zomato

PROPOSED ACQUISITION OF BLINKIT

JUNE 24, 2022
Dear Shareholders,

Quick commerce has been our stated strategic priority since the last one year. We have seen this industry grow rapidly both in India and globally, as customers have found great value in quick delivery of groceries and other essentials. This business is also synergistic with our core food business, giving Zomato the right to win in the long-term.

We are proposing to acquire Blinkit, a quick commerce business in India and where we first invested in August last year. This foray into the next big category is timely as our existing food business is steadily growing towards profitability – Zomato has grown at a CAGR of 86% in the last 4 years to an adjusted revenue of INR 55.4 billion ($710 million) while the adjusted EBITDA margin has improved from (153%) in FY19 to (18%) in FY22.

I am sure there are a lot of questions on your mind with regards to this proposed acquisition and the Q&A below between Akshant (CFO), I and Ms Savvy (reminder – she is a fictitious character) will candidly address all of them. We will also host a conference call at 5 pm India time, June 25, 2022 to address any further questions and clarifications.

Best,
Deepinder
Founder & CEO
Ms Savvy: Can we start with an overview of Blinkit - the business that Zomato is proposing to acquire?

Akshant: Blinkit is a quick commerce marketplace delivering grocery and other essentials to customers within minutes (average delivery time of < 15 minutes in the month of May 2022). Blinkit has visibility into inventory owned by third party distributors and retailers that stock ~4,000 SKUs across a variety of product categories, in a network of warehouses and distributed dark stores. Customers can view and order these products on the Blinkit app. Blinkit also facilitates last-mile delivery of products to customers from the dark stores. The delivery radius for a dark store is typically less than 2 kms, which allows for quick delivery of products.

Blinkit was rebranded from Grofers after a pivot to quick commerce last year. Their erstwhile business model was next-day grocery delivery. Blinkit was the first company in India to get into quick commerce and now we have a number of other players who are getting into this format. Blinkit’s business pivoted to 100% quick commerce in Jan 2022 and since then, the business has made tremendous progress on all important and relevant metrics for this business.

In the month of May 2022, Blinkit did gross order value (GOV) of INR 4,028 million, which is ~1/5th of Zomato’s monthly average food delivery GOV in Q4FY22. Below are few metrics which show the current scale of Blinkit and the progress made in the past 5 months since pivoting the business to quick commerce–

<table>
<thead>
<tr>
<th>Key operating metrics</th>
<th>Jan 2022</th>
<th>May 2022</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders (million)</td>
<td>5.1</td>
<td>7.9</td>
<td>54%</td>
</tr>
<tr>
<td>Average order value (AOV) (INR)</td>
<td>575</td>
<td>509</td>
<td>-11%</td>
</tr>
<tr>
<td>Monthly transacting customers (million)</td>
<td>1.5</td>
<td>2.3</td>
<td>51%</td>
</tr>
<tr>
<td>Monthly order frequency per customer (#)</td>
<td>3.45</td>
<td>3.50</td>
<td>2%</td>
</tr>
<tr>
<td>GOV per day, per dark store (INR '000)</td>
<td>206</td>
<td>312</td>
<td>51%</td>
</tr>
<tr>
<td>Orders per day, per dark store (#)</td>
<td>359</td>
<td>613</td>
<td>71%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key financial metrics</th>
<th>Jan 2022</th>
<th>May 2022</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOV (INR million)</td>
<td>2,955</td>
<td>4,028</td>
<td>36%</td>
</tr>
<tr>
<td>Revenue (INR million)</td>
<td>221</td>
<td>580</td>
<td>162%</td>
</tr>
<tr>
<td>Contribution (INR million)</td>
<td>-1,619</td>
<td>-661</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted EBITDA (INR million)</td>
<td>-2,040</td>
<td>-1,077</td>
<td>-</td>
</tr>
<tr>
<td>Contribution margin (% of GOV)</td>
<td>-55%</td>
<td>-16%</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted EBITDA (% of GOV)</td>
<td>-69%</td>
<td>-27%</td>
<td>-</td>
</tr>
</tbody>
</table>

Notes:
1) Orders is defined as all orders placed on the Blinkit marketplace platform in India, including canceled orders
2) GOV is defined as the total monetary value of Orders including maximum retail price (MRP) of goods sold (except for instances where MRP is not applicable such as fruits and vegetables in which case final selling price is used instead of MRP) and customer delivery charges but excluding tips
3) Monthly transacting customers is defined as the number of unique transacting customers identified by the customers’ mobile number that have placed at least one Order in that month
4) Revenue is defined as Blinkit marketplace commission income (+) customer delivery charges (+) ad revenue (+) warehousing and ancillary services income
02. How does Blinkit fit into the larger picture at Zomato? What is the rationale behind the acquisition?

**Deepinder:** As a food company, we are already tapping into the large food delivery opportunity in India. In addition to that, we now also want to focus on quick commerce as a natural extension of our food delivery business. How is it a natural extension? Because it is also a hyperlocal business, just like food delivery. And, because it also caters to a need for quick delivery of products for our customers. Quick commerce will help us increase the customer wallet share spent on our platform and also drive higher frequency and engagement from our customers.

**Akshant:** Quick commerce increases our addressable market, the potential profit pool and also makes our business more defensible. The peak demand times for food delivery are also complementary to the quick commerce demand peaks in non-meal times. This will help increase our hyperlocal delivery fleet utilisation and reduce the cost of delivery.

Even globally, we are seeing that food delivery and quick commerce are converging.

**Globally, food delivery and quick commerce are converging**

<table>
<thead>
<tr>
<th>Delivery Hero</th>
<th>Glovo</th>
<th>Dmart</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doordash</td>
<td>Wolt</td>
<td>DashMart</td>
</tr>
<tr>
<td>Swiggy</td>
<td>Swiggy Instamart</td>
<td></td>
</tr>
<tr>
<td>deliveroo</td>
<td>deliveryhop</td>
<td></td>
</tr>
<tr>
<td>Rappi</td>
<td>Turbo (Rappi Turbo)</td>
<td></td>
</tr>
</tbody>
</table>

*Note: Global quick commerce players are using a combination of 1P (self-managed dark store) and 3P (third party retail store) models*

03. Do customers really need grocery delivery in 15-20 minutes? What’s wrong with the traditional ‘next day delivery’ grocery model; isn’t that good enough for customers?

**Deepinder:** Customers (and data) are clearly signaling the macro trend that people are moving to unplanned and spontaneous purchases. Here are some of the customer facing metrics that indicate a clear preference towards instant delivery in 15-20 minutes, compared to next-day delivery –
To add to this, monthly order frequency on Blinkit app was 3.5x in May 2022, which is higher than that of food delivery on Zomato.

Please note that all of this improvement in customer facing metrics is not driven by subsidies, as may be the perception. In fact, customers are now being offered lesser discounts by the sellers as compared to the next-day delivery model earlier. There is also a levy of delivery charge which was not necessarily the case earlier.

Blinkit’s GOV is fast catching up with Zomato’s GOV in some key markets, therefore indicating that quick commerce will add a significant new addressable market to our business in the long term. In a sample market like Gurugram, Blinkit GOV is already ~63% of Zomato’s food delivery GOV.

**Q4. How large is the total addressable market for grocery delivery?**

**Deepinder:** Grocery is the hook for quick commerce, but it is not just about grocery. Quick commerce naturally extends across multiple categories including beauty & personal care, electronics, OTC pharma, stationery, other gift items, etc. Categories other than grocery help the quick commerce business make higher margins, and attain higher AOVs. Total commerce market in India is $1.3 trillion(1) and in the long term, we see quick commerce emerging as a significant channel of demand for customers at least in the top cities.

(1) Source: RedSeer
Q5. Do you think the quick commerce use case will extend to a large number of cities, like food delivery?

Deepinder: Currently, the quick commerce use case is more obvious in larger cities. Blinkit has also so far, largely focused on the top 15 cities.

Q6. Are you getting into quick commerce because you think growth in food delivery is now saturating?

Deepinder: Not at all. Food delivery has a long runway ahead. In FY22, our Adjusted Revenue grew by 109% over FY21 and we expect healthy growth to continue going forward. We have shared our view on food delivery growth in our shareholders’ letter dated Feb 10, 2022 (Title: Staying the Course) in the past.

Q7. Build vs buy question – why acquire, why not get into quick commerce organically?

Akshant: There are two big drivers behind choosing to do this inorganically –

**Speed** – Blinkit’s proprietary tech platform, scale of business, relationships with third party brands and sellers, and the warehouse & dark store network made it a compelling choice for us to buy vs building it in-house. It would have cost us a significant amount of time (and therefore disproportionate intangible cost) to build this in-house.

For example, Blinkit’s proprietary technology is key to optimising delivery network and operations as explained in the image below -

**Team** – The Blinkit team has extensive experience in building a significant business; we wouldn’t have had the bandwidth to execute on quick commerce without weakening the quality of our talent pool which is focused on our core food delivery business.
Q8. Who will run the quick commerce business? Is Albinder (the founder) going to stay?

Deeinder: Yes, the Blinkit team, led by Albinder will continue to run the business.

Q9. What is the integration plan going forward? Will you continue to have two separate Apps for Blinkit and Zomato?

Deeinder: Yes, we plan to keep the Blinkit app and brand separate from Zomato. Zomato brand stands for everything ‘food’ in customers’ minds, while Blinkit is on the path to becoming a brand that customers associate with grocery and essential supplies.

As we mentioned earlier, we believe that ‘super brands’ will work better in India than ‘super apps’. We will explore ways in which Blinkit can benefit from Zomato's large customer base (and vice versa in the long term). Post the deal closure, we are going to start experimenting with various ideas that we have and see which all bear fruit, including having the Blinkit tab on the Zomato app. As they say, experiment a lot and keep what works. This remains our guiding motto.

Q10. The losses in Blinkit have come down sharply between Jan and May 2022. What explains that?

Akshant: Yes, the losses have come down owing to a) operating leverage and b) improved execution. As the GOV per day, per store goes up, losses come down given the high operating leverage in the business. In addition, revenue per order has gone up due to an increase in commissions and customer delivery charges. Blinkit has also shut down a number of unviable dark stores, which were not scaling. This has also brought the losses down. The dark store count has come down to about 400 in May 2022, as compared to 450+ in January 2022. The team will continue to evaluate non-performing stores and learn what does not work. The playbook for new store openings is now much sharper and we think that each new store has a higher chance of succeeding.

Q11. Ok, but the losses are still high. What is the path to profitability and how long will it take Blinkit to become profitable?

Akshant: The improvement in unit economics in the last 5 months gives us confidence that Blinkit is on the right path. We have good visibility on the various levers for achieving profitability in this business. Many dark stores are already trending towards contribution break-even. With continued solid execution and synergy realisation with Zomato, post the transaction, the journey to profitability should only accelerate.

Given the early stage of the business, it is very hard to commit to a timeline for profitability. We expect that a meaningful number of the dark stores should become contribution break-even within the next year or so. Overall profitability will also be a function of how aggressively we expand and open new dark stores. It is possible that this business becomes Adjusted EBITDA break-even in less than 3 years. This is an educated guess at this stage and not a guidance.
Deepinder: Our food delivery business has gone through a similar journey of negative contribution margins turning into positive with scale and efficiencies. We are confident about achieving profitability in quick commerce given our experience and learning.

Q12. Can you explain different levers of profitability in the business going forward?

Akshant: The following details will help you understand the key levers of unit economics in this business better. As you will notice, the key revenue and cost items are very similar to what we have in the food delivery business.

<table>
<thead>
<tr>
<th>Order value</th>
<th>Food delivery</th>
<th>Quick commerce</th>
<th>Remarks on quick commerce unit economics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average order value (AOV)</td>
<td>✔️</td>
<td>✔️</td>
<td>Current AOVs are higher than food delivery. Likely to remain that way as we further increase assortment</td>
</tr>
<tr>
<td>Commission income*</td>
<td>✔️</td>
<td>✔️</td>
<td>Commissions to increase as SKU mix broadens across categories with higher margins</td>
</tr>
<tr>
<td>Customer delivery charges</td>
<td>✔️</td>
<td>✔️</td>
<td>Willingness to pay for convenience demonstrated in food delivery. Expect similar trend in quick commerce</td>
</tr>
<tr>
<td>Advertising income</td>
<td>✔️</td>
<td>✔️</td>
<td>Higher potential for ad monetisation in quick commerce (vis-a-vis food delivery) as advertisers are large CPG companies/brands</td>
</tr>
<tr>
<td>Dark store operations cost</td>
<td>❌</td>
<td>✔️</td>
<td>Largely fixed costs: dark store rent, utilities and manpower, which reduce on a per order basis with scale</td>
</tr>
<tr>
<td>Last-mile delivery</td>
<td>✔️</td>
<td>✔️</td>
<td>Higher orders delivered per hour (vis-a-vis food delivery) due to shorter delivery radius, implying lower delivery cost per order</td>
</tr>
<tr>
<td>Replenishment costs</td>
<td>✔️</td>
<td>✔️</td>
<td>Largely fixed warehousing and middle mile costs, which reduce on a per order basis with scale</td>
</tr>
<tr>
<td>Customer acquisition/retention spends</td>
<td>✔️</td>
<td>✔️</td>
<td>Includes subsidies for customer acquisition and retention</td>
</tr>
<tr>
<td>Other variable costs</td>
<td>✔️</td>
<td>✔️</td>
<td>Includes wastage, customer refunds, packaging charges, payment gateway charges and support cost</td>
</tr>
<tr>
<td>Contribution margin</td>
<td>✔️</td>
<td>✔️</td>
<td>Includes all digital marketing and branding spends</td>
</tr>
<tr>
<td>Indirect costs</td>
<td>✔️</td>
<td>✔️</td>
<td>Includes all corporate employee costs, tech infrastructure costs and other overheads</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>❌</td>
<td>✔️</td>
<td>Estimated long term replacement capital expenditure of ~0.5-1% (% of GUV) at dark stores and warehouses</td>
</tr>
<tr>
<td>Depreciation</td>
<td>❌</td>
<td>✔️</td>
<td>Negative working capital since payables are higher than receivables with no capital blocked in inventory</td>
</tr>
<tr>
<td>Working capital</td>
<td>❌</td>
<td>❌</td>
<td></td>
</tr>
</tbody>
</table>

* Includes warehousing and ancillary services income

Q13. What do you think would be the steady state Adjusted EBITDA margins here? Will they be lower than food delivery?

Deepinder: Firstly, we expect the AOVs in quick commerce to be higher than food delivery. Blinkit is already at a higher AOV and that should sustain as the assortment gets wider on the platform. Secondly, I would argue that ad sales revenue in quick commerce would be higher than food delivery, given the much larger digital ad spend budgets of consumer packaged goods (CPG) brands. And thirdly, the last-mile delivery cost will be lower than food delivery given the shorter delivery time, leading to a higher number of orders delivered per hour.

Higher revenue per order and lower last-mile delivery cost will make up for additional expenses related to dark stores and replenishment vis-a-vis food delivery business. And when we add the synergy benefits of having both food and quick commerce businesses together on top, we foresee very healthy profit margins in steady state in quick commerce.
Q14. Your existing food business is still loss making. Will this acquisition delay the timeline for Zomato to become profitable?

Akshant: No it should not. Our food business is trending towards profitability faster than what we had thought at the time of our IPO, last year. Hence, the timeframe for overall Zomato profitability does not change in our minds. In fact, we believe we will now get to profitability within the same timelines (as we thought last year) but with a much larger addressable market. We are also not envisaging any further capital raise to get to profitability in this timeframe.

Q15. What is the capital allocation plan with Blinkit?

Akshant: In the shareholders’ letter dated Feb 2022, we had shared an upper bound of $400 million (INR 30,000 million at that time at an exchange rate of US$ 1 = INR 75) investment in quick commerce in CY22 and CY23. We still maintain that outlook. Since then, we have extended INR 11,250 million as debt to Blinkit (of which ~INR 5,750 million is still available as cash with Blinkit) – this debt is being acquired by Zomato as part of the transaction. This means that we have an additional INR 18,750 million as per the plan for further potential investments in quick commerce going forward. Most of this capital will go towards funding losses in Blinkit during the remainder of CY22 and CY23. This capital would be funded from the INR 122,193 million cash on our balance sheet (as on March 31, 2022).

How did we come up with this $400 million number? - this is our high level estimate based on what we know of the business and the market landscape today.

Will we necessarily spend this money in quick commerce? - Absolutely not, that is not the mindset at all. We will be thoughtful about every dollar we spend and be flexible in how we think about scale vs profitability in this business. It is not about growth or market share at any cost. The market is large and in very early stages of penetration.

Are there scenarios under which we will invest more than $400 million? - Yes, that is always a possibility if we make great progress.

Deepinder: We will cautiously deploy capital in quick commerce, while building more confidence at every step along the way.

Q16. There is also very high competition in this space. How do you see that impacting Blinkit’s journey going forward?

Deepinder: Yes, competition is high but the market is also very large. The online commerce penetration is so low in India today that high competition is actually healthy. Different companies will innovate differently to drive growth. It will lead to faster category creation, like how it happened in food delivery, a few years ago. This will benefit players (like us) that are well positioned to achieve scale.

Q17. What gives Zomato + Blinkit the right to win, given the competitive landscape?

Deepinder: Success in quick commerce is heavily dependent on an efficient hyperlocal delivery network. Zomato has a natural advantage here given the millions of food orders that we deliver. That said, hyperlocal delivery alone cannot drive success in quick commerce. That’s where Blinkit comes in with its deep
understanding of product-supply chains that involve warehousing, movement of goods from warehouses to dark stores, monitoring inventory stored in various locations, optimising picking and packing of orders, among others.

Blinkit’s proprietary tech stack, tailored for supply chain operations is the backbone of its operations. Blinkit also has rich experience in merchandising and facilitating relationships with a host of brands and third party suppliers, which reduces our time to market. The below chart captures how Zomato + Blinkit can be a winning combination for a successful quick commerce play.

### Success factors in quick commerce

<table>
<thead>
<tr>
<th></th>
<th>Zomato</th>
<th>Blinkit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sourcing</td>
<td>✔</td>
<td>Blinkit’s relationships with third party brands and other sellers</td>
</tr>
<tr>
<td>Dark store network</td>
<td>✔</td>
<td>Blinkit’s existing large network of dark stores (~3k sqft. each) and warehouses</td>
</tr>
<tr>
<td>Last-mile delivery</td>
<td>✔</td>
<td>Zomato’s hyperlocal network of 316,000 delivery partners across 1,000+ towns and cities[1]</td>
</tr>
<tr>
<td>Repeat behavior</td>
<td>✔</td>
<td>Integrated membership program will encourage repeat behaviour across both platforms</td>
</tr>
<tr>
<td>Robust tech stack</td>
<td>✔</td>
<td>Blinkit’s tech stack for end-to-end first-mile to last-mile operations</td>
</tr>
</tbody>
</table>

Notes:
1) Data as of Q4FY22
2) CAC = customer acquisition cost

Q18. There is a perception that instant delivery is not safe for the delivery partners. What do you have to say to that?

Deepinder: I can understand why people will think that way, but it is a false perception. Time optimisation happens in the supply chain and at dark stores, and never on the road. The fulfillment of the quick delivery promise relies on a network of dense dark stores, which serve customers who are only 2-3 kms away. This means an average travel time of 7-9 mins through shorter and defined routes, at a nominal bike speed of 20 kmph. Also, delivery partners are neither penalised nor incentivised for timely deliveries. No estimated/targeted time of arrival as conveyed to the customers, is relayed to the delivery partners. We are a people-first business, and at no point in time, we put business ahead of the wellbeing of our team and partners.

Q19. Can you summarise the key commercial terms of the proposed transaction?

Akshant: We are proposing to fully acquire BCPL (where our current ownership is ~9%) and the warehousing and ancillary services business of HOTPL (together referred to as “Blinkit” in this letter).

The consideration for the acquisition would be INR 45,082 million (US$ 578 million) paid in the form of -
A. INR 44,475 million (US$ 570 million) for acquisition of BCPL, settled through issue of ~629 million Zomato shares (6.88% equity dilution on a fully diluted basis) at the prescribed preferential allotment price of INR 70.76 per share

B. INR 607 million (US$ 8 million) cash for acquisition of HOTPL Identified Business

In addition to the above, we are also proposing to create a new Zomato ESOP pool, equivalent to the combination of ungranted ESOP pool and unvested ESOPs of employees of the proposed acquisition targets (0.37% equity dilution on fully diluted basis).

We are not acquiring the B2B trading business as that no longer fits strategically into our plans. Our existing INR 2,228 million investment in HOTPL is protected through our liquidation preference right.

Please refer to Annexure A for more details on the transaction structure.

Notes:
1) Exchange rate used is 1 US$ = INR 78
2) Fully diluted shareholding is based on a total share count of 9,131,370,090 shares computed by adding a) the current issued capital of Zomato = 7,873,654,676 shares b) current ESOP pool = 95,629,500 shares c) new capital being issued for this above = 628,530,012 shares and d) new ESOP pool created as part of this transaction = 33,655,902 shares

Q20. Will the new shares issued as part of this transaction be subject to any lock-in?

Akshant: Yes, the new Zomato shares issued pursuant to the transaction are subject to lock-ins. While the statutory lock-in requirement is six months, we have negotiated for a 12 month lock-in for selling shareholders of BCPL.

In addition, 50% of the shares attributable to the founder of Blinkit will be locked-in for 24 months (and the balance 50% will be locked-in for 12 months). The shares attributable to the exercised/ vested ESOPs of employees of Blinkit will be locked-in for the mandatory period of 6 months.

Q21. When can we expect the transaction to close?

Akshant: The closing of the transaction is expected to happen in early Aug 2022. The transaction is subject to shareholders’ and stock exchange approval.

THE END
Annexure A - Transaction structure

I. Existing Blinkit structure

A. Marketplace
   - Blink Commerce Pvt Ltd ("BCPL")
     - 91.0%
   - Hands On Trades Pvt Ltd ("HOTPL")
     - 9.0%

B. Warehousing and ancillary services ("HOTPL Identified Business")
   - B2B business
   - 8.4%

II. Post closing holding structure

- Existing Zomato shareholders (incl. current ESOP pool)
  - 92.7%
- Blinkit selling shareholders
  - 8.9%
- New ESOP pool
  - 0.4%

*Housed under the subsidiary Zomato Hyperpure Private Limited (ZHPL)*

The proposed acquisition targets have a net debt of ~INR 6,731 million as on the date of signing. Of the total gross debt on the books of the proposed acquisition targets (INR 12,547 million, including accrued interest), INR 11,328 million (including accrued interest) is payable to Zomato.

The implied equity value of the proposed acquisition targets is INR 49,458 million and the implied enterprise value is INR 56,189 million at the prescribed preferential allotment price of INR 70.76 per share.
## Annexure B

### I. Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food delivery</td>
<td>Refers to India food ordering and delivery business</td>
</tr>
<tr>
<td>Gross order value (GOV)</td>
<td>GOV is defined as the total monetary value of Orders including maximum retail price (MRP) of goods sold (except for instances where MRP is not applicable such as fruits and vegetables in which case final selling price is used instead of MRP) and customer delivery charges but excluding tips</td>
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<tr>
<td>Orders</td>
<td>All orders placed on the Blinkit marketplace platform in India, including canceled orders</td>
</tr>
<tr>
<td>Contribution</td>
<td>Defined as Blinkit marketplace commission income (+) customer delivery charges (+) ad revenue (+) warehousing and ancillary services income (-) dark store operations cost (including rental costs prior to any accounting adjustment for Ind AS 116)(-) last mile delivery costs (-) replenishment costs (-) customer acquisition/retention spends (-) other costs (wastage, customer refunds, packaging charges, payment gateway charges, support cost)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>EBITDA (+) share-based payment expense (-) rental accounting adjustment for Ind AS 116</td>
</tr>
</tbody>
</table>

### II. Exchange rate used: 1 US$ = INR 78 unless stated otherwise

### III. The financial numbers of Blinkit are unaudited numbers as received from the company
Use of non-GAAP financial measures

To supplement the financial information presented in accordance with IND AS, we consider certain financial measures that are not prepared in accordance with IND AS (E.g., Adjusted EBITDA). We use these financial measures in conjunction with IND AS measures as part of our overall assessment of the target company's performance to evaluate the effectiveness of their business strategies and to communicate with our board of directors concerning the business and financial performance. We believe that these non-GAAP financial measures provide useful information to investors about the target company's business and financial performance, enhance their overall understanding of the past performance and future prospects, and allow for greater transparency with respect to metrics used by management in their financial and operational decision making. We are presenting these non-GAAP financial measures to assist our investors and because we believe that these non-GAAP financial measures provide an additional tool for investors to use in comparing results of operations of the business over multiple periods.

Non-GAAP measures used by us are defined below:

- Adjusted EBITDA = EBITDA (+) share-based payment expense (-) rental accounting adjustment for Ind AS 116
- EBITDA = Profit / loss as per financials excluding (i) tax expense (ii) other income (except warehousing income)(iii) depreciation and amortization expense (iv) finance cost (v) exceptional items and (vi) Ind AS 109 adjustment related to issued securities

Forward looking statements

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