



# Earnings Presentation

For the quarter ending June 2024



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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.

# Q1 FY 2025: Revenue and profitability impact in line with guidance. Payment Operating Metrics rebounding to Jan'24 Levels



## Financial Highlights:

- Operating revenue of **₹1,502 Cr**
- Contribution profit of **₹755 Cr (margin of 50%)**
- EBITDA before ESOP of **₹(545) Cr;**  
EBITDA of ₹(792) Cr

## Strong balance sheet and Cost Control

- Strong balance sheet with ₹8,108 Cr cash on books; we also hold stock acquisition rights in PayPay Corporation (5.4% stake, once exercised)
- Continued focus on cost reduction, employee cost down by 9% QoQ

## Levers for profitability improvement in place

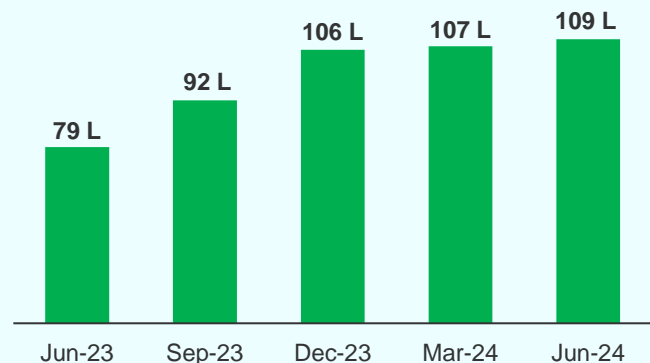
- Going forward, revenue and profitability expected to improve, on account of growth in GMV, expanding merchant base, recovery in loan distribution business and cost optimization
- Working on delivering at least one profitable quarter in this financial year

# Payment Services: Merchant Payment Operating Metrics rebounding to Jan'24 Levels; Consumer Operating Metrics Remain Stable



## Merchant Subscription, including devices

(Qtr ending)

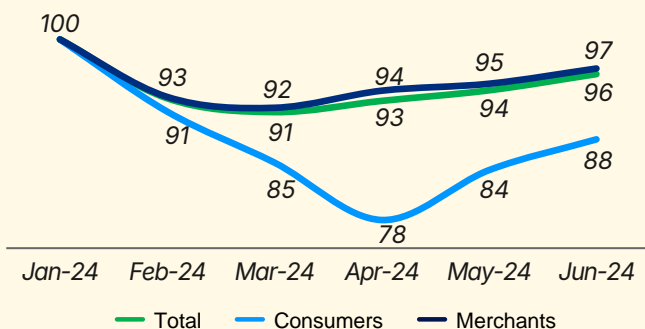


### Accelerating merchant reactivations

- New merchant signups reaching Jan'24 levels; redeploying devices from inactive to new merchants
- Expect net device additions to reach previous run rates by Q3 FY 2025
- Revenue per device has bottomed out and is expected to increase

## Daily Average GMV trends Indexed to Jan'24

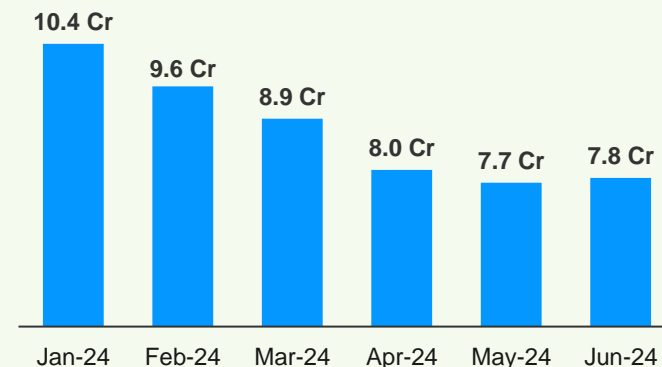
(excluding disrupted products)



### Daily GMV rebounding to Jan'24 levels

- Consistent improvement during the quarter, with merchant GMV almost back to Jan'24 levels
- Increase in consumer GMV due to higher engagement
- With growth in organic volumes, new merchant addition & reactivation, we expect GMV growth to continue

## Monthly Transacting Users



### Consumers base has stabilised

- MTU base has stabilized at ~7.8 Cr
- Focus on retention and reactivation, while awaiting new user onboarding
- Expect growth in MTU once we start onboarding new UPI users

# Payment Services: Financial performance



Q1 FY 2025 payments revenue was ₹900 Cr

## Net Payment Margin

- Q1 FY25 Net payment margin was ₹383 Cr
- No UPI incentive during the quarter as it gets paid in Q4 of the financial year

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## Payment Processing Margin

- Payment Processing Margin = Gross fees charged to the merchant – Payment processing charges
- In Q1 FY 2025, it was above 3 bps of GMV (as per guidance)
  - Payment processing margin (including UPI incentive) will be in the range of 5-6 bps for the year

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## 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

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



In Q1 FY 2025 financial services revenue was ₹280 Cr

## Loan Distribution

- Expanding cross-selling by integrating more type of loans from our partners, including secured credit like Loan Against Property and Gold Loans
- **Personal Loan:** Our partners' approach is consistent with industry-wide trends of tightening risk policies. Penetration is at 1.1% of MTU
- **Merchant Loan:** We and our lending partners continue to be disciplined and focused on high-quality merchants. Penetration is at 4.4% of device merchants

## Insurance Broking

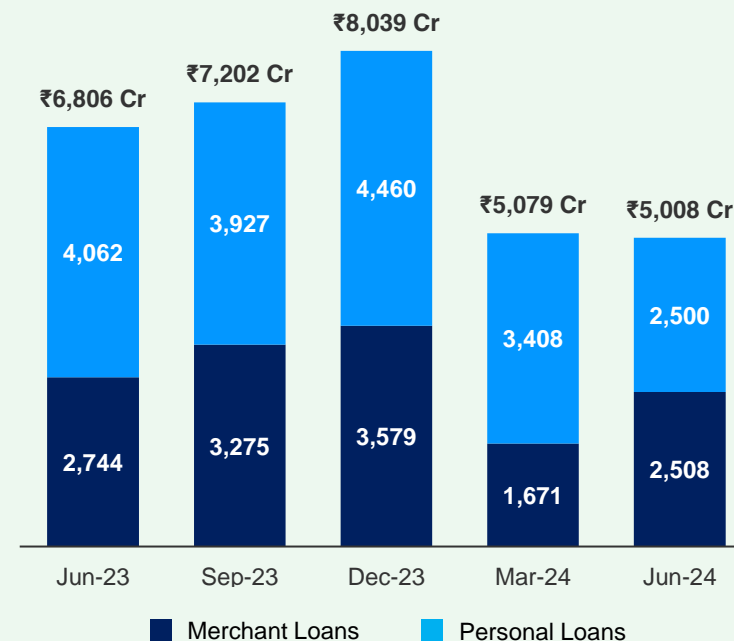
- Building Insurance business by offering embedded insurance and DIY products to Paytm consumers & merchants
- We are seeing a strong product-market fit for our shop insurance (merchants) and health product (combined Health Insurance, Healthcare, and OPD)

## Equity Broking and Distribution

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

## Value of personal loans and merchant loans distributed through our platform

(Qtr ending)





# Marketing Services: Additional monetization from merchants



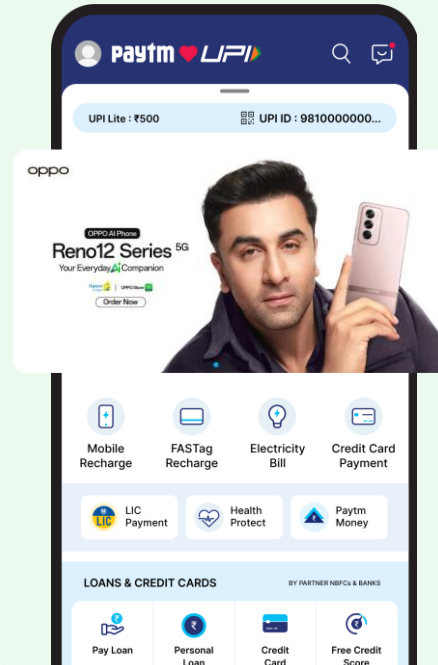
## Revenue from Marketing Services

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

In Q1 FY 2025, Marketing Services revenue was ₹321 Cr, impacted QoQ due to the seasonality of the events business and lower MTU

- GMV for ticketing, deals & gift vouchers, etc., was ₹2,817 Cr; strong growth in travel segment, driven by partnerships and innovative travel solutions
- Credit card distribution continues to scale, with 12.8 Lakh activated credit cards as of June 2024, compared to 7.5 Lakh last year

## Advertising & Loyalty Services



## Deals & Vouchers



## Credit Cards



# Key Focus Areas

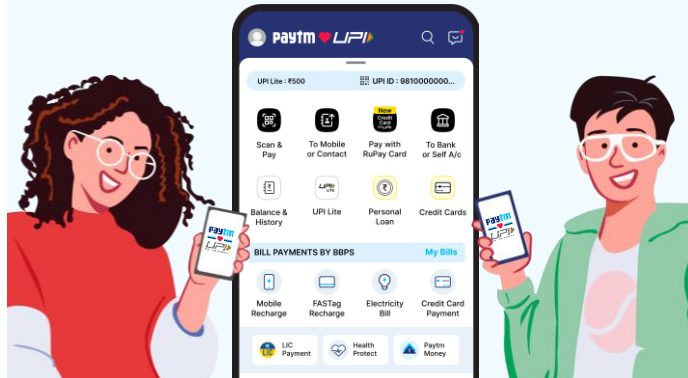


**Lead the market** with merchant payment innovations, including new devices and aggregation of various MDR-bearing payment instrument

Provide **marketing services to merchants** that drive more commerce opportunities for them

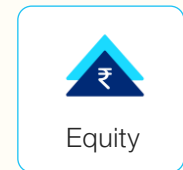
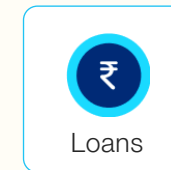


**Reactivate existing dormant customers** while we await new UPI user onboarding. Once we are allowed new UPI user onboarding, we will acquire new monetizable customers with discipline on acquisition costs



**Enhance credit distribution** by diversifying lending products and partners. Expand secured lending products

Allocate more resources to Insurance distribution & Mutual Fund distribution, which offer **large monetization opportunities**



**Stringent focus on compliance first approach across our businesses**





# Annexure

## Expected ESOP charges based on currently issued ESOPs

Expected ESOP Cost (₹ Cr)	Q1	Q2	Q3	Q4
<b>FY 2025</b>	247*	319	275	220
<b>FY 2026</b>	190	183	108	105
<b>FY 2027</b>	100	92	29	28

\* Q1 FY 2025 ESOP cost was lower at ₹247 Cr, on account of ESOP lapses at the time of employee separation during the quarter.

As of July 10, 2024	(in Cr)
<b>Basic shares outstanding</b>	<b>63.6</b>
ESOPs vested and unexercised	0.1
ESOPs granted and unvested	3.8
ESOPs available for distribution	0.4
<b>Estimated fully diluted shares</b>	<b>67.9</b>

### Note:

- The above table illustrates expected ESOP cost for all ESOPs granted so far (as of July 10, 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)	Quarter Ended			Change	
	June-24	Mar-24	June-23	YoY	QoQ
Payments & Financial Services	1,164	1,858	1,918	(39)%	(37)%
Payment Services to Consumers	83	438	554	(85)%	(81)%
Payment Services to Merchants	801	1,117	842	(5)%	(28)%
Financial Services and Others	280	304	522	(46)%	(8)%
Marketing Services	321	395	405	(21)%	(19)%
Other Operating Revenue	16	14	19	(15)%	17%
<b>Revenue from Operations</b>	<b>1,502</b>	<b>2,267</b>	<b>2,342</b>	<b>(36)%</b>	<b>(34)%</b>

# Contribution Profit and Contribution Margin



(in ₹ Cr)	Quarter Ended			Change	
	June-24	Mar-24	June-23	YoY	QoQ
<b>Revenue from Operations</b>	1,502	2,267	2,342	(36)%	(34)%
Payment processing charges	517	715	767	(33)%	(28)%
As % of GMV	0.12%	0.15%	0.19%	(7) bps	(3) bps
Promotional cashback & incentives	44	46	85	(48)%	(3)%
Other Expenses	185	219	186	(1)%	(15)%
<b>Total Direct Expenses</b>	<b>746</b>	<b>979</b>	<b>1,037</b>	<b>(28)%</b>	<b>(24)%</b>
<b>Contribution Profit</b>	<b>755</b>	<b>1,288</b>	<b>1,304</b>	<b>(42)%</b>	<b>(41)%</b>
Contribution Margin %	50%	57%	56%	(540) bps	(651) bps

# EBITDA before ESOP



(in ₹ Cr)	Quarter Ended			Change	
	June-24	Mar-24	June-23	YoY	QoQ
<b>Contribution Profit</b>	<b>755</b>	<b>1,288</b>	<b>1,304</b>	<b>(42)%</b>	<b>(41)%</b>
Contribution Margin %	50%	57%	56%	(540) bps	(651) bps
Marketing	177	83	181	(2)%	114%
Employee cost (excl ESOPs)	706	779	730	(3)%	(9)%
Software, cloud and data center	182	162	155	18%	12%
Other indirect expenses	236	162	155	52%	45%
<b>Total indirect expenses</b>	<b>1,301</b>	<b>1,186</b>	<b>1,220</b>	<b>7%</b>	<b>10%</b>
<b>EBITDA before ESOP cost</b>	<b>(545)</b>	<b>102</b>	<b>84</b>	<b>(750)%</b>	<b>(633)%</b>
EBITDA before ESOP cost Margin %	(36)%	5%	4%	(3,990) bps	(4,084) bps

# Reconciliation of Non-GAAP Measures

EBITDA before ESOP cost

(in ₹ Cr)	Quarter Ended		
	June-24	Mar-24	June-23
<b>EBITDA before ESOP cost (A)</b>	<b>(545)</b>	<b>103</b>	<b>84</b>
ESOP cost (B)	(247)	(326)	(377)
Finance costs (C)	(4)	(5)	(7)
Depreciation and amortization expense (D)	(178)	(196)	(159)
Other income (E)	138	132	123
Share of profit / (loss) of associates / joint ventures (F)	(1)	(17)	(18)
Exceptional items (G)	0	0	0
Income Tax expense (H)	(2)	(14)	(4)
Loss on Impairment of Associate (I)	0	(227)	0
<b>Loss for the period (I=Sum of A to I)</b>	<b>(840)</b>	<b>(550)</b>	<b>(358)</b>



# Operational KPIs



(in ₹ Cr)	Units	Quarter Ended			Change	
		June-24	Mar-24	June-23	YoY	QoQ
GMV	₹ Lakh Cr	4.26	4.69	4.05	5%	(9)%
GMV – Continued Business*	₹ Lakh Cr	4.26	4.29	3.36	27%	(1)%
Merchant Transactions	Cr	900	962	793	13%	(6)%
Total Transactions	Cr	1,023	1,129	963	6%	(9)%
MTU (avg over the period)	Cr	7.8	9.6	9.2	(15)%	(19)%
Registered Merchants (end of period)	Cr	4.12	4.06	3.56	16%	1%
Value of personal and merchant loans distributed	₹ Cr	5,008	5,079	6,806	(26)%	(1)%
Payment Devices (cumulative; end of period)	Lakh	109	107	79	39%	2%
Average number of Sales Employees*	#	31,607	36,521	28,479	5%	(13)%
Cost of sales employees (including training)	₹ Cr	224	255	213	5%	(12)%

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



Particulars (in ₹ Cr)	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Cash and Bank Balances in Current Accounts (Net of Borrowings)	1,678	1,831	1,873	3,976	2,327
Deposits with banks	3,996	4,203	4,443	2,329	3,486
Current Investments (Mutual Funds and Commercial Papers)	2,693	2,719	2,584	2,345	2,743
<b>Total Balances</b>	<b>8,367</b>	<b>8,754</b>	<b>8,901</b>	<b>8,650</b>	<b>8,557</b>
Paytm Money Ltd (PML) customer funds	316	319	462	339	449
<b>Total Balances (excluding PML funds)</b>	<b>8,051</b>	<b>8,435</b>	<b>8,439</b>	<b>8,311</b>	<b>8,108</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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