

CEO's Update to Investors: Q4 & FY2020-21

FY2021 was a pivotal year in our Company's journey - we pivoted our business model from credit centricity to platform orientation and completed the acquisition of iServeU – a rural payments platform. We further upgraded the management team to build bandwidth for execution of our priorities.

We completed the integration of the iServeU acquisition in Q4FY21. We believe this is a significant turning point for us as we broaden our market access and product stack to deepen our customer connect. We have expanded our distribution footprint in Rural India throughout the integration phase. This distribution build has been done by penetrating newer geographies and adding significant partnerships at both local as well as enterprise level. In parallel, we have added to our existing payments product stack with more offerings to accomplish basic banking services, insurance and credit. This is expected to strengthen our prowess as a financial inclusion platform.

We continue to make investments and build new product partnerships in our financial intermediary led Urban Tech distribution. This model has created a large MSME market access and our focus is on monetizing through a unified platform with a curated product stack. This year we added secured credit, unsecured credit, insurance and B2B SaaS products in collaboration with leading companies and platforms. We are pleased to report that we have successfully onboarded all retail (Urban Tech) partners on our SaaS based wealth platform. While the emphasis in FY2021 was to pivot this network to a pure fee-centric model and broaden the product stack, through FY2022, the focus will be on beginning the process of monetizing this network.

The pandemic has further reinforced the need for MSMEs to scale the digital divide and adopt faster, and we believe our technology led service offerings will aid the same. We also brought several new products into our fold. We expect to see the adoption of these products in FY2022 to power our growth.

Key Highlights of FY2021

- Successful integration of iServeU into the Niyogin system
- Consolidated revenues crossed INR 500 mn, up 80.5% over FY20, an important milestone
- The gross transaction value (GTV) of iServeU is INR 57,581 mn, an increase of 46.2% year on year
- Rural distribution touch points reached 131,082 up 142.9% from FY20
- Wealth AUM grew to INR 9,837 mn; up 31.2%
- The number of partners in urban channel increased by 108.7% year over year to 4,017

The next billion of India are being delivered financial inclusion on the foundation of the JAM (Jan Dhan-Aadhar-Mobile) vision. This market now stands at ~USD 56 bn made up largely of domestic remittances and AEPS/M-ATM transactions. During the year, we added new products both on the credit and non-credit side targeted towards this market segment. On the credit front, our initiation of transaction-led credit is expected to fuel a self-perpetuating cycle wherein retailers would transact higher volumes on the platform and spur growth. Our retailers bring in their own capital to drive the AEPS, M-ATM & DMT services which is recycled on daily basis. Thus, in effect the retailer's transaction throughputs are constrained by capital access. Our credit program removes this barrier, for select retailers, and provides capital access to expand the payment throughputs and the retailer funds the cost with the transaction spread earned. This credit access drives greater transaction throughput and accelerates income augmentation, thus creating a self-perpetuating cycle with better control and lower credit risk.

On the non-credit front, we added Aadhar pay – the digital-to-digital solution – to our product stack, which previously had only cash-to-digital and digital-to-cash solutions. Incrementally we have now launched micro-insurance on both the Rural and Urban platforms.

Moneyfront, our digital wealth platform with its array of offerings - SaaS-enabled tech platform for financial professionals, analytical wealth services for large corporates, and B2C financial planning platform made rapid strides. Our product extensions during the year enabled a 31.2% increase in AUM to INR 9,837 mn. The minor impact of advance tax-induced withdrawals at the quarter end was subsequently reversed, with the AUM being at INR 11,099.5 mn in April 2021.

Financial Highlights

Our consolidated revenue for the current quarter was INR 183.9 mn, with full quarter of the iServeU consolidation. Our EBITDA losses reduced to INR -40.2 mn compared to a loss of INR -55.0 mn in the corresponding quarter. Our Non-GAAP PBT was INR -40.7 mn in Q4FY21, compared to INR -61.1 mn in Q4FY20, primarily driven by management overlay taken in our loan book on account of second wave of COVID-19. Our balance sheet remains strong and debt-free as of date.

Consolidated (INR mn)	Q4FY21	Q4FY20	YoY Change
Total Income	183.9	85.1	116.0%
Total Expenses	239.8	152.1	57.6%
EBITDA	-40.2	-55.0	NA
Reported Pre-Tax Profit/(Loss) (A)	-55.9	-67.0	NA
Depreciation & Amortization	15.1	11.3	33.6%
ESOP (B)	15.2	5.9	157.6%
Non-GAAP PBT (C) = (A) + (B)	-40.7	-61.1	NA

On a full year basis, we reported a revenue of INR 506.3 mn, an increase of 80.5% YoY. We reported an EBITDA of INR -20.0 mn as compared to an EBITDA of INR -202.6 mn in the prior year. Our Non-GAAP PBT was at INR -39.1 mn as against INR -207.6 mn in the preceding year.

Consolidated (INR mn)	FY21	FY20	YoY Change
Total Income	506.3	280.5	80.5%
Total Expenses	578.8	527.0	9.8%
EBITDA	-20.0	-202.6	NA
Reported Pre-Tax Profit/(Loss) (A)	-72.5	-246.5	NA
Depreciation & Amortization	50.1	40.9	22.5%
ESOP (B)	33.4	38.9	14.1%
Non-GAAP PBT (C) = (A) + (B)	-39.1	-207.6	NA

Part of our results were impacted by us taking an upfront management overlay of INR 34 mn in Q4FY21 on our legacy loan book because of the lockdown being reimposed in the second half of March and continuing in April and May 2021. As detailed earlier, we expect our new loan book to perform significantly better because of our transaction data led cash flow-based lending. While the current pandemic induced lockdown has impacted us in April 2021 and may continue to do so in the first half of FY2022, we remain positive about the long-term prospects of the market opportunity and the business.

Thank you for your support, and we look forward to continuing our journey to becoming India's premier MSME-based fintech ecosystem.

Thank You.

Tashwinder Singh
Chief Executive Officer
Niyogin Fintech Limited

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