



# Investor Presentation

January 2025

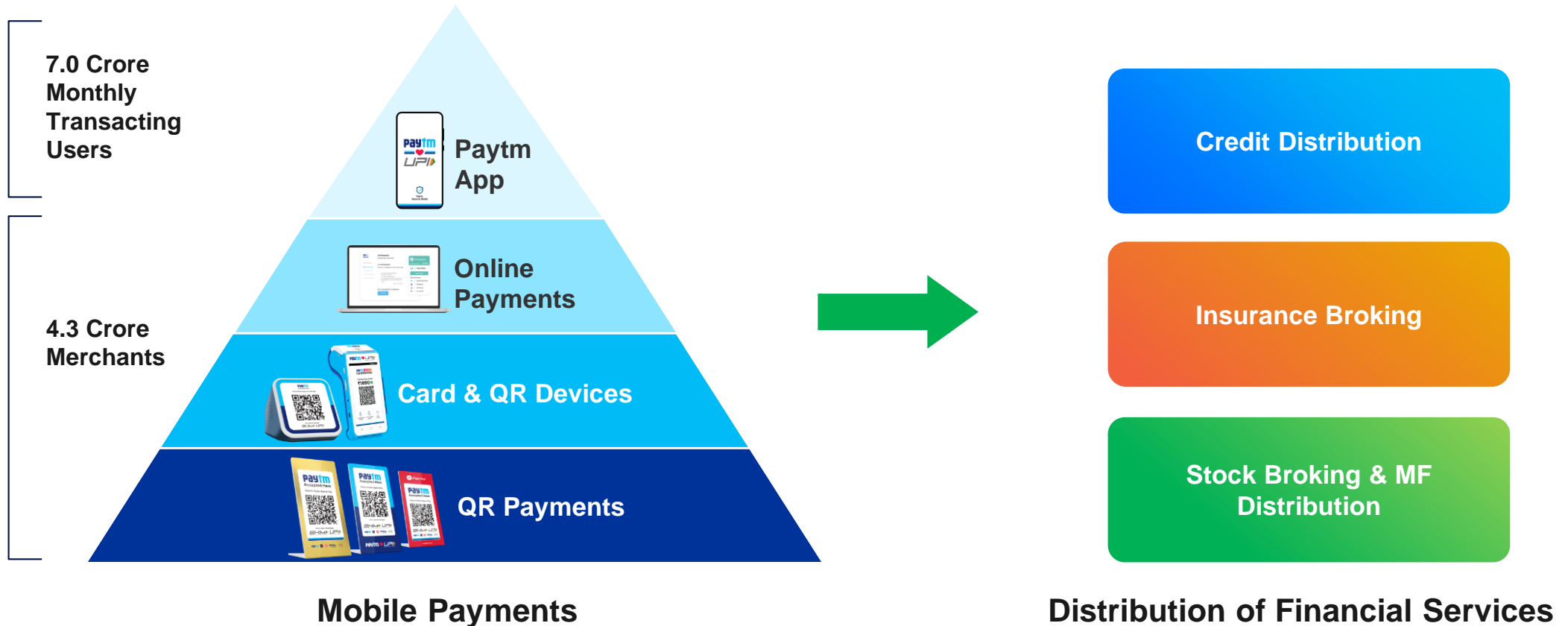




# To bring Half-a-Billion Indians to the Mainstream Economy through Technology-led Financial Services

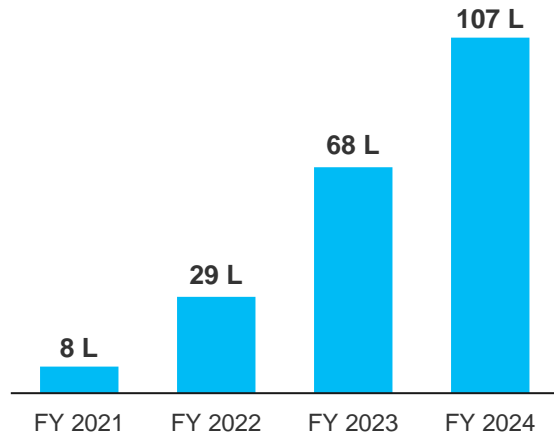


**We enable mobile payments for consumers and merchants – online and offline, small and large – and distribute financial services to them**

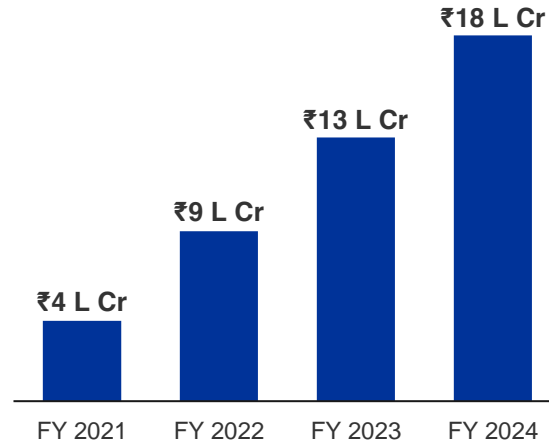


# We leverage our homegrown AI platform to serve India's large underserved market

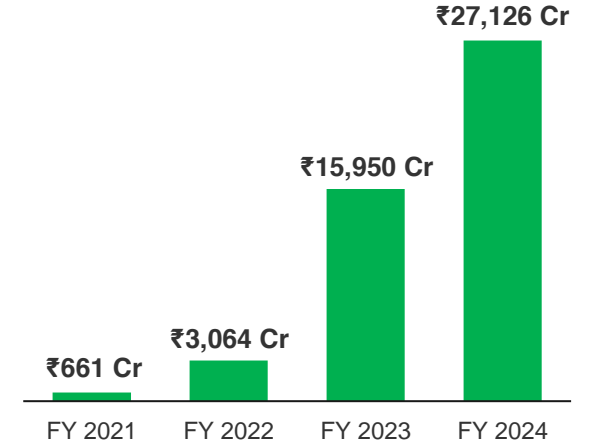
# of Subscription Paying Merchants



Annual Gross Merchandise Value of Merchant Payments



Loans\* Distributed Through Our Platform

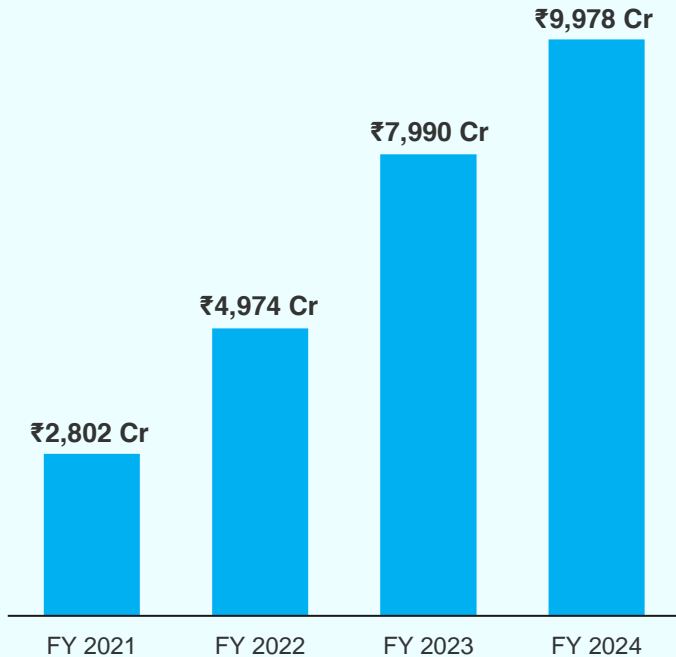


\* Includes Personal and Merchant Loans only

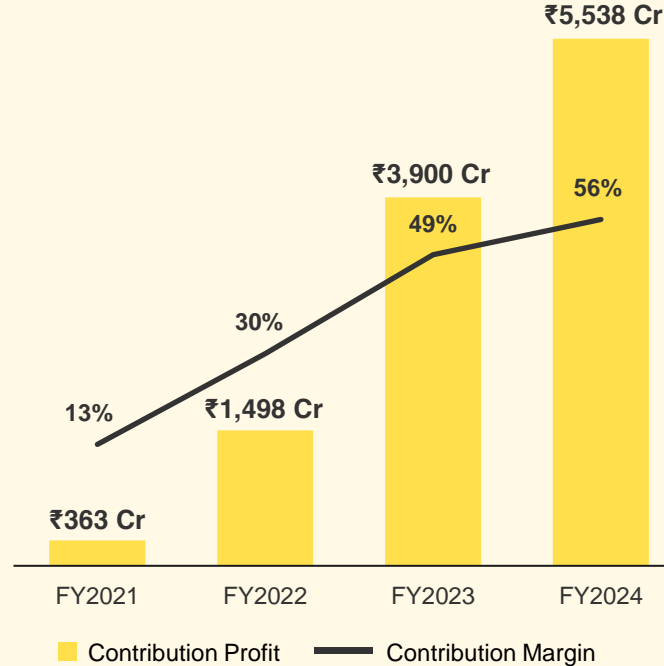
# We have demonstrated strong growth in revenues and consistent improvement in profitability



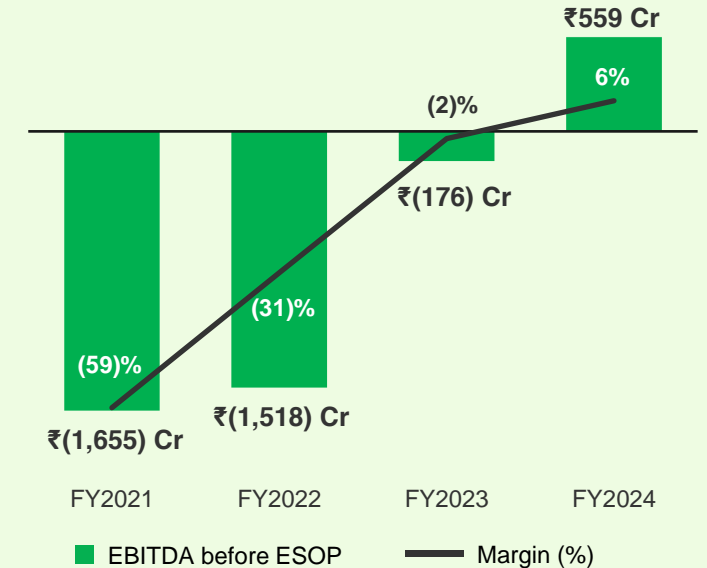
### Operating Revenue



### Contribution Profit



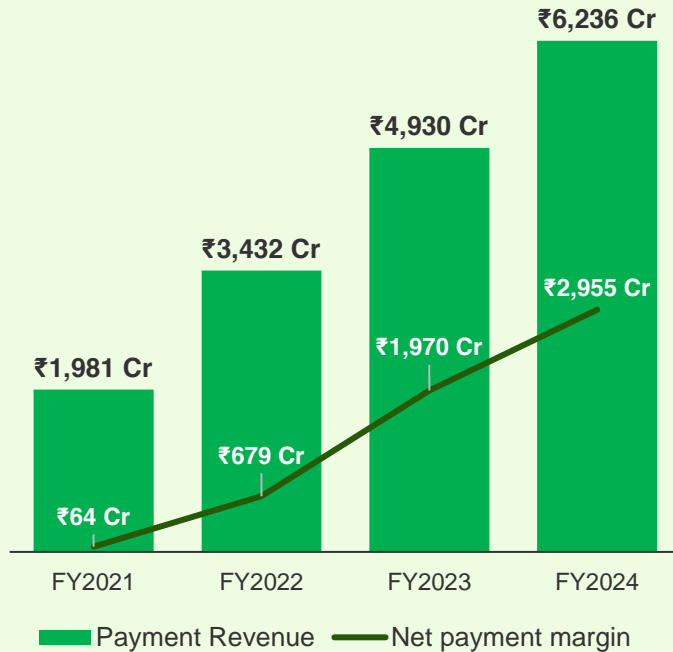
### EBITDA Before ESOP and Margin



# 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 GMV, including UPI incentive; Excluding UPI incentive, we make more than 3bps
- 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

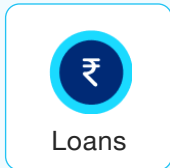
- We pioneered Soundbox, a device for voice confirmation for payments, resulting in dominant position in merchant acquiring
- Continue to address merchants' needs through innovative product launches, supported by a large distribution and service network
- Merchant pays monthly rental for various services, 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

## Financial Service Revenue



Loans



Equity



Insurance

## Loan Distribution

- We help various lenders disburse loans to Paytm's consumers & merchants
- Our lending partners provide the balance sheet and underwrite loans
- We earn sourcing fee on the loans distributed and collection incentives where we help the lenders in collecting the loans
- In line with current regulatory framework and industry practice, we offer Default Loss Guarantee (DLG) to lenders

## Merchant Loans:

- Working capital loans with daily repayment offered to device merchants
- Over 50% of the customers are repeat customers

## Personal Loans:

- Instant personal loans with the best customer experience

## Other Financial Services

- We offer equity broking, and distribute insurance and mutual funds

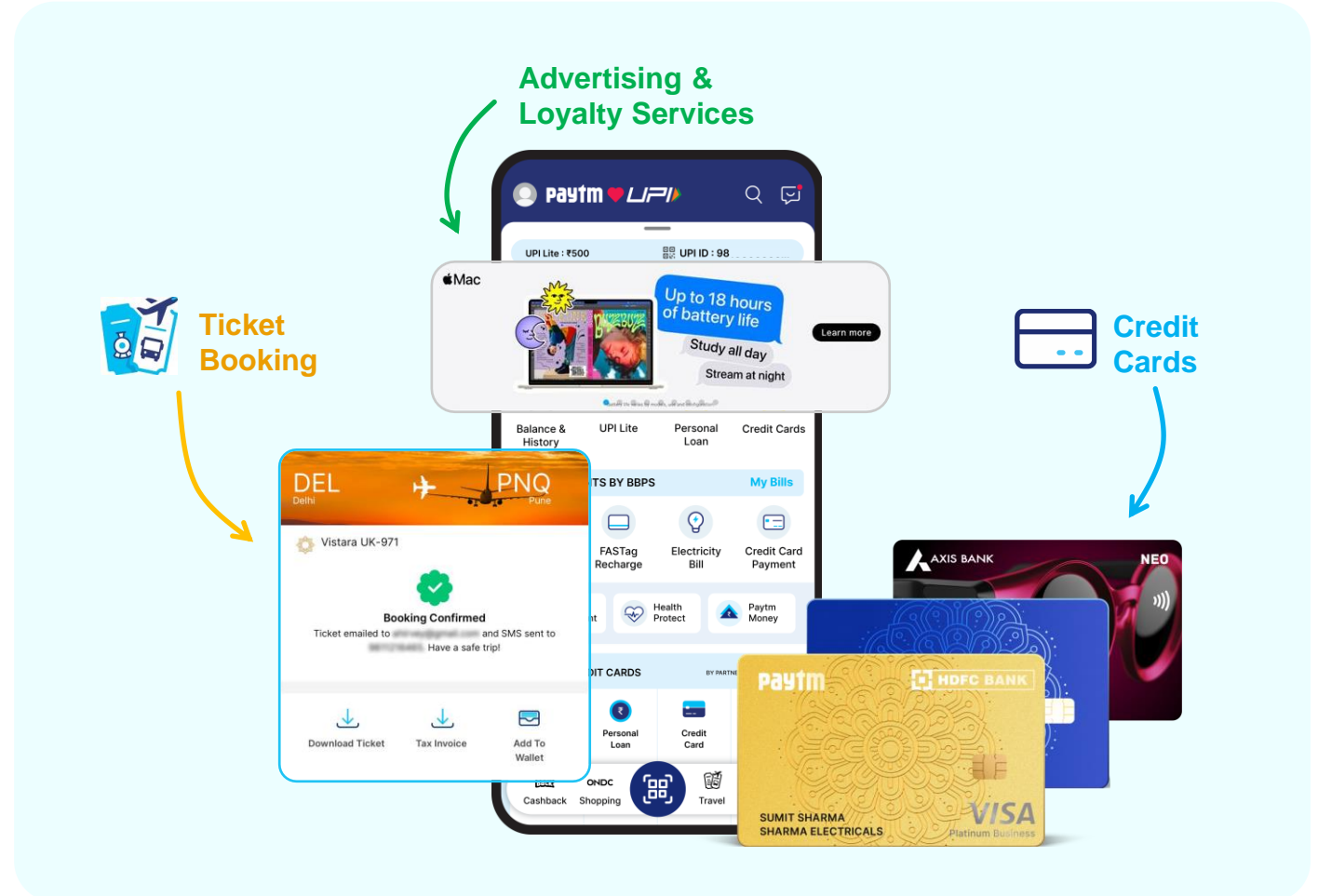
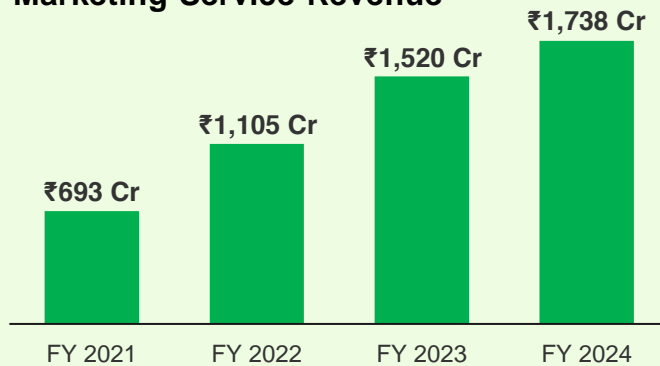
# Marketing Services: Additional monetization by driving app traffic to the merchants



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

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

## Marketing Service Revenue

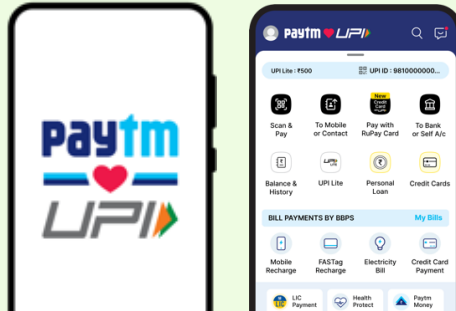




**Compliance First:** Stringent focus on a compliance-first approach across our businesses

## Customer acquisition

Drive growth in consumer base by innovative products, & disciplined marketing investments



## Merchant payment innovations

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



## Financial Services Distribution

Increase high margin financial services revenue by increasing penetration of financial services distribution



**Leverage AI to improve efficiency:**  
Continued automation of various operations to improve efficiency

# Annexure

## Expected ESOP charges based on currently issued ESOPs

Expected ESOP Cost (₹ Cr)	Q1	Q2	Q3	Q4
<b>FY 2025</b>	247*	218*	182*	204
<b>FY 2026</b>	176	171	99	96
<b>FY 2027</b>	93	87	25	24

\* Actual ESOP costs for the quarter

As of January 17, 2025	(in Cr)
<b>Basic shares outstanding</b>	<b>63.7</b>
ESOPs vested and unexercised	0.2
ESOPs granted and unvested	3.3
ESOPs available for distribution	0.7
<b>Estimated fully diluted shares</b>	<b>67.9</b>

### Note:

- The above table illustrates expected ESOP cost for all unvested ESOPs granted so far, as of January 17, 2025.
- The cost assumes all granted ESOPs will vest and no new ESOPs will be granted. For any lapses of unvested ESOPs, normally on attrition, the cost of unvested ESOP recorded so far is reversed in that quarter. Actual charges might be different based on incremental issuances as well as lapses.
- For new ESOP grants, the total estimated charge would be the number of options granted times the fair value per Option, which is based on the share price on the day of the grant, among other factors.
- Movements of share price after the date of the grant do not affect the ESOP charge for already granted ESOPs.
- 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.

# Operating Revenue



(in ₹ Cr)	Quarter Ended			Change		Nine Month Ended		
	Dec-24 (Unaudited)	Sep-24 (Unaudited)	Dec-23 (Unaudited)	YoY	QoQ	Dec-24 (Unaudited)	Dec-23 (Unaudited)	YoY
Payments & Financial Services	1,505	1,322	2,285	(34)%	14%	3,991	6,274	(36)%
Payment Services	1,003	946	1,679	(40)%	6%	2,833	4,574	(38)%
Financial Services and Others	502	376	607	(17)%	34%	1,158	1,700	(32)%
Marketing Services	267	302	514	(48)%	(12)%	890	1,343	(34)%
Other Operating Revenue	56	36	51	10%	56%	108	94	15%
<b>Revenue from Operations</b>	<b>1,828</b>	<b>1,660</b>	<b>2,850</b>	<b>(36)%</b>	<b>10%</b>	<b>4,989</b>	<b>7,711</b>	<b>(35)%</b>

# Contribution Profit and Contribution Margin



(in ₹ Cr)	Quarter Ended			Change		Nine Month Ended		
	Dec-24 (Unaudited)	Sep-24 (Unaudited)	Dec-23 (Unaudited)	YoY	QoQ	Dec-24 (Unaudited)	Dec-23 (Unaudited)	YoY
<b>Revenue from Operations</b>	<b>1,828</b>	<b>1,660</b>	<b>2,850</b>	<b>(36)%</b>	<b>10%</b>	<b>4,989</b>	<b>7,711</b>	<b>(35)%</b>
Payment processing charges	570	517	982	(42)%	10%	1,604	2,566	(37)%
As % of GMV	0.11%	0.12%	0.19%	(8) bps	0 bps	0.12%	0.19%	(7) bps
Promotional cashback & incentives	37	29	106	(65)%	28%	110	264	(58)%
Other Expenses	262	220	242	8%	19%	667	631	6%
<b>Total Direct Expenses</b>	<b>869</b>	<b>766</b>	<b>1,331</b>	<b>(35)%</b>	<b>13%</b>	<b>2,381</b>	<b>3,461</b>	<b>(31)%</b>
<b>Contribution Profit</b>	<b>959</b>	<b>894</b>	<b>1,520</b>	<b>(37)%</b>	<b>7%</b>	<b>2,608</b>	<b>4,250</b>	<b>(39)%</b>
Contribution Margin %	52%	54%	53%	(85) bps	(140) bps	52%	55%	(272) bps

# EBITDA before ESOP



(in ₹ Cr)	Quarter Ended			Change		Nine Month Ended		
	Dec-24 (Unaudited)	Sep-24 (Unaudited)	Dec-23 (Unaudited)	YoY	QoQ	Dec-24 (Unaudited)	Dec-23 (Unaudited)	YoY
<b>Contribution Profit</b>	<b>959</b>	<b>894</b>	<b>1,520</b>	<b>(37)%</b>	<b>7%</b>	<b>2,608</b>	<b>4,250</b>	<b>(39)%</b>
Contribution Margin %	52%	54%	53%	(85) bps	(140) bps	52%	55%	(272) bps
Marketing	104	125	169	(38)%	(17)%	407	529	(23)%
Employee cost (excl ESOPs)	575	613	809	(29)%	(6)%	1,894	2,345	(19)%
Software, cloud and data center	154	158	170	(9)%	(3)%	494	481	3%
Other indirect expenses	167	184	153	9%	(9)%	585	439	33%
<b>Total indirect expenses</b>	<b>1,000</b>	<b>1,080</b>	<b>1,301</b>	<b>(23)%</b>	<b>(7)%</b>	<b>3,380</b>	<b>3,794</b>	<b>(11)%</b>
<b>EBITDA before ESOP cost</b>	<b>(41)</b>	<b>(186)</b>	<b>219</b>	<b>(119)%</b>	<b>(78)%</b>	<b>(772)</b>	<b>456</b>	<b>(269)%</b>
EBITDA before ESOP cost Margin %	(2)%	(11)%	8%	(992) bps	897 bps	(15)%	6%	(2,139) bps

# Reconciliation of Non-GAAP Measures

EBITDA before ESOP cost

(in ₹ Cr)	Quarter Ended			Nine Month Ended	
	Dec-24 (Unaudited)	Sep-24 (Unaudited)	Dec-23 (Unaudited)	Dec-24 (Unaudited)	Dec-23 (Unaudited)
<b>EBITDA before share based payment expenses (A)</b>	<b>(41)</b>	<b>(186)</b>	<b>219</b>	<b>(772)</b>	<b>456</b>
Share based payment expenses (B)	(182)	(218)	(379)	(646)	(1,140)
Finance costs (C)	(4)	(3)	(5)	(12)	(19)
Depreciation and amortization expense (D)	(165)	(179)	(201)	(522)	(540)
Other income (E)	189	175	149	501	415
Share of profit / (loss) of associates /joint ventures (F)	0	4	(4)	3	(21)
Exceptional items (G)	0	1,345	0	1,346	(6)
Income Tax expense (H)	(5)	(9)	(1)	(16)	(18)
<b>Profit / (Loss) for the period/year (J=sum of A to H)</b>	<b>(208)</b>	<b>930</b>	<b>(222)</b>	<b>(118)</b>	<b>(872)</b>

# Operational KPIs



	Units	Quarter Ended			Change	
		Dec-24 (Unaudited)	Sep-24 (Unaudited)	Dec-23 (Unaudited)	QoQ	YoY
Registered Merchants (end of period)	Cr	4.3	4.2	3.9	2%	10%
Payment Devices (cumulative; end of period)	Cr	1.17	1.12	1.06	4%	10%
GMV	₹ Lakh Cr	5.04	4.47	5.1	13%	(1)%
GMV (Continued Business)*	₹ Lakh Cr	5.04	4.47	4.41	13%	14%
Merchant Transactions	Cr	1,108	991	999	12%	11%
Total Transactions	Cr	1,232	1,109	1,185	11%	4%
Average Number of Sales Employees	#	32,019	30,104	40,028	6%	(20)%
Cost of Sales Employees (including training)	₹ Cr	227	228	267	()%	(15)%
MTU (average over the period)	Cr	7.0	7.1	10	(1)%	(30)%
Key financial services customers	Lakh	5.9	6	8.1	(2)%	(27)%
Value of personal and merchant loans distributed**	₹ Cr	5,577	5,280	8,039	6%	(31)%

\*Continued business excludes disrupted products such as Wallet, Postpaid etc.

\*\*As communicated in Q2 FY 2025 earnings release, key financial services customers will be the relevant metrics for tracking financial services and accordingly disclosure on value of loans disbursed will be discontinued after Q4 FY 2025



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

Particulars (in ₹ Cr)	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Cash and Bank Balances in Current Accounts (Net of Borrowings)	1,873	3,976	2,327	2,254	1,997
Deposits with banks	4,443	2,329	3,486	3,617	6,997
Current Investments (Mutual Funds and Commercial Papers)	2,584	2,345	2,743	4,540	4,143
<b>Total Balances</b>	<b>8,901</b>	<b>8,650</b>	<b>8,557</b>	<b>10,410</b>	<b>13,137</b>
Paytm Money Ltd (PML) customer funds	462	339	449	412	287
<b>Total Balances (excluding PML funds)</b>	<b>8,439</b>	<b>8,311</b>	<b>8,108</b>	<b>9,999</b>	<b>12,850</b>

# Definitions for Metrics & Key Performance Indicators



Metric	Definition
<b>GMV</b>	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.
<b>Monthly Transacting User (MTU)</b>	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
<b>Contribution Profit</b>	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.
<b>Net Payments Margin</b>	Payments revenues (including other operating revenue) less payments processing charges
<b>EBITDA before ESOP cost</b>	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 and hence there could be some totaling anomalies in the numbers.