

# Thinking Breakthroughs

## Q3

Group quarterly statement  
for the period ended September 30, 2021

## Nagarro Group

# Key figures – Quarterly

	Q3		Change	Q2	
	2021	2020		2021	Change
	kEUR	kEUR	%	kEUR	%
Revenue	140,954	105,394	33.7%	127,322	10.7%
Cost of revenues	100,991	70,532	43.2%	89,328	13.1%
Gross profit	40,008	34,926	14.5%	38,038	5.2%
Adjusted EBITDA	21,709	20,442	6.2%	18,960	14.5%
<b>Revenue by country</b>					
Germany	32,229	27,353	17.8%	30,754	4.8%
US	50,623	36,600	38.3%	45,413	11.5%
<b>Revenue by industry</b>					
Automotive, Manufacturing and Industrial	24,882	15,776	57.7%	21,123	17.8%
Energy, Utilities and Building Automation	11,852	9,159	29.4%	10,875	9.0%
Financial Services and Insurance	17,503	13,918	25.8%	14,687	19.2%
Horizontal Tech	13,883	8,496	63.4%	12,020	15.5%
Life Sciences and Healthcare	9,607	6,902	39.2%	9,149	5.0%
Management Consulting and Business Information	8,539	9,666	-11.7%	7,889	8.2%
Public, Non-profit and Education	10,355	6,746	53.5%	11,107	-6.8%
Retail and CPG	19,324	13,549	42.6%	17,715	9.1%
Telecom, Media and Entertainment	10,517	9,792	7.4%	9,483	10.9%
Travel and Logistics	14,491	11,390	27.2%	13,273	9.2%

**Nagarro Group**

# Key figures – Nine months

Nine-month period ended September 30	2021	2020	Change
	KEUR	KEUR	%
Revenue	384,001	321,433	19.5%
Cost of revenues	272,034	215,728	26.1%
Gross profit	112,100	105,858	5.9%
Adjusted EBITDA	59,228	56,134	5.5%
<b>Revenue by country</b>			
Germany	93,538	85,709	9.1%
US	135,307	111,674	21.2%
<b>Revenue by industry</b>			
Automotive, Manufacturing and Industrial	64,865	45,310	43.2%
Energy, Utilities and Building Automation	32,139	27,750	15.8%
Financial Services and Insurance	45,245	40,681	11.2%
Horizontal Tech	37,868	26,919	40.7%
Life Sciences and Healthcare	27,622	23,223	18.9%
Management Consulting and Business Information	24,331	25,530	-4.7%
Public, Non-profit and Education	30,785	24,643	24.9%
Retail and CPG	53,106	38,751	37.0%
Telecom, Media and Entertainment	29,113	30,893	-5.8%
Travel and Logistics	38,925	37,732	3.2%

Nine-month period ended September 30	2021	2020
	%	%
<b>Revenue concentration (by customer)</b>		
Top 5	14.3%	13.8%
Top 6-10	11.0%	10.1%
Outside of Top 10	74.7%	76.1%

## Segment information

Nine-month period ended September 30	2021	2020	Change
	kEUR	kEUR	%
<b>Central Europe</b>			
Revenue	129,607	119,639	8.3%
Cost of revenues	92,332	83,398	10.7%
Gross profit	37,276	36,240	2.9%
<b>North America</b>			
Revenue	135,636	111,674	21.5%
Cost of revenues	96,892	72,121	34.3%
Gross profit	38,743	39,553	-2.0%
<b>Rest of Europe</b>			
Revenue	56,934	47,866	18.9%
Cost of revenues	40,635	32,827	23.8%
Gross profit	16,432	15,192	8.2%
<b>Rest of World</b>			
Revenue	61,824	42,254	46.3%
Cost of revenues	42,175	27,382	54.0%
Gross profit	19,649	14,872	32.1%

Gross profit, gross margin and Adjusted EBITDA are neither required by, nor presented in accordance with, IFRS. Non-IFRS measures should not be considered in isolation or as a substitute for results under IFRS.

Gross profit is calculated on the basis of total performance which is sum of revenue and own work capitalized.

Rounding differences may arise when individual amounts or percentages are added together.

# Index

## Section A

### Interim group management report

Overview.....	6
The business environment and Nagarro's response.....	6
Financial performance .....	6
Financial position at the end of period .....	8
Non-financial KPIs .....	9
Outlook .....	10
Events after the balance sheet date .....	10

## Section B

### Interim condensed information

Interim condensed consolidated statement of financial position .....	12
Interim condensed consolidated statement of comprehensive income.....	14
Interim condensed consolidated statement of changes in equity.....	16
Interim condensed consolidated statement of cash flow .....	17
Other notes.....	18

## Section C

### Important information

Financial calendar .....	20
Imprint.....	20

Section A

# **Interim group management report**

## I.

# Overview

The first nine-month period (“9M”) of 2021 has been a lively time for Nagarro. Demand was strong through this period, while our supply of skilled engineers was significantly constrained. The company responded with a number of new initiatives to recruit more Nagarrians, adding a net 1,084 professionals in Q1 2021, 1,153 professionals in Q2 2021 and 1,149 professionals in Q3 2021 - numbers that include both trainees and lateral hires. This hiring allowed the company to keep growing. It achieved QoQ revenue growth of 6.2% in Q1 2021, QoQ revenue growth of 10.0% in Q2 2021 and QoQ revenue growth of 10.7% in Q3 2021. 9M 2021 YoY revenue growth over 9M 2020 was 19.5%, and the corresponding constant currency YoY revenue growth was 22.1%. Adjusted EBITDA as a percentage of revenue was 16.0% in Q1 2021, 14.9% in Q2 2021 and 15.4% in Q3 2021, with a resulting 9M 2021 number of 15.4%.

## II.

# The business environment and Nagarro’s response

The first nine months of 2021 were characterized by intense competition for top software talent in Nagarro’s key service regions, and a subsequent inflation in wages. Nagarro responded by aggressively upgrading its hiring operations as well as its visibility in the global job market. We made salary adjustments to the extent necessary and went back to our clients to request price increases. While clients were mostly supportive, the effect of price increases will likely lag the wage increases by several months.

This period ends with most Nagarrians still working from home. Many have moved, temporarily or otherwise, out of our office locations to smaller towns. This has led to us deciding to open some offices in smaller towns as well. The company has announced that it will try to preserve the option of each Nagarrian to, more or less, work from anywhere, even after the threat from Covid subsides. Our clients continue to be mostly supportive on this score as well.

## III.

# Financial performance

We are quite satisfied with Nagarro’s performance in Q3. The pace of our business in Q3 was similar to that in Q2 – the company had to be firing on all cylinders. But by Q3, this headlong pace was a little more familiar and we were a little less stressed. Overall, these two

successive quarters of double-digit % QoQ revenue growth underscores Nagarro’s robust organizational foundations and the adaptability of our operations.

Our primary financial KPIs are revenues, gross margin and Adjusted EBITDA. Gross margin is the ratio of gross profit to revenue, where gross profit is calculated after reducing from the total performance all direct costs needed to service the revenue. The direct cost comprises personnel costs related to Nagarro’s engineering function, as well as associated travel and other costs. We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization (EBITDA) adjusted to exclude effects that we consider extraordinary, such as purchase price adjustments, goodwill, foreign exchange effects on purchase price, sale of equity investments, stock option plan costs, and, in 9M 2021, the expenses related to the rollover of minorities and acquisition cost. A more detailed definition can be found in the Consolidated Financial Statements.

Nagarro’s revenues grew to €141.0 million in Q3 2021 from €105.4 million in Q3 2020, a growth of 33.7%. In constant currency, Q3 2021 YoY revenue growth was 33.6%. Gross profit grew to €40.0 million in Q3 2021 from €34.9 million in Q3 2020. Gross margin dropped, changing from 33.1% in Q3 2020 to 28.4% in Q3 2021. Adjusted EBITDA grew by €1.3 million from €20.4 million (19.4% of revenue) to €21.7 million (15.4% of revenue). It may be noted that Q3 2020 also included the effect of salary cuts in response to the onset of the Covid-19 pandemic. In addition, wage inflation and the carrying of a large number of trainees affected the gross margin and the Adjusted EBITDA in Q3 2021 despite some relief from reduced travel and reduced utility bills. Our most significant adjustments to EBITDA in Q3 2021 are the expense on stock options offered in Jan 2021 (€1.6 million) and the expenses related to the rollover of non-controlling interests (€0.5 million).

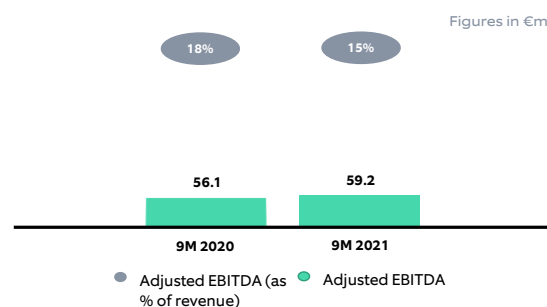
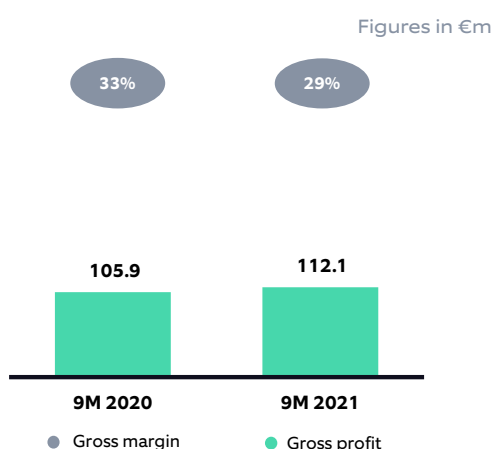
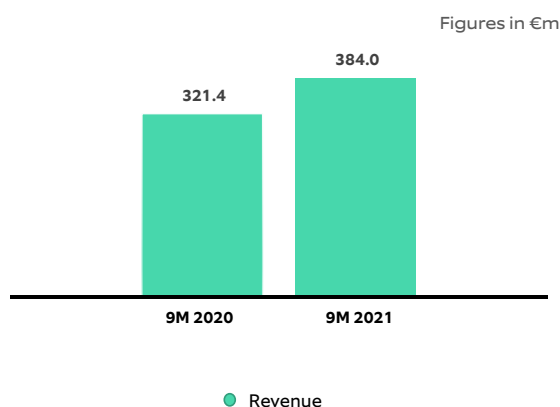
EBITDA increased by €1.6 million from €17.6 million in Q3 2020 to €19.2 million in Q3 2021. EBIT increased by €1.1 million from €12.4 million in Q3 2020 to €13.4 million in Q3 2021. Net profit decreased by €0.7 million to €8.4 million in Q3 2021 against €9.1 million in Q3 2020. Further, compared to Q3 2020, in Q3 2021 there was an increase in depreciation and amortization expense of €0.6 million and decrease in interest expense of €0.5 million.

For the first nine months of 2021, Nagarro’s revenues grew to €384.0 million, up from €321.4 million for the same period in 2020, a growth of 19.5%. In constant currency, the revenue growth was 22.1%. Gross profit grew to €112.1 million from €105.9 million. Gross margin dropped, changing from 32.9% in 9M 2020 to 29.2% in 9M 2021. Adjusted EBITDA grew 5.5% from €56.1 million (17.5% of revenue) in 9M 2020 to €59.2 million (15.4% of revenue) in 9M 2021. It may be noted that 9M 2020 also included the effect of salary cuts in response to the uncertainties around the Covid-19 pandemic. In addition, Covid-related disruption, the hiring of a large number of trainees and especially wage inflation affected the gross margin and the Adjusted EBITDA in 9M 2021 despite some relief from reduced travel and reduced utility bills. Our

most significant adjustments to EBITDA in 9M 2021 are expenses related to the rollover of non-controlling interests (€2.3 million) and the expense on stock options offered in Jan 2021 (€4.5 million).

EBITDA decreased by €1.4 million from €53.3 million in 9M 2020 to €51.9 million in 9M 2021. EBIT decreased by €2.5 million from €37.3 million in 9M 2020 to €34.8 million in 9M 2021. Net profit decreased by €2.5 million to €21.7 million in 9M 2021 against €24.2 million in 9M 2020. Further, compared to 9M 2020, in 9M 2021 there was an increase in depreciation and amortization of €1.1 million and a marginal increase in interest expense of €0.1 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.



Among our segments, the standout performance was from the Rest of World segment, which grew 46.3% in revenues to €61.8 million in 9M 2021 from €42.3 million in 9M 2020. Gross margin decreased in Rest of World to 31.8% in 9M 2021 from 35.2% in 9M 2020. The maximum contribution to growth was from the “Financial Services and Insurance” and “Retail and CPG” verticals.

The North America segment grew 21.5% in revenues to €135.6 million in 9M 2021 from €111.7 million in 9M 2020. This was primarily driven by growth in the “Horizontal Tech” and “Automotive, Manufacturing and Industrial” verticals. Gross margin decreased to 28.6% in 9M 2021 from 35.4% in 9M 2020.

The Rest of Europe registered a moderate growth of 18.9% to €56.9 million in 9M 2021 from €47.9 million in 9M 2020. The most growth was registered in the “Retail and CPG” and “Automotive, Manufacturing and Industrial” verticals. Gross margin reduced to 28.9% in 9M 2021 from 31.7% in 9M 2020.

Central Europe grew 8.3% in revenue to €129.6 million in 9M 2021 from €119.6 million in 9M 2020. While “Automotive, Manufacturing and Industrial” and “Retail and CPG” were verticals with the most growth, the “Travel and Logistics” vertical (aviation-related business) had the largest negative impact. Gross margin decreased in Central Europe to 28.8% in 9M 2021 from 30.3% in 9M 2020.

Revenues from the USA grew 21.2% to €135.3 million in 9M 2021 from €111.7 million in 9M 2020, while those from Germany grew 9.1% to €93.5 million in 9M 2021 from €85.7 million in 9M 2020. As in the case of the Central Europe segment, the Germany revenues remained impacted by our disproportionate exposure to aviation in Germany.

Nagarro operates across a variety of industries. The focus on consumer experience underlies the digital transformation of almost every industry, while the technology used for this also cuts across industries. Innovation occurs increasingly often at the overlaps of the traditional industry definitions. Yet, each industry also requires specialized knowledge, and we have been investing in developing such specialized knowledge in industry after industry.

Industries with robust growth in 9M 2021 over 9M 2020 included “Automotive, Manufacturing and Industrial” (43.2%), “Horizontal Tech” (40.7%) and “Retail and CPG” (37.0%).



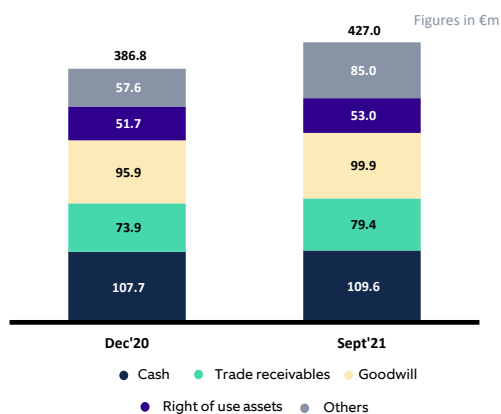
Industries with negative growth in 9M 2021 over 9M 2020 were “Telecom, Media and Entertainment” (-5.8%) and “Management Consulting and Business Information” (-4.7%).

The reconciliation between Adjusted EBITDA and EBITDA is as follows:

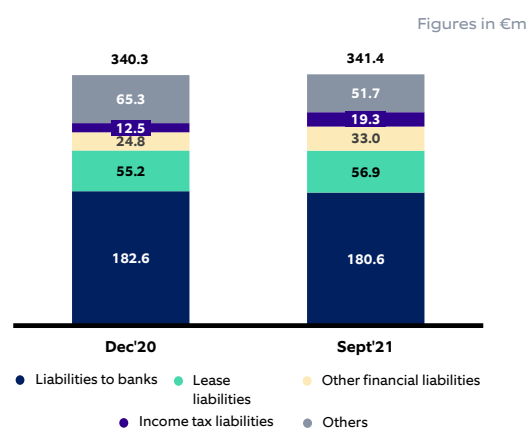
Nine-month period ended September 30	2021	2020
	kEUR	kEUR
<b>EBITDA</b>	51,916	53,289
Recognition of purchase price components (Badwill)	(98)	-
Exchange loss (gain) on purchase price components	60	621
Stock option expense	4,459	-
Acquisition cost	317	-
Expenses related to the rollover of non-controlling interests	2,313	-
Spin-off and listing expense	-	2,224
Realised value on sale of investment	262	-
<b>Adjusted EBITDA</b>	<b>59,228</b>	<b>56,134</b>

#### IV.

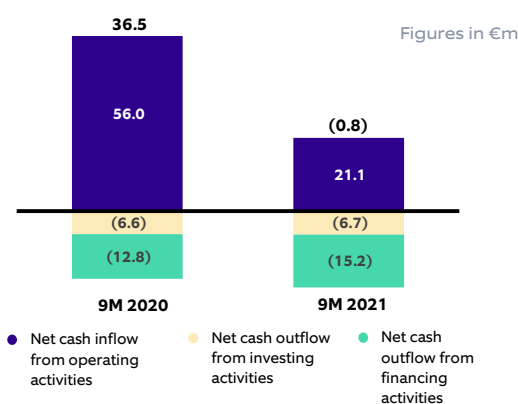
## Financial position at the end of period



### Assets



### Liabilities



### Cash flow

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

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

The company's liquidity position at the end of 9M 2021 was comfortable. The current assets were €246.7 million, of which cash was €109.6 million. The current liabilities were €123.1 million, yielding a working capital of €123.6 million.

Total assets grew by €40.1 million to €427.0 million as of September 30, 2021, as against €386.8 million as of December 31, 2020. Of these, non-current assets increased by €3.8 million to €180.2 million as of September 30, 2021, as against €176.5 million as of

December 31, 2020. Within non-current assets, goodwill grew by €4.0 million (due to currency differences), while right of use from leases grew by €1.3 million (net addition of €13.9 million mainly on account of additions to lease property and leased data center, vehicles and computers offset by amortization of €12.6 million). Intangible assets reduced by €2.1 million to €8.9 million (mainly on account of amortization during the period).

Current assets grew by €36.4 million to €246.7 million as of September 30, 2021, as against €210.3 million as of December 31, 2020, within which cash balance increased by €1.9 million to €109.6 million (primarily reflecting funds received from exercise of stock option 2020/I of €3.2 million and €2.9 million cash contribution from holders of non-controlling interest and fund received from factoring of €9.0 million offset by payments towards spin-off and listing liabilities of €8.4 million and acquisition liabilities of €4.2 million). Contract assets, trade receivables, other current financial assets and other current assets together increased by €25.8 million (primarily due to increase in trade receivables by €5.6 million and contract assets by €14.1 million). Income tax receivable increased by €8.9 million.

Non-current liabilities have decreased by €5.7 million mainly due to re-classification of non-current loans amounting to €5.5 million to current loans and non-current acquisition liabilities amounting to €2.0 million to current liabilities offset by increase in an post-retirement benefits liabilities by €1.4 million.

Current liabilities have increased by €6.7 million mainly due to increase in other current financial liabilities by €8.1 million (mainly provision against expected supplier invoices and payroll liabilities), income tax liabilities by €6.8 million and liabilities to banks by €3.5 million (mainly due to re-classification of non-current loans as mentioned above and repayment of loan). This is offset by reduction in trade payables by €11.7 million (primarily on account of settlement of spin-off and listing costs of €8.4 million).

Net assets represented by total equity grew by €39.1 million from €46.5 million as of December 31, 2020, to €85.6 million as of September 30, 2021. The increase is due to increase in total comprehensive income of €28.5 million and increase in capital reserve of €13.1 million (mainly contribution received on exercise of stock option 2020/I of €2.9 million, €4.5 million coming from issuance of stock options under SOP 2020/II and SOP 2020/III and reclassification of non-controlling interests of €5.7 million, including cash contribution of €2.9 million during the period, on merger of Nagarro Holding GmbH with Nagarro SE to subsequently lead to issuance of Nagarro SE shares to the erstwhile non-controlling interest holders in Q4 2021).

Equity attributable to non-controlling interests has decreased by €2.7 million to €0.0 million as of September, 30, 2021, due to merger of Nagarro Holding GmbH with Nagarro SE to subsequently lead to issuance of Nagarro SE shares to the erstwhile non-controlling interest holders in Q4 2021.

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 €0.8 million in 9M 2021 against positive €36.5 million in 9M 2020.

Our operating cash flow was €21.1 million in 9M 2021 as compared to €56.0 million in 9M 2020. The reduction in operating cash flow in 9M 2021 can largely be ascribed to the payment of spin-off and listing costs of €8.4 million and increase in trade receivables by €5.6 million and contract assets by €14.1 million. This is offset by fund received from factoring of €9.0 million. (Note: Cash flow from factoring has been reclassified from financing activities to operating activities in the 9M 2021 and accordingly cash flow for 9M 2020 has also been restated.)

The cash outflow from financing activities in 9M 2021 was €15.2 million as compared to €12.8 million in 9M 2020. Major items of cash outflow in 9M 2021 were lease payments of €13.7 million and repayment of principal bank loans of €4.2 million. This is offset by increase in cash flow mainly due to contribution received on exercise of stock option 2020/I of €3.2 million and cash received from holders of erstwhile non-controlling interest of €2.9 million.

The cash outflow from investing activities in 9M 2021 was €6.7 million, mainly to meet contractual payment obligations from older acquisitions. The cash outflow from investing activities in 9M 2020 was €6.6 million.

## V. Non-financial KPIs

We use a standardized client satisfaction (CSAT) survey, which is sent every quarter to the person responsible for project success on the client side. The percentage of responses that were “Always” or “Mostly” – our measures of overall satisfaction – was at 95% in 9M 2021 compared to 95% in 9M 2020. Note that the CSAT does not cover very small engagements and at any point in time, may also not cover engagements via companies that recently became part of Nagarro.

On September 30, 2021, Nagarro had 12,052 professionals of which 11,116 were professionals in engineering. The comparable numbers for December 31, 2020 were 8,666 and 7,829, respectively. A number of the new joiners in this period were engineers recently out of college, not expected to be immediately deployed in revenue-generating work.

## VI.

# Outlook

Nagarro's revenue for 2021 is expected to be in the region of €525 million, resulting in a revenue growth rate in the region of 22%. The estimates for gross margin and Adjusted EBITDA margin remain at 28% and 14%, respectively.

Management projections for 2021 are forecasts and may be proved wrong.

Nagarro is continually scouting the market for potential acquisitions. Acquisitions, if any, are more likely to be of a bolt-on nature than transformative. However, there is always the possibility of an opportunistic transaction that deviates from our current strategy. We are continually in discussions with a few potential targets. It is possible, but by no means assured, that one or more of these transactions may be consummated in the remainder of this year.

## VII.

# Events after the balance sheet date

On October 18, 2021 Nagarro signed agreements with the shareholders of Advanced Technology Consulting Service, Inc. (ATCS), based in New Jersey, USA, and its international subsidiaries, to acquire the ATCS group. The ATCS group's revenues in 2020 were approximately USD 30 million. The total purchase price agreed includes a component of USD 56.8 million, which has been fully paid in October 2021, plus a performance-based earn-out that can stretch through 2024. Nagarro has financed the acquisition with cash available within the group. The ATCS group will be first consolidated with the Nagarro group from November 1, 2021.

On October 22, 2021 both the merger of Nagarro Holding GmbH and Nagarro SE and the increase in share capital by 2,199,472 shares from 11,576,513 shares to 13,775,985 shares has been registered in the commercial register of Nagarro SE. Further, these 2,199,472 shares have been issued to the erstwhile holders of non-controlling interest and have been admitted for trading on the Frankfurt Stock Exchange. As a result of this, there are now no holders of non-controlling interest at Nagarro SE left.

These interim condensed financial information for the nine-month period ended September 30, 2021 has been prepared as if there are no non-controlling interests. The diluted earning per share attributable to the equity holders of Nagarro has been disclosed considering the issue of new shares to the erstwhile non-controlling interests.

Section B

# **Interim condensed information**

for the nine-month period ended September 30, 2021 in accordance with IFRS

# Interim condensed consolidated statement of financial position

	September 30,	December 31,
<b>Assets</b>	<b>2021</b>	<b>2020</b>
in kEUR		
<b>Intangible assets</b>	8,943	11,003
<b>Goodwill</b>	99,863	95,878
<b>Property, plant and equipment</b>	6,752	6,390
<b>Right of use assets</b>	52,996	51,735
<b>Non-current contract costs</b>	327	438
<b>Other non-current financial assets</b>	3,131	2,999
<b>Other non-current assets</b>	157	102
<b>Deferred tax assets</b>	8,079	7,932
<b>Non-current assets</b>	<b>180,247</b>	<b>176,475</b>
<b>Inventories</b>	33	127
<b>Current contract costs</b>	198	252
<b>Contract assets</b>	25,000	10,922
<b>Trade receivables</b>	79,443	73,872
<b>Other current financial assets</b>	5,515	2,502
<b>Other current assets</b>	11,128	8,023
<b>Income tax receivables</b>	15,757	6,906
<b>Cash</b>	109,639	107,742
<b>Current assets</b>	<b>246,712</b>	<b>210,346</b>
<b>Total assets</b>	<b>426,959</b>	<b>386,822</b>

Equity and Liabilities	September 30,	December 31,
	2021	2020
in kEUR		
Share capital	11,577	11,383
Capital reserve	245,512	232,410
Profit carried forward	66,370	47,922
Net profit for the period, excluding non-controlling interests	21,656	18,447
Changes in equity recognized directly in equity	(260,612)	(260,612)
Other comprehensive income	1,105	(5,750)
Equity attributable to the shareholders of Nagarro	85,608	43,800
Equity attributable to non-controlling interests	-	2,728
<b>Total equity</b>	<b>85,608</b>	<b>46,528</b>
Non-current liabilities to banks	162,622	168,158
Non-current lease liabilities	43,507	43,191
Long-term provisions for post-employment benefits	6,649	5,262
Other long-term provisions	248	243
Non-current contract liabilities	2	125
Other non-current financial liabilities	1,716	1,672
Non-current liabilities from acquisitions	631	2,662
Deferred tax liabilities	2,868	2,599
<b>Non-current liabilities</b>	<b>218,243</b>	<b>223,911</b>
Current liabilities to banks	17,973	14,429
Current lease liabilities	13,363	11,966
Short-term provisions for post-employment benefits	933	728
Other short-term provisions	15,046	14,443
Current contract liabilities	8,199	9,396
Trade payables	10,464	22,196
Current liabilities from acquisitions	2,185	4,291
Other current financial liabilities	31,229	23,088
Other current liabilities	4,435	3,363
Income tax liabilities	19,281	12,484
<b>Current liabilities</b>	<b>123,108</b>	<b>116,383</b>
<b>Equity and liabilities</b>	<b>426,959</b>	<b>386,822</b>

# Interim condensed consolidated statement of comprehensive income

	Q3 2021	Q3 2020	9M 2021	9M 2020
<b>Profit or Loss</b>				
in kEUR				
Revenue	140,954	105,394	384,001	321,433
Own work capitalized	44	64	133	153
Other operating income	2,830	985	10,369	10,638
Cost of materials	(14,433)	(11,529)	(40,822)	(36,922)
Staff costs	(95,223)	(63,607)	(259,220)	(201,363)
Impairment of trade receivables and contract assets	(473)	(770)	(1,298)	(2,271)
Other operating expenses	(14,475)	(12,941)	(41,247)	(38,379)
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	19,223	17,596	51,916	53,289
Depreciation, amortization and impairment	(5,811)	(5,235)	(17,125)	(15,995)
<b>Earnings before interest and taxes (EBIT)</b>	13,412	12,360	34,790	37,295
Finance income	95	117	340	306
Finance costs	(1,805)	(2,263)	(5,639)	(5,560)
<b>Earnings before taxes (EBT)</b>	11,702	10,215	29,492	32,040
Income taxes	(3,332)	(1,150)	(7,835)	(7,855)
<b>Profit for the period</b>	8,369	9,064	21,656	24,186
Profit for the period attributable to:				
Shareholders of Nagarro	11,096	7,419	21,656	20,124
Non-controlling interests	(2,727)	1,645	-	4,062
<b>Other comprehensive income</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
in kEUR				
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gains (losses)	(266)	39	(469)	(239)
Tax effects	66	(10)	117	60
	(200)	29	(353)	(179)
<b>Items that may be reclassified to profit or loss</b>				
Foreign exchange differences	3,741	(4,456)	7,208	(7,208)
	3,741	(4,456)	7,208	(7,208)
<b>Other comprehensive income for the period</b>	3,541	(4,427)	6,855	(7,387)
<b>Total comprehensive income for the period</b>	11,910	4,638	28,511	16,799
Total comprehensive income for the period attributable to:				
Shareholders of Nagarro	15,167	3,709	28,511	13,932
Non-controlling interests	(3,257)	929	-	2,867

<b>Basic earnings per share:</b>				
Number of shares (based on weighted average) <sup>1)</sup>	<b>11,576,513</b>	<b>120,000</b>	<b>11,475,970</b>	<b>98,540</b>
Number of shares (based on outstanding shares) <sup>1)</sup>	<b>11,576,513</b>	<b>120,000</b>	<b>11,576,513</b>	<b>120,000</b>
Basic earnings per shares in EUR (based on weighted average)	<b>0.96</b>	<b>61.83</b>	<b>1.89</b>	<b>204.22</b>
Basic earnings per shares in EUR (based on outstanding shares)	<b>0.96</b>	<b>61.83</b>	<b>1.87</b>	<b>167.70</b>
<b>Diluted earnings per share:</b>				
Number of shares (based on weighted average) <sup>1)</sup>	<b>13,815,937</b>	<b>11,539,196</b>	<b>13,715,394</b>	<b>11,517,736</b>
Number of shares (based on outstanding shares) <sup>1)</sup>	<b>13,815,937</b>	<b>11,539,196</b>	<b>13,815,937</b>	<b>11,539,196</b>
Diluted earnings per share in EUR (based on weighted average)	<b>0.80</b>	<b>0.64</b>	<b>1.58</b>	<b>1.75</b>
Diluted earnings per share in EUR (based on outstanding shares)	<b>0.80</b>	<b>0.64</b>	<b>1.57</b>	<b>1.74</b>

1) The earnings per share for Q3 2021 and 9M 2021 is not comparable with the earnings per share for Q3 2020 and 9M 2020 as the number of shares as at September 30, 2020 does not correspond to the number of shares post spin-off and on stock listing on December 16, 2020. However, for the calculation of diluted earnings per share for Q3 2020 and 9M 2020, the number of shares of Nagarro SE issued to the shareholders of Allgeier SE, which are exercised in May 2021, has also been considered.



# Interim condensed consolidated statement 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, 2020</b>	50	22,415	22,441	25,481	(25,522)	6,073	(689)	50,249	9,693	59,942
Profit for the period	-	-	-	20,124	-	-	-	20,124	4,062	24,186
Other comprehensive income for the period	-	-	-	-	-	(6,042)	(150)	(6,192)	(1,194)	(7,387)
<b>Total comprehensive income for the period</b>	-	-	-	<b>20,124</b>	-	<b>(6,042)</b>	<b>(150)</b>	<b>13,932</b>	<b>2,867</b>	<b>16,799</b>
Transfer of profit or loss for the previous year to profit carried forward	-	-	25,481	(25,481)	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Share capital issued	120	-	-	-	-	-	-	120	-	120
Transfer of capital reserve	(50)	(22,415)	-	-	22,465	-	-	-	-	-
Other transactions with shareholders	-	243,672	-	-	(226,253)	-	-	17,419	(41,961)	(24,541)
<b>Balance at September 30, 2020</b>	<b>120</b>	<b>243,672</b>	<b>47,922</b>	<b>20,124</b>	<b>(229,310)</b>	<b>31</b>	<b>(839)</b>	<b>81,720</b>	<b>(29,401)</b>	<b>52,319</b>
<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	-	-	-	21,656	-	-	-	21,656	-	21,656
Other comprehensive income for the period	-	-	-	-	-	7,208	(353)	6,855	-	6,855
<b>Total comprehensive income for the period</b>	-	-	-	<b>21,656</b>	-	<b>7,208</b>	<b>(353)</b>	<b>28,511</b>	-	<b>28,511</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	-	2,948	-	-	-	-	-	2,948	-	2,948
Stock option expense	-	4,459	-	-	-	-	-	4,459	-	4,459
Other transactions with shareholders	-	5,696	-	-	-	-	-	5,696	(2,728)	2,968
<b>Balance at September 30, 2021</b>	<b>11,577</b>	<b>245,512</b>	<b>66,370</b>	<b>21,656</b>	<b>(260,612)</b>	<b>2,484</b>	<b>(1,379)</b>	<b>85,608</b>	-	<b>85,608</b>

# Interim condensed consolidated statement of cash flow

Cash flows		
Nine-month period ended September 30	2021	2020
in kEUR		
<b>Cash flows from operating activities</b>		
EBIT	34,790	37,295
Depreciation, amortization and impairments of non-current assets	17,125	15,995
Change in long-term provisions	635	697
Other non-cash income and expenses	4,046	2,099
Income taxes paid	(9,523)	(10,249)
Cash flows from changes in net working capital	(34,979)	7,282
Net cash inflow (outflow) from factoring*	8,979	2,834
<b>Net cash inflow from operating activities</b>	<b>21,075</b>	<b>55,953</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and intangible assets	(2,531)	(2,166)
Proceeds from sale of property, plant and equipment and intangible assets	4	11
Acquisition of subsidiaries, net of cash acquired	(4,192)	(4,467)
<b>Net cash outflow from investing activities</b>	<b>(6,719)</b>	<b>(6,621)</b>
<b>Cash flows from financing activities</b>		
Proceeds from shareholders of Nagarro	3,162	120
Proceeds from bank loans	-	30
Repayment of bank loans	(4,169)	(260)
Proceeds from loans from Allgeier Group	-	3,195
Principal elements of lease payments	(13,679)	(13,221)
Interest received	340	223
Interest paid	(3,793)	(95)
Other transactions with shareholders	2,948	(2,783)
<b>Net cash inflow (outflow) from financing activities</b>	<b>(15,191)</b>	<b>(12,791)</b>
<b>Total cash flow</b>	<b>(836)</b>	<b>36,540</b>
Effects of exchange rate changes on cash and cash equivalents	1,182	(1,116)
<b>Total changes in cash and cash equivalents</b>	<b>346</b>	<b>35,425</b>
Cash and cash equivalents at the beginning of period	103,173	38,786
Cash and cash equivalents at the end of period	103,519	74,210

\*cash flow from factoring has been reclassified from financing activities to operating activities in 9M 2021 and accordingly cash flow for 9M 2020 has also been restated.

## Other notes

### Accounting policies

The accounting policies have not changed compared to the consolidated financial statements for the year 2020. In addition, we have adopted IFRS 2 – Share based payments. The quarterly statement of Nagarro SE for Q3 and the nine-month period ended September 30, 2021, have not been reviewed by an auditor or have not been audited according to section 115(5) WpHG (German Securities Trading Act).

### Treasury shares

Nagarro SE did not acquire any treasury shares in the first nine months of 2021 or hold any treasury shares during the period.

### 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.

We rolled out stock options under SOP 2020/II and SOP 2020/III to several management members and employees of the group during the first quarter of 2021. This is disclosed in Section B of the Annual Report 2020 under note “G.XIII Events after the balance sheet date – Stock Option Plan”.

During the current period, two of the management board members namely Manas Fuloria and Vikram Sehgal (through StarView LLC), made cash contribution of kEUR 2,948 towards their proportionate capital increase in Nagarro Beteiligungs GmbH (BET) prior to BET merging with Nagarro Holding GmbH.

### Basis of consolidation

The interim consolidated financial statements as at September 30, 2021 include all the subsidiaries of the Group as mentioned in the consolidated financial statements as at December 31, 2020 along with the following additions made during the first nine months of 2021:-

(i) Nagarro (Private) Limited, a newly incorporated wholly owned subsidiary in Sri Lanka.

(ii) Livisi GmbH, a company acquired in 2020 in Germany and consolidated from January 1, 2021.

(iii) Nagarro Software Co. W.L.L. Limited, a newly incorporated wholly owned subsidiary in Bahrain.

The merger of Nagarro SE and Nagarro Holding GmbH was registered in the commercial register on October 22, 2021 with effective merger date of January 1, 2021. In order to implement the steps for the transfer of the indirect economic participation of the beneficiaries in Nagarro Holding GmbH into direct economic participation in Nagarro SE, the following reorganizations were done: -

(i) Merger of Nagarro Connect AG (merged entity) with Nagarro SE with effective merger date of January 1, 2021. The same has been entered in the commercial register.

(ii) Unbundling of Nagarro SE's indirect shareholdings in Nagarro Holding GmbH through Nagarro Beteiligungs GmbH (“BET GmbH”) and Nagarro SPP GmbH (“SPP GmbH”) into direct shareholding of Nagarro Holding GmbH.

(iii) Merger of BET GmbH (merged entity) and SPP GmbH (merged entity) with Nagarro Holding GmbH with effective merger date of January 1, 2021 and its entry into the commercial register.

(iv) Disposal of the two German entities:- a) SPP Co-Investor Verwaltungs GmbH and b) SPP Co-Investor GmbH & Co. KG.

Also, during the period, Nagarro iQuest GmbH & Co. KG was absorbed by Nagarro TS GmbH (previously known as Nagarro iQuest Holding GmbH) on July 1, 2021 and Nagarro iQuest Verwaltungs GmbH got merged with Nagarro TS GmbH with effective merger date of July 1, 2021.

### Others

As part of the re-organization, Nagarro Connect AG was acquired from Allgeier Group in the last quarter of 2020 and was consolidated with Nagarro SE with effect from January 1, 2020. This is why the numbers presented in this report for nine-month period ended September 30, 2020 are not comparable with the previously published interim report for the nine-month period ended September 30, 2020.

Section C

# Important information

# Financial calendar

For details, refer our IR website:

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

## Imprint

Nagarro SE  
Einsteinstraße 172  
81677 Munich  
Germany

Phone: +49 89 998421-0  
Fax: +49 89 998421-11  
E-Mail: [info@nagarro.com](mailto:info@nagarro.com)

**Authorized representatives of the Management Board:**

Manas Fuloria (Chairperson), Annette Mainka,  
Vikram Sehgal

**Chairperson of the Supervisory Board:**

Carl Georg Dürschmidt

**Registration Court:**

HRB-Nr. 254410, Amtsgericht München

**Turnover tax identification number:**

DE 815882160

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

Manas Fuloria