



Investor Presentation

December 2024

Pioneering & Innovating for
Paytm Customers & Merchants



The All-New
Paytm Pebble
Soundbox



The All-New
Pocket Pebble
Soundbox

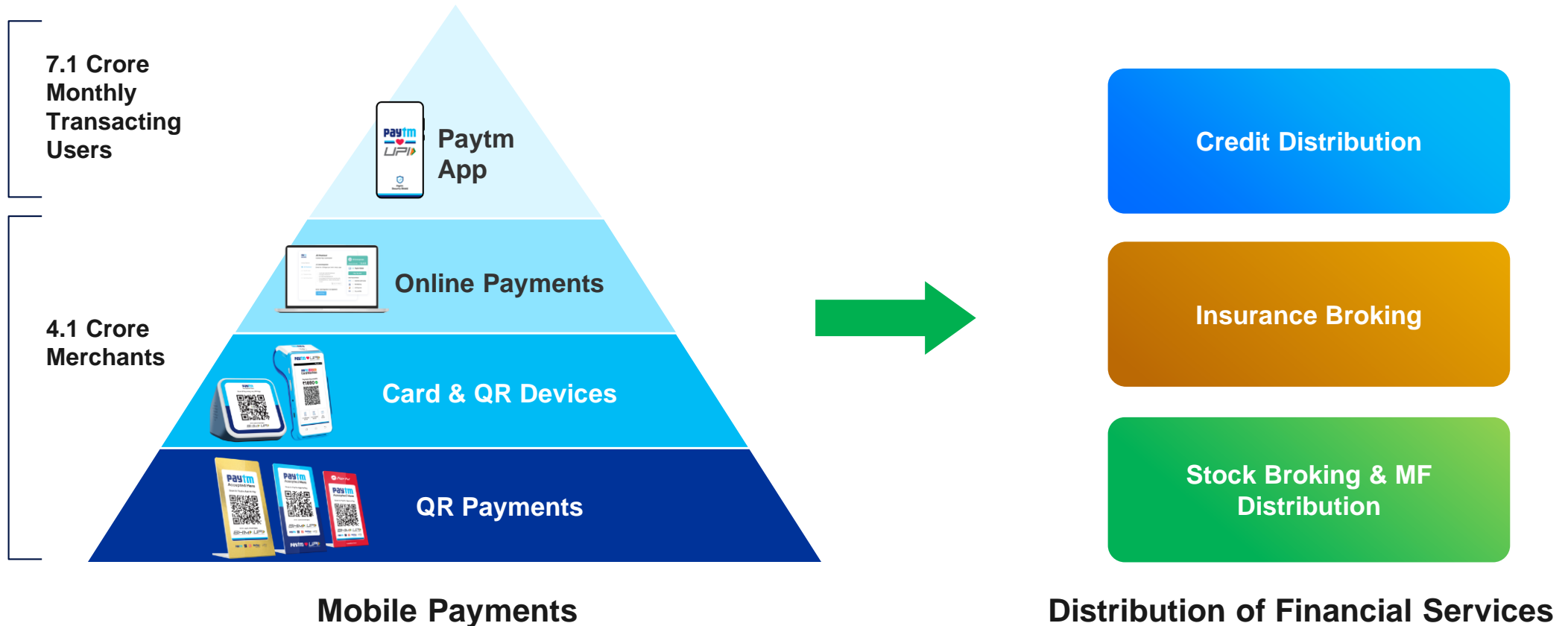




To bring Half-a-Billion Indians to the Mainstream Economy through Technology-led Financial Services



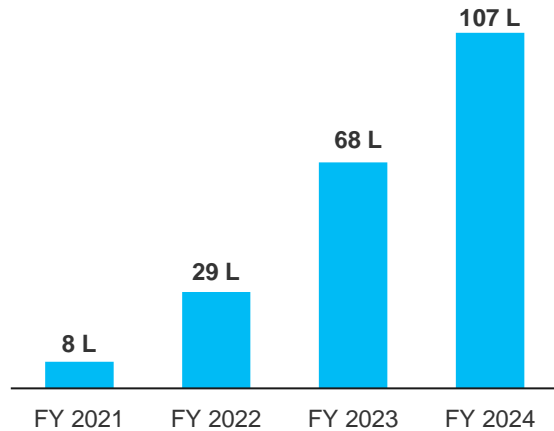
We enable mobile payments for consumers and merchants – online and offline, small and large – and upsell financial services to them



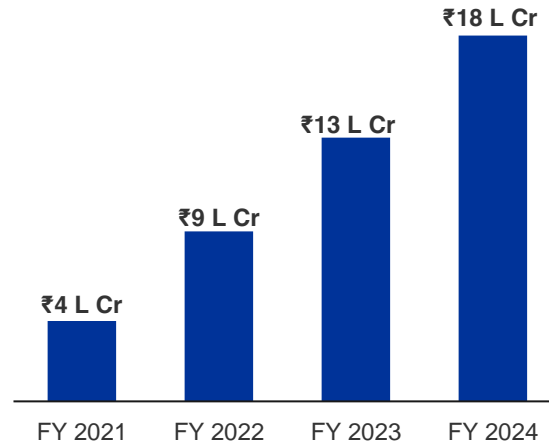
We leverage our homegrown AI platform to serve India's large underserved market



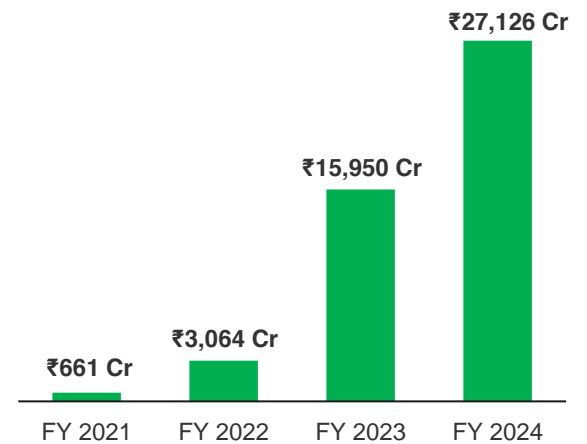
of Subscription Paying Merchants



Annual Gross Merchandise Value of Merchant Payments



Loans* Distributed Through Our Platform

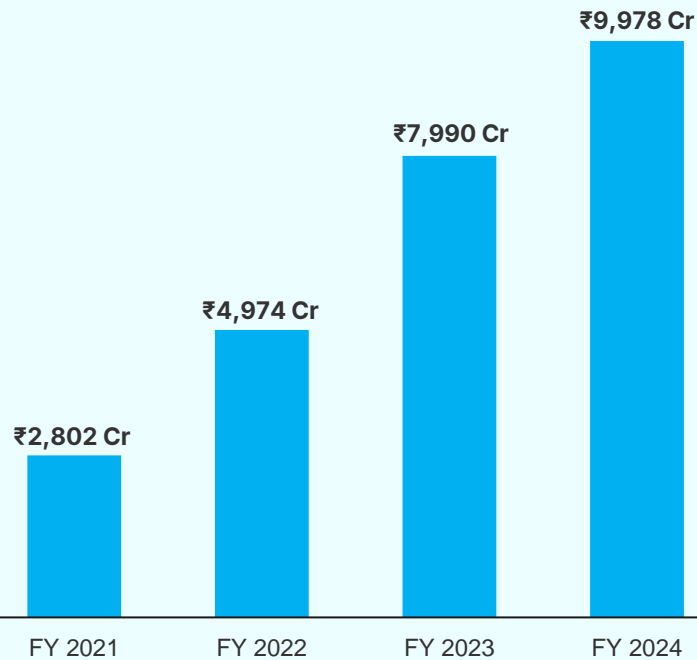


* Includes Personal and Merchant Loans only

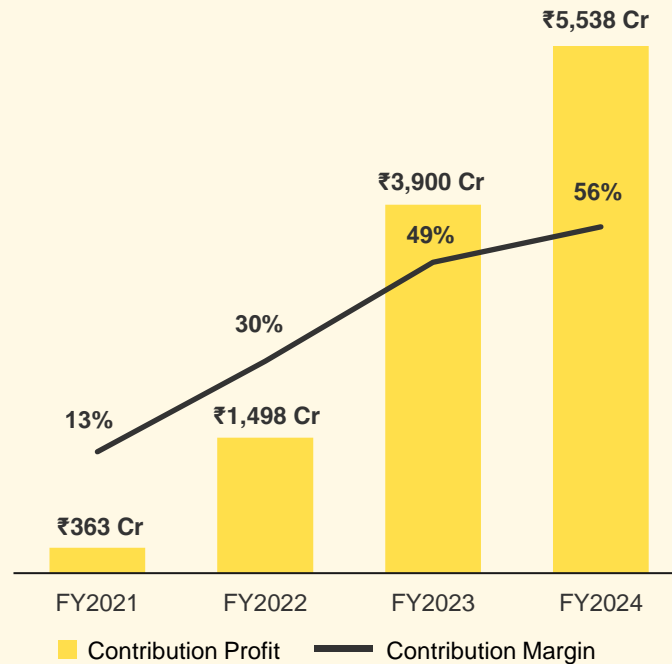
We have demonstrated strong growth in revenues and consistent improvement in profitability



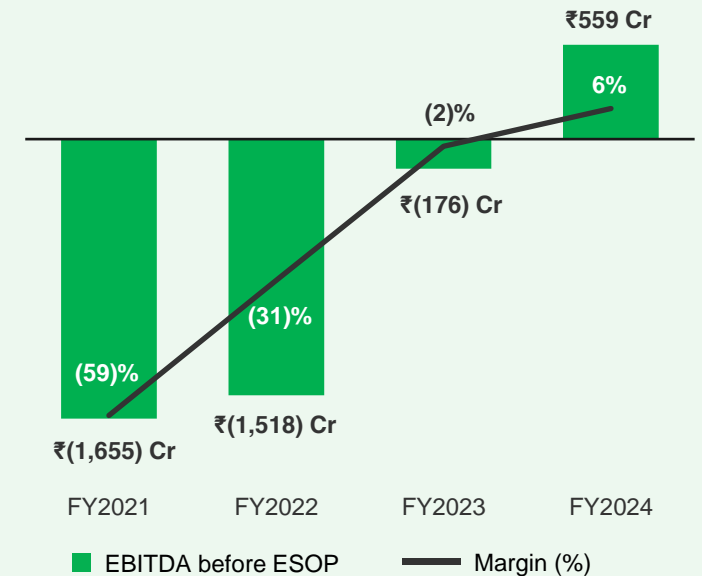
Operating Revenue



Contribution Profit



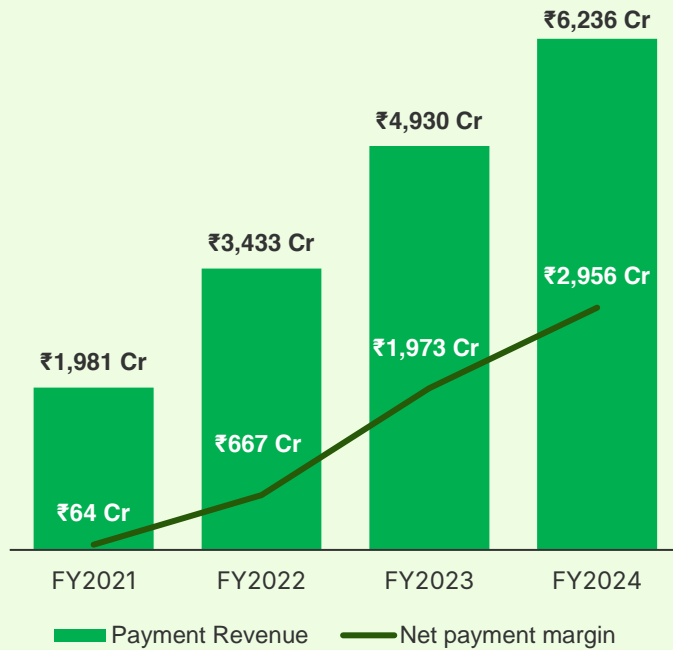
EBITDA Before ESOP and Margin



Payment Services: We make money on Payment Processing and Merchant Device Subscription



Net Payment Margin



=

Payment Processing Margin

Payment Processing Margin = Gross fees charged to the merchant – Payment processing charges

- We make 5-6bps payment processing margin; On UPI GMV, we make 2 to 3 bps and on non-UPI GMV*, we make 15 to 18 bps
- Improvements in payment processing margin of non-UPI instruments resulted in growth in net payment margin

* Non-UPI GMV includes Credit cards, debit cards, EMI, net banking and other instruments

+

Merchant Subscription Revenue

- We pioneered Soundbox, a device for voice confirmation for payments, resulting in dominant position in merchant acquiring
- Continue to address merchants' needs through innovative product launches, supported by a large distribution and service network
- Merchant pays monthly rental for various services, primarily for devices
- Potential market of 100mn merchants in India; large subset of this might be using devices

Financial Services: Driving monetization by distribution of Loans, Wealth products and Insurance

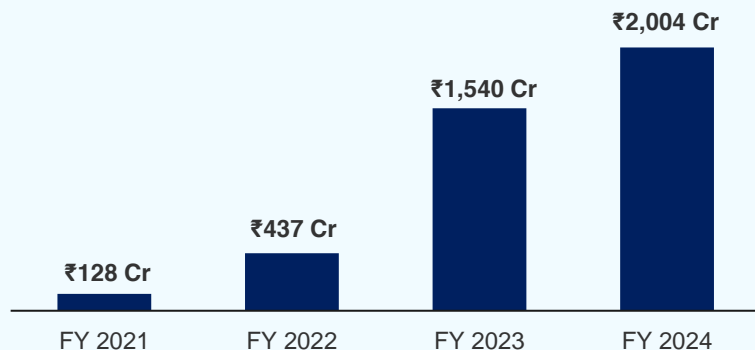


Low penetration across products offer large growth runway

Loan Distribution

- We help various lenders disburse loans to Paytm's consumers & merchants
- Our lending partners provide the balance sheet and underwrite loans as per the regulations
- We earn sourcing fee on the loans distributed and, in some cases, we earn collection incentives

Financial Service Revenue



Loans

Merchant Loans:

- Working capital loans with daily repayment offered to device merchants

Personal Loans:

- Instant personal loans with the best customer experience



Equity

Equity Broking and MF Distribution

- Focus on trading customers by offering a high-quality trading platform
- Expanding distribution of mutual funds, particularly SIPs, and other wealth management products



Insurance

Insurance Broking

- Offering embedded insurance and DIY products to Paytm consumers & merchants

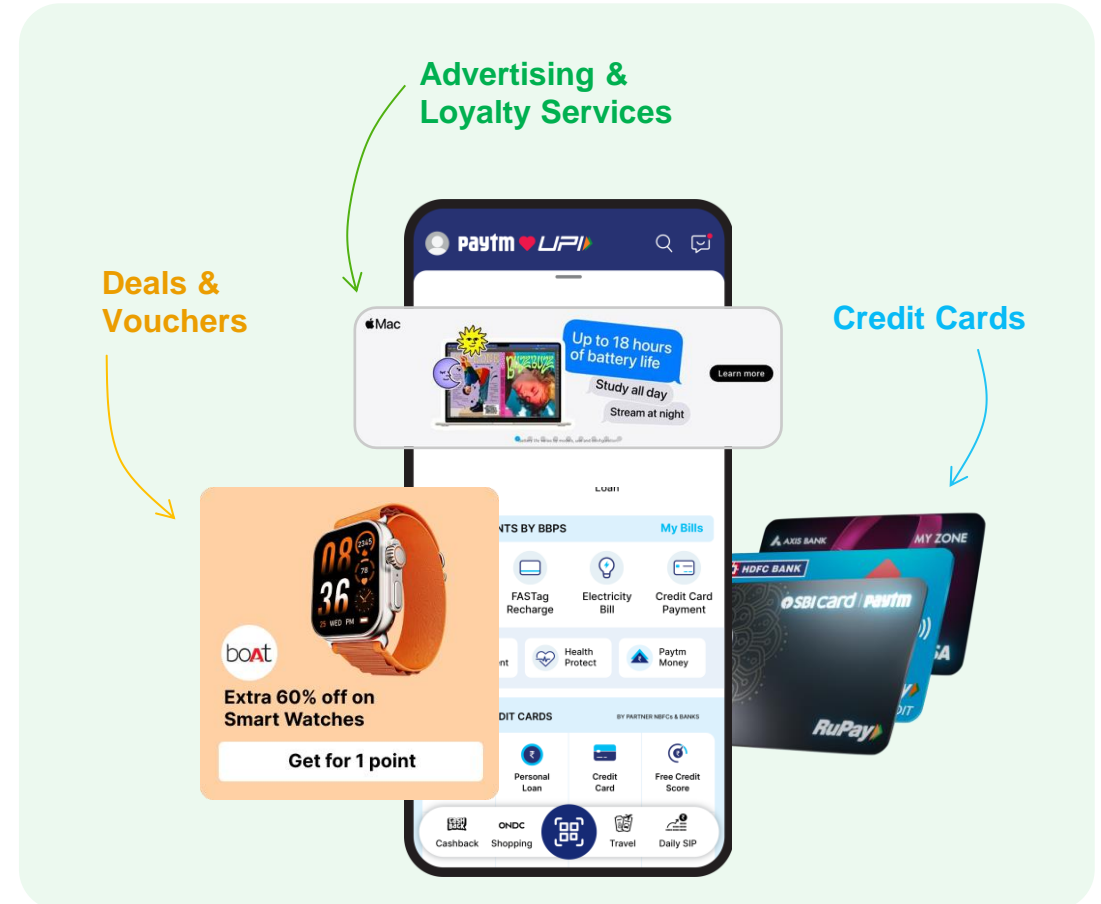
Marketing Services: Additional monetization by driving app traffic to the merchants



Paytm app is a destination for our merchants to get more business from our consumers

- We help merchants sell their tickets, deals & gift vouchers etc.
- We offer advertising, marketing loyalty services to various enterprises & distribute credit cards for our partners
- Revenue from Marketing Services is driven by the number of app consumers availing these services

Marketing Service Revenue



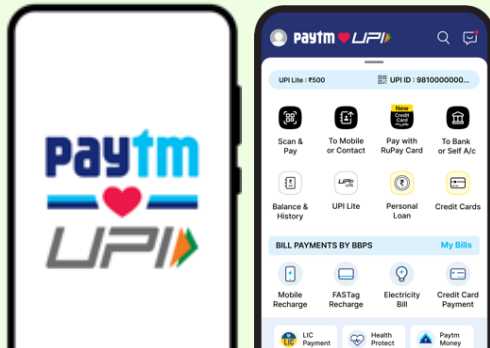
Key Focus Areas: Drive sustainable growth and profitability



Compliance First: Stringent focus on a compliance-first approach across our businesses

Customer acquisition

Committed to aggressively acquire UPI customers to expand our market share and increase product offering to expand the TAM



Merchant payment innovations

Continue to be a market leader with merchant payment innovations, including new devices and aggregation of various MDR-bearing payment instruments



Cross-sell

Increase high margin financial services revenue by expanding financial services partners



Leverage AI to reduce costs: Continued automation of various operations to reduce costs

Annexure

Expected ESOP charges based on currently issued ESOPs



Expected ESOP Cost (₹ Cr)	Q1	Q2	Q3	Q4
FY 2025	247	218*	267	213
FY 2026	184	178	104	101
FY 2027	98	90	28	26

As of Oct 18, 2024	(in Cr)
Basic shares outstanding	63.7
ESOPs vested and unexercised	0.2
ESOPs granted and unvested	3.5
ESOPs available for distribution	0.6
Estimated fully diluted shares	67.9

* Q2 FY 2025 ESOP cost was lower at ₹218 Cr, on account of ESOP lapses at the time of employee separation during the quarter.

Note:

- The above table illustrates expected ESOP cost for all ESOPs granted so far (as of October 18, 2024)
- The cost assumes all granted ESOPs are vested and no new ESOPs are granted. Actual charges might be different based on incremental issuances as well as lapses
- For any lapses of unvested ESOPs, normally on attrition, the cost of unvested ESOP recorded so far is reversed in that quarter
- For new ESOP grants, the total estimated charge would be the number of options granted times the fair value per share, which is based on the share price on the day of the grant, among other factors. The charge is front-ended with approximately 38% in Year 1, 28% in Year 2, 18% in Year 3, 11% in Year 4 and 5% in Year 5
- Movements of share price after the date of the grant do not affect the ESOP charge for already granted ESOPs

Operating Revenue



(in ₹ Cr)	Year Ended				YoY Change
	FY24	FY23	FY22	FY21	(FY24 over FY23)
Payment Services	6,128	4,844	3,421	1,981	27%
Financial Services and Others	2,004	1,540	437	128	30%
Marketing Services	1,738	1,520	1,105	693	14%
Other Operating Revenue	108	86	12	-	26%
Revenue from Operations	9,978	7,990	4,974	2,802	25%

Contribution Profit and Contribution Margin



(in ₹ Cr)	Year Ended				YoY Change
	FY24	FY23	FY22	FY21	(FY24 over FY23)
Revenue from Operations	9,978	7,990	4,974	2,802	25%
Payment processing charges	3,280	2,958	2,754	1,917	11%
As % of GMV	0.18%	0.22%	0.32%	0.48%	(4) bps
Promotional cashback & incentives	310	502	378	236	(38)%
Other Expenses	850	630	344	287	35%
Total Direct Expenses	4,440	4,090	3,476	2,440	9%
Contribution Profit	5,538	3,900	1,498	363	42%
Contribution Margin %	56%	49%	30%	13%	700 bps

EBITDA before ESOP



(in ₹ Cr)	Year Ended				YoY Change
	FY24	FY23	FY22	FY21	(FY24 over FY23)
Contribution Profit	5,538	3,900	1,498	363	42%
Contribution Margin %	56%	49%	30%	13%	700 bps
Marketing	613	575	477	297	7%
Employee cost (excl ESOPs)	3,125	2,324	1,623	1,072	34%
Software, cloud and data center	642	694	500	350	(7)%
Other indirect expenses	600	485	416	299	24%
Total indirect expenses	4,980	4,076	3,017	2,019	22%
EBITDA before ESOP cost	559	(176)	(1,518)	(1,655)	418%
EBITDA before ESOP cost Margin %	6%	(2%)	(31%)	(59%)	800 bps

Reconciliation of Non-GAAP Measures



EBITDA before ESOP cost

(in ₹ Cr)	Year Ended				YoY Change
	FY24	FY23	FY22	FY21	(FY24 over FY23)
EBITDA before share based payment expenses (A)	559	(176)	(1,518)	(1,655)	418%
Share based payment expenses (B)	(1,466)	(1,456)	(809)	(113)	1%
Finance costs (C)	(24)	(23)	(39)	(35)	4%
Depreciation and amortization expense (D)	(736)	(485)	(247)	(179)	52%
Other income (E)	547	410	290	384	33%
Share of profit / (loss) of associates /joint ventures (F)	(38)	(13)	(46)	(74)	192%
Exceptional items (G)	(6)	0	(2)	(28)	-
Income Tax expense (H)	(32)	(34)	(11)	(3)	(6)%
Loss on Impairment of Associate	(227)	0	0	0	-
Loss for the period/year (J=sum of A to H)	(1,423)	(1,777)	(2,396)	(1,701)	(20)%

Operational KPIs



(in ₹ Cr)	Units	Year Ended				YoY Change
		FY24	FY23	FY22	FY21	(FY24 over FY23)
GMV	₹ Lakh Cr	18.3	13.2	8.5	4.0	39%
Merchant Transactions	Cr	3,669	2,401	1,260	587	53%
Total Transactions	Cr	4,367	2,900	1,540	741	51%
MTU (avg over the period)	Cr	9.6	8.2	6.1	4.5	16%
Registered Merchants (end of period)	Cr	4.1	3.4	2.7	2.1	21%
Value of personal and merchant loans distributed	₹ Cr	27,126	15,950	3,064	661	70%
Payment Devices (cumulative; end of period)	Lakh	107	68	29	8	57%
Average number of Sales Employees	#	35,512	24,053	13,344	5,054	48%

Breakup of available Cash and investable balance (Net Cash Balances)



Particulars (in ₹ Cr)	Sep-24	Jun-24	Mar-24	Dec-23	Sep-23
Cash and Bank Balances in Current Accounts (Net of Borrowings)	2,254	2,327	3,976	1,873	1,831
Deposits with banks	3,617	3,486	2,329	4,443	4,203
Current Investments (Mutual Funds and Commercial Papers)	4,540	2,743	2,345	2,584	2,719
Total Balances	10,410	8,557	8,650	8,901	8,754
Paytm Money Ltd (PML) customer funds	412	449	339	462	319
Total Balances (excluding PML funds)	9,999	8,108	8,311	8,439	8,435

Definitions for Metrics & Key Performance Indicators



Metric	Definition
GMV	GMV is the rupee value of total payments made to merchants through transactions on our app, through Paytm Payment Instruments or through our payment solutions, over a period. It excludes any consumer-to-consumer payment service such as money transfers.
Monthly Transacting User (MTU)	Number of unique users in a particular calendar month who have successfully completed a transaction on the Paytm App or have used the Paytm for Business App
Contribution Profit	Contribution profit is a non-GAAP financial measure. We define Contribution profit as revenue from operations less payment processing charges, promotional cashback & incentives expenses, connectivity & content fees, contest, ticketing & FASTag expenses & logistic, deployment & collection cost of our businesses.
Net Payments Margin	Payments revenues (including other operating revenue) less payments processing charges
EBITDA before ESOP cost	EBITDA before ESOP cost is a Non-GAAP financial measure. We define EBITDA before ESOP cost as our profit for the period, before depreciation & amortization expense, income tax expense, share based payment expense, finance costs, other income, loss for the period from discontinued operations, exceptional items, IPO expenses & share of profit/(loss) of associates/joint ventures.

Disclaimer



By attending the presentation or by reading the presentation slides you agree to be bound as follows:

This Presentation is prepared by One 97 Communications Limited ("Company") and is for information purposes only without regards to specific objectives, financial situations or needs of any -particular person and is not and nothing in it shall be construed as an invitation, offer, solicitation, recommendation or advertisement in respect of the purchase or sale of any securities of the Company or any affiliates in any jurisdiction or as an inducement to enter into investment activity and no part of it shall form the basis of or be relied upon in connection with any contract or commitment or investment decision whatsoever. This Presentation does not take into account, nor does it provide any tax, legal or investment advice or opinion regarding the specific investment objectives or financial situation of any person. Before acting on any information you should consider the appropriateness of the information having regard to these matters, and in particular, you should seek independent financial advice. This Presentation and its contents are confidential and proprietary to the Company and/or its affiliates and no part of it or its subject matter be used, reproduced, copied, distributed, shared, retransmitted, summarised or disseminated, directly or indirectly, to any other person or published in whole or in part for any purpose, in any manner whatsoever.

The information contained in this Presentation is a general background information of the Company and there is no representation that all information relating to the context has been taken care of in the Presentation. We do not assume responsibility to publicly amend, modify or revise any information contained in this Presentation on the basis of any subsequent development, information or events, or otherwise. This Presentation includes certain statements that are, or may be deemed to be, "forward-looking statements" and relate to the Company and its financial position, business strategy, events and courses of action.

Forward-looking statements and financial projections are based on

the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements and financial projections. Representative examples of factors that could affect the accuracy of forward looking statements include (without limitation) the condition of and changes in India's political and economic status, government policies, applicable laws, international and domestic events having a bearing on Company's business, and such other factors beyond our control.

Forward-looking statements and financial projections include, among other things, statements about: our expectations regarding our transaction volumes, expenses, sales and operations; our future merchant and consumer concentration; our anticipated cash needs, our estimates regarding our capital requirements, our need for additional financing; our ability to anticipate the future needs of our merchants and consumers; our plans for future products and enhancements of existing products; our future growth strategy and growth rate; our future intellectual property; and our anticipated trends and challenges in the markets in which we operate. Forward-looking statements are not guarantees of future performance including those relating to general business plans and strategy, future outlook and growth prospects, and future developments in its businesses and its competitive and regulatory environment. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and no representation, warranty or undertaking, express or implied, is made or assurance given that such statements, views, projections or forecasts in the Presentation, if any, are correct or that any objectives specified herein will be achieved.

We, or any of our affiliates, shareholders, directors, employees, or advisors, as such, make no representations or warranties, express or implied, as to, and do not accept any responsibility or liability with respect to, the fairness, accuracy, completeness or correctness of any information or opinions contained herein and accept no liability

whatsoever for any loss, howsoever, arising from any use or reliance on this Presentation or its contents or otherwise arising in connection therewith. The information contained herein is subject to change without any obligation to notify any person of such revisions or change and past performance is not indicative of future results.

This document has not been and will not be reviewed or approved by a regulatory authority in India or by any stock exchange in India. No rights or obligations of any nature are created or shall be deemed to be created by the contents of this Presentation.

Use of Operating Metrics

The operating metrics reported in this Presentation are calculated using internal Company data based on the activity of our merchants, consumers and other participants in our ecosystem. While these numbers are based on what we believe to be reasonable estimates of engagement, for the applicable period of measurement, there are inherent challenges in measuring usage across our large online, offline, in-store and mobile presence. The methodologies used to measure these metrics require significant judgment and are also susceptible to algorithm or other technical errors. We regularly review our processes for calculating these metrics, and from time to time we may discover inaccuracies in our metrics or may make adjustments to improve their accuracy, which can result in adjustments to previously disclosed metrics. In addition, our metrics will differ from estimates published by third parties due to differences in methodology.

We have converted financial amounts from ₹ millions into ₹ Cr and hence there could be some totaling anomalies in the numbers.