happiest minds
The Mindful IT Company
Born Digital . Born Agile

Investor Presentation &
FACT SHEET: Q2 FY 23

October 2022

About Happiest Minds

happiest minds
The Mindful IT Company
Born Digital . Born Agile

Next-Gen Digital Transformation, Infrastructure, Security and Product Engineering Services Company

97% Digital
Born Digital

93% Agile
Born Agile

226 Active Clients
54 Fortune2000 / Forbes200 Billion $ Corporations
91% Repeat Business

35.2% RoCE[1]
31.3% RoE

Mission Statement
Happiest People
Happiest Customers
SMILES Values
Sharing, Mindful, Integrity, Learning, Excellence, Social Responsibility

4,581
Happiest Minds
across 7 Countries
Gender Diversity 28%
4.4 rating on **Glassdoor**

Great Place To Work®
- **#29** India's Best Companies to Work for 2022
- **#63** Asia's Best Workplaces 2021
- **50** Best Workplaces for Women 2021
- India's Top **15** Best Workplaces in Health & Wellness 2021
- Special Recognition for COVID-19 Support

Industry leading
23.8% (US $) y-o-y revenue growth in
Q2FY23

Promoter

Ashok Soota

IPO - In September 2020
- Completed 11 years in August 2022
- Strong Management Team & Corporate Governance
- 700K+ Investors
- Robust Growth and Profitability

zinnov ZONES 2021 ER&D SERVICES
NelsonHall
GOLDEN PEACOCK AWARDS Winner of Business Excellence 2021
Great Place To Work®
Gold Microsoft Partner Microsoft

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Note 1 : RoCE[1] / RoE is for the halfyearly annualized

Mission, Vision and Values

Our 2021-31 Vision - DELiGHT

- **D**esign for **P**erpetuity
- **E**SG Excellence
- Thought **L**eadership
- Profitable **G**rowth
- Ambassador for **H**appiness
- World Class **T**eam

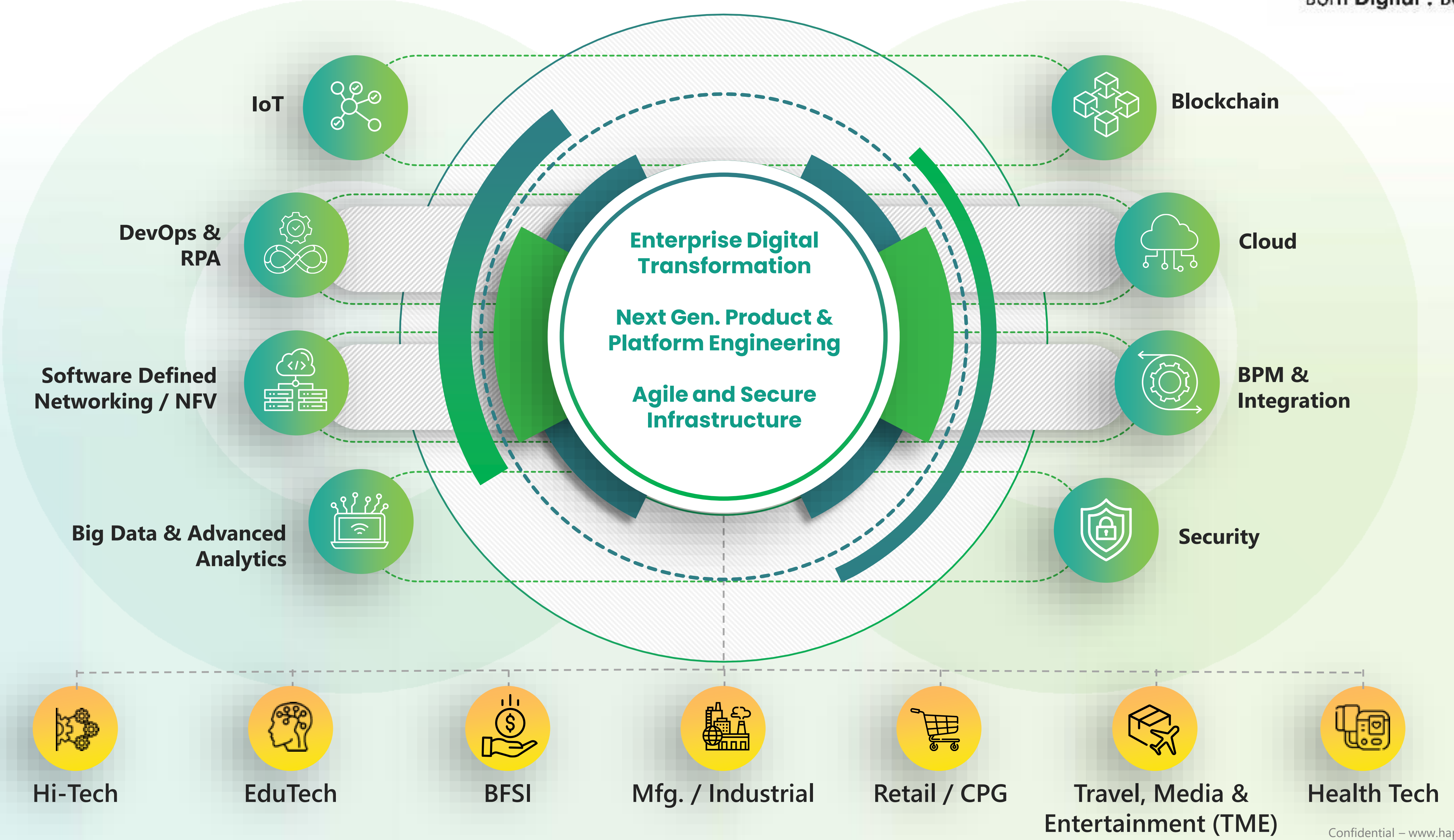
Our Mission

Happiest People
Happiest Customers

Our SMILES Values

- **S**haring
- **M**indful
- **I**ntegrity
- **L**earning
- **E**xcellence
- **S**ocial Responsibility

Our Business



Born Digital . Born Agile   The Mindful IT Company

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CREATING DIGITAL CAPITAL

- Business Transformation
- Business Insights
- Platformize & Modernize
- Reimagining Customer Experience

MINDFULLY AGILE

- Agile Organization
- Agile Business
- Agile Delivery
- Engineering & Operational Excellence

Q2 Key Project Wins

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For a **global energy company**, Happiest Minds was chosen to provide digital transformation services across its multiple lines of businesses

For a **Fortune 100 pharmaceutical corporation**, Happiest Minds is working with its IT organization on cloud and data projects

For a **US-based food retailer**, Happiest Minds is helping them in launching their e-commerce initiatives

For a **leading US energy company**, Happiest Minds was chosen to build a platform for their last mile delivery services

For a **global communications company**, Happiest Minds was chosen to design and implement one of their analytics products

For a **European digital housing marketplace**, Happiest Minds is enhancing and maintaining its digital platform

For an **ANZ-based leading fashion clothing and accessory brand**, Happiest Minds is building its new data platform and also implementing cybersecurity solutions

For the **Asia Pacific subsidiary of a beverages major**, Happiest Minds is automating two of its key business processes using the Microsoft Power Platform

Analyst Mentions

Everest Group®

Happiest Minds is a **'Major Contender' in Everest Industry 4.0 PEAK Matrix® 2022**

Happiest Minds is an **'Aspirant' in Everest IT Security Services PEAK Matrix® 2022 – North America**

Awards

Happiest Minds wins the prestigious **Golden Peacock Award for Excellence in Corporate Governance 2022**

Happiest Minds is recognized among '**Top 50 Best Workplaces for Women™ 2022**' by Great Place To Work® Institute

Happiest Minds is ranked **#68 among 'Best Workplaces in Asia™ 2022'** by Great Place To Work® Institute

Happiest Minds achieves **Select Tier Partner Status with Snowflake**

Operational and Financial Metrics – Q2 FY23

Results Q2 FY 23

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All amounts in ₹ Lakhs unless stated otherwise

Particulars	Q2 FY 23	Q1 FY 23	QoQ	Q2 FY 22	YoY	HY FY23	HY FY22	YoY
Revenues ($'000)	44,347	42,224	5.0%	35,809	23.8%	86,571	68,960	25.5%
Revenues	35,551	32,892	8.1%	26,453	34.4%	68,443	50,914	34.4%
Other Income	382	104	-	959	-	486	1,885	-
Total Income	35,933	32,996	8.9%	27,412	31.1%	68,929	52,799	30.5%
EBITDA	9,434	8,775	7.5%	7,034	34.1%	18,209	13,631	33.6%
%	26.3%	26.6%		25.7%		26.4%	25.8%	
PBT before Exceptional Item	8,011	7,558	6.0%	5,935	35.0%	15,569	11,663	33.5%
%	22.3%	22.9%		21.7%		22.6%	22.1%	
Exceptional Item*	-	-		-		-	(609)	
PBT	8,011	7,558	6.0%	5,935	35.0%	15,569	11,054	40.8%
%	22.3%	22.9%		21.7%		22.6%	20.9%	
Tax	2,070	1,924	7.6%	1,491	38.8%	3,994	3,037	31.5%
%	5.8%	5.8%		5.4%		5.8%	5.8%	
PAT	5,941	5,634	5.4%	4,444	33.7%	11,575	8,017	44.4%
%	16.5%	17.1%		16.2%		16.8%	15.2%	

** Loss on Fair Valuation of Warrant Liability*

Born Digital. Born Agile

Digital

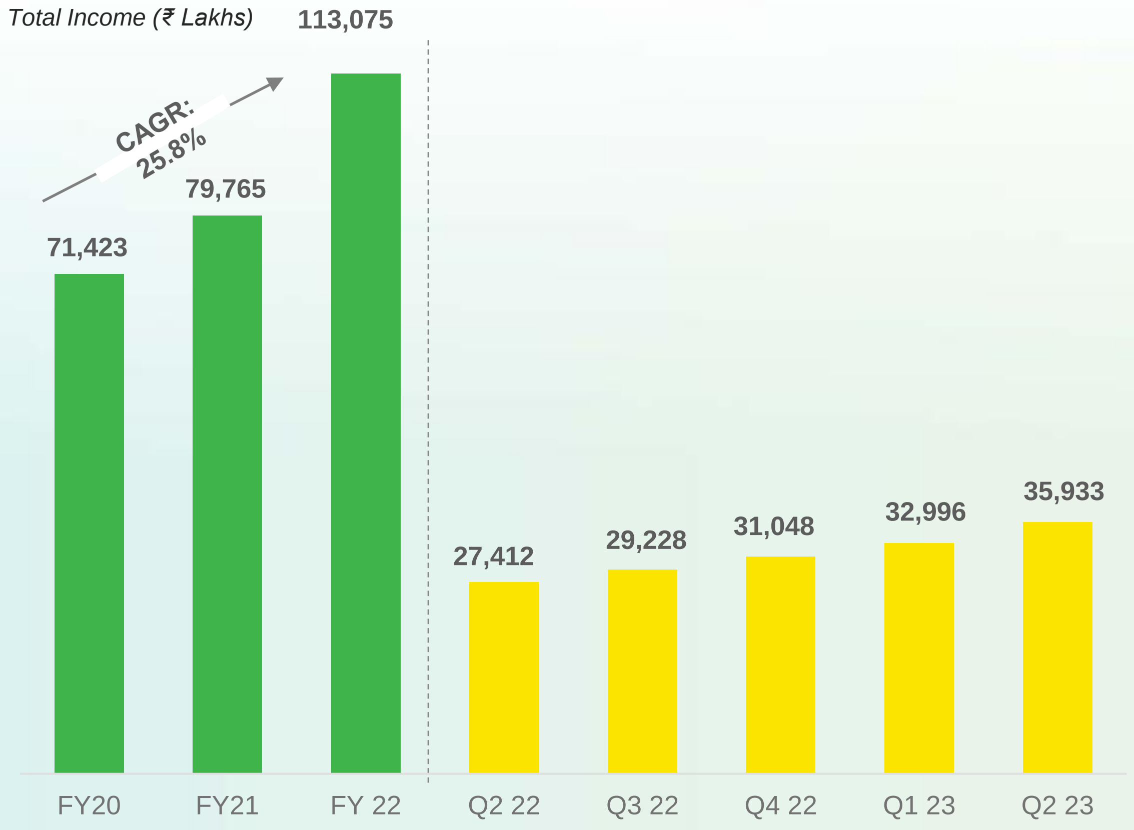
% of Revenue

Agile

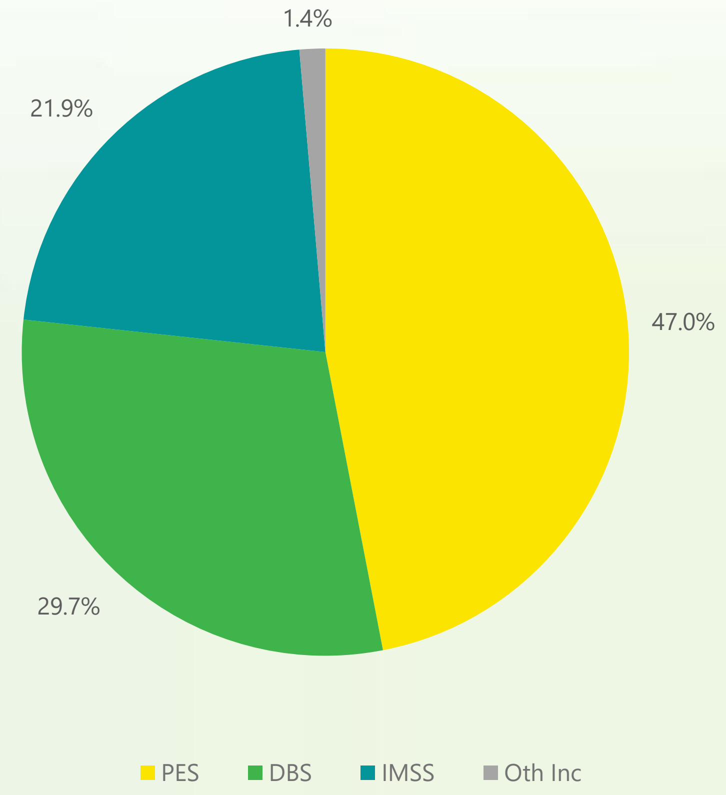
% of Revenue

Operational & Financial Metrics

Revenue



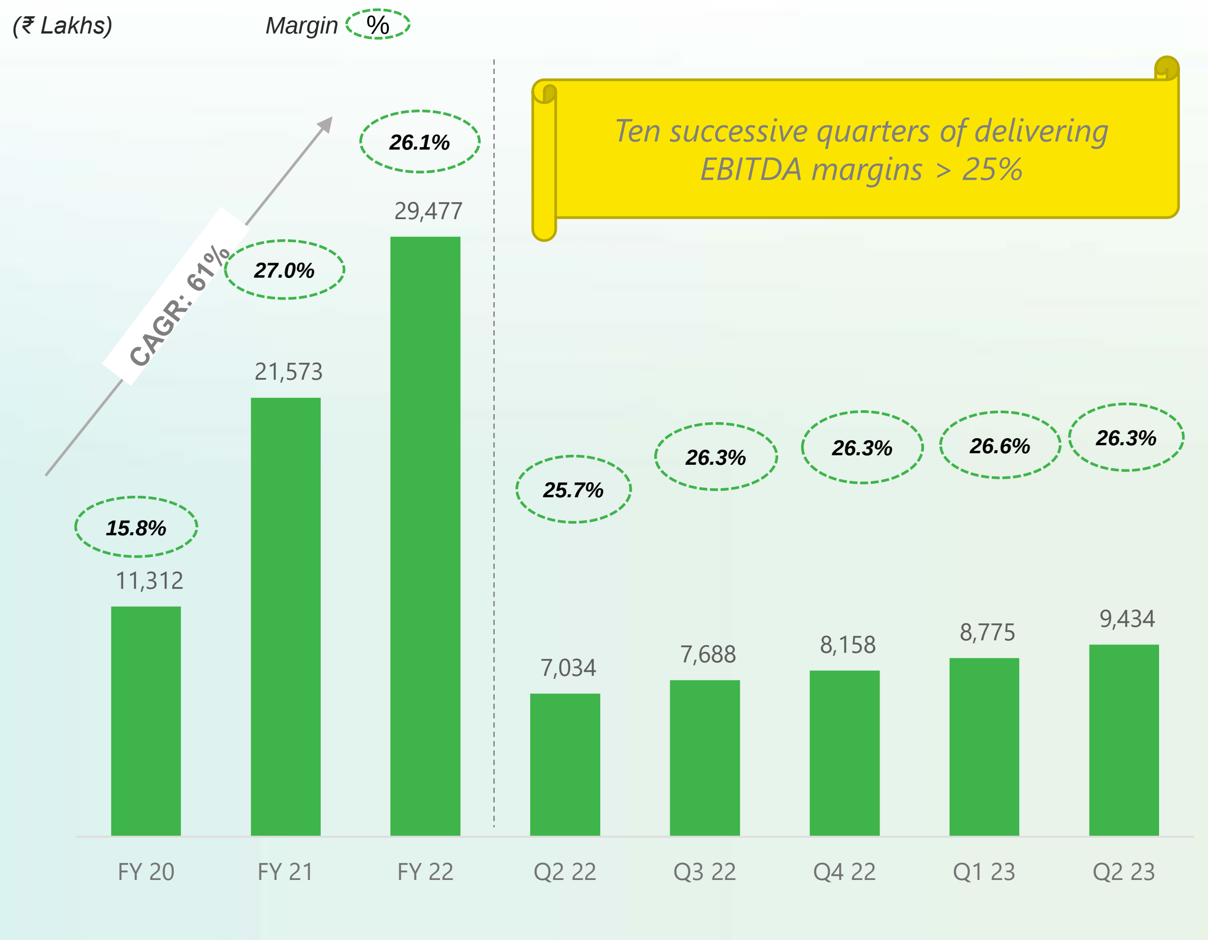
Revenue by BU



PES : Product Engineering Services; DBS : Digital Business Solutions; IMSS : Infrastructure Management and Security Services

Operational & Financial Metrics

EBITDA

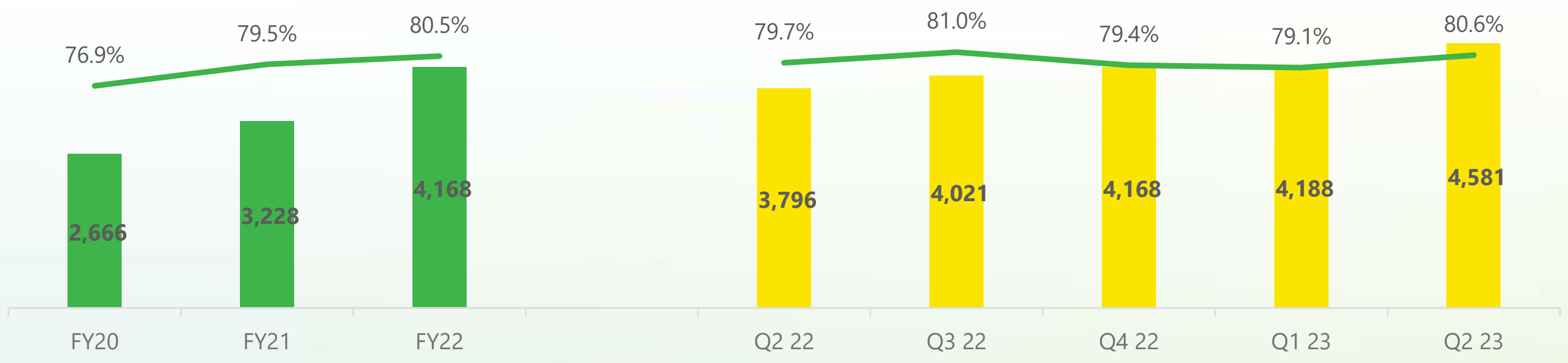


High FCF Conversion

Note: 1. FCF = Free Cash Flow Conversion = FCF/EBITDA and FCF = EBITDA – Capex. (Non-GAAP Measure)

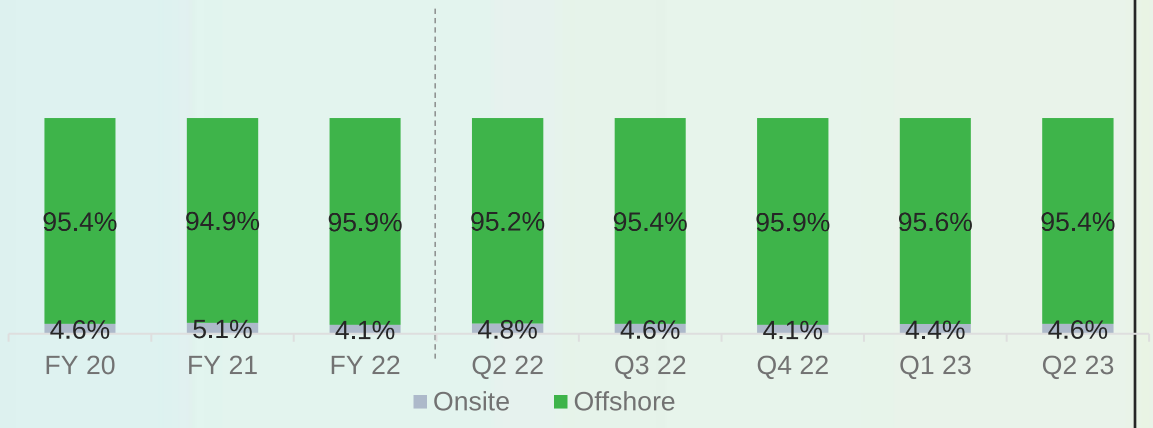
Operational & Financial Metrics

Happiest Minds & Utilization

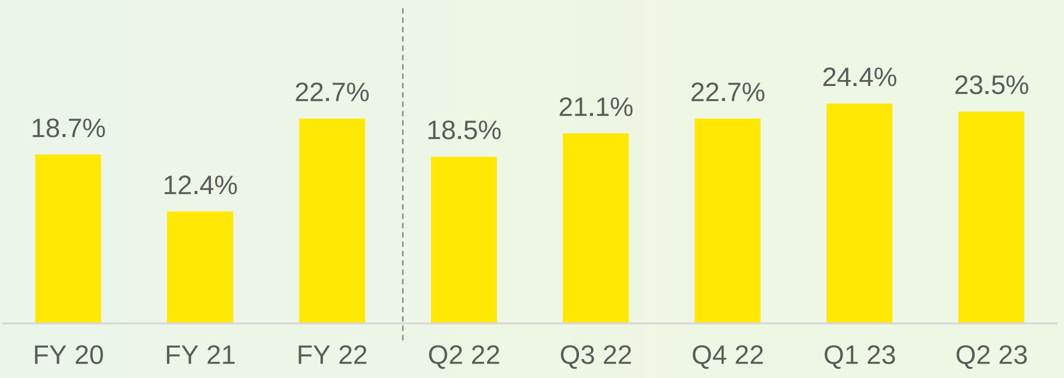


Offshore / Onsite

By Number of Employees



Voluntary Attrition % [1]



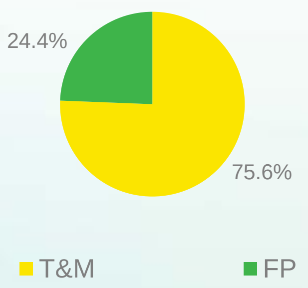
Note 1: Trailing 12 Months

Operational & Financial Metrics

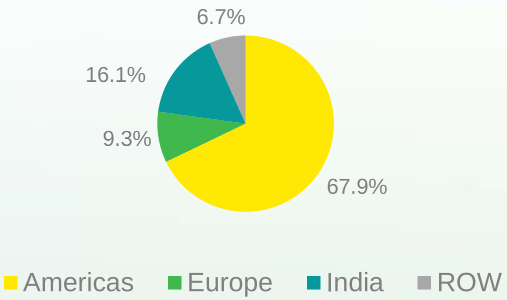
Revenue Model

Q2 23

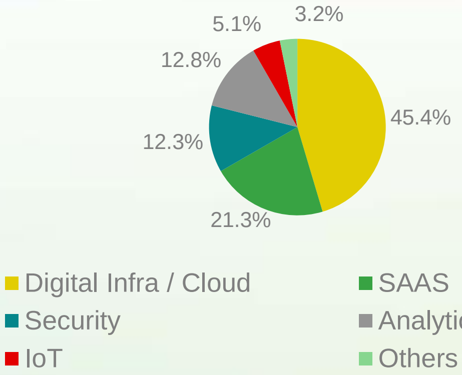
Model



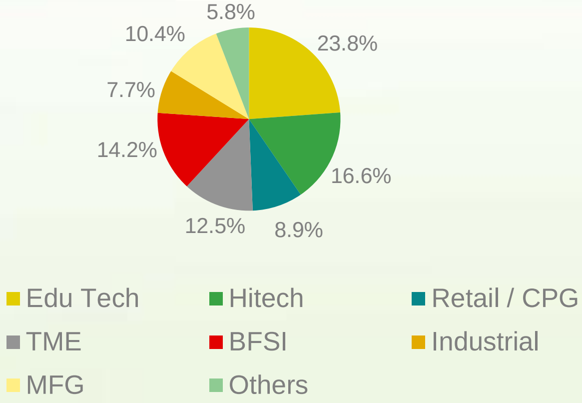
Geography



Digital Revenue[1]

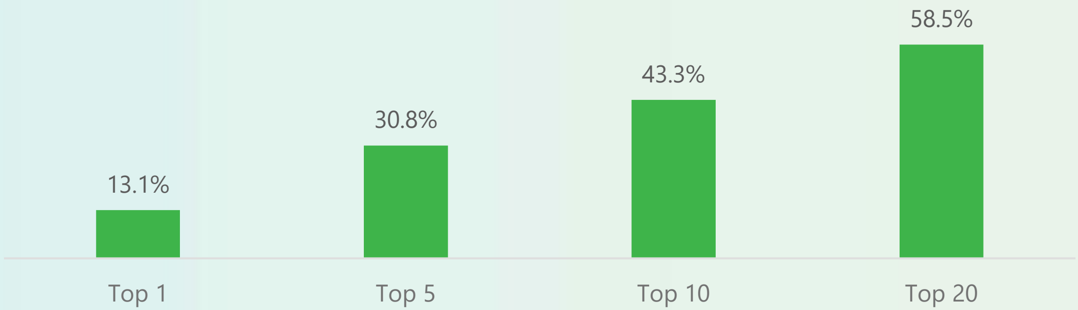


Vertical[1]



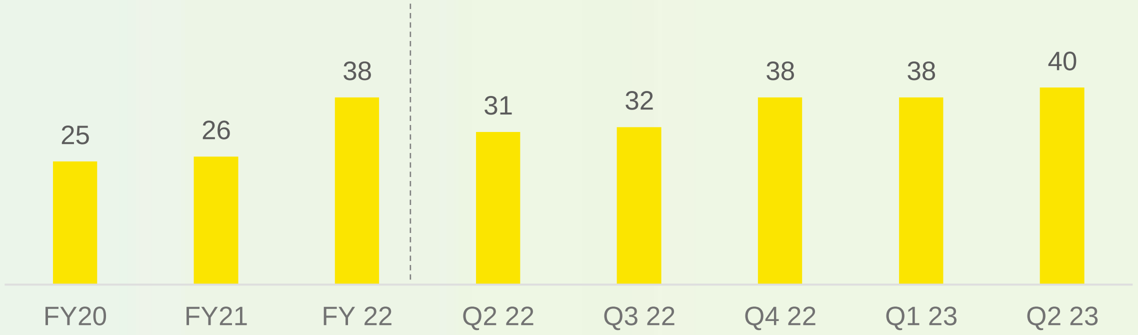
Revenue Concentration[3]

(% Revenue)



Million $ Customers[2]

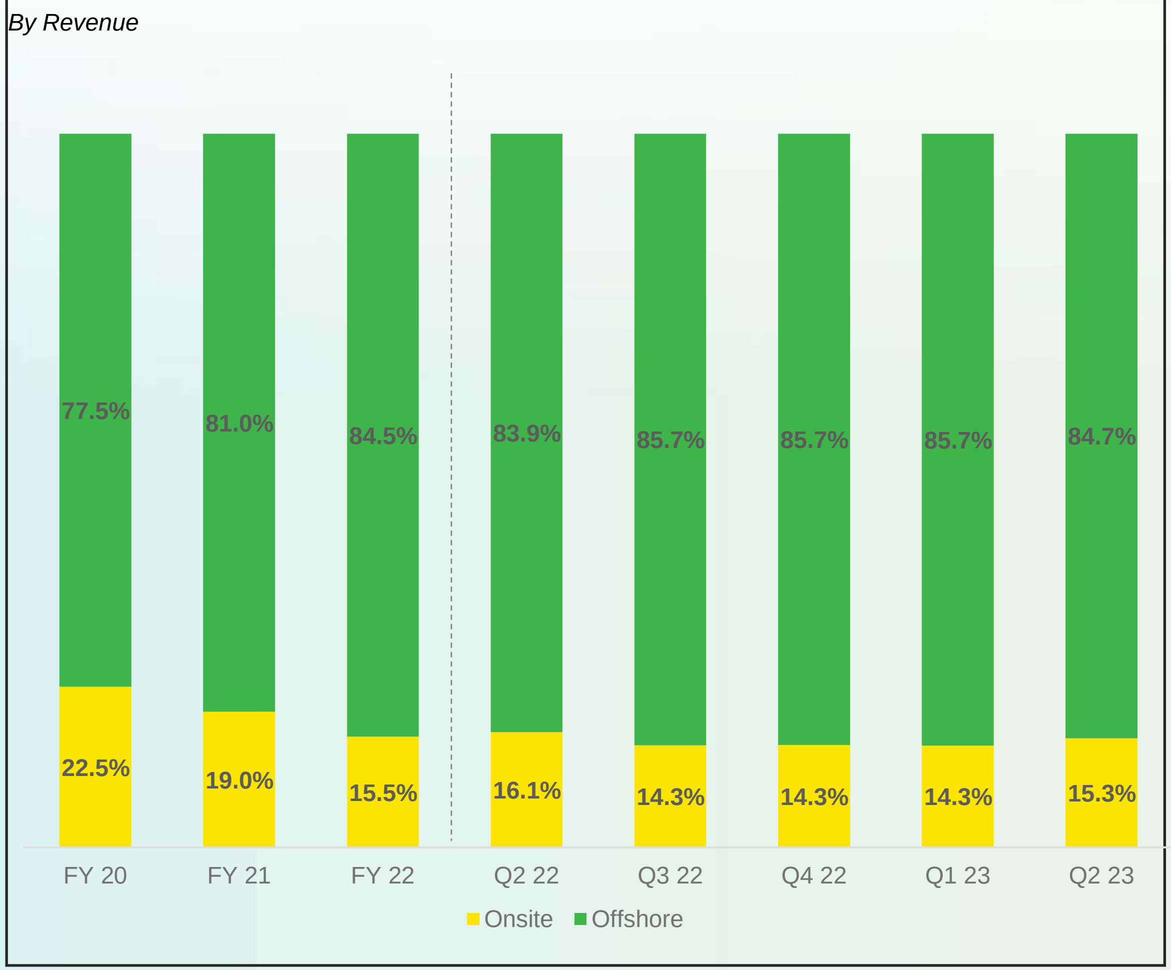
(#)



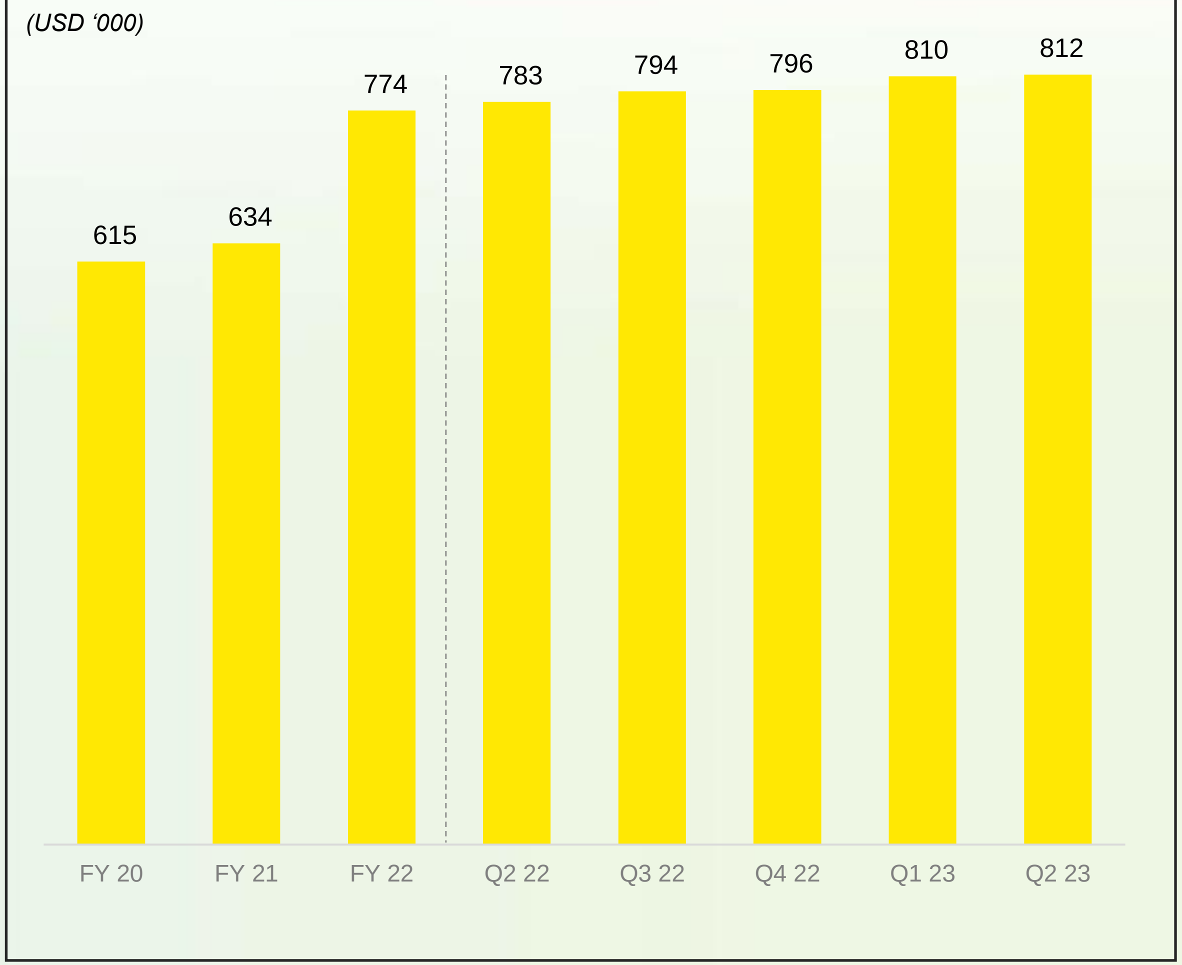
Notes: 1. TME: Travel, Media & Entertainment, 2. Based on quarterly revenues annualized. 3. Top 20 includes Top 1, 5 & 10

Operational & Financial Metrics

Onsite/Offshore



Average Annual Revenue / Active Customer



Operational & Financial Metrics

	FY20	FY21	FY22 Q2	FY22 Q3	FY22 Q4	FY 22	FY23 Q1	FY 23 Q2
Customer Industry group								
Edutech	21.3%	25.6%	23.2%	22.6%	23.6%	23.2%	23.7%	23.8%
Hitech	21.0%	18.2%	13.5%	18.3%	16.7%	15.8%	15.6%	16.6%
BFSI	17.5%	16.4%	13.3%	12.5%	13.7%	13.2%	13.7%	14.2%
Travel, Media and Entertainment (TME)	17.1%	13.6%	13.0%	12.3%	13.7%	13.2%	12.7%	12.5%
Retail / CPG	7.5%	5.4%	10.6%	10.6%	10.1%	10.3%	10.0%	8.9%
Industrial	7.0%	7.1%	6.6%	7.3%	6.6%	6.9%	8.2%	7.7%
Manufacturing	3.7%	6.6%	8.3%	9.4%	10.1%	8.6%	10.0%	10.4%
Others	4.9%	7.1%	11.6%	6.9%	5.4%	8.8%	6.1%	5.8%
Digital Service Offerings								
Digital infrastructure/Cloud	31.2%	41.6%	42.8%	43.6%	45.5%	43.6%	45.7%	45.4%
SaaS	29.4%	22.7%	19.6%	19.6%	21.7%	20.3%	21.5%	21.3%
Security Solutions	14.9%	8.7%	12.2%	12.2%	11.8%	11.9%	11.7%	12.3%
Analytics/AI	11.6%	13.3%	12.5%	11.9%	11.3%	12.1%	11.6%	12.8%
IoT	9.8%	10.5%	9.8%	8.5%	6.6%	8.6%	6.2%	5.1%
Total	**96.9%**	**96.8%**	**96.7%**	**96.0%**	**96.8%**	**96.5%**	**96.6%**	**96.8%**
Automation as a % of total revenue	20.7%	25.2%	23.9%	27.1%	26.2%	25.4%	26.0%	25.4%

Operational & Financial Metrics

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	FY20	FY 21	FY22 Q2	FY22 Q3	FY22 Q4	FY 22	FY23 Q1	FY23 Q2
Revenue by Customer Geo								
USA	77.5%	73.4%	65.9%	66.6%	65.7%	66.4%	66.6%	67.9%
India	11.9%	11.8%	13.0%	14.6%	16.2%	14.1%	15.8%	16.1%
Europe	7.2%	10.4%	11.1%	9.8%	10.4%	10.4%	10.7%	9.3%
ROW	3.4%	4.4%	10.0%	9.0%	7.8%	9.0%	6.9%	6.7%
Million $ Customers[1]								
$ 10 M +	1	1	1	1	1	1	2	2
$ 5M to $ 10M	-	3	6	4	4	4	4	4
$ 3M to $ 5M	9	6	3	4	8	8	7	7
$ 1M to $ 3M	15	16	21	23	25	25	25	27
Total	**25**	**26**	**31**	**32**	**38**	**38**	**38**	**40**
Tenure								
0 - 5 Years	73.0%	53.0%	-	-	-	50.0%	-	-
> 5 Years	27.0%	47.0%	-	-	-	50.0%	-	-
Revenue Mix								
Onsite	22.5%	19.0%	16.1%	14.3%	14.3%	15.5%	14.3%	15.3%
Offshore [2]	77.5%	81.0%	83.9%	85.7%	85.7%	84.5%	85.7%	84.7%
Revenue by contracting Model								
Fixed Price	19.0%	21.7%	24.4%	25.7%	24.5%	25.1%	24.9%	24.4%
Time and Material	81.0%	78.3%	75.6%	74.3%	75.5%	74.9%	75.1%	75.6%
Active customers								
# of active customers	157	173	186	195	206	206	211	226
Billion $ corporation								
# of customers	37	46	50	53	54	54	56	54

Note: 1: Based on quarter revenue annualized 2: Offshore: Revenues from customers served from India;

Operational & Financial Metrics

	FY20	FY21	FY22 Q2	FY22 Q3	FY22 Q4	FY22	FY23 Q1	FY23 Q2
Happiest Minds								
Onsite	123	166	182	183	172	172	185	210
Offshore	2,543	3,062	3,614	3,838	3,996	3,996	4,003	4,371
Total	**2,666**	**3,228**	**3,796**	**4,021**	**4,168**	**4,168**	**4,188**	**4,581**
Happiest Minds %								
Onsite	4.6%	5.1%	4.8%	4.6%	4.1%	4.1%	4.4%	4.6%
Offshore	95.4%	94.9%	95.2%	95.4%	95.9%	95.9%	95.6%	95.4%
Utilization								
%	76.9%	79.5%	79.7%	81.0%	79.4%	80.5%	79.1%	80.6%
Diversity								
Women Happiest Minds	24.0%	24.5%	26.1%	26.1%	26.4%	26.4%	26.0%	27.6%
DSO								
Billed	60	57	58	61	55	55	58	60
Unbilled	23	28	30	32	35	35	36	31
Total	**83**	**85**	**88**	**93**	**90**	**90**	**94**	**91**
EPS ₹								
Diluted	5.36	11.45	3.06	3.38	3.58	12.55	3.88	4.09
Capital Return Ratios[1]								
RoCE	28.9%	31.2%	33.8%	32.9%	39.8%	39.8%	39.1%	35.2%
RoE	27.1%	29.8%	27.5%	28.2%	27.3%	27.3%	31.5%	31.3%

Note: 1: Capital Return Ratios are YTD Annualized

Operational & Financial Metrics

(All figures in ₹ Lakhs)	FY20		FY21		FY22 Q2		FY22 Q3		FY22 Q4		FY22		FY23 Q1		FY23 Q2	
Revenue by BUs																
IMSS	15,361	*21.5%*	16,421	*20.6%*	5,747	*21.0%*	6,322	*21.6%*	6,848	*22.1%*	24,168	*21.4%*	7,356	*22.3%*	7,902	*22.0%*
DBS	19,167	*26.8%*	21,288	*26.7%*	8,046	*29.4%*	8,511	*29.1%*	8,762	*28.2%*	32,891	*29.1%*	9,903	*30.0%*	10,722	*29.8%*
PES	35,293	*49.4%*	39,632	*49.7%*	12,661	*46.2%*	13,561	*46.4%*	14,447	*46.5%*	52,308	*46.3%*	15,633	*47.4%*	16,927	*47.1%*
Total Revenue	**69,821**	***97.8%***	**77,341**	***97.0%***	**26,453**	***96.5%***	**28,394**	***97.1%***	**30,057**	***96.8%***	**109,367**	***96.7%***	**32,892**	***99.7%***	**35,551**	***98.9%***
Other income	1,602	*2.2%*	2,424	*3.0%*	959	*3.5%*	834	*2.9%*	991	*3.2%*	3,708	*3.3%*	104	*0.3%*	382	*1.1%*
Total income	**71,423**	***100%***	**79,765**	***100%***	**27,412**	***100%***	**29,228**	***100%***	**31,048**	***100%***	**113,075**	***100%***	**32,996**	***100%***	**35,933**	***100%***

IMSS: Infrastructure Management & Security Services
DBS : Digital Business Services
PES: Product Engineering Services

Summary Profit & Loss Statement

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(All figures in ₹ Lakhs)	FY 20	FY 21	FY 22 Q2	FY 22 Q3	FY 22 Q4	FY 22	FY 23 Q1	FY 23 Q2
Income								
Operating revenue	69,821	77,341	26,453	28,394	30,057	109,365	32,892	35,551
Other income	1,602	2,424	959	834	991	3,710	104	382
Total income	**71,423**	**79,765**	**27,412**	**29,228**	**31,048**	**113,075**	**32,996**	**35,933**
Cost of revenue	42,927	44,382	15,864	16,591	17,289	64,404	18,499	20,592
Gross margin	**26,894**	**32,959**	**10,589**	**11,804**	**12,768**	**44,961**	**14,393**	**14,959**
%	*38.5%*	*42.6%*	*40.0%*	*41.6%*	*42.5%*	*41.1%*	*43.8%*	*42.1%*
SG&A	17,184	13,810	4,514	4,949	5,601	19,193	5,722	5,907
%	*24.6%*	*17.9%*	*17.1%*	*17.4%*	*18.6%*	*17.5%*	*17.4%*	*16.6%*
EBITDA	**11,312**	**21,573**	**7,034**	**7,688**	**8,158**	**29,477**	**8,775**	**9,434**
%	*15.8%*	*27.0%*	*25.7%*	*26.3%*	*26.3%*	*26.1%*	*26.6%*	*26.3%*
Depreciation	2,023	2,274	834	847	884	3,288	934	971
%	*2.9%*	*2.9%*	*3.2%*	*3.0%*	*2.9%*	*3.0%*	*2.8%*	*2.7%*
EBIT	**9,289**	**19,299**	**6,200**	**6,841**	**7,274**	**26,189**	**7,841**	**8,463**
%	*13.0%*	*24.2%*	*22.6%*	*23.4%*	*23.4%*	*23.2%*	*23.8%*	*23.6%*
Finance cost	802	697	265	298	286	995	283	452
PBT before exceptional item*	**8,487**	**18,602**	**5,935**	**6,543**	**6,988**	**25,194**	**7,558**	**8,011**
%	*11.9%*	*23.3%*	*21.6%*	*22.3%*	*22.4%*	*22.2%*	*22.9%*	*22.3%*
Exceptional Items⁺	1,126	-	-	-	-	609	-	-
PBT *	**7,361**	**18,602**	**5,935**	**6,543**	**6,988**	**24,585**	**7,558**	**8,011**
%	*10.3%*	*23.3%*	*21.6%*	*22.4%*	*22.5%*	*21.7%*	*22.9%*	*22.3%*
Current tax	190	3,527	1,512	1,466	1,737	6,310	2,325	1,638
Deferred tax	-	(1,171)	(21)	185	40	155	(401)	432
Total Tax	190	2,356	1,491	1,651	1,777	6,465	1,924	2,070
%	*0.3%*	*3.0%*	*5.4%*	*5.6%*	*5.7%*	*5.7%*	*5.8%*	*5.8%*
PAT *	**7,171**	**16,246**	**4,444**	**4,892**	**5,211**	**18,120**	**5,634**	**5,941**
%	*10.0%*	*20.4%*	*16.2%*	*16.7%*	*16.8%*	*16.0%*	*17.1%*	*16.5%*

⁺ Exceptional items for FY20 refer to Impairment of Goodwill, for FY22 refers to Loss on Fair Valuation of Warrant Liability

Condensed Balance Sheet

(All figures in ₹ Lakhs)	31.03.2020	31.03.2021	30.09.2021	31.12.2021	31.03.2022	30.06.2022	30.09.2022
Assets							
Non-current Assets							
Property, plant and equipment	93	69	86	77	78	89	12,894
Goodwill	610	7,644	7,742	7,772	7,896	8,202	8,430
Financial & Other assets	5,598	10,029	11,604	20,609	11,788	24,594	34,347
Total non-current assets (A)	**6,301**	**17,742**	**19,432**	**28,458**	**19,762**	**32,885**	**55,671**
Current assets							
Financial & Other assets							
i. Trade receivable	11,487	12,192	16,064	18,212	16,738	20,937	22,408
ii. Cash & Cash equivalents, Investments & Other financial assets	31,967	60,928	63,790	59,928	72,609	65,503	55,746
iii. Other assets	1,060	1,333	2,367	2,655	3,392	1,782	3,420
Total current assets (B)	**44,514**	**74,453**	**82,221**	**80,795**	**92,739**	**88,222**	**81,574**
Total assets (A + B)	**50,815**	**92,195**	**101,653**	**109,253**	**112,501**	**121,107**	**137,245**
Equity and Liabilities							
Total equity (A)	**26,531**	**54,599**	**58,498**	**61,035**	**66,580**	**71,907**	**74,591**
Non-current liabilities							
Financial liabilities	1,863	7,339	9,431	12,907	7,134	8,761	18,759
Provisions & Deferred tax liability	1,255	2,378	2,334	2,340	2,086	1,966	2,205
Total non-current liabilities (B)	**3,118**	**9,717**	**11,765**	**15,247**	**9,220**	**10,727**	**20,964**
Current liabilities							
Financial & Contract liabilities							
i. Trade payable	3,442	4,101	6,670	5,775	6,072	6,967	6,907
ii. Others	15,947	20,340	20,711	23,340	26,266	27,230	30,697
Provisions & Other current liabilities	1,777	3,438	4,009	3,856	4,363	4,276	4,086
Total current liabilities (C)	**21,166**	**27,879**	**31,390**	**32,971**	**36,701**	**38,473**	**41,690**
Total liabilities (D = B + C)	**24,284**	**37,596**	**43,155**	**48,218**	**45,921**	**49,200**	**62,654**
Total equity and liabilities (A + D)	**50,815**	**92,195**	**101,653**	**109,253**	**112,501**	**121,107**	**137,245**

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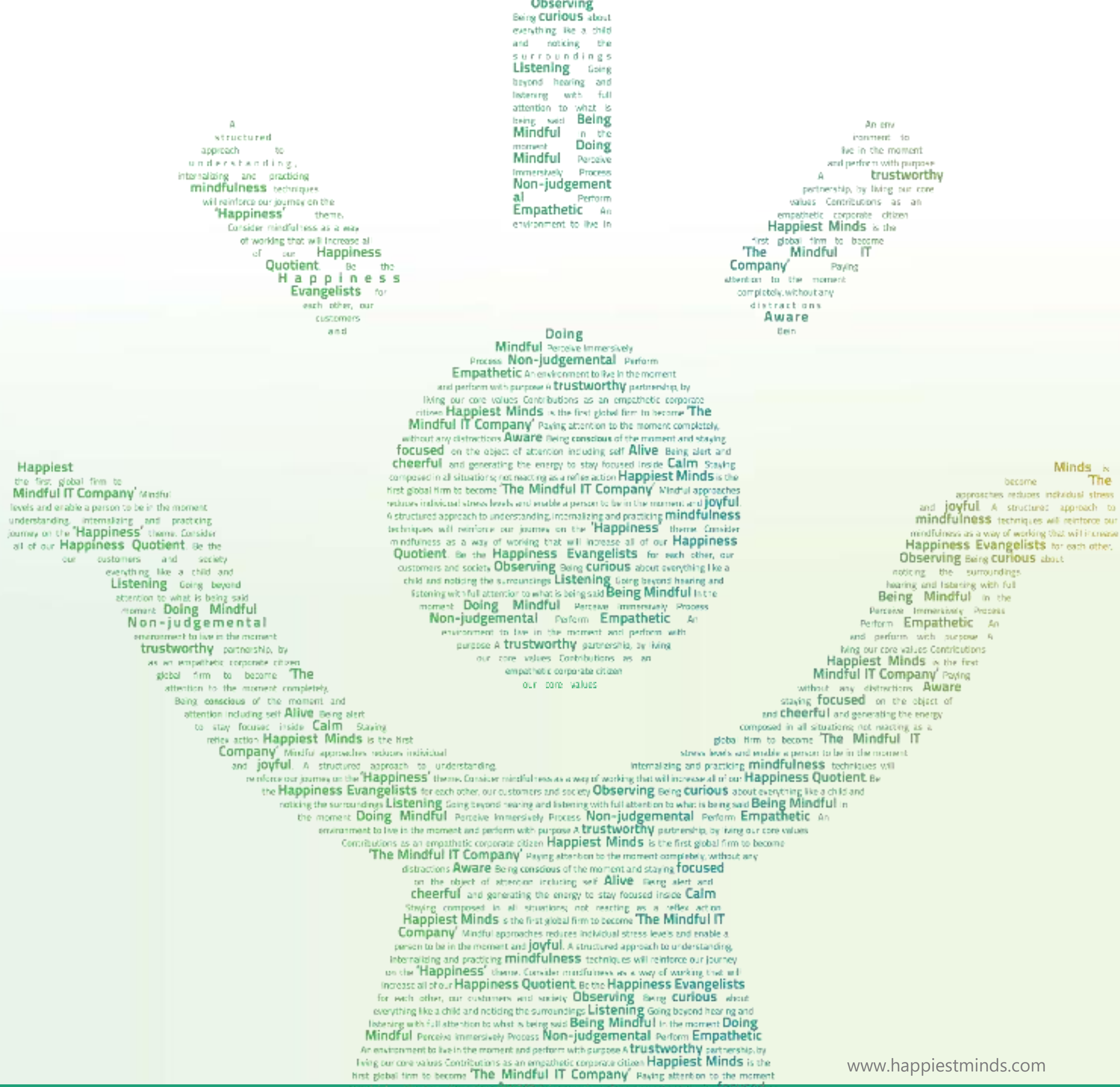

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