up *across* together

Annual Report 2024

nagarro

Key share data

ISIN	DE000A3H2200
WKN	A3H220
Symbol	NA9
Stock market exchange	Frankfurt Stock Exchange
Stock market segment	Prime Standard
Specialist	Baader Bank AG
Designated sponsor	M.M.Warburg & Co.
Number of shares	13,775,985
Class of shares	No-par value registered shares
Free float as of December 30, 2024	c. 52.8%
First day of trading	December 16, 2020
Opening price (Xetra) on January 2, 2024	€ 87.45
Closing price (Xetra) on December 30, 2024	€ 79.15
Market capitalization on December 30, 2024	€1,090.37 million
Highest price (Xetra)	€100.00 (November 26, 2024)
Lowest price (Xetra)	€67.55 (April 19, 2024)
Average daily volume (Xetra)	23,364 shares
Average daily volume (Xetra) in €	€ 1,984,922.00

Notes:

1. Free float is calculated by deducting the shareholdings notified to us by way of voting rights notifications pursuant to Section 40 (1) of the German Securities Trading Act (WpHG) from the total number of outstanding shares

2. Average daily volume in € is calculated by multiplying the average daily volume on the Xetra trading platform by the volume-weighted average price (VWAP) of €84.96 over this time period

3. Highest and lowest price are based on the daily closing rates for the year 2024

4. Market capitalization is based on the issued shares

Nagarro group

Key figures – annual

Twelve months period ended December 31	2024		2023	Change
	kEUR		kEUR	%
Revenue	971,987		912,055	6.6%
Cost of revenues *	676,494	*	676,696	0.0%
Gross profit *	295,752	*	235,705	25.5%
Adjusted EBITDA	147,464		126,110	16.9%
Revenue by geography				
North America	347,665		329,166	5.6%
Central Europe	278,774		257,736	8.2%
Rest of World	226,498		215,312	5.2%
Rest of Europe	119,050		109,840	8.4%
Revenue by country				
Germany	214,931		192,910	11.4%
US	342,309		324,753	5.4%
Revenue by industry				
Automotive, Manufacturing and Industrial	219,794		199,339	10.3%
Energy, Utilities and Building Automation	73,544		69,110	6.4%
Financial Services and Insurance	124,757		125,984	-1.0%
Horizontal Tech	61,489		64,670	-4.9%
Life Sciences and Healthcare	70,893		70,341	0.8%
Management Consulting and Business Information	60,509		59,173	2.3%
Public, Non-profit and Education	88,876		69,788	27.4%
Retail and CPG	132,417		121,974	8.6%
Telecom, Media and Entertainment	54,180		50,046	8.3%
Travel and Logistics	85,529		81,630	4.8%

* Cost of revenues and gross profit definitions have changed with effect from Q1 2024 (refer note in III.B. Comparison of outlook and results for 2024 of section A) and accordingly current period's numbers are not comparable with past data. Hence, YoY change is not shown in the table above. Cost of revenues and gross profit as per previous method for 12M 2024 are kEUR 718,313 and, kEUR 253,933 respectively.

Nagarro group

Key figures – quarterly

	Q4 2024 kEUR	Q4 2023 kEUR	YoY Change %	Q3 2024 kEUR	QoQ Change %
Revenue	246,630	221,414	11.4%	242,925	1.5%
Cost of revenues *	174,412*	160,873	-	166,453*	4.8%
Gross profit *	72,291*	60,735	-	76,544*	-5.6%
Adjusted EBITDA	38,186	33,743	13.2%	34,622	10.3%
Revenue by geography					
North America	86,971	81,810	6.3%	87,748	-0.9%
Central Europe	72,481	65,304	11.0%	68,671	5.5%
Rest of World	57,055	54,450	4.8%	57,138	-0.1%
Rest of Europe	30,123	19,849	51.8%	29,368	2.6%
Revenue by country					
Germany	56,816	50,467	12.6%	52,889	7.4%
US	85,429	81,856	4.4%	86,919	-1.7%
Revenue by industry					
Automotive, Manufacturing and Industrial	59,780	50,256	19.0%	54,699	9.3%
Energy, Utilities and Building Automation	16,647	15,341	8.5%	18,978	-12.3%
Financial Services and Insurance	30,170	30,288	-0.4%	31,436	-4.0%
Horizontal Tech	14,587	16,315	-10.6%	13,759	6.0%
Life Sciences and Healthcare	18,181	17,979	1.1%	16,240	12.0%
Management Consulting and Business Information	16,494	13,187	25.1%	15,551	6.1%
Public, Non-profit and Education	23,078	16,944	36.2%	23,970	-3.7%
Retail and CPG	32,637	30,545	6.8%	33,494	-2.6%
Telecom, Media and Entertainment	12,763	11,092	15.1%	13,244	-3.6%
Travel and Logistics	22,292	19,467	14.5%	21,555	3.4%

* Cost of revenues and gross profit definitions have changed with effect from Q1 2024 (refer note in III.B. Comparison of outlook and results for 2024 of section A) and, accordingly, the current period's numbers are not comparable with past data. Hence, YoY change is not shown in the table above. Cost of revenues and gross profit as per previous method for Q4 2024 are kEUR 185,675 and kEUR 61,028, respectively, for Q3 2024 are kEUR 176,414 and kEUR 66,583, respectively, for Q2 2024 are kEUR 181,808 and kEUR 62,385, respectively and for Q1 2024 are kEUR 174,416 and kEUR 63,937, respectively.

Twelve months period ended December 31	2024	2023
	%	%
Revenue concentration (by customer)		
Top 5	14.4%	14.3%
Top 6-10	9.1%	9.3%
Outside of Top 10	76.5%	76.4%

Gross profit, gross margin and Adjusted EBITDA are neither required by, nor presented in accordance with IFRS. Non-IFRS measures should not be considered in isolation or as a substitute for results under IFRS.

Gross profit is calculated on the basis of total performance which is the sum of revenue and own work capitalized.

Rounding differences may arise when individual amounts or percentages are added together.

Dear fellow shareholders,

As we reflect on the past year and look ahead to the future, I want to extend my gratitude for your continued trust and partnership in Nagarro. This has been a year of both challenges and opportunities. Despite market uncertainties and external pressures, Nagarro demonstrated remarkable **resilience**, delivering strong results and reinforcing our position as a trusted partner for digital transformation. Our focus remained steadfast on delivering value to our clients, investing in emerging technologies, and fostering a strong, purpose-driven culture. We also kept working on enhancing our resilience.

A key factor in Nagarro's resilience is the clarity of our long-term vision. We have long foreseen that in the future, as software becomes easier to write, the ability to deliver value via lean, small teams will be critical. We designed the entire company around this premise. Over the years, we gradually shifted away from mostly augmenting the engineering teams of industry-neutral ISVs (independent software vendors, the industry we call Horizontal Tech) and instead developed more defensible vertical- and domain-intensive competencies. We also consciously avoided investing too much effort in building capabilities and revenues for services that might be the first to be automated - such as large "lift and shift" initiatives.

Another pillar of our resilience is deliberate diversification. Over the years, we developed a revenue base spread across North America, Europe, Asia and beyond - spanning 71 countries - and across many industries. Through M&A and internal efforts, we diversified into a wide portfolio of services, including AI and data, digital product engineering, eCommerce and customer experience, managed services, SAP consulting, and implementations of other packaged software. Our diversification is also reflected in our low client concentration, with our top 5 clients accounting for only 14.4% of our revenue. We draw talent from across multiple talent markets, ensuring a robust and adaptable workforce.

The third factor in Nagarro's resilience is the deliberate intent to evolve quickly and continuously. As in biology, evolution in business is about frequent experimentation and rapid assessment of results to drive improvement and adaptation. It requires us to be self-aware and attuned to our environment, so that we can be responsive to the ever-changing landscape. Looking ahead, we see immense potential in the convergence of AI, digital transformation, and customer experience. Our ability to adapt, experiment, and innovate in lean, small teams will continue to define our success, but we are evolving our ways of working. The new approach is summarized by the phrase, "**Up, Across, Together**" – we will move **up** to advising client CXOs on business strategy driven by technology, we will more deliberately drive our client successes in each industry to win new business **across** the world, and we will work better **together**, improving internal collaboration and knowledge sharing while increasing efficiencies and reducing duplication of effort.

As part of our evolution, one of our recent key priorities has been to enhance transparency and investor communication. To this end, we engaged a Big Four auditor to reinforce trust in our financial disclosures and governance. We also explored various strategic options for unlocking investor value, including a potential take-private. We gained valuable insights from our discussions with some of the world's leading financial investors and investment banks, insights that we will apply to increasing investor value in the future. Going forward, our evolution also involves transitioning from an entrepreneur-driven culture to one that is ready to embrace external talent and its fresh perspectives.

Looking ahead, we see immense potential in the convergence of AI, digital transformation, and customer experience. Our ability to adapt, experiment, and innovate in lean, small teams will continue to define our success. We are committed to strengthening our market leadership, expanding our capabilities, and driving sustainable growth, all while staying true to our core principle of being "CARING"—client-centric, agile, responsible, intelligent, non-hierarchical, and global. And caring.

As we move forward, your support remains integral to our journey. We appreciate your belief in our vision and look forward to the exciting opportunities that lie ahead.

Thank you for being a part of Nagarro's story.

Sincerely,

Manas Human
Co-founder and CEO
Nagarro

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Section A

Combined *Management* Report

of Nagarro SE and the Nagarro Group

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

I. General information about this combined management report

Basis of preparation

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

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

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

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

Forward-looking statements

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

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

II. Fundamental information about the group

A. Organizational and legal structure

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

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

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

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

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

B. Business model

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

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

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

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

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

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

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

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

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

C. Strategy and objectives

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D. Steering concept and KPIs

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

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

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

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

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

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

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

E. Market position and competitive landscape

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

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

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

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

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

F. Services offered

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

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

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

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

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

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

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

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

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

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

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

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

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

III. Financial performance: review and analysis

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

A. The business environment in 2024

Global economy

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

IT services industry

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

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

Impact on Nagarro

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

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

B. Comparison of outlook and results for 2024

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

Revenue

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

Gross margin and Adjusted EBITDA

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

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

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

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

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

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

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

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

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

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

CSAT and NPS scores

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

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

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

C. Result of operations

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

Revenue

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

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

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

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

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

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

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

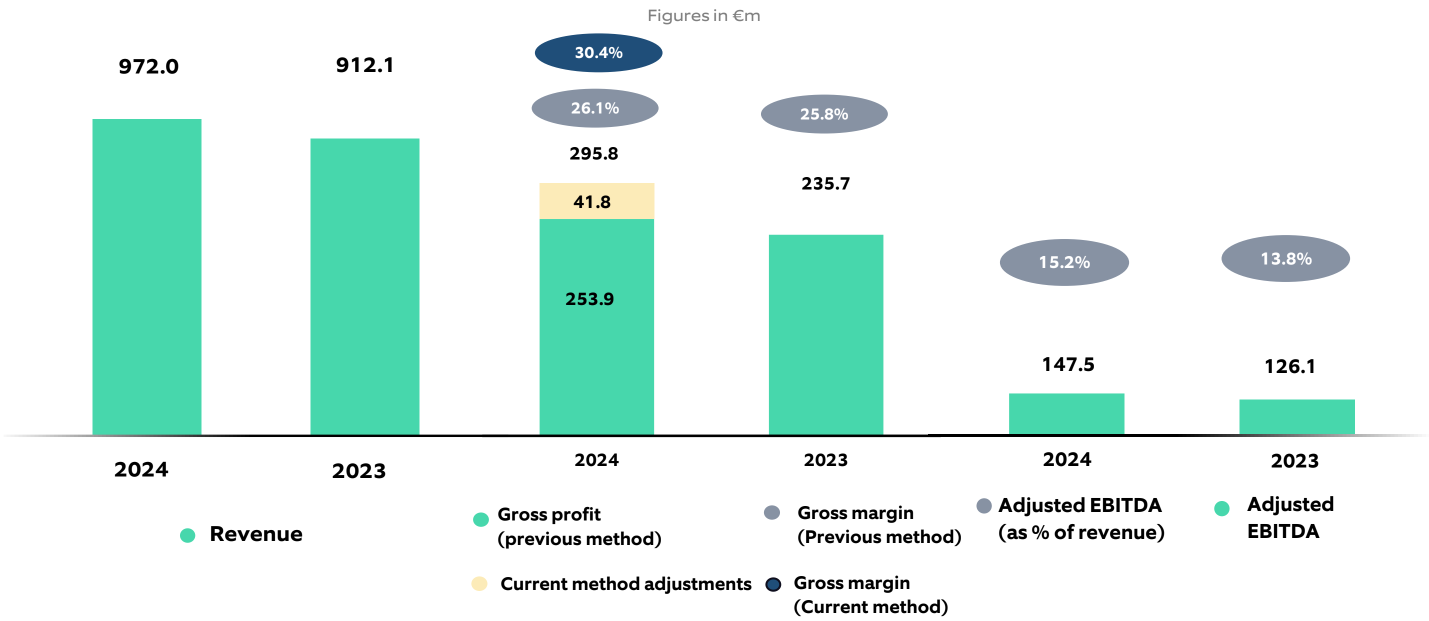
Industries with negative growth in 2024 over 2023 included "Horizontal Tech" (-4.9%), and "Financial Services and Insurance" (-1.0%). Negative growth in "Horizontal Tech" is mainly due to decrease in business from two major customers in US. "Financial Services and Insurance" revenue decrease is mainly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

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

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

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

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



Other operating income

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

Cost of freelancers and other direct costs

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

Staff costs

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

Gross profit/Gross margin

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

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

Other operating expenses

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

Adjusted EBITDA

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

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

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

EBITDA and EBIT

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

Interest expense, net

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

Income taxes

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

Net profit

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

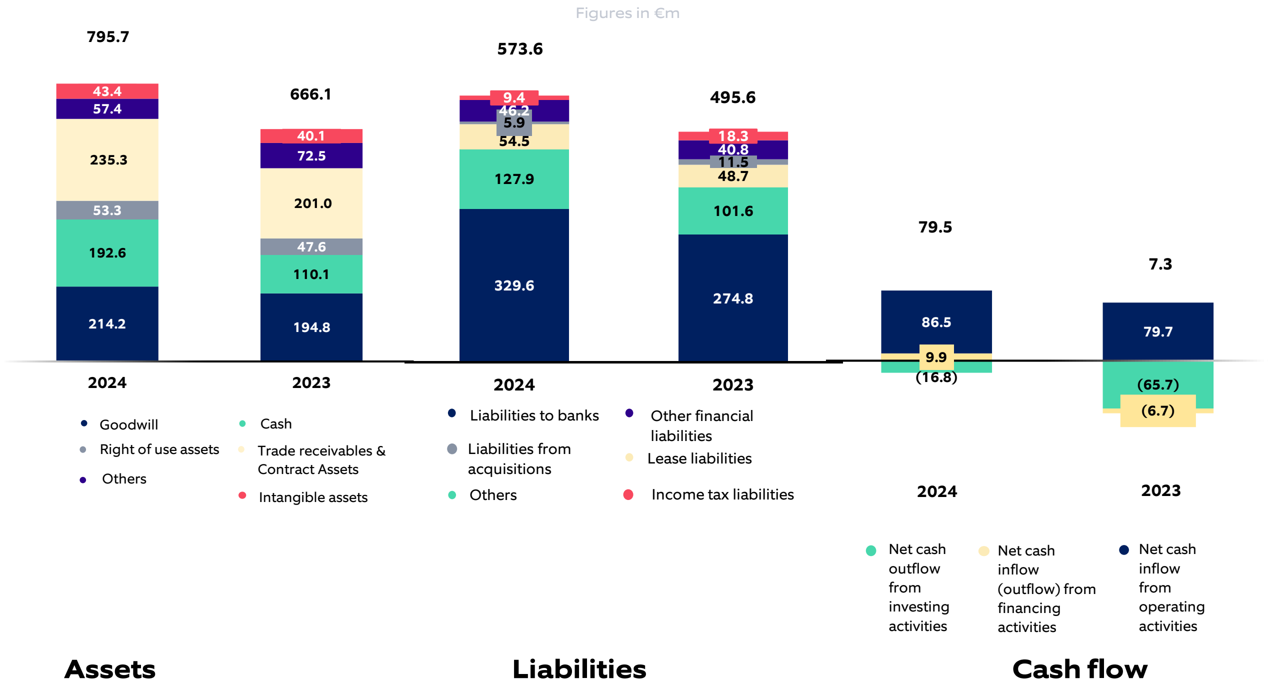
Earnings per share

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

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

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

D. Financial position



Capital structure

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

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

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

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

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

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

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

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

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

Capital expenditure

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

Liquidity

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

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

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

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

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

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

Countries with the top 5 bank balances are listed below:

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

E. Net assets

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

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

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

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

IV. Corporate governance statement

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

A. Our approach to corporate governance

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

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

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

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

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

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

B. Declaration of conformity with the German Corporate Governance Code

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

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

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

2. G.7 (Establishment of performance criteria)

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

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

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

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

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

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

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

Munich, April 2025

For the Management Board:

Annette Mainka
Member of the Management Board of
Nagarro SE

For the Supervisory Board:

Carl Georg Dürschmidt
Chairperson of the Supervisory Board of
Nagarro SE

C. Shareholders and general meeting

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

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

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

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

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

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

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

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

D. Composition and working of the Management Board

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

Composition and Diversity

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

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

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

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

Rules of procedure

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

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

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

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

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

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

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

Service agreement and remuneration

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

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

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

Shareholdings in Nagarro SE

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

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

E. Composition and working of the Supervisory Board

Composition

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

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

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

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

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

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

Remuneration

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

Shareholding in Nagarro SE

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

V. Statutory management disclosures

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

A. Takeover-related disclosures

Composition of subscribed capital

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

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

Shareholdings exceeding 10 percent of the voting rights

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

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

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

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

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

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

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

Authorization of the Management Board to issue or repurchase shares

Authorized Capital

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

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

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

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

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

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

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

Treasury shares

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Remuneration report (unaudited)

Management Board

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

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

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

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

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

Supervisory Board

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

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

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

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

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

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

VI. Research and development

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

VII. Developments after December 31, 2024

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

VIII. Comments on the financial statements of Nagarro SE

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

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

Business environment and review of operations

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

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

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

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

Capital structure

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

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

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

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

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

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

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

Capital expenditure

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

Liquidity

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

Results of operations

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

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

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

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

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

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

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

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

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

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

Statement of financial position

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

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

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

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

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

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

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

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

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

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

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

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

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

Nagarro SE's expected developments, opportunities and risks

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

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

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

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

IX. Report on expected developments

Overall economic expectation

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

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

Expectations for the IT sector

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

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

Expectations of Nagarro

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Risk management system

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

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

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

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

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

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

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

C. Risks

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

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

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

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

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

1. Financial risks

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

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

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

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

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

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

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

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

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

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

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

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

2. Operational and strategic risks

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

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

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

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

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

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

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

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

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

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

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

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

3. Regulatory risks

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

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

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

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

4. Risks from bad actors

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

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

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

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

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

5. Overall assessment of the risks

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

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

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

D. Opportunities

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

1. Sales and marketing opportunities

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

2. Technical and operational opportunities

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

3. Acquisition opportunities

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

4. Overall assessment of opportunities

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

E. Accounting-related Internal Control System

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

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

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

ICS plays a pivotal role and helps in:

- the effectiveness of business operations

- compliance with the International Financial Reporting Standards (IFRS)

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

- the identification, assessment and mitigation of risks

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

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

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

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

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

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

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

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

Munich, May 14, 2025

For the Management Board of Nagarro SE:

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

Section B

Consolidated *Financial Statements* of Nagarro SE

for the financial year 2024
in accordance with IFRS

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Consolidated statement of financial position

Assets	Note	December 31, 2024	December 31, 2023	January 1, 2023
in kEUR			Restated*	Restated*
Intangible assets	C.1.	43,396	40,052	26,556
Goodwill	C.2.	214,242	194,836	175,841
Property, plant and equipment	C.3.	10,029	11,625	11,443
Right of use assets	C.4.	53,274	47,632	52,271
Non-current contract costs		-	-	89
Non-current contract assets	C.8.	432	-	-
Other non-current financial assets	C.5.	2,133	3,339	4,027
Other non-current assets	C.6.	663	738	960
Deferred tax assets	C.7.	16,491	13,847	10,822
Non-current assets		**340,660**	**312,069**	**282,008**
Inventories		-	1	264
Contract assets	C.8.	15,529	18,470	16,671
Trade receivables	C.9.	219,332	182,488	156,809
Other current financial assets	C.5.	7,850	15,296	7,643
Other current assets	C.6.	13,324	13,295	14,900
Income tax receivables		6,440	14,337	16,749
Cash	C.10.	192,567	110,123	110,163
Current assets		**455,041**	**354,011**	**323,200**
Total assets		**795,701**	**666,080**	**605,208**

* The comparative information is restated on account of correction of errors. Refer note A.3. Correction of errors and reclassification.

Equity and liabilities	Not e	December 31, 2024	December 31, 2023	January 1, 2023
in kEUR			Restated*	Restated*
Share capital	C.11.	13,776	13,776	13,776
Treasury shares, at cost	C.11.	(39,757)	(39,757)	(10,018)
Capital reserve	C.11.	241,030	251,717	247,901
Profit carried forward	C.11.	215,631	166,476	166,476
Net profit for the period	C.11.	49,156	49,155	-
Changes in equity recognized directly in equity	C.11.	(260,612)	(260,612)	(260,612)
Other comprehensive income	C.11.	3,436	(10,289)	92
Total equity		**222,660**	**170,466**	**157,616**
Non-current loans and borrowings	C.12.	320,835	268,587	205,018
Non-current lease liabilities	C.4.	36,086	28,604	34,004
Long-term employee benefits liabilities	C.13.	22,581	14,865	11,419
Other long-term provisions	C.16.	434	394	330
Other non-current financial liabilities	C.15.	5,743	4,705	2,748
Non-current liabilities from acquisitions	C.14.	4,468	2,575	6,682
Deferred tax liabilities	C.7.	13,785	11,387	7,786
Non-current liabilities		**403,932**	**331,117**	**267,988**
Current loans and borrowings	C.12.	8,777	6,160	11,519
Current lease liabilities	C.4.	18,396	20,089	21,784
Short-term employee benefits liabilities	C.13.	16,085	2,208	5,199
Other short-term provisions	C.16.	26,365	24,064	21,258
Current contract liabilities	C.8.	14,105	15,002	13,795
Trade payables		17,076	17,936	15,251
Current liabilities from acquisitions	C.14.	1,405	8,929	16,592
Other current financial liabilities	C.15.	40,478	36,062	38,844
Other current liabilities	C.17.	17,022	15,766	15,016
Income tax liabilities		9,399	18,282	20,347
Current liabilities		**169,108**	**164,498**	**179,605**
Total liabilities		**573,041**	**495,614**	**447,593**
Equity and liabilities		**795,701**	**666,080**	**605,208**

* The comparative information is restated on account of correction of errors. Refer note A.3. Correction of errors and reclassification.

Consolidated statement of comprehensive income

Profit or loss	Note	2024	2023
in kEUR			restated*
Revenue	D.1.	971,987	912,055
Own work capitalized		259	346
Other operating income	D.2.	30,597	29,282
Cost of freelancers and other direct cost	D.3.	(68,879)	(73,124)
Staff costs	D.4.	(703,022)	(654,585)
Impairment of trade receivables and contract assets	F.9.	(3,015)	(4,112)
Other operating expenses	D.5.	(93,878)	(91,298)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		134,049	118,565
Depreciation, amortization and impairment	D.6.	(37,317)	(35,410)
Earnings before interest and taxes (EBIT)		96,732	83,155
Finance income	D.7.	3,500	1,808
Finance costs	D.8.	(21,133)	(18,235)
Earnings before taxes (EBT)		79,099	66,728
Income taxes	C.7.	(29,943)	(17,573)
Profit for the period		49,156	49,155

Other comprehensive income	Note	2024	2023
in kEUR			
Items that will not be reclassified to profit or loss			
Actuarial gains (losses)	C.7.	559	(380)
Tax effects		(336)	92
		223	(287)
Items that may be reclassified to profit or loss			
Foreign exchange differences (including effect of Türkiye hyperinflation of kEUR 831 [2023: kEUR 5,227])		14,223	(8,787)
Tax effects		(720)	(1,307)
		13,503	(10,094)
Other comprehensive income for the period		13,726	(10,381)
Total comprehensive income for the period		62,882	38,774

Basic earnings per share in EUR:	D.9.		
- based on weighted average		3.69	3.64
- based on outstanding shares		3.69	3.69

Diluted earnings per share in EUR:	D.9.		
- based on weighted average		3.69	3.64
- based on outstanding shares		3.69	3.69

* The comparative information is restated on account of correction of errors. Refer note A.3. Correction of errors and reclassification.

Consolidated statement of changes in equity

							Other comprehensive income		
	Share capital	**Treasury shares**	**Capital reserves**	**Profit carried forward**	**Net profit for the period**	**Changes in equity recognized directly in equity**	**Foreign exchange differences**	**Actuarial gain or loss on pension provisions**	**Total equity**
in kEUR									
Balance at January 1, 2024	**13,776**	**(39,757)**	**251,717**	**166,476**	**49,155**	**(260,612)**	**(6,964)**	**(3,325)**	**170,466**
Profit for the period	–	–	–	–	49,156	–	–	–	49,156
Other comprehensive income for the period	–	–	–	–	–	–	13,503	223	13,726
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**49,156**	**–**	**13,503**	**223**	**62,882**
Transfer of profit or loss for the previous year to profit carried forward	–	–	–	49,155	(49,155)	–	–	–	–
Purchase of treasury shares	–	–	–	–	–	–	–	–	–
Dividends	–	–	–	–	–	–	–	–	–
Share capital issued	–	–	–	–	–	–	–	–	–
Stock option (SOP) and employee share participation program expense	–	–	3,206	–	–	–	–	–	3,206
Transfer of capital reserves to provisions on modification of equity-settled SOP to cash-settled SOP	–	–	(13,893)	–	–	–	–	–	(13,893)
Balance at December 31, 2024	**13,776**	**(39,757)**	**241,030**	**215,631**	**49,156**	**(260,612)**	**6,539**	**(3,102)**	**222,660**

in kEUR	Share capital	Treasury shares	Capital reserves	Profit carried forward	Net profit for the period	Changes in equity recognized directly in equity	Other comprehensive income: Foreign exchange differences	Other comprehensive income: Actuarial gain or loss on pension provisions	Total equity
Balance at January 1, 2023	**13,776**	**(10,018)**	**247,901**	**97,213**	**77,382**	**(260,612)**	**2,974**	**(3,038)**	**165,578**
Impact of correction of errors (The comparative information is restated on account of correction of errors. Refer note A.3 – Correction of errors and reclassifications)	–	–	–	(42)	(8,076)	–	156	–	**(7,963)**
Balance at January 1, 2023 (restated)	**13,776**	**(10,018)**	**247,901**	**97,171**	**69,305**	**(260,612)**	**3,130**	**(3,038)**	**157,616**
Profit for the period	–	–	–	–	49,155	–	–	–	49,155
Other comprehensive income for the period	–	–	–	–	–	–	(10,094)	(287)	(10,381)
Total comprehensive income for the period (restated)	–	–	–	–	**49,155**	–	**(10,094)**	**(287)**	**38,774**
Transfer of profit or loss for the previous year to profit carried forward	–	–	–	69,305	(69,305)	–	–	–	–
Purchase of treasury shares	–	(29,739)	–	–	–	–	–	–	(29,739)
Dividends	–	–	–	–	–	–	–	–	–
Share capital issued	–	–	–	–	–	–	–	–	–
Transfer of capital reserves	–	–	–	–	–	–	–	–	–
Stock option and employee share participation program expense	–	–	3,815	–	–	–	–	–	3,815
Balance at December 31, 2023	13,776	(39,757)	251,717	166,476	49,155	(260,612)	(6,964)	(3,325)	170,466

* The comparative information is restated on account of correction of errors. Refer note A.3. Correction of errors and reclassification.

Consolidated statement of cash flows

Cash flows	Note	2024	2023
in kEUR			restated*
Cash flows from operating activities			
EBIT		96,732	83,155
Depreciation, amortization and impairments of non-current assets		37,317	35,410
Non-cash purchase price adjustments of liabilities from acquisitions		-	(243)
Change in long-term employee benefits liabilities		3,346	2,656
Other non-cash income and expenses		5,263	1,344
Income taxes paid		(32,885)	(21,623)
Cash flows from changes in net working capital	E.1.	(16,723)	(758)
Net cash (outflows) / inflows from non-recourse factoring	E.2.	(6,530)	(20,253)
Net cash inflow from operating activities		**86,520**	**79,687**
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		(7,372)	(6,878)
Proceeds from sale of property, plant and equipment and intangible assets		141	866
Investment in fixed deposits		4,761	(4,978)
Interest received		3,843	1,600
Acquisition of subsidiaries, net of cash acquired	E.4.	(18,216)	(56,342)
Net cash outflow from investing activities		**(16,842)**	**(65,732)**
Cash flows from financing activities			
Purchase of treasury shares	C.13.	-	(29,739)
Proceeds from loans	E.3.	56,229	71,569
Repayment of loans	E.3.	(4,587)	(9,246)
Principal elements of lease payments	E.3.	(23,895)	(25,066)
Interest paid		(17,885)	(14,201)
Net cash (outflow) / inflow from financing activities		**9,862**	**(6,681)**
Total cash flow		**79,540**	**7,274**
Effects of exchange rate changes on cash and cash equivalents		(438)	(2,644)
Total changes in cash and cash equivalents		**79,102**	**4,630**
Cash and cash equivalents at the beginning of the period	E.2.	107,777	103,147
Cash and cash equivalents at the end of the period	E.2.	186,879	107,777

* The comparative information is restated on account of correction of errors. Refer note A.3. Correction of errors and reclassification.

Notes to the consolidated financial statement

A. General Information

1. Corporate information

The consolidated financial statements comprise Nagarro SE (the “parent company”) and its subsidiaries (together referred to as “Nagarro”) and are prepared in compliance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU) and the additional requirements pursuant to Section 315e (1) of the German Commercial Code (Handelsgesetzbuch – HGB). Nagarro SE’s registered office is Baierbrunner Str. 15, 81379 Munich, Germany. It is registered with the commercial register of the District Court of Munich under commercial register sheet number HRB 254410. Nagarro’s bouquet of specialized services includes digital product engineering, digital commerce and customer experience, Big Data and AI services, new-gen ERP consulting and managed services. The shares of Nagarro SE are traded under ISIN DE000A3H2200 in the Prime Standard (Regulated Market) in Frankfurt a.M. (Xetra) and in the over-the-counter markets in Berlin, Düsseldorf, Hamburg, Munich, Stuttgart and Tradegate Exchange.

2. Basis of accounting

Nagarro SE, Munich, is the company that prepares the consolidated financial statements for the largest and smallest group of companies. The consolidated financial statements are published in the company register and are available online at https://www.nagarro.com/en/investor-relations/financial-reports-and-publications.

The consolidated financial statements of Nagarro SE were prepared in compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) 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, consist of the consolidated balance sheet, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement, and notes to the consolidated financial statement. The consolidated financial statements of Nagarro SE are based on the going concern assumption.

The consolidated financial statements are presented in euros, which is Nagarro SE’s functional currency. 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 figures reported in the consolidated financial statements for the financial year are presented with comparative figures from the previous year.

The consolidated financial statements were prepared on May 14, 2025 by the Management Board of Nagarro SE and approved for publication.

Details of Nagarro’s accounting policies, including changes thereto, are included in Note B. Material accounting policies.

3. Correction of errors and reclassifications

Correction of errors

(a) In the previous years, Nagarro had accounted for certain business combinations based on internal simplified purchase price allocations. During the year, Nagarro has involved an external valuer to re-assess the purchase price allocations for all acquisitions post-spin-off from its erstwhile parent company, Allgeier SE, which were previously accounted for on a simplified method basis and have now applied the multi-period excess earnings method for the valuation of intangibles and Monte-Carlo valuation model for the valuation of contingent consideration for accounting the business combinations of Advanced Technology Consulting Service Group (‘ATCS’) acquired in 2021, RipeConcepts group (‘RipeConcepts’) acquired in 2022 and Techmill group (‘Techmill’) acquired in 2022. Nagarro further re-assessed the contingent consideration of RipeConcepts as remuneration for post-combination service as part of purchase price allocation.

In the case of ATCS, changes in purchase price allocation resulted in an increase in customer lists by kEUR 11,035 (kUSD 12,759) and decrease in orders in hand by kEUR 288 (kUSD 333) with a corresponding increase in deferred tax liabilities by kEUR 3,042. The incremental customer lists and decline in orders in hand are being amortized over their respective useful life. Further, the contingent consideration payable has been reduced by kEUR 2,823 (kUSD 3,264) based on the revised measurement of the fair value of the financial liability for the earn-out rights measured using a Monte-Carlo valuation model. Accordingly, as at January 1, 2023, the intangibles (net of amortization) have increased by kEUR 10,662 (December 31, 2023: kEUR 9,293), goodwill (including foreign currency impact) has decreased by kEUR 11,373 (December

31, 2023: kEUR 11,029), non-current liabilities from acquisitions decreased by kEUR 242 (December 31, 2023: kEUR Nil), current liabilities from acquisitions decreased by kEUR 142 (December 31, 2023: kEUR 122) and deferred tax liabilities increased by kEUR 3,018 (December 31, 2023: kEUR 2,630). On the consolidated statement of profit or loss for the year ended December 31, 2023, the amortization of intangible assets (customer lists and orders in hand) has increased by kEUR 1,066, finance cost has increased by kEUR 256 and deferred tax income has increased by kEUR 302.

In the case of RipeConcepts, changes in purchase price allocation resulted in an increase in customer lists by kEUR 2,485 (kUSD 2,780) and orders in hand by kEUR 848 (kUSD 949) with a corresponding tax impact on deferred tax liabilities by kEUR 900. The incremental customer lists and orders in hand are being amortized over their respective useful life. Further, the contingent consideration payable has been reduced by kEUR 10,122 (kUSD 11,324) as these were remuneration for post-combination service which are now being recognized as short-term employee benefit for the respective periods of the earn-out period. Accordingly, as at January 1, 2023, the intangibles (net of amortization) have increased by kEUR 2,409 (December 31, 2023: kEUR 2,137), goodwill (including foreign currency impact) has decreased by kEUR 13,124 (December 31, 2023: kEUR 12,727), non-current liabilities from acquisitions decreased by kEUR 6,411 (December 31, 2023: kEUR 2,680), current liabilities from acquisitions increased by kEUR 186 (December 31, 2023: decreased by kEUR 3,536), and deferred tax liabilities increased by kEUR 650 (December 31, 2023: kEUR 562). On the consolidated statement of profit or loss for the year ended December 31, 2023, the staff cost (retention bonuses – acquisition related) has increased by kEUR 925, amortization of intangible assets (customer lists and orders in hand) has increased by kEUR 203, finance cost has decreased by kEUR 188 and deferred tax income has increased by kEUR 55.

In the case of Techmill, changes in purchase price allocation resulted in a decrease in customer lists by kEUR 181 (kUSD 202) and orders in hand by kEUR 520 (kUSD 582) with a corresponding tax impact on deferred tax liabilities by kEUR 119. The decline in customer lists and orders are being adjusted with amortization over their respective useful life. Further, the contingent consideration payable has been reduced by kEUR 2,766 (kUSD 3,096) based on the revised purchase price allocation as per Monte-Carlo valuation model. Accordingly, as at January 1, 2023, the intangibles (net of amortization) have decreased by kEUR 123 (December 31, 2023: increased by kEUR 108), goodwill (including foreign currency impact) has decreased by KEUR 2,284 (December 31, 2023: kEUR 2,215), non-current liabilities from acquisitions decreased by kEUR 3,004 (December 31, 2023: kEUR Nil), current liabilities from acquisitions increased by kEUR 97 (December 31, 2023: decreased by kEUR 2), and deferred tax liabilities decreased by kEUR 21 (December 31, 2023: increased by kEUR 18). On the consolidated statement of profit or loss for the year ended December 31, 2023, the other operating income (profit from purchase price adjustment) has reduced by kEUR 2,872, amortization of intangible assets (customer lists and orders in hand) has decreased by kEUR 231and deferred tax income has decreased by kEUR 39.

(b) Nagarro has re-assessed the accounting of earn-outs which are remuneration for post-combination service and were previously recognized as an expense on a straight-line basis over the earn-out period. These are now to be expensed on the undiscounted amount expected to be paid for that earn-out year considering them to be short-term employee benefits. This has resulted in the reversal of earn-out expense relating to the acquisitions of Infocore, United Arab Emirates (UAE) in 2023 amounting to kEUR 115 (kUSD 124) and MBIS group in 2023 amounting to kEUR 1,915 with corresponding decrease in current liabilities from acquisitions. On the consolidated statement of profit or loss for the year ended December 31, 2023, the staff cost (earnout expense - acquisition related) has reduced by kEUR 2,030. Further, these earn-out expenses relating to Infocore UAE and MBIS totaling to kEUR 2,030 were incorrectly adjusted against cash flows from operating activities / cash flows from investing activities, which has now been corrected for the year 2023.

(c) Nagarro has re-assessed the year-end valuation of contingent consideration after the initial purchase price allocation. This resulted in the additional earn-out expense of kEUR 943 relating to the acquisition of APSL in 2023 with a corresponding increase in current liabilities from acquisitions. On the consolidated statement of profit or loss for the year ended December 31, 2023, the staff cost (earnout expense - acquisition related) has increased by kEUR 943.

(d) Nagarro has re-assessed the presentation of earn-outs which are remuneration for post-combination service and were previously classified under current liabilities from acquisitions and are now classified under employee benefits liabilities. This has resulted in a decrease of kEUR 3,737 (December 31, 2023: kEUR 1,174) in current liabilities from acquisitions with and increase in short-term employee benefits liabilities amounting to kEUR 3,737 (December 31, 2023: kEUR 268) and increase in other short-term provisions amounting to kEUR Nil (December 31, 2023: kEUR 906).

(e) Nagarro has reclassified certain items of “Property, plant and equipment” to “Intangible assets” amounting to kEUR 1,322 as of December 31, 2023 relating to the Turkish entity acquired in 2023.

In addition to above, there are certain other immaterial errors which have been corrected retrospectively.

Reclassifications

As of January 1, 2023, Nagarro has reclassified certain balance sheet items as

- from “Other current financial liabilities” to “Other current liabilities “relating to social security liabilities amounting to kEUR 4,798 (December 31, 2023: kEUR 5,337), and

- from "Other short-term provisions" to "Other current financial liabilities" relating to provision for audit fees payable amounting to kEUR 980 (December 31, 2023: kEUR 1,161).

These reclassifications were done to present the better classification of these balance sheet items.

The resulting correction of errors and the reclassification of certain balance sheets items have been reported by restating each of the impacted financial line items for prior years. There is no change in the Adjusted EBITDA reported earlier for the year 2023. The following tables summarize the impact on Nagarro's consolidated financial statements:

Consolidated statement of financial position

Assets	**(Previously reported)** **January 1, 2023**	**Adjustments**	**Reclassification**	**(Restated)** **January 1, 2023**
in kEUR				
Intangible assets	13,608	12,948	-	26,556
Goodwill	202,622	(26,781)	-	175,841
Others	79,611	(0)	-	79,611
Non-current assets	**295,841**	**(13,833)**	**-**	**282,008**
Current assets	**323,200**	**-**	**-**	**323,200**
Total assets	**619,041**	**(13,833)**	**-**	**605,208**

Equity and liabilities	**January 1, 2023**	**Adjustments**	**Reclassification**	**January 1, 2023**
in kEUR				
Profit carried forward	174,594	(8,118)	-	166,476
Other comprehensive income	(63)	156	-	92
Others	(8,952)	0	-	(8,952)
Total equity	**165,578**	**(7,963)**	**-**	**157,616**
Non-current liabilities from acquisitions	16,340	(9,657)	-	6,682
Deferred tax liabilities	4,139	3,647	-	7,786
Others	253,520	0	-	253,520
Non-current liabilities	**273,998**	**(6,011)**	**-**	**267,988**
Short-term employee benefits liabilities	1,462	3,737	-	5,199
Other short-term provisions	22,238	-	(980)	21,258
Current liabilities from acquisitions	20,188	(3,596)	-	16,592
Other current financial liabilities	42,663	-	(3,819)	38,844
Other current liabilities	10,218	-	4,798	15,016
Others	82,695	-	-	82,695
Current liabilities	**179,464**	**141**	**0**	**179,605**
Total liabilities	**453,462**	**(5,870)**	**-**	**447,593**
Equity and liabilities	**619,041**	**(13,832)**	**-**	**605,208**

Assets	(Previously reported) December 31, 2023	Adjustments	Reclassification	(Restated) December 31, 2023
in kEUR				
Intangible assets	26,528	13,524	-	40,052
Goodwill	220,807	(25,971)	-	194,836
Property, plant and equipment	12,947	(1,322)	-	11,625
Deferred tax assets	13,862	(15)	-	13,847
Others	51,709	-	(0)	51,709
Non-current assets	**325,852**	**(13,784)**	**(0)**	**312,069**
Current assets	**354,011**	**-**	**-**	**354,011**
Total assets	**679,864**	**(13,784)**	**(0)**	**666,080**

Equity and liabilities	December 31, 2023	Adjustments	Reclassification	December 31, 2023
in kEUR				
Profit carried forward	174,594	(8,118)	-	166,476
Net profit for the period	52,141	(2,986)	-	49,155
Other comprehensive income	(10,743)	454	-	(10,289)
Others	(34,876)	(0)	-	(34,876)
Total equity	**181,116**	**(10,651)**	**-**	**170,466**
Non-current liabilities from acquisitions	5,257	(2,682)	-	2,575
Deferred tax liabilities	7,997	3,390	-	11,387
Others	317,155	-	-	317,155
Non-current liabilities	**330,409**	**708**	**-**	**331,117**
Short-term employee benefits liabilities	1,940	268	-	2,208
Other short-term provisions	24,319	906	(1,161)	24,064
Current liabilities from acquisitions	13,944	(5,015)	-	8,929
Other current financial liabilities	40,239	(0)	(4,176)	36,062
Other current liabilities	10,429	-	5,337	15,766
Others	77,468	0	-	77,468
Current liabilities	**168,338**	**(3,841)**	**-**	**164,498**
Total liabilities	**498,747**	**(3,133)**	**-**	**495,614**
Equity and liabilities	**679,864**	**(13,784)**	**-**	**666,080**

Consolidated statement of comprehensive income

Profit or loss	(Previously reported) 2023	Adjustments	(Restated) 2023
in kEUR			
Other operating income	32,154	(2,872)	29,282
Staff costs	(654,747)	162	(654,585)
Others	743,867	-	743,867
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**121,275**	**(2,710)**	**118,565**
Depreciation, amortization and impairment	(35,073)	(337)	(35,410)
Earnings before interest and taxes (EBIT)	**86,202**	**(3,047)**	**83,155**
Finance income	1,808	-	1,808
Finance costs	(18,167)	(68)	(18,235)
Earnings before taxes (EBT)	**69,843**	**(3,115)**	**66,728**
Income taxes	(17,702)	129	(17,573)
Profit for the period	**52,141**	**(2,986)**	**49,155**
Other comprehensive income			
Foreign exchange differences	(14,313)	298	(14,014)
Others	3,633	(0)	3,633
Other comprehensive income for the period	**(10,680)**	**298**	**(10,381)**
Total comprehensive income for the period	**41,461**	**(2,688)**	**38,774**
Basic earnings per share in EUR:			
- based on weighted average	3.87	(0.22)	3.64
- based on outstanding shares	3.91	(0.22)	3.69
Diluted earnings per share in EUR:			
- based on weighted average	3.86	(0.22)	3.64
- based on outstanding shares	3.91	(0.22)	3.69

Consolidated statement of cash flows

Cash flows	(Previously reported) 2023	Adjustments	(Restated) 2023
in kEUR			
Cash flows from operating activities			
EBIT	86,202	(3,047)	83,155
Depreciation, amortization and impairments of non-current assets	35,073	337	35,410
Non-cash purchase price adjustments of liabilities from acquisitions	(3,115)	2,872	(243)
Other non-cash income and expenses	401	943	1,344
Cash flows from changes in net working capital	(1,682)	925	(758)
Others	(39,221)	0	(39,221)
Net cash inflow from operating activities	**77,657**	**2,030**	**79,687**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	(54,312)	(2,030)	(56,342)
Others	(9,391)	-	(9,391)
Net cash outflow from investing activities	**(63,702)**	**(2,030)**	**(65,732)**
Cash flows from financing activities			
Others	(6,681)	-	(6,681)
Net cash (outflow) / inflow from financing activities	**(6,681)**	**-**	**(6,681)**
Total cash flow	**7,274**	**(0)**	**7,274**
Effects of exchange rate changes on cash and cash equivalents	(2,644)	0	(2,644)
Total changes in cash and cash equivalents	**4,630**	**0**	**4,630**
Cash and cash equivalents at the beginning of the period	103,147	-	103,147
Cash and cash equivalents at the end of the period	107,777	-	107,777

Refer point b) under correction of errors para for the changes in “Net cash inflow from operating activities” to “net cash outflow from investing activities”.

B. Material accounting policies

Nagarro has consistently applied the following material accounting policies to the whole period presented in these consolidated financial statements.

1. New and amended standards adopted

The group applied for the first time the below amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after January 1, 2024:

Standard / interpretation	Title of the standard, interpretation or amendment
Amendments to IFRS 16	Lease liability in a sale and leaseback
Amendments to IAS 1	Classification of liabilities as current or non-current
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements

Amendments to IFRS 16 - Lease liability in a sale and leaseback

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on Nagarro's consolidated financial statements.

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.

Further, the amendment requires, when Nagarro classifies a liability arising from a loan arrangement as non-current, and that liability is subject to covenants with which Nagarro is required to comply within 12 months after the reporting date, Nagarro discloses information in the notes that enables users of the consolidated financial statements to understand the risk that the liabilities could become repayable within 12 months after the reporting date. The disclosure for the same has been made in note C.12. Loans and borrowings.

The amendments had no impact on Nagarro's consolidated financial statements.

Amendments to IAS 7 and IFRS 7

The amendments address clarification regarding the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on Nagarro's consolidated financial statements.

2. Standards and interpretations not yet applied

The IASB and IFRIC have issued the standards as detailed in the table below, the application of which was not yet mandatory for the periods presented in the consolidated financial statements according to the EU regulations.

Nagarro has not applied for early adoption of any of the standards/ interpretations that were allowed. The management does not expect that the adoption of all the standards listed below will have a material impact on the financial statements of the group in future periods:

Standard / interpretation	Title of the standard, interpretation or amendment	First time application
Endorsed by the EU		
Amendments to IAS 21	Lack of exchangeability	January 1, 2025
Not yet endorsed by the EU		
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Annual Improvements	Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash flows	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

Amendments to IAS 21

The amendments require disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025, with early application permitted.

The amendments are not expected to have a significant impact on Nagarro's consolidated financial statements.

Amendments to IFRS 9 and IFRS 7

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The amendments are not expected to have a significant impact on Nagarro's consolidated financial statements.

Annual improvements

Annual improvements contain amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7. The amendments are intended to improve the consistency of the standards by clarifying wording, correcting errors, and simplifying the standards. The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. The annual improvements are not expected to have a significant impact on Nagarro's consolidated financial statements.

IFRS 18

IFRS 18 will replace IAS 1 Presentation of Financial Statements and the new standard introduces the following key new requirements.

• Nagarro will be required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Nagarro will also be required to present a newly-defined operating profit subtotal. Nagarro's net profit will not change.

• Management-defined performance measures (MPMs) will be disclosed in a single note in the financial statements.

• Enhanced guidance will be provided on how to group information in the financial statements.

In addition, Nagarro will be required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

Nagarro is still in the process of assessing the impact of the new standard, particularly with respect to the structure of Nagarro's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. Nagarro is also assessing the impact on how information is grouped in the financial statements.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted.

IFRS 19

IFRS 19 will allow eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As Nagarro’s equity are publicly traded, it is not eligible to elect to apply IFRS 19.

3. Basis of consolidation

Consolidation

The consolidated financial statements of Nagarro group include Nagarro SE and the companies controlled by it (together “Nagarro”). Nagarro controls an associated company, in particular, if and only if it possesses all of the following characteristics:

- the power of disposal over the investee company (i.e., Nagarro has the possibility to control those activities of the investee company that have a significant influence on its return on the basis of currently existing rights),

- a risk burden due to or entitlement to fluctuating returns from its involvement in the investee company, and

- the ability to use its power of disposal over the investment company in such a way that the return of the investment company is thereby influenced.

If Nagarro does not hold a majority of the voting rights or comparable rights in an investee company, it takes all facts and circumstances into account when assessing whether it has the power of disposal of this investee company. These include:

- a contractual agreement with the other voters,

- rights resulting from other contractual agreements,

- voting rights and potential voting rights of the Group.

The financial statements of the subsidiaries are prepared in accordance with uniform accounting policies, on the same balance sheet date as the financial statements of Nagarro SE and the financial statements of Nagarro group. Acquired companies will be recognized as of the date of acquisition control (acquisition date) is included in the consolidated financial statements. In the event of loss of control, deconsolidation takes place at that time. Intra-group balances and business transactions and the resulting unrealized intra-group gains and losses as well as dividends are eliminated in full. The tax deferrals required by IAS 12 are applied to temporary differences from consolidation.

The same consolidation methods were used for the 2024 and 2023 consolidated financial statements.

Business combinations

Business combinations are accounted for using the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to Nagarro. In determining whether a particular set of activities and assets is a business, Nagarro assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

Nagarro has an option to apply 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable assets or group of similar identifiable assets.

The consideration transferred in the acquisition, for the identifiable net assets acquired, is generally measured at fair value. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase price is recognized in the consolidated statement of profit or loss. Transaction costs are expensed as incurred and included in other operating expenses.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in fair value of the contingent consideration are recognized in the consolidated statement of profit or loss. If the obligation to pay contingent consideration to the selling shareholders, who become employees of Nagarro, are forfeited upon termination of employment subject to the assessment of the likelihood of this happening, the contingent consideration, whether earnout or retention payments, is remuneration for post-combination services and not part of the consideration for the acquisition and accordingly not capitalized. These post-combination services are accounted for as an expense as staff costs, based on best estimates to meet the agreed targets for the reporting period and satisfy the earnout and retention criteria.

Subsidiaries

Subsidiaries are entities controlled by Nagarro. Nagarro 'controls' an entity when it is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those return through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The following table represents an overview of the legal entities that are in scope of consolidation for the reporting periods presented in the consolidated financial statement.

	December 31, 2024	December 31, 2023
Nagarro SE, Munich, Germany	100.00%	100.00%
Nagarro Inc., San Jose, USA	100.00%	100.00%
Nagarro Software Pvt. Ltd., Gurugram, India	100.00%	100.00%
Nagarro Software S.A. De C.V., Monterrey, Mexico	100.00%	100.00%
Nagarro Software Inc., Fishers, USA	100.00%	100.00%
Nagarro Software Solutions (Beijing), Inc. (China)	100.00%	100.00%
Nagarro Software Solutions (Xi'an), Inc. (China) [1]	-	100.00%
Advanced Technology Consulting Service Inc., New Jersey, USA	100.00%	100.00%
Advanced Technology Consulting Service Canada Inc., Toronto, Canada	100.00%	100.00%
ATCS (Beijing) Technology Consulting Company Limited, Beijing, China [1]	-	100.00%
Ace Outsource LC, Salt Lake City, USA	100.00%	100.00%
RipeConcepts Incorporated, Cebu, Philippines	100.00%	100.00%
Nagarro GS Inc., San Jose, USA	100.00%	100.00%
Telesis7 LLC, Missouri, USA	100.00%	100.00%
Nagarro Global Services Asia Pte. Ltd., Singapore	100.00%	100.00%
Nagarro Enterprise Services Pvt. Ltd., Gurugram, India	100.00%	100.00%
Advanced Technology Consulting Service Private Limited, Jaipur, India	100.00%	100.00%
Nagarro SDN. BHD., Kuala Lumpur, Malaysia	100.00%	100.00%
Nagarro K.K., Tokyo, Japan	100.00%	100.00%
Nagarro (Private) Limited, Colombo, Sri Lanka	100.00%	100.00%
Techmill Global Pte Ltd, Singapore	100.00%	100.00%
Tech Mills (Australia) Pty Ltd, Sydney, Australia	100.00%	100.00%
Nagarro Software AB, Stockholm, Sweden	100.00%	100.00%
Nagarro GmbH, Vienna, Austria	100.00%	100.00%
Nagarro ATCS GmbH, Stuttgart, Germany	100.00%	100.00%
Nagarro GmbH, Munich, Germany	100.00%	100.00%
Nagarro SRL, Cluj-Napoca, Romania	100.00%	100.00%
Nagarro iQuest Schweiz AG, Zurich, Switzerland	100.00%	100.00%
iQuest SPZOO, Warsaw, Poland	100.00%	100.00%
Livisi GmbH, Munich, Germany [2]	-	100.00%
Nagarro Software Ltd., London, United Kingdom	100.00%	100.00%
FWD View Ltd., London, United Kingdom [3]	100.00%	-
Nagarro AS, Oslo, Norway	100.00%	100.00%
Nagarro Pty. Ltd., Sydney, Australia	100.00%	100.00%
Nagarro Oy, Espoo, Finland	100.00%	100.00%
Nagarro Ltd., Valetta, Malta	100.00%	100.00%
Nagarro Pty. Ltd., Pretoria, South Africa	100.00%	100.00%
Nagarro Company Ltd., Bangkok, Thailand	100.00%	100.00%
Nagarro Ltd., Port Louis, Mauritius	100.00%	100.00%
Nagarro MENA LLC, Dubai, UAE	100.00%	100.00%
Nagarro Software Co. W.L.L, Bahrain	100.00%	100.00%
Nagarro for Information Technology, Riyadh, Saudi Arabia	100.00%	100.00%
Nagarro Software FZCO, UAE	100.00%	100.00%
Nagarro Software Co. W.L.L, New Cairo, Egypt [4]	100.00%	-
Nagarro ES GmbH, Kronberg im Taunus, Germany	100.00%	100.00%
Nagarro ES France SAS, Entzheim, France	100.00%	100.00%
Nagarro Denmark A/S, Herlev, Denmark	100.00%	100.00%
Nagarro S.A.S., Quito, Ecuador	100.00%	100.00%
Nagarro Software S.A.S., Bogotá D.C, Colombia	100.00%	100.00%
Nagarro, UNIPESSOAL LDA, Funchal, Portugal	100.00%	100.00%
Nagarro Software, S.L., Madrid, Spain	100.00%	100.00%
Nagarro Co., Ltd., Taipei, Taiwan	100.00%	100.00%
Infocore Engineering & IT Services GmbH, Kronberg im Taunus, Germany	100.00%	100.00%
Infocore Engineering & IT Services Inc, Frisco, USA [5]	-	100.00%
Advanced Programming Solutions, S.L., Palma de Mallorca, Spain	100.00%	100.00%
M.B.İ.S Bilgisayar Otomasyon Danışmanlık ve Eğitim Hizmetleri Sanayi ve Ticaret A.Ş., Istanbul, Türkiye	100.00%	100.00%

Novaline Bilişim Teknolojileri Danışmanlığı A.Ş., Istanbul, Türkiye	100.00%	100.00%
Analytica Bilgi Teknolojileri A.Ş., Istanbul, Türkiye	100.00%	100.00%
Nagarro Korlátolt Felelősségű Társaság, Budapest, Hungary	100.00%	100.00%
Nagarro Software Limited, Dublin, Ireland 4)	100.00%	-

1) These companies were closed in 2024.
2) This company was merged with Nagarro GmbH, Germany in 2024
3) This company was acquired in 2024.
4) These companies were incorporated in 2024.
5) This company was merged with Nagarro Inc, USA in 2024.

Nagarro has merged the following legal entities during the year: -

(i) Livisi GmbH, Germany with Nagarro GmbH, Germany and registered in the commercial register on August 20, 2024, with an effective merger date of January 3, 2024

(ii) Infocore Engineering & IT Services Inc., United States of America with Nagarro Inc., United States of America with an effective merger date of October 1, 2024.

4. Currency translation

The functional currency of the entities located in the Eurozone is the Euro. The functional currency of all other entities is the respective local currency. As part of the preparation of the consolidated financial statements, the annual financial statements of the entities prepared in a foreign currency were translated into Euro, the reporting currency of Nagarro.

Transactions and balances

Transactions in foreign currencies different to the functional currency of the respective Nagarro company are translated at the exchange rate on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date. If it results in exchange rate gains or losses due to payments or measurements of monetary assets and liabilities at later points in time, these are recognized in profit or loss of the respective Nagarro company.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions of the respective Nagarro company. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined by the respective Nagarro company. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in Other Comprehensive Income (“OCI”) or profit or loss are also recognized in OCI or profit or loss, respectively) of the respective Nagarro company.

Non-Eurozone Nagarro entities

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) At the consolidation level, the income statement items are translated at the yearly average rate (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) from the respective functional currency of the subsidiaries to Euro.

(ii) The closing rates at the period end were used for the translation of assets and liabilities.

(iii) Differences arising from translation to Nagarro’s reporting currency are reported directly in other comprehensive income not impacting profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the reporting date.

When a foreign operation is disposed of in its entirety or partially such that the control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to consolidated statement of profit or loss as part of the gain or loss on disposal. If Nagarro disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative interest is reattributed to non-controlling interests.

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	
	Currency	**2024**	**2023**	**Dec 31, 2024**	**Dec 31, 2023**
Australian dollar	AUD	1.640	1.629	1.674	1.621
Bahraini dinar	BHD	0.408	0.408	0.392	0.416
Canadian dollar	CAD	1.482	1.459	1.493	1.463
Chinese yuan renminbi	CNY	7.777	7.651	7.581	7.814
Colombian Peso	COP	4405.814	4673.807	4578.940	4281.050
Danish krone	DKK	7.459	7.451	7.458	7.454
Egyptian Pound	EGP	52.807	-	52.807	-
Indian rupee	INR	90.531	89.308	88.906	91.814
Japanese yen	JPY	163.822	151.964	162.897	155.722
Malaysian ringgit	MYR	4.949	4.932	4.642	5.072
Mauritian rupee	MUR	49.980	48.781	48.817	48.586
Mexican peso	MXN	19.813	19.178	21.553	18.737
Norwegian krone	NOK	11.632	11.421	11.788	11.235
Philippine peso	PHP	61.974	60.148	60.320	61.146
Polish zloty	PLN	4.306	4.544	4.274	4.348
Romanian leu	RON	4.975	4.947	4.976	4.975
Saudi Riyal	SAR	4.060	4.057	3.902	4.139
Singapore dollar	SGD	1.446	1.452	1.415	1.457
South African rand	ZAR	19.827	19.954	19.559	20.192
Sri Lankan rupee	LKR	326.680	355.065	304.454	357.517
Swedish krona	SEK	11.437	11.474	11.460	11.131
Swiss franc	CHF	0.964	0.986	0.947	0.971
Thai baht	THB	38.163	37.631	35.620	37.957
UAE dirham	AED	3.974	3.972	3.815	4.054
United Kingdom pound	GBP	0.847	0.870	0.829	0.867
US dollar	USD	1.082	1.082	1.039	1.104
Hungarian Forint	HUF	395.327	382.111	411.275	383.395
Turkish Lira	TRY	36.802	25.760	36.802	32.638
New Taiwan Dollar	TWD	34.738	34.084	34.036	33.837

5. Notes to the consolidated statement 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.

a. Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination are aligned to the single cash-generating unit.

Where goodwill has been aligned to the single cash-generating unit (CGU) and part of the operation within that single unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b. 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 are amortized on a straight-line basis over one to four years. Acquired products are amortized on a straight-line basis over four years. Customer lists are amortized on a straight-line basis over four to fifteen 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 lives are tested for impairment only if there are specific indications that they may be impaired.

c. Property, plant and equipment

Property, plant and equipment are recognized at cost of acquisition or production, less accumulated depreciation and any accumulated impairment losses. 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 in the consolidated statement of profit or loss. Straight-line depreciation is applied over the expected, estimated useful life of the assets. The carrying amounts of property and equipment are subject to an impairment test as soon as an impairment 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.

d. 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 from the commencement date to the end of lease term, unless the lease transfers ownership of the underlying asset to Nagarro by the end of the lease term or the cost of the right of use asset reflects that Nagarro will exercise purchase option. In that case, the right of use asset will be depreciated over the useful life of that underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 does 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 was a new lease at the acquisition date and recognizes 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. Where the extension options are exercisable only by Nagarro and not the lessor, Nagarro assesses at the commencement date whether it is reasonably certain to exercise the extension option. Nagarro reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control.

e. 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 is not recognized for:

(i) temporary differences on the initial recognition of an asset or a liability in a transaction that

- is not a business combination; and
- at the time of the transaction (a) affects neither accounting nor taxable profit or loss and (b) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investment in subsidiaries to the extent that Nagarro is able to control the timing of the reversal of the temporary differences and it is probable that they will not be reversed in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which they can be used. Future taxable profits are determined based on reversal of relevant temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then the future taxable profits, adjusted for reversal of existing temporary differences, are considered, based on the business plans for individual subsidiaries in Nagarro. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the future taxable profits improve.

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, which are material and used for deferred taxes, are as follows:

Tax rates	2024	2023
Germany	29.8% - 31.0%	29.8% - 31.0%
Austria	23.0%	23.0%
USA	25.5% - 28.1%	25.5% - 28.1%
India	25.2% - 29.1%	25.2% - 29.1%
France	25.0%	25.0%
Romania	16.0%	16.0%
Japan	34.7%	34.7%
Singapore	17.0%	17.0%
South Africa	27.0%	27.0%
United Arab Emirates	9.0%	9.0%
United Kingdom	25.0%	25.0%
Spain	25.0%	25.0%
Türkiye	25.0%	25.0%

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.

f. Contract costs

The incremental costs of obtaining a contract (i.e., costs that would not have been incurred if the contract had not been obtained) are recognized as an asset if Nagarro expects to recover them.

Costs that are incurred regardless of whether the contract is obtained – including costs that are incremental to trying to obtain a contract – are expensed as they are incurred unless they meet the criteria to be capitalized as fulfilment costs.

As a practical expedient, Nagarro does not capitalize the incremental costs to obtain a contract if the amortization period of the resulting asset would not exceed one year. The assessment of whether the practical expedient applies is made at the contract level.

Certain eligible, non-recurring costs (e.g. set-up or transition or transformation costs) that do not represent a separate performance obligation are recognized as an asset when such costs (a) relate directly to the contract; (b) generate or enhance resources of Nagarro that will be used in satisfying the performance obligation in the future; and (c) are expected to be recovered.

Capitalized contract costs are amortized to expenses over the respective contract life on a systematic basis consistent with the transfer of goods or services to customer to which the asset relates. Capitalized costs are monitored regularly for impairment. Impairment losses are recorded when present value of projected remaining operating cash flows is not sufficient to recover the carrying amount of the capitalized costs.

g. 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.

h. Contract assets and liabilities

The timing of revenue recognition may differ from the timing of invoicing to customers. If payment is received in respect of services prior to the delivery of services, the payment is recognized as an advance from customers and classified as contract 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 are recognized when there is an excess of revenues earned over billings on contracts. Contract liability is recognized when there are billings in excess of revenues. The billing schedules agreed with customers include periodic performance-based payments and /or milestone-based progress payments. Invoices are payable within a contractually agreed credit period. Contract assets and contract liabilities relating to the same customer contract have been offset and presented on a net basis in the consolidated financial statements.

Contract assets and contract liabilities are generally reported as current, as they generally arise within the normal operating cycle of less than one year.

A contract asset is Nagarro’s right to consideration in exchange for goods or services that Nagarro has transferred to the customer. A contract asset becomes receivable when Nagarro’s right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

i. Cash

Cash and cash equivalent comprise of cash on hand and in bank including short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Other bank deposits which are not in the nature of cash and cash equivalents with a maturity period of more than three months are classified as bank deposits under other financial assets.

j. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related services is provided by the employee. A liability is recognized for the amount expected to be paid if Nagarro has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Share-based payment arrangements

Key colleagues (including senior executives) of Nagarro received remuneration in the form of share-based payments, whereby these colleagues render services in exchange of granting of equity instruments (equity-settled transactions) or cash award (cash-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 cash-settled transactions is determined by the fair value at the date when the grant is made, at the modification date and at each reporting date using an appropriate valuation model, further details of which are given in D.4. Staff costs.

The cost of equity-settled transactions is recognized in staff costs together with a corresponding increase in equity (capital reserves) and the cost of cash-settled transactions is recognized in staff costs together with a corresponding increase in financial liability, 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 and cash-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and Nagarro's best estimate of the number of equity instruments that will ultimately vest or get cash-settled. 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.

A change from equity-settled to cash-settled arising from a modification occur if a cash alternative at the employee's discretion is subsequently added to an equity-settled share-based payment that results in a reclassification as a financial liability. Such a modification leads to a reclassification, at the date of modification, of an amount equal to the fair value of the liability from equity to liabilities.

If the amount of the liability recognized on the date of modification is less than the amount previously recognized as an increase in equity, then no gain is recognized for the difference between the amount recognized to date in equity and the amount reclassified for the fair value of the liability; that difference remains in equity. If the amount of the liability recognized on the date of modification is greater than the amount previously recognized as an increase in equity, then the excess is recognized as an expense in consolidated statement of profit or loss at the date of modification. Subsequent to the modification, the entity continues to recognize the grant-date fair value of equity instruments granted as the cost of the share-based payment. However, any subsequent remeasurement of the liability (from the date of modification until settlement date) is also recognized in the consolidated statement of profit or loss. In effect, the cumulative amount recognized in the consolidated statement of profit or loss over the life of the award is the grant-date fair value plus or minus any subsequent changes in fair value after the change in classification. Therefore, the cumulative amount may be less than the original grant-date fair value.

At each reporting date, and ultimately at settlement date, the fair value of the recognized liability is remeasured for the cash-settled transactions.

The dilutive effect of outstanding equity settled options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in D.9. Earnings per share).

iii. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related services is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

iv. Defined benefit plans

Nagarro's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current year and prior year periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit plan obligations is performed annually by a qualified actuary under the projected unit credit method. When the calculation results in a potential asset for Nagarro, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains or losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. Nagarro determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the consolidated statement of profit or loss.

When the benefits of a plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized in the consolidated statement of profit or loss. Nagarro recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

v. Other long-term employee benefits

Nagarro's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in the consolidated statement of profit or loss in the period in which they arise.

vi. Termination benefits

Termination benefits are expensed at the earlier of when Nagarro can no longer withdraw the offer to those benefits and when Nagarro recognizes costs for restructuring. If benefits are not expected to be settled wholly within next 12 months of the reporting date, then they are discounted.

k. 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.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before a provision is established, Nagarro recognizes any impairment loss on the assets associated with that contract.

l. Financial instruments

i. Recognition and initial measurement

Financial assets and financial liabilities are initially recognized when Nagarro becomes a party at the trade date.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not a fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets - classification

On initial recognition, a financial asset is classified as subsequent measured at:

- amortized cost; or
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI)

Financial assets are not reclassified subsequent to their initial recognition unless Nagarro changes its business model for managing financial assets, in which all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of the principal and interest (SPPI) on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, Nagarro may irrevocably designate a financial asset at FVTPL, that otherwise meets the requirements to be measured at amortized cost or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – business model assessment

Nagarro makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Transfer of financial assets to third parties in transactions that do not qualify for derecognition are not considered sale for this purpose, consistent with the Nagarro’s continuing recognition of the assets.

The business models available to Nagarro are as follows:

Held to collect	Nagarro has two portfolios of financial assets that have held to collect business model. The objective of the business model for these financial instruments is to collect the amount due from Nagarro's receivables including recourse factoring receivables and to earn contractual interest income on the amount collected.
Held for trading	Nagarro has separate portfolio of customers / receivables which will be factored. Nagarro has only one portfolio of financial assets that are held for trading business model. Nagarro enters in factoring arrangement with the factor which has both recourse factoring and non-recourse factoring. Nagarro's receivables from recourse factoring are held to collect whereas Nagarro's receivables from non-recourse factoring are held for trading.

Financial assets – assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

In assessing whether the contractual cash flows are SPPI, Nagarro considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it will not meet this condition. In making this assessment, Nagarro considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable – rate features;

- prepayment and extension features; and

- terms that limit Nagarro’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation of early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represent the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition.

Financial assets – subsequent measurement and gains or losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gain or losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost under effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities – classification, subsequent measurement and gains or losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains or losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequent measured at amortized cost under effective interest method. Interest expense and foreign exchange gains or losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. Derecognition

Nagarro derecognize a financial asset when, and only when a) the contractual rights to the cash flows from the financial asset expire, or b) it transfers the financial asset and the transfer qualifies for derecognition.

Nagarro transfers a financial asset if, and only if, it either:

(a) transfers the contractual rights to receive the cash flows of the financial asset, or

(b) retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets all the following three conditions.

(i) has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset.

(ii) is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows.

(iii) has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, Nagarro is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents.

iv. Offsetting

Nagarro offset a financial asset and a financial liability and thus present the net amount on the balance sheet if it has a legally enforceable right to set off, and it intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

v. Derivatives

Nagarro holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposure. The counterparty for these contracts is generally a bank. This category has derivative financial assets or liabilities which are not designated as hedges. Accordingly, hedge accounting has not been applied.

Forward exchange contracts are taken to hedge foreign currency risk exposure relating to foreign currency assets. Nagarro provides for net loss/ net gain in respect of such outstanding derivative forward contracts at the balance sheet date by marking them to market. The contracts are aggregated category-wise to determine the net gain/loss based on the fair value which is either positive or negative market value. 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 consolidated statement of profit or loss.

m. Impairment

i. Non-derivative financial assets

General approach of expected credit losses (ECLs)

Nagarro uses the general approach for impairment of financial assets measured at amortized cost (cash and cash equivalents and other financial assets) wherein the impairment is measured as either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of an instrument has occurred since initial recognition, then impairment is measured as lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, Nagarro considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Nagarro's historical experience and informed credit assessment, that includes forward-looking information.

Nagarro assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Nagarro considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to Nagarro in full, without recourse by Nagarro to actions such as realizing security (if any is held); or

- the financial asset is more than 360 days past due except for public sector customers if these are more than 1,080 days.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECL that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which Nagarro is exposed to the credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. difference between the cash flows due to Nagarro in accordance with the contract and cash flows that Nagarro expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Simplified approach of expected credit losses (ECLs)

Nagarro recognizes loss allowances for expected credit losses (ECLs) on the financial assets measured at amortized cost for trade receivables and contract assets for which it uses the practical expedients while measuring ECLs under the simplified approach.

In simplified approach, the lifetime ECLs is considered, using a provision matrix for trade receivables and contract assets as Nagarro does not have trade receivables and contract assets with significant financing component.

While using provision matrix, Nagarro segments its trade receivables based on their industry and geographic region as the historical credit loss experience will have different loss patterns for different customer segments.

Nagarro also considers whether the changes in economic circumstances of any previous segmentation of the portfolio, based on historical data, continues to be appropriate at the reporting date and uses historical loss experience on its trade receivables and contract assets and adjusts historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions.

Credit-impaired financial assets

At each reporting date, Nagarro assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets has occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;

- a breach of contract such as a default or being more than 360 days past due except for public sector customers if these are more than 1,080 days past due;

- the restructuring of a loan or advance by Nagarro on terms that Nagarro would not consider otherwise;

- it is probable that the debtor will enter bankruptcy or other financial organization; or

- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from gross carrying amounts of the assets.

The gross carrying amount of a financial asset is written off when Nagarro has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For customers, Nagarro individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. Nagarro expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Nagarro's procedure of recovery of amount due.

ii. Non-financial assets

At each reporting date, Nagarro reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested for impairment at least once a year. Impairment testing is also conducted if events or circumstances occur that indicate that it may no longer be possible to recover the carrying amount.

An impairment loss is recognized if the recoverable amount is lower than the cash-generating unit's carrying amount. If a need for impairment has been ascertained, the goodwill is impaired first. Any need for impairment over and above this is spread in proportion to the carrying amount over the remaining non-financial assets.

If, at some later date, following an impairment recognized in previous years a higher recoverable amount is applicable for the asset or for the cash-generating unit, a reversal of the impairment to no higher than the amortized cost is carried out. Reversals of impairment of goodwill are not permitted.

The recoverable amount is the higher of the fair value less costs of disposal and the value in use of the cash-generating unit or the individual asset. If one of these amounts is greater than the carrying amount, it is not necessary to calculate both values.

The fair value is the price that independent market participants would pay at the balance sheet date under normal market conditions if the asset or cash-generating unit were sold. The value in use is ascertained by discounting the cash flows anticipated from future operational use.

n. Share capital

i. Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

ii. Repurchase and reissue of ordinary shares (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity.

o. IAS 29 Financial Reporting in Hyperinflationary Economies

With the acquisition of the MBIS group in Türkiye in 2023, Nagarro implemented IAS 29, Financial Reporting in Hyperinflationary Economies, as the management has considered Türkiye a hyperinflationary environment country due to Türkiye's cumulative three-year inflation exceeding the threshold of 100%. The financial statements of MBIS Türkiye were restated for inflation to reflect the purchasing power at the reporting date using the consumer price index and then the reported amounts were translated to Nagarro SE's presentation currency, Euro, applying the exchange rate at the reporting date. Since Nagarro's presentation currency, Euro, is a non-hyperinflationary currency, Nagarro does not restate the comparative figures which is in line with IAS 29.

i. Inflation restatement

Non-monetary items, which are carried at historical cost, are restated for the effect of inflation based on changes in the price index for the period from initial recognition to the date of reporting or to the date of disposal, where relevant.

Management assesses whether the restatement of non-monetary items represents an indication of impairment to ensure that the restated amounts do not exceed the recoverable amounts of the assets.

Monetary items are not subject to restatement for the effects of inflation as these items already reflect the purchasing power at the reporting date.

Nagarro also concluded that the combination of restatement and translation effects meets the definition of exchange difference as per IAS 21 and hence both the effects are recognized in OCI.

Profit or loss transactions in the period are restated to reflect changes in the price index from the time of transaction to the end of the reporting period, with the exception of depreciation and amortisation. The latter are recalculated based on the inflation-adjusted costs of intangible assets and right-of-use assets and property, plant and equipment. The recalculations are based on the useful lives of the relevant assets based on Nagarro's accounting policies.

Cash flow statement – Earnings before income tax includes a non-cash effect from the inflation restatement, which has been eliminated in the line "other non-cash income and expenses".

ii. Price index

Restatement for hyperinflation of the financial statements of the Turkish subsidiaries is based on the development in the consumer price index provided by the Turkish Statistical Institute. On December 31, 2024, the one-year inflation was 44.4% (December 31, 2023: 64.8%).

iii. Retranslation from TRY to Euro

The financial statements of the Turkish subsidiaries, including effects of inflation restatement, have been translated into Euro applying the EUR/TRY exchange rate at the reporting date as opposed to Nagarro's normal practice of translating the profit or loss using the exchange rate at the transaction date or an average exchange rate for the period. The closing EUR / TRY exchange rate increased from 32.6 at the beginning of January 2024 to 36.8 at December 31, 2024.

The average EUR/TRY exchange rate for the reporting period was 35.6 (December 31, 2023: 25.8).

6. Notes to the consolidated statement of comprehensive income

The consolidated statements of comprehensive income were prepared applying the cost by nature method.

a. Revenue

Nagarro primarily generates revenue through consulting services, digital engineering, and other IT services in the areas of digital product engineering, digital commerce and customer experience, big data and AI services, new-gen ERP consulting and managed services and hosting. Revenue from these services is primarily generated through time and expense contracts, fixed price contracts (both milestone-based and periodic) and a small amount of license sales.

The following table summarizes Nagarro's contract clusters currently as they may map to our reported contract types and Invoicing method.

Contract type/Services	Description	Invoicing method / reported contract type
Time and Material (T&M)	These are the contracts where services are billed based on the actual person hours/days/months worked. Common in agile development or projects with evolving scope. In some cases, there is a capping on total spending under the contract for the defined duration. e.g. Agile development services	Time and expenses
Fixed Price	These are the contracts where a fixed scope and a fixed total price Is defined for the work to be delivered. The contracts have defined milestones and invoices can be tied to achievement of them. e,g, Defined scope projects	Fixed price
Periodic services (incl multiple elements)	These are the contracts which cover the support services for existing applications under a defined scope of activities for a fixed monthly price.	
	- Hosting services	Periodic service
	- Application support and Maintenance services	Periodic service
	- Additional services	Time and expenses
Licenses	These are sales/services where Nagarro earns revenue either through selling/reselling third party licenses or our own IP which may be followed by maintenance services. The selling services may involve implementation wherever required.	
	- Sale of license	Other revenues
	- Maintenance services	Periodic service

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved in writing by the parties to the contract, the parties to contract are committed to performing their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon the transfer of control of promised services ("performance obligations") to customers in an amount that reflects the consideration Nagarro has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty regarding collectability, revenue recognition is postponed until such uncertainty is resolved.

Nagarro assesses the services promised in a contract and identifies distinct performance obligations within the contract. Nagarro allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate the standalone selling price is the expected cost plus a margin, under which Nagarro estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

Nagarro's contracts may include variable consideration including rebates, volume discounts and penalties. Nagarro includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Variable considerations are netted off against the revenues. Value added taxes or Goods and service tax or taxes of similar nature which are recovered from customers on behalf of the Government, are deducted from revenues. Reimbursements of out-of-pocket expenses received from clients are included as part of revenues.

Revenues in time-and-material contracts are recognized over time as the related services are performed, consistent with the transfer of control to the customer. Revenue is measured by the units of service delivered and the corresponding bill rates agreed upon in the contract. This approach aligns revenue recognition directly with the delivery of services, ensuring that revenue is recognized in proportion to the level of effort expended.

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the input method. Efforts or costs expended are used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is determined based on the ratio of costs or efforts incurred to date relative to the estimated total costs or efforts. The transaction price and estimated costs are reviewed and updated regularly throughout the duration of the contract. Any revisions to estimates are recognized in the period in which they are identified. Provisions for estimated losses, if any, are recognized immediately. Change requests that amend the scope or pricing of the original contract are evaluated as contract modifications in accordance with IFRS 15 and are accounted for either as adjustments to the existing contract (and accounted on a cumulative catch-up basis), or where applicable, as separate contracts (and accounted as a distinct performance obligation with standalone selling price).

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

Licensing contracts entered by Nagarro generally fall into two broad categories based on the principal-agent assessment under IFRS 15. When reselling third-party software licenses, Nagarro typically acts as an agent, arranging for the transfer of licenses to customers without obtaining control, and therefore recognizes revenue on a net basis. These third-party licenses may involve either right-to-use or right-to-access models depending on the underlying agreement with the customer. In contrast, when Nagarro sells its proprietary intellectual property (IP), whether under a perpetual (right-to-use) model or a subscription (right-to-access) model, Nagarro acts as a principal, controlling the IP before transfer and recognizing revenue on a gross basis. Maintenance services (if any) are recognized over time, typically on a straight-line basis, reflecting the ongoing delivery of support services over the maintenance term.

The billing schedules agreed with customers include periodic performance-based billing and / or milestone-based progress billings. Revenue recognized in excess of amounts billed is presented as a contract asset, reflecting the Company's right to consideration for services provided. Conversely, amounts billed to customers in advance of revenue recognition are presented as a contract liability, representing the Company's obligation to transfer goods or services in the future. The payment terms generally ranges from 14 days to 120 days from the date of invoicing.

Contracts with customers can include subcontractor services or third-party vendor software in certain integrated services arrangements. In these types of arrangements, revenue from sales of third-party vendor products or services is recorded net of costs when Nagarro is acting as an agent between the customer and the vendor, and gross when Nagarro is the principal for the transaction.

A contract modification is a change in the scope or price or both of a contract that is approved by the parties to the contract. A contract modification that results in the addition of distinct performance obligations is accounted for either as a separate contract if the additional services are priced at the standalone selling price or as a termination of the existing contract and creation of a new contract if they are not priced at the standalone selling price. If the modification does not result in a distinct performance obligation, it is accounted for as part of the existing contract on a cumulative catch-up basis.

b. Staff costs

Staff costs are recognized when incurred. Obligations for defined contribution plans are recognized directly as an expense after the related employee service.

c. Operating expenses

Operating expenses are recognized when incurred.

d. Financial result

Interest income or expense is recognized under the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial assets or the amortized cost of the financial liability.

In calculating interest income or expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs are interest expenses incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

e. Taxes

Income tax expense comprises current and deferred tax. It is recognized in the consolidated statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in consolidated statement of equity or consolidated statement of comprehensive income.

Nagarro has determined that interest and penalties related to income taxes, including uncertain treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, contingent liabilities and contingent assets.

Nagarro has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. Nagarro has applied a temporary mandatory exception from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous year. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or subsequently enacted at the reporting date.

Current tax assets or liabilities are offset only if certain conditions are met.

Income taxes are determined according to the tax law provisions of the countries where the respective Nagarro company is based.

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 by applying IFRIC 23 and continuously identifying and assessing the tax environment and the resulting effects. The most current information is then incorporated into the estimation parameters necessary for recognizing and measuring the tax provisions.

7. Estimates and assumptions

When preparing the consolidated financial statements, management has made judgements and estimates about future, including climate-related risks and opportunities, that affect the application of Nagarro's accounting policies and 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 and are consistent with Nagarro's risk management and client-related commitments where appropriate. Necessary adjustments are recognized prospectively.

Judgements

There are no significant judgements which are made in applying accounting policies that have significant effects on the amount recognized in the consolidated financial statements.

Assumptions and estimation uncertainty

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

i. Note C.13. Employee benefits liabilities: measurement of defined benefits obligations: key actuarial assumptions
ii. Note F.1. Business combinations: fair value of consideration transferred (including contingent consideration) and fair value of the acquired assets and liabilities assumed
iii. Note F.8. Share-based payment arrangements: key assumptions underlying valuation of fair values; and
iv. Note F.9. b. Credit risk: measurement of ECL allowances for trade receivables and contract assets -key assumption in determining the weighted average loss rate.

8. Measurement of fair values

A number of Nagarro's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Nagarro has an established control framework with respect to the measurement of fair values. Nagarro regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then Nagarro assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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.

When measuring the fair value of an asset or a liability, Nagarro uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Nagarro recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note C.18. Financial instruments

Note F.1. Business combinations

Note F.8. Share-based payment arrangements including liabilities for cash-settled share-based arrangement.

C. Notes to the consolidated statement of financial position

1. Intangible assets

Intangible assets developed as follows:

in kEUR	Orders on hand	Customer lists	Products	Software, licenses, rights	In-house developments	Total
Gross carrying amount as at Jan 1, 2024	1,120	47,256	11,953	4,783	3,375	68,486
Acquisitions through business combinations	738	3,222	-	132	-	4,091
Hyperinflation restatement	5	2,029	2,780	-	-	4,815
Additions	-	-	2,651	1,265	-	3,916
Disposals	(16)	-	-	(1,978)	-	(1,993)
Currency differences	(63)	1,253	(610)	69	6	655
Gross carrying amount as at Dec 31, 2024	**1,785**	**53,760**	**16,774**	**4,272**	**3,381**	**79,971**
Accumulated amortization and impairment as at Jan 1, 2024	(1,024)	(15,867)	(6,100)	(2,958)	(2,486)	(28,435)
Hyperinflation restatement	1	(846)	(964)	-	-	(1,810)
Amortization for the year	(82)	(4,827)	(1,393)	(970)	(431)	(7,703)
Impairment	-	-	-	-	-	-
Disposals	16	-	-	1,977	-	1,993
Currency differences	71	(690)	63	(58)	(6)	(620)
Accumulated amortization and impairment as at Dec 31, 2024	**(1,018)**	**(22,230)**	**(8,394)**	**(2,010)**	**(2,923)**	**(36,575)**
Net carrying amount as at Dec 31, 2024	**766**	**31,530**	**8,380**	**2,262**	**458**	**43,395**

in kEUR	Orders on hand	Customer lists	Products	Software, licenses, rights	In-house developments	Total
Gross carrying amount as at Jan 1, 2023 previously reported	2,858	20,464	6,247	4,759	3,183	37,510
Impact of correction of errors (The comparative information is restated on account of correction of errors. Refer note A.3 – Correction of errors and reclassifications)	32	14,329	-	-	-	14,360
Gross carrying amount as at Jan 1, 2023 restated	2,890	34,792	6,247	4,759	3,183	51,870
Acquisitions through business combinations	384	13,980	2,063	511	-	16,938
Hyperinflation restatement	886	1,937	3,748	-	-	6,571
Additions	-	-	1,985	1,658	188	3,830
Disposals	(2,822)	(241)	(251)	(2,028)	-	(5,343)
Currency differences	(217)	(3,213)	(1,839)	(116)	4	(5,382)
Gross carrying amount as at Dec 31, 2023	**1,120**	**47,256**	**11,953**	**4,783**	**3,375**	**68,486**
Accumulated amortization and impairment as at Jan 1, 2023 previously reported	(2,787)	(10,549)	(4,108)	(4,413)	(2,044)	(23,902)
Impact of correction of errors (The comparative information is restated on account of correction of errors. Refer note A.3 – Correction of errors and reclassifications)	(101)	(1,311)	-	-	-	(1,412)
Accumulated amortization and impairment as at Jan 1, 2023 restated	(2,888)	(11,860)	(4,108)	(4,413)	(2,044)	(25,314)
Hyperinflation restatement	(886)	477	(764)	-	-	(1,172)
Amortization for the year	(282)	(4,937)	(1,494)	(627)	(436)	(7,776)
Impairment	-	-	-	-	-	-
Disposals	2,822	241	10	1,984	-	5,056
Currency differences	210	213	257	98	(6)	772
Accumulated amortization and impairment as at Dec 31, 2023	**(1,024)**	**(15,866)**	**(6,100)**	**(2,958)**	**(2,486)**	**(28,434)**
Net carrying amount as at Dec 31, 2023	**96**	**31,389**	**5,853**	**1,825**	**889**	**40,052**

The intangible assets include software, licenses and rights acquired for business operations, order backlog, customer lists, products (for e.g., security products, e-documents, e-invoicing, attribute-based access control etc.) and websites for companies acquired.

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

In the 2024 financial year, orders on hand of kEUR 738 (December 31, 2023: kEUR 384) were acquired as part of business combinations. The orders on hand were measured at their expected net amount determined as the order value for the orders less full costs.

In the 2024 financial year, customer lists of kEUR 3,222 (December 31, 2023: kEUR 13,980) 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 four to fifteen 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.

In the 2024 financial year, products of kEUR 0 (December 31, 2023: kEUR 2,063) were acquired as part of business combinations.

2. Goodwill

Goodwill developed as follows:

	Dec 31, 2024	Dec 31, 2023
	kEUR	kEUR
Gross carrying amount as at Jan 1, (previously reported)	194,836	202,622
Impact of correction of errors (The comparative information is restated on account of correction of errors. Refer note A.3 – Correction of errors)	-	(26,781)
Gross carrying amount as at Jan 1, (restated)	194,836	175,841
Acquisitions through business combinations	10,025	23,792
Hyperinflation restatement	-	-
Additions	-	-
Disposals	-	-
Currency differences	9,381	(4,798)
Gross carrying amount as at Dec 31	**214,242**	**194,836**
Accumulated amortization and impairment as at Jan 1, (previously reported)	-	-
Impact of correction of errors (The comparative information is restated on account of correction of errors. Refer note A.3 – Correction of errors)	-	-
Accumulated amortization and impairment as at Jan 1, (restated)	-	-
Hyperinflation restatement	-	-
Amortization for the year	-	-
Impairment	-	-
Disposals	-	-
Currency differences	-	-
Accumulated amortization and impairment as at Dec 31	-	-
Net carrying amount as at Dec 31	**214,242**	**194,836**

Goodwill results from the difference between the purchase costs of interest 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 FWD View in 2024, goodwill of kEUR 10,025 was recognized. The translation of companies not acquired in euros increased the goodwill by kEUR 9,381 (December 31, 2023: kEUR 4,798 decrease). The currency differences were recognized in the consolidated statements of comprehensive income under other comprehensive income.

During the year, the management has re-evaluated the prior years' acquisitions purchase price allocations and accordingly corrected the goodwill of kEUR 26,781. The reduction in the goodwill was recognized for prior years' acquisitions relating to ATCS in 2021 amounting to kEUR 10,529, RipeConcepts amounting in 2022 to kEUR 12,556 and Techmill in 2022 amounting to kEUR 2,184. The translation of these companies which were not acquired in euros decreased the goodwill by kEUR 1,512 as of January 1, 2023.

Nagarro has a single reportable segment which aligns to how Nagarro's Chief Operating Decision Maker (CODM) manages the Company. Accordingly, for the purpose of goodwill impairment testing, the Nagarro group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets in Nagarro and thus Goodwill is aligned to a single reportable segment.

At the end of the 2024 financial year, an impairment test of goodwill was carried out for the single cash-generating unit. The recoverable amount was calculated based on the fair value less costs of disposal. Measurement of fair value was based on the quoted share price of Nagarro SE.

3. Property, plant and equipment

The changes in property, plant and equipment were as follows:

	Land and buildings	Other plant, vehicles and office equipment	Total
	kEUR	kEUR	kEUR
Gross carrying amount as at Jan 1, 2024	**5,549**	**20,081**	**25,630**
Acquisitions through business combinations	-	8	8
Hyperinflation restatement	-	(106)	(106)
Additions	123	2,340	2,462
Disposals	(328)	(4,526)	(4,854)
Currency differences	177	191	367
Gross carrying amount as at Dec 31, 2024	**5,520**	**17,987**	**23,507**
Accumulated depreciation and impairment as at Jan 1, 2024	**(1,041)**	**(12,963)**	**(14,004)**
Hyperinflation restatement	-	(150)	(150)
Depreciation for the year	(128)	(3,510)	(3,638)
Impairment	-	-	-
Disposals	318	4,190	4,509
Currency differences	(31)	(163)	(194)
Accumulated depreciation and impairment as at Dec 31, 2024	**(882)**	**(12,596)**	**(13,478)**
Net carrying amount as at Dec 31, 2024	**4,639**	**5,391**	**10,029**

	Land and buildings	Other plant, vehicles & office equipment	Total
	kEUR	kEUR	kEUR
Gross carrying amount as at Jan 1, 2023	**5,777**	**17,333**	**23,110**
Acquisitions through business combinations	-	898	898
Hyperinflation restatement	-	277	277
Additions	11	3,304	3,315
Disposals	(37)	(1,207)	(1,244)
Currency differences	(202)	(524)	(727)
Gross carrying amount as at Dec 31, 2023	**5,549**	**20,081**	**25,629**
Accumulated depreciation and impairment as at Jan 1, 2023	**(978)**	**(10,689)**	**(11,667)**
Hyperinflation restatement	-	(96)	(96)
Depreciation for the year	(134)	(3,627)	(3,761)
Impairment	-	-	-
Disposals	34	1,146	1,180
Currency differences	36	303	340
Accumulated depreciation and impairment as at Dec 31, 2023	**(1,042)**	**(12,963)**	**(14,005)**
Net carrying amount as at Dec 31, 2023	**4,507**	**7,118**	**11,625**

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	Vehicles	Office equipment	Total
	kEUR	kEUR	kEUR	kEUR
Gross carrying amount as at Jan 1, 2024	**63,315**	**10,754**	**43,011**	**117,080**
Acquisitions through business combinations	59	-	-	59
Hyperinflation restatement	364	562	-	926
Additions	14,829	3,378	8,172	26,378
Disposals	(15,728)	(1,503)	(4,984)	(22,215)
Lease modification	1,446	225	13	1,684
Currency differences	1,141	(137)	424	1,428
Gross carrying amount as at Dec 31, 2024	**65,426**	**13,278**	**46,636**	**125,340**
Accumulated depreciation and impairment as at Jan 1, 2024	**(42,071)**	**(5,570)**	**(21,807)**	**(69,448)**
Hyperinflation restatement	(223)	(399)	-	(622)
Depreciation for the year	(10,296)	(2,898)	(10,200)	(23,394)
Impairment	-	-	-	-
Disposals	15,728	1,503	4,969	22,200
Currency differences	(586)	37	(253)	(802)
Accumulated depreciation and impairment as at Dec 31, 2024	**(37,448)**	**(7,327)**	**(27,291)**	**(72,066)**
Net carrying amount as at Dec 31, 2024	**27,978**	**5,951**	**19,346**	**53,274**

	Land use rights and buildings	Vehicles	Office equipment	Total
	kEUR	kEUR	kEUR	kEUR
Gross carrying amount as at Jan 1, 2023	**64,371**	**7,959**	**41,549**	**113,879**
Acquisitions through business combinations	331	543	23	897
Hyperinflation restatement	93	286	7	387
Additions	4,308	3,374	9,003	16,685
Disposals	(5,378)	(1,172)	(7,081)	(13,631)
Lease modification	861	153	2	1,016
Currency differences	(1,270)	(390)	(492)	(2,153)
Gross carrying amount as at Dec 31, 2023	**63,315**	**10,754**	**43,011**	**117,080**
Accumulated depreciation and impairment as at Jan 1, 2023	**(38,190)**	**(4,393)**	**(19,025)**	**(61,608)**
Hyperinflation restatement	(40)	(106)	(3)	(149)
Depreciation for the year	(10,060)	(2,330)	(10,065)	(22,455)
Impairment	-	-	-	-
Disposals	5,370	1,172	7,009	13,551
Currency differences	848	88	277	1,213
Accumulated depreciation and impairment as at Dec 31, 2023	**(42,071)**	**(5,570)**	**(21,807)**	**(69,448)**
Net carrying amount as at Dec 31, 2023	**21,245**	**5,184**	**21,204**	**47,632**

The lease liabilities are as follows:

	Dec 31, 2024			Dec 31, 2023		
		of which:			of which:	
	Total	Non-current	Current	Total	Non-current	Current
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Properties	28,544	21,215	7,329	21,782	13,406	8,376
Motor vehicles	5,900	3,303	2,596	7,510	3,657	3,853
Operating and office equipment	20,039	11,568	8,471	19,401	11,541	7,860
	54,483	**36,086**	**18,396**	**48,692**	**28,604**	**20,089**

The classification of lease liabilities is as follows:

	Dec 31, 2024			Dec 31, 2023		
		of which:			of which:	
	Total	Non-current	Current	Total	Non-current	Current
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Lease liabilities (secured)	6,151	3,183	2,968	5,674	1,882	3,792
Lease liabilities (unsecured)	48,331	32,904	15,428	43,018	26,721	16,297
	54,483	**36,086**	**18,396**	**48,692**	**28,604**	**20,089**

Certain lease liabilities in Nagarro Software Pvt. Ltd. are secured by hypothecation of assets received under the lease.

The maturity profile of the lease liabilities is as follows:

	Dec 31, 2024	Dec 31, 2023
	kEUR	kEUR
Maturity within a year	18,396	20,089
Maturity between one and five years	29,792	28,253
Maturity later than five years	6,294	351
	54,483	48,692

Undiscounted lease liabilities are as follows:

`	Dec 31, 2024			
	of which:			
	Total	Within 1 year	Within 1-5 years	More than 5 years
	kEUR	kEUR	kEUR	kEUR
Properties	33,010	8,629	17,212	7,169
Motor vehicles	6,607	3,025	3,582	-
Office equipment	21,557	9,137	12,420	-
	61,174	20,791	33,214	7,169

`	Dec 31, 2023			
	of which:			
	Total	Within 1 year	Within 1-5 years	More than 5 years
	kEUR	kEUR	kEUR	kEUR
Properties	23,141	8,951	13,836	354
Motor vehicles	7,842	4,058	3,784	-
Office equipment	21,245	8,440	12,804	-
	52,228	21,450	30,424	354

Amount recognized in consolidated statement of profit or loss

	2024	2023
	kEUR	kEUR
Interest on lease liabilities	2,125	1,763
Depreciation on right of use assets (including hyperinflation restatement)	24,016	22,604
Gain on lease modification	(71)	(198)
Loss on lease modification	35	2
Expenses for short-term leases	151	325
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	292	392
	26,548	**24,888**

Amount recognized in consolidated statement of cash flows

	2024	2023
	kEUR	kEUR
Total cash outflow for leases	**26,463**	**27,546**

Extension options

Some lease properties contain extension options exercisable by Nagarro before the renewal of contract period. When practicable, Nagarro seeks to include extension options in new leases to provide operational flexibility. Where the extension options are exercisable only by Nagarro and not the lessor, Nagarro assesses at the commencement date whether it is reasonably certain to exercise the extension option. Nagarro reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control.

5. Other financial assets

Other financial assets break down as follows:

	Dec 31, 2024			Dec 31, 2023		
		of which:			of which:	
	Total	Non-current	Current	Total	Non-current	Current
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Security deposits	2,566	1,894	672	3,395	2,533	862
Factoring reserve	2,594	-	2,594	2,166	-	2,166
Receivables from factor	460	-	460	3,525	-	3,525
Receivables from employees	934	-	934	998	-	998
Derivative financial instruments	890	-	890	232	-	232
Bank deposits	711	235	476	4,842	436	4,406
Deposits for performance bond	333	-	333	840	-	840
Investment in T-bills	-	-	-	545	-	545
Interest accrued on deposits	53	-	53	389	-	389
Other	1,680	152	1,528	2,129	447	1,682
	10,220	**2,281**	**7,939**	**19,060**	**3,416**	**15,644**
Less: Impairment of other financial assets	(238)	(149)	(89)	(425)	(77)	(348)
	9,982	**2,133**	**7,850**	**18,635**	**3,339**	**15,296**

Factoring reserve is the security retention by the factor to secure the risk that the receivables purchased by the factor are not legally valid (verity risk) and any other claims of the factor's arising from the business relationship with the customer but not for a del-credere case.

Receivables from factor represents the money-in-transit which has been paid by the factor for the factored receivables but not received by Nagarro.

6. Other assets

The other assets are composed as follows:

	Dec 31, 2024			Dec 31, 2023		
		of which:			of which:	
	Total	Non-current	Current	Total	Non-current	Current
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Prepayments and accrued income	11,417	663	10,753	9,962	738	9,224
VAT receivables	2,570	-	2,570	4,071	-	4,071
	13,987	**663**	**13,324**	**14,033**	**738**	**13,295**

Prepayments and accrued income mainly include advance payments towards software licenses and insurances.

7. Income taxes

Amount recognized in consolidated statement of profit or loss

The income tax expense recognized in consolidated statement of profit or loss is composed as follows:

	2024	2023
	kEUR	kEUR (Restated)
Current tax expense	31,524	21,704
Global minimum top-up tax	500	-
Deferred tax expense (income)	(2,081)	(4,131)
	29,943	**17,573**

Amount recognized in consolidated statement of comprehensive income

The income tax expense recognized in consolidated statement of comprehensive income is composed as follows:

	Dec 31, 2024			Dec 31, 2023		
	Before tax	Tax impact	After tax	Before tax	Tax impact	After tax
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Items that will not be reclassified to profit or loss						
Actuarial gains (losses)	559	(336)	223	(380)	92	(287)
Items that may be reclassified to profit or loss						
Foreign exchange differences (including effects of Türkiye hyperinflation)	14,223	(720)	13,503	(8,787)	(1,307)	(10,094)
	14,782	**(1,056)**	**13,726**	**(9,167)**	**(1,214)**	**(10,381)**

Reconciliation of effective tax rate

Income taxes are calculated based on 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%.

The management has assessed the tax rate of 27% (based on weighted average tax rates of the significant tax jurisdictions of Nagarro group entities which are mainly India, Germany, US, Austria, Romania, China and United Arab Emirates) for the Nagarro Group.

	2024	2023
	kEUR	kEUR
		(Restated)
Earnings before income taxes	79,099	66,728
Tax rate	27.0%	27.0%
Expected income taxes	21,357	18,016
Changes in tax rates	-	-
Tax rate differences	(2,178)	(1,998)
Effect of intragroup dividends	2,435	(58)
Non-deductible expenses	1,290	1,736
Income tax free companies / branches (Bahrain, Sri Lanka, ATCS India)	(108)	(1,401)
Other tax-free income	(1,433)	(435)
Tax loss carryforwards, for which no deferred tax assets were recognized	1,989	1,547
Temporary differences, for which no deferred tax assets is accrued	62	24
Use of tax loss carryforwards, for which no deferred tax assets were recognized	(48)	(16)
Reversal of valuation allowance on deferred tax assets	(59)	(1,168)
Additions to value allowance on deferred tax assets	465	-
Withholding Taxes on Dividends	5,402	-
Adjustment of earn-out liabilities	(376)	(91)
Expenses relating to IFRS 2 (SOP, ESPP)	(3,855)	1,030
Interest barrier	3,788	-
Pillar 2 - Minimum Income Taxes	500	-
Acquisition costs IFRS 3	83	135
Tax effects relating to prior periods	484	194
Others	145	57
Effective income taxes	**29,943**	**17,573**

The line “Income tax free companies” refers to countries that are completely income tax free, having income tax free trade zones (Bahrain, Sri Lanka) or income tax free branches (ATCS India).

Movement in deferred tax balances

Deferred tax assets and liabilities are recognized in respect of the following types of temporary differences and unused tax losses:

	Dec 31, 2024			Dec 31, 2023 restated			Jan 1, 2023 restated	
	Deferred tax assets	Deferred tax liabilities	Deferred tax income statement	Deferred tax assets	Deferred tax liabilities	Deferred tax income statement	Deferred tax assets	Deferred tax liabilities
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Intangible assets	82	9,736	474	153	9,212	169	59	4,531
Goodwill	52	4,125	(1,753)	54	2,171	(1,449)	812	3,013
Property, plant and equipment	241	615	152	192	717	(293)	284	547
Right of use assets	-	13,782	(1,748)	-	11,865	841	-	13,180
Contract assets and liabilities	91	748	(778)	154	21	212	-	74
Other financial assets	1,106	392	(759)	1,600	169	1,355	1,674	1,667
Other assets	130	-	149	11	33	(37)	12	-
Employment benefits liabilities	4,983	59	1,413	3,864	-	1,423	2,933	-
Other provisions	2,430	-	(2,529)	4,837	-	1,529	3,886	-
Liabilities to banks	-	208	76	-	284	76	-	360
Lease liabilities	13,988	5	1,495	12,303	-	(1,205)	14,074	-
Other financial liabilities	5,316	182	4,617	568	193	62	353	-
Temporary differences	28,419	29,852	809	23,736	24,665	2,683	24,087	23,372
Loss carryforwards	4,139	-	1,272	3,389	-	1,448	2,321	-
Offsetting	(16,067)	(16,067)	-	(13,278)	(13,278)	-	(15,586)	(15,586)
	16,491	**13,785**	**2,081**	**13,847**	**11,387**	**4,131**	**10,822**	**7,786**

Unrecognized deferred tax 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. They amount to kEUR 9,380 (December 31, 2023: kEUR 10,271).

Tax losses carried forward

As of December 31, 2024, Nagarro had corporate income tax loss carryforwards of kEUR 44,876 (December 31, 2023: kEUR 37,061) and trade tax loss carryforwards of kEUR 5,352 (December 31, 2023: kEUR 5,592). Deferred tax assets of kEUR 4,139 (December 31, 2023: kEUR 3,389) on tax loss carry forwards of kEUR 18,122 (December 31, 2023: kEUR 15,964) were recognized.

Deferred tax assets exceeding deferred tax liabilities in the amount of kEUR 2,848 (December 31, 2023: kEUR 2,397) for companies that generated a loss in the current or previous period were recognized as it is probable that future taxable profits will be available against which such losses can be used. Out of the above, Nagarro SE has a KPI of keeping sufficient distributable reserves which are expected to be realized through dividend income from its downstream subsidiaries, and so, has recognized a substantial amount of deferred tax assets. In other companies with deferred tax assets, based on management's assessment, investments in generating new business and cost optimization measures will make the respective companies profitable in the near future. Hence, it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized.

The expiry dates of the tax losses carried forward and unrecognized deferred taxes are as follows:

	Dec 31, 2024	Dec 31, 2024	Dec 31, 2023	Dec 31, 2023
	Tax losses	Deferred tax thereon	Tax losses	Deferred tax thereon
	kEUR	kEUR	kEUR	kEUR
Forfeiture less than 4 years	9,180	1,344	1,973	584
Forfeiture between 4 and 7 years	2,876	638	2,380	680
Forfeiture more than 7 years	3,102	921	-	-
Non-forfeitable	11,419	2,368	20,082	3,516
	26,577	**5,271**	**24,435**	**4,779**

Unrecognized deferred tax assets

An amount of kEUR 5,271 (December 31, 2023: kEUR 4,779) on tax loss carryforwards of kEUR 26,577 (December 31, 2023: kEUR 24,435) was not recognized as deferred tax asset due to uncertainty concerning its utilization.

The amount of deductible temporary differences, that are impaired at year-end for which no deferred tax asset was recognized in the consolidated balance sheet is kEUR 2,752 (December 31, 2023: kEUR 385).

Global minimum top-up tax

Nagarro is within the scope of the OECD Pillar Two model rules (Global Minimum Tax), and it applies the IAS 12 exception to recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes. Nagarro will incur top-up taxes due to the Pillar Two legislation that became effective January 1, 2024.

Under the legislation, Nagarro is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion (GloBE) effective tax rate per jurisdiction and the 15% minimum rate. Considering the impact of specific adjustments in the Pillar Two legislation, the top-up tax calculated for Nagarro for 2024 amounts to kEUR 500 (December 31, 2023: kEUR 0) on account of entities in the United Arab Emirates. This is included in income tax in the consolidated statement of profit or loss.

8. Contract assets and liabilities

Contract assets and liabilities as of the reporting dates were as follows:

	Dec 31, 2024			Dec 31, 2023		
		of which:			of which:	
	Total	Non-current	Current	Total	Non-current	Current
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Customer projects measured according to the percentage-of completion method	15,961	432	15,529	18,470	-	18,470
Contract assets	**15,961**	**432**	**15,529**	**18,470**	**-**	**18,470**
Advance consideration received from the customers over customer projects	11,376	-	11,376	7,846	-	7,846
Accruals and deferred income	2,729	-	2,729	7,156	-	7,156
Contract liabilities	**14,105**	**-**	**14,105**	**15,002**	**-**	**15,002**

The timing of revenue recognition, billings and cash collections results in receivables, contract assets, and contract liabilities on Nagarro's consolidated balance sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones.

Invoicing to the clients for other fixed-price contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the time of invoicing to the customers. Contract assets for other fixed-price contracts are therefore recognized as such, as the right to consideration is dependent on completion of contractual milestones.

Contract liabilities are recognized for payments received that exceed the level of performance achieved.

Trade receivables and contract assets are presented net of impairment on the consolidated balance sheet.

The following table provides information about the receivables, contract assets and contract liabilities from contracts with customers:

	2024	2023
	kEUR	kEUR
Trade receivables	219,332	182,488
Contract assets	15,529	18,470
Non-current contract assets	432	0
Current contract liabilities	(14,105)	(15,002)

The acquisition of subsidiaries resulted in increase in trade receivables of kEUR 414 in 2024 (2023: kEUR 9,289), contract assets of kEUR 0 in 2024 (2023: kEUR 1,775) and contract liabilities of kEUR 28 in 2024 (2023: kEUR 1,355) (Refer F.1. Business combination).

As at December 31, 2024, kEUR 7,552 (2023: kEUR 5,837) has been recognized as provision for expected credit losses on trade receivables and contract assets.

Contract assets and liabilities developed as follows in the financial years 2024 and 2023:

	Contract assets	Contract liabilities
	kEUR	kEUR
Balance on January 1, 2024	**18,470**	**15,002**
Acquisitions through business combinations	-	28
Revenue recognition	15,383	(14,714)
Currency effect	887	(208)
Reclassification to trade receivables	(18,778)	-
Advance payments received from customers	-	13,998
Hyperinflation restatement	-	-
Balance on December 31, 2024	**15,961**	**14,105**

	Contract assets	Contract liabilities
	kEUR	kEUR
Balance on January 1, 2023	**16,671**	**13,795**
Addition due to business combinations	1,775	1,356
Revenue recognition	18,646	(13,708)
Currency effect	(864)	(1,045)
Reclassification to trade receivables	(17,758)	-
Advance payments received from customers	-	14,053
Hyperinflation restatement	-	550
Balance on December 31, 2023	**18,470**	**15,002**

Revenue recognized in financial year 2024 includes kEUR 15,002 (2023: kEUR 13,708) which was reported under contract liabilities at the beginning of the financial year 2024.

The aggregate value of performance obligations that are completely or partially unsatisfied and presented as contract liability as of December 31, 2024 is kEUR 14,105 (December 31, 2023: kEUR 15,002). Nagarro expects to recognize this as revenue amounting to kEUR 13,910 (December 31, 2023: kEUR 14,217) within next year and balance kEUR 195 (December 31, 2023: kEUR 784) within next 2-3 years. This also includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

9. Trade receivables

Trade receivables are composed as follows:

	Dec 31, 2024	Dec 31, 2023
	kEUR	kEUR
Customer receivables	226,884	188,325
Impairment of customer receivables	(7,552)	(5,837)
	219,332	**182,488**

Trade receivables comprising revenues in excess of billings from time and material contracts and fixed-price maintenance contracts are classified as financial assets when the right to consideration is unconditional and is due only after a passage of time. Nagarro's receivables are rights to consideration that are unconditional.

Transfer of trade receivables – recourse factoring

Nagarro has recourse factoring facility in Germany with a limit of kEUR 20,000 (December 31, 2023: kEUR 20,000). Interest on the factored receivables in Germany was calculated at one-month Euribor plus a margin of up to 1.65% p.a. (December 31, 2023: 1.65% p.a.) during the year. During the year 2024, an interest rate of 5.15% p.a. (December 31, 2023: 4.83%) was applied.

In Germany, Nagarro has sold its trade receivables under a recourse arrangement to a factoring partner for cash proceeds. These trade receivables have not been derecognized from the consolidated statement of financial position, as Nagarro retains substantially all of the risks and rewards – primary being the credit risk. The arrangement with the banks is such that the customers remit cash directly to Nagarro and Nagarro transfers the due amount to the factoring partner. The factor makes the payment against submitted receivables lists on a weekly basis. These due to factor payments are shown as "Loan from factor of Nagarro GmbH, Germany" under C.12. Loans and Borrowings and are in the nature of short-term loan.

The trade receivables are held within a held-to collect model consistent with Nagarro's continuing recognition of the receivables.

The following table shows the carrying amount of trade receivables that has been transferred but not been derecognized and the associated liabilities.

	Dec 31, 2024	Dec 31, 2023
	kEUR	kEUR
Carrying amount of trade receivables transferred to a factor	2,441	-
Carrying amount of associated liabilities	(2,441)	-

The carrying amounts mentioned above represent the maximum exposure to the loss and approximates the fair value of the assets and liabilities.

Derecognition of trade receivables – non-recourse factoring

Nagarro has a non-recourse factoring facility with a limit of kEUR 33,695 [kUSD 35,000] (December 31, 2023: kEUR 31,711 [kUSD 35,000]) in the United States of America; kEUR Nil (December 31, 2023: kEUR 8,000 in Austria; and kEUR Nil [kNOK Nil] (December 31, 2023: kEUR 178 [kNOK 2,000]) in Norway.

In the United States of America, Nagarro has sold its trade receivables under a non-recourse arrangement to a factoring partner for cash proceeds, the details of which is in the following paragraphs. These trade receivables have been derecognized from the consolidated statement of financial position, as Nagarro has transferred substantially all of the risks and rewards – primary being the credit risk. The factor makes the payment against submitted receivables lists on a weekly basis in the United States of America. The arrangement with the banks is such that the customers remit cash directly to Nagarro and Nagarro transfers the due amount to the factoring partner. The amount collected by Nagarro on behalf of the factor is shown as "Liabilities from factoring" under C.12. Loans and Borrowings.

Interest on the factored receivables in the United States of America is calculated at three-month SOFR plus a margin of up to 2.20 (December 31, 2023: 2.20) percentage points. During the year 2024, an interest rate of 7.29% p.a. was applied (December 31, 2023: 7.38%) and as at the year end, an interest rate of 6.56% p.a. was applied (December 31, 2023: 7.58%).

During the year, non-recourse facility in Austria and Norway were closed. In December 2024, an interest rate of Nil (December 31, 2023: 4.43% p.a.) was applied on the factored receivables in Austria.

Nagarro has derecognized trade receivables amounting to kEUR 25,274 (December 31, 2023:kEUR 26,188) under the non-recourse factoring facility. The carrying amounts mentioned above represents the maximum exposure to the loss and approximates the fair value of the assets and liabilities.

Credit and market risk, and impairment losses

Information about Nagarro's exposure to credit risk and impairment losses for trade receivables is included in note F.9. Financial risk management.

10. Cash

Cash is composed as follows:

	Dec 31, 2024	Dec 31, 2023
	kEUR	kEUR
Bank balances	94,782	84,557
Cash on hand	21	20
Cash	**94,803**	**84,578**
3-months deposit (cash equivalent)	94,231	23,865
Investment in T-bills for less than 3-months (cash equivalent)	3,533	1,681
Cash and cash equivalents in the consolidated statement of financial position	**192,567**	**110,123**
Liabilities from factoring	(5,688)	(2,346)
Cash and cash equivalents in the consolidated statement of cash flows	**186,879**	**107,777**

Deposits with banks and investment in T-bills are subject to insignificant risk of changes in value.

Term deposits of original maturity of more than 3 months amounting to kEUR 476 (2023: kEUR 4,406) and investment in T-bills for more than 3 months amounting to kEUR 0 (2023: kEUR 545) are included in other financial assets (note C.5. Other financial assets).

11. Equity

Equity is composed as follows:

	Dec 31, 2024	Dec 31, 2023	Restated Jan 1, 2023
	kEUR	kEUR	kEUR
Share capital	13,776	13,776	13,776
Treasury shares, at cost	(39,757)	(39,757)	(10,018)
Capital reserve	241,030	251,717	247,901
Profit carried forward	215,631	166,476	166,476
Net profit for the period	49,156	49,155	-
Changes in equity recognized directly in equity	(260,612)	(260,612)	(260,612)
Other comprehensive income			-
Foreign currency reserve (including effect of Türkiye hyperinflation)	6,539	(6,964)	3,130
Actuarial gain or loss on pension provisions	(3,102)	(3,325)	(3,038)
Total Equity	**222,660**	**170,466**	**157,616**

Share capital

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

Each share has a calculated 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.

In Xetra trading on the Frankfurt Stock Exchange, on December 30, 2024, the closing price of the Nagarro SE share was EUR 79.15 (December 29, 2023: EUR 87.45).

Authorized capital

The Management Board is authorized, subject to the consent of the Supervisory Board, to increase Nagarro SE's registered share capital during the period ending on September 23, 2025 in one or more tranches by up to kEUR 5,456 in the aggregate by issuing up to 5,456,000 new no-par value registered shares against cash contribution and/or contribution in kind. The subscription rights of existing shareholders may be excluded under the further conditions specified in Section 6.2 of the Articles of Association of Nagarro SE.

Treasury shares

The changes in treasury shares are composed as follows:

	Dec 31, 2024	Dec 31, 2024	Dec 31, 2023	Dec 31, 2023
	Numbers	**kEUR**	**Numbers**	**kEUR**
Opening balance	453,867	39,757	103,867	10,018
Acquired during the year	-	-	350,000	29,739
Sale during the year	-	-	-	-
Closing balance	**453,867**	**39,757**	**453,867**	**39,757**

Capital reserves

The changes in capital reserves are composed as follows:

	Dec 31, 2024 kEUR	Dec 31, 2023 kEUR
Opening balance as at Jan 1	251,717	247,901
Share based payment expense	3,206	3,815
Reclassification to financial liabilities on modification	(13,893)	-
Closing balance as at Dec 31	**241,030**	**251,717**

The details of share-based payment expense routed through capital reserve is as follows:

	Dec 31, 2024 kEUR	Dec 31, 2023 kEUR
Equity-settled stock options - SOP		
Stock option expense of SOP 2020/II - Tranche 1	504	1,470
Stock option expense of SOP 2020/III	71	185
Stock option expense of SOP 2020/II - Tranche 2a	2,281	1,933
Stock option expense of SOP 2020/II - Tranche 2b	142	99
	2,999	**3,686**
Equity-settled stock options - ESPP		
Employee share participation program expense - ESPP 2023 - Tranche 1a	127	125
Employee share participation program expense - ESPP 2023 - Tranche 1b	3	2
Employee share participation program expense - ESPP 2023 - Tranche 2	54	3
Employee share participation program expense - ESPP 2024 - Tranche 1	22	-
	207	**130**
Expense routed through capital reserve	**3,206**	**3,815**

On November 16, 2024, Nagarro offered the option to convert the existing equity-settled option to cash-settled option for both SOP 2020/II and SOP 2020/III program. On modification of these equity-settled SOPs to cash-settled SOPs, the capital reserve on the date of modification has been reclassified to financial liabilities, the details of which is as follows:

	Dec 31, 2024 kEUR	Dec 31, 2023 kEUR
Equity-settled stock options - SOP		
SOP 2020/II - Tranche 1	8,879	-
SOP 2020/III	1,211	-
SOP 2020/II - Tranche 2a	3,583	-
SOP 2020/II - Tranche 2b	219	-
Reclassification to financial liabilities on modification	**13,893**	**-**

Nagarro has recognized an expense of kEUR 550 (2023: kEUR 0) from cash-settled option for both SOP 2020/II and SOP 2020/III program.

Changes in equity recognized directly in equity

Nagarro spun off from Allgeier SE (the erstwhile shareholder of Nagarro) in the year 2020 for which a total purchase consideration of kEUR 339,051 (including minority shareholders share of purchase consideration of kEUR 23,519) was paid. The spin-off transaction was preceded by business combinations under common control of Allgeier SE. As such, Nagarro applied the predecessor value approach by carrying forward the historical carrying amounts recorded by Allgeier Group without stepping up to fair value. Accordingly, Nagarro's share of the purchase consideration, namely, of kEUR 315,533, was reduced from equity under changes in equity recognized directly in equity. This was adjusted for the capital reserve and other transactions in total of kEUR 54,921 due to re-organization resulting in a net negative amount of kEUR 260,612 under changes in equity recognized directly in equity.

There has been no change in the amounts under changes in equity recognized directly in equity since the year 2020.

Changes in other comprehensive income

The changes in other comprehensive income are composed as follows:

	Dec 31, 2024	Dec 31, 2023 Restated
	kEUR	kEUR
Opening balance	(10,289)	92
Foreign currency reserve (including effects of Türkiye hyperinflation)	13,503	(10,094)
Actuarial gain or loss on pension provisions	223	(287)
Closing balance	**3,437**	**(10,289)**

12. Loans and borrowings

Outstanding balance of loans and borrowings is as follows:

	Dec 31, 2024			Dec 31, 2023		
	Total	Non-current	Current	Total	Non-current	Current
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Loans and borrowings from banks						
Syndicated loan of Nagarro SE (unsecured)	318,273	318,721	(448)	266,134	266,379	(246)
Liabilities from factoring (unsecured)	5,688	-	5,688	2,346	-	2,346
Loan from factor of Nagarro GmbH, Germany (partly secured by factored receivables)	2,441	-	2,441	-	-	-
Bank loan of Nagarro GmbH Austria (unsecured)	492	240	252	352	352	-
Bank loan of Advanced Programming Solutions Limited (unsecured)	153	52	102	253	153	100
Bank loan of FWD View Limited (unsecured)	131	84	47	-	-	-
Working capital facility of Nagarro Software Pvt. Ltd. (secured)	-	-	-	2,700	-	2,700
Working capital facility of Nagarro Enterprise Services Pvt. Ltd. (secured)	-	-	-	500	-	500
Bank loan of Nagarro Software SRL (unsecured)	-	-	-	43	-	43
Mortgage of Advanced Technology Consulting Service Pvt. Ltd. (secured)	-	-	-	574	334	239
Loans and borrowings from other financial institutions						
Loan of Nagarro ES GmbH (unsecured)	2,433	1,737	695	1,843	1,369	474
Loan of MBIS (unsecured)	-	-	-	3	-	3
	329,612	**320,835**	**8,777**	**274,747**	**268,587**	**6,160**

The classification between secured and unsecured loans and borrowings is as follows:

	Dec 31, 2024			Dec 31, 2023		
	Total	Non-current	Current	Total	Non-current	Current
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Secured loans	-	-	-	3,774	334	3,439
Unsecured loans	329,612	320,835	8,777	270,973	268,253	2,721
	329,612	**320,835**	**8,777**	**274,747**	**268,587**	**6,160**

On September 23, 2022, Nagarro SE, as original borrower along with its certain subsidiaries, as mentioned below, as guarantors, entered into a revolving syndicated credit facility agreement with five European credit institutions amounting to €350 million with an option to further increase the loan facility amount to €450 million. The term of the financing arrangement is five years, which can be extended twice by one year each (5+1+1). Also, it has the possibility to issue Schuldscheine (promissory notes) or similar instruments for a volume of up to in aggregate €125 million. Further, the non-recourse factoring is limited to 15% of the value of assets of the group.

The following subsidiaries, who are guarantors for the syndicated loan facility, are liable for Nagarro SE's liabilities to banks:

- Nagarro ES GmbH, Germany
- Nagarro ES France SAS, France
- Nagarro Denmark A/S, Denmark
- Nagarro SRL, Romania
- Nagarro Inc., USA
- Nagarro Software Inc., USA
- Nagarro GmbH, Germany
- Nagarro GmbH, Austria
- Advanced Technology Consulting Service Inc., USA
- Nagarro Software AB, Sweden
- Nagarro AS, Norway
- Nagarro Software Ltd., UK

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

Furthermore, there is a negative clause on the unsecured part of the loan in which Nagarro assures the banks that it will not provide any credit collateral to other creditors apart from a group-wide pledge of participations or other assets of a maximum of € 20.0 million and, in addition, an assignment of receivables or bank balances customary for the factoring process.

Nagarro's syndicated loan has a covenant package which includes customary restrictions on total net leverage, minimum equity thresholds for pre-agreed milestones, permitted disposal and acquisitions, permitted financial indebtedness, and guarantees, dividend payments and change of control. In general, a breach of financial covenants, non-payment of interest amounts payable, any non-compliance with the provisions of the loan agreement and insolvency of the company, carry the risk of an event of default, which if not cured within the remedy period, will lead to a default on the credit facility. The loan contains a covenant stating that at the end of each quarter the total net leverage (the ratio of net debt to Adjusted EBITDA, as defined per the loan agreement) has not exceeded 3.5 and that a minimum equity of €100 million is maintained, otherwise the loan will be repayable on demand. Nagarro monitors all the covenants to ensure its compliance. The covenants are well within the acceptable range and Nagarro expects to comply with the quarterly covenants within 12 months after the reporting date. As per the terms of the loan agreement, Nagarro needs to provide the consolidated group financial statement to the banks together with a covenant statement by April 30 following the end of financial year. However, for 2024, the timeline for submission of the covenant statement has been extended by the banks to May 31, 2025. Due to the extension, Nagarro is not in default of this covenant.

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

As of December 31, 2024, these loans under the syndicated credit facility denominated in euros totaled kEUR 319,500 (December 31, 2023: kEUR 267,050). These loans have a floating interest rate based on three-month or six-month Euribor (depending upon the interest period) plus a margin of 1.75 (December 31, 2023: 1.75) percentage points as at December 31, 2024. The unutilized portion of the loan carries interest at 35% of the margin interest rate of the utilized loan. In financial year 2024, the loans had an average interest rate of 5.54% p.a. (2023: 4.94%). Further the unutilized portion of the loan carried an average interest rate of 0.61% p.a. (2023: 0.57%).

Nagarro has a non-recourse factoring facility in United States of America for its American entities and the liabilities from factoring represents cash collected from customers on behalf of the factor.

Nagarro has a recourse factoring facility in Germany for its two German entities (Nagarro ES GmbH and Nagarro GmbH, Munich), with a limit of kEUR 20,000 (December 31, 2023: kEUR 20,000) on which interest rate is at one-month Euribor plus a margin of up to 1.65% p.a. Interest on the factored receivables in Germany was calculated at one-month Euribor plus a margin of up to 1.65 (December 31, 2023: 1.65) percentage points during the year. During the year 2024, an interest rate of 5.15% p.a. was applied (December 31, 2023: 4.83% p.a.). The facility is partly secured by the underlying factored receivables.

Nagarro Austria has been granted unsecured loans for certain government related project amounting to kEUR 492 (2023:kEUR 352) and carries fixed interest rate. In the financial year 2024, the loans had an average interest rate of 1.05% (2023: 0.88% p.a.).

Advanced Programming Solutions Limited, Spain, had taken an unsecured loan amounting to kEUR 400 in 2022 for 48 months and carries fixed interest rate of 1.75% p.a. In the financial year 2024, the loan had an average interest rate of 1.75% p.a. (2023: 1.75%) p.a.

FWD View Limited, United Kingdom, had taken two unsecured loans denominated in GBP amounting to kGBP 50 (kEUR 60) in 2020 for 72 months and kGBP 154 (kEUR 186) in 2022 for 72 months and carries fixed interest rate of 2.50% p.a. and 8.3% p.a. respectively. In the financial year 2024, these loan had an average interest rate of 6.88% (2023: Nil) p.a.

Nagarro Software Pvt. Ltd., India uses loans denominated in euros with local banks to finance working capital fluctuations. As of December 31, 2024, these loans denominated in euros totaled kEUR Nil (December 31, 2023: kEUR 2,700) which 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 and corporate guarantee of Nagarro Inc. In financial year 2024, the loans had an average interest rate of 5.44% p.a. (2023: 3.99% p.a.).

Nagarro Enterprise Services Pvt. Ltd., India uses loans denominated in euros with a local bank to finance working capital fluctuations. As of December 31, 2024, these loans denominated in euros totaled kEUR Nil (December 31, 2023: kEUR 500). In financial year 2024, the loans had an average interest rate of 5.44% p.a. (2023: 4.33% p.a.) and these loans are fully secured against exclusive charge on all current assets and movable fixed assets of Nagarro Enterprise Services Pvt. Ltd.

ATCS India had taken loans denominated in USD totaling to kUSD 964 (kEUR 928) and in EUR totaling kEUR 487. These loans were taken in 2020 and are repayable within 60 months. These loans are secured against land and building in Jaipur of Advanced Technology Consulting Services Private Limited, India and corporate guarantee of Nagarro Enterprise Services Private Limited. In the financial year 2024, the loans have been fully settled and had an average interest rate of 5.71% p.a. (2023: 5.71%) for USD denominated loans and 3.88% p.a. (2023: 3.88%) for EUR denominated loans.

In November 2019, Nagarro Software SRL, Romania, concluded a bank loan denominated in euros with a local bank to finance investments in a new office building. The loan had a duration till October 2024 and has been repaid fully in equal monthly installments. The loan had a floating interest rate based on 6-month Euribor plus a margin of 2.1 percentage points, with a minimum interest rate of 2.1% p.a.

Nagarro ES GmbH, Germany, had taken unsecured loans amounting to kEUR 2,433 (2023: kEUR 1,843) in 2024 ranging from 12 months to 60 months and carrying a fixed interest rate of 2.11% p.a. to 13.43% p.a. (2023: 3.64% p.a. to 13.43% p.a.). In the financial year 2024, the loan had an average interest rate of 3.96% (2023: 4.98%) p.a.

MBIS, Türkiye, had taken an unsecured loan denominated in TRY totaling kTRY 1,150 (kEUR 35) in 2022 for 48 months and carrying a fixed interest rate of 25.90% p.a. In the financial year 2024, the loans have been fully settled and had an average interest rate of 25.90% (2023: 25.90%) p.a.

13. Employee benefits liabilities

Employee benefits liabilities are composed as follows:

	Dec 31, 2024			Dec 31, 2023			Jan 1, 2023 Restated		
		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
Defined benefit obligations	22,184	19,610	2,574	17,252	14,865	2,387	13,184	11,419	1,765
Fair value of plan asset	(420)	-	(420)	(448)	-	(448)	(303)	-	(303)
	21,764	**19,610**	**2,154**	**16,805**	**14,865**	**1,940**	**12,881**	**11,419**	**1,462**
Liabilities for cash-settled stock-based arrangements	14,443	2,971	11,471	-	-	-	-	-	-
Liabilities from acquisitions - remuneration linked	2,460	(0)	2,460	268	-	268	3,737	-	3,737
	16,902	**2,971**	**13,931**	**268**	**-**	**268**	**3,737**	**-**	**3,737**
Total employee benefits liabilities	**38,666**	**22,581**	**16,085**	**17,073**	**14,865**	**2,208**	**16,618**	**11,419**	**5,199**

For more details on liabilities for cash-settled stock-based arrangements, see note F.8. Share based payment arrangement.

For more details on liabilities from acquisitions – remuneration linked, see note F.1. Business combinations.

Defined benefit obligations

Defined benefits obligations, net of fair value of plan assets is detailed above.

The Sri Lankan company and 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 payment to employees (end of service benefits obligation) who have worked with the company and are paid lumpsum amount calculated as follows: for first 5 years of employment at 21 days' salary for each completed year of service or part thereof and after first 5 years of employment at 30 days' salary for each completed year of service or part thereof with maximum end of service benefit payable being equal to 24 months' salary. This amount is payable when an employee departs from the company.

The company in Philippines does not have an established retirement plan and provides the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which provides a retirement benefit equal to 22.5 days' pay for every year of credited service for employees who attain the retirement age of sixty (60) with at least five (5) years of service. The regulatory benefit is paid in a lump sum upon retirement.

The company in Türkiye, in accordance with the Turkish Labor Law, is obliged to pay severance pay to every employee who retires after 25 years of working (58 years for women and 60 years for men), whose employment relationship is terminated, who is called up for military service or who dies.

These severance payments represent a defined benefits plan in accordance with IAS 19. To cover these post-employment benefits obligations, provisions of kEUR 22,184 were recognized as of December 31, 2024 (December 31, 2023: kEUR 17,252). The amounts can be reconciled as follows:

	2024	2023
	kEUR	kEUR
Present value of the defined benefit obligation on January 1	17,252	13,184
Acquisitions through business combinations	-	57
Current service cost	4,722	3,879
Interest cost	1,176	899
Currency translation - relating to income statement	539	(416)
Currency translation - relating to OCI	169	(173)
Actuarial gains or losses - relating to OCI	(728)	553
Benefits paid	(946)	(730)
Present value of the defined benefit obligation on December 31	**22,184**	**17,252**

The fair value of plan assets relates to ATCS India having 485 (December 31, 2023: 669) employees at the year end. The funds in this case are managed by a life insurance company. The fair value plan asset is based on the latest fund statement of the life insurance company.

	2024	2023
	kEUR	kEUR
Fair value of plan assets on January 1	448	303
Acquisitions through business combinations	-	-
Interest income	33	22
Currency translation - relating to income statement	14	(15)
Currency translation - relating to OCI	-	-
Actuarial gains or losses on plan assets - relating to OCI	(2)	(0)
Contributions from the employer	-	166
Contributions from plan participants	-	-
Benefits paid	(72)	(28)
Fair value of plan assets on December 31	**420**	**448**

The change in defined benefits obligations affected the consolidated statements of comprehensive income as follows:

	2024	2023
	kEUR	kEUR
Staff costs		
Current service cost	4,722	3,879
Past service cost	-	-
	4,722	3,879
Finance expenses		
Interest cost	1,176	899
Interest income on plan assets	(33)	(22)
Net interest expense	1,143	877
Foreign exchange (loss) gain		
Currency translation	539	(416)
	539	(416)
Recognized in income statement	**6,404**	**4,339**
Losses (Gains) from remeasurement of defined benefit obligations and plan assets		
due to experience adjustments	324	342
due to changes in financial assumptions	(2,950)	211
due to changes in demographic assumptions	1,899	-
Actuarial gains or losses on plan assets	-	0
Currency translation - relating to OCI	169	(173)
Included in other comprehensive income	**(559)**	**380**

These end of service benefits /gratuity payments constitute a defined benefits plan according to IAS 19 and are measured using actuarial methods. Calculating the present value of defined benefits obligations is based on country-specific mortality tables for India, UAE, Sri-Lanka, Philippines and Türkiye and the following general assumptions on weighted average basis:

	Dec 31, 2024	Dec 31, 2023
Weighted average		
Calculated interest rate	7.5%	7.7%
Salary increase p.a.	9.9%	13.7%
Rate of staff turnover p.a.	18.4%	20.0%
Remaining term of service to retirement in years	28	29

As of December 31, 2024, the average expected length of service of a colleague with the Indian companies is assumed to be 6.1 years (December 31, 2023: 5.0 years), for UAE companies is assumed to be 6.3 years (December 31, 2023: 13.2 years), for the Sri Lankan company is assumed to be 3.2 years (December 31, 2023: 4.7 years), for the Philippines company is assumed to be 4.3 years (December 31, 2023: 4.0 years) and for the Turkish company is assumed to be 11.9 years (December 31, 2023: 9.3 years) respectively.

The following are the expected payments or contributions to the defined benefits plan in future years:

	Dec 31, 2024	Dec 31, 2023
	kEUR	kEUR
Within the next 12 months	2,289	2,055
Between 2 and 5 years	11,388	8,935
Between 6 and 10 years	12,585	9,652
Beyond 10 years	14,768	23,003
Total expected payments	41,030	43,644

Sensitivity analysis

As a result of the existing benefits 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 obligations 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 benefits 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 benefits obligations as of December 31, 2024 and 2023 increases or decreases by changing one assumption at a time according to the following sensitivity analysis:

	Increase	Decrease
	kEUR	kEUR
Dec 31, 2024		
Calculated interest rate (1.00% change)	(1,357)	1,524
Salary trend (1.00% change)	1,316	(1,247)
Pension trend (0.25% change)	-	-

	Increase	Decrease
	kEUR	kEUR
Dec 31, 2023		
Calculated interest rate (1.00% change)	(1,039)	1,154
Salary trend (1.00% change)	943	(900)
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 benefits obligation.

Defined contribution plans

Nagarro also supports private contribution through deferred compensation schemes.

Employer contributions of kEUR 2,239 (2023: kEUR 1,669) for defined contribution plans was recognized as an expense 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 from other companies. As Höchster Pensionskasse VVaG is a combined defined benefits plan for several companies and Nagarro has no right to the information required for accounting for this defined benefits 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.

14. Liabilities from acquisitions

The liabilities from acquisitions are composed as follows:

	Dec 31, 2024			Dec 31, 2023			Jan 1, 2023 Restated		
		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
Liabilities from acquisitions	5,873	4,468	1,405	11,504	2,575	8,929	23,274	6,682	16,592
	5,873	**4,468**	**1,405**	**11,504**	**2,575**	**8,929**	**23,274**	**6,682**	**16,592**

For details on liabilities from acquisitions refer to notes C.18. Financial instruments and F.1. Business combinations.

15. Other financial liabilities

Other financial liabilities are composed as follows:

	Dec 31, 2024			Dec 31, 2023			Jan 1, 2023 Restated		
		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
Wages and salaries	12,828	-	12,828	12,762	-	12,762	13,899	-	13,899
Leave obligations	19,918	5,662	14,256	16,717	4,482	12,235	12,936	2,291	10,645
Outstanding incoming invoices	8,177	-	8,177	5,984	-	5,984	8,520	-	8,520
Derivative financial instruments	1,631	-	1,631	1,283	-	1,283	3,038	-	3,038
Audit fees	1,015	-	1,015	1,161	-	1,161	980	-	980
Working time accounts	350	-	350	348	-	348	275	-	275
Accrued interest on bank loans	776	-	776	514	-	514	12	-	12
Others	1,527	81	1,445	1,999	223	1,776	1,933	457	1,475
	46,222	**5,743**	**40,478**	**40,767**	**4,705**	**36,062**	**41,592**	**2,748**	**38,844**

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.

Others include credit card and other payables.

16. Other provisions

Other provisions are composed as follows:

	Dec 31, 2024			Dec 31, 2023		
		of which:			of which:	
	Total	Non-current	Current	Total	Non-current	Current
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Bonuses	22,135	-	22,135	20,149	-	20,149
Employers' liability insurance association	101	-	101	162	-	162
Restructuring, severance pay	914	434	480	454	394	60
Warranties to customers	1,452	-	1,452	1,719	-	1,719
Miscellaneous	2,196	-	2,196	1,974	-	1,974
	26,799	**434**	**26,365**	**24,458**	**394**	**24,064**

Provision for bonuses relate to performance-based remuneration of management and employees of Nagarro companies.

Non-current portion of restructuring, severance pay are expected to be paid within 2-5 years from the end of the reporting period.

Other provisions developed as follows:

	Jan 1, 2024	Additions through business combination	Use	Release	Disposals	Additions	Foreign currency fluctuation	Dec 31, 2024
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Bonuses	20,149	-	(19,252)	(776)	-	21,524	490	22,135
Employers' liability insurance association	162	-	(160)	(2)	-	101	-	101
Restructuring, severance pay	454	-	(60)	-	-	520	-	914
Warranties to customers	1,719	-	(487)	(1,155)	-	1,349	27	1,452
Miscellaneous	1,974	-	(1,921)	(36)	-	2,139	40	2,196
	24,458	**-**	**(21,880)**	**(1,969)**	**-**	**25,632**	**557**	**26,799**

	Jan 1, 2023	Additions through business combination	Use	Release	Disposals	Additions	Foreign currency fluctuation	Dec 31, 2023
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Bonuses	18,896	82	(17,035)	(1,149)	-	19,765	(410)	20,149
Employers' liability insurance association	176	-	(124)	(6)	-	117	-	162
Restructuring, severance pay	527	-	(197)	(0)	-	123	-	454
Warranties to customers	481	17	(244)	(238)	-	1,718	(16)	1,719
Miscellaneous	1,508	4	(1,446)	(27)	-	1,971	(36)	1,974
	21,589	**104**	**(19,046)**	**(1,421)**	**-**	**23,694**	**(462)**	**24,458**

17. Other liabilities

Other liabilities are composed as follows:

	Dec 31, 2024		Dec 31, 2023		Jan 1, 2023 Restated	
	of which:		of which:		of which:	
	Total	Current	Total	Current	Total	Current
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Liabilities from VAT	11,868	11,868	10,235	10,235	10,150	10,150
Social security liabilities	5,037	5,037	5,337	5,337	4,798	4,798
Other	117	117	194	194	68	68
	17,022	**17,022**	**15,766**	**15,766**	**15,016**	**15,016**

18. Financial instruments

a. Accounting classifications and carrying values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value			
Dec 31, 2024	at FVTPL	at amortized cost	at FVOCI	Total	Level 1	Level 2	Level 3	Total
kEUR								
Financial assets measured at fair value - current								
Other financial assets - foreign exchange forward transactions	890	-	-	890	-	890	-	890
	890	-	-	890	-	890	-	890
Financial assets not measured at fair value - non-current								
Other financial assets	-	2,133	-	2,133	-	-	-	-
	-	2,133	-	2,133	-	-	-	-
Financial assets not measured at fair value - current								
Trade receivables	-	216,890	-	216,890	-	-	-	-
Trade receivables - factored	-	2,441	-	2,441	-	-	-	-
Other financial assets - others	-	6,960	-	6,960	-	-	-	-
Cash	-	192,567	-	192,567	-	-	-	-
	-	418,859	-	418,859	-	-	-	-
	890	**420,991**	**-**	**421,881**	**-**	**890**	**-**	**890**

Dec 31, 2024	Carrying amount at FVTPL	Carrying amount at amortized cost	Carrying amount at FVOCI	Carrying amount Total	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
kEUR								
Financial liabilities measured at fair value - non-current								
Liabilities from acquisitions	4,468	-	-	4,468	-	-	4,468	4,468
	4,468	-	-	4,468	-	-	4,468	4,468
Financial liabilities measured at fair value - current								
Liabilities from acquisitions	1,405	-	-	1,405	-	-	1,405	1,405
Other financial liabilities - foreign exchange forward transactions	1,631	-	-	1,631	-	1,631	-	1,631
	3,036	-	-	3,036	-	1,631	1,405	3,036
Financial liabilities not measured at fair value - non-current								
Loans and borrowings - syndicated loan (unsecured)	-	318,721	-	318,721	-	325,006	-	325,006
Loans and borrowings - others (unsecured)	-	2,113	-	2,113	-	-	-	-
	-	320,835	-	320,835	-	325,006	-	325,006
Financial liabilities not measured at fair value - current								
Loans and borrowings - syndicated loan (unsecured)	-	(448)	-	(448)	-	-	-	-
Loans and borrowings (unsecured)	-	9,225	-	9,225	-	-	-	-
Trade payables	-	17,076	-	17,076	-	-	-	-
Other financial liabilities - outstanding incoming invoices	-	8,177	-	8,177	-	-	-	-
Other financial liabilities - accrued interest on bank loans	-	776	-	776	-	-	-	-
	-	34,807	-	34,807	-	-	-	-
	7,504	**355,641**	**-**	**363,145**	**-**	**326,637**	**5,873**	**332,510**

Dec 31, 2023	Carrying amount				Fair value			
	at FVTPL	at amortized cost	at FVOCI	Total	Level 1	Level 2	Level 3	Total
kEUR								
Financial assets measured at fair value - current								
Other financial assets - foreign exchange forward transactions	232	-	-	232	-	232	-	232
	232	-	-	232	-	232	-	232
Financial assets not measured at fair value - non-current								
Other financial assets	-	3,339	-	3,339	-	-	-	-
	-	3,339	-	3,339	-	-	-	-
Financial assets not measured at fair value - current								
Trade receivables	-	182,488	-	182,488	-	-	-	-
Other financial assets - others	-	15,064	-	15,064	-	-	-	-
Cash	-	110,123	-	110,123	-	-	-	-
	-	307,675	-	307,675	-	-	-	-
	232	**311,014**	**-**	**311,246**	**-**	**232**	**-**	**232**

	Carrying amount				Fair value			
Dec 31, 2023	at FVTPL	at amortized cost	at FVOCI	Total	Level 1	Level 2	Level 3	Total
kEUR								
Financial liabilities measured at fair value - non-current								
Liabilities from acquisitions	2,575	-	-	2,575	-	-	2,575	2,575
	2,575	-	-	2,575	-	-	2,575	2,575
Financial liabilities measured at fair value - current								
Liabilities from acquisitions	8,929	-	-	8,929	-	-	8,929	8,929
Other financial liabilities - foreign exchange forward transactions	1,283	-	-	1,283	-	1,283	-	1,283
	10,212	-	-	10,212	-	1,283	8,929	10,212
Financial liabilities not measured at fair value - non-current								
Loans and borrowings (secured)	-	334	-	334	-	-	-	-
Loans and borrowings - syndicated loan (unsecured)	-	266,379	-	266,379	-	270,571	-	270,571
Loans and borrowings - others (unsecured)	-	1,874	-	1,874	-	-	-	-
	-	268,587	-	268,587	-	270,571	-	270,571
Financial liabilities not measured at fair value - current								
Loans and borrowings (secured)	-	3,439	-	3,439	-	-	-	-
Loans and borrowings - syndicated loan (unsecured)	-	(246)	-	(246)	-	-	-	-
Loans and borrowings (unsecured)	-	2,966	-	2,966	-	-	-	-
Trade payables	-	17,936	-	17,936	-	-	-	-
Other financial liabilities - outstanding incoming invoices	-	5,984	-	5,984	-	-	-	-
Other financial liabilities - accrued interest on bank loans	-	514	-	514	-	-	-	-
	-	30,595	-	30,595	-	-	-	-
	12,787	**299,182**	-	**311,969**	-	**271,854**	**11,504**	**283,358**

Contract assets (December 31, 2024: kEUR 15,961; December 31, 2023: kEUR 18,470) and lease liabilities (December 31, 2024: kEUR 54,483; December 31, 2023: kEUR 48,692) are not allocated to any of the measurement categories under IFRS 9 and are therefore not included in the tables above.

b. Measurement of fair value

i. Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in Level 2 and Level 3 fair value for financial instruments in the consolidated statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Forward foreign exchange contracts	Marked to market values of derivative instruments based on forward rates at the reporting date using present value calculations based on high credit quality yield curves in the respective currencies	Not applicable	Not applicable
Liabilities from acquisitions	Monte-carlo valuation model - The valuation model considers the probability and present value of expected payments using risk-adjusted discount rate	(i) Expected contribution margin / EBITDA relevant to earn-out (ii) Risk-adjusted discount rate of 15.2% -24.0% (31 December 2023: 22.5% - 32.3%)	The estimated fair value would increase (decrease) if: (i) the expected contribution margin / EBITDA relevant to earn-out were higher (lower) (ii) the risk-adjusted discount rate was higher (lower)

ii. Transfers between the hierarchy levels

In the periods under consideration there were no reclassifications between hierarchy levels.

iii. Level 3 recurring fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	Contingent purchase price liabilities measured at fair value
	kEUR
Balance as at Jan 1, 2023 previously reported	**36,528**
Impact of correction of errors (The comparative information is restated on account of correction of errors. Refer note A.3 – Correction of errors and reclassifications)	(13,254)
Balance as at Jan 1, 2023 restated	**23,274**
Additions	4,188
Additions - through income statement	1,217
Interest effect	528
Reduction due to payments	(15,858)
Reduction due to payments- remuneration linked	(1,192)
Currency differences	(411)
Purchase price adjustment	(243)
Balance as at Dec 31, 2023	**11,504**
Additions	4,577
Additions - through income statement	755
Interest effect	407
Reduction due to payments	(9,290)
Currency differences	219
Purchase price adjustment	(2,299)
Balance as at Dec 31, 2024	**5,873**

Purchase price adjustment represents reversal of earnout payable of kEUR 2,299 (December 31, 2023: kEUR 243) mainly on account of acquisition of Techmill, Infocore, APSL and Telesis (December 31, 2023: Techmill) as the acquired entities were not able to achieve the earnout targets. The same has been recognized as income (refer D.2. Other operating income).

c. Sensitivity analysis

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			
	2024		2023	
	Increase	Decrease	Increase	Decrease
	kEUR	kEUR	kEUR	kEUR
Contingent consideration				
Change in the earn-out relevant EBITDA by 5% relative to plan	352	(369)	316	(332)
Risk-adjusted discount rate (5% movement (500bps))	(743)	843	(368)	375

d. Derivative financial instruments

Nagarro concludes foreign exchange forward transactions to hedge foreign currency risks of future cash flows.

In the Nagarro Indian 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 with respect to the Indian rupee (INR), since 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 contract is less than one year.

The foreign exchange forward contracts were concluded as follows:

	Dec 31, 2024			Dec 31, 2023		
Foreign exchange forward contracts	Nominal amount	Assets	Liabilities	Nominal amount	Assets	Liabilities
	thousands	kEUR	kEUR	thousands	kEUR	kEUR
USD-INR	92,625	-	1,552	80,832	113	59
EUR-INR	31,350	636	43	42,720	87	782
SEK-INR	34,295	92	9	61,860	-	281
GBP-INR	5,720	70	24	6,005	31	73
AUD-INR	4,675	92	3	4,069	1	88
		890	1,631		232	1,283

The gain or loss from the foreign exchange forward transactions is as below:

	2024	2023
	kEUR	kEUR
Net gain (loss) from foreign exchange forward transactions		
Income from foreign exchange forward transactions	4,023	4,215
Expense from foreign exchange forward transactions	(3,685)	(2,350)
	338	**1,865**

There are no derivative master netting agreements for the year 2024 and 2023.

e. Net gains and losses from financial instruments

Net gains and losses from financial instruments are comprised as follows:

	Dec 31, 2024	2024					
in kEUR	**Category in accordance with IFRS 9**	**Other operating income**	**Staff costs**	**Other operating expenses**	**Finance income**	**Finance costs**	**Total net gains (losses)**
Financial assets measured at fair value							
Trade receivables - factored-non-recourse	FVTPL	-	-	-	-	(1,403)	(1,403)
Derivative financial instruments	FVTPL	4,023	-	-	-	-	4,023
		4,023	**-**	**-**	**-**	**(1,403)**	**2,619**
Financial assets not measured at fair value							
Trade and other receivables - others	AC	-	-	(3,015)	-	-	(3,015)
Trade receivables - factored - recourse	AC	-	-	-	-	(113)	(113)
Other financial assets	AC	-	-	-	640	-	640
Cash	AC	-	-	-	2,860	-	2,860
		-	**-**	**(3,015)**	**3,500**	**(113)**	**372**
Financial liabilities measured at fair value							
Liabilities from acquisitions	FVTPL	2,299	(755)	-	-	(407)	1,136
Liabilities from acquisitions - employment linked	n/a	-	(2,361)	-	-	-	(2,361)
Derivative financial instruments	FVTPL	-	-	(3,685)	-	-	(3,685)
		2,299	**(3,117)**	**(3,685)**	**-**	**(407)**	**(4,910)**
Financial liabilities not measured at fair value							
Other financial liabilities	AC	-	(3,382)	-	-	(15,816)	(19,197)
Employee benefits liabilities (under IFRS 19)	n/a	-	-	-	-	(1,176)	(1,176)
Leases (under IFRS 16)	n/a	-	-	-	-	(2,125)	(2,125)
		-	**(3,382)**	**-**	**-**	**(19,117)**	**(22,498)**
		6,321	**(6,498)**	**(6,700)**	**3,500**	**(21,041)**	**(24,417)**

	Dec 31, 2023	2023 (Restated)					
in kEUR	**Category in accordance with IFRS 9**	**Other operating income**	**Staff costs**	**Other operating expenses**	**Finance income**	**Finance costs**	**Total net gains (losses)**
Financial assets measured at fair value							
Trade receivables - factored-non-recourse	FVTPL	-	-	-	-	(2,103)	(2,103)
Derivative financial instruments	FVTPL	4,215	-	-	-	-	4,215
		4,215	**-**	**-**	**-**	**(2,103)**	**2,112**
Financial assets not measured at fair value							
Trade and other receivables - others	AC	3,208	-	(4,112)	-	-	(904)
Other financial assets	AC	127	-	-	96	-	223
Cash	AC	-	-	-	1,711	-	1,711
		3,335	**-**	**(4,112)**	**1,808**	**-**	**1,031**
Financial liabilities measured at fair value							
Liabilities from acquisitions	FVTPL	243	(943)	-	-	(529)	(1,229)
Liabilities from acquisitions - employment linked	n/a	-	(274)	-	-	-	(274)
Derivative financial instruments	FVTPL	-	-	(2,350)	-	-	(2,350)
		243	**(1,217)**	**(2,350)**	**-**	**(529)**	**(3,852)**
Financial liabilities not measured at fair value							
Other financial liabilities	AC	-	(1,798)	-	-	(12,915)	(14,714)
Employee benefits liabilities (under IFRS 19)	n/a	-	-	-	-	(899)	(899)
Leases (under IFRS 16)	n/a	-	-	-	-	(1,763)	(1,763)
		-	**(1,798)**	**-**	**-**	**(15,577)**	**(17,375)**
		7,793	**(3,015)**	**(6,461)**	**1,808**	**(18,208)**	**(18,085)**

D. Notes to the consolidated statement of comprehensive income

1. Revenue

Disaggregated revenue information

The revenue by industry is as follows:

	2024	2023
	kEUR	kEUR
Automotive, manufacturing and industrial	219,794	199,339
Energy, utilities and building automation	73,544	69,110
Financial services and insurance	124,757	125,984
Horizontal tech	61,489	64,670
Life sciences and healthcare	70,893	70,341
Management consulting and business information	60,509	59,173
Public, non-profit, education	88,876	69,788
Retail and CPG	132,417	121,974
Telecom, media and entertainment	54,180	50,046
Travel and logistics	85,529	81,630
	971,987	**912,055**

The revenue by contract type is as follows:

	2024	2023
	kEUR	kEUR
Time and expenses	678,389	654,856
Fixed price	130,048	147,433
Periodic services	157,639	106,118
Other revenues	5,911	3,648
	971,987	**912,055**

Performance obligations and remaining performance obligations:

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when Nagarro expects to recognize these amounts in revenue. Applying the practical expedient as given in IFRS 15, Nagarro has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of Nagarro's performance completed to date, typically those contracts where invoice is on time and expenses and periodic services.

For customer contracts whose original duration was at least one year, expected revenue from performance obligations yet to be fulfilled are as follows:

	Total	2024	2025	2026	2027	2028	2029
as of:	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
December 31, 2024	169,078	-	122,460	27,916	12,079	3,311	3,311
December 31, 2023	231,118	148,696	54,010	16,582	6,868	4,962	-

2. Other operating income

Other operating income is broken down as follows:

	2024	(Restated) 2023
	kEUR	kEUR
Income from currency translation	16,328	14,814
Income from foreign exchange forward transactions	4,023	4,215
Income from the sale of property, plant and equipment	141	866
Reversal of value adjustments on receivables	-	3,205
Release of provisions	1,969	1,421
Profit from purchase price adjustment	2,299	243
Collection of derecognized receivables	-	3
Gain on lease modification	71	198
Net monetary gain (hyper inflationary)	2,630	227
Miscellaneous	3,137	4,091
	30,597	**29,282**

Profit from purchase price adjustment represents reversal of earnout payable of kEUR 2,299 (December 31, 2023: kEUR 243) on account of acquisition of Techmill, Infocore, Telesis and APSL (December 31, 2023: Techmill) as the acquired entities were not able to achieve the earnout targets (refer C.18. Financial instruments).

3. Cost of freelancers and other direct cost

The cost of freelancers and other direct costs are composed as follows:

	2024	2023
	kEUR	kEUR
Purchased services	62,277	59,265
Software and other costs	6,486	13,119
Provision for onerous contracts	117	740
	68,879	**73,124**

Purchased services include external temporary staff and subcontractors engaged on a project-specific basis.

4. Staff costs

Staff costs are composed as follows:

	2024	(Restated) 2023
	kEUR	kEUR
Salaries and wages	586,417	554,005
Social security contributions	49,672	45,541
Gratuity	4,722	3,879
Defined contribution expenses	2,239	1,669
Bonuses	49,718	42,660
Equity-settled share based payments	3,206	3,815
Cash-settled share based payments	550	0
Retention bonuses - acquisition related	3,382	1,798
Earnout expense - acquisition related	3,117	1,217
	703,022	**654,585**

Staff costs of kEUR 3,333 (2023: kEUR 2,103) were incurred for non-capitalizable activities in connection with product development.

At year end, Nagarro had 17,695 (2023: 18,413) number of professionals out of which 16,192 (2023: 16,934) were professionals in engineering and 1,503 (2023: 1,479) were professionals in sales and administration. During the year, Nagarro had 18,124 (2023: 18,895) number of average professionals out of which 16,627 (2023: 17,510) were professionals in engineering and 1,497 (2023: 1,385) were professionals in sales and administration. The average values were calculated based on the number of employees on January 1, March 31, June 30, September 30 and December 31.

5. Other operating expenses

Other operating expenses are composed as follows:

	2024	2023
	kEUR	kEUR
Travel expenses	16,539	14,230
Vehicle costs	3,085	4,258
IT costs	13,259	10,436
Services	3,899	3,100
Land and building costs	4,004	3,308
Other staff costs	9,046	8,309
Advertising expenses	4,204	4,215
Communication expenses	2,630	3,204
Maintenance	1,549	1,486
Expense from currency translation	10,292	16,426
Expenses for foreign exchange forward transactions	3,685	2,350
Insurance, contributions	3,510	2,948
Legal and consulting fees	2,880	3,320
Entertainment expenses	934	916
Office supplies	759	1,004
Audit fees	1,834	1,502
Direct selling expenses	911	115
Supervisory board remuneration	713	638
Loss on lease modification	35	2
Residual book value from disposal of property, plant and equipment	361	430
Acquisition costs	334	956
Expenses relating to the exploration of the take-private option	3,861	-
Expenses relating to strategic review of listing and privatization choices	1,234	-
Miscellaneous	4,322	8,146
	93,878	**91,298**

Other operating expenses include fees for the auditor of the consolidated financial statements as follows:

	2024	2023
	kEUR	kEUR
Audit services	700	682
Other services	119	337
Other assurance services	11	6
	830	**1,025**

The fee for auditing services related to the audit of the consolidated financial statements of the Nagarro Group, the statutory audits of the annual financial statements of Nagarro SE and the subsidiaries included in the consolidated financial statements and the formal audit of the remuneration report. The other assurance services relate to a certification of credit ratios. The other services relate to support services for the implementation of regulatory requirements. The audit services include audit of the consolidated financial statements and the audit of the German subsidiaries.

6. Depreciation, amortization and impairment

For information on depreciation, amortization and impairment, please refer to Notes C.1. Intangible assets, C.2. Goodwill, C.3. Property, plant and equipment and C.4. Right-of-use assets and lease liabilities.

7. Finance income

Finance income is composed as follows:

	2024	2023
	kEUR	kEUR
Interest income on bank balances	2,860	1,711
Other finance income	640	96
	3,500	**1,808**

Other finance income mainly includes interest income relating to deposits with banks and interest income on plan assets relating to retirement benefits in India.

8. Finance costs

Finance costs are composed as follows:

	2024	2023
	kEUR	kEUR
Interest on bank loans	15,816	12,915
Interest on leases	2,125	1,763
Factoring interest (non-recourse)	1,403	2,103
Factoring interest (recourse)	113	-
Interest portion of additions to pension provisions	1,176	899
Other interest expenses	500	555
	21,133	**18,235**

For further Information please refer to Note C.12. Loans and borrowings.

9. Earnings per share (EPS)

	2024	(Restated) 2023
	kEUR	kEUR
Profit for the period	49,156	49,155
Weighted average number of shares outstanding - basic	13,322,118	13,488,468
Number of shares outstanding - basic	13,322,118	13,322,118
Effect of dilutive share-based payment (Employee Share Participation Plan)	2,627	60
Total effect of dilution	2,627	60
Weighted average number of shares outstanding - diluted	13,324,745	13,488,528
Number of shares outstanding - diluted	13,324,745	13,322,178
Basic earnings per share in EUR (based on weighted average)	3.69	3.64
Basic earnings per share in EUR (based on shares outstanding)	3.69	3.69
Diluted earnings per share in EUR (based on weighted average)	3.69	3.64
Diluted earnings per share in EUR (based on shares outstanding)	3.69	3.69

Earnings per share is calculated by dividing the profit for the period by the weighted average number of outstanding shares of Nagarro SE of 13,322,118 (December 31, 2023: 13,488,468) after excluding treasury shares.

Diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of outstanding shares of Nagarro SE of 13,324,745 (December 31, 2023: 13,488,528) after excluding treasury shares and adding for the effects of all dilutive potential shares.

As at December 31, 2024, 396,068 equity-settled options and 1,927 employee share participation plan (ESPP) shares (December 31, 2023: 578,904 equity-settled options and 3,147 ESPP shares) were excluded for the diluted weighted average number of shares calculations because their effect would have been anti-dilutive.

The average market value of Nagarro SE's shares for the purpose of calculating the dilutive effect of share options and employee share participation plan shares was based on quoted market price for the year during which the options were outstanding.

E. Notes to the consolidated statement of cash flows

1. Reconciliation of cash flows from changes in net working capital:

Cash flows from changes in net working capital reconcile to the cashflows from operating activities as follows:

	2024	2023
in kEUR		restated*
Changes in:		
Trade receivables, contract assets and contract liabilities	(22,540)	(9,574)
Trade payables	(8,020)	2,627
Employee benefits liabilities	143	548
Provisions	3,567	4,743
Other assets including other financial assets	5,256	290
Other liabilities including other financial liabilities	4,871	607
Cash flows from changes in net working capital	**(16,723)**	**(758)**

2. Reconciliation of net cash flows from non-recourse factoring

Net cash flows from non-recourse factoring reconcile to the cashflows from operating activities as follows:

		Cash flows	Currency differences	Interest	
	Jan 1, 2024	2024	2024	2024	Dec 31, 2024
	kEUR	kEUR	kEUR	kEUR	kEUR
Net cash flows:					
Trade receivables derecognized	26,188	(3,463)	1,145	1,403	25,274
Liabilities from factoring	(2,346)	(3,067)	(275)	-	(5,688)
	23,842	**(6,530)**	**870**	**1,403**	**19,586**

		Cash flows	Currency differences	Interest	
	Jan 1, 2023	2023	2023	2023	Dec 31, 2023
	kEUR	kEUR	kEUR	kEUR	kEUR
Net cash flows:					
Trade receivables derecognized	49,408	(24,854)	(469)	2,103	26,188
Liabilities from factoring	(7,016)	4,601	69	-	(2,346)
	42,393	**(20,253)**	**(400)**	**2,103**	**23,842**

The changes in trade receivables derecognized and liabilities from factoring are disclosed as net cash flows from non-recourse factoring while change in gross trade receivables is shown as "Trade receivables, contract assets and contract liabilities" under changes in net working capital.

For more details on non-recourse factoring, refer to Note C.9. Trade receivables.

3. Reconciliation of financial liabilities

Financial liabilities reconcile to the cashflows from financing activities (i.e., excluding non-recourse factoring and including recourse factoring) as follows:

			Non-cash transactions					
		Cash flows	Additions	Acquisitions through business combinations	Currency differences	Lease modification	Unamortized interest expense (income)	
	Jan 1, 2024	2024	2024	2024	2024	2024	2024	Dec 31, 2024
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Liabilities to banks								
Bank loans	272,401	51,641	-	137	55	-	(310)	323,924
Lease liabilities	48,692	(23,895)	26,378	59	1,563	1,684	-	54,483
	321,094	**27,747**	**26,378**	**195**	**1,618**	**1,684**	**(310)**	**378,407**

			Non-cash transactions					
		Cash flows	Additions	Acquisitions through business combinations	Currency differences	Lease modification	Unamortized interest expensed	
	Jan 1, 2023	2023	2023	2023	2023	2023	2023	Dec 31, 2023
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Liabilities to banks								
Bank loans	209,522	62,324	-	338	(27)	-	245	272,401
Lease liabilities	55,788	(25,066)	16,685	897	(628)	1,016	-	48,692
	265,310	**37,258**	**16,685**	**1,235**	**(655)**	**1,016**	**245**	**321,094**

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

4. Net cash flows from business combinations

Cash outflows for the acquisition of subsidiaries from third parties, net of cash acquired are reconciled as follows:

Entity acquired	Year of acquisition	2024	(Restated) 2023
		kEUR	kEUR
At the time of business combination			
FWD View	2024	8,651	-
MBIS	2023	-	17,887
APSL	2023	-	6,919
Telesis	2023	-	6,076
Infocore	2023	-	4,986
		8,651	**35,868**
Contingent consideration			
APSL	2023	1,350	-
Telesis	2023	982	-
Infocore Germany	2023	389	-
Techmill	2022	100	392
ATCS	2021	6,470	15,466
Nagarro MENA	2019	-	-
		9,290	**15,858**
Liabilities from acquisitions - remuneration linked			
Infocore UAE	2023	274	917
RipeConcepts	2022	-	3,698
		274	**4,615**
		18,216	**56,342**

Also refer Note C.18. Financial instruments.

Cash outflows for the acquisition of subsidiary from third party at the time of business combination in the financial year 2024, net of cash acquired, reconcile as follows:

B	**FWD View**
	kEUR
Purchase consideration	14,829
Contingent purchase price liabilities	(4,478)
Purchase price paid in cash in current year	10,351
Acquired cash and cash equivalents	(1,700)
Outflow (inflow) of cash and cash equivalents	**8,651**

Cash outflows for the acquisition of subsidiaries from third parties at the time of business combination in the financial year 2023, net of cash acquired, reconcile as follows:

B	**Infocore**	**MBIS**	**APSL**	**Telesis7**	**Total**
	kEUR	kEUR	kEUR	kEUR	kEUR
Purchase consideration	6,408	19,173	11,403	9,393	46,377
Contingent purchase price liabilities	(851)	-	(882)	(2,736)	(4,469)
Purchase price paid in cash in current year	5,558	19,173	10,521	6,657	41,908
Acquired cash and cash equivalents	(572)	(1,286)	(3,602)	(581)	(6,040)
Outflow (inflow) of cash and cash equivalents	**4,986**	**17,887**	**6,919**	**6,076**	**35,868**

F. Other disclosures

1. Business combinations

Acquisition of FWD View

By way of a share purchase agreement dated October 29, 2024, Nagarro Software Limited, United Kingdom, acquired FWD View Limited, United Kingdom ("FWD View").

FWD View is recognized for its expertise in delivering data-driven solutions to clients in the financial services industry. FWD View excels in data quality, governance, protection and analytics and cloud-based solutions using cutting-edge tools and platforms such as Delphix, Collibra, Databricks and AWS. The transaction significantly broadens Nagarro's access to key players in the UK financial services sector. With this transaction, key clients can anticipate an enhanced level of services and an expanded array of offerings in the data technology domain.

Included in the identifiable assets and liabilities acquired at the date of acquisition of FWD View are inputs (orders in hand, customer relationships), delivery processes and an organized workforce. Goodwill includes the assembled workforce amounting to kEUR 708 (kGBP 595) through which synergies will be derived by Nagarro. Nagarro has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. Nagarro has concluded that the acquired set is a business.

A maximum purchase price of GBP 18.0 million (including earnout payment of GBP 10.0 million over the period) plus excess working capital was agreed for the acquisition of FWD View. The fixed component of the purchase price of GBP 8.0 million (€9.5 million) and estimated working capital of GBP 0.7 million (€0.8 million) was paid on October 29, 2024 and the balance excess working capital of GBP 0.5 million (€0.6 million) will be paid in coming months. The remaining purchase price is due to be paid between 2025 and 2028, depending on the achievement of EBITDA targets as outlined in the share purchase agreement. Nagarro has included GBP 3.2 million (€3.8 million) as contingent consideration related to additional consideration, which represents its fair value at acquisition. The contingent consideration is expected to be in the range of GBP 0 million to GBP 10 million.

The closing of the deal has been done and one hundred percent of the equity of FWD View has been acquired with effect from October 29, 2024. Accordingly, FWD View has been consolidated for the first time with Nagarro from November 1, 2024. Below is the breakdown of net assets acquired from FWD View:

	Fair value
	kEUR
Intangible assets	4,091
Property, plant and equipment	8
Right of use assets	59
Other financial assets	1
Trade receivables	414
Other assets	502
Cash	1,700
Assets acquired	**6,775**
Lease liabilities	59
Liabilities to banks	137
Contract liabilities	28
Trade payables	516
Other financial liabilities	138
Other liabilities	223
Deferred tax liabilities	756
Income tax liabilities	114
Liabilities assumed	**1,971**
Total identifiable net assets at fair value	**4,804**
Goodwill arising on acquisition	10,025
Purchase consideration	**14,829**

From the date of acquisition, FWD View generated revenue of kEUR 2,138 and earnings before interest, taxes, depreciation and amortization of kEUR 486. If the combination had taken place at the beginning of the year, revenues from FWD View would have been kEUR 11,393 and earnings before interest, taxes, depreciation, and amortization would have been kEUR 1,615. In connection with the transaction there were costs of kEUR 334 which were recognized in other operating expenses in 2024. The goodwill is not tax-deductible.

2. Related party transactions

Transactions and outstanding balances with related parties exist for some members of Nagarro's key management personnel.

	Family member of a KMP		Accnite	
	2024	2023	2024	2023
	kEUR	kEUR	kEUR	kEUR
Revenue and other income				
Revenue	-	-	45	167
	-	-	45	167
Expense				
Salaries and wages	107	95	-	-
Impairment of trade receivables and contract assets	-	-	41	-
Other operating expense	-	-	87	90
	107	95	128	90

Revenue

Revenue, in one Nagarro German entity, from the above company mainly relates to technology consulting and software development.

Expense

Salaries and wages, in one Indian entity, includes remuneration to one of the family member of a KMP in India.

Other operating expense includes full year expenses towards professional services provided to Nagarro SE by Accnite, entities owned by one of the Supervisory Board members.

Balances resulting from transactions with companies in which the key management personnel have interest

	Family member of a KMP		Accnite	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
	kEUR	kEUR	kEUR	kEUR
Total assets				
Other current assets	-	-	28	28
	-	**-**	**28**	**28**
Total liabilities				
Employee benefits liabilities	16	17	-	-
Trade payables	-	-	4	2
	16	**17**	**4**	**2**

Lantano Beteiligungen GmbH, which is held by one of the Supervisory Board members, holds more than 20% of Nagarro's holding and accordingly has significant influence on Nagarro. There are no transactions and balances between Nagarro and Lantano Beteiligungen GmbH during the current year and previous year.

Remuneration of key management personnel

Nagarro has a large and flat senior management team, reflecting the broad scope of its operations. In past reporting periods, all members of the senior management team were identified as key management personnel, except for the members of the Glass Window diversity program who are temporarily added to the senior management team each year. As Nagarro has continued to grow, the senior management team has continued to grow, with the addition of senior management personnel from acquisitions, new leaders, new CTOs, and so on. This approach of treating all senior management personnel as key management personnel had become difficult to maintain. In 2023, the ways of working were modified, and the group of key management personnel was reduced to a subset of the senior management team totaling to 41.

The total number of colleagues (including the supervisory board members) who were a part of key management during the year 2024 were 7 (2023: 41). The previous year's figure of 2023 is adjusted to 41 due to the inclusion of 4 Supervisory Board members.

The cost incurred for the above-described key management personnel has historically been already fully charged within the entities in scope of the consolidated financial statements.

	2024	2023
	kEUR	kEUR
Salaries and other short-term employee benefits	2,157	8,874
Post-employment benefits	0	34
Stock option expense	237	188
Total	2,394	9,096

There are no loans that have been provided to the members of the key management personnel.

Of the provisions for post-employment benefits kEUR 17 (December 31, 2023: kEUR 364) relate to the members of the key management personnel.

Of the provisions for leave encashment kEUR 51 (December 31, 2023: kEUR 151) relate to the members of the key management personnel.

Remuneration of all the three Management Board members for the entire year amounts to kEUR 1,444 (December 31, 2023: kEUR 987). Further details are disclosed in Note F.10. Governing Bodies of Nagarro SE.

Remuneration of the Supervisory Board members amounts to kEUR 713 (December 31, 2023: kEUR 638). Further detail is disclosed in Note F.10. Governing Bodies of Nagarro SE.

3. Adjusted EBITDA

Adjusted EBITDA is calculated according to economic criteria and is independent of IFRS rules. It provides information on the profitability of Nagarro and contains elements of the consolidated statements of comprehensive income relating to operating performance. It is adjusted for “Special items”. All items mentioned in the table below and qualifying as special items are generally eliminated irrespective of the amount for the purpose of calculating the Adjusted EBITDA. Therefore, the Adjusted EBITDA is more suitable for comparing operating performance over several periods.

Nagarro SE’s approach to EBITDA adjustments is to exclude effects that we consider extraordinary, such as impairment of goodwill, purchase price adjustments, badwill, foreign exchange effects on purchase price, sale of equity investments, spin-off and listing costs, share based payment arrangements costs, the expenses related to the rollover of minorities and acquisition expenses, retention bonus and non-capitalized earn-out expenses related to acquisitions, and in the current year, expenses relating to the exploration of the take-private option and expenses relating to strategic review of listing and privatization choices.

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

	2024	2023
	kEUR	kEUR
EBITDA	134,049	118,565
Adjustment for special items		
Income from purchase price adjustments	(2,299)	(243)
Exchange loss (gain) on purchase price components	32	2
Share based payment arrangements cost	3,756	3,815
Acquisition expense	334	956
Retention bonus expense as part of share purchase agreement of the acquired entities	3,382	1,798
Non-capitalized earn-out expense relating to acquisitions	3,117	1,217
Expenses relating to strategic review of listing and privatization choices	1,234	-
Expenses relating to the exploration of the take-private option	3,861	-
Total adjustment for special items	**13,415**	**7,546**
Adjusted EBITDA	**147,464**	**126,110**
Revenues	971,987	912,055
Adjusted EBITDA (as % of revenues)	15.2%	13.8%

4. Gross profit and gross margin

Gross profit is calculated on the basis of total performance which is the sum of revenue and own work capitalized. Cost of revenues is the total direct costs needed to service the revenue. It includes direct costs related to colleagues (employees and freelancers) allocated to the performance of customer services regardless of whether the colleagues are actually performing customer services during a given period of time, costs related to travel of these colleagues, cost of licenses and other, smaller, reimbursable and non-reimbursable cost components. The gross margin is calculated as the difference between the total performance and the cost of revenues, expressed as a percentage of the revenue.

In the past, Nagarro categorized all costs incurred by Business heads and Centers of Excellence (COEs) as cost of revenues, regardless of their nature including the sales personnel within their teams to drive consultative selling. Nagarro has revised the detailed definition of cost of revenues to align it better with that of other IT services companies. As per the new method, the cost of management of the Global Business Units (GBUs), cost of consultative sales and thought leadership across Centers of Excellence (CoEs) and GBUs have been reclassified from cost of revenues to sales and marketing, general and administrative costs from Q1 2024. For our 2024 reporting, we are providing the gross profit and margin based on the new method and also the previous method to allow better comparison with the 2023 numbers which were reported via the previous method.

The gross profit and margin based on both the current method and the previous method to allow comparisons with the numbers delivered for 2023 via the previous method is presented below:

	2024	2023
	kEUR	kEUR
Revenue	971,987	912,055
Own work capitalized	259	346
Total performance	972,246	912,401
Cost of revenues - previous method	(718,313)	(676,696)
Costs reclassified to Selling, General and Administrative expenses	41,819	-
Cost of revenues - current method	(676,494)	-
Gross profit - previous method	253,933	235,705
Gross profit - current method	295,752	-
Gross margin (as % of revenue) - previous method	26.1%	25.8%
Gross margin (as % of revenue) - current method	30.4%	-

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

	2024				
		thereof			
	Costs by nature	Cost of revenues	Selling, General and Administrative expenses	Special items	Total
	kEUR	kEUR	kEUR	kEUR	kEUR
Cost of freelancers and other direct cost	68,879	68,455	424	-	68,879
Staff costs	703,022	585,756	107,012	10,254	703,022
Other operating expenses	93,878	22,284	66,134	5,460	93,878
Impairment of trade receivables and contract assets	3,015	-	3,015	-	3,015
Other operating income	(30,597)	-	(28,298)	(2,299)	(30,597)
Total	**838,197**	**676,494**	**148,288**	**13,415**	**838,197**

	2023 Restated				
		thereof			
	Costs by nature	Cost of revenues	Selling, General and Administrative expenses	Special items	Total
	kEUR	kEUR	kEUR	kEUR	kEUR
Cost of freelancers and other direct cost	73,124	73,124	-	-	73,124
Staff costs	654,585	584,276	63,478	6,831	654,585
Other operating expenses	91,298	19,297	71,044	958	91,298
Impairment of trade receivables and contract assets	4,112	-	4,112	-	4,112
Other operating income	(29,282)	-	(29,039)	(243)	(29,282)
Total	**793,837**	**676,696**	**109,595**	**7,546**	**793,837**

The “Special items” relate to non-recurring items, purchase price adjustments and acquisition costs, spin-off and listing costs, share-based payment arrangements cost, the expenses related to the rollover of minorities, acquisition expense, retention bonus expense as part of share purchase agreement of the acquired entities; non-capitalized earn-out expense relating to acquisitions and from current year, expenses relating to the exploration of the take-private option and expenses relating to strategic review of listing and privatization choices as discussed in note F.3. Adjusted EBITDA.

5. Segment information

The segment report for Nagarro has been prepared using the guiding principle of IFRS 8 and the Custodian of Entrepreneurship in the Organization (CEO) has been identified as the Chief Operating Decision Maker (CODM). Nagarro provides various types of software development and consulting technology services in an integrated manner to clients in various industries and geographic locations. Nagarro's operations are located in 38 countries. The CODM reviews the financial information prepared on a consolidated basis and thus Nagarro has determined that it operates as a single operating and reportable segment.

The geographical country wise revenues are as follows:

	2024	2023
	kEUR	kEUR
Attributed to the entity’s country of domicile		
Germany	214,931	192,910
Attributed to all foreign countries in total from which the entity derives revenues		
United States of America	342,309	324,753
Others	414,747	394,392
	757,056	719,145
	971,987	**912,055**

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. The services revenue growth is mainly driven by growth in existing accounts. In 2023 and 2024, a large part of Nagarro’s services business was contracted on a time and expense basis. In 2024, time and expense-based services accounted for about 70% of the total revenue (2023: 72%), with almost all the remaining being contracted on a fixed bid basis, periodic-service basis and others.

Nagarro is not dependent on single major customers contributing more than 4% (2023: 4%) to Nagarro’s total revenues.

The assets and liabilities for the single segment can be taken from the consolidated balance sheet and notes.

Geographical Information of Nagarro’s non-current assets

Geographical information about Nagarro's non-current assets (excluding goodwill, financial instruments and deferred tax asset) is based on locations where the assets are located. Total non-current assets (excluding goodwill, financial instruments, and deferred tax assets) amount to kEUR 29,361 (December 31, 2023: kEUR 31,995) located in Germany and kEUR 78,433 (December 31, 2023: kEUR 68,052) located in foreign countries. Thereof there are no material assets in an individual foreign country that need to be disclosed separately.

6. Contingent liabilities and guarantees

Contingent liabilities

In the Indian entities, there are some contingencies around income tax demands where company has preferred appeals amounting to kEUR 1,361 (December 31, 2023: kEUR 1,394).

Guarantees

Against the syndicated loan of kEUR 350,000 (December 31, 2023: kEUR 350,000), Nagarro SE, together with certain subsidiaries, has given guarantees. Refer note C.12 Loans and Borrowing for details.

Others

Nagarro Inc. (“NI”), a company of Nagarro, is involved in legal proceedings with one of its clients since 2020. NI had an outstanding receivable against a client for which Nagarro has written off the bad debt of kEUR 1,251 during the earlier years. Meanwhile, the client filed a counter claim of US$1.26 million against NI 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 in damages along with legal costs.

The client has attempted to include Nagarro Software Private Limited (“NSPL”), the India subsidiary of NI into the proceedings. The case against NSPL has been dismissed by the Indian court.

In our understanding, the client’s claim is wrongful and not tenable.

7. Capital management

Nagarro ensures that there is always sufficient liquidity and maintains a balanced capital structure. These objectives are achieved by focusing on a strong business performance and receivables management. Decisions regarding acquisition of subsidiaries are made after due consideration of the impact on capital structure and the effects of the transactions on future years.

Nagarro monitors the capital using the ratio of “Equity” to “total assets” and uses Equity and total assets as per the “consolidated statement of financial position”. Nagarro targets to maintain the Equity to total assets ratio below 30%.

Net debt is calculated as a total of liabilities to banks and lease liabilities less cash. Adjusted EBITDA is taken for the trailing twelve months. Nagarro policy is to keep the net debt to Adjusted EBITDA below 3 times.

The key figures used for capital management are as follows at the respective balances sheet dates:

	Dec 31, 2024	Dec 31, 2023
	Total	**Total**
	kEUR	kEUR
Liabilities to banks	329,612	274,747
Lease liabilities	54,483	48,692
Cash	(192,567)	(110,123)
Net debt	191,527	213,316
Adjusted EBITDA	147,464	126,110
Debt ratio (Net debt to Adjusted EBITDA)	1.3	1.7
Total assets	795,701	666,080
Equity	222,660	170,466
Equity ratio (% of total assets)	28%	26%

8. Share-based payment arrangements

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

Description of the share-based payment arrangements

Stock option plan

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

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

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

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

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

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

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

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

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

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

Plan name	**Stock Option Plan 2020/III**	**Stock Option Plan 2020/II (Tranche 1)**	**Stock Option Plan 2020/II (Tranche 2a)**	**Stock Option Plan 2020/II (Tranche 2b)**
Number of options opted for cash settled	45,000	330,000	116,000	8,000
Date of grant of options	Jan 15, 2021	Jan 15, 2021	Apr 26, 2023	May 23, 2023
Term of options	10 years	10 years	10 years	10 years
Expected life of options	7 years	7 years	7 years	7 years
Fair value on the modification date (November 18, 2024)	EUR 42.99	EUR 42.99	EUR 46.07	EUR 51.08
Dividend yield (on modification date)	0.00%	0.00%	0.00%	0.00%
Expected volatility (on modification date)	44.28%	44.28%	42.96%	42.90%
Risk–free interest rate (on modification date)	2.20%	2.20%	2.21%	2.21%
Dividend yield (on reporting date)	0.00%	0.00%	0.00%	0.00%
Expected volatility (on reporting date)	44.83%	44.83%	43.20%	43.24%
Risk–free interest rate (on reporting date)	2.19%	2.19%	2.25%	2.25%
Fair value on the reporting date	EUR 30.67	EUR 30.67	EUR 33.82	EUR 37.98
Model used	Black-scholes	Black-scholes	Black-scholes	Black-scholes

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

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

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

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

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

	Dec 31, 2024	Dec 31, 2023
	kEUR	kEUR
Opening balance as at Jan 1	-	-
Reclassification from capital reserve on modification	13,893	-
Expense during the year	550	-
Closing balance as at Dec 31	**14,443**	-

Employee Share Participation Program

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

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

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

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

Other information relating to the share-based payment arrangements

Against the grant of these equity-settled stock options and ESPP, Nagarro has recognized an expense of kEUR 3,206 (December 31, 2023: kEUR 3,815) and recognized its corresponding effect in capital reserve (refer Note C.11. Equity). Against the converted cash-settled stock options, Nagarro has recognized an expense of kEUR 550 (December 31, 2023: kEUR 0).

The detailed breakup of the expense of share-based payment arrangement is as follows:

	Dec 31, 2024	**Dec 31, 2023**
	kEUR	**kEUR**
Equity-settled stock options expense - SOP - routed through capital reserve	2,999	3,686
Equity-settled stock options expense - ESPP - routed through capital reserve	207	130
	3,206	**3,815**
Cash-settled stock options expense - SOP - routed through financial liabilities	550	-
	550	**-**
Total share-based payment expenses	**3,756**	**3,815**

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

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

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

9. 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.

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

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

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

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

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

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

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

a. Liquidity risks

Liquidity risk is the risk that Nagarro may not be able to meet obligations associated with its financial liabilities. Our aim is to have sufficient liquidity to conduct our business smoothly. We manage liquidity by continuously monitoring it, forecasting our cash inflows and outflows and taking appropriate measures as required. In order to ensure sufficient liquidity at all times, we utilize bank loans, leasing and rental agreements (for the procurement of computers and equipment as well as for buildings) and factoring options to finance our business operations and investment activities. On December 31, 2024, the financial liabilities of Nagarro amounted to kEUR 453,264 (December 31, 2023: kEUR 393,647), of which kEUR 86,132 (December 31, 2023: kEUR 89,176) are due within one year.

As of December 31, 2024, 100% of the current financial liabilities (December 31, 2023: 100%) were covered by current financial assets in the amount of kEUR 419,749 (December 31, 2023: kEUR 307,907).

Current net liquidity from financial assets and liabilities increased by kEUR 96,420, from kEUR 189,513 as at December 31, 2023 to kEUR 285,933 as at December 31, 2024. Nagarro has sufficient factoring agreements in the USA and Germany. Nagarro also has a syndicated revolving credit facility totaling kEUR 350,000. These euro-denominated loans under the syndicated loan facility amounted to a total of kEUR 319,500 (December 31, 2023: kEUR 267,050). These revolving loans have a variable interest rate based on the three-month or six-month Euribor (depending on the interest period) plus a margin of 1.75 (December 31, 2023: 1.75) percentage points as at December 31, 2024. The unutilized portion of the loan carries interest at 35% of the margin rate of the utilized loan. In the financial year 2024, the loans had an average interest rate of 5.54% p.a. (2023: 4.94%). The unutilized portion of the loan was subject to an average interest rate of 0.61% p.a. (2023: 0.57%). At the end of 2024, Nagarro had unutilized balance of syndicated loan facility amounting to kEUR 30,500 (December 31, 2023: kEUR 82,950).

The covenant package for our syndicated loan contains the usual restrictions on total net debt and minimum equity thresholds. In general, a breach of the financial covenants harbors the risk of an event of default which, if not cured within the remediation period, may lead to a default under the credit facility. However, this is mitigated by regular and careful monitoring of the covenants by the Finance Council and compliance with a safety margin to the relevant thresholds as well as a contractual escalation mechanism that the risk is considered as a medium risk.

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, 2024	Maturity within one year		Maturity between one and five years		Maturity later than five years	
	Total	**Repayment**	**Interest**	**Repayment**	**Interest**	**Repayment**	**Interest**
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Syndicated loan of Nagarro SE	319,500	-	19,603	319,500	31,261	-	-
Loan from factor of Nagarro GmbH, Germany	2,441	2,441	-	-	-	-	-
Liabilities from factoring	5,688	5,688	-	-	-	-	-
Bank loan of Nagarro GmbH Austria	492	252	4	240	7	-	-
Bank loan of Advanced Programming Solutions Limited	153	102	2	52	0	-	-
Loan of Nagarro ES GmbH	2,433	695	69	1,737	76	-	-
Loan of FWD View Limited, United Kingdom	131	47	8	84	7	-	-
Trade payables	17,076	17,076	-	-	-	-	-
Derivative financial instruments	104,705	104,705	-	-	-	-	-
Liabilities from acquisitions	6,527	1,431	26	5,096	628	-	-
Other financial liabilities	8,954	8,954	-	-	-	-	-
	468,099	**141,390**	**19,712**	**326,709**	**31,980**	**-**	**-**

	Dec 31, 2023	Maturity within one year		Maturity between one and five years		Maturity later than five years	
	Total	Repayment	Interest	Repayment	Interest	Repayment	Interest
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Syndicated loan of Nagarro SE	267,050	-	13,445	267,050	24,755	-	-
Working capital facility of Nagarro Software Pvt. Ltd.(secured)	2,700	2,700	14	-	-	-	-
Working capital facility of Nagarro Enterprise Services Pvt. Ltd. (secured)	500	500	4	-	-	-	-
Liabilities from factoring	2,346	2,346	-	-	-	-	-
Bank loan of Nagarro Software SRL	43	43	0	-	-	-	-
Mortgage of Advanced Technology Consulting Service Pvt. Ltd. (secured)	574	239	25	334	7	-	-
Bank loan of Nagarro GmbH Austria	352	-	3	352	6	-	-
Bank loan of Advanced Programming Solutions Limited	253	100	4	153	2	-	-
Loan of MBIS	3	3	1	-	-	-	-
Loan of Nagarro ES GmbH	1,843	474	74	1,369	100	-	-
Trade payables	17,936	17,936	-	-	-	-	-
Derivative financial instruments	82,613	82,613	-	-	-	-	-
Liabilities from acquisitions	11,843	8,960	32	2,883	308	-	-
Other financial liabilities	6,498	6,498	-	-	-	-	-
	394,555	**122,413**	**13,602**	**272,141**	**25,179**	**-**	**-**

In addition to the tables above, financial liabilities include lease liabilities in the amount of kEUR 54,482 (December 31, 2023: kEUR 48,693), the details, including undiscounted lease liabilities, of which are included in Note C.4. Right-of-use assets and lease liabilities.

b. 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, default. Credit risks arise from operations and from certain financing activities. Our goal is to keep the ratio of default to customer revenue within the acceptable limit of 1%. We manage our default risk by evaluating the financial health of a prospective customer at the beginning of the engagement and setting up their credit terms accordingly. For existing customers, 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 437,843 (December 31, 2023: kEUR 329,716). Impairments of kEUR 7,790 (December 31, 2023: kEUR 6,262) were recognized on the gross amount of total customer receivables and other financial assets as of December 31, 2024. The impairment ratio on the gross amount was 1.7% (December 31, 2023: 1.9%).

Impairment losses on financial assets, trade receivables and contract assets recognized in statement of comprehensive income are as follows:

	2024	2023
	kEUR	kEUR
Impairment of trade receivables and contract assets	3,015	4,112
Recognized in income statement	**3,015**	**4,112**

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 about 4% (2023: 4%) of revenue of Nagarro in 2024. Trade receivables are generally due within 14 days to 120 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 additional information is obtained in specific cases. If customers default on payments, the steps required to collect the receivables are taken in a timely manner. Where 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.

As Nagarro's trade receivables or contract assets do not contain a significant financing component, it uses simplified approach of ECL and recognizes lifetime ECL. 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. The management also considers the factors that may influence the credit risk of its customers, including the default risk associated with industry and country in which the customer operates. Nagarro uses the customer's country risk premium as the forward-looking rate for ECL.

Impaired receivables and the respective accumulated impairments are derecognized if there is no probability of payment. Trade receivables generally do not bear interest. Nagarro does not require collateral in respect of the trade receivables and contract assets and thus does not have any loss allowance due to collateral.

As of December 31, 2024, the exposure to credit risk for trade receivables and contract assets by geographic region is as follows:

	2024	2023
	kEUR	kEUR
North America	72,504	56,153
Central Europe	77,495	62,225
Rest of Europe	26,685	28,288
Rest of World	66,161	60,129
	242,844	**206,795**

As of December 31, 2024, the exposure to credit risk for trade receivables and contract assets by customer's industry is as follows:

	2024	2023
	kEUR	kEUR
Automotive, Manufacturing and Industrial	57,204	46,900
Energy, Utilities and Building Automation	14,189	15,214
Financial Services and Insurance	26,004	29,306
Horizontal Tech	13,432	16,041
Life Sciences and Healthcare	17,806	19,211
Management Consulting and Business Information	16,008	7,070
Public - US	30,145	6,152
Non-profit - US	8,987	4,057
Rest Public, Non-profit and Education	2,887	16,703
Retail and CPG	28,405	23,203
Telecom, Media and Entertainment	11,321	11,633
Travel and Logistics	16,457	11,304
	242,844	**206,795**

The past due structure of contract assets and trade receivables is as follows:

	As at Dec 31, 2024	Not past due	Days past due			
			1-90	91-180	181-360	>360
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Expected loss rate		0%	2%	5%	25%	94%
Gross carrying amount						
Contract assets	15,961	15,961	-	-	-	-
Customer receivables	226,884	159,795	41,415	16,736	3,990	4,947
Total	242,844	175,756	41,415	16,736	3,990	4,947
Impairment	(7,552)	(257)	(846)	(794)	(1,006)	(4,650)
Carrying amount	235,292	175,499	40,569	15,942	2,985	297

	As at Dec 31, 2023	Not past due	Days past due			
			1-90	91-180	181-360	>360
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Expected loss rate		0%	1%	5%	46%	71%
Gross carrying amount						
Contract assets	18,470	18,470	-	-	-	-
Customer receivables	188,325	117,540	53,636	8,349	4,721	4,079
Total	206,795	136,010	53,636	8,349	4,721	4,079
Impairment	(5,837)	(47)	(271)	(435)	(2,184)	(2,900)
Carrying amount	200,958	135,963	53,365	7,914	2,537	1,179

Impairment losses on ECL on trade receivables, contract assets and other financial assets have developed as follows:

	2024	2023
	kEUR	kEUR
Balance as of January 1	6,261	6,554
Impairment of trade receivable and contract assets	3,015	4,112
Reversal	-	(3,332)
Bad debt written off	(1,401)	(990)
Currency differences	(86)	(83)
Balance on December 31	7,789	6,261

The theoretical maximum exposure to credit risk at the end of the reporting period in respect of trade receivables and contract assets is kEUR 242,844 (December 31, 2023: kEUR 206,795). Nagarro limits its exposure to credit risk from customer receivables by a maximum payment period of 120 days.

Other financial assets

Nagarro uses general approach for the measurement of expected credit loss. It takes into consideration credit rate / assessment, credit risk relating to various other financial assets and uses country risk premium as forward-looking rate for arriving at impairment of expected credit loss. The gross carrying amounts before impairment losses and net carrying amounts of other financial assets are shown in the following tables:

	At amortized cost			
Dec 31, 2024	Expected 12-month credit loss	Lifetime ECL - no credit impaired	Lifetime ECL - credit impaired	Total
	kEUR	kEUR	kEUR	kEUR
Gross value before loss allowance	9,330	-	-	9,330
Loss allowance	(238)	-	-	(238)
Residual carrying amount	9,093	-	-	9,093

	At amortized cost			
Dec 31, 2023	**Expected 12-month credit loss**	**Lifetime ECL - no credit impaired**	**Lifetime ECL - credit impaired**	**Total**
	kEUR	kEUR	kEUR	kEUR
Gross carrying amount	18,828	-	-	18,828
Loss allowance	(425)	-	-	(425)
Amotized cost	18,403	-	-	18,403
Carrying amount	**18,403**	**-**	**-**	**18,403**

	At amortized cost			
2024	Expected 12-month credit loss	Lifetime ECL - no credit impaired	Lifetime ECL - credit impaired	Total
	kEUR	**kEUR**	**kEUR**	**kEUR**
Balance as at January 1	425	-	-	425
Net revaluation of loss allowance	(185)	-	-	(185)
Reclassification to lifetime expected credit loss - no credit-impaired	-	-	-	-
Reclassification to lifetime expected credit loss - credit-impaired	-	-	-	-
Currency differences	(2)	-	-	(2)
Balance as on December 31	238	-	-	238

	At amortized cost			
2023	Expected 12-month credit loss	Lifetime ECL - no credit impaired	Lifetime ECL - credit impaired	Total
	kEUR	**kEUR**	**kEUR**	**kEUR**
Balance as at January 1	564	-	-	564
Net revaluation of loss allowance	(127)	-	-	(127)
Reclassification to lifetime expected credit loss -no credit-impaired	-	-	-	-
Reclassification to lifetime expected credit loss - credit-impaired	-	-	-	-
Currency differences	(12)	-	-	(12)
Balance as on December 31	425	-	-	425

Derivative assets

Derivatives are entered into with banks that are considered financially sound. To diversify the risk, various banks are used. Nagarro takes into consideration credit ratings of the different banks and uses country risk premium as forward looking rate for arriving at impairment of expected credit loss. As of December 31, 2024, there were assets resulting from foreign exchange forward transactions of kEUR 890 (December 31, 2023: kEUR 232). There was no material impact of expected credit loss and no loss has been recognized on the derivative assets.

Cash

Nagarro uses general approach for the measurement of expected credit loss on cash. To diversify the risk business relationships are maintained with various banks.Cash is deposited with banks that have a first-class rating. As of December 31, 2024, Nagarro had cash of kEUR 192,567 (December 31, 2023: kEUR 110,123). There was no material impact of expected credit loss on cash and no loss has been recognized on cash.

c. Interest rate risks

Our significant portion 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. Our aim is to minimize interest cost for Nagarro. So, we leverage our relationship in lower interest rate regions for getting loan facilities on attractive terms. The interest rates we receive are often linked to conditions, e.g. in the case of our syndicated loan facility. The finance team regularly reviews compliance with our covenants and takes financial measures to ensure that our ratio of net debt to EBITDA is within acceptable limits. A deterioration in interest costs due to these covenants is currently not expected.

The floating rate financial liabilities totaled kEUR 326,402 on December 31, 2024 (December 31, 2023: kEUR 268,522). A change in interest rates by 100 basis points p.a. would result in an increase or decrease in the financial result of kEUR 3,264 in 2024 (2023: kEUR 2,685). In this case and applying a tax rate of 27% (2023: 27%), equity would increase or decrease by kEUR 2,383 (December 31, 2023: kEUR 1,960).

Nagarro monitors the interest rate situation and adjusts its strategy accordingly.

d. Currency risks

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

This hedging is not carried out at the level of individual transactions, but on the basis of the aggregate receivables of the Indian entities. In 2024, we mainly hedged five (2023: five) currency pairs over the course of the year: USD-INR [USD 160.5 million hedged] (2023: USD 165.8million hedged), EUR-INR [EUR 48.4 million hedged] (2023: EUR 62.0 million hedged), SEK-INR [SEK 51.6 million hedged] (2023: SEK 89.4 million hedged), GBP-INR [GBP 11.2 million hedged] (2023: GBP 11.5 million hedged) and AUD-INR [AUD 8.3 million hedged] (2023: AUD 7.0 million hedged).

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

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

The following sensitivity analysis shows the impact of currency risks (including the impact of forward foreign currency contracts) 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 impact on profit for the period and equity. This analysis assumes that all other variables, in particular interest rates, remain constant.

2024	**Profit before tax for the period**	
Effect in kEUR	**5% increase**	**5% decrease**
INR	4,025	(3,748)
USD	(8,674)	9,118
SAR	(655)	724
AED	(541)	598
DKK	(295)	327

2023	**Profit before tax for the period**	
Effect in kEUR	**5% increase**	**5% decrease**
INR	(668)	1,428
USD	(10,928)	11,693
SAR	-	-
AED	(184)	203
DKK	136	(151)

Nagarro hedges some of the cash flows to reduce its currency risks. Details are provided in Note C.18. Financial instruments.

10. Governing bodies of Nagarro SE

Supervisory Board

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

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

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

Carl Georg Dürschmidt

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

Shalini Sarin

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

Christian Bacherl

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

Vishal Gaur

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

Total remuneration of the members of the Supervisory Board in the 2024 financial year was kEUR 713 (December 31, 2023: kEUR 638) out of which kEUR 178 (December 31, 2023: kEUR 178) were outstanding as at the balance sheet date and were paid subsequently. Refer Nagarro remuneration report 2024 for details.

Management Board

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

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

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

Manas Human

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

Vikram Sehgal

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

Total remuneration of the members of the Management Board in the 2024 financial year for their services in that capacity was kEUR 1,444 (December 31, 2023: kEUR 987) out of which kEUR 851 (December 31, 2023: kEUR 549) was from Nagarro SE and kEUR 594 (December 31, 2023: kEUR 438) was from other Nagarro companies. This information is according to Section 314 No. 6 of the German Commercial Code (HGB). Refer Nagarro remuneration report 2024 for details.

Further, the remuneration of the board members for the entire year is also included in the key management remuneration.

11. Publication

Nagarro SE, Munich, is the company that prepares the consolidated financial statements for the largest and smallest group of companies. The consolidated financial statements are published in the company register and are available online at https://www.nagarro.com/en/investor-relations/financial-reports-and-publications.

The consolidated financial statements were approved for publication by the Management Board on May 14, 2025. The consolidated financial statements are published in the company register (Unternehmensregister).

The following companies included in the consolidated financial statements of Nagarro SE make full use of the exemption pursuant to Section 264 (3) of the German Commercial Code (HGB):

- Nagarro ES GmbH, Kronberg im Taunus, Germany
- Nagarro GmbH, Munich, Germany
- Nagarro ATCS GmbH, Stuttgart, Germany
- Infocore Engineering & IT Services GmbH, Kronberg im Taunus, Germany

Each of the following companies have a profit-sharing agreement with Nagarro SE:

- Nagarro ES GmbH, Kronberg im Taunus, Germany
- Nagarro GmbH, Munich, Germany

12. 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 on the website of Nagarro SE.

13. Events after the balance sheet date

In the period between December 31, 2024, and the date when the consolidated financial statements were prepared by the Management Board and approved for publication, the following events of particular importance exist:

Treasury shares

On February 5, 2025, the Management Board of Nagarro SE resolved to make use of the authorization, which was granted by the shareholders' meeting of October 30, 2020, pursuant to Sec. 71 para. 1 no. 8 of the German Stock Corporation Act (Aktiengesetz, AktG) to repurchase shares of the Company until September 23, 2025, provided that these shares, together with other treasury shares which the Company has already acquired and still holds or which are attributable to it pursuant to Sections 71a et seq. of the German Stock Corporation Act (AktG), do not at any time account for more than 10% of the share capital. The 10%-limit is determined based on the amount of share capital at the time when the authorization became effective. The acquisition may be made on the stock exchange or by means of a purchase offer directed to all shareholders. The consideration for the acquisition of the shares (excluding incidental acquisition costs) may not exceed or fall below the arithmetic mean of the closing prices on the Frankfurt Stock Exchange in XETRA trading (or a comparable successor system) by more than 10%.

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

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

Further information is available online under shares buyback 2025.

Proposed dividend

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

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

Incorporation of a legal entity

Nagarro has incorporated one new legal entity in United Arab Emirates, namely Nagarro AI Limited and one new legal entity in Kazakhstan, namely Nagarro LLC.

Closure of a legal entity

Nagarro is in the process of closing its legal entity in Australia, namely Tech Mills (Australia) Pty Ltd.

Employee Share Participation Program

As part of MyN (My Nagarro) program, an Employee Share Participation Program ("ESPP"), the first offering period for year 2025 was from March 7, 2025 to March 18, 2025. Since matching shares are equity instruments of Nagarro SE, ESPP is accounted for as an equity-settled share-based payment scheme in line with IFRS 2.

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

	Tranche 1 (March 2025)
Investment period	March 7, 2025 - March 18, 2025
Matching date	March 25, 2028
Acquired investment shares	7,296
thereof forfeited investment shares	-
Estimated matching shares	2,432
thereof forfeited matching shares	-
Fair value at grant date	€ 77.59
recognized estimated dividend	€ 0.00

Business combination of Notion Edge France SAS

By way of a business transfer agreement dated April 2, 2025, Nagarro France SAS, entered into a strategic business transfer of assets with Notion Edge France SAS ("Notion Edge"). Notion Edge specializes in SAP CX (Customer Experience) suite and delivers end-to-end SAP-enabled innovative solutions particularly within retail, CPG, B2B manufacturing and digital commerce sectors to help businesses with digital transformation. This transaction strengthens Nagarro's access to key industry players and allows clients to benefit from an expanded portfolio of customized end-to-end CX solutions that are aligned with the high standards of delivery quality. The transfer also enables wider access to the African market while reinforcing Nagarro's market position in Europe.

A maximum purchase price of EUR 3.5 million (including earnout payment of EUR 1.5 million, contingent payment of EUR 0.7 million and retention bonus of EUR 1 million) was agreed for the business transfer of Notion Edge. The closing of the deal has been done and the fixed component of purchase price of EUR 0.3 million was paid on April 2, 2025. The contingent payment of EUR 0.7 million is dependent on the achievement of target set for FY2025. The remaining purchase price is due between 2026 and 2029, depending on the achievement of targets set in the agreement.

The closing of the deal has been done and the business of Notion Edge has been acquired. Accordingly, the acquired business of Notion Edge will be included for the first time with Nagarro from April 2, 2025.

At the time the consolidated financial statements were authorized for issuance, Nagarro group has not yet completed the accounting for the business acquisition of Notion Edge. Accordingly, the fair values of the assets and liabilities acquired and other disclosures have not been made.

Covenants

In consultation with the banks, the submission of the covenant certificate has been postponed to May 31, 2025. Details can be found under C.12. Loans and borrowings.

Change in Supervisory Board members

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

For the Management Board of Nagarro SE:

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

Section C

Important Information

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I. Report of the Supervisory Board

Dear Shareholders, Ladies and Gentlemen,

The 2024 financial year was again successful for Nagarro despite changing conditions. We operated in a global environment that continued to be characterized by geopolitical tensions, volatile markets and technological upheaval. Once again, Nagarro was able to demonstrate its resilience, primarily through a high level of diversification and its global presence.

The Supervisory Board has closely accompanied the company over the past year – strategically, in terms of personnel and governance issues. We look back with appreciation on the entrepreneurial achievements with which the management team reacted to complex conditions and at the same time did not lose sight of the long-term strategic orientation.

Important milestones in the 2024 financial year were:

- the consistent further development of the business model with a focus on differentiating competencies in vertical markets,
- the structured review of strategic options for long-term value creation, and
- the completion of the audit of the annual and consolidated financial statements by a Big Four auditing firm.

In addition, the Supervisory Board accompanied important decisions in the area of corporate governance. The planned further development of the organizational structure – towards even more global networking, additional external expertise and the continuous expansion of the competencies of individual corporate functions – was expressly welcomed and supported by the Board. We believe this development will help put Nagarro's next phase of growth on an even more robust footing.

In line with our task of ongoing monitoring, we intensified our committee activities in the year under review, including in the areas of audit, compensation and strategy. Particular attention was paid to transparency in reporting, the financial management of the company and the assessment of opportunities and risks in the current macroeconomic environment. The Supervisory Board's review also included the intended distribution of a first-time dividend. Increasing shareholder value is a key cornerstone of our long-term strategy. The company's solid earnings situation and financing situation make it possible to pay a dividend to the shareholders of Nagarro SE for the first time. In conjunction with the share buyback program already underway, the Executive Board and Supervisory Board have therefore decided to propose to the Annual General Meeting the distribution of a dividend of EUR 1.00 per share as part of the resolution on the appropriation of profits for the 2024 financial year.

The Supervisory Board met for a total of seven ordinary meetings in 2024. In addition, numerous committee meetings and informal exchange formats with the board took place. The cooperation between the Supervisory Board and the Executive Board was always trusting, open and constructive.

Particularly noteworthy is the continued high level of commitment of employees worldwide and the continued positive response from our customers. They are a key factor in Nagarro's success – especially in times of change.

With the following report, we would like to inform you about the activities of the Supervisory Board.

A. Composition of the Management Board and the Supervisory Boards

As of December 31, 2024, Nagarro's Management Board consisted of Mr. Manas Human (formerly Manas Fuloria), Ms. Annette Mainka and Mr. Vikram Sehgal.

The members of the Supervisory Board as of December 31, 2024 were Mr. Carl Georg Dürschmidt (Chairperson), Mr. Christian Bacherl (Deputy Chairperson), Dr. Shalini Sarin and Dr. Vishal Gaur.

The members of the Supervisory Board are appointed for the period until the end of the Annual General Meeting in 2025.

On March 20, 2025, Mr. Carl Georg Dürschmidt informed the Company of his desire to resign from his positions as a member and Chairperson of the Supervisory Board of the Company with effect from May 1, 2025 for personal reasons. The Supervisory Board and the Management Board complied with this request, so that Mr. Dürschmidt left the Supervisory Board on May 1, 2025. Mr. Dürschmidt has accompanied the company in various functions for many years, most recently as Chairperson of the Supervisory Board since the spin-off in 2020, and has played a key role in shaping its development. The Supervisory Board would like to express its sincere thanks for his work and commitment in the interest and for the benefit of the company.

For the period until the Annual General Meeting in 2025, the Supervisory Board has appointed Mr. Bacherl as Chairperson, Dr. Sarin as Deputy Chairperson of the Supervisory Board and Dr. Gaur as Chairperson of the audit committee.

Immediately after the announcement of Mr. Dürschmidt's resignation, the Supervisory Board initiated the succession process for the position of Chairperson of the Supervisory Board in order to fill the vacant position at the upcoming Annual General Meeting.

B. Supervision and cooperation in dialog with the Management Board

In the past financial year, the Supervisory Board carefully and conscientiously performed all its duties under the law, the Articles of Association, the German Corporate Governance Code and the Rules of Procedure. The cooperation with the Management Board was characterized by a constructive and trusting dialogue and the direct and timely involvement of the Supervisory Board in all fundamental decisions of the company. The Supervisory Board was regularly informed about accounting, the risk situation and compliance. In the reporting period, there were no conflicts of interest affecting the Supervisory Board or the Executive Board that would have to be disclosed to the Annual General Meeting

C. Supervisory Board meetings and focus areas

In the past financial year, the Supervisory Board carried out its duties mainly in the context of virtual plenary meetings and met a total of seven times. The first meeting took place on 30 January, with further meetings following on 11 April, 15 April, 13 May, 27 June, 5 September and 20 December 2024. All members of the Supervisory Board and the Executive Board attended all meetings.

In addition to regular agenda items such as business development, diversity, risk management and capital market topics, the Supervisory Board devoted its meetings in particular to the share buyback program, mergers and acquisitions, and the employee participation program.

The attendance rate of Supervisory Board members at meetings in the year under review was 100% overall.

The Chairperson of the Supervisory Board also held a regular dialogue with the Chairperson and other members of the Management Board between meetings.

D. Audit of the 2024 annual financial statements and the consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, which was appointed as Nagarro's external auditor for the first time by the 2024 Annual General Meeting, has approved without qualification the 2024 annual financial statements of Nagarro SE prepared in accordance with the provisions of the German Commercial Code, the consolidated financial statements of Nagarro SE prepared in accordance with the requirements of IFRS as adopted by the EU and the additional requirements of German commercial law, and the remuneration report for the Management Board and the Supervisory Board prepared by the Management Board in accordance with Section 162 of the German Stock Corporation Act (AktG).

The Management Board distributed the financial statements documents, its proposal for the appropriation of profits and the auditor's report to all Supervisory Board members in good time.

The Supervisory Board is of the opinion that the auditor's report and unqualified auditor's opinion are accurate in all respects.

The Supervisory Board reviewed the documents in the presence of the auditor at the meeting of the Supervisory Board on May 14, 2025. At this meeting, the annual financial statements were explained in detail by the Management Board. The Supervisory Board's review also included the intended distribution of a first-time dividend of EUR 1.00 per dividend-bearing share. In addition, the auditor reported on the main results of the audit, including with regard to the agreed audit priorities and particularly important audit matters, and was available to answer questions and provide additional information. The 2024 annual financial statements and the consolidated financial statements of Nagarro SE as well as the remuneration report have thus been adopted. In addition, the Supervisory Board endorsed the Management Board's proposal for the appropriation of profits.

E. Corporate governance

For us as a company, corporate governance goes beyond responsible action and good corporate governance. We base our understanding of corporate governance on the following principles, which we pursue at all levels: transparency, efficiency, adequate handling of risks, continuous optimization of processes, as well as equal treatment, promotion of diversity and ethical conduct. Good corporate governance is also the foundation on which we build the trust of our shareholders, our customers, our employees and the capital market in every respect. In doing so, we are largely guided by the recommendations of the German Corporate Governance Code. Together with the Executive Board, the Supervisory Board issued the Declaration of Conformity with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG), which is set out in Section A. IV. B. and is available on Nagarro's website in the Investor Relations section.

F. No conflict of interest

No conflicts of interest arose on the part of the Supervisory Board in the year under review. Material transactions of Supervisory Board members and/or other related parties within the meaning of IAS 24 were subject to an audit.

G. Acknowledgement

Finally, the Supervisory Board would like to thank all colleagues at Nagarro for their tireless commitment and unique team spirit. In doing so, they have made a significant contribution to our success.

On behalf of the Supervisory Board

Christian Bacherl

Chairperson of the Supervisory Board

II. Responsibility statement

Statement pursuant to Section 117 No.1 of the Securities Trading Act (WPHG) in conjunction with Section 297 (2) sentence 4 and Section 315 (1) sentence 5 of the German Commercial Code (HGB):

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

The Management Board

Manas Human   Annette Mainka   Vikram Sehgal

III. Financial calendar

S.No.	Event	Date
1	Publication of consolidated / annual financial statements and annual financial report 2024	May 15, 2025
2	Publication of quarterly statement (as of March 31, 2025)	May 15, 2025
3	Analyst meeting: Call to discuss Q1 2025 statements	May 15, 2025
4	Ordinary Annual General Shareholders Meeting	June 30, 2025
5	Publication of half-yearly financial report 2025	August 14, 2025
6	Publication of quarterly statement (as of September 30, 2025)	November 14, 2025

IV. Legal notice

Nagarro SE

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Authorized representatives Management Board:
Manas Human (Chairperson), Annette Mainka, Vikram Sehgal

Chairperson of the Supervisory Board:
Christian Bacherl

Registration Court:
HRB-Nr. 254410, Amtsgericht München

VAT ID:
DE 815882160

Responsible for the content acc. to Section 55 (2) Interstate Broadcasting Agreement RStV:
Manas Human

Investor Relations expert:
Gagan Bakshi

V. Independent auditor’s report

To Nagarro SE, Munich

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

Opinions

We have audited the consolidated financial statements of Nagarro SE, Munich, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2024, and notes to the consolidated financial statements, including significant information on the accounting policies. In addition, we have audited the management report of the Company and the Group (hereinafter: combined management report) of Nagarro SE for the financial year from January 1 to December 31, 2024.

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

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter referred to as “IFRS Accounting Standards”) as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (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 of December 31, 2024, and of its financial performance for the financial year from January 1 to December 31, 2024, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined 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 opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined 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)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined 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, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Existence of revenue

For information on the accounting policies please refer to Section B Note 6a and Section D Note 1 in the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

The Group's revenue amounted to EUR 972.0 million in financial year 2024.

Nagarro SE generates its revenues from IT services mainly provided as part of staff leasing in return for payment based on time and costs, or from other IT services provided as part of fixed-price projects, monthly recurring services and the sale of IT licenses.

The revenue is largely generated abroad and in various industries. Revenue is an important target achievement indicator for Nagarro and also provides an important basis for decision-making.

Regarding the invoicing of the respective IT service, there is a risk for the consolidated financial statements that revenue for which no payment has been received as of the reporting date does not exist.

OUR AUDIT APPROACH

We first obtained an understanding of the process and assessed the setup and implementation – and for individual subgroups/companies also the effectiveness – of the established internal controls designed to ensure that contract-related staff expenses and other expenses are recorded correctly in the internal contract accounts.

In addition, we assessed the amount of revenue recognized for which no payment had been received as of the reporting date by obtaining third-party confirmations, or alternatively by comparing the invoices with the corresponding contractual bases, any proofs of delivery, internal time records and approvals and – where available – payments received after the reporting date. The basis for this was revenue selected using a statistical procedure.
We inspected credit notes issued after the reporting date on a sample basis and satisfied ourselves that they were correctly allocated to the same period as the revenue.

OUR OBSERVATIONS

Nagarro SE's approach for recognizing revenue is appropriate.

Other Information

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

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

The other information also includes:

- the separate combined non-financial report of the Company and Group, which is published with the combined management report, and
- the remaining parts of the annual report.

The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

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

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

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

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

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (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, management is 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 (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is 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, management is responsible for the preparation of the combined 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, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined 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 combined 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, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

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

Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control or of these arrangements and measures.

Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business segments within the Group to provide a basis for our opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

Evaluate the consistency of the combined 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 management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

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

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

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

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

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

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

Further Information pursuant to Article 10 of the EU Audit Regulation

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

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

German Public Auditor Responsible for the Engagement

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

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

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

Section D

Combined *Non-financial* Statement

of Nagarro SE and the Nagarro group

Nagarro is pleased to present its fifth combined non-financial statement, highlighting our progress in the environmental, social, and governance aspects of our business operations. We look forward to sharing our ongoing commitment to sustainability and the steps we are taking to align with the evolving global landscape.

Across the broader economy, we have been witnessing a shift towards sustainability, driven by both regulatory requirements and market expectations. This growing focus reflects a global reality that necessitates businesses to adopt a more holistic approach to operations—one that considers responsible practices and proactively identifies solutions to pressing global challenges, including climate change, biodiversity loss, persisting inequalities, and the overall decline in societal trust. At the same time, there are strong arguments in favor of a pragmatic approach – balancing sustainability goals with financial performance, prioritizing material risks over broad commitments, and emphasizing measurable, business-aligned impact rather than symbolic gestures.

For us, sustainability is synonymous with responsibility and serves as a foundational principle at Nagarro. We are pleased to see the positive impact of our early initiatives on our current sustainability posture and overall company culture. We have now reached a point where we are looking deeper into our operations to set long-term goals. As a large digital engineering company, we are cognizant of the significant impact we can have through our business engagements across the diverse industries we serve. Therefore, we are focused on delivering responsible solutions through our eco-digital engineering approach, which incorporates green and ethical considerations. We are committed to building a positive workforce and creating a thriving future for all.

About this report

The Non-Financial Statement has been prepared in a combined format since 2021. In preparing this report, we have primarily followed the guidelines by EU's Non-Financial Reporting Directive (NFRD), in accordance with sections 289b–e and 315b and c of the German Commercial Code (HGB). We have paid particular attention to environmental, employee and social concerns as well as respect for human rights and the fight against corruption and bribery. In addition, we referenced the latest Global Reporting Initiative (GRI) Standards framework. As a result, our report has improved clarity, consistency and comparability, helping users of our non-financial statement clearly understand our approach, current actions, and progress. We want to align with the EU's Corporate Sustainability Reporting Directive (CSRD), which is expected to apply to Nagarro in FY2025.

Nagarro SE, the managing parent company of the Nagarro group, is responsible for the reporting guidelines, is fully committed to them, and monitors compliance. Throughout the report, the word Nagarro refers to the entire Nagarro group of companies, including recent acquisitions.

For questions about this joint non-financial statement, please contact us at sustainability@nagarro.com.

Index

I. Highlights 2024

Nagarro at a glance

38
countries

17,695
colleagues

75%
independent members in the supervisory board

Women of Nagarro

28%
of all Nagarrians

33%
in management board

26%
in tech roles

Sustainability at Nagarro

39%
global electricity mix is renewable

47%
office space in certified green buildings

Awards and recognitions

Corporate ESG Performance Prime – RATED BY ISS ESG
Nagarro Global

COMMITTED ecovadis Sustainability Rating AUG 2024
Nagarro Global

DSCI Excellence Awards
Best Security Practices IT/ITes 2024
Nagarro India

Technology Resilient Company of the Year 2024
Category: Digital services
Nagarro Sri Lanka

Most Valued Employer 2024
IT & C
Nagarro Romania

Top Company 2025 kununu
Nagarro Austria

CERTIFIED CHOOSE MYCOMPANY ESG
HappyIndex®AtWork FRANCE 2025
Nagarro France

CERTIFIED CHOOSE MYCOMPANY ESG
WelmpactIndex® FRANCE 2025
Nagarro France

IWEI India Workplace Equality Index 2024 BRONZE
TOP EMPLOYER FOR LGBT+ INCLUSION
Nagarro India

TestingPro highlighted in WEF DEI Lighthouses Report 2024
Nagarro India

Commitments

WE SUPPORT UN GLOBAL COMPACT
Committed to the UNGC since April 2024

In support of WOMEN'S EMPOWERMENT PRINCIPLES
Established by UN Women and the UN Global Compact Office

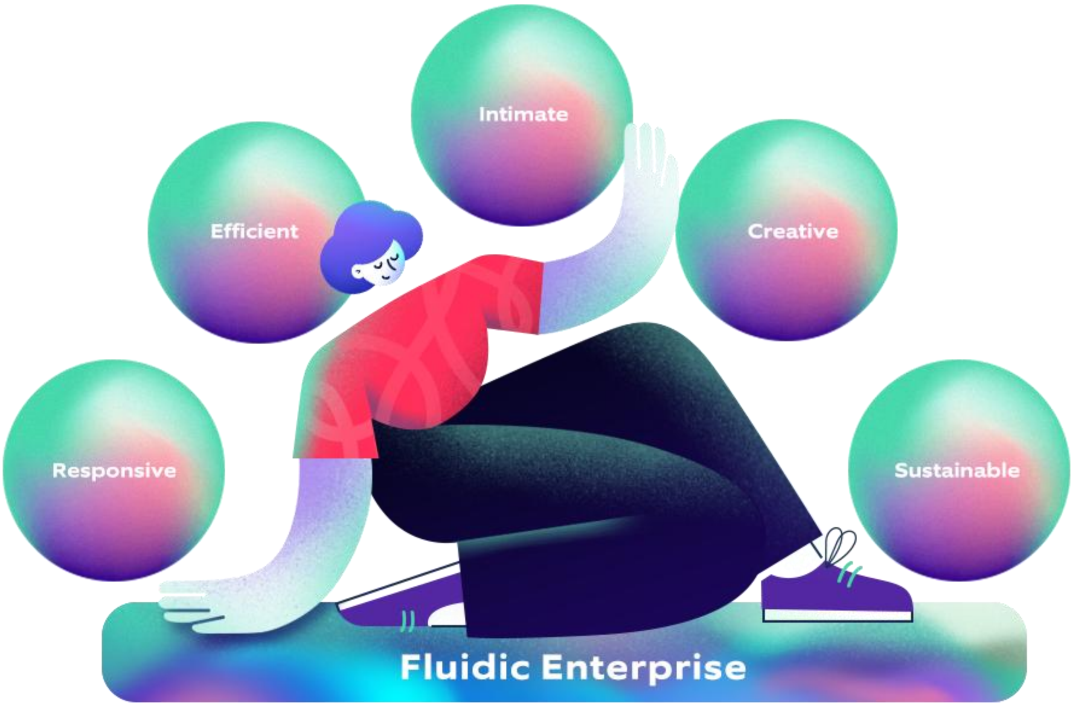
SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

II. Our business model and approach to sustainability

Nagarro specializes in enabling effective digital transformation for customers across diverse industries. We aim to be the leading digital engineering company in terms of agility, speed and innovation. We strive to help our customer initiatives succeed by creating a differentiated, more personalized service experience.

Our operating model of providing tailored customer services by leveraging global talent across 38 countries, focuses on attracting and retaining talent from diverse social and technical backgrounds. Our teams are passionate about the engineering that goes into delivering customer projects. Our Engineering Excellence framework drives continuous improvement through a gamified, AI-powered tool that tracks performance, promotes innovation, and prioritizes customer satisfaction. More information about the Engineering Excellence framework is available in section V.c. Learning and empowerment.

At the heart of Nagarro lies our "CARING" philosophy, woven into our organizational design to bring our sustainability mission to life. Our approach to sustainability drives responsible management of environmental impacts, proactively leveraging sustainability benefits for business and society while safeguarding our entrepreneurial spirit and fostering an inclusive workplace. This philosophy underpins our core purpose and values, continuing to inspire our everyday decisions as we expand our offerings across geographies and business lines, and making it easy for clients and other stakeholders to understand our sustainability priorities, and actions.



To address the opportunities and challenges presented by AI, and GenAI in particular, Nagarro has created a concept called Fluidic Enterprise which depicts how Nagarro aspires to harness GenAI and the improvements we want to deliver to our clients. Sustainability is one of the pillars of the Fluidic Enterprise framework, which shows our commitment not just towards responsible business practices but also towards developing responsible solutions for our customers.

Central to our sustainability efforts at Nagarro is eco-digital engineering - building digital solutions that are green and inclusive. It is pivotal to reducing the environmental impact of our IT operations. Our eco-digital strategy entails footprint assessment of our IT operations and training programs to help our engineers leverage the principles of green coding. Beyond internal improvements, we extend our expertise in eco-digital engineering to clients, helping them adopt sustainable IT practices.

We trust our colleagues to be committed to the success of their projects, relying on their intelligence and responsibility to deliver outstanding results. We support them with learning programs and tools to continuously improve and help them build the skills they need in a rapidly evolving business landscape. As a result, Nagarro has achieved meaningful client satisfaction over the years, receiving a 62 Net Promoter Score and 91.8% as CSAT Score. More information is available in section III.B. Comparison of outlook and results for 2024 of section A.

As we continue to grow, we will ensure that sustainability becomes more integrated into the way we do business, making our services sustainable, our company responsible and our culture inclusive.

a. Our organizational structure

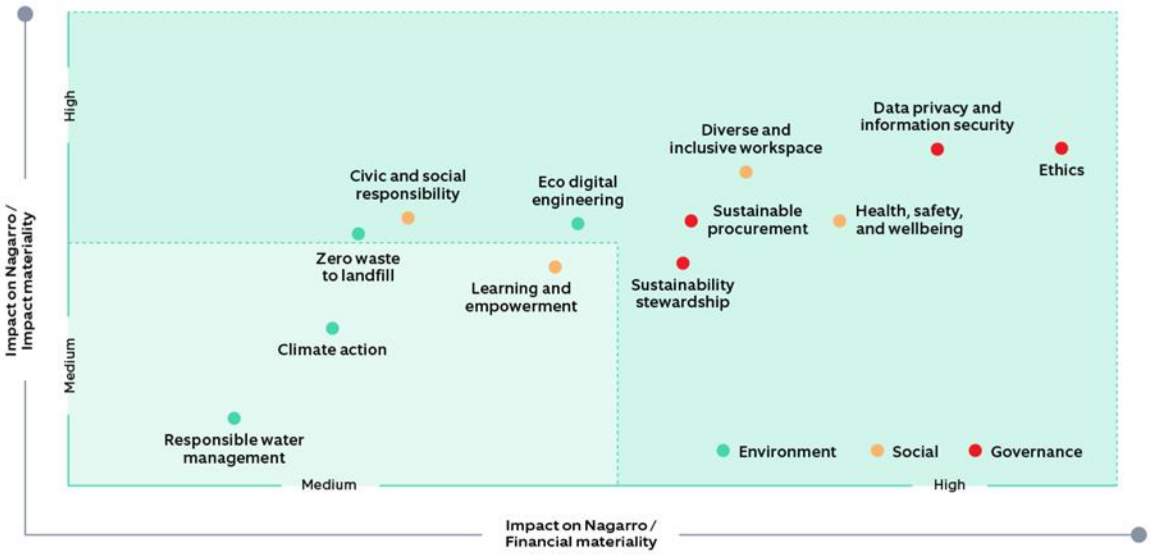
True to our mission "to make distance and difference irrelevant between intelligent people", we have offices in 38 countries. Nagarro sets itself apart with its approach to agility, entrepreneurial spirit, and global reach. We operate as one global cultural entity organized into global business units and service regions. Our culture fosters continuous growth, adaptability and global inclusion. It inspires our sustainability programs and motivates us to positively impact our clients, our communities and the planet. Our sustainability disclosures across various platforms consistently reflect our global operations.

b. Our top non-financial priorities

A double materiality assessment exercise was conducted in 2023 to identify Nagarro's top non-financial priorities considering impact and financial materiality perspectives. Internal and external stakeholder inputs were considered for the assessment through direct inputs such as surveys, and indirect inputs from engagement formats such as supplier expectations, sustainability goals of clients and our experience from various community initiatives. A detailed process description is available in section D of Nagarro's 2023 non-financial statement under *Our materiality assessment process* on page 163.

We aim to conduct a full materiality assessment every 2-3 years and review the assessment every year to address changed business circumstances, if any. Our annual review of the continued relevance of material topics confirms that there was no significant business change, and the results remain relevant for Nagarro in 2024.

Our material topics are visualized in the materiality matrix. The internal axis captured the importance of issues to the organization, while the external axis reflected the concerns of stakeholders, as identified through competitor analysis, client requests, and rating body assessments. The matrix provides a clear visualization of the material topics at the intersection of organizational priorities and stakeholder expectations. Eco-digital engineering is a pivotal material topic for Nagarro from both perspectives – own operations and services. We strive to integrate sustainability into our core business operations and create technology solutions which are green and inclusive. More information about this is shared in III.c. Sustainability stewardship and IV.d. Eco-digital engineering.



c. Measuring and reporting sustainability progress

Data is our compass, gently nudging us towards better decisions. We use data to gain valuable insights and analyze patterns and performance to help us steer ourselves.

2024 onwards, our reporting boundary covers all global locations across most topics. Any exceptions will be mentioned along with the respective disclosures. Our sustainability team coordinates with global locations through the established semi-automated data pipelines to collect environmental, social and governance data in a defined frequency of either quarterly or bi-annually. Nagarro's Intelligent Enterprise Steering team (that is, business intelligence) supported the development of this robust process along with an enterprise sustainability dashboard for seamless data collection, visualization and reporting, identification of improvement areas, and monitoring the progress of initiatives. We also have an internal data verification process with a defined frequency to ensure data consistency and accuracy.

III. Governance dimension

Effective governance is foundational to a successful sustainability program. It helps achieve the required conduct, set expectations and make appropriate organization wide decisions that enable meaningful programs and long-term value creation. We also believe it is important to be agile and adapt to changing business requirements while ensuring our purpose and organizational principles are upheld. Nagarro's CARING philosophy guides us in this process. It is central to our organizational design and denotes a humanistic, human-first way of thinking, whether internally, with our clients, or with society in general. CARING also serves as an acronym for the other core values described in the image below.

Our material topics within the governance dimension are ethics, data privacy and information security, sustainability stewardship, and sustainable procurement.

a. Ethics

At Nagarro, an ethical approach to doing business is a combination of legal compliance and upholding our core principle, Caring. We respect all applicable laws and government regulations in each jurisdiction in which we operate. Our colleagues are expected to always adhere to legal requirements, even if this involves business disadvantages or difficulties for Nagarro or its partners.

The Nagarro Constitution is our global code of conduct and the foundation of our corporate governance. It provides a framework that not only helps ensure we behave in a legally compliant manner but also defines the value compass that guides the actions of every Nagarrian. It is designed to be easy to understand and easy to apply. It is written in the form of a declaration in the first person. It includes contextual rules for dealing with sensitive information and nondisclosure, personal data and privacy, intellectual property ownership and protection, conflicts of interest, non-compete and non-solicitation, discrimination and harassment, unfair competition, and corruption, among other topics. Colleagues from each newly acquired company eventually adopted the Nagarro Constitution.

In ensuring our colleagues are cognizant of Nagarro's code of conduct, we leverage the power of regular personalized nudges through our enterprise AI chatbot, Ginger. These nudges serve as gentle reminders and subconscious reinforcements, ensuring that every Nagarrian is empowered to make informed decisions. For instance, in addressing concerns related to conflicts of interest, Ginger[1] prompts colleagues with examples about what may classify as a conflict of interest along with the communication address to register any such instances emphasizing the requirements from section 5 of the Nagarro Constitution on conflicts of interest. To take another example, in addressing concerns related to unfair competition and corruption, Ginger prompts awareness by questioning seemingly innocuous actions such as offering gifts, providing branded items, or arranging sponsored events for clients, emphasizing the potential ethical implications in section 8 of the Nagarro Constitution on Unfair Competition & Corruption.

We do not rely on annual training as the retention rate for such content may be low. We take a proactive, more human approach through these gentle reminders that may be more effective.

Nagarro has a well-established Whistleblower policy, compliant with the EU Directive 2019/1937 and corresponding national laws applicable to Nagarro entities. It encourages people to report suspected breaches, within and outside of Nagarro, that they may discover, to the designated reporting channel without fear of retaliation. The policy applies to all current and former employees of Nagarro but also includes temporary employees, contractors, trainees, interns, applicants, suppliers, and

[1] Ginger is a customized personal assistant for all Nagarrians and their interface into Nagarro. It is available on different channels such as MS Teams and a Web interface.

business partners, and ensures that Nagarro takes appropriate action to address such reports whilst protecting the identity of reporting persons and ensuring confidentiality of submitted reports.

b. Data privacy & information security

As a digital engineering company, we are participating in the world's digital transformation, driving innovation and creating smarter, more connected solutions. However, this rapid evolution presents critical challenges in managing data privacy and ensuring robust information security. Protecting sensitive information from cyber threats and breaches is the cornerstone of responsible digital progress. By integrating advanced security measures into our processes and solutions, we balance innovation with trust, empowering businesses and individuals to thrive in a secure digital future.

Nagarro complies with all relevant data protection regulations, including the European Union's General Data Protection Regulation (GDPR), and often engages with governments and industry bodies on upcoming data privacy and information security regulations. The Central Risk and Compliance Council, led by a member of the Management Board, interacts closely with our Security Council and the Global Privacy Council, bringing together experts and senior leaders to make appropriate decisions for the organization. The Global Privacy Council works with the Data Protection Officers of each entity.

Information security

A comprehensive information security/cybersecurity policy is established and accessible to all colleagues. Nagarro has adopted industry best practices for information security across the organization to protect our client's data and our own infrastructure from malicious actors. We have deployed appropriate technical and organizational measures on all user devices and critical servers to protect against security and data loss-related threats. Our information security program is certified for ISO 27001 and takes a holistic view spanning protection, detection, reaction, recovery, and response for assets around the globe. All our major delivery centers across China, India, UAE, Romania, Sri Lanka, Portugal, Poland, France, Germany, Austria, UK, US, & Mexico are certified for ISO 27001: 2022 and recently acquired entities are planned for next audit cycle. As of 2024, more than 78% of our global locations are certified ISO 27001. We have deployed industry-standard technical solutions to prevent known threats and zero-day vulnerabilities. Our security monitoring leverages automation to ensure swift containment and remediation in case of threat detection. Rigorous security audits are conducted frequently on projects to ensure we are building secure solutions for our clients in a secure environment. Owing to our robust security & privacy controls, we have not faced any reportable incident since we got listed. We adopt a mix of proactive and reactive strategies to ensure security of our information assets and infrastructure. A detailed business impact assessment is followed by a Business Continuity Plan (BCP) along with a Disaster Recovery (DR) approach to proactively determine failure modes and have remediation strategies in place. We constantly monitor our information assets and infrastructure through state-of-the-art tools to determine any anomalous activities and take immediate reactive measures to mitigate the event and restore normal functionality.

Our cybersecurity efforts have been recognized by two awards in 2024. The Data Security Council of India (DSCI), a premier industry body on data protection in India committed to making cyberspace safe, secure and trusted by establishing best practices, standards and initiatives in cyber security and privacy, awarded us with "'Best Security Practices in the IT/ITes". The Sri Lanka chapter of ISACA, global, non-profit organization that focuses on information technology (IT) governance, risk management, and cybersecurity, awarded Nagarro the "Technology Resilient Company of the Year 2024" under the 'Digital Services' category.

Data privacy

Our global data privacy program is based on the principles of the General Data Protection Regulation (GDPR) to promote user privacy and earn customer trust. Nagarro acknowledges its dual responsibilities as both a data controller and a data processor. To guide our colleagues on the processing of personal data, we have documented two global privacy policies: one for Data Controllers and another for Data Processors.

A comprehensive global breach management policy is established. Our Global Privacy Council oversees the management of personal data breaches and ensures timely notifications to all stakeholders upon the discovery of a breach. This includes reporting data breaches to the relevant supervisory authorities, clients, and affected users. To monitor compliance with our privacy policies, we conduct data protection impact assessments and privacy audits. These activities help us identify privacy risks and implement appropriate risk mitigation strategies for personal data processing activities. Nagarro has devised the PRISM framework to enable our business teams to embed trust and transparency in everything we do.

Privacy Framework - PRISM

Robust technical and organizational measures are deployed across all user devices and critical servers to protect against unauthorized collection, use, access, storage, and sharing of personal data. Our practices, compliant with ISO 27001:2022 standards, include controls for data privacy such as the protection of PII (Personally Identifiable Information), protection of records, information deletion, data masking, and data leakage prevention. These controls are regularly audited to ensure compliance and effectiveness.

Training and awareness

Training is fundamental to the successful implementation of our data privacy and information security policies. It is mandatory for new hires to complete training on information, client IP awareness, data protection, and privacy within three months of joining and at least once a year for all Nagarrians. In 2024, over 97% Nagarrians successfully completed the information security management system and data privacy training. The remaining 3% mostly comprise colleagues who may have been on extended leave, such as health breaks or sabbaticals. Frequent simulations of phishing risks additionally contribute to increased awareness. In 2024, more than 93% of responders on average passed various phishing simulation tests conducted throughout the year. A clear escalation process is ingrained in training, ensuring colleagues know how to respond to suspicious activities or breaches effectively. Collectively, these measures enhance the overall data privacy and cybersecurity posture at Nagarro.

c. Sustainability stewardship

Sustainability stewardship is a core part of Nagarro's identity and is integral to how we conduct our business every day. We strive to be conscious of our business decisions and of our impact on colleagues, neighbors, and business partners, making it a goal to integrate this into our everyday actions. Our leadership is serious about being a positive force for change and ensuring sustainability is not an afterthought. Moreover, sustainability stewardship aligns us with global efforts to address pressing challenges, reinforcing our role as a responsible corporate citizen.

Our senior management engages regularly on various topics that foster a positive work culture. We openly discuss workplace inclusivity and equity, and innovative approaches to solving pressing global challenges within and beyond business. We proactively develop and incorporate programs to address local issues into the larger scheme of things to operate inclusively in the communities where we are located. Our aim is to create a conscious corporate citizenship where each one of us is fully aware of our surroundings and proactively improving them either by taking up initiatives, volunteering or just being responsible citizens. This defines sustainability stewardship for us. We prefer an entrepreneurial approach wherein interested colleagues are welcome to choose a social or environmental topic they care about, within Nagarro or in the community, and build programs around it with support from local or global teams. This creates ownership and an action-oriented attitude among our colleagues, essentially building a proactive community.

Sustainability governance structure

Corporate sustainability matters relating to regulations and long-term sustainability goals such as climate action, are conducted with oversight of our management board and senior management. Our senior management drives thought leadership with respect to sustainability and good governance across the organization. Sustainability strategy and major decisions are led by senior management with oversight of the management board. A sustainability-linked performance bonus was introduced in 2024 and will be awarded to the management board depending on the achievement of the target of a minimum MSCI "A" rating for the Nagarro group during the relevant year. Our management board members also intervene and advocate sustainability issues beyond our organizational operations, especially around air pollution and road safety. They are informed of the sustainability risks and opportunities, including climate-related ones.

Sustainability matters are included on the agenda of the board meetings at least once annually and as needed. A supervisory board member has been appointed to oversee sustainability performance. With multiple years of leadership in social topics and focus on diverse sustainability topics, she guides our approach to sustainability in ensuring the creation of long-term value. She is also a member of the India Advisory Group of the Climate Group that drives climate initiatives globally.

Our dedicated sustainability team supports development and implementation of the sustainability strategy, drives initiatives and coordinates with different locations and functions to align on goals and stakeholder expectations. We have established cross-functional teams for different topics such as finance, legal, people enablement (that is, human resources), administration and so on. This has helped us align quickly and effectively in responding to external stakeholder requests, updating or setting up new processes, and gathering sustainability performance data for disclosures.

Nagarro's quality assurance, process management, and business process consulting group ensures excellence through robust process compliance and continuous improvement of the sustainability program. This team verifies sustainability data at defined intervals—such as quarterly for environmental KPIs—applying the **four-eyes principle** to uphold data integrity and reporting quality. Additionally, it also plays a key role in developing and refining sustainability policies and processes, driving alignment with our broader organizational goals.

Global alignment and achievements

Nagarro's corporate sustainability disclosures are prepared following the guidelines of EU's Non-financial Reporting Directive (NFRD) and in reference to the Global Reporting Initiative (GRI) to streamline reporting with standard frameworks for easy reference by the users of our sustainability statement. Efforts are underway to align our future disclosures with the European Sustainability Reporting Standards, the basis for European Union's Corporate Sustainability Reporting Directive (EU CSRD) and to successfully produce a CSRD report as the law becomes applicable to us. Nagarro became a member of the UN Global Compact in April 2024 through its India network. As part of this membership, we are committed to submitting our Communication on Progress annually, focusing on the four fundamental areas: human rights, labor, environment, and anti-corruption. Our global colleagues now have access to the UNGC Learning Academy, which offers valuable training materials. This will help enhance our knowledge of critical topics and enable us to engage with a growing community of responsible corporations.

WE SUPPORT

UN GLOBAL COMPACT

Committed to the UNGC since April 2024

Corporate ESG Performance

RATED BY ISS ESG

Prime

Nagarro's ISS-ESG Prime label

ISS ESG, a leading provider of corporate governance and responsible investment solutions for institutional investors and corporations, upgraded Nagarro's status to Prime in 2024. An ISS ESG Prime rating demonstrates that Nagarro meets or exceeds the sustainability performance requirements within the IT industry, positioning us as a pioneer in addressing ESG challenges and opportunities. We participate in several global reporting and transparency initiatives such as CDP and EcoVadis. We have been disclosing our greenhouse gas (GHG) emissions to CDP. From 2024, we respond to CDP's water questionnaire, disclosing qualitative and quantitative impacts. For our latest disclosure, we received a C score for climate disclosure and B- for water disclosure. Nagarro improved its score in the automotive sustainability rating program, Drive Sustainability (validated by the due diligence platform Supplier Assurance), from C70 to B90, while maintaining a positive S rating.

As part of our commitment to the Science Based Targets initiative in 2023, we are actively working to develop near-term decarbonization and net-zero targets. These targets will guide our efforts systematically to reduce our carbon emissions, drive the decoupling of business success from negative environmental impact and foster innovation in addressing the urgent climate crisis facing our global community.

Sustainability integration in our business

Recognizing the environmental challenges and opportunities posed by evolving technological landscapes, we are strategically aligning our services to address them while empowering our clients' transition to greener, more efficient, and sustainable operations and advance their sustainability goals. Our solutions focus on decarbonizing IT infrastructure and software, optimizing operational sustainability within building ecosystems, and providing seamless ESG reporting capabilities aligned with global frameworks, including CSRD and GRI. Through impactful tools such as IT emissions reduction platforms, GreenOps[2] for cloud optimization, supplier sustainability visibility and energy efficiency solutions, we empower

Project carbon footprint dashboard

provides project specific carbon footprint data. It empowers teams to understand carbon footprint of project decisions, make better choices where possible and report footprint to customers in supporting their sustainability goals

[2] GreenOps is defined as an operating model that integrates the technologies, techniques, and business practices designed to maximize efficiency in the cloud while reducing environmental impact.

our clients to minimize their carbon footprint and enhance resource efficiency. For example, for a large multinational conglomerate, we are developing a new application to help organizations achieve their net-zero goals. The application collects, stores and analyzes building related data including utility bills, renewable energy certificates (RECs), green tariffs etc., to monitor sustainability progress and identify opportunities for improvement.

Additionally, we drive change through tailored learning programs on sustainability and eco-digital engineering that are designed to create a ripple effect, equipping stakeholders with the insights and skills needed for a more carbon-efficient technology ecosystem. We are developing a dedicated project dashboard to assess the carbon footprint at project level to empower teams to make climate conscious decisions and to report project specific carbon footprint to clients. We recognize that this is a long-term endeavor, and its effectiveness will enhance over time as the quality of information regarding the carbon impact of the digital world continues to evolve.

By integrating sustainability into our core business practices, we aim to drive meaningful, measurable change, ensuring technology remains an enabler of a greener, more equitable world.

d. Sustainable procurement

As Nagarro is in the business of providing digital engineering services, our upstream supplier-partners are most relevant in terms of sustainability impacts and opportunities. Our core business activities are supported by the products and services we procure such as computers, offices, data centers, and cloud service providers.

A considerable share of our greenhouse gas emissions is concealed within our supply chain. Many of our supplier partners may be small and medium businesses who may have a higher potential for social and ethical risks owing to inadequate regulatory enforcement. This presents both a challenge and an opportunity to improve conditions and enhance overall sustainability performance within the value chain.

The Nagarro Constitution inspires our behavior as an organization, it also governs our interactions with the value chain. Nagarro’s Code of Conduct for Supplier-Partners includes these principles by outlining the ethical, social and environmental expectations. All our registered suppliers are required to acknowledge and endorse this code of conduct. This commitment is deeply rooted in our corporate culture and is reflected in all our business practices, as stated in Nagarro's Declaration of Principles for the Protection of Human Rights and the Environment.

2024 updates and plan for 2025

With this background, in 2024 we rolled out our sustainable procurement program which was developed in an inclusive manner with different global functions to ensure a relevant, convenient and meaningful sustainability program. Our progress thus far is noted below:

- A sustainable procurement policy has been developed and published aimed at helping our global procurement teams understand and evaluate the environmental, social, and ethical impacts of procurement decisions, while improving sustainability performance.
- Regular communication mechanisms have been established with procurement teams to align with needs, identify potential sustainability risks, and jointly formulate sustainable procurement goals.
- Training was provided for global procurement stakeholders to familiarize themselves with sustainable procurement and help them understand new business requirements that align with their day-to-day activities. 58% of global procurement colleagues participated in the training.
- In alignment with the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz - LkSG), we reviewed recent procurement history and are analyzing if there maybe potential risks related to environmental and human rights issues in the supply chain activities of specific products or services and from specific geographical locations.

In 2025, we aim to devise an engagement plan for priority suppliers and suppliers identified to have potential risks from the above analysis. In addition, the supplier registration process now includes a sustainability questionnaire that gathers basic information about the vendor’s sustainability practices and certifications. This intervention will inform supplier-benchmarking and help us identify long-term engagement goals.

Various mechanisms are in place through which supplier-partners and other external stakeholders can reach out to Nagarro with concerns, feedback, or questions, depending on the nature of the message. These communication channels are available within Nagarro’s Code of Conduct for Supplier-Partners, our Declaration of Principles for the Protection of Human Rights and the Environment and on our website for better accessibility. Response procedures clearly defining the grievance handling process have been established. We are serious about our corporate responsibility and encourage a preventive approach to managing risks.

IV. Environment dimension

Nagarro's key environmental impacts arise from energy use in software development activities (computers and data centers), business air travel, and procurement activities. The rapid evolution of technology also increases electronic waste, highlighting the importance of responsible IT management guided by circular economy principles. We strive to be conscious, and our teams have embedded sustainability factors in their decision-making processes to a large extent. We will continue to improve Nagarro's overall sustainability performance and foster innovative approaches with potential to influence the larger industry.

Our material topics related to environmental impacts are climate action, eco-digital engineering, zero waste to landfill and responsible water management.

a. Climate action

Nagarro's Climate Action Plan

In 2024, climate-related threats dominate the top 10 risks global population will face in the long run as per World Economic Forum's global risks report. The threats include extreme weather events, critical changes to earth systems, biodiversity loss and ecosystem collapse and natural resources shortages. Apart from impacting the global economy through disruptions to supply chain operations and damage to infrastructure, these extreme events have also affected our colleagues located in various global locations. The last decade from 2014 to 2023 has been termed as the hottest decade by the United Nations and the world's overall emission is increasing every year and still to reach the peak.

We acknowledge our vital role in driving climate action and transformative change. The first step to managing emissions is measurement. In recent years, we have prioritized improving data quality, transparency, and understanding the climate impacts of our operations. We have improved our data coverage from 30% of our emissions in the past year to more than 95% of scope 1 and scope 2 emissions, and more than 90% of relevant scope 3 categories, hence, achieving the required inventory coverage as per GHG Protocol. Alongside these efforts, we have ensured continuous decarbonization through policy-level interventions to reduce emissions related to business travel, increased use of renewable energy, improved energy efficiency in buildings, partnerships with vendors for sustainable products and services. Nagarro discloses climate change risks, impacts, and mitigation strategies taking inspiration from global frameworks for identification, and mitigation.

Building on our October 2023 commitment to set near-term and net-zero targets through the Science Based Targets initiative (SBTi), we are working to align our decarbonization strategy with SBTi's Net Zero Standard and submit our targets within the SBTi's two-year timeframe. To enhance our expertise in SBTi target setting, we participated in the UN Global Compact's Climate Ambition Accelerator 2024 program. We are reviewing key emission reduction levers and prioritizing them based on their impact to develop the near term decarbonization roadmap.

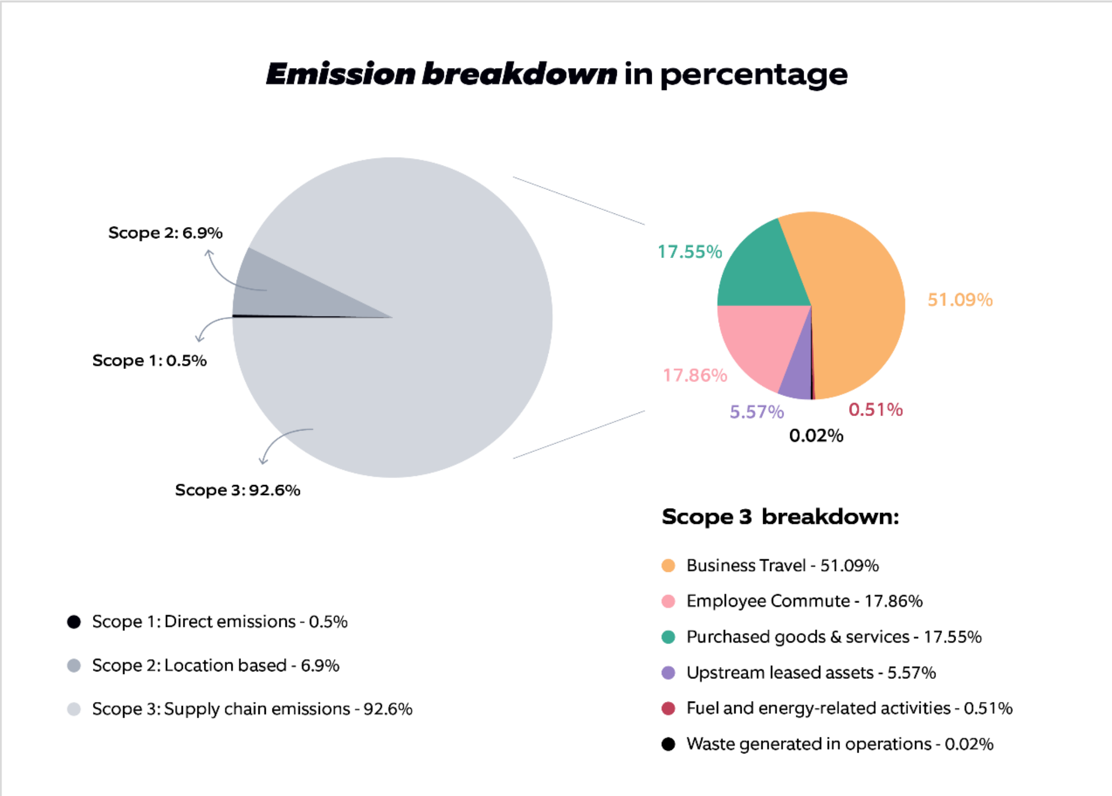
Greenhouse gas emissions associated with our business operations

Nagarro's greenhouse gas emissions are distributed as follows:

• **Scope 1** [Direct emissions]: Emissions from on-site activities or other own operations such as from fuel consumption in diesel generators and fugitive emissions from HVAC units due to leakage of refrigerants. We do not own a vehicle fleet. Scope 1 emissions were 0.5% of Nagarro's total emissions in 2024.

• **Scope 2** [Indirect emissions]: Emissions from the use of electricity in buildings for both offices and data centers contributed to 6.9% of the overall emissions. 97.7% of scope 2 emissions are from offices and only 2.3% percent came from electricity consumed by "on premises" data centers. The relatively small percentage of emissions associated with data centers can be attributed to usage of cloud services for both storage and computing, emissions from which are accounted in scope 3. Location-based and market-based emissions for scope 2 are disclosed in the performance data tables.

• **Scope 3** [Indirect, supply chain emissions]: Indirect emissions from activities related to business operations that are not owned or controlled by Nagarro. This includes emissions from activities such as business travel, purchased goods & services categories (IT asset procurement, cloud software services), and upstream leased assets. The scope 3 emissions make up the majority of Nagarro's emission i.e. 92.6% in 2024.



We adhere to the GHG Protocol for carbon accounting, utilizing emission factors derived from recognized standard databases, product carbon footprint declarations, or spend-based emissions, as recommended by the GHG Protocol. The subsequent sections delve deeper into specific climate-related interventions taken up at Nagarro in line with areas with significant impact and where Nagarro can influence change.

Energy-efficient buildings and data centers

Infrastructure energy management is vital for Nagarro as it directly impacts our operational efficiency and sustainability performance. By monitoring our energy consumption, we can identify opportunities to reduce greenhouse gas (GHG) emissions, drive cost efficiency and encourage innovation for long term environmental and financial benefits.

As of 2024, Nagarro operates in over 70 office locations across 38 countries. The company has operational control over 66% of its total seating capacity, with the associated emissions accounted for under Scope 2. For office spaces where Nagarro does not have operational control, emissions from energy consumption are reported under Scope 3, Category 5 (Upstream Leased Assets).

LEED Platinum certified green building in Gurugram, India.

BREEAM certified Cluj, Romania office building

Our environmental management system, captured in the Environmental, Occupational Health and Safety Policy (EOHS Policy), is ISO 14001:2015 certified and guides global offices to optimize energy use through infrastructure and process improvements. 48% of Nagarro's total global workspace is ISO 14001:2015 certified. We strive to maintain best practices in sustainable energy management across our offices and to occupy sustainable buildings or certified green buildings.

We have moved our Gurugram office to a new building, our largest facility yet. It received a LEED Platinum certificate for design and construction. In addition to ensuring sustainable management during the operational phase, the building is on track to becoming a high-performance green building. Our Cluj office in Romania stands among the country's most sustainable buildings, rated Outstanding in the BREEAM sustainable building system. Our Bucharest office holds LEED, BREEAM, WELL Building Standard, EDGE, and US PHIUS certifications. In China, our offices in Beijing and Chengdu are LEED certified, and our Xi'an office holds a certificate for green building design, part of the China Green Building Label (GBL) system, which evaluates buildings based on their environmental performance and sustainability. Our

Atlanta, USA office is Energy star, LEED Gold, BOMA 360, Well health and safety certified. Our dedication to green infrastructure is demonstrated by the fact that 47% of our total office space and 76% of office space (considering the shift into our new office building in Gurugram, India) within operational control are in certified green buildings.

> **1 degree change initiative**
>
> Raising the air-conditioning temperature by 1^{0}C resulted in ~19% reduction in energy usage in Q1-Q3 '24 compared to Q1-Q3 '23 in our largest office

Our Gurugram office accounts for 64% of global carbon emissions associated with our energy use in buildings. Hence, many of our strategic sustainability initiatives are implemented in the Gurugram office. One such effort is optimizing the heating and cooling settings in our offices. In 2023, we attempted this initiative by raising the air conditioning temperature by 1^{0}C. A 19% reduction in energy use was observed in 2024, compared to 2023. Our analysis indicates that the reduction resulted from the temperature change initiative. Further, in the Gurugram office, we have motion sensor-based lights in meeting rooms, a dynamic seating plan to optimize energy use, and a highly efficient dual fluid cooling system used to control the temperature in the data center on-premises, achieving significant energy savings.

Energy management in data centers

A significant portion of our data is stored on the cloud, with only a small percentage stored in on-premises data centers. This enables us to maximize the environmental benefits from cloud service providers. For efficient energy management in data centers on premises, we initiated a carbon assessment of data centers. As part of that, we measured power usage effectiveness (PUE) in a few regions, which may help identify energy hotspots and best practices.

The study identified further measures to reduce carbon emissions from data centers. These measures include considering sustainability parameters during procurement, such as energy efficiency and the embodied emissions of hardware and deploying advanced power monitoring systems to track consumption at the equipment level. We are identifying strategic initiatives that can be applied globally to reduce energy consumption and systematically increase energy efficiency.

Renewable energy

To accelerate climate action, we have adopted the use of renewable energy in the power mix. Our largest facilities in India, Gurugram and Jaipur have rooftop solar power plants with installed capacity of 125kWh and 43kWh respectively. Our Vienna and Oslo offices source 100% renewable energy, while our Cluj office, which includes a data center, sources 59% of its energy demand from renewable sources. Data centers in Munich and Frankfurt are 100% powered by renewable energy.

We aim to maximize the production and use of renewable energy by installing roof top solar plant and procuring green energy from the grid, wherever possible, and purchase Renewable Energy Certificates (RECs). Our renewable energy goals will be aligned with our commitment to the Science Based Targets initiative.

In 2024, through these measures, the share of renewable energy has increased to 39% of our total electricity consumption including offices from scope 2 and scope 3 categories. 100% of electricity for our India offices under operational control is from renewable energy (through purchase of equivalent RECs and a small share from on-site solar power generation). Our total market-based scope 2 emissions in 2024 amounted to 313 MTCO2e, 86% lower than our location-based scope 2 emissions.

Responsible business travel

As a progressive company, we are maximizing the potential of working in a virtual environment. Yet, business travel remains crucial as it enables us to build and maintain relationships with clients, collaborate effectively with global teams, and stay competitive in the dynamic IT services industry. We recognize the importance of responsible business travel to minimize our environmental impact.

Business travel is the largest contributor to Nagarro's carbon footprint, accounting for 51.1% of emissions in 2024. To address this, we have policies that promote low carbon modes and reduce air travel by virtue of an approval-based system that only permits necessary travel. Domestic air travel, responsible for 1697 MTCO2e of travel emissions, underscores the importance of promoting land-based travel alternatives for domestic destinations, where possible.

Until last year, our business travel emissions included only air travel as data related to other transport modes were not accounted for in a manner to enable carbon accounting. In 2024, we worked with multiple teams to make this data available in order to understand our colleagues' travel preferences and benchmark current percentage of land travel in certain geographies to inform our decarbonization plan. Our review of total travel emissions revealed that our policy in India, which restricts air travel for distances under 500 km, has been effective in reducing emissions. To achieve further decarbonization, we recognize the need for a combination of employee engagement, policy adjustments, and enhanced land-based travel options. We are actively exploring solutions, especially in regions with higher business travel volumes, to drive additional emissions reductions.

Promoting sustainable commute choices

As working from office resumes and is increasing slowly every year, we are identifying and implementing initiatives that may help reduce the overall burden on roads, air pollution and global warming. Our recent partnership with an electric cab services company in India helped us reduce emissions by 4.1MTCO2e in 2024.

In several locations we have incentivized colleagues to opt for cleaner modes of commute such as public transport and electric vehicles. In Norway, limited parking space was made available to encourage driving to work only when necessary. That office simultaneously subsidized public transportation passes to encourage colleagues to use them for commuting to the office and for their own personal use.

In several offices worldwide, we provide free charging facilities for electric cars, which may encourage our colleagues to consider using electric vehicles over fossil fuel vehicles. In India, we are advocating, in a big way, for incorporating safety and convenience for cyclists, pedestrians, and public transport users in the street design itself. We have an ardent cycling community across the company.

Air Pollution

Air pollution is a significant risk to Nagarrian health and well-being in some countries where we operate. We are committed to raising awareness about this topic and are actively exploring strategic solutions in locations where air pollution is a major concern. We support civil society and local administrations in reducing waste burning and tackling individual episodes. We also strongly advocate commuting by walking, cycling, and public transport. We have installed air purifiers in offices located in regions of poor air quality. Our Gurugram office uses a low pollution fuel mix (diesel and natural gas) for power backup, which releases significantly lower amounts of particulate matter than a 100% diesel-only power backup system.

Carbon footprint of our services

As part of our ongoing decarbonization commitment, we have begun examining project-specific carbon-intensive activities. This initiative aims to raise awareness among our colleagues, encouraging them to take proactive steps in adopting low-carbon practices throughout their projects.

This tool will also help align better with their clients' sustainability expectations by making informed decarbonization decisions and reporting project specific emissions. Further, it may help track the completion of eco-digital engineering initiatives at the project level as they are rolled out. This is a long-term endeavor, and its effectiveness will enhance over time as the quality of information regarding the carbon impact of the digital world continues to evolve.

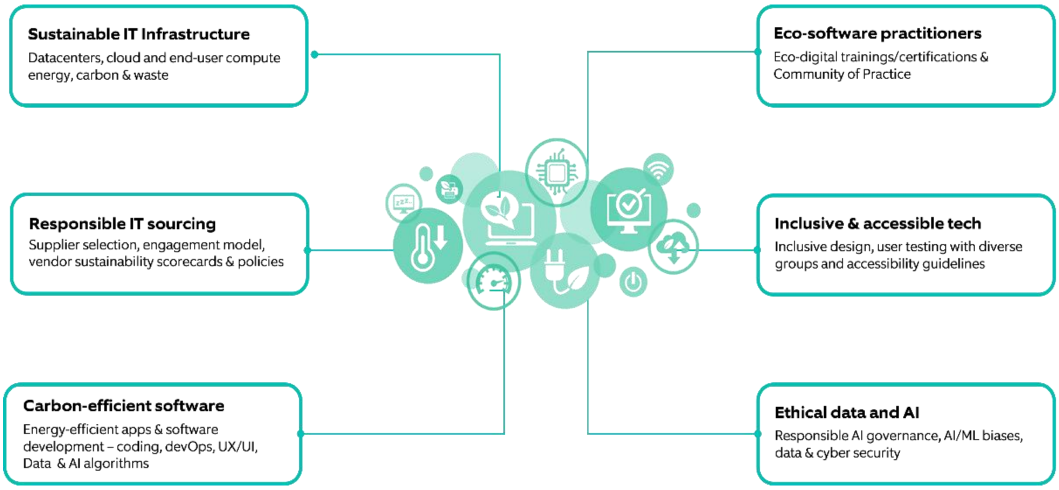
b. Eco-digital engineering

Sustainability is no longer a peripheral consideration for businesses; it is a strategic imperative. Businesses that neglect sustainability accrue "sustainability debt," a term that draws a parallel to the well-known concept of technical debt in software engineering. Sustainability debt refers to the cumulative cost of suboptimal decisions that compromise a company's environmental and social impact.

> **Nagarro's eco-digital engineering framework**
>
> integrates sustainability into core business to create technology that is not only innovative but also green and inclusive.
>
> This framework considers environmental impacts in IT infrastructure and software development, inclusive solution designing and so on.

In today's rapidly evolving digital landscape, the intersection of technology and sustainability presents an unparalleled opportunity to redefine how businesses operate. While digital technologies can enable up to 20% reduction in global greenhouse gas emissions by 2050 (as per the World Economic Forum), they also contribute significantly to emissions through data centers, networks, and devices. Thus, for technology leaders, sustainability debt includes but is not limited to inefficient systems, energy-intensive data centers, and poorly managed resources, all of which create long-term liabilities that are expensive to remediate.

Eco-digital engineering thus emerged as a pivotal material topic for Nagarro, presenting a unique opportunity to shape the market. In the past two years, we have made our eco-digital engineering framework foundational to how we operate and deliver value, to reduce our environmental footprint while delivering superior solutions for our clients. A substantial share of the technology sector's carbon footprint originates from inefficient IT asset management and procurement. Recognizing this challenge, we assessed our carbon emissions across over 15 IT categories, including data centers and end-user devices, to identify hotspots and develop tailored decarbonization strategies for our IT infrastructure. We extend this expertise to our clients and other businesses.



Nagarro's eco-digital engineering framework

Data centers are a significant component of any organization's IT infrastructure and a key focus area for reducing energy consumption. While we operate only a limited number of data centers due to our longstanding reliance on cloud computing, we are committed to optimizing cloud infrastructure for sustainability. Leveraging GreenOps principles, we prioritize renewable-powered cloud regions, enhance resource efficiency, and deploy sustainability dashboards to monitor and reduce emissions. These initiatives reduce carbon emissions and achieve cost savings, addressing both environmental and financial aspects of sustainability debt.

Beyond our own operations, we embed sustainability into our service offerings, helping clients reduce their technology-related emissions. For delivering carbon-efficient software services, we adopt a "Sustainability by Design" approach to tackle sustainability debt proactively. This approach embeds environmental and social considerations at every stage of the IT lifecycle. From developing carbon-efficient software and optimizing code to implementing energy profiling, we enable organizations to minimize emissions while enhancing operational efficiency.

In pursuit of the above, we developed a software sustainability maturity assessment tool that evaluates and enhances the sustainability of applications, ensuring alignment with long-term goals. This tool is backed by a 'Sustainability by Design' handbook that acts as a guidance document for our engineers to learn and practice eco-digital engineering to contribute to the climate change challenge. We are in the process of integrating this tool, within our Engineering Excellence framework, to ensure sustainability-best practices are embedded across all our projects. By combining sustainable innovation with responsible IT practices, we empower businesses to achieve their environmental goals without compromising performance.

Sustainability in IT extends beyond technology to the people who use it. We recognize the importance of equipping our teams with the knowledge and skills to address the sustainability challenges of today and tomorrow. To drive sustainable innovation in digital and cloud engineering, we rolled out company-wide training for engineers focused on green, ethical and inclusive engineering practices. More information is shared in section VI. c. Learning & empowerment.

c. Zero waste to landfill

As a digital engineering company, waste generated at Nagarro typically comprises of electronic and general office waste. In managing our waste responsibly, we follow local regulations across our locations. In areas where the local waste management systems are not robust or well established, we attempt to go beyond the local requirements in ensuring we manage our waste appropriately and to potentially influence the prevailing waste management system.

Eliminating single-use plastics

Single use plastics are an important area of focus for us at Nagarro. This highly prevalent and problematic waste stream needs to be reduced and eliminated to the extent possible. We have achieved success in this regard in our largest offices and corporate events where we have, over the last few years, replaced several single-use plastic items either with reusable or with biodegradable alternatives.

To further eliminate single-use plastics and disposables from our office operations, we are actively collecting, tracking, and monitoring the procurement of disposable office supplies, such as paper cups, tissue paper, plastic spoons, and pens, across our global locations. This data will help us identify items and engage with our colleagues to replace them with sustainable alternatives. We are committed to continuously improving our waste management practices and achieving zero waste to landfill in global operations. In our Gurugram office, we have collaborated with one of the most progressive waste management companies in the country to ensure that waste is managed responsibly through effective segregation and appropriate treatment such as converting organic waste to manure or biogas, proper recycling and only a minimal percentage of waste that cannot be recycled or treated will be landfilled. We are looking forward to achieving zero waste to landfill, which is only minimal and currently non-treatable waste goes to landfill, in all offices with operational control.

Nagarro's largest office in Gurugram set a no single use plastic benchmark in 2018 after pledging to give up single use plastics as part of the WWF Earth Day Campaign. *Give up to Give Back*. Many of our large offices followed suit. In 2024, we expanded our program in India, eliminating items such as paper cups, plastic wrapping films, sugar sachets in several offices increasing the percentage of single use plastic free offices in India from 70% in 2023 to 96%. We replaced them with reusables for hot beverages and drinking water. For example, our Noida office, which is in a coworking space, implemented a policy to stop using paper and plastic cups which inspired the entire building to adopt the same practice. This shift is expected to have avoided nearly 600 paper cups per day. We strive to be a positive force for change wherever we operate.

In Quito, the office transitioned to 80% biodegradable single-use plates and cups. The Colombo office introduced Nagarro-branded mugs for events, reducing the reliance on disposable cups. In Istanbul and Ankara, the offices have proactively eliminated plastic cups, plates, and cutlery by switching to reusable tableware. This initiative, ongoing for five years, has been well-received by colleagues as they now also use personal mugs and insulated bottles on office premises. The Lisbon office significantly reduced single-use plastics by installing a water filter, which minimized the need for plastic bottles. A similar initiative was taken up in our Eastern Europe offices in 2023, eliminating single use plastic bottles. We estimate to have avoided using at least 28000[3] bottles since the initiative was implemented in early 2023.

We capture waste data only from offices managed by Nagarro, as many locations are outside our control, which are leased facilities managed by third-party providers. They provide us with either actual consumption or estimations of some categories. We may improve this in the future by either extrapolating data to enhance reporting coverage or by engaging with individual locations. For example, we ran a plastic survey this year to assess the status of single-use plastic usage at our offices worldwide to identify potential interventions with individual locations.

Plastic-free events and meal partners

Nagarro events continue to be zero plastic events, in that we maximize the use of reusables and when disposables are needed, we choose biodegradable alternatives. Our event management teams engage with vendors to ensure they understand our requirements. Where it may be possible and important, we also help them find sustainable solutions. For instance, our largest meal vendor transformed its packaging for all customers after Nagarro requested more sustainable packaging of the meals delivered. We truly cherish such a building of sustainable consciousness in the community.

Jalsa is our largest annual event where we celebrate the spirit of Nagarro and create meaningful bonds of friendship. Recognizing the resource impact of such an event, venue selection prioritized convenient access to public transport, carpool services organized for safety, convenience and promotion of low carbon commute. Notably, an event of over 9000 people was predominantly single-use plastic free.

Electronic waste and the circular economy

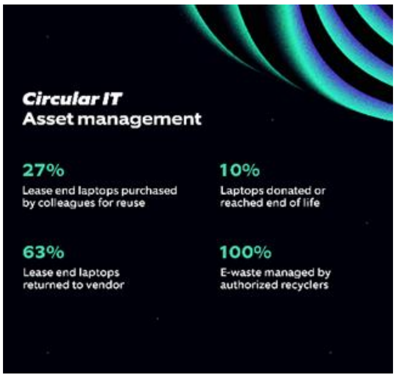
E-waste management is crucial for Nagarro due to the significant volume of electronic waste generated by operations. As an IT service provider, Nagarro relies heavily on electronic devices, which, when disposed of improperly, can pose serious environmental and health risks. Effective e-waste management ensures that hazardous materials, such as lead and mercury, are handled safely, preventing soil and water contamination. We are mindful of this and ensure that 100% of our electronic waste across the world is collected, stored, and handed over to authorized electronic waste managers and recyclers. In 2024, 4.7 tons

[3] This estimation is based on the reported usage of 14,000 bottles in the year 2022 in our Eastern Europe offices. Assuming the same number of bottles were used in 2023 and 2024, the total plastic bottle avoidance is estimated at 28,000 bottles.

of e-waste was generated and 100% was handed over to authorized companies for proper recycling and end-of-life management.

We take a circular economy approach to resource management. This extends to how we manage electronics and e-waste. By leasing laptops, instead of purchasing them, we support the Product as a Service model which is one of the strategies within the circular economy ecosystem. A study jointly conducted by the European Circular Economy Stakeholder Platform and PwC, confirms that leasing encourages the creation of durable and easily repairable products, better maintenance during the use-phase and a higher probability of re-entering the economy with a second life.

Most of our laptop lease contracts are for a 3-year period. However, in Germany in 2023, we extended the lease period to 4 years. Extending the laptop use phase from three to four years has notable environmental benefits as fewer laptops are required over time and it lowers the demand for new devices. Beyond environmental advantages, this initiative eases the operational burden on colleagues and IT asset management teams by minimizing the frequency of laptop replacements.



At the end of the lease period, laptops are offered to our colleagues for purchase which may further be reused by themselves or their friends and families, potentially extending the device use life and reducing overall environmental impact of the device. In 2024, about 27% of laptops were purchased by colleagues. The remaining laptops were either returned to the vendor who may sell them on second-hand markets, sent for authorized recycling or were donated.

In addition to procurement and end-of-life management, we also focus on the impact of laptops during the use phase. Our eco-digital awareness content shares best practices to reduce the technology carbon footprint, covering both hardware and software impacts during use phase. This training is freely available to all colleagues, raising awareness about the impact of efficient IT asset usage and the associated carbon emissions. In the future, we will further enhance our training materials and introduce sessions to educate our colleagues.

To help build awareness about safe disposal of personal e-waste, we ran an awareness campaign about e-waste for global colleagues. We highlighted the potential problems with improper e-waste disposal, shared useful information related to e-waste pick up and drop services in some global locations. We aim to re-install e-waste collection bins in our largest office to make it convenient for our colleagues to responsibly dispose of their e-waste.

d. Responsible water management

Our water management activities pertain to our office building operations and are limited to typical corporate uses such as drinking, lavatories, cooling, and landscape irrigation where applicable. Nagarro offices are in urban areas; hence, water sources are primarily municipal and private suppliers. Regarding wastewater discharge, we adhere to local regulations in all locations. In offices under operational control, we have implemented industry best practices for sustainable water management.

In 2024, Nagarro offices, where water consumption data is available[4], used about 15.4 million liters of water, with 40% of this usage from our Gurugram office. We use highly efficient water fixtures in our largest offices. We harvest 100% of the rainwater on our premises and replenish the groundwater table in our buildings in Gurugram and Jaipur. According to the Aqueduct platform by the World Resources Institute, both these locations are under severe water stress. Hence, it is important for us to ensure we use water judiciously and facilitate replenishment of the ground water table.

In terms of wastewater from our offices, our Gurugram office has an on-site wastewater treatment plant through which we recycle and reuse 100% of the treated water on-site. We also collect and reuse the condensate water from our large air conditioning unit, which amounted to 0.4 million liters in 2024. In all other offices, wastewater is either treated through the treatment plants inside industrial parks or through the municipal systems.

With many colleagues working from home, we recognize that much of our water usage has shifted to colleagues' homes. Therefore, raising awareness about responsible water use remains crucial in this remote working setup. This situation presents both a challenge and an opportunity for sustainable resource management. By encouraging sustainable practices in personal environments, we can create a ripple effect of positive behavior change. We communicated with our colleagues through internal channels about the benefits of installing devices like aerators, which can achieve significant water use reduction.

To address the challenge of limited water data coverage, we have developed a mechanism to extrapolate data for the remaining offices for next year's reporting[5], based on a per-seat regional approach. This approach will enhance our ability to monitor and manage water usage across all locations.

4 Water consumption data is available from our offices in Romania (all locations), China (Xi'an), the Philippines (Cebu), the UAE (Dubai), Turkey (Istanbul), and India (Mysuru, Jaipur, and Gurugram). These locations collectively account for 63% of Nagarro's total global seating capacity.

5 The challenge arises due to the nature of Nagarro's office occupancy and operational control, where we occupy a floor in a shared building or share working spaces.

V. Social dimension

We are building a modern, agile, entrepreneurial, and humanistic company with a distinctive organizational design and culture. We consider Nagarrians to be our most important assets and invest in creating a caring, safe, healthy, inclusive, stimulating, and empowering work environment for all.

a. Health, safety & well-being

Worker rights and human rights issues

Worker rights and human rights issues within our operations mostly overlap with employee matters. Nagarro's commitment to worker rights and human rights is ingrained in our corporate culture, as articulated in the Nagarro Constitution. Nagarro's Declaration of Principles for the Protection of Human Rights outlines our commitment to responsibly managing potential human rights issues and setting up processes to mitigate risks to the extent possible. Nagarro's CARING philosophy instills in every Nagarrian a strong respect of worker rights and fundamental human rights. These include but are not limited to, the right to privacy, the right to freedom of expression and association, the right to work in favorable and just conditions, and the right to the choice of employment.

Nagarro strives to go beyond the legal requirements in ensuring that our people feel safe to express their concerns by encouraging and fostering a culture of open communication. Multiple platforms and communication channels exist for sharing concerns or expressing views. On many of these, it is possible for any Nagarrian in the world to directly engage with our senior management and the management board itself. On our internal engagement platform, colleagues freely share their concerns. For example, when there was a change in leave policy, colleagues expressed their views, and our leadership engaged directly on the platform inviting others to view the conversation and share any comments or suggestions. Concerns may also be shared with local or global teams by raising a ticket under topic specific channels or via email addresses dedicated to handling grievances.

The Nagarro Constitution establishes a zero-tolerance policy for all forms of discrimination - verbal, non-verbal, direct, or indirect, on the basis of race, color, marital status, parental status, ancestry, source of income, religion, sex, age, national origin, handicap, sexual orientation, medical condition, disability, union affiliation or veteran status. Nagarrians around the world regularly take part in mandatory training modules, including various case studies, to recognize and understand when their behavior may be considered discrimination. We have well-defined escalation processes for reporting incidents related to any form of discrimination, including dedicated channels and policy guidance for registering sexual harassment complaints. Everyone at Nagarro is encouraged to be an active observer and to report inappropriate behavior to our location-specific committees responsible for effective implementation of prevention of sexual harassment policy. We place special importance on maintaining confidentiality when handling grievances.

Repairs or installations in our office buildings are usually done by third-party contractors. We also procure other goods and services through third-party suppliers. The Nagarro Supplier-Partner Code of Conduct mandates that each supplier complies with all applicable laws and international standards related to workers, including wages, legally mandated benefits, working hours, holidays and leaves, overtime wages, and safe and healthy working conditions. They must certify that their workers have been sufficiently trained on safety issues and have the right to refuse unsafe work, as well to raise workplace concerns without the fear of retaliation. They are required to prohibit discrimination among their employees and have controls to prevent sexual harassment, cruelty, exploitation, and abuse. They must respect basic human rights and not employ child labor or forced labor nor knowingly use products or services created from such labor. Third-party suppliers' performance and incidents, if any, are recorded and discussed in the safety committee meetings. Our people enablement team, facility management, and other relevant teams maintain their own incident trackers.

Occupational health and safety

As our business operations primarily involve only building operations, there are no significant occupational health and safety risks. Yet, to ensure we maintain utmost safety of all building occupants, we have a robust health and safety management system and policy. 48% of our offices[6] are ISO 45001 certified. We have established processes to identify and apply all legal requirements that are applicable to the health and safety issues arising from our activities and services for each region. Our stand-alone office buildings, especially, conform to the highest health and safety standards. Where air pollution poses health risks, we even install air purification equipment and indoor plants that are known to help clean the air and maintain a healthy work environment.

Nagarro's health and safety policy has been defined based on the occupational health and safety hazard/aspect, context analysis, and risk assessment and has been aligned with the Nagarro global company's strategy. The policy is documented, implemented, and maintained through an established management system in ISO 45001 certified locations. It is communicated

[6] In terms of seating capacity

to all colleagues and contracting partners operating within our premises. Similarly, all our supplier-partners are expected to align with the health and safety guidelines outlined in our supplier code of conduct.

Nagarro monitors and reviews information about external and internal issues that are relevant to its purpose and affect its ability to achieve the intended result(s) for its health and safety management system on a yearly basis or as and when required. Our global health and safety committee, which convenes quarterly, has been established to ensure comprehensive oversight of health and safety matters across our organization. The committee, led by the global health and safety officer, is cross-functional and comprises trained regional safety officers.

Necessary training and support are provided to all colleagues to ensure they understand and can fulfill the relevant aspects of the policy in their day-to-day work. It is a combination of in-person and virtual training, depending on the colleague's role within the implementation scope of the management system. We have strategically placed awareness notices across key locations to enhance awareness and safety within our buildings. Additionally, we've established a dedicated channel for reporting incidents, ensuring a proactive and transparent approach to promptly address any health and safety concerns.

To help our colleagues maintain safe workplace ergonomics while working remotely, we provide colleagues with guidelines and awareness sessions regarding common ergonomic issues such as right posture, screen placement, screen time, seating, and movement.

Health and wellness

When it comes to health, we believe in empowering our colleagues with the right information, tools and mindset. We prioritize the holistic well-being of our colleagues, ensuring access to quality healthcare benefits and creating a supportive environment where everyone feels valued. By integrating effective wellbeing initiatives into our broader sustainability efforts, we create a supportive, resilient workforce that thrives both personally and professionally.

Our tailored wellness programs and global initiatives address the needs of our diverse workforce, considering regional regulations, environmental factors, and local service providers. For example, through our corporate wellness initiative in India, we empower colleagues to make informed choices about their health and take control of their wellness journey. In 2024, we hosted over 30 virtual wellness sessions, with a total attendance of more than 9000. These sessions covered topics such as healthy living, workplace ergonomics, mental health awareness, fostering a culture of health literacy, preventive health care and disease management. We have signed up with a digital healthcare platform to offer free annual health checkups, affordable lab tests, and e-consultations. Our Employee Assistance Program (EAP) provides 24/7 support through licensed counselors, guided meditation resources, mood and health trackers, diet consultations, and comprehensive mental health resources—all seamlessly integrated into a digitally-enabled platform.

In Eastern Europe, we consolidated all our wellbeing initiatives under one roof by launching the Balance Wellbeing Hub — a holistic program designed to support our colleagues in their everyday journey toward harmony and balance. With four interconnected pillars — Shape IT up (physical wellbeing), Mind IT well (mental wellbeing), Save IT (financial wellbeing), and Enjoy IT (social wellbeing) — the Balance Hub empowers our colleagues to cultivate healthier, more fulfilling lifestyles. It provides access to a variety of resources, both local and global initiatives, workshops, events, and activities tailored to enhance all aspects of wellbeing. In its first year, the program won the Bronze award at the 2024 Employer Branding Awards in Romania. In Sri Lanka, the *Think Pink: Touch, Look & Check!* an eye-opening webinar on Breast Cancer Awareness, brought in the global Nagarro family to learn, connect, and support the cause. Several benefits are included in our health and welfare program in North America, such as those related to medical, vision, and employee assistance program, along with conducting themed webinars throughout the year.

We prioritize the health and wellbeing of our colleagues by providing comprehensive support and resources that empower them to care for themselves effectively while working remotely. Our virtual health programs and assistance services are designed to promote a balanced, healthy lifestyle and foster positive work-from-home experience. Throughout the year, we engage with colleagues on topics such as workplace ergonomics and staying fit while working from home. In North America, the *Wellness Series* rolled out monthly nudges that inspire positivity and support colleagues working from home. These nudges covered topics from healthy eating and yoga to mindfulness, with practical tips to make daily life easier, inspiring resources to keep everyone in the loop, and fun activities to help engage, prioritize personal wellbeing.

In many global locations, we engage in running events and form clubs focused on various sprots. Colleagues participate in running marathons, combining physical fitness with commitment to humanitarian causes. These events not only promote health and endurance but also create opportunities to give back to the community, as funds raised support various charitable initiatives. It's a powerful way to come together: stay active and make a positive impact.

Hives and physical meetups

After the Covid-19 pandemic, Nagarro has implemented a concept of hives, taking inspiration from nature in making working convenient and meaningful. We have set up small offices in many more locations, to offer flexibility to our colleagues in deciding where and how they want to live and work. To facilitate bonding and a sense of belonging, we organize meet-up initiatives which may be fun events within the hives or community activities such as clean-ups, tree planting and cycling or other sports events. Programs such as Tuesday coffee/tea gatherings and Turn-Up-Thursdays in the Nordic offices, TGIF sessions in China and monthly Meet n Eat program in Germany keep up the engagement quotient and a positive spirit among our colleagues.

Bring Your Own Buddy and Bring Back Home

Hiring can be challenging in a virtual environment. We have implemented sophisticated processes and systems to enable us to hire thousands of professionals across the world each year. These processes and systems have increased transparency to drive ethical and effective hiring at scale. Our "Bring Your Own Buddy" program encourages current employees to recommend friends and former colleagues against open hiring positions. We believe this program helps us access a more suitable and talented pool of candidates. "Bring Back Home" is an initiative to bring valued former Nagarrians back to Nagarro. These two programs help Nagarro hire good talent that matches our company values.

b. Diverse & inclusive workplace

Nagarro is culturally diverse with 17,695 employees across offices in 38 countries. For further information please refer to II. A. organizational legal structure of section A. We live by our core values. We do not differentiate between Nagarrians based on their geographic location, race, gender, abilities, or sexuality. In 2024, Nagarro maintained the Broad-Based Black Economic Empowerment (B-BBEE) Level 3 status in South Africa.

Diversity is embedded in our way of working. Our teams are global, with each role potentially located anywhere. Inclusivity at the workplace is aligned with Nagarro's Caring core value. We de-emphasize seniority and privilege and create avenues for equal access for colleagues where all Nagarrians feel valued and have a sense of belonging.

Advancing equity: Women at Nagarro

At Nagarro, we envision a future where individuals are recognized for their talent, potential, and humanity—where no characteristic or background creates barriers to opportunity or belonging. Building a truly inclusive and representative workplace in today's complex and unequal world is an ongoing journey, and we remain committed to making consistent and meaningful progress.

As a signatory to the United Nations Women's Empowerment Principles, gender balance and fairness are key priorities for us. We are dedicated to creating a workplace that is not only equitable across gender lines but also welcoming to individuals from a wide range of social and cultural backgrounds.

In 2024, Nagarro participated in McKinsey's global *Women in the Workplace* report, using it as a benchmark to assess the effectiveness of our inclusion programs, identify areas of strength, and prioritize opportunities for growth.

In 2023, on International Women's Day, we joined NASSCOM in a public pledge to include, inspire, and celebrate women in technology. This commitment reflects our broader aspiration to improve representation of women across all levels of our organization, particularly in leadership, governance, digital, and engineering functions. As part of this effort, we partnered with the Anita Borg Institute India and NASSCOM to host a series of conversations and initiatives focused on building stronger pathways for women in areas such as machine learning, artificial intelligence, and digital engineering.

Our Gender Diversity Tracker tracks the percentage of women at the hiring, genus, and leadership levels. In 2024, 25% of total hires in engineering roles were women. Women form 28% of the organization, 26% among engineers and 21% among our leadership as of end of the reporting year 2024. We target women making up 25% of our leadership level (level 5) – by 2026. We are consciously working towards increasing the percentage of women within the organization and assisting existing women Nagarrians in enhancing their careers through several initiatives and programs. We conduct internal salary benchmarking to look for gender-based pay gaps and run various programs that help re-integrate women into Nagarro after a maternity leave or a sabbatical.

Nagarro's Glass Window program aims to equalize the gender profile of our leadership levels with that of our larger population. It does this by introducing select high-potential Nagarro women into the working of leadership at Nagarro. As part of the program, they can proactively participate in many management meetings for one year, with access to many ideas and discussions. In 2023, Nagarro also launched the Glass Lens program, a mentoring program spread across ten sessions, wherein ten speakers mentor a selected cohort of female Nagarrians who are on course to become team leads. In 2024, A total of 41 high-potential female Nagarrians underwent the Glass Window program, and 83 received mentorship through the Glass Lens program.

As part of our commitment to creating an unbiased society and fostering well-being and care, we have launched initiatives to nurture an environment of growth, understand unconscious bias, and improve workplace communication. By recognizing these biases, we can build a stronger, more diverse workforce. Through our #BiasBreakers campaign, we openly address the challenges of unconscious bias in hiring, projects, technology (especially AI), and other situations using examples, short stories, and practical solutions. In August 2024, we introduced the second phase of the campaign, #PowerofWords, focusing on training modules and raising awareness about the use of inclusive language in daily communication. The campaign also highlighted biases in AI and their unintended impact on key organizational processes, from hiring to everyday decision-making.

We have joined the 800+ companies that have implemented Google's #IAmRemarkable initiative on empowering women and underrepresented minorities. However, our #IAmRemarkable sessions are open to everyone in the company, irrespective of gender and minority status. Nagarro's Connect Circle is a highly engaging, global community exclusively for our female colleagues, facilitated by the women of Nagarro. More than 750 women across 30 countries connect, exchange ideas, and inspire each other. It is a safe space to openly discuss experiences and challenges related to their respective careers and find solutions with like-minded people.

Unleashing the ability in disability: Collaborating with persons with disabilities

Nagarro is committed to assisting people with disabilities of various types and supports certain organizations that are working on increasing inclusivity in the workplace.

We've tailored a training program for autistic and blind individuals and created an inclusive team to perform software-testing for our customers. Through TestingPro, our award-winning neuro-inclusion program, Nagarro aims to empower individuals who are neurodivergent by equipping them with the skills to become professional software testers and foster financial independence, a sense of purpose, and improved self-identity to individuals, making them valuable contributors to the global economy. Regular job coaching and mentorship is also provided once the participant secures employment, allowing for a smooth integration into the organization.

To date, Nagarro has trained 100+ neurodivergent individuals. The placement rate is over 75%. We were, and still are, surprised by how quickly neurodiverse people can learn in our training, how well they implement what they have learned, and how committed and concentrated they are in performing their tasks - even now, in their projects.

The program expanded from Austria to India in 2023 through collaboration with local organizations, including Atypical Advantage, Action for Autism, and NASSCOM. We discuss our experiences: strategies, implementation, outcomes, successes, and lessons learned at various platforms and conferences, such as the India Neurodiversity Summit (Previously India Autism at Work Summit), to amplify our efforts. We were featured in the World Economic Forum's (WEF) DEI Lighthouses report for our internal and external efforts towards autism inclusion in 2024.

Embracing neurodiversity in the workplace extends beyond recruitment; it's about cultivating a culture of empathy, support, and enablement for the success of all individuals. The high-paced corporate environment, challenging even for neurotypical individuals, poses additional hurdles for those on the autism spectrum or our colleagues with disabilities dealing with social demands, sensory overload, and communication challenges. In a society lacking awareness of the autism spectrum or disabilities inclusion, nonconformists often feel marginalized, undervalued, and may encounter harassment or discrimination. At Nagarro, creating an inclusive workplace is not just a goal, it is necessary to break barriers and promote equal opportunities. This year, we ran campaigns to create awareness to do so. The #DiveintoDiversity and #ThrivingTogether campaigns were launched in April and September to provide the

Inclusion Champion Badge

necessary sensitization and spread awareness with respect to neurodiversity and disabilities pillars. More than 400 colleagues participated in the #ThrivingTogether campaign achieving the inclusion champion badge.

We remain committed to building a conscious and encouraging culture by organizing sensitization sessions for our colleagues to ensure smooth onboarding and seamless assimilation into Nagarro for our neurodiverse colleagues.

We also have blind accessibility testing specialists who advise on how blind people use digital applications and what can be done to make such usage more convenient. Our goal is to encourage more employers and individuals alike to make an inclusive world a reality. Further, we published an Accessibility Checker to help any website assess its accessibility, boost inclusivity, and meet all regulatory requirements.

Nagarro's flexible working model positions us to achieve greater equality and inclusion for Nagarrians with disabilities to participate in the workplace. Nagarro believes that the digital realm should be accessible to everyone. In a world that is increasingly dependent on technology, ensuring that our digital solutions are accessible to all is not a choice but an ethical responsibility. As creators of these platforms, we are keen to systematically remove accessibility barriers and make digital experiences inclusive.

Celebrating diversity: Being better allies for our LGBTQ+ community

Nagarro believes in taking the steps necessary to foster a sense of safety and belonging for our LGBTQ+ colleagues.

As part of our Pride Month celebrations, we celebrated and promoted LGBTQ+ entrepreneurship and promoted and showcased our support to diverse suppliers. We leveraged our internal communications to create companywide awareness of this important social matter.

This year too, Nagarro achieved the esteemed Bronze Employer status in the India Workplace Equality Index. This acknowledgment is given to employers actively incorporating LGBT+ inclusion into their policies, hiring practices, and external communication, reflecting a commitment to fostering LGBT+ inclusion.

c. Learning & empowerment

As technology continues to evolve rapidly, staying current requires ongoing effort and adaptability. At Nagarro, we view learning as a continuous process–essential to both professional growth and organizational resilience. Alongside technical proficiency, we place equal importance on developing core human skills such as critical thinking, collaboration, and communication. These capabilities help our people navigate complexity and contribute meaningfully in an ever-changing environment.

In an era of employee experience revolution, our learning strategy has been immensely driven towards guiding people and giving more flexibility to individuals and their learning choices. We have launched diverse courses that present tailored learning paths for employees across both business and engineering roles. We tailor learning paths to each employee's unique strengths, weaknesses, and career goals. This ensures that our colleagues receive training aligned with their specific development journey, covering technical, leadership, and soft skills. We provide flexible learning formats, including e-learning, instructor-led training, and mentorship, enabling employees to choose the methods that suit them best.

In 2024, 70% of the organization actively participated in various learning initiatives. Additionally, the LevelUp! initiative enables Nagarrians to certify themselves in the skills they choose to develop. Complementing these efforts are resources such as LinkedIn Learning and access to industry-accredited training programs facilitated by our flexible learning reimbursement policy. Together, these tools provide colleagues with opportunities for holistic growth, equipping them to tackle both current and future challenges with confidence.

NagarroU, our central learning and development function, works closely with business leaders to design programs and initiatives that align with business outcomes and support organizational growth. The emphasis of the learning is on engineering proficiency, domain expertise, and project and program management.

Initiatives such as the Consulting Masterclass, hone consulting skills across all levels. Our internal training programs and certifications in high-demand skills, typically developed in collaboration with the in-house Center of Excellence teams, prepare our talent to align with organizational needs.

Learn, Socialize, Disrupt

Nagarro's Learn, Socialize, Disrupt (LSD) program provides opportunities for Nagarrians to learn, connect, and grow by engaging with leaders and experts across various fields. This program fosters a culture of collaboration, continuous learning, and innovation through its dynamic engagement platforms.

Virtual meetups are a key feature of the program, organized into several series. Each series focuses on a general area, such as new technology, company strategy, customer value generation success stories, or AI case studies. Each session in each series is curated and hosted by one or more of Nagarro's leaders and offers valuable insights and practical knowledge. With over 200 sessions and more than 70,000 learning hours in 2024, the meetups have enabled Nagarrians to learn from peers and industry experts while growing together as a community.

Another highlight is the Dive Weeks, which are immersive, weeklong events centered on specific topics. These events provide opportunities for in-depth learning and interaction with both internal and external experts, ensuring participants gain a comprehensive understanding of focused areas.

The M3 – Madness, Mayhem, and Magic initiative stands out as a platform designed to ignite innovation and enhance problem-solving skills through experiential learning. Through hackathons and challenges, it enables individuals to explore creative solutions and build their capabilities in an engaging, hands-on manner.

These initiatives under the LSD program are carefully crafted to be robust, relevant, and aligned with industry best practices. They ensure that Nagarrians stay ahead in the realm of sustainable digital engineering advancements while promoting personal and organizational growth through collaboration and innovation.

Eco-digital engineering programs

To drive sustainable innovation in digital and cloud engineering, we developed comprehensive learning pathways tailored to the principles of eco-digital engineering. As part of this effort, we curated two LevelUp programs to sensitize our colleagues on technology sustainability. We also partnered with a leading start-up specializing in online climate education to deliver targeted training programs. This collaboration enabled us to provide our practitioners with cutting-edge insights and practical skills for designing sustainable applications, implementing efficient cloud solutions, and architecting IT systems with a reduced environmental footprint. Through these initiatives, we empowered nearly 200 Nagarrians as certified eco-digital engineers and sensitized 1440 more through ongoing level-up programs.

Engineering Excellence

Achieving excellence is not a destination but an ever-evolving journey at Nagarro. Our Engineering Excellence framework enables our engineers to achieve overall excellence through an incremental and a continuous improvement mindset. This journey is tracked through an in-house tool capturing various excellence aspects of a team with algorithms to evaluate performance and gamification. This enables teams to break away from the status quo of hedonic adaptation and push boundaries in not just core engineering but also to go deeper into understanding the business of our customers and help drive satisfaction of their customers. It involves ensuring high standards of governance, in line with global standards, including paying attention to sustainability aspects by way of Eco-digital engineering To support teams with valuable insights, a state-of-the-art AI-powered bot has been developed to serve as a buddy, offering insights and helping to ideate further improvements along this journey.

Formal and informal feedback

Being agile means having a continuous feedback loop. At Nagarro, feedback is a major focus area, be it with our colleagues or clients. Our Project ACE - where A stands for Anytime Feedback, C stands for Caring Conversations, and E stands for Excellence Review – is Nagarro's three-pronged performance management system. It is a carefully designed system to drive continuous feedback meant for self-growth, structured feedback within the team, and excellence reviews within service regions for HR decision-making.

The "Cheerboard" is a virtual board within the company where we call out and celebrate high achievers. Praise from clients for a particular individual or team is also frequently shared on our internal social platforms. Everyone within the company, be it an employee or a contractor working with Nagarro, has access to the online Suggestion Box. This also functions as an internal grievance system for internal stakeholders and contractors. Additionally, there is an email communication channel for complaints anyone, anywhere within Nagarro can use to directly escalate concerns to senior management. We place special importance on maintaining confidentiality in grievance handling through this email channel.

A simple, anonymized pulse check is carried out each week through our internal AI platform, Ginger. This also helps to get a general sense of how different parts of the company are doing emotionally. Exit interviews are conducted to understand the reasons why a Nagarrian leaves us. We are happy to welcome them back later through our "Bring Back Home" program.

Engagement, experience, and retention

We aim to be a great place to work! For this, we need to build a company where Nagarrians have a sense of purpose and of being meaningfully engaged, a perception of control and autonomy in their work, a sense of progress, and a sense of human connectedness.

Nagarro works with some of the world's leading companies on innovative solutions using the latest technologies. This creates an intriguing and challenging workspace and gives opportunities for Nagarrians to learn, experiment, and build high-quality solutions for our clients. It also gives Nagarrians a sense of purpose and engagement. Further, Nagarro's entrepreneurial spirit and non-hierarchical nature give Nagarrians a degree of autonomy and perception of control. It gives them the space needed to think creatively and produce great results. There is transparency and access to information about the company through our digital tools and live sessions. This allows freedom of expression. A strong career development and rewards system support professional progress aspirations for Nagarrians. There is an avid culture of learning and development to help Nagarrians enhance their careers. Our continuous feedback programs enable individuals to connect with colleagues for praises or share anonymous suggestions and participate in periodic caring conversations aligned with our core values.

For new joiners, we have designed various programs across global locations to ensure a warm welcome and a smooth transition into our organization. In India, for example, in addition to the orientation program, every new joiner is assigned a buddy—an initial point of contact who helps them understand the organization, answers queries, and integrate socially. This ensures new joiners always have a mentor alongside them and helps build a sense of belonging. A satisfaction survey is conducted to assess the effectiveness of the buddy program. Different locations have tailored programs according to the local context and tradition. For example, in Germany, we host dedicated welcome days for new employees, providing opportunities for networking and familiarization with the organization.

Our post-acquisition approach to engagement is rooted in a shared value system that prioritizes inclusivity, collaboration, and continuous growth. We consciously avoid intercultural cultural training; instead, we emphasize our shared humanity, values and aspirations. By fostering an open and trust-based environment, we ensure that our colleagues—both existing and newly acquired—feel valued and motivated. Ethical work practices, adaptability, and long-term commitment are encouraged, with performance alignment handled organically through our global appraisal cycles. The integration process is structured along multiple interconnected and loosely coupled parallel lanes, allowing for varying speeds of change and adoption, enabling a gradual and more harmonious alignment of the two entities.

Flo 2024: Nagarro's biggest tech extravaganza

Flo 2024 was the first-of-its-kind Nagarro event focused on exploring the best tech ideas of the time through a series of workshops, panel discussions, round tables and challenges. With the theme of **connect, collaborate, co-create**, Flo 2024 brought together **2,500**+ **Nagarrians** at our Gurugram Hive for an electrifying tech festival.

It was a vibrant gathering of **innovators, thought leaders, and industry experts** sharing insights, strategies, and the latest tech trends. The event featured:

- **Workshops & masterclasses** for deep learning experiences
- **Lightning talks & panel discussions** with industry leaders
- **Hackathons & challenges** to push creative boundaries
- **Breakout sessions & round tables** for in-depth discussions

From sustainability to humanizing AI, from LLMs to Quantum Computing, and from Client-Centricity to the future of tech - many topics of high importance were covered. Flo 2024 was a new expression of Nagarro's continuous push for innovation, knowledge, and collaboration.

d. Civic and social responsibility

We believe business is a subset of society. We strive to be active members of the communities within which we operate. We also encourage Nagarrians working from remote locations to be active citizens in their communities to facilitate the culture of genuinely caring for each other and the ecosystems we live in. Being a global company gives us an opportunity and privilege to impact many regions around the world and maybe even help us break down the identity barriers between regions and countries.

Education initiatives

Our commitment to learning extends beyond our company boundaries. Our flagship effort in higher education is our support to Plaksha University, a bold new technology university in Chandigarh, India. Plaksha University encourages holistic and experiential learning and partners with industry and governments for research. Nagarro and several Nagarrians have helped to define the university concept, the pedagogy and the approach to the use of technology. Nagarro benefits from access to Plaksha's faculty, global academic relationships, industry research centers and future interns and graduates. Plaksha University is growing into a dynamic institution at the forefront of revolutionizing engineering education. It builds strong domestic and international ties, including with a leading Ivy League school.

In Sri Lanka, we engaged with students through different programs and events exploring cutting-edge technologies to discussing the importance of adaptability and skills needed in an ever-evolving digital landscape. Throughout the year, senior members from Sri Lanka give guest lectures and participate in events across various major universities. **TechQuest**, an initiative initiated by freshers in Sri Lanka to educate school children about the endless possibilities of IT. This program consisted of three interesting workshops with themes such as simplifying programming languages and their applications, basic domains of Internet of Things (IoT) and embedded systems, and the possible career paths. Our colleagues in Sri Lanka are passionate about promoting a culture of growth and learning.

In Eastern Europe, we launched Nagarro Connect, a platform designed to inspire, empower, and foster growth within the community. With three powerhouse initiatives - Community Days | Student Talks | Tech Maps - Nagarro Connect is a gateway to engaging tech meetups, exclusive open-door events, inspiring university talks, and cutting-edge remote learning programs. For example, we finished 2024 with Community Days as part of Nagarro Connect in Eastern Europe. These Community Days were held in Timisoara, Sibiu, Craiova, and Bucharest, where we opened our doors and brought the tech world closer to students, professionals, and innovators.

In bridging the gender gap, we go beyond internal initiatives at Nagarro and engage with the community to influence young women's participation in tech. As a commitment to nurturing the next generation of women in technology, and as part of our International Women's Day, our Gurugram office invited girls from 9th grade to engage in conversations, activities, discussions and debate with our colleagues on future of work and roles relevant in the coming years with respect to tech landscape. Through engaging activities at three dedicated stations, we provided valuable insights into the IT world, aiming to dispel career stereotypes for women and foster a positive connection with the field.

Austria's SHE goes DIGITAL invites girls, returning women, and those aged 50+ to discover digitalization opportunities. Studies show women lag in digital skills, hindering participation in work and society. The Digitalization Equitable Initiative in Austria aims to bridge this gap for equal opportunities. Similarly, we welcomed a group of schoolgirls at the Munich office as part of an initiative supported by the German Government to pique young women's interest in tech careers.

Last year, we launched Bright Beginnings, a community outreach program across three cities in India. Through this initiative, we spent quality time with underprivileged children in local schools, engaging them in fun and creative art and craft activities, and gifted school essentials.

Tree planting Initiatives and reforestation

Increased forest cover, Sri Lanka

A significant tree planting initiative in the Sinharaja rainforest in Sri Lanka was taken up in 2023. We partnered with Thuru.lk to support planting 1,000 endemic plants to extend the forest coverage near the Sinharaja Rain Forest on World Heritage Day.

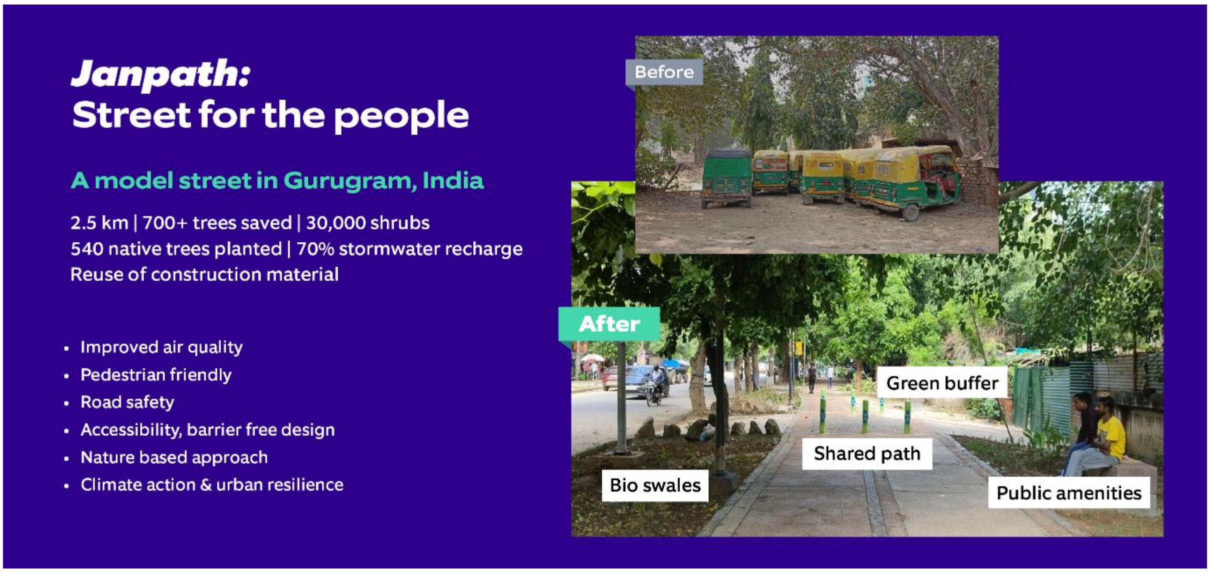
This effort was continued in 2024 with 500 more saplings. There was a great sense of joy to see the large green patch our 2023 tree planting activity created in the area. We also engaged with the local community in setting up a mini-library , donating library books and conducting a motivational workshop for high school students in helping envision future opportunities.

In Romania, our colleagues participated in an afforestation event, planting trees with the aim to restore ecosystems, combat climate change, and promote biodiversity.

As part of our Nurture Nature initiative, we conducted tree plantation drives across 11 Indian cities, where more than 230 Nagarrians came together to plant over 850 saplings.

Road safety and air pollution initiatives in India

Road traffic fatalities and serious injuries remain a global concern and are one of the leading causes of unnatural deaths in children and youth. In 2022, road accidents in India caused KEUR 168 deaths, according to the report 'Road accidents in India 2022' by the Ministry of Road Transport and Highways. Of that number, 10000 were children and youth. As part of the Decade of Action for Road Safety program, the UN General Assembly has set an ambitious target to reduce road traffic fatalities and serious injuries by 50% by 2030. Due to the lack of attention to street planning and design amid rapid urbanization, road crashes as well as air pollution due to vehicular emission and road dust are prevalent In India. Nagarro is dedicated to addressing the issue of road safety and air pollution through strategic projects and partnerships. We are working towards making India's roads safer and convenient for everyone, particularly for pedestrians and cyclists. Taking inspiration from the Vision Zero concept pioneered by Sweden, Nagarro helped the state of Haryana launch the Vision Zero Haryana project to reduce road crashes significantly by adopting the "Safe System Approach" and improving infrastructure, strategy, education, and coordination between all stakeholders. We continue to partner with the Raahgiri Foundation, the Haryana state government and the Gurgaon city administration to implement the Gurugram Vision Zero project and multiple street redevelopment projects, by providing knowledge support regarding road safety, street designs, and urban development projects.



Using CSR expenditure, which is mandatory under Indian regulations, Nagarro partnered with the Raahgiri Foundation, a leading automotive company, and the Gurugram Metropolitan Development Authority, to redevelop a 2.5-kilometer street next to our Gurugram office as a model street for Indian cities. Passing through diverse areas, including industrial, office, shopping, and residential (including an urban village), it serves around 30,000 pedestrians and 5000 cyclists, who constitute 70% of all users. This project, now called the **Janpath (people's street) Project,** also offers a novel model that unites private organizations, individuals, and government bodies to develop sustainable, complete streets in India and similar developing nations. The goals are to address road safety, women's safety, air pollution and climate change.

This project prioritized social, cultural, and ecological improvements. The pedestrian and cycle-friendly street with seamless pathways was designed to foster a sense of place through integrated amenities and universal accessibility. Multi-functional zones and shared pathways enhanced safety and vibrancy. Consistent design and continuous lighting will ensure longevity and security. Street vendors have significantly benefited from designated vendor zones, contributing to the street's economic vitality and organization. The creation of numerous seating areas and relaxation spaces has transformed the street into a vibrant and playful hub for the community, encouraging social interaction and recreation. Ecologically, it aims for a dust-free, reduced pollution space through a nature-based approach. Approximately, 300 existing trees were protected from an earlier plan that would have eliminated them, and many new native species of trees are being planted to combat the heat island effect and enhance biodiversity. Natural drainage and rainwater recharge have been prioritized, with 70% rainwater recharge. Over 11,000 tons of construction and demolition waste were reused in the street redevelopment.

VI. Alignment with the Sustainable Development Goals (SDGs)

Nagarro draws inspiration from the Sustainable Development Goals (SDGs) as a practical and meaningful framework to address social, environmental, and economic challenges. The SDGs serve as a valuable guide for our sustainability initiatives, allowing us to tackle global issues systematically. Our commitment is further underscored by being a signatory to the UN Women Empowerment Principles, reflecting our alignment with the United Nations' mission of creating an equitable and thriving future.

The impacts of the climate crisis, the war in Ukraine, a weak global economy, and the lingering effects of the COVID-19 pandemic have hindered progress toward the Goals universally, and it has become imperative more than ever to reignite the call to action to rescue the SDGs and deliver meaningful progress for people and the planet by 2030. The efforts made in 2024 toward the most relevant SDG focus areas for our operations are summarized but not limited to the table below.

UN-SDG	Activities within Nagarro	Activities beyond Nagarro
3 GOOD HEALTH AND WELL BEING	• Region-specific health insurance and medical check-up programs • Comprehensive health and safety policy for all Nagarrians and contractual staff • Air purification and AQ monitoring systems in office locations where air quality is poor • Physical and mental health facilities and activities, indoor and outdoor sports tournaments, yoga sessions, mental health webinars, counseling.	• Advocating for safer roads to promote cycling and walking in collaboration with Raahgiri Foundation
4 QUALITY EDUCATION	• NagarroU, a learning and development platform that includes soft skill development, technology, language learning, and consulting courses. • Nagarro Accelerated Growth Program (NAGP), a multi-year, intensive program that boosts top performers through extensive training and mentoring • Learn Socialize Disrupt (LSD) platform, comprising multiple series of conversations on various topics. • UNGC Academy access to all colleagues for upskilling in sustainability practices.	• Supporting Plaksha University; as a founding member, expert lectures and through collaboration on projects. • TestingPro: IT education for people with autism in Austria and India • Organizing interactive discussions regarding career opportunities in the field of technology for primary school students from the local schools in Romania • Selected to participate in the Siemens event under the theme "Empowering sustainability through green IT." • Conducted panel discussions on "Harnessing AI for a sustainable future" and "Viability and sustainability in AI."
5 GENDER EQUALITY	• Official signatory to the UN Women Empowerment Principles • Pledged with NASSCOM to include, inspire, and celebrate women in tech, as commitment towards Diversity, Equity, and Inclusion • Advocating for a safe and inclusive culture for LGBTQ+ colleagues • Glass Window, Glass Lens, and Connect Circle programs to encourage more women to rise to leadership positions • Internal sensitization campaigns such as #BreakTheBias and #NoLabels • Joined hands with Google's #IamRemarkable initiative • Back to Work program for women to re-join industry after a planned career break • Hyper flexible working model	
6 CLEAN WATER AND SANITATION	• Recycling and reuse of 100% of the wastewater on-site in our largest office located in India. • Highly efficient water fixtures, waterless urinals • Rainwater harvesting in office buildings in water-stressed regions • Collect and reuse the condensate water from our large air conditioning unit	• Tree planting projects in urban and rural areas to support water permeability and ecosystem services such as groundwater recharge. • Road design to increase permeability of run-off water and avoid water stagnation.

7 AFFORDABLE AND CLEAN ENERGY	• Roof top solar panel setup in two of our largest offices • Renewable energy-powered: offices in Vienna and Oslo, data center in Munich and Frankfurt, efficient dual fluid cooled data center in Gurugram. • HVAC optimization (temperature change) in our largest office to reduce energy consumption	
8 DECENT WORK AND ECONOMIC GROWTH	• Hiring people with disabilities • Level playing field for all through a hyper flexible working model	• TestingPro: IT education for people with autism in Austria and India to increase employment opportunities
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Launched the Level Up program on Nagarro U focusing on sustainable cloud engineering and green software development. • Hosted a speaker session on "Accessible and sustainable UI: The dual imperative for future-proof design • Conducted panel discussions on "Harnessing AI for a sustainable future" and "Viability and sustainability in AI."	• Selected to participate in the Siemens event under the theme "Empowering sustainability through green IT."
10 REDUCED INEQUALITIES	• Equal opportunity and empathetic employer providing a level playing field for all candidates through hyper-flexible working model • Sensitization campaigns and trainings on gender diversity, neurodiversity, sign language, etc.	• TestingPro: IT education for people with autism in Austria and India to reduce inequalities in employment opportunities
11 SUSTAINABLE CITIES AND COMMUNITIES	• Partnership with BluSmart Mobility, an Indian electric car-sharing company • Green fleet in Germany • Climate ticket for Austrian colleagues living outside Vienna for free access to public transportation across the country; subsidy on public transportation in Norway.	• Road safety initiatives: Sadak Sabhyata, Vision Zero Haryana, Raahgiri. • Constructed a model road in Gurugram, India that is inclusive, green and safe for all users of the road.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Sustainability added in induction for project managers and delivery roles to prepare new leaders for integrating sustainable initiatives in business. • Providing training on eco-digital engineering to develop low carbon and sustainable technology solutions. • Adopted a sustainability procurement policy to improve sustainability in supply chain • Regular engagement on sustainability topics across multiple platforms. • 86% of laptops procured were leased; 100% of our electronic waste collected and handled responsibly • Collaborated with a circular waste management company to achieve zero waste to landfill in Gurugram office. • 54% of global offices in certified green buildings	• Colleagues and their families in Romania volunteered for a clean-up activity with Let's do it Romania!

13 CLIMATE ACTION	• Carbon light business operations through a combination of programs such as encouraging land travel, promoting electric vehicles in fleet, energy efficient buildings, renewable energy usage, etc. • Measuring and reporting on scope 1, scope 2, and scope 3 emissions as per GHG protocol • Commitment to Science Based Targets initiative (SBTi) to set near, and net zero target not beyond 2050. • Session on sustainable aviation and transport to explore technology driven decarbonization solutions.	• Appointment of Nagarro's Management board member as a member of India CEO Forum for Clean Air • Tree plantation activities in China, India, Sri Lanka, Romania
17 PARTNERSHIPS FOR THE GOALS	• Joined the UN Global Compact to collaborate with global organizations and strengthen partnerships for achieving the Sustainable Development Goals.	• Partnerships with various civic bodies and government authorities on addressing local issues and influencing the tech industry for the betterment of society

VII. Risks linked to the non-financial topics identified as material topics for Nagarro

Our risk identification and assessment process include a combination of stakeholder engagement exercises and topic-specific research with the help of macro-economic and company-specific information. A formal risk assessment is conducted at least once a year, however, if any risk arises throughout the course of the year, we assess and manage it appropriately. Our risk management process is topic dependent, with management board oversight. Social and governance risks are managed by independent topic owners such as global privacy council, security council, people enablement team and so on. All environmental risks are currently managed by the global sustainability team. Significant short-term risks from all topics are considered in the enterprise risk management system (please refer to X.B. Risk management system of section A).

Risks linked to our material topics may arise directly from Nagarro's activities or, indirectly, from Nagarro's business relationships, products and services. Medium and long term risks not included in the enterprise risk management system are listed below.

- **Sustainability stewardship**

As described before, sustainability stewardship plays a critical role at Nagarro. It influences the culture of our company. Hence, risks under this topic are associated with organizational culture and brand image.

  - Risk of a market perception gap. Over the last 2-3 years, we observed that there was a significant perception gap between external stakeholders' understanding of Nagarro's sustainability performance and the ground reality. We have significantly mitigated this risk through improved disclosures and engaging effectively with ESG rating bodies to assess Nagarro's sustainability performance with accurate information.

  - Risk of sustainability initiatives not being effective. At the very heart of how we operate, Nagarro has a myriad of programs to address various social, ethical, and environmental concerns within and beyond. As we grow rapidly, there is a risk that some of our initiatives may not create the intended impact. We will deploy various methods to check the effectiveness of our initiatives.

  - The risk that comes from evolving sustainability regulations. Globally, the sustainability regulations landscape is extremely dynamic. By always focusing on meaningful initiatives with impact on the ground and the entrepreneurial nature of our sustainability initiatives, we are never too far from where the world is headed.

- **Climate action**

Our climate risk analysis indicates a significant impact, particularly concerning regulatory and market expectations, with potential consequences for regulatory compliance, especially in the EU and the US. These risks will be considered in our business, strategy and financial planning.

  - As clients increasingly prioritize climate reporting and action when selecting partners, there is a medium term risk of being deprioritized in the RFP stages. We have addressed this risk largely with enhanced disclosures in our annual report, CDP, EcoVadis, MSCI and other sustainability assessment and rating agencies. We are cognizant of our clients' sustainability requirements and have developed a project specific carbon footprint dashboard to help our clients better understand their supply chain impacts.

  - Another medium-term risk lies in being relevant and competitive in an increasingly climate-conscious business landscape, as the IT industry is projected to become a major contributor to global greenhouse gas emissions in the coming years. Seizing the early mover opportunity to provide low-carbon and resource-conscious digital engineering services is crucial.

  - Climate change is an existential crisis that impacts everyone globally. As a responsible corporate entity, we cannot ignore this issue or expect others to address it on our behalf. By failing to act, we risk losing our social license to operate—public trust, stakeholder support, and long-term viability. Nagarro has always been a climate-conscious and sustainability-driven company. Through our SBTi-aligned climate action plan, we will continue to enhance our commitment and clarify what we mean by taking meaningful climate action.

  - The global energy transition may directly and indirectly affect costs with respect to offices rentals, business travel and other operations. This risk is being addressed through policies for improving sustainability in buildings, business travel and so on.

- **Eco-digital engineering**

    - The climate impact of the IT industry is similar to that of the airline industry today and is expected to grow significantly over just the next few years as the world digitalizes and embraces new technologies such as artificial intelligence. It is pivotal for any IT company to recognize its growing contribution to greenhouse gases, rapidly decarbonize IT operations, and actively provide technology solutions to solve global problems. We are attempting this through our eco-digital engineering program. Please refer to the topic under the environmental dimension section for more information.

- **Diverse and inclusive workspaces**

    - Gender diversity is a global challenge in our industry, especially in leadership. Nagarro has various programs to address this within the company to encourage promising female candidates to participate in leadership meetings, which may help cultivate skills and break the perceived barriers.

    - We actively address diversity topics beyond gender to make our workspaces, be it physical or virtual, inclusive and ethical. Our many recognitions stand testimony to these efforts. Please refer to the topic under the social dimension section for more information.

In addition to our key non-financial material topics, we are also mindful of the risk of being damaged by actions or statements from current or former colleagues. We handle this by quickly escalating and addressing dissatisfaction using formal and informal channels. We track anonymous online forums for damaging statements and engage in conversations there. We also conduct background checks on many new joiners, partly to ensure they are not the type to indulge in sabotage when dissatisfied. We also use appropriate security measures in case we foresee a risk in any individual case.

VIII. EU Taxonomy

The EU taxonomy is a classification system for economic activities with the aim of creating transparency, especially for investors, companies and political decision-makers. Its overarching aim is to promote sustainable investments and thus support the transition to a climate-neutral economy. It is therefore an important component of the European Union's Sustainable Finance Strategy and the Agenda 2050.

Under Article 8(1) of the Taxonomy Regulation (EU) 2020/852, Nagarro is required to disclose information on how and to what extent its activities are associated with environmentally sustainable activities as listed in the Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139) and the Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486) as well as the Complementary Climate Delegated Act (Commission Delegated Regulation (EU) 2022/1214) and Delegated Regulation (EU) 2023/2485.

Nagarro is obligated to disclose:

- the share of turnover derived from products or services that qualify as environmentally sustainable (taxonomy aligned economic activities),
- capital expenditures and operational expenditures related to assets or processes that qualify as environmentally sustainable (taxonomy aligned economic activities).

The nature of the reportable KPI is more closely defined in Annex I to the Disclosure Delegated Act (Commission Delegated Regulation (EU) 2021/2178). Their application for the case of Nagarro is elaborated following paragraphs.

For reporting year 2024, companies are required to report on eligibility and alignment with all six EU Taxonomy objectives, which are:

- climate change mitigation,
- climate change adaptation,
- sustainable use and protection of water and marine resources,
- transition to a circular economy,
- pollution prevention and control and
- protection and restoration of biodiversity and ecosystems.

Nagarro publishes information on its economic activities according to the EU Taxonomy as part of its reporting obligations under the NFRD. Pursuant to Article 29a of Directive 2013/34/EU (Accounting Directive), Nagarro falls within the scope of Art. 8 EU Taxonomy Regulation. For the financial year 2023, this taxonomy-related information can be found on pp. 187 of the Annual Report 2023. In its 2023 report, Nagarro has identified a list of activities that may be eligible. Starting from there, Nagarro has decided to proactively address and overcome obstacles in 2024 by developing robust processes that guarantee precise and exhaustive assessment and reporting in subsequent submissions

Allocation of activities and taxonomy-eligibility

Taxonomy-eligible activities at Nagarro have been identified by mapping the economic activities listed in the Delegated Acts to the EU Taxonomy Regulation to Nagarro's activity portfolio. All activities are listed in Annex I of the Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139). Nagarro's business activities were assigned to the corresponding economic activities listed in the legal acts to assess if they match the activity description. The preselection of potentially taxonomy-eligible activities resulting from this process were then evaluated and finalized together with experienced company representatives, especially from finance and business, to obtain a shortened list of relevant business activities for the current reporting year. Simultaneously, it was assessed which of the activities in question corresponds with any of the relevant financial KPI (turnover, CapEx, OpEx).

Four activities were identified as taxonomy-eligible based on their activity description as well as the affectedness of taxonomy KPI. These activities can be assigned to one of the six objectives: climate change mitigation. By virtue of digital engineering services, Nagarro's solutions have a high potential to positively impact climate change mitigation for customers through overall resource efficiency improvements. Hence, the consideration of activities under the objective climate change mitigation was deemed reasonable. For the other 5 objectives, no activities were identified as taxonomy-eligible It is possible that in future reporting periods, taxonomy-eligible activities with regard to the other objectives are identified, as Nagarro's services cover a wide range of sectors and necessities. The focus in future reporting years will be on facilitating the process of identifying taxonomy-eligible projects within Nagarro's project portfolio and enhancing activities with taxonomy potential.

The activities listed in the below table were identified as taxonomy-eligible at Nagarro for reporting year 2024.

Taxonomy-eligible economic activity	Description of the activity at Nagarro	Affected Taxonomy KPIs
Data processing, hosting and related activities (8.1 CCM)	Nagarro manages a data center in Germany and provides hosting services to clients.	Revenue CapEx OpEx
Data-driven solutions for GHG emissions reductions (8.2 CCM)	Cloud transformation program focused on migrating a client's on-premises applications and infrastructure to the cloud. The project involves migrating a complex IT landscape, including databases, applications, and services, to the cloud. Migrating from on-premises to cloud means better power usage effectiveness (PUE) - a measure of energy efficiency – resulting in lower GHG emissions.	Revenue
Acquisition and ownership of buildings (7.7 CCM)	Nagarro is exercising economic ownership over buildings or parts of it, for use as offices, through long-term leases (right-of-use assets according to IFRS 16).	CapEx OpEx
Transport by motorbikes, passenger cars and light commercial vehicles (6.5 CCM)	Nagarro maintains a vehicle fleet used for staff mobility and customer visits.	CapEx OpEx

Taxonomy-alignment

Economic activities can be reported as taxonomy-aligned if they meet the technical screening criteria –

1) they substantially contribute to one or more of the six environmental objectives,

2) do not significantly harm the remaining objectives – and,

3) if they are carried out in compliance with the Minimum Safeguards, a set of social obligations established to ensure an environmentally sustainable activity does not negatively affect social standards, such as human or labour rights.

At the current moment, the focus at Nagarro lies with implementing adequate and efficient processes for carrying out the taxonomy process and simplifying the identification of taxonomy-eligible activities. Hence, for this reporting period the alignment criteria could not be met for the eligible activities, as processes, e.g. in relation to the minimum safeguards, are not yet sufficiently installed. Nagarro has measures in place to strengthen its commitment to the environment and society – such as the implementation of a supplier code of conduct – however, these are not yet sufficient to meet the requirements of the minimum safeguards. The results from this year's taxonomy analysis will however be used to increase Nagarro's taxonomy performance in the future and implement necessary structures and measures regarding technical screening criteria and minimum safeguards.

Calculation methodologies

Avoidance of double counting

Double counting of amounts in the calculation of key figures across different economic activities, in accordance with Annex I number 1.2.2.1 of Delegated Regulation (EU) 2021/2178, is avoided by allocating amounts directly to taxonomy-eligible business activities. Sales revenue with certain customer groups can be an allocation criterion for all calculation variables. Double counting of amounts across several environmental objectives, as per Annex I number 1.2.2.2 of Delegated Regulation (EU) 2021/2178, is excluded by allocating amounts in calculations only to one environmental objective of the EU taxonomy. Furthermore, taxonomy-eligibility was only confirmed for one environmental objective for this reporting period.

Taxonomy-eligible CapEx

Nagarro's total capital expenditure, in accordance with the definition of the EU taxonomy (see Annex I number 1.1.2 of Delegated Regulation (EU) 2021/2178 for financial year 2024 amounts to €32.8 million.

The taxonomy-eligible CapEx at Nagarro primarily stems from right-of-use assets from leases, as per IFRS 16, e.g. for activity 7.7 Acquisition and ownership of buildings. As the Group reporting was already set up in accordance with the IFRS methodology, the share of taxonomy-eligible CapEx could be derived without further adaptation of data. For some activities, it was necessary to compile the data on a more granular level, as standard reporting, for example, does not show a differentiation between right-of-use assets within the categories of hardware and vehicles. This was the case for activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles. The total amount of capital expenditure is used in the denominator of the investment-related performance indicator, in accordance with Annex I number 1.1.2.1 (EU) 2021 / 2178. The taxonomy-eligible share of CapEx is used in the numerator.

Taxonomy-eligible OpEx

Nagarro's total operating expenses, as defined by the EU taxonomy (see Annex I number 1.1.3 of Delegated Regulation (EU) 2021/2178), include certain expenses that cannot be capitalized under IFRS. These include expenses for research and development, short-term or low-value leases, building renovations, regular and unplanned maintenance, and repairs or other expenses for ongoing maintenance of property, plant, and equipment.

The OpEx KPI, defined under the EU Taxonomy excludes general overhead and cost of employees operating the assets. At Nagarro, OpEx refers to the maintenance of equipment and short-term leases or operating costs that are necessary to carry out taxonomy-eligible activities. Regarding activity 8.1 Data processing, hosting and related activities, taxonomy-eligible OpEx refers to e.g. short-term rental of server rooms or leasing of licenses and software. For the activities that are not part of Nagarro's core business, such as activity 7.7 Acquisition and ownership of buildings and 6.5 Transport by motorbikes, passenger cars and light commercial vehicles, taxonomy-eligible OpEx refers to short-term leases or rents as well as maintenance and insurance costs.

The total amount of operating expenditure is used in the denominator of the operating expenditure-related performance indicator, in accordance with Annex I, point 1.1.3.1 of Delegated Regulation (EU) 2021/2178. The taxonomy-eligible share is determined based on the conformity of Nagarro's activities with the activity descriptions in the Annexes to the Delegated Acts. For financial year 2024, no taxonomy-aligned OpEx was assessed, due to the non-conformity with the necessary alignment criteria.

Taxonomy-eligible revenue

Through the process of identifying taxonomy-eligible activities, it was concluded that only two taxonomy-eligible activities are generating revenue. Hence, Nagarro's revenues are largely Taxonomy non eligible (i.e., not in scope of the EU Taxonomy Regulation), and consequently not aligned. The relatively small share of eligible revenue can be attributed to the ongoing development of data collection and aggregation processes, which are essential for mapping relevant projects within Nagarro's service portfolio to taxonomy-eligible activities.

Taxonomy-eligible revenue was calculated in accordance with Annex I number 1.1.1 of Delegated Regulation (EU) 2021/2178, as a portion of the net revenue derived from services associated with Taxonomy eligible economic activities (numerator) divided by the net revenues (denominator), in each case for the financial year from 1.1.2024 to 31.12.2024. The denominator of the revenue KPIs is based on the Group consolidated net revenues in accordance with IAS 1.82(a) and amounts to €972.0 million in 2024.

The two taxonomy-eligible activities are 8.1 Data processing, hosting and related activities and 8.2 Data-driven solutions for greenhouse gas emissions reductions. As eligibility for the first activity was only confirmed for a single data center managed by one of Nagarro's subsidiaries in Germany, it was possible to obtain the share of revenue that was generated through client projects associated with this specific data center without further adaptation of data. For the second activity, taxonomy-eligibility was confirmed only for one specific project. In this case it was equally possible to obtain the share of taxonomy-eligible revenue associated with this project for the financial year 2024 without further adaptation of the data.

Turnover eligibility and alignment

Financial Year 2024				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx, year 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of CapEx year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		€ Million	***%***	***Y;N; N/EL***	***Y;N; N/EL***	***Y;N; N/EL***	***Y;N; N/EL***	***Y;N; N/EL***	***Y;N; N/EL***	***Y/N***	***Y/N***	***Y/N***	***Y/N***	***Y/N***	***Y/N***	***Y/N***	***%***	***E***	***T***
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
Of which enabling		0.0	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
Of which transitional		0.0	**0.0%**	0.0%															
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	***EL; N/EL***	***EL; N/EL***	***EL; N/EL***	***EL; N/EL***	***EL; N/EL***										
8.1 Data processing, hosting and related activities	CCM 8.1	29.0	2.98%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
8.2 Data-driven solutions for GHG emissions reductions	CCM 8.2	0.6	0.06%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		29.6	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
Turnover of Taxonomy-eligible activities (A.1+A.2)		29.6	3.0%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		942.4	97.0%																
Total (A+B)		**972.0**	**100.0%**																

CapEx eligibility and alignment

Financial Year 2024				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx, year 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of CapEx year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		€ Million	***%***	***Y;N; N/EL***	***Y;N; N/EL***	***Y;N; N/EL***	***Y;N; N/EL***	***Y;N; N/EL***	***Y;N; N/EL***	***Y/N***	***Y/N***	***Y/N***	***Y/N***	***Y/N***	***Y/N***	***Y/N***	***%***	***E***	***T***
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
Of which enabling		0.0	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
Of which transitional		0.0	**0.0%**																
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	***EL; N/EL***	***EL; N/EL***	***EL; N/EL***	***EL; N/EL***	***EL; N/EL***										
8.1 Data processing, hosting and related activities	CCM 8.1	3.0	9.20%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	3.3	10.07%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
7.7 Acquisition and ownership of buildings	CCM 7.7	15.0	45.65%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		21.3	64.9%	64.9%	0.0%	0.0%	0.0%	0.0%	0.0%										
CapEx of Taxonomy-eligible activities (A.1+A.2)		21.3	64.9%	64.9%	0.0%	0.0%	0.0%	0.0%	0.0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		11.5	35.1%																
Total (A+B)		**32.8**	**100.0%**																

OpEx eligibility and alignment

Financial Year 2024				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx, year 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of OpEx, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		€ Million	***%***	***Y;N; N/EL***	***Y;N; N/EL***	***Y;N; N/EL***	***Y;N; N/EL***	***Y;N; N/EL***	***Y;N; N/EL***	***Y/N***	***Y/N***	***Y/N***	***Y/N***	***Y/N***	***Y/N***	***Y/N***	***%***	***E***	***T***
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
Of which enabling		0.0	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%										
Of which transitional		-	**0.0%**																
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
8.1 Data processing, hosting and related activities	CCM 8.1	6.1	3.75%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	3.1	1.90%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
7.7 Acquisition and ownership of buildings	CCM 7.7	1.0	0.61%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		10.2	6.25%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%										
OpEx of Taxonomy-eligible activities (A.1+A.2)		10.2	6.25%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		152.6	93.7%																
Total (A+B)		**162.8**	**100.0%**																

	Proportion of turnover/ Total turnover		Proportion of CapEx/ Total CapEx		Proportion of OpEx/ Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM: Climate Change Mitigation	0	3%	0	65%	0	6%
CCA: Climate Change Adaptation	0	0%	0	0%	0	0%
WTR: Water and Marine Resources	0	0%	0	0%	0	0%
CE: Circular Economy	0	0%	0	0%	0	0%
PPC: Pollution Prevention and Control	0	0%	0	0%	0	0%
BIO: Biodiversity and Ecosystems	0	0%	0	0%	0	0%

First reporting in 2024, therefore no previous year figures available.

The code is the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution. For example: CCM – Climate Change Mitigation, plus the section number of the activity in the EU's annex to the Taxonomy Regulation.
CCM: Climate Change Mitigation
CCA: Climate Change Adaptation
WTR: Water and Marine Resources
CE: Circular Economy

PPC: Pollution Prevention and Control

BIO: Biodiversity and Ecosystems

Y – Yes, Taxonomy-aligned activity with the relevant environmental objective

N – No, Taxonomy-eligible activity but not Taxonomy-aligned with the relevant environmental objective

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

EL – Taxonomy-eligible activity; N/EL – Taxonomy-non-eligible activity

Nuclear and Gas Activities		
Nuclear energy related activities		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	NO
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

First reporting in 2024, therefore no previous year figures available.

IX. Performance data

Environment[1]

Key Performance Indicators	2024	2023
Carbon footprint by scope (MT CO2e) [1]		
Direct GHG emissions (Scope 1) [2]	151.0	166.6
Diesel	137.8	85.8
Natural Gas	13.2	80.8
Indirect GHG emissions (Scope 2- location based) [3,4,5]	2,229.5	2,166.3
Cooling	35.8	30.8
Grid electricity (non-renewable energy)	2,102.7	2,102.9
Heating	46.7	26.7
Natural_Gas [2]	44.4	6.0
Indirect GHG emissions (Scope 2- market based) [12]	313.0	2,158.7
Other indirect GHG emissions (Scope 3) [6]	29,821.3	24,788.5
Category 1: Purchased goods & services [7]	5,650.9	3,153.7
Category 3: Fuel and energy-related activities [8]	165.5	150.2
Category 5: Waste generated in operations	7.5	3.2
Category 6: Business travel [9]	16,453.3	13,868.1
Category 7: Employee commute [3,10]	5,750.1	6,015.6
Category 8: Upstream leased assets	1,794.1	1,597.8
GHG emissions intensity [4]		
Per colleague(MT CO2e)	1.8	1.5
Per unit revenue(MT CO2e per mEUR)	33.2	29.7
Total energy consumption by (MWh) [11]	7,762.5	7,224.4
Grid electricity (non-renewable energy) [4]	3,502.5	5,726.9
Heating	212.4	117.4
Diesel [2]	542.2	337.9
Grid electricity (renewable energy) [4,12]	2,968.2	406.1
Cooling	165.9	140.7
Natural gas [2]	309.7	430.5
Onsite electricity-Renewable energy (Solar)	61.5	64.8
Renewable energy percentage (within scope 2) [12]	86%	8.5%
Renewable energy percentage (overall)	39%	6.5%
Energy intensity of offices (MWh/sqft) [4,13]	5.9	5.7
Carbon intensity of offices (kgCO2e/sqft) [13]	3.1	3.0
Water footprint (million liters) [14]		
Office water consumption	15.4	14.7

Purchased drinking water [15]	0.3	0.5
Wastewater- Onsite wastewater treatment plant	1.3	1.5
Wastewater - Offsite wastewater treatment plant (third party or municipal)	5.2	6.1
Total wastewater recycled (million liters)	1.3	1.5
Waste generated (Metric ton, MT)		
E-waste	4.7	2.6
Dry Waste (paper, plastic, packaging)	24.5	18.0
Organic Waste	9.7	32.4
Hazardous sanitary waste	0.01	0.04
Mixed waste	31.2	4.4
Waste diverted from landfill (Metric ton, MT) [16]		
E-waste	4.7	2.6
Paper waste	23.1	16.5
Hazardous sanitary waste	0.01	0.04
Circular IT asset management (%)		
Total IT asset procured (Laptops)		
Leased	98.9%	82.6%
Purchased	1.1%	17.4%
End of life management of IT asset - laptops (number of laptops)		
Returned to vendor	3,689	1,193
Purchased by employees	1,537	1,143
Sent for recycling to an authorized vendor	519	110
Donated	50	81

[1] Calculated as per GHG protocol based on operational control approach.

[2] Source of emission factors used for fuel consumption: DEFRA GHG emission conversion factors for the relevant year. Scope 1 emissions exclude fugitive emissions.

[3] Conversion factors derived from country-specific electricity emission databases.

[4] Since water and electricity bills for our German offices are received one year later, we have used 2023 data from Germany to calculate global emissions and energy consumption for 2024. The 2024 emissions and energy consumption from our German offices will be included in the global data for 2025.

[5] For 2023, out of the total Scope 2 emissions, 2079.9 MT CO2e was calculated using consumption data, while the remaining was extrapolated based on regional averages. Similarly, for 2024, 2106.3 MT CO2e was based on consumption data and the rest was extrapolated.

[6] For FY2024 and FY2023, we have considered all relevant categories (1 to 15) of Scope 3 emissions in our reporting.

[7] The PG&S category includes emissions from IT assets (embodied carbon emissions), software usage and cloud services, consulting, and advertising services. For 2023, 678.4 MT CO2e is calculated from activity-based method and the rest from spend-based as per GHG protocol. For 2024, 2021.2 MT CO2e is from activity-based and the rest is spend-based.

[8] Source of emission factor is country-specific T&D loss emission databases and IEA 2018 electric power transmission and distribution losses.

[9] For 2023, 7021.2 MT CO2e is calculated from activity-based method and the rest from spend-based as per GHG protocol. For 2024, 7869.2 MT CO2e is from activity-based and the rest is spend-based.

[10] The emissions comprise employee commute and work-from-home emissions. Work-from-home emissions have been calculated based on the IEA Key World Energy Statistics 2021 per capita electricity consumption for the relevant countries where employees are located. For each employee commute, a round trip of 30 km is assumed, and the average emission factor for diesel and petrol cars is used from DEFRA for the relevant year.

[11] For 2023, 6702.4 MWh of energy consumption is based on actual data and rest is extrapolated. For 2024, 7050 MWh is actual and rest is extrapolated. As per seating capacity, across our global workspace we collect data from 88% of offices, rest 12% are estimated on the basis of regional average per unit seating capacity energy consumption.

[12] In 2024, Nagarro purchased Renewable Energy Certificates (RECs) for its offices in India with operational control. The total RECs acquired are equivalent to 2569 MWh.

[13] Excludes data centers. Includes energy consumed per unit office area which are accounted under scope 1 and scope 2 category.

[14] Water consumption data is available only in our India, China, Romania, United Arab Emirates, United States offices. Other locations do not receive water bills as they may be leased offices or shared workspaces where fixed water cost maybe included in the monthly payments. Some locations only receive water usage bills but no information regarding wastewater.

[15] Purchased drinking water data is only from China: Beijing, Xi'an, Chengdu, United States: New Jersey, France: Strasbourg offices.

[16] Based on recycling certificates received and segregated paper waste assumed to be recycled.

Social

Key Performance Indicators	2024	2023
Overall colleagues' diversity by gender		
Women	28%	28%
Men	72%	72%
Board diversity by gender (%)		
Management Board		
Women	33%	33%
Men	67%	67%
Supervisory Board		
Women	25%	25%
Men	75%	75%
Diversity in leadership roles by gender (%)		
Women	21%	19%
Men	79%	81%
Diversity in tech roles by gender (%)		
Women	26%	26%
Men	74%	74%
Overall colleagues' diversity by age group (in years)		
20-30	32%	39%
30-40	50%	46%
40-50	10%	8%
50-60	3%	3%
Not disclosed	5%	4%
Overall colleagues' diversity (band-wise)		
Band 1		
Women	35%	30%
Men	65%	70%
Band 2		
Women	33%	33%
Men	67%	67%
Band 3		
Women	27%	27%
Men	73%	73%
Band 4		
Women	25%	24%
Men	75%	76%
Band 5		
Women	21%	20%

Men	79%	80%
Band-wise employee distribution (percentage)		
Band 1	1%	1%
Band 2	23%	26%
Band 3	55%	54%
Band 4	15%	14%
Band 5	5%	5%
Gender diversity in new hires		
Women	28%	26%
Men	72%	74%
Total percentage share of promotions [1]	**22%**	**20%**
Women	26%	21%
Men	21%	19%
Estimated gender pay gap (percentage of men's earnings women lack) [2]	3%	3%
Number of sabbaticals		
Women	62	62
Men	61	43
Status of training		
Prevention of sexual harassment [3]	91%	90%
Percentage of colleagues covered under health insurance [3]	100%	100%
No. of colleagues availing parental leaves		
Maternity leaves	354	313
Paternity leaves	724	621
No. of colleagues joined post maternity leaves	378	308
The number of employees still employed 12 months after joining back from maternity leaves	91%	85%
No. of women colleagues enrolled in Glass Window and Glass Lens program		
Glass Window	41	32
Glass Lens	83	110
Learning and development		
Average learning per employee (in hours) [4]	38.3	36.2
Badges (from self-learning modules) earned	33259	30916
Total level-ups	46817	46661

1 The calculation logic for reporting promotion rates was revised for a more appropriate reflection of gender wise promotion. The updated logic calculates percentage of women promoted within the total number of women who stayed in the organization throughout the year, likewise for men.

2 This is comparison of salaries of people with similar skills in same geography, this way it helps avoiding pay gap due to different skills across different genders.
3 The data scope encompasses 95% of our global workforce, covering colleagues from Germany, Austria, Poland, Romania, Switzerland, Sri Lanka, the Philippines, the United States of America, China, Hungary, India, and Turkey.
4 Includes data related to linkedin learning, Learn Socialize Disrupt series, virtual instructor led sessions and self learning modules.

Governance

Key performance indicators	2024	2023
Percentage of colleagues trained on information and security and data privacy compliance training	97%	95%

X. GRI Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	Section A: Basis of preparation [Page 9]; Organizational and legal structure [Page 10] Section B: General information [Page 60]; Basis of consolidation [Page 68]
	2-2 Entities included in the organization's sustainability reporting	The reporting boundary covers the Nagarro group of companies, same as the financial statement.
	2-3 Reporting period, frequency and contact point	Section D: About this report [Page 171]
	2-4 Restatements of information	Environmental data presented in Section D for the year 2023 has been restated due to a change in the data coverage boundary. This adjustment reflects an updated scope of operations included in the reporting boundary for environmental performance metrics
	2-5 External assurance	As of the date of publication of this statement, no external assurance has been performed on the reported sustainability information.
	2-6 Activities, value chain and other business relationships	Section A: Business model [Pages 10-11]
	2-7 Employees	Section B: Staff costs [Page 125] Section D: Performance data - Social [Pages 212 - 214]
	2-8 Workers who are not employees	-
	2-9 Governance structure and composition	Section A: Organizational and legal structure [Page 10] Section B: Governing bodies [Pages 152-153] Section C: Composition of the Management Board and the Supervisory Boards [Page 160]; Composition and working of the Management Board [Page 26] Corporate Governance | Nagarro
	2-10 Nomination and selection of the highest governance body	Section C: Composition of the Management Board and the Supervisory Boards [Page 160]; Composition and working of the Management Board [Page 26]; Composition and working of the Supervisory Board [Pages 27-28]
	2-11 Chair of the highest governance body	Section C: Composition of the Management Board and the Supervisory Boards [Pages 160]; Composition and working of the Management Board [Page 26]; Composition and working of the Supervisory Board [Pages 27-28]
	2-12 Role of the highest governance body in overseeing the management of impacts	Section C: Composition of the Management Board and the Supervisory Boards [Pages 160]; Composition and working of the Management Board [Page 26]; Composition and working of the Supervisory Board [Pages 27-28]
	2-13 Delegation of responsibility for managing impacts	Section C: Composition of the Management Board and the Supervisory Boards [Pages 160]; Composition and working of the Management Board [Page 26]; Composition and working of the Supervisory Board [Pages 27-28]
	2-14 Role of the highest governance body in sustainability reporting	Section D: Sustainability stewardship [Pages 178 - 180]
	2-15 Conflicts of interest	Section C: Supervision and cooperation in dialog with the Management Board [Page 160] Nagarro Constitution

2-16 Communication of critical concerns	Section C: Composition and working of the Management Board [Page 26-27]; Composition and working of the Supervisory Board [Pages 27-28]; Supervision and cooperation in dialog with the Management Board [Page 160]
2-17 Collective knowledge of the highest governance body	Section C: Composition of the Management Board and the Supervisory Boards [Page 160]; Composition and working of the Management Board [Page 26]; Composition and working of the Supervisory Board [Pages 27-28] Section D: Sustainability stewardship [Pages 178 - 180]
2-18 Evaluation of the performance of the highest governance body	Section A: Corporate governance statement - Declaration of conformity with the German Corporate Governance Code [Pages 24-25]
2-19 Remuneration policies	Section A: Remuneration Report [Pages 31-32] Section B: Remuneration of key management personnel [Page 136] Nagarro remuneration report 2024 https://www.nagarro.com/hubfs/Investors/InvestorDocuments/Annual-Report-2024/AR-2024-Remuneration-Report-EN.pdf
2-20 Process to determine remuneration	Section A: Remuneration Report [Pages 31-32] Nagarro remuneration report 2024
2-21 Annual total compensation ratio	-
2-22 Statement on sustainable development strategy	Section D: Sustainability stewardship [Pages 178-180]
2-23 Policy commitments	Section D: Governance dimension; Environment dimension; Social Dimension [Pages 176-194]
2-24 Embedding policy commitments	Section D: Governance dimension; Environment dimension; Social Dimension [Pages 176-194]
2-25 Processes to remediate negative impacts	Section D: Ethics [Page 176]; Sustainability stewardship [Pages 178-180]; data privacy [Pages 177-178]; Sustainable procurement [Page 180]; Worker rights and human rights issues [Page 188]; Engagement, experience, and retention [Pages 193-194]
2-26 Mechanisms for seeking advice and raising concerns	Section D: Ethics [Page 176]; Sustainability stewardship [Pages 178-180]; data privacy [Pages 177-178]; Sustainable procurement [Page 180]; Worker rights and human rights issues [Page 188]; Engagement, experience, and retention [Pages 193-194]
2-27 Compliance with laws and regulations	Section A: Report on the accounting-related internal control system and risk management system and on risks and opportunities [Pages 41- 49] Section D: Sustainable procurement [Page 180]
2-28 Membership associations	-
2-29 Approach to stakeholder engagement	Section A: Business model [Pages 10-11]; Report on the accounting-related internal control system and risk management system and on risks and opportunities [Pages 41-49] Section D: Our top non-financial priorities [Page 175]; Sustainability governance structure [Pages 178-179]
2-30 Collective bargaining agreements	-

GRI 3: Material Topics 2021	3-1 Process to determine material topics	Section D: Our top non-financial priorities [Page 175]
	3-2 List of material topics	Section D: Our top non-financial priorities [Page 175]
	3-3 Management of material topics	Section D: Sustainability governance structure [Page 178-179]
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Section B: Consolidated statement of comprehensive income [Pages 56-57]
	201-2 Financial implications and other risks and opportunities due to climate change	Section D: Sustainability integration in our business [Pages 179-180]; Eco-digital engineering [Pages 184-185]; Risks linked to the non-financial topics identified as material topics for Nagarro [Pages 200-201]
	201-3 Defined benefit plan obligations and other retirement plans	Section B: Employee benefits liabilities - Defined benefit obligations [Pages 107-111]
	201-4 Financial assistance received from government	-
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	-
	202-2 Proportion of senior management hired from the local community	-
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Section D: Road safety and air pollution initiatives in India [Pages 195-196]
	203-2 Significant indirect economic impacts	-
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	-
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Section A: Our approach to corporate governance [Page 24]; Report on the internal control system and risk management system and on risks and opportunities [Pages 41-42] Section B: Financial risk management [Page 145-146] Section D: Ethics [Page 176]; Sustainable procurement [Page 180]
	205-2 Communication and training about anti-corruption policies and procedures	Section A: Our approach to corporate governance [Page 24] Section B: Financial risk management [Page 145-146] Section D: Ethics [Page 176]; Sustainable procurement [Page 180]
	205-3 Confirmed incidents of corruption and actions taken	-
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-
GRI 207: Tax 2019	207-1 Approach to tax	-
	207-2 Tax governance, control, and risk management	Section B: Tax risks [Page 85]

	207-3 Stakeholder engagement and management of concerns related to tax	-
	207-4 Country-by-country reporting	-
GRI 301: Materials 2016	301-1 Materials used by weight or volume	-
	301-2 Recycled input materials used	-
	301-3 Reclaimed products and their packaging materials	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Section D: Energy-efficient buildings and data centers [Pages 182-183]; Performance data [Page 210]
	302-2 Energy consumption outside of the organization	-
	302-3 Energy intensity	Section D: Performance data [Page 210]
	302-4 Reduction of energy consumption	Section D: Energy-efficient buildings and data centers [Page 183]
	302-5 Reductions in energy requirements of products and services	-
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Section D: Responsible water management [Page 187]
	303-2 Management of water discharge-related impacts	Section D: Responsible water management [Page 187]
	303-3 Water withdrawal	Section D: Responsible water management [Page 187]; Performance data [Pages 210-211]
	303-4 Water discharge	Section D: Responsible water management [Page 187]; Performance data [Page 211]
	303-5 Water consumption	Section D: Responsible water management [Page 187]; Performance data [Page 211]
GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Nagarro does not operate any sites in or adjacent to protected areas or areas of high biodiversity value. We primarily engage in standard corporate operations. Our offices are in in urban or commercial zones.
	304-2 Significant impacts of activities, products and services on biodiversity	As a digital engineering company, Nagarro primarily engages in standard corporate operations and its services involve building software solutions for its clients. These activities do not have any direct or significant impacts on biodiversity..
	304-3 Habitats protected or restored	-
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	No IUCN Red List species or nationally protected species are known to inhabit areas affected by Nagarro's operations.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Section D: Performance data [Page 210]
	305-2 Energy indirect (Scope 2) GHG emissions	Section D: Performance data [Page 210]
	305-3 Other indirect (Scope 3) GHG emissions	Section D: Performance data [Page 210]
	305-4 GHG emissions intensity	Section D: Performance data [Page 210]
	305-5 Reduction of GHG emissions	Section D: Renewable energy [Page 183]; Responsible business travel [Pages 183-184]; Promoting sustainable commute choices [Page 184]
	305-6 Emissions of ozone-depleting substances (ODS)	-

	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-
GRI 306: Effluents and Waste 2016	306-3 Significant spills	-
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Section D: Zero waste to landfill [Pages 185-187]
	306-2 Management of significant waste-related impacts	Section D: Zero waste to landfill [Pages 185-187]
	306-3 Waste generated	Section D: Performance data [Page 211]
	306-4 Waste diverted from disposal	Section D: Performance data [Page 211]
	306-5 Waste directed to disposal	Waste directed to disposal is estimated as the difference between waste generated and waste diverted from landfill
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	-
	308-2 Negative environmental impacts in the supply chain and actions taken	Section D: Sustainable procurement [Page 180]
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Section D: Diverse & inclusive workplace [Pages 190-192]; Performance data [Page 213]
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Section B: Employee benefits [Pages 75-77]; Employee benefits liabilities [Pages 107-108] Section D: Health, safety & well-being [Pages 188-190]
	401-3 Parental leave	Section D: Performance data [Page 213]
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	-
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Section D: Energy-efficient buildings and data centers [Page 182]; Health, safety & well-being [Pages 188-189]
	403-2 Hazard identification, risk assessment, and incident investigation	Section D: Health, safety & well-being [Pages 188-190]
	403-3 Occupational health services	Section D: Health, safety & well-being [Pages 188-190]
	403-4 Worker participation, consultation, and communication on occupational health and safety	Section D: Health, safety & well-being [Pages 188-190]
	403-5 Worker training on occupational health and safety	Section D: Health, safety & well-being [Pages 188-190]
	403-6 Promotion of worker health	Section D: Health, safety & well-being [Pages 188-190]
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Section D: Worker rights and human rights issues [Page 188]

	403-8 Workers covered by an occupational health and safety management system	Section D: Health, safety & well-being [Pages 188-190]
	403-9 Work-related injuries	-
	403-10 Work-related ill health	-
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Section D: Performance data [Page 213]
	404-2 Programs for upgrading employee skills and transition assistance programs	Section D: Learning & empowerment [Pages 192-194]
	404-3 Percentage of employees receiving regular performance and career development reviews	-
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Section A: Organizational and legal structure [Page 10-11] Section C: Composition of the Management Board and the Supervisory Boards [Page 160] Section D: Performance data [Pages 212-213]
	405-2 Ratio of basic salary and remuneration of women to men	Section D: Performance data [Page 213]
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	-
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	-
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	-
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	-
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	-
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Section D: Civic and social responsibility [Pages 194-196]
	413-2 Operations with significant actual and potential negative impacts on local communities	As a digital engineering company, Nagarro primarily engages in standard corporate operations and its services involve building software solutions for its clients. These activities do not have direct or significant impacts on the local communities.

GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	-
	414-2 Negative social impacts in the supply chain and actions taken	-
GRI 415: Public Policy 2016	415-1 Political contributions	Nagarro group of companies do not make any political contributions.
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	-
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	-
	417-2 Incidents of non-compliance concerning product and service information and labeling	-
	417-3 Incidents of non-compliance concerning marketing communications	-
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	-