



Thinking Breakthroughs

Q3

Group quarterly statement
for the period ended September 30, 2022



Nagarro Group

Key figures – Quarterly

	Q3 2022	Q3 2021	Change	Q2 2022	Change
	KEUR	KEUR	%	KEUR	%
Revenue	229,778	140,954	63.0%	210,049	9.4%
Cost of revenues	160,053	100,991	58.5%	149,903	6.8%
Gross profit	69,770	40,008	74.4%	60,190	15.9%
Adjusted EBITDA	48,433	21,709	123.1%	40,170	20.6%
Revenue by country					
Germany	43,417	32,229	34.7%	41,856	3.7%
US	94,352	50,623	86.4%	84,034	12.3%
Revenue by industry					
Automotive, Manufacturing and Industrial	44,565	24,882	79.1%	40,032	11.3%
Energy, Utilities and Building Automation	15,699	11,852	32.5%	13,999	12.1%
Financial Services and Insurance	34,410	17,503	96.6%	27,184	26.6%
Horizontal Tech	20,999	13,883	51.3%	20,935	0.3%
Life Sciences and Healthcare	13,770	9,607	43.3%	15,606	-11.8%
Management Consulting and Business Information	18,430	8,539	115.8%	15,739	17.1%
Public, Non-profit and Education	17,112	10,355	65.3%	17,335	-1.3%
Retail and CPG	30,169	19,324	56.1%	27,566	9.4%
Telecom, Media and Entertainment	12,833	10,517	22.0%	12,110	6.0%
Travel and Logistics	21,793	14,491	50.4%	19,543	11.5%



Nagarro Group

Key figures – Nine months

Nine-month period ended September 30	2022	2021	Change
	KEUR	KEUR	%
Revenue	625,359	384,001	62.9%
Cost of revenues	445,174	272,034	63.6%
Gross profit	180,318	112,100	60.9%
Adjusted EBITDA	117,578	59,228	98.5%
Revenue by country			
Germany	124,339	93,538	32.9%
US	249,059	135,307	84.1%
Revenue by industry			
Automotive, Manufacturing and Industrial	119,960	64,865	84.9%
Energy, Utilities and Building Automation	43,020	32,139	33.9%
Financial Services and Insurance	84,823	45,245	87.5%
Horizontal Tech	60,757	37,868	60.4%
Life Sciences and Healthcare	43,645	27,622	58.0%
Management Consulting and Business Information	46,277	24,331	90.2%
Public, Non-profit and Education	50,533	30,785	64.2%
Retail and CPG	82,048	53,106	54.5%
Telecom, Media and Entertainment	35,917	29,113	23.4%
Travel and Logistics	58,379	38,925	50.0%



Nine-month period ended September 30	2022	2021
	%	%
Revenue concentration (by customer)		
Top 5	15.1%	14.3%
Top 6-10	10.1%	11.0%
Outside of Top 10	74.8%	74.7%

Segment information

Nine-month period ended September 30	2022	2021	Change
	kEUR	kEUR	%
North America			
Revenue	249,715	135,636	84.1%
Cost of revenues	174,033	96,892	79.6%
Gross profit	75,682	38,743	95.3%
Central Europe			
Revenue	169,833	129,607	31.0%
Cost of revenues	125,153	92,332	35.5%
Gross profit	44,680	37,276	19.9%
Rest of World			
Revenue	132,209	61,824	113.8%
Cost of revenues	94,669	42,175	124.5%
Gross profit	37,540	19,649	91.1%
Rest of Europe			
Revenue	73,602	56,934	29.3%
Cost of revenues	51,319	40,635	26.3%
Gross profit	22,417	16,432	36.4%

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 sum of revenue and own work capitalized. Rounding differences may arise when individual amounts or percentages are added together.

Index

Section A

Interim group management report

Overview.....	7
The business environment and Nagarro's response.....	7
Financial performance.....	7
Financial position at the end of period.....	9
Non-financial KPIs.....	10
Outlook for 2022.....	11
Developments after September 30, 2022.....	11

Section B

Interim condensed information

Interim condensed consolidated statement of financial position.....	13
Interim condensed consolidated statement of comprehensive income.....	15
Interim condensed consolidated statement of changes in equity.....	17
Interim condensed consolidated statement of cash flow.....	19
Other notes.....	20

Section C

Important information

Financial calendar.....	23
Imprint.....	23



Section A

Interim group management report

I.

Overview

Nagarro's business continued to demonstrate its resilience in Q3 2022, outperforming the IT services industry as a whole. We maintained significant revenue growth momentum, following QoQ revenue growth of 14.5% in Q1 2022 and 13.2% in Q2 2022, with a QoQ revenue growth of 9.4% in Q3 2022. The first nine-month period ("9M") of 2022 i.e. ("9M 2022") YoY revenue growth over 9M 2021 was 62.9%, the corresponding constant currency YoY revenue growth was 54.1% and the corresponding organic YoY revenue growth was 51.9%. Adjusted EBITDA as a percentage of revenue was 15.6% in Q1 2022, 19.1% in Q2 2022 and 21.1% in Q3 2022, with a resulting 9M 2022 number of 18.8%. The company added a net 2,263 professionals in Q1 2022, 872 in Q2 2022 and 1,268 in Q3 2022 - a number that includes additions through acquisitions in Q1 2022, trainees and lateral hires.

We do expect growth to slow in 2023 due to macro-economic conditions, but we are confident that Nagarro's strong fundamentals will enable it to continue to increase its market share in a very dynamic and promising industry.

II.

The business environment and Nagarro's response

In our industry, demand remained fairly strong through Q3 despite geopolitical, macroeconomic and pandemic concerns. A consensus appeared to emerge that 2023 would still be a growth year for the industry, albeit a year of much slower growth than we have been witnessing through 2021 and 2022. The war for talent moderated somewhat, and levels of attrition and wage inflation began to drop towards pre-Covid levels in our largest service region. Some large companies began to call their employees back to the offices, overturning more than 2 years of "work from home".

In this evolving environment, Nagarro continued to steer for growth, although with a more cautious approach than we had previously. We also continued to invest in building out a digital Nagarrarian experience, backed up by periodic physical engagement at our numerous Hives distributed all over the world. We aim at leadership in the Work From Anywhere (WFA) model as a way of accessing top talent worldwide and staying true to our Mission, "To make distance irrelevant between intelligent people".

III.

Financial performance

Nagarro's financial performance in 9M 2022 was good. The pressure on gross margins continued but we were able to steer towards our 2022 target Adjusted EBITDA margin while keeping our foot on the accelerator in terms of growth.

Nagarro's revenues grew to €229.8 million in Q3 2022 from €141.0 million in Q3 2021, a growth of 63.0%. In constant currency, Q3 2022 YoY revenue growth was 50.9%. Gross profit grew to €69.8 million in Q3 2022 from €40.0 million in Q3 2021. Gross margin grew to 30.4% in Q3 2022 from 28.4% in Q3 2021. Adjusted EBITDA grew by €26.7 million from €21.7 million (15.4% of revenue) to €48.4 million (21.1% of revenue). Price negotiation with customers in this and previous periods helped support the gross margin and the Adjusted EBITDA in Q3 2022.

Our most significant adjustments to EBITDA in Q3 2022 are the expense of €0.8 million on stock options which were offered in Jan 2021. Please note that gross margin, gross profit and Adjusted EBITDA are non-IFRS KPIs, defined in the [Annual Report 2021](#).

EBITDA increased by €28.4 million from €19.2 million in Q3 2021 to €47.6 million in Q3 2022. EBIT increased by €25.8 million from €13.4 million in Q3 2021 to €39.2 million in Q3 2022. Net profit increased by €17.4 million to €25.7 million in Q3 2022 against €8.4 million in Q3 2021. Further, compared to Q3 2021, in Q3 2022 there was an increase in depreciation and amortization expense of €2.6 million and increase in interest expense of €1.6 million.

For the first nine months of 2022, Nagarro's revenues grew to €625.4 million, up from €384.0 million for the same period in 2021, a growth of 62.9%. In constant currency, the revenue growth was 54.1%. Gross profit grew to €180.3 million from €112.1 million. Gross margin fell slightly, changing from 29.2% in 9M 2021 to 28.8% in 9M 2022. Adjusted EBITDA grew 98.5% from €59.2 million (15.4% of revenue) in 9M 2021 to €117.6 million (18.8% of revenue) in 9M 2022. Wage inflation and the carrying of a large number of trainees affected the gross margin. Foreign exchange gain and no significant increase in selling and general administration expense helped improve Adjusted EBITDA in 9M 2022 over 9M 2021. Our most significant adjustments to EBITDA in 9M 2022 are the expense of €2.3 million on stock options which were offered in Jan 2021 and the acquisition costs of €0.3 million.

EBITDA increased by €63.0 million from €51.9 million in 9M 2021 to €114.9 million in 9M 2022. EBIT increased by €56.0 million from €34.8 million in 9M 2021 to €90.7 million in 9M 2022. Net profit increased by €40.3 million to €61.9 million in 9M 2022 against €21.7 million in 9M 2021. Further, compared to 9M 2021, in 9M 2022 there was an increase in depreciation and amortization of €7.0 million and an increase in interest expense of €2.3 million.

Our financial KPIs for the segments are the same as for the company, except that we do not monitor or report Adjusted EBITDA for the segments. Items like sales expense, general and administrative expense, depreciation, results related to currency fluctuations, results unrelated to the accounting period, interest income and expense, goodwill, depreciation of assets, and income taxes, are not allocated to any segment but are used to reconcile the net income for the segments to the net income of the company.

from Rest of World (9M 2021: 16.1%) and 11.8% of its revenue from Rest of Europe (9M 2021: 14.8%).

Among our segments, the standout performance was from the Rest of World segment, which grew 113.8% in revenues to €132.2 million in 9M 2022 from €61.8 million in 9M 2021. Gross margin decreased in Rest of World to 28.4% in 9M 2022 from 31.8% in 9M 2021. The maximum contribution to growth was from the “Financial Services and Insurance”, “Automotive, Manufacturing and Industrial” and “Retail and CPG” verticals.

The North America segment grew 84.1% in revenues to €249.7 million in 9M 2022 from €135.6 million in 9M 2021. This was most driven by growth in the “Automotive, Manufacturing and Industrial” and “Public, Non-profit, Education” verticals. Gross margin increased to 30.3% in 9M 2022 from 28.6% in 9M 2021.

Central Europe segment grew 31.0% in revenue to €169.8 million in 9M 2022 from €129.6 million in 9M 2021. “Automotive, Manufacturing and Industrial” and “Retail and CPG” were the verticals with the most growth. Gross margin decreased in Central Europe to 26.3% in 9M 2022 from 28.8% in 9M 2021.

The Rest of Europe segment registered revenue growth of 29.3% to €73.6 million in 9M 2022 from €56.9 million in 9M 2021. The most growth was registered in the “Travel and Logistics” and “Retail and CPG” verticals. Gross margin increased to 30.5% in 9M 2022 from 28.9% in 9M 2021.

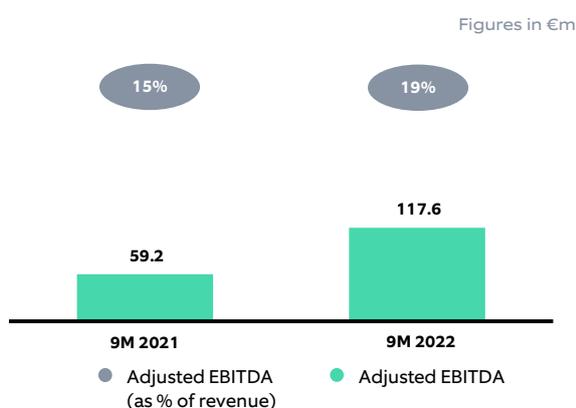
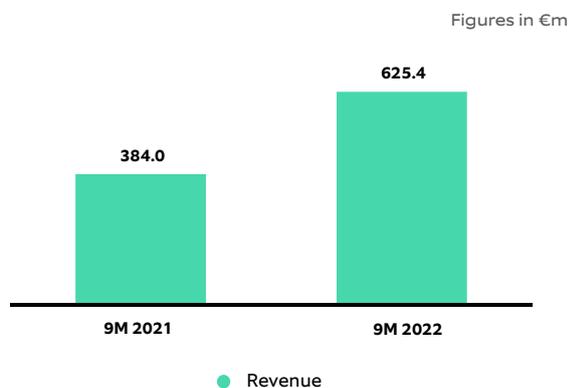
Revenues from the USA grew 84.1% to €249.1 million in 9M 2022 from €135.3 million in 9M 2021, while those from Germany grew 32.9% to €124.3 million in 9M 2022 from €93.5 million in 9M 2021.

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 growth in 9M 2022 over 9M 2021 included “Management Consulting and Business Information” (90.2%), “Financial Services and Insurance” (87.5%), “Automotive, Manufacturing and Industrial” (84.9%), “Public, Non-profit, Education” (64.2%), “Horizontal Tech” (60.4%), “Life Sciences and Healthcare” (58.0%) and “Retail and CPG” (54.5%).

Industries with least growth in 9M 2022 over 9M 2021 were “Telecom, Media and Entertainment” (23.4%), “Energy, Utilities and Building Automation” (33.9%) and “Travel and Logistics” (50.0%).

The reconciliation between Adjusted EBITDA and EBITDA is as follows:



In 9M 2022, Nagarro generated 39.9% of its revenue from North America (9M 2021: 35.3%), 27.2% of its revenue from Central Europe (9M 2021: 33.8%), 21.1% of its revenue

Nine-month period ended September 30	2022	2021
	kEUR	kEUR
EBITDA	114,872	51,916
Recognition of purchase price components (Badwill)	-	(98)
Exchange loss (gain) on purchase price components	101	60
Stock option expense	2,347	4,459
Acquisition cost	258	317
Expenses related to the rollover of non-controlling interests	-	2,313
Realised value on sale of investment	-	262
Adjusted EBITDA	117,578	59,228

Our clients in 63 countries chose to pay us in various currencies. The currencies that contributed more significantly to our revenues are listed below (in € million).

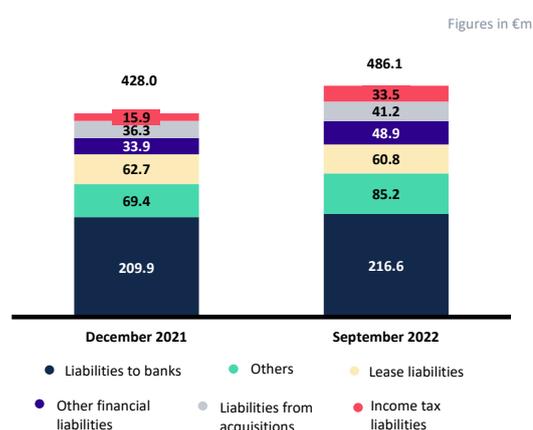
Currency	9M 2022	9M 2021
	mEUR	mEUR
USD	277.6	146.0
EUR	201.4	157.5
INR	75.1	27.9
ZAR	12.9	8.4
DKK	9.9	8.9
AED	9.0	6.6
GBP	8.8	6.6
NOK	7.1	4.7
CHF	6.0	3.1
AUD	5.0	2.5
JPY	4.5	3.5
SEK	3.5	3.8
MYR	1.8	1.8
RON	1.0	0.9
CNY	0.7	0.0
CAD	0.5	0.0
THB	0.3	1.8
SGD	0.2	0.1

IV.

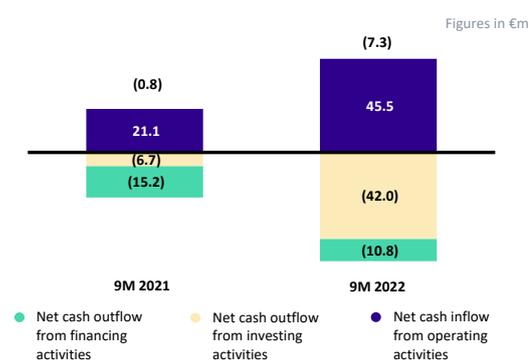
Financial position at the end of period



Assets



Liabilities



Cash flow

The basic principles of financial management at Nagarro are financial prudence and stability, ensuring a reasonable profitability and assuring adequate liquidity, even

as the company grows via calculated entrepreneurial bets. The Finance Council works to ensure we have the right capital structure in place, that we are managing cash and liquidity carefully, and we are managing financial risks such as currency risks with the appropriate instruments.

We target a balanced debt-to-equity ratio that preserves flexibility for the company, allowing it to react to business opportunities and to changes in macroeconomic conditions. Nagarro's syndicated loan also incorporates covenants on the ratio of net debt to Adjusted EBITDA, which the company monitors and complies with.

The company's liquidity position at the end of 9M 2022 was comfortable. The current assets were €340.5 million, of which cash was €89.8 million. The current liabilities were €198.0 million, yielding a working capital of €142.5 million.

Total assets grew by €139.2 million to €664.1 million as of September 30, 2022, as against €524.9 million as of December 31, 2021. Of these, non-current assets increased by €58.5 million to €323.6 million as of September 30, 2022, as against €265.1 million as of December 31, 2021. Within non-current assets, goodwill grew by €55.3 million (mainly on account of the acquisitions of RipeConcepts by €23.3 million and, Techmill by €7.1 million, and currency differences of €25.0 million), while right of use assets from leases reduced by €2.6 million (mainly on account of amortization and expected early vacation of a leased property in the next two years). Intangible assets grew by €1.2 million to €16.6 million (mainly on account of the acquisitions of RipeConcepts by €2.3 million and, Techmill by €2.2 million, and currency differences and amortization during the period).

Current assets grew by €80.7 million to €340.5 million as of September 30, 2022, as against €259.8 million as of December 31, 2021. Contract assets, trade receivables, other current financial assets and other current assets together increased by €83.1 million primarily due to increase in trade receivables by €75.4 million offset by decrease in contract assets by €3.8 million resulting in an overall increase of 57.2%. The increase in trade receivables and contract assets taken together is primarily due to increase in Q3 2022 revenue over Q4 2021 revenue by 41.8% and increase in receivables from certain public sector customers. It may be noted that the company has refined its policy for classification of certain contract assets as trade receivables. Income tax receivable increased by €14.6 million. Further, cash balance decreased by €16.8 million to €89.8 million mainly on account of outflows of €39.1 million for expenses related to various acquisitions.

Non-current liabilities grew by €23.5 million to €288.1 million as of September 30, 2022, as against €264.6 million as of December 31, 2021. This is primarily due to additional loan taken of €15.5 million and re-classification of €4.0 million current loans to non-current loans as there are no quarterly repayment of loans due as per the terms of the new refinanced facility.

Current liabilities grew by €34.6 million to €198.0 million as of September 30, 2022, as against €163.4 million as of December 31, 2021. This is primarily due to increase in income tax liabilities by €17.6 million, other current financial liabilities by €14.1 million (mainly from provision for expenses against expected supplier invoices and payroll liabilities), current liabilities from acquisitions by €4.9 million (mainly from acquisition of RipeConcepts and Techmill) and trade payables by €2.6 million. This is offset by reduction in liabilities to banks by €12.3 million (mainly due to payment of €4.0 million loan under the older financing facility and re-classification of €4.0 million loan from current liabilities to non-current liabilities as mentioned above and reduction by €4.3 million in factoring liabilities).

Net assets represented by total equity grew by €81.2 million to €178.0 million as of September 30, 2022, as against €96.8 million as of December 31, 2021. The increase is primarily due to current period total comprehensive income of €79.1 million and increase in capital reserves by €2.3 million (mainly from issuance of stock options under SOP 2020/II and SOP 2020/III).

Note that management does not review assets and liabilities at the reportable segment level, and therefore segment disclosure relating to total assets and liabilities is not included in the report.

Our total cashflow was negative €7.3 million in 9M 2022 against negative €0.8 million in 9M 2021. Our 9M 2022 total cashflow was negative primarily due to expenses related to various acquisitions.

In spite of our rapid growth in 9M 2022 which led to an increase in trade receivables by €75.4 million which was offset in some measure by a decrease in contract assets by €3.8 million and funds received from factoring of €13.5 million, our operating cash flow was €45.5 million in 9M 2022 as compared to €21.1 million in 9M 2021.

The cash outflow from financing activities in 9M 2022 was €10.8 million as compared to €15.2 million in 9M 2021. Major items of cash outflow in 9M 2022 were lease payments of €17.1 million and interest payments of €4.9 million. This is offset by increase in loans from banks by €11.2 million.

The cash outflow from investing activities in 9M 2022 was €42.0 million, mainly due to the payment of acquisition obligations of €39.1 million (€16.0 million for acquisition of RipeConcepts and €7.3 million for acquisition of Techmill, and to meet contractual payment obligations from older acquisitions). The cash outflow from investing activities in 9M 2021 was €6.7 million.

V.

Non-financial KPIs

We use a standardized client satisfaction (CSAT) survey, which is sent every quarter to the person responsible

for project success on the client side. The CSAT comprises a set of questions, and our measure of overall satisfaction is the percentage of responses that is “Always” or “Mostly”. From Q2 2022 onwards, the company revised the CSAT format to sharpen it and make the feedback more actionable. As a result of this change in the survey, the Q2 and Q3 2022 and subsequent scores will not be comparable with Q1 2022 and previous scores. To be fully correct and transparent, we are providing the Q1 2022, Q2 2022 and Q3 2022 scores separately in this 9M 2022 report. Our CSAT score was 95% in Q1 2022, using the old survey format, 92.5% in Q2 2022 and 92.0% in Q3 2022, using the new survey format. Our CSAT score was 95% in 9M 2021, using the old survey format. Note also that the CSAT does not cover very small engagements and at any point in time, may also not cover engagements via companies that recently became part of Nagarro.

On September 30, 2022, Nagarro had 18,087 professionals of which 16,849 were professionals in engineering. The comparable numbers for September 30, 2021 were 12,052 and 11,116 and for December 31, 2021 were 13,684 and 12,613, respectively. A number of the new joiners in 9M 2022 were engineers recently out of college, not expected to be immediately deployed in revenue-generating work.

VI.

Outlook for 2022

The most obvious immediate risk to Nagarro’s business is from the global macroeconomic situation. How the global economy will evolve and how it will impact our business is very difficult to predict at this time. There are some indications that the demand for digital engineering services may prove at least somewhat resilient.

With these caveats, we currently expect Nagarro’s revenue for 2022 to be in the region of €850 million, as against €546 million in 2021. We target gross margin in the region of 28%, similar to that in 2021. We target Adjusted EBITDA margin to be in the region of 16%, as against 15% in 2021. Acquisitions made in 2022 are included in these projections.

The alternative performance measures in these management projections for 2022 have been consistently estimated with the accounting principles applied in the consolidated financial statements. All of the above management projections are forecasts and may be proved wrong and are especially uncertain because of the geopolitical conditions, the macroeconomic conditions and the Covid-19 pandemic. We are confident that in the medium term, our business has the potential to deliver years of strong organic revenue growth, with Adjusted EBITDA margin of at least 15%.

VII.

Developments after September 30, 2022

In the period after the balance sheet date of September 30, 2022, Nagarro’s business has not been greatly impacted by either the macroeconomic conditions, the continuing conflict in Ukraine, or the Covid-19 pandemic.

While there have been some signs of potential weakening of demand for Nagarro’s services at select clients due to the global macroeconomic situation, by and large the demand is holding up.



Section B

Interim condensed information

for the nine-month period ended September 30, 2022 in accordance with IFRS



Interim condensed consolidated statement of financial position

Assets	September 30,	December 31,
	2022	2021
<i>in kEUR</i>		
Intangible assets	16,580	15,342
Goodwill	218,736	163,401
Property, plant and equipment	12,378	11,139
Right of use assets	56,765	59,331
Non-current contract costs	208	208
Other non-current financial assets	4,262	3,745
Other non-current assets	867	876
Deferred tax assets	13,768	11,039
Non-current assets	323,564	265,081
Inventories	233	269
Current contract costs	11	121
Contract assets	18,000	21,823
Trade receivables	178,674	103,308
Other current financial assets	10,431	5,447
Other current assets	16,460	9,901
Income tax receivables	26,970	12,324
Cash	89,756	106,592
Current assets	340,535	259,785
Total assets	664,099	524,866



	September 30,	December 31,
Equity and Liabilities	2022	2021
in kEUR		
Share capital	13,776	13,776
Treasury shares, at cost	(293)	-
Capital reserve	247,172	244,825
Profit carried forward	96,372	66,370
Net profit for the period, excluding non-controlling interests	61,927	30,003
Changes in equity recognized directly in equity	(260,612)	(260,612)
Other comprehensive income	19,647	2,468
Equity attributable to the shareholders of Nagarro	177,989	96,829
Equity attributable to non-controlling interests	-	-
Total equity	177,989	96,829
Non-current liabilities to banks	205,051	186,084
Non-current lease liabilities	39,206	43,343
Long-term provisions for post-employment benefits	11,510	9,082
Other long-term provisions	296	273
Non-current contract liabilities	-	-
Other non-current financial liabilities	3,384	2,491
Non-current liabilities from acquisitions	18,943	18,939
Deferred tax liabilities	9,725	4,401
Non-current liabilities	288,115	264,614
Current liabilities to banks	11,517	23,778
Current lease liabilities	21,628	19,395
Short-term provisions for post-employment benefits	1,787	1,028
Other short-term provisions	21,044	19,036
Current contract liabilities	11,173	9,422
Trade payables	21,029	18,462
Current liabilities from acquisitions	22,235	17,341
Other current financial liabilities	45,500	31,425
Other current liabilities	8,620	7,681
Income tax liabilities	33,463	15,855
Current liabilities	197,996	163,424
Equity and liabilities	664,099	524,866

Interim condensed consolidated statement of comprehensive income

	Q3	Q3	9M	9M
Profit or Loss	2022	2021	2022	2021
in kEUR				
Revenue	229,778	140,954	625,359	384,001
Own work capitalized	44	44	133	133
Other operating income	7,002	2,830	18,643	10,369
Cost of materials	(19,782)	(14,433)	(58,125)	(40,822)
Staff costs	(151,001)	(95,223)	(416,432)	(259,220)
Impairment of trade receivables and contract assets	508	(473)	(462)	(1,298)
Other operating expenses	(18,928)	(14,475)	(54,245)	(41,247)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	47,622	19,223	114,872	51,916
Depreciation, amortization and impairment	(8,435)	(5,811)	(24,128)	(17,125)
Earnings before interest and taxes (EBIT)	39,187	13,412	90,744	34,790
Finance income	102	95	339	340
Finance costs	(3,404)	(1,805)	(7,909)	(5,639)
Earnings before taxes (EBT)	35,885	11,702	83,174	29,492
Income taxes	(10,156)	(3,332)	(21,247)	(7,835)
Profit for the period	25,729	8,369	61,927	21,656
Profit for the period attributable to:				
Shareholders of Nagarro	25,729	11,096	61,927	21,656
Non-controlling interests	-	(2,727)	-	-
Other comprehensive income				
in kEUR				
Items that will not be reclassified to profit or loss				
Actuarial gains (losses)	(312)	(266)	(266)	(469)
Tax effects	43	66	12	117
	(268)	(200)	(254)	(353)
Items that may be reclassified to profit or loss				
Foreign exchange differences	9,112	3,741	17,433	7,208
	9,112	3,741	17,433	7,208



Other comprehensive income for the period	8,844	3,541	17,179	6,855
Total comprehensive income for the period	34,573	11,910	79,105	28,511
Total comprehensive income for the period attributable to:				
Shareholders of Nagarro	34,573	15,167	79,105	28,511
Non-controlling interests	-	(3,257)	-	-
Basic earnings per share:				
Basic earnings per share in EUR (based on weighted average)	1.87	0.96	4.50	1.89
Basic earnings per share in EUR (based on outstanding shares)	1.87	0.96	4.50	1.87
Diluted earnings per share:				
Diluted earnings per share in EUR (based on weighted average)	1.86	0.80	4.46	1.58
Diluted earnings per share in EUR (based on outstanding shares)	1.86	0.80	4.46	1.57

Interim condensed consolidated statement of changes in equity

	Share capital	Treasury shares	Capital reserve	Profit carried forward	Net profit for the period, excluding non-controlling interests	Changes in equity recognized directly in equity	Other comprehensive income		Equity attributable to the shareholders of Nagarro	Equity attributable to non-controlling interests	Total equity
							Foreign exchange differences	Actuarial gain or loss on pension provisions			
in kEUR											
Balance at January 1, 2021	11,383	-	232,410	47,922	18,447	(260,612)	(4,723)	(1,026)	43,800	2,728	46,528
Profit for the period	-	-	-	-	21,656	-	-	-	21,656	-	21,656
Other comprehensive income for the period	-	-	-	-	-	-	7,208	(353)	6,855	-	6,855
Total comprehensive income for the period	-	-	-	-	21,656	-	7,208	(353)	28,511	-	28,511
Transfer of profit or loss for the previous year to profit carried forward	-	-	-	18,447	(18,447)	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-	-	-
Share capital issued	194	-	-	-	-	-	-	-	194	-	194
Transfer of capital reserve	-	-	2,948	-	-	-	-	-	2,948	-	2,948
Stock options expense	-	-	4,459	-	-	-	-	-	4,459	-	4,459
Other transactions with shareholders	-	-	5,696	-	-	-	-	-	5,696	(2,728)	2,968
Balance at September 30, 2021	11,577	-	245,512	66,370	21,656	(260,612)	2,484	(1,379)	85,608	-	85,608



Balance at January 1, 2022	13,776	-	244,825	66,370	30,003	(260,612)	5,442	(2,974)	96,829	-	96,829
Profit for the period	-	-	-	-	61,927	-	-	-	61,927	-	61,927
Other comprehensive income for the period	-	-	-	-	-	-	17,433	(254)	17,179	-	17,179
Total comprehensive income for the period	-	-	-	-	61,927	-	17,433	(254)	79,105	-	79,105
Transfer of profit or loss for the previous year to profit carried forward	-	-	-	30,003	(30,003)	-	-	-	-	-	-
Purchase of treasury shares	-	(293)	-	-	-	-	-	-	(293)	-	(293)
Dividend	-	-	-	-	-	-	-	-	-	-	-
Share capital issued	-	-	-	-	-	-	-	-	-	-	-
Transfer of capital reserve	-	-	-	-	-	-	-	-	-	-	-
Stock options expense	-	-	2,347	-	-	-	-	-	2,347	-	2,347
Other transactions with shareholders	-	-	-	-	-	-	-	-	-	-	-
Balance at September 30, 2022	13,776	(293)	247,172	96,372	61,927	(260,612)	22,874	(3,228)	177,989	-	177,989

Interim condensed consolidated statement of cash flow

Cash flows		
Nine-month period ended September 30	2022	2021
in kEUR		
Cash flows from operating activities		
EBIT	90,744	34,790
Depreciation, amortization and impairments of non-current assets	24,128	17,125
Change in long-term provisions	1,123	635
Other non-cash income and expenses	5,384	4,046
Income taxes paid	(17,208)	(9,523)
Cash flows from changes in net working capital	(72,199)	(34,978)
Net cash inflow (outflow) from factoring	13,495	8,979
Net cash inflow from operating activities	45,466	21,075
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(2,970)	(2,531)
Proceeds from sale of property, plant and equipment and intangible assets	14	4
Acquisition of subsidiaries, net of cash acquired	(39,071)	(4,192)
Net cash outflow from investing activities	(42,027)	(6,719)
Cash flows from financing activities		
Proceeds from shareholders of Nagarro	-	3,162
Purchase of treasury shares	(293)	-
Proceeds from bank loans	24,400	-
Repayment of bank loans	(13,231)	(4,169)
Principal elements of lease payments	(17,106)	(13,679)
Interest received	339	340
Interest paid	(4,877)	(3,793)
Other transactions with shareholders	-	2,948
Net cash inflow (outflow) from financing activities	(10,768)	(15,191)
Total cash flow	(7,330)	(836)
Effects of exchange rate changes on cash and cash equivalents	(4,850)	1,182
Total changes in cash and cash equivalents	(12,180)	346
Cash and cash equivalents at the beginning of the period	94,969	103,173
Cash and cash equivalents at the end of the period	82,789	103,519

Other notes

Accounting policies

The accounting policies have not changed compared to the consolidated financial statements for the year 2021. The quarterly statement of Nagarro SE for Q3 and the nine-month period ended September 30, 2022, have not been reviewed by an auditor or have not been audited according to section 115(5) WpHG (German Securities Trading Act).

Treasury shares

The Management Board of Nagarro SE decided on September 27, 2022 to make use of the authorization pursuant to Sec. 71 para. 1 no. 8 of the German Stock Corporation Act (Aktiengesetz, AktG) to repurchase shares of the Company, which was granted by the shareholders' meeting of October 30, 2020. In aggregate, up to 115,000 shares of the Company were approved to be repurchased, corresponding to a portion of the current nominal share capital of approximately 0.83%, subject to an overall purchase volume limit of €10 million (excluding ancillary costs of purchase). The repurchased shares may be used for all purposes covered by the authorization.

The share buyback was carried out between September 30, 2022 and October 31, 2022.

As at September 30, 2022, a total of 3,300 shares (December 31, 2021: Nil shares) were bought at an average share price of €88.75 per share with a total cost of €0.29 million (December 31, 2021: Nil), corresponding to a portion of the current nominal share capital of approximately 0.02%.

As at October 31, 2022, a total of 103,867 shares (December 31, 2021: Nil shares) were bought at an average share price of €96.27 per share with a total cost of €10 million (December 31, 2021: Nil), corresponding to a portion of the current nominal share capital of approximately 0.75%.

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

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

Basis of consolidation

The interim consolidated financial statements as at September 30, 2022 include all the subsidiaries of the Group as mentioned in the consolidated financial statements as at December 31, 2021 along with the following additions made during the first nine months of 2022:-

- (i) Nagarro S.A.S., a newly incorporated wholly owned subsidiary in Ecuador
- (ii) Nagarro Software S.A.S., a newly incorporated wholly owned subsidiary in Colombia.
- (iii) Nagarro GS Inc, a newly incorporated wholly owned subsidiary in the United States of America.
- (iv) Nagarro for Information Technology, a newly incorporated wholly owned subsidiary in the Kingdom of Saudi Arabia.
- (v) Nagarro, UNIPESSOAL LDA, a newly incorporated wholly owned subsidiary in Portugal.
- (vi) Nagarro Software, S.L., a newly incorporated wholly owned subsidiary in Spain.

Further, the following entities have been included during the first nine months of 2022 as a result of first-time consolidation on business acquisition of RipeConcepts with effect from February 1, 2022, and Techmill with effect from March 1, 2022:-

- (i) Ace Outsource LC, USA
- (ii) RipeConcepts Incorporated, Philippines
- (iii) Techmill Global Pte Ltd, Singapore
- (iv) Tech Mills (Australia) Pty Ltd, Australia

Also to improve cultural and operational alignment, Nagarro has merged the following German legal entities with Nagarro GmbH, Munich:-

- (i) Nagarro TS GmbH, Germany (registered in the commercial register on August 18, 2022, with effective merger date of January 1, 2022)
- (ii) Nagarro Software GmbH, Germany (registered in the commercial register on August 30, 2022, with effective merger date of January 1, 2022)

Others

Nagarro SE refinanced its existing syndicated loan facility with five European credit institutions on September 27, 2022, and increased the facility from € 250 million (comprising a term loan facility of €100 million and a revolving credit facility of €150 million) to €350 million (which is a fully revolving credit facility) with an option to further increase the loan facility amount to €450 million. The term of the new 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 factoring basket can be grown based on the value of assets of the group compared to €60 million in the earlier factoring

facility. These loans have a floating interest rate based on 3 month or 6 month Euribor (depending upon the interest period) plus a margin of 1.75 (December 31, 2021: 2.1) percentage points as at September 30, 2022.

Our factoring facility in the US has been increased from \$20 million to \$35 million from September 2022 onwards. In Europe, the factoring facility has been extended to some Nordic region countries from September 2022 onwards in addition to the existing Germany and Austria region for which the overall facility has been increased from €20 million to €35 million from September 2022 onwards.



Section C

Important information



Financial calendar

For details, refer our IR website:

<https://www.nagarro.com/en/investor-relations/financial-calendar>

Imprint

Nagarro SE
Einsteinstraße 172
81677 Munich
Germany

Phone: +49 89 998421-0
Fax: +49 89 998421-11
E-Mail: info@nagarro.com

Authorized representatives of the Management Board:

Manas Fuloria (Chairperson), Annette Mainka,
Vikram Sehgal

Chairperson of the Supervisory Board:

Carl Georg Dürschmidt

Registration Court:

HRB-Nr. 254410, Amtsgericht München

Turnover tax identification number:

DE 815882160

Content wise responsible person in accordance with §55 paragraph 2 RStV:

Manas Fuloria