

PRESS RELEASE

Newgen Software reports Revenues of Rs 661cr in FY'20, Cloud Revenues up 60%

Company helps enterprise customers adapt to the uncertain environment with its low code digital automation platform

New Delhi, India – 26 May 2020

The management of Newgen Software Technologies Ltd. announced results for the Quarter and Financial year ended 31 March 2020 at its Board Meeting held on 26 May 2020.

Speaking about the results, Mr. Diwakar Nigam, Chairman & Managing Director, Newgen Software Technologies Ltd. said – “An uncertain environment calls for extraordinary steps by an organization. During the COVID-19 pandemic, Newgen’s pre-emptive measures, business continuity processes and robust IT infrastructure ensured quick control and seamless transition to remote working environment. Our solutions, developed on our low code digital automation platform, are of mission critical nature for our long term customers. They serve as the backbone of their operations. During this COVID-19 time we ensured their continued operations and business continuity. The Company focused on health and safety of employees while fully supporting clients worldwide. I would like to take this opportunity to thank all our employees for showing such dedication towards work.

Our business has heavy dependence on the fourth quarter. However, fourth quarter performance was lower than expected impacted by new business deferments due to restrictions imposed globally starting in February 2020 and the subsequent evacuation operations; as well as continuing economic and banking sector slowdown in India market.

While in the short term the environmental challenges are expected to continue to lead to delay in new deals signings, we believe that today, the relevance and requirement of our digital solutions for enterprises is more than ever. We are thus transforming ways of working by aggressively pursuing cloud deployments across the globe.

We believe that our annuity revenue streams from existing customers would help maintain stability in revenues. Our concerted efforts towards more efficient operations and cost optimization for cash preservation would help us maintain a healthy liquidity position during this phase.”

Key Consolidated Financial Highlights (FY'20) – [Y-o-Y Comparison]

- **Revenue from operations (Consolidated) up 6.5% YoY at Rs 660.8 crores** as compared to Rs 620.6 crores in FY'19. The business has heavy dependence on the fourth quarter impacting the overall performance. During the year, Newgen witnessed growth across the board in its key geographies. India, however, continued to face challenges on account of economic sluggishness in NBFC and Banking as well as banking consolidation.
 - Annuity Revenue streams (ATS/AMC, Support and Cloud/SaaS) were at Rs 368.6 crores. Cloud/SaaS deployments are rapidly increasing in all geographies – US, APAC, India, as well as in the EMEA region. Cloud Revenues were Rs 38.3 crores and witnessed a growth of 60% YoY.
 - Revenue from Sale of Products/ License were at Rs 117.7 crores
 - Implementation & Digitization revenues were at Rs 174.5 crores
- Profit after tax down at Rs 72.7 crores on account of slower growth in top-line and continued investments in R&D & Sales and Marketing efforts.

Key Consolidated Financial Highlights (Q4 FY'20) – [Y-o-Y Comparison]

- Revenue from operations (Consolidated) at Rs 190.8 crores as compared to Rs 204.0 crores in Q4 FY'19 due to delay in new deal closures on account of COVID-19 related lockdowns and restrictions imposed globally.
- EBITDA* was at Rs 51.9 crores and Profit after tax was at Rs 41.5 crores.

*Earnings before Interest, Tax, Depreciation and Amortisation, adjusted for other income

Key Business Highlights (Q4 FY'20)

- **Seamless transition to remote working environment:** Company implemented its business continuity plan, executed just-in-time requisition and provision of computers, enabled VPNs and internet connectivity, and provided team collaboration tools. Today, 90% of the workforce across locations is efficiently working remotely with data security and compliance. Newgen is ensuring seamless customer services by leveraging digital connectivity to successfully execute each stage of project deployments (from requirements gathering, to project planning, to implementation and production support) as well as sales and marketing efforts.
- **Banking and Financial Services vertical continued to be our largest vertical** comprising 60% of revenues during the quarter followed by Government/ PSU (10%), BPO/IT (7%) and Healthcare and Insurance (6% each). Low presence in currently impacted verticals due to the pandemic.

- **Prestigious customer wins:** 21 new customer additions in Q4 FY'20 including:
 - Large project with a leading Pan-African financial institution, offering banking services to more than 18 million customers, across 1,000 business offices and customer touch points in 20 African countries
 - License Agreement with a key government ministry in India
 - 4 cloud agreements in the US including a deal with a leading provider of property casualty insurance for auto, home and business
 - Mid-sized project with one of the largest Bahamian banks with \$1.7 billion in assets
- **R&D Efforts:**
 - Received **Patent for Mark Detection System and Methodology** from US Patent Office
 - Secured **Patent for a System and Method for Automatic Quality Assessment of Digital Documents**
- **Product Launches:** Company's new version of the product iBPS has low code capabilities and cloud deployments which are very relevant today. Newgen also launched an enhanced version of Customer Communication Management product suite that enables users to easily create, design, and manage HTML email communications.
- **Strategizing new offerings:** Newgen is developing and deploying new solutions under the Paycheck Protection Program to help financial institutions quickly process and forgive loans under the various monetary and fiscal interventions introduced by governments globally to stabilize economic conditions. The Company is prioritizing SaaS based delivery models with all geographies increasingly moving in that direction.
- Received approval for setting up a unit in the IT/ITES SEZ in Noida, Uttar Pradesh from Development Commissioner of Noida Special Economic Zone

Other Highlights

- Appointment of Ms Padmaja Krishnan as Non- Executive Independent Director of the company w.e.f. March 24, 2020

About Newgen**Connecting Enterprises. Transforming Experiences.**

Newgen Software Technologies Limited (listed In India on National Stock Exchange [Script code: NEWGEN] and BSE Ltd. [Script code: 540900]), is a provider of Business Process Management, Enterprise Content Management and Customer Communication Management platforms with large, mission-critical solutions deployed at world's leading banks, Governments, BPO's & IT Companies, Insurance firms and Healthcare Organizations.

Disclaimer

This press release may contain certain forward looking statements concerning Newgen Software Technologies' future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth and new business opportunities, competition (both domestic and international), economic growth in India and the target countries for business, ability to attract and retain highly skilled professionals, time and cost over runs on projects, our ability to manage our international operations, government policies, interest and other fiscal costs generally prevailing in the economy. Past performance may not be indicative of future performance. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company.

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