



Earnings Call

Q4 & FY 2022 Preliminary results



Disclaimer



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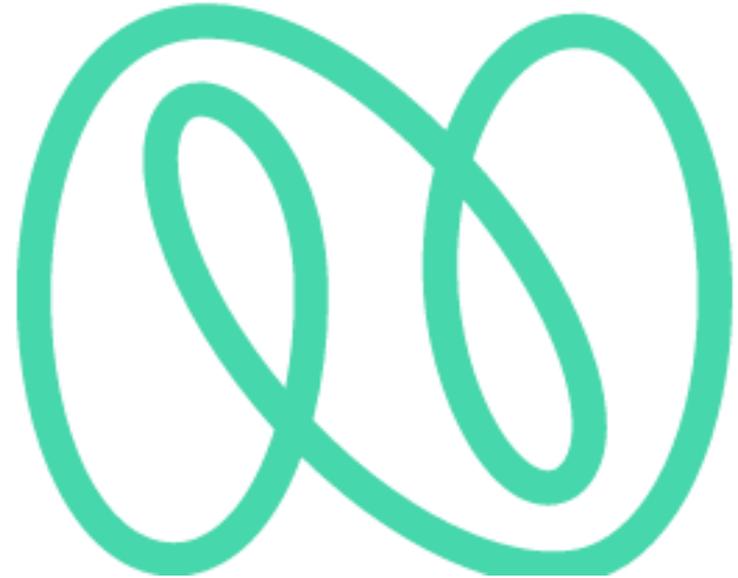
The figures presented for Q4 2022 and FY 2022 are preliminary and unaudited.

Gross profit, gross margin, adjusted EBITDA and adjusted EBITDA margin are non-IFRS/non-GAAP financial measures. These and other non-IFRS/non-GAAP financial measures may not be comparable to similarly titled measures presented by other companies, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS or other GAAP. You are cautioned not to place undue reliance on any non-IFRS/non-GAAP financial measures included herein. Please find further explanations regarding our financial key performance indicators in chapter “Section A – VI. Financial Performance” in the Annual Report 2021 of the Company. These documents are available under the following internet link <https://www.nagarro.com/en/investor-relations/financial-reports-and-publications>.

Due to rounding, numbers presented in this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures to which they refer.

Nagarro at a glance

- Fast-growing, scaled, diversified, **digital engineering leader** with a full-service portfolio
- A **global** company domiciled in Germany
- 18,000+ Nagarrians across 33 countries
- Differentiated organization design based on agility, entrepreneurship and global teams
- Diverse and loyal **blue-chip customer base, 1,000+** customers across 63 countries
- Strong results through “**CARING**” core values



FY 2022, described



Highlights

- **Revenue growth momentum** sustained, even in the uncertain economic environment
- Wage inflation and attrition **reverted towards pre-Covid levels** in some large service regions
- Developed **new capabilities and strategies** in different vertical and horizontal areas, especially in AI and Big Data
- Developed a sophisticated **digital Nagarrian experience** while enhancing physical engagements at local, regional and global levels

FY 2021

- **€546 million** revenue
- **26.9%** YoY revenue growth
- **14.6%** adj. EBITDA margin

FY 2022 prelims

- **€856 million** revenue
- **56.8%** YoY revenue growth
- **48.0%** YoY constant currency revenue growth
- **39.0%** YoY organic constant currency revenue growth
- **28.9%** gross margin
- **17.3%** adj. EBITDA margin

FY 2023 guidance

- **€1,020 million** revenue not including 2023 M&A
- **28%** gross margin
- **15%** adj. EBITDA margin

Q4 2022, described



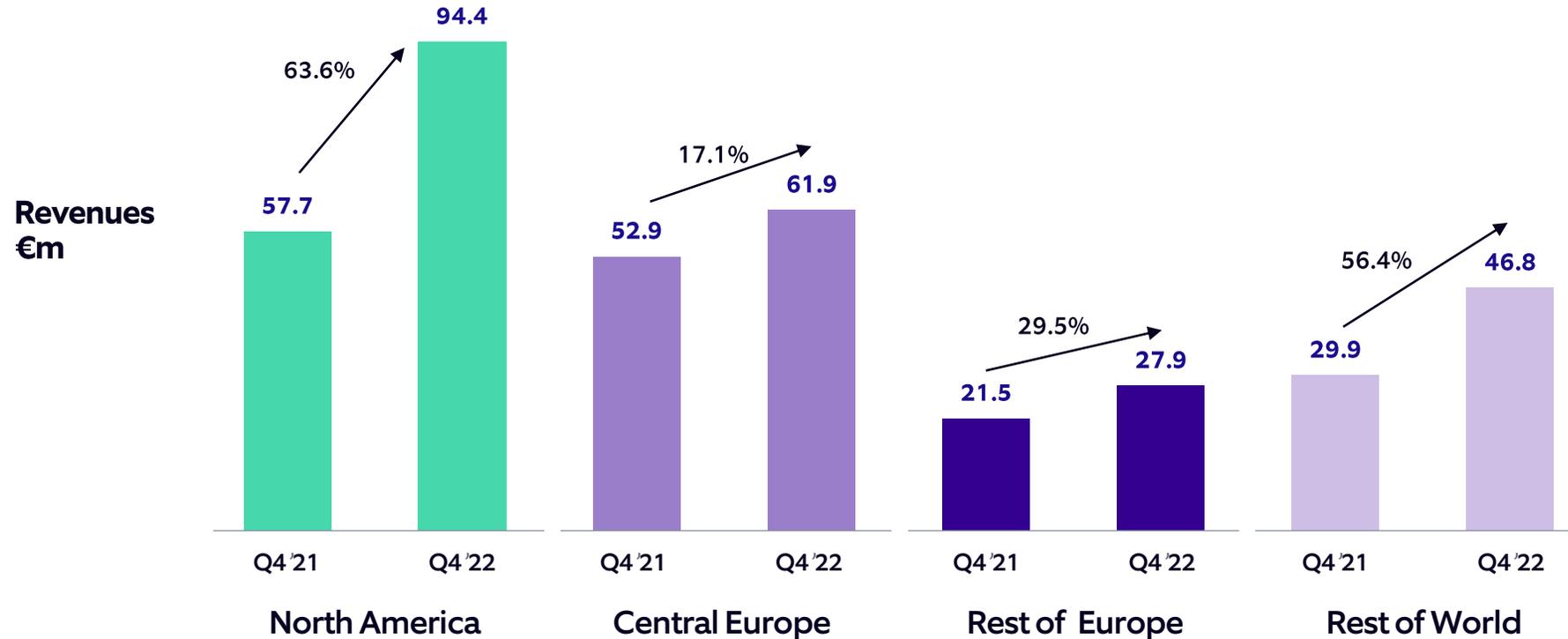
Highlights

- **Better than anticipated** revenue (€231m) and margins (28.9% gross margin, 13.2% adj. EBITDA margin) in what is often a weak quarter due to holidays and accumulated leaves
- Wage inflation and attrition **retreated to pre-Covid levels** in many regions
- **Cautious hiring and earlier hiring investments** led to just 163 net new additions; final headcount 18,250
- **Operating cash flow increased** to €36.8 million, days of sales outstanding on December 31, 2022, dropped to 68 days (calculated for the quarter and including contract assets and receivables)

Milestones

- **42.6% YoY** revenue growth
- **33.4% YoY** revenue growth in constant currency
- **27.5% YoY** organic revenue growth in constant currency
- **€110m** cash balance
- **92.2%** CSAT score

North America and Rest of World grew fastest



Central Europe comprises Austria, Croatia, Czech Republic, Germany, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia and Switzerland.

Net liabilities and cash flows



Financial liabilities include drawdown on syndicated credit facility, working capital facilities, bank loans, and liabilities from factoring. Net leverage is calculated as net liabilities divided by adjusted LTM EBITDA.

Nagarro investment highlights, reiterated



1. Positioning “Engineering DNA” digital leader with a special “Enterprise Agile” approach

2. Clients Large, global, blue-chip customer base

3. Organization Agile, entrepreneurial and global org design and culture

4. Financials Strong revenue growth, attractive margins and upside potential

5. Growth Sustainable organic growth capabilities, plus synergistic M&A

Almost doubled revenue and adj. EBITDA from 2020 to 2022!



Appendix

A large crowd of people is gathered at a night event, likely a music festival or concert. In the foreground, two DJs are seen from behind, wearing headphones and operating equipment. The DJ on the left has a patch on his jacket that reads "USA". The crowd is dense and appears to be enjoying the event, with many people raising their hands. The scene is illuminated by bright stage lights and spotlights, creating a vibrant atmosphere. The background shows a large structure, possibly a stage or a building, with more lights and a dark sky.

One of the days of Jalsa, the annual event for Nagarrians in South Asia

Country-level data



Where revenue is coming from where it is being serviced where the cash is held

	US	DE	IN	AT	UK	ZA	CH	NO	AE	DK	SE	FR	BH	IE	AU	RO	CN	MX	PH	Other
Revenue obtained from	40%	20%	12%	5%	3%	2%	2%	2%	2%	2%	2%	1%	1%	1%	1%	0%	0%	0%	0%	5%
Revenue serviced by	11%	15%	49%	3%	0%	0%	0%	1%	2%	1%	0%	1%	0%	0%	0%	7%	6%	2%	1%	1%
Dec 31 bank balances EUR m	23.4	22.5	26.1	5.3	0.6	1.8	2.1	1.2	4.5	1.5	0.5	2.5	0.3	0.0	0.6	6.2	4.8	0.4	1.0	4.8

The “Revenue serviced by” calculations may incorporate the company’s internal assumptions, e.g., in the case of fixed price projects with multi-country teams.

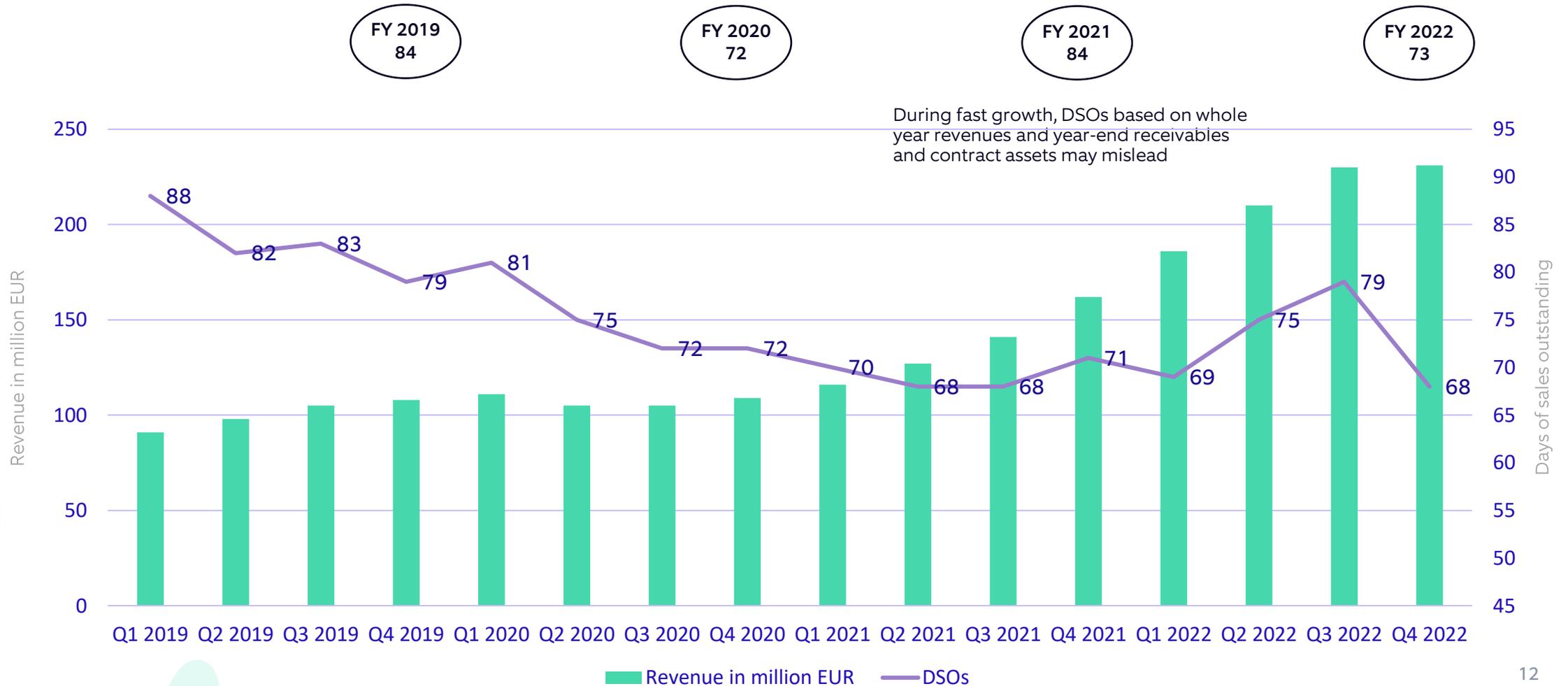
Revenue per employee: insights



- During fast growth, revenue per employee calculations based on full year revenue and year-end employee data may mislead (see graph)
- Revenue per employee in our industry depends primarily on the distribution of employees across locations
 - E.g., our Eastern Europe revenue per employee is ~1.5x of our global average
 - When a Nagarrian emigrates from, say, Gurgaon to New York City, their billing rate increases dramatically
- Normalized for service regions, Nagarro's revenue per employee is not very different from other industry leaders
- Currency conversion rates affect such KPIs, also can create gaps among peers with different currency profiles

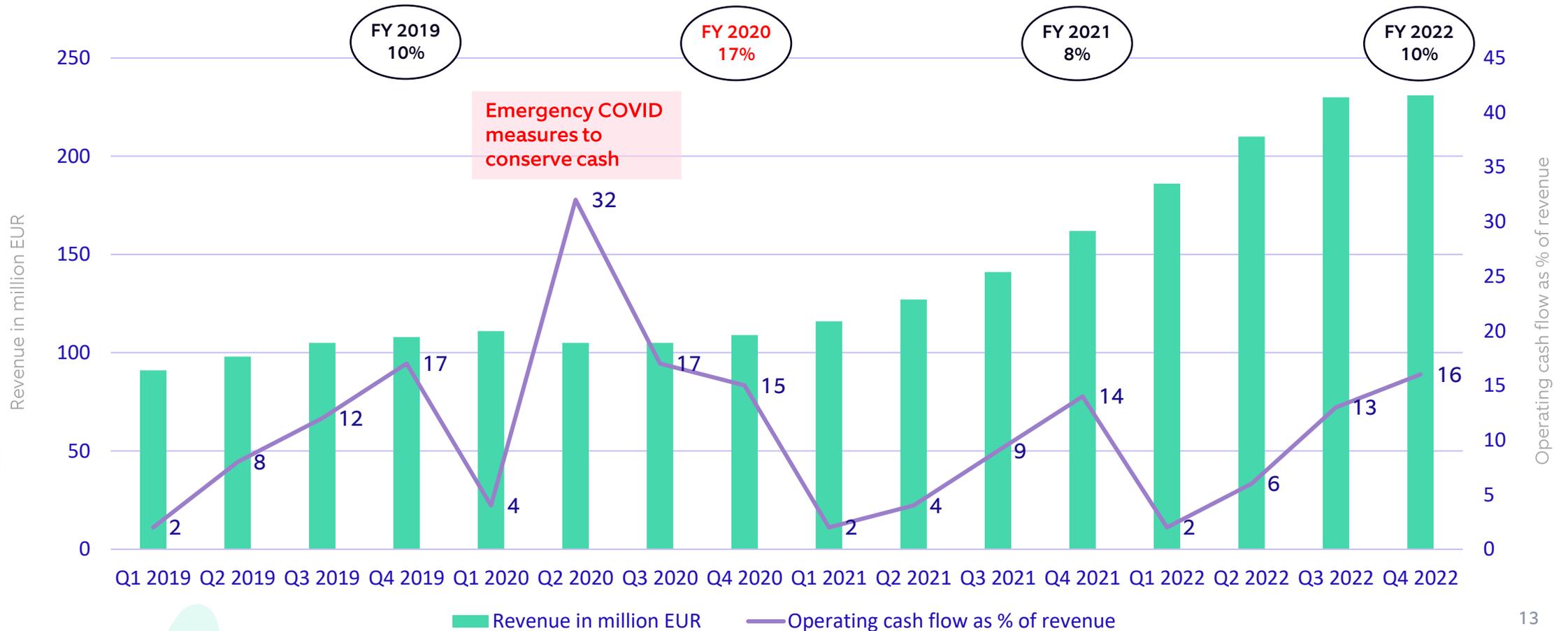


Day of sales outstanding (DSOs): insights



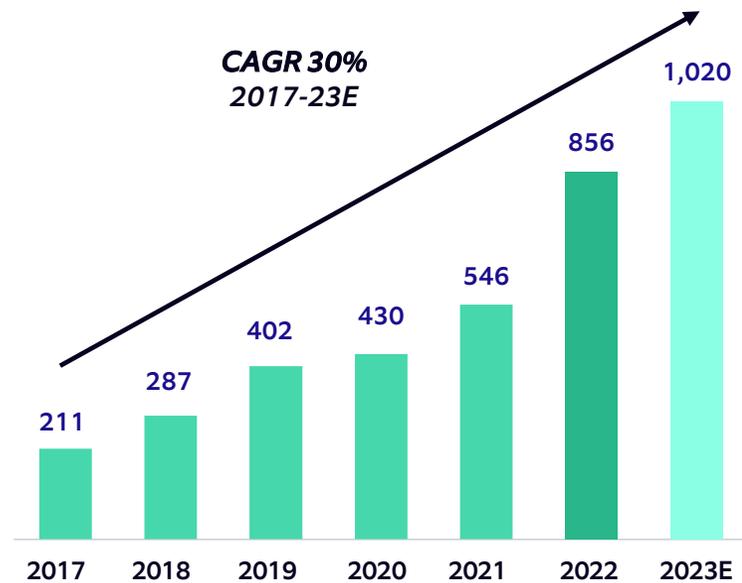
DSOs are calculated as including both trade receivables and contract assets.

Operating cash flow as a percentage of revenue: insights

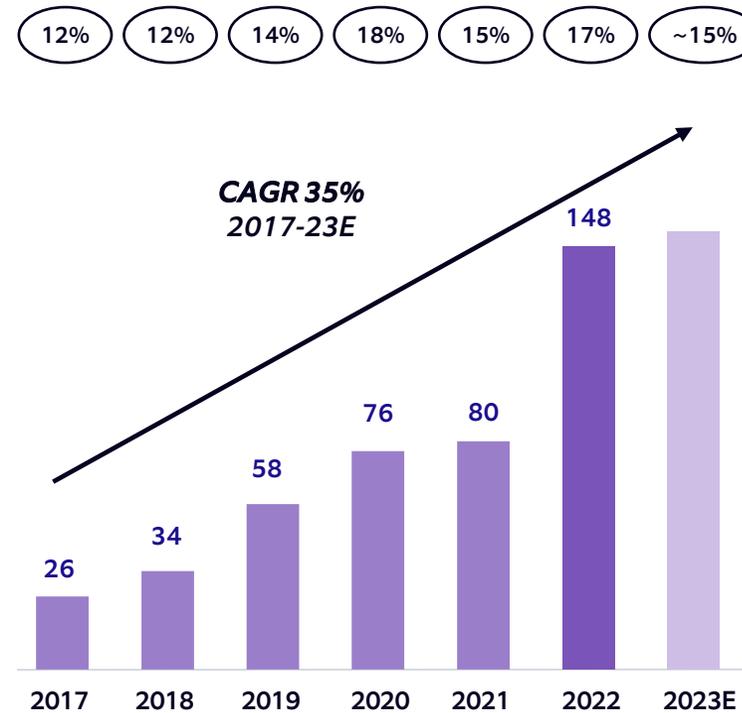


Robust growth and profitability through the years

Revenues
€m



Adjusted EBITDA (margin %)
€m



2023E represents revenue and adjusted EBITDA margin guidance for FY'23 per press release on January 9, 2023

Q&A

