



# Earnings Release

Quarter ending Sep 2023

20 October 2023

**Paytm**

# Revenue of ₹2,519 Cr; EBITDA Before ESOP of ₹153 Cr, improvement of ₹319 Cr YoY

## Key Financial Highlights:

- Paytm reported revenue of ₹2,519 Cr, 32% YoY growth (despite timing of festive season pushing some of the revenues to Q3 FY 2024)
- Contribution profit up 69% YoY to ₹1,426 Cr (margin of 57%, expansion of 13 percent point YoY)
- EBITDA before ESOP up ₹319 Cr YoY to ₹153 Cr (margin of 6%, up 15 percent point YoY)

## Payment Business:

- Revenue from payments business up 28% YoY to ₹1,524 Cr
- Net payment margin up 60% YoY to ₹707 Cr; GMV up 41% YoY to ₹4.5 Lakh Cr. Payment processing margin is at the higher end of 7-9bps range (without UPI incentive)
- Merchant paying subscription for devices has reached 92 Lakh as of September 2023, an increase of 44 Lakh YoY and 14 Lakh QoQ

## Loan Distribution Business:

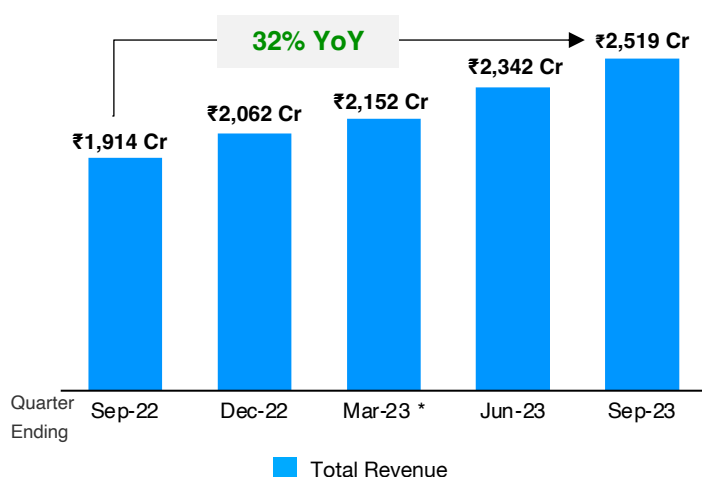
- Revenue from financial services and others up 64% YoY to ₹571 Cr
- Unique users, who have taken loan through Paytm platform, reaches 1.18 Cr; Loan distribution continues to scale with ₹16,211 Cr of loan disbursement (up 122% YoY)

For Q2 FY 2024, we continued our momentum with 32% YoY revenue growth, despite some of the revenues getting pushed to Q3 FY 2024. In this financial year, online sales for the festive season will be captured in Q3, whereas in the previous financial year it was largely in Q2. Revenue growth was led by increase in GMV, merchant subscription revenues, and growth of loans distributed through our platform. There are no UPI incentives booked during the quarter.

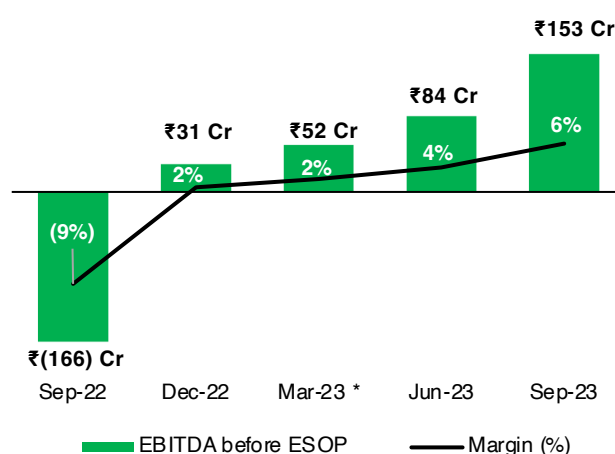
Net payment margin has gone up 60% YoY to ₹707 Cr due to increase in payment processing margin and increase in merchant subscription revenues. Payment Processing Margin is at the higher end of 7-9bps range due to a) increase in GMV of non-UPI instruments, like Postpaid, EMI and cards, and b) improvements in payment processing margin on these non-UPI instruments.

Contribution margin expanded to 57% this quarter, an increase of 13 percent point YoY, with increase in net payment margin and growth in loan distribution business. On back of platform leverage, Q2 FY 2024 EBITDA before ESOP increased by ₹319 Cr YoY to ₹153 Cr.

### Strong revenue growth momentum



### Continuous improvement in EBITDA before ESOP



\* For like-for-like comparisons, Mar-23 revenue and EBITDA in the above chart excludes ₹182 Cr UPI incentives received in that quarter

## Innovative device launches driving the merchant payment leadership

We remain focused on expanding mobile payment acceptance network by enabling merchants with best-in-class product and technology. Paytm offers most comprehensive solution to address needs of wide variety of merchants. From a simple QR code to a variety of soundboxes, from comprehensive range of card machines to sophisticated payment gateway powering most of the large ecommerce platforms in India.

In order to serve the diverse needs of our growing 3.8 Cr merchants, we continue to launch innovative products, like:

**Card Soundbox:** Empowers merchants to accept mobile and card payments, in a cost effective way, through our iconic Soundbox with 'tap and pay'.

**Pocket Soundbox:** A small card-sized device which easily fits in the pocket and is helpful for merchants on the go, including auto drivers, delivery agents, parking fee collectors etc.

**Music Soundbox:** Allows merchants to listen to music over Bluetooth speaker, improving their engagement.

These launches will help us in **increasing TAM, merchant engagement, and card acceptance**. With expansion of our distribution network, we have accelerated device subscriber addition to 44 Lakh YoY and 14 Lakh QoQ, taking overall merchant subscriber base to 92 Lakh.

Rupay credit card on UPI rail is seeing good adoption by consumers and they are keen to link Rupay credit cards on their payment app. We believe, over a longer period of time, this has a potential of becoming a decent revenue stream for UPI payments.

Paytm app remains a preferred choice for customers, with its offering to pay for various use cases through comprehensive payment instruments, such as UPI, Wallet, Postpaid, Cards, etc. Our Average Monthly Transacting Users (MTU) for Q2 FY 2024 grew by 19% YoY to 9.5 Cr as adoption of mobile payments for consumers in India continues. As mentioned before, we have been focused on high quality users, and increasing engagement. With 33% YoY growth in Paytm App GMV and 32% YoY growth in Paytm App transaction volume, consumer engagement on the Paytm app continues to remain strong.

### paytm CARD Soundbox



### paytm POCKET Soundbox



### paytm MUSIC Soundbox



## Operational KPIs – Quarterly trends

|                             | Unit      | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | YoY % |
|-----------------------------|-----------|--------|--------|--------|--------|--------|-------|
| Average MTU                 | Cr        | 8.0    | 8.5    | 9.0    | 9.2    | 9.5    | 19%   |
| Gross Merchandise Value     | ₹ Lakh Cr | 3.18   | 3.46   | 3.62   | 4.05   | 4.50   | 41%   |
| Merchant Subscriptions      | Lakh      | 48     | 58     | 68     | 79     | 92     | 91%   |
| Number of loans distributed | Lakh      | 92     | 105    | 119    | 128    | 132    | 44%   |
| Value of loans distributed  | ₹ Cr      | 7,313  | 9,958  | 12,554 | 14,845 | 16,211 | 122%  |

## Improved portfolio quality for our lending partners

Our payments business helps us onboard customers and enables us distribute suitable credit products to them. Until September 2023, 1.18 Cr unique users have taken a loan through our platform. In Q2 FY 2024, across our three product offerings (Paytm Postpaid, Personal Loans, and Merchant Loans), loans amounting to ₹16,211 Cr were distributed through the Paytm platform.

We are focused on superior credit quality outcome for our lending partners. We are seeing improvements in collection funnels in Postpaid and Personal Loans. While ECL for Postpaid came down in the previous 2 quarters, in this quarter, ECL for Merchant Loan have come down.

Paytm's strong consumer & merchant base, and symbiotic business model continue to see interest for lending partnership. Recently we have gone live with Tata Capital for lending partnership. We have already added 2 partners in FY 2024 and we expect to announce more partnerships in the coming quarters. We have now partnered with 9 NBFCs and Banks for our credit card and loan distribution business.

## Focus areas

- **Innovative products to expand mobile payments acceptance network:** Indian merchants' unique features and pricing requirements warrants innovative product launches. We are focused on solving this by launching various types of Soundboxes, Card machines and other devices, backed by a large distribution and service network.
- **Expand Credit and Financial Services:** Our focus is to expand credit offerings, which will help consumers and merchants find suitable product, in partnership with our lending partners.
- **Farming of online merchants,** by offering wider choice of payment instruments and better success rates.
- **Enabling Commerce:** We are enabling merchants to offer deals on Paytm app which drives customer engagement, as well as consumer traffic to the merchants.

## Key Metrics for the quarter ending Sep 2023 (Q2 FY 2024)

### Revenue from Operations

Driven by increase in merchant subscription revenues, increase in GMV and growth in disbursements of loans through our platform

₹2,519 Cr

▲ 32% YoY

### Contribution Profit

Contribution margin increased to 57%, expansion of 13 percent point YoY, due to increase in net payment margin and growth in loan distribution business

₹1,426 Cr

▲ 69% YoY

### EBITDA before ESOP

Margin improved to 6%, an expansion of 15 percent points YoY, on account of increase in contribution margin and operating leverage

₹153 Cr

▲ ₹319 Cr YoY

### Merchant Subscriptions (including devices)

Our leadership in payment monetization continues. Added 44 Lakh and 14 Lakh new subscriptions in last year and quarter, respectively

92 Lakh

▲ 91% YoY

### Loans Distributed through Paytm

As of September 2023, our lending partners have distributed loans through our platform to 1.18 Cr unique Paytm consumers and merchants. Paytm active user base continues to present significant upsell opportunities

₹16,211 Cr

▲ 122% YoY

# Financial Update for quarter ending September 2023 (Q2 FY 2024)

## Payment Services: Leadership in payment monetization with improving profitability

Our payment business continues to scale led by increase in GMV and higher subscription revenue. In Q2 FY 2024, payments revenue grew by 28% YoY to ₹1,524 Cr, despite some of the revenues getting pushed to Q3 FY 2024. In this financial year, online sales for the festive season will be captured in Q3, whereas in the previous financial year it was largely in Q2.

## Improved payments profitability

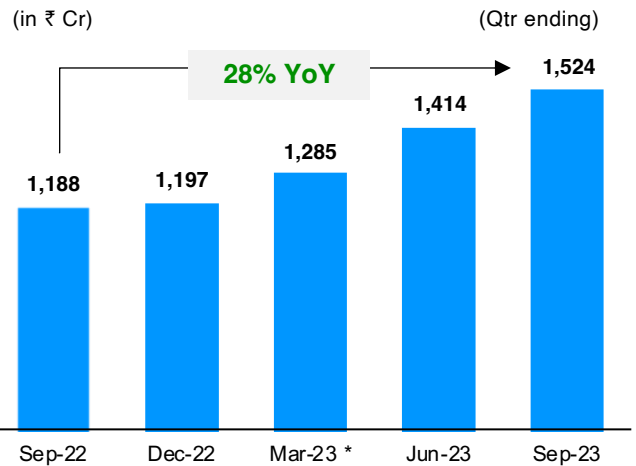
Payments profitability improved with net payment margin expanding 60% YoY to ₹707 Cr. Net Payment Margin is comprised of:

**1. Payment Processing Margin:** Q2 FY 2024 GMV grew 41% YoY to ₹4.50 Lakh Cr. Despite no UPI incentives received during the quarter, Payment Processing Margin is at the higher end of 7-9bps range due to:

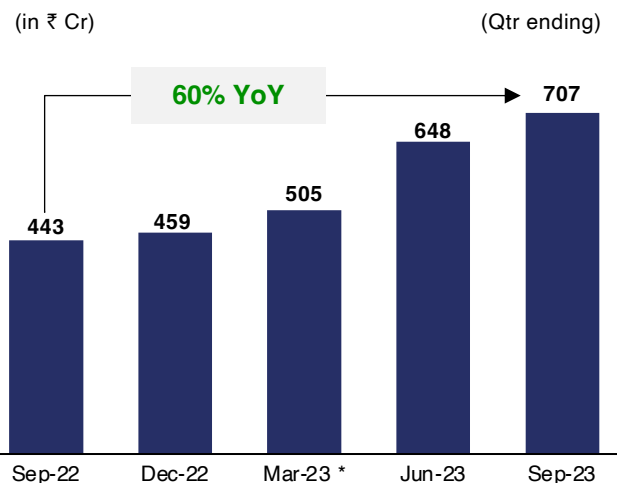
- a) Increase in GMV of non-UPI instruments like Postpaid, EMI and cards, and
- b) Improvements in payment processing margin on these non-UPI instruments.

**2. Subscription revenues:** As of September 2023, merchant subscriptions were 92 Lakh, increasing 44 Lakh YoY and 14 Lakh QoQ. We see sustained traction and we continue to earn ₹100 to ₹500 per month per device.

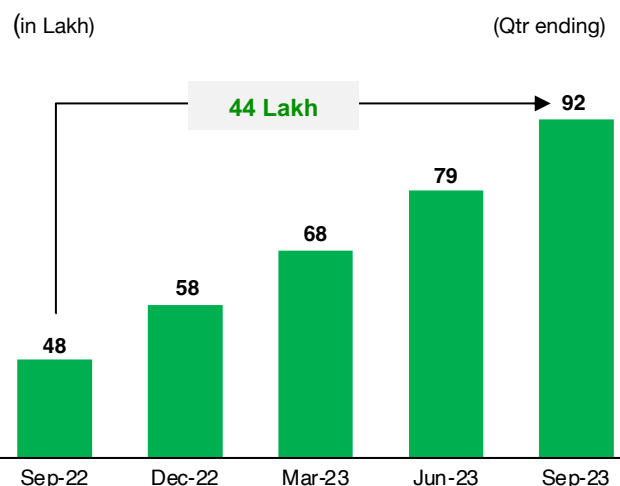
### Payment Services Revenue \*



### Net Payment Margin \*



### Merchant Subscriptions (including Devices)

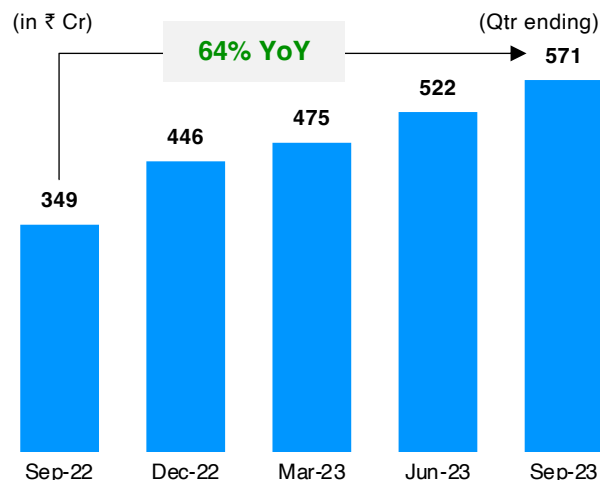


\* For like-for-like comparisons, Mar-23 payment revenue and net payment margin in the above chart excludes ₹182 Cr UPI incentives received in that quarter

## Financial Services and Others: Growing digital distribution of credit

In Q2 FY 2024, revenue for financial services and others grew 64% YoY to ₹571 Cr. As communicated earlier, in view of economic uncertainties, we have worked with our partners for more stringent credit criteria, which is resulting in better portfolio outcome. While Postpaid ECL came down in the previous 2 quarters, Merchant Loan ECL has come down in this quarter. Improved portfolio performance should drive increase in take rate.

### Revenue: Financial Services and Others

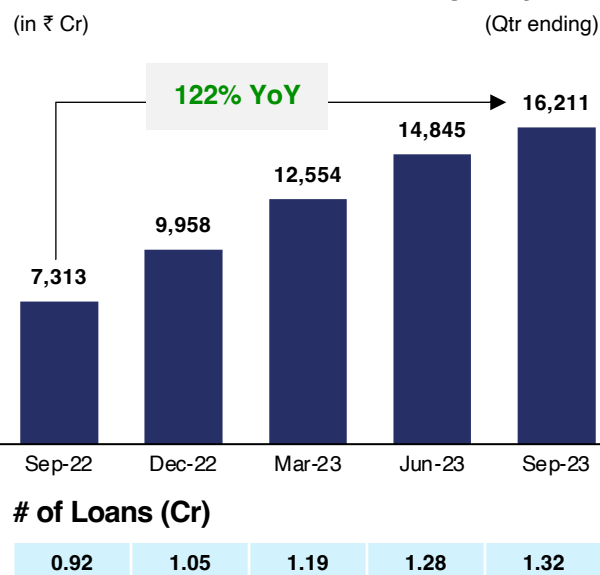


## Loan Distribution & Collection

In Q2 FY 2024, the number of loans distributed through our platform grew to 1.32 Cr, a growth of 44% YoY. The value of loans distributed grew to ₹16,211 Cr, a growth of 122% YoY. Total number of unique users who have taken a loan through our platform has increased by 51 Lakh over last 1 year to 1.18 Cr. This growing loan distribution user base offers us tremendous upsell and lifecycle benefits.

With onboarding of Tata Capital, we now have 9 bank and NBFC partners across all our lending products (including credit cards). We continue to work closely with our existing partners, and are on track to add more partners in the remaining financial year.

### Value of Loans Distributed through Paytm



### # of Loans (Cr)

|      |      |      |      |      |
|------|------|------|------|------|
| 0.92 | 1.05 | 1.19 | 1.28 | 1.32 |
|------|------|------|------|------|

## Paytm Postpaid

The number of Postpaid Loans distributed grew 44% YoY, while the value of Postpaid Loans grew 122% YoY. Our large Postpaid customer base also provides cross-sell opportunities for Personal Loans and Credit Cards.

Penetration<sup>1</sup> for Postpaid is at 4.5% of MTU.

## Personal Loans

The number of Personal Loans distributed grew 27% YoY, while the value of Personal Loans grew 91% YoY to ₹3,927 Cr. Average ticket size is ~₹165,000 with average tenure of ~16 months.

We/our partners have reduced shorter tenor loans (6 months) on our platform since they were likely to be riskier, resulting in the reduction in # of loans, while the disbursement volumes have remained steady. This has resulted in increase in average tenure and average loan size for personal loan portfolio. Cross-sell from Postpaid continues to see traction with over 35% of personal loans distributed in Q2 FY 2024 to existing Paytm Postpaid users.

Penetration<sup>1</sup> for Personal loans is at 1.1% of MTU.

## Merchant Loans

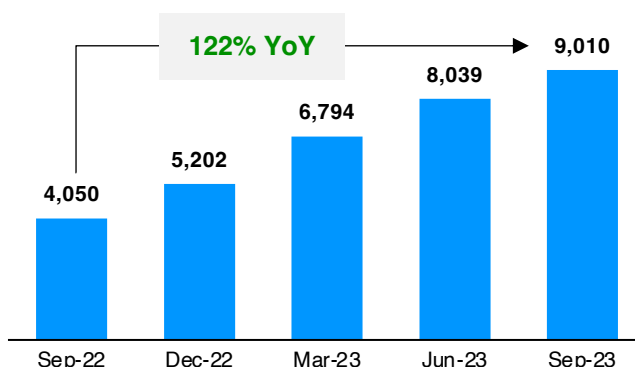
The number of Merchant Loans distributed grew 130% YoY in Q2 FY 2024, while the value of Merchant Loans grew 171% YoY to ₹3,275 Cr.

Proportion of loans distributed to a subscription merchant remains greater than 85% this quarter. Average ticket size is ~₹180,000 with average tenure of ~13 months. Our repeat rate (proportion of loans by value to merchants who have taken a loan before) remains at a healthy level of ~50%.

Penetration<sup>1</sup> for Merchant Loans is 6.4% of device merchants.

### Value of Loans: Postpaid

(in ₹ Cr) (Qtr ending)

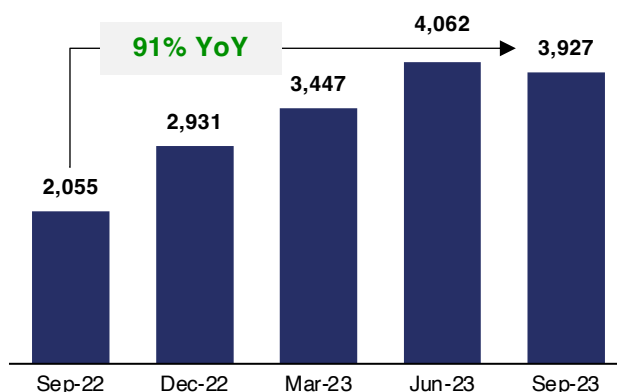


### # of Loans (Cr)

|      |      |      |      |      |
|------|------|------|------|------|
| 0.89 | 1.01 | 1.15 | 1.23 | 1.28 |
|------|------|------|------|------|

### Value of Loans: Personal Loans

(in ₹ Cr) (Qtr ending)

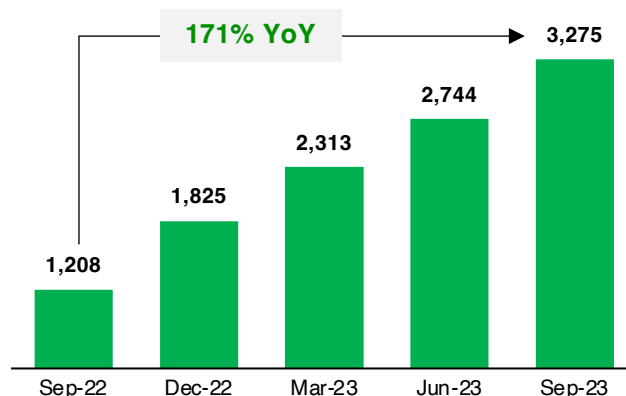


### # of Loans (Lakh)

|     |     |     |     |     |
|-----|-----|-----|-----|-----|
| 1.9 | 2.4 | 2.7 | 3.0 | 2.4 |
|-----|-----|-----|-----|-----|

### Value of Loans: Merchant Loans

(in ₹ Cr) (Qtr ending)



### # of Loans (Lakh)

|     |     |     |     |     |
|-----|-----|-----|-----|-----|
| 0.8 | 1.2 | 1.4 | 1.4 | 1.8 |
|-----|-----|-----|-----|-----|

Note - The MDR from merchants on Paytm Postpaid and the revenues from our credit card partnerships is not recorded in Revenue from Financial Services and Others. MDR is recorded in Payment Services, whereas revenue from our credit card partnerships is recorded in Cloud revenues.

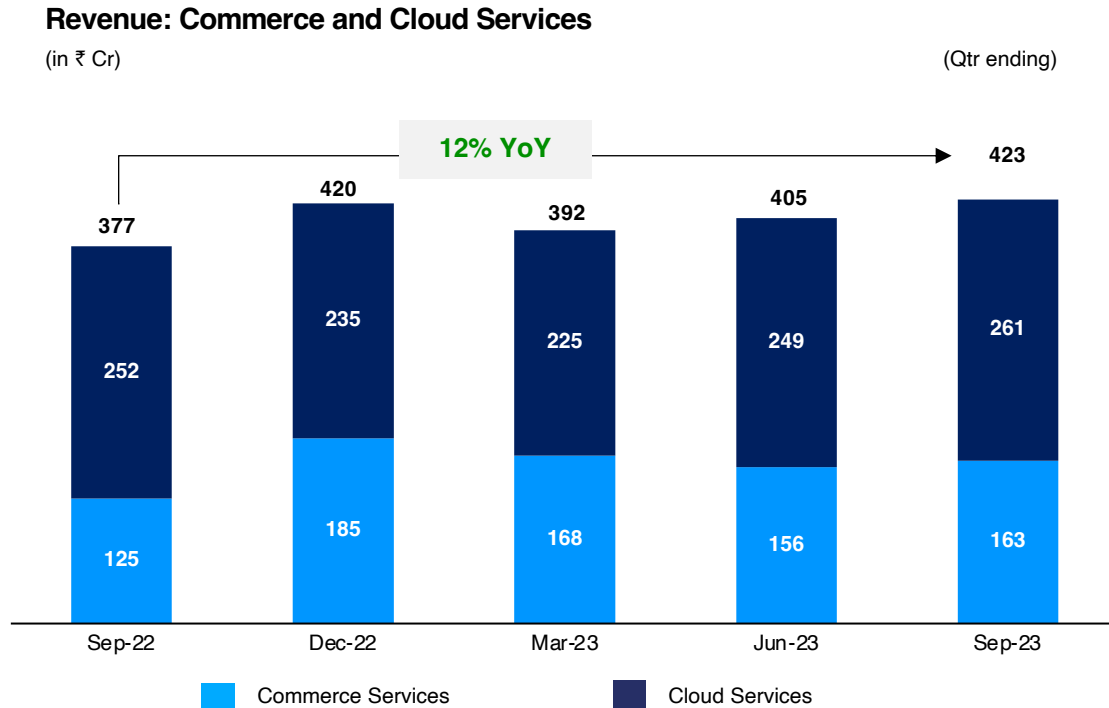
<sup>1</sup>Calculation of penetration

Postpaid: Avg monthly number of loans in a quarter as a % of that quarter's avg MTU; Personal Loans: Number of loans distributed in last 12 months as a % of avg MTU in Q2 FY 2024; Merchant loans: Number of loans distributed in last 12 months as % of devices deployed at end of Q2 FY 2024



## Cloud & Commerce: Majority of cloud business is now co-branded Credit Cards and advertising services

In our Commerce and Cloud segment, we monetize Paytm app traffic by providing marketing services to our merchants. In Q2 FY 2024, Commerce & Cloud revenue grew by 12% YoY to ₹423 Cr.



### Cloud

Cloud business includes advertising, co-branded credit cards, marketing cloud, and loyalty business. Cloud business grew by 3% YoY to ₹261 Cr. We saw healthy YoY growth in co-branded credit card and advertising businesses. Total 8.7 Lakh credit cards activated as of September 2023 versus 3.0 Lakh last year.

PAI Cloud business had a strong quarter last year. Telecom VAS offerings (marketing cloud) has seen decline YoY.

### Commerce

Our commerce business include travel, movie, entertainment ticketing, and selling of deals and gift vouchers to consumers.

Q2 FY 2024 Commerce GMV grew 39% YoY to ₹2,893 Cr while revenue grew by 31% YoY to ₹163 Cr. Take rate has remained in the 5-6% range.



## Contribution Profit led by growth in net payments margin & loan distribution business

Our Q2 FY 2024 contribution profit of ₹1,426 Cr represents a growth of 69% YoY. Contribution margin improved to 57% from 44% a year ago.

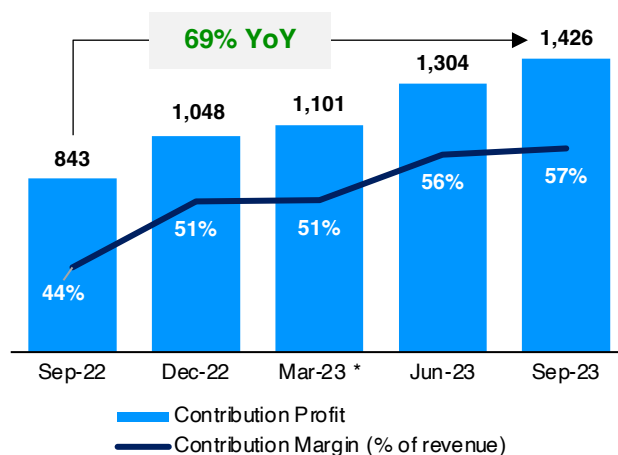
**Payment processing charges** were ₹817 Cr in Q2 FY 2024, up 10% YoY (while payment revenues grew 28% YoY).

**Promotional cashbacks and incentives** were ₹73 Cr, 1.6bps of GMV, as promotional activity was lower in Q2 FY 2024 and we expect it to go up in the next quarter due to festive season.

**Other direct expenses** were ₹203 Cr, 51% higher YoY on account of higher collection costs due to the growth of lending business and higher direct costs relating to merchant subscription business.

### Contribution Profit \*

(in ₹ Cr) (Qtr ending)



\* For like-for-like comparisons, Mar-23 contribution profit and contribution margin in the above chart excludes ₹182 Cr UPI incentives received in that quarter

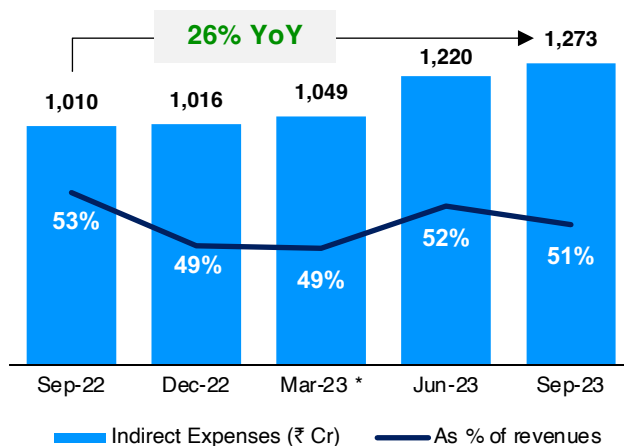
## Indirect expenses increase on investments in marketing, employees

For Q2 FY 2024, Indirect Expenses (excluding ESOP cost) has increased 26% YoY to ₹1,273 Cr. Indirect expenses (as a % of revenues), has declined to 51%, from 53% in Q2 FY 2023.

As we continue see opportunities to garner market share, and our profitability remains on track, we are choosing to invest in growth. We have increased our sales employees (cost of expanding platform), mainly for devices business. We expect indirect expenses as a percent of revenues to keep declining, despite investments in sales employees, marketing and select other areas.

### Indirect Expenses \*

(in ₹ Cr) (Qtr ending)



\* For like-for-like comparisons, Mar-23 revenue in the above chart (for calculating % of revenue) excludes ₹182 Cr UPI incentives received in that quarter

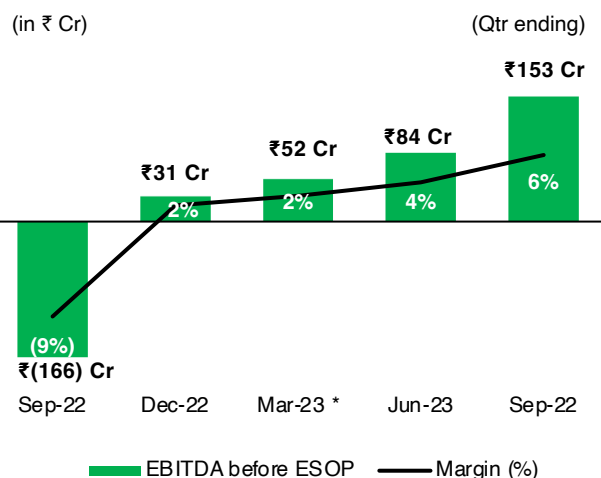
## Continuous improvement in EBITDA before ESOP; up 319 Cr YoY

We continue to see consistent improvement in profitability due to strong revenue growth, increasing contribution margin and operating leverage. In Q2 FY 2024, our EBITDA before ESOP was ₹153 Cr as compared to (₹166 Cr) in Q2 FY 2023.

EBITDA before ESOP margin for Q2 FY 2024 stands at 6%. This does not include any UPI incentives, since we record UPI incentives after government issues the gazette notification, which is typically in H2 of the financial year.

Net Income for Q2 FY 2024 was (₹292 Cr), an improvement of ₹280 Cr YoY.

### On back of platform leverage, EBITDA before ESOP has increased to ₹153 Cr



## Cash Balance

Our cash balance has increased to ₹8,754 Cr as of quarter ending September 2023, as compared to ₹8,367 Cr as of quarter ending June 2023. We have now added cash balances for three consecutive quarters, adjusted for ₹1,056 Cr of funds used for buyback (including buyback tax and other transaction costs) in Q3 and Q4 of FY 2023.

## Information regarding Changes in Significant Beneficial Ownership

During the quarter, we were informed by Antfin (Netherlands) Holding B.V. (“Antfin”), that their shareholding in the Company has reduced from 23.79% (June 30, 2023) to 9.90% (September 30, 2023) of the total equity share capital. Accordingly, no person affiliated with Antfin qualifies as a Significant Beneficial Owner (“SBO”) of the Company.

We were also informed that Resilient Asset Management B.V., an overseas entity 100% owned by Mr. Vijay Shekhar Sharma (Founder and CEO), holds 10.30% of the total equity share capital of the Company. Accordingly, Mr. Sharma is the only SBO of the Company, consequent to the change of shareholding. Mr. Sharma’s shareholding in Paytm (direct and indirect) as on September 30, 2023 stands at 19.42% of the total equity share capital.

\* For like-for-like comparisons, Mar-23 EBITDA before ESOP and revenue (for calculating % of revenue) in the above chart excludes ₹182 Cr UPI incentives received in that quarter

## **Update on Reserve Bank of India direction to Paytm Payments Services Limited (PPSL)**

During the quarter, PPSL continued to pursue the requisite approval from Government of India ('GoI') for past investment from One97 Communications Ltd. (OCL) into PPSL as per FDI Guidelines. As per RBI's letter dated Mar'23, PPSL can continue Online Payment Aggregation business, while it awaits approval from Government of India ('GoI').

This continues to have no material impact on our business and revenues, since the communication from RBI is applicable only to onboarding of new online merchants and we can continue to provide payment services to our existing online merchants.

## **Update on Reserve Bank of India direction to our associate company Paytm Payments Bank Limited (PPBL)**

During FY 2022, pursuant to a supervisory process, RBI directed PPBL to stop the onboarding of new customer's w.e.f. March 11, 2022. During FY 2023, RBI appointed an external auditor for conducting a comprehensive systems audit of the Bank. In October 2022, PPBL received the final report thereof from RBI outlining the need for continued strengthening of IT outsourcing processes and operational risk management, including KYC/AML at PPBL.

Pursuant to a supervisory engagement thereafter, RBI recommended remediating action steps to be taken by PPBL in a time bound manner. PPBL submitted the compliance to these instructions of RBI. Subsequently, RBI has levied a penalty amounting to ₹ 5.39 Cr on PPBL in respect of above vide RBI order dated October 12, 2023. Further supervisory engagement with RBI (in respect of restrictions imposed on on-boarding of new customers since March 11, 2022, and compliance with related remedial actions) is still in progress.

## Summary of Consolidated Financial Performance

| Particulars (in ₹ Cr)             | Quarter Ended         |                       |               |                       |            | Half Year Ended       |                       |               |
|-----------------------------------|-----------------------|-----------------------|---------------|-----------------------|------------|-----------------------|-----------------------|---------------|
|                                   | Sep-23<br>(Unaudited) | Sep-22<br>(Unaudited) | Y-o-Y         | Jun-23<br>(Unaudited) | Q-o-Q      | Sep-23<br>(Unaudited) | Sep-22<br>(Unaudited) | Y-o-Y         |
| Payments & Financial Services     | 2,071                 | 1,522                 | 36%           | 1,918                 | 8%         | 3,988                 | 2,868                 | 39%           |
| Payment Services to Consumers     | 579                   | 549                   | 5%            | 554                   | 5%         | 1,132                 | 1,068                 | 6%            |
| Payment Services to Merchants     | 921                   | 624                   | 47%           | 842                   | 9%         | 1,762                 | 1,181                 | 49%           |
| Financial Services and Others     | 571                   | 349                   | 64%           | 522                   | 9%         | 1,094                 | 619                   | 77%           |
| Commerce & Cloud Services         | 423                   | 377                   | 12%           | 405                   | 4%         | 828                   | 708                   | 17%           |
| Commerce                          | 163                   | 125                   | 31%           | 156                   | 4%         | 319                   | 263                   | 21%           |
| Cloud                             | 261                   | 252                   | 3%            | 249                   | 5%         | 510                   | 445                   | 15%           |
| Other Operating Revenue           | 24                    | 15                    | 63%           | 19                    | 30%        | 43                    | 17                    | 155%          |
| <b>Revenue from Operations</b>    | <b>2,519</b>          | <b>1,914</b>          | <b>32%</b>    | <b>2,342</b>          | <b>8%</b>  | <b>4,860</b>          | <b>3,594</b>          | <b>35%</b>    |
| Payment processing charges        | 817                   | 746                   | 10%           | 767                   | 7%         | 1,583                 | 1,440                 | 10%           |
| As % of GMV                       | 0.18%                 | 0.23%                 | (5) bps       | 0.19%                 | (1) bps    | 0.19%                 | 0.23%                 | (5) bps       |
| Promotional cashback & incentives | 73                    | 191                   | (62)%         | 85                    | (14)%      | 158                   | 334                   | (53)%         |
| Other Expenses                    | 203                   | 134                   | 51%           | 186                   | 9%         | 389                   | 251                   | 55%           |
| <b>Total Direct Expenses</b>      | <b>1,093</b>          | <b>1,071</b>          | <b>2%</b>     | <b>1,037</b>          | <b>5%</b>  | <b>2,130</b>          | <b>2,024</b>          | <b>5%</b>     |
| <b>Contribution Profit</b>        | <b>1,426</b>          | <b>843</b>            | <b>69%</b>    | <b>1,304</b>          | <b>9%</b>  | <b>2,730</b>          | <b>1,569</b>          | <b>74%</b>    |
| Contribution Margin %             | 57%                   | 44%                   | 1,257 bps     | 56%                   | 92 bps     | 56%                   | 44%                   | 1,252 bps     |
| <b>Indirect Expenses</b>          | <b>1,273</b>          | <b>1,010</b>          | <b>26%</b>    | <b>1,220</b>          | <b>4%</b>  | <b>2,493</b>          | <b>2,011</b>          | <b>24%</b>    |
| Marketing                         | 180                   | 137                   | 31%           | 181                   | 0%         | 361                   | 312                   | 16%           |
| Employee cost (Excl ESOPs)        | 807                   | 573                   | 41%           | 730                   | 11%        | 1,537                 | 1,126                 | 36%           |
| Software, cloud and data center   | 155                   | 173                   | (10)%         | 155                   | 0%         | 310                   | 335                   | (7)%          |
| Other indirect expenses           | 130                   | 127                   | 3%            | 155                   | (16)%      | 286                   | 238                   | 20%           |
| <b>EBITDA before ESOP expense</b> | <b>153</b>            | <b>(166)</b>          | <b>(193)%</b> | <b>84</b>             | <b>83%</b> | <b>237</b>            | <b>(441)</b>          | <b>(154)%</b> |
| Margin %                          | 6%                    | (9)%                  | 1,484 bps     | 4%                    | 250 bps    | 5%                    | (12)%                 | 1,715 bps     |

## Summary of Key Operational Metrics

| Operational KPIs                             | Units     | Quarter Ended |        |      |        |
|--|-----------|---------------|--------|------|--------|
|  |           | Sep-23        | Sep-22 | YoY  | Jun-23 |
| GMV  | ₹ Lakh Cr | 4.50          | 3.18   | 41%  | 4.05   |
| Merchant Transactions                        | Cr        | 912           | 575    | 59%  | 796    |
| Total Transactions                           | Cr        | 1,090         | 689    | 58%  | 963    |
| MTU (average over the period)                | Cr        | 9.5           | 8.0    | 19%  | 9.2    |
| Registered Merchants (end of period)         | Cr        | 3.75          | 2.95   | 27%  | 3.56   |
| Loans  | Cr        | 1.32          | 0.92   | 44%  | 1.28   |
| Value of Loans                               | ₹ Cr      | 16,211        | 7,313  | 122% | 14,845 |
| Payment Devices (cumulative; end of period)  | Lakh      | 92            | 48     | 91%  | 79     |
| Average number of Sales Employees*           | #         | 35,349        | 22,578 | 57%  | 30,148 |
| Cost of sales employees (including training) | ₹ Cr      | 247           | 172    | 44%  | 213    |

\* Note: Starting Q4 FY 2023, we started reporting our active Sales headcount. We have restated numbers for prior quarters for like-for-like comparison

## Indicative Performance Metrics for Loan Distribution (Sep 2023 quarter)

|  | Postpaid       | Personal Loans   | Merchant Loans |
|--|----------------|------------------|----------------|
| <b>Bounce Rates</b><br>Healthy bounce rates continued to be exhibited in Q4 for our lending partners   | 9.5% to 10.75% | 10.25% to 11.25% | NA             |
| <b>Bucket 1 Resolution %</b><br>Capacity building with scale; Postpaid, Personal loans and Merchant loan resolution hold steady with rapidly expanding book size | 82% to 84%     | 88% to 92%       | 78% to 83%     |
| <b>Recovery Rate Post 90+</b><br>Postpaid, Personal loans and Merchant loans continue to exhibit robust recovery rates   | 30% to 35%     | 27% to 29%       | 30% to 35%     |
| <b>ECL%</b><br>Steady loss rates on static pool in line with Low and Grow model of scaling   | 0.65% to 0.85% | 4.5% to 5.0%     | 4.75% to 5.25% |

Loans are underwritten and booked by our lending partners in their balance sheet. Paytm acts as a collection outsourcing partner and the numbers are hence indicative of those efforts

## Shares Outstanding and ESOP Pool as of Sep 2023

| As of Sep 2023                        | In Cr       |
|---------------------------------------|-------------|
| <b>Basic shares outstanding</b>       | <b>63.4</b> |
| ESOPs vested and unexercised          | 0.2         |
| ESOPs granted and unvested            | 4.0         |
| ESOPs available for distribution      | 0.3         |
| <b>Estimated fully diluted shares</b> | <b>67.9</b> |

## Reconciliation of EBITDA before ESOP with Loss for the period

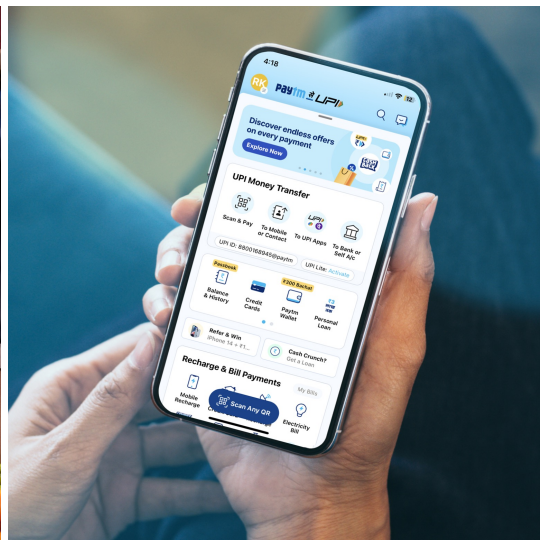
| Particulars (in ₹ Cr)                                       | Quarter Ended         |                       |               |                       |            | Half Year Ended       |                       |               |
|---|-----------------------|-----------------------|---------------|-----------------------|------------|-----------------------|-----------------------|---------------|
|   | Sep-23<br>(Unaudited) | Sep-22<br>(Unaudited) | Y-o-Y         | Jun-23<br>(Unaudited) | Q-o-Q      | Sep-23<br>(Unaudited) | Sep-22<br>(Unaudited) | Y-o-Y         |
| <b>EBITDA before share based payment expenses (A)</b>       | <b>153</b>            | <b>(166)</b>          | <b>(193)%</b> | <b>84</b>             | <b>83%</b> | <b>237</b>            | <b>(441)</b>          | <b>(154)%</b> |
| Share based payment expenses (B)                            | (385)                 | (371)                 | 4%            | (377)                 | 2%         | (761)                 | (730)                 | 4%            |
| Finance costs (C)   | (7)                   | (5)                   | 31%           | (7)                   | 4%         | (14)                  | (11)                  | 26%           |
| Depreciation and amortization expense (D)                   | (180)                 | (104)                 | 73%           | (159)                 | 13%        | (339)                 | (202)                 | 68%           |
| Other income (E)  | 144                   | 100                   | 45%           | 123                   | 17%        | 267                   | 202                   | 32%           |
| Share of profit / (loss) of associates / joint ventures (F) | 1                     | (9)                   | (110)%        | (18)                  | (105)%     | (17)                  | (15)                  | 13%           |
| Exceptional items (G)                                       | (6)                   | -                     | nm            | -                     | nm         | (6)                   | -                     | nm            |
| Income Tax expense (H)                                      | (13)                  | (15)                  | (13)%         | (4)                   | 189%       | (17)                  | (20)                  | (12)%         |
| Loss for the period/year (J=sum of A to H)                  | (292)                 | (571)                 | (49)%         | (358)                 | (19)%      | (650)                 | (1,217)               | (47)%         |

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

| Particulars (INR Cr)   | Sep-22       | Dec-22       | Mar-23       | Jun-23       | Sep-23       |
|--|--------------|--------------|--------------|--------------|--------------|
| Cash and Bank Balances in Current Accounts (Net of Borrowings)           | 1,399        | 1,953        | 2,737        | 1,678        | 1,831        |
| Deposits with banks  | 5,875        | 5,311        | 4,328        | 3,996        | 4,203        |
| Current Investments (Mutual Funds, Treasury bills and Commercial Papers) | 1,908        | 1,692        | 1,209        | 2,693        | 2,719        |
| <b>Total Balances</b>  | <b>9,182</b> | <b>8,957</b> | <b>8,275</b> | <b>8,367</b> | <b>8,754</b> |

## 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   |
| Net Payments Margin            | Payments revenues (including other operating revenue) less payments processing charges   |
| 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 & logistics, deployment & collection cost of our businesses |



# Pioneer of India's mobile payments

Paytm is India's leading mobile payments and financial services distribution company. Pioneer of the mobile QR payments revolution in India, Paytm builds technologies that help small businesses with payments and commerce. Paytm's mission is to serve half a billion Indians and bring them to main stream of economy with help of technology.

## Q2 FY 2024 Earnings Call Information

Paytm will hold its earnings conference call for shareholders, investors and analysts on **Saturday, October 21, 2023 from 11:00 A.M. to 12:00 NOON (IST)**, to discuss the financial results of the Company for the quarter ended September 30, 2023.

Please see below the mandatory pre-registration link for attending the earnings call [https://paytm.zoom.us/webinar/register/WN\\_Jw3MhTVvSCCNd4st0eIVHw](https://paytm.zoom.us/webinar/register/WN_Jw3MhTVvSCCNd4st0eIVHw)

The presentation, conference call recording and the transcript will be made available on the Company website subsequently. This disclosure is also hosted on the Company's website viz. [ir.paytm.com](http://ir.paytm.com)



## Notes and Disclaimers for Earnings Release

By reading this release you agree to be bound as follows:

This earnings release 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 earnings release 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 earnings release 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, summarized 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 earnings release 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 earnings release. We do not assume responsibility to publicly amend, modify or revise any information contained in this earnings release on the basis of any subsequent development, information or events, or otherwise. This earnings release 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 as on the date such 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 earnings release, if any, are correct or that any objectives specified herein will be achieved.

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

## Notes and Disclaimers for Earnings Release

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 earnings release 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 earnings release.

## Use of Operating Metrics

The operating metrics reported in this earnings release 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.

## Non-GAAP Financial Measures

In addition to our results determined in accordance with Ind AS, we believe the following Non-GAAP measures are useful to investors in evaluating our operating performance. We use the following Non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that Non-GAAP financial information, when taken collectively with financial measures prepared in accordance with Ind AS, may be helpful to investors because it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance. However, our management does not consider these Non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with Ind AS.

Non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with Ind AS. Non-GAAP financial information may be different from similarly-titled Non-GAAP measures used by other companies. The principal limitation of these Non-GAAP financial measures is that they exclude significant expenses and income that are required by IndAS to be recorded in our financial statements, as further detailed below. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these Non-GAAP financial measures. A reconciliation is provided below for each Non-GAAP financial measure to the most directly comparable financial measure prepared in accordance with Ind AS. Investors are encouraged to review the related Ind AS financial measures and the reconciliation of Non-GAAP financial measures to their most directly comparable Ind AS financial measures included below and to not rely on any single financial measure to evaluate our business.