



Investor Presentation & Fact sheet: Q2 FY 21

November 2020

This presentation may contain certain forward-looking statements, which involves risks and uncertainties that could cause our future results to differ materially from those in such forward-looking statements. The COVID-19 pandemic could decrease our customers' technology spend, delaying prospective customers' purchasing decisions, and impact our ability to provide services; all of which could adversely affect our future revenue, margin and overall financial performance. Our operations could also be negatively impacted by a range of external factors not within our control including those due to the pandemic. We do not undertake to update any of our forward-looking statements that may be made from time to time by us or on our behalf.

About Happiest Minds

Next Generation Digital Transformation, Infrastructure, Security and Product Engineering Services Company



IPO

In September 2020

- 100 % digitally executed IPO
- Heavily oversubscribed with healthy listing gains Reflects
 - Our growth and profitability
 - Management Team & Corporate governance

Promoter



Ashok Soota

97%
Digital

'Born Digital. Born Agile'

Mission Statement
Happiest People.
Happiest Customers

SMILES Values
Sharing, Mindful, Integrity,
Learning, Excellence, Social
Responsibility

93%
Agile

2,721+
Happiest Minds

across **7** Countries

150+
Active clients

39 Fortune2000 / Forbes200 /
Billion \$ corporations
90%+ of repeat business ²

Great Place To Work

Ranked **#4** - IT Services

Top **50** India's Best
Workplaces for Women

36.3%
RoCE¹

36.3%
RoE

4.2
rating

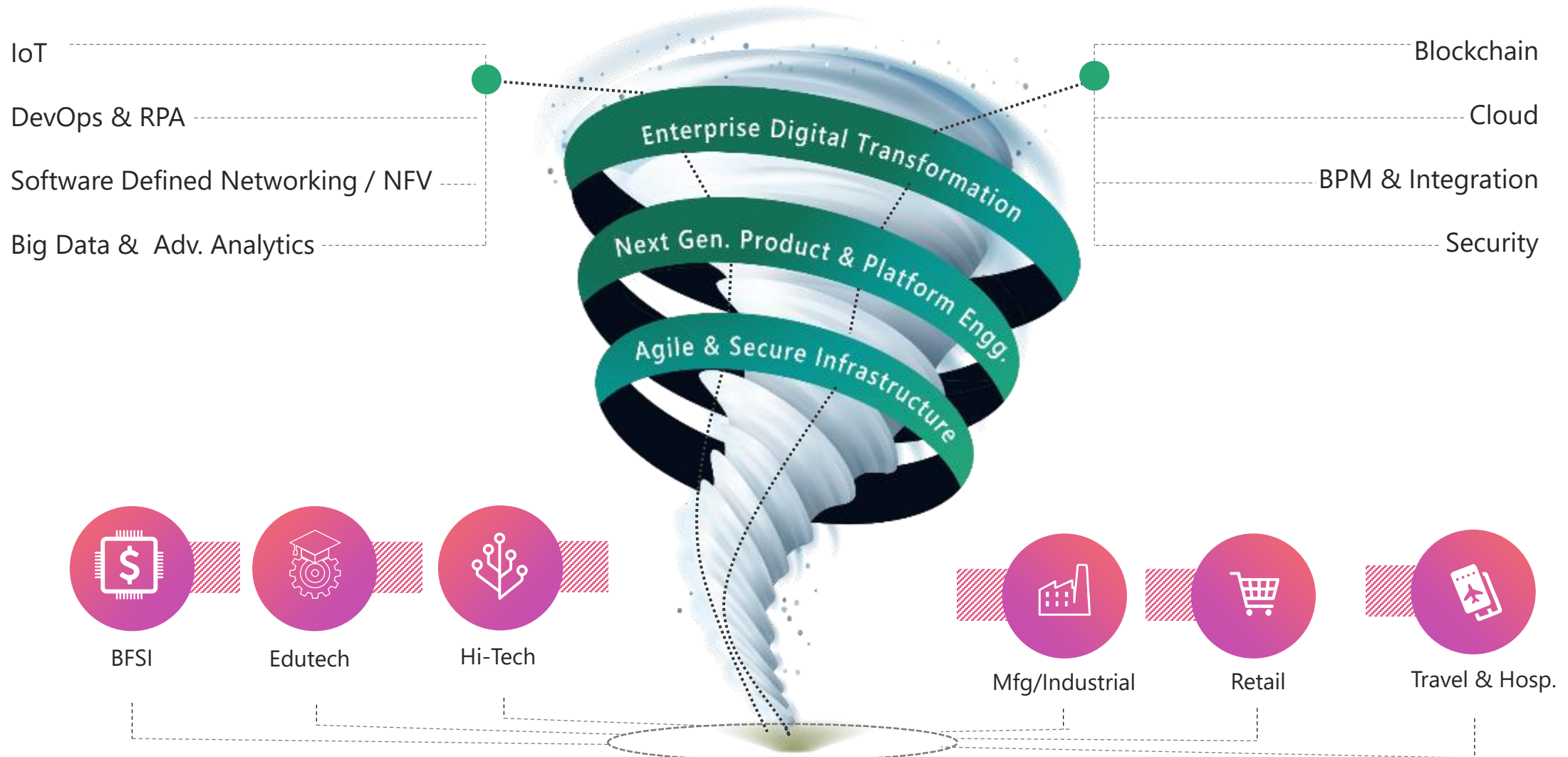
on **Glassdoor**
#2 for Indian IT Services



Leaders – ER&D Services
Leaders - Education



Our Business



Mission, Vision and Values

Our Values



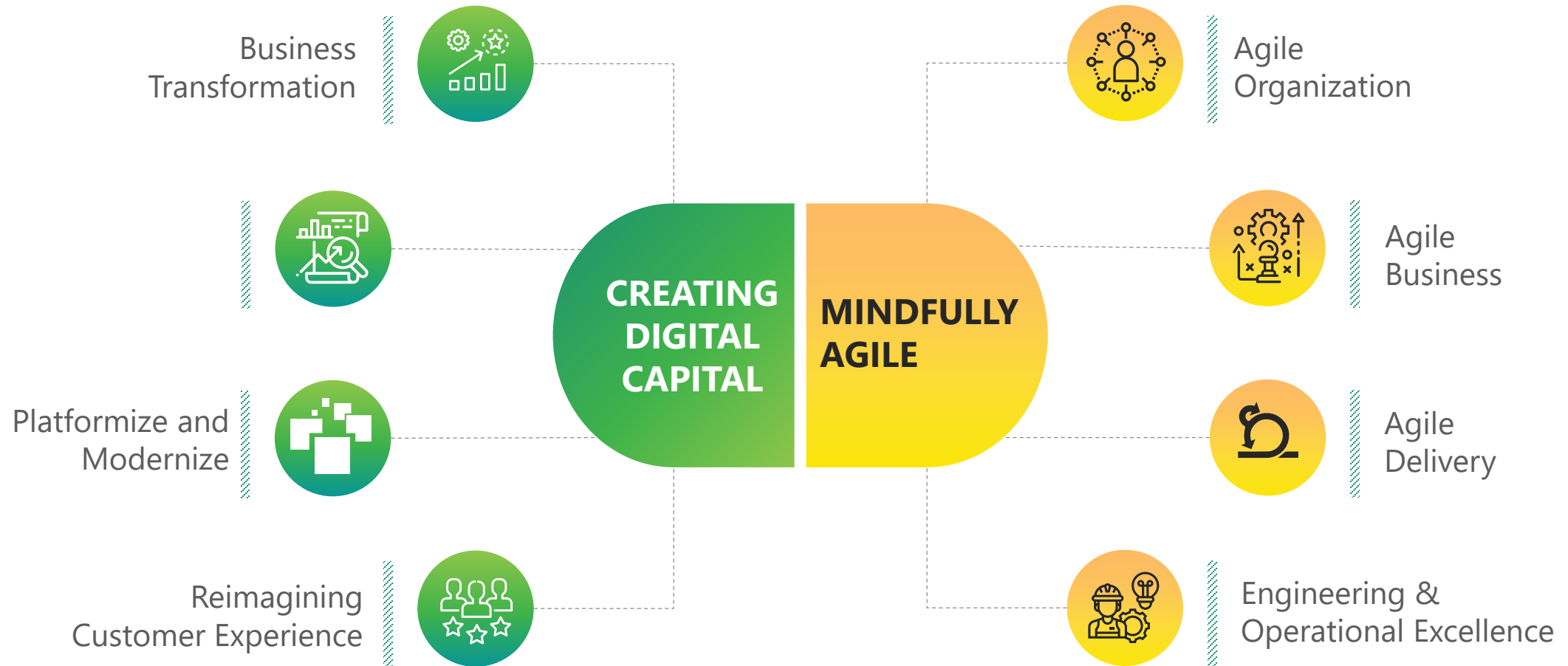
Our 5-year Vision

- 1 Be the **Happiness Evangelists** for each other, our Customers and Society
- 2 Achieve a very successful **IPO** by or before FY23 and in the interim provide a monetization event for investors/team by FY20
- 3 Be known as the company with highest standards of **Corporate Governance**
- 4 Be recognized for **Thought Leadership** in our focused areas of technology and solutions
- 5 Be a leader in **Social Responsibility** initiatives



Happiest Minds is the first Indian IT firm to be
The Mindful IT Company

Born Digital. Born Agile.



Operational and Financial Metrics – Q2 FY21

Results Q2 FY21

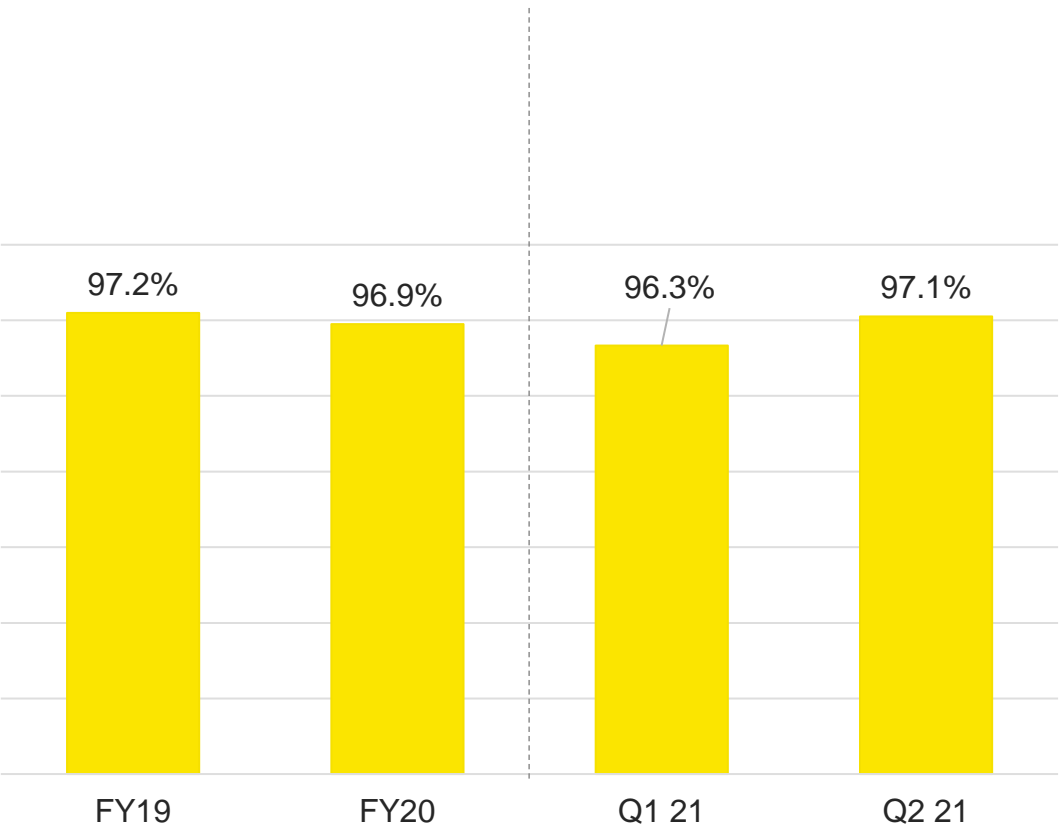
| Particulars | Q2 FY 21 | Q1 FY 21 | QoQ | Q2 FY 20 | YoY | | H1 FY 21 | H1 FY 20 | YoY |
|---------------------------------------|---------------|----------|-----------|----------|---------|--|---------------|----------|---------|
| Revenue (\$'000) | 24,712 | 23,444 | 5.4% | 24,889 | (0.7)% | | 48,156 | 48,650 | (1.0)% |
| Revenue (₹ lakhs) ¹ | 18,791 | 18,699 | 0.5% | 18,068 | 4.0% | | 37,490 | 34,845 | 7.6% |
| EBITDA (₹ lakhs) | 4,939 | 4,782 | 3.3% | 3,353 | 47.3% | | 9,721 | 5,938 | 63.7% |
| EBITDA % | 26.3% | 25.6% | 71 bps | 18.3% | 800 bps | | 25.9% | 17.0% | 890 bps |
| PAT (₹ lakhs) | 3,408 | 5,018 | (32.1)% | 2,667 | 27.8% | | 8,426 | 4,503 | 87.1% |
| PAT % | 18.1% | 26.8% | (870) bps | 14.6% | 350 bps | | 22.5% | 12.9% | 960 bps |

Note: 1. Total Income

Born Digital. Born Agile.

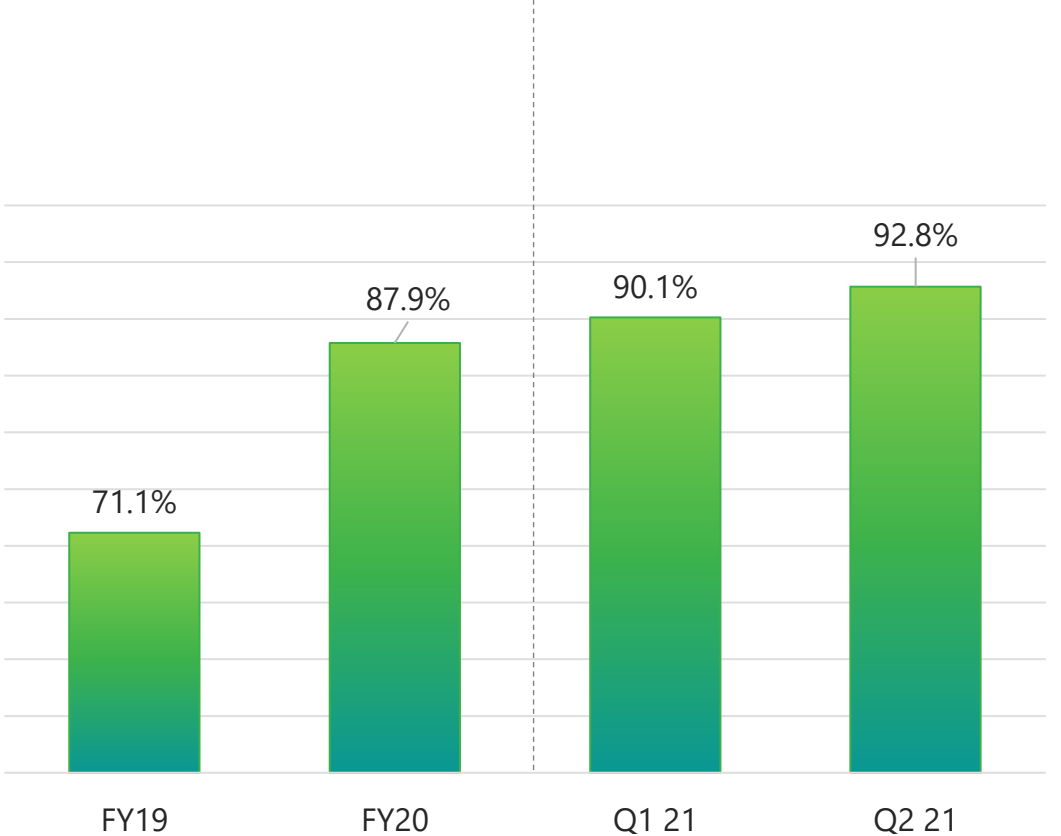
Digital

% of Revenue

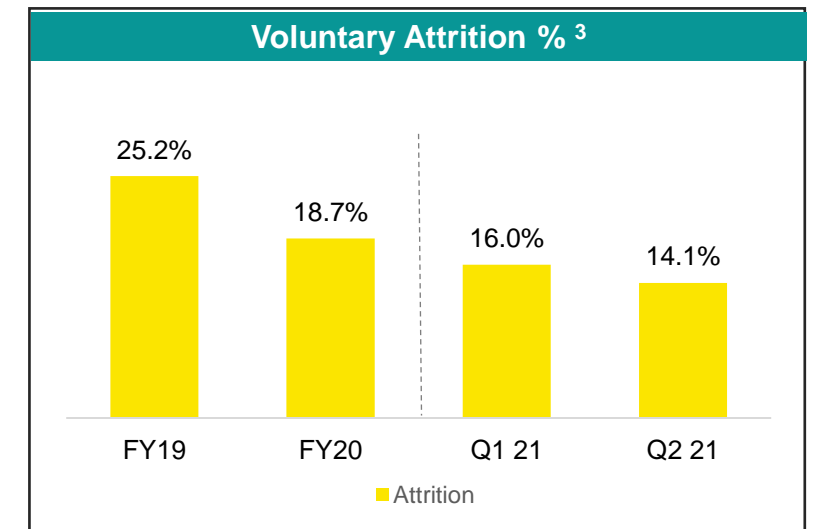
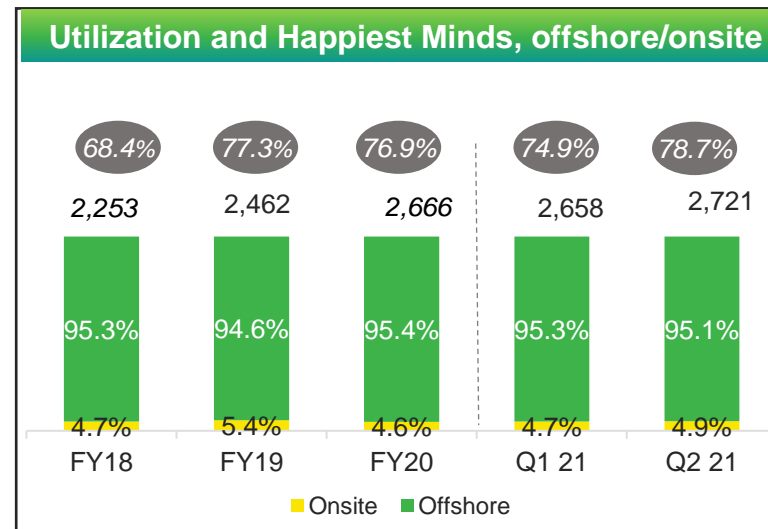
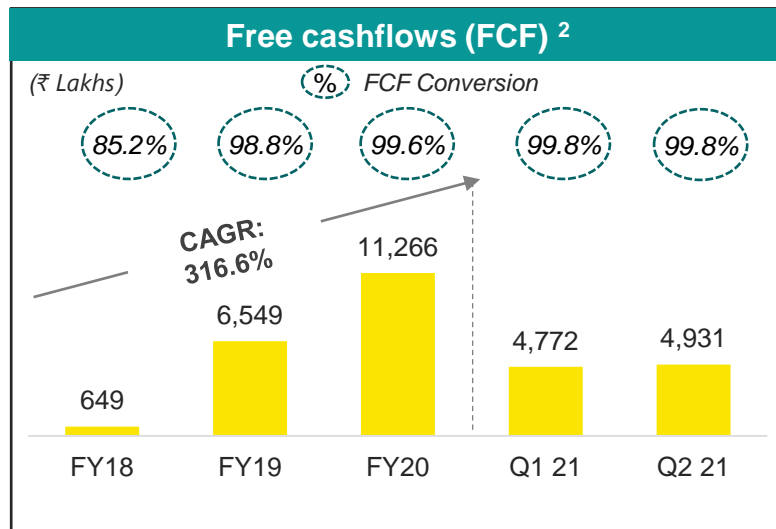
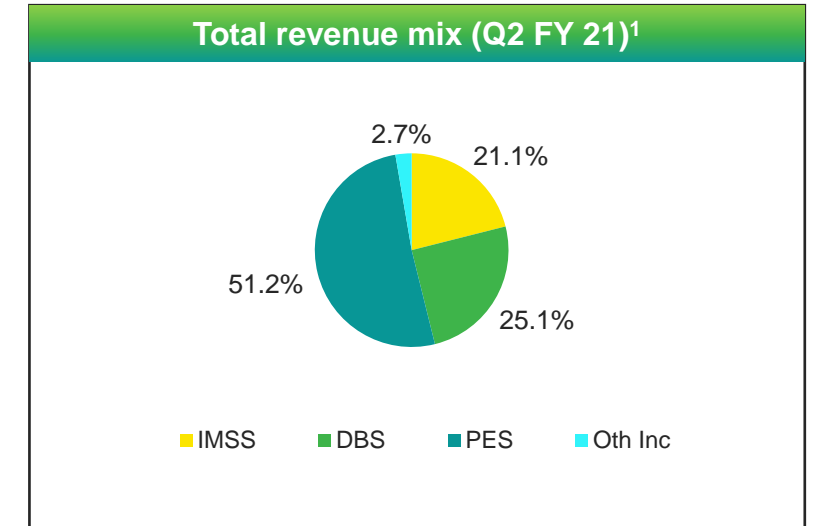
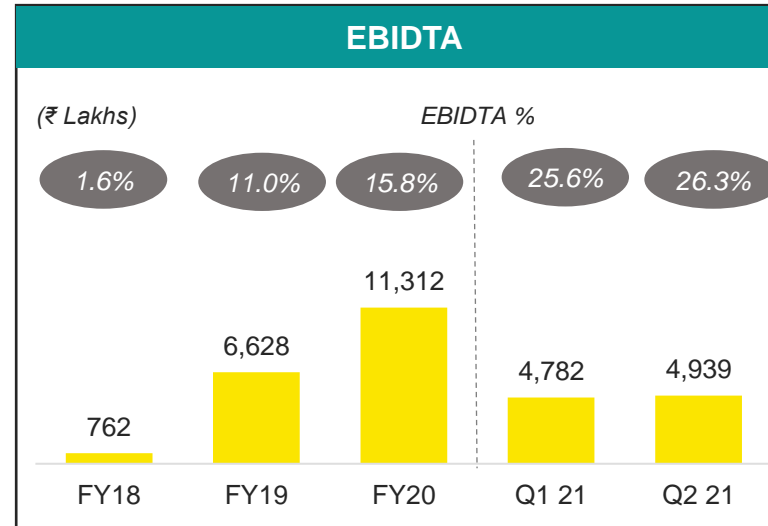
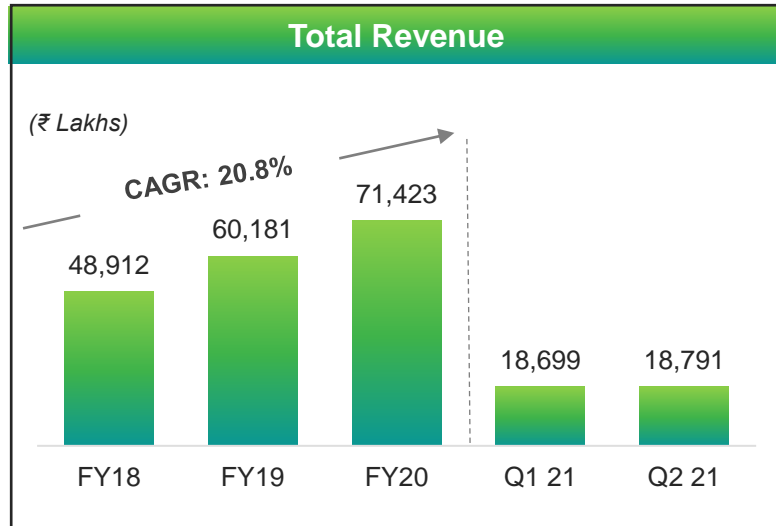


Agile

% of Revenue



Operational & Financial Metrics



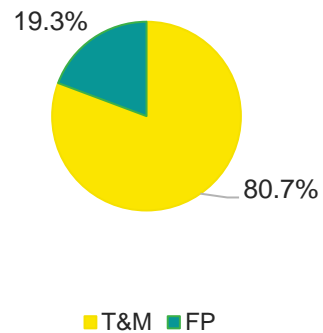
Note: 1. Calculated based on total income split, 2. FCF Conversion = FCF/EBITDA and FCF = EBITDA – Capex. 3. Attrition % for TTM Trailing 12 Months

Operational & Financial Metrics (cont'd.)

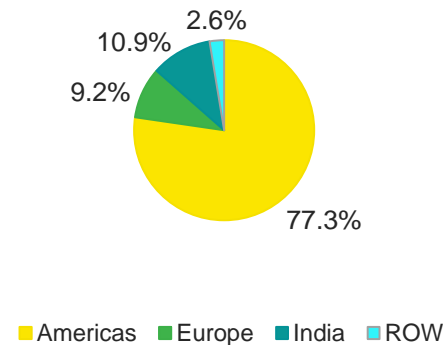
Revenue model

Q2 21

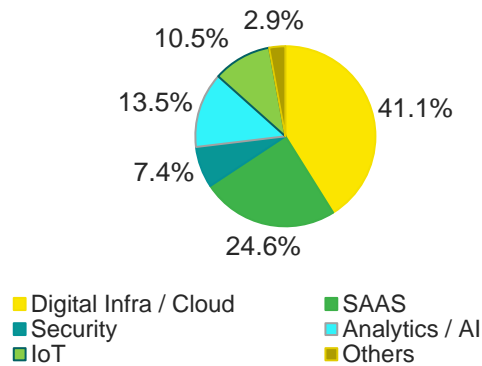
Model



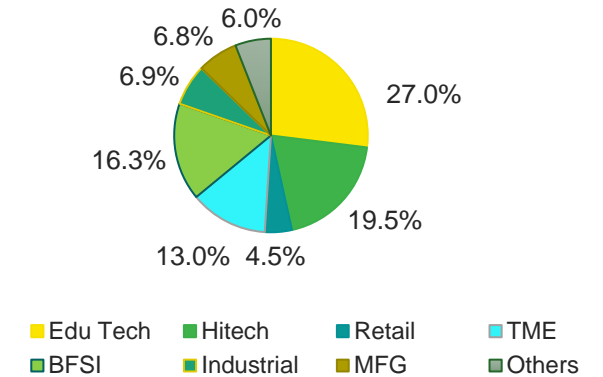
Geography



Digital Revenue¹



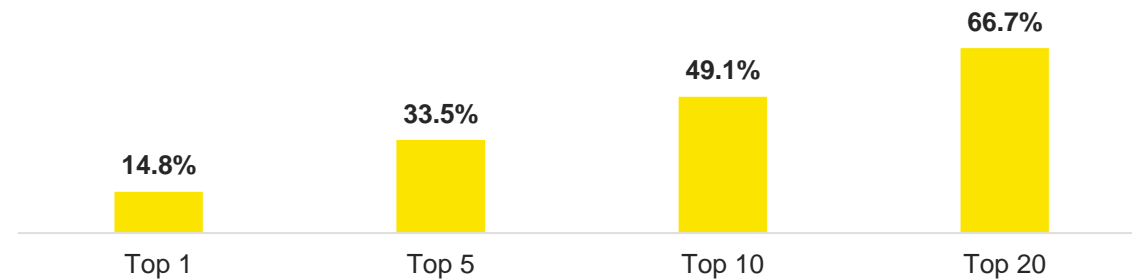
Vertical²



Revenue Concentration⁴

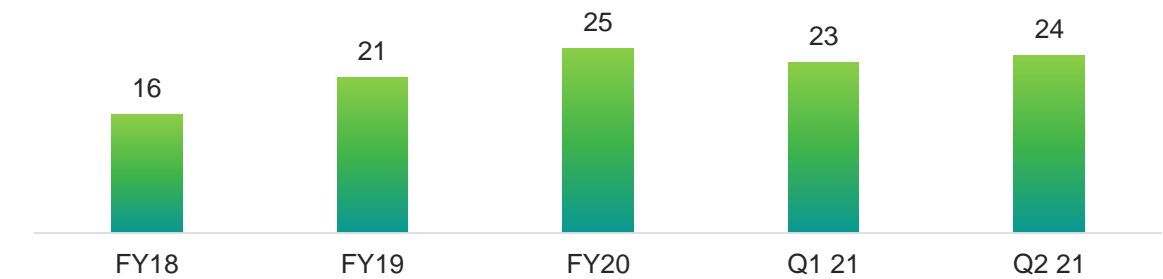
(% Revenue)

Q2 21



\$ million customers ³

(#)

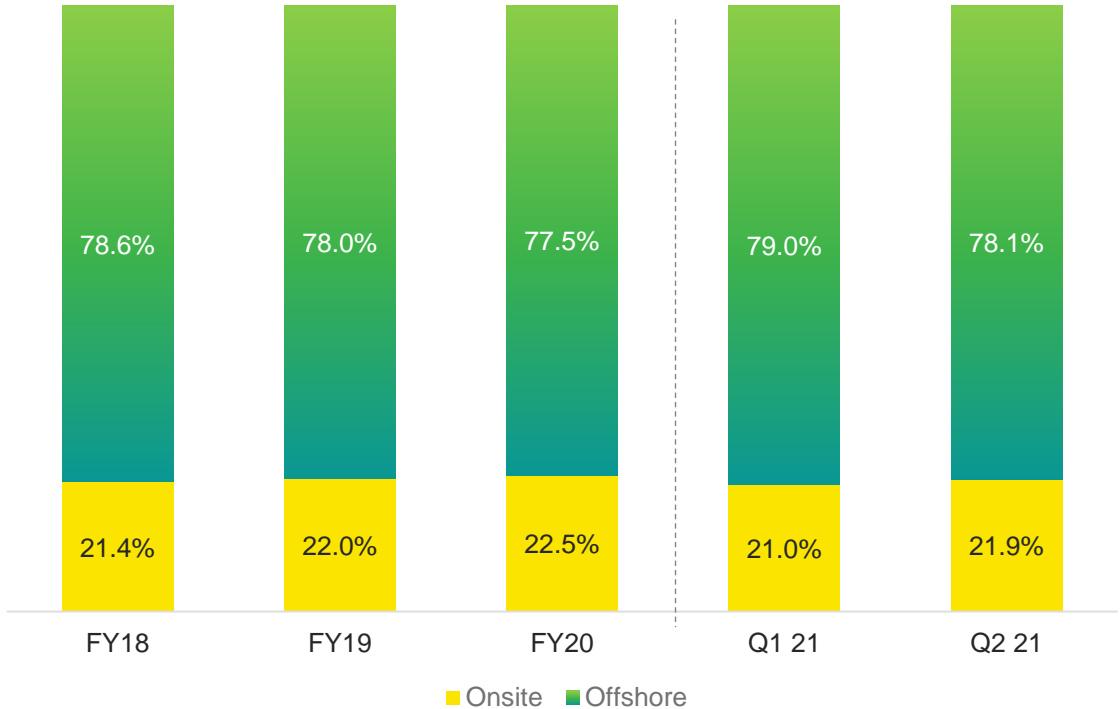


Notes: 1. FY20 digital revenue from operations, 2. TME: Travel, Media and Entertainment, 3. Based on quarter revenues on an annualized basis, 4. Top 5 customer includes Top 1; Top 10 includes Top 5 & 1; Top 20 includes Top 1, 5 & 10

Operational & Financial Metrics (cont'd.)

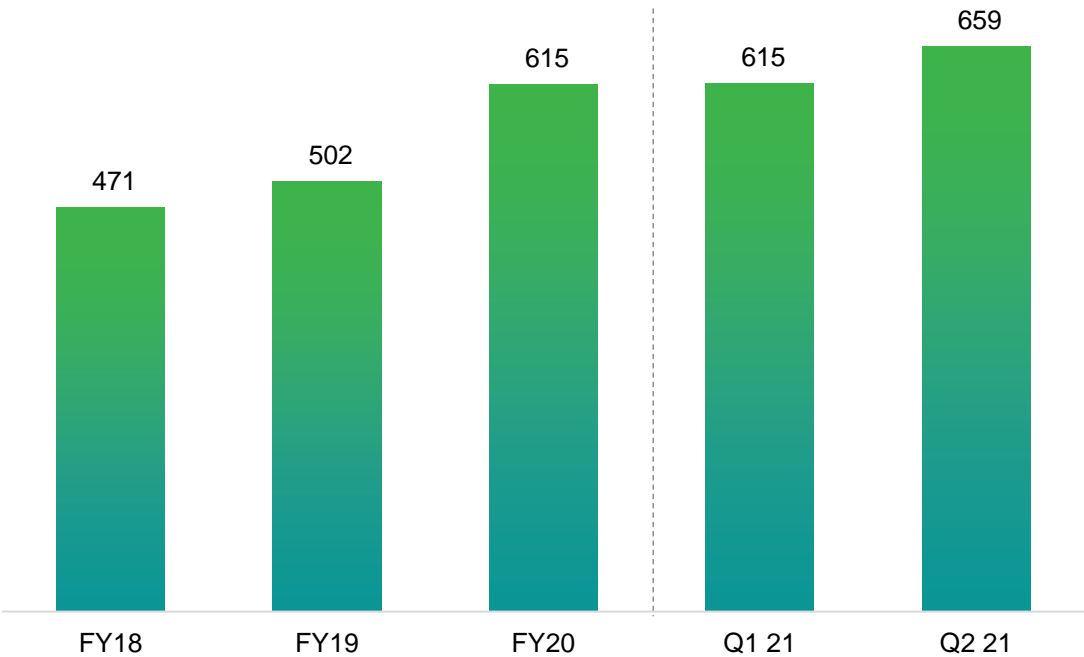
Onsite/Offshore

By Revenue



Avg. annual revenue / active customer

(USD '000)



Operational & Financial Metrics (cont'd.)

| | FY18 | FY19 | FY20 | FY21Q1 | FY21Q2 |
|---------------------------------------|-------|--------------|--------------|--------------|--------------|
| Customer Industry group | | | | | |
| Edutech | 18.0% | 21.3% | 21.3% | 27.0% | 27.0% |
| Hitech | 24.6% | 21.0% | 21.0% | 20.5% | 19.5% |
| BFSI | 17.9% | 18.2% | 17.5% | 17.4% | 16.3% |
| Travel, Media and Entertainment (TME) | 11.0% | 13.8% | 17.1% | 12.9% | 13.0% |
| Retail | 7.0% | 6.9% | 7.5% | 5.6% | 4.5% |
| Industrial | 6.2% | 8.1% | 7.0% | 6.4% | 6.9% |
| Manufacturing | 3.2% | 3.8% | 3.7% | 5.6% | 6.8% |
| Others | 12.3% | 6.9% | 4.9% | 4.6% | 6.0% |
| Digital Service Offerings | | | | | |
| Digital infrastructure/Cloud | - | 40.9% | 31.2% | 43.7% | 41.1% |
| SaaS | - | 28.6% | 29.4% | 23.6% | 24.6% |
| Security solutions | - | 10.2% | 14.9% | 7.6% | 7.4% |
| Analytics/AI | - | 9.1% | 11.6% | 12.1% | 13.5% |
| IoT | - | 8.4% | 9.8% | 9.3% | 10.5% |
| Total | - | 97.2% | 96.9% | 96.3% | 97.1% |

Operational & Financial Metrics (cont'd.)

| | FY18 | FY19 | FY20 | FY21Q1 | FY21Q2 |
|---|-----------|-----------|-----------|-----------|-----------|
| Location of external customer | | | | | |
| USA | 73.5% | 75.5% | 77.5% | 77.3% | 77.3% |
| India | 11.7% | 11.9% | 11.9% | 10.9% | 10.9% |
| UK | 11.4% | 9.5% | 7.2% | 9.8% | 9.2% |
| Others | 3.4% | 3.1% | 3.4% | 2.0% | 2.6% |
| Number of customers based on quarter revenues on an annualized basis (#) | | | | | |
| \$ 10 M + | | 1 | 1 | 1 | 1 |
| \$ 5M to \$ 10M | 2 | 2 | | 1 | - |
| \$ 3M to \$ 5M | 2 | 1 | 9 | 4 | 6 |
| \$ 1M to \$ 3M | 12 | 17 | 15 | 17 | 17 |
| Total | 16 | 21 | 25 | 23 | 24 |
| Revenue mix by delivery | | | | | |
| Onsite | 21.4% | 22.0% | 22.5% | 21.0% | 21.9% |
| Offshore ¹ | 78.6% | 78.0% | 77.5% | 79.0% | 78.1% |
| Revenue by Contract type | | | | | |
| Fixed Price | 18.4% | 16.8% | 19.0% | 18.8% | 19.3% |
| Time and Material | 81.6% | 83.2% | 81.0% | 81.2% | 80.7% |
| Active customers | | | | | |
| # of active customers | 173 | 163 | 157 | 148 | 152 |
| Fortune2000 / Forbes200 / Billion \$ corporations | | | | | |
| # of customers | | | 37 | 36 | 39 |

Note: 1. Offshore: Revenues from customers served from India

Operational & Financial Metrics (cont'd.)

| | FY18 | FY19 | FY20 | FY21Q1 | FY21Q2 |
|---|--------------|--------------|--------------|--------------|--------------|
| Happiest Minds | | | | | |
| Onsite | 105 | 132 | 123 | 124 | 133 |
| Offshore | 2,148 | 2,330 | 2,543 | 2,534 | 2,588 |
| Total | 2,253 | 2,462 | 2,666 | 2,658 | 2,721 |
| Happiest Minds by delivery centres | | | | | |
| Onsite | 4.7% | 5.4% | 4.6% | 4.7% | 4.9% |
| Offshore ¹ | 95.3% | 94.6% | 95.4% | 95.3% | 95.1% |
| Diversity | | | | | |
| Women Happiest Minds | 22.0% | 23.0% | 24.0% | 23.4% | 23.3% |
| Utilization | | | | | |
| Utilization % | 68.4% | 77.3% | 76.9% | 74.9% | 78.7% |
| Days Sales Outstanding | | | | | |
| Billed | 74 | 80 | 60 | 51 | 51 |
| Unbilled | 6 | 11 | 23 | 32 | 26 |
| Total DSO (Days) | 80 | 91 | 83 | 83 | 77 |
| Diluted EPS (₹ Per Share) | | | | | |
| Year/Half year | | | 5.36 | 6.04 | |
| Capital Return Ratios % | | | | | |
| Return on Capital Employed (Year/Half year) | | | 28.9% | 36.3% | |
| Return on Equity (Year/Half year) | | | 27.1% | 36.3% | |

Operational & Financial Metrics (cont'd.)

(All figures in ₹ Lakhs)

| (All figures in ₹ Lakhs) | FY18 | | FY19 | | FY20 | | FY21Q1 | | FY21Q2 | |
|--|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Revenue by Business Units | | | | | | | | | | |
| Infrastructure Management & Security Services | 9,862 | 20.2% | 12,943 | 21.5% | 15,361 | 21.5% | 3,641 | 19.5% | 3,959 | 21.6% |
| Digital Business Solutions | 15,403 | 31.5% | 18,090 | 30.1% | 19,167 | 26.8% | 4,598 | 24.6% | 4,710 | 25.8% |
| Product Engineering Services | 21,024 | 43.0% | 28,003 | 46.5% | 35,293 | 49.4% | 9,463 | 50.6% | 9,615 | 52.6% |
| Total Revenue | 46,289 | 94.6% | 59,036 | 98.1% | 69,821 | 97.8% | 17,702 | 94.7% | 18,284 | 97.3% |
| Other income | 2,623 | 5.4% | 1,145 | 1.9% | 1,602 | 2.2% | 997 | 5.3% | 507 | 2.7% |
| Total income | 48,912 | 100.0% | 60,181 | 100.0% | 71,423 | 100.0% | 18,699 | 100.0% | 18,791 | 100.0% |
| | | | | | | | | | | |
| EBITDA | 762 | | 6,628 | | 11,312 | | 4,782 | | 4,939 | |
| EBITDA / Total Income (%) | 1.6% | | 11.0% | | 15.8% | | 25.6% | | 26.3% | |
| | | | | | | | | | | |
| Restated profit / (loss) for the year | (2,247) | | 1,421 | | 7,171 | | 5,018 | | 3,408 | |
| Restated profit / (loss) for the year / Total Income (%) | -4.6% | | 2.4% | | 10.0% | | 26.8% | | 18.1% | |

Operational & Financial Metrics (cont'd.)

Summary Profit & Loss statement

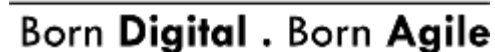
(All figures in ₹ Lakhs)

| | FY18 | FY19 | FY20 | Q1 FY21 | Q2 FY21 | H1 FY21 |
|---------------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|
| Income | | | | | | |
| Operating revenue | 46,289 | 59,036 | 69,821 | 17,702 | 18,284 | 35,986 |
| Other income | 2,623 | 1,145 | 1,602 | 997 | 507 | 1,504 |
| Total income | 48,912 | 60,181 | 71,423 | 18,699 | 18,791 | 37,490 |
| Cost of revenue | 32,652 | 36,987 | 42,927 | 9,978 | 10,401 | 20,379 |
| Gross margin | 13,637 | 22,049 | 26,894 | 7,724 | 7,884 | 15,608 |
| % | 29.5% | 37.3% | 38.5% | 43.6% | 43.1% | 43.4% |
| SG&A cost | 15,498 | 16,566 | 17,184 | 3,939 | 3,452 | 7,391 |
| EBITDA | 762 | 6,628 | 11,312 | 4,782 | 4,939 | 9,720 |
| % | 1.6% | 11.0% | 15.8% | 25.6% | 26.3% | 25.9% |
| Depreciation | 2,075 | 2,478 | 2,023 | 512 | 512 | 1,024 |
| EBIT | (1,313) | 4,150 | 9,289 | 4,270 | 4,427 | 8,696 |
| % | -2.7% | 6.9% | 13.0% | 22.8% | 23.6% | 23.2% |
| Finance cost | 995 | 1,594 | 802 | 186 | 160 | 345 |
| PBT before exceptional items * | (2,308) | 2,556 | 8,487 | 4,084 | 4,267 | 8,351 |
| % | -4.7% | 4.2% | 11.9% | 21.8% | 22.7% | 22.3% |
| Exceptional Items + | - | 1,258 | 1,126 | - | - | - |
| PBT * | (2,308) | 1,298 | 7,361 | 4,084 | 4,267 | 8,351 |
| % | -4.7% | 2.2% | 10.3% | 21.8% | 22.7% | 22.3% |
| Income tax expense | (61) | (123) | 190 | (934) | 859 | (75) |
| PAT * | (2,247) | 1,421 | 7,171 | 5,018 | 3,408 | 8,426 |
| % | -4.6% | 2.4% | 10.0% | 26.8% | 18.1% | 22.5% |

- * "PBT before exceptional items, PBT and PAT " for FY18 & FY19 are restated as per IndAs, forming part of our offer documents.
- + Exceptional items for FY19 & FY20 refer to Impairment of Goodwill.

Operational & Financial Metrics (cont'd.)

| Condensed Balance Sheet | | | | | |
|---|-----------------|----------------|---------------|---------------|---------------|
| (All figures in ₹ Lakhs) | 31.03.2018 | 31.03.2019 | 31.03.2020 | 30.06.2020 | 30.09.2020 |
| Assets | | | | | |
| Non-current Assets | | | | | |
| Property, plant and equipment | 264 | 214 | 93 | 77 | 60 |
| Goodwill | 2,961 | 1,736 | 610 | 610 | 611 |
| Financial & Other assets | 7,685 | 6,003 | 5,598 | 6,266 | 5,788 |
| Total non-current assets (A) | 10,910 | 7,953 | 6,301 | 6,953 | 6,459 |
| Current assets | | | | | |
| Financial & Other assets | | | | | |
| i. Trade receivable | 9,437 | 12,927 | 11,487 | 9,851 | 10,302 |
| ii. Cash & Cash equivalents, Investments & Other financial assets | 16,928 | 19,610 | 31,967 | 39,196 | 52,387 |
| iii. Other assets | 1,424 | 862 | 1,060 | 1,308 | 1,721 |
| Total current assets (B) | 27,789 | 33,399 | 44,514 | 50,355 | 64,410 |
| Total assets (A + B) | 38,699 | 41,352 | 50,815 | 57,308 | 70,869 |
| Equity and Liabilities | | | | | |
| Total equity (A) | (10,888) | (6,605) | 26,531 | 31,901 | 46,380 |
| Non-current liabilities | | | | | |
| Financial liabilities | 5,797 | 3,814 | 1,863 | 1,674 | 1,518 |
| Provisions & Deferred tax liability | 935 | 940 | 1,255 | 1,508 | 1,513 |
| Total non-current liabilities (B) | 6,732 | 4,754 | 3,118 | 3,182 | 3,031 |
| Current liabilities | | | | | |
| Financial & Contract liabilities | | | | | |
| i. Trade payable | 2,498 | 2,878 | 3,442 | 3,600 | 6,307 |
| ii. Others | 38,866 | 38,591 | 15,947 | 15,907 | 12,402 |
| Provisions & Other current liabilities | 1,491 | 1,734 | 1,777 | 2,718 | 2,749 |
| Total current liabilities (C) | 42,855 | 43,203 | 21,166 | 22,225 | 21,458 |
| Total liabilities (D = B + C) | 49,587 | 47,957 | 24,284 | 25,407 | 24,489 |
| Total equity and liabilities (A + D) | 38,699 | 41,352 | 50,815 | 57,308 | 70,869 |



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India | United States | United Kingdom | Canada | Australia | Dubai

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