



Zaggle Prepaid Ocean Services Limited

Investor Presentation

October 2023 – Q1FY24



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From the Founder's desk...



Raj P Narayanam
Founder and Executive
Chairman

"We are delighted to see a stupendous response to our IPO. We express our gratitude to all the shareholders for reposing their faith in us. We extend our congratulations to every stakeholder of the company, i.e., employees, customers, business partners and bankers who were part of our IPO journey.

During Q1FY24, we delivered an **operational revenue of ₹ 1,185 mn with a strong 34% YoY growth**. This increase is attributed to our recent endeavors, notably the introduction of corporate credit cards and launch of our vendor management platform – Zoyer. Further, this growth was fueled by customer base expansion and cross-selling initiatives.

Our **Adjusted EBITDA (before ESOP expenses) grew by 27% to ₹ 138 Mn with 11.7% margin**. Over the years, the proportion of our Q1 revenues in relation to the total annual revenues is close to 16% and Q2 is around 24%. Accordingly, with operating leverage coming into play historically our margin profiles see an improvement in H2 v/s H1. Going forward, we expect similar trend to continue.

Post IPO, with a stronger balance sheet position, we have reduced our borrowings and expect significantly lower finance costs from Q3FY24 onwards.

Some of our recently noteworthy developments include our contract with BOB Financial Solutions Limited for Implementing Commercial card Onboarding & value-added services platform and launch of the Zagggle Yes Bank Corporate Credit Card, powered by Zagggle Zatix – a spend analytics platform that allows corporates to streamline business and employee expenses, budget better and negotiate favorable supplier terms.

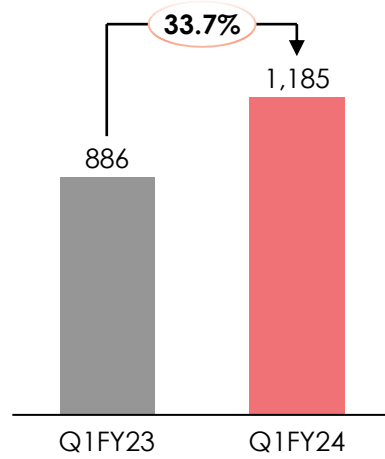
India is at the forefront of the fintech and digital revolution, and there are very strong tailwinds that are propelling growth of the digital payments industry. This combined with our unique positioning in the spend management space gives us a significant competitive advantage.

Our expectation of revenue growth for this fiscal year is in the range of **40% to 50%**, with an Adjusted EBITDA Margin (before ESOP expense) between **11% and 13%**. Further, we expect the total ESOP expense to be close to **₹ 200 mn** in the fiscal year."

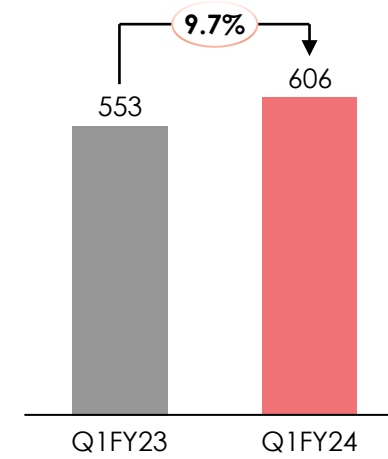
Performance Highlights

Financial highlights

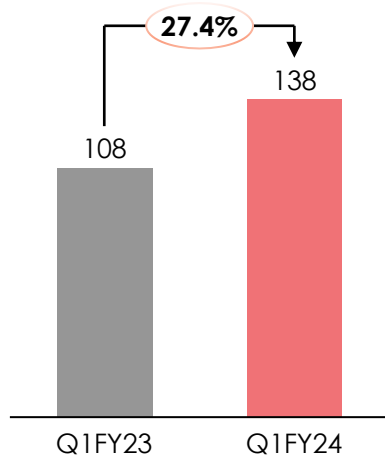
Revenue from operations (₹ Mn)



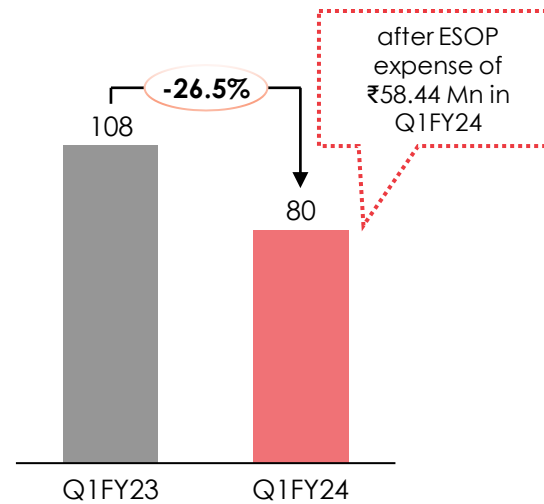
Gross Profit (₹ Mn)



Adjusted EBITDA (₹ Mn)

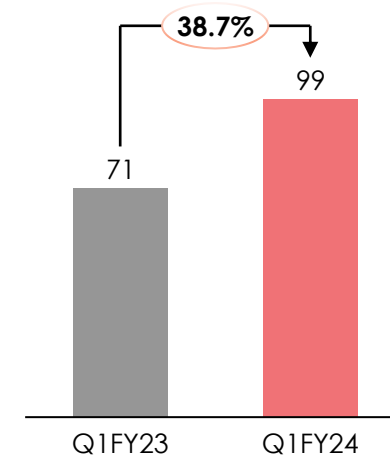


Reported EBITDA (₹ Mn)



Cash PAT (₹ Mn)

PAT + Depreciation & Amortization + ESOP Expense



Profit and loss statement

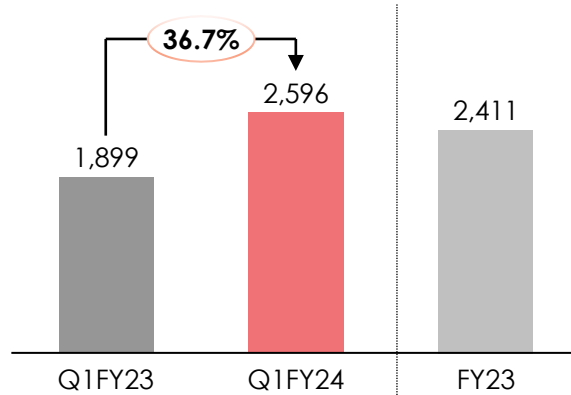
(₹ Million, unless stated otherwise)	Q1FY24	Q1FY23	YoY	FY23
Revenue from operations	1,184.79	886.23	33.7%	5,534.60
Gross Profit	606.19	522.72	16.0%	2,328.37
Gross Profit Margin	51.16%	58.98%		42.07%
Employee benefits expense	81.02	61.90		291.70
Incentive and cash back	249.85	254.81		1,002.01
Other Expenses	137.32	97.73		409.57
Adjusted EBITDA	138.00	108.28	27.4%	625.09
Adjusted EBITDA Margin	11.65%	12.22%		11.29%
ESOP Cost	58.44	-		144.13
Reported EBITDA	79.56	108.28	-26.5%	480.96
Reported EBITDA Margin	6.72%	12.22%		8.69%
Other Income	14.56	0.38		11.15
Depreciation & amortisation (DA)	20.05	8.43		61.99
EBIT	74.07	100.23	-26.1%	430.12
EBIT Margin	6.25%	11.31%		7.77%
Finance Cost	44.13	14.40		113.77
Profit before Tax	29.94	85.83		316.35
Tax	9.39	22.83		87.34
Profit After Tax	20.55	63.00	-67.4%	229.01
PAT Margin	1.73%	7.11%		4.14%
Cash PAT (PAT+DA+ESOP)	99.04	71.43	38.7%	435.13
EPS - Basic (₹)	0.24	0.68		2.48
EPS - Diluted (₹)	0.24	0.68		2.46

- 34% YoY growth in the topline driven by:
 - Growth in corporate credit cards business
 - Launch of new product, i.e., Zoyer
 - Customer base expansion
- Drop in gross margin was primarily led by change in product mix. On the other hand, Incentive and cash back expense as a percentage of total revenue has been reducing over the quarters and witnessed 7% decline vis-à-vis Q1FY23. This neutralized the impact of drop in gross margin
- The company has added employees to support future growth of the business
- Total ESOP expense in FY24 is expected to be close to ₹ 200 mn
- Surge in finance costs was due to high-cost debt. Post the IPO, the company has repaid ₹ 470 mn of borrowings which will result in lower finance cost from H2

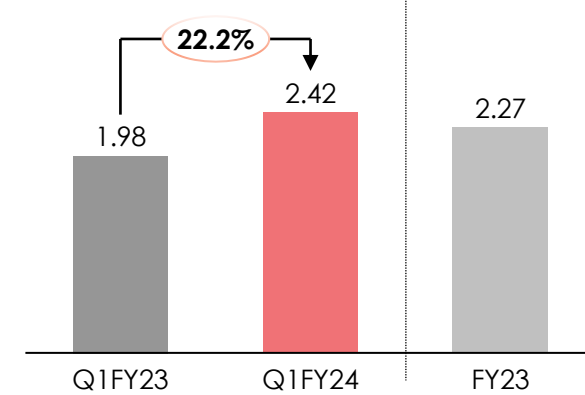
Key operational performance indicators

KPIs

Total customers catered to (number)

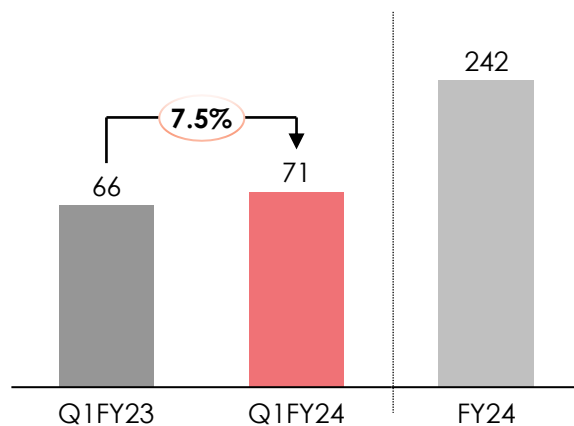


Aggregate users on the platform (million)

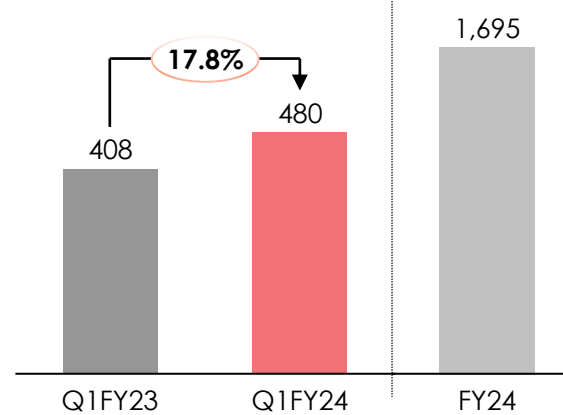


Revenue Mix (₹ Mn)

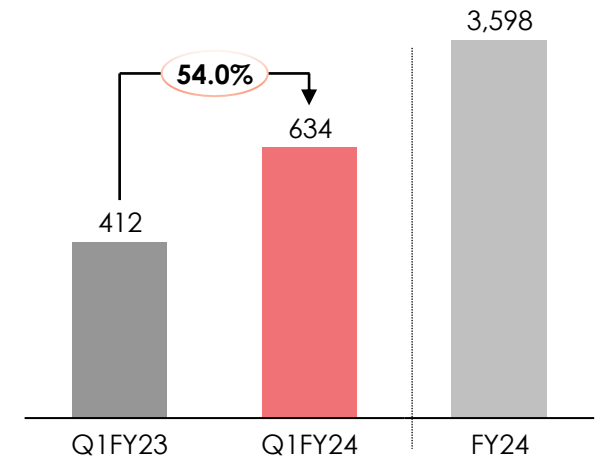
Platform fee / SaaS fee / service fee ⁽¹⁾



Program fees ⁽²⁾

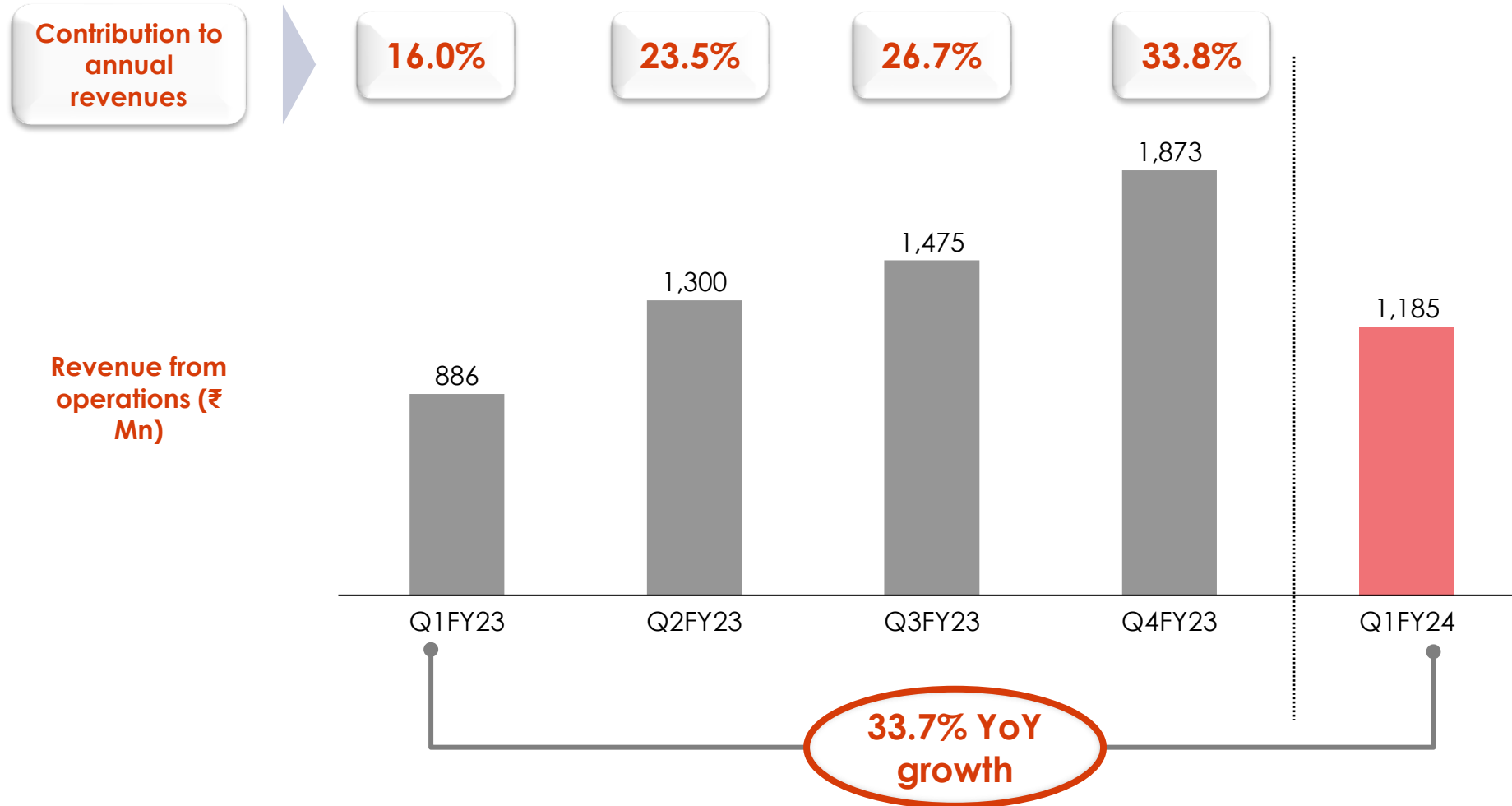


Propel platform revenue / gift cards ⁽³⁾



Quarterly revenue mix

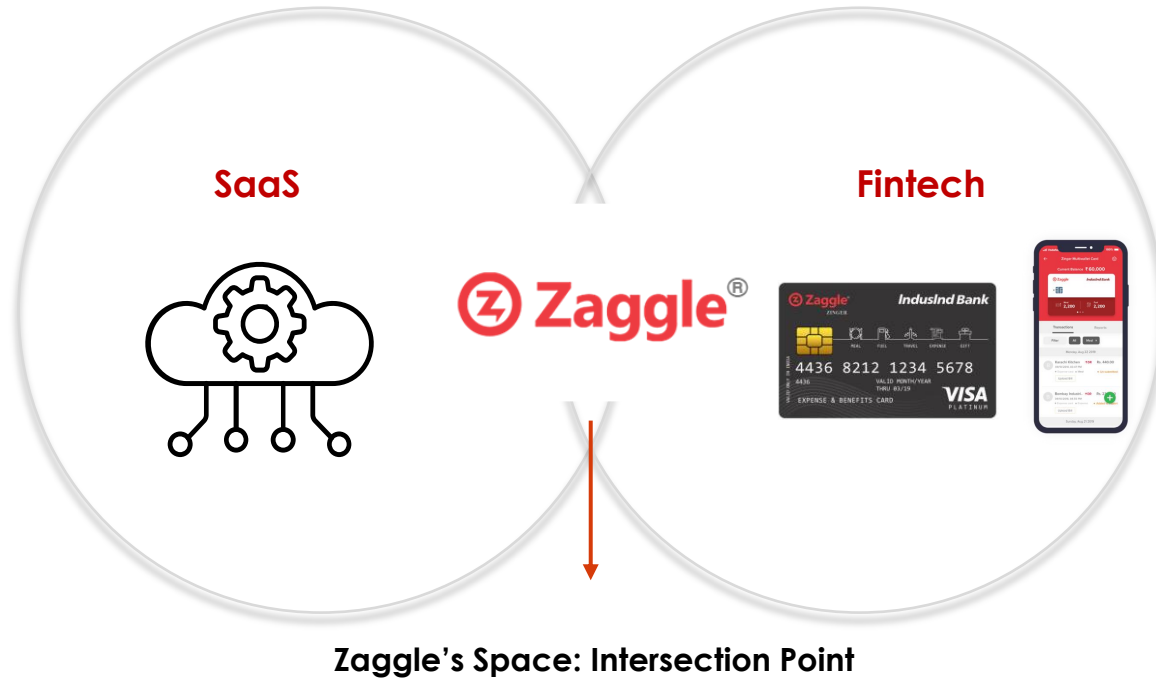
Q3 & Q4 are higher revenue quarters in the business



- Higher transaction volumes associated with the festive season in the third quarter of each Fiscal and annual sales events such as the festive season sales
- Furthermore, company also experiences an increase in transaction volumes in the fourth quarter of each Fiscal, with users transacting to exhaust any pending balance on their cards before the end of a financial year

What we do

Zaggle: Placed at the intersection of SaaS and Fintech



Headquartered ⁽¹⁾ at **Hyderabad, Telangana**



273 employees ⁽²⁾



Profitable 11.29% FY23 Adjusted EBITDA Margin ⁽³⁾



50 Mn+ co-branded prepaid cards ⁽⁴⁾

Strong financial track record
(₹ Mn)

FY21	FY22	FY23
2,399.66	3,712.55	5,534.60

Revenue from Operations

FY21	FY22	FY23
276.27	598.54	625.09

Adjusted EBITDA

FY21	FY22	FY23
213.76	440.18	435.13

Cash PAT

Key operating metrics as of and for the year ended March 31, 2023

1,832
Corporate Accounts ⁽⁵⁾

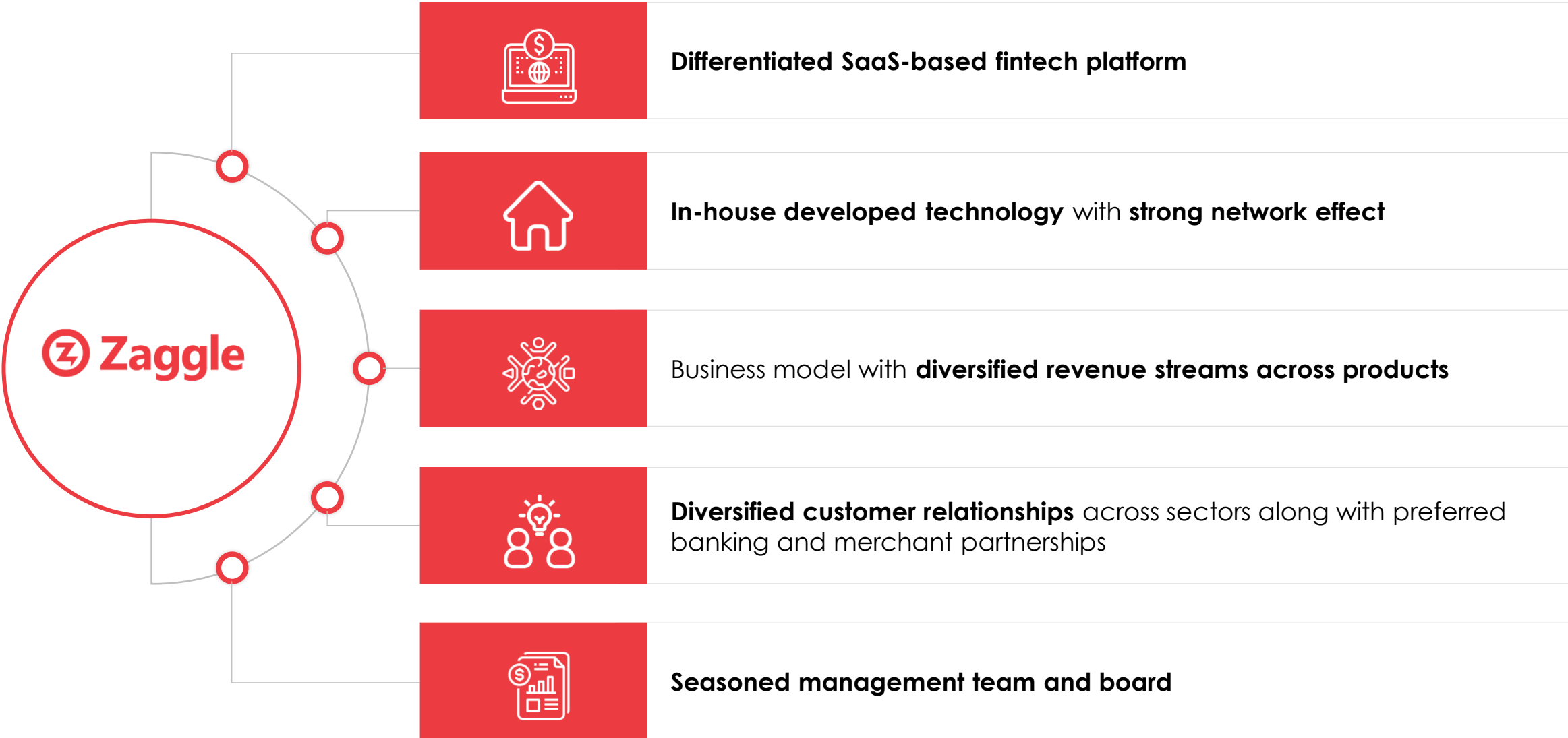
579
SMB Accounts ⁽⁶⁾

2,411
Total Accounts

2.27 Mn
Active Users ⁽⁷⁾

1.54%
Churn ⁽⁸⁾

Key strengths



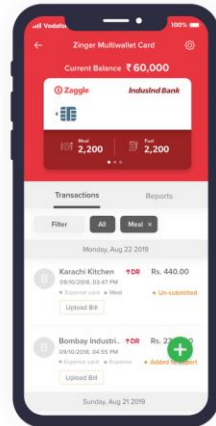
Differentiated SaaS-based fintech platform

Offering a combination of payment instruments, mobile application and API integrations

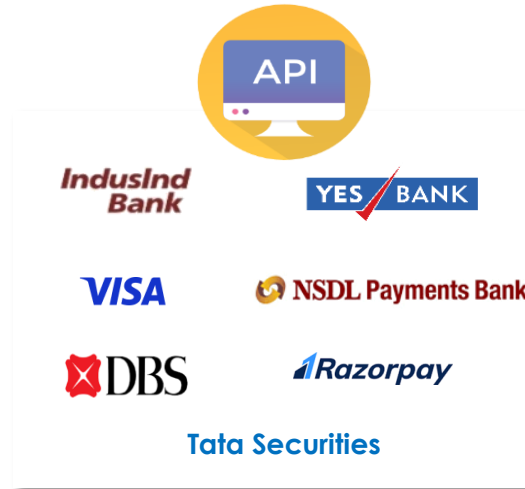
Omnichannel technology offering



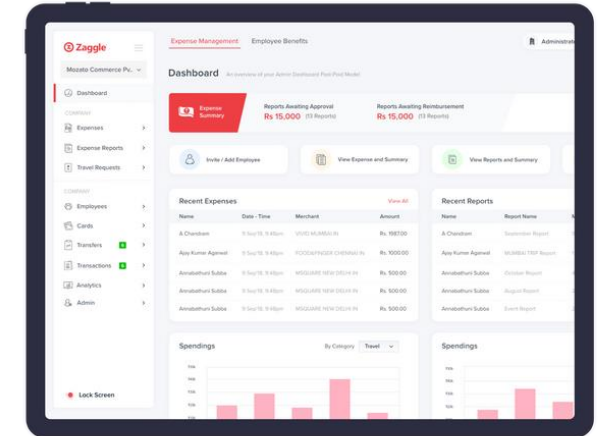
VISA powered cards



Mobile app to manage spends

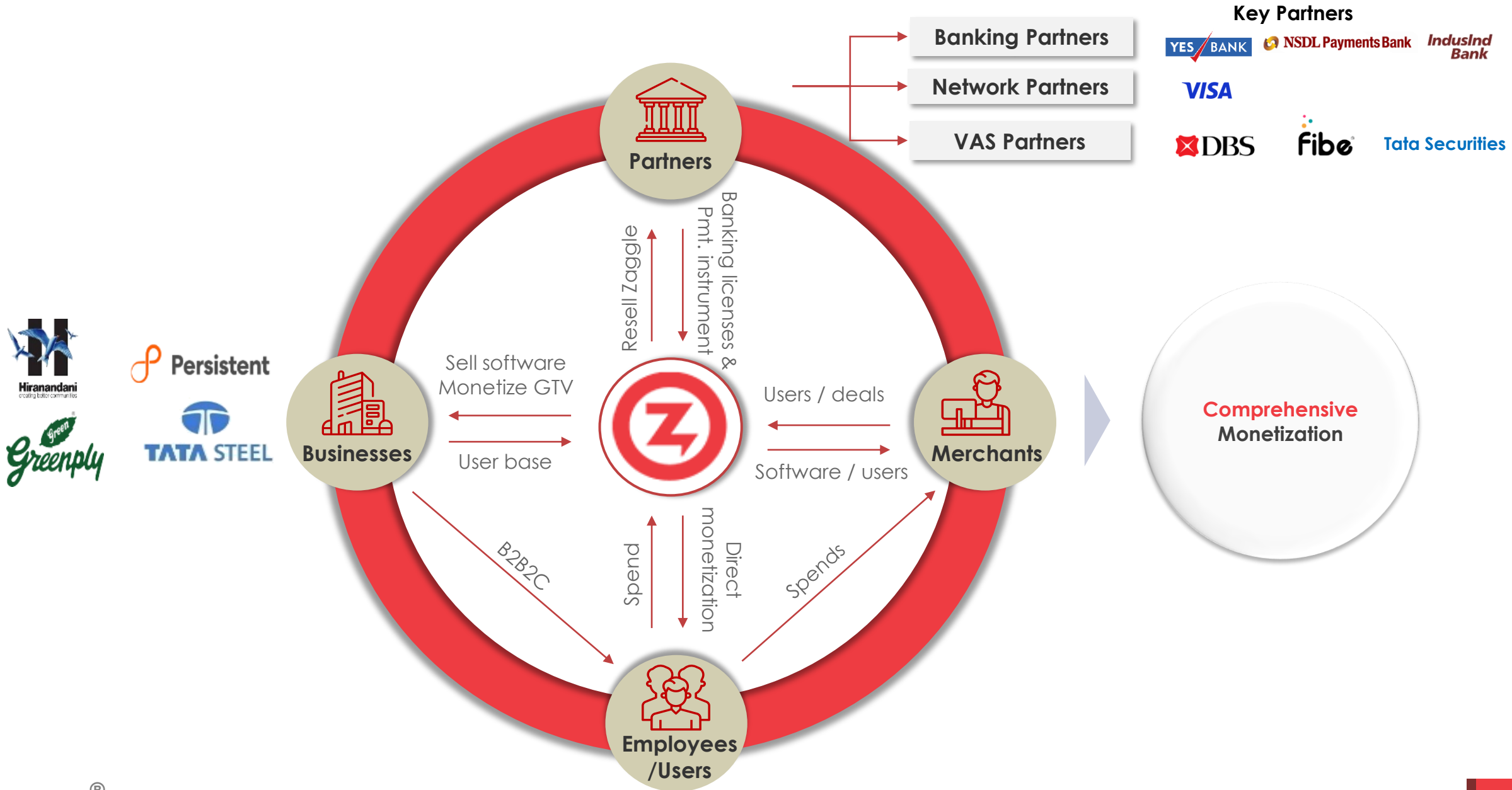


Partners



Dashboard to manage reporting & analytics

... Strong network effect



Zaggle: Key product and service offerings

1

Propel

- Channel rewards and incentives
- Employee rewards and recognition

Zaggle  propel

2

Save

- Expense Management
- Employee Reimbursements
- Employee tax benefits

Zaggle  save

3


Zoyer

- Integrated data-driven business spend management platform with embedded finance capabilities

Zaggle  zoyer

Diversified revenue streams across products

 **Zaggle *s*ave** SOFTWARE FEES + CARD TRANSACTION INCOME

 **Zaggle *p*ropel** SOFTWARE FEES + CARD TRANSACTION INCOME + PROPEL POINTS

 **Zaggle *z*oyer** SOFTWARE FEES + CARD TRANSACTION INCOME

Seasoned management team and board

Leadership



Raj P Narayanam

Founder and Executive Chairman

- **Founded Zagggle in 2011 with a vision to simplify corporate spends**
- Completed **post-graduate diploma in business management with specialization in finance from the FORE School of Management - New Delhi**
- He has experience in the technology and fintech industry
- Has made varying levels of investments in certain companies at different points in time
- Has served on the board of the company since 2012



Avinash Ramesh Godkhindi

Managing Director and CEO

- **Leading Zagggle's growth since 2012**
- Holds a **bachelor's degree in engineering from Bangalore University, Bengaluru**, and a **master's degree in business administration from the University of Chicago, Chicago**
- Has served on the board of the company since 2012
- Awarded the "Inspiring CEO" award by the Economic Times in 2022
- He has experience in the banking industry
- **Prior to joining Zagggle, Avinash worked with Citibank in India**

Board of Directors



Arun Vijaykumar Gupta

Non-Executive Director

- Holds a bachelor's degree in commerce from the P.D. Lion's College of Commerce and Economics, University of Bombay
- **Directorships:** Route Mobile, Profinus Fashion Networking



Aravamudan Krishna Kumar

Independent Director

- Holds a bachelor's degree in arts and economics (honors course) from the University of Delhi
- Certified associate of the Indian Institute of Bankers
- He retired in 2014 from State Bank of India as MD
- **Directorships:** SBI Payment Services, MTAR Technologies, TVS Wealth, Delphi TVS Technologies, Sathguru Catalyser, Ecofrost Technologies, Suraksha ARC, Ecozen Solutions



Abhay Deshpande Raosaheb

Independent Director

- Holds a bachelor's degree in computer science and engineering from the Dr. Babasaheb Ambedkar Marathwada University, Aurangabad, Maharashtra
- He has experience in the IT industry
- **Directorships:** Rapidue Technologies, Payswiff Technologies, Recykal Foundation, Anubhuti Welfare Foundation



Prerna Tandon

Independent Director

- Holds a master's degree in business administration from the Panjab University, Chandigarh
- She worked as the Vice President – operations at Infosys BPO Limited & Vice President – productivity & digitization leader at Genpact India
- **Directorship:** Nirmal Bot Limited

Management



Venkata Aditya Kumar Grandhi

Chief Financial Officer

- Member of The Institute of Chartered Accountants of India, New Delhi
- He has experience in the financial services industry
- Prior to joining Zagggle, he worked at Spandana Sphoorty Financial Limited as Vice President Investor Relations-Finance

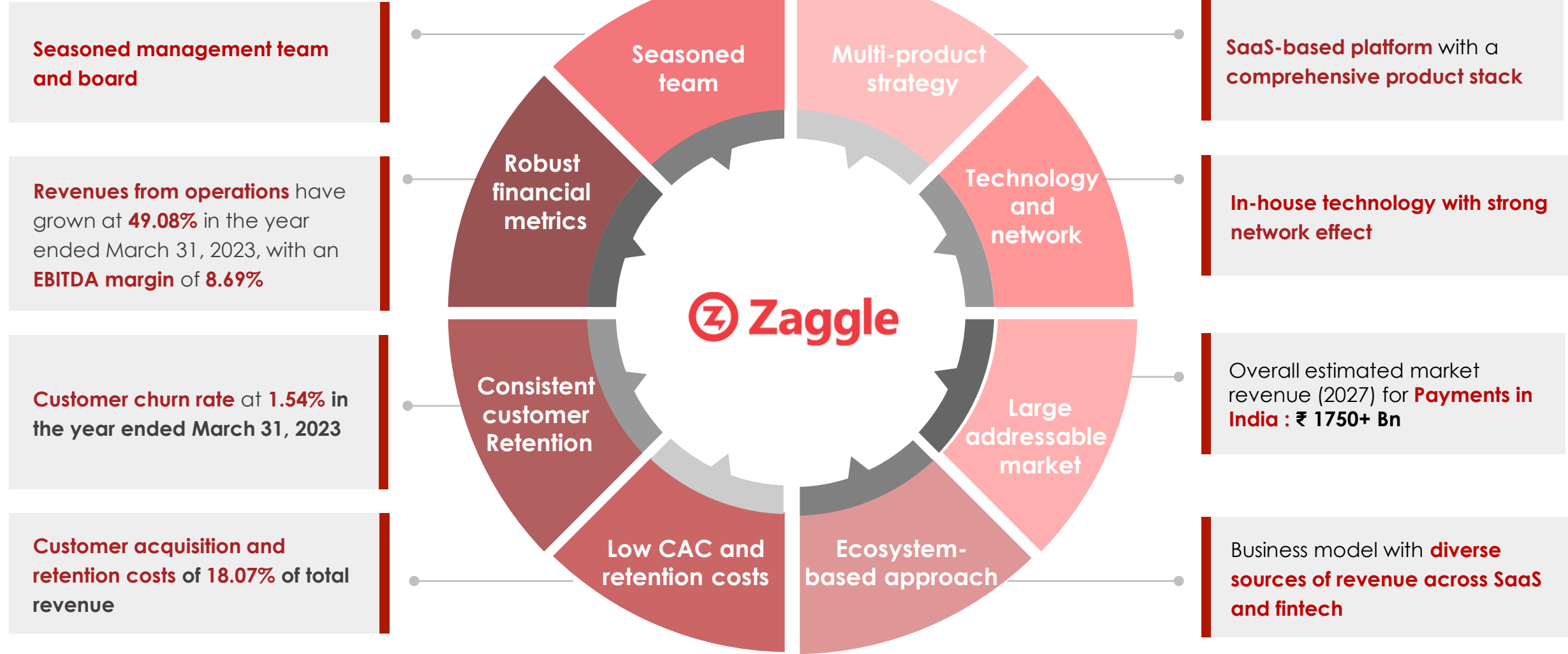


Hari Priya

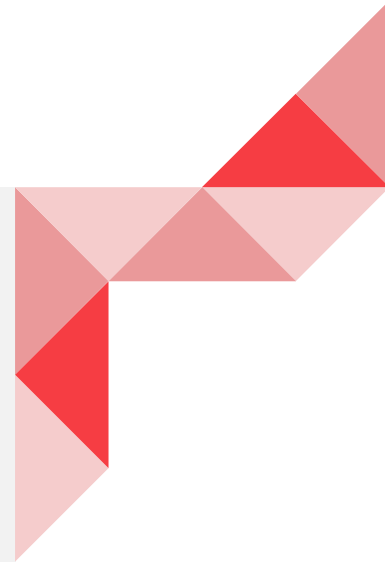
Company Secretary & Compliance Officer

- Member of the Institute of Company Secretaries of India, New Delhi and bachelor's degree in law from Osmania University, University
- Prior to joining Zagggle, she worked at Spandana Sphoorty, Gayatri Projects and Axis Clinicals

Zaggle in a nutshell

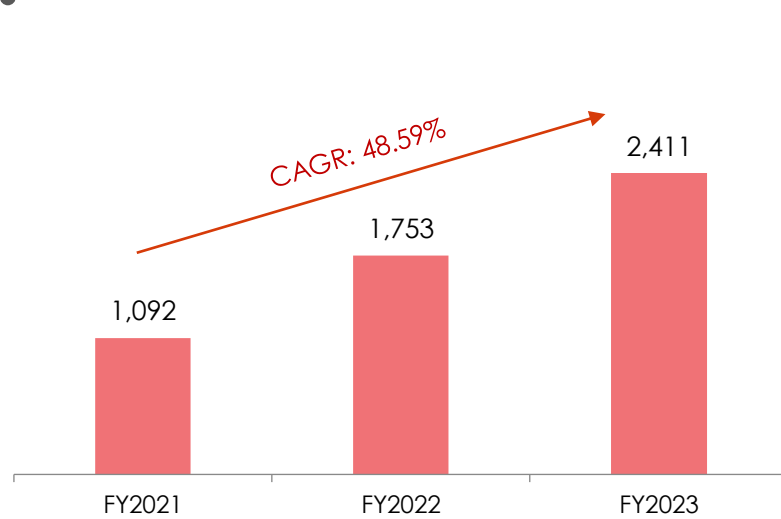


Annexure

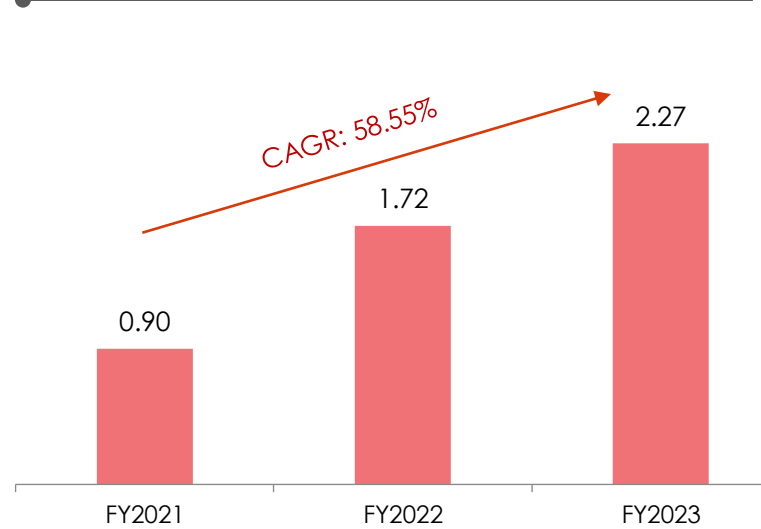


Historical Financial and operating metrics

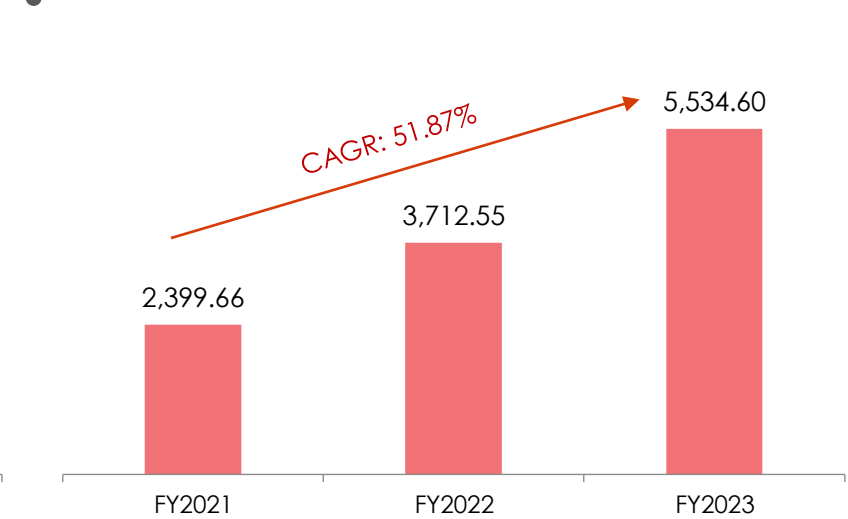
Corporate customers



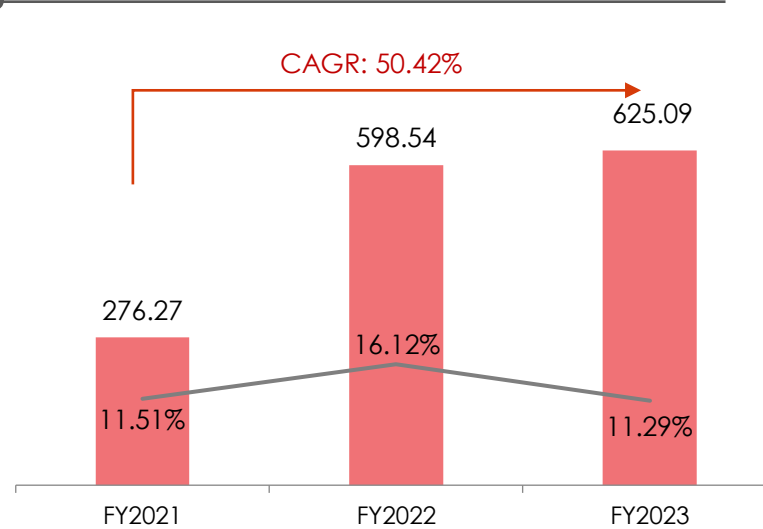
Aggregate users ⁽¹⁾ (Mn)



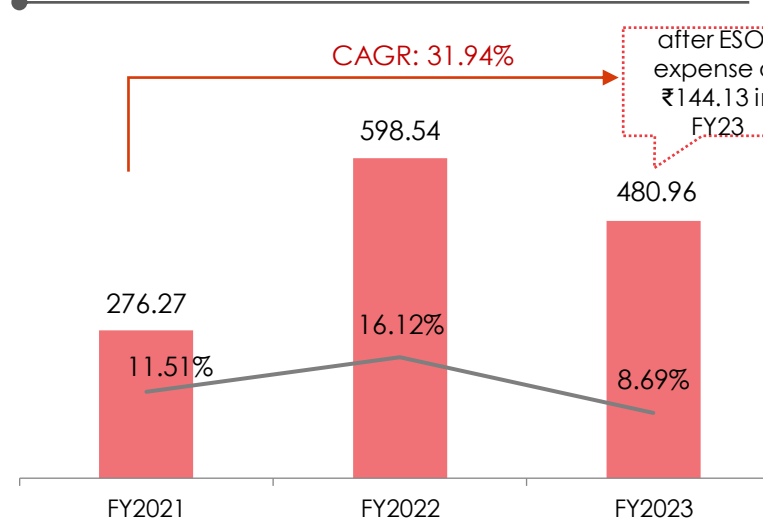
Revenue from operations (₹ Mn)



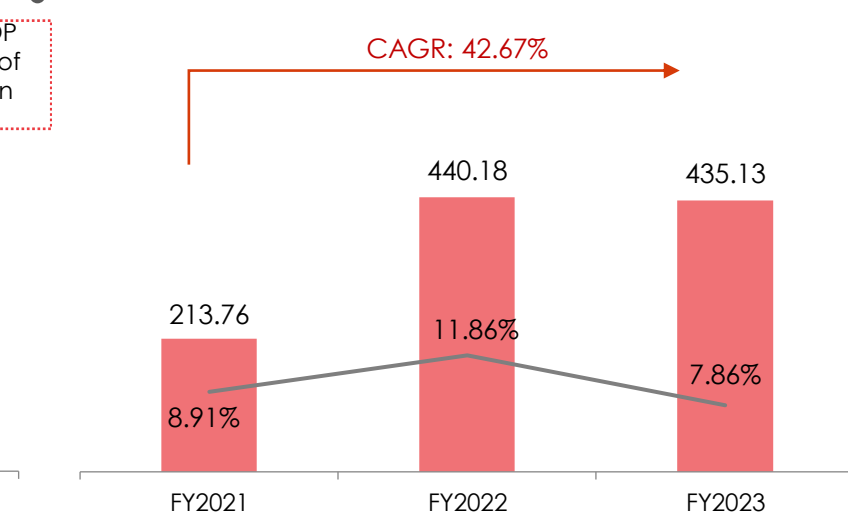
Adjusted EBITDA & EBITDA margin (₹ Mn)



Reported EBITDA & EBITDA margin (₹ Mn)



Cash PAT & Cash PAT margin (₹ Mn)



Historical Balance sheet

Particulars	FY23	FY22	FY21	Particulars	FY23	FY22	FY21
ASSETS				EQUITY AND LIABILITIES			
Non-current assets				Equity			
Property, plant and equipment	23.48	19.77	9.51	Equity share capital	92.22	1.80	1.80
Right-of-use assets	196.73	55.15	36.75	Other equity	395.29	-37.38	-457.31
Intangible assets	68.90	44.29	26.97	Total equity	487.51	-35.58	-455.51
Intangible asset under development	108.68	15.00	0	Liabilities			
Financial assets				Non-current liabilities			
(i) Investments	4.85	0	0	Financial liabilities			
(ii) Other financial assets	14.69	7.3	4.13	(i) Borrowings	513.29	483.27	376.92
Other non-current assets	29.77	21.38	0	(ia) Lease liabilities	158.65	51.04	31.89
Income-tax assets (net)	119.01	123.59	74.70	Provisions	11.43	7.22	5.66
Deferred tax assets (net)	23.1	24.59	106.88	Total non-current liabilities	683.37	541.53	414.47
Total non-current assets	589.21	311.07	258.94	Current liabilities			
Current assets				Financial liabilities			
Inventories	0.97	1.12	2.69	(i) Borrowings	697.44	161.45	313.92
Financial assets				(ia) Lease liabilities	44.10	7.35	7.85
(i) Investments	12.32	0	0	(ii) Trade payables			
(ii) Trade receivables	1026.59	429.51	226.81	- Total outstanding dues of micro and small enterprises	9.63	7.77	0.08
(iii) Cash and cash equivalents	195.89	7.11	27.89	- Total outstanding dues of creditors other than micro and small enterprises	82.56	99.58	190.96
(iv) Bank balances other than (iii) above	30.07	29.00	5.00	Provisions	0.22	0.14	0.11
(iv) Other financial assets	0	0	0	Other current liabilities	294.96	144.29	148.92
(v) Other financial assets	1.15	0	0	Current tax liabilities (net)	47.80	0	0
Other current assets	491.39	148.72	99.47	Total current liabilities	1,176.71	420.58	661.84
Total current assets	1,758.38	615.46	361.86	Total liabilities	1,860.08	962.11	1,076.31
Total assets	2,347.59	926.53	620.8	Total equity and liabilities	2,347.59	926.53	620.8

The Parent Company has incorporated a wholly owned subsidiary named as Zaggle Technologies Limited ("ZTL"), a private Company in the UK on January 12, 2023, as a subscriber to the memorandum. ZTL had allotted 1 equity share of GBP 1 to the Company upon incorporation, such shares remained unpaid as of March 31, 2023. ZTL had not commenced any business, operations or activities since its incorporation and there were no transactions during the period January 12, 2023, to March 31, 2023.

The Parent Company's Board of Directors on its meeting held on August 26, 2023 has decided to request ZTL to apply to the registrar of companies through its director, to strike off its name off the register in compliance with applicable provisions of the UK laws. Accordingly, the strike-off application was duly made by ZTL on August 26, 2023.

Considering above the Company has prepared its first consolidated financial statement for the year ended March 31, 2023.

Historical Profit and loss statement

Particulars (₹ Million, unless stated otherwise)	FY23	FY22	FY21
Revenue from operations	5,534.60	3,712.55	2,399.66
Gross Profit	2,328.37	2,259.69	2,087.87
Gross Profit Margin	42.07%	60.87%	87.01%
Employee benefits expense	291.70	154.30	124.60
Incentive and cash back	1,002.01	1,176.43	1,380.31
Other Expenses	409.57	330.42	306.69
Adjusted EBITDA	625.09	598.54	276.27
Adjusted EBITDA Margin	11.29%	16.12%	11.51%
ESOP Cost	144.13	-	-
Reported EBITDA	480.96	598.54	276.27
Reported EBITDA Margin	8.69%	16.12%	11.51%
Other Income	11.15	4.09	3.27
Depreciation	61.99	20.97	20.46
EBIT	430.12	581.66	259.08
EBIT Margin	7.77%	15.67%	10.80%
Finance Cost	113.77	69.88	77.10
Profit before Tax	316.35	511.78	181.98
Tax	87.34	92.57	(11.32)
Profit After Tax	229.01	419.21	193.30
PAT Margin	4.14%	11.29%	8.06%
Cash PAT (PAT+DA+ESOP)	435.13	440.18	213.76
EPS - Basic (₹)	2.48	4.57	2.11
EPS – Diluted (₹)	2.46	4.57	2.11

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Key awards, accreditations and recognitions



10th Payments Industry Awards:
Best B2B Payment Solution
Provider, 2023



BW Businessworld Festival of Fintech Conclave Awards:
Winner – Best Payments Solutions
of the Year, 2023



**Global Banking & Finance
Award:** Excellence in Innovation
Business Spend Management
Software India 2023



Govt of Telangana: Recognized
for building a robust and
sustainable SaaS and fintech
business, 2022



India Startup Festival:
“Certificate of Appreciation” by
Sri Sathya Sai Grama
Muddenahalli, 2022



**World HRD Congress and
Awards:** “Best Employee
Engagement Award in B2B
Sector”, 2021



Human Excellence Award:
Awarded the “Best Employee
Engagement Program (Multi
Industry)”, 2021



**BW Businessworld Festival of
Fintech Conclave Awards:**
Best Digital Card, 2021



India Digital Awards: Best
Prepaid Card Solution, 2019



Certiva: Certificate of
compliance with ‘ISO/IEC
27001:2013’



Marksmen Daily: Most Preferred
Workplace, 2022



Thank you



Company

Zaggle Prepaid Ocean Services Limited

CIN: U65999TG2011PLC074795

Hari Priya, Company Secretary & Compliance Officer

Email id: Investor.Relations@zaggle.in

SGA Strategic Growth Advisors

Investor Relations Advisor

Strategic Growth Advisors Pvt Ltd.

CIN: U74140MH2010PTC204285

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