

Intellect continues its monetisation journey with a steady 19% Y-o-Y revenue growth and PAT of INR 804 Mn

Breakthrough in Germany with OTTO GmbH and entry into North America for Intellect Digital Core

- *Healthy growth of 85% in License revenues; AMC revenues up by 18% YoY*
- *License-linked revenue (License + SaaS/Subscription + AMC) is at 53% of total revenues as against 45% of total revenues in Q3 FY20.*
- *Sustained growth in profitability with PAT at INR 804 Mn as against a loss of INR (114) Mn in Q3 FY20*
- *Expansion of EBITDA margins at 26% of revenues in Q3 FY21 vs 1% in Q3 FY20*
- *Novarica rates Intellect SEEC's IDX as an Intelligent Text Ingestion solution for Advanced Underwriting with AI & ML playing a larger role.*

Chennai (India), 2nd February 2021: Intellect Design Arena Ltd, a cloud-native, future-ready, multi-product FinTech company for the world's leading financial and insurance clients, announced its third-quarter results for FY 2020-21 today.

I. Calibrated Growth Yielding Predictability

Q3 FY21 - Financial Highlights

Revenue:

- Total revenue is INR 3823 Mn registering 19% YoY growth
- In \$ terms, total revenue is \$ 51.81 Mn registering 15% YoY growth

License, AMC and SaaS Revenue:

- License Revenue is INR 910 Mn, registering 85% YoY growth
- AMC Revenue is INR 745 Mn, registering 18 % YoY growth
- Cloud/SaaS revenue is INR 418 Mn, registering 28% YoY growth

Digital-led wins and go-lives

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

Gross Margin, EBITDA and Net Profit

- Gross Margin is INR 2141 Mn, grew from 47% in Q3 FY20 to 56% in Q3 FY21
- EBITDA is INR 975 Mn at 26% of revenues in Q3 FY21 as against INR 36 Mn and 1% of revenues in Q3 FY20
- Net Profit is INR 804 Mn (21% of revenues in Q3 FY21) as against a loss of INR (114) Mn in Q3 FY20

Collections and Net DSO

- Collections for Q3 FY21 is INR 3483 Mn; up by INR 138 Mn as against INR 3345 Mn in Q3 FY20
- The Net Days of Sales Outstanding (DSO) is 124 days in Q3 FY21 as against 132 days in Q3 FY20
- Investment in Product Development (Capitalised) is INR 283 Mn, against INR 287 Mn in Q3 FY20

Cash and Debt position

- Cash and Cash Equivalent is INR 1837 Mn Vs INR 1212 Mn in Q3 FY 20.
- Effective Operating Cash Flow is INR 335 Mn
- Net cash as of Q3 FY21 is at INR 1242 Mn as against negative INR 1015 Mn in Q3 FY20

YTD FY21 - Financial Highlights

Revenue:

- Total YTD revenue is INR 11046 Mn registering 11% YoY growth
- In \$ terms, total YTD revenue is \$ 147.99 Mn registering 5% YoY growth

License, AMC and SaaS Revenue:

- YTD License Revenue is INR 2501 Mn, registering 70% YoY growth
- YTD AMC Revenue is INR 2234 Mn, registering 20 % YoY growth
- YTD Cloud/SaaS revenue is INR 1152 Mn, registering 38% YoY growth

Digital-led wins and go-lives

- 20 Digital-led wins including 11 large Digital Transformation deal wins
- 40 Go-lives in financial institutions across the world during this quarter

Gross Margin, EBITDA and Net Profit

- Gross Margin is at INR 6116 Mn in YTD FY21 as against INR 4595 Mn in YTD FY20
- EBITDA is at INR 2592 Mn in YTD FY21 as against INR 109 Mn in YTD FY20
- Net Profit is INR 1822 Mn in YTD FY 21 as against a loss of INR (250) Mn in YTD FY20

Collections and Net DSO

- Collections for YTD FY21 is INR 11190 Mn; up by INR 1343 Mn as against INR 9847 Mn in YTD FY20
- Net Days of Sales Outstanding (DSO) for YTD FY21 is 124 days as against 132 days in YTD FY20
- Investment in Product Development (Capitalised) for YTD FY21 is INR 836 Mn as against INR 865 Mn in YTD FY20

Cash and Debt position

- Cash and Cash Equivalent for YTD FY21 is INR 1837 Mn Vs INR 1212 Mn in YTD FY 20.
- Effective Operating Cash Flow for YTD FY21 is INR 898 Mn

II. Management Overview



Commenting on the results, **Arun Jain**, *Chairman and Managing Director, Intellect Design Arena Ltd.* said, "Intellect in the last 3 years has emerged as a strong Global Fintech player with full Cloud native, Microservices architecture based Products. Winning of Core banking deals in highly competitive and technologically mature markets of Germany and Canada is the outcome of Intellect's Superior Technology and Functional design tailored for the digital age. I am proud of our Engineering teams supported by globally competitive product management. This gives us confidence to drive profitable and repeatable growth on a

sustained basis."



Venkateswarlu Saranu, Chief Financial Officer, Intellect Design Arena Ltd., said, "I am very excited to say that our EBITDA margins are growing consistently for the last 4 quarters to 26% this quarter from 18% during Jan-Mar 2020. This quarter achieved the highest Profit after tax of INR 804 Mn up from INR 592 Mn last quarter. Intellect's Cash position is very healthy with net cash of INR 1242 Mn at the end of Dec 2020. The annualised EPS based on Q3 results now stands at INR 24.23."

III. Digital Deals

In Q3 FY21, Intellect has addressed all aspects of our customers' digital requirements leading to 10 digital-led wins, of which 6 were large transformation deal wins.

Large Digital Transformation deal wins

- **Breakthrough in Germany with OTTO GmbH destiny deal win:** Intellect Digital Core (IDC) chosen by one of Europe's leading e-commerce entity's credit business -OTTO GmbH for the digital transformation of their Payments and Financing platform.
- **iGCB enters North America by winning its first IDC cloud subscription deal for a mid-tier bank.** Deal won against strong international and local competitors.
- **First Fabric Data Platform deal in Australia to power Blue Zebra's Broker Platform**
- **iGTB chosen for the Trade SWIFT upgrade by a large Trade Bank in CEE region**
- **iGTB Digital Transaction Banking (DTB) chosen by a large financial institution in Jordan** for its digital transformation program.
- **Intellect Wealth wins a large deal in Indonesia.** iWealth has been selected as a technology vendor by one of Indonesia's largest bank competing against the leading market players.

IV. Reliable Implementations

Intellect went live in 9 financial institutions across the world during this quarter. Significant implementations in this quarter are:

- iGTB Liquidity Management went live within 8 months in one of the Top 10 US bank
- Intellect Digital Lending went live with a large bank in Kuwait
- iGTB DTB implemented in the 6th country roll-out for a large commercial bank in the African continent
- Intellect Digital Core/Lending Solution went live in Middle East's second-Largest bank
- Intellect's CBX-R platform went live in a Leading bank in the IMEA region
- Intellect SME/Corporate Loan Process System and DTB went live in a leading bank in India
- iGTB Virtual Accounts went live in a Top 3 Australian bank to extend its Cash Management leadership in the market

V. Intellect Product Endorsements by Global Analysts



Intellect and its clients bagged four awards at IBS Intelligence Global FinTech Innovation Awards 2020

- Best Project Implementation in the Treasury and Trade Finance category for implementation at Westpac
- Most Innovative Project in the API/Open Banking category for implementation at APIX by Monetary Authority of Singapore
- Most Impactful Project in the Digital Lending category for implementation at Shinhan Vietnam Finance Company

- Novarica rates Intellect SEEC's IDX as an Intelligent Text Ingestion solution for Advanced Underwriting with AI & ML playing a larger role.
- Gartner recognises Intellect as Wealth Management Systems provider
- Aite lists Intellect CBX amongst the "Leading Core providers named by the US Banks who are looking for Digital Banking offerings".
- Omdia ranks Intellect's CBX- R as Challenger in Digital Banking Engagement Platform

VI. Financial Results for the Third Quarter Ended – December 31, 2020

Additional Information on function wise classification of the statement of Profit and Loss of the Group (Consolidated Unaudited/Not Reviewed)

(INR Mn)

Particulars	QUARTER ENDED			YTD		YEAR ENDED
	December 31, 2020 (Q3 FY 21)	September 30, 2020 (Q2 FY 21)	December 31, 2019 (Q3 FY 20)	December 31, 2020 (Q3 FY 21)	December 31, 2019 (Q3 FY 20)	March 31, 2020 (FY20)
INCOME						
Income from software product license and related services	3,823	3,730	3,203	11,046	9,912	13,509
EXPENDITURE						
Software development expenses	1,682	1,635	1,711	4,929	5,318	6,987
Gross Margin	2,141	2,096	1,492	6,116	4,595	6,522
Gross Margin %	56%	56%	47%	55%	46%	48%
Selling and marketing & General and administrative expenses	936	958	1,142	2,830	3,503	4,555
Research & Engineering expenses	230	234	315	694	983	1,219
Total Expenditure	2,848	2,826	3,168	8,454	9,803	12,761
EBITDA	975	904	36	2,592	109	748
EBITDA %	26%	24%	1%	23%	1%	6%
Depreciation	(93)	(98)	(97)	(295)	(289)	(397)
Amortisation	(96)	(96)	(73)	(276)	(209)	(293)
Hedge Impact	(1)	(12)	(8)	(47)	(24)	(40)
Finance Charges	(13)	(25)	(48)	(78)	(135)	(174)
Profits / (Loss) before other income / minority interest	772	672	(192)	1,895	(548)	(155)
Other Income (including Treasury)	8	22	34	59	265	294
Reinstatement of Receivables / Liabilities	22	(28)	50	43	88	26
Minority Interest/ Share of profit/(loss) of Associate Companies	61	(4)	22	(1)	(16)	46
Profit / (Loss) before tax	864	662	(85)	1,997	(212)	211
Provision for taxation	(60)	(70)	(28)	(175)	(38)	(51)
Profit / (Loss) after tax	804	592	(114)	1,822	(250)	160
Annualised EPS	24.23	17.86	(3.44)	18.31	(2.52)	1.21

Investor Conference Call

The Board of Directors of Intellect Design Arena Limited met on **2nd February 2021**, to take on record the financial results of the company for the Q3 FY21 ended on December 31, 2020.

Intellect Design Arena Ltd. will host an Investors Conference Call on **2nd February 2021**. The Senior Management of Intellect will comment on the company’s performance for Q3 FY21 and respond to questions from participants.

The virtual conference call will take place through Zoom at 17:00 hrs IST on Tuesday, 2nd February 2021.

Conference Name : Q3 FY21 - Investor earnings call
Date : 2nd February, 2021
Time : 05:00 PM to 06:00 PM IST

Virtual Conference Call Link:

<https://zoom.us/j/96231983260?pwd=OFNlbGtKMzIRtK4OFp0ZlVoMEQrUT09>

Webinar ID: 962 3198 3260

Passcode: 647559

Please Note:

- 1) Join the ZOOM Link by 4:55 PM IST on 2nd February, 2021
- 2) Login with your name and company name while joining the call
- 3) Investors can raise their hand during the Q&A Session given at the bottom center of the screen

About Intellect Design Arena Limited

Intellect Design Arena Ltd. has the world’s largest cloud-native, API led microservices-based multi-product FinTech platform for the Global leaders in Banking, Insurance and Capital Markets. It offers a full spectrum of banking and insurance technology products through its four lines of businesses - Global Consumer 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 their 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, addressing 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 organisation and its solutions, please visit www.intellectdesign.com.

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