

Route Mobile Limited

- Q2 FY2022 & H1 FY2022 update

October 18, 2021

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Route Mobile - Industry Leading Global CPaaS Platform



RML offers a scalable and flexible **Omnichannel CPaaS** platform to enterprises across industry verticals globally

265+ direct MNO connects, overall access to **900+** MNOs (Super Network)

Global footprint across **16+ locations**, serving customers in Africa, Asia Pacific, Europe, Middle East and North America

2,000+ active billable clients. Serving **9 out of top 20** most valuable global Tech brands ⁽²⁾

SaaS solutions for MNOs – Full stack of telecom grade A2P solutions for MNOs

Infrastructure comprising **10 data centers** and **6 SMSCs** globally

400+ employees spread across 4 continents
c. 19% attrition rate in H1 FY2022

By 2026, value of the global CPaaS market will exceed **\$34.2bn**, rising from \$8.7bn in 2021 ⁽¹⁾

₹15,605mn LTM Sep 2021⁽²⁾ Revenue
29% Revenue CAGR FY2019 - FY2021

₹2,068mn LTM Sep 2021 EBITDA
42% EBITDA CAGR FY2019 - FY2021

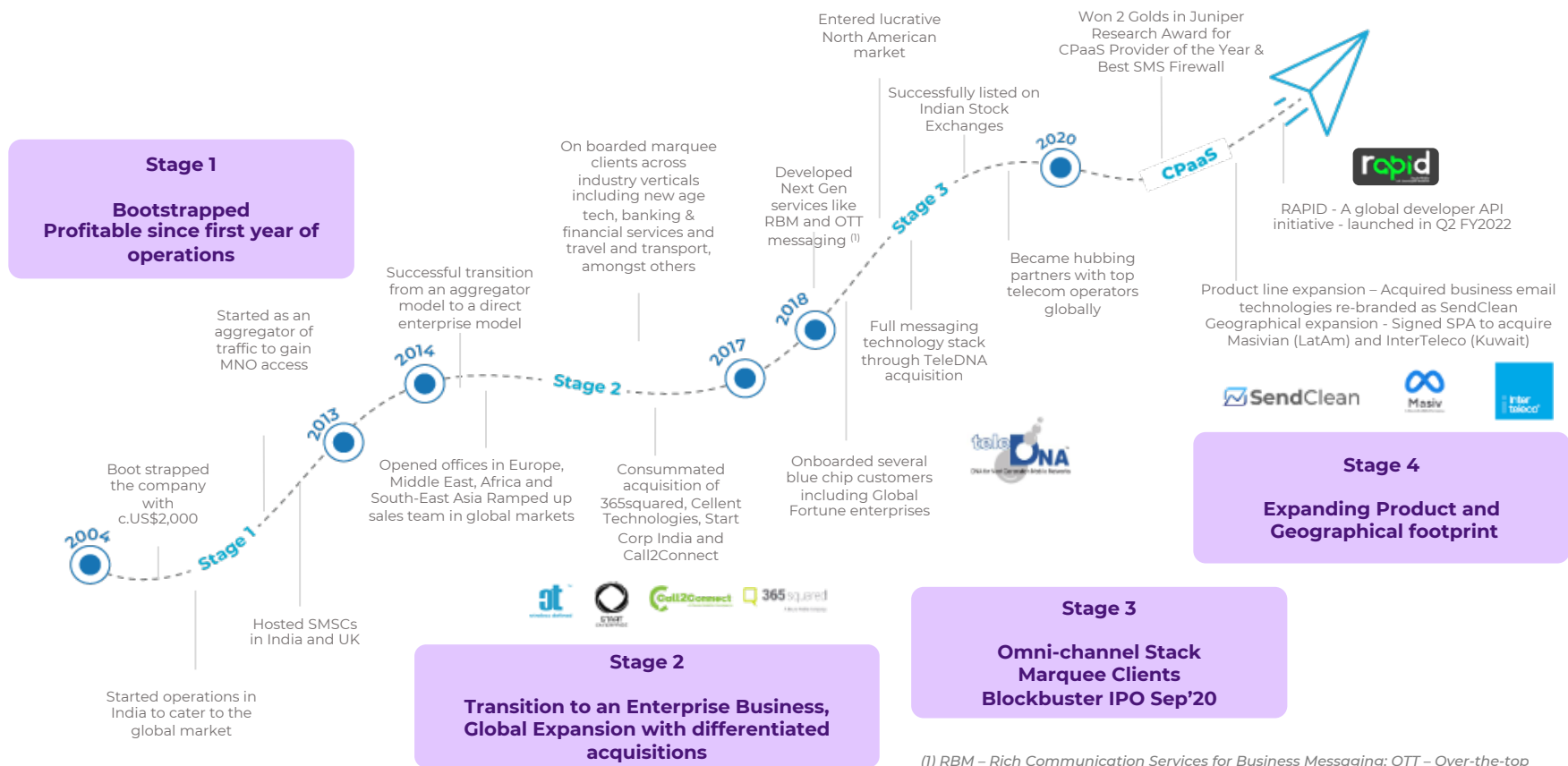
118% Net revenue retention in H1 FY2022

₹4,004mn Net cash and cash eqv. as on Sep 30, 2021

(1) Juniper - CPaaS Future Market Outlook, 2021 | (2) LTM Sep 2021 refers to 12 months period from Oct 1, 2020 to Sep 30, 2021

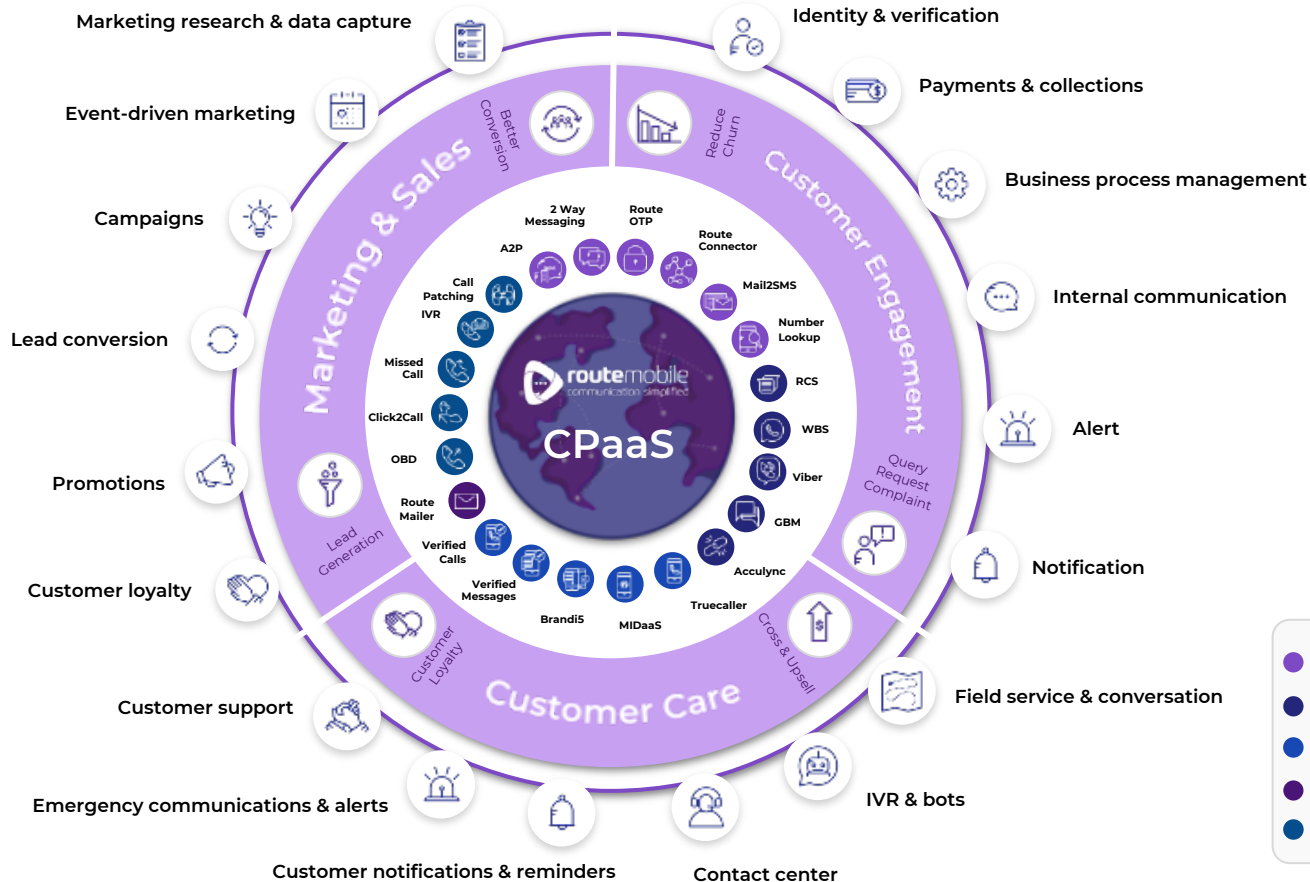
(2) Source: [https://www.visualcapitalist.com/the-worlds-tech-giants-ranked/\(2020\)](https://www.visualcapitalist.com/the-worlds-tech-giants-ranked/(2020))

Systematic roadmap to create sustained growth momentum



(1) RBM – Rich Communication Services for Business Messaging; OTT – Over-the-top

Comprehensive Enterprise Communication



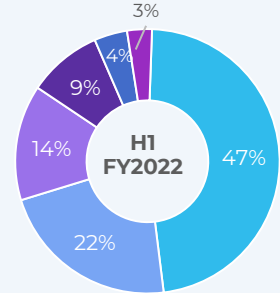
Global Diaspora - Footprint & Super Network



- Firewall locations - 7 existing + 2 upcoming
- 10 virtualized Data Centers
- 14 Hubs

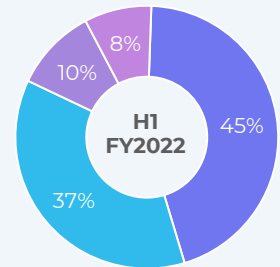
- **400+** Global Employees base
- **265+ Super Network** - Widespread global distribution & reach

Revenue for Top 50 countries by termination



■ India ■ Asia excl. India ■ Africa ■ ME ■ Europe ■ Americas

Revenue by customer (Top 150) HQ by continent



■ Americas ■ Asia ■ Europe ■ Africa



Key Developments

Expansion of Geographical Footprint

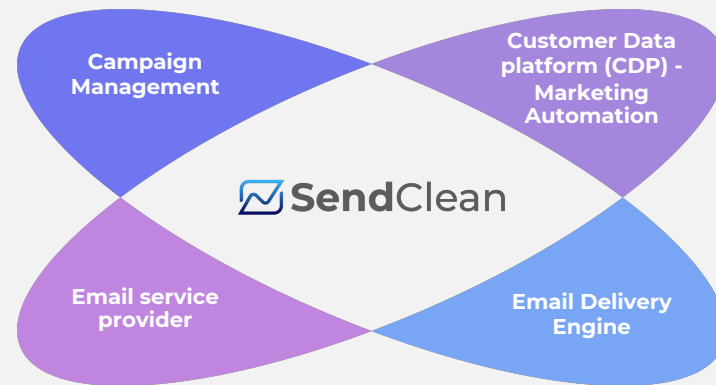


- Signed definitive agreements, on Oct 9, 2021 to acquire 100% equity in Masivian S.A.S (“Masiv”)
- Masiv’s differentiated cloud communication platform offerings for enterprises create a springboard for growth in **Latin America**
- Total purchase consideration of US\$47.5mn (to be paid out in four instalments) and earn-out of up to US\$2.5mn
- Closing expected in Q3 FY2022, subject to completion of conditions precedents



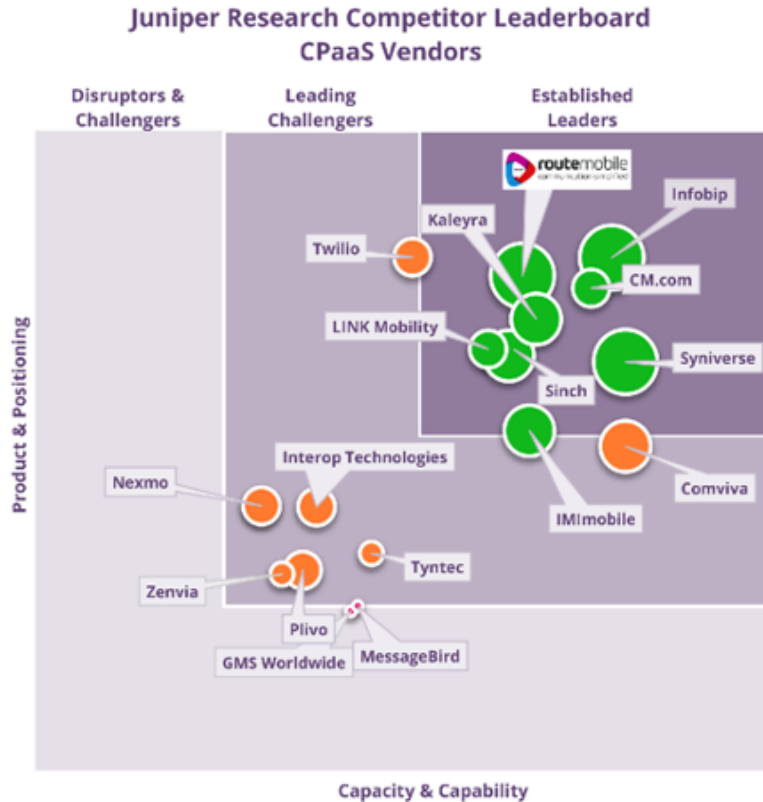
- Signed definitive agreements, on Oct 12, 2021, to acquire 49% equity stake and 90% economic and beneficial interest in Interteleco
- The acquisition will further strengthen Route Mobile’s presence in Middle East, through expansion into a new region - **Kuwait**
- Total purchase consideration of Kuwaiti Dinar 652,500 (to be paid out in two tranches)
- Closing expected in Q3 FY2022 subject to completion of conditions precedents

Product Portfolio Expansion



- Acquired email platform, team and associated business on a slump sale basis on Jul 5, 2021, and re-branded it as **SendClean**
- Email continues to be a critical channel of digital communication for enterprises
- SendClean creates cross-sell opportunity within Route Mobile’s existing blue-chip customer base
- Total consideration of INR 300mn (to be paid out in two tranches)

Recognized as “Established Leader” by Industry Analysts

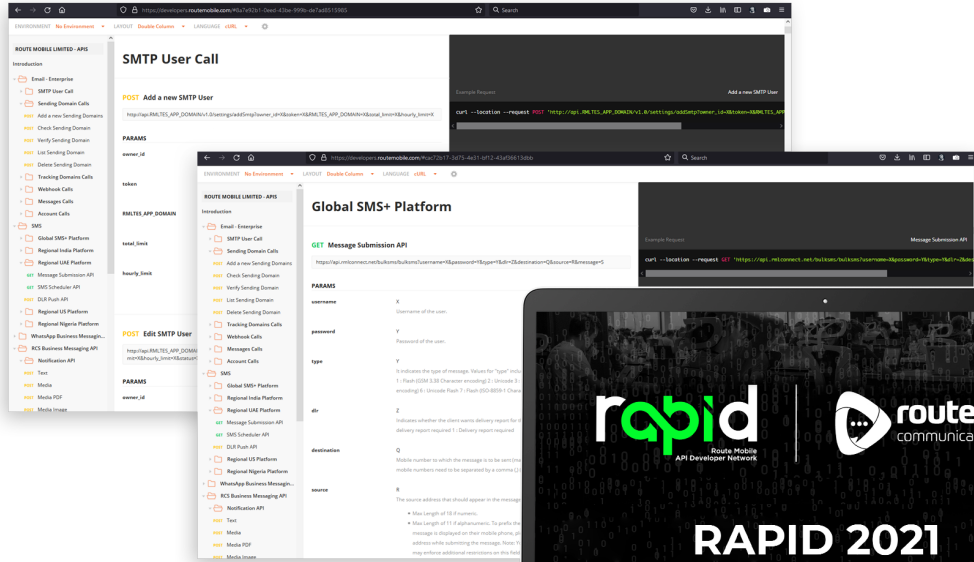


Juniper report assigns highest ratings to Route Mobile on the following parameters:

- Breadth of CPaaS technologies supported
- Capabilities and sophistication of A2P services
- Strength and depth of operator partnerships
- Size of operations in the mobile communications sector
- Market presence

Source: Juniper CPaaS Market Report, 2021

Rapid - A Global Developer API Initiative (launched in Q2 FY2022)



Developers engaged
7,275

100+
countries represented

254+
solutions created

ESOPs

- Nomination and Remuneration Committee of Route Mobile, on Oct 12, 2021 approved the grant of **736,500 stock options** (convertible into 736,500 equity shares of INR 10 each upon Exercise) to eligible employees in the Company (and its subsidiary(ies) under **RML ESOP 2021**. Details of RML ESOP 2021 have been intimated to the Indian Stock exchanges as per regulatory requirements and guidelines

Strengthened Board of Directors

- The Company announced the appointment of **Mr. Bhaskar Pramanik** as an Additional and Independent Director on the Board of the Company on Aug 10, 2021
- Mr. Pramanik is a seasoned entrepreneur and a tech disruptor with a career spanning over 45 years. He has held key National and Global Leadership positions in leading Multinational Technology Companies, across India, Singapore, and the US. Mr. Pramanik was also on the Executive Committee of NASSCOM, the National Committee of CII and AMCHAM, and has been a former Board member of the State Bank of India, former Chairman of Microsoft India and Managing Director at Oracle Corporation and Sun Microsystems in India. He was also the Global VP for Commercial Systems at Sun Microsystems Inc., based out of Menlo Park, CA.
- Having led growth strategies, go-to-market execution, and driving remarkable results with his astute business sense for major global brands, Mr. Pramanik often shares his wealth of experience as a mentor to a number of professionals and colleagues, most of whom are now MDs and senior leaders at various companies in India including SAP, Google, Netaps, Red Hat, Nvidia, Cisco and Thermo Fisher.

Infrastructure expansion for Call2Connect business

- Inaugurated a **1,000 seater BPO center** at Virar, Mumbai, on Oct 15, 2021, to support growth of **Call2Connect** business operations

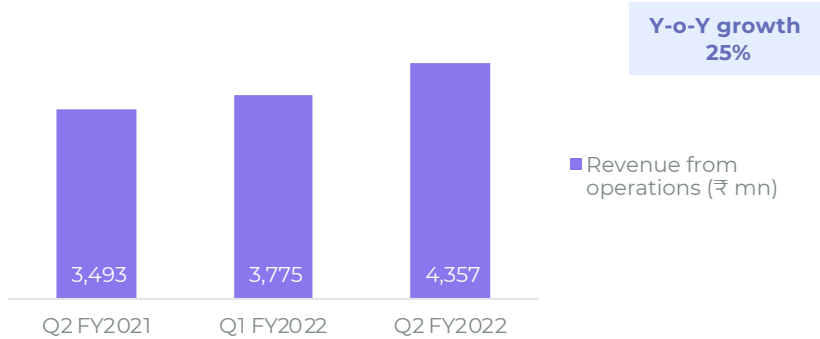
GST related matter

- During the quarter ended Jun 30, 2021, the Department of Revenue of the Ministry of Finance, Government of India has requested Route Mobile to pay GST under reverse charge mechanism on the purchases of messages from its foreign vendors and sale to its overseas customers as per the provisions of IGST Act, 2017 of ₹330mn (excluding interest) for the period July 2017 to March 2019.
- In the assessment of the management, which is supported by legal opinion, the aforementioned services are not chargeable to GST and accordingly no provision for liability has been recognized in the consolidated financial results. However, out of abundant caution, Route Mobile decided to discharge its liability under GST on such import purchases under RCM and claim input tax credit. During the quarter ended Sep 30, 2021, Route Mobile has accordingly discharged GST dues to the extent of ₹311mn for the year 2020-21 and also made part payment of ₹ 5mn on Oct 1, 2021 towards GST dues for the period July 2017 to March 2019.

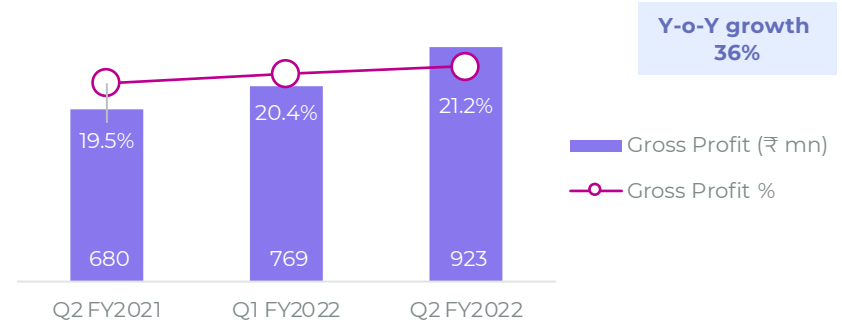


Financial Highlights

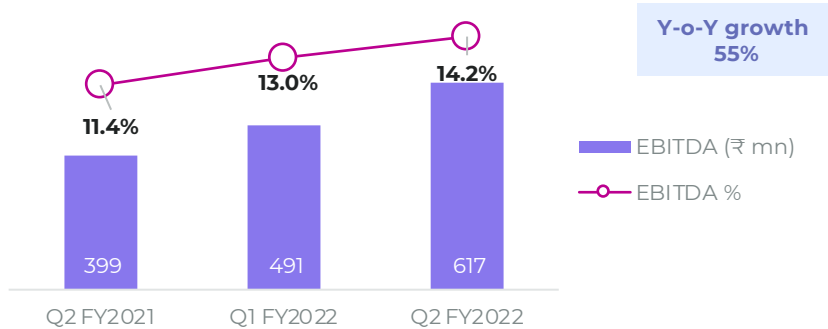
Revenue from Operations (In ₹ mn)



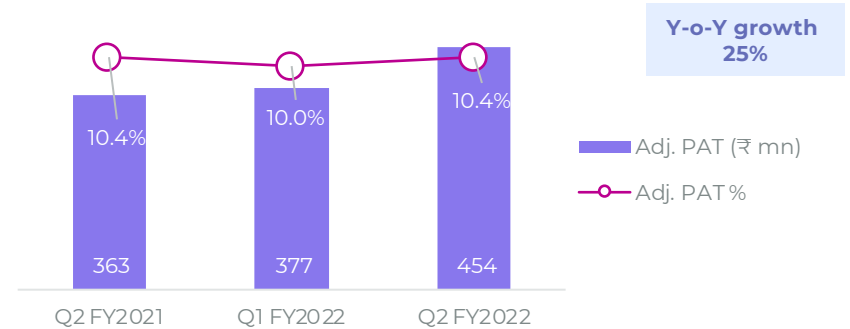
Gross Profit (In ₹ mn) and Gross Profit Margin (%)



EBITDA⁽¹⁾ (In ₹ mn) and EBITDA Margin (%)



Adjusted PAT⁽²⁾ (In ₹ mn) and Adjusted PAT Margin (%)



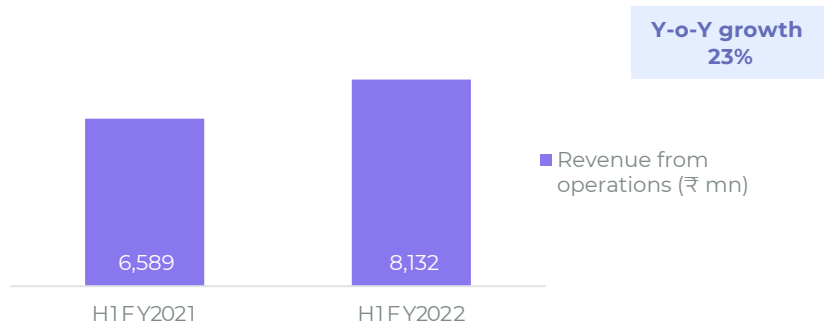
(1) Net loss on FX transactions and translation is excluded from EBITDA, amounting to ₹57m, ₹36mn and -₹19mn for Q2 FY2022, Q1 FY2022 and Q2 FY2021 respectively.

(2) PAT has been adjusted for non-cash amortization associated with the intangible assets added as a result of purchase price allocation for acquisitions.

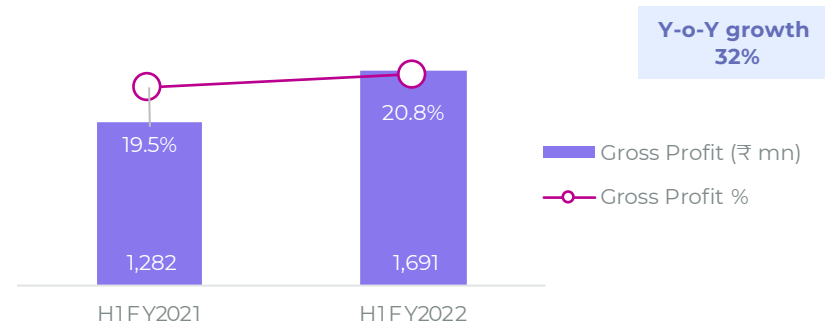
For the Quarter ended Sep 30, 2021 (Q2 FY2022)

- Closed Q2 FY2022 with revenue from operations of **₹4,357mn** compared to **₹3,775mn** in Q1 FY2022 and **₹3,493mn** in Q2 FY2021
 - Y-o-Y growth of **24.7%** and sequential growth of **15.4%** in revenue
- Recorded Gross Profit of **₹923mn** in Q2 FY2022 compared to **₹769mn** in Q1 FY2022 and **₹680mn** in Q2 FY2021
 - Y-o-Y growth of **35.7%** and sequential growth of **20%** in Gross Profit
 - Gross Profit margin of **21.2%, 20.4% and 19.5%** in Q2 FY2022, Q1 FY2022 and Q2 FY2021 respectively
- EBITDA of **₹617mn** in Q2 FY2022 compared to **₹491mn** in Q1 FY2022 and **₹399mn** in Q2 FY2021
 - Y-o-Y growth of **54.5%** and sequential growth of **25.5%** in EBITDA
 - EBITDA margin of **14.2%, 13.0% and 11.4%** in Q2 FY2022, Q1 FY2022 and Q2 FY2021 respectively
- Recorded Profit After Tax of **₹421mn** in Q2 FY2022 compared to **₹343mn** in Q1 FY2022 and **₹327mn** in Q2 FY2021
 - Y-o-Y growth of **28.6%** and sequential growth of **22.6%** in Profit After Tax
- Adjusted Profit After Tax of **₹454mn** in Q2 FY2022 compared to **₹377mn** in Q1 FY2022 and **₹363mn** in Q2 FY2021
 - Adjusted for non-cash amortization associated with the intangible assets added as a result of purchase price allocation for acquisitions
 - Adjusted Profit After Tax margin of **10.4%, 10.0% and 10.4%** in Q2 FY2022, Q1 FY2022 and Q2 FY2021 respectively

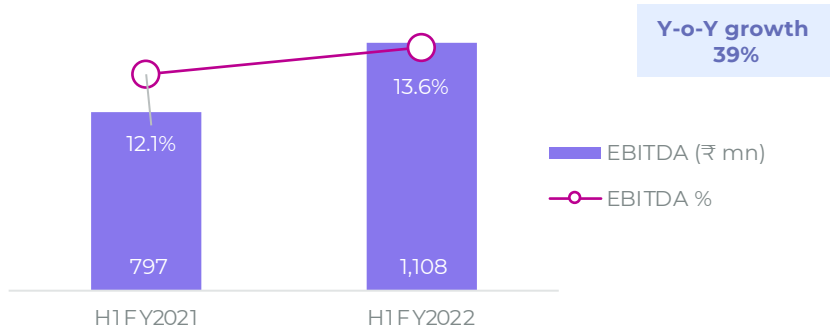
Revenue from Operations (In ₹ mn)



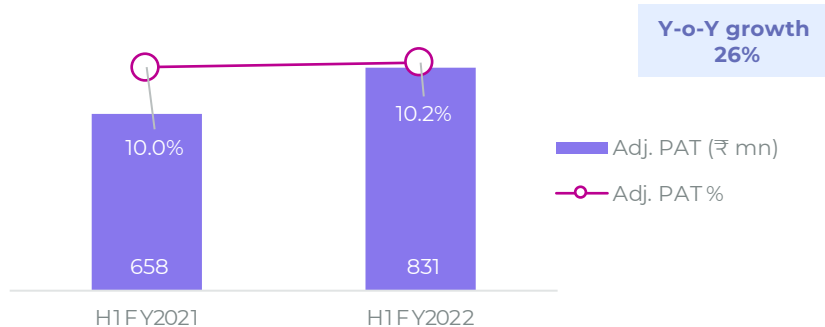
Gross Profit (In ₹ mn) and Gross Profit Margin (%)



EBITDA⁽¹⁾ (In ₹ mn) and EBITDA Margin (%)



Adjusted PAT⁽²⁾ (In ₹ mn) and Adjusted PAT Margin (%)



(1) Net loss on FX transactions and translation is excluded from EBITDA, amounting to ₹92.9mn and ₹2mn for H1 FY2022 and H1 FY2021 respectively.

(2) PAT has been adjusted for non-cash amortization associated with the intangible assets added as a result of purchase price allocation for acquisitions.

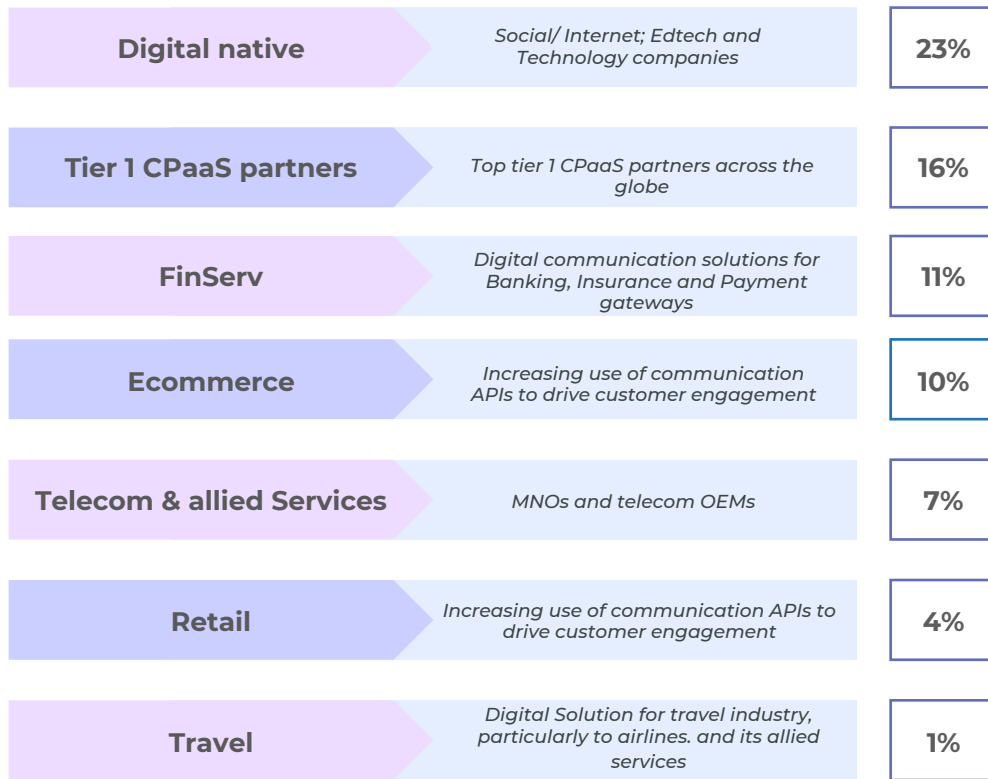
Financial Highlights

For the half year ended Sep 30, 2021 (H1 FY2022)

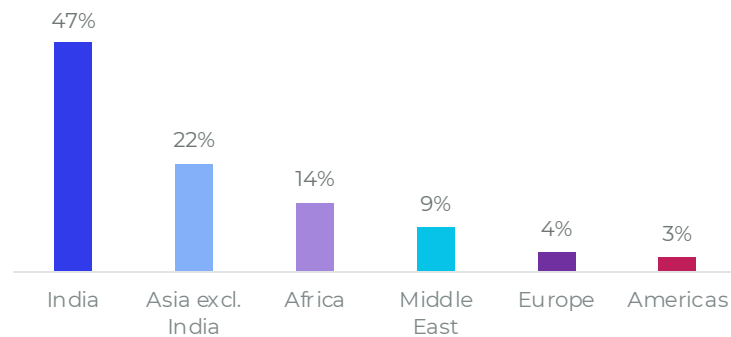
- Closed H1 FY2022 with revenue from operations of **₹8,132mn** compared to **₹6,589mn** in H1 FY2021
 - *Y-o-Y growth of **23.4%** in revenue*
- Recorded Gross Profit of **₹1,691mn** in H1 FY2022 compared to **₹1,282mn** in H1 FY2021
 - *Y-o-Y growth of **31.9%** in Gross Profit*
 - *Gross Profit margin of **20.8%, 19.5%** in H1 FY2022 and H1 FY2021 respectively*
- Recorded EBITDA of **₹1,108mn** in H1 FY2022 compared to **₹797mn** in H1 FY2021
 - *Y-o-Y growth of **39.0%** in EBITDA*
 - *EBITDA margin of **13.6%, 12.1%** in H1 FY2022 and H1 FY2021 respectively*
- Recorded Profit After Tax of **₹764mn** in H1 FY2022 compared to **₹597mn** in H1 FY2021
 - *Y-o-Y growth of **28.1%** in Profit After Tax*
- Adjusted Profit After Tax of **₹831mn** in H1 FY2022 compared to **₹658mn** in H1 FY2021
 - *Adjusted for non-cash amortization associated with the intangible assets added as a result of purchase price allocation for acquisitions*
 - *Adjusted Profit After Tax margin of **10.2%** and **10.0%** in H1 FY2022 and H1 FY2021 respectively*

Diverse customer base

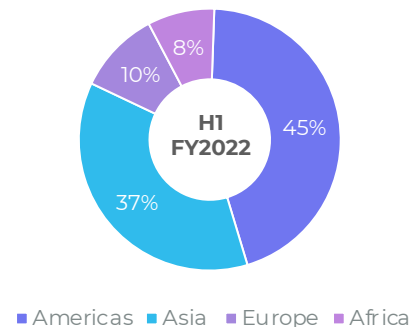
Revenue contribution from select industries in H1 FY2022



Revenue for Top 50 countries by termination ⁽¹⁾



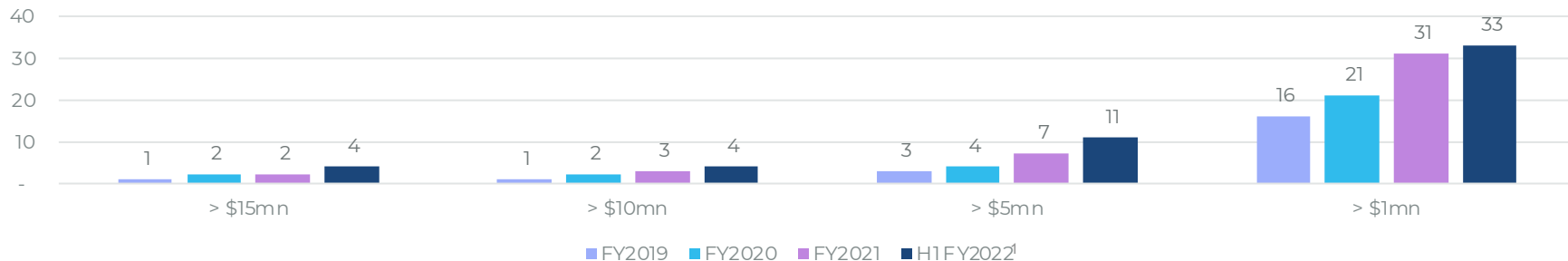
Revenue by customer HQ (continent) ⁽²⁾



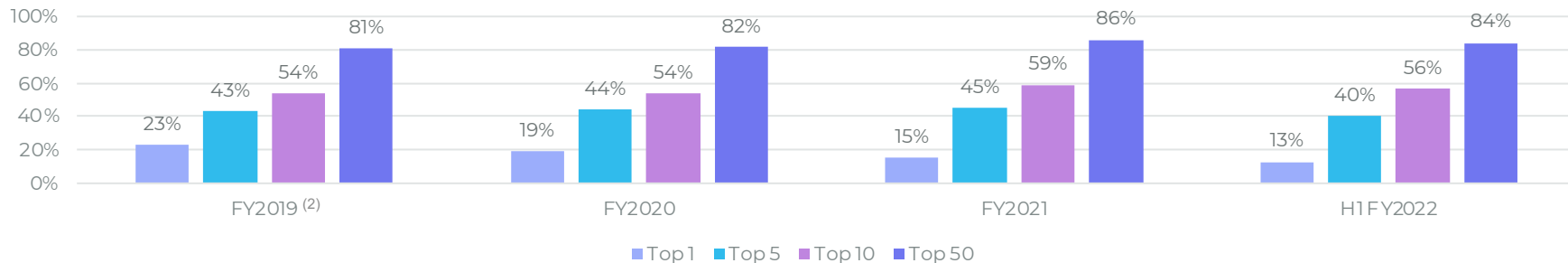
⁽¹⁾ Top 50 countries contribute c.91% of H1 FY2022 revenue from operation | ⁽²⁾ Based on Top 150 customers - contributes c. 95% of H1 FY2022 revenue from operation

Growing number of Multi-million dollar accounts with Improving Client Diversification

Clients by Account Size



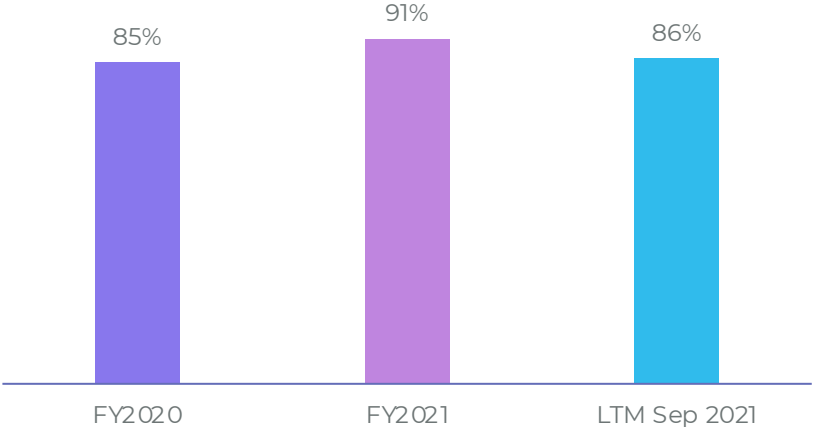
Client Concentration ⁽¹⁾



(1) H1 FY2022 annualized (2) FY2019 excludes the discontinued wholesale voice business

Strong Recurring Revenue

Recurring Revenue⁽¹⁾ as % of Operating Revenue



118% Net revenue retention⁽²⁾

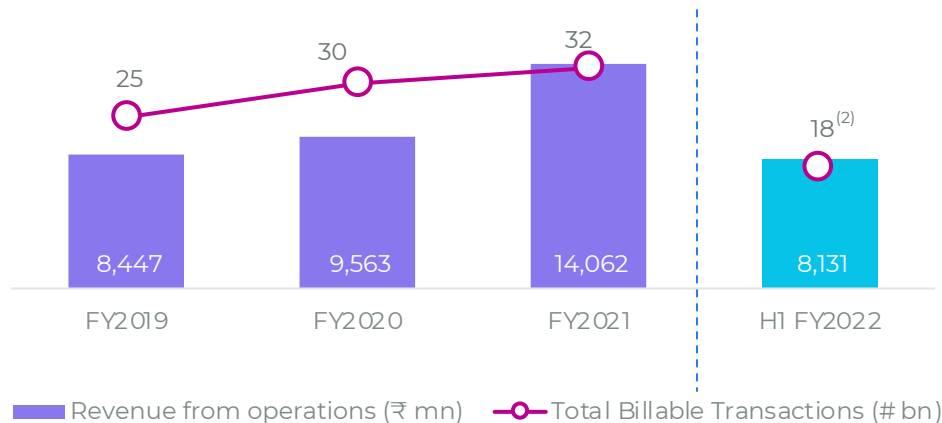
Deep Customer engagement driving high recurring revenues

(1) Recurring customers defined as customers that have been billed in each of the months over the respective period. For instance, a customer billed each month over October 1, 2020 – September 30, 2021 is a recurring customer for LTM Sep 2021

(2) Net revenue retention calculated based on comparison of H1 FY2021 revenue with H1 FY2022 revenue

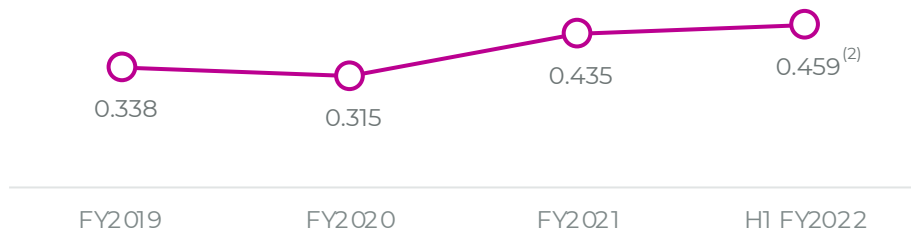
Improving Unit Economics – Revenue

Revenue from operations and Total Billable Transaction⁽¹⁾



Robust growth momentum
23% Y-o-Y growth in H1 FY2022
29% CAGR over past 2 years (FY2019-
FY2021)

Revenue per transaction (in ₹)



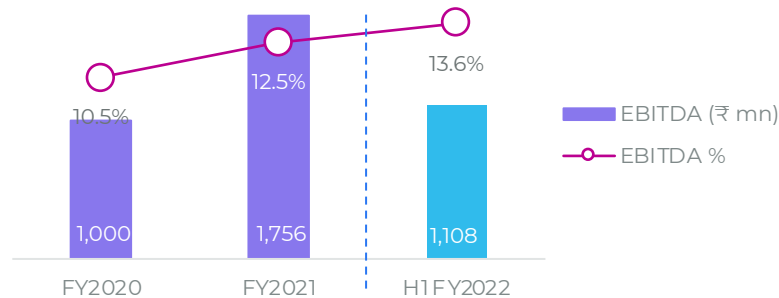
Improving unit economics
Higher revenue per transaction on back
of increasing unit pricing

⁽¹⁾ FY2019 includes the discontinued wholesale voice business revenue of INR 1,008mn; Billable transactions in H1 FY2022 excludes RCS transactions

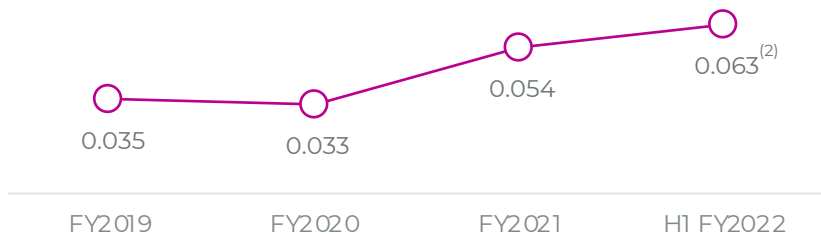
⁽²⁾ Total Billable Transaction in H1 FY2022 includes 1.75bn email transactions processed by SendClean, which resulted in decreased revenue per transaction in H1 FY2022

Improving Unit Economics – EBITDA

EBITDA (In ₹ mn) and EBITDA Margin (%)



EBITDA (In ₹) per transaction



Non-linear business model creates high operating leverage

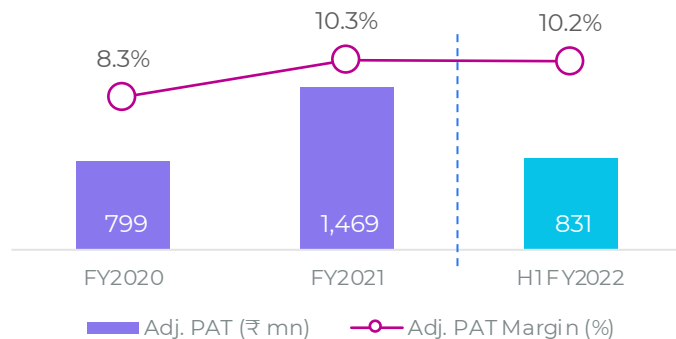
EBITDA as % of Gross Profit increased from 52% in FY2020 to 63% in FY2021 and 66% in H12022

(1) Net loss on FX transactions and translation is excluded from EBITDA for respective periods

(2) Total Billable Transaction in H1 FY2022 includes 1.75bn email transactions processed by SendClean, which resulted in decreased EBITDA per transaction in H1 FY2022

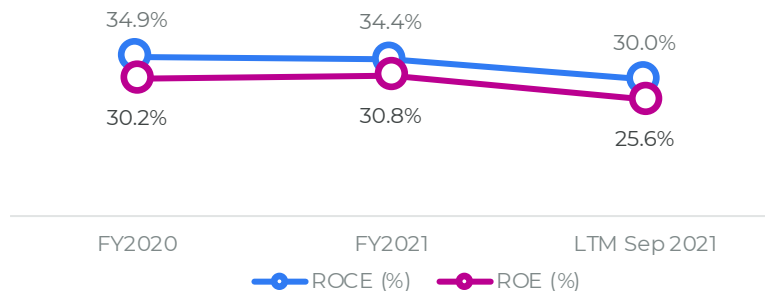
Robust Return Ratios with High Cash Generation

Adjusted PAT (In ₹ mn) and Adjusted PAT Margin (%) ⁽¹⁾



Continued focus on profitable growth

Return on Capital Employed and Return on Equity^(1,2)

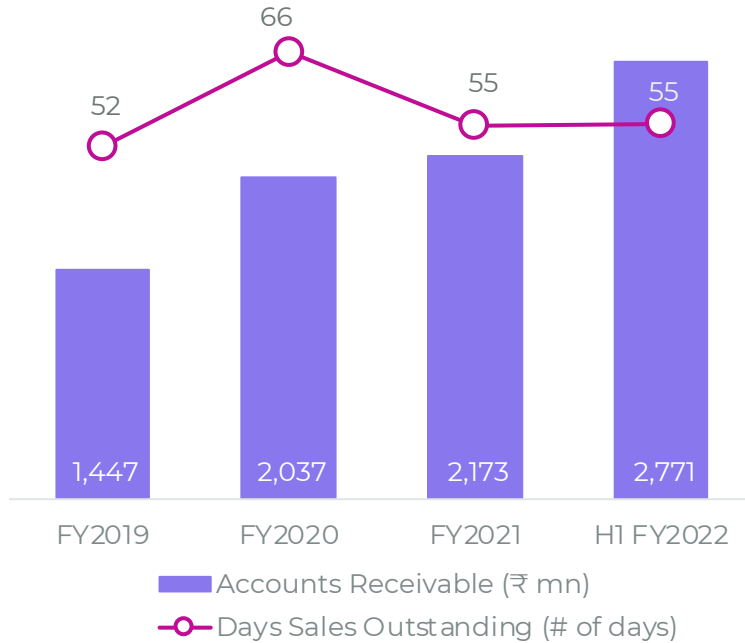


High profitability and efficient capital deployment resulting in robust return ratios

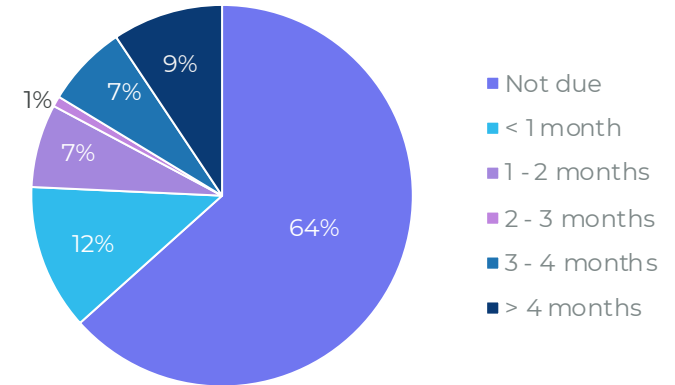
(1) PAT has been adjusted for non-cash amortization (incurred in FY2020, FY2021 and H1 FY2022) associated with the intangible assets added as a result of purchase price allocation for acquisitions, and for one-time expenses related to payments made under Sabka Vikas Scheme (incurred in FY2020) and one-time stamp duty charges incurred in FY2021

(2) Average of the opening and closing capital employed & equity considered for respective period; Adjusted PAT used to calculate Equity and Capital Employed

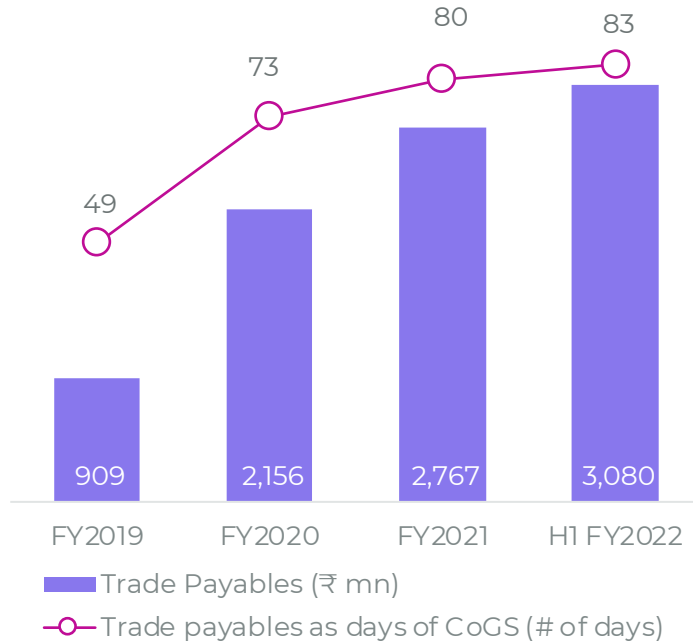
Trend in Accounts Receivable



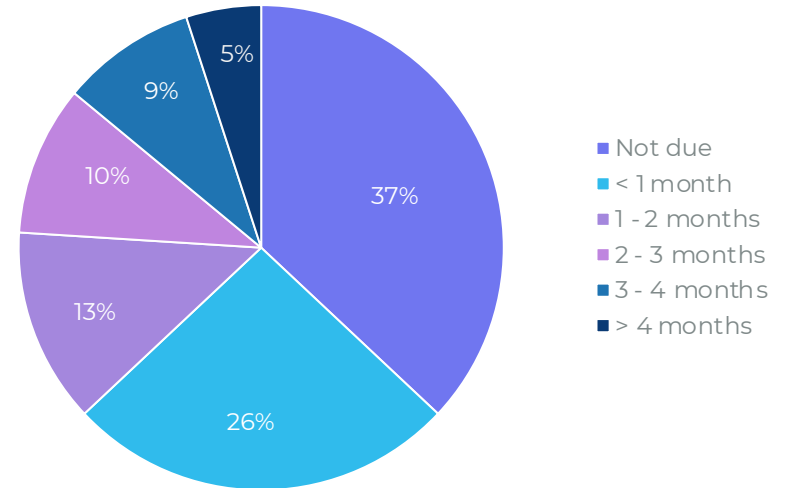
Ageing analysis of Accounts Receivable as on Sep 30, 2021



Trend in Trade Payables⁽¹⁾



Ageing analysis of Trade Payables⁽¹⁾ as on Sep 30, 2021

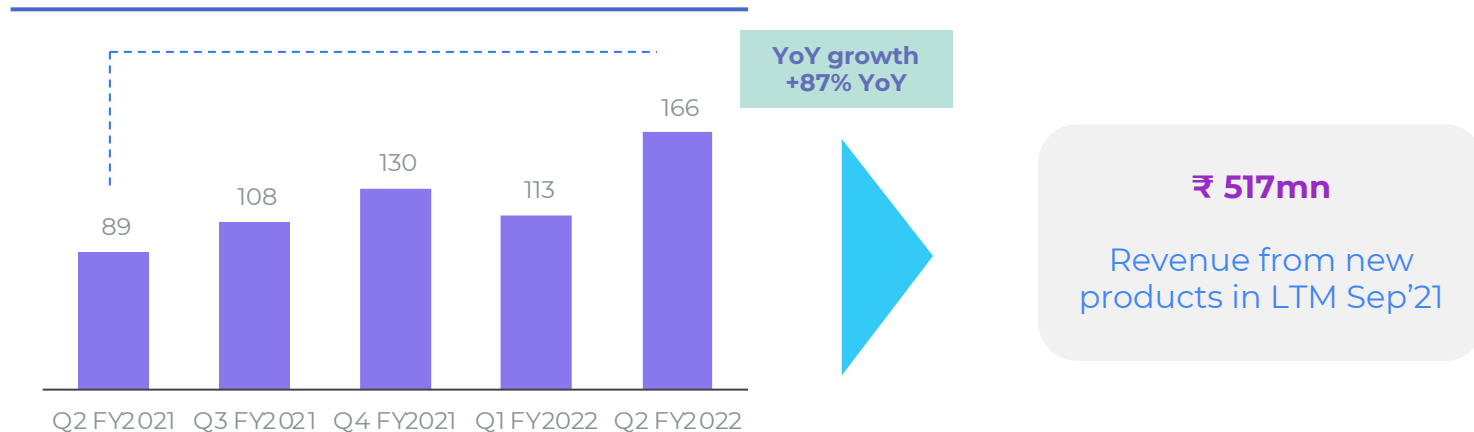


⁽¹⁾ Trade Payables include Outstanding expenses

New Product Revenue Momentum

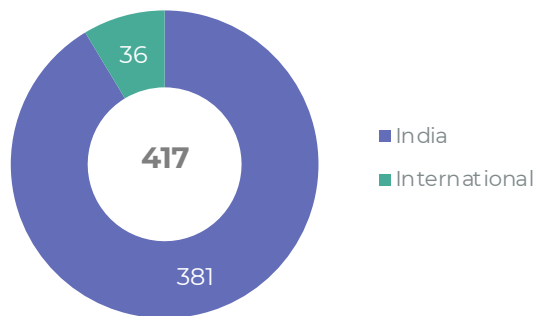
Next generation messaging channels, viz. enterprise voice solutions, IP based messaging, email and unified communication solutions continue to witness increasing adoption by enterprises

Quarterly New Product Sales (₹ mn)

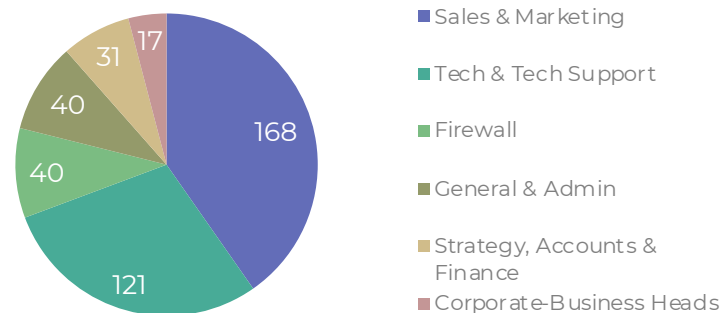


- Continuous focus on cross selling alternative communication solutions to existing blue-chip customer base
- **400+** new customers onboarded in H1 FY2022, across all products

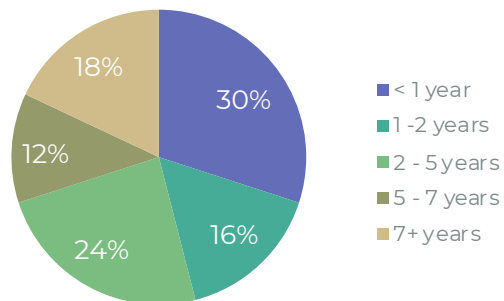
Location wise break-up⁽¹⁾



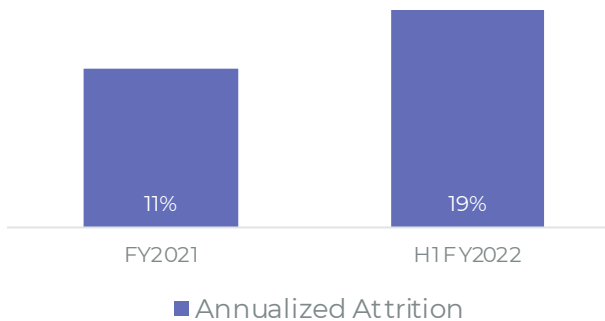
Function wise break-up⁽¹⁾



Tenure with Route Mobile⁽¹⁾



Attrition analysis



⁽¹⁾ As on Sep 30, 2021, Employee information excludes Call2Connect



Thank You