

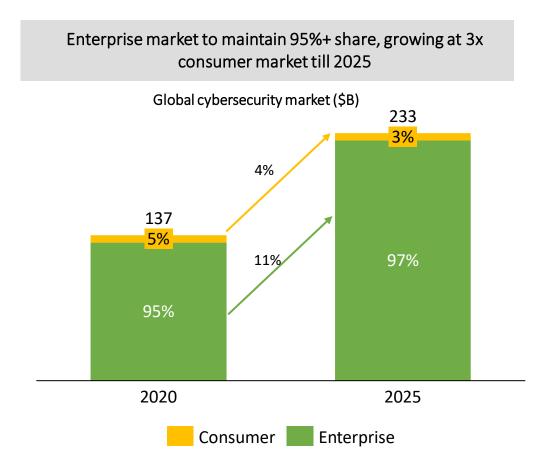


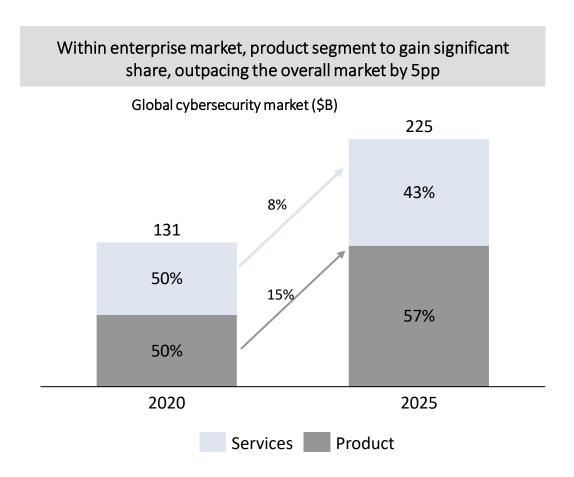
Earnings Presentation | Q4/FY23



# Global cybersecurity market overview



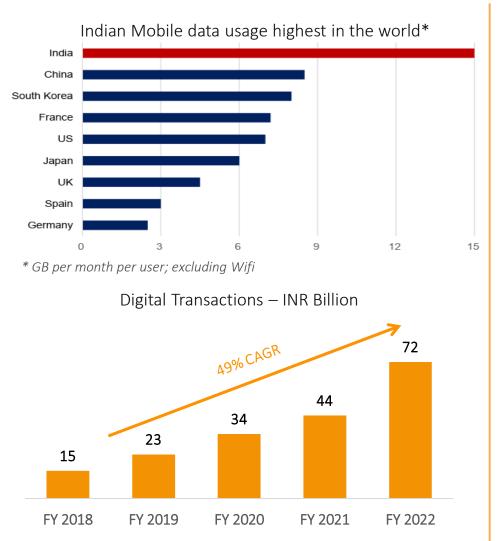


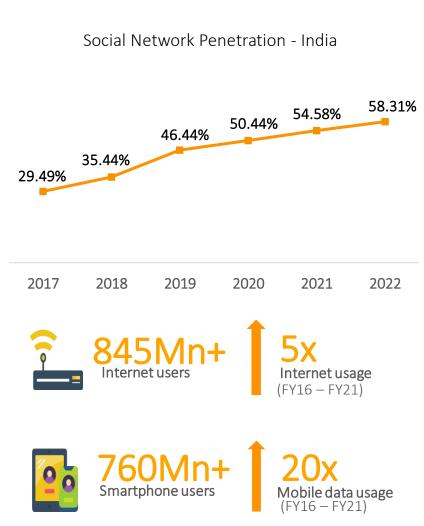


While the long-term growth of the industry is positive, we are witnessing headwinds in the medium-short term

# Rapid digitization has enhanced need for greater cybersecurity investments









People enrolled in the world's largest unique digital identity program



Users engaged in social media

**639**m



Application downloads in 2020

30k



Average cost to subscriber per GB wireless data

Rs.**6.98** 

Source: The Ministry of Electronics and Information Technology, TRAI, Government of India, Statista, Google report – Insights for Brands, KPMG Report – Fintech In India, India Data Diviner – Macquarie, Nokia MBIT, Goldman Sachs Investment Research – Portfolio Strategy Research (Sept 19, 2021)

# Company at a glance





#### Vision

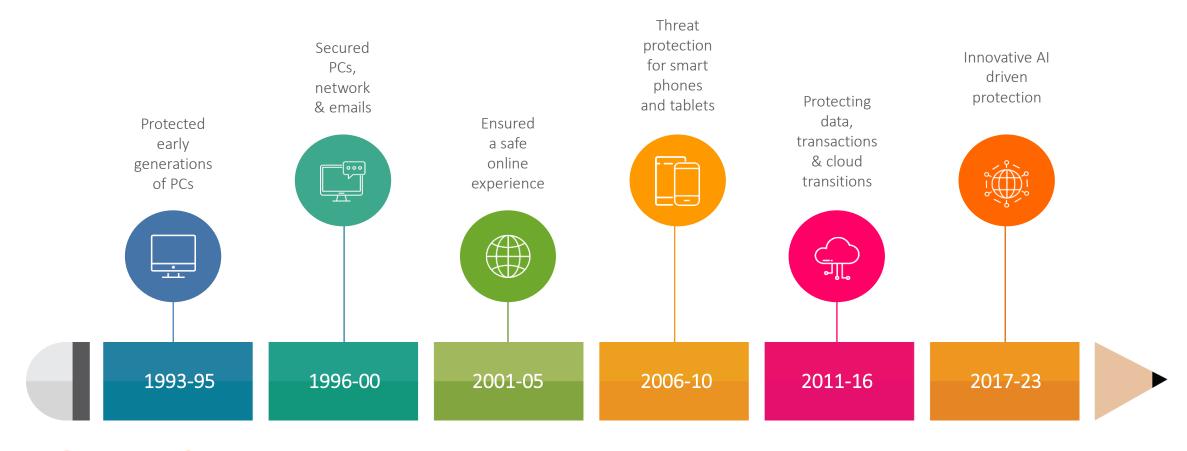
To be the trusted by our customers in securing the digital world and aim to grow as reputable global market leader

#### Mission

Empowering the team to solve business problems

# Our Journey



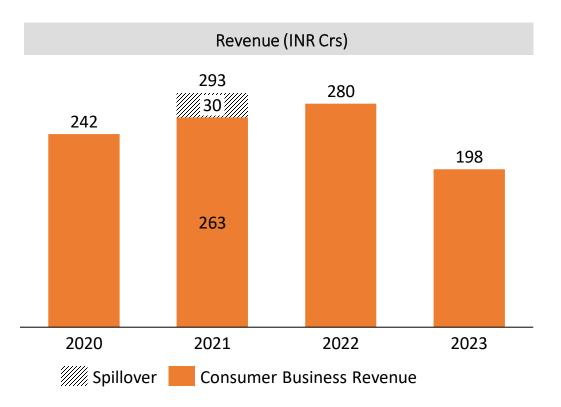


# Over 25 years of simplifying security

#### The Cash Cow: Retail Anti Virus Business



- Over 25 years into existence
- Market leadership with over 30% in the Indian market
- Robust Sales & Distribution network in India











#### Current Scenario:

- Market Headwinds in the short term: Sudden decrease in IT spending since H2FY22
- The trend is visible across the global software industry
- We foresee the same trend in the upcoming quarter.

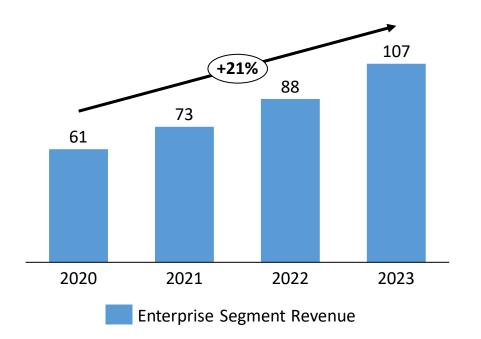
#### Our Approach:

- Focusing towards maintaining our market share in the period
- Drive consumer awareness in the geography in cybersecurity specific domain
- FY21 revenues included Rs. 30 crores of spillover revenues from FY20 due to Covid pandemic, hence FY22 numbers are not comparable to FY21
- Segmental revenues are regrouped basis end customers

# The Growth Story: Enterprise Solutions



- Incubated the enterprise cybersecurity through internal accruals
- Growth story for QH in the years to come
- Enterprise solutions represent 95% of the cybersecurity market, which is growing at a CAGR of 11% while Quick Heal is growing at 21%











#### **Business Momentum:**

- Enterprise segment outperforming the market growth rates
- Established market fit for HawkkHunt: Over 20 customers onboarded
- HawkkProtect & HawkkScan currently in the process of establishing the product market fit
- New launches for all the products depicted above, planned in H1FY24
- We are overlooking accelerated growth in the segment going forward

#### **Future Outlook**





P

R&D team continuously working towards product upgrades with newer features. In FY23 R&D spends of 44%

With 35,000+ channel partners, بنجب sales team Has deep market penetration

#### Innovation

Quick Heal lays strong emphasis innovation and evolving threats are addressed through timely updates of features.

**Quick Heal** 

Security Simplified

international clients





#### Hiring the best

Focused on hiring the best employees to innovate, market and distribute its products globally







# Q4-FY23 Earnings Highlights



**REVENUE** 



Q4-FY23 Revenue at

**₹49.3** crs

Down 52% YoY

**EBITDA** 

Q4-FY23 EBITDA at

**₹(16.2)**crs

Down 146% YoY

PAT



Q4-FY23 PAT at

₹(6.6) crs

Down 124% YoY

**DILUTED EPS** 

Q4-FY23 EPS at

**(1.3)** 

Down 126% YoY

**RETAIL REVENUE** 

**Q4-FY23** Retail revenue at

₹26.2\* crs

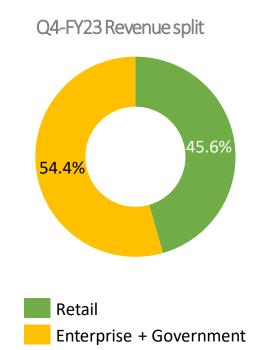
Down 69% YoY

**ENTERPRISE REVENUE** 

Q4-FY23 Enterprise revenue at

₹31.3\* crs

Up 9% YoY



# FY23 Earnings Highlights



**REVENUE** 



FY23 Revenue at

₹278.1 crs

Down 19% YoY

**EBITDA** 

FY23 EBITDA at

**₹1.9** crs

Down 98% YoY

PAT



FY23 PAT at

₹6.4 crs

Down 92% YoY

**DILUTED EPS** 

FY23 EPS at

**1.14** 

Down 91% YoY

**RETAIL REVENUE** 

FY23 Retail revenue at

**197.5**\* crs

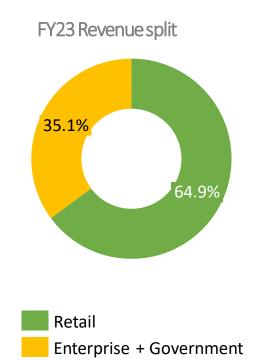
Down 30%

**ENTERPRISE REVENUE** 

FY23 Enterprise revenue at

**106.9**\* crs

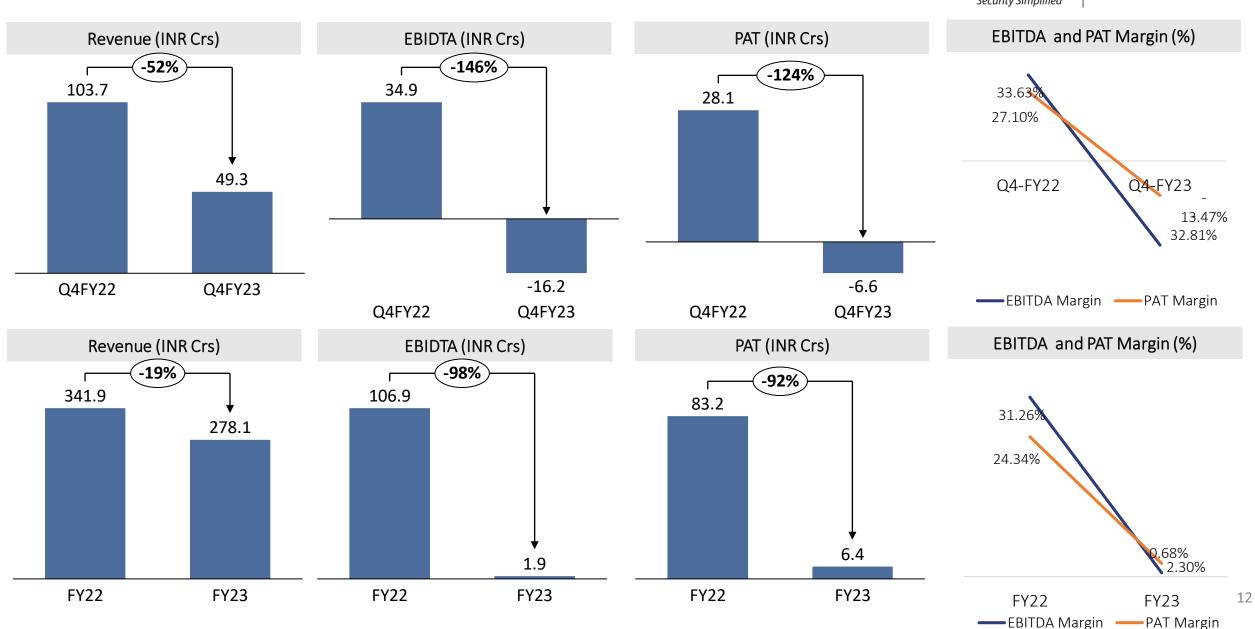
Up 21% YoY



<sup>\*</sup>Based on gross revenues before adjusting for sales incentives

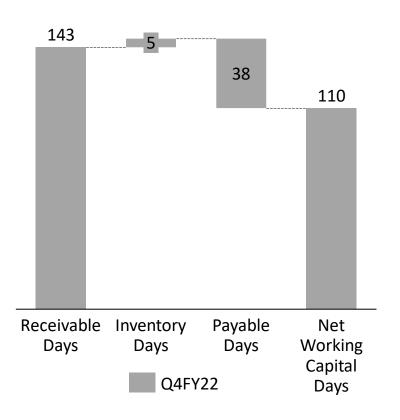
# Q4/FY23 Consolidated Performance Highlights

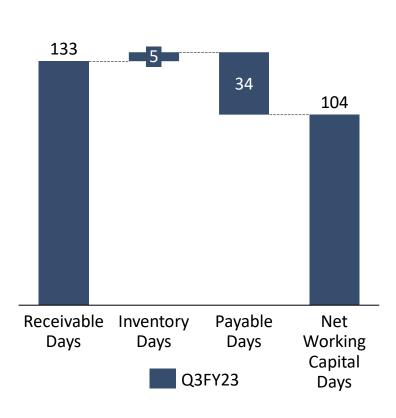


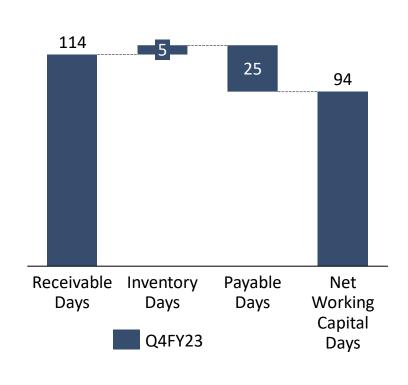


# Working Capital Analysis









- Calculation of Days = [(Particular heading/ TTM Sales) X (365 days)]
- Receivables have been considered net of Incentive

# Q4-FY23 Income Statement



					inty simplified		
PARTICULARS (₹ crs)		Standalone			Consolidated		
TANTICOLANS (CCIS)	Q4-FY22	Q4-FY23	% change	Q4-FY22	Q4-FY23	% change	
Total Revenue	103.75	49.29	-52.49%	103.71	49.28	-52.48%	
Direct Cost	4.78	1.57		4.81	1.57		
Gross Profit	98.97	47.72	-51.78%	98.90	47.71	-51.76%	
Gross Margin	95.39%	96.81%		95.36%	96.81%		
Operating Cost							
Research and Development (R&D)	28.12	30.78		28.13	30.78		
Sales and Marketing (S&M)	22.07	23.39		22.41	23.39		
General Administration (G&A)	14.13	9.53		13.48	9.71		
Total Expenditure	64.32	63.70	0.96%	64.02	63.88	0.22%	
EBITDA	34.65	(15.98)	-146.11%	34.88	(16.17)	-146.36%	
EBITDA Margin	33.40%	-32.42%		33.63%	-32.81%	-6645 BPS	
Depreciation	4.58	3.73		4.58	3.73		
EBIT	30.07	(19.71)	-165.54%	30.30	(19.90)	-165.67%	
EBIT Margin	28.99%	-39.99%		29.22%	-40.38%	-6960 BPS	
Other Income	5.66	9.96		5.67	10.06		
Profit Before Tax (before exceptional item)	35.73	(9.75)	-127.29%	35.97	(9.84)	-127.35%	
Exceptional items	1.90	_		-	-		
Profit before Tax after exceptional items	33.83	(9.75)	-128.82%	35.97	(9.84)	-127.35%	
Tax	7.84	(3.20)		7.87	(3.20)		
Profit After Tax (PAT)	25.99	(6.55)	-125.20%	28.10	(6.64)	-123.63%	
PAT Margin	25.05%	-13.29%		27.10%	-13.47%		

NOTE: Certain figures have been re-grouped wherever necessary

### FY23 Income Statement



DARTICULARS (Fare)		Standalone		Со	nsolidated	
PARTICULARS (₹ crs)	FY22	FY23	% change	FY22	FY23	% change
Total Revenue	341.55	278.11	-18.57%	341.90	278.09	-18.66%
Direct Cost	14.09	10.31		13.84	10.31	
Gross Profit	327.46	267.80	-18.22%	328.06	267.78	-18.38%
Gross Margin	95.87%	96.29%		95.95%	96.29%	
Operating Cost						
Research and Development (R&D)	90.79	121.31		90.78	121.31	
Sales and Marketing (S&M)	81.22	92.42		82.45	92.43	
General Administration (G&A)	49.62	51.27		47.96	52.16	
Total Expenditure	221.63	265.00	-19.57%	221.19	265.90	-20.21%
EBITDA	105.83	2.80	-97.35%	106.87	1.88	-98.24%
EBITDA Margin	30.99%	1.01%		31.26%	0.68%	-3058 BPS
Depreciation	17.38	15.99		17.38	15.99	
EBIT	88.45	(13.19)	-114.91%	89.49	(14.11)	-115.77%
EBIT Margin	25.90%	-4.74%		26.17%	-5.07%	-3125 BPS
Other Income	19.17	22.38		19.20	22.13	
Profit Before Tax (before exceptional item)	107.62	9.19	-91.46%	108.69	8.02	-92.62%
Exceptional items	4.06	(0.10)		_	_	
Profit before Tax after exceptional items	103.56	9.29	-91.03%	108.69	8.02	-92.62%
Tax	25.37	1.59		25.49	1.62	
Profit After Tax (PAT)	78.19	7.70	-90.15%	83.20	6.40	-92.31%
PAT Margin	22.89%	2.77%		24.34%	2.30%	

NOTE: Certain figures have been re-grouped wherever necessary

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# Q4-FY23 Ratio analysis



I., 0/	Standal	lone	Consolidated	
In %	Q4FY22	Q4-FY23	Q4-FY22	Q4-FY23
Expenses				
Direct Cost / Revenue	4.61%	3.19%	4.64%	3.19%
R&D / Revenue	27.10%	62.45%	27.12%	62.46%
S&M / Revenue	21.27%	47.45%	21.60%	47.46%
G&A / Revenue	13.62%	19.33%	13.00%	19.71%
Total Cost / Revenue	61.99%	129.24%	61.73%	129.63%
Margin				
Gross Margin	95.36%	96.81%	95.36%	96.81%
EBITDA	33.40%	-32.42%	33.63%	-32.81%
EBIT	28.99%	-39.99%	29.22%	-40.38%
PBT	32.61%	-19.78%	34.68%	-19.97%
PAT	25.05%	-13.29%	27.10%	-13.47%

# FY23 Ratio analysis



I = 0/	Standalone		Consolidated	
In %	FY22	FY23	FY22	FY23
Expenses				
Direct Cost / Revenue	4.13%	3.71%	4.05%	3.71%
R&D / Revenue	26.58%	43.62%	26.55%	43.62%
S&M / Revenue	23.78%	33.23%	24.11%	33.24%
G&A / Revenue	14.53%	18.44%	14.03%	18.76%
Total Cost / Revenue	64.89%	95.29%	64.69%	95.62%
Margin				
Gross Margin	95.87%	96.29%	95.95%	96.29%
EBITDA	30.99%	1.01%	31.26%	0.67%
EBIT	25.90%	-4.74%	26.17%	-5.07%
PBT	30.32%	3.30%	31.79%	2.88%
PAT	22.89%	2.77%	24.34%	2.30%

### Historical Annual Consolidated Income Statement





PARTICULARS (INR Crs)	FY21	FY22	FY23
Total Revenue	333.04	341.90	278.09
Direct Cost	13.70	13.84	10.31
Gross Profit	319.34	328.06	267.78
Gross Margins (%)	95.89%	95.95%	96.29%
Operating Cost			
Total Expenditure	177.90	221.20	265.90
EBITDA	141.44	106.86	1.88
EBITDA Margins (%)	42.47%	31.26%	0.68%
Depreciation	19.49	17.38	15.99
EBIT	121.95	89.48	(14.11)
EBIT Margins (%)	36.62%	26.17%	-5.07%
Other Income	24.16	19.20	22.13
Profit Before Tax (PBT)	146.11	108.68	8.02
Tax	39.16	25.49	1.62
Profit After Tax (PAT)	106.95	83.19	6.40
PAT Margins (%)	32.11%	24.33%	2.30%
Basic & Diluted EPS (INR)	16.65	13.94	1.14

## **Consolidated Balance Sheet**



EQUITY AND LIABILITIES (`Crs)	March 31, 2022	March 31, 2023
Share Holder's Funds:		
Equity Share Capital	58.01	53.07
Reserves and Surplus	569.62	366.64
Total Shareholder Funds	627.63	419.71
Non-Current Liabilities		
Net employee defined benefit liabilities	0.89	0.60
Other Non Current Liabilities	0.52	0.52
Deferred tax liabilities (net)	0.64	0.53
Total Non-Current Liabilities	2.05	1.65
Current Liabilities:		
Trade and Other Payables	22.55	21.13
Other Financial Liabilities	16.69	12.73
Other Current Liabilities	19.31	10.03
Net employee defined benefit liabilities	0.39	0.57
Current tax liabilities (Net)	0.11	-
Total Current Liabilities	59.06	44.46
Total Equity & Liabilities	688.74	465.82

ASSETS (`Crs)	March 31, 2022	March 31, 2023
Non-Current Assets:		
Property, plant and equipment	105.93	97.56
Capital work-in-progress	-	0.15
Intangible assets	5.74	2.77
Investment Property	25.36	24.12
Non-current financial assets		
Investments in MF, Tax-Free Bonds, Subs & others	27.46	21.49
Other Financial Asset	0.49	0.76
Deferred tax assets (net)	-	-
Other non current assets	16.27	22.98
Total Non-Current Assets	181.25	169.83
Current assets:		
Inventories	4.79	4.50
Investment in Mutual Fund	290.07	176.20
Trade and other receivables	144.81	95.17
Bank Balances & Cash and Cash Equivalents	8.00	11.77
Investment in Fixed Deposit	55.05	0.08
Other Financial Assets	1.17	1.49
Other Current assets	3.58	6.78
Total Current Assets	507.49	295.99
Total Assets	688.73	465.82

## Standalone Balance Sheet



EQUITY AND LIABILITIES (`Crs)	March 31, 2022	March 31, 2023
Share Holder's Funds:		
Equity Share Capital	58.01	53.07
Reserves and Surplus	569.20	366.65
Total Shareholder Funds	627.21	419.72
Non-Current Liabilities		
Net employee defined benefit liabilities	0.89	0.60
Other Non Current Liabilities	0.52	0.52
Deferred tax liabilities (net)	0.64	0.53
Total Non-Current Liabilities	2.05	1.65
Current Liabilities:		
Trade and Other Payables	50.18	48.68
Other Financial Liabilities	16.70	12.73
Other Current Liabilities	19.29	9.54
Net employee defined benefit liabilities	0.39	0.57
Current tax liabilities (Net)	0.07	-
Total Current Liabilities	86.63	71.52
Total Equity & Liabilities	715.89	492.89

ASSETS (`Crs)	March 31, 2022	March 31, 2023
Non-Current Assets:		
Property, plant and equipment	105.94	97.57
Capital work-in-progress	1	0.15
Intangible assets	5.72	2.77
Investment Property	25.36	24.12
Non-current financial assets		
Investments in MF, Tax-Free Bonds, Subs & others	30.45	22.30
Other Financial Asset	0.49	0.76
Deferred tax assets (net)	•	-
Other non current assets	16.26	22.98
Total Non-Current Assets	184.22	170.65
Current assets:		
Inventories	4.79	4.50
Investment in Mutual Fund	290.07	176.20
Trade and other receivables	172.93	122.77
Bank Balances & Cash and Cash Equivalents	3.97	10.48
Investment in Fixed Deposit	55.23	0.08
Other Financial Assets	1.18	1.48
Other Current assets	3.50	6.73
Total Current Assets	531.67	322.24
Total Assets	715.89	492.89

# Capital Market Data

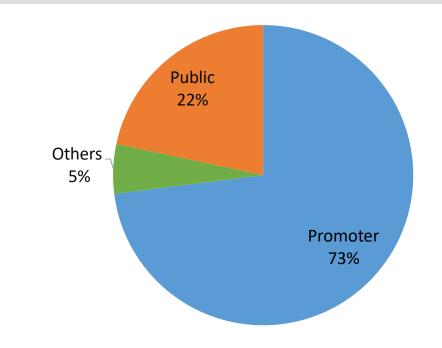
#### Stock Market Performance (as on 31st March, 2023)



Price Data (as of 31st March, 2023)			
Face Value	10.00		
Market Price	133.20		
52 Week H/L	225.30/128.10		
Market Cap (INR Mn)	7,069.44		
Equity Shares Outstanding (Mn)	53.08		
1 Year Avg. Trading Volume ('000)	115.14		
1 Year Avg. Net Turnover (Mn)	22.26		



#### Shareholding Pattern (as on 31st March, 2023)



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