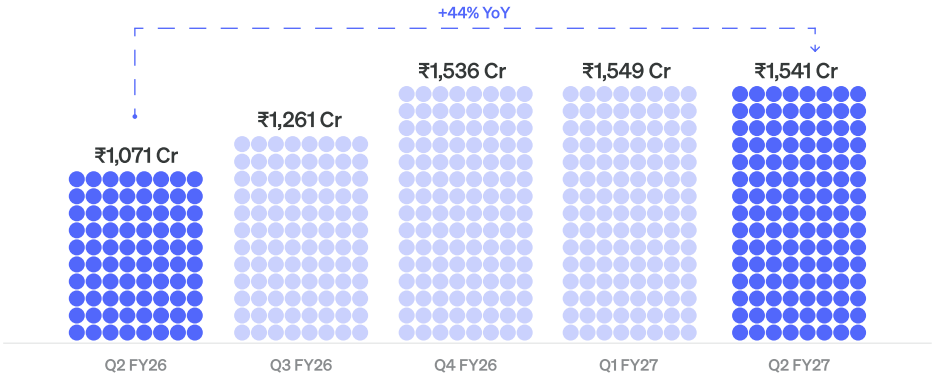
Groww

Shareholders' Letter

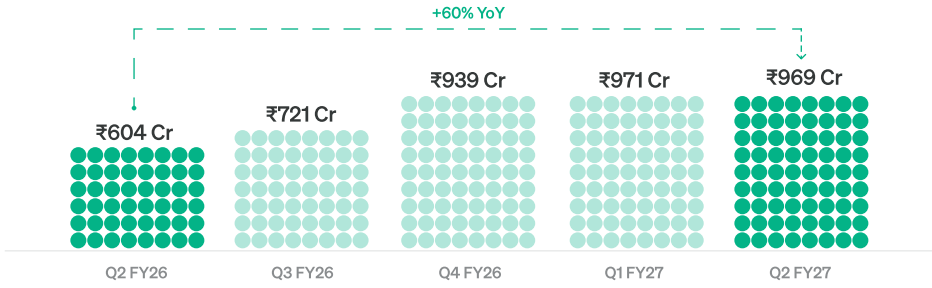
Q2 FY27

Consolidated Financial Highlights

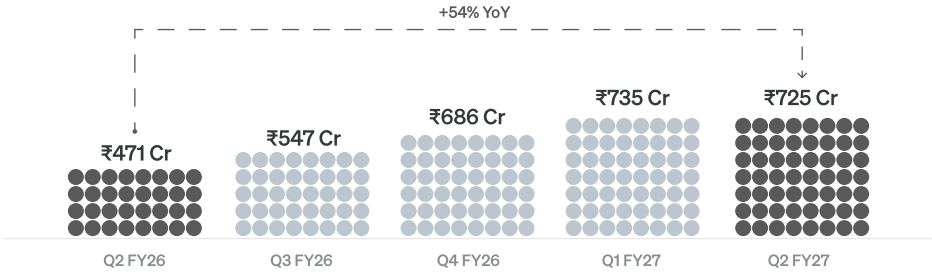
Total Income



EBITDA



PAT



Summarizing Our Performance

Our Platform

2.4 Cr

+27% YoY

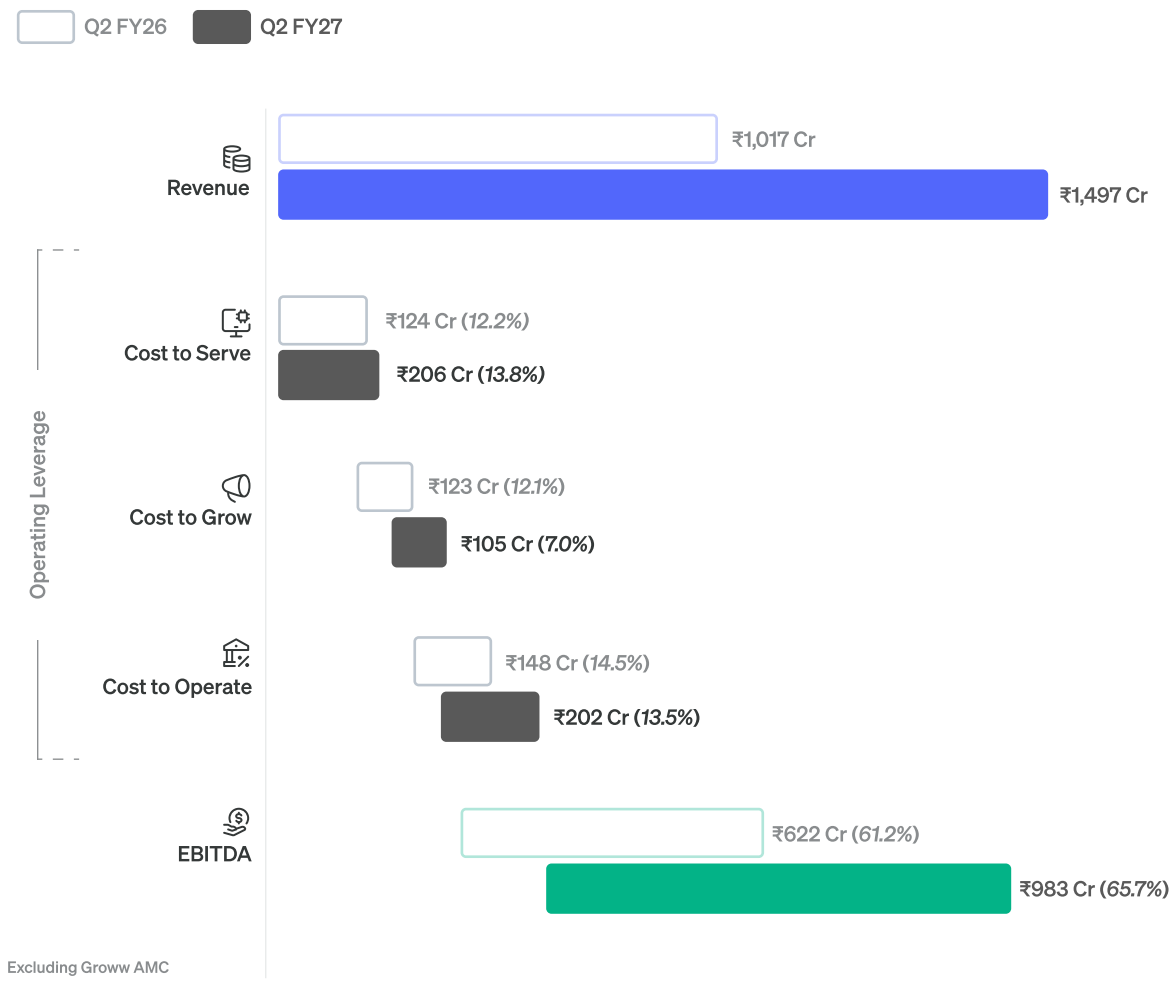
Total Transacting Users

₹3.9 L Cr

+46% YoY

Total Customer Assets

Unit Economics
Q2 FY27 vs. Q2 FY26



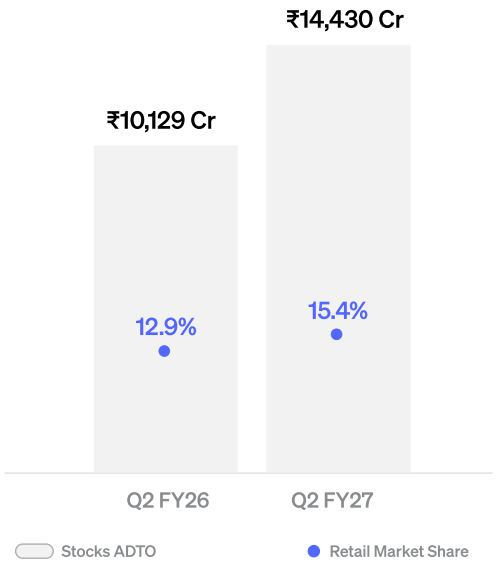
Excluding Groww AMC

Summarizing Our Performance

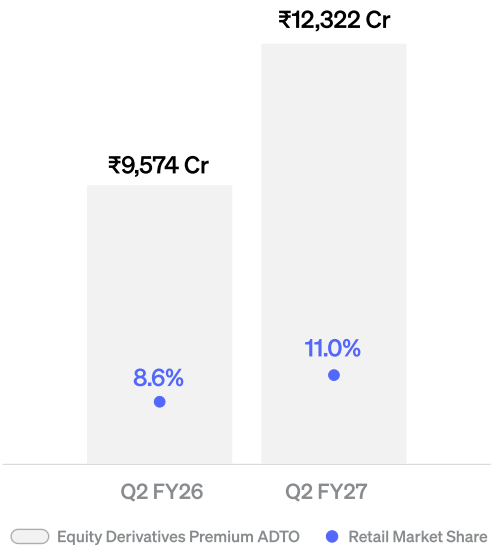
Our Market Share Across Products

Mutual Funds

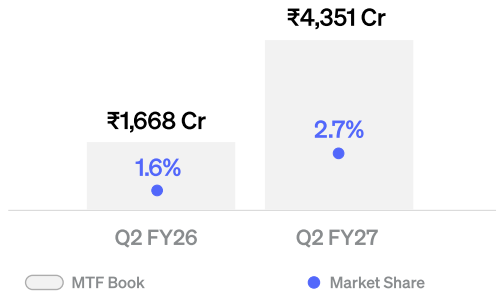
Stocks



Equity Derivatives



Margin Trading Facility



Investors' Top Of Mind

Q1. What were the key developments in Q2 FY27?

Our consolidated Total Income grew 44% YoY, with 27% growth in Total Transacting Users and 46% growth in Total Customer Assets. We added 11 lakh NTUs during the quarter, propelled by primary market activity. 42 lakh users applied for equity IPOs via Groww, resulting in a 22% market share in total allotments.

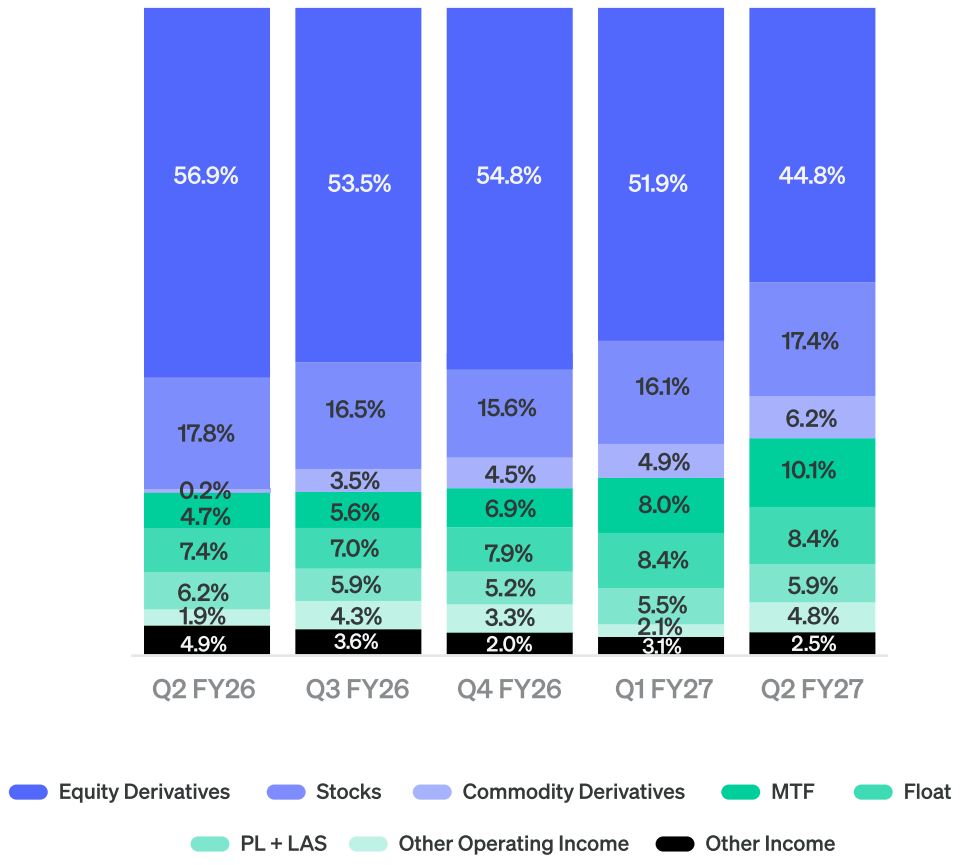
We saw increased contribution across most products, like MTF and Commodity Derivatives. While the share of Equity Derivatives in Total Income declined 12.2pp YoY, driven by market adjustments to CAS, we believe this will recover once the recommendations from SEBI's consultation paper go into effect.

Consolidated expenses increased 29% YoY, with PAT 54% higher YoY, delivering a PAT margin of 47% (+3.0pp YoY).

We continue to scale our new businesses, with our Wealth Assets crossing ₹10,000 crores and our AMC AUM expanding 145% YoY to ₹7,179 crores.

Q2. What is the revenue contribution from each product?

Total Income mix, by Products (% Share)



We have changed the revenue classification to better reflect the evolving nature of our business, changing Treasury to Other Income, moving IPO and BSDA revenue from Stocks revenue into Other Operating Income and delayed payment charges from Other Operating Income into Float.

In Q2, we saw increased contribution from MTF (+5.5pp YoY), Commodity Derivatives (+6.0pp YoY), and Other Operating Income (facilitated by strong primary activity in the quarter), whereas Equity Derivatives activity was softer. The contribution of Stocks, which comprises brokerage (70-75% of Stocks revenue) and other revenue (25-30%) which includes DP, DDPI, pledge charges and autosquareoff, also decreased marginally YoY.

While this quarter's quantum was outsized, broadly, we expect the growth of products which are not yet fully penetrated, like MTF and Commodity Derivatives, to be higher, leading to increased contribution from them in the coming quarters.

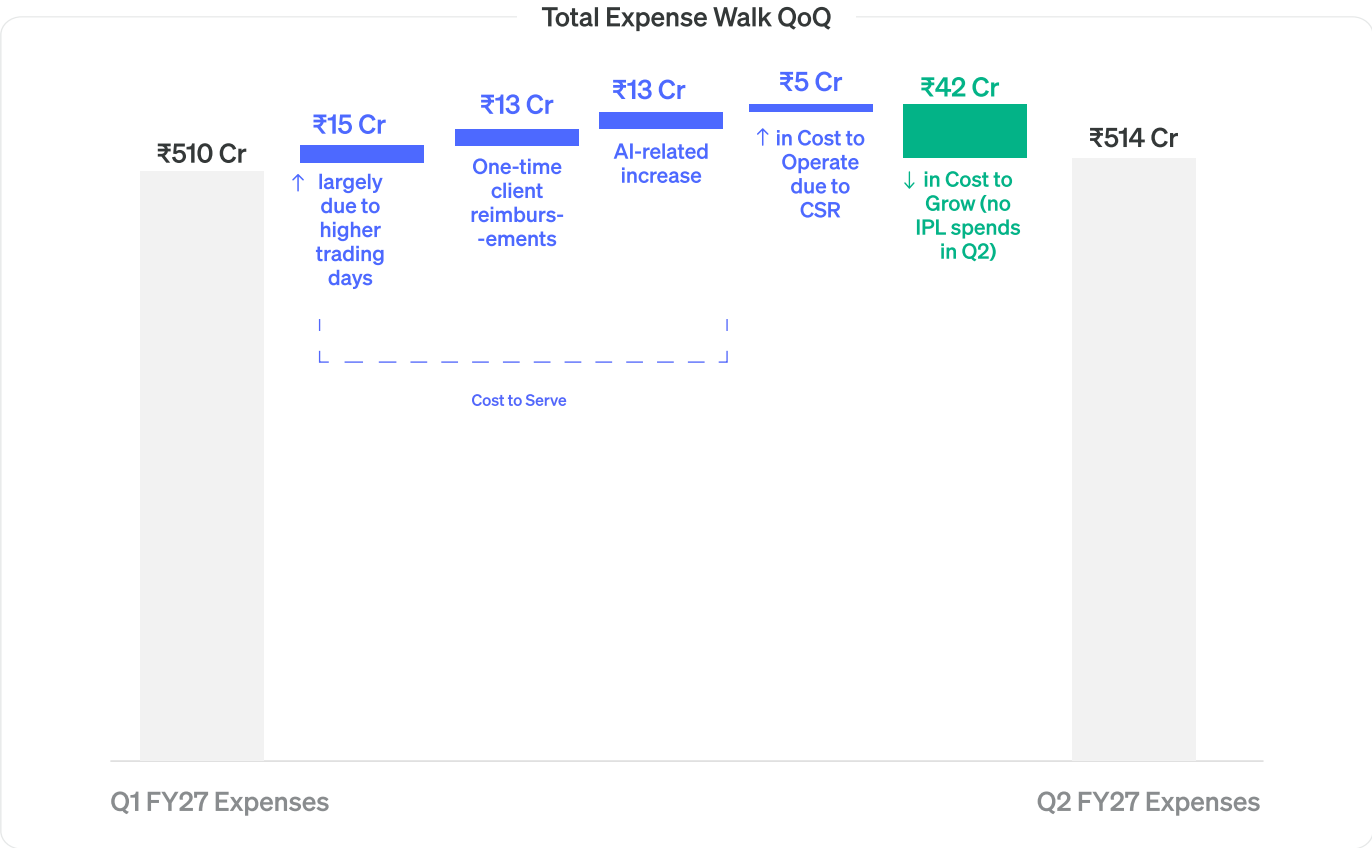
Q3. What was the impact of the Closing Auction System (CAS) on your business?

Effective 3 August 2026, SEBI introduced the Closing Auction System (CAS) for F&O eligible stocks, replacing the earlier Volume-Weighted Average Price (VWAP) method with a 20-minute closing auction (3:15 PM to 3:35 PM).
During the initial adoption phase, a disparity emerged between the 3:15 PM reference price (3:00–3:15 PM VWAP) and the equilibrium price published from 3:20 PM, leading to a decline in volumes across the industry.

While our Equity Derivatives revenue declined 14.3% QoQ, the bulk of which we attribute to CAS, this was in-line with the decline that the industry has seen.

The consultation paper published by SEBI proposes to delink derivatives settlement from CAS closing prices, which, if implemented, should help in normalising trading activity.

Q4. What caused the increase in expenses this quarter and is this expected to be the run rate going forward?



Total expenses for the quarter here is the sum of Cost to Serve, Cost to Grow, and Cost to Operate (excluding Groww AMC).

This quarter's increase in Cost to Serve was driven by higher tech costs largely due to higher trading days, one-time reimbursements to clients for abnormal trades[1], and inflation in compute costs due to AI and other factors. Typically, quarters with higher trading days tend to have higher Cost to Serve. We expect the inflation-driven costs to remain a part of the operational baseline run rate going forward.

This quarter's Cost to Operate included ₹5 crores of CSR expenses, with a further ~₹28 crores expected in H2 FY27.

Q5. How is the company investing in its operating business?

While we received an investment of ₹580 crores this quarter from State Street Global Advisors, Inc., we continue to deploy cash into our MTF, PL and LAS books (₹1,915 crores) and repay our debt (₹203 crores), bringing our cash balance from ₹3,893 crores at the start of H1 FY27 to ₹3,849 crores by the end.

Cash balance includes Fixed Deposits, Investments in MFs, Investment in Securities including Government Securities and NCDs.

[1] Stemming from an operational issue at a third-party Market Infrastructure Institution.

Q6. Could you please provide an update on your Wealth offerings?

We completed the Fisdom integration during the quarter, which will now enable us to provide Wealth offerings across multiple platforms. Currently, we provide the following products across our platforms:

- Groww: Bonds and MF Prime
- W: Mutual Funds, Insurance, AIF, PMS, in-house MF PMS, supported by wealth partners
- Fisdom: Mutual Funds, supported by bank partners

We will continue to expand the suite of wealth products being offered across all our platforms. This consolidation is reflected in our Unit Economics and KPI Handbook.

Q7. How has the performance of Groww AMC been?

Groww AMC's AUM grew 145% YoY from ₹2,928 crores to ₹7,179 crores, with the share of actively managed AUM increasing from 47% to 57%. Revenue for the AMC continued to grow in the quarter, up 131% YoY, while the bottom-line was -₹8.3 crores.

Glossary

KPIs	Definitions
Platform Metrics	
Total Transacting Users[1]	Total Transacting Users is the sum total of new transacting users acquired as of the end of the reporting period whereby a 'New Transacting User' ("NTU") is a user who has (i) deposited or invested ₹1,000 or more and has undertaken a transaction, or (ii) has taken a loan for the first time.
Total Customer Assets	Total Customer Assets are defined as the sum of the (a) value of assets held by users in demat accounts across our platforms, (b) value of Mutual Funds, Alternative Investment Funds, Fixed Deposits, and Portfolio Management Services holdings of users invested through our platforms, and (c) value of customer funds held by users on our platforms. The value of assets reported is as on the last day of the reporting period.
Financial Metrics[2]	
Revenue from Operations	Revenue from Operations.
Cost to Serve	Summation of (a) Software, server and technology costs and (b) Transaction and other related charges.
Cost to Grow	Marketing and business promotion expense.
Cost to Operate	Total expenses excluding (a) finance costs, (b) depreciation and amortisation expense, (c) marketing and business promotion expenses, (d) software, server and technology expenses and (e) Transaction and other related charges.
Total Income	Total Income, as presented in the financials.
EBITDA	EBITDA is defined as profit for the period/year plus (i) Total tax expense, (ii) Finance costs, (iii) Depreciation and amortisation expense, and (iv) Share of net loss of associate accounted for using equity method (net of tax) less Other income.
EBITDA Margin	Refers to EBITDA, as a percentage of Revenue from Operations
PAT	Profit for the period / year, as presented in the financials.
PAT Margin	Refers to Profit for the period / year, as a percentage of Total Income.
Product Metrics	
MF SIP Inflows	Defined as the total value of SIPs purchased through our platforms during the reporting period.
Stocks ADTO[3]	Defined as cumulative turnover in Stocks during the period divided by the total number of trading days in the reporting period.
Equity Derivatives Premium ADTO	Defined as cumulative turnover in Equity Derivatives (that is the notional turnover for futures and premium turnover for options) during the reporting period divided by the total number of trading days in the reporting period.
MTF Book	Refers to "Loan - Margin Trading Facility", viz., MTF outstanding (funded) book as on the last day of the reporting period.
Groww AMC Active AUM	Assets under management in "Active funds", with the latter being defined as those funds in which the Fund Manager takes an active role in making investment decisions, dynamically choosing to buy, hold, or sell underlying securities and selecting specific stocks.

[1]Metric is not de-duplicated across our platforms.
[2]KPI may apply to Billionbrains Garage Ventures Ltd. / Groww platform / Fisdom / Groww AMC, as specified in relevant section.
[3] 'Stocks' includes Equities, ETFs, Rights Entitlements, Preference Shares, InvITs, REITs, Warrants, Pass Through Certificates.
"Our platforms" here refer to the Groww app, the Fisdom app, and the W app. User-level metrics are not de-duplicated across the three platforms.

Disclaimer

Forward-looking Statements

This letter contains certain statements that are or may be forward-looking statements, including without limitation, statements relating to Groww's business objectives, strategies, results of operations, financial condition, strategic direction, future prospects, estimates of revenue growth, future financial or operating performance, and overall industry outlook. These statements can be recognised by the use of words such as "expects", "plans", "will", "continue", "think", "believes" or other words of similar meaning. These forward-looking statements are not guarantees of future performance but represent only the Company's current intentions, beliefs, expectations, assumptions and estimates, and are subject to risks and uncertainties that are difficult to predict and are outside the control of the Company. These statements involve risks and uncertainties which include, but are not limited to, regulatory changes pertaining to the industry in which our Company has businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments. Actual results may differ materially from those expressed or implied in such forward-looking statements. Against the background of these risks, uncertainties, and other factors, readers of this letter/document are cautioned not to place undue reliance on these forward-looking statements. The Company assumes no responsibility to update forward-looking statements or to adapt them to future events or developments.

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Use of non-GAAP Measures

In addition to our results determined in accordance with Ind AS, we believe the following Non-GAAP measures are useful to investors in evaluating our operating performance. We use the following Non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that Non-GAAP financial information, when taken collectively with financial measures prepared in accordance with Ind AS, may be helpful to investors because it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance. However, our management does not consider these Non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with Ind AS. Non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with Ind AS. Non-GAAP financial information may be different from similarly titled Non-GAAP measures used by other companies. The principal limitation of these Non-GAAP financial measures is that they exclude significant expenses and income that are required by Ind AS to be recorded in our financial statements, as further detailed below. In addition, they are subject to inherent limitations as they reflect the exercise of judgement by management about which expenses and income are excluded or included in determining these Non-GAAP financial measures. Investors are encouraged to review the related Ind AS financial measures and the reconciliation of Non-GAAP financial measures to their most directly identifiable Ind AS financial measures included below and to not rely on any single financial measure to evaluate our business.