



Thinking Breakthroughs

Q1

Group quarterly statement
for the period ended March 31, 2023



Nagarro Group

Key figures

Three-month period ended March 31	Q1	Q1	YoY	Q4	QoQ
	2023	2022	Change	2022	Change
	KEUR	kEUR	%	KEUR	%
Revenue	229,549	185,532	23.7%	230,974	-0.6%
Cost of revenues	168,168	135,218	24.4%	164,348	2.3%
Gross profit	61,439	50,359	22.0%	66,757	-8.0%
Adjusted EBITDA	31,411	28,974	8.4%	30,885	1.7%
Revenue by country					
Germany	45,691	39,066	17.0%	45,893	-0.4%
US	85,084	70,672	20.4%	94,142	-9.6%
Revenue by industry					
Automotive, Manufacturing and Industrial	45,744	35,363	29.4%	43,663	4.8%
Energy, Utilities and Building Automation	17,610	13,322	32.2%	15,707	12.1%
Financial Services and Insurance	32,360	23,229	39.3%	31,110	4.0%
Horizontal Tech	17,676	18,824	-6.1%	18,105	-2.4%
Life Sciences and Healthcare	16,887	14,270	18.3%	16,160	4.5%
Management Consulting and Business Information	16,289	12,108	34.5%	18,194	-10.5%
Public, Non-profit and Education	20,534	16,085	27.7%	21,648	-5.1%
Retail and CPG	29,380	24,314	20.8%	32,477	-9.5%
Telecom, Media and Entertainment	12,798	10,973	16.6%	13,184	-2.9%
Travel and Logistics	20,271	17,043	18.9%	20,727	-2.2%



Three-month period ended March 31	2023	2022
	%	%
Revenue concentration (by customer)		
Top 5	15.0%	15.6%
Top 6-10	9.3%	10.3%
Outside of Top 10	75.8%	74.1%

Segment information

Three-month period ended March 31	2023	2022	Change
	KEUR	KEUR	%
North America			
Revenue	86,889	70,972	22.4%
Cost of revenues	63,153	50,728	24.5%
Gross profit	23,735	20,244	17.2%
Central Europe			
Revenue	62,261	53,264	16.9%
Cost of revenues	47,116	39,994	17.8%
Gross profit	15,145	13,271	14.1%
Rest of World			
Revenue	49,397	37,287	32.5%
Cost of revenues	37,389	27,267	37.1%
Gross profit	12,008	10,020	19.8%
Rest of Europe			
Revenue	31,003	24,009	29.1%
Cost of revenues	20,511	17,230	19.0%
Gross profit	10,551	6,824	54.6%

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

Management Report

1. Overview

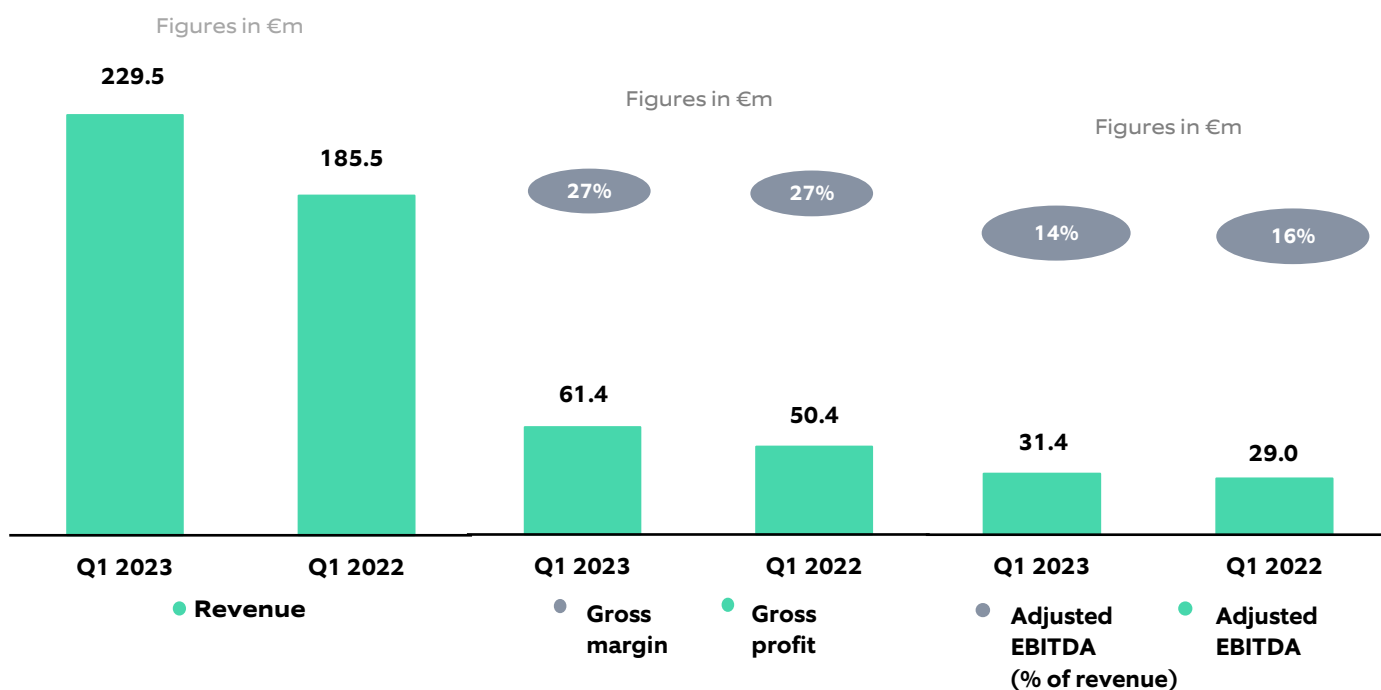
Nagarro continued to grow into Q1 2023 in constant currency terms, with constant currency QoQ growth of 2.6% over Q4 2022. The recent weakening of the US Dollar against the Euro had a negative impact on reported revenue growth numbers. In YoY terms, Q1 revenue grew 23.7% YoY (22.9% in constant currency), while YoY organic revenue growth was 22.2% (21.4% in constant currency). The company added a net 696 professionals in Q1 2023, with most of the net additions being trainees rather than lateral hires.

2. Financial performance

Nagarro's revenue grew to €229.5 million in Q1 2023 from €185.5 million in Q1 2022, a growth of 23.7%. In constant currency, Q1 2023 YoY revenue growth was 22.9%. Gross profit grew to €61.4 million in Q1 2023 from €50.4 million in Q1 2022. Gross margin slightly dropped, changing from 27.1% in Q1 2022 to 26.8% in Q1 2023. Adjusted EBITDA grew by €2.4 million from €29.0 million (15.6% of revenue) in Q1 2022 to €31.4 million (13.7% of revenue) in Q1 2023. Our most significant adjustments to EBITDA in Q1 2023 are the expense of €0.5 million on stock options offered in Jan 2021 and acquisition costs of €0.2 million. Please note that gross margin, gross profit and Adjusted EBITDA are non-IFRS KPIs, defined in the [Annual Report 2022](#).

EBITDA increased by €2.9 million from €27.9 million in Q1 2022 to €30.8 million in Q1 2023. EBIT increased by €2.6 million from €20.5 million in Q1 2022 to €23.1 million in Q1 2023. Net profit increased by €1.2 million to €15.1 million in Q1 2023 against €13.9 million in Q1 2022. Further, compared to Q1 2022, in Q1 2023 there was an increase in interest expense of €1.5 million and increase in depreciation and amortization expense of €0.3 million. (Note: Taxes for Q1 2022 have been restated due to amendments to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction, as mandated by the International Accounting Standards Board ("IASB"), the details of which can be found under "[Other notes](#)" within "Section B: Unaudited group quarterly information").

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 Q1 2023, Nagarro generated 37.9% of its revenue from North America (Q1 2022: 38.3%), 27.1% of its revenue from Central Europe (Q1 2022: 28.7%), 21.5% of its revenue from Rest of World (Q1 2022: 20.1%) and 13.5% of its revenue from Rest of Europe (Q1 2022: 12.9%).



Among our segments, the standout performance was from the Rest of World segment, which grew 32.5% in revenue to €49.4 million in Q1 2023 from €37.3 million in Q1 2022. Gross margin decreased in Rest of World to 24.3% in Q1 2023 from 26.9% in Q1 2022. The maximum contribution to growth was from the "Financial Services and Insurance", "Automotive, Manufacturing and Industrial" and "Retail and CPG" industries.

The Rest of Europe segment grew 29.1% in revenue to €31.0 million in Q1 2023 from €24.0 million in Q1 2022. The most growth was registered in the "Energy, Utilities and Building Automation", "Automotive, Manufacturing and Industrial" and "Travel and Logistics" industries. Gross margin increased to 34.0% in Q1 2023 from 28.4% in Q1 2022.

The North America segment grew 22.4% in revenue to €86.9 million in Q1 2023 from €71.0 million in Q1 2022. This was primarily driven by growth in the "Automotive, Manufacturing and Industrial" and "Public, Non-profit, Education" industries. Gross margin decreased to 27.3% in Q1 2023 from 28.5% in Q1 2022.

Central Europe grew 16.9% in revenue to €62.3 million in Q1 2023 from €53.3 million in Q1 2022. "Life Sciences and HealthCare" and "Automotive, Manufacturing and Industrial" were the industries with the most growth. Gross margin decreased in Central Europe to 24.3% in Q1 2023 from 24.9% in Q1 2022.

Revenue from the USA grew 20.4% to €85.1 million in Q1 2023 from €70.7 million in Q1 2022, while those from Germany grew 17.0% to €45.7 million in Q1 2023 from €39.1 million in Q1 2022.

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 industry after industry.

Industries with the most robust global growth in Q1 2023 over Q1 2022 included "Financial Services and Insurance" (39.3%), "Management Consulting and Business Information" (34.5%), "Energy, Utilities and Building Automation" (32.2%), "Automotive, Manufacturing and Industrial" (29.4%), "Public, Non-profit, Education" (27.7%) and "Retail and CPG" (20.8%).

The only industry with negative growth in Q1 2023 over Q1 2022 was "Horizontal Tech" (-6.1%).

The reconciliation between Adjusted EBITDA and EBITDA is as follows:

Three-month period ended March 31	2023	2022
	kEUR	kEUR
EBITDA	30,776	27,883
Exchange loss (gain) on purchase price components	(11)	23
Stock option and employee share participation program expense	496	814
Acquisition cost	151	253
Adjusted EBITDA	31,411	28,974

The top 5 currencies that contributed significantly to our revenues are listed below (in € million).

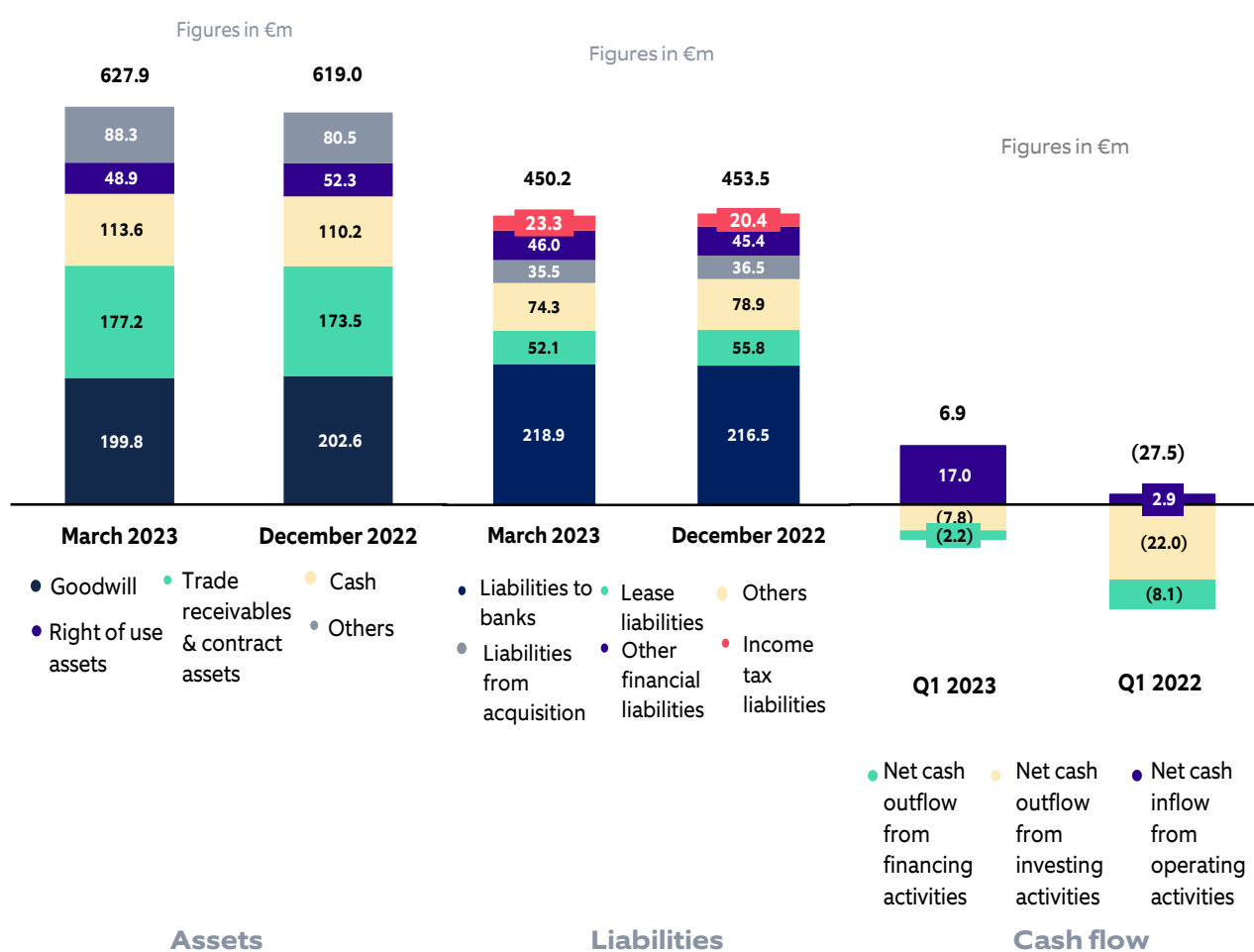
Three-month period ended March 31	2023	2022
Revenue currency	mEUR	mEUR
USD	99.6	79.1
EUR	76.6	62.4
INR	26.8	21.1
ZAR	5.1	3.7
AED	4.7	2.4



The top 5 currencies that contributed significantly to our expenses (net of operating income) including taxes but excluding foreign currency income and expenses are listed below (in € million).

Three-month period ended March 31	2023	2022
Expenses currency	mEUR	mEUR
INR	90.5	70.5
EUR	49.2	43.0
USD	30.2	23.7
RON	13.6	11.3
CNY	7.9	10.6

3. Financial position at the end of period



The basic principles of financial management at Nagarro are financial prudence and stability, ensuring a reasonable profitability and assuring adequate liquidity, even as the company grows via calculated entrepreneurial bets. The Finance Council works to ensure we have the right capital structure in place, that we are managing cash and liquidity carefully, and we are managing financial risks such as currency risks with the appropriate instruments.

We target a balanced debt-to-equity ratio that preserves flexibility for the company, allowing it to react to business opportunities and to changes in macroeconomic conditions. Nagarro's syndicated loan 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 Q1 2023 was comfortable. The current assets were €340.7 million, of which cash was €113.6 million. The current liabilities were €179.7 million, yielding a working capital of €160.9 million.

Total assets grew by €8.8 million to €627.9 million as of March 31, 2023, as against €619.0 million as of December 31, 2022. Of these, non-current assets decreased by €8.6 million to €287.2 million, as against €295.8 million as of December 31, 2022. Within non-current assets, right of use assets from leases reduced by €3.4 million to €48.9 million (mainly due to depreciation of €5.4 million offset by net addition of €2.0 million), goodwill decreased by €2.8 million (due to currency differences of €2.8 million) and intangible assets decreased by €1.2 million (mainly due to amortisation) to €12.4 million. Current assets increased by €17.5 million to €340.7 million as of March 31, 2023, as against €323.2 million as of December 31, 2022, within which cash balance increased by €3.5 million to €113.6 million. Contract assets, trade receivables, other current financial assets and other current assets together increased by €10.5 million (primarily due to increase in other current financial assets by €7.1 million on payment for the acquisition of Infocore and, net increase in contract assets and trade receivable by €3.7 million). Income tax receivables increased by €3.5 million to €20.2 million.

Total liabilities reduced by €3.2 million to €450.2 million as of March 31, 2023, as against €453.5 million as of December 31, 2022. Non-current liabilities decreased by €3.5 million to €270.5 million, as against €274.0 million as of December 31, 2022. Within non-current liabilities, non-current acquisition liabilities decreased by €7.6 million (due to reclassification of €7.6 million to current liabilities) to €8.7 million; non-current lease liabilities decreased by €3.3 million to €30.7 million. Non-current liabilities to banks increased by €6.0 million (due to additional loan of €6.0 million taken for the acquisition of Infocore) and post-retirement benefits' liabilities increased by €1.2 million to €12.6 million. Current liabilities increased by €0.3 million to €179.7 million, as against €179.5 million as of December 31, 2022. The increase is mainly due to increase in acquisition liabilities of €6.6 million (due to reclassification of €7.6 million from non-current liabilities which is mainly offset by payments during the period), other current financial liabilities of €1.1 million and income tax liabilities of €3.0 million. This is offset by decrease in liabilities to banks by €3.6 million (mainly, decrease in factoring liabilities by €3.4 million), decrease in short term provisions by €2.1 million, reduction in trade payables by €1.2 million and reduction in other current liabilities by €2.3 million.

Net assets represented by total equity grew by €12.1 million from €165.6 million as of December 31, 2022, to €177.7 million as of March 31, 2023. The increase is due to increase in total comprehensive income of €11.6 million, increase in capital reserve of €0.5 million, mainly from issuance of stock options under SOP 2020/II and SOP 2020/III. (Note: Total equity and certain other balance sheet items for December 31, 2022, have been restated due to amendments to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction, as mandated by IASB, the details of which can be found under "Other notes" within "Section B: Unaudited group quarterly information").

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 in Q1 2023 was positive €7.0 million against negative €27.2 million in Q1 2022.

Our operating cash inflow was €17.0 million in Q1 2023 as compared to €2.9 million in Q1 2022. The increase in operating cash flow in Q1 2023 can largely be ascribed to better collection from trade receivables (mainly, collection of old dues from a US public sector customer). This is offset by reduction in funds of €8.4 million under the factoring program.

Days of sales outstanding, calculated based on the quarterly revenue and including both contract assets and trade receivables, has remained same at 69 days on December 31, 2022, and on March 31, 2023.

The cash outflow from investing activities in Q1 2023 was €7.8 million, mainly due to payment of acquisition obligations of €6.5 million (€5.8 million for acquisition of Infocore, and the balance €0.7 million for meeting payment obligations from older acquisitions). The cash outflow from investing activities in Q1 2022 was €22.0 million (mainly €14.1 million for the acquisition of RipeConcepts and €5.2 million for the acquisition of Techmill).

The cash outflow from financing activities in Q1 2023 was €2.2 million as compared to €8.1 million in Q1 2022. Major items of cash outflow in Q1 2023 were lease payments of €6.1 million and interest payments of €2.2 million. This was offset by net proceeds from bank loans of €5.7 million.



Countries with the top 5 bank balances are listed below:

Countries	March 31, 2023 mEUR	December 31, 2022 mEUR
India	28.5	26.1
United States of America	27.7	23.4
Germany	21.5	22.5
United Arab Emirates	5.0	4.5
Romania	4.1	6.2

4. Non-financial KPIs

Our most important non-financial KPI is client satisfaction. We measure client satisfaction in various ways, the most extensive of which is a standardized client satisfaction (CSAT) survey. This survey is sent every quarter to the person responsible for project success on the client side. 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. Despite these caveats, the CSAT results are very central to our management system and often form the most important basis for variable pay to project leadership. Each CSAT question asks the client's frequency of satisfaction with a particular aspect of our services. The percentage of responses that are "Always" or "Mostly" is our measure of overall satisfaction. The responses collected are monitored carefully at the aggregate level, at the question level, and at the project level. While minor fluctuations are to be expected, any significant trends are discussed and addressed.

From Q2 2022 onwards, the company revised the CSAT format to sharpen it and make the feedback more actionable. As a result of this change in the survey, Q1 2023 scores will not be comparable with Q1 2022. Our CSAT score was 95% in Q1 2022, using the old survey format, and, using the new survey format, it was 92% in Q1 2023. We expect this KPI to remain in this region in 2023.

Nagarro has also been testing the concept of Net Promoter Score (NPS) in our CSAT survey. The question posed in the survey was: "On a scale of 1-10, how likely are you to recommend Nagarro to a friend or colleague?" Promoters are those who gave a score of 9 or 10, Passives are those who gave a score of 7 or 8, and Detractors are those who responded with a score below 7. The NPS score is calculated as $(\text{Number of Promoters} - \text{number of Detractors}) * 100 / (\text{total number of NPS responses})$. Nagarro's NPS score in the Q1 2023 survey was 65.4, which indicates a high level of client satisfaction with Nagarro's services.

On March 31, 2023, Nagarro had 18,946 professionals of which 17,674 were professionals in engineering. The comparable numbers for December 31, 2022 were 18,250 and 17,012, respectively. A number of new joiners in this period were engineers who had recently graduated from college, and were not expected to be immediately deployed in revenue-generating work.

5. General economic and industry conditions

Economic growth has slowed in our largest markets, while fears of recession abound. High interest rates have especially impacted investments in fast-growing technology companies and, in turn, reduced some of the investments they were making with partners. In Q1, there was also some panic in the banking sector, originating from the USA but spreading quickly to Europe and beyond. These sombre conditions are likely to have had a negative impact on the short-term growth of the IT services industry.

On the positive side, the medium-term sentiment for the IT services industry remains strong. The improved capabilities of Artificial Intelligence solutions are likely to drive another arms race in each industry to harness this new technology to improve customer experience and delivered value, to win growth and market share, and to enhance safety, security and efficiency. A lot of digital engineering work will be required to enable these goals.

Compared to a year ago, wage inflation and attrition have dropped significantly in certain job markets, e.g., India.



6. Outlook

The company is confident of its medium-term growth trajectory; meanwhile, the near-term outlook is diminished by the challenging and uncertain macroeconomic situation. How the global economy will evolve in the next few months and how it will impact our business is very difficult to predict at this time.

With this context, we are replacing our current revenue guidance for 2023. We now expect 2023 revenue, not including acquisitions made in 2023, to be in the region of €940 million, as against €856 million in 2022. This estimate is based on current currency exchange rates. We continue to expect gross margin in the region of 28%, which is in line with the gross margin in 2022. We continue to expect Adjusted EBITDA margin to be in the region of 15%, as against 17.3% in 2022.

The alternative performance measures in these management projections for 2023 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 multidimensional and unpredictable effects of the global economic situation. However, we are confident that in the medium-term, our business has the potential to deliver years of strong organic revenue growth and a healthy Adjusted EBITDA margin that we now target to take up to at least 18% from 2026 onwards.

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. Developments after March 31, 2023

With respect to the intended acquisition of M.B.İ.S Bilgisayar Otomasyon Danışmanlık ve Eğitim Hizmetleri Sanayi ve Ticaret A.Ş., Turkey (“MBIS”), as of the date of the publishing of this report, MBIS is in the process of taking approval from the Turkish Competition Authority as one of the conditions for the acquisition to proceed.

Information on some other developments between March 31, 2023, and the date of publishing of this report can be found under “[Other notes](#) - Events after the balance sheet date” within “Section B: Unaudited group quarterly information”.

Section B

Unaudited group quarterly information

for the three-month period ended March 31, 2023 in accordance with IFRS



Interim condensed consolidated statement of financial position

	March 31,	December 31,
Assets	2023	2022
in kEUR		
Intangible assets	12,409	13,608
Goodwill	199,840	202,622
Property, plant and equipment	11,424	11,443
Right of use assets	48,903	52,271
Non-current contract costs	89	89
Other non-current financial assets	3,201	4,027
Other non-current assets	870	960
Deferred tax assets #	10,477	10,822
Non-current assets #	287,214	295,841
Inventories	235	264
Contract assets	26,287	16,671
Trade receivables	150,884	156,809
Other current financial assets	14,716	7,643
Other current assets	14,684	14,900
Income tax receivables	20,222	16,749
Cash	113,633	110,163
Current assets	340,661	323,200
Total assets #	627,875	619,041

restated - refer other notes - Amendments to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction, as of January 1, 2022



	March 31,	December 31,
Equity and Liabilities	2023	2022
in kEUR		
Share capital	13,776	13,776
Treasury shares, at cost	(10,018)	(10,018)
Capital reserve	248,397	247,901
Profit carried forward #	174,594	97,213
Net profit for the period #	15,136	77,382
Changes in equity recognized directly in equity	(260,612)	(260,612)
Other comprehensive income #	(3,621)	(63)
Total equity #	177,652	165,578
Non-current liabilities to banks	211,002	205,018
Non-current lease liabilities	30,716	34,004
Long-term provisions for post-employment benefits	12,615	11,419
Other long-term provisions	338	330
Other non-current financial liabilities	2,306	2,748
Non-current liabilities from acquisitions	8,740	16,340
Deferred tax liabilities #	4,785	4,139
Non-current liabilities #	270,503	273,999
Current liabilities to banks	7,921	11,519
Current lease liabilities	21,418	21,784
Short-term provisions for post-employment benefits	1,537	1,462
Other short-term provisions	20,149	22,238
Current contract liabilities	12,878	13,795
Trade payables	14,005	15,251
Current liabilities from acquisitions	26,782	20,188
Other current financial liabilities	43,735	42,663
Other current liabilities	7,954	10,218
Income tax liabilities	23,341	20,347
Current liabilities	179,720	179,464
Total liabilities	450,223	453,463
Equity and liabilities #	627,875	619,041

restated - refer other notes - Amendments to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction, as of January 1, 2022



Interim condensed consolidated statement of comprehensive income

Three-month period ended March 31	2023	2022
in kEUR		
Revenue	229,549	185,532
Own work capitalized	58	44
Other operating income	5,229	3,601
Cost of materials	(21,811)	(18,787)
Staff costs	(158,085)	(125,462)
Impairment of trade receivables and contract assets	184	(660)
Other operating expenses	(24,349)	(16,386)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	30,776	27,883
Depreciation, amortization and impairment	(7,720)	(7,396)
Earnings before interest and taxes (EBIT)	23,055	20,488
Finance income	323	114
Finance costs	(3,702)	(2,251)
Earnings before taxes (EBT)	19,677	18,350
Income taxes #	(4,541)	(4,414)
Profit for the period #	15,136	13,936
Other comprehensive income		
in kEUR		
Items that will not be reclassified to profit or loss		
Actuarial gains (losses)	(619)	(460)
Tax effects	169	94
	(450)	(366)
Items that may be reclassified to profit or loss		
Foreign exchange differences #	(3,108)	2,222
	(3,108)	2,222
Other comprehensive income for the period #	(3,558)	1,856
Total comprehensive income for the period #	11,578	15,792



Basic earnings per share:		
Number of shares (based on weighted average)	13,672,118	13,775,985
Number of shares (based on outstanding shares)	13,672,118	13,775,985
Basic earnings per shares in EUR (based on weighted average) #	1.11	1.01
Basic earnings per shares in EUR (based on outstanding shares) #	1.11	1.01
Diluted earnings per share:		
Number of shares (based on weighted average)	13,736,774	13,924,837
Number of shares (based on outstanding shares)	13,736,774	13,924,837
Diluted earnings per share in EUR (based on weighted average) #	1.10	1.00
Diluted earnings per share in EUR (based on outstanding shares) #	1.10	1.00

restated - refer other notes - Amendments to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction, as of January 1, 2022



Interim condensed consolidated statement of changes in equity

	Share capital	Treasury shares	Capital reserve	Profit carried forward	Net profit for the period	Changes in equity recognized directly in equity	Other comprehensive income		Total equity
							Foreign exchange differences	Actuarial gain or loss on pension provisions	
in kEUR									
Balance at January 1, 2023	13,776	(10,018)	247,901	97,213	77,382	(260,612)	2,974	(3,038)	165,578
Profit for the period	-	-	-	-	15,136	-	-	-	15,136
Other comprehensive income for the period	-	-	-	-	-	-	(3,108)	(450)	(3,558)
Total comprehensive income for the period	-	-	-	-	15,136	-	(3,108)	(450)	11,578
Transfer of profit or loss for the previous year to profit carried forward	-	-	-	77,382	(77,382)	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Share capital issued	-	-	-	-	-	-	-	-	-
Transfer of capital reserve	-	-	-	-	-	-	-	-	-
Stock option and employee share participation program expense	-	-	496	-	-	-	-	-	496
Balance at March 31, 2023	13,776	(10,018)	248,397	174,594	15,136	(260,612)	(133)	(3,488)	177,652



	Share capital	Treasury shares	Capital reserve	Profit carried forward	Net profit for the period	Changes in equity recognized directly in equity	Other comprehensive income		Total equity
							Foreign exchange differences	Actuarial gain or loss on pension provisions	
in kEUR									
Balance at January 1, 2022	13,776	-	244,825	66,370	30,003	(260,612)	5,442	(2,974)	96,829
Impact due to adoption of IAS 12 amendment (refer other notes - Amendments to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction)	-	-	-	841	-	-	21	-	861
Balance at January 1, 2022 (restated)	13,776	-	244,825	67,210	30,003	(260,612)	5,462	(2,974)	97,690
Profit for the period	-	-	-	-	13,936	-	-	-	13,936
Other comprehensive income for the period	-	-	-	-	-	-	2,222	(366)	1,856
Total comprehensive income for the period	-	-	-	-	13,936	-	2,222	(366)	15,792
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	-	-	814	-	-	-	-	-	814
Balance at March 31, 2022	13,776	-	245,640	97,213	13,936	(260,612)	7,684	(3,340)	114,297



Interim condensed consolidated statement of cash flows

Cash flows

Three-month period ended March 31

2023

2022

in kEUR

Cash flows from operating activities

EBIT	23,055	20,488
Depreciation, amortization and impairments of non-current assets	7,720	7,396
Change in long-term provisions	479	79
Other non-cash income and expenses	(1,708)	2,163
Income taxes paid	(4,052)	(3,295)
Cash flows from changes in net working capital	(21)	(26,488)
Net cash inflow (outflow) from factoring	(8,435)	2,582
Net cash inflow from operating activities	17,039	2,925

Cash flows from investing activities

Payments for property, plant and equipment and intangible assets	(1,318)	(1,132)
Proceeds from sale of property, plant and equipment and intangible assets	2	1
Acquisition of subsidiaries, net of cash acquired	(6,461)	(20,847)
Net cash outflow from investing activities	(7,776)	(21,978)

Cash flows from financing activities

Proceeds from bank loans	10,250	4,950
Repayment of bank loans	(4,524)	(6,429)
Principal elements of lease payments	(6,075)	(5,519)
Interest received	323	114
Interest paid	(2,197)	(1,248)
Net cash (outflow) inflow from financing activities	(2,223)	(8,132)

Total cash flow	7,039	(27,185)
Effects of exchange rate changes on cash and cash equivalents	(176)	(326)
Total changes in cash and cash equivalents	6,864	(27,511)
Cash and cash equivalents at the beginning of period	103,147	94,969
Cash and cash equivalents at the end of period	110,011	67,458

Other notes

Accounting policies

Except for the adoption of Amendments to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction, as mandated by IASB, the accounting policies have not changed compared to the consolidated financial statements for the year 2022. The quarterly statement of Nagarro SE for the quarter ended March 31, 2023, have not been reviewed by an auditor or have not been audited according to section 115(5) WpHG (German Securities Trading Act).

New and amended standards adopted

Amendments to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction

The amendments, which are effective from January 1, 2023, introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The amendments apply prospectively to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, an entity should apply the amendments for the first time by recognizing deferred tax for all temporary differences related to leases and decommissioning obligations at the beginning of the earliest comparative period presented.

The adoption of amendments to IAS 12 has resulted in recognition of deferred tax on the right of use assets and lease liabilities. Accordingly, the previous period figures have been restated with effect from January 1, 2022, the details of which are as follows:

	(Previously reported)		(Restated)
Assets	December 31, 2022	Adjustments due to adoption of IAS 12 amendments	December 31, 2022
<i>in kEUR</i>			
Deferred tax assets	9,924	897	10,822
	9,924	897	10,822
Equity and liabilities			
<i>in kEUR</i>			
Total equity	164,684	894	165,578
Deferred tax liabilities	4,136	3	4,139
	168,820	897	169,717



Consolidated statement of comprehensive income	(Previously reported)		(Restated)
Three-month period ended March 31	2022	Adjustments due to adoption of IAS 12 amendments	2022
<i>in kEUR</i>			
Earnings before taxes (EBT)	18,350	-	18,350
Income taxes	(4,429)	15	(4,414)
Profit for the period	13,921	15	13,936
Other comprehensive income			
Items that will not be reclassified to profit or loss	(366)	-	(366)
Items that may be reclassified to profit or loss	2,217	5	2,222
Other comprehensive income for the period	1,851	5	1,856
Total comprehensive income for the period	15,772	20	15,792

	(Previously reported)		(Restated)
Assets	December 31, 2021	Adjustments due to adoption of IAS 12 amendments	December 31, 2021
<i>in kEUR</i>			
Deferred tax assets	11,039	878	11,917
	11,039	878	11,917
Equity and liabilities	December 31, 2021	Adjustments due to adoption of IAS 12 amendments	December 31, 2021
<i>in kEUR</i>			
Total equity	96,829	861	97,690
Deferred tax liabilities	4,401	17	4,418
	101,230	878	102,108

Treasury shares

Nagarro SE did not acquire any treasury shares in the first quarter of 2023 and held 103,867 units of treasury shares as at March 31, 2023 and December 31, 2022.

Subsequent to the period ended, the Management Board of Nagarro SE, decided to again make use of the authorization pursuant to Sec. 71 para. 1 no. 8 of the German Stock Corporation Act (Aktengesetz, AktG) to repurchase shares of Nagarro SE, which was granted by the shareholders' meeting on October 30, 2020.

In aggregate, up to 350,000 shares of Nagarro SE shall be repurchased, corresponding to a portion of the current nominal share capital of approximately 2.54%, subject to an overall purchase volume limit of EUR 30 million (excluding ancillary costs of purchase). The repurchased shares may be used for all purposes covered by the authorization.

The share buyback will be carried out in the time period from April 24, 2023 until October 31, 2023, and prospectively in three tranches of EUR 10 million each. The terms of this share buyback program were announced on May 02, 2023, in accordance with art. 5 para. 1 lit. a) of the Regulation (EU) no. 596/2014 and art. 2 para. 1 of the Commission Delegated Regulation (EU) no. 2016/1052.

Further information is available online under [Share Buyback 2023](#).

Factoring

The below table shows the net factoring amounts which are offset against trade receivables: -

Region	March 31, 2023			December 31, 2022		
	of which:			of which:		
	Net	Factoring utilization	Factoring liability	Net	Factoring utilization	Factoring liability
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Germany	12,398	14,727	(2,328)	14,140	18,735	(4,594)
France	546	1,320	(774)	856	1,250	(394)
United States of America	18,268	18,788	(520)	23,800	25,827	(2,027)
Austria	3,075	3,075	-	3,596	3,596	-
	34,287	37,910	(3,622)	42,393	49,408	(7,016)

Employee Share Participation Program (ESPP)

As mentioned in Note G 13. Events after the balance sheet date in Section B of [Annual Report 2022](#), Nagarro rolled out the ESPP program in the first quarter of 2023.

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

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

Basis of consolidation

The interim condensed consolidated financial statements as at March 31, 2023 include all the subsidiaries of the Group as mentioned in the consolidated financial statements as at December 31, 2022 along with the following addition made during the first quarter of 2023:-

- (i) Nagarro Co., Ltd., a newly incorporated wholly owned subsidiary in Taiwan

The following entities were closed during the first quarter of 2023:-

- (i) Solutions4Mobility LLC, Dubai, UAE
- (ii) Nagarro Inc., Toronto, Canada

Events after the balance sheet date

As mentioned in Note G 13. Events after the balance sheet date in Section B of [Annual Report 2022](#) relating to acquisition of Infocore, the following entities will be included as a result of first-time consolidation with effect from April 1, 2023:-

- (i) Infocore Engineering & IT Services GmbH, Germany
- (ii) Infocore Software Trading and Services FZCO, United Arab Emirates
- (iii) Infocore Engineering & IT Services Inc, USA
- (iv) Infocore Engineering & IT Services Private Limited, India (as part of business transfer agreement)



With respect to the acquisition of M.B.İ.S Bilgisayar Otomasyon Danışmanlık ve Eğitim Hizmetleri Sanayi ve Ticaret A.Ş. , Turkey ("MBIS"), as one of the conditions for the acquisition to go through, MBIS is in the process of taking approval from the Turkish Competition Authority as of the date of publishing this report.

The following entity was closed during the second quarter of 2023:-

(i) ATCS Australia Pty Ltd, Melbourne, Australia

On April 26, 2023, Nagarro SE offered 144,000 stock options with an exercise price of EUR 110.08 per option under Stock Option Plan 2020/II - Tranche 2 with similar conditions of vesting as offered to the members of the management of Nagarro SE and its group companies and employees of group companies.

Section C

Important information



Financial calendar

For details, refer our IR website:

[Financial calendar](#)

Legal notice

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