SONATA SOFTWARE LIMITED

Dear Shareholders,

I hope all is well with you. As we continue to build on our momentum, we remain grateful for your confidence and commitment.

We are pleased to share with you the report for Q2’26.

Commenting on the Q2 performance, Mr. Samir Dhir, MD & CEO of Sonata Software, said: “International IT Services reported steady progress during the quarter, consolidated PAT improving by 10% quarter-on-quarter. The business secured a large deal in the healthcare vertical with a leading provider, reaffirming our focus on driving growth through large deals and consistent execution. Our continued strategic investments in Artificial Intelligence are delivering results, with AI-led orders accounting for approximately 10% of the overall order book for the quarter. As clients accelerate AI-enabled modernization to enhance competitiveness, we remain confident in the company’s long-term growth trajectory.”

Mr. Sujit Mohanty, MD & CEO of Sonata Information Technology Limited, added: “We continue to execute on our three-pillar strategy focused on driving growth in the Microsoft SMC sector, expanding our AI-led partnerships with ISVs, and securing large system integration deals. During the quarter, we added new clients across all three pillars, with particularly strong traction in the Microsoft SMC segment. Despite prevailing industry headwinds in certain sectors, our disciplined execution and focused investments continue to position us well for sustained growth.”

With Best Wishes,

Samir Dhir	**Jagannathan C N**
Managing Director & CEO	Chief Financial Officer
DIN- 03021413	

Quarterly Report to Shareholders.

Performance Highlights for Q2’26:

- **International IT Services:**

➢ In USD terms, Q2’26 revenue stood at $82.0 million, growth of 0.2% QoQ and 1% in CC.
➢ In Rupee terms, Q2’26 revenue stood at ₹730.3 crores, growth of 4.3% QoQ.
➢ EBITDA (before other income and forex) for Q2’26 stood at 17.3%, 70bps accretion QoQ.
➢ PAT for Q2’26 stood at ₹78.0 crores, growth of 10.3% QoQ
➢ DSO stood at 68 days in Q2’26, compared to 62 days in Q1’26.
➢ ROCE stood at 17.8% in Q2’26, compared to 14.7% in Q1’26.
➢ RONW stood at 22.6% in Q2’26, compared to 20.9% in Q1’26.
➢ 6 new customers were added during the quarter.

- **Domestic Products & Services:**

➢ Revenue for Q2’26 stood at ₹1391.3 crores, decline of 38.8% QoQ.
➢ Gross contribution for Q2’26 stood at ₹68.7 crores, growth of 0.3% QoQ.
➢ EBITDA (before other income and forex) for Q2’26 stood at 3.3%, 140bps accretion QoQ.
➢ PAT for Q2’26 stood at ₹42.2 crores, growth of 9.3% QoQ.
➢ DSO stood at 42 days in Q2’26, compared to 63 days in Q1’26.
➢ ROCE stood at 43.8% in Q2’26, compared to 33.6% in Q1’26.
➢ RONW stood at 42.5% in Q2’26, compared to 32.5% in Q1’26.

- **Consolidated:**

➢ Revenue for Q2’26 stood at ₹2,119.3 crores, decline of 28.5% QoQ.
➢ EBITDA (before other income and forex) for Q2’26 stood at 8.1%, 280bps accretion QoQ.
➢ PAT for Q2’26 stood at ₹120.2 crores, growth of 10.0% QoQ.
➢ Cash and cash equivalents (gross) stood at INR 323 Crores.
➢ Cash and cash equivalents (net) stood at negative ₹ 280 Crores.
➢ ROCE stood at 22.1% in Q2’26, compared to 18.5% in Q1’26.
➢ RONW stood at 27.1% in Q2’26, compared to 24.0% in Q1’26.
➢ The Company has declared its second interim dividend for the financial year at ₹1.25 per share. This is in line with the commitment made during the previous earnings call to implement a quarterly interim dividend payout policy starting this year.
➢ ~ 6649+ Sonatians as of September 30, 2025.

Key Financial Metrics & Ratios

International IT Services

(₹ Crore)	Q2 FY2026	Q1 FY2026	Q2 FY2025	Q-o-Q	Y-o-Y
Revenue	730.31	699.89	707.88	4.35%	3.17%
EBITDA*	126.32	115.92	128.93	8.97%	-2.02%
Net Profit	78.01	70.72	62.17	10.30%	25.49%

Key Ratios	Q2 FY2026	Q1 FY2026	Q2 FY2025
Effective Tax Rate (%)	27.03%	30.05%	26.74%
Net Profit Margin^ (%)	10.64%	9.95%	8.71%
DSO (Days)	68	62	60

Domestic- Products & Services

(₹ Crore)	Q2 FY2026	Q1 FY2026	Q2 FY2025	Q-o-Q	Y-o-Y
Revenue	1391.34	2274.69	1461.93	-38.83%	-4.83%
EBITDA	46.48	43.98	48.39	5.68%	-3.96%
Net Profit	42.18	38.58	44.31	9.33%	-4.80%

Key Ratios	Q2 FY2026	Q1 FY2026	Q2 FY2025
Effective Tax Rate (%)	25.70%	25.62%	25.50%
Net Profit Margin (%)	3.02%	1.69%	3.00%
DSO (Days)	42	63	54

Consolidated

(₹ Crore)	Q2 FY2026	Q1 FY2026	Q2 FY2025	Q-o-Q	Y-o-Y
Revenue	2119.30	2965.18	2169.81	-28.53%	-2.33%
EBITDA	172.72	159.60	177.32	8.22%	-2.59%
Net Profit	120.21	109.30	106.47	9.98%	12.90%
Diluted EPS* (Rs.)	4.33	3.94	3.83	-	-

*EBITDA (Before Other income)

Note:
*EPS is not annualized

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Part I — ₹ in lakhs, except per share data

Statement of unaudited consolidated financial results for the quarter and six months period ended September 30, 2025

Sl No.	Particulars	Quarter ended			Six months ended		Year ended
		September 30, 2025	June 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024	March 31, 2025
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations	211,930	296,518	216,983	508,448	469,726	1,015,725
2	Other income	3,136	2,422	1,918	5,558	3,806	7,115
3	**Total income (1 + 2)**	**215,066**	**298,940**	**218,901**	**514,006**	**473,532**	**1,022,840**
4	**Expenses**						
	(a) Purchase of stock-in-trade (traded goods)	134,966	222,759	132,060	357,725	312,626	703,106
	(b) Changes in inventories of stock-in-trade	2,880	(1,903)	7,843	977	6,002	5,076
	(c) Employee benefits expense	42,250	41,804	40,478	84,054	77,402	159,767
	(d) Finance costs	1,421	508	1,917	1,929	3,919	6,525
	(e) Depreciation and amortization expense	2,626	2,608	3,292	5,234	6,619	12,149
	(f) Other expenses	14,564	17,893	18,877	32,457	38,355	78,851
	Total expenses	**198,707**	**283,669**	**204,467**	**482,376**	**444,923**	**965,474**
5	**Profit before tax (3 - 4)**	**16,359**	**15,271**	**14,434**	**31,630**	**28,609**	**57,366**
6	**Tax expense**						
	(1) Current tax	3,758	5,315	4,185	9,073	9,305	17,285
	(2) Deferred tax	582	(978)	(400)	(396)	(1,909)	(2,386)
	Total tax expense	**4,340**	**4,337**	**3,785**	**8,677**	**7,396**	**14,899**
7	**Profit for the period (5 - 6)**	**12,019**	**10,934**	**10,649**	**22,953**	**21,213**	**42,467**
8	**Other comprehensive income**						
	(1) Items that will not be reclassified to profit/(loss)						
	(a) Remeasurement of the defined benefit plans	145	(153)	67	(8)	592	(56)
	(b) Equity instruments through other comprehensive income	-	-	(25)	-	(274)	(938)
	(c) Income tax relating to Items that will not be reclassified to profit/(loss)	(37)	39	(17)	2	(149)	14
	(2) Items that will be reclassified to profit or (loss)						
	(a) Exchange differences in translating the financial statements of foreign operations	1,080	51	441	1,131	613	488
	(b) The effective portion of gains/ (losses) on hedging instruments in a cash flow hedge	(1,179)	644	(1,423)	(535)	(764)	(389)
	(c) Income tax relating to Items that will be reclassified to profit/(loss)	25	(175)	247	(150)	38	(25)
	Total	**34**	**406**	**(710)**	**440**	**56**	**(906)**
9	**Total comprehensive income for the period (7 + 8)**	**12,053**	**11,340**	**9,939**	**23,393**	**21,269**	**41,561**
	Of the total comprehensive income above, profit for the period attributable to:						
	Owners of the Company	12,019	10,934	10,649	22,953	21,213	42,467
	Non - controlling interest	-	-	-	-	-	-
		12,019	**10,934**	**10,649**	**22,953**	**21,213**	**42,467**
	Of the total comprehensive income above, other comprehensive income for the period attributable to:						
	Owners of the Company	34	406	(710)	440	56	(906)
	Non - controlling interest	-	-	-	-	-	-
		34	**406**	**(710)**	**440**	**56**	**(906)**
	Of the total comprehensive income above, total comprehensive income attributable to:						
	Owners of the Company	12,053	11,340	9,939	23,393	21,269	41,561
	Non - controlling interest	-	-	-	-	-	-
		12,053	**11,340**	**9,939**	**23,393**	**21,269**	**41,561**
10	**Paid-up equity share capital (Face Value ₹ 1/-)**	**2,774**	**2,777**	**2,776**	**2,774**	**2,776**	**2,776**
11	**Other equity (Refer Note 5)**	**167,818**	**167,818**	**137,854**	**167,818**	**137,854**	**167,818**
12	**Earnings / (loss) per equity share (of ₹ 1/- each) (Refer Note 4)**						
	(a) Basic (in ₹)	4.33	3.94	3.84	8.27	7.64	15.30
	(b) Diluted (in ₹)	4.33	3.94	3.83	8.27	7.63	15.28
	See accompanying notes to the consolidated financial results						

Note: This report is for information purposes. Green Initiative is an effort of the Government of India which aims at reducing paper consumption thereby contributing to a greener environment. In harmony with that we are circulating this over email to shareholders who have updated their e-mail addresses with the Depository Participant.

You are requested to update/intimate the email address (E-mail ID) and any change in the email address with the Depository Participant.

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