

August 09, 2023

To

BSE Limited

Phiroze Jeejeebhoy Towers

Dalal Street, Fort

Mumbai -400001

BSE Scrip Code: 538772

Subject: CEO's Update to Investors: Q1 FY2024

Reference: Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/ Ma'am,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Investors' Update for Q1 FY2024.

The aforesaid information is also being made available on the website of the Company i.e. www.niyogin.com

Yours truly,

For Niyogin Fintech Limited



Neha Agarwal

Company Secretary & Compliance Officer

Encl: a/a

Niyogin Fintech Limited

(CIN L65910TN1988PLC131102)

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CEO's Letter to Investors

Q1 FY2024

Dear Shareholders,

We are pleased to share that FY24 began on a positive note. As you are aware, we successfully built a comprehensive product stack of 'Banking as a Service' (BaaS) platform last year. The potential of our business model is now being supported by new marquee investors who have recently come on board to be a part of our journey. While the company is well capitalized, the recently concluded fund raise has strengthened our resolve and belief in the path we have set for ourselves. We remain committed to our vision and business strategy. The new funding will help strengthen our balance sheet and allow us to achieve accelerated growth.

Our vision is to create a digital platform that serves as a one-stop solution to meet the financial and non-financial needs of MSMEs. We operate a tech-centric partner-led model in rural and urban India delivering BaaS with lending capacity. Our network gives us cost-efficient market access and powers several MSME partners to augment their income while delivering solutions to their clients.

We started demonstrating the scaling up of our business in the second half of last financial year and that journey has now gained momentum. A significant contribution of our growth is now coming from the enterprise partnership-led strategy. As enterprise channel scales up, we will see gross rates decline however impact on net take rate will be limited. This is primarily because enterprise channel income will have lower merchant payouts as compared to retail channel.

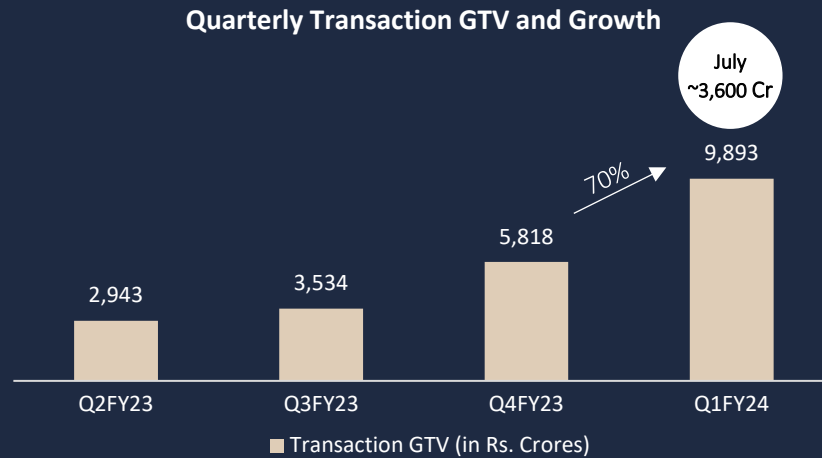
Therefore, as we acquire incremental enterprise partners, increase our footprint on the ground, launch newer products and services, we have the opportunity to become the market leader in our chosen verticals.

In Q1FY24, our revenue (ex-device sales) stood at Rs. 45 crores up 38% QoQ driven by our Gross Transaction value (GTV) which has demonstrated exponential growth since last quarter. We grew 70% QoQ (compared to 65% QoQ growth in Q4FY23) and processed nearly Rs. ~9,900 crores of GTV. We remain optimistic about our growth in H1FY24 as we processed nearly Rs. 3,600 crores of GTV in July 2023. We transacted ~34 Mn transactions in Q1FY24 up 140% QoQ.

The adj. EBIDTA (Ex-ESOP) gap widened sequentially primarily as we undertook active provisioning for ageing receivables in the subsidiary. Another factor that contributed to the gap was the incremental tech expense undertaken for new product launch (prepaid cards). The expected economics of the new product

is more than capable of taking care of this incremental expense. We expect the gap to contract next quarter onwards as both the businesses start scaling up materially.

We continue to remain driven by unit economics and enhancing our profitability. Some of our recently launched products like neo-banking, prepaid cards, have better margins than our existing product suite



In the coming quarters, we expect the GTV trend to further strengthen as we expand our footprint and explore cross-selling opportunities within existing partner network. Our BaaS network expanded by 20% YoY to 796 partners. By leveraging the strength of these relationships, we aim to become a key player in the industry.

Key milestones for Q1 FY2024 were as follows.

- We on boarded Kotak Life Insurance as an insurance partner on our NiyoBlu platform
- India Post Payment Bank went live with DMT and BBPS
- A PSU Bank went live with Aadharpay
- Prepaid card set to go live on August 15th with its first customer

On the lending front, we remain confident in our ability to capitalize on the MSME opportunity. Our gross loan book grew by 28% QoQ and stood at Rs. 117 crores.

We have on boarded Fintechs partners like Khatabook, Capital Trust, and Bizongo. Our ability to forge deep integrated partnerships with Finance professionals (Chartered Accountants) and Fintech partners. This ability allows us access to differentiated data to build robust underwriting models. Meanwhile, the fully digital product delivery ensures that cost is moderated. The uniqueness of our business model affords us immense operating leverage.

Going forward you will also see our gearing ratio increase as we draw on more debt to scale up the book.

Key Highlights of Q1 FY2024

- Outstanding gross loan book stands at Rs. 117 Crores
- Revenue (ex-device sales) was up 85% YoY and 38% QoQ
- Cash and Equivalents at ~Rs. 90 Crores
- The Gross transaction value (GTV) including pay-outs was Rs. 9,893 Crores in Q1FY24, up 266% YoY and 70% QoQ ¹

1. As per industry standards, retailer pay-out included in GTV.

Financial Highlights

Our consolidated revenue for Q1 FY2024 was Rs. 45.5 Crores. Adj. EBITDA was Rs. (4.3) Crores compared to Rs. (3.7) Crores in the corresponding quarter last year. Our Non-GAAP PBT was Rs. (6.2) Crores in Q1 FY2024, compared to Rs. (5.1) Crores in Q1 FY2023.

| Consolidated (in Rs. Crores) | Q1 FY2024 | Q1 FY2023 | YoY (%) | Q4 FY2023 | QoQ (%) |
|------------------------------------|-----------|-----------|---------|-----------|---------|
| Revenue (ex-device sales) | 45.0 | 24.3 | 85.1% | 32.7 | 37.6% |
| Total Income | 45.5 | 27.4 | 66.0% | 36.3 | 25.4% |
| Expenses | 49.9 | 31.2 | 60.1% | 36.9 | 35.3% |
| Adj. EBITDA (Ex-ESOP) | (4.3) | (3.7) | NM | (0.6) | NM |
| Reported Pre-Tax Profit/(Loss) (A) | (7.2) | (6.2) | NM | (3.3) | NM |
| Depreciation & Amortization | 1.9 | 1.3 | 41.7% | 1.7 | 12.6% |
| ESOP (B) | 0.9 | 1.2 | (21.5)% | 1.0 | (13.3)% |
| Non-GAAP PBT (C) = (A) + (B) | (6.2) | (5.1) | NM | (2.3) | NM |

We believe this is an exciting time for our company and are firmly optimistic about our ability to drive growth and success in the future. Thank you for your continued support.

www.niyogin.com

For further details , please feel free to contact:

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