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Press Release | Q3FY23

Q3FY23 revenue at Rs 658.7 crore, up by 20.0% Y-o-Y basis (CC)

- Operating revenue up by 5.3% Q-o-Q basis in rupee terms
- 12 months order backlog grew by 34.2% Y-o-Y in rupee terms
- Added 31 new clients in the quarter
- Recommends Interim Dividend of 140%

Mumbai, India 17th January 2023: Mastek, a Turnkey & Trusted Digital Engineering & Cloud Transformation Partner, announced today its financial results for the **Third Quarter and Nine Months of FY2023** ended on 31st December 2022.

Commenting on the Q3FY23 results, Hiral Chandrana, Global Chief Executive Officer, Mastek, said: “At a group level we delivered revenue growth of 3.1% on quarter-on-quarter basis and 20.0% on year-on-year basis in constant currency. Acquisition of MST Solutions, a Summit level Salesforce partner has delivered above expectations, and our Top 40 accounts continue to grow across the digital engineering & cloud transformation portfolio. Our overall organic business did not perform as expected impacted by furloughs and seasonality. We made a strategic minority investment in Volteo Edge – an IoT platform that leverages ServiceNow in the Connected Enterprise & Data ecosystem. Our focus on people is showing results, attrition has been trending down last 3 quarters. We thank all our stakeholders for their commitment to Mastek.”

Arun Agarwal, Global Chief Financial Officer, Mastek, said: “Despite seasonally weak quarter and uncertain macro environment, we reported revenue growth of 5.3% QoQ and 19.3% on year-on-year basis in INR terms. Our cost-optimization strategies helped us to maintain an operating EBITDA margin of 17.3%. Our 12-months order backlog grew by 29.7% on year-on-year basis in constant currency. We added 31 new customers driven by continuous demand for digital engineering and cloud transformation services. Our Board of Directors have proposed an interim dividend of 140% or Rs 7 per share. We are optimistic that our disciplined execution and strategic priorities position us well to deliver industry leading growth in coming quarters and years.”

Review of the Consolidated Financial Performance for Quarter ended 31st December 2022:

Figures in Rs Crore	Q3FY23	Q2FY23	Q-o-Q Growth	Q3FY22	Y-o-Y Growth
Total Income	664.7	632.2	5.1%	557.7	19.2%
Revenue from Operations	658.7	625.3	5.3% 3.1% (CC)	551.9	19.3% 20.0% (CC)
Operating EBITDA	113.7	107.4	5.9%	116.2	(2.2)%
% of Op. Income	17.3%	17.2%	9bps	21.1%	(380)bps
Net Profit	67.1	86.2	(22.1)%	83.5	(19.6)%
Net Profit %	10.1%	13.6%	(354)bps	15.0%	(487)bps
EPS (Rs) – Diluted	20.9	25.8		24.2	

Figures in Rs Crore	9MFY23	9MFY22	Y-o-Y Growth
Total Income	1,892.9	1,620.5	16.8%
Revenue from Operations	1,854.2	1,602.3	15.7% 18.0% (CC)
Operating EBITDA	330.3	341.8	(3.4)%
% of Op. Income	17.8%	21.3%	(352)bps
Net Profit	237.7	245.2	(3.1)%
Net Profit %	12.6%	15.1%	(257)bps
EPS (Rs) – Diluted	71.9	77.4	

Operating Highlights

- **New accounts added during the quarter:** The Company added 31 new clients in Q3FY23. Total active clients during Q3FY23 was 444 as compared to 449 in Q2FY23.
- **12 months Order Backlog:** 12 months order backlog was Rs 1,705.8 crore (\$206.2 mn) as on 31st December, 2022 as compared to Rs 1,522.0 crore (\$187.1 mn) in Q2FY23, reflecting a growth of 12.1% in rupee terms and 5.3% in constant currency terms on Q-o-Q basis and Rs 1,271.3 crore (\$171.0 mn) in Q3FY22, reflecting growth of 34.2% in rupee terms and 29.7% in constant currency terms on Y-o-Y basis.
- **Employees:** As on 31st December, 2022, the company had a total of 5,687 employees, of which 4,140 employees were based offshore in India while the rest were at various onsite locations. Employee count at the end of 30th September, 2022 was 5,810. Last twelve months attrition has reduced to 23.3% in Q3FY23 in comparison with 24.2% in Q2FY23.

- **Cash Balance:** The total cash, cash equivalents and fair value of Mutual Funds stood at Rs 324.9 crore as on 31st December, 2022 as compared to Rs 351.6 crore at the end of 30th September, 2022.
- **Dividend:** The Board of Directors have recommended an interim dividend of 140% (Rs 7 per share) at the meeting held on 17th January, 2023.

Key wins for the quarter

During the quarter, we continued to experience momentum in winning deals as illustrated below:

- Mastek as a strategic partner for a ministerial body in UK won a multi-year contract to deliver Integration services for the Migration under Borders Portfolio's Future Borders and Immigration Services (FBIS) programme to enable the organization to deliver points-based immigration service and also support backend systems including Biometrics & Person Centric Data Stores
- Mastek as strategic partner to a Florida based Local Government body will provide tailored support and flexible services for optimizing technical, staff, and security operations with configurable service options, addressing their most demanding application challenges
- Mastek will set up first ever Offshore Development Center in India and provide Managed Services for the IT Operations of a large US based Medicare and Medicaid health insurance service provider. This engagement will also enable the Client to roadmap their value realization, enhance transparency to leadership, and integrate updates & support
- Mastek signed contract with a Middle-Eastern Healthcare company for implementing Oracle Cloud solution which will simplify their financial processes, control data quality and consistency, and also provide better support to their workforce
- Mastek has signed a long-term contract with a US based leading semiconductor manufacturer to further modernize the organizations lead to quote process. This program will help to increase deal velocity, attach rates and overall sales effectiveness while providing the management team with improved intelligence and decision-making ability
- Mastek, as a strategic partner to a US based Automotive Parts distributor initiated the transformation and modernization of ecommerce platform based on Adobe Magento. Platform will focus on user experience to help uplift the revenue cycle by cross-sell and up-sell of products & services

Awards & Recognitions:

During the quarter, Mastek and its Subsidiaries received awards and recognitions conferred by reputable organizations. Some of them are:

- **Launched self-service ‘Medicare shop & Enroll’ portal – Banner Health Customer:** Salesforce Business (MST) and Banner Health launched self-service Medicare shop & Enroll portal. Case Study recognized as “Standout by ISG”
- **Strategic Investment in Volteo Edge:** Mastek made Strategic Investment in Volteo Edge, an Edge Intelligence SaaS Company in the Connected Enterprise Space and ServiceNow ecosystem
- **ISG Provider Lens:** Recognized as a ‘Product Challenger’ in recent ISG report ‘Oracle Ecosystem 2022’ for the US market
- **Recognition from ‘SASB’ on ESG:** Attained accreditation of ‘Sustainability Accounting Standards Board’ (SASB) to benchmark its Environmental, Social, and Governance (ESG) reporting

About Mastek

Mastek (NSE: MASTEK; BSE: 523704), is a Turnkey & Trusted Digital Engineering & Cloud Transformation Partner that delivers Innovative Solutions and Business Outcomes for clients in Healthcare & Life Sciences, Retail, Manufacturing, Financial Services, Government/Public Sector, etc. We enable customer success and decomplex digital by partnering with enterprises to unlock the power of data, modernize applications to the cloud, and accelerate digital advantage for all stakeholders. We are the only Oracle Cloud implementation and consultancy partner to have successfully moved 1300+ clients to cloud. Customers Trust Mastek to deliver Business Value with Velocity and we operate in 40+ countries including the UK, Americas, Europe, Middle East & APAC with ~6000 employees. MST Solutions, a Mastek company, is a Summit level Salesforce consulting partner trusted by several Fortune 1000 enterprise clients. For more details, please visit our website www.mastek.com.

For past results & conference call transcripts, please visit our web site at <https://www.mastek.com/investors/>. Updated disclosures regarding corporate governance may also be accessed at <https://www.mastek.com/investors-corporate-governance/>.

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Shareholders may also contact Mastek via email at Investor_grievances@mastek.com, which has been specifically created for the redressal of investor grievances. You may also contact the Investor Relations team by email at investor.relations@mastek.com.

Note: Except for the historical information and discussion contained herein, statements included in this release may constitute forward looking statements. These statements involve a number of risks and uncertainties that could cause actual results to differ materially from those that be projected by these forward looking statements. These risks and uncertainties include, but are not limited to such factors as competition, growth, pricing environment, recruitment and retention, technology, wage inflation, law and regulatory policies etc. Such risks and uncertainties are detailed in the Annual Report of the company which is available on the website www.mastek.com. Mastek Ltd. undertakes no obligation to update forward looking statements to reflect events or circumstances after the date thereof.

Thank You



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