

Intellect continues on its consolidation path with a steady 14% YoY revenue growth and sharp turnaround in profitability in Q2 FY21

- Healthy growth of 131% in License revenues and AMC revenues up by 19% YoY
- License linked revenue (License + SaaS/Subscription + AMC) is at 56% of total revenues as against 41% of total revenues in Q2FY20.
- Sustained turnaround in profitability with PAT at INR 590 Mn as against a loss of INR 170 Mn in Q2 FY20
- Expansion of EBITDA margins at 24% of revenues in Q2 FY21 vs 20% in Q1 FY21

Chennai (India), 30th October, 2020: Intellect Design Arena Ltd, a cloud-native, future ready multi-product fintech company for the world's leading financial and insurance clients announced its second quarter results for FY2020-21 today.

I. Calibrated Growth Yielding Predictability

Q2 FY21 - Financial Highlights

Revenue:

- Total revenue is at INR 3730 Mn registering 14% YoY growth
- In \$ terms, total revenue is at \$50.13 Mn registering 8% YoY growth

License, AMC and SaaS Revenue:

- License Revenue is INR 985 Mn, registering 131% YoY growth
- AMC Revenue is INR 748 Mn, registering 19% YoY growth
- Cloud/SaaS revenue is INR 345 Mn, registering 25% YoY growth

Digital led wins and go-lives

- 6 Digital led wins including 4 large Digital Transformation deal wins
- 19 Go-lives in financial institutions across the world during this quarter

Gross Margin, EBITDA and Net Profit

- Gross Margin is INR 2096 Mn, 56% of revenues grew from 45% in Q2 FY20
- EBITDA is INR 904 Mn at 24% of revenues in Q2 FY21 as against a negative INR (49) Mn in Q2FY20
- Net Profit is INR 592 Mn as against a loss of INR (170) Mn in Q2FY20

Collections and Net DSO

- Collections for Q2 FY21 is INR 3343 Mn; up by INR 223 Mn as against Q2 FY20 and INR 7707 Mn for H1 FY21
- The Net Days of Sales Outstanding (DSO) is 127 days in Q2 FY21 as against 126 days in Q2 FY20
- Investment in Product Development (Capitalised) is INR 284 Mn, same as in Q2 FY20

Q2 Results FY 2020-2021

Cash and Debt position

- Effective Operating Cash Flow is INR 385 Mn and INR 2167 Mn in H1 FY21
- Cash and Cash Equivalent is INR 1654 Mn
- Total debt as of Q2 FY21 is at INR 707 Mn as against INR 2302 Mn in Q2 FY20 registering a reduction of INR 1595 Mn

Order backlog – Cloud/Subscription deals

- Order backlog relating to License based (License, AMC and implementation) deals - INR 11940 Mn as of Q2 FY21 as against INR 11000 Mn in Q2 FY20.

H1 FY21 - Financial Highlights

Revenue:

- Total revenue of H1 FY21 is at INR 7223 Mn, registering 8% YoY growth
- H1 FY21 revenue in \$ terms is at \$96 Mn

License, AMC and SaaS Revenue:

- License Revenue is INR 1591 Mn, registering 62% YoY growth
- AMC Revenue is INR 1489 Mn, registering 22% YoY growth
- Cloud/SaaS revenue is INR 734 Mn, registering 44% YoY growth

Gross Margin, EBITDA and Net Profit

- Gross Margin is INR 3976 Mn, 55% of revenues
- EBITDA is INR 1617 Mn in H1 FY21
- Net Profit is INR 1018 Mn in H1FY21 as against loss of INR (136) Mn in H1FY20

Digital led wins and go-lives

- 10 Digital led wins including 5 large Digital Transformation deal wins
- Gone-live with 31 financial institutions across the world during H1 FY21

II. Management Overview



Arun Jain, Chairman and Managing Director, Intellect Design Arena Limited said, *"I take great satisfaction in announcing another quarter of steady revenue growth along with sustained expansion in profitability as part of our monetisation strategy announced last quarter. Our brand recognition & superior and deep financial technologies are helping us to drive more consistent deal flows in advanced markets."*



Venkateswarlu Saranu, Chief Financial Officer, Intellect Design Arena Limited said, *"We are happy to share that we have expanded our EBITDA margin by 400 basis points this quarter to 24% of revenue, which stands at INR 904 Mn. The PAT at INR 590 million on a quarterly basis has EPS of INR 4.47. We are confident of steady growth of all financial metrics in current years."*

III. Digital Deals

In Q2 FY21 Intellect has been able to address all aspects of our customers' digital requirements leading to 6 digital led wins of which 4 large transformation deal wins.

Large Digital Transformation deal wins

One of the largest multi-faceted global financial services from the US has chosen iGTB's Liquidity Management Solution. The mandate was to implement Investment Sweeps for its country operations in the US. With this deal win, iGTB now has 11 clients in the US out of Intellect's portfolio of 25 in North America, reinforcing its position as partner of choice for large financial institutions in this region.

One of the top African companies chose Intellect Digital Core banking solution - IDC 19.1. The company wanted to upgrade its present mobile wallet solutions with the latest capabilities and trends to provide a more contextual and frictionless user experience to its stakeholders.

Large upgrade deal won from a leading Apex Indian National financial Institution for their core banking and lending transformation.

One of the largest Southeast Asia's bank has chosen Intellect's Cash Management Services. Intellect's Cash Management system will help the bank predict and automate enterprise-wide cash flows. Intellect will implement Payments pre processor, Collections and Receivables, Virtual Account, LMS and CBX for the bank.

Significant deal wins

- The only bank devoted exclusively to entrepreneurs, offering financing, venture capital, growth & transition capital, and consulting services in Montreal, Canada chose Intellect's Collections and Recovery module, (i.e.) Intellect Debt Management.
- One of the top Indian car finance companies, that offers loans for passenger, multi-utility vehicles, pre-owned cars and two-wheelers chose Intellect's Lending Management Solution for their Dealer Finance Business.

IV. Reliable Implementations

- A large Chilean retailing chain went live with Intellect Cards
- A Canadian multinational investment bank and financial services company went live with Intellect Payments Hub.
- A Govt of India specialised financial institution has gone live with iGTB Corporate Banking, CBX, Payments and Account Services modules.
- The largest bank in UAE has expanded its relationship with Intellect and went live with iGTB to provide advanced Liquidity Management services to its customers.
- One of Vietnam's leading private sector banks has gone live with iGTB's end-to-end Cash Management services.
- An Indian financial services company went live with Intellect Capital Sigma. Intellect's asset servicing solution suite will help the company achieve 95%+ straight through processing and increase its operational efficiency.
- One of the largest banks in the Middle East has gone live with iGTB's corporate banking, CBX, Payments, Collections and Receivables and LMS modules.

V. Product Acceptance in Leadership Quadrant

Intellect's recognition by global analyst and research firms continues in Q2 FY21 too:

- IDC Financial Insights announced Intellect Wealth as the winner at the 2020 IDC FinTech Rankings Real Results Award for Digital Wealth Transformation. This award was given for our implementation at CIMB Thai Bank.
- Intellect joined BIAN to help revolutionise the API-driven contextual banking technology framework
- Intellect SEEC's implementation at Liberty Mutual featured as a case study in the Data and Analytics category by Novarica.
- iGTB - CBX Virtual Accounts Management (VAM) is featured among Global VAM players in an Aite report
- iRTM's Contextual ALM is positioned at the 75th percentile category performer for Liquidity/Funding Risk and Profitability Management in a Celent Report.
- iGCB - CBX-R is profiled among the major vendors with a "Retail Banking Front Office AI Solution" in the Celent report on "AI in the UI".
- iGTB rated as a "Strong Performer" in The Forrester Wave™ in Digital Banking Processing Platforms (Corporate Banking).

Financial Results for the Second Quarter Ended – September 30, 2020 - Additional Information
 on function wise classification of statement of Profit and Loss of the Group (Consolidated Unaudited/Not Reviewed) (INR Mn)

Particulars	QUARTER ENDED			HALF YEAR ENDED		YEAR ENDED
	September 30, 2020 (Q2 FY21)	June 30, 2020 (Q1 FY21)	September 30, 2019 (Q2 FY20)	September 30, 2020 (H1 FY21)	September 30, 2019 (H1 FY20)	March 31, 2020 (FY20)
INCOME						
Income from software product license and related services	3,730	3,492	3,275	7,223	6,709	13,509
EXPENDITURE						
Software development expenses	1,635	1,613	1,791	32,47	3,607	6,987
Gross Margin	2,096	1,880	1484	3976	3102	6,522
Gross Margin %	56.18%	53.82%	45.32%	55.04%	46.24%	48.28%
Selling and marketing & General and administrative expenses	844	832	1,126	1,676	2,238	4,213
Research & Engineering expenses	234	230	333	464	668	1,219
ESOP Cost	74	75	40	149	68	170
Provision for Debts and Write offs	40	30	35	69	54	172
Total Expenditure	2,826	2,779	3,324	5,606	6,636	12,761
EBITDA	904	713	(49)	1,617	73	748
Depreciation	(98)	(105)	(95)	(203)	(192)	(397)
Amortisation	(96)	(84)	(68)	(180)	(136)	(293)
Hedge Impact	(12)	(33)	(9)	(45)	(15)	(40)
Finance Charges	(25)	(39)	(48)	(65)	(87)	(174)
Profits / (Loss) before other income / minority interest	672	452	(269)	1,124	357	(155)
Other Income (including Treasury)	22	29	80	51	231	294
Reinstatement of Receivables / Liabilities	(28)	48	35	21	37	26
Minority Interest/ Share of profit/(loss) of Associate Companies	(4)	(58)	(10)	(62)	(38)	46
Profit / (Loss) before tax	662	471	(163)	1,133	(127)	211
Provision for taxation	(70)	45	(7)	(115)	(10)	(51)
Profit / (Loss) after tax	592	426	(170)	1,018	(136)	160

Investor Conference Call

The Board of Directors of Intellect Design Arena Limited met on **30th October, 2020**, to take on record the financial results of the company for the Q2 FY21 ended on September 30, 2020.

Intellect Design Arena Ltd. will host an Investors Conference Call on **30th October, 2020**, where the Senior Management of Intellect will comment on the company's performance for Q2 FY21 and respond to questions from participants.

The virtual conference call will take place through Zoom at 17:00 hrs IST on Friday, 30th October, 2020.

Conference Name : Q2 FY21 - Investor earnings call
Date : 30th October, 2020
Time : 05:00 PM to 06:00 PM IST

Virtual Conference Call Link: <https://zoom.us/j/93129215502?pwd=TWoxc081ZWZ5QXFnejY2REN0VUc5dz09>

Webinar ID: 931 2921 5502

Passcode: 279074

Please Note:

- 1) Join this ZOOM Link by 4:55 PM IST on 30th October, 2020
- 2) Login with your name and company name while joining the call
- 3) Investors can raise their hand during the Q&A Session given in the bottom center of the screen

About Intellect Design Arena Limited

Intellect Design Arena Ltd, a cloud-native, future ready multi-product fintech platform for the world's leading financial & insurance clients caters to the full spectrum of banking and insurance technology products company, across Global Consumer Banking, Central Banking, Global Transaction Banking (iGTB), Risk, Treasury and Markets, and Insurance. With over 25 years of deep domain expertise, Intellect is the brand that progressive financial institutions rely on for digital transformation initiatives.

Intellect pioneered Design Thinking to create cutting-edge products and solutions for banking and insurance, with design being the company's key differentiator in enabling digital transformation. FinTech 8012, the world's first design center for Financial Technology, reflects Intellect's commitment to continuous and impactful innovation to address the growing need for digital transformation. Intellect serves over 240 customers through offices in 91 countries and with a diverse workforce of solution architects, domain and technology experts in major global financial hubs around the world. For further information on the organization and its solutions, please visit www.intellectdesign.com

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