



Investor Presentation

December 2024

Pioneering & Innovating for Paytm Customers & Merchants



The All-New Paytm Pebble Soundbox



The All-New Pocket Pebble Soundbox

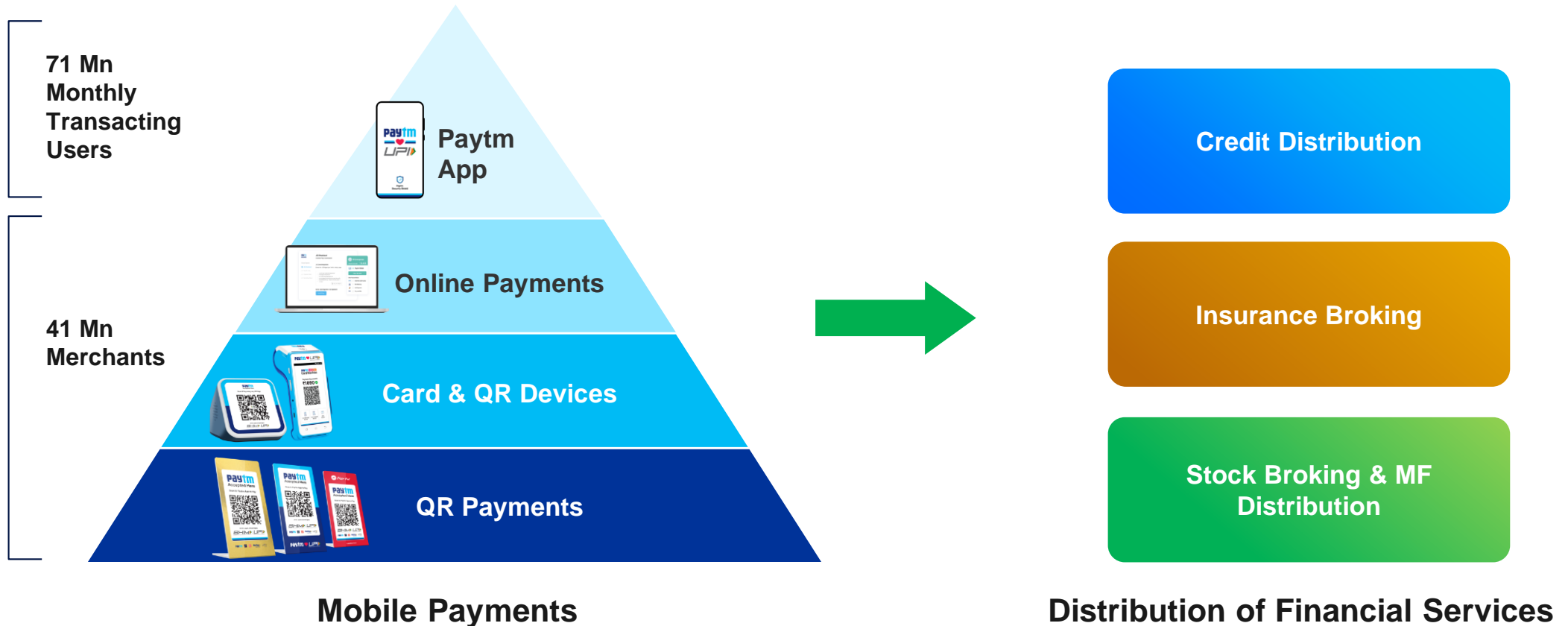




To bring Half-a-Billion Indians to the Mainstream Economy through Technology-led Financial Services



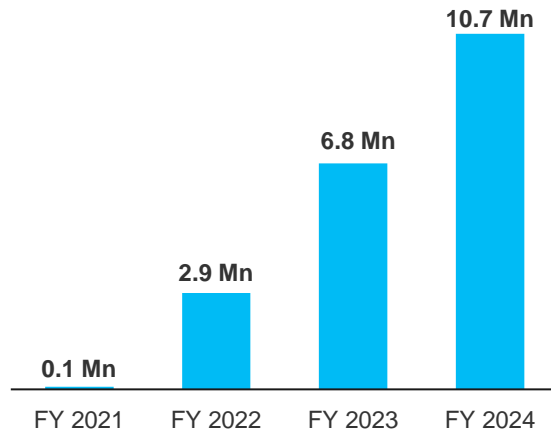
We enable mobile payments for consumers and merchants – online and offline, small and large – and upsell financial services to them



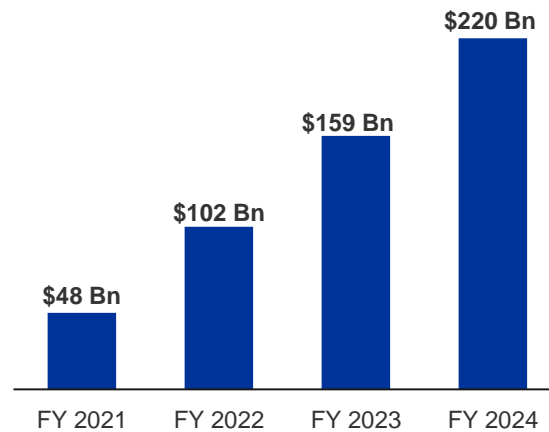
We leverage our homegrown AI platform to serve India's large underserved market



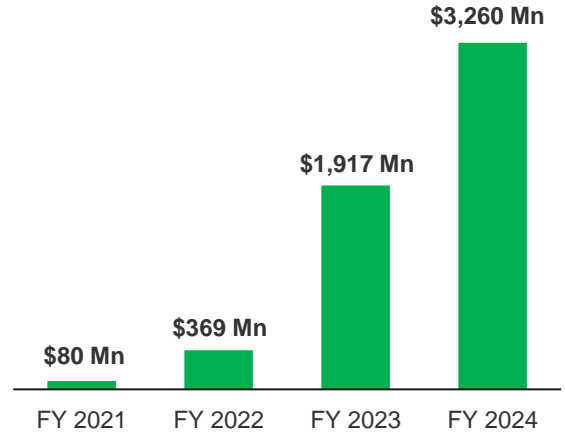
of Subscription Paying Merchants



Annual Gross Merchandise Value of Merchant Payments



Loans* Distributed Through Our Platform

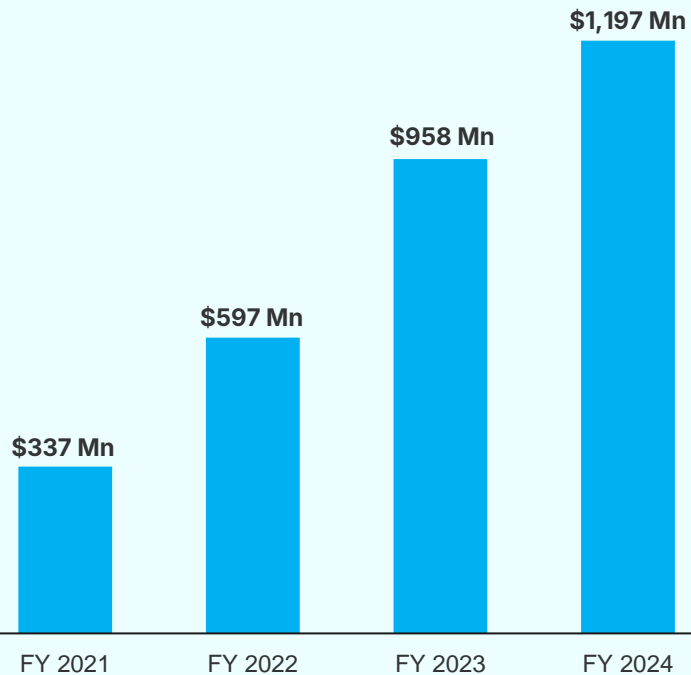


* Includes Personal and Merchant Loans only

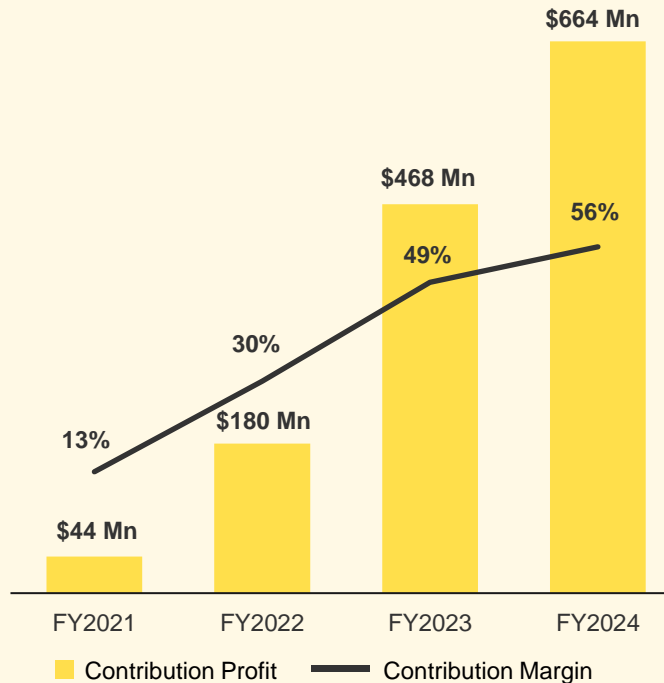
We have demonstrated strong growth in revenues and consistent improvement in profitability



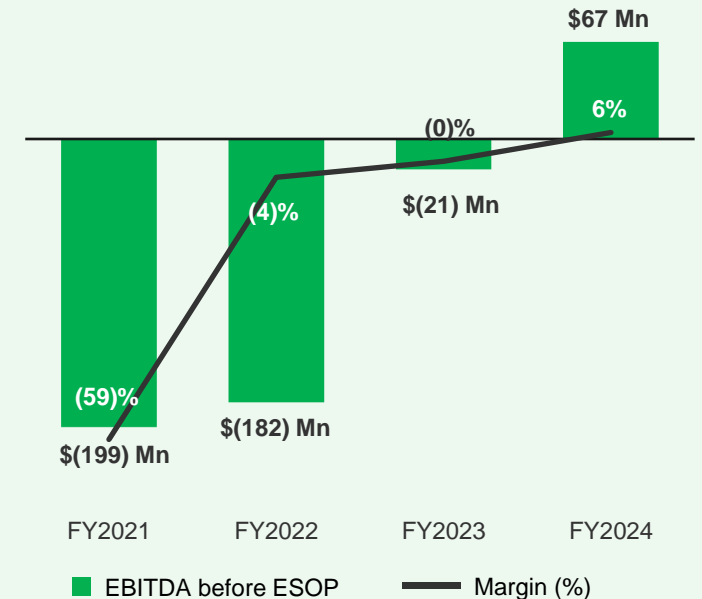
Operating Revenue



Contribution Profit



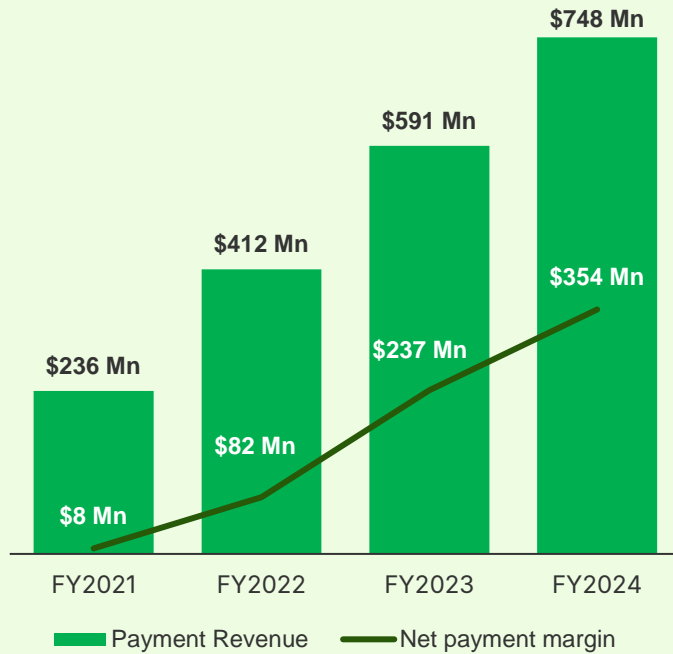
EBITDA Before ESOP and Margin



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



Net Payment Margin



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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

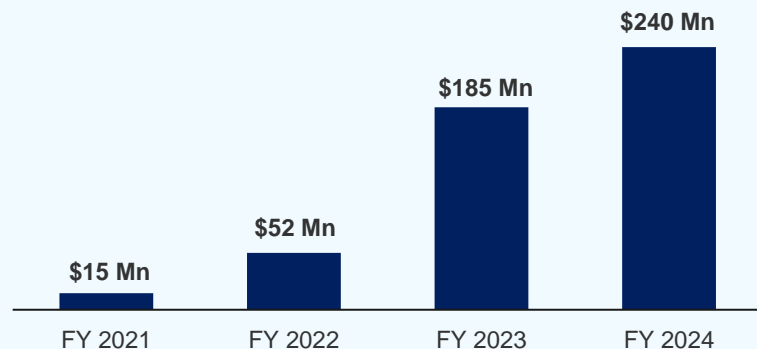


Low penetration across products offer large growth runway

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

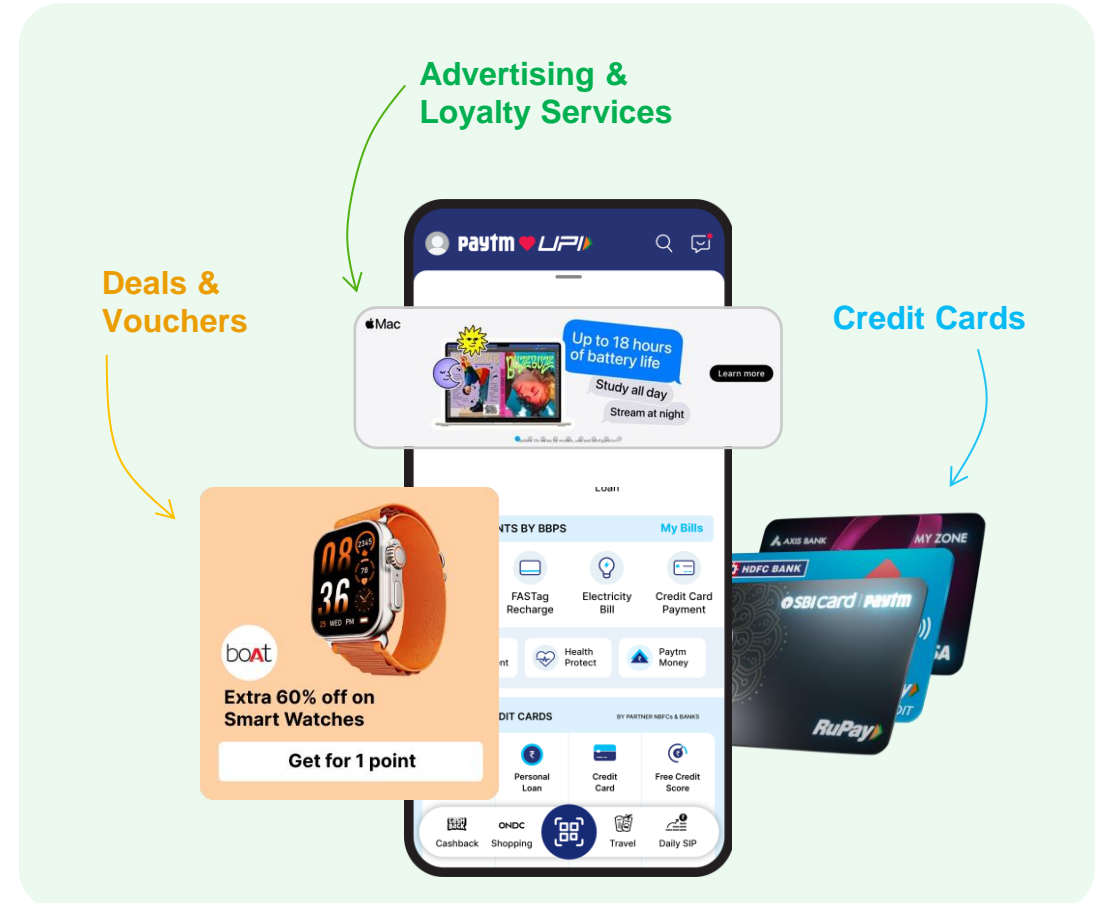
Marketing Services: Additional monetization by driving app traffic to the merchants



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



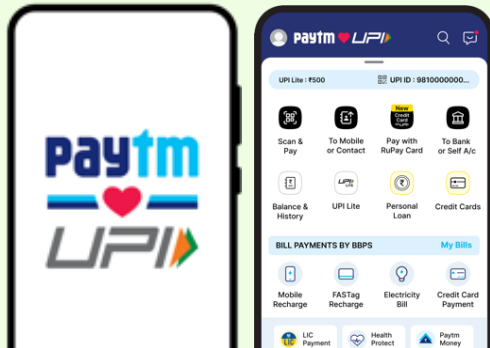
Key Focus Areas: Drive sustainable growth and profitability



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 (\$ Mn)	Q1	Q2	Q3	Q4
FY 2025	29	26*	32	25
FY 2026	22	21	12	12
FY 2027	12	11	3	3

As of Oct 18, 2024	(in Mn)
Basic shares outstanding	637
ESOPs vested and unexercised	2
ESOPs granted and unvested	35
ESOPs available for distribution	6
Estimated fully diluted shares	679

* Q2 FY 2025 ESOP cost was lower at \$26 Mn, 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 \$ Mn)	Year Ended				YoY Change
	FY24	FY23	FY22	FY21	(FY24 over FY23)
Payment Services	735	581	410	238	27%
Financial Services and Others	240	185	52	15	30%
Marketing Services	208	182	132	83	14%
Other Operating Revenue	13	10	1	0	26%
Revenue from Operations	1,197	958	597	337	25%

Contribution Profit and Contribution Margin



(in \$ Mn)	Year Ended				YoY Change
	FY24	FY23	FY22	FY21	(FY24 over FY23)
Revenue from Operations	1,197	958	597	337	25%
Payment processing charges	393	355	330	230	11%
As % of GMV	0.18%	0.22%	0.32%	0.48%	(4) bps
Promotional cashback & incentives	37	60	45	28	(38)%
Other Expenses	102	76	41	35	35%
Total Direct Expenses	532	491	417	293	9%
Contribution Profit	664	468	180	44	42%
Contribution Margin %	56%	49%	30%	13%	700 bps

EBITDA before ESOP



(in \$ Mn)	Year Ended				YoY Change
	FY24	FY23	FY22	FY21	(FY24 over FY23)
Contribution Profit	664	468	180	44	42%
Contribution Margin %	56%	49%	30%	13%	700 bps
Marketing	74	68	57	36	7%
Employee cost (excl ESOPs)	374	279	194	129	34%
Software, cloud and data center	77	83	61	42	(7)%
Other indirect expenses	72	57	50	36	24%
Total indirect expenses	597	489	362	243	22%
EBITDA before ESOP cost	67	(21)	(182)	(199)	418%
EBITDA before ESOP cost Margin %	6%	(2%)	(31%)	(59%)	800 bps

Reconciliation of Non-GAAP Measures



EBITDA before ESOP cost

(in \$ Mn)	Year Ended				YoY Change
	FY24	FY23	FY22	FY21	(FY24 over FY23)
EBITDA before share based payment expenses (A)	67	(21)	(182)	(199)	418%
Share based payment expenses (B)	(177)	(176)	(98)	(3)	1%
Finance costs (C)	(4)	(4)	(5)	(4)	4%
Depreciation and amortization expense (D)	(89)	(59)	(29)	(22)	52%
Other income (E)	66	50	35	47	33%
Share of profit / (loss) of associates /joint ventures (F)	(5)	(2)	(4)	(9)	192%
Exceptional items (G)	(1)	0	0	(3)	-
Income Tax expense (H)	(4)	(5)	0	(3)	(6)%
Loss on Impairment of Associate	(27)	0	0	0	-
Loss for the period/year (J=sum of A to H)	(171)	(215)	(290)	(204)	(20)%

Operational KPIs



	Units	Year Ended				YoY Change
		FY24	FY23	FY22	FY21	(FY24 over FY23)
GMV	\$ Bn	220	159	102	48	39%
Merchant Transactions	Bn	37	24	13	6	53%
Total Transactions	Bn	44	29	15	7	51%
MTU (avg over the period)	Mn	96	82	61	45	16%
Registered Merchants (end of period)	Mn	41	34	27	21	21%
Value of personal and merchant loans distributed	\$ Mn	3,260	1,917	369	80	70%
Payment Devices (cumulative; end of period)	Mn	10.7	6.8	2.9	0.8	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 \$ Mn)	Sep-24	Jun-24	Mar-24	Dec-23	Sep-23
Cash and Bank Balances in Current Accounts (Net of Borrowings)	200	218	223	473	277
Deposits with banks	475	500	528	277	415
Current Investments (Mutual Funds and Commercial Papers)	320	323	307	279	326
Total Balances	995	1,041	1,059	1,029	1,018
Paytm Money Ltd (PML) customer funds	38	38	55	40	53
Total Balances (excluding PML funds)	958	1,003	1,004	988	964

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.

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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.

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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 at Exchange rate of \$1 = INR 84.08 (as of end of Sep'24) and hence there could be some totaling anomalies in the numbers.