

Zaggle Prepaid Ocean Services Limited reports solid financial performance in Q1FY24

- **34% YoY increase in Revenues to ₹ 1,185 Mn**
- **27% YoY growth in Adjusted EBITDA to ₹ 138 Mn**

Wednesday, October 11, 2023, Hyderabad – Zaggle Prepaid Ocean Services Limited, a SaaS fintech player which provides spend management products and solutions, has announced its unaudited Financial Results for the quarter ended June 30, 2023.

(₹ Million, unless stated otherwise)	Q1FY24	Q1FY23	YoY	FY23
Corporate customers (Number)	2,596	1,899		2,411
Aggregate users ⁽¹⁾ (Mn)	2.42	1.98		2.27
Revenue from operations	1,184.79	886.23	33.7%	5,534.60
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%
Profit After Tax	20.55	63.00	-67.4%	229.01
PAT Margin	1.73%	7.11%		4.14%
Cash PAT	99.04	71.43	38.70%	435.13

Key Highlights

- 34% YoY growth in 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

Commenting on the performance Raj P Narayanam, Founder and Executive Chairman, Zaggie Prepaid Ocean Services Limited said, "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 Zaggie Yes Bank Corporate Credit Card, powered by Zaggie 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."

About Zaggie Prepaid Ocean Services Limited (Zaggie)

Incorporated in 2011, Zaggie (BSE: ZAGGLE | NSE:543985) is among the small number of uniquely positioned players with a diversified offering of fintech products and services, having one of the largest numbers of issued prepaid cards in India in partnership with certain banking partners. Additionally, Zaggie has a diversified portfolio of SaaS products, including tax and payroll software, and a wide touchpoint reach. It is a leading player in spend management, with more than 50 million prepaid cards issued in partnership with banking partners and more than 2.27 million users served as of March 31, 2023, offering a differentiated value proposition and diversified user base. Zaggie's network of corporate customers covers the banking and finance, technology, healthcare, manufacturing, FMCG, infrastructure and automobile industries.

For more information, please visit company website <https://www.zaggie.in/>

Safe Harbour Statement:

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

For more information please contact:

 <p>Zaggle Prepaid Ocean Services Limited CIN: U65999TG2011PLC074795 Hari Priya, Company Secretary & Compliance Officer Email id: investor.relations@zaggle.in</p>	 <p>Strategic Growth Advisors Pvt Ltd. CIN No: U74140MH2010PTC204285 Devika Shah / Shikha Puri Email id: devika.shah@sgapl.net / shikha.puri@sgapl.net Tel No: +91 9920764659 / +91 981928274</p>
--	--