed as follows:

	2020 kEUR	2019 kEUR
Interest on leases	2,242	2,699
Interest on loans from Allgeier Group	4,511	1,829
Interest on liabilities from acquisitions	0	489
Interest on bank loans	116	134
Factoring interest	126	60
Interest portion of additions to pension provisions	271	219
Other interest expenses	31	50
	7,296	5,481

For further Information please refer to Section *G.II. Related party transactions* and Section *C.15. Liabilities to banks.*



30. Income taxes

The income tax expense is composed as follows:

	2020 kEUR	2019 kEUR
Current tax expense	12,920	10,799
Deferred tax expense (income)	466	(4,042)
	13,386	6,757

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 27%.

	2020 kEUR	2019 kEUR
Earnings before income taxes	37,742	37,153
Tax rate	27.0%	30.0%
Expected income taxes	10,190	11,146
Tax rate differences	-	(917)
Changes in tax rates	-	542
Non-deductible spin off cost	1,974	-
Non-deductible expenses	748	420
Tax-free income (China and UAE)	(897)	(794)
Other tax free income	(71)	-
Tax loss carryforwards for which no deferred tax assets were recognized	2,683	826
Use of tax loss carryforwards for which no deferred tax assets were recognized	(797)	(258)
Reversal of valuation allowance on deferred tax assets	(1,435)	(3,055)
Additions to value allowance on deferred tax assets	1,035	44
Release of badwill	(427)	-
Adjustment of earn-out liabilities	(5)	(1,751)
Expenses relating to IFRS 16	(83)	234
Tax effects relating to prior periods	409	337
Others	62	(17)
Effective income taxes	13,386	6,757
	35.5%	18.2%

31. Earnings per Share (EPS)

	2020 kEUR	2019 kEUR
Profit for the period	24,356	30,396
Less: Profit for the period attributable to Non-controlling interests	(5,909)	(4,915)
Profit for the period attributable to Shareholders of Nagarro	18,447	25,481
Weighted average numbers of shares outstanding - Basic	596,285	-
Numbers of shares outstanding - Basic	11,382,513	
Effect of dilutive share based payment (Stock Option Plan 2020/I)	156,683	-
Effect of dilutive share based payment (Share Option Plan 2020/II & 2020/III)	-	-
Total effect of dilutive share based payment	156,683	-
Weighted average numbers of shares outstanding - diluted	752,968	-
Numbers of shares outstanding - diluted	11,539,196	-
Basic earnings per share in EUR (based on weighted average)	30.94	-
Basic earnings per share in EUR (based on share oustanding)	1.62	-
Diluted earnings per share in EUR (based on weighted average)	24.50	-
Diluted earnings per share in EUR (based on share oustanding)	1.60	-

Earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the parent company by the average number of outstanding shares of Nagarro SE of 596,285. 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. Nagarro SE was by acquired by Allgeier SE on February 19, 2020 as mentioned in section *A.II. Historical Background.* Post spin off, the share capital of Nagarro SE was increased from 120,000 shares to 11,382,513 shares as mentioned in section C*.13. Equity.* As the increased share capital of 11,382,513 is the total share capital of Nagarro SE, though issued at the time of spin-off, earnings per share have been also disclosed based on actual outstanding share capital at the year end to represent the factual presentation of the earning per share (both basis and diluted).

As part of the spin-off, certain options of Allgeier were transferred to Nagarro SE under the Stock Option Plan 2020/I as mentioned in section *G.XII. Stock Option Plan.*

Diluted earnings per share are calculated on the assumption that all outstanding option rights are exercised (maximum dilution potential). In addition to the exercise of the options, the receipt of the exercise prices in the event of notional exercise is also assumed. The cash amount payable upon exercise of the option is compared with the value of the shares granted for this purpose at the average share price of EUR 84.73 (the average share price of the 30-day period following the spin-off). Dilution exists if the value of the 194,000 shares that have not been exercised under the Stock Option Program 2020/I exceeds the value of the consideration (exercise price) EUR 7.61 for formerly SOP 2010 and EUR 19.65 for formerly SOP 2014 of Allgeier. This is notionally equivalent to the capital from issuance of 156,683 bonus shares.

As no shares has been issued as at the balance sheet date, there is no dilutive effect of Stock Option Plan – II & III mentioned in section *G.XII. Events after the balance sheet date – Stock Option Plan.*
Further, in 2021, there will be potential dilutive effect of the Share Option Plan II and III.

E. Notes to the Consolidated Statement of Changes in Equity

32. Other transactions with shareholders

The changes in "Total Equity" result from "Other transactions with shareholders" in the amount of kEUR 24,589 (2019: kEUR -60,120).

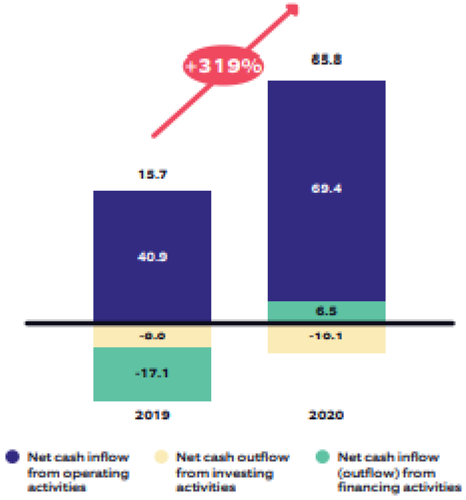
In financial year 2020 it relates to purchase price for Nagarro iQuest, Nagarro Objectiva and balance 10% minority acquisition of Nagarro ES (refer to section *B.IV. Basis of consolidation)*. This has been offset by non-cash capital infusion by the shareholders of Allgeier SE in Nagarro SE.

In financial year 2019 it relates to the purchase price for Nagarro ES (refer to section *B.IV. Basis of consolidation)* and to the allocation of corporate costs (refer to section *B.V. Carve-out specific accounting principles*).

F. Notes to the Consolidated 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 Nil (2019: kEUR 375) relate to the allocation of corporate costs, net of tax, that are deemed to be immediately settled through equity and kEUR Nil (2019: kEUR 882) relate to the cash inflow from loss transfer from Allgeier Consulting Services GmbH to Allgeier Enterprise Services AG.



33. Net Cash flows from business combinations

Cash outflows for the acquisition of subsidiaries from third parties in financial year 2020, net of cash acquired, reconcile as follows:

	GES kEUR	Maihiro kEUR	Livisi GmbH [1)] kEUR	Total kEUR
Acquisition cost	3,480	100	247	3,827
Non cash share in 2020	-	-	-	-
Purchase price paid in cash in 2020	3,480	100	247	3,827
Acquired cash and cash equivalents	-	-	-	-
Outflow (inflow) of cash and cash equivalents	3,480	100	247	3,827

1) As part of closing protocol for acquisition of Livisi GmbH, which is effective from January 1, 2021, payment of kEUR 247 has been made in December 2020. The final acquisition price is determined based on the financial statements of Livisi GmbH as at December 31, 2020.

Additionally, to fulfil the contractual obligations of the company for the acquisition of Nagarro UAE in 2019 kEUR 987 and Anecon in 2018 kEUR 3,000 have been paid during the current period of 2020. Also refer section *C.21. Financial instruments*.

Cash outflows for the acquisition of subsidiaries from third parties in financial year 2019, net of cash acquired, reconcile as follows:

	Nagarro UAE kEUR
Acquisition cost	5,312
Non cash share in 2019	(2,370)
Purchase price paid in cash in 2019	2,942
Acquired cash and cash equivalents	(79)
Outflow of cash and cash equivalents	2,863

In the course of business combinations in financial year 2019 to 2020, assets acquired and liabilities assumed are as follows:

	2020		
	GES kEUR	Maihiro kEUR	Total kEUR
Intangible assets	3,702	2,292	5,994
Property, plant and equipment	48	22	69
Assets acquired	3,750	2,313	6,063
Provisions	122	-	122
Deferred tax liabilities	-	710	710
Other liabilities	148	-	148
Liabilities assumed	270	710	980
Net assets	3,480	1,603	5,083

	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

34. Reconciliation of cash and cash equivalents, and financial liabilities

Cash and cash equivalents comprised as follows:

	Dec 31, 2020	Dec 31, 2019	Jan 1, 2019
	kEUR	kEUR	kEUR
Cash	107,742	43,758	27,947
Liabilities from factoring	(4,569)	(1,663)	(1,779)
Overdraft facilities	-	(3,310)	(3,449)
	103,173	38,786	22,718

Cash and cash equivalents include restricted cash balances of kEUR 368 (December 31, 2019: kEUR 635; January 1, 2019: kEUR 256) in favor of third parties and of kEUR 7,243 (December 31, 2019: 1,822; January 1, 2019: none) with transfer restrictions to United States of America.

Financial liabilities reconcile to the cashflows from financing activities as follows:

			Non-cash transactions						
		Cash flows	Additions	Currency differences	Equity infusion	Lease modifiicatio n	Unamortise d interest	Interest	
	Jan 1, 2020	2020	2020	2020	2020	2020	2020	2020	Dec 31, 2020
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Liabilities to banks									
Bank loans	524	179,473	-	(263)	-	-	(1,717)	-	178,017
Lease Liabilities	59,365	(17,636)	19,139	(479)	-	(5,232)	-	-	55,156
Other financial liabilities									
Loans from Allgeier Group	119,829	(158,530)	277,832	26	(243,669)	-	-	4,511	-
	179,718	3,308	296,972	(716)	(243,669)	(5,232)	(1,717)	4,511	233,173

			Non-cash transactions						
		Cash flows	Additions	differences	infusion	modifiicatio	d interest	Interest	
	Jan 1, 2019	2019	2019	2019	2019	2019	2019	2019	Dec 31, 2019
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	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	119,829
	111,516	(18,584)	82,532	1,761	-	-	-	2,494	179,718

For net cash inflows from factoring refer to section *C.11. Trade receivables*. Other transactions with Allgeier Group are discussed in section *E.32. Other transactions with shareholders*.

G. Other disclosures

I. Business combinations

By way of purchase agreement dated December 17, 2019, Allgeier Midmarket Services GmbH (from March 13, 2020: Nagarro ES GmbH), acquired the GES division for SAP public sector consulting and development services (GES) from GES Systemhaus GmbH Co. KG, Wiesbaden, in an asset deal. 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 December 31, 2020, GES generated revenue of kEUR 4,133 and earnings before interest, taxes, depreciation and amortization of kEUR 912. In connection with the transaction there were costs of kEUR 55 which were recognized in other operating expenses.

As of January 1, 2020, the fair values of the net assets of GES were as follows:

	Fair values kEUR
Intangible assets	3,702
Property,plant and equipment	48
Assets acquired	3,750
Provisions	122
Other liabilities	148
Liabilities assumed	270
Net assets	3,480

By way of purchase agreement dated September 18, 2020, Nagarro ES GmbH, acquired the products, customers and employees of the company called Maihiro Products from insolvency. kEUR 100 was agreed as the purchase price for the assets and customer agreements. As the net assets amounting to kEUR 1,681 were acquired from insolvency at a bargain price of kEUR 100, badwill of kEUR 1,581 has been recognized in the income statement in other operating income. In the period from January 1, 2020 to December 31, 2020, Maihiro generated revenue of kEUR 112 and earnings (loss) before interest, taxes, depreciation and amortization of kEUR (407). In connection with the transaction there were costs of kEUR 21 which were recognized in other operating expenses.

As of October 1, 2020, the fair values of the net assets of Maihiro were as follows:

	Fair values kEUR
Intangible assets	2,291
Property,plant and equipment	22
Other assets	79
Assets acquired	2,391
Provisions	-
Deferred tax liabilities	710
Other liabilities	-
Liabilities assumed	710
Net assets	1,681

On April 1, 2019, Nagarro Holding GmbH, Munich, signed contracts to acquire Nagarro MENA and Nagarro S4M (together called "Nagarro UAE").

A maximum purchase price of USD 6.5 million was agreed for the acquisition of the Nagarro UAE shares. In addition, Nagarro paid about EUR 0.5 million for the acquisition of working capital that was 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 were 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 UAE 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 Nagarro 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 value of the net assets of Nagarro UAE was 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 financial year.

In the period from April to December 2019, Nagarro UAE generated revenue of kEUR 4,410 and earnings before interest, taxes, depreciation and amortization of kEUR 529. Historically Nagarro UAE was 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 /business acquired in 2020 have been shown below for the full years 2020 and 2019 and the companies acquired in 2019 have been shown for the full year 2019.

	2020 kEUR	2019 kEUR
Revenue	430,949	408,865
Earnings before interest, taxes, depreciation and amortization (EBITDA)	64,904	60,532

If the acquired businesses had been acquired and consolidated for the first time at the beginning of the respective financial year of the acquisition, revenues and results of Nagarro would have been as follows:

	2020 kEUR	2019 kEUR
Revenue	430,949	404,068
Earnings before interest, taxes, depreciation and amortization (EBITDA)	64,904	61,851

II. Related party transactions

Transactions and outstanding balances with related parties exist between the Nagarro companies (see section *B.IV. Basis of consolidation*) 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 members of Nagarro's key management personnel.

Outstanding balances with Allgeier Group companies

	Allgeier SE			Other Allgeier Group companies		
	Dec 31, 2020 kEUR	Dec 31, 2019 kEUR	Jan 1, 2019 kEUR	Dec 31, 2020 kEUR	Dec 31, 2019 kEUR	Jan 1, 2019 kEUR
Total assets						
Trade receivables	-	1	1	0	1,323	1,731
Other current financial assets	-	2,009	0	0	1,205	1,533
	-	2,010	1	0	2,528	3,265
Total liabilities						
Trade payables	-	1,605	1,504	0	2,320	4,046
Other current financial liabilities	-	37,954	34,257	0	81,875	25,832
	-	39,559	35,761	0	84,195	29,878

Nagarro group had outstanding balances with Allgeier Group that are attributable to the period when both were related parties. Allgeier SE and its group companies, based on the spin off agreement between Allgeier SE and Nagarro SE, are not related parties as at December 31, 2020 and accordingly no balance sheet items was shown above.

In addition to the balances presented above, lease agreements exist between Nagarro and the remaining Allgeier Group. As at December 31, 2020 the carrying amounts of the respective right-of-use assets amounted to kEUR Nil (December 31, 2019: kEUR 3,745; January 1, 2019: kEUR 4,376), the respective lease liabilities amounted to kEUR Nil (December 31, 2019: kEUR 3,878; January 1, 2019: kEUR 4,479).

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 below.

Loans to and other receivables from Allgeier Group companies

			Carrying amounts including accrued interests		
kEUR	Maturity	Interest rate	Dec 31, 2020	Dec 31, 2019	Jan 1, 2019
Nagarro Inc. (USA)					
to Allgeier Project Solutions GmbH	monthly	3% p.a.	-	535	-
Nagarro GmbH (Germany)					
to Allgeier Project Solutions GmbH	monthly	3% p.a.	-	671	651
Nagarro 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
			-	3,215	1,533

Loans from Allgeier Group companies

			Carrying amounts including accrued interests		
kEUR	Maturity	Interest rate	Dec 31, 2020	Dec 31, 2019	Jan 1, 2019
Nagarro Holding GmbH					
from Allgeier SE	monthly	3% p.a.	-	37,954	34,257
from Allgeier Project Solutions GmbH	monthly	3% p.a.	-	5,206	2,094
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
Nagarro Inc. (USA)					
from Allgeier Project Solutions GmbH	monthly	3% p.a.	-	-	3,502
Nagarro Beteiligungen GmbH					
from Allgeier Project Solutions GmbH	3 month's notice	3% p.a.	-	5,640	5,476
Allgeier Consulting Services GmbH					
from Allgeier IT Solutions GmbH	monthly	3% p.a.	-	-	1,249
from Allgeier Enterprise Services AG	monthly	3% p.a.	-	-	2,418
Nagarro ES GmbH					
from Allgeier IT Solutions GmbH	monthly	3% p.a.	-	-	1,557
from Allgeier Enterprise Services AG	monthly	3% p.a.	-	2,760	2,683
Nagarro ES Denmark A/S					
from Allgeier Enterprise Services AG	monthly	3% p.a.	-	331	331
			-	119,829	60,090

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 *B.IV. Basis of consolidation, C.13. Equity and C.14. Non-controlling interest*.

Entity acquired from Allgeier Group	Entity acquired by	Dec 31, 2020	Dec 31, 2019
		kEUR	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	-
Nagarro Connect AG	Nagarro SE	-	-
		-	-
Acquisitions cost		277,832	61,219
Acquired cash and cash equivalents [1)]		-	-
Purchase price 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	264,213	51,320
Non-controlling interests	13,619	9,899

As at December 31, 2020, the total purchase price payable to Allgeier Group of kEUR 339,051 (December 31, 2019: kEUR 61,219) has been settled partly against the receivables of kEUR 243,669 through Nagarro Connect and the balance net amount (along with the interest thereon and other net payables) were settled through the term loan from the banks.

Capital contribution from the shareholders of Allgeier Group

As part of spin-off, the shareholders of Allgeier group's capital contribution was as follows:-

Capital contribution from the shareholders of Allgeier Group through	Dec 31, 2020	Dec 31, 2019
	kEUR	kEUR
Nagarro Connect AG	243,669	-
Capital attributable to:		
Shareholders of Nagarro	243,669	-

Equity transactions with Allgeier Group

Transactions between Nagarro and the remaining Allgeier Group directly impacting equity, either cash or non-cash, are reported as “Other transactions with shareholders” in the Consolidated Statements of Changes in Equity, and further discussed in section *E.32. Other transactions with shareholders*, if material.

Equity transactions with Non-Controlling Interest

Transactions between Nagarro and Non-Controlling Interests 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 Consolidated Statements of Changes in Equity, and further discussed in section *C.14. Non-Controlling Interests*, if material.

Income and expense resulting from transactions with Allgeier Group

	Allgeier SE		Other Allgeier Group companies	
	2020	2019	2020	2019
	kEUR	kEUR	kEUR	kEUR
Revenue and other income				
Revenue	6	14	5,531	5,147
Operating expenses				
Cost of materials	-	-	(1,320)	(2,780)
Other operating expenses	(1,816)	(723)	(2,288)	(3,196)
	(1,816)	(723)	(3,608)	(5,976)
Amorization and Depreciation				
Depreciation right-of-use assets	-	-	-	(766)
Financial result				
Interest income	94	9	-	57
Interest expense	(3,333)	(1,093)	(1,178)	(838)
	(3,239)	(1,084)	(1,178)	(782)

Revenue

Revenues realized with the 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 the 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 discussed in section *B.V. Carve-out specific accounting principles*.

Financial result

Interest income and expense mainly relate to the loans to and from the 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.

Income and expense resulting from transactions with companies in which the key management personnel have interest

	Re-Imagining Higher Education Foundation		Wrig Nanosystems	
	2020	2019	2020	2019
	kEUR	kEUR	kEUR	kEUR
Revenue and other income				
Revenue	-	-	4	-
Other income	48	22	-	-
	48	22	4	0

Revenue

Revenues from the above companies mainly relate to software development.

Other income

Other income represents income from subleasing.

All the revenue and other income transactions are at arm's length.

Balances resulting from transactions with companies in which the key management personnel have interest

	Re-Imagining Higher Education Foundation			Wrig Nanosystems		
	Dec 31, 2020	Dec 31, 2019	Jan 1, 2019	Dec 31, 2020	Dec 31, 2019	Jan 1, 2019
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Total assets						
Trade receivables	-	-	-	-	-	-
Other current financial assets	31	25	-	-	-	-
	31	25	-	-	-	-

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 to be made there. Then Nagarro has service region custodians and some HR people in the largest regions drawn from senior management who oversee payroll of employees as well as hiring, salary planning, decisions, etc. There is central planning and directing efforts. It is a very complex enterprise for just 430.4 million Euro revenue that it generated in 2020- 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 Consolidated Financial Statements. Key management personnel for the period 2019 include two out of three dedicated members of the board of directors of Nagarro SE with the third member joining Nagarro in 2020. No additional allocations of personnel expenses, e.g., with respect to Nagarro's management board, the third dedicated member of the board of directors of Nagarro SE, or the oversight boards have been made.

	2020	2019
	kEUR	kEUR
Salaries and other short-term employee benefits	9,903	8,193
Post-employment benefits	105	90
Total	10,008	8,283

The total number of colleagues who were a part of key management during the year 2020 were 66 (2019: 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, 2019: kEUR 5; January 1, 2019: kEUR 18).

Of the provisions for post-employment benefits kEUR 189 (December 31, 2019: kEUR 175; January 1, 2019: kEUR 147) relate to the members of the key management personnel.

Remuneration of all the three Management Board members for the entire year amounts to kEUR 523 (December 31, 2019: 473). Further details is disclosed in section *G.IX. Governing Bodies of Nagarro SE*.

Remuneration of the Supervisory Board members amounts to kEUR 45 (December 31, 2019: Nil). Further details is disclosed in section *G.IX. Governing Bodies of Nagarro SE.*

Service Agreement

In order to support the Nagarro Group after effectiveness of spin off over a transitional period of up to 12 months, transitional contracts for the provision of certain services (so-called Transitional Service Agreements) were set up with Allgeier SE. As a result of these agreements, certain services will be provided to Nagarro SE in the sense of support services from the date of the spin-off, in particular in the areas of finance, controlling, tax and compliance upon request. Compensation is as with third parties, i.e. at arm's length. All other existing services between the companies has been dissolved as a result of the spin-off. The offsetting of services is to be based on hourly rates that would apply for independent third parties.

III. Adjusted EBITDA

Adjusted EBITDA is calculated according to economic criteria and is independent from IFRS rules. It provides information on the profitability of Nagarro and contains elements of the 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.

Nagarro SE’s post-spinoff approach to EBITDA adjustments for fiscal year 2020 is different from its pre-spinoff approach, adjusting for fewer categories of items namely those relating to income/expense because of purchase price adjustments, badwill, foreign exchange effects on purchase price, sale of equity investments, stock option plan cost and in 2020 spin off and listing expense. These are the adjustments that we intend to make to reach Adjusted EBITDA in the consolidated financial statements for the year 2020 (current method). This approach is different from adjustments made to reach Adjusted EBITDA (which was majorly based on the Allgeier Group’s adjustment) in the presentation of Combined Financial statements for the year ended 2019, 2018 and 2017 and Interim Condensed Consolidated Financial Statements for the nine-month period ended September 30, 2020 (previous method).

The reconciliation of EBITDA (as reported in the Consolidated Statements of Comprehensive Income) to current method of Adjusted EBITDA is presented below:

	2020	2019
	Total	Total
	kEUR	kEUR
EBITDA	66,184	61,584
Recognition of purchase price components (Badwill)	(1,581)	-
Income from purchase price adjustments	-	(7,144)
Expense from purchase price adjustments	-	116
Exchange loss (gain) on purchase price components	1,757	480
Spin off and listing expense	10,288	-
Residual value of investment sold	105	-
Realised value on sale of investment	(550)	-
Adjusted EBITDA (current method)	76,204	55,035

The reconciliation of EBITDA (as reported in the Consolidated Statements of Comprehensive Income) to Adjusted EBITDA - previous method is presented below:

	2020	2019
	Total	Total
	kEUR	kEUR
EBITDA	66,184	61,584
Losses on the disposal of non-current assets (net)	(57)	105
Losses from impairments and write-offs of customer receivables (net)	1,313	875
Recognition of purchase price components (Badwill)	(1,581)	-
Income from purchase price adjustments	-	(7,144)
Expense from purchase price adjustments	-	116
Expenses from acquisitions	117	173
Staff costs from restructuring and severance	566	732
Spin off and listing expense	10,288	-
Other non-recurring and prior periods related items	796	1,256
Adjusted EBITDA (previous method)	77,626	57,697

IV. Segment information

Segment reporting for the periods under consideration of the 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 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.

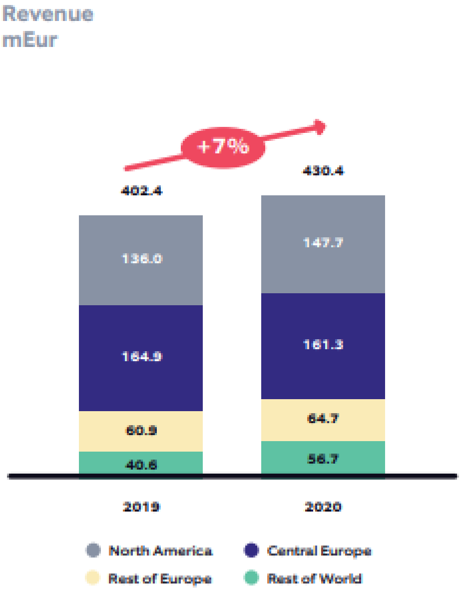
Certain items like sales expense, general and administrative expense, depreciation, results related to currency fluctuations, results unrelated to the accounting period, interest income and expense, goodwill, tax depreciation of intangible assets, income taxes, etc. are not allocated to any segment but 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.

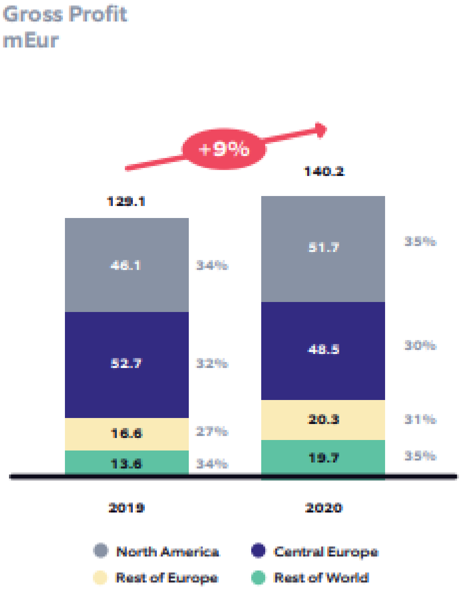
	North America 2020 kEUR	Central Europe 2020 kEUR	Rest of Europe 2020 kEUR	Rest of World 2020 kEUR	Total 2020 kEUR
Revenue	147,719	161,251	64,703	56,699	430,372
Own work capitalized	-	-	323	-	323
Total performance	147,719	161,251	65,025	56,699	430,694
Costs of revenues	(96,038)	(112,710)	(44,692)	(37,044)	(290,484)
Segment gross profit	51,681	48,541	20,333	19,656	140,210
as % of revenue	35%	30%	31%	35%	32.6%
Selling, General and Administrative expenses (current method)					(64,006)
as % of revenue					-15%
Adjusted EBITDA (current method)					76,204
as % of revenue					18%
Special items (current method)					(10,020)
EBITDA					66,184
as % of revenue					15%

	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	-	647	259	-	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%	32.1%
Selling, General and Administrative expenses (current method)					(74,061)
as % of revenue					-18%
Adjusted EBITDA (current method)					55,035
as % of revenue					14%
Special items (current method)					6,548
EBITDA					61,584
as % of revenue					15%

	North America 2020 kEUR	Central Europe 2020 kEUR	Rest of Europe 2020 kEUR	Rest of World 2020 kEUR	Total 2020 kEUR
Revenue	147,719	161,251	64,703	56,699	430,372
Own work capitalized	0	0	323	0	323
Total performance	147,719	161,251	65,025	56,699	430,694
Costs of revenues	(96,038)	(112,710)	(44,692)	(37,044)	(290,484)
Segment gross profit	51,681	48,541	20,333	19,656	140,210
as % of revenue	35%	30%	31%	35%	33%
Selling, General and Administrative expenses (previous method)					(62,584)
as % of revenue					-15%
Adjusted EBITDA (previous method)					77,626
as % of revenue					18%
Special items (previous method)					(11,442)
EBITDA					66,184
as % of revenue					15%

	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 (previous method)					(71,399)
as % of revenue					-18%
Adjusted EBITDA (previous method)					57,697
as % of revenue					14%
Special items (previous method)					3,886
EBITDA					61,584
as % of revenue					15%





impairment charge recognised during the year is as follows:

	2020	2019
	kEUR	kEUR
North America	152	115
Central Europe	156	196
Rest of Europe	1,310	327
Rest of World	402	348
	2,020	986

The geographical country wise revenues is as:-

	2020	2019
	kEUR	kEUR
Attributed to the entity's country of domicile		
Germany	116,442	119,854
United States of America	147,669	135,923
Others	166,261	146,653
Attributed to all foreign countries in total from which the entity derives revenues	313,930	282,576
	430,372	402,430

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 2019-2020 period, a large part of Nagarro's business was contracted on a time and expense basis. In 2020 time and expense based services accounted for about 77% of the total revenue (2019: 79%), with almost all of the remaining being contracted on a fixed bid basis.

Nagarro is not dependent on single major customers contributing more than 4% 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 Consolidated Statements of Comprehensive Income as follows:

	2020				
		thereof			
	Cost by nature	Costs of revenues	Selling, General and Administrative expenses	Special items	Total
	kEUR	kEUR	kEUR	kEUR	kEUR
Cost of materials	49,168	49,168	-	-	49,168
Staff costs	271,679	233,586	38,093	-	271,679
Other operating expenses	53,279	7,729	33,238	12,312	53,279
Impairment of trade receivables and contract assets	2,020	-	2,020	-	2,020
Other operating income	(11,635)	-	(9,344)	(2,292)	(11,635)
Total (current method)	364,510	290,484	64,006	10,020	364,510

	2019				
		thereof			
	Cost by nature	Costs of revenues	Selling, General and Administrative expenses	Special items	Total
	kEUR	kEUR	kEUR	kEUR	kEUR
Cost of materials	49,072	49,072	-	-	49,072
Staff costs	254,662	212,408	42,254	-	254,662
Other operating expenses	49,762	12,761	36,406	595	49,762
Impairment of trade receivables and contract assets	986	-	986	-	986
Other operating income	(12,730)	(0)	(5,586)	(7,144)	(12,730)
Total (current method)	341,752	274,240	74,061	(6,548)	341,752

	2020				
		thereof			
	Cost by nature	Costs of revenues	Selling, General and Administrative expenses	Special items	Total
	kEUR	kEUR	kEUR	kEUR	kEUR
Cost of materials	49,168	49,168	-	-	49,168
Staff costs	271,679	233,586	37,526	566	271,679
Other operating expenses	53,279	7,729	32,144	13,405	53,279
Impairment of trade receivables and contract assets	2,020	-	-	2,020	2,020
Other operating income	(11,635)	-	(7,086)	(4,549)	(11,635)
Total (previous method)	364,510	290,484	62,584	11,442	364,510

	2019				
		thereof			
	Cost by nature	Costs of revenues	Selling, General and Administrative expenses	Special items	Total
	kEUR	kEUR	kEUR	kEUR	kEUR
Cost of materials	49,072	49,072	-	-	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	-	-	986	986
Other operating income	(12,730)	(0)	(4,718)	(8,012)	(12,730)
Total (previous method)	341,752	274,240	71,399	(3,886)	341,752

The “Special items” relate to non-recurring items, purchase price adjustments and acquisition costs, and effects with respect to prior periods as discussed in section *G III. Adjusted EBITDA*.

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 *C.2. Goodwill*.

Total non-current assets other than goodwill, financial instruments and deferred tax assets amount to kEUR 33,001 (December 31, 2019: kEUR 25,117; January 1, 2019: kEUR 24,534) located in Germany and kEUR 36,666 (December 31, 2019: kEUR 46,305; January 1, 2019: kEUR 40,145) located in foreign countries. Thereof there are no material assets in an individual foreign country, that need to be disclosed separately. Of the goodwill kEUR 27,299 (December 31, 2019: kEUR 27,299; January 1, 2019: kEUR 27,299) is allocated to Germany.

V. Contingent liabilities and guarantees

No contingent liabilities and guarantees existed during the financial years 2020 and 2019.

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 written off the bad debt of kEUR 1,251 during the year.

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 included Nagarro Software Private Limited ("NSPL"), the India subsidiary of NI into the proceedings, the case against which has been dismissed by the India court. In our understanding it is a wrongful claim and we are contesting it and believe that the client claim is not tenable.

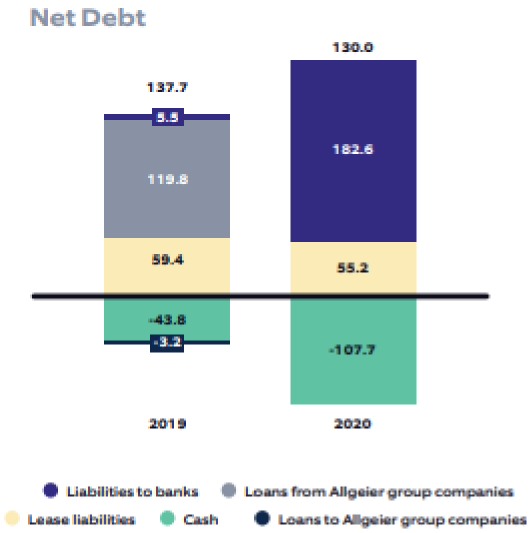
The Client has also sent a legal notice to NI through its attorneys in the US to which NI has replied appropriately. No further development has been made subsequently.

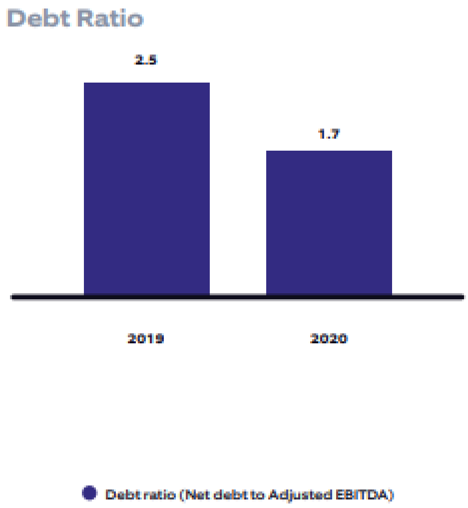
VI. Capital Management

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.

	Dec 31, 2020	Dec 31, 2019
	Total kEUR	Total kEUR
Liabilities to banks	182,586	5,496
Loans from Allgeier Group companies	-	119,829
Lease liabilities	55,156	59,365
Cash	(107,742)	(43,758)
Loans to Allgeier Group companies	-	(3,215)
Net debt	130,000	137,718
Adjusted EBITDA - previous method	77,626	57,697
Adjusted EBITDA - current method	76,204	55,035
Debt ratio (Net debt to Adjusted EBITDA - previous method)	1.7	2.4
Debt ratio (Net debt to Adjusted EBITDA - current method)	1.7	2.5
Total assets	386,822	342,011
Equity	46,528	59,942
Equity ratio (% of total assets)	12.0%	17.5%





VII. 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 its working capital and financial instruments such as hedging foreign currency customer receivables to control the cash flows and uses debt to finance its operations and its investment activities. On December 31, 2020, the financial liabilities of Nagarro amounted to kEUR 291,651 (December 31, 2019: kEUR 244,945; January 1, 2019: kEUR 178,318), of which kEUR 75,969 (December 31, 2019: kEUR 184,711; January 1, 2019: kEUR 110,390) are due within one year.

As of December 31, 2020, 100% of the current financial liabilities excluding loans from Allgeier Group (December 31, 2019: 100%; January 1, 2019: 100%) were covered by current financial assets in the amount of kEUR 184,116 (December 31, 2019: kEUR 130,125; January 1, 2019: kEUR 108,114). The value of loans from Allgeier Group included in the current financial liabilities is kEUR Nil (December 31, 2019: kEUR 119,829; January 1, 2019: kEUR 60,090).

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, 2020	Maturity within one year		Maturity between one and five years		Maturity later than five years	
	Carrying amount	Repayment	Interest	Repayment	Interest	Repayment	Interest
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Mixed-use syndicated loan of Nagarro SE	173,283	5,398	4,672	167,885	8,581	-	-
Working capital facility of Nagarro Software Pvt. Ltd.(secured)	2,760	2,760	4	-	-	-	-
Working capital facility of Nagarro Software Pvt. Ltd.	1,130	1,130	1	-	-	-	-
Working capital facility of Nagarro Enterprise Services Pvt. Ltd. (secured)	520	520	1	-	-	-	-
Liabilities from factoring	4,569	4,569	-	-	-	-	-
Bank loan of Nagarro Software SRL	198	52	6	146	13	-	-
Bank loan of Nagarro GmbH Austria	126	-	-	126	-	-	-
Trade payables	22,196	22,196	-	-	-	-	-
Derivative financial instruments	429	429	-	-	-	-	-
Contingent purchase price liabilities	6,749	4,291	-	2,458	-	-	-
Other financial liabilities	24,534	22,862	-	1,337	-	334	-
	236,495	64,208	4,684	171,952	8,594	334	-

	Dec 31, 2019	Maturity within one year		Maturity between one and five years		Maturity later than five years	
	Carrying amount	Repayment	Interest	Repayment	Interest	Repayment	Interest
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Working capital facility of Nagarro Software Pvt. Ltd.(secured)	1,525	1,525	7	-	-	-	-
Working capital facility of Nagarro Software Pvt. Ltd.	1,235	1,235	6	-	-		
Working capital facility of Nagarro Enterprise Services Pvt. Ltd. (secured)	550	550	1	-	-	-	-
Liabilities from factoring	1,663	1,663	-	-	-	-	-
Bank loan of Nagarro Software SRL	245	52	8	194	13	-	-
Bank loans of Nagarro 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	21,398	10,988	-	10,410	-	-	-
Other financial liabilities	22,445	20,274	-	1,737	-	434	-
Financial liabilities	185,580	172,806	383	12,341	13	434	-

	Jan 1, 2019	Maturity within one year		Maturity between one and five years		Maturity later than five years	
	Carrying amount	Repayment	Interest	Repayment	Interest	Repayment	Interest
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Working capital facility of Nagarro Software Pvt. Ltd.(secured)	2,900	2,900	20	-	-	-	-
Working capital facility of Nagarro Enterprise Services Pvt. Ltd. (secured)	549	549	4	-	-	-	-
Liabilities from factoring	1,779	1,779	-	-	-	-	-
Bank loan of Nagarro Software SRL	-	-	-	-	-	-	-
Bank loans of Nagarro iQuest Technlogies SRL	582	349	11	233	2	-	-
Mortgage of Nagarro Enterprise Services Pvt. Ltd. (secured)	156	156	8	-	-	-	-
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	-	21,621	-	-	-
Other financial liabilities	18,700	17,230	-	1,176	-	294	-
Financial liabilities	127,631	104,308	250	23,030	2	294	-

In addition to the tables above, financial liabilities include lease liabilities in the amount of kEUR 55,156 (December 31, 2019: kEUR 59,365; January 1, 2019: kEUR 50,688). Information on future cash outflows related to leases are shown below .

	Dec 31, 2020	Dec 31, 2019	Jan 1, 2019
	kEUR	kEUR	kEUR
Maturity within a year	11,966	12,133	9,664
Maturity between one and five years	36,171	37,436	30,972
Maturity later than five years	7,020	9,796	10,052
	55,156	59,365	50,688

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 198,038 (December 31, 2019: kEUR 145,390; January 1, 2019: kEUR 117,046). Impairments of kEUR 1,755 (December 31, 2019: kEUR 2,202; January 1, 2019: kEUR 1,789) were recognized on the gross amount of total customer receivables and other financial assets as of December 31, 2020. The impairment ratio on the gross amount was 0.9% (December 31, 2019: 1.7%; January 1, 2019: 1.6%).

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 4% of revenue of Nagarro in the 2020 and 2019 financial years. 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. 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.

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, 2020	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%	5%	14%	85%
Gross carrying amount								
Contract assets	10,922	10,922	-	-	-	-	-	-
Customer receivables	75,607	47,317	14,386	5,347	2,967	2,171	1,841	1,577
Impairment	(1,735)	(26)	-	(2)	(0)	(110)	(251)	(1,346)
Carrying amount	84,794	58,213	14,386	5,345	2,966	2,061	1,590	232

	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 Jan 1, 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%	9%	43%	74%
Gross carrying amount								
Contract assets	5,528	5,528	-	-	-	-	-	-
Customer receivables	76,708	50,010	14,237	3,558	2,793	3,701	1,392	1,017
Impairment	(1,730)	(16)	(41)	-	(0)	(320)	(597)	(756)
Carrying amount	80,505	55,522	14,196	3,558	2,793	3,381	795	261

Impairment losses on trade receivables have developed as follows:

	2020	2019
	kEUR	kEUR
Balance as of January 1	2,182	1,730
Additions to the scope of combination	-	-
Allocation to expenses	37	984
Disposal value from internal transaction	-	(84)
Reversal	(707)	(111)
Consumption	(197)	(330)
Currency differences	421	-
Other	-	(7)
Balance on December 31	1,735	2,182

Impairment losses on trade receivables and contract assets recognized in statement of comprehensive income is as follows:

	2020	2019
	kEUR	kEUR
Provision for doubtful debt	37	984
Bad debt written off	1,983	2
Recognised in income statement	2,020	986

The theoretical maximum exposure to credit risk at the end of the reporting period is the carrying amount of customer receivables of kEUR 73,872 (December 31, 2019: kEUR 80,320; January 1, 2019: kEUR 74,977). This risk is reduced by collateral and other credit rating improvements.

Other financial assets

The gross carrying amounts before impairment losses and net carrying amounts of other financial assets are shown in the following tables:

	FVTPL	At amortized cost			
			Expected credit loss over the term		
Dec 31, 2020	kEUR	Expected 12-month credit loss kEUR	Lifetime ECL - no credit impaired kEUR	Lifetime ECL - credit impaired kEUR	Total kEUR
Gross value before value adjustment		5,282	60	-	5,342
Value adjustments		-	(20)	-	(20)
Residual carrying amount	180	5,282	40	-	5,322

	FVTPL	At amortized cost			
			Expected credit loss over the term		
Dec 31, 2019	kEUR	Expected 12-month credit loss kEUR	Lifetime ECL - no credit impaired kEUR	Lifetime ECL - credit impaired 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

	FVTPL	At amortized cost			
			Expected credit loss over the term		
Jan 1, 2019	kEUR	Expected 12-month credit loss kEUR	Lifetime ECL - no credit impaired kEUR	Lifetime ECL - credit impaired 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:

2020	At amortized cost Expected 12-month credit loss kEUR	Expected credit loss over the term Lifetime ECL - no credit impaired kEUR	 Lifetime ECL - credit impaired kEUR	 Total kEUR
Balance as at January 1	-	(20)	-	(20)
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	-	-	-	-
Balance on December 31	-	(20)	-	(20)

2019	At amortized cost Expected 12-month credit loss kEUR	Expected credit loss over the term Lifetime ECL - no credit impaired kEUR	 Lifetime ECL - credit impaired 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)

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, 2020, there were assets resulting from foreign exchange forward transactions of kEUR 180 (December 31, 2018: kEUR 455; January 1, 2019: kEUR 1,040).

Cash

As of December 31, 2020, Nagarro had cash of kEUR 107,742 (December 31, 2019: kEUR 43,758; January 1, 2019: kEUR 27,947). 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 178,050 on December 31, 2020 (December 31, 2019: kEUR 8,858; January 1, 2019: kEUR 9,041). A change in interest rates of 100 basis points p.a. would result in an increase or decrease in the financial result of kEUR 1,781 in 2020 (2019: kEUR 80). In this case and applying a tax rate of 27% (2019: 30%), equity would increase or decrease by kEUR 1,300 (December 31, 2019: kEUR 56).

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 2021 and in 2022. 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 by 5 percent against the EUR. All monetary assets and 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 analysis was carried out for the respective currency pairs, to show the net risk and its implications on profit for the period and equity. This analysis assumes that all other variables, in particular interest rates, remain constant.

2020	Profit for the period		Equity	
Effect in kEUR	5% increase	5% decrease	5% increase	5% decrease
INR	(2,500)	2,764	(2,500)	2,764
CNY	(1,021)	1,128	(1,021)	1,128
USD	(948)	1,048	(948)	1,048
RON	(317)	350	(317)	350
GBP	(133)	147	(133)	147
AED	(115)	127	(115)	127
CHF	8	(9)	8	(9)
	(5,026)	5,555	(5,026)	5,555

2019	Profit for the period		Equity	
Effect in kEUR	5% increase	5% decrease	5% increase	5% decrease
INR	(2,086)	2,306	(2,086)	2,306
CNY	(991)	1,095	(991)	1,095
USD	(743)	821	(743)	821
RON	(450)	497	(450)	497
GBP	(93)	103	(93)	103
AED	(91)	101	(91)	101
CHF	94	(104)	94	(104)
	(4,361)	4,821	(4,361)	4,821

During the year, Nagarro has presented foreign exchange sensitivity considering all outstanding balances, whether in foreign currencies or local currencies of the non-euro subsidiaries. In the previous year presentation, the local currencies of the non-euro subsidiaries were no considered. The previously presented sensitivity is as follow:

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

Nagarro hedges some of the cash flows to reduce its currency risks. Details are provided in section *C.21. Financial instruments.*

VIII. 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.

IX. Governing Bodies of Nagarro SE

Supervisory Board

The Supervisory Board of Nagarro SE went through some changes in the pre-spin-off re-organization and also post-spin-off. The members of the Nagarro SE Supervisory Board in 2020 were as follows:

Current member	Membership with Nagarro SE	Additional information
Carl Georg Dürschmidt	Chairperson since August 10, 2020 Member and Deputy Chairperson from February 19, 2020 to August 10, 2020	Chairman of the management board of directors of Allgeier SE Diplom-Betriebswirt (Business Administration), Resident in Bad Abbach, Germany
Detlef Dinsel	Deputy Chairperson since August 10, 2020 Member since July 15, 2020	Chairman of the supervisory board of Allgeier SE Managing Partner of IK Investment Partners GmbH, Hamburg, Germany Dipl.-Ing./MBA Resident in Hamburg, Germany
Shalini Sarin	Member since October 31, 2020	Executive Director at Elektromobilitat Resident in Delhi, India

Previous members of 2020	Membership period with Nagarro SE	Additional information
Marcus Goedsche	Member and Chairman from February 19, 2020 to August 10, 2020	Member of the management board of directors of Allgeier SE

	Member from August 10, 2020 to October 31, 2020	Lawyer Resident in Munich, Germany
Annette Mainka	Member from February 19, 2020 to July 15, 2020	Diplom-Betriebswirtin (Business Administration) Resident in Munich, Germany
Christine Mayer	Member until February 19, 2020	Accountant Resident in Munich, Germany
Randi Melle Selnes	Member until February 19, 2020	Diplom-Kauffrau Resident in Munich, Germany
Katja Gogalla	Member until February 19, 2020	Kauffrau Resident in Munich, Germany

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

Carl Georg Dürschmidt

- Chairman of the supervisory board at: Allgeier Management AG, Allgeier Experts SE, Allgeier Enterprise Services AG
- Chairman of the management board at: Allgeier SE

Detlef Dinsel

- Chairman of the supervisory board at: Alanta Health Group, Hamburg
- Member of the supervisory board at: Klingel Medical Group, Pforzheim; Schock GmbH, Regen (deputy chairman); Winkelmann Group, Ahlen,
- Executive director at: IK Investment Partners S.A.R.L., Luxemburg;

Shalini Sarin

- Member of the supervisory board at: Linde India; Meritor HVS (India) Ltd; Automotive Axles; and Kirloskar Oil Engines

Total remuneration of the members of the Supervisory Board in the 2020 financial year was kEUR 45 (previous year: kEUR 0), the breakup of which is as:

	2020 kEUR	2019 kEUR
Carl Georg Dürschmidt		
Fixed remuneration	2	-
Variable remuneration	11	-
Other allowance	4	-
	17	-
Detlef Dinsel		
Fixed remuneration	1	-
Variable remuneration	11	-
Other allowance	2	-
	14	-
Shalini Sarin		
Fixed remuneration	1	-
Variable remuneration	11	-
Other allowance	2	-
	14	-
Total	45	-

The remuneration relates to the period from December 11, 2020 to December 31, 2020. As the company was founded in 2020, there is no comparative information available. Both fixed and variable remuneration were outstanding as at the balance sheet date and subsequent to the year end fixed remuneration was paid. The variable remuneration will be paid in 2021.

Management Board

The members of the Nagarro SE Management Board in 2020 were as follows:

Current member	Member with Nagarro SE	Additional information
Manas Fuloria	Member since July 15, 2020 (Chairperson)	PhD in Engineering Resident in Gurugram, India
Vikram Sehgal	Member since July 15, 2020	Bachelor of Engineering Resident in Los Altos, USA
Annette Mainka	Member since July 15, 2020	Diplom-Betriebswirtin (Business Administration) Resident in Munich, Germany

Previous members of 2020	Membership period with Nagarro SE	Additional information
Moritz Genzel	Member from February 19, 2020 to July 15, 2020	Lawyer Resident in Munich, Germany
Nicole Lotz	Member until February 19, 2020	Kauffrau Resident in Munich, Germany

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

Manas Fuloria

- Board Member of Wrig Nanosystems, since 2015
- Founder and Trustee of Re-Imagining Higher Education Foundation, since 2018
- Member of Residents Advisory Council of the Gurugram Municipal Development Authority, since 2019

Vikram Sehgal

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

Total remuneration of the members of the Management Board in the 2020 financial year for their services in that capacity was kEUR 290 (previous year: kEUR Nil) the breakup of which is as:

	2020 kEUR Nagarro SE	2020 kEUR Other Nagarro Companies	2020 kEUR Total	2019 kEUR Total
Manas Fuloria				
Fixed remuneration	53	30	84	-
Variable remuneration	-	-	-	-
Other perks	2	-	2	-
Social cost	-	0	0	-
	55	30	85	-
Vikram Sehgal				
Fixed remuneration	53	34	87	-
Variable remuneration	-	57	57	-
Other perks	2	-	2	-
Social cost	-	4	4	-
	55	95	150	-
Annette Mainka				
Fixed remuneration	53	-	53	-
Variable remuneration	-	-	-	-
Other perks	1	-	1	-
Social cost	-	-	-	-
	55	-	55	-
Total	164	125	290	-

Two out of three dedicated members of the Management Board in 2020 were part of the key management personnel in 2019 and 2020. The management board remuneration for 2020 for the three management board members is shown from July 15, 2020. The management board contract for the period July 15, 2020 till October 31, 2020 is with the respective entity where the management board members were employed. Starting November 1, 2020 their contract is with Nagarro SE. The remuneration of all the three board members for the entire period from January 1, 2020 to December 31, 2020 is also included in the key management remuneration.

X. Publication

Approval of the consolidated financial statements by the Supervisory Board and the release for publication are planned for April 29, 2021. The consolidated financial statements are published in the German Federal Gazette (Bundesanzeiger) and on the website of Nagarro SE.

The following companies included in the consolidated financial statements of Nagarro SE make partial or full use of the exemption pursuant to Section 264 (3) of the German Commercial Code (HGB):

Nagarro Connect AG, Munich, Germany
Nagarro Holding GmbH, Munich, Germany
Nagarro ES GmbH, Kronberg im Taunus, Germany
Nagarro Software GmbH, Frankfurt, Germany
Nagarro GmbH, Munich, Germany
Nagarro iQuest Holding GmbH, Bad Homburg, Germany
Nagarro iQuest Verwaltungs GmbH, Bad Homburg, Germany
Nagarro Beteiligungs GmbH, Munich, Germany
Nagarro SPP GmbH, Munich, Germany
SPP Co-Investor Verwaltungs GmbH, Munich, Germany

The following companies included in the consolidated financial statements of Nagarro SE make partial or full use of the exemption pursuant to Section 264b of the German Commercial Code (HGB):

SPP Co-Investor GmbH & Co. KG, Munich, Germany

Nagarro iQuest GmbH & Co. KG, Bad Homburg, Germany

XI. Corporate Governance Code

The statement on the Corporate Governance Code prescribed by Section 161 of the German Stock Corporation Act (AktG) was submitted and made accessible to the shareholders on the website of Nagarro SE.

XII. Stock Option Plan

At the time of the spin-off, since the Stock Option Plans of Allgeier SE (SOP 2010 (54,000 options) and SOP 2014 (140,000 options)) did not provide for specific provisions that could be applied in the event of a spin-off therefore in the spin-off contract between Allgeier and Nagarro it was agreed that SOP 2010 (54,000 options) and SOP 2014 (140,000 options) of Allgeier will be adjusted and partially transferred to Nagarro SE as Stock Option Plan 2020/I at their original exercise prices of EUR 7.61 for formerly SOP 2010 and EUR 19.65 for formerly SOP 2014 of Allgeier respectively.

These options have not yet been exercised as at December 31, 2020, however these have a dilution effect on the earnings per share and accordingly considered for diluted earnings per share as mentioned in section *D.31. Earnings per Share (EPS).*

XIII. Events after the balance sheet date

In the period between December 31, 2020 and the date when the Consolidated Financial Statements were authorized for issuance by the Board of Directors of Nagarro SE, the following events of particular importance exist:

Acquisition of Livisi

By way of purchase agreement dated October 13, 2020, Nagarro iQuest Holding GmbH, Karlsruhe, acquired Livisi GmbH, Essen, from Innogy SE, Essen. Livisi is a company operating in the Smart Home/Home automation market. kEUR 247 was the initial price agreed, which has been paid before the year end, as the purchase price for the assets and clients agreements assumed. Subsequent to the year end, the final purchase price of kEUR 601 has been agreed at fair market value and the balance kEUR 354 is payable. In the period from January 1, 2020 to December 31, 2020, Livisi generated revenue of kEUR 2,086 and (loss) earnings before interest, taxes, depreciation and amortization of kEUR (3,134). In connection with the transaction there were costs of kEUR 36 which were recognized in other operating expenses of Nagarro in 2020 and kEUR 40 in 2021.

Closing of the deal has been signed and is effective from January 1, 2021, and one hundred percent of the equity of Livisi GmbH has been acquired and accordingly Livisi will be consolidated for the first time with Nagarro from January 1, 2021. Below is the breakdown of net assets acquired from Livisi:

	Estimated fair values
	kEUR
Right of use assets	98
Contract assets	6
Trade receivables	1
Other assets	137
Cash and cash equivalents	575
Assets acquired	818
Contract liabilities	42
Trade payables	60
Other financial liabilities	16
Other liabilities	1
Liabilities assumed	119
Net assets	699

At the time the financial statements were authorised for issue, Nagarro group had not yet completed the accounting for the acquisition of Livisi GmbH. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally.

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 ask us to resume delayed projects or ramp up new project teams. Yet the pandemic has once again surged with daily new cases reaching or breaching the previous peak levels in many countries. We expect that the vaccination programs will eventually slow down the pandemic. However, there is still considerable uncertainty.

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Incorporation of subsidiary in Sri Lanka

Subsequent to the year end, Nagarro has incorporated a wholly owned subsidiary in Sri Lanka.

Intended merger of Nagarro Holding GmbH and Nagarro SE

On 26 March 2021, the management board of Nagarro SE has decided - as already indicated in the securities prospectus published on December 08, 2020, in connection with the initial listing of the company's shares - to enter into negotiations with the participants of the management participation program at the level of the operational management company Nagarro Holding GmbH regarding the dissolution of this program and the subsequent full integration of Nagarro Holding GmbH into Nagarro SE by way of merger, with the issuance of new shares in Nagarro SE to the members of the management participation program. Currently, members of the Management Board and executives of various Nagarro group companies (including the members of the Management Board of Nagarro SE, Manas Fuloria and Vikram Sehgal) hold a fiduciary interest of 16.17% of the shareholding in Nagarro Holding GmbH. It is intended to grant to the participants of the management participation program, directly or indirectly, shares in Nagarro Holding GmbH and new shares in Nagarro SE as part of the subsequent merger.

In order to be effective, the merger and the capital increase would require the approval of the General Meeting of Nagarro SE. It is planned to submit the intended merger of Nagarro Holding GmbH and Nagarro SE for resolution at a General Meeting of Nagarro SE in 2021. Once the merger happens, Nagarro SE will not be able to utilize the tax losses being carried forward at the level of Nagarro Holding GmbH against future profits in Nagarro SE as the same is not allowed as per the German tax law and the tax losses would thus lapse.

Stock Option Plan

Subsequent to the year end, Nagarro SE has granted certain stock options the details of which is as below:

People addressed	Members of the management of Nagarro SE and its group companies and employees of group companies	Members of the Management Board of Nagarro SE
Number of options authorized	800,000 until October 22, 2025	45,000 until October 22, 2025
Authorization by	General meeting on October 31, 2020	General meeting on October 31, 2020
Plan name	Stock Option Plan 2020/II	Stock Option Plan 2020/III
Number of options granted	410,000 on January 15, 2021, exercise price EUR 95.35	45,000 on January 15, 2021, exercise price EUR 95.35
Vesting period	4 years	4 years
Term	10 years	10 years
Exercise price valuation	110% of the average closing price of the last five trading days prior to the offer	110% of the average closing price of the last five trading days prior to the offer
Weighted average share price	EUR 86.68	EUR 86.68
Stock price on the grant date	EUR 78.60	EUR 78.60
Vesting condition	25% of the stock options granted to an option holder become vested after 12, 24, 36 and 48 months following the issuance date	25% of the stock options granted to an option holder become vested after 12, 24, 36 and 48 months following the issuance date
Settlement method	Equity shares of Nagarro SE	Equity shares of Nagarro SE
Exercising of option	Limited to a period of two weeks after each Annual General Meeting and after the publication of annual, semi-annual and quarterly figures	Limited to a period of two weeks after each Annual General Meeting and after the publication of annual, semi-annual and quarterly figures

Code on Social Security 2020

As a part of labor reforms, India has passed 4 new updated labor codes in September 2020 i.e. the Code on Wages 2020, the Code on Social Security 2020, the Code on Industrial Relations 2020 and the Code on Occupational Safety, Health and Working Conditions, 2020 (all together "Code") which may significantly impact the expense of the company on post-retirement schemes for employees. The effective date from which the changes are applicable is yet to be notified and the final rules are yet to be framed. Once done, the existing employees related laws will be repealed. Nagarro will carry out an evaluation of the impact and record the same in the consolidated financial statements and results in the period in which the Code becomes effective and the related rules are published.

XIV. List of subsidiaries pursuant to section 313 para 2 German Commercial Code

No.	Company	Shareholding	Country of incorporation	Foreign currency (FC)	Equity Dec 31, 2020		Net profit/(loss) for the year 2020			Disclosure
					kFC	kEUR	kFC	kEUR	Note	
1	Nagarro SE, Munich, Germany	100.00%	Germany	EUR	227,915	227,915	(15,877)	(15,877)		Separate and consolidated annual financial statements in the Federal Gazette (Bundesanzeiger)
	Direct investments of Nagarro SE									
2	Nagarro Connect AG, Munich, Germany	100.00%	Germany	EUR	245,554	245,554	1,885	1,885		Exemption pursuant to Section 264 (3) HGB
3	SPP Co-Investor Verwaltungs GmbH, Munich, Germany	100.00%	Germany	EUR	22	22	(2)	(2)		Exemption pursuant to Section 264 (3) HGB
4	Nagarro Beteiligungs GmbH, Munich, Germany	50.01%	Germany	EUR	3,264	3,264	(173)	(173)		Exemption pursuant to Section 264 (3) HGB
5	Nagarro SPP GmbH, Munich, Germany	59.04%	Germany	EUR	(124)	(124)	(205)	(205)		Exemption pursuant to Section 264 (3) HGB
6	SPP Co-Investor GmbH & Co. KG, Munich, Germany	16.41%	Germany	EUR	266	266	(26)	(26)		Exemption pursuant to Section 264b HGB
	Indirect investments via dependent subsidiaries									
7	Nagarro Holding GmbH, Munich, Germany	83.83%	Germany	EUR	13,102	13,102	3,245	3,245		Exemption pursuant to Section 264 (3) HGB
8	Nagarro Inc., San Jose, USA	83.83%	USA	USD	29,150	27,364	3,146	2,744		
9	Nagarro Software Pvt. Ltd., Gurgaon, India	83.83%	India	INR	3,873,869	43,255	1,011,865	11,953		
10	Nagarro Software GmbH, Frankfurt, Germany	83.83%	Germany	EUR	2,399	2,399	(109)	(109)		Exemption pursuant to Section 264 (3) HGB
11	Nagarro Software S.A., Monterrey, Mexico	83.83%	Mexico	MXN	(33,832)	(1,387)	(6,060)	(245)		
12	Mokriya Inc., Cupertino, USA	83.83%	USA	USD	7,095	5,785	2,713	2,366		
13	Nagarro Objectiva Inc., Fishers, USA	83.83%	USA	USD	(15,335)	(12,503)	2,649	2,310		
14	Objectiva Software Solutions Co. Ltd., Beijing, China	83.83%	China	CNY	35,705	4,456	21,154	2,677		
15	Objectiva Software Solutions Co. Ltd., Xi'an, China	83.83%	China	CNY	7,508	937	678	86		
16	Allgeier Global Services Asia Pte. Ltd., Singapore	83.83%	Singapore	SGD	1,883	1,177	(76)	(48)		
17	Nagarro Enterprise Services Pvt. Ltd., Jaipur, India	83.83%	India	INR	942,056	10,519	327,078	3,864		
18	Nagarro SDN. BHD., Kuala Lumpur, Malaysia	83.83%	Malaysia	MYR	2,580	522	887	184		
19	Nagarro K.K., Tokyo, Japan	83.83%	Japan	JPY	103,234	816	32,549	267		
20	Nagarro Software AB, Stockholm, Sweden	83.83%	Sweden	SEK	5,432	540	(1,208)	(115)		
21	Nagarro GmbH, Vienna, Austria	83.83%	Austria	EUR	3,240	3,240	1,216	1,216		
22	Nagarro GmbH, Munich, Germany	83.83%	Germany	EUR	11,108	11,108	-	-	(1) & (2)	Exemption pursuant to Section 264 (3) HGB
23	Nagarro Software SRL, Timisoara, Romania	83.83%	Romania	RON	6,004	1,233	631	130		
24	Nagarro Software A/S, Copenhagen, Denmark	83.83%	Denmark	DKK	(4,473)	(601)	2,084	280		
25	Nagarro Software Ltd., London, United Kingdom	83.83%	UK	GBP	2,491	2,772	887	997		
26	Nagarro AS, Oslo, Norway	83.83%	Norway	NOK	5,690	543	(8,143)	(755)		
27	Nagarro Pty. Ltd., Sydney, Australia	83.83%	Australia	AUD	392	247	231	140		
28	Nagarro Oy, Espoo, Finland	83.83%	Finland	EUR	644	644	111	111		
29	Nagarro Ltd., Valetta, Malta	83.83%	Malta	EUR	236	236	175	175		
30	Nagarro Pty. Ltd., Pretoria, South Africa	83.83%	South Africa	ZAR	7,802	434	7,811	414		

31	Nagarro Inc., Toronto, Canada	83.83%	Canada	USD	(16)	(10)	(6)	(4)		
32	Nagarro Company Ltd., Bangkok, Thailand	83.83%	Thailand	THB	6,131	167	2,447	68		
33	Nagarro Ltd., Port Luis, Mauritius	83.83%	Mauritius	MUR	(70)	(1)	1,264	29		
34	Nagarro MENA LLC, Dubai, UAE	83.83%	UAE	AED	7,604	1,688	3,257	774		
35	Solutions4Mobility LLC, Dubai, UAE	83.83%	UAE	AED	6,230	1,383	5,100	1,211		
36	Nagarro ES GmbH, Kronberg im Taunus, Germany	83.83%	Germany	EUR	1,155	1,155	-	-	(1) & (2)	Exemption pursuant to Section 264 (3) HGB
37	Nagarro ES France SAS, Entzheim, France	83.83%	France	EUR	1,300	1,300	890	890		
38	Nagarro ES Denmark A/S, Herlev, Denmark	83.83%	Denmark	DKK	(1,014)	(136)	(802)	(108)		
39	Nagarro iQuest Holding GmbH, Bad Homburg, Germany	83.83%	Germany	EUR	4,544	4,544	741	741		Exemption pursuant to Section 264 (3) HGB
40	Nagarro iQuest GmbH & Co. KG, Bad Homburg, Germany	83.83%	Germany	EUR	51	51	-	-		Exemption pursuant to Section 264b HGB
41	Nagarro iQuest Verwaltungs GmbH, Bad Homburg, Germany	83.83%	Germany	EUR	37	37	1	1		Exemption pursuant to Section 264 (3) HGB
42	Nagarro iQuest Technologies SRL, Cluj-Napoca, Romania	83.83%	Romania	RON	65,176	13,383	14,748	3,049		
43	Nagarro iQuest Schweiz AG, Zurich, Switzerland	83.83%	Switzerland	CHF	1,380	1,275	864	807		
44	iQuest SPZOO, Warsaw, Poland	83.83%	Poland	PLN	1,266	277	746	167		

(1) After profit transfer or loss assumption
(2) Profit and loss transfer agreement with Nagarro Holding GmbH

Munich, April 28, 2021

Nagarro SE, Munich

Board of Directors

Manas Fuloria Vikram Seghal Annette Mainka

The following English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) refers to the annual financial statements as well as the management report of Nagarro SE, Munich, as of and for the financial year ended 31 December 2020, prepared in accordance with international Financial Reporting Standards ("IFRS") applicable to business corporations, as a whole and not solely to the annual financial statements presented in the Prospectus on the preceding pages. The management report is not part of the Prospectus.

INDEPENDENT
AUDITOR'S REPORT
TO NAGARRO SE, MUNICH
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Nagarro SE, Munich, and its subsidiaries (the Group), which comprise the Nagarro Group's Consolidated Statement of Comprehensive Income from January 1 to December 31, 2020, Consolidated Balance Sheet at December 31, 2020, Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity for the financial year from January 1 to December 31, 2020, and Notes to the Group Consolidated Financial Statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Nagarro SE, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2020. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

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

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

- **IAS 1 (Presentation of Financial Statements) and IFRS 10 (Consolidated Financial Statements)**
- **Revenue Recognition (IFRS 15)**
- **Related Party Disclosures (IAS 24)**

Our presentation of these key audit matters has been structured in each case as follows:

- Reasons for designation as key audit matters
- Our audit approach
- Our conclusions
- Reference to further information

Hereinafter we present the key audit matters:

<u>IAS 1 (Presentation of Financial Statements) and IFRS 10 (Consolidated Financial Statements)</u>

Reasons for designation as a key audit matter

Because of the spin-off from Allgeier SE, Nagarro SE has to present for the first time the consolidated financial statements under the IFRS regulations.

The spin-off was 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 Nagarro SE's shares. After the demerger was entered into the commercial register of the District Court of Munich on December 15, 2020, it became effective retrospectively from January 1, 2020. The issuer of the new shares and hence the parent company of the stand-alone Nagarro group is Nagarro SE. The spin-off was approved by the Shareholders' Meeting of Allgeier SE on September 24, 2020 and by the Shareholders`s Meeting of Nagarro SE on October 30, 2020.

In contemplation of the spin-off, Nagarro SE, a former shelf company founded on January 17, 2020, was acquired by Allgeier SE on February 19, 2020 and finally renamed to “Nagarro SE”. After several legal reorganizations, which were completed in mid of July 2020, Nagarro SE was finally the ultimate parent company of all the operating entities. Allgeier SE also transferred its shareholding in Nagarro Connect AG, Munich, (until December 2020 known as Allgeier Connect AG) to Nagarro SE at the time of spin-off.

With the spin-off and the stock market listing in December 2020, all the net assets of Nagarro Group business are being controlled by Nagarro SE within the meaning of IFRS 10, Consolidated Financial Statements, and thus Nagarro SE is legally obliged to prepare the first annual group financial statements for the year ended December 31, 2020. The first-time consolidated financial statements of Nagarro SE has been prepared in accordance with IFRS 1, First time Adoption of International Financial Reporting Standards, for the reporting period ended December 31, 2020, including an additional opening balance sheet as of January 1, 2019, although Nagarro SE was founded in 2020. As Consolidated Financial Statements were previously not prepared for the combined Nagarro Group business, no reconciliation for consolidated equity and for comprehensive income is required pursuant to IFRS 1.

In accordance with IFRS 1.18 in conjunction with IFRS 1.D16(a), Nagarro SE applied the predecessor accounting approach by using the carrying amounts (including goodwill) recognized in the IFRS Consolidated Financial Statements of Allgeier SE. No other exemption permitted under IFRS 1 were used in the Consolidated Financial Statements presented here. The scope of consolidation of the group entities for the consolidated financial statements of Nagarro was determined based on the legal reorganization concept i.e., the 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.

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, though in practice, there is a choice for the accounting methodology 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 to apply for the acquisition.

Due to this background and due to the overall impact of the financial statements, this matter was of obvious significance for our audit.

Our Audit approach

As part of our audit we obtained an understanding of the spin-off and the relevant legal documents as well as the prospectus of Nagarro SE for the admission to trading on the regulated market of the Frankfurt Stock Exchange. We also audited main features of the internal control and risk management system with regard to the group accounting process to ensure that the risks of misunderstanding the IFRS regulation as well as the proper accounting processes for the identification, management, monitoring and measurement of accounting risks are established.

Our Conclusions

Based on our audit procedures, we were able to satisfy ourselves that the methods and processes for the recognition and application of the relevant IFRS and IAS Standards are appropriate as a whole. The accounting in the financial statements is appropriate and in accordance with the accounting and valuation principles to be applied in accordance with IFRS. The main assumptions and statements in this regard are reasonable; the presentation in the notes to the consolidated financial statements and the group management report is appropriate.

Reference to further information

The Company's disclosures on the applied IAS 1 and IFRS 10 are included in section “B.I. General Accounting Principles” and “B.VII. Notes to the Consolidated Statement of Financial Position” in the notes.

Revenue Recognition (IFRS 15)

Reasons for designation as a key audit matter

Nagarro primarily generates revenues from the provision of IT services, from IT project contracts. Revenues from services are recognized depending on the contractual agreements and taking into account the services rendered. This is usually done for time and expense contracts. In case of fixed-price contracts, revenue from services is recognized according to the progress of the contract and taking into account realized partial services. Furthermore, revenue from the transfer of licenses is recognized on an accrual basis in accordance with the contractual provisions.

In revenue recognition, there is a risk of the existence of inaccuracies and violations in connection with the achievement of performance targets and forecasts, which could serve as an incentive, on the one hand, for revenues to be realized before the respective opportunities and risks are transferred to the buyer and, on the other hand, for fictitious revenues to be recognized. At Nagarro SE, extensive agreements are concluded with customers. The accounting presentation and recognition in profit or loss of these agreements and the transactions attributable to them requires, for example, in the case of fixed-price projects, an estimate of the total costs of the contract and an assessment of whether and when the significant opportunities and risks have been transferred to the buyer.

Due to the high sales volumes and the materiality of revenue for the consolidated financial statements and in connection with the fact that revenue is the performance indicator for Nagarro for corporate management and forecasting, we have determined revenue recognition as a key audit matter.

Our Audit approach

As part of our audit, we examined the internally defined methods, procedures and control mechanisms in the offer and settlement phase of the sales process. We assessed the design and effectiveness of the accounting-related internal controls by tracing transactions from their origination to their presentation in the consolidated financial statements and by testing their controls. With respect to the measurement of revenue, including revenue deductions and the correct accrual, we used the control-based audit approach and addressed the underlying business processes and controls. Our audit procedures also included reviewing underlying business records, e.g. sales invoices, performance records, customer confirmations in the form of acceptance reports and reviewing subsequent developments (e.g. payments received, credit notes issued, and complaints received etc.). We additionally assessed the related systems used in accounting for revenue. In addition, we performed data analyses of transactions during the year for any anomalies. We reconciled non-standard transactions and sales reductions with the underlying contracts and business documents on a sample basis. By giving appropriate instructions to the component auditors and then performing an assessment of the reporting from their audit, we ensured that the audit procedures were performed uniformly throughout the Group.

With regard to the application of IFRS 15, we dealt with the processes set up by Nagarro for this standard. In particular, we examined the proper identification of the estimate of the total cost of the contract and the transfer of the significant risks and rewards to the buyer.

Furthermore, we have assessed the disclosures made by Nagarro on revenue recognition in the notes to the consolidated financial statements.

Our conclusions

Based on the audit procedures we performed, we are of the opinion that the underlying assumptions and management's judgement used for revenue recognition, in particular in the area of identifying performance obligations, determining transaction prices and allocation of the transaction prices among separate obligations, were presented fairly, in all material respects.

Reference to further information

The Company's disclosures on the applied revenue recognition policies are included in section "B.VIII. Notes to the Consolidated Statements of Comprehensive Income" and in section "D.XXII. Notes to the Combined Statements of Comprehensive Income" of the notes.

Related Party Disclosures (IAS 24)

Reasons for designation as a key audit matter

The spin-off of Nagarro SE and their subsidiaries in mid-December 2020 was carried out through numerous transactions, some of which involved very high amounts. Such transactions were eliminated as part of the consolidation processes until December 15, 2020. Since then, Allgeier SE and its subsidiaries are no longer related parties in relation to Nagarro SE. The remaining balances are significant. The disclosures in the notes and management report should therefore be considered potentially relevant for decision-making, especially in connection with the aforementioned spin-off.

Our Audit approach

As part of our audit, we evaluated the appropriateness and effectiveness of the processes and controls established by the group to record relationships and transactions with related parties. This also applies to the implementation of IT systems for processing and mapping these transactions. With regard to the special business transactions between Nagarro SE and Allgeier SE in 2020, we assessed the support provided to the company by their advisors, as well as the information obtained through reading the minutes of the management board and supervisory board.

Our conclusion

In our view, the systems and processes put in place, as well as the controls to record related party transactions, are appropriate overall. The estimates and assumptions made by management are sufficiently documented and substantiated. The management performed the appropriate accounting and the disclosures in the notes to the consolidated financial statements and the group management report on related parties reflect this.

Reference to further information

The Company`s disclosures on the applied "Related Party Disclosures" are contained in the notes under Section "G. II. Other disclosures".

Other Information

The management board members are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289 f HGB and § 315 d HGB included in section "Corporate Governance" of the group management report
- the subsections "Information on the Company's Governing Constitution", "Board of Management", "Supervisory Board", "Shareholders and Annual General Meeting"
- the corporate governance report in accordance with the German Corporate Governance Code
- the insurance according to § 297 Abs. 2 Satz 4 HGB for the consolidated financial statements and the insurance according to § 315 Abs. 1 Satz 5 HGB for the group management report.
- The Non-Financial Report according to 315b HGB

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

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

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

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If we come to the conclusion that there has been a material misrepresentation of this other information, we are obliged to report these facts.

Responsibilities of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The management board members are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315 e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the management board members are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management board members are responsible for assessing the Group'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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so. Furthermore, the management board members are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the management board members are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, which will enable us to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report 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.

- Evaluate the appropriateness of accounting policies used by the management board members and the reasonableness of estimates made by the management board members and related disclosures.

- Conclude on the appropriateness of the management board members' 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 Group'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 consolidated financial statements and in the group management report 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 Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315 e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group`s position it provides.

- Perform audit procedures on the prospective information presented by the management board members in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the management board members as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file [nagarro-2020-12-31.zip] and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Management Board members and the Supervisory Board for the ESEF Documents

The management board members of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the management board members of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material noncompliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The management board members of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material noncompliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material noncompliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.

- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i. e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019 / 815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine readable XBRL copy of the XHTML reproduction.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting held on October 30, 2020. We were engaged by the supervisory board on January 20, 2021. We are for the first time the group auditor of Nagarro SE, Munich. We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (longform audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Prof. Dr. Jörg-Andreas Lohr.

Düsseldorf, 29 April 2021

LOHR + COMPANY GMBH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Jörg-Andreas Lohr
German Public Auditor

Combined Financial Statements for Nagarro

For the fiscal years 2019, 2018 and 2017

Combined Statements of Financial Position

ASSETS	Note	December 31, 2019	2018	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:

First time Application in fiscal year 2019

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.

<u>First time Application in fiscal year 2018</u>

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.

First time Application in fiscal year 2017

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	non-current	current	Total	non-current	current	Total	non-current	current
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	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	 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

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:

	Dec 31, 2019	2019				
in kEUR	Category in accordance with IFRS 9	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

	Dec 31, 2018	2018				
in kEUR	Category in accordance with IFRS 9	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

	Dec 31, 2017	2017				
in kEUR	Category in accordance with IAS 39	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	2018	2017
	kEUR	kEUR	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

			Non-cash transactions			
		Cash flows	Additions	Currency differences	Accrued interests	
	Dec 31, 2017 kEUR	2018 kEUR	2018 kEUR	2018 kEUR	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

			Non-cash transactions			
		Cash flows	Additions	Currency differences	Accrued interests	
	Jan 1, 2017 kEUR	2017 kEUR	2017 kEUR	2017 kEUR	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	Cash outflow 2019		Cash outlow 2020		Cash outflow 2021		Cash outflow >2021	
	Carrying amount	Repay-ment	Interest	Repay-ment	Interest	Repay-ment	Interest	Repay-ment	Interest
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	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	Cash outflow 2018		Cash outlow 2019		Cash outflow 2020		Cash outflow >2020	
	Carrying amount	Repay-ment	Interest	Repay-ment	Interest	Repay-ment	Interest	Repay-ment	Interest
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	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.

<u>Other financial assets</u>

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	 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	 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	 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

L+C LOHR + COMPANY

Nagarro SE,
Munich

Auditor's Report

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 Reporting 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, 09 November 2020

LOHR + COMPANY GmbH

Wirtschaftsprüfungsgesellschaft

Prof. Dr. Jörg-Andreas Lohr - Wirtschaftsprüfer -	ppa. Uwe Höschler - Wirtschaftsprüfer -

L+C
LOHR + COMPANY
GmbH
Wirtschaftsprüfungsgesellschaft

Nagarro SE
Munich

Annual financial statements and management report

as of December 31, 2020

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Assets	EUR	Dec 31, 2020 EUR	Jan 17, 2020 EUR
A. Fixed assets			
I. Financial assets			
1. Shares in affiliated companies		437,280,620.00	0.00
2. Loans to affiliated companies		158,208,103.39	0.00
		595,488,723.39	0.00
B. Current assets			
I. Receivables and other assets			
1. Unpaid contributions to capital share		0.00	120,000.00
2. Other assets		800,830.34	0.00
		800,830.34	120.000.00
II. Cash in hand, central bank balances, bank balances and cheques		17,561,111.27	0.00
		18,361.941.61	120,000.00
C. Prepaid expenses		845,941.16	0.00
		614,696,606,16	120,000,00

Equity and Liabilities		Dec 31, 2020	Jan 17, 2020
	EUR	EUR	EUR
A. Equity			
I. Share capital		11,382,513.00	120,000.00
II. Capital reserve		232,409,547.00	0.00
III. Net loss for the year		-15,877,164.27	0.00
		227,914,895.73	120,000.00
B. Provisions			
Other provisions		610,291.83	0.00
C. Liabilities			
1. Liabilities to banks		181,387,346.62	0.00
2. Trade payables		2,688,214.84	0.00
3. Liabilities to affiliated companies		201,952,689.78	0.00
4. Other liabilities		143,167.36	0.00
- there of from taxes: EUR 18,601.46 (Jan 17, 2020: EUR 0.00) - of which under social security: EUR 0.10 (Jan 17, 2020: EUR 0.00)		386,171,418.60	0.00
		614,696,606.16	120,000.00

Nagarro SE,

Munich

profit and loss statement

for the period January 17, 2020 to December 31, 2020

	2020	
	EUR	EUR
1. Other operating income		1,064.61
2. Personnel expenses		
a) Wages and salaries	125,035.02	
b) Social security and other pension costs	5,156.02	
		130,191.04
3. Other operating expenses		13,086,582.43
4. Income from other investments and long-term loans - of which from affiliated companies EUR 131,730.33		131,730.33
5. interest and similar expenses - of which to affiliated companies EUR 2,252,172.53		2,793,185.74
6. Result after taxes		**-15,877,164.27**
7. Net loss for the year		**-15,877,164.27**

Nagarro SE, Munich

Einsteinstraße 172, 81677 Munich, Germany

Notes for the short fiscal year from January 17 to December 31, 2020

1. General information

Nagarro SE (until March 11, 2020: Blitz 20-361 SE, until July 17, 2020: Allgeier Project SE) has its registered office in Munich and is entered in the Commercial Register at the Local Court of Munich under HRB 254410. Nagarro SE, then trading as Blitz 20-361 SE, was established as a shelf company by articles of association dated January 17, 2020. The fiscal year 2020 is a short fiscal year.

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

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

For the sake of clarity of presentation, the notes required by law for items in the balance sheet and the income statement, which may be made either in the balance sheet or the income statement or in the notes, are included in the notes. The income statement is classified using the nature of expense method.

2. Spin-off of the shares of Allgeier (now: Nagarro) Connect AG as well as the shares of Nagarro SE to Nagarro SE as absorbing company with capital increase against contributions in kind

The Management Board of Allgeier SE, Munich, with the approval of the Supervisory Board, decided on November 5, 2019 to legally separate the business activities of the Allgeier Group in the area of technology consulting and software development business and, for this purpose, to carry out a spin-off in accordance with the German Transformation Act (Umwandlungsgesetz) to a future independent listed company, which will later be Nagarro SE.

In preparation for and implementation of the planned legal independence of the technology consulting and software development business, the following measures were essentially carried out in the Allgeier Group:

- Acquisition of Nagarro SE as a shelf company (then trading as Blitz 20-361 SE, Munich) by purchase agreement dated February 19, 2020
- Intra-group transfer of the subgroups iQuest, Objectiva, Allgeier Enterprise Services (here only the SAP business) to Nagarro Holding GmbH, Munich, or its subsidiaries by the end of June 2020.
- Transfer of the entire shareholding in Nagarro Holding GmbH as well as the investment vehicles of Nagarro SPP GmbH, SPP Co-Investor Verwaltungs GmbH, SPP Co-Investor GmbH & Co. KG and Nagarro Beteiligungen GmbH respectively to Nagarro SE in July 2020.
- Sale and assignment of the purchase price receivables resulting from intra-group disposals by Allgeier Project Solutions (meanwhile merged into Allgeier SE) to Allgeier SE. This relates to a purchase price receivable of EUR 193,609 thousand against Nagarro SE from the sale of Nagarro Holding GmbH including the associated companies related to SPP as well as a partial amount of EUR EUR 50,000 thousand to Nagarro Holding GmbH. Both purchase price receivables were deferred at an interest rate of 3% p.a. until they are settled during the year.
- With the contribution and assignment agreement dated August 11, 2020, the contribution of the two aforementioned assigned purchase price receivables of a total of EUR 243,609 thousand from Nagarro SE and Nagarro Holding GmbH at nominal values as well as the brand "Nagarro" with a value of EUR 10 thousand was made by Allgeier SE to the capital reserve of Nagarro Connect AG pursuant to section 272 (2) no. 4 HGB.

For the further implementation of the Spin-off, Allgeier SE as transferring legal entity and Nagarro SE as acquiring legal entity have concluded a notarised Spin-off and Transfer Agreement on August 14, 2020. The Spin-off and Transfer Agreement provides that the Spin-off shall take place with retroactive economic effect as of January 1, 2020 (hereinafter Spin-off Date). Pursuant to this agreement, all acts between Allgeier SE and Nagarro SE as of the Spin-off Record Date shall apply and transactions of Allgeier SE relating to the Spin-off Assets shall be deemed to have been carried out for the account of Nagarro SE. The Spin-off and Transfer Agreement became effective upon approval by the General Meetings of Allgeier SE on September 24, 2020 and of Nagarro SE on October 30, 2020.

The operating activities of the software development and IT consulting business of the Allgeier Group were transferred to Nagarro SE in the course of the reorganisation described above. Allgeier SE held all shares in Allgeier Connect AG until the spin-off became effective. For its part, Allgeier Connect AG did not hold any interests in other companies; its main assets consist of the purchase price receivable from Nagarro SE from the previously completed intra-group disposals of Nagarro Holding GmbH and Nagarro Beteiligungs program, part of the purchase price receivable from Nagarro Holding GmbH from the sale of iQuest and the Nagarro brand name.

Allgeier SE has transferred all of its shares in Allgeier Connect AG as well as all of its shares in Nagarro SE ("Spin-off Assets") by way of spin-off for inclusion pursuant to section 123 (2) no. 1 German Transformation Act (UmwG) to Nagarro SE. As consideration for this spin-off, the shareholders of Allgeier SE were granted shares in Nagarro SE at a ratio of 1:1, i.e., for every one share in Allgeier SE, shareholders of Allgeier SE received one share in Nagarro SE. The shares granted to Allgeier shareholders were either shares transferred to Nagarro SE in the course of the spin-off (120,000 shares) or new shares (11,262,513 shares) created by Nagarro SE by means of a capital increase to implement the spin-off (demerger capital increase). The capital increase was carried out against contribution in kind of the assets "spun off" from Allgeier, 100% of the shares of Allgeier Connect AG and of Nagarro SE in each case, were contributed to Nagarro SE.

Immediately after the spin-off became effective with entry in the commercial register of Allgeier SE on December 15, 2020, the shares of Nagarro SE were admitted to trading on the Frankfurt Stock Exchange as scheduled with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard). The spin-off was resolved by the Annual General Meetings of Allgeier SE on September 24, 2020. Upon the spin-off taking effect, the shareholders of Allgeier SE thus became shareholders of Nagarro SE in the same proportion and continue to hold an unchanged interest in the spun-off assets of the Allgeier Group in the form of their shareholding in Nagarro SE.

3. Accounting and valuation principles

3.1 Fixed assets

3.1.1 Financial assets

Financial assets are recognized at cost of acquisition or valued with the lower fair value at the reporting date, if the diminution in value is likely to be permanent. As a result of the spin-off acquisition and manufacturing cost of EUR 243,672 thousand incurred.

3.2 Receivables from affiliated companies and other assets

Receivables from affiliated companies and other assets are carried at the lower of nominal value or fair value in accordance with section 253 (4) of the HGB.

3.3 Cash in hand/bank balances

Cash and cash equivalents are reported at nominal value. Balances denominated in foreign currency are valued at the mean spot exchange rate on the balance sheet date.

3.4 Prepaid expenses

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

3.5 Provisions

Provisions are recognized at the settlement amount deemed necessary in accordance with prudent business judgment. Provisions with a remaining term of more than one year are discounted at the average market interest rate (published by the Deutsche Bundesbank) corresponding to their remaining term.

3.6 Liabilities

Liabilities are recognized at their settlement amounts.

3.7 Currency conversion

Assets and liabilities denominated in foreign currencies are translated at the transaction rate or the average spot exchange rate on the balance sheet date.

4. Notes to individual items of the balance sheet

4.1. Fixed assets

The breakdown and development of the individual fixed asset items can be found in the statement of changes in fixed assets attached as Annex 1 to the Notes.

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

4.2 Current assets

4.2.1. Receivables and other assets

All receivables and other assets are due within one year.

4.3. Prepaid expenses

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

4.4 Equity

4.4.1 Share capital

As of December 31, 2020, the Company's share capital amounts to EUR 11,382,513 and is divided into 11,382,513 no-par value registered shares. The share capital developed as follows in the 2020 financial year:

	2020 kEUR
Foundation on January 17, 2020	0
Deposit on January 29, 2020	120
Capital increase against contribution in kind (acc. Commercial Register entry on December 11, 2020)	11,263
Balance at December 31, 2020	11,383

Balance at December 31, 2020:

Notional value per share	EUR 1.00
Share price on December 30, 2020 (closing price XETRA)	EUR 91.00

All no-par value shares of the Company belong to the same class of shares. The shares are fully paid in.

Authorized capital

The Management Board is authorised, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions on or before September 23, 2025 by up to a total of EUR 5,650,000.00 by issuing up to 5,650,000 new no-par value registered shares in return for cash contributions or contributions in kind (Authorised Capital).

The new shares are in principle to be offered to the shareholders for subscription. However, the Executive Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' statutory subscription rights in the following cases:

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

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

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

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

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

Own shares

No treasury shares were acquired or sold in the 2020 financial year.

The General Meeting of Nagarro SE of October 30, 2020 authorised the Executive Board pursuant to section 71 (1) no. 8 AktG (subject to the condition precedent of the implementation of the increase of the share capital of the Company for the purpose of the spin-off of the shareholding in Allgeier Connect AG from Allgeier SE to Nagarro SE) to acquire treasury shares of the Company until September 23, 2025 in an amount of up to 10% of the share capital existing at the time of the exercise of the authorisation provided that these shares, together with other treasury shares which the Company has already acquired and still holds or which are attributable to it pursuant to sections 71a et seq. of the AktG, do not at any time account for more than 10% of the share capital. The shares may be acquired via the stock exchange or by means of a purchase offer addressed to all shareholders. The consideration for the acquisition of the shares (excluding incidental acquisition costs) may not exceed or fall below the stock market price by more than 10%.

The Executive Board is authorized, with the approval of the Supervisory Board, to use these shares of the Company for all legally permissible purposes, in particular the following:

- Resale to third parties against cash payment also other than via the stock exchange or by means of an offer to all shareholders;
- Use as consideration for a direct or indirect contribution in kind to the Company by a third party, in particular in the case of a merger with companies or

in the acquisition of companies, parts of companies, participations or other assets;

- Use to fulfil conversion or option rights issued by the Company or its subordinate Group companies vis-à-vis the holders of these rights;
- Use for issuance as employee shares to employees or members of executive bodies of the Company or of companies affiliated with the Company within the meaning of sections 15 et seq. AktG.
- Withdrawal of shares with the approval of the Supervisory Board without a further resolution by the Annual General Meeting

If the sale is made for cash in a manner other than via the stock exchange or by means of an offer to all shareholders, the sale price may not be more than 5% lower than the market price of the Company's shares at the time of the sale.

4.4.2 Capital reserve

The capital reserve developed as follows:

	2020 kEUR
Established January 17, 2020	0
Capital increase against contribution in kind (as per entry in the commercial register on December 11, 2020, amount exceeding share capital)	232,410
Balance at December 31, 2020	232,410

The capital increase against contribution in kind relates to the spun-off assets of Allgeier SE. These are 100% each of the shares in Allgeier Connect AG and Nagarro SE held by Allgeier SE until the spin-off.

4.4.3 Accumulated deficit

The accumulated deficit includes the net loss for fiscal year 2020.

4.5 Provisions

Other provisions mainly relate to costs for the Annual General Meeting, outstanding purchase invoices, remuneration for the Supervisory Board, the costs of preparing and auditing the annual and consolidated financial statements and the costs of preparing the annual report.

4.6 Liabilities

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

	until 1 year	more than 1 year	more than 5 years	Total
	kEUR	kEUR	kEUR	kEUR
Amounts owed to credit institutions	12,387	169,000	0.00	181,387
Accounts payable trade	2,688	0.00	0.00	2,688
Amounts owed to affiliated undertakings	201,953	0.00	0.00	201,953
Other liabilities	143	0.00	0.00	143
Total	217,171	169,000	0.00	386,171

Liabilities to affiliated companies include trade payables of EUR 134 thousand and other liabilities of EUR 201,819 thousand.

Liabilities to banks relate to loan liabilities in the amount of EUR 175,000 thousand and trade payables in the amount of EUR 6,387 thousand.

The following were provided as collateral for liabilities to banks in the amount of EUR 175,000 thousand of Nagarro SE guarantees in favour of the banks of the following affiliated companies (original guarantors):

Nagarro Holding GmbH, Munich
Nagarro ES GmbH, Kronberg (formerly: Allgeier Midmarket Services GmbH)
Nagarro Enterprise Services Danmark A/S, Herlev / Denmark
Nagarro ES France SAS, Entzheim / France
iQuest Technologies GmbH & Co. KG, Bad Homburg
iQuest Technologies SRL, Cluj-Napoca / Romania
Mokriya Inc., Cupertino / USA
Nagarro GmbH, Vienna / Austria
Nagarro GmbH, Munich
Nagarro Inc., San Jose / USA

Nagarro Software GmbH, Frankfurt
Objectiva Software Solutions Inc, San Diego / USA

If further companies become material in the sense of 85% of the consolidated revenues or the consolidated "Adjusted EBITDA" for the credit agreement, they are automatically included in the group of guarantors, with the exception of Indian and Chinese Group companies.

Furthermore, there is a negative clause over the unsecured part of the loan, in which Nagarro assures the banks that it will not provide any credit collateral to other creditors apart from a group-wide pledge of participations or other assets of a maximum of EUR 10,0 million, and, in addition, an assignment of receivables or bank balances customary for the factoring process.

5. Notes to the income statement

5.1 Other operating expenses

Other operating expenses amounted to EUR 13,1 million in the reporting period. Other operating expenses mainly include costs of the spin-off and costs of the IPO of EUR 9,7 million as well as related consulting costs and fees of EUR 1,8 million.

It also includes audit costs of EUR 0.3 million and currency translation expenses of EUR 66 thousand.

6. Other financial obligations

As of the balance sheet date, there were other financial obligations in the amount of EUR 16 thousand from vehicle leases with a maximum term until January 2024 and in the amount of EUR 27 thousand from a space rental agreement (net rent) with an agreed minimum term until the end of 2022.

7. Other information

7.1 Disclosure in accordance with section 160 (1) no. 8 of the AktG

Allgeier SE, Einsteinstraße 172, 81677 Munich, Germany, registered in the Commercial Register of the Local Court of Munich under HRB 198543, notified the Company on February 19, 2020 The Company has been notified in accordance with sections 20 (1), (3) and (4), 16 (1) AktG, Articles 10, 9 (1) (c) (ii) of Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European company (SE) (SE Council Regulation) that it directly owns both more than one-fourth of the shares and a majority interest in the Company.

Until the preparation of the annual financial statements Nagarro SE received the following notifications of voting rights from persons obliged to notify regarding reaching, exceeding or falling below the relevant notification thresholds according to section 33 para. 1 Securities Trading Act (WpHG):

Notifiable	Threshold	Total voting rights at the time of notification	Voting rights (direct/attributed) according to Communication	Date of threshold crossing as notified	Date of publication of the notice
Axxion S.A., Grevenmacher, Luxembourg	> 3 %	3,74 %	425.353	16.12.2020	21.12.2020
Carl Georg Dürschmidt, Germany	> 25 %	25,15 %	2.862.320	15.12.2020	22.12.2020
Dr. Christa Kleine Dürschmidt, Germany	> 25 %	27,11 %	3.086.022	15.12.2020	22.12.2020
Laura Dürschmidt, Germany	> 25 %	25,15 %	2.862.320	15.12.2020	22.12.2020
Linda Duerschmidt, Germany	> 25 %	25,15 %	2.862.520	15.12.2020	22.12.2020
Setanta Asset Management Limited, Dublin, Ireland	> 3 %	3,00 %	341.848	16.12.2020	23.12.2020
The Desmarais Family Residuary Trust, Montreal, Canada	> 3 %	3,00 %	341.848	16.12.2020	23.12.2020
Axxion S.A., Grevenmacher, Luxembourg	< 3 %	2,43 %	276.213	06.01.2021	08.01.2021
Detlef Dinsel, Germany	> 10 %	11,78 %	1.340.512	16.12.2020	19.01.2021

SMALLCAP World Fund, Inc.	> 3 %	3,28 %	373.603	04.02.2021	06.02.2021
The Capital Group Companies, Inc.	> 5 %	5,31 %	604.241	26.02.2021	01.03.2021
SMALLCAP World Fund, Inc.	> 5 %	5,31 %	604.241	26.02.2021	01.03.2021

Status: 29.03.2021: WpHG notifications from 16.12.2020 until the date of preparation of the annual financial statements in 2021.

7.2 Employees

In addition to the Management Board, there is one salaried employee.

7.3 Disclosures in accordance with section 285 No. 17 HGB

The services provided by LOHR+COMPANY GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, in 2020 are detailed in the notes to the consolidated financial statements.

7.4 Supervisory Board

The Supervisory Board of Nagarro SE has undergone some changes as part of the restructuring before the spin-off and also after the spin-off. The members of the Supervisory Board of Nagarro SE in 2020 were:

Current member	Membership of Nagarro SE	Additional information
Carl Georg Dürschmidt	Chairperson since August 10, 2020 Member and Vice-Chairperson from February 19, 2020 until August 10, 2020	Chairperson of the Management Board of Allgeier SE Diplom-Betriebswirt (Business Administration) ResidentinBad Abbach, Germany
Detlef Dinsel	Deputy Chairperson since August 10, 2020 Member since July 15, 2020	Chairperson of the Supervisory Board of Allgeier SE Managing Partner of IK Investment Partners GmbH, Hamburg, Germany Dipl.-Ing./MBA Resident in Hamburg, Germany

Shalini Sarin	Member since October 31, 2020	Executive Director at Elektromobilitat Resident in Delhi, India

Former members in 2020	**Duration of membership with Nagarro SE**	**Additional information**
Marcus Goedsche	Member and chairperson from February 19, 2020 until August 10, 2020 Member from August 10, 2020 to October 31, 2020	Member of the Management Board of Allgeier SE Lawyer Resident in Munich, Germany
Anette Mainka	Member from February 19, 2020 to July 15, 2020	Diplom-Betriebswirtin (Business Administration) Resident in Munich, Germany
Christine Mayer	Member until February 19, 2020	Accountant Resident in Munich, Germany
Randi Melle Selnes	Member until February 19, 2020	Diplom-Kauffrau Resident in Munich, Germany
Katja Gogalla	Member until February 19, 2020	Kauffrau Resident in Munich, Germany

Further memberships of the Supervisory Board members of Nagarro SE in other supervisory boards or boards of directors:

Carl Georg Dürschmidt

- Chairman of the Supervisory Board at: Allgeier Management AG, Allgeier Experts SE, Allgeier Enterprise Services AG
- Chairman of the Management Board at: Allgeier SE

Detlef Dinsel

- Chairman of the Supervisory Board of: Alanta Health Group, Hamburg

- Member of the Supervisory Board of: Klingel Medical Group, Pforzheim; Schock GmbH, Regen (Deputy Chairman); Winkelmann Group, Ahlen
- Managing Director at: IK Investment Partners S.A.R.L.

Shalini Sarin

- Member of the Supervisory Board of: Linde India; Meritor HVS (India) Ltd; Automotive Axles; Kirloskar Oil Engines

Mr. Carl Georg Dürschmidt received a fixed remuneration of EUR 1,583, a conference allowance of EUR 4,000 and a variable remuneration of EUR 11,111 in the fiscal year. Mr. Detlef Dinsel received a fixed remuneration of EUR 792, a conference allowance of EUR 2,000 and variable remuneration of EUR 11,111 in the fiscal year. Ms. Shalini Sarin received a fixed remuneration of EUR 792, a conference allowance of EUR 2,000 and variable remuneration of EUR 11,111 in the fiscal year.
The remuneration relates to the period from December 11, 2020 to December 31, 2020. The total remuneration of the Supervisory Board in the financial year amounted to EUR 44,500. As the company was founded in 2020, the disclosure of the previous year's remuneration is omitted. Both the fixed and the variable remuneration were not paid until 2021.

As of December 31, 2020, the members of the Supervisory Board directly and indirectly held 4,202,832 shares in Nagarro SE.

7.5 Board of Directors

The members of the Board of Directors of Nagarro SE in 2020 were:

Current member	Member of Nagarro SE	Additional information
Manas Fuloria	Member since July 15, 2020 (Chairperson)	PhD in Engineering Resident in Gurugram, India
Vikram Sehgal	Member since July 15, 2020	Bachelor of Engineering Residing in Los Altos, USA
Annette Mainka	Member since July 15, 2020	Diplom-Betriebswirtin (Business Administration) Resident in Munich, Germany

Former members in 2020	Duration of membership with Nagarro SE	Additional information
Moritz Genzel	Member from February 19, 2020 to July 15, 2020	Lawyer Resident in Munich, Germany
Nicole Lotz	Member until February 19, 2020	Kauffrau Resident in Munich, Germany

Further memberships of the Executive Board members of Nagarro SE in other supervisory boards or boards of directors:

Manas Fuloria

- Member of the Board of Directors of Wrig Nanosystems, since 2015
- Founder and trustee of Re-Imagining Higher Education Foundation, since 2018.
- Member of the Residents' Advisory Council of the Gurugram Municipal Development Authority, since 2019.

Vikram Sehgal

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

Disclosures in accordance with section 285 no. 9 HGB

In the fiscal year, Mr. Manas Fuloria received a fixed remuneration of EUR 53,333 and a payment of EUR 1,600 instead of a company car, Mr. Vikram Sehgal received a fixed remuneration of EUR 53,333 and a payment of EUR 1,600 instead of a company car, and Annette Mainka also received a fixed remuneration of EUR 53,333 and a car benefit in kind of EUR 1,235. The remuneration relates to the period from November 1, 2020 to December 31, 2020. The total remuneration of the Management Board in the financial year amounted to EUR 164,435. As the company was founded in 2020, the previous year's remuneration is not disclosed.

As at December 31, 2020, the members of the Executive Board directly or indirectly held 250,986 shares in Nagarro SE.

8. Corporate Governance Code

The declaration on the Corporate Governance Code required by section 161 of the German Stock Corporation Act (AktG) has been issued and made permanently available to shareholders on the Company's website at www.nagarro.com.

9. Proposed appropriation of earnings

The Executive Board proposes that the net loss for the short fiscal year 2020 be carried forward.

10. Stock option plans

Since the stock option plans of Allgeier SE (SOP 2010 (54,000 options) and SOP 2014 (140,000 options)) at the time of the spin-off did not provide for any special provisions in the event of a spin-off, it was agreed in the spin-off agreement between Allgeier and Nagarro that the SOP 2010 (54,000 options) and the SOP 2014 (140,000 options) of Allgeier would be adjusted and partially transferred to Nagarro SE as stock option plan SOP I. The stock option plans of Nagarro SE were amended in accordance with the agreement.

The cash amount payable upon exercise of the option is compared with the value of the shares granted for this purpose at the average share price of EUR 84.73 (average share price of the 30-day period after the spin-off). Dilution occurs if the value of the 194,000 non-converted shares from the stock option program 2020/I exceeds the value of the consideration (exercise price) of EUR 7.61 for the former SOP 2010 or EUR 19.65 for the former SOP 2014 of Allgeier. This corresponds notionally to the capital from the issue of 156,683 bonus shares.

11. Consolidated Financial Statements

As the parent company, the Company prepares consolidated financial statements in accordance with International Financial Reporting Standards, as applicable in the EU, and in accordance with the supplementary provisions of German commercial law. In addition, Nagarro SE including its subsidiaries is included in the consolidated financial statements of Allgeier SE, Munich, until the date of the spin-off. Both consolidated financial statements are published in the Federal Gazette.

12. Events after the balance sheet date and before adoption of the balance sheet

The stock option plans SOP 2020/II (General) and SOP 2020/III (Management Board) approved at the Annual General Meeting held on October 30, 2020 were issued on January 15, 2021. From SOP 2020/II, a total of 410,000 pcs. and from SOP 2020/III, a total of 45,000 pcs options were subscribed and issued. Each option grants the subscription of one share of Nagarro SE at an exercise price of EUR 95.35.

The Corona pandemic (Covid-19) and the associated measures to contain the infection in numerous countries represent a risk factor for the future development of global markets, important individual markets, industries and companies. In the wake of the Corona crisis, there are widespread restrictions on public and economic life, including business closures. In addition, the international movement of people, goods and services, in particular, has been severely impacted and both production and domestic demand in key economies have been curtailed. If markets relevant to Nagarro are affected by a recession or economic sectors experience a massive drop in demand, or if important individual customers experience significant economic difficulties, this will very likely have an impact on the short and medium term development and further growth of the Nagarro Group and Nagarro SE.

Munich, March 31, 2021

Nagarro SE

Manas Fuloria	Vikram Sehgal	Annette Mainka
Chairman of the Board	Member of the	Member of the
	Executive Board	Management Board

Statement of changes in fixed assets of Nagarro SE, Munich
for the financial year from January 17 to December 31, 2020

	Gross carrying amount				Accumulated depreciation and amortization				Net carrying amount	
	As at 17-Jan-20	Additions	Disposals	As as 31-Dec-20	As at 17-Jan-20	Additions	Disposals	As at 31-Dec-20	As at 31-Dec-20	As at 17-Jan-20
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Financial assets										
1. Shares in affiliated companies	0.00	437,280,620.00	0.00	437,280,620.00	0.00	0.00	0.00	0.00	437,280,620.00	0.00
2. Loans to affiliated companies	0.00	158,208,103.39	0.00	158,208,103.39	0.00	0.00	0.00	0.00	158,208,103.39	0.00
	0.00	595,488,723.39	0.00	595,488,723.39	0.00	0.00	0.00	0.00	595,488,723.39	0.00

List of Group companies

No.	Company	Shareholdings 31-Dec-20	Equity 31-Dec-20 National currency		Equity 31-Dec-20 Euro	Net result Jan 1 – Dec 31, 2020 National currency		Net result Jan 1 – Dec 31, 2020 Euro	Profit and loss - transfer agreement with	Dislosures
1	Nagarro SE, Munich (until Jul 17, 2020: Allgeier Project SE)	100.00%	227,914,896		227,914,896	-15,877,164		-15,877,164		Annual financial statements and consolidated financial statements in the Federal Gazette
	Direct investments of Nagarro SE:									
2	Nagarro Connect AG, Munich (until Nov 20, 2020: Allgeier Connect AG)	100.00%	245,553,903		245,553.90	1,884,668		1,884,668		Exemption pursuant to sec. 264 (3) HGB
3	SPP Co-Investor Verwaltungs GmbH Munich	100.00%	21,721		21,721	-2,332		-2,332		Exemption pursuant to sec. 264 (3) HGB
4	Nagarro Beteiligungs GmbH, Munich (until Aug 28, 2020: Allgeier Nagarro Beteiligungs GmbH)	50.01%	3,264,798		3,264,798	-173,337		-173,337		Exemption pursuant to sec. 264 (3) HGB
5	Nagarro SPP GmbH Munich	59.04%	-124,429		-124,429	-205,068		-205,068		Exemption pursuant to sec. 264 (3) HGB
6	SPP Co-Investor GmbH & Co KG, Munich	16.41%	266,200		266,200	-25,682		-25,682		Exemption pursuant to sec. 264b HGB
	Indirect investments via dependent subsidiaries:									
7	Nagarro Holding GmbH, Munich (until Aug 6, 2020: Allgeier Nagarro Holding GmbH)	83.83%	13,101,731		13,101,731	3,244,611		3,244,611		Exemption pursuant to sec. 264 (3) HGB
8	Nagarro Inc, San Jose, USA	83.83%	29,150,468	USD	27,364,280	3,145,621	USD	2,743,673		
9	Nagarro Software Pvt. Ltd. Gurgaon, India	83.83%	3,873,868,963	INR	43,254,720	1,011,865,056	INR	11,953,392		
10	Nagarro Software GmbH, Frankfurt	83.83%	2,399,248		2,399,248	-108,618		-108,618		Exemption pursuant to sec. 264 (3) HGB
11	Nagarro Software S.A. Monterrey Mexico	83.83%	-33,832,107	MXN	-1,386,934	-6,060,208	MXN	-245,186		
12	Mokriya Inc, Cupertino, USA	83.83%	7,095,091	USD	5,784,969	2,712,743	USD	2,366,108		
13	Nagarro Objectiva Inc, Fishers, USA (until Dec 18, 2020: Objectiva Software Solutions, Inc.)	83.83%	-15,335,001	USD	-12,503,364	2,648,964	USD	2,310,479		
14	Objectiva Software Solutions (Beijing) Co. Ltd, Beijing, China	83.83%	35,705,024	CNY	4,456,410	21,154,281	CNY	2,676,835		
15	Objectiva Software Solutions (Xi'an) Co. Ltd, Xi'an, China	83.83%	7,508.17	CNY	937,108	677,954	CNY	85,787		
16	Allgeier Global Services Asia Pte. Ltd. Singapore	83.83%	1,882,628	SGD	1,177,203	-76,109	SGD	-48,232		
17	Nagarro Enterprise Services Pvt. Ltd, Jaipur, India	83.83%	942,055,538	INR	10,518,773	327,077,577	INR	3,863,842		
18	Nagarro K.K. Tokyo, Japan	83.83%	103,233,784	JPY	815,856	32,548,597	JPY	267,412		
19	Nagarro SDN. BHD, Kuala Lumpur, Malaysia	83.83%	2,580,340	MYR	522,144	887,356	MYR	184,327		
20	Nagarro Software AB Stockholm Sweden	83.83%	5,432,125	SEK	540,204	-1,208,421	SEK	-115,405		
21	Nagarro GmbH, Vienna, Austria	83.83%	3,239,980		3,239,980	1,215,805		1,215,805		
22	Nagarro GmbH, Munich	83.83%	11,107,904		11,107,904	0		0 (1)	7	Exemption pursuant to sec. 264 (3) HGB
23	Nagarro Software srl, Timisoara, Romania	83.83%	6,003,547	RON	1,233,331	630,550	RON	130,366		
24	Nagarro Software A/S, Copenhagen, Denmark	83.83%	-4,473,118	DKK	-601,131	2,083,531	DKK	279,597		
25	Nagarro Software Ltd, London, Great Britain	83.83%	2,490,587	GBP	2,771,846	887,265	GBP	996,871		
26	Nagarro AS, Oslo, Norway	83.83%	5,689,948	NOK	542,667	-8,143,221	NOK	-754,582		
27	Nagarro Pty. Ltd Sydney Australia	83.83%	392,313	AUD	246,566	231,213	AUD	139,679		
28	Nagarro Oy, Espoo, Finland	83.83%	644,133		644,133	111,265		111,265		
29	Nagarro Ltd. (Malta) Valetta, Malta	83.83%	235,527		235,527	175,383		175,383		
30	Nagarro (Pty.) Ltd, Pretoria, South Africa	83.83%	7,801,567	ZAR	433,887	7,811,297	ZAR	413,710		
31	Nagarro Inc, Toronto, Canada	83.83%	-15,724	CAD	-10,062	-6,354	CAD	-4,134		
32	Nagarro Company Limited, Bangkok, Thailand	83.83%	6,131,489	THB	166,833	2,447,146	THB	68,247		
33	Nagarro Ltd, Port Louis, Mauritius	83.83%	-69,711	MUR	-1,435	1,264,166	MUR	28,690		
34	Nagarro Mena LLC, Dubai, United Arab Emirates (until Sep 9, 2020: Farabi Technology Middle East LLC)	83.83%	7,604,846	AED	1,687,902	3,257,273	AED	773,593		
35	Solutions 4 Mobility LLC, Dubai, United Arab Emirates	83.83%	6,229,823	AED	1,382,896	5,100,007	AED	1,211,236		
36	Nagarro ES GmbH, Kronberg im Taunus (until Mar 13, 2020: Allgeier Midmarket Services GmbH, Bremen)	83.83%	1,096,097		1,096,097	0		0 (1)	7	Exemption pursuant to sec. 264 (3) HGB
37	Nagarro ES France SAS, Entzheim, France (until Mar 16, 2020: Allgeier ES France SAS; until 01.12.2020: Nagarro Allgeier ES France SAS)	83.83%	1,300,392		1,300,392	889,821		889,821		
38	Nagarro ES Denmark A/S, Herlev, Denmark (until Nov 26, 2020: Allgeier Enterprise Services Denmark A/S)	83.83%	-1,014,327	DKK	-136,313	-802,208	DKK	-107,651		
39	Nagarro iQuest Holding GmbH Bad Homburg (until Oct 1, 2020: iQuest Holding GmbH)	83.83%	4,543,903		4,543,903	741,440		741,440		Exemption pursuant to sec. 264 (3) HGB
40	Nagarro iQuest GmbH & Co. KG, Bad Homburg (until Oct 2, 2020: iQuest GmbH & Co. KG)	83.83%	51,129		51,129	0		0		Exemption pursuant to sec. 264b HGB
41	Nagarro iQuest Verwaltungs GmbH, Bad Homburg (until Oct 2, 2020: iQuest Verwaltungs GmbH)	83.83%	36,796		36,796	1,310		1,310		Exemption pursuant to sec. 264 (3) HGB
42	Nagarro iQuest Technologies SRL, Cluj-Napoca, Romania (until Dec 16, 2020: iQuest Technologies SRL)	83.83%	65,176,475	RON	13,382,563	14,748,222	RON	3,049,188		
43	Nagarro iQuest Schweiz AG, Zurich, Switzerland (until Oct 6, 2020: iQuest Schweiz AG)	83.83%	1,379,541	CHF	1,274,603	863,520	CHF	806,704		
44	iQuest SPZOO (Poland) Warsaw, Poland	83.83%	1,266,003	PLN	276,985	745,845	PLN	166,945		

(1) After profit transfer or loss absorption

The following English-language translation of the German-language independent auditor's report (Bestätigungsvermerk des unabhängigen Abschlussprüfers) refers to the annual financial statements as well as the management report of Nagarro SE, Munich, as of and for the financial year ended 31 December 2020, prepared in accordance with German Commercial Code (Handelsgesetzbuch (HGB)) applicable to business corporations, as a whole and not solely to the annual financial statements presented in the Prospectus on the preceding pages. The management report is not part of the Prospectus.

INDEPENDENT AUDITOR'S REPORT

Based on the final result of our audit, we have issued the following unqualified audit opinion dated 29 April 2021

To Nagarro SE, Munich:

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of Nagarro SE, Munich, comprising the balance sheet as at 31 December 2020 and the income statement for the period from 17 January 2020 to 31 December 2020, and the notes to the financial statements, including a description of the accounting and valuation policies. We have also audited the management report of Nagarro SE, Munich, for the short fiscal year from January 17, 2020 to December 31, 2020. In accordance with German legal requirements, we have not audited the content of the components of the management report mentioned in the section "Other information" of the auditor's report.

In our opinion, based on the findings of our audit

- the attached annual financial statements comply in all material respects with the provisions of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the Company as at 31 December 2020 and of its results of operations for the short financial year from 17 January 2020 to 31 December 2020 in accordance with German principles of proper accounting and

- the accompanying management report as a whole provides a suitable view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements, and accurately presents the opportunities and risks of future development. Our opinion on the management report does not extend to the content of the components of the management report mentioned in the "Other information" section of the auditor's report.

In accordance with § 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and the management report.

Basis for the Audit Opinions

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

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the short financial year from 17 January 2020 to 31 December 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

In the following, we describe the audit matters that we consider to be of particular significance:

<u>Appropriate Recognition and Measurement of Shares in Affiliated Companies</u>

Reasons for designation as a key audit matter

In the annual financial statements of Nagarro SE, Munich, as of 31 December 2020, **shares in affiliated companies amounting to** EUR 437.3 million and **loans to**

affiliated companies amounting to EUR 158.2 million are reported under financial assets. The two balance sheet items together account for 96.9% of total assets and therefore have a significant impact on the net assets, financial position and results of operations of Nagarro SE, Munich. Financial assets are carried at the lower of cost or fair value if impairment is expected to be permanent. The main risk for the annual financial statements lies in the valuation of the financial assets and in the correctness of the determination of valuations.

When reviewing the initial measurement, there is a risk of incomplete recognition of subsidiaries and incorrect initial measurement due to the restructuring.

Testing the recoverability of shares and loans to affiliated companies, we believe that there is an increased risk of incorrect accounting due to their materiality and the discretionary nature of the assessment as to whether objective evidence indicates a lower fair value. In addition, the valuations are highly dependent on the estimation of future cash inflows and the discount rate used. The recoverability of the shares and the loans to affiliated companies was therefore a particularly important audit matter within the scope of our audit.

Our audit approach

Based on management's explanations and an appreciation of the relevant documentation and contracts, we obtained an understanding of the process implemented at Nagarro SE, Munich, to assess the initial measurement and recoverability of the carrying amounts of shares in affiliated companies. This included an appreciation of the approach chosen by Nagarro SE, Munich, to determine impairments of shares and loans to affiliated companies and, based on information obtained during the audit, an assessment of whether there are indications of impairment needs that were not identified by Nagarro SE, Munich.

For the initial measurement, purchase agreements and the spin-off agreement as well as the loan agreements were available to us. With regard to the fair values determined by the legal representatives and their assessment of the impairment as likely to be permanent, we examined the underlying processes and controls in connection with the determination of the fair values and assessed the effectiveness of the controls implemented as part of the process for budgeting future cash flows. We traced the underlying valuation models used to determine fair value, both methodologically and arithmetically. We also examined whether the budget plans reflect general and industry-specific market expectations. In order to assess the accuracy of planning, we performed a sample comparison of historical planning data with actual results. The valuation parameters used in estimating fair values, such as estimated growth rates and weighted average cost of capital, were compared with publicly available market data and assessed for changes in significant assumptions, including future market conditions. In this regard, we refer to our post-formation audit report dated 14 October 2020.

For this purpose, we were also able to use the findings from the audits of the annual financial statements and the auditor's reviews of the annual financial statements of the Group companies and from the Group audit procedures performed.

Our conclusions

The underlying procedure for the identification and recognition of shares in affiliated companies and loans to affiliated companies as well as their impairment is appropriate and in line with the relevant valuation principles. Nagarro SE, Munich, has used balanced assumptions. Our audit procedures have not led to any reservations with regard to the recognition and assessment of the recoverability of the shares and loans to affiliated companies.

Reference to related information

For information on the accounting and valuation principles applied, please refer to the disclosures in the notes under section 3.1.1 "Financial assets" and the statement of changes in fixed assets attached as an annex to the notes.

Complete Recognition and accurate Measurement of Liabilities to Affiliated Companies

Reasons for designation as a key audit matter

In the annual financial statements of Nagarro SE, Munich, as of 31 December 2020, liabilities to affiliated companies in the amount of EUR 202.0 million are reported. The share of the two items in the balance sheet total amounts to approximately 32.9% and thus has a significant impact on the net assets, financial position and results of operations of Nagarro SE, Munich.

Liabilities to affiliated companies are recognized at the settlement amount. The main risk for the annual financial statements lies in the complete recognition and correct measurement of the liabilities to affiliated companies.

Our audit approach

Based on management's explanations and an assessment of the relevant documentation, we obtained an understanding of the process implemented by Nagarro SE, Munich, to assess the full recognition and measurement of the payables to related parties. This included an appreciation of the approach chosen by Nagarro SE, Munich, based on information obtained during the audit, an assessment of whether there were indications of incomplete recognition of individual liabilities not identified by Nagarro SE, Munich.

Nagarro SE, Munich, uses a software solution as part of the ongoing controlling of the individual Group companies and as part of the preparation of the consolidated financial statements. The receivables and liabilities between the individual companies are regularly reconciled during the year and their development is evaluated. The individual accounts of the liabilities to affiliated companies are allocated in the Group accounting system in such a way that deviations in the reciprocal values can be regularly identified and clarified by Group Controlling.

In addition, as part of the audit of the liabilities to affiliated companies, we utilized our findings from the audits of the annual financial statements and the reviews of the annual financial statements of the Group companies. This concerns both the reconciliation of the interconnected relationships with Nagarro SE, Munich. In addition, we were able to use the findings from audit procedures within the scope of the audit of the consolidated financial statements, e.g. with regard to completeness and recoverability.

Our conclusions

The approach used to fully recognize and correctly measure the liabilities to affiliated companies is appropriate and in line with the relevant accounting and valuation principles. Nagarro SE, Munich, has used balanced assumptions. Our audit procedures have not led to any reservations.

Reference to related information

Please refer to section 3.6 "Liabilities" and section 4.6 "Liabilities" in the notes to the consolidated financial statements for information on the accounting and valuation principles applied on reporting liabilities to affiliated companies.

Full Recognition and accurate Measurement of Liabilities to Banks

Reasons for designation as a key audit matter

In the annual financial statements of Nagarro SE, Munich, as of December 31, 2020, liabilities to banks in the amount of EUR 181.4 million are reported. The share of the item in the balance sheet total amounts to approx. 29.5% and thus has a significant influence on the net assets, financial position and results of operations of Nagarro SE, Munich.

Liabilities to banks are recognized at the settlement amount. The main risk for the annual financial statements lies in the complete recognition and correct measurement of liabilities to banks.

In addition to the value of the liabilities to banks, their maturity is of particular importance for the liquidity situation of Nagarro SE, Munich. Therefore, the audit of liabilities to banks also includes the assessment of compliance with financial ratios (covenants) that are relevant for the maturity of liabilities to banks. This in turn may have an impact on the liquidity and earnings position of the company.

In 2020, a new credit facility was concluded.

Due to the relevance of liabilities to banks in terms of value for the annual financial statements as a whole and for the liquidity situation in particular, we selected this balance sheet item as a key audit matter.

Our audit approach

As part of our audit of the accounting treatment of liabilities to banks, we examined the processes and internal controls established by Nagarro SE, Munich, for the complete recognition and accurate measurement of these financial liabilities. In addition, we obtained written information and documentation on the valuation of the recognized liabilities based on bank confirmations as of 31 December 2020.

With regard to the financial liabilities for which compliance with financial covenants is required for their long-term maturity, we have, in particular, traced the calculations of compliance with the financial covenants for the syndicated loan agreement and assessed the plausibility of the expected development of earnings, taking into account the business development of the Group. Finally, we assessed whether the available calculations of the financial covenants indicate a breach of the contractual clauses that would lead to a change in the maturity of the financial liabilities and the interest. The audit procedures performed revealed that all financial covenants were complied with in the 2020 financial year.

Our conclusions

The underlying procedure for the complete recognition and correct measurement of liabilities to banks is appropriate and in line with the relevant measurement principles. Nagarro SE, Munich, has recorded the liabilities to banks in full and in the correct amount. The financial covenants specified in the loan agreements were fully complied with in the short fiscal year 2020, taking into account extraordinary effects on earnings. No objections arose from our audit procedures.

Reference to related information

For information on the accounting and valuation principles applied to liabilities to banks, please refer to section 3.6 "Liabilities" and section 4.6 "Liabilities" in the notes.

Other information

The legal representatives are responsible for the other information. The other information, which is published in the management report, the annual report and on the company's website, includes in particular:

- the corporate governance declaration in accordance with section 289f of the HGB,
- the declaration pursuant to Section 161 of the German Stock Corporation Act on the German Corporate Governance Code,
- the separate non-financial reporting in accordance with section 289b of the HGB,
- the assurance pursuant to section 264 (2) sentence 3 HGB on the annual financial statements and the assurance pursuant to section 289 (1) sentence 5 HGB on the management report.

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

In connection with our audit, we have a responsibility to read the other information and, in doing so, assess whether the other information

- are materially inconsistent with the annual financial statements, the management report or our knowledge obtained in the course of the audit; or
- otherwise appear to be materially misrepresented.

If, based on our work, we conclude that there has been a material misstatement of such other information, we are required to report those facts.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the management report

The management board members are responsible for the preparation and fair presentation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable for business corporations, and that the annual financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Company. Furthermore, the management board members are responsible for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management board members are responsible for assessing the Company's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for preparing the financial statements on the basis of the going concern principle, unless this is precluded by factual or legal circumstances.

Furthermore, the management board members are responsible for the preparation of the management report, which as a whole provides a suitable view of the Company's position and is consistent in all material respects with the annual financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, management is responsible for the arrangements and measures (systems) that it considers necessary to enable the preparation of a management report in accordance with the applicable German legal requirements and for providing sufficient appropriate evidence for the statements made in the management report.

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

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

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides a suitable view of the Company's position and is consistent, in all material respects, with the annual financial statements and the knowledge obtained in the audit, complies with German legal requirements and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the annual financial statements and the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation under consideration of German Generally Accepted Standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the management board members and the reasonableness of estimates made by management board members and related disclosures.
- Conclude on the appropriateness of the management board members´use of the 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 our auditor's report to the related disclosures in the financial statements and management report 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 audit opinion. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the management board members in the management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the management board members as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the underlying assumptions. There is a substantial unavoidable risk that future events may differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure of the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Assurance Report on the Electronic Reproduction of the Annual Financial Statements and the Management Report prepared for Publication Purpose in Accordance with section 317 (3b) of the German Commercial Code (HGB)

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter also referred to as "ESEF documents") contained in the attached file ["NagarroSEJA31.12.2020.xhtml"] and prepared for publication purposes in all material respects complies with the requirements of Section 328 (1) HGB regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore neither to the information contained within this reproduction nor to any other information contained in the abovementioned file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the abovementioned attached file and prepared for publication purposes complies in all material respects with requirements of section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned electronic file beyond this reasonable assurance conclusion and our audit opinions on the accompanying annual financial statements and the accompanying management report for the short financial year from 17 January 2020 to 31 December 2020 contained in the preceding "Report on the audit of the annual financial statements and management report".

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the annual financial statements and the management report contained in the abovementioned attached electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Section 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW EPS 410). Accordingly, our responsibilities are further described below in the section "Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Auditing Firm (IDW QS 1).

Responsibility of the Management Board Members and the Supervisory Board for the ESEF Documents

The management board members of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the financial statements and the management report in accordance with section 328 (1) sentence 4 no. 1 HGB.

Furthermore, the management board members of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material noncompliance, whether due to fraud or error, with the electronic reporting format requirements of Section 328 (1) HGB.

The management board members of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited management report as well as other documents to be published to the operator of the German Federal Gazette (Bundesanzeiger).

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Engagement of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of section 328 (1) HGB. We exercise professional judgement and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.

  Evaluate the technical validity of the ESEF documentation, i.e. whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited financial statements and to the audited management report.

Further Information pursuant to Article 10of the EU Audit Regulation

We were elected as auditor by the Annual General Meeting held on 30 October 2020. We were engaged by the Supervisory Board on 20 January 2021. We are for the first-time the auditor of Nagarro SE, Munich.

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

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Prof. Dr. Jörg-Andreas Lohr.

Düsseldorf, 29 April 2021

LOHR + COMPANY GmbH

Wirtschaftsprüfungsgesellschaft

Prof. Dr. Jörg-Andreas Lohr
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.
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 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

India, where Nagarro has the largest count of professionals in engineering, was severely hit by the second wave of COVID-19. We currently expect that the subsequent waves of the COVID-19 pandemic are unlikely to have a major impact on 2021 business results in light of the ongoing vaccination drives in the countries where we have significant presence.

On August 31, 2021, the Company's general shareholders' meeting resolved upon the Merger Capital Increase to implement the Merger. The consummation of the Merger Capital Increase was registered with the commercial register of the local court (*Amtsgericht*) of Munich, Germany, on October 22, 2021. The issuance of these shares has become effective simultaneously with the completion of the Merger on October 22, 2021.

Other than as described above, there have been no material recent developments affecting our financial performance or the Group's financial position since June 30, 2021, the end of the last financial period for which financial information has been published, to the date of this Prospectus.

On October 18, 2021, Nagarro signed agreements with the shareholders of Advanced Technology Consulting Service, Inc. and its international subsidiaries, to acquire the ATCS Group. The ATCS Group's revenues in 2020 were approximately $30 million. The total purchase price agreed is a medium two-digit million U.S. dollar amount due in 2021 as well as a smaller performance-based earn-out that can stretch through 2024. Nagarro will finance the acquisition with cash available within the Group. The closing of the transaction is expected in the coming weeks. Nagarro expects that the acquisition of ATCS Group has no meaningful impact on the Profit Forecast (see "*8 – Profit Forecast*").

18.2 Outlook

Nagarro expects revenue for the financial year ending December 31, 2021 to be €515 million due to strong demand for Nagarro's digital software engineering services.

Nagarro expects gross margin for the financial year ending December 31, 2021 to be approximately 28%, which is mainly due to high wage inflation with a simultaneous delay in negotiating price improvements.

Nagarro expects the Adjusted EBITDA margin for the financial year ending December 31, 2021 to be 14%.

For additional information, see "*8. – Profit Forecast*".

In addition, we continue to target annual organic revenue growth to be around 20% in the medium term. In the medium term, we also currently target an Adjusted EBITDA margin of approximately 15%.

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.