

Investor Update

Q3 FY24

23 January 2024



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Safe Harbor and Other Information

The CPaaS business is evolving at a fast pace in India with very little information available in the public domain on the overall market. The financial community has always sought a response on the total market size, key drivers of the industry and the competitive landscape in this space. In order to provide more transparency and to help understand our business better, we are providing indicative data around the market size and our relative share (assuming the indicative data). This indicative data has been arrived at basis our detailed internal analysis. This is being done with an intent to provide an indicative picture of the industry and address queries about the CPaaS space. This must not be seen as a positioning statement of the company, and one should not rely on the company's disclosure for their assessment of the market size or the relevant share of any participants in the market.

This presentation contains statements that include information concerning our possible or assumed strategy, future operations, financing plans, operating model, financial position, future revenues, projected costs, competitive position, industry environment, potential growth opportunities, potential market opportunities, plans and objectives of management, as well as assumptions relating to the foregoing that involve substantial risks and uncertainties. All statements other than statements of historical fact could be deemed forward-looking in nature. Such statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. In some cases, although not all forward-looking statements contain these identifying words, you can identify forward-looking statements by terminology such as “expect,” “anticipate,” “should,” “believe,” “hope,” “target,” “project,” “plan,” “PROPOSED,” “goals,” “estimate,” “potential,” “predict,” “may,” “will,” “might,” “could,” “intend,” “shall,” and variations of these terms or the negative of these terms and similar or derivate expressions. The forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements, expressed or implied by the forward-looking statements. It is advisable not to place excessive reliance on any of the forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Additionally, these forward-looking statements, involve risk, uncertainties and assumptions based on information available to us as of 18/01/24, including those related to the continued impacts of COVID-19 on our business, future financial performance and global economic conditions. Many of these assumptions relate to matters that are beyond our control and changing rapidly, including, but not limited to, the timeframes for and severity of social distancing and other mitigation requirements, the timing of headwinds from COVID-19, the availability of vaccinations, the continued impact of COVID-19 on new or existing customers, business decisions and the length of our sales cycles, renewal timing or billings terms, particularly for customers in certain industries highly affected by COVID-19.

If the risks or uncertainties ever materialize or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements. We assume no obligation and do not intend to update these forward-looking statements or to conform these statements to actual results or to changes in our expectations, except as required by law.

This presentation contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information wherever possible, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to place excessive weightage to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information, wherever referred. Certain statements that might or might not be forward-looking statements represent our management's beliefs and assumptions only as of the date of this presentation. Accordingly, we make no representations as to the accuracy or completeness of that data nor do we undertake to update such data after the date of this presentation.

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Q3 FY24 Results: Snapshot



Revenue

₹10,026 Mn

15.3% Growth ▲



Gross Profit

₹2,699 Mn

24.5% Growth ▲



EBITDA

₹1,928 Mn

19.2% Margin



FCF

₹640 Mn

46% of PAT



PAT

₹1,401 Mn

14.0% Margin



EPS

₹10.42

21.5% Growth ▲



Cash

₹6,162 Mn

Increased by ₹712 Mn QoQ



We have had a remarkable journey over last 5 years

● Detailed ahead in appendix



A. We lead with purpose

- We're shaping the world of trusted digital experiences to **empower consumers and enable companies**
- We touch **1 Bn lives daily**
 - Delivered OTP messages to **enable 100 Cr + vaccinations**
 - Facilitated outreach to **~9 Cr farm families**
- Our focus is **no scam, no spam, yes security & yes privacy**
- Our strategy has **ESG at the heart of all our operations**

C+-WIN
Winning Over Covid-19



B. We are a tech innovator

- **Greenfield innovations** leveraging cutting edge technology like **NLP, CNN, deep learning, Web of trust**, etc.
- Global leader in **blockchain**, AI/ML led spam and scam prevention etc. with **4+ patents**



C. Our customers love us

- We have **undisputed market leadership in India (35% CPaaS market share)**
- **Top player of choice for 2000+ enterprises in India**
- International presence across **4 regions** – North America, Europe, SEA & Middle East – **serving marquee tech giants and large Indian enterprises**



D. We are a talent magnet

- We have a **300+ strong pool** of **world class talent across product and technology talent**; which we continue to cultivate leveraging **Tanla Academy**
- Focused recruitment from leading universities and **marquee SaaS companies** of India and beyond.



E. We have a great financial track record

- We've continued to deliver over the last 5 years
 - **4x Revenue growth** – at ₹ **33,546 Mn**
 - **9x EBITDA growth** – at ₹ **5,879 Mn**
 - **23x PAT** – at ₹ **4,476 Mn**

We lead with **purpose!**

Our purpose

T = EC²

“Shaping the world of trusted digital experiences to **empower consumers and enable companies**”

All our focus is **securing the digital citizens of India** and beyond:

No Scam, No Spam, Yes Security, Yes Privacy

C+-WIN
Winning Over Covid-19



Delivered OTP messages to **enable 100 Cr + vaccinations**

Facilitated outreach to **~9 Cr farm families**

ESG at the heart of all our operations



We are environment friendly

- Achieve **Net Carbon Neutrality** by 2025
- **LEED gold certification** for our new office is in progress



We empower our customers, partners, employees & society

- **Upskilled 50%** of platform workforce in last 1 year
- **Positively impacted** 1,542 lives through various CSR initiatives



Our platform of platforms stand for governance and trust

- **Developed Trubloq - World's largest blockchain platform** to prevent spam, trusted by 50K+ enterprises
- Improved voluntary disclosures. Released first tax transparency report and sustainability report.

We have secured a score of **68** in the **S&P Globe ESG score**, up from **32** in the previous year

Awards & recognition



Global HR Excellence Award 2022

Gartner

Recognized as Visionary in CPaaS Magic Quadrant-2023



Awarded Growth Partner of the year



Won in the Enterprise Communication category

Today, Tanla focuses on two synergistic businesses - **Digital Platforms & Enterprise Communications**



Predictable growth

20%+ growth in gross profit for 14 consecutive quarters



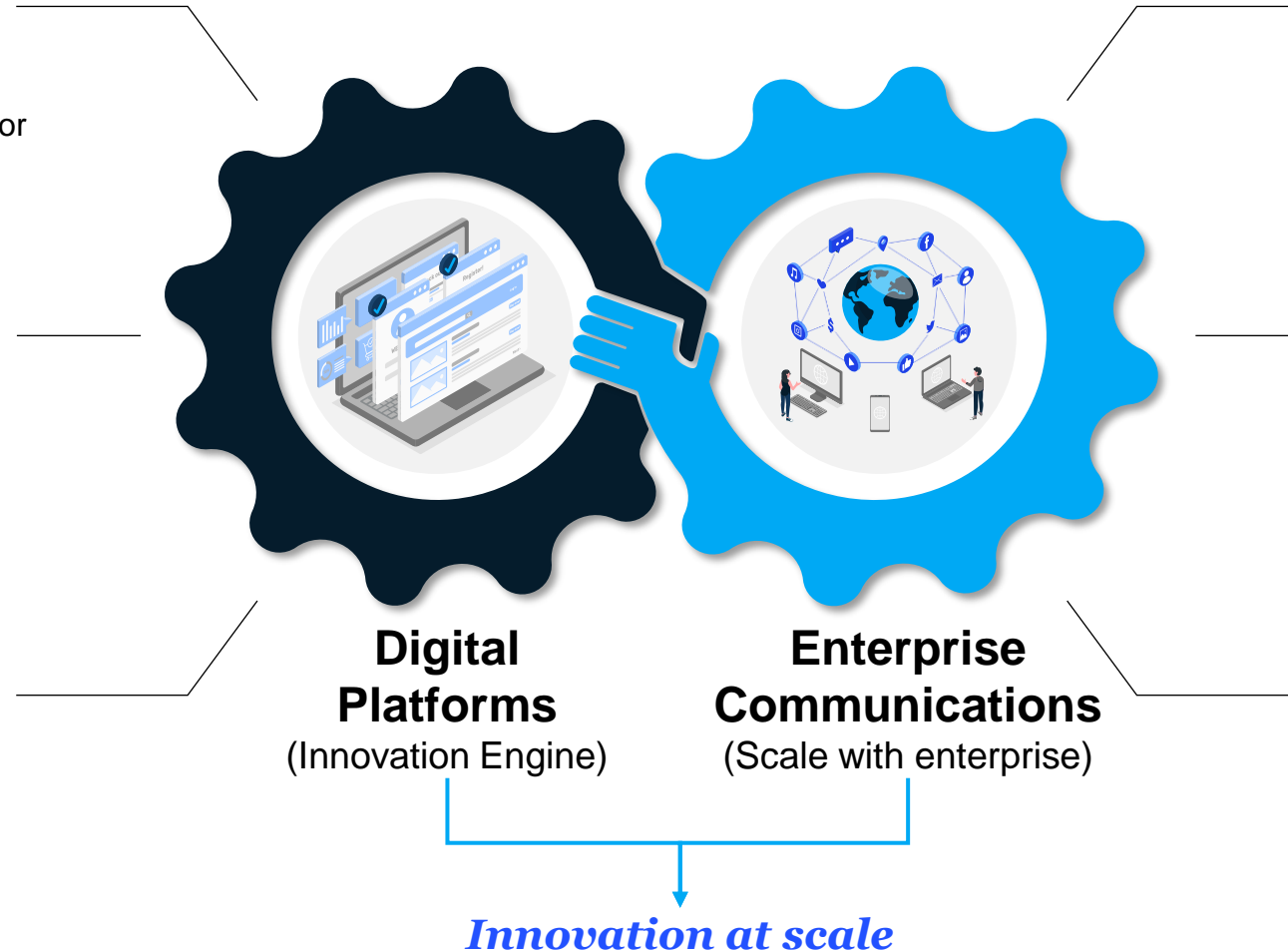
Deeply embedded

NRR of **125%**



Monetizable at scale

100% of revenue from **SaaS** business models



Undisputed market leadership

~45% SMS market share in India



E2E omnichannel presence

SMS, Voice, OTT (WhatsApp, TrueCaller), other advanced messaging channels, chatbot etc.



Agility & rapid customer service

10k+ APIs deployed across enterprises to enable full suite of omni-channel communication

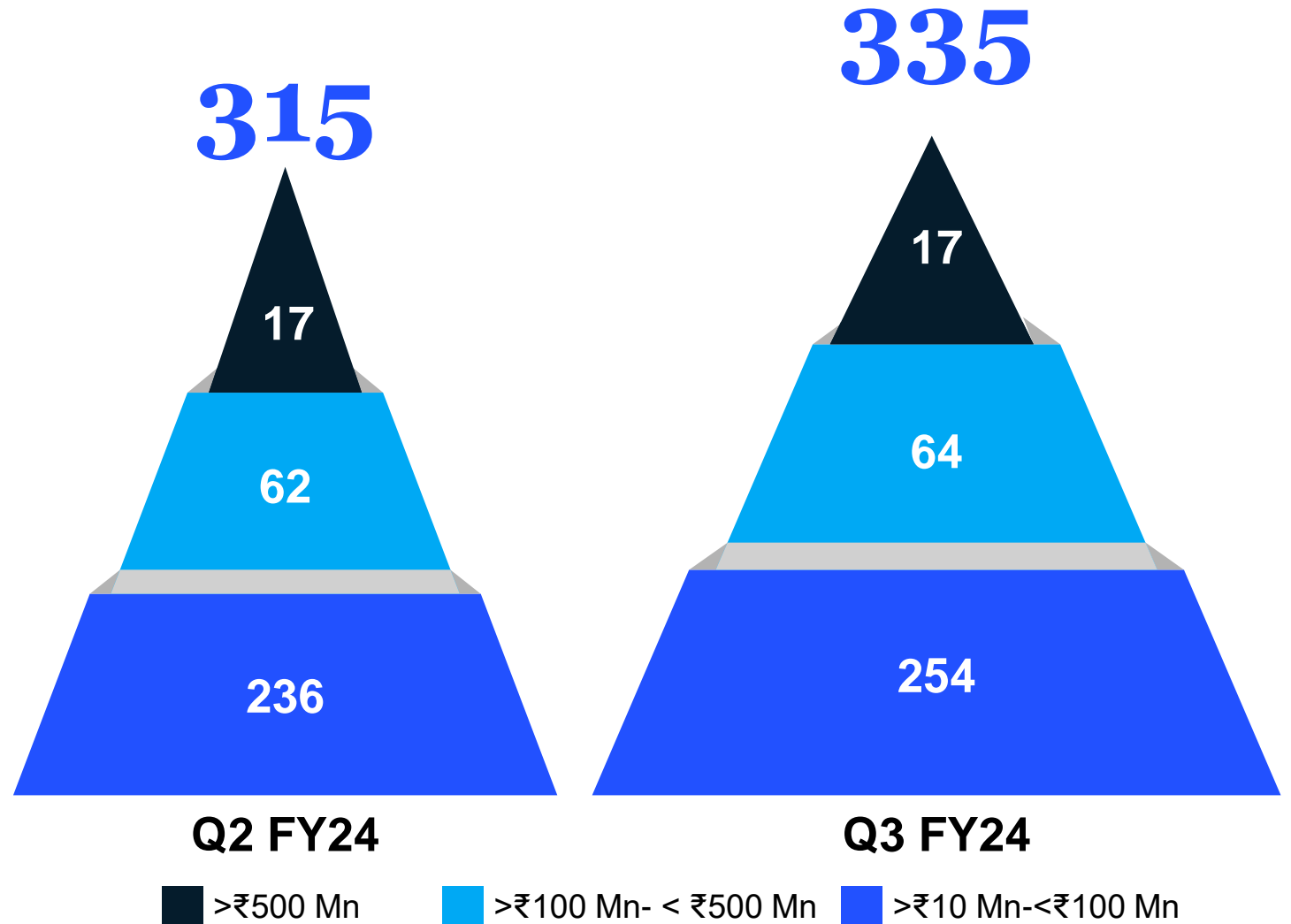


A. Business Highlights

Expanding customer relationships

Count of customers

335 customers contributing > ₹ 10 Mn annual revenue, number of customers up by 6% YoY

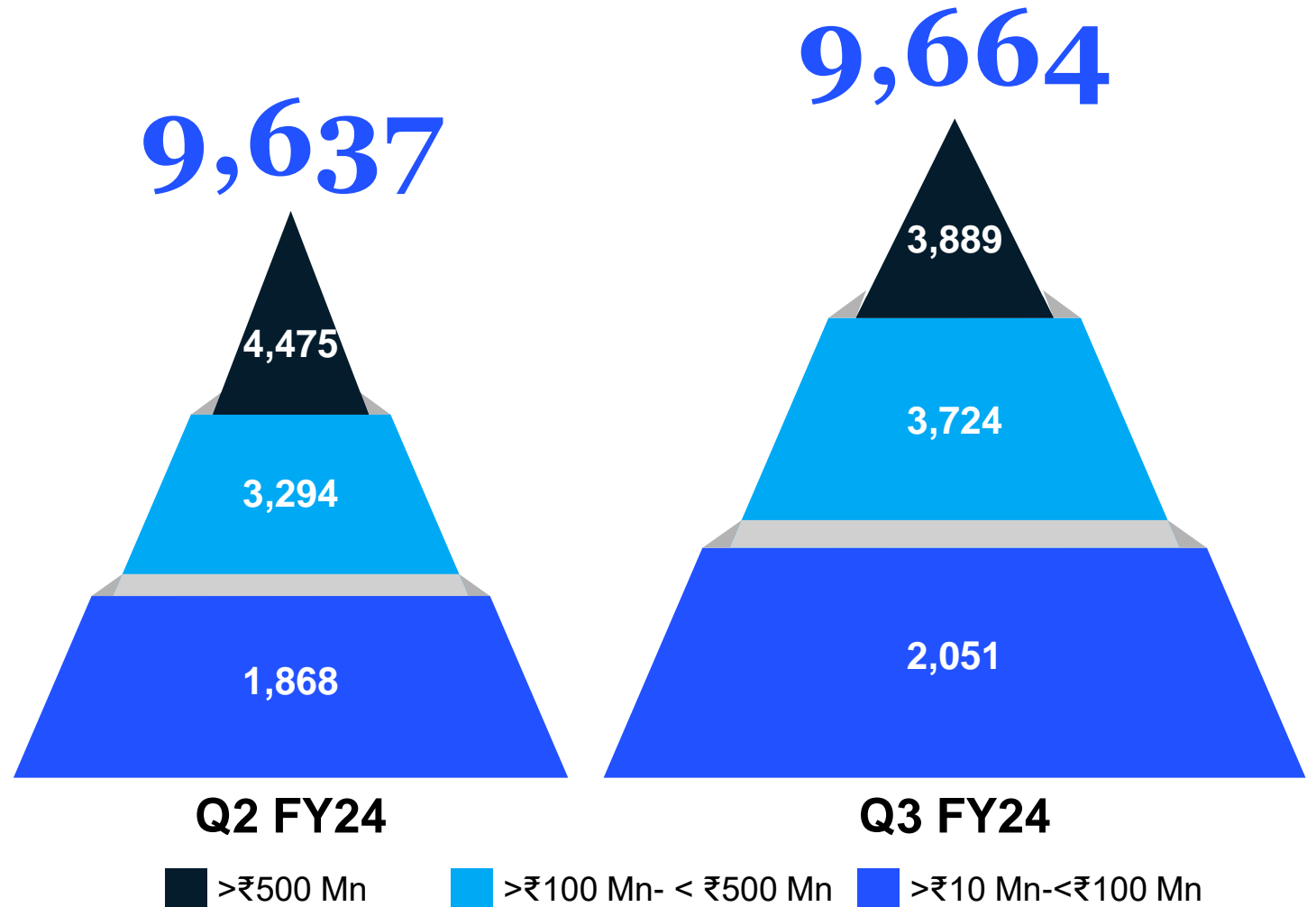


1. Customer segments are arrived at on a quarterly annualized basis (quarter revenue multiplied by four)
2. Customer segments on YoY basis are not comparable since ValueFirst was one of the large customers before the acquisition.

Customer segments

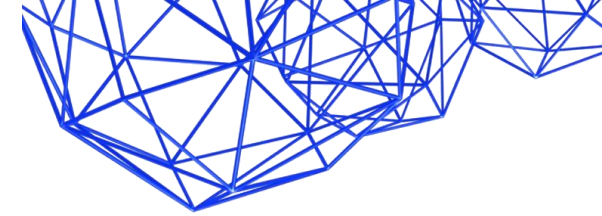
Revenue from customers (₹ Million)

Product penetration at **2.11** in Q3 on a larger customer base, driven by growing adoption of **WhatsApp and other newer channels**



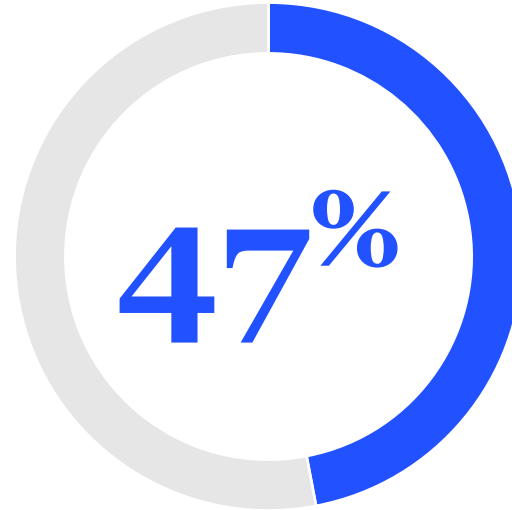
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Customer concentration



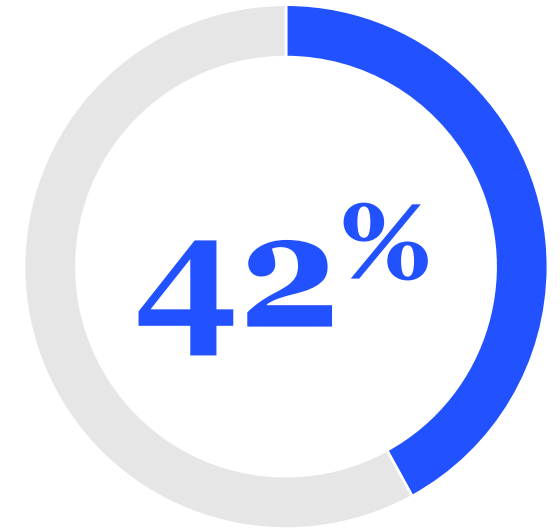
16

out of 20 customers of last quarter continue to be in Top 20, 17 remain in Top 30



• **4,714**

Q2 FY24



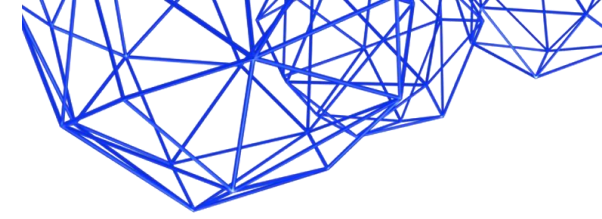
• **4,239**

Q3 FY24

● Revenue from top 20 customers (₹ Million)

- 1. Customer segments are arrived at on a quarterly annualized basis (quarter revenue multiplied by four)
- 2. Customer segments on YoY basis are not comparable since ValueFirst was one of the large customers before the acquisition.

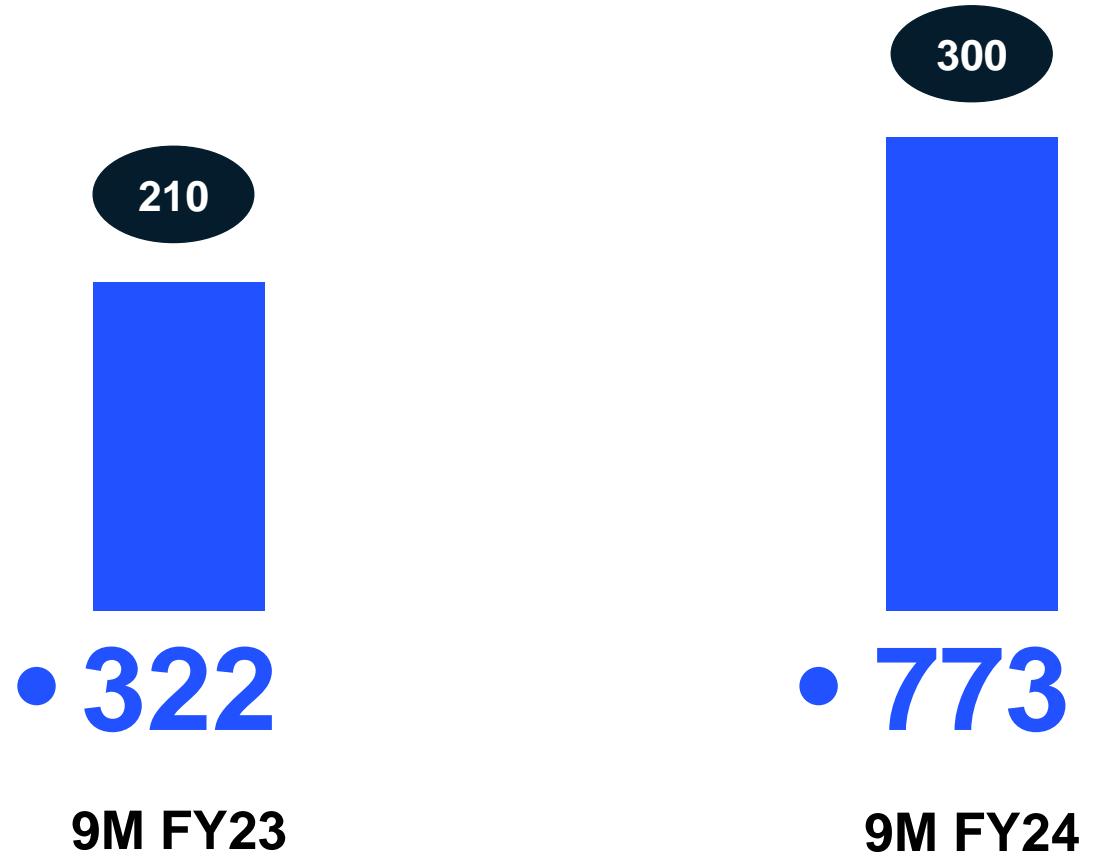
Winning new logos



35%
New customers added on
WA

● Revenue from new customers (₹ Million)

○ Count of customers



1. New customers include every unique contracting entity added during the year

Serving enterprise needs | Impact case studies

Customer

Use Case

Impact

Top consumer electronics retailer



Consumer conversations on **loyalty-based programs** and driving **awareness on promotional events**

30% higher **repeat rates** on engagement programs for coupons

34x revenue boost with **14.5%** coupon redemption rate

Pioneering quick-commerce player



Dynamic customer experience on customer channels

9M users with read rates of 65%, ~36% engagement rates

600% uptake on **promos via WhatsApp** vs 250% on other channels

38% dormant user reactivation

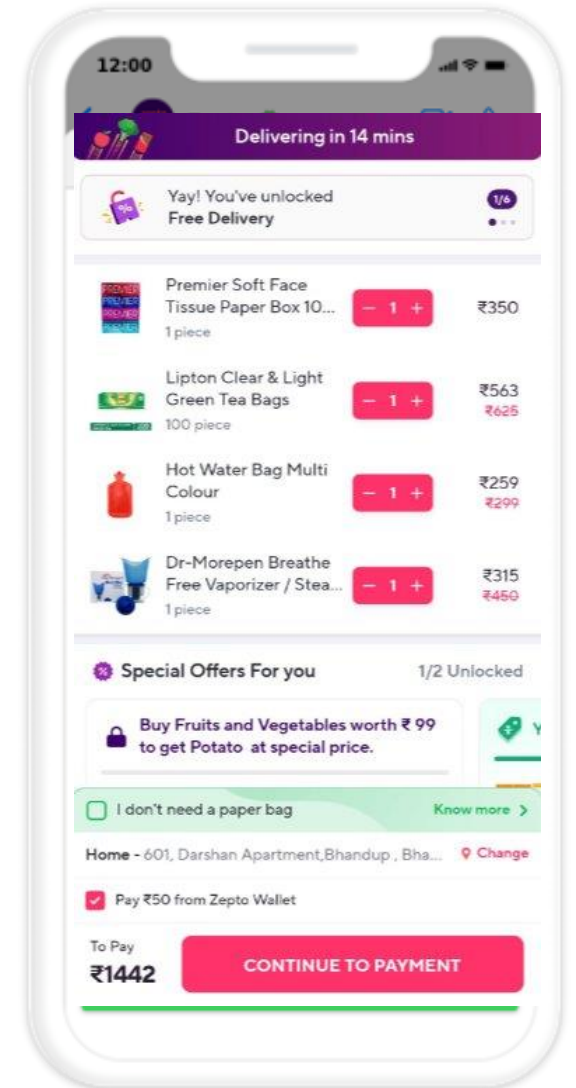
Leading B2B seller of consumer goods



Enhancing **lead generation** and boosting customer engagement

40% higher engagement vs cold calling

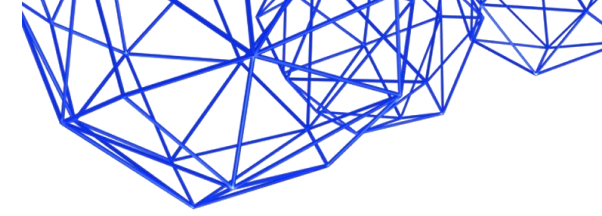
Lower operational costs and manpower needs





B. Financial Highlights

Revenue growth led by ValueFirst acquisition



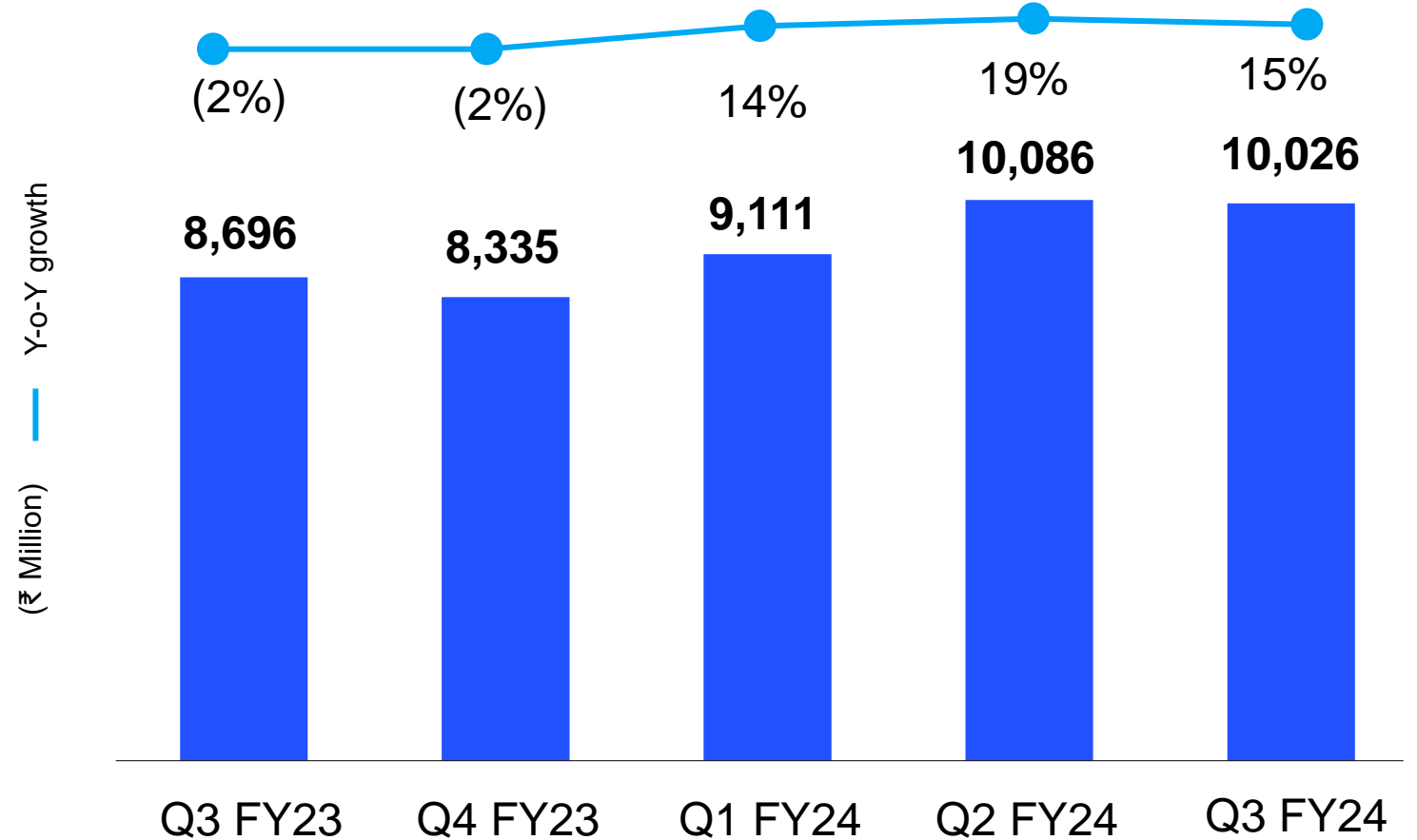
Revenue grew by 15% YoY



Organic revenue grew by 5% YoY



Digital platforms grew by 22% YoY



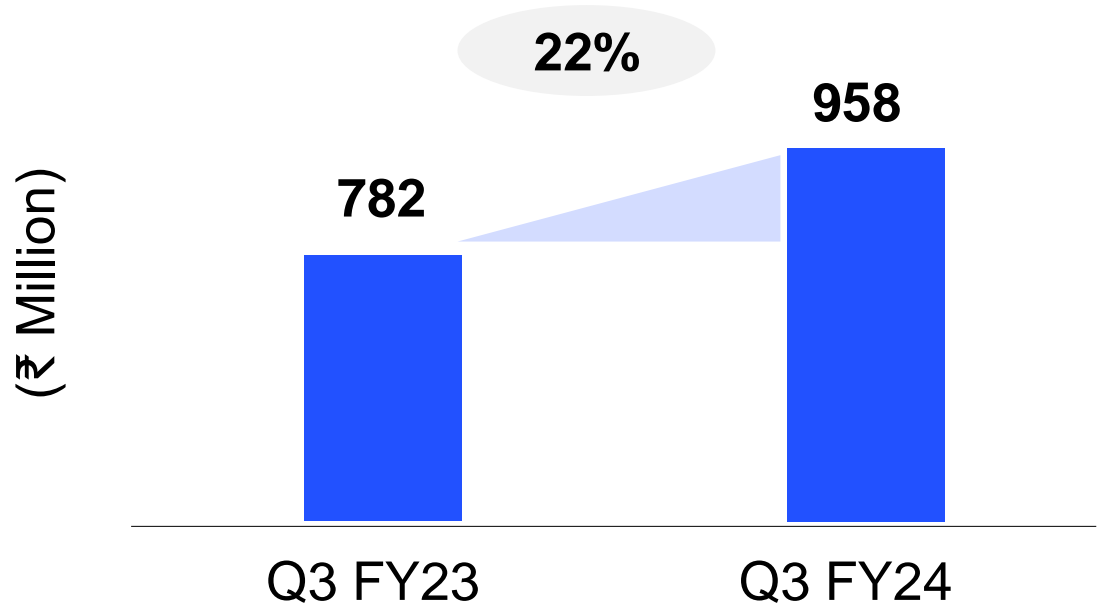
Digital Platform & Enterprise Communications revenue growth



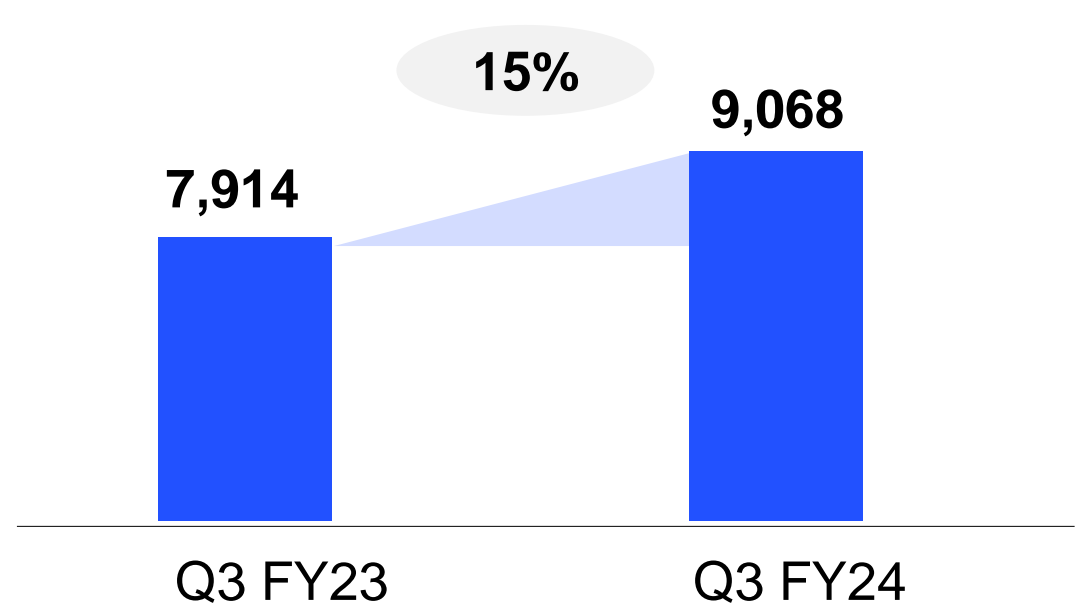
x YoY growth



Digital Platform



Enterprise Communications



Gross profit profile



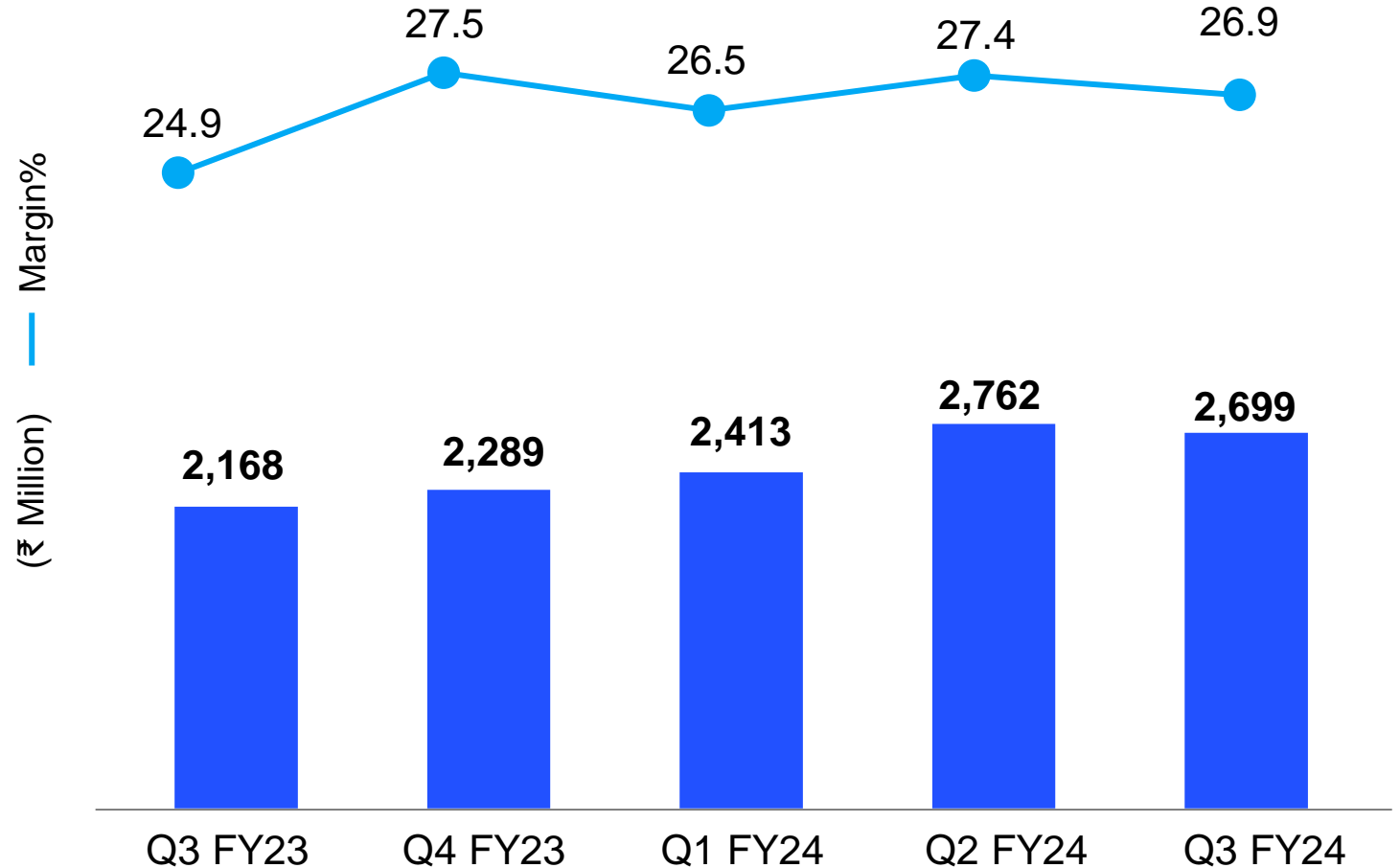
Gross profit grew by 24% on YoY basis. Gross profit % increased by 199 bps to **26.9%**



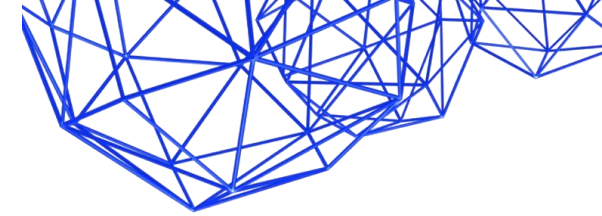
Digital Platform gross profit grew by 24% YoY driven by Wisely-OTT



Enterprise communications gross profit grew by 24% YoY, led by WhatsApp



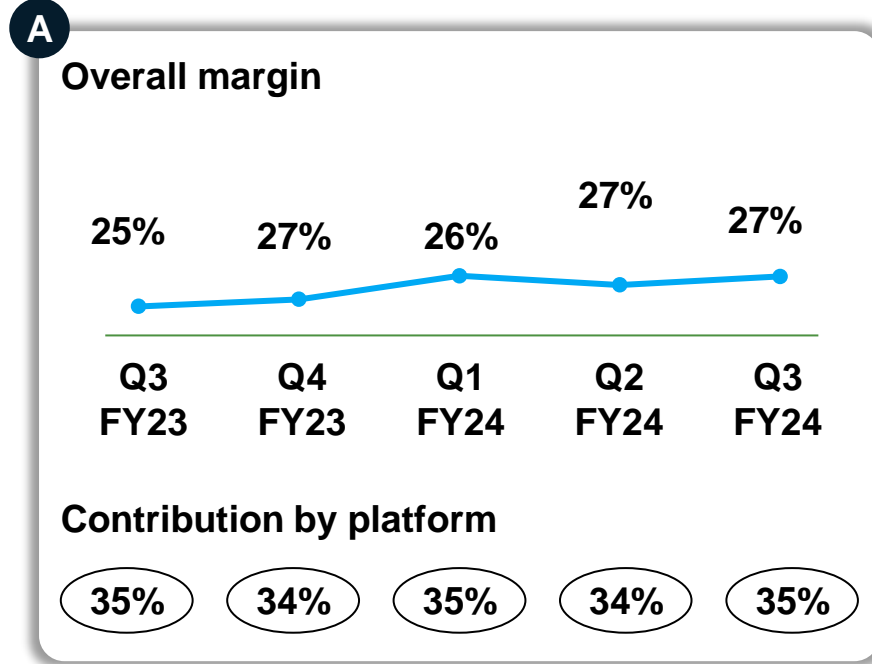
Gross margin profile



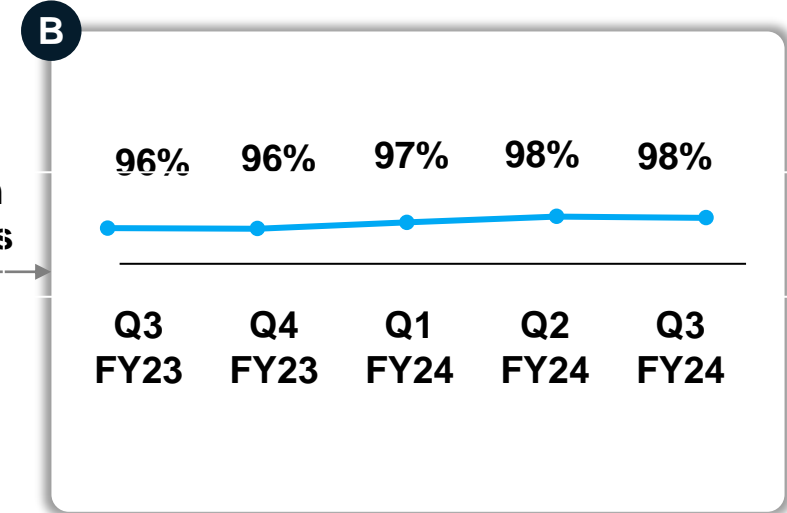
A Increase in gross margin by **199 bps YoY**, decreased by 46 bps QoQ

B Digital Platform gross margin contribution to total at **35%**

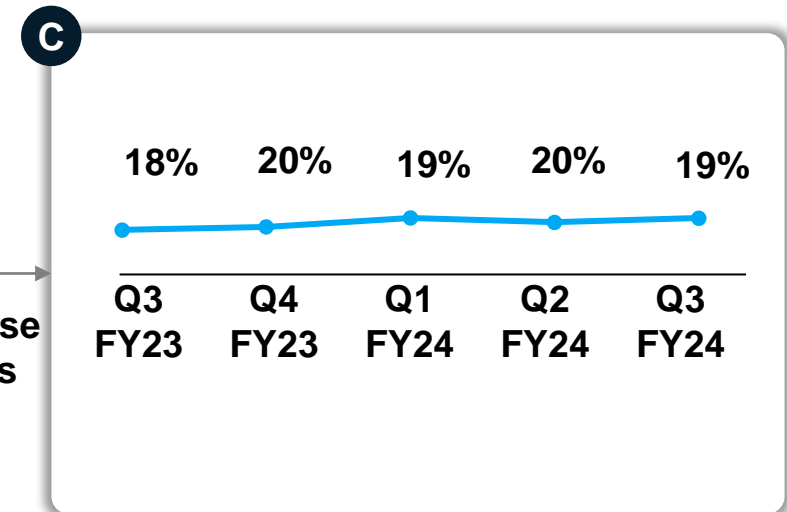
C Enterprise communications gross margin at **19.5%** in Q3



Platform business



Enterprise business



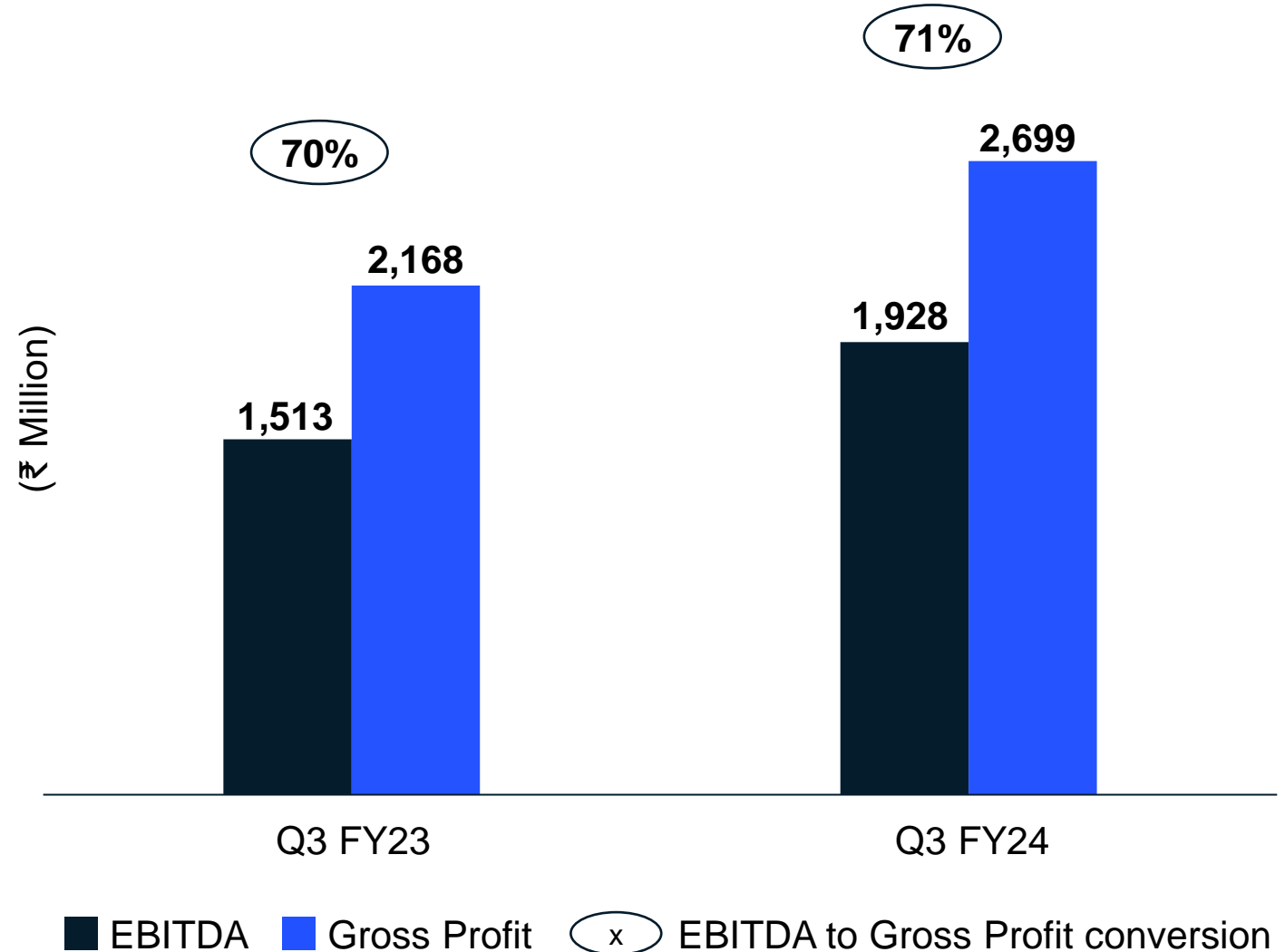
Efficiency metrics



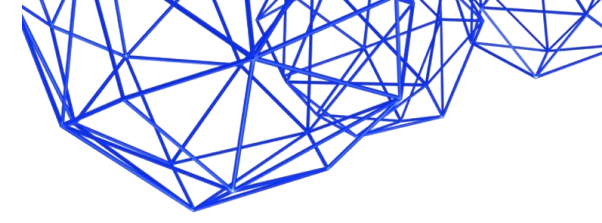
EBITDA to Gross profit conversion improved by **163 bps** at 71% in Q3, on back of increase in absolute gross profit



On a sequential basis, there was an increase in sales and marketing expenses which was offset by reduction in overheads and forex gains



EBIT profile



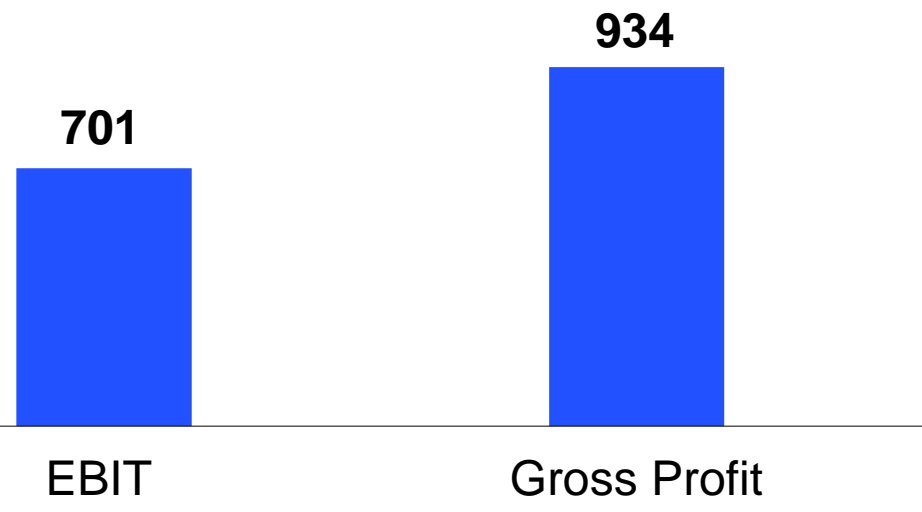
x EBIT %



Digital Platform

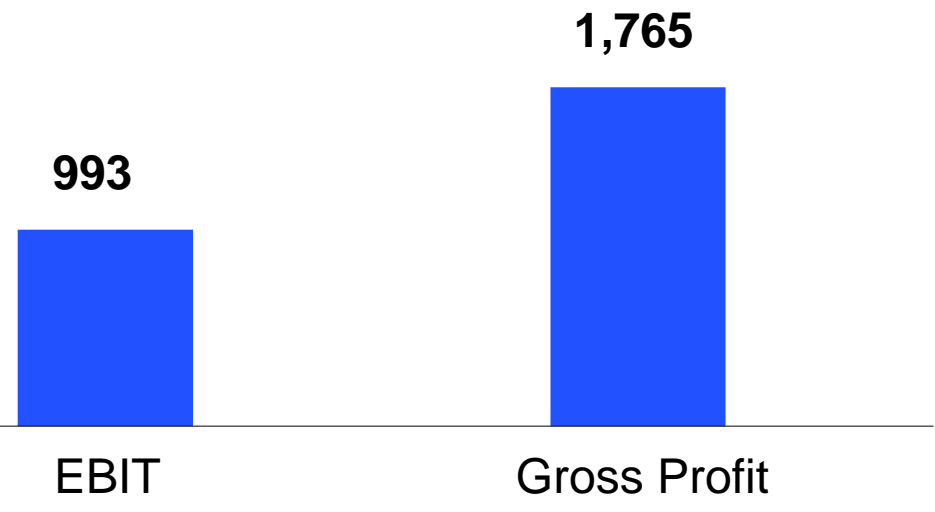
73.2%

(₹ Million)

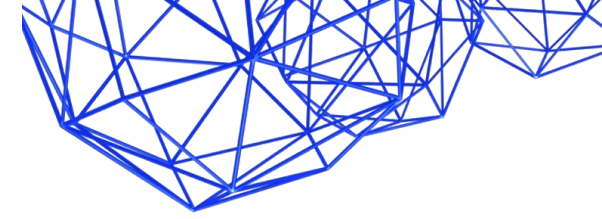


Enterprise Communication

11.0%



Operating income

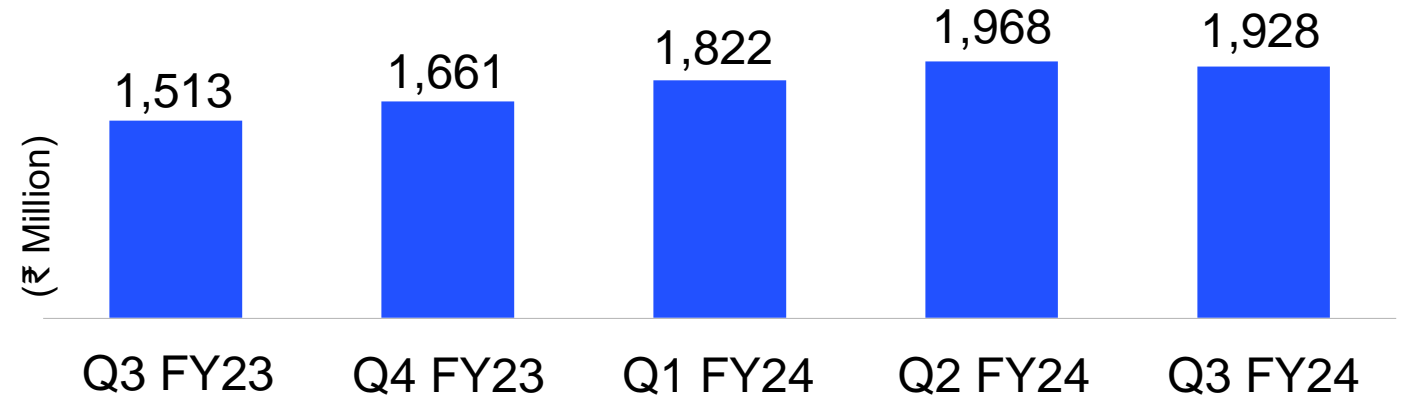


EBITDA margin was at **19.2%** in Q3, up 183 bps YoY (seq drop by 28 bps)

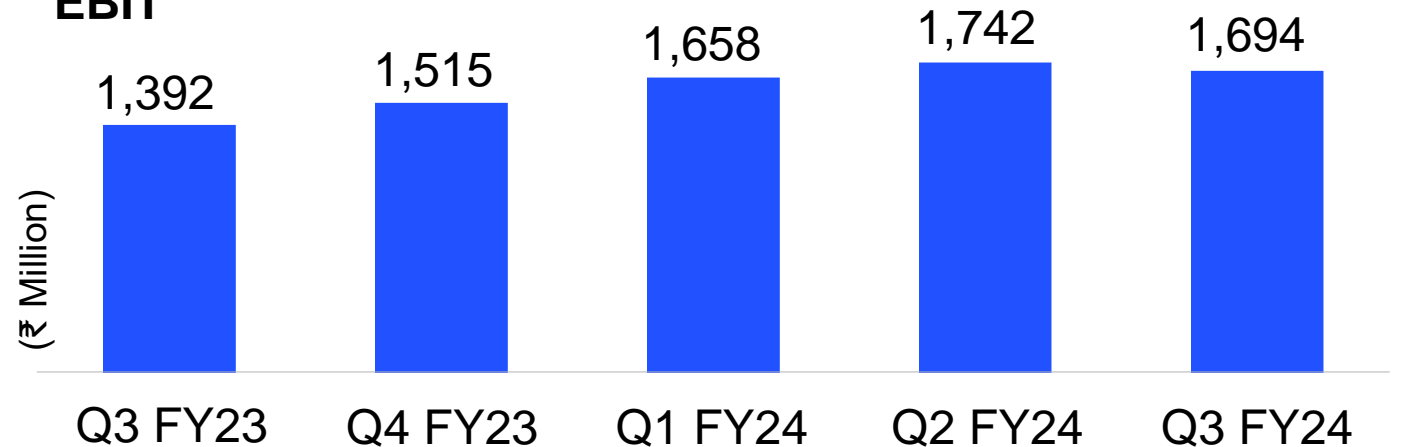


Amortization on intangible assets due to acquisition was at **₹28 Mn**

EBITDA



EBIT



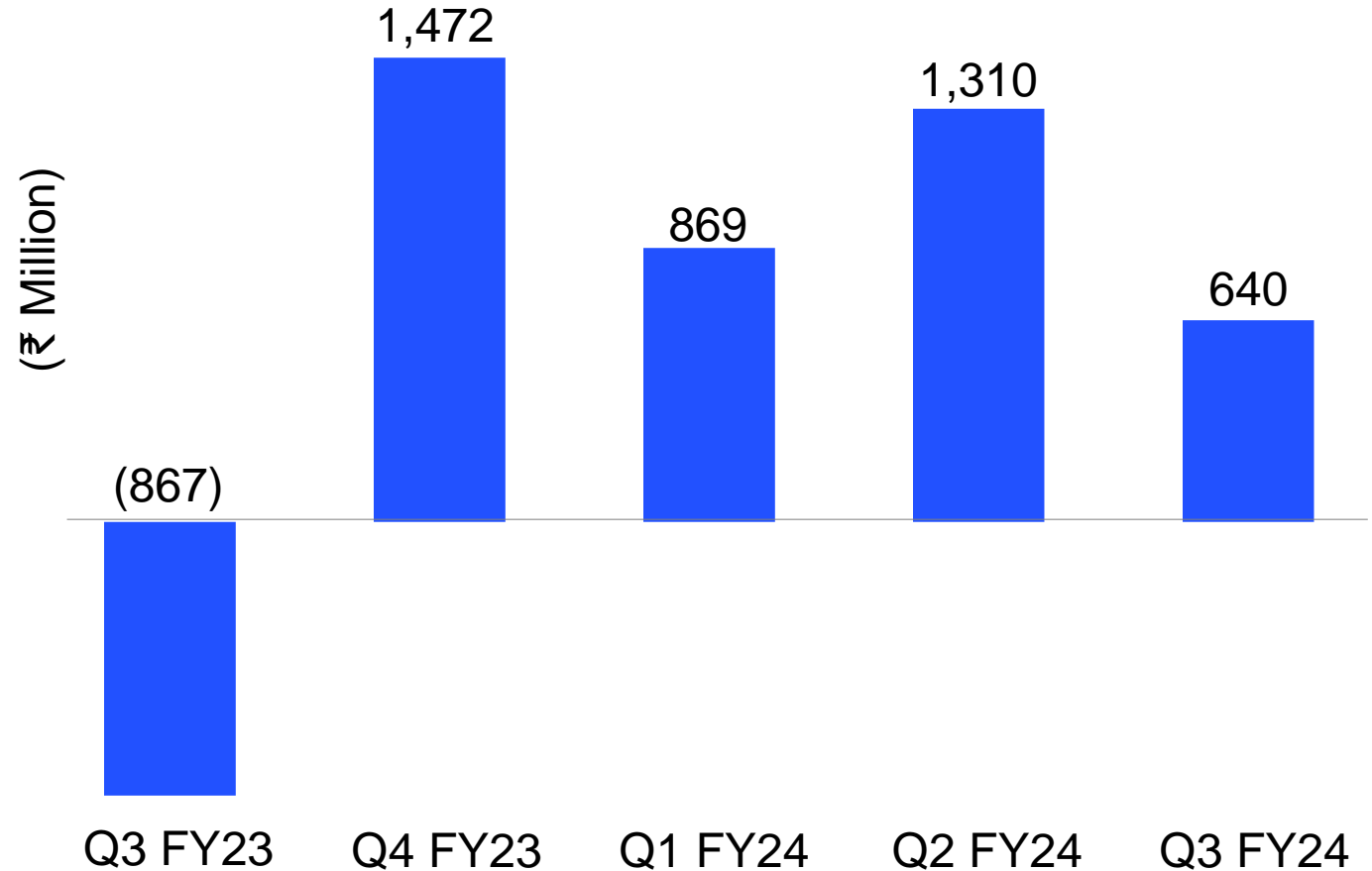
Strong cash flow generation



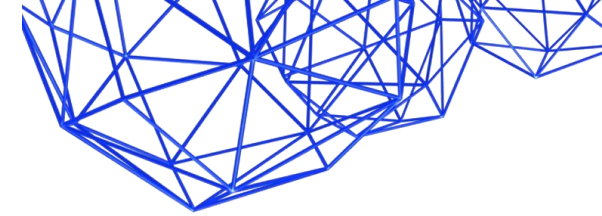
DSO up by 2 days to 77 in Q3. Capital expenditure for the quarter was at ₹ 442 Mn mainly spent towards **our platforms**



Tax payouts remain **consistent**



Net income and EPS



Profit after tax grew by 20% YoY

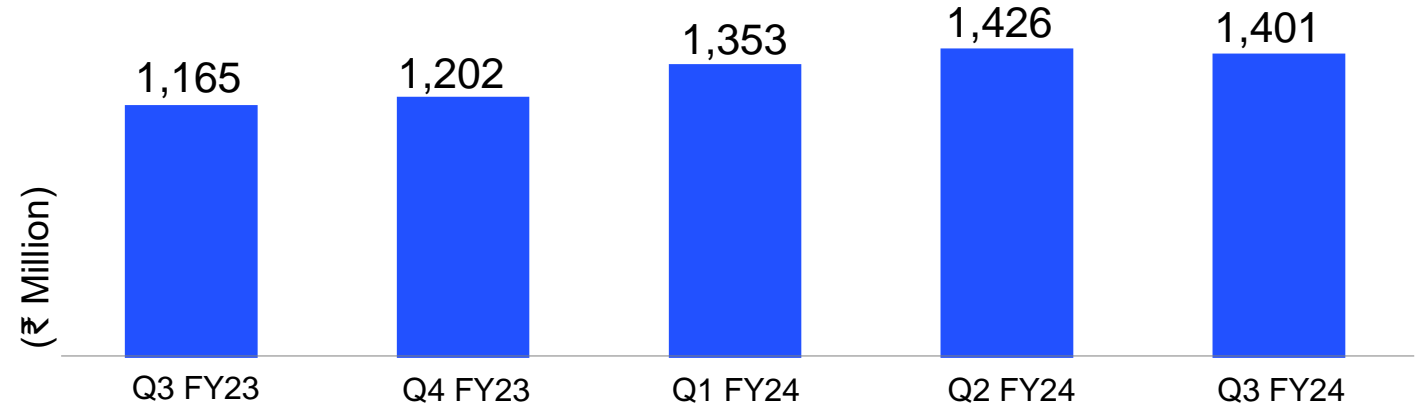


Effective tax rate for Q3 at 19%

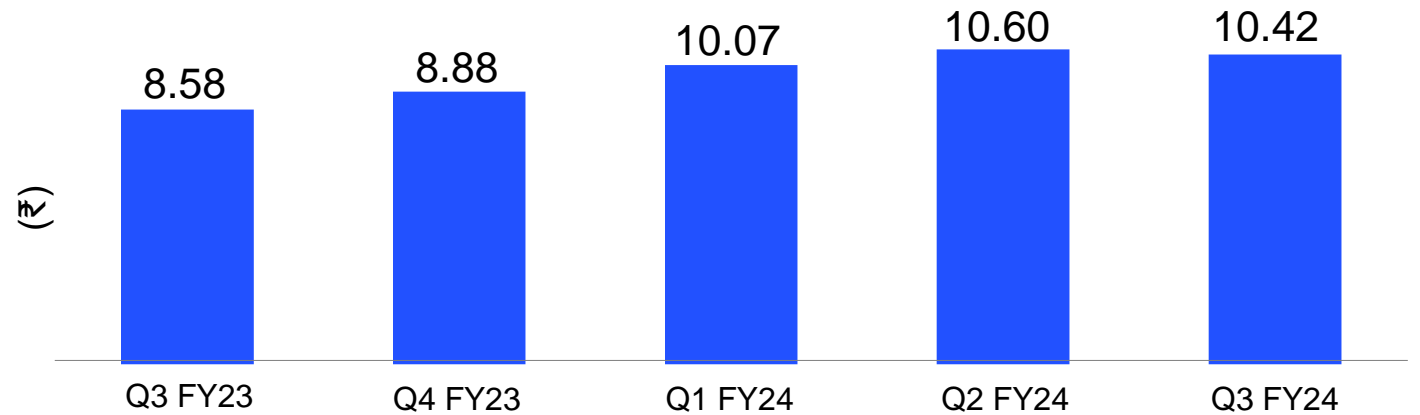


EPS grew by 21.5% YoY, led by profit expansion and benefited by buyback

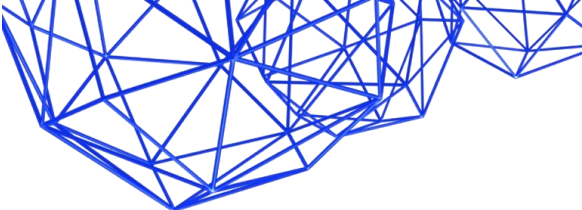
PAT



EPS



Return on capital employed

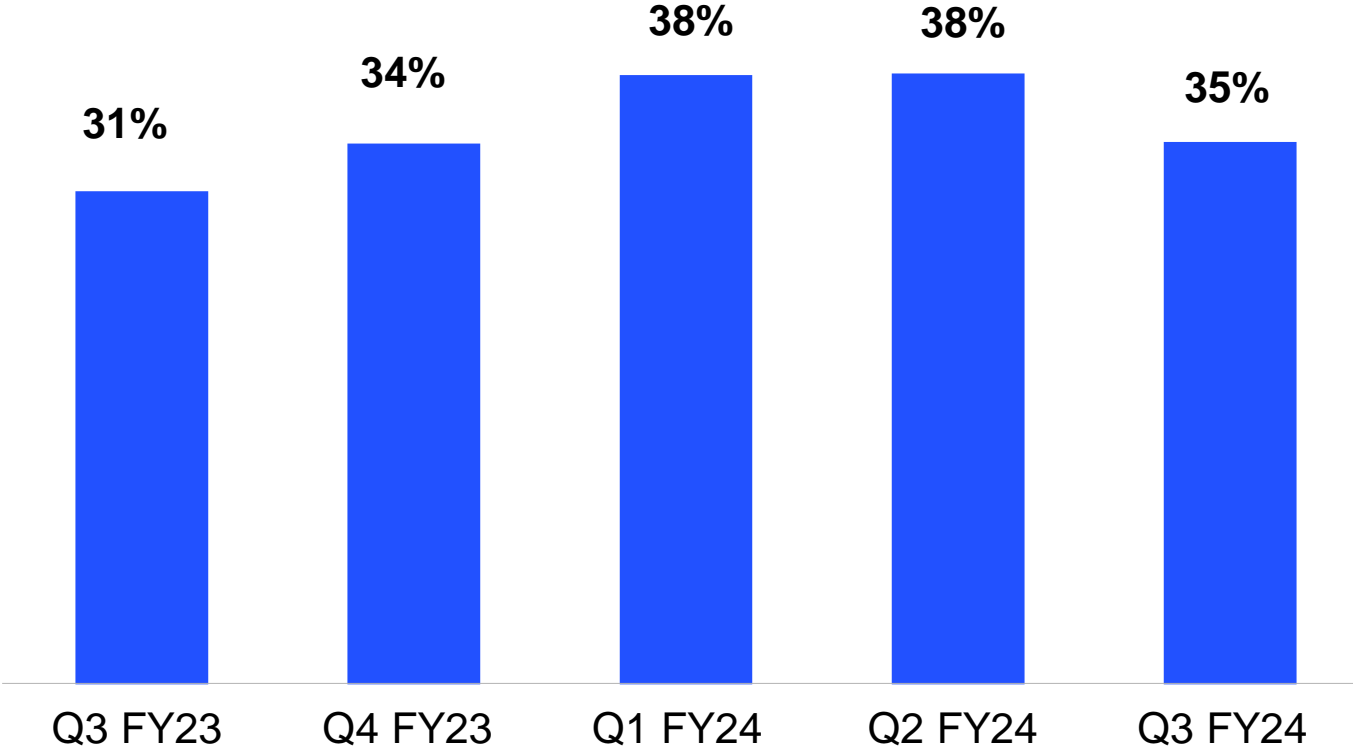


51%

excluding CCE as against 74% last year



ROCE- Return on capital employed; CCE- Cash & cash equivalents



Strong balance sheet



₹18,904 Mn

Strong Equity and Reserves

₹6,162 Mn

Cash & cash equivalents

51%

ROCE (excluding cash & cash equivalents)

Debt Free

Appendix I – Detailed FS

Profit & Loss

Q3 FY24

In ₹ Million, unless otherwise stated	Q3 FY24	Q3 FY23	Δ %	Q2 FY24
Revenue from operations	10,026	8,696	15	10,086
Cost of services	(7,327)	(6,528)	12	(7,324)
Gross profit	2,699	2,168	24	2,762
Operating expenses	(771)	(655)	18	(794)
EBITDA	1,928	1,513	27	1,968
Depreciation & amortization	(234)	(122)	92	(226)
EBIT	1,694	1,391	22	1,742
Finance cost	(17)	(2)	704	(18)
Other income	51	61	(16)	63
Profit before taxes	1,728	1,450	19	1,787
Tax expense (including deferred tax)	(327)	(285)	15	(362)
Profit after tax	1,401	1,165	20	1,425
Earning per share	10.42	8.58	22	10.60
Weighted average shares outstanding	134	136	-	134



Unaudited Balance Sheet Dec 31, 2023

In ₹ Millions, unless otherwise stated	Dec 31, 2023	Mar 31, 2023
ASSETS		
Non-current assets		
Property, plant and equipment	2,122	1,659
Platforms	722	874
Customer Relationships	388	133
Tradenname	41	2
Technology & Software	290	0
Non-Compete	21	25
Intangible assets underdevelopment	971	566
Goodwill	2,639	1,346
Right-of-use-lease assets	665	797
Capital work in progress	135	78
Financial assets	283	149
Deferred tax assets (net)	414	363
Other non-current assets	838	786
Total non-current assets	9,529	6,777
Trade receivables	9,191	5,700
Cash and bank balances	6,162	7,116
Other Financial assets	5,445	4,203
Other current assets	487	330
Total current assets	21,285	17,348
TOTAL ASSETS	30,814	24,126

In ₹ crores, unless otherwise stated	Dec 31, 2023	Mar 31, 2023
EQUITY AND LIABILITIES		
Equity share capital	134	134
Other equity	18,770	15,041
Total equity	18,904	15,175
Financial liabilities	0	
Lease liabilities	602	732
Other financial liabilities	9	8
Provisions	18	18
Other non-current liabilities	7	6
Total Non-current Liabilities	636	764
Current liabilities		
Trade payables	7,178	5,386
Lease liabilities	148	94
Other financial liabilities	3,525	2,443
Other current liabilities	43	203
Short term provisions	86	13
Liabilities for current tax (net)	293	48
Total Current liabilities	11,274	8,187
TOTAL EQUITY AND LIABILITIES	30,814	24,126

Condensed Cash flow



In ₹ Millions, unless otherwise stated

	Q3 FY24	Q2 FY24
Cash flow before changes in working capital	1,945	2,055
Changes in working capital	(677)	(161)
Cash generated from operations	1,268	1,894
Taxes	(186)	(291)
Cash flow from operating activities	1,082	1,603
Net investments in tangible and intangible assets	(442)	(292)
Interest and other income	44	48
Investment in subsidiary	-	(3,737)
Cash flow from investing activities	(398)	(3,981)
Borrowings	-	(33)
Dividend paid	-	(538)
Interest paid on lease liabilities	(3)	(90)
Cash flow from financing activities	(3)	(661)
Cash flow for the period	681	(3,039)
Cash and cash equivalents at the beginning of period	5,451	8,039
Forex Fluctuations	30	(55)
Cash Acquired on ValueFirst Acquisition	-	506
Cash and cash equivalents closing balance	6,162	5,451

Free cash flow

In ₹ Million, unless otherwise stated	Q3 FY24	Q3 FY23	Δ %	Q2 FY24
Operating cash flow	1,082	(608)	278	1,601
Capital expenditure	(442)	(259)	71	(292)
Free cash flow	640	(867)	174	1,310
Free cash flow in percent of total revenue	6%	(5%)	-	13%
Free cash flow as % of PAT	46%	(38%)	-	93%



Appendix II – About us

We continue to **disrupt the market** through tech led **greenfield innovations**

Multiple cutting-edge technologies leveraged across our platforms

1. Engage



2. Communicate



3: Protect



4: Experience



AI enabled customer insights to acquire customers



Big data and AI/ML capabilities to enable personalization at scale



Predictive AI & recommendation engine to ensure targeted propositions for increased customer stickiness



End to end **secure dual encryption standard** using cryptographic algorithms (ciphered text)



Blockchain built using Hyperledger Fabric 1.4 to provide Single Source of Truth (SSOT) for all communication



4 proprietary **AI/ML engines** leveraging **Web of Trust, Convolutional Neural Network, NLP, and deep learning** resulting in a False positive rate of <0.5% and latency of <20 m/s



Usage of **cognitive computing, honeypots, AI & ML** to eliminate unregistered telemarketers



Single API for seamless **omni-channel experience** across all forms of communications (SMS, voice, OTT and advanced channels etc.)

Our platforms of pride!

TRUBLOQ

Developed **world's largest blockchain** based platform to prevent spam

Serving **3 out of 4 large** telcos in India and both telcos **in UAE**

wisely^{ATP}

First of its kind **AI/ML platform** for **curbing smishing**

First closure of commercial contract with a bank in India

Great Financial Track Record

We continue
to deliver
over the **last 5**
years

All figures in ₹ Mn



7,916

Revenues 2018

~4x

33,546

Revenues 2023



652

EBITDA 2018

~9x

5,879

EBITDA 2023



191

PAT 2018

~23x

4,476

PAT 2023

Wisely is our platform of platforms across all 4 parts of the value chain addressing needs of multiple C-suite buying centers

Primary buying center

Secondary buying center

1: Engage

Intelligence led promo solutions for sharper customer targeting

- a Wisely Engage

Chief Marketing Officer

Chief Digital Officer

2: Communicate

Blockchain based omni-channel CPaaS platform; DLT scrubbing

- b Wisely Communicate
- c Wisely Trubloq

Chief Technology Officer

CISO; Chief Risk officer

Chief Operating Officer

Chief Marketing Officer

Customer Service head

3: Protect

AI enabled solutions to curb phishing and leakages

- d Wisely Anti-Phishing Technology Platform
- e Wisely Network

CISO; Chief Risk officer

Chief Digital Officer

Chief Marketing Officer

4: Experience

Omni-channel solutions to deliver differentiated experience and customer value

- f Wisely OTT

Chief Marketing Officer

Chief Operating Officer



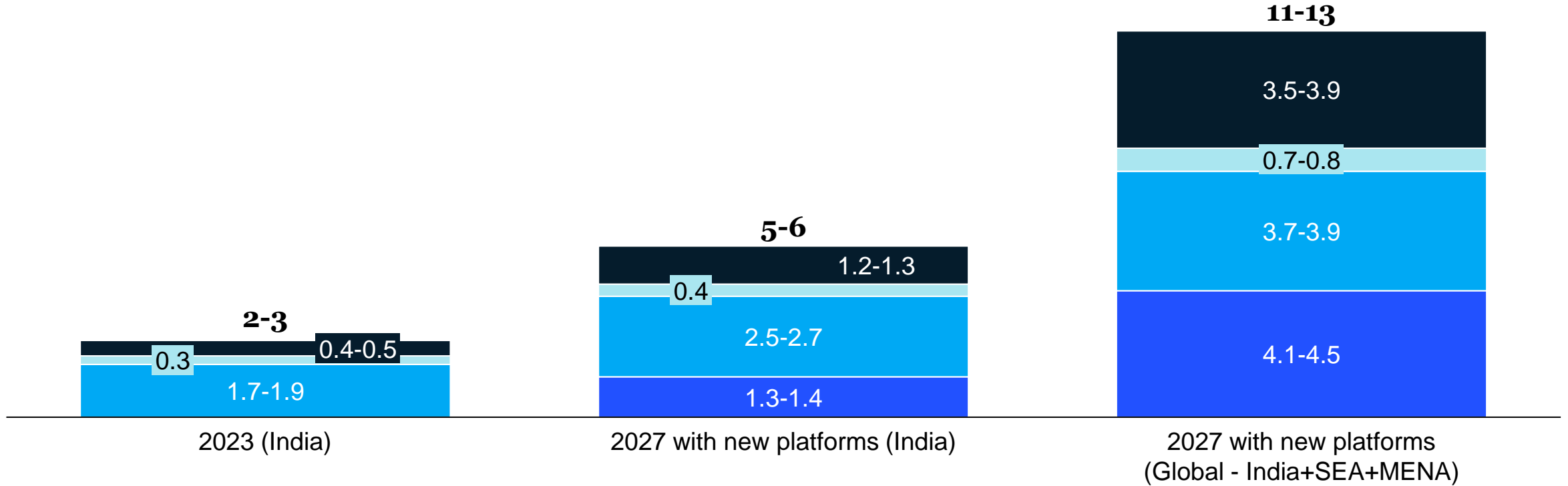
6 platforms currently and more to come

1. Currently TRUBLOQ comes under Comply

These platforms represent a large and growing TAM opportunity

Total addressable market (CY'23 to 27, USD Bn)

Engage Communicate Protect Experience



Wisely ATP - first of its kind anti-smishing platform

AI/ML led solution to **identify** SMS phishing in real time, **prevent** the message from being delivered, **eliminate** the root cause



A. Real time

<20ms



B. Scalable

1 trillion +

Potential processing capacity over a year



C. Cutting edge tech

AI/ML, NLP, deep learning, WOT, CNN etc.



D. 99% Gold standard efficacy

Regulatory acceptance



Customer adoption

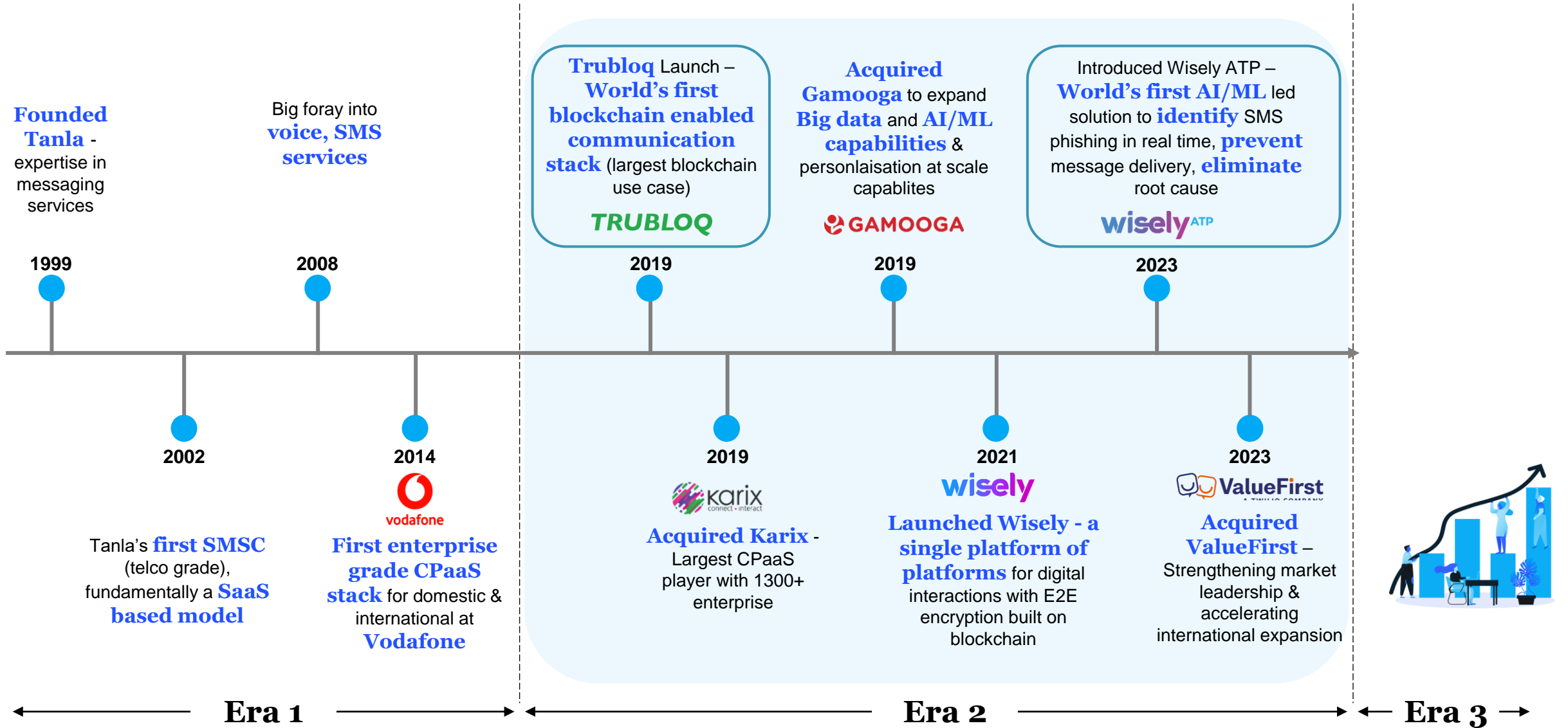


Success Markers

- 1 Showcased to 5 regulators globally
- 2 Success tested with **TRAI**; demonstrated solution prowess during **3-month regulatory sandbox**
 - **99%+ identification and prevention** of smishing attacks targeted at users
- 3 **POC's successfully completed** with **3** leading private banks:
- 4 **First closure of commercial contract** with a bank in India
 - Accelerating our GTM with other enterprises

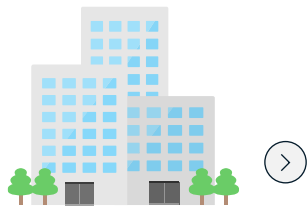
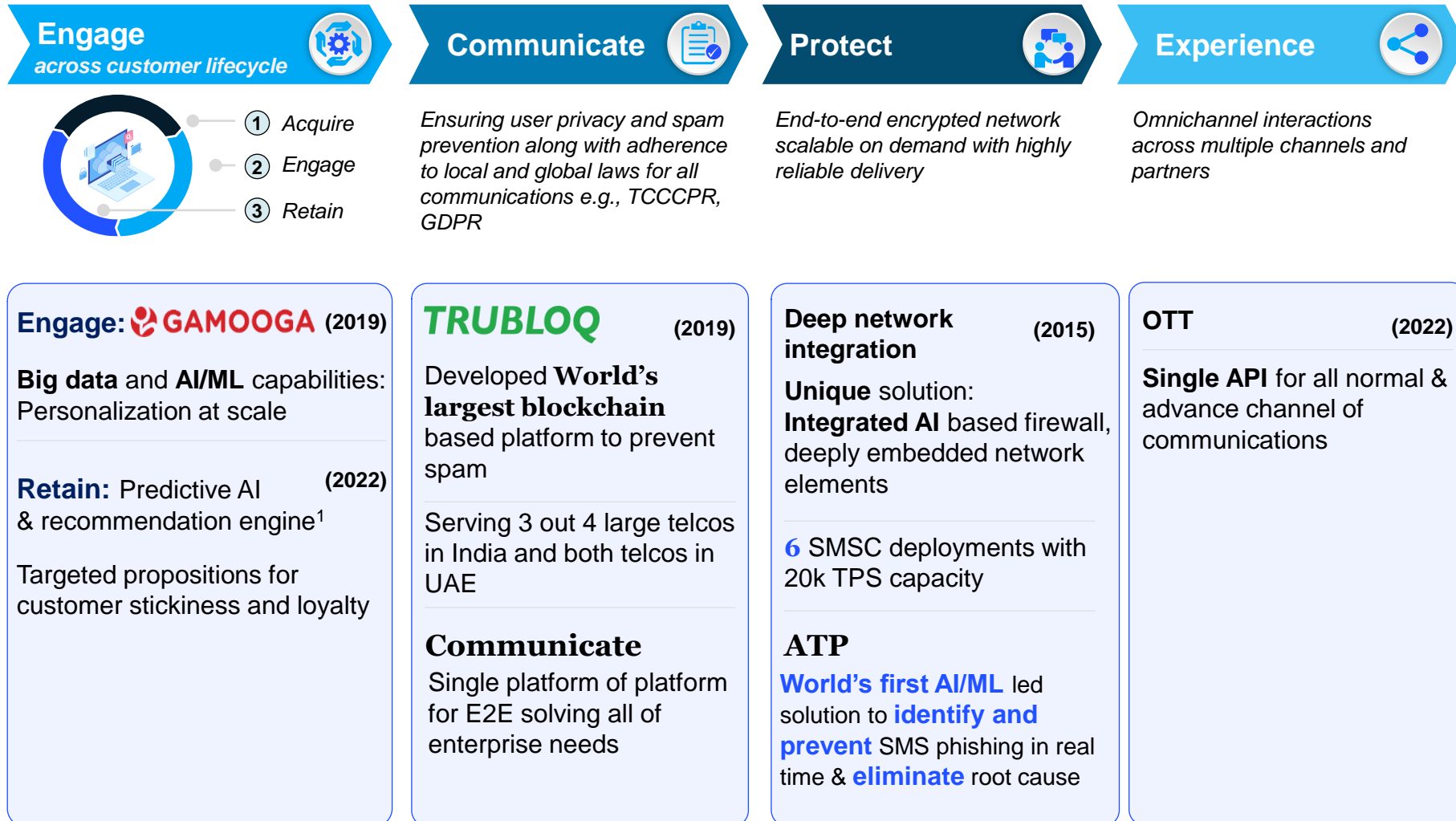
1. From eight weeks POC with one of the largest publicly listed banks in India

Tanla is now at its **next inflection point**



Our digital platforms are **deeply embedded** across the **digital interaction value chain**

(xx) Year of acquisition/launch



Enterprises




Users


Trubloq | **Game changing innovation** – Blockchain powered communication stack

Tanla's Solution

DLT system (Distributed Ledger Technology) to arrest **Spam**

 World's first **blockchain-enabled** communication stack

 Usage of **cognitive computing, honey-pots, AI & ML** to eliminate unregistered telemarketers

 Engineered for **universal compatibility** with both **legacy and ledger-based blockchain protocols**



Impact



User Impact

1 bn+ users touched



Business Impact

3   

Out of 4 Indian top **telcos** served

50K+ enterprises

100%

UAE traffic



etisalat by e2

90 Bn+

Volume in Q3



Financial Impact

15% CAGR
over past three years

95%+ gross margin

We are a platform company operating at above **Rule of 60**

Characteristics

Evidence

Outcome



High margin profile

IP led platforms –
80%+ Gross Margin and **60%+** EBIT



Deeply embedded with customers

Address needs of multiple buying centres
125% of NRR



Monetization at Scale

100% of our platform revenue operates at **SaaS business models:**
per user, per transaction or subscription



Revenue predictability

20%+ YoY growth in gross profit for 14 consecutive quarters



Rule of 60

22%
YoY revenue growth




73%
EBIT margin


*We are **currently** operating at close to rule of 100*

Our customers love us in India and beyond

We are the player of choice in India...

 **~45%**
NLD market share

 **50%+**
of total revenues contributed by
50 of our top 100 customers,
retained for more than 5 years

 **Player of choice**
in India across industries leaders

 **2000+**
Customers across segments

 **9/10** top banks served

 **7/10** top insurance

 **8/10** top financial services

 **7/10** top social media

 **marquee govt. projects**
  

... and serve global giants in 4 regions

USA & Europe

Global Tech giants

SEA



Middle East



Our market leadership in enterprise communication (1/2)

Undisputed market leadership



Unmatched scale with 35% CPaaS market share

- 5% increase post ValueFirst acquisition
- ~45% share in SMS NLD market

Player of choice across industry

- 2000+ customers across industries
- 8 of Top 10 brands served across banking, Insurance, Retail, E-Comm, Travel & Digital Natives

Largest government partner

- Multiple campaigns supported



High Customer Stickiness



50 of Top 100 accounts > 5 years

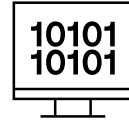
- Double digit growth in every customer cohort since inception
- 100+ API's integrations within a single enterprises across different ecosystems

Customized to serve enterprise needs

- Deeply integrated, with all major CRM systems across verticals to enable omnichannel communication
- 10,000 customized APIs to integrate with customers
- 1000+ bank-specific use cases supported

Our market leadership in enterprise communication (2/2)

Tech. backed use cases



AI/ML based solutions developed for a leading bank

- **Impact:**
2X increase in loyalty (offers availed) for the bank

Context

- **Automated** relevant promotional messages based on user card swipe activity
- In house **ML capabilities** leveraged to trigger targeted offer to users basis transaction amount, location, and card type

Newer Channels



Turbo charging our growth

- ~4X YoY growth in Q3 from WhatsApp

Serving enterprise curated needs

- **Commerce on WhatsApp:** Enabled cab booking over WhatsApp for a seamless consumer journey