



# Half-yearly financial report

**2022**

For the period ended June 30



Nagarro group

# Key figures – Quarterly

|  | Q2<br>2022 | Q2<br>2021 | YoY<br>Change | Q1<br>2022 | QoQ<br>Change |
|--|------------|------------|---------------|------------|---------------|
|  | kEUR       | kEUR       | %             | kEUR       | %             |
| Revenue  | 210,049    | 127,322    | 65.0%         | 185,532    | 13.2%         |
| Cost of revenues                               | 149,903    | 89,328     | 67.8%         | 135,218    | 10.9%         |
| Gross profit                                   | 60,190     | 38,038     | 58.2%         | 50,359     | 19.5%         |
| Adjusted EBITDA                                | 40,170     | 18,960     | 111.9%        | 28,974     | 38.6%         |
| Revenue by country                             |            |            |               |            |               |
| Germany  | 41,856     | 30,754     | 36.1%         | 39,066     | 7.1%          |
| US   | 84,034     | 45,413     | 85.0%         | 70,672     | 18.9%         |
| Revenue by industry                            |            |            |               |            |               |
| Automotive, Manufacturing and Industrial       | 40,032     | 21,123     | 89.5%         | 35,363     | 13.2%         |
| Energy, Utilities and Building Automation      | 13,999     | 10,875     | 28.7%         | 13,322     | 5.1%          |
| Financial Services and Insurance               | 27,184     | 14,687     | 85.1%         | 23,229     | 17.0%         |
| Horizontal Tech                                | 20,935     | 12,020     | 74.2%         | 18,824     | 11.2%         |
| Life Sciences and Healthcare                   | 15,606     | 9,149      | 70.6%         | 14,270     | 9.4%          |
| Management Consulting and Business Information | 15,739     | 7,889      | 99.5%         | 12,108     | 30.0%         |
| Public, Non-profit and Education               | 17,335     | 11,107     | 56.1%         | 16,085     | 7.8%          |
| Retail and CPG                                 | 27,566     | 17,715     | 55.6%         | 24,314     | 13.4%         |
| Telecom, Media and Entertainment               | 12,110     | 9,483      | 27.7%         | 10,973     | 10.4%         |
| Travel and Logistics                           | 19,543     | 13,273     | 47.2%         | 17,043     | 14.7%         |



Nagarro group

# Key figures – Half-yearly

|  | <b>H1<br/>2022</b> | <b>H1<br/>2021</b> | <b>YoY<br/>Change</b> |
|--|--------------------|--------------------|-----------------------|
|  | <b>KEUR</b>        | <b>KEUR</b>        | <b>%</b>              |
| Revenue  | 395,581            | 243,046            | 62.8%                 |
| Cost of revenues                               | 285,121            | 171,043            | 66.7%                 |
| Gross profit                                   | 110,549            | 72,092             | 53.3%                 |
| Adjusted EBITDA                                | 69,144             | 37,519             | 84.3%                 |
| <b>Revenue by country</b>                      |                    |                    |                       |
| Germany  | 80,922             | 61,309             | 32.0%                 |
| US   | 154,706            | 84,684             | 82.7%                 |
| <b>Revenue by industry</b>                     |                    |                    |                       |
| Automotive, Manufacturing and Industrial       | 75,395             | 39,983             | 88.6%                 |
| Energy, Utilities and Building Automation      | 27,321             | 20,287             | 34.7%                 |
| Financial Services and Insurance               | 50,413             | 27,742             | 81.7%                 |
| Horizontal Tech                                | 39,759             | 23,985             | 65.8%                 |
| Life Sciences and Healthcare                   | 29,876             | 18,015             | 65.8%                 |
| Management Consulting and Business Information | 27,847             | 15,792             | 76.3%                 |
| Public, Non-profit and Education               | 33,421             | 20,429             | 63.6%                 |
| Retail and CPG                                 | 51,880             | 33,782             | 53.6%                 |
| Telecom, Media and Entertainment               | 23,084             | 18,596             | 24.1%                 |
| Travel and Logistics                           | 36,587             | 24,435             | 49.7%                 |



|  | <b>H1<br/>2022</b> | <b>H1<br/>2021</b> |
|--|--------------------|--------------------|
|  | %                  | %                  |
| <b>Revenue concentration (by customer)</b> |                    |                    |
| Top 5                                      | 15.4%              | 13.9%              |
| Top 6-10                                   | 10.6%              | 10.8%              |
| Outside of Top 10                          | 74.0%              | 75.3%              |

## Segment information

|                       | <b>H1<br/>2022</b> | <b>H1<br/>2021</b> | <b>Change</b> |
|-----------------------|--------------------|--------------------|---------------|
|                       | KEUR               | KEUR               | %             |
| <b>Central Europe</b> |                    |                    |               |
| Revenue               | 110,624            | 84,822             | 30.4%         |
| Cost of revenues      | 83,190             | 59,882             | 38.9%         |
| Gross profit          | 27,434             | 24,939             | 10.0%         |
| <b>North America</b>  |                    |                    |               |
| Revenue               | 155,186            | 84,698             | 83.2%         |
| Cost of revenues      | 108,447            | 59,691             | 81.7%         |
| Gross profit          | 46,739             | 25,007             | 86.9%         |
| <b>Rest of Europe</b> |                    |                    |               |
| Revenue               | 47,497             | 37,001             | 28.4%         |
| Cost of revenues      | 34,113             | 26,775             | 27.4%         |
| Gross profit          | 13,473             | 10,315             | 30.6%         |
| <b>Rest of World</b>  |                    |                    |               |
| Revenue               | 82,274             | 36,525             | 125.3%        |
| Cost of revenues      | 59,371             | 24,694             | 140.4%        |
| Gross profit          | 22,903             | 11,831             | 93.6%         |

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.

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Section A

# **Interim group management report**

for the half-year ended June 30, 2022

# 1. Overview

Among the portents of economic doom and gloom, Nagarro's business carried over its revenue momentum from Q1 2022 to Q2 2022. Following QoQ revenue growth of 14.5% in Q1 2022, we recorded QoQ revenue growth of 13.2% in Q2 2022. H1 2022 YoY revenue growth over H1 2021 was 62.8%, and the corresponding constant currency YoY revenue growth was 55.6%. Adjusted EBITDA as a percentage of revenue was 15.6% in Q1 2022 and 19.1% in Q2 2022, with a resulting H1 2022 number of 17.5%. The company added a net 2,263 professionals in Q1 2022 and 872 in Q2 2022 - a number that includes additions through acquisitions in Q1 2022, trainees and lateral hires.

We do not have any way of predicting how long we will continue to grow this fast. What we can do, and what we have been doing, is to focus on building a culturally outstanding and operationally agile company, comprised of excellent human beings around the world who are intellectually and emotionally engaged with each other. With these fundamentals in place, we feel confident of making the best of whatever external environment we are presented with.

## 2. General economic and industry conditions

The half year was marked by the Russia-Ukraine conflict and its fallout. Rising energy prices and supply chain disruptions added to pre-existing inflationary pressures.

In contrast, fears around Covid-19 faded somewhat. As the disease progressed from pandemic to endemic, the world continued its slow journey back to normalcy.

In our industry, demand remained strong regardless of geopolitical and macroeconomic concerns. Talent remained in short supply and companies continued to report high attrition levels.

The Russia-Ukraine conflict disrupted the operations of some IT companies with high exposure to the region. However, this only intensified the competition for talent elsewhere in the world.

## 3. Financial performance

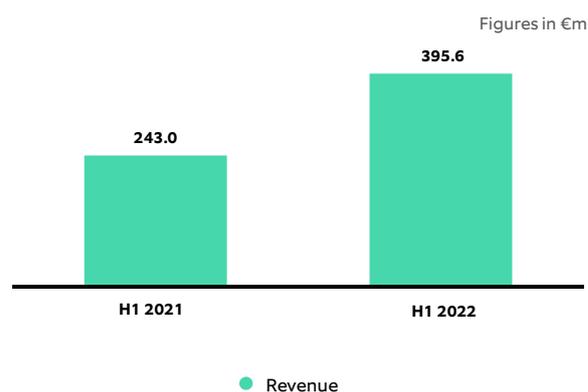
Nagarro's financial performance in H1 2022 was satisfactory. The pressure on gross margins continued but we were able to steer towards our 2022 target Adjusted EBITDA

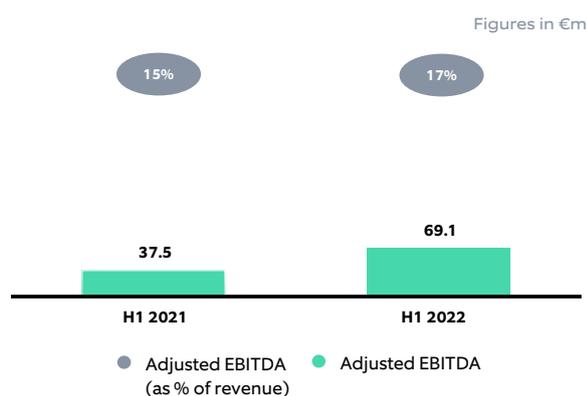
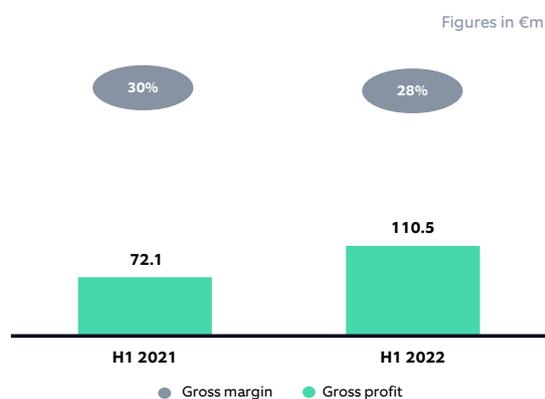
margin while keeping our foot on the accelerator in terms of growth.

Nagarro's revenues grew to €395.6 million in H1 2022 from €243.0 million in H1 2021, a growth of 62.8%. In constant currency, H1 2022 YoY revenue growth was 55.6%. Gross profit grew to €110.5 million in H1 2022 from €72.1 million in H1 2021. Gross margin dropped, changing from 29.7% in H1 2021 to 27.9% in H1 2022. Adjusted EBITDA grew 84.3% from €37.5 million (15.4% of revenue) in H1 2021 to €69.1 million (17.5% of revenue) in H1 2022. Wage inflation and the carrying of a large number of trainees affected the gross margin and the Adjusted EBITDA in H1 2022. Our most significant adjustments to EBITDA in H1 2022 are the expense of €1.6 million on stock options offered in Jan 2021 and the acquisition costs of €0.3 million. Please note that gross margin, gross profit and Adjusted EBITDA are non-IFRS KPIs, defined in the [Annual Report 2021](#).

EBITDA increased by 105.7% from €32.7 million in H1 2021 to €67.2 million in H1 2022. EBIT increased by 141.2% from €21.4 million in H1 2021 to €51.6 million in H1 2022. Net profit increased by 172.4% to €36.2 million in H1 2022 against €13.3 million in H1 2021. Further, compared to H1 2021, in H1 2022 there was an increase in depreciation and amortization of €4.4 million and an increase in interest expense of €0.7 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.





In H1 2022, Nagarro generated 39.2% of its revenue from North America (H1 2021: 34.8%), 28.0% of its revenue from Central Europe (H1 2021: 34.9%), 20.8% of its revenue from Rest of World (H1 2021: 15.0%) and 12.0% of its revenue from Rest of Europe (H1 2021: 15.2%).

Among our segments, the standout performance was from the Rest of World, which grew 125.3% in revenues to €82.3 million in H1 2022 from €36.5 million in H1 2021. The maximum contribution to growth was from the “Financial Services and Insurance” and “Automotive, Manufacturing and Industrial” verticals. Gross margin decreased in Rest of World to 27.8% in H1 2022 from 32.4% in H1 2021.

The North America segment grew 83.2% in revenues to €155.2 million in H1 2022 from €84.7 million in H1 2021. This was primarily driven by growth in the “Automotive, Manufacturing and Industrial” and “Public, Non-profit, Education” verticals. Gross margin for the segment increased to 30.1% in H1 2022 from 29.5% in H1 2021.

Central Europe grew 30.4% in revenue to €110.6 million in H1 2022 from €84.8 million in H1 2021. “Automotive, Manufacturing and Industrial” and “Retail and CPG” were the verticals with the most growth. Gross margin for the segment decreased in Central Europe to 24.8% in H1 2022 from 29.4% in H1 2021.

The Rest of Europe grew 28.4% in revenues to €47.5 million in H1 2022 from €37.0 million in H1 2021. The most growth was registered in the “Retail and CPG” and “Travel

and Logistics” verticals. Gross margin for the segment grew to 28.4% in H1 2022 from 27.9% in H1 2021.

Revenues from the USA grew 82.7% to €154.7 million in H1 2022 from €84.7 million in H1 2021, while those from Germany grew 32.0% to €80.9 million in H1 2022 from €61.3 million in H1 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 H1 2022 over H1 2021 included “Automotive, Manufacturing and Industrial” (88.6%), “Financial Services and Insurance” (81.7%), “Management Consulting and Business Information” (76.3%), “Life Sciences and Healthcare” (65.8%) and “Horizontal Tech” (65.8%).

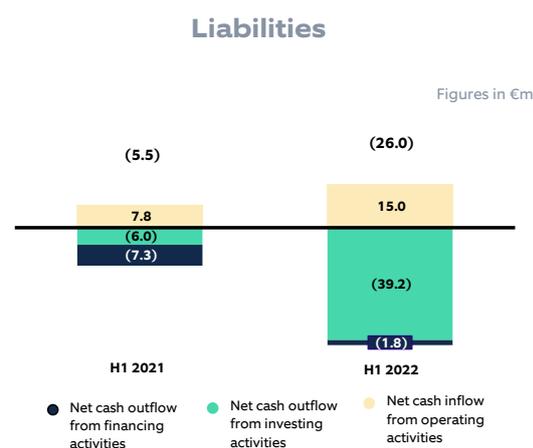
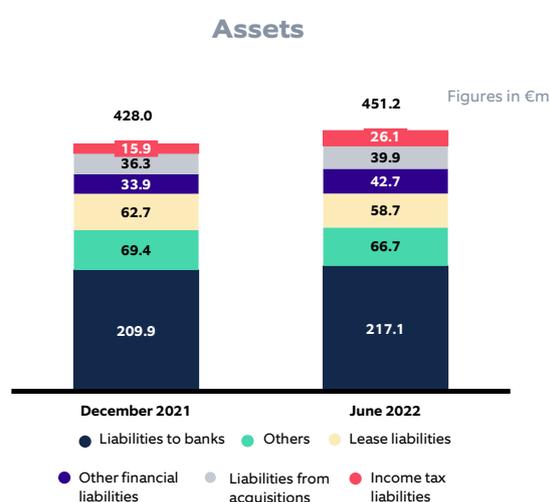
Industries with the least growth in H1 2022 over H1 2021 were “Telecom, Media and Entertainment” (24.1%) and “Energy, Utilities and Building Automation” (34.7%).

The revenue from our top 5 clients as a percentage of total revenue in H1 2022 rose to 15.4% in H1 2022 from 13.9% in H1 2021. The revenue from the next 5 largest clients dropped marginally to 10.6% in H1 2022 from 10.8% in H1 2021, while the revenue from clients outside the top 10 dropped to 74.0% in H1 2022 from 75.3% in H1 2021.

Our clients in 58 countries chose to pay us in various currencies. The currencies that contributed more significantly to our revenues are listed below (in € million).

| Six months period ended June 30 | 2022 mEUR | 2021 mEUR |
|---------------------------------|-----------|-----------|
| USD                             | 173.3     | 90.8      |
| EUR                             | 130.6     | 103.4     |
| INR                             | 45.8      | 15.3      |
| ZAR                             | 8.0       | 5.2       |
| DKK                             | 6.9       | 5.4       |
| GBP                             | 5.7       | 4.1       |
| AED                             | 5.4       | 4.0       |
| NOK                             | 5.1       | 3.2       |
| CHF                             | 3.7       | 2.0       |
| JPY                             | 3.0       | 2.2       |
| AUD                             | 3.0       | 1.7       |
| SEK                             | 2.1       | 2.4       |
| MYR                             | 1.3       | 1.1       |
| THB                             | 0.2       | 1.2       |

## 4. Financial position as at the balance sheet date



### 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 also 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 H1 2022 was comfortable. The current assets were €284.6 million, of which cash was €72.1 million. The current liabilities were €178.3 million, yielding a working capital of €106.3 million.

Total assets grew by €69.3 million to €594.1 million as of June 30, 2022, as against €524.9 million as of December 31, 2021. Of these, non-current assets increased by €44.5 million to €309.6 million as of June 30, 2022, as against €265.1 million as of December 31, 2021. Within non-current assets, goodwill grew by €43.7 million (mainly on account of the acquisitions of RipeConcepts by €23.3 million and, Techmill by €7.1 million, and currency differences of €13.3 million), and right of use from leases reduced by €4.8 million (mainly on account of amortization and expected early vacation of a leased property in the next two years). Intangible assets increased by €2.3 million to €17.7 million (mainly on account of the acquisitions of RipeConcepts by €2.3 million and, Techmill by €2.2 million, and currency differences and amortisation during the period).

Current assets grew by €24.8 million to €284.6 million as of June 30, 2022, as against €259.8 million as of December 31, 2021. Within current assets, contract assets, trade receivables, other current financial assets and other current assets together increased by €52.5 million (primarily due to increase in trade receivables by €36.3 million and contract assets by €11.4 million). Income tax receivable increased by €6.9 million to €19.2 million. Further, cash balance got decreased by €34.5 million to €72.1 million mainly on account of outflows of €37.1 million for expenses related to various acquisitions.

Non-current liabilities have increased by €8.3 million mainly on account of net addition of non-current loans (€11.7 million).

Current liabilities have increased by €14.8 million primarily due to increase in other current financial liabilities by €8.7 million (mainly provisions for unbooked supplier invoices and leave obligations) and income tax liabilities by €10.3 million. The increase has been offset by reduction in contract liabilities by €3.3 million, other provisions by €2.4 million and trade payables by €2.2 million (primarily on account of settlement of payables).

Net assets represented by total equity grew by €46.1 million from €96.8 million as of December 31, 2021, to

€143.0 million as of June 30, 2022. The increase is due to increase in total comprehensive income of €44.5 million and increase in capital reserve by €1.6 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 €26.0 million in H1 2022 against negative €5.5 million in H1 2021. Our H1 2022 total cashflow was negative primarily due to expenses related to various acquisitions.

Our operating cash flow was €15.0 million in H1 2022 as compared to €7.8 million in H1 2021. Our rapid growth in H1 2022 led to an increase in trade receivables by €36.3 million and contract assets by €11.4 million, resulting in low operating cash flows.

The cash outflow from financing activities in H1 2022 was €1.8 million as compared to €7.3 million in H1 2021. Major items of cash outflow in H1 2022 were lease payments of €10.8 million and interest payment of €2.6 million. This is offset by net bank loans of €11.4 million.

The cash outflow from investing activities in H1 2022 was €39.2 million, mainly due to the payment of acquisition obligations of €37.1 million (€17.2 million for acquisition of RipeConcepts and €7.5 million for Techmill, and to meet contractual payment obligations from older acquisitions). The cash outflow from investing activities in H1 2021 was €6.0 million.

## 5. 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”. In Q2 2022, 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 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 and Q2 2022 scores separately in this H1 2022 report. Our CSAT score was 95% in Q1 2022, using the old survey format, and 92.5% in Q2 2022, using the new survey format. Our CSAT score was 95% in H1 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 June 30, 2022, Nagarro had 16,819 professionals of which 15,595 were professionals in engineering. The comparable numbers for June 30, 2021 were 10,903 and 10,014 and for December 31, 2021 were 13,684 and 12,613, respectively. A number of the new joiners in this half year were

engineers recently out of college, not expected to be immediately deployed in revenue-generating work.

## 6. 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 initial indications that the demand for digital engineering services may prove at least somewhat resilient. However, this also increases the risk of continued wage inflation in our industry while the increases in our costs may temporarily be more difficult to fully pass on to our clients.

With these caveats, we currently expect Nagarro’s revenue for 2022 to be in the region of €800 million, as against €546 million in 2021. We target gross margin in the region of 27%, as against 28% in 2021. We target Adjusted EBITDA margin to be in the region of 14%, 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. However, 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 in the region of 15%.

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 better leverage our existing capabilities and case studies. However, there is always the possibility of an opportunistic transaction that deviates from our current strategy.

## 7. Risks and opportunities

In the [Annual Report for 2021](#), we have described our approach to risk management, as well as key risk and opportunity factors. In this section, we present only the relevant changes and new developments.

Since the publishing of the Annual Report, there has been a significant increase in the demand-side risk from the travails of the global economy. It is also possible that demand from certain industries or regions might have a slower or more painful recovery than others.

We believe that the demand for Nagarro’s services is fairly price-inelastic, and so in the medium term, our clients will support price increases to offset these cost increases.

However, the price increases may often lag the increase in wages by several months, especially when there is a slowdown in the broader economy.

The operational risk related to the supply of engineering talent continues still. The competition for top software engineers has spiralled in recent times as companies have rushed to build new digital products and services. Related to this, the wages sought by top talent have also been increasing. Attrition rates have increased for top talent. For the most part, these challenges remain. These factors may, in the short term, affect our ability to service customer demand, as well as our ability to do so profitably.

## **8. Developments after June 30, 2022**

In the period after the balance sheet date of June 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.

Please consult the interim condensed consolidated financial statements note G.7 Events after the balance sheet date for more detail.

Section B

# **Interim condensed consolidated financial statements**

for the half-year ended June 30, 2022 in accordance with IFRS

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# Interim condensed consolidated statements of financial position

| Assets                             | Note | June 30,<br>2022 | December 31,<br>2021 |
|------------------------------------|------|------------------|----------------------|
| in kEUR                            |      |                  |                      |
| Intangible assets                  | C.1  | 17,685           | 15,342               |
| Goodwill                           | C.2  | 207,063          | 163,401              |
| Property, plant and equipment      |      | 12,097           | 11,139               |
| Right of use assets                | C.3  | 54,545           | 59,331               |
| Non-current contract costs         |      | 208              | 208                  |
| Other non-current financial assets |      | 4,584            | 3,745                |
| Other non-current assets           |      | 871              | 876                  |
| Deferred tax assets                |      | 12,504           | 11,039               |
| <b>Non-current assets</b>          |      | <b>309,557</b>   | <b>265,081</b>       |
| Inventories                        |      | 238              | 269                  |
| Current contract costs             |      | 11               | 121                  |
| Contract assets                    | C.4  | 33,228           | 21,823               |
| Trade receivables                  |      | 139,637          | 103,308              |
| Other current financial assets     |      | 7,582            | 5,447                |
| Other current assets               |      | 12,566           | 9,901                |
| Income tax receivables             |      | 19,193           | 12,324               |
| Cash                               |      | 72,115           | 106,592              |
| <b>Current assets</b>              |      | <b>284,570</b>   | <b>259,785</b>       |
| <b>Total assets</b>                |      | <b>594,127</b>   | <b>524,866</b>       |

| <b>Equity and Liabilities</b>                                  | Note | <b>June 30,</b><br><b>2022</b> | <b>December 31,</b><br><b>2021</b> |
|--|------|--------------------------------|------------------------------------|
| <i>in kEUR</i>   |      |                                |                                    |
| Share capital  | C.5  | 13,776                         | 13,776                             |
| Capital reserve  | C.5  | 246,414                        | 244,825                            |
| Profit carried forward   |      | 96,372                         | 66,370                             |
| Net profit for the period, excluding non-controlling interests |      | 36,197                         | 30,003                             |
| Changes in equity recognized directly in equity                | C.5  | (260,612)                      | (260,612)                          |
| Other comprehensive income                                     | C.5  | 10,803                         | 2,468                              |
| Equity attributable to the shareholders of Nagarro             |      | 142,950                        | 96,829                             |
| Equity attributable to non-controlling interests               |      | -                              | -                                  |
| <b>Total equity</b>  |      | <b>142,950</b>                 | <b>96,829</b>                      |
| <b>Non-current liabilities to banks</b>                        |      | <b>197,827</b>                 | <b>186,084</b>                     |
| Non-current lease liabilities                                  | C.3  | 37,395                         | 43,343                             |
| Long-term provisions for post-employment benefits              |      | 10,538                         | 9,082                              |
| Other long-term provisions                                     |      | 288                            | 273                                |
| Other non-current financial liabilities                        |      | 2,536                          | 2,491                              |
| Non-current liabilities from acquisitions                      |      | 17,640                         | 18,939                             |
| Deferred tax liabilities                                       |      | 6,685                          | 4,401                              |
| <b>Non-current liabilities</b>                                 |      | <b>272,909</b>                 | <b>264,614</b>                     |
| <b>Current liabilities to banks</b>                            |      | <b>19,277</b>                  | <b>23,778</b>                      |
| Current lease liabilities                                      | C.3  | 21,323                         | 19,395                             |
| Short-term provisions for post-employment benefits             |      | 1,429                          | 1,028                              |
| Other short-term provisions                                    |      | 16,640                         | 19,036                             |
| Current contract liabilities                                   |      | 6,107                          | 9,422                              |
| Trade payables   |      | 16,240                         | 18,462                             |
| Current liabilities from acquisitions                          |      | 22,270                         | 17,341                             |
| Other current financial liabilities                            |      | 40,129                         | 31,425                             |
| Other current liabilities                                      |      | 8,726                          | 7,681                              |
| Income tax liabilities   |      | 26,127                         | 15,855                             |
| <b>Current liabilities</b>                                     |      | <b>178,267</b>                 | <b>163,424</b>                     |
| <b>Equity and liabilities</b>                                  |      | <b>594,127</b>                 | <b>524,866</b>                     |

# Interim condensed consolidated statements of comprehensive income

## Profit or Loss

| Six-month period ended June 30   | Note | 2022          | 2021          |
|--|------|---------------|---------------|
| in kEUR  |      |               |               |
| Revenue  | D.1  | 395,581       | 243,046       |
| Own work capitalized   |      | 89            | 89            |
| Other operating income   | D.2  | 11,641        | 7,539         |
| Cost of materials  |      | (38,343)      | (26,389)      |
| Staff costs  | D.3  | (265,431)     | (163,997)     |
| Impairment of trade receivables and contract assets                            |      | (970)         | (824)         |
| Other operating expenses   | D.4  | (35,317)      | (26,771)      |
| <b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b> |      | <b>67,249</b> | <b>32,693</b> |
| Depreciation, amortization and impairment                                      |      | (15,693)      | (11,314)      |
| <b>Earnings before interest and taxes (EBIT)</b>                               |      | <b>51,557</b> | <b>21,379</b> |
| Finance income   |      | 237           | 245           |
| Finance costs  | D.5  | (4,505)       | (3,834)       |
| <b>Earnings before taxes (EBT)</b>   |      | <b>47,289</b> | <b>17,790</b> |
| Income taxes   | D.6  | (11,091)      | (4,503)       |
| <b>Profit for the period</b>   |      | <b>36,197</b> | <b>13,287</b> |
| Profit for the period attributable to:   |      |               |               |
| Shareholders of Nagarro  |      | 36,197        | 10,560        |
| Non-controlling interests  |      | -             | 2,727         |

## Other comprehensive income

| Six-month period ended June 30                        | Note | 2022  | 2021  |
|---|------|-------|-------|
| in kEUR   |      |       |       |
| Items that will not be reclassified to profit or loss |      |       |       |
| Actuarial gains (losses)                              |      | 46    | (203) |
| Tax effects   |      | (32)  | 50    |
|   |      | 14    | (153) |
| Items that may be reclassified to profit or loss      |      |       |       |
| Foreign exchange differences                          |      | 8,321 | 3,467 |
|   |      | 8,321 | 3,467 |



|   |     |               |               |
|---|-----|---------------|---------------|
| <b>Other comprehensive income for the period</b>                |     | <b>8,335</b>  | <b>3,314</b>  |
| <b>Total comprehensive income for the period</b>                |     | <b>44,532</b> | <b>16,601</b> |
| Total comprehensive income for the period attributable to:      |     |               |               |
| Shareholders of Nagarro   |     | 44,532        | 13,345        |
| Non-controlling interests                                       |     | -             | 3,257         |
| Basic earnings per share:                                       |     |               |               |
|   | D.7 |               |               |
| Basic earnings per shares in EUR (based on weighted average)    |     | <b>2.63</b>   | <b>0.92</b>   |
| Basic earnings per shares in EUR (based on outstanding shares)  |     | <b>2.63</b>   | <b>0.91</b>   |
| Diluted earnings per share:                                     |     |               |               |
|   | D.7 |               |               |
| Diluted earnings per share in EUR (based on weighted average)   |     | <b>2.60</b>   | <b>0.92</b>   |
| Diluted earnings per share in EUR (based on outstanding shares) |     | <b>2.60</b>   | <b>0.91</b>   |

# Interim condensed consolidated statements of changes in equity

|  | Share capital | Capital reserve | Profit carried forward | Net profit for the period, excluding non-controlling interests | Changes in equity recognized directly in equity | Other comprehensive income   |  | 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  |               |                 |                        |  |   |                              |  |  |  |                |
| <b>Balance at January 1, 2021</b>  | <b>11,383</b> | <b>232,410</b>  | <b>47,922</b>          | <b>18,447</b>  | <b>(260,612)</b>                                | <b>(4,723)</b>               | <b>(1,026)</b>                               | <b>43,800</b>                                      | <b>2,728</b>                                     | <b>46,528</b>  |
| Profit for the period  | -             | -               | -                      | 10,560   | -   | -                            | -  | 10,560   | 2,727  | 13,287         |
| Other comprehensive income for the period                                  | -             | -               | -                      | -  | -   | 2,913                        | (128)  | 2,785  | 529  | 3,314          |
| <b>Total comprehensive income for the period</b>                           | <b>-</b>      | <b>-</b>        | <b>-</b>               | <b>10,560</b>  | <b>-</b>  | <b>2,913</b>                 | <b>(128)</b>                                 | <b>13,345</b>                                      | <b>3,257</b>                                     | <b>16,601</b>  |
| Transfer of profit or loss for the previous year to profit carried forward | -             | -               | 18,447                 | (18,447)   | -   | -                            | -  | -  | -  | -              |
| Dividends  | -             | -               | -                      | -  | -   | -                            | -  | -  | -  | -              |
| Share capital issued   | 194           | -               | -                      | -  | -   | -                            | -  | 194  | -  | 194            |
| Transfer of capital reserve  | -             | -               | -                      | -  | -   | -                            | -  | -  | -  | -              |
| Stock option expense   | -             | 2,908           | -                      | -  | -   | -                            | -  | 2,908  | -  | 2,908          |
| Other transactions with shareholders                                       | -             | 2,968           | -                      | -  | -   | -                            | -  | 2,968  | 2,948  | 5,916          |
| <b>Balance at June 30, 2021</b>  | <b>11,577</b> | <b>238,285</b>  | <b>66,370</b>          | <b>10,560</b>  | <b>(260,612)</b>                                | <b>(1,810)</b>               | <b>(1,154)</b>                               | <b>63,214</b>                                      | <b>8,932</b>                                     | <b>72,147</b>  |
| <b>Balance at January 1, 2022</b>  | <b>13,776</b> | <b>244,825</b>  | <b>66,370</b>          | <b>30,003</b>  | <b>(260,612)</b>                                | <b>5,442</b>                 | <b>(2,974)</b>                               | <b>96,829</b>                                      | <b>-</b>   | <b>96,829</b>  |
| Profit for the period  | -             | -               | -                      | 36,197   | -   | -                            | -  | 36,197   | -  | 36,197         |
| Other comprehensive income for the period                                  | -             | -               | -                      | -  | -   | 8,321                        | 14   | 8,335  | -  | 8,335          |
| <b>Total comprehensive income for the period</b>                           | <b>-</b>      | <b>-</b>        | <b>-</b>               | <b>36,197</b>  | <b>-</b>  | <b>8,321</b>                 | <b>14</b>                                    | <b>44,532</b>                                      | <b>-</b>   | <b>44,532</b>  |
| Transfer of profit or loss for the previous year to profit carried forward | -             | -               | 30,003                 | (30,003)   | -   | -                            | -  | -  | -  | -              |
| Dividends  | -             | -               | -                      | -  | -   | -                            | -  | -  | -  | -              |
| Share capital issued   | -             | -               | -                      | -  | -   | -                            | -  | -  | -  | -              |
| Transfer of capital reserve  | -             | -               | -                      | -  | -   | -                            | -  | -  | -  | -              |
| Stock option expense   | -             | 1,589           | -                      | -  | -   | -                            | -  | 1,589  | -  | 1,589          |
| <b>Balance at June 30, 2022</b>  | <b>13,776</b> | <b>246,414</b>  | <b>96,372</b>          | <b>36,197</b>  | <b>(260,612)</b>                                | <b>13,762</b>                | <b>(2,960)</b>                               | <b>142,950</b>                                     | <b>-</b>   | <b>142,950</b> |

# Interim condensed consolidated statements of cash flow

| Cash flows  |      |                 |                |
|---|------|-----------------|----------------|
| Six-month period ended June 30  | Note | 2022            | 2021           |
| in kEUR   |      |                 |                |
| <b>Cash flows from operating activities</b>                               |      |                 |                |
| EBIT  |      | 51,557          | 21,379         |
| Depreciation, amortization and impairments of non-current assets          |      | 15,693          | 11,314         |
| Change in long-term provisions  |      | 806             | 333            |
| Other non-cash income and expenses  |      | 4,583           | 2,737          |
| Income taxes paid   |      | (8,258)         | (4,856)        |
| Cash flows from changes in net working capital                            |      | (58,139)        | (24,068)       |
| Net cash inflow (outflow) from factoring*                                 |      | 8,717           | 957            |
| <b>Net cash inflow from operating activities</b>                          |      | <b>14,958</b>   | <b>7,796</b>   |
| <b>Cash flows from investing activities</b>                               |      |                 |                |
| Payments for property, plant and equipment and intangible assets          |      | (2,144)         | (1,820)        |
| Proceeds from sale of property, plant and equipment and intangible assets |      | 11              | 4              |
| Acquisition of subsidiaries, net of cash acquired                         | E.1  | (37,051)        | (4,165)        |
| <b>Net cash outflow from investing activities</b>                         |      | <b>(39,184)</b> | <b>(5,981)</b> |
| <b>Cash flows from financing activities</b>                               |      |                 |                |
| Proceeds from shareholders of Nagarro                                     |      | -               | 3,162          |
| Proceeds from bank loans  |      | 19,950          | -              |
| Repayment of bank loans   |      | (8,570)         | (2,045)        |
| Principal elements of lease payments                                      |      | (10,753)        | (8,996)        |
| Interest received   |      | 237             | 245            |
| Interest paid   |      | (2,624)         | (2,619)        |
| Other transactions with shareholders                                      |      | -               | 2,948          |
| <b>Net cash inflow (outflow) from financing activities</b>                |      | <b>(1,760)</b>  | <b>(7,306)</b> |
| <b>Total cash flow</b>  |      | <b>(25,986)</b> | <b>(5,490)</b> |
| Effects of exchange rate changes on cash and cash equivalents             |      | (3,932)         | 486            |
| <b>Total changes in cash and cash equivalents</b>                         |      | <b>(29,918)</b> | <b>(5,004)</b> |
| Cash and cash equivalents at the beginning of period                      | E.2  | 94,969          | 103,173        |
| Cash and cash equivalents at the end of period                            | E.2  | 65,051          | 98,169         |

\*cash flow from factoring including the interest on factoring has been reclassified from financing activities to operating activities in restated H1 2021 cash flow statement.

# Notes to the interim condensed consolidated financial statements

## A. General information

### 1. Basis of preparation

The interim condensed consolidated financial statements of Nagarro SE and its subsidiaries (collectively, the Group) for the six months ended June 30, 2022 are unaudited and were authorized for issuance in accordance with the resolution of the management board on August 12, 2022.

The interim condensed consolidated financial statements for the six months ended June 30, 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2021, which were prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU), and the supplementary requirements of §315e (1) of the German Commercial Code (HGB).

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

The interim condensed consolidated financial statements are presented in euros. Amounts are stated in thousands of euros (kEUR), except where otherwise indicated. Rounding differences may arise when individual amounts or percentages are added together.

In the opinion of the management, the interim condensed consolidated financial statements reflect all accounting entries (in other words, normal recurring entries) necessary for a fair presentation of Nagarro's financial position and performance. Results presented for interim periods are not necessarily indicative of results that may be expected in future periods or for the full financial year.

In preparing the interim condensed consolidated financial statements according to IFRS, management has made discretionary decisions, estimates and assumptions. These may affect the amount and presentation of assets and liabilities recognized in the balance sheet, disclosures of contingent assets and liabilities as of the reporting date, as well as disclosed income and expenses for the reporting period. Due to the continuing conflict in Ukraine, or the macroeconomic conditions, or the Covid-19 pandemic, these estimates and discretionary decisions are subject to

uncertainty. Actual amounts may vary from these estimates and assumptions; changes can have a significant impact on the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements of Nagarro SE for the half year ended June 30, 2022, have not been reviewed by an auditor or have not been audited according to section 115 (5) WpHG (German Securities Trading Act).

## B. General accounting principles

### 1. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of new standards effective as of January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2022, which are described below, but do not have a significant impact on the interim condensed consolidated financial statements of the Group.

#### Amendments to IFRS 16 - Covid-19 Related Rent Concessions

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

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

#### Amendments to IFRS 3

The amendments update IFRS 3 so that it refers to the 2018 conceptual framework instead of the 1989 framework. They also add to IFRS 3 a requirement that, for obligations

within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events.

For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

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

#### **Amendments to IAS 16 - property, plant and equipment-proceeds before intended use**

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

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

#### **Amendments to IAS 37 - onerous contracts - cost of fulfilling a contract**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example

would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

#### **Annual improvements to IFRS standards 2018-2019 cycle**

The annual improvements include amendments to four standards.

- a) **IFRS 1 First-time adoption of international financial reporting standards:** The amendment provides: additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1.D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1.D16(a).
- b) **IFRS 9 financial instruments:** The amendment clarifies that in applying the '10 percent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.
- c) **IFRS 16 leases:** The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.
- d) **IAS 41 agriculture:** Not relevant for Nagarro.

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

## 2. Basis of consolidation

The interim consolidated financial statements as at June 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 half 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.

Further, the following entities have been included during the first half 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

## C. Notes to the interim condensed consolidated statements of financial position

### 1. Intangible assets

Intangible assets are as follows:

|                            | <b>Jun 30,<br/>2022</b> | <b>Dec 31,<br/>2021</b> |
|----------------------------|-------------------------|-------------------------|
|                            | kEUR                    | kEUR                    |
| Orders on hand             | 979                     | 1,129                   |
| Customer lists             | 12,148                  | 8,988                   |
| Products                   | 2,700                   | 3,345                   |
| Software, licenses, rights | 627                     | 565                     |
| In-house developments      | 1,231                   | 1,316                   |
|                            | <b>17,685</b>           | <b>15,342</b>           |

### 2. Goodwill

Goodwill developed as follows:

|  | <b>Jun 30,<br/>2022</b> | <b>Dec 31,<br/>2021</b> |
|--|-------------------------|-------------------------|
|  | kEUR                    | kEUR                    |
| Opening balance as at Jan 1                | 163,401                 | 95,878                  |
| Acquisitions through business combinations | 30,352                  | 60,744                  |
| Additions                                  | -                       | -                       |
| Disposals                                  | -                       | -                       |
| Currency differences                       | 13,309                  | 6,779                   |
| Closing balance as at June 30 / Dec 31     | <b>207,063</b>          | <b>163,401</b>          |

### 3. Right-of-use assets and lease liabilities

According to IFRS 16, assets used under lease agreements were determined and respective right-of-use assets were recognized, unless relating to leases of low-value assets or short-term leases. The right-of-use assets are as follows:

|  | <b>Jun 30,<br/>2022</b> | <b>Dec 31,<br/>2021</b> |
|--|-------------------------|-------------------------|
|  | kEUR                    | kEUR                    |
| Land use rights and buildings            | 28,495                  | 34,036                  |
| Vehicles, operating and office equipment | 26,050                  | 25,294                  |
|  | <b>54,545</b>           | <b>59,331</b>           |

The lease liabilities are as follows:

|                                | Jun 30, 2022  |               |               | Dec 31, 2021  |               |               |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                | of which:     |               |               | of which:     |               |               |
|                                | Total         | non-current   | current       | Total         | non-current   | current       |
|                                | kEUR          | kEUR          | kEUR          | kEUR          | kEUR          | kEUR          |
| Properties                     | 30,685        | 19,946        | 10,739        | 36,410        | 26,166        | 10,244        |
| Motor vehicles                 | 3,668         | 2,129         | 1,539         | 3,458         | 2,057         | 1,401         |
| Operating and office equipment | 24,365        | 15,320        | 9,045         | 22,870        | 15,120        | 7,751         |
|                                | <b>58,718</b> | <b>37,395</b> | <b>21,323</b> | <b>62,738</b> | <b>43,343</b> | <b>19,395</b> |

#### 4. Current contract assets

Current contract assets as at the period end amounts to kEUR 33,228 (December 31, 2021: kEUR 21,823). These are fully recoverable.

#### Treasury shares

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

#### 5. Equity

Equity is composed as follows:

|   | Jun 30, 2022   | Dec 31, 2021  |
|---|----------------|---------------|
|   | kEUR           | kEUR          |
| Share capital   | 13,776         | 13,776        |
| Capital reserve   | 246,414        | 244,825       |
| Profit carried forward  | 96,372         | 66,370        |
| Net profit for the period, excluding non-controlling interest | 36,197         | 30,003        |
| Changes in equity recognized directly in equity               | (260,612)      | (260,612)     |
| Other comprehensive income                                    |                |               |
| Foreign currency reserve                                      | 13,762         | 5,442         |
| Actuarial gain or loss on pension provisions                  | (2,960)        | (2,974)       |
| Total equity attributable to shareholders of Nagarro          | 142,950        | 96,829        |
| Equity attributable to non-controlling interests              | -              | -             |
| <b>Total Equity</b>   | <b>142,950</b> | <b>96,829</b> |

## Capital reserves

The changes in capital reserves are composed as follows:

|   | <b>Jun 30, 2022</b> | <b>Dec 31, 2021</b> |
|---|---------------------|---------------------|
|   | KEUR                | KEUR                |
| Opening balance as at Jan 1   | 244,825             | 232,410             |
| Cash received on stock option exercise of SOP 2020/I                            | -                   | 3,162               |
| Stock option expense of SOP 2020/II   | 1,411               | 5,361               |
| Stock option expense of SOP 2020/III  | 178                 | 611                 |
| Cash contribution by the erstwhile holders of non-controlling interest          | -                   | 2,948               |
| Non-cash capital infusion by the erstwhile holders of non-controlling interests | -                   | 2,728               |
| Reclassified to share capital on issuance of equity shares                      | -                   | (2,393)             |
| <b>Closing balance as at Jun 30 / Dec 31</b>                                    | <b>246,414</b>      | <b>244,825</b>      |

## Changes in other comprehensive income

The changes in other comprehensive income are composed as follows:

|  | <b>Jun 30, 2022</b> | <b>Dec 31, 2021</b> |
|--|---------------------|---------------------|
|  | KEUR                | KEUR                |
| Opening balance as at Jan 1                  | 2,468               | (5,750)             |
| Foreign currency reserve                     | 8,321               | 10,165              |
| Actuarial gain or loss on pension provisions | 14                  | (1,947)             |
| <b>Closing balance as at Jun 30 / Dec 31</b> | <b>10,803</b>       | <b>2,468</b>        |

## 6. Financial instruments

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

| Jun 30, 2022                                       | Carrying amounts |                    |                | Fair values |              |               |                |
|--|------------------|--------------------|----------------|-------------|--------------|---------------|----------------|
|  | at fair value    | at amortized costs | Total          | Level 1     | Level 2      | Level 3       | Total          |
| kEUR   |                  |                    |                |             |              |               |                |
| <b>Financial assets</b>                            |                  |                    |                |             |              |               |                |
| Fair value through profit and loss account (FVTPL) |                  |                    |                |             |              |               |                |
| Other financial assets                             |                  |                    |                |             |              |               |                |
| Foreign exchange forward transactions              | 1,249            | -                  | 1,249          | -           | 1,249        | -             | 1,249          |
|  | 1,249            | -                  | 1,249          | -           | 1,249        | -             | 1,249          |
| Amortized cost (AC)                                |                  |                    |                |             |              |               |                |
| Trade receivables                                  | -                | 139,637            | 139,637        | -           | -            | -             | 139,637        |
| Other financial assets                             | -                | 10,917             | 10,917         | -           | -            | -             | 10,917         |
| Cash   | -                | 72,115             | 72,115         | -           | -            | -             | 72,115         |
|  | -                | 222,670            | 222,670        | -           | -            | -             | 222,670        |
|  | <b>1,249</b>     | <b>222,670</b>     | <b>223,918</b> | -           | <b>1,249</b> | -             | <b>223,918</b> |
| <b>Financial liabilities</b>                       |                  |                    |                |             |              |               |                |
| Fair value through profit and loss account (FVTPL) |                  |                    |                |             |              |               |                |
| Liabilities from acquisitions                      | 39,799           | -                  | 39,799         | -           | -            | 39,799        | 39,799         |
| Foreign exchange forward transactions              | 1,116            | -                  | 1,116          | -           | 1,116        | -             | 1,116          |
|  | 40,915           | -                  | 40,915         | -           | 1,116        | 39,799        | 40,915         |
| Amortized cost (AC)                                |                  |                    |                |             |              |               |                |
| Liabilities from acquisitions                      | -                | 110                | 110            | -           | -            | -             | 110            |
| Liabilities to banks                               | -                | 217,104            | 217,104        | -           | -            | -             | 217,104        |
| Trade payables                                     | -                | 16,240             | 16,240         | -           | -            | -             | 16,240         |
| Other financial liabilities                        | -                | 41,548             | 41,548         | -           | -            | -             | 41,548         |
|  | -                | 275,003            | 275,003        | -           | -            | -             | 275,003        |
|  | <b>40,915</b>    | <b>275,003</b>     | <b>315,918</b> | -           | <b>1,116</b> | <b>39,799</b> | <b>315,918</b> |

| Dec 31, 2021                                       | Carrying amounts |                    |                | Fair values |              |               |                |
|--|------------------|--------------------|----------------|-------------|--------------|---------------|----------------|
|  | at fair value    | at amortized costs | Total          | Level 1     | Level 2      | Level 3       | Total          |
| KEUR   |                  |                    |                |             |              |               |                |
| <b>Financial assets</b>                            |                  |                    |                |             |              |               |                |
| Fair value through profit and loss account (FVTPL) |                  |                    |                |             |              |               |                |
| Other financial assets                             |                  |                    |                |             |              |               |                |
| Foreign exchange forward transactions              | 2,004            | -                  | 2,004          | -           | 2,004        | -             | 2,004          |
|  | 2,004            | -                  | 2,004          | -           | 2,004        | -             | 2,004          |
| Amortized cost (AC)                                |                  |                    |                |             |              |               |                |
| Trade receivables                                  | -                | 103,308            | 103,308        | -           | -            | -             | 103,308        |
| Other financial assets                             | -                | 7,188              | 7,188          | -           | -            | -             | 7,188          |
| Cash   | -                | 106,592            | 106,592        | -           | -            | -             | 106,592        |
|  | -                | 217,088            | 217,088        | -           | -            | -             | 217,088        |
|  | <b>2,004</b>     | <b>217,088</b>     | <b>219,092</b> | -           | <b>2,004</b> | -             | <b>219,092</b> |
| <b>Financial liabilities</b>                       |                  |                    |                |             |              |               |                |
| Fair value through profit and loss account (FVTPL) |                  |                    |                |             |              |               |                |
| Liabilities from acquisitions                      | 36,060           | -                  | 36,060         | -           | -            | 36,060        | 36,060         |
| Foreign exchange forward transactions              | 14               | -                  | 14             | -           | 14           | -             | 14             |
|  | 36,073           | -                  | 36,073         | -           | 14           | 36,060        | 36,073         |
| Amortized cost (AC)                                |                  |                    |                |             |              |               |                |
| Liabilities from acquisitions                      | -                | 220                | 220            | -           | -            | -             | 220            |
| Liabilities to banks                               | -                | 209,862            | 209,862        | -           | -            | -             | 209,862        |
| Trade payables                                     | -                | 18,462             | 18,462         | -           | -            | -             | 18,462         |
| Other financial liabilities                        | -                | 33,902             | 33,902         | -           | -            | -             | 33,902         |
|  | -                | 262,447            | 262,447        | -           | -            | -             | 262,447        |
|  | <b>36,073</b>    | <b>262,447</b>     | <b>298,521</b> | -           | <b>14</b>    | <b>36,060</b> | <b>298,521</b> |

Contract assets (June 30, 2022: kEUR 33,228; December 31, 2021: kEUR 21,823) and lease liabilities (June 30, 2022: kEUR 58,718; December 31, 2021: kEUR 62,738) are not allocated to any of the measurement categories under IFRS 9 and are therefore not included in the tables above.

For items for which fair value is not disclosed, the carrying amounts are deemed a fair representation of the fair value.

For determining the fair value of assets and liabilities, where possible, Nagarro uses prices that can be observed in the market. Depending on the input factors, the fair value is classified in different levels of the measurement hierarchy:

|                |  |
|----------------|--|
| <b>Level 1</b> | Prices for identical assets and liabilities are used that are available in active markets.   |
| <b>Level 2</b> | 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. |
| <b>Level 3</b> | Measurement factors are used that are not based on observable market data.   |

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

Forward rate pricing: The fair value is determined using quoted forward rates on the balance sheet date and net present value calculations based on yield curves with high credit ratings in corresponding currencies.

Financial instruments categorized in Level 3 are derived as follows:

| Contingent purchase price liabilities measured at fair value | Nagarro Objectiva | Nagarro MENA | ATCS          | RipeConcepts  | Techmill     | Total         |
|--|-------------------|--------------|---------------|---------------|--------------|---------------|
|  | kEUR              | kEUR         | kEUR          | kEUR          | kEUR         | kEUR          |
| <b>Balance as at Jan 1, 2021</b>                             | 5,265             | 1,484        | -             | -             | -            | 6,749         |
| Additions  | -                 | -            | 32,359        | -             | -            | 32,359        |
| Interest effect  | (32)              | (6)          | (185)         | -             | -            | (223)         |
| Reduction due to payments                                    | (3,804)           | (652)        | -             | -             | -            | (4,456)       |
| Currency differences   | 329               | 299          | 1,003         | -             | -            | 1,631         |
| <b>Balance as at Dec 31, 2021</b>                            | <b>1,759</b>      | <b>1,125</b> | <b>33,176</b> | <b>-</b>      | <b>-</b>     | <b>36,060</b> |
| Additions  | -                 | -            | -             | 11,812        | 5,652        | 17,465        |
| Interest effect  | 1                 | (2)          | (185)         | (124)         | (35)         | (346)         |
| Reduction due to payments                                    | (1,280)           | (705)        | (13,412)      | (1,829)       | (516)        | (17,743)      |
| Currency differences   | 89                | 280          | 2,591         | 1,106         | 298          | 4,363         |
| <b>Balance as at Jun 30, 2022</b>                            | <b>569</b>        | <b>697</b>   | <b>22,169</b> | <b>10,966</b> | <b>5,399</b> | <b>39,799</b> |

Contingent purchase price liabilities are measured based on the respective planning. The criteria agreed in the purchase agreements for achieving the contingent purchase prices are compared with the plans, and the fair value of the contingent purchase price liabilities is determined on this basis.

## D. Notes to the interim condensed consolidated statements of comprehensive income

### 1. Revenue

| Six months period ended June 30                | 2022           | 2021           |
|--|----------------|----------------|
|  | kEUR           | kEUR           |
| Automotive, Manufacturing and Industrial       | 75,395         | 39,983         |
| Energy, Utilities and Building Automation      | 27,321         | 20,287         |
| Financial Services and Insurance               | 50,413         | 27,742         |
| Horizontal Tech                                | 39,759         | 23,985         |
| Life Sciences and Healthcare                   | 29,876         | 18,015         |
| Management Consulting and Business Information | 27,847         | 15,792         |
| Public, Non-profit and Education               | 33,421         | 20,429         |
| Retail and CPG                                 | 51,880         | 33,782         |
| Telecom, Media and Entertainment               | 23,084         | 18,596         |
| Travel and Logistics                           | 36,587         | 24,435         |
|  | <b>395,581</b> | <b>243,046</b> |

### 2. Other operating income

| Six months period ended June 30                   | 2022          | 2021         |
|---|---------------|--------------|
|   | kEUR          | kEUR         |
| Income from currency translation                  | 10,661        | 4,205        |
| Income from foreign exchange forward transactions | -             | 2,369        |
| Income from sale of fixed assets                  | 11            | 4            |
| Reversal of value adjustments on receivables      | -             | 77           |
| Release of provisions                             | 190           | 85           |
| Recognition of badwill from business combinations | -             | 98           |
| Gain on lease modification                        | 8             | 83           |
| Miscellaneous                                     | 772           | 619          |
|   | <b>11,641</b> | <b>7,539</b> |

### 3. Staff costs

Staff costs are composed as follows:

| Six months period ended June 30 | 2022           | 2021           |
|---------------------------------|----------------|----------------|
|                                 | kEUR           | kEUR           |
| Salaries and wages              | 230,356        | 137,511        |
| Social security contributions   | 18,641         | 14,422         |
| Bonuses                         | 14,845         | 9,157          |
| Stock option expense            | 1,589          | 2,908          |
|                                 | <b>265,431</b> | <b>163,997</b> |

As on June 30, 2022, Nagarro had 16,819 (June 30, 2021: 10,903) professionals of which 15,595 (June 30, 2021: 10,014) were professionals in engineering.

Nagarro has recognized an expense of kEUR 1,589 (June 30, 2021: kEUR 2,908) against stock option plans 2020/II and 2020/III issued in 2021 and recognized the corresponding amount in capital reserve (refer note [C.5 Equity](#)).

## 4. Other operating expenses

Other operating expenses are composed as follows:

| Six months period ended June 30                              | 2022          | 2021          |
|--|---------------|---------------|
|  | kEUR          | kEUR          |
| Travel expenses  | 4,150         | 950           |
| Vehicle costs  | 1,678         | 1,240         |
| IT costs   | 3,773         | 3,150         |
| Services   | 1,671         | 1,358         |
| Land and building costs                                      | 1,240         | 880           |
| Other staff costs  | 4,086         | 2,979         |
| Advertising expenses   | 1,209         | 809           |
| Communication expenses                                       | 1,429         | 1,141         |
| Maintenance  | 742           | 759           |
| Expense from currency translation                            | 2,661         | 3,502         |
| Expenses for foreign exchange forward transactions           | 1,887         | 1,582         |
| Insurance, contributions                                     | 1,554         | 1,067         |
| Legal and consulting fees                                    | 1,461         | 1,398         |
| Entertainment expenses                                       | 1,290         | 193           |
| Office supplies  | 454           | 238           |
| Expenses for statutory financial statements                  | 839           | 527           |
| Direct selling expenses                                      | 218           | 189           |
| Supervisory board remuneration                               | 281           | 378           |
| Residual book value from disposal of assets                  | 73            | 26            |
| Loss on lease modification                                   | 129           | -             |
| Expenses related to the rollover of non-controlling interest | -             | 1,801         |
| Acquisition costs  | 251           | 183           |
| Miscellaneous  | 4,240         | 2,422         |
|  | <b>35,317</b> | <b>26,771</b> |

## 5. Finance costs

Finance costs are composed as follows:

| Six months period ended June 30                     | 2022         | 2021         |
|---|--------------|--------------|
|   | kEUR         | kEUR         |
| Interest on leases                                  | 996          | 958          |
| Interest on bank loans                              | 2,606        | 2,612        |
| Factoring interest                                  | 255          | 94           |
| Interest portion of additions to pension provisions | 284          | 140          |
| Other interest expenses                             | 364          | 30           |
|   | <b>4,505</b> | <b>3,834</b> |

## 6. Income taxes

Income tax expense is recognized at an amount determined by multiplying the profit before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the interim period. As such, the effective tax rate in the interim condensed consolidated financial statements may differ from management's estimate of the effective tax rate for the annual consolidated financial statements.

## 7. Earnings per share (EPS)

| Six months period ended June 30   | 2022       | 2021       |
|---|------------|------------|
|   | kEUR       | kEUR       |
| Profit for the period   | 36,197     | 13,287     |
| Less: Profit for the period attributable to non-controlling interests         | -          | (2,727)    |
| Profit for the period attributable to shareholders of Nagarro                 | 36,197     | 10,560     |
| Weighted average number of shares outstanding - Basic                         | 13,775,985 | 11,424,865 |
| Numbers of shares outstanding - Basic   | 13,775,985 | 11,576,513 |
| Effect of dilutive share based payment (Stock Option Plan 2020/II & 2020/III) | 128,651    | -          |
| Total effect of dilution  | 128,651    | -          |
| Weighted average numbers of share outstanding - diluted                       | 13,904,636 | 11,424,865 |
| Number of shares outstanding - diluted  | 13,904,636 | 11,576,513 |
| Basic earnings per share in EUR (based on weighted average)                   | 2.63       | 0.92       |
| Basic earnings per share in EUR (based on shares outstanding)                 | 2.63       | 0.91       |
| Diluted earnings per share in EUR (based on weighted average)                 | 2.60       | 0.92       |
| Diluted earnings per share in EUR (based on shares outstanding)               | 2.60       | 0.91       |

## E. Notes to the interim condensed consolidated statements of cash flow

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

### 1. Net Cash flows from business combinations

Cash outflows for the acquisition of subsidiaries from third parties in first half-year of 2022, net of cash acquired, reconcile as follows:

| Six months period ended June 30                      | 2022          | 2022         | 2022          | 2021         |
|--|---------------|--------------|---------------|--------------|
|  | kEUR          | kEUR         | kEUR          | kEUR         |
|  | RipeConcepts  | Techmill     | Total         | Livisi GmbH  |
| Purchase consideration                               | 27,201        | 12,609       | 39,810        | 601          |
| Contingent purchase price liabilities                | 11,812        | 5,652        | 17,465        | -            |
| Purchase price paid in cash in previous period       | -             | -            | -             | 247          |
| Purchase price paid in cash in current period        | 15,388        | 6,955        | 22,343        | 354          |
| Acquired cash and cash equivalents                   | (1,313)       | (1,721)      | (3,034)       | (575)        |
| <b>Outflow (inflow) of cash and cash equivalents</b> | <b>14,075</b> | <b>5,234</b> | <b>19,309</b> | <b>(222)</b> |

Additionally, to fulfil the contractual obligations of the company for the acquisition of Nagarro UAE in 2019 kEUR 705 (June 30, 2021: kEUR 653), Objectiva in 2020 kEUR 1,280 (June 30, 2021: kEUR 3,734), ATCS in 2021 kEUR 13,412 (June 30, 2021: kEUR Nil), RipeConcepts in 2022 kEUR 1,829 (June 30, 2021: kEUR Nil) and Techmill in 2022 kEUR 516 (June 30, 2021: kEUR Nil) have been paid during the first half of 2022. Also refer note [C.6 Financial instruments](#).

### 2. Reconciliation of cash and cash equivalents, and financial liabilities

Cash and cash equivalents comprise as follows:

| Six month period ended on June 30 | Jun 30, 2022  | Jun 30, 2021  |
|-----------------------------------|---------------|---------------|
|                                   | kEUR          | kEUR          |
| Cash                              | 72,115        | 101,929       |
| Liabilities from factoring        | (6,707)       | (3,760)       |
| Overdraft facilities              | (356)         | -             |
|                                   | <b>65,051</b> | <b>98,169</b> |

## F. Other disclosures

### 1. Business combinations

By way of a stock purchase agreement dated January 21, 2022, Nagarro Inc, USA, acquired Ace Outsource, LLC in US and RipeConcepts Inc., Philippines (together “RipeConcepts”). RipeConcepts is a leader in global digital creative services and especially excels in the creative digital disciplines of design, illustration, 3D modelling, animation and marketing.

A maximum purchase price of USD 30.0 million (including earnout payment of USD 14.0 million over the period) plus excess working capital was agreed for the acquisition of RipeConcepts. The fixed component of the purchase price of USD 16.0 million (EUR 14.3 million) and provisional excess working capital of USD 1.2 million (EUR 1.1 million) was paid in January 2022 and the balance of about USD 0.1 million (EUR 0.1million) is receivable from RipeConcepts because of adjustment to the excess working capital calculations. Further, USD 2.0 million (EUR 1.8 million) has been paid in April 2022. The remaining purchase price is due between 2023 and 2026, depending on the achievement of targets.

The closing of the deal has been done and one hundred percent of the equity of RipeConcepts has been acquired. Accordingly RipeConcepts has been consolidated for the first time with Nagarro from February 1, 2022. Below is the breakdown of net assets acquired from RipeConcepts:

|  | <b>Fair value</b> |
|--|-------------------|
|  | kEUR              |
| <b>Intangible assets</b>                           | 2,265             |
| <b>Property, plant and equipment</b>               | 609               |
| <b>Right of use assets</b>                         | 211               |
| <b>Other financial assets</b>                      | 452               |
| <b>Trade receivables</b>                           | 490               |
| <b>Other assets</b>                                | 262               |
| <b>Deferred tax assets</b>                         | 2                 |
| <b>Cash and cash equivalents</b>                   | 1,313             |
| <b>Assets acquired</b>                             | <b>5,605</b>      |
| <b>Lease liabilities</b>                           | 211               |
| <b>Provisions for post-employment benefits</b>     | 103               |
| <b>Contract liabilities</b>                        | 6                 |
| <b>Trade payables</b>                              | 271               |
| <b>Other financial liabilities</b>                 | 450               |
| <b>Deferred tax liabilities</b>                    | 607               |
| <b>Income tax liabilities</b>                      | 31                |
| <b>Liabilities assumed</b>                         | <b>1,680</b>      |
| <b>Total identifiable net assets at fair value</b> | <b>3,925</b>      |
| <b>Goodwill arising on acquisition</b>             | 23,275            |
| <b>Purchase consideration</b>                      | <b>27,201</b>     |

From the date of acquisition, RipeConcepts generated revenue of kEUR 3,942 and earnings before interest, taxes, depreciation and amortization of kEUR 905. If the combination had taken place at the beginning of the year, revenues from RipeConcepts would have been kEUR 4,585 and earnings before interest, taxes, depreciation, and amortization would have been kEUR 903. In connection with the transaction there were costs of kEUR 170 which were recognized in other operating expenses in the first half of 2022 and kEUR 97 in 2021.

By way of a stock purchase agreement dated January 20, 2022, Nagarro Global Services Asia Pte. Ltd, Singapore, acquired Techmill Global Pte. Ltd, Singapore including its

subsidiary in Australia. Also Nagarro Software Private Limited, India signed a business transfer agreement on January 20, 2022 with Techmill Technologies Private Limited, India to acquire the net assets of Techmill Technologies Private Limited, India in an asset deal. Through these agreements, Nagarro acquired the entire business of Techmill group (together called “Techmill”).

Techmill is a front runner in fintech services and by this transaction Nagarro strengthens its capabilities in its Banking and Financial Services vertical. The acquisition of the Techmill business will support the development of its fast-growing Rest of World segment, particularly with Techmill’s presence in Australia.

A maximum purchase price of USD 11.8 million (including earnout payment of USD 4.0 million over the period) plus excess working capital of USD 2.5 million was agreed for the acquisition of Techmill. The fixed component of the purchase price of USD 7.8 million (EUR 7.0 million) was paid in February 2022 and the excess working capital calculations will be paid in coming quarter. The remaining purchase price is due between 2022 and 2024, depending on the achievement of targets.

The closing of the deal has been done and one hundred percent of the equity of Techmill has been acquired. Accordingly Techmill has been consolidated for the first time with Nagarro from March 1, 2022. Below is the breakdown of net assets acquired from Techmill:

|  | <b>Fair value</b> |
|--|-------------------|
|  | kEUR              |
| <b>Intangible assets</b>                           | 2,226             |
| <b>Property, plant and equipment</b>               | 78                |
| <b>Other financial assets</b>                      | 620               |
| <b>Contract assets</b>                             | 885               |
| <b>Trade receivables</b>                           | 1,854             |
| <b>Other assets</b>                                | 42                |
| <b>Cash and cash equivalents</b>                   | 1,721             |
| <b>Assets acquired</b>                             | <b>7,426</b>      |
| <b>Provisions for post-employment benefits</b>     | 120               |
| <b>Other provisions</b>                            | 356               |
| <b>Contract liabilities</b>                        | 398               |
| <b>Trade payables</b>                              | 186               |
| <b>Other financial liabilities</b>                 | 332               |
| <b>Other liabilities</b>                           | 25                |
| <b>Deferred tax liabilities</b>                    | 379               |
| <b>Income tax liabilities</b>                      | 98                |
| <b>Liabilities assumed</b>                         | <b>1,894</b>      |
| <b>Total identifiable net assets at fair value</b> | <b>5,532</b>      |
| <b>Goodwill arising on acquisition</b>             | 7,077             |
| <b>Purchase consideration</b>                      | <b>12,609</b>     |

From the date of acquisition, Techmill generated revenue of kEUR 2,076 and earnings before interest, taxes, depreciation and amortization of kEUR 394. If the combination had taken place at the beginning of the year, revenues from Techmill would have been kEUR 3,119 and loss before interest, taxes, depreciation, and amortization would have been kEUR 3. In connection with the transaction there were costs of kEUR 82 which were recognized in other operating expenses in the first half of 2022 and kEUR 41 in 2021.

## 2. Related party transactions

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

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

### 3. Adjusted EBITDA

The reconciliation of EBITDA (as reported in the interim condensed consolidated statements of comprehensive Income) to Adjusted EBITDA is presented below:

| Six months period ended June 30                              | 2022   | 2021   |
|--|--------|--------|
|  | Total  | Total  |
|  | kEUR   | kEUR   |
| EBITDA   | 67,249 | 32,693 |
| Recognition of purchase price components (Badwill)           | -      | (98)   |
| Exchange loss (gain) on purchase price components            | 55     | 33     |
| Stock option expense   | 1,589  | 2,908  |
| Acquisition cost   | 251    | 183    |
| Expenses related to the rollover of non-controlling interest | -      | 1,801  |
| Adjusted EBITDA  | 69,144 | 37,519 |

### 4. Segment information

| Six months period ended June 30              | North America | Central Europe | Rest of Europe | Rest of World | Total     |
|--|---------------|----------------|----------------|---------------|-----------|
|  | 2022          | 2022           | 2022           | 2022          | 2022      |
|  | kEUR          | kEUR           | kEUR           | kEUR          | kEUR      |
| Revenue                                      | 155,186       | 110,624        | 47,497         | 82,274        | 395,581   |
| Own work capitalized                         | -             | -              | 89             | -             | 89        |
| Total performance                            | 155,186       | 110,624        | 47,586         | 82,274        | 395,670   |
| Cost of revenues                             | (108,447)     | (83,190)       | (34,113)       | (59,371)      | (285,121) |
| Segment gross profit                         | 46,739        | 27,434         | 13,473         | 22,903        | 110,549   |
| as % of revenue                              | 30%           | 25%            | 28%            | 28%           | 28%       |
| Selling, General and Administrative expenses |               |                |                |               | (41,404)  |
| as % of revenue                              |               |                |                |               | -10%      |
| Adjusted EBITDA                              |               |                |                |               | 69,144    |
| as % of revenue                              |               |                |                |               | 17%       |
| Special items                                |               |                |                |               | (1,895)   |
| EBITDA                                       |               |                |                |               | 67,249    |
| as % of revenue                              |               |                |                |               | 17%       |

|  | North<br>America | Central<br>Europe | Rest of<br>Europe | Rest of<br>World | Total     |
|--|------------------|-------------------|-------------------|------------------|-----------|
| Six months period ended June 30              | 2021             | 2021              | 2021              | 2021             | 2021      |
|  | kEUR             | kEUR              | kEUR              | kEUR             | kEUR      |
| Revenue                                      | 84,698           | 84,822            | 37,001            | 36,525           | 243,046   |
| Own work capitalized                         | -                | (0)               | 89                | -                | 89        |
| Total performance                            | 84,698           | 84,822            | 37,090            | 36,525           | 243,135   |
| Cost of revenues                             | (59,691)         | (59,882)          | (26,775)          | (24,694)         | (171,043) |
| Segment gross profit                         | 25,007           | 24,939            | 10,315            | 11,831           | 72,092    |
| as % of revenue                              | 30%              | 29%               | 28%               | 32%              | 30%       |
| Selling, General and Administrative expenses |                  |                   |                   |                  | (34,573)  |
| as % of revenue                              |                  |                   |                   |                  | -14%      |
| Adjusted EBITDA                              |                  |                   |                   |                  | 37,519    |
| as % of revenue                              |                  |                   |                   |                  | 15%       |
| Special items                                |                  |                   |                   |                  | (4,826)   |
| EBITDA                                       |                  |                   |                   |                  | 32,693    |
| as % of revenue                              |                  |                   |                   |                  | 13%       |

The items “Cost of revenues” and “Selling, General and Administrative expenses”, both not including depreciation and amortization, reconcile to income and expense presented in interim condensed consolidated statements of comprehensive income as follows:

| Six months period ended June 30                        | 2022               |                     |  |                  |          |
|--|--------------------|---------------------|--|------------------|----------|
|  | thereof            |                     |  |                  |          |
|  | Costs by<br>nature | Cost of<br>revenues | Selling, General and<br>Administrative<br>expenses | Special<br>items | Total    |
|  | kEUR               | kEUR                | kEUR   | kEUR             | kEUR     |
| Cost of materials                                      | 38,343             | 38,343              | -  | -                | 38,343   |
| Staff costs  | 265,431            | 239,766             | 24,076   | 1,589            | 265,431  |
| Other operating expenses                               | 35,317             | 7,012               | 28,054   | 251              | 35,317   |
| Impairment of trade receivables<br>and contract assets | 970                | -                   | 970  | -                | 970      |
| Other operating income                                 | (11,641)           | -                   | (11,696)   | 55               | (11,641) |
| Total  | 328,421            | 285,121             | 41,404   | 1,895            | 328,421  |

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

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

## 5. Contingent liabilities and guarantees

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

In the matter of the legal proceedings of Nagarro Inc. ("NI"), a company of Nagarro, with one of its clients, which was explained in detail in the Annual Report for 2021 in "G.5 Contingent liabilities and guarantees", there is no further development to report.

## 6. Capital management

Nagarro ensures that there is always sufficient liquidity and a balanced capital structure. These objectives are achieved by focusing on a strong business performance and receivable management. Decisions regarding the acquisition of subsidiaries are made under consideration of the impact on the capital structure and the effects of the transactions on future years.

The key figures used for capital management are as follows: -

|  | Jun 30, 2022   | Dec 31, 2021   |
|--|----------------|----------------|
|  | Total          | Total          |
|  | kEUR           | kEUR           |
| Liabilities to banks                           | 217,104        | 209,862        |
| Lease liabilities                              | 58,718         | 62,738         |
| Cash   | (72,115)       | (106,592)      |
| <b>Net debt</b>                                | <b>203,707</b> | <b>166,008</b> |
| Adjusted EBITDA for the first half of the year | 69,144         | 37,519         |
| Adjusted EBITDA for the second half of 2021    | 42,163         | 42,163         |
| Adjusted EBITDA for last twelve months         | 111,307        | 79,682         |
| Debt ratio (Net debt to Adjusted EBITDA)       | 1.8            | 2.1            |
| Total assets                                   | 594,127        | 524,866        |
| Equity   | 142,950        | 96,829         |
| Equity ratio (% of total assets)               | 24%            | 18%            |

## 7. Events after the balance sheet date

In the period between June 30, 2022 and the date when the interim condensed consolidated financial statements were authorized for issuance by the Management Board of Nagarro SE, the following events of particular importance exist.

## **Global macroeconomic situation**

While there have been some signs of potential weakening of demand for Nagarro's services due to the global macroeconomic situation, by and large the demand is holding up and we continue to be supply-constrained.

## **Exchange rates**

The Euro has lost value against the US dollar. This has increased our US-source revenues in Euro terms. The Euro has also lost value against the Indian rupee, in which a significant part of Nagarro's spend is denominated. However, Nagarro hedges significant portions of its currency exposure. We also believe that our clients are typically open to billing rate revisions if justified by adverse currency movements.

## **Merger of German entities**

To improve cultural and operational alignment, Nagarro is in the process of merging several of its German legal entities, which will take full effect in Q3 2022.

## **Code on Social Security 2020, India**

We expect further delays in the implementation of the newly updated labor codes in India. For background, please refer to Section B of the [Annual Report for 2021](#) note "G.13 Events after the balance sheet date – Code on Social Security 2020".



Section C

# Important information

# Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-yearly financial reporting, the interim condensed consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

## **The Management Board**

Annette Mainka Manas Fuloria Vikram Sehgal

# Financial calendar

For details refer our IR website.

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

## Legal notice

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### **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