

# Earnings Presentation - INR

For quarter ending June 2023



# 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.

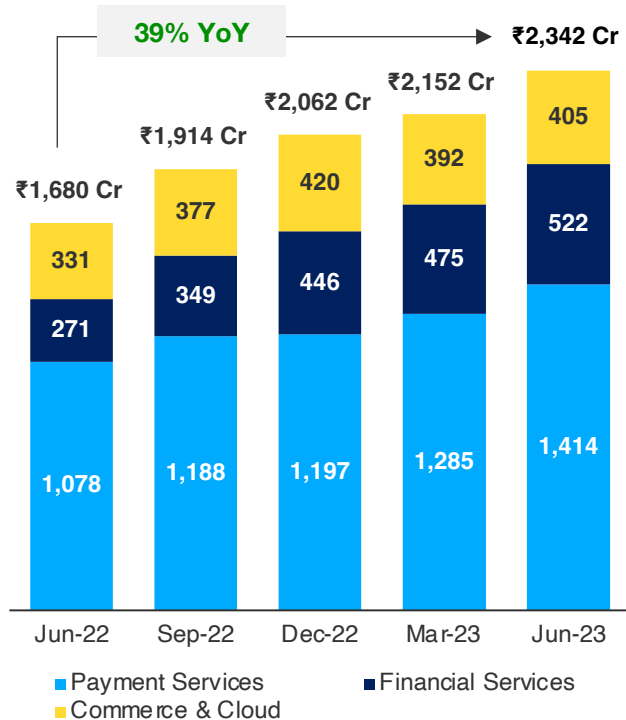
## Use of Operating Metrics

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.

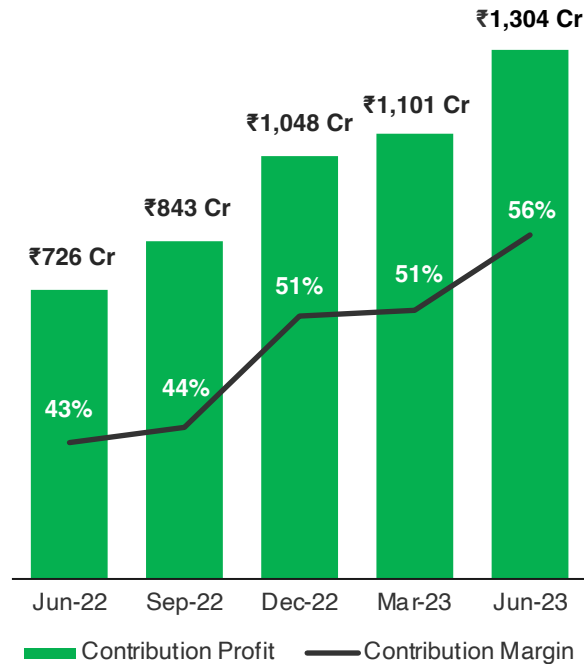
We have converted financial amounts from ₹ millions into ₹ Cr and hence there could be some totaling anomalies in the numbers.

# Scaling the core business model of Payments and Loan Distribution; EBITDA before ESOP at ₹84 Cr for Q1 FY 2024

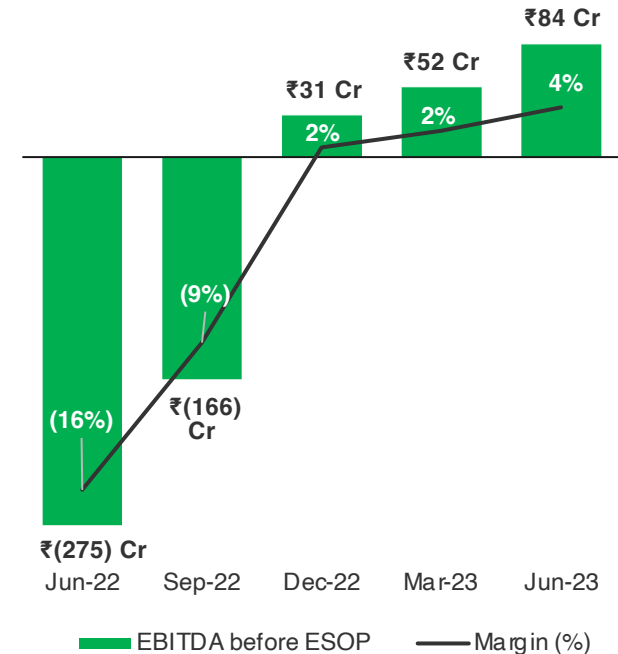
Revenue growth of 39% YoY



Contribution Profit growth of 80% YoY  
Margin improvement of +12% YoY



EBITDA before ESOP improved by ₹359 Cr YoY; Indirect cost increased by 22% YoY

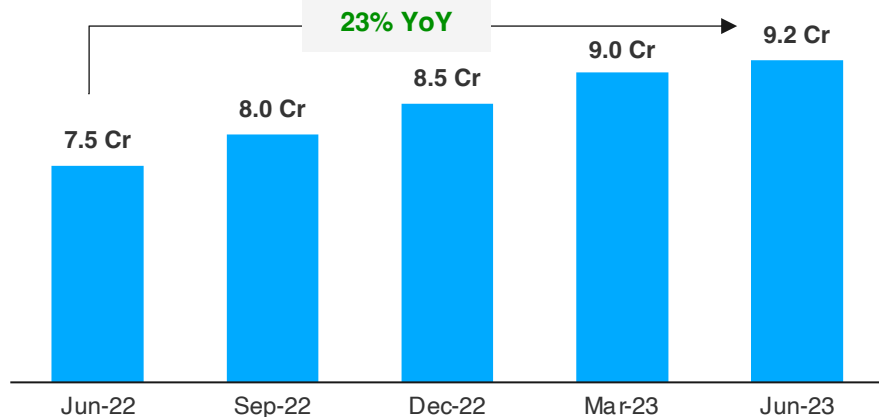


Note: We have excluded UPI incentives of ₹182 Crore from Mar-23 revenues, contribution margin and EBITDA before ESOP for like-for-like comparison

# Payments business continue to scale with improved profitability

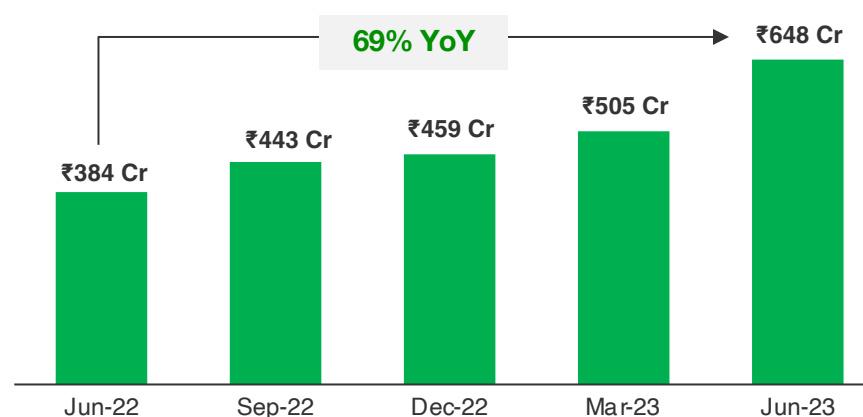
## Average Monthly Transacting Users

In Cr



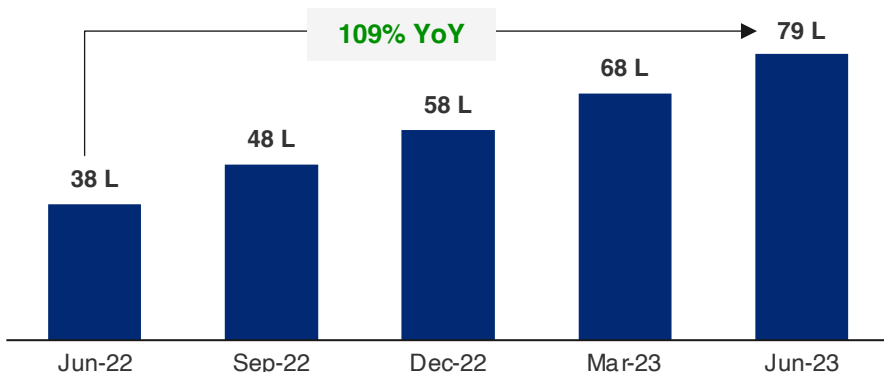
## Net Payment Margin = Payment Processing Margin + Subscription revenue

In ₹ Cr



## Merchant Subscriptions (including payment devices)

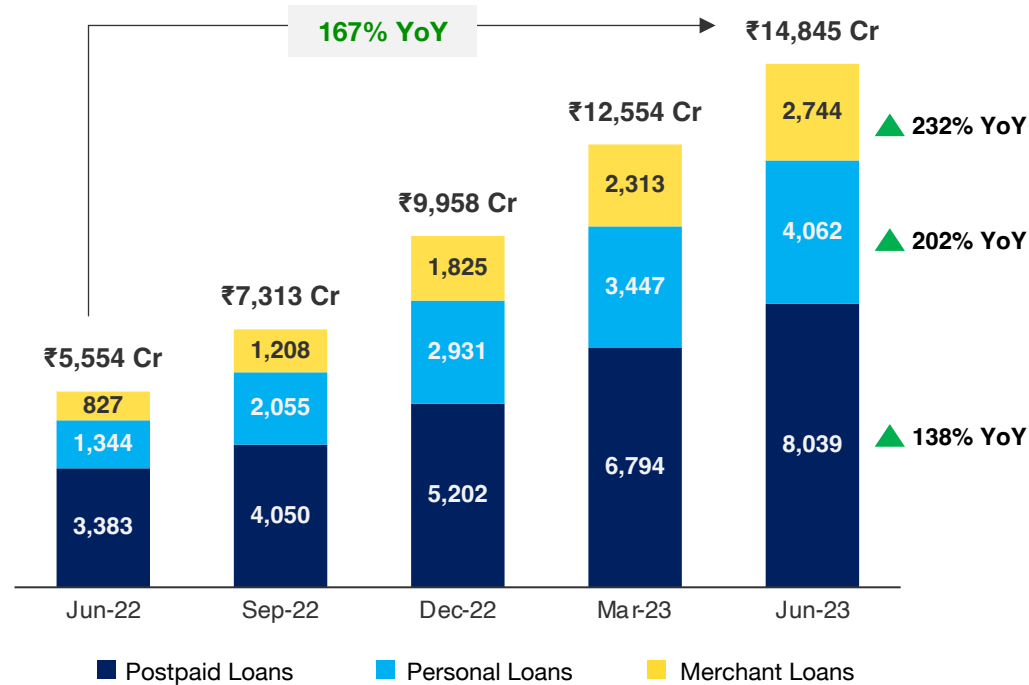
In Lakhs



- 1. Payment Processing Margin:** Transaction fees charged to the merchant less charges paid to the issuer.  
It is at the high end of our 7 to 9 bps guidance, even without UPI incentives, due to:
  - Increase in GMV of non-UPI instruments like EMI and cards
  - Lower interchange cost for Wallet, post interoperability circular by NPCI, and Postpaid due to better portfolio quality
- 2. Subscription revenue:** Charges merchant pays for various monthly services including devices: 79 Lakh merchant subscription

# Continued momentum in consumer & merchant loan distribution along with improving portfolio quality

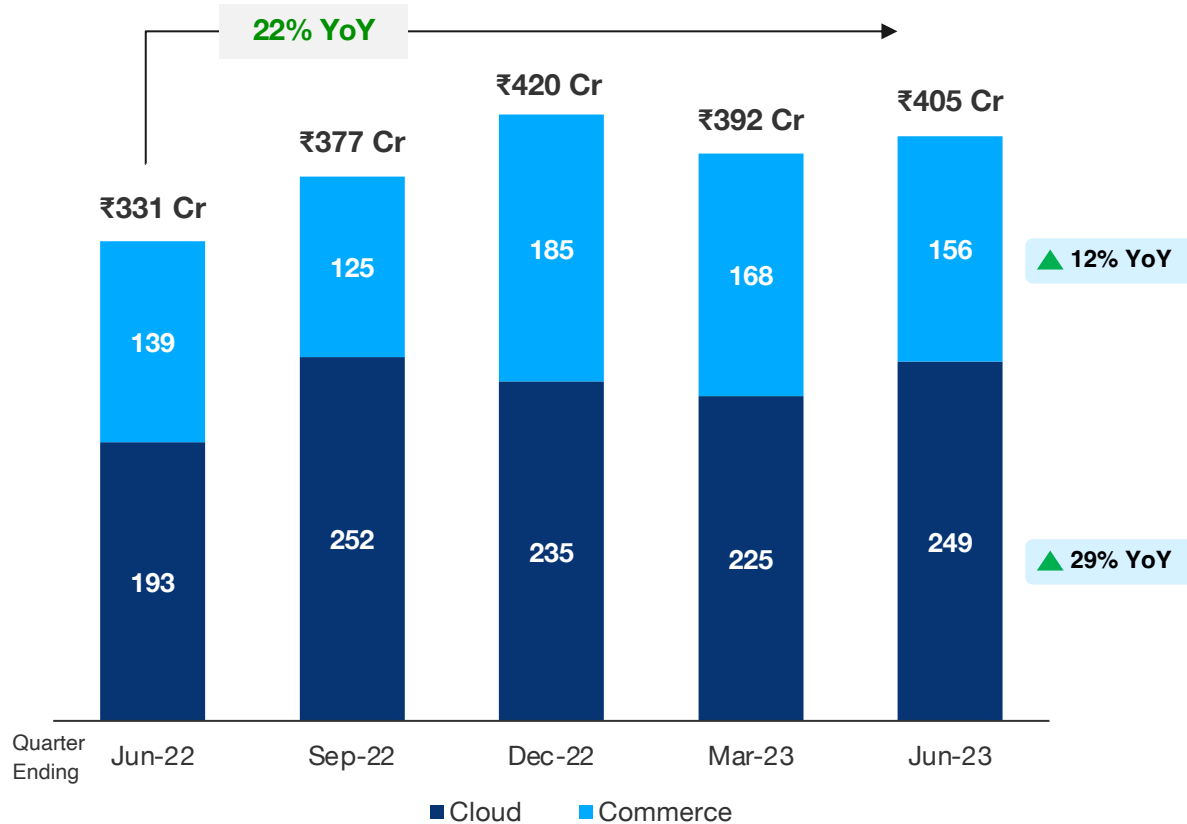
Value of loans distributed through Paytm platform



	Postpaid	Personal Loan	Merchant Loan
Penetration <sup>1</sup> as of Q1 FY 2024	4.5% of MTU	1.1% of MTU	6.2% of device merchants
Indicative portfolio performance for our partners			
<ul style="list-style-type: none"> <li>Augmented through advanced machine learning models</li> <li>Helping lending partners scale with risk-based pricing</li> </ul>	Bounce Rates	9.75% to 11.25%	10.75% to 11.75%
<ul style="list-style-type: none"> <li>Own collection technology platform aiding digital collections</li> <li>Lower operating expenses and scaling well</li> </ul>	Bucket 1 Resolution %	82% to 84%	88% to 92%
<ul style="list-style-type: none"> <li>Capacity enhancement with increase in employees and over 50 tie ups with on ground collection partners</li> </ul>	Recovery Rate Post 90+	30% to 35%	27% to 29%
<ul style="list-style-type: none"> <li>Steady loss rates on static pool in line with Low and Grow model of scaling</li> </ul>	Expected credit loss (ECL%)	0.65% to 0.85%	4.5% to 5.0%

<sup>1</sup>Calculation of penetration; Postpaid: Avg monthly number of loans in a quarter as a % of that quarter's avg MTU; Personal Loans: Number of loans disbursed in last 12 months as a % of avg MTU in Q1 FY 2024; Merchant loans: Number of loans disbursed in last 12 months as % of devices deployed at end of Q1 FY 2024

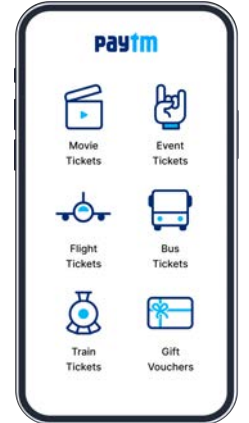
# Co-Branded Credit Cards and advertising driving growth in Commerce & Cloud



## Commerce

We sell travel, movies and event ticketing and deals, gift vouchers to customers

- Commerce services GMV was ₹2,537 Cr, up 10% YoY. Growth was subdued due to decline in movie industry and decline in Play Store vouchers industry
- On QoQ basis, volume of events in the entertainment business, which have high take rates and high direct costs, has reduced due to seasonality. Consequently, take rates have come down to the guided 5-6% range.



## Cloud

We offer advertising, marketing loyalty services to various enterprises and distribute co-branded credit cards

- Co-branded credit cards continue to scale well; total 7.5 Lakh activated cards as of June 2023
- On year-on-year basis, we saw growth in co-branded credit card distribution and advertising



## Growth Drivers in Our Business

- Low penetration of mobile payments in India on the merchant side; Increasing adoption of technology by merchants, such as Soundbox, Card Machines
- Innovations in the payment ecosystem e.g. UPI Lite, RuPay Credit Cards on UPI, Multi-Bank/Brands EMI aggregation, and Paytm UPI SDK etc.
- Low penetration of loan distribution products provides ample opportunity of growth while ensuring superior credit quality
- Scale up of loan distribution supported by regulatory clarity on digital lending and addition of new lending partners
- Bonds trading platform for retail investors by Paytm Money



# Annexure



# Revenue breakdown: Overall growth of 39% YoY

(in ₹ Cr)	Quarter Ended			Change	
	Jun-22	Mar-23 *	Jun-23	YoY	QoQ
Payments & Financial Services	1,346	1,918	1,918	42%	0%
Payment Services to Consumers	519	524	554	7%	6%
Payment Services to Merchants	557	918	842	51%	(8%)
Financial Services and Others	271	475	522	93%	10%
Commerce & Cloud Services	331	392	405	22%	3%
Commerce	139	168	156	12%	(7%)
Cloud	193	225	249	29%	11%
Other Operating Revenue	2	25	19	842%	(23%)
<b>Revenue from Operations</b>	<b>1,680</b>	<b>2,334</b>	<b>2,342</b>	<b>39%</b>	<b>0%</b>

\* March 2023 financials include ₹182 Cr UPI incentives reported during the quarter; Hence QoQ financials are not comparable

# Contribution Profit up by 80% YoY in Q1 FY 2024

(in ₹ Cr)	Quarter Ended			Change	
	Jun-22	Mar-23 *	Jun-23	YoY	QoQ
<b>Revenue from Operations</b>	<b>1,680</b>	<b>2,334</b>	<b>2,342</b>	<b>39%</b>	<b>0%</b>
Payment processing charges	694	780	767	10%	(2%)
<i>As % of GMV</i>	<i>0.23%</i>	<i>0.22%</i>	<i>0.19%</i>	(5 bps)	(3 bps)
Promotional cashback & incentives	143	78	85	(41%)	9%
Other Expenses	117	193	186	59%	(4%)
<b>Total Direct Expenses</b>	<b>954</b>	<b>1,051</b>	<b>1,037</b>	<b>9%</b>	<b>(1%)</b>
<b>Contribution Profit</b>	<b>726</b>	<b>1,283</b>	<b>1,304</b>	<b>80%</b>	<b>2%</b>
<i>Contribution Margin %</i>	<i>43.2%</i>	<i>55.0%</i>	<i>55.7%</i>	<i>1,248bps</i>	<i>72bps</i>

\* March 2023 financials include ₹182 Cr UPI incentives reported during the quarter; Hence QoQ financials are not comparable

## EBITDA before ESOP cost of ₹84 Cr, improved by ₹359 Cr YoY

(in ₹ Cr)	Quarter Ended			Change	
	Jun-22	Mar-23 *	Jun-23	YoY	QoQ
<b>Contribution Profit</b>	<b>726</b>	<b>1,283</b>	<b>1,304</b>	<b>80%</b>	<b>2%</b>
<i>Contribution Margin %</i>	<i>43.2%</i>	<i>55.0%</i>	<i>55.7%</i>	<i>1,248bps</i>	<i>72bps</i>
Marketing	175	127	181	3%	43%
Employee cost (excl ESOPs)	552	614	730	32%	19%
Software, cloud and data center	162	188	155	(4%)	(18%)
Other indirect expenses	111	121	155	40%	28%
<b>Total indirect expenses</b>	<b>1,001</b>	<b>1,049</b>	<b>1,220</b>	<b>22%</b>	<b>16%</b>
<b>EBITDA before ESOP cost</b>	<b>(275)</b>	<b>234</b>	<b>84</b>	<b>(131%)</b>	<b>(64%)</b>
<i>EBITDA before ESOP cost Margin %</i>	<i>(16.4%)</i>	<i>10.0%</i>	<i>3.6%</i>	<i>+20%</i>	<i>(6%)</i>

\* March 2023 financials include ₹182 Cr UPI incentives reported during the quarter; Hence QoQ financials are not comparable

# Reconciliation of Non-GAAP Measures

## EBITDA before ESOP cost

(in ₹ Cr)	Quarter Ended		
	Jun-22 (Unaudited)	Mar-23 * (Audited)	Jun-23 (Unaudited)
EBITDA before ESOP cost (A)	(275)	234	84
ESOP cost (B)	(359)	(363)	(377)
Initial Public Offer expenses (C)	0	0	0
Finance costs (D)	(6)	(7)	(7)
Depreciation and amortization expense (E)	(97)	(160)	(159)
Other income (F)	102	130	123
Share of profit / (loss) of associates / joint ventures (G)	(6)	(2)	(18)
Exceptional items (H)	0	0	0
Income Tax expense (I)	(5)	(1)	(4)
Loss for the period (J=Sum of A to I)	(645)	(168)	(359)

\* March 2023 financials include ₹182 Cr UPI incentives reported during the quarter; Hence QoQ financials are not comparable

# Operational KPIs

(in ₹ Cr)	Units	Quarter Ended			Change	
		Jun-22	Mar-23	Jun-23	YoY	QoQ
GMV	₹ Lakh Cr	2.96	3.62	4.05	37%	12%
Merchant Transactions	Crore	512	685	796	55%	16%
Total Transactions	Crore	613	835	963	57%	15%
MTU (avg over the period)	Crore	7.5	9.0	9.2	23%	2%
Registered Merchants (end of period)	Crore	2.8	3.4	3.6	25%	6%
Number of Loans Disbursed	Lakh	85	119	128	51%	7%
Value of Loans	₹ Cr	5,554	12,554	14,845	167%	18%
Payment Devices (cumulative; end of period)	Lakh	38	68	79	109%	16%
Average number of Sales Employees*	#	19,781	28,479	30,148	10,367	1,669
Cost of sales employees (including training)	₹ Cr	161	186	213	32%	15%

Note: Starting Q4 FY 2023, we would be reporting our active Sales headcount. We have restated numbers for prior quarters for like-for-like comparison. Number of sales employees includes on-roll and off-rolls employees. Cost relates to on-roll employees only. As our business model gets established and has achieved scale, we will discontinue monthly disclosures of operating metrics starting September 2023. However, we will continue with the disclosures on a quarterly basis.

# 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)	Unique users with at least one successful transaction in a particular calendar month
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.



शुभ  
कामना

OF RS-235 RECEIVED.  
YAY!!

paytm  
POSBANK  
30%

RECEIVED  
RAKHI  
GIFT  
₹500!

PAYM  
RECEIVED

पुस्तक  
मुकुट  
गडडी

BUS  
TICKET  
BOOKINGS  
on  
Paytm

Thank  
you!

India loves  
Paytm

TRAIN TICKET  
BOOKINGS  
on Paytm

PODI IDLI