

Persistent × Nagarro Combination

Investor Frequently Asked Questions (FAQ)

Voluntary public takeover offer for Nagarro SE

About this document. This FAQ summarises information relevant to investors regarding the proposed combination of Persistent Systems with Nagarro and the related financial impact. It contains forward-looking statements and illustrative estimates that are subject to change, are not management guidance, and depend on regulatory approvals, final purchase price allocation, and other conditions. Figures are presented on the bases noted alongside each table.

1. Strategic Rationale

1.1 What is being announced?

Persistent has signed an agreement to combine with Nagarro, a Munich-headquartered digital engineering company, to form the Persistent × Nagarro Group. Persistent has secured an approximately 21% stake in Nagarro through an agreement with its founding shareholder and is launching a voluntary public takeover offer for all remaining Nagarro shareholders. Nagarro's Management Board and Supervisory Board support the transaction and intend to recommend that shareholders accept the offer.

1.2 Why Nagarro, and why now?

The market for AI-led engineering and transformation is consolidating around a small number of partners with the scale, end-to-end offerings, AI platforms, and local presence to serve clients across every major industry. Persistent has consistently stated its intent to pursue a complementary acquisition in Europe. Nagarro delivers exactly that: a highly complementary business and a natural strategic fit that elevates the combined group into a global powerhouse in digital and AI-led engineering — a leap that would have taken years to achieve organically.

1.3 What does the combination create?

- The world's second-largest digital engineering company by revenue and India's 7th-largest technology services company, with an annualized revenue run-rate of more than \$2.9 billion.
- A transatlantic presence with more than \$1.7 billion of revenue from North America, more than \$600 million from Europe, and over \$400 million from the rest of the world.
- At-scale verticals: more than \$500 million each in BFSI, HLS, and TMT; more than \$400 million in Industrial; more than \$300 million in Consumer; and over \$100 million in Public Sector and Education.
- More than 46,000 employees and relationships with 350+ marquee clients, with an expanded partner ecosystem across hyperscalers, ISVs, frontier AI labs, and niche partners.

2. Financial Impact

2.1 How do you arrive at Nagarro's Adjusted EBITDA and Adjusted EBIT?

Nagarro's reported EBITDA for CY25 was €118.7M (11.9% margin). Management identified €19.5M of one-time items — including a €12.4M India Labour Code impact which increase Reported Adjusted EBITDA to €138.2M (13.8%). The TTM Mar'26 Reported Adjusted EBITDA was €139.1M (13.9%).

Separately, and subject to further review by auditors, a €15.5M unrealized foreign-exchange loss on intra-group loans may be added back. Including it, CY25 Adjusted EBITDA is €153.7M (15.4%) and Adjusted EBIT is €118.0M (11.8%). On a TTM Mar'26 basis, Adjusted EBITDA is €154.6M (15.5%) and Adjusted EBIT is €119.1M (11.9%). The treatment of FX gains and losses within EBITDA is subjective and depends on the nature of the underlying transaction; Persistent records this expense below EBITDA.

Nagarro's Adjustments to EBITDA and EBIT on Reported Numbers

Nagarro's Financials for CY25 and TTM Mar'26

Particulars (€ M)	CY 2025	TTM Mar'26
Reported Numbers		
Revenue	999.3	1,000.5
EBITDA	118.7	124.4
EBITDA Margin %	11.9%	12.4%
D&A	(35.7)	(35.5)
EBIT	83.0	88.9
EBIT Margin %	8.3%	8.9%
Adjustments to EBITDA		
EBITDA	118.7	124.4
Income from purchase price adjustments	(1.1)	(1.1)
Exchange (gain) / loss on purchase price components	(0.0)	(0.0)
Share based payment arrangements cost	0.1	(4.0)
Transaction costs related to business combinations	0.9	0.9
Retention bonus expense as part of SPA of acquired entities	2.7	2.2
Non-capitalized earn-out expense relating to acquisitions	1.3	0.7
Independent investigation expenses	2.0	2.4
Additional employee benefits expense (Labour Code India)	12.4	12.4
Additional audit fee	1.3	1.3
Adjustment for special items	19.5	14.7
Reported Adjusted EBITDA	138.2	139.1
Reported Adjusted EBITDA Margin %	13.8%	13.9%
Unrealized FX loss on intra-group loans	15.5	15.5
Adjusted EBITDA	153.7	154.6
Adjusted EBITDA %	15.4%	15.5%
Adjusted EBIT	118.0	119.1
Adjusted EBIT Margin %	11.8%	11.9%

- Nagarro's reported EBITDA for CY25 was at 11.9%, management has provided **adjustments of € 19.5M that are one-time in nature.**
 - India Labour code impact of € 12.4M
- Post the adjustments, **their CY25 Adj. EBITDA was at € 153.7 M (or 13.8%), whereas TTM Mar'26 Adj. EBITDA was € 139.1M (or 13.9%)**
- Additionally, **subject to further review from auditors**, it need to be evaluated if their unrealized forex loss of € 15.5 M on intra group loans need to be included in EBITDA. **If we adj for their forex losses, CY25 Adj. EBITDA was at 15.4%.**
 - Foreign exchange gains/ losses in EBITDA is subjective and depends the nature of the underlying transaction, and management's internal operational philosophy. **PSL takes this expense below EBITDA.**

Nagarro's reported and adjusted financials for CY25 and TTM Mar'26 (€ millions).

2.2 Is the transaction EPS accretive?

Yes. On an illustrative pro-forma TTM basis — assuming 100% consolidation of Nagarro and excluding one-time transaction-related expenses — the combined group has revenue of \$2,795M, EBITDA of \$463M (16.6% margin), EBIT of \$337M, and PAT of \$215M. Pro-forma EPS rises to \$1.36 versus \$1.30 for Persistent standalone (₹127 versus ₹121), making the transaction EPS accretive.

Key assumptions: total loan of \$1,498M (\$1,143M for the share acquisition plus \$354M to refinance Nagarro's existing debt), with first-year interest cost of \$62M on a 5-year EMI schedule; acquisition amortization assuming 30% of consideration allocated to intangibles over an 8-year useful life (subject to final purchase price allocation); INR/USD of 93.0; USD/EUR of 1.14; a blended tax rate of 25%; and interest at EURIBOR + 2.2% (~5%). Revenue and EBITDA reflect actual TTM Mar'26 figures for each company and are not management guidance.

The Transaction will be EPS Accretive

Proforma Combined Financials on TTM Basis

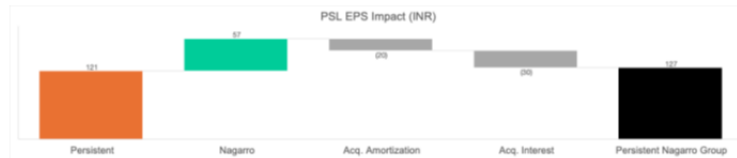
Particulars (\$M)	Persistent	Nagarro	Persistent Nagarro Group
Revenue	1,654	1,141	2,795
EBITDA *	304	159	463
EBITDA Margin (%)	18.4%	13.9%	16.6%
Operational D&A	45	34	79
Acq Amortisation	-	-	46
EBIT	259	124	337
EBIT Margin (%)	15.7%	10.9%	12.1%
Other Income	15	3	18
Interest Cost	-	-	69
PBT	274	128	287
Tax	68	32	72
PAT	205	96	215
No. of shares (Million)	157.8	-	157.8
EPS (\$)	1.30	-	1.36
EPS (INR)	121	-	127

* Reported Adjusted EBITDA for Nagarro

- INR/USD exchange rate at 93.0
- USD/EUR exchange rate at 1.14
- Blended tax rate at 25% and interest of EURIBOR + 2.2% (or 5%)

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- For illustration purposes:
 - Estimated financials are presented on pro-forma basis **assuming 100% consolidation of Nagarro's business.**
 - Yearly Revenue & EBITDA for Persistent and Nagarro are their actual TTM Mar'26 numbers respectively, pls note that these **are not management guidance. Transaction expenses are not included for these workings.**
- Total Loan amount of \$1,498M : \$1,143 for acquisitions of shares + refinancing of Nagarro's existing debt of \$354. First year interest cost of \$62M with 5 yr EMI schedule
- Acquisition amortization assumes 30% of consideration is allocated to intangibles over 8 year useful life, **subject to final purchase price allocation by valuer.**
- Pro forma financials **exclude impact of one-time transaction-related expenses.**



Illustrative pro-forma combined financials on a TTM basis (\$ millions). *Reported Adjusted EBITDA for Nagarro.

3. Process & Timeline

3.1 How does the offer process work, and when is closing expected?

Nagarro is listed in Germany, so the transaction follows German and Indian regulatory requirements. BaFin, the German financial regulator, must review and approve the formal offer document before the offer can open to shareholders. For the transaction to proceed, shareholders holding at least 50% plus one share of all outstanding Nagarro shares — including the stake Persistent already holds — must accept the offer. Closing is expected by Q4 CY26 / Q1 CY27. Until then, Persistent and Nagarro operate as fully independent, separately managed companies.

3.2 Where can investors direct further questions?

All external and investor enquiries should be directed to the Persistent communications team at saurabh_dwivedi@persistent.com.