



Earnings Presentation

For the quarter ending September 2024
(USD)



Q2 FY 2025: Revenue jumps to \$197 Mn on Growth in Payments and Financial Services; EBITDA improved by \$47 Mn QoQ



Revenue grew by 11% QoQ

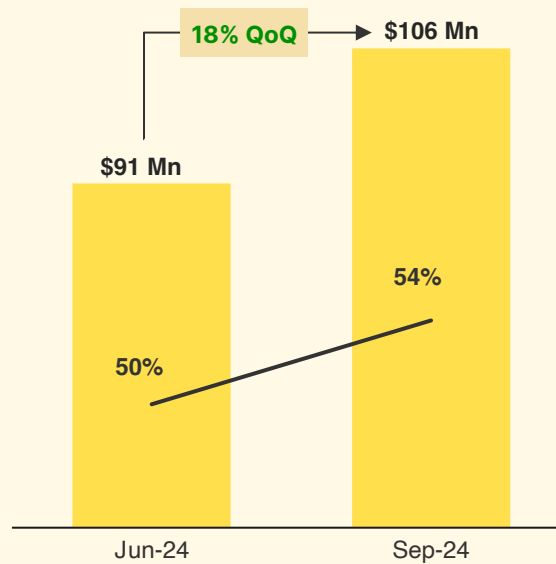
(Qtr ending)



Contribution Profit up 18% QoQ

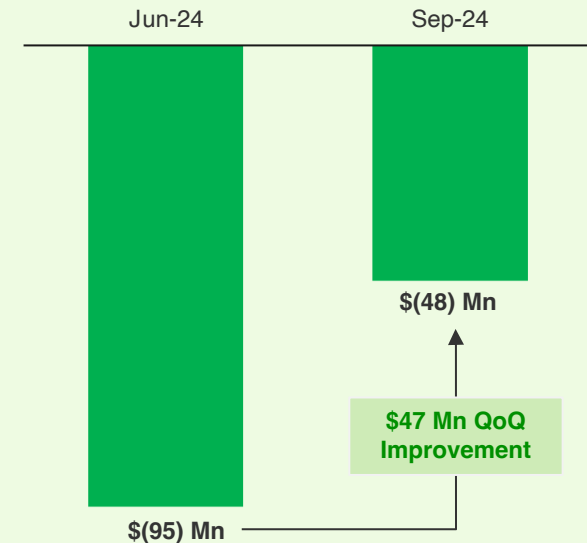
Contribution Margin at 54%

(Qtr ending)



EBITDA has improved by \$47 Mn QoQ

(Qtr ending)

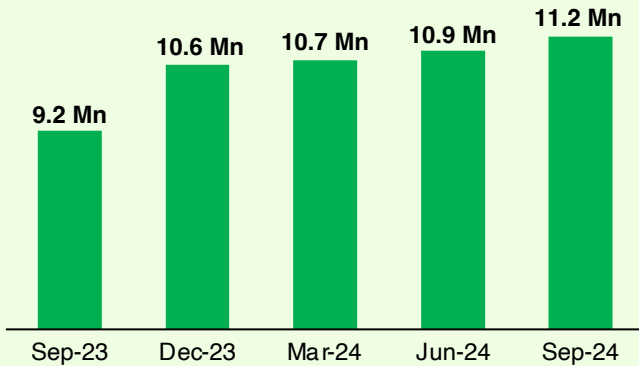


Operating metrics across businesses shows improving trends



Merchant Subscription, including devices

(Qtr ending)

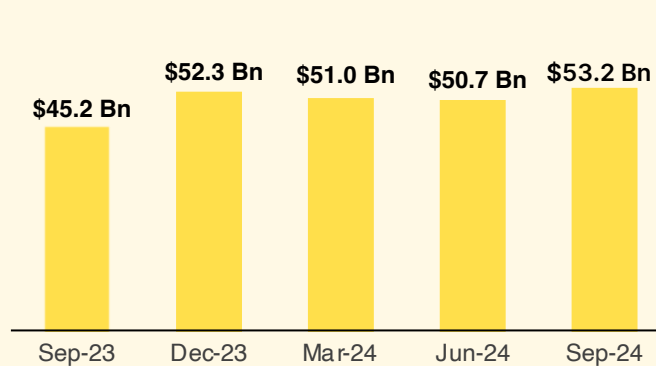


Gross device addition has surpassed January 2024 levels

- Focusing on pick up of inactive devices and redeploy them to new merchants after refurbishment, which helps to reduce capex
- This strategy has led to higher active merchant base and higher subscription revenue. To continue with this strategy for the next 2-3 quarters

Gross Merchandise Value - Continued business

(Qtr ending)

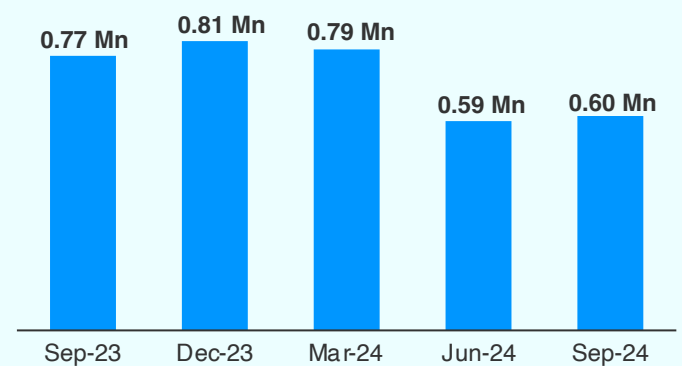


GMV (continued business) has surpassed earlier peak

- GMV grew by 5% QoQ in Q2 FY 2025 and is expected to accelerate in Q3 due to festive season
- In addition to focus on growth of GMV, we were able to significantly improve payment processing margin

Number of Key Financial Services Customers

(Qtr ending)



Large Financial Services cross sell opportunity

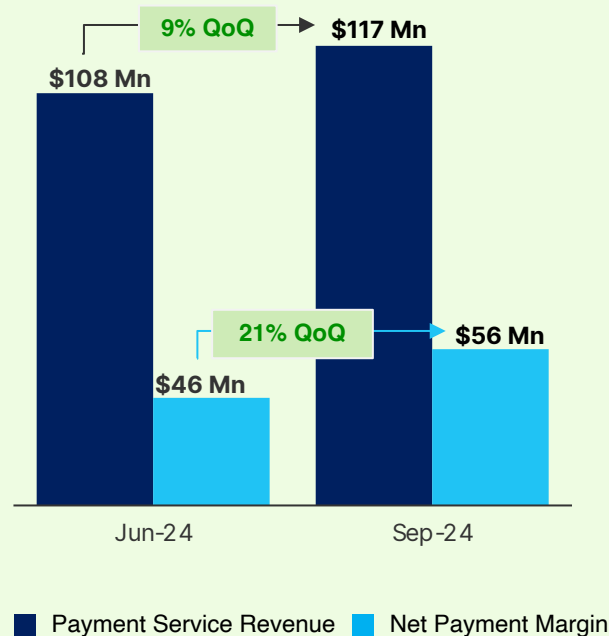
- 0.6 Mn unique consumers and merchants availed financial services offerings in Q2 FY 2025
- Low penetration and high engagement of customers on our platform provides opportunity to drive cross sell of financial services
- We continue to partner with various financial institutions to enhance and widen our offerings

Payment Services: Net payment margin of \$56 Mn, up 21% QoQ



Net Payment Margin

(Qtr ending)



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Payment Processing Margin

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

- In Q2 FY 2025, it was significantly above the guidance of 3 bps of GMV
- Payment processing margin (including UPI incentive) will be in the range of 5-6 bps for the year

+

Merchant Subscription Revenue

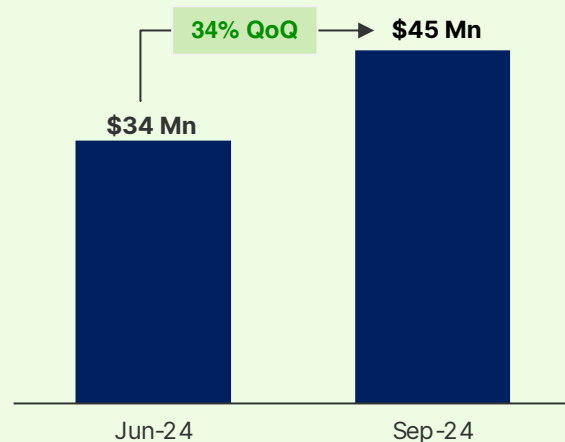
- Charges merchant pays for various monthly services including devices
- Continue to address merchants' needs through innovative product launches, supported by a large distribution and service network
- Additional monetisation opportunities on Soundbox, such as advertisements through Soundbox

Financial Services: Cross sell of loans, wealth and insurance products to the payment customers



Revenue from financial Services

(Qtr ending)



Strong revenue growth on account of

- Increase in collection bonus in merchant loans; and
- Higher share of merchant loans which have higher take rate

Large opportunity to monetise our payment customers by cross selling financial services

Loan Distribution: Better asset quality trend helps to expand lending partnership through Default Loss Guarantee (DLG) model

- Increased interest from lenders to expand partnership due to better asset quality trends
- Given the clear regulatory framework on DLG, we have started working with lenders on this model, which will help to increase disbursements
- AUM of \$196 Mn as of Q2 FY 2025. There will be higher upfront cost (entire cost of DLG has been taken upfront) and higher revenue over the life of the loan
- **Personal Loan:** We continue to expand partnership with banks & non-banks. Loans distributed in Q2 FY 2025 was \$235 Mn versus \$299 Mn in Q1 FY 2025, as lenders tighten their risk policies, inline with industry trends
- **Merchant Loan:** Better asset quality trends have led to increase in disbursements to \$393 Mn in Q2 FY 2025, versus \$301 Mn in Q1 FY 2025. More than 50% of loans are to repeat borrowers

Insurance Broking

- Focus on product innovation for seamless distribution and claims experience for merchants and consumers

Equity Broking and Mutual Fund Distribution

- Expanding distribution of mutual funds, particularly SIPs, and other wealth management products

Marketing Services: Additional monetization from merchants



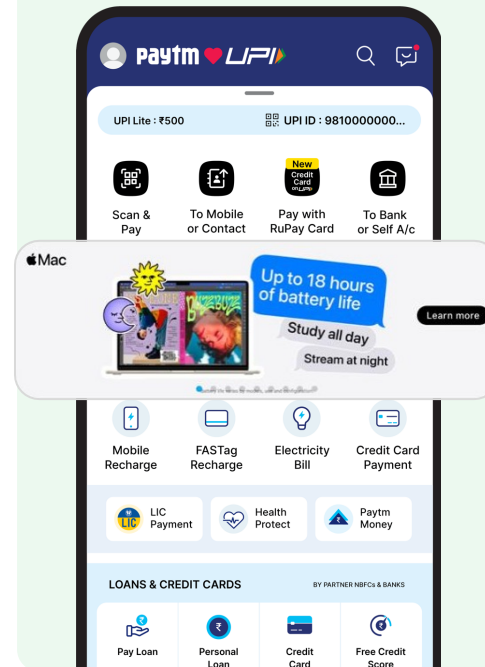
Revenue from Marketing Services

We enable merchants to do more commerce activities and these various offerings are consolidated under marketing services

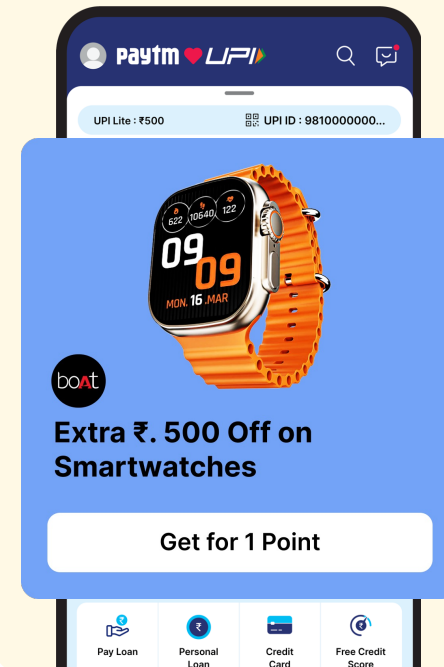
In Q2 FY 2025, Marketing Services revenue was \$36 Mn, lower QoQ due to due to sale of entertainment ticketing business and lower MTU

- GMV for ticketing, deals & gift vouchers, etc., was \$283 Mn; Continue to see strong momentum in travel segment
- Credit card distribution continues to scale, with 1.38 Mn activated credit cards as of September 2024, compared to 0.87 Mn last year

Advertising & Loyalty Services



Deals & Vouchers



Credit Cards



Key Focus Areas



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

Customer acquisition

Committed to aggressively acquire UPI customers



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



Loans



Insurance



Equity



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

* Q2 FY 2025 ESOP cost was lower at \$26 Mn, on account of ESOP lapses at the time of employee separation during the quarter.

As of October 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

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)	Quarter Ended			Change	
	Sep-24 (Unaudited)	Jun-24 (Unaudited)	Sep-23 (Unaudited)	YoY	QoQ
Payments & Financial Services	157	140	248	(36)%	13%
Payment Services	113	106	179	(37)%	(81)%
Financial Services and Others	45	34	69	(34)%	34%
Marketing Services	36	39	51	(29)%	(6)%
Other Operating Revenue	4	2	3	47%	124%
Revenue from Operations	197	180	302	(35)%	11%

Contribution Profit and Contribution Margin



(in \$ Mn)	Quarter Ended			Change	
	Sep-24 (Unaudited)	Jun-24 (Unaudited)	Sep-23 (Unaudited)	YoY	QoQ
Revenue from Operations	197	180	302	(35)%	11%
Payment processing charges	61	62	98	(37)%	(0)%
<i>As % of GMV</i>	0.12%	0.12%	0.18%	(7) bps	(1) bps
Promotional cashback & incentives	3	5	9	(60)%	(35)%
Other Expenses	26	22	24	8%	19%
Total Direct Expenses	91	90	131	(30)%	3%
Contribution Profit	106	91	171	(37)%	18%
<i>Contribution Margin %</i>	54%	50%	57%	(276) bps	356 bps

EBITDA before ESOP



(in \$ Mn)	Quarter Ended			Change	
	Sep-24 (Unaudited)	Jun-24 (Unaudited)	Sep-23 (Unaudited)	YoY	QoQ
Contribution Profit	106	91	171	(37)%	18%
<i>Contribution Margin %</i>	54%	50%	57%	(276) bps	356 bps
Marketing	15	21	22	(30)%	(29)%
Employee cost (excl ESOPs)	73	85	97	(24)%	(13)%
Software, cloud and data center	19	22	19	2%	(13)%
Other indirect expenses	22	28	16	41%	(22)%
Total indirect expenses	128	156	153	(15)%	(17)%
EBITDA before ESOP cost	(22)	(65)	18	(221)%	(66)%
<i>EBITDA before ESOP cost Margin %</i>	(11)%	(36)%	6%	(1,730) bps	2,511 bps

Reconciliation of Non-GAAP Measures

EBITDA before ESOP cost



(in \$ Mn)	Quarter Ended		
	Sep-24 (Unaudited)	Jun-24 (Unaudited)	Sep-23 (Unaudited)
EBITDA before share based payment expenses (A)	(22)	(65)	18
Share based payment expenses (B)	(26)	(30)	(46)
Finance costs (C)	(0)	(0)	(1)
Depreciation and amortization expense (D)	(21)	(21)	(22)
Other income (E)	21	16	17
Share of profit / (loss) of associates /joint ventures (F)	0	(0)	0
Exceptional items (G)	160	0	(1)
Income Tax expense (H)	(1)	(0)	(2)
Profit/(Loss) for the period/year (J=sum of A to H)	111	(101)	(35)

Operational KPIs



	Units	Quarter Ended			Change	
		Sep-24 (Unaudited)	Jun-24 (Unaudited)	Sep-23 (Unaudited)	YoY	QoQ
GMV	\$ Bn	53.6	51.1	54.0	(1)%	5%
GMV – Continued Business*	\$ Bn	53.6	51.1	45.8	17%	5%
Merchant Transactions	Bn	9.9	9.0	9.1	9%	10%
Total Transactions	Bn	11.1	10.2	10.9	2%	8%
MTU (avg over the period)	Mn	71	78	95	(25)%	(9)%
Registered Merchants (end of period)	Mn	42	41	38	12%	2%
Value of personal and merchant loans distributed	\$ Mn	628	601	864	(27)%	5%
Payment Devices (cumulative; end of period)	Mn	11.2	10.9	9.2	21%	3%
Average number of Sales Employees	#	30,104	31,607	35,349	(15)%	(5)%
Cost of sales employees (including training)	\$ Mn	27	27	29	(8)%	2%

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



Particulars (in \$ Mn)	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Cash and Bank Balances in Current Accounts (Net of Borrowings)	220	225	477	279	268
Deposits with banks	504	533	279	418	430
Current Investments (Mutual Funds and Commercial Papers)	326	310	281	297	540
Total Balances	1,050	1,068	1,038	1,026	1,238
Paytm Money Ltd (PML) customer funds	38	55	41	54	49
Total Balances (excluding PML funds)	1,012	1,012	997	973	1,189

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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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.