

JOSHI APTE & CO.

Chartered Accountants

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INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF PERSISTENT SYSTEMS GERMANY GMBH

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Persistent Systems Germany GmbH (“the Company”), which comprise the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the standalone financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis of Preparation and Restriction on Use and distribution

Without modifying our opinion, we draw attention to Note 2 of the financial statements, which describes basis of preparation. These financial Statements have been prepared solely for its Parent Company to assist them in preparation of its Consolidated Ind AS Financial Statements. Our report is intended solely for the use of management and Board of Directors for the above purpose and should not be distributed to or used by any other parties.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in

accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Accuracy of revenues and onerous obligations in respect of fixed-price contracts</p> <p>Refer Note 3.2 to notes forming part of the standalone financial statements.</p> <p>The Company executes multiple fixed-price software development contracts, where revenue is recognized using the percentage of completion method, as per the Input method prescribed under Ind AS 115 – Revenue from Contracts with Customers. Recognizing revenue for these contracts involves significant management judgment and estimation, due to the following factors that required heightened auditor attention:</p> <ul style="list-style-type: none"> • Elevated inherent risk concerning revenue accuracy, considering the customized and complex nature of these contracts, and the extensive use of IT systems. • Significant estimation uncertainty associated with assessing the stage of completion, actual costs incurred to date, and the anticipated costs to complete 	<p>Our audit procedures in relation to the accuracy of revenue recognition and assessment of onerous obligations in fixed-price contracts included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Gained an understanding of the systems, processes, and internal controls established by management to compute and record revenue, unbilled revenue, unearned/deferred revenue, and onerous contract obligations. • Evaluated the design and tested the operating effectiveness of relevant internal financial manual controls. and involved auditor's experts to: <ul style="list-style-type: none"> → Verify the IT controls ensuring completeness and accuracy of cost, effort, and revenue reports generated by the system; → Evaluate access and application controls related to resource allocation and budgeting systems, to ensure protection against unauthorized changes in the recording of incurred efforts, and to validate controls over estimating contract efforts for completion.

<p>the remaining work.</p> <ul style="list-style-type: none"> • Identification and assessment of onerous contracts and related obligations. • Determination of unbilled revenue receivables and unearned revenue as at the reporting date. <p>Given the materiality of the amounts involved and the considerable judgment and subjectivity inherent in the estimates mentioned above, we identified the recognition of revenue from fixed-price contracts, and the assessment of onerous contracts and associated provisions, as a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> • Selected samples of contracts and performed a retrospective analysis comparing actual efforts incurred with earlier estimates, to identify major variances and assess whether such variances were considered in revising estimates for remaining efforts. • Reviewed selected contracts with unbilled revenue to identify any milestone delays that might necessitate revision of estimated efforts for pending performance obligations. • Conducted analytical procedures to assess the reasonableness of incurred and estimated efforts. • Evaluated management's process for identifying onerous contracts based on the above-reviewed estimates. • Assessed the adequacy and appropriateness of the disclosures provided in the standalone financial statements regarding revenue recognition in accordance with the applicable Indian Accounting Standards.
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Emphasis of Matter

We draw attention to note no 31 to the financial statements, The Board of Directors of the Company had approved the Scheme of Merger of Youperience GmbH and Parx Consulting GmbH, two wholly owned subsidiaries of the Company, with the Company via a Merger Agreement dated August 14, 2023. The Scheme of Merger was approved by the Munich District Court and Hamburg District Court, on date August 21, 2023 and August 25, 2023 for the merger of the subsidiaries with the Company,

respectively. In accordance with the effective merger date as referred in the Scheme and IND AS 103, Appendix, the merger has been accounted on April 1, 2022 and accordingly, the financial results for the corresponding and comparative periods have been restated. The other equity has decreased by Rs.7,83,046.71 thousand on April 1, 2022

Our opinion is not modified in respect of this matter.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible

for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other

Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with rules thereunder.
- e) On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditor' Report in accordance with the requirements of section 197(16) of the Act, as amended:

Entity is not governed by Companies Act 2013, therefore this clause is not applicable.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules 2014 as amended in our opinion and to the best of our information and according to the explanation given to us
 - i. The company has no pending litigations in its financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
 - iii. Requirement for transferring of amounts to Investor and Education Protection Fund is not applicable.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or

entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The requirements of the audit trail under rule 11(g) are not applicable since the company is a foreign entity incorporated outside India.

For **JOSHI APTE & Co.**
Chartered Accountants
(Firm's Registration No. 104370W)

TEJASHREE JOSHI
Partner
(Membership No.139807)
Place: Pune,
Date: 21st April, 2025
UDIN: 25139807BMLLAA2845