



Q2/H1-FY23 EARNINGS PRESENTATION

October 2022

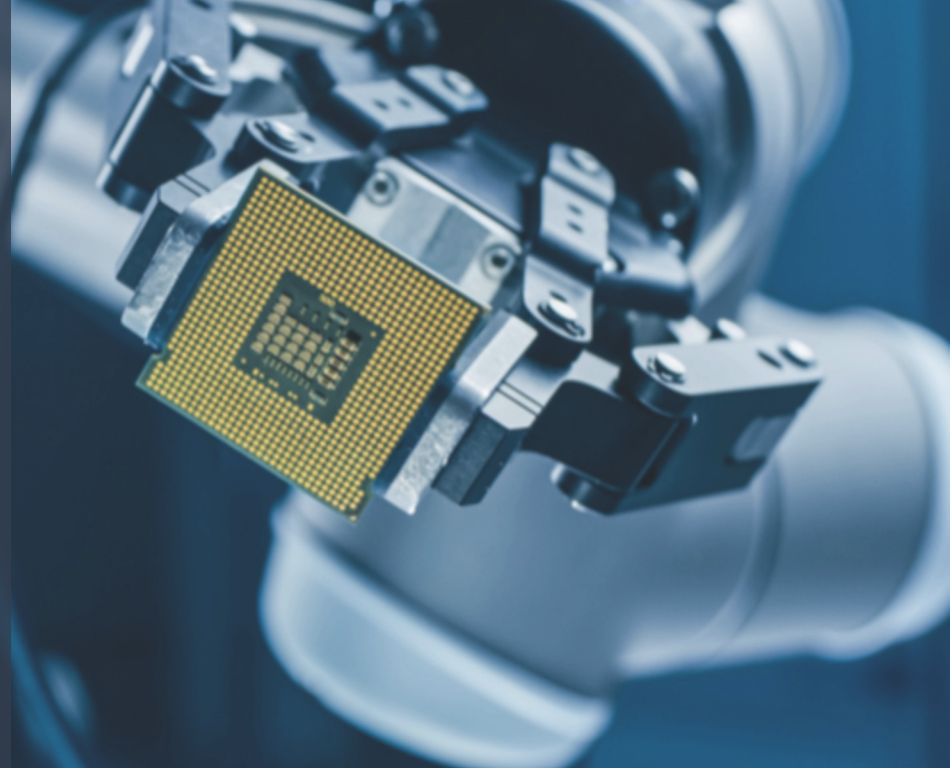


WHO WE ARE

Onward Technologies

is a software outsourcing company specializing in **digital** and **ER&D** services.

We help global OEMs improve speed to market, accelerate innovation, and maximize returns on their R&D investments.



Transformation from legacy to the NEW: Engineering, Research & Development and Digital services

Who we are



- A diverse team of 3000+ employees
- 15 offices across 6 countries in USA, EU+UK, India
- Focused on enhancing clients' competitiveness, total returns on R&D investments & time to market

Global 2000 customers

- A technology-partner positioned as an extended R&D team for large companies
- Top 25 clients added 76% of revenue in H1 FY 2023
- 15 clients with annual billing run-rate of \$1M or more



Geared for double-digit growth



- Strong customer base, relationships to fuel double digit growth in top-line
- Margin expansion through India advantage
- Delivered 28% y-o-y revenue growth in FY22, 51% in Q2 FY2023

Strong balance sheet

- Net debt-free, sound balance sheet & cash reserves
- 6-year track-record of consistent dividend payout
- Private equity investment by Infinity Direct Holdings



Digital play across all business lines

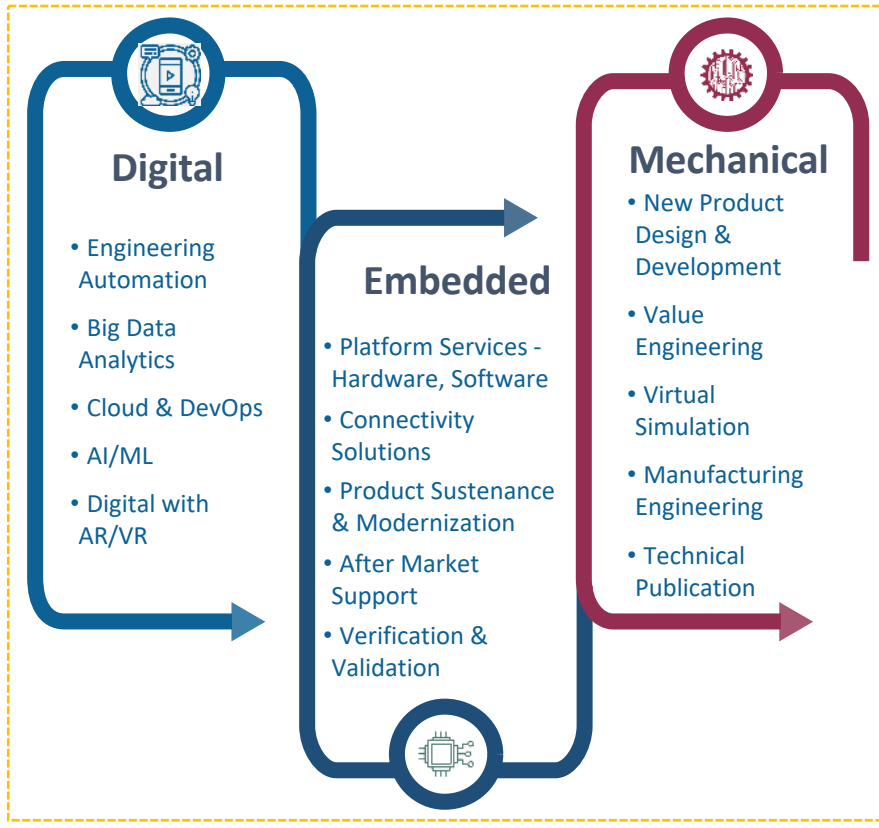
- Digital Engineering & Outsourcing
- Electronics & Embedded engineering services
- Mechanical Engineering Services

Focused industry verticals

- Industrial Equipment & Heavy Machine
- Transportation & Mobility
- Diversification & investment in Healthcare & MedTech



Lines of business driving future growth



Lines of business

Focus verticals

Transportation & Mobility



Healthcare & MedTech



Industrial Equipment & Heavy Machinery



Lines of business driving future growth

Consistent growth, steady offshore leverage, multi-year client engagements

Blended growth rate

Growth in revenue from:

1) Digital Engineering
& ER&D services

+

2) Stable income from legacy
business

Blended gross margin

Reflects cost from:

1) Digital Engineering
& ER&D services

+

2) Legacy business

+

3) New business building blocks



Multi-year client
engagements



Consistent industry-
leading growth



Steady growth in
offshore leverage

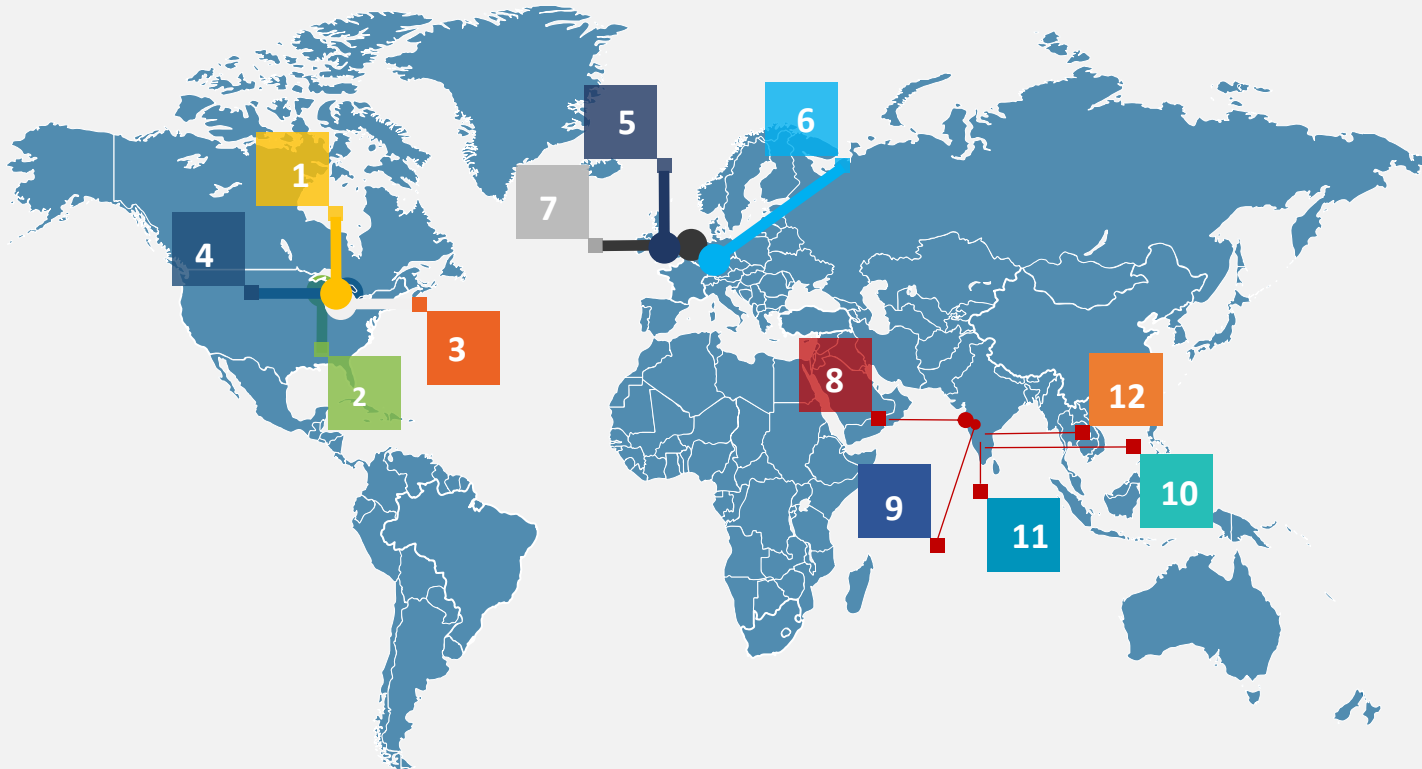
Business building costs

International offices, Sales team expansion in USA & EU+UK, SME hiring to strengthen Delivery

Investments in talent to address future client demand

Proactive hiring engineering graduates (TAP) from top-tier institutes across the country

Strategic presence across geographies



1	Detroit, MI
2	Cleveland, OH
3	Chicago, IL
4	Toronto, ON
5	London, UK
6	Frankfurt, DE
7	Amsterdam, NL
8	Mumbai, IN (Corporate HQ)
9	Pune (3 COEs*)
10	Chennai, IN
11	Bengaluru, IN
12	Hyderabad, IN

*COE: Centre of excellence

Q2/H1-FY23 FINANCIAL OVERVIEW



Q2/H1-FY23 Performance Highlights

Q2-FY23 Consolidated Financial Performance

INR 1,101 Mn Revenue from Operations	INR 32 Mn EBITDA	2.91% EBITDA Margins
INR 6 Mn PAT	0.54% PAT Margins	INR 0.25/Share Diluted EPS

Q2-FY23 Standalone Financial Performance

INR 768 Mn Revenue from Operations	INR 33 Mn EBITDA	4.30% EBITDA Margins
INR 12 Mn PAT	1.56% PAT Margins	INR 0.53/Share Diluted EPS

H1-FY23 Consolidated Financial Performance

INR 2,038 Mn Revenue from Operations	INR 60 Mn EBITDA	2.94% EBITDA Margins
INR 18 Mn PAT	0.88% PAT Margins	INR 0.79/Share Diluted EPS

H1-FY23 Standalone Financial Performance

INR 1,459 Mn Revenue from Operations	INR 73 Mn EBITDA	5.00% EBITDA Margins
INR 41 Mn PAT	2.81% PAT Margins	INR 1.79/Share Diluted EPS

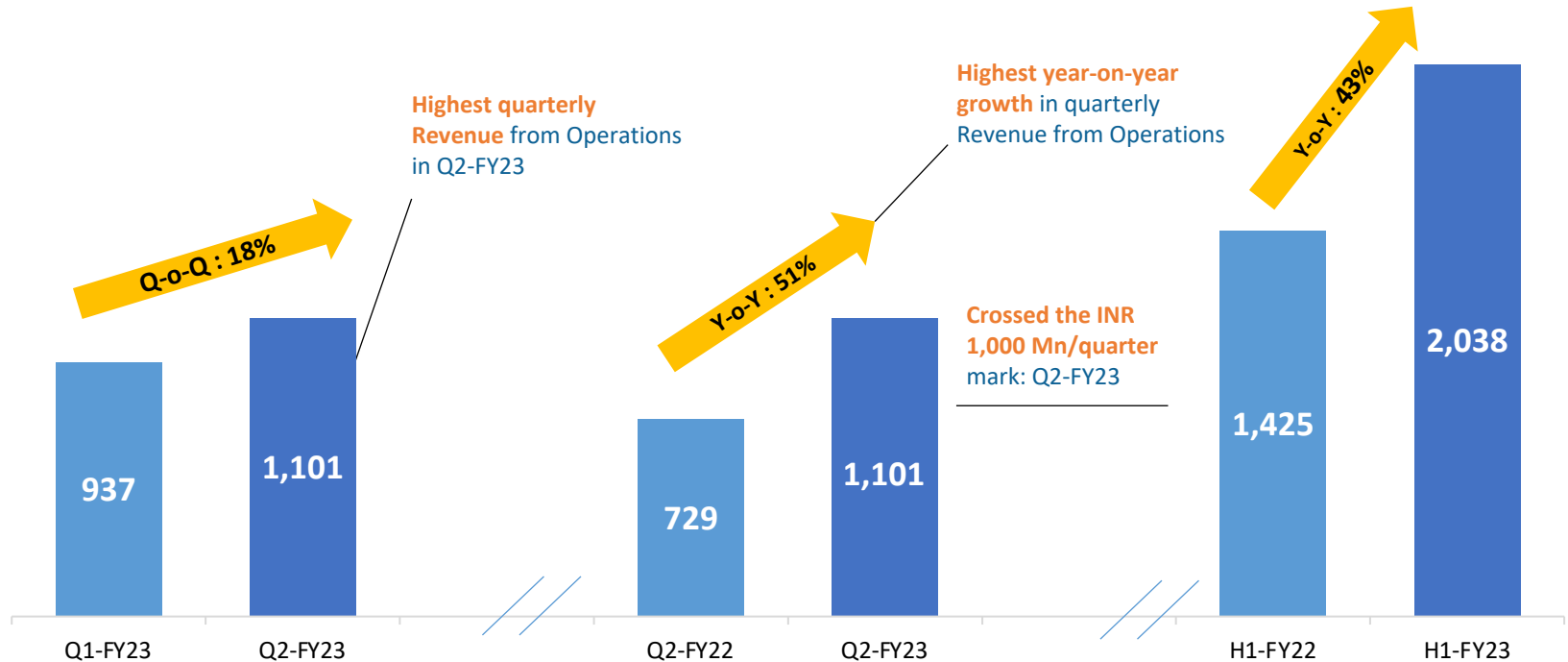
Q2/H1-FY23 Operational Highlights

- Revenue in Q2 FY23 grew by 51% year-on-year and by 18% quarter-on-quarter, H1 FY23 YOY growth at 43%
- The company experienced substantial growth in revenue from focus verticals Industrial Equipment & Heavy Machinery and Transportation & Mobility, which are contributing of 54% and 30% respectively to the revenues as on H1 FY23.
- Digital services line of business reported double digit contribution at 12% of consolidated revenue
- 15 clients now deliver USD 1 Mn or more in revenues on an annualized basis
- Net addition of 199 employees during the quarter taking the total global headcount to 3037 employees
- The company launched a center for digital excellence in Navi Mumbai, India
- At the Quantic Technology Excellence Awards (Oct 2022), the company won a 'Best ER&D Partner for Auto & Industrial OEMs' award

Commenting on the performance of the Company, Jigar Mehta – Managing Director said:

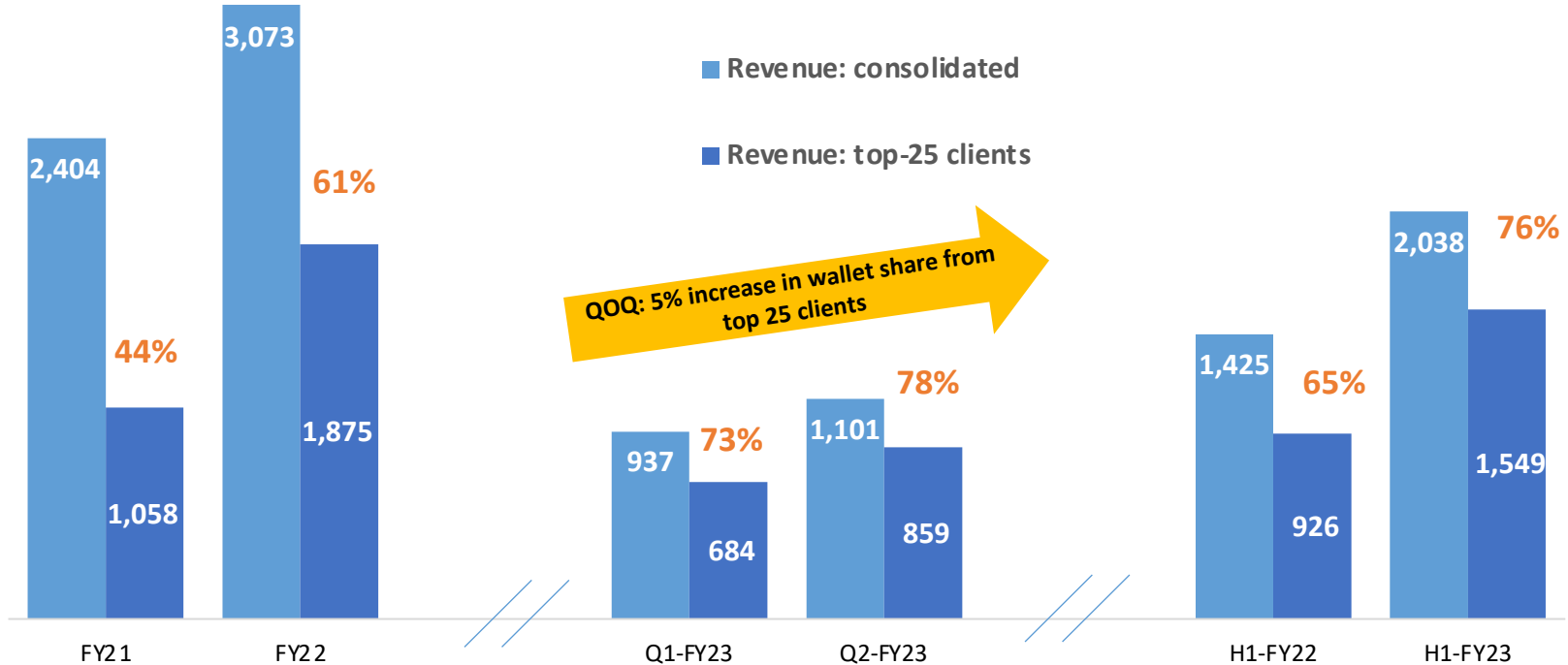
“I am excited to announce the company has reported robust revenue growth in Q2 and H1 FY23 across all our focus markets and verticals. In absolute numbers, Q2 FY23 marks our highest ever quarterly revenue, surpassing INR 100 Cr/quarter for the first time. More importantly, it comes on the back of strong growth in contribution from our top 25 clients who account for 78% of revenues in Q2 FY23. 15 Customers have recorded a billing run rate of \$1 million/annum and we will see more momentum on this front as we build deeper relationships with the customer. This quarter we also completed our annual increments for the entire team and new investments in upgrading the infrastructure. With our investment to support new client engagements at the last stage, we will see the returns directly impacting margin in the company quarters. We expect EBIDTA margin to trend towards industry level during FY 2024”

Revenue from Operations (INR Mn)

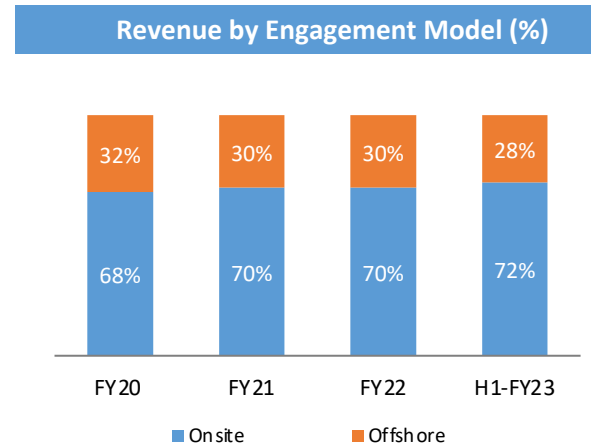
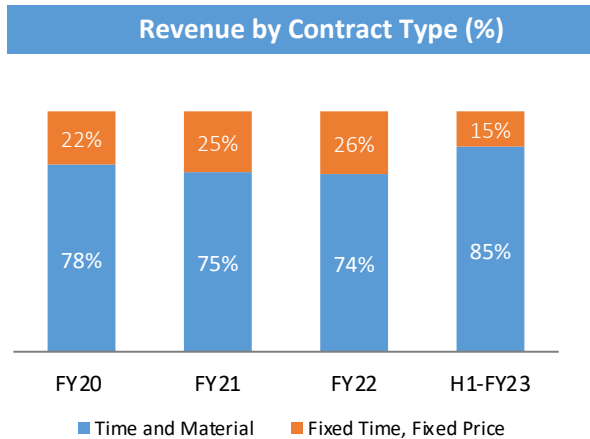
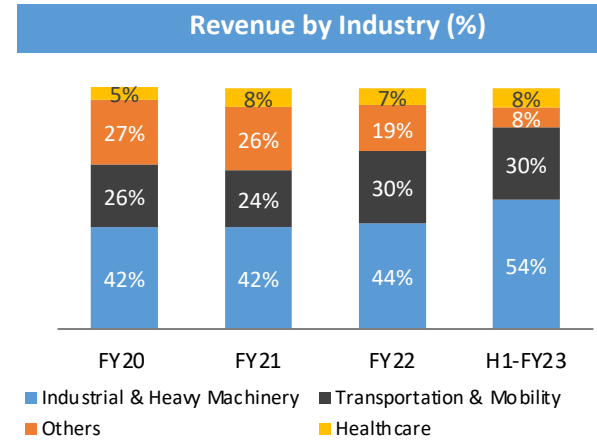
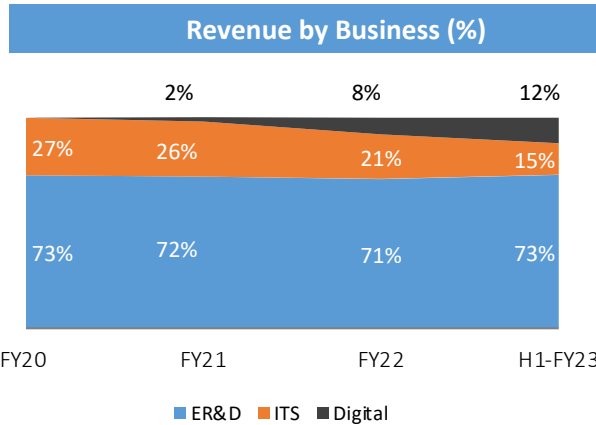


Strong growth in revenue from top-25 clients

Revenue from top-25 clients as a proportion of consolidated revenue (INR Mn)



Revenue Metrics (Consolidated)



Quarterly Consolidated Financial Performance

Particulars (INR Mn)	Q2-FY23	Q2-FY22	Y-O-Y	Q1-FY23	Q-O-Q
Operational Income	1,101	729	51.0%	937	17.5%
Total Expenses	1,069	657	62.7%	908	17.7%
EBITDA	32	72	(55.6)%	29	10.3%
EBITDA Margins (%)	2.91%	9.88%	(697) Bps	3.10%	(19) Bps
Other Income	10	41	(75.6)%	21	(52.4)%
Depreciation	33	25	32.0%	31	6.5%
Finance Costs	4	2	100.0%	4	NA
PBT	5	86	(94.2)%	15	(66.7)%
Tax	(1)	30	NA	3	NA
Profit After tax	6	56	(89.3)%	12	(50.0)%
PAT Margins (%)	0.54%	7.68%	(714) Bps	1.28%	(74) Bps
Other Comprehensive Income	1	(1)	NA	15	(93.3)%
Total Comprehensive Income	7	55	(87.3)%	27	(74.1)%
Diluted EPS (INR)	0.25	2.84	(91.2)%	0.53	(52.8)%

Half-Yearly Consolidated Financial Performance

Particulars (INR Mn)	H1-FY23	H1-FY22	Y-O-Y
Operational Income	2,038	1,425	43.0%
Total Expenses	1,978	1,371	44.3%
EBITDA	60	54	11.1%
EBITDA Margins (%)	2.94%	3.79%	(85) Bps
Other Income	31	196	(84.2)%
Depreciation	63	49	28.6%
Finance Costs	8	5	60.0%
PBT	20	196	(89.8)%
Tax	2	41	(95.1)%
Profit After tax	18	155	(88.4)%
PAT Margins (%)	0.88%	10.88%	(1,000) Bps
Other Comprehensive Income	16	1	NA
Total Comprehensive Income	34	156	(78.2)%
Diluted EPS (INR)	0.79	8.49	(90.7)%

Quarterly Standalone Financial Performance

Particulars (INR Mn)	Q2-FY23	Q2-FY22	Y-O-Y	Q1-FY23	Q-O-Q
Operational Income	768	567	35.4%	691	11.1%
Total Expenses	735	520	41.3%	652	12.7%
EBITDA	33	47	(29.8)%	39	(15.4)%
EBITDA Margins (%)	4.30%	8.29%	(399) Bps	5.64%	(134) Bps
Other Income	20	19	5.3%	29	(31.0)%
Depreciation	32	22	45.5%	30	6.7%
Finance Costs	4	2	100.0%	4	NA
PBT	17	42	(59.5)%	34	(50.0)%
Tax	5	11	(54.5)%	6	(16.7)%
Profit After tax	12	31	(61.3)%	28	(57.1)%
PAT Margins (%)	1.56%	5.47%	(391) Bps	4.05%	(249) Bps
Other Comprehensive Income	(4)	(1)	NA	(1)	NA
Total Comprehensive Income	8	30	(73.3)%	27	(70.4)%
Diluted EPS (INR)	0.53	1.57	(66.2)%	1.26	(57.9)%

Half Yearly Standalone Financial Performance

Particulars (INR Mn)	H1-FY23	H1-FY22	Y-O-Y
Operational Income	1,459	1,083	34.7%
Total Expenses	1,386	1,030	34.6%
EBITDA	73	53	37.7%
EBITDA Margins (%)	5.00%	4.89%	11 Bps
Other Income	49	29	69.0%
Depreciation	62	44	40.9%
Finance Costs	8	4	100.0%
PBT	52	34	52.9%
Tax	11	9	22.2%
Profit After tax	41	25	64.0%
PAT Margins (%)	2.81%	2.31%	50 Bps
Other Comprehensive Income	(6)	(1)	NA
Total Comprehensive Income	35	24	45.8%
Diluted EPS (INR)	1.79	1.36	31.6%

HISTORICAL FINANCIAL OVERVIEW



Historical Consolidated Profit & Loss

Particulars (INR Mn)	FY20*	FY21*	FY22	H1-FY23
Operational Income	2,715	2,404	3,073	2,038
Total Expenses	2,482	2,230	2,859	1,978
EBITDA	233	172	214	60
EBITDA Margins (%)	8.58%	7.15%	6.96%	2.94%
Other Income	11	53	215	31
Depreciation	113	104	101	63
Finance Costs	35	23	10	8
PBT	96	98	318	20
Tax	34	25	81	2
Profit After tax	62	73	237	18
PAT Margins (%)	2.28%	3.04%	7.71%	0.88%
Other Comprehensive Income	19	(3)	(7)	16
Total Comprehensive Income	81	70	230	34
Diluted EPS (INR)	3.76	4.35	12.17	0.79

* FY20 and FY21 numbers have been restated after inclusion of Onward eServices Ltd, a wholly owned subsidiary, which has been merged with Onward Technologies Ltd as on March 25, 2021.

Historical Consolidated Balance Sheet

Particulars (INR Mn)	FY21	FY22	H1-FY23	Particulars (INR Mn)	FY21	FY22	H1-FY23
ASSETS				EQUITY AND LIABILITIES			
Non-Current Assets				Equity			
Property, Plant & Equipment	171	366	377	Share Capital	163	220	221
Intangible assets	39	26	34	Other Equity	581	1,412	1,399
Intangible assets under development	1	-	-	Total Equity	744	1,632	1,620
Right of use asset	88	175	174	Non Current Liabilities			
Other Financial Assets	31	28	30	(i) Borrowings	6	5	4
Deferred tax assets	33	28	28	(ii) Lease liabilities	55	109	98
Income tax assets (net)	111	179	199	Provisions	48	34	33
Other non-current assets	-	11	10	Deferred tax liabilities	-	32	22
Sub Total Non Current Assets	474	813	852	Sub Total Non Current Liabilities	109	180	157
Current Assets				Current Liabilities			
Financial Assets				(i) Borrowings	146	1	1
(i) Investment	1	-	-	(ii) Trade Payables	72	115	90
(ii) Trade Receivables	408	666	959	(iii) Other Financial Liabilities	151	203	226
(iii) Cash & cash equivalents	285	495	334	(iv) Lease Liabilities	43	72	87
(iv) Bank balance other than above	9	109	7	Provisions	14	15	17
(v) Contract assets	134	119	-	Contract liabilities	30	16	-
(vi) Other financial assets	1	4	3	Other current liabilities	67	60	60
Other Current Assets	64	88	104	Sub Total Current Liabilities	523	482	482
Sub Total Current Assets	902	1,481	1,407	Sub Total Liabilities	632	662	639
TOTAL ASSETS	1,376	2,294	2,259	TOTAL EQUITY AND LIABILITIES	1,376	2,294	2,259

Historical Standalone Profit & Loss

Particulars (INR Mn)	FY20*	FY21*	FY22	H1-FY23
Operational Income	1,806	1,727	2,344	1,459
Total Expenses	1,660	1,531	2,168	1,386
EBITDA	145	196	176	73
EBITDA Margins (%)	8.03%	11.35%	7.51%	5.00%
Other Income	65	85	56	49
Depreciation	102	93	92	62
Finance Costs	33	21	10	8
PBT	75	167	130	52
Tax	21	40	37	11
Profit After tax	54	127	93	41
PAT Margins (%)	2.99%	7.35%	3.97%	2.81%
Other Comprehensive Income	3	1	(5)	(6)
Total Comprehensive Income	57	128	88	35
Diluted EPS (INR)	3.26	7.50	4.79	1.79

* FY20 and FY21 numbers have been restated after inclusion of Onward eServices Ltd, a wholly owned subsidiary, which has been merged with Onward Technologies Ltd as on March 25, 2021.

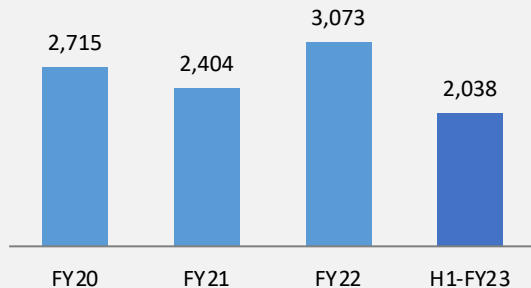
Historical Standalone Balance Sheet

Particulars (INR Mn)	FY21	FY22	H1-FY23
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	164	184	197
Intangible assets	39	26	34
Intangible assets under development	1	-	-
Right of use asset	83	171	163
Financial Assets			
(i) Investments	121	320	320
(ii) Loans	-	-	-
(iii) Other Financial Assets	28	30	34
Deferred tax assets	23	21	21
Income tax assets (net)	111	176	193
Other non-current assets	-	11	10
Sub Total Non Current Assets	570	940	972
Current Assets			
Financial Assets			
(i) Investments	1	-	-
(ii) Trade Receivables	283	464	689
(iii) Cash & cash equivalents	119	395	252
(iv) Bank balance other than above	10	108	7
(v) Contract assets	127	146	-
(vi) Other financial assets	2	8	4
Other Current Assets	61	84	97
Sub Total Current Assets	602	1,204	1,049
TOTAL ASSETS	1,172	2,144	2,022

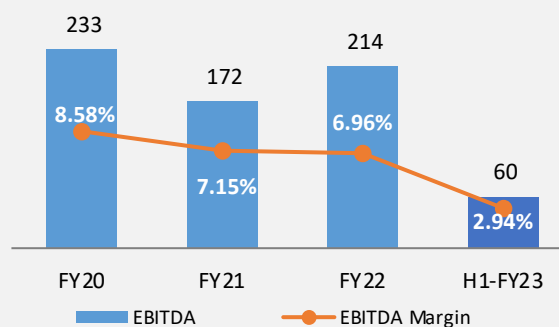
Particulars (INR Mn)	FY21	FY22	H1-FY23
EQUITY AND LIABILITIES			
Equity			
Share Capital	163	220	221
Other Equity	573	1,262	1,250
Total Equity	736	1,482	1,471
Non Current Liabilities			
(i) Borrowings	6	5	4
(ii) Lease liabilities	55	113	98
Employee benefit obligations	46	34	28
Sub Total Non Current Liabilities	107	152	130
Current Liabilities			
(i) Borrowings	-	1	1
(ii) Trade Payables	78	97	85
(iii) Other Financial Liabilities	126	178	192
(iv) Lease Liabilities	38	64	77
Provisions	11	11	14
Contract liabilities	28	103	-
Other current liabilities	48	56	51
Sub Total Current Liabilities	329	510	420
Sub Total Liabilities	436	662	550
TOTAL EQUITY and LIABILITIES	1,172	2,144	2,022

Consolidated Financial Highlights

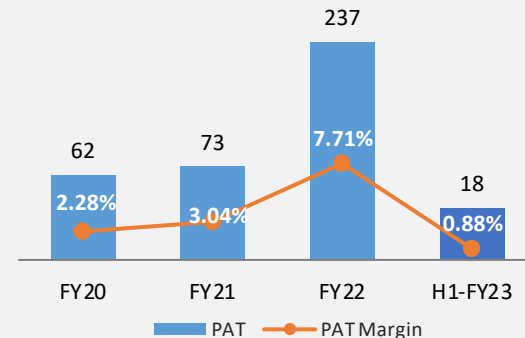
Revenue (INR Mn)



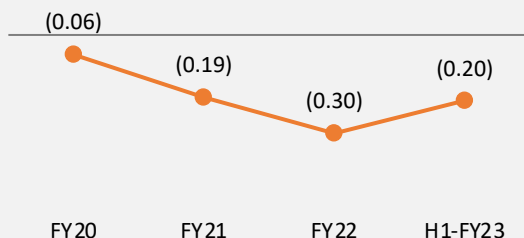
EBITDA (INR Mn) & EBITDA Margin (%)



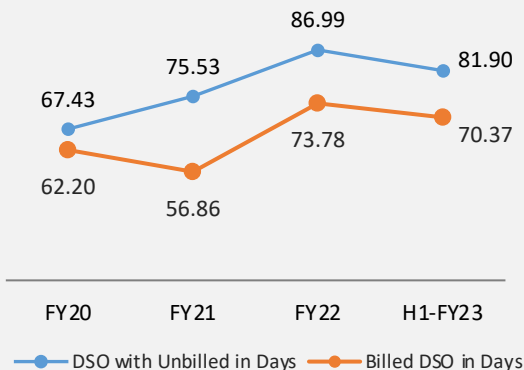
PAT (INR Mn) & PAT Margin (%)



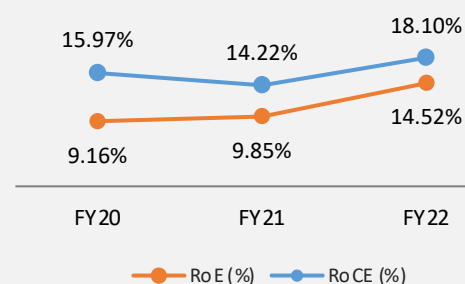
Net D/E (x)



DSO Days



ROE and ROCE (%)



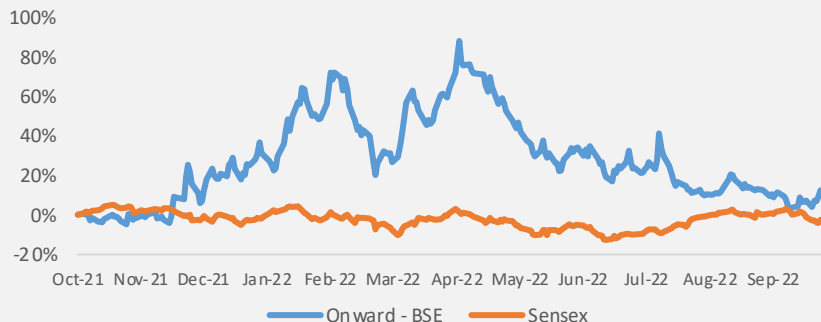
Hedging & Other Metrics

Other Ratios	FY20	FY21	FY22	Q2-FY23
Carpet Area	71,948	65,285	87,576	94,747
Number of seats	906	847	1,200	1,304
PBT to Revenue%	3.55%	4.08%	10.35%	0.45%
Number of active clients	210	184	145	108

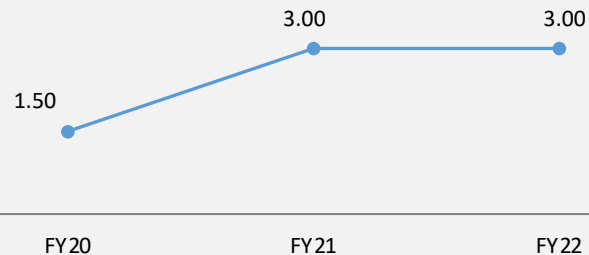
Hedging Details for Q2-FY23*	Hedge Rate	Hedge Amount (Mn)	Actual Rate Achieved	Gain Over 50% Hedge rate (INR, Lakh)
USD	78.67	2.47	78.20	(3.92)
EUR	85.75	0.52	82.81	(13.39)
GBP	99.50	0.52	99.25	(0.88)

*The performance is benchmarked against a 50% hedge rate - average of Day 1 forward rate and spot on maturity/current MTM for outstanding exposure.

Stock Market Performance (as on 30th September, 2022)



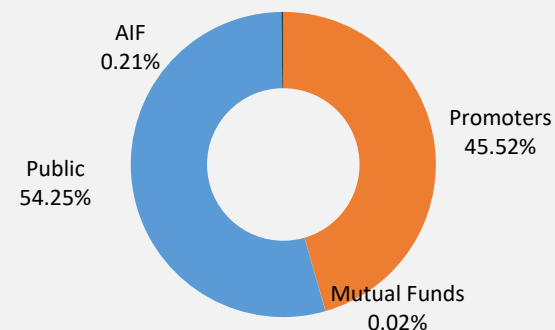
Dividend per Share (INR)



Price Data (as on 30th September, 2022)

Face Value	10.0
Market Price	254.5
52 Week H/L	428.2/213.2
Market Cap (INR Mn)	5,614.9
Equity Shares Outstanding (Mn)	22.07
1 Year Avg. Trading Volume ('000)	40.8
1 Year Avg. Net Turnover (Mn)	12.42

Shareholding Pattern (as on 30th September, 2022)



Onward Technologies Limited

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THANK YOU

