

## Annexure – Changes of Group Financial Overview

This document list out the changes that is being made in the Group Financial Overview effective Q1' FY21

### 1. Revision in cost allocation principle

To align the Profit and Loss statement representation with industry best practice

- For people doing multiple roles, instead of charging their costs to one primary function now it is being allocated in proportion to the efforts spent on each function
- Cost for unallocated seats is being charged to G&A instead of CoR
- Costs as it relate to people who are unavailable for long term are being moved to G&A irrespective of function that they are part of.

| Previous Reporting (until Q4 FY20) |         |         |         |         |
|------------------------------------|---------|---------|---------|---------|
|                                    | Q1 FY20 | Q2 FY20 | Q3 FY20 | Q4 FY20 |
| Gross Margin                       | 25.9%   | 26.3%   | 26.4%   | 26.9%   |
| Selling Expenses                   | 5.7%    | 5.6%    | 5.4%    | 5.5%    |
| GA Expenses                        | 4.7%    | 4.6%    | 4.7%    | 5.1%    |
| Operating Margin                   | 15.5%   | 16.1%   | 16.2%   | 16.3%   |

| Revised Reporting (effective Q1 FY21) |         |         |         |         |
|---------------------------------------|---------|---------|---------|---------|
|                                       | Q1 FY20 | Q2 FY20 | Q3 FY20 | Q4 FY20 |
| Gross Margin                          | 27.7%   | 27.9%   | 28.1%   | 28.9%   |
| Selling Expenses                      | 6.7%    | 6.5%    | 6.4%    | 6.6%    |
| GA Expenses                           | 5.5%    | 5.3%    | 5.4%    | 6.0%    |
| Operating Margin                      | 15.5%   | 16.1%   | 16.2%   | 16.3%   |

### 2. Segment Information

Emerging segment is being split into Logistics and Transportation and Others

| Previous Reporting (until Q4 FY20)                    |         |         |         |         |
|---|---------|---------|---------|---------|
| Segment Revenue                                       | Q1 FY20 | Q2 FY20 | Q3 FY20 | Q4 FY20 |
| Banking and Capital Market                            | 9,206   | 9,834   | 10,326  | 10,719  |
| Insurance   | 2,406   | 2,414   | 2,553   | 2,679   |
| Information Technology, Communication & Entertainment | 3,413   | 3,459   | 3,567   | 3,532   |
| Emerging Industries                                   | 5,582   | 5,754   | 6,248   | 6,546   |
| <b>Gross Margin %</b>                                 |         |         |         |         |
| Banking and Capital Market                            | 24.6%   | 25.1%   | 24.7%   | 24.6%   |
| Insurance   | 25.6%   | 27.7%   | 24.2%   | 28.3%   |
| Information Technology, Communication & Entertainment | 20.2%   | 19.4%   | 19.7%   | 18.9%   |
| Emerging Industries                                   | 31.5%   | 30.4%   | 33.0%   | 34.6%   |

| Revised Reporting (effective Q1 FY21)                 |         |         |         |         |
|---|---------|---------|---------|---------|
| Segment Revenue                                       | Q1 FY20 | Q2 FY20 | Q3 FY20 | Q4 FY20 |
| Banking and Capital Market                            | 9,206   | 9,834   | 10,326  | 10,719  |
| Insurance   | 2,406   | 2,414   | 2,553   | 2,679   |
| Information Technology, Communication & Entertainment | 3,413   | 3,459   | 3,567   | 3,532   |
| Logistics & Transportation                            | 2,659   | 2,877   | 3,159   | 3,436   |
| Others  | 2,923   | 2,877   | 3,090   | 3,110   |
| <b>Gross Margin %</b>                                 |         |         |         |         |
| Banking and Capital Market                            | 26.0%   | 26.6%   | 26.2%   | 26.3%   |
| Insurance   | 27.8%   | 30.2%   | 25.7%   | 31.1%   |
| Information Technology, Communication & Entertainment | 22.4%   | 20.5%   | 22.9%   | 21.0%   |
| Logistics & Transportation                            | 36.6%   | 33.3%   | 36.8%   | 38.4%   |
| Others  | 30.6%   | 31.2%   | 31.8%   | 35.0%   |

### 3. Project Type

Where ever the commercials are based on units of output, the same has been moved of T&M and classified as Transaction based

| Previous Reporting (until Q4 FY20) |         |         |         |         |
|------------------------------------|---------|---------|---------|---------|
|                                    | Q1 FY20 | Q2 FY20 | Q3 FY20 | Q4 FY20 |
| Time and Material                  | 76.4%   | 74.0%   | 73.3%   | 72.1%   |
| Fixed Price                        | 23.6%   | 26.0%   | 26.7%   | 27.9%   |

| Revised Reporting (effective Q1 FY21) |         |         |         |         |
|---------------------------------------|---------|---------|---------|---------|
|                                       | Q1 FY20 | Q2 FY20 | Q3 FY20 | Q4 FY20 |
| Time and Material                     | 63.1%   | 59.7%   | 57.8%   | 56.9%   |
| Transaction Based                     | 13.3%   | 14.3%   | 15.5%   | 15.2%   |
| Fixed Price                           | 23.6%   | 26.0%   | 26.7%   | 27.9%   |

#### 4. Secondary Segment

Clients with whom Mphasis has a direct contract, which were included in the DXC/HP business earlier have been moved to Direct Core business

| Previous Reporting (until Q4 FY20) |         |         |         |         | Revised Reporting (effective Q1 FY21) |              |              |              |              |
|------------------------------------|---------|---------|---------|---------|---------------------------------------|--------------|--------------|--------------|--------------|
|                                    | Q1 FY20 | Q2 FY20 | Q3 FY20 | Q4 FY20 |                                       | Q1 FY20      | Q2 FY20      | Q3 FY20      | Q4 FY20      |
| DXC/HP Business                    | 28.4%   | 27.6%   | 26.6%   | 25.7%   | <b>Direct International</b>           | <b>73.2%</b> | <b>73.8%</b> | <b>74.2%</b> | <b>75.4%</b> |
| Direct International               | 68.4%   | 69.3%   | 70.0%   | 71.2%   | - Direct Core                         | 61.1%        | 60.8%        | 60.8%        | 61.7%        |
| Others                             | 3.2%    | 3.2%    | 3.4%    | 3.1%    | - Direct Others                       | 12.1%        | 13.0%        | 13.4%        | 13.7%        |
|                                    |         |         |         |         | <b>DXC</b>                            | <b>24.6%</b> | <b>24.1%</b> | <b>23.4%</b> | <b>22.5%</b> |
|                                    |         |         |         |         | <b>Others</b>                         | <b>2.2%</b>  | <b>2.1%</b>  | <b>2.4%</b>  | <b>2.1%</b>  |

#### 5. Service Type

Simplifying the reporting by combining multiple sub-service types into 3 primary service types

| Previous Reporting (until Q4 FY20) |         |         |         |         | Revised Reporting (effective Q1 FY21) |         |         |         |         |
|------------------------------------|---------|---------|---------|---------|---------------------------------------|---------|---------|---------|---------|
|                                    | Q1 FY20 | Q2 FY20 | Q3 FY20 | Q4 FY20 |                                       | Q1 FY20 | Q2 FY20 | Q3 FY20 | Q4 FY20 |
| Application Maintenance            | 33.0%   | 30.3%   | 28.6%   | 31.1%   | Application Services                  | 65.4%   | 64.0%   | 61.0%   | 64.1%   |
| Application Development            | 33.2%   | 33.4%   | 32.2%   | 32.9%   | Business Process Services             | 15.0%   | 16.3%   | 18.1%   | 18.0%   |
| Customer Service                   | 1.1%    | 1.1%    | 1.2%    | 0.7%    | Infrastructure Services               | 19.7%   | 19.7%   | 20.9%   | 17.8%   |
| Service / Technical Help Desk      | 8.0%    | 7.2%    | 7.9%    | 5.5%    |                                       |         |         |         |         |
| Transaction Processing Service     | 6.3%    | 6.6%    | 7.8%    | 7.9%    |                                       |         |         |         |         |
| Infrastructure Management Services | 12.2%   | 12.6%   | 13.0%   | 12.4%   |                                       |         |         |         |         |
| Knowledge Processes                | 7.5%    | 8.5%    | 9.1%    | 9.4%    |                                       |         |         |         |         |
| License Income                     | 0.1%    | 0.3%    | 0.2%    | 0.2%    |                                       |         |         |         |         |

#### 6. Client Metrics

Client metrics is being provided only for direct international business

| Previous Reporting (until Q4 FY20)     |           |            |            |            | Revised Reporting (effective Q1 FY21) |            |            |            |            |
|--|-----------|------------|------------|------------|---------------------------------------|------------|------------|------------|------------|
|  | Q1 FY20   | Q2 FY20    | Q3 FY20    | Q4 FY20    | Revenue - Client Metric               | Q1 FY20    | Q2 FY20    | Q3 FY20    | Q4 FY20    |
| Revenues from Top Client               | 15%       | 15%        | 14%        | 13%        | <b>Revenues from Top Client</b>       | <b>14%</b> | <b>14%</b> | <b>13%</b> | <b>13%</b> |
| Revenues from Top 5 Clients            | 48%       | 49%        | 48%        | 48%        | <b>Revenues from Top 5 Clients</b>    | <b>38%</b> | <b>38%</b> | <b>38%</b> | <b>38%</b> |
| Revenues from Top 10 Clients           | 61%       | 60%        | 60%        | 60%        | <b>Revenues from Top 10 Clients</b>   | <b>47%</b> | <b>47%</b> | <b>47%</b> | <b>47%</b> |
| <b>Clients Contributing more than:</b> |           |            |            |            | <b>Clients Contributing more than</b> |            |            |            |            |
| <b>\$ 20 million Revenues</b>          | <b>8</b>  | <b>8</b>   | <b>8</b>   | <b>8</b>   | <b>\$ 100 million Revenues</b>        | <b>1</b>   | <b>2</b>   | <b>2</b>   | <b>2</b>   |
| - Direct Channel                       | 6         | 6          | 6          | 6          | <b>\$ 75 million Revenues</b>         | <b>2</b>   | <b>2</b>   | <b>3</b>   | <b>3</b>   |
| - DXC/HP Channel                       | 2         | 2          | 2          | 2          | <b>\$ 50 million Revenues</b>         | <b>4</b>   | <b>4</b>   | <b>5</b>   | <b>5</b>   |
| <b>\$ 10 million Revenues</b>          | <b>17</b> | <b>17</b>  | <b>17</b>  | <b>17</b>  | <b>\$ 20 million Revenues</b>         | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   |
| - Direct Channel                       | 13        | 13         | 13         | 13         | <b>\$ 10 million Revenues</b>         | <b>14</b>  | <b>14</b>  | <b>15</b>  | <b>15</b>  |
| - DXC/HP Channel                       | 4         | 4          | 4          | 4          | <b>\$ 5 million Revenues</b>          | <b>27</b>  | <b>29</b>  | <b>30</b>  | <b>31</b>  |
| <b>\$ 5 million Revenues</b>           | <b>33</b> | <b>35</b>  | <b>36</b>  | <b>37</b>  | <b>\$ 1 million Revenues</b>          | <b>72</b>  | <b>76</b>  | <b>77</b>  | <b>76</b>  |
| - Direct Channel                       | 25        | 26         | 27         | 28         | <b>New client wins</b>                | <b>14</b>  | <b>8</b>   | <b>14</b>  | <b>9</b>   |
| - DXC/HP Channel                       | 8         | 9          | 9          | 9          |                                       |            |            |            |            |
| <b>\$ 1 million Revenues</b>           | <b>96</b> | <b>104</b> | <b>106</b> | <b>107</b> |                                       |            |            |            |            |
| - Direct Channel                       | 67        | 72         | 73         | 73         |                                       |            |            |            |            |
| - DXC/HP Channel                       | 29        | 32         | 33         | 34         |                                       |            |            |            |            |

## 7. Tower Information

Relevant information on billable head count and utilization is being provided

### Head Count

| Previous Reporting (until Q4 FY20) |               |               |               |               | Revised Reporting (effective Q1 FY21) |               |               |               |               |
|------------------------------------|---------------|---------------|---------------|---------------|---------------------------------------|---------------|---------------|---------------|---------------|
|                                    | Q1 FY20       | Q2 FY20       | Q3 FY20       | Q4 FY20       | Headcount                             | Q1 FY20       | Q2 FY20       | Q3 FY20       | Q4 FY20       |
| <b>Onsite</b>                      | <b>5,719</b>  | <b>5,936</b>  | <b>6,095</b>  | <b>5,712</b>  | <b>Onsite - Billable</b>              | <b>5,171</b>  | <b>5,530</b>  | <b>5,818</b>  | <b>5,420</b>  |
| Application Services               | 3,246         | 3,309         | 3,298         | 3,430         | -Technology Services                  | 4,648         | 4,708         | 4,575         | 4,221         |
| ITO Services / IS                  | 1,522         | 1,547         | 1,399         | 917           | -BPO Services                         | 522           | 822           | 1,244         | 1,199         |
| BPO Services                       | 951           | 1,080         | 1,398         | 1,365         | <b>Offshore - Billable</b>            | <b>15,814</b> | <b>16,644</b> | <b>17,334</b> | <b>17,019</b> |
| <b>Offshore</b>                    | <b>18,575</b> | <b>19,820</b> | <b>19,985</b> | <b>19,483</b> | -Technology Services                  | 11,832        | 12,550        | 12,780        | 12,734        |
| Application Services               | 10,312        | 10,995        | 10,980        | 10,876        | -BPO Services                         | 3,983         | 4,094         | 4,553         | 4,286         |
| ITO Services IS                    | 2,789         | 2,867         | 2,927         | 2,896         | <b>Total Billable headcount</b>       | <b>20,985</b> | <b>22,174</b> | <b>23,152</b> | <b>22,439</b> |
| BPO Services                       | 5,474         | 5,958         | 6,078         | 5,711         | <b>Total headcount</b>                | <b>25,500</b> | <b>26,964</b> | <b>27,289</b> | <b>26,398</b> |
| <b>Sales and Marketing</b>         | <b>282</b>    | <b>280</b>    | <b>280</b>    | <b>279</b>    |                                       |               |               |               |               |
| <b>General and Administration</b>  | <b>923</b>    | <b>927</b>    | <b>929</b>    | <b>924</b>    |                                       |               |               |               |               |
| <b>Total</b>                       | <b>25,500</b> | <b>26,964</b> | <b>27,289</b> | <b>26,398</b> |                                       |               |               |               |               |

### Utilization

| Previous Reporting (until Q4 FY20) |         |         |         |         | Revised Reporting (effective Q1 FY21) |         |         |         |         |
|------------------------------------|---------|---------|---------|---------|---------------------------------------|---------|---------|---------|---------|
|                                    | Q1 FY20 | Q2 FY20 | Q3 FY20 | Q4 FY20 | Utilization Rates                     | Q1 FY20 | Q2 FY20 | Q3 FY20 | Q4 FY20 |
| <b>Excluding Trainees</b>          |         |         |         |         | <b>Including Trainees</b>             |         |         |         |         |
| <b>Onsite</b>                      |         |         |         |         | Onsite                                | 95%     | 94%     | 94%     | 97%     |
| - Application Services             | 93%     | 92%     | 92%     | 96%     | Offshore                              | 82%     | 82%     | 81%     | 85%     |
| - ITO Services / IS                | 99%     | 98%     | 99%     | 98%     | <b>Excluding Trainees</b>             |         |         |         |         |
| <b>Offshore</b>                    |         |         |         |         | Offshore                              | 85%     | 84%     | 83%     | 85%     |
| - Application Services             | 82%     | 82%     | 80%     | 83%     |                                       |         |         |         |         |
| - ITO Services / IS                | 95%     | 93%     | 91%     | 95%     |                                       |         |         |         |         |
| - BPO Services                     | 87%     | 89%     | 91%     | 89%     |                                       |         |         |         |         |
| <b>Blended</b>                     |         |         |         |         |                                       |         |         |         |         |
| - Application Services             | 85%     | 84%     | 83%     | 86%     |                                       |         |         |         |         |
| - ITO Services / IS                | 96%     | 95%     | 94%     | 96%     |                                       |         |         |         |         |
| - BPO Services                     | 87%     | 89%     | 91%     | 90%     |                                       |         |         |         |         |
| <b>Including Trainees</b>          |         |         |         |         |                                       |         |         |         |         |
| <b>Onsite</b>                      |         |         |         |         |                                       |         |         |         |         |
| - Application Services             | 93%     | 92%     | 92%     | 96%     |                                       |         |         |         |         |
| - ITO Services / IS                | 99%     | 98%     | 99%     | 98%     |                                       |         |         |         |         |
| <b>Offshore</b>                    |         |         |         |         |                                       |         |         |         |         |
| - Application Services             | 79%     | 79%     | 79%     | 82%     |                                       |         |         |         |         |
| - ITO Services / IS                | 94%     | 93%     | 90%     | 94%     |                                       |         |         |         |         |
| - BPO Services                     | 76%     | 78%     | 81%     | 81%     |                                       |         |         |         |         |
| <b>Blended</b>                     |         |         |         |         |                                       |         |         |         |         |
| - Application Services             | 83%     | 82%     | 82%     | 85%     |                                       |         |         |         |         |
| - ITO Services / IS                | 96%     | 95%     | 93%     | 96%     |                                       |         |         |         |         |
| - BPO Services                     | 77%     | 78%     | 81%     | 81%     |                                       |         |         |         |         |