



# Earnings Presentation

For quarter ending September 2023

**Paytm**

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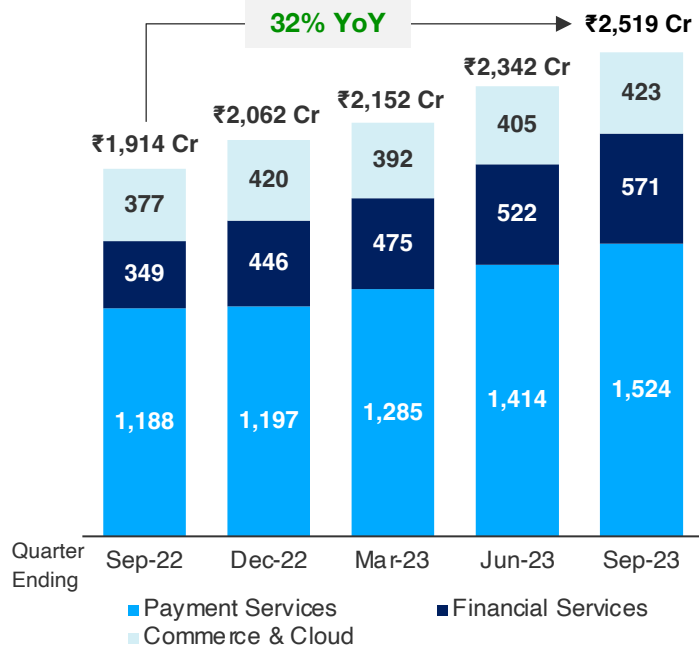
## Use of Operating Metrics

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.

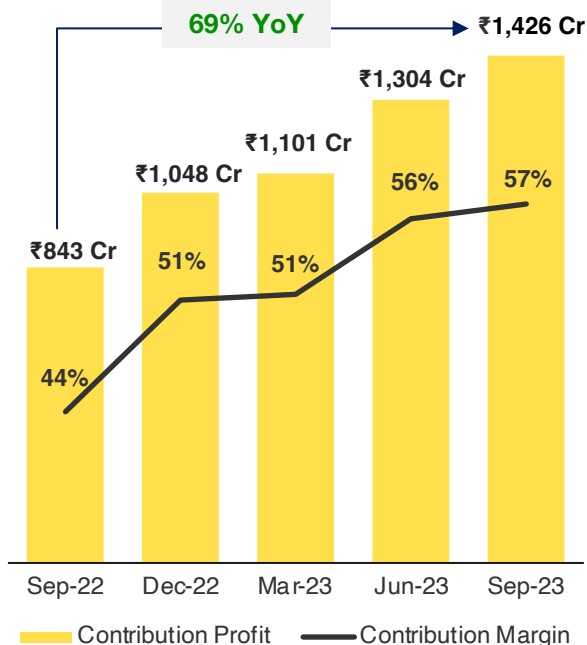
We have converted financial amounts from ₹ millions into ₹ Cr and hence there could be some totaling anomalies in the numbers.

# Revenue of ₹2,519 Cr in Q2 FY2024; ₹319 Cr YoY improvement in EBITDA Before ESOP to ₹153 Cr

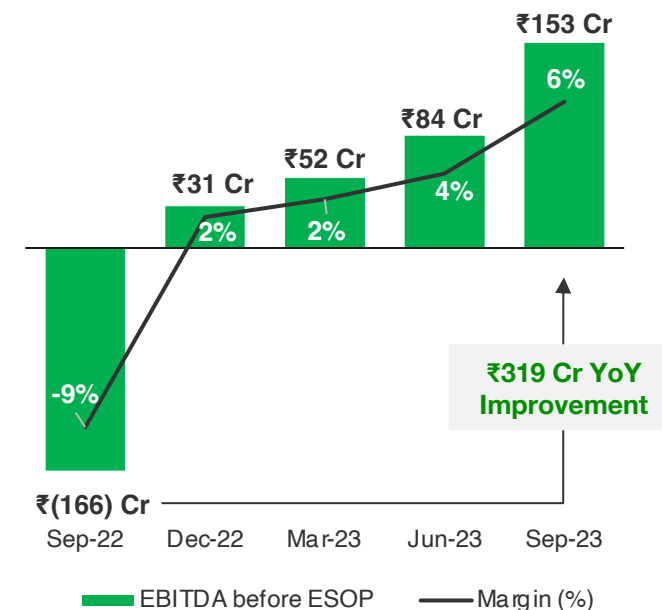
Revenue grew by 32% YoY  
Online sales in Q3 vs. Q2 last year



Contribution Profit grew by 69% YoY  
Contribution Margin at 57%



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



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

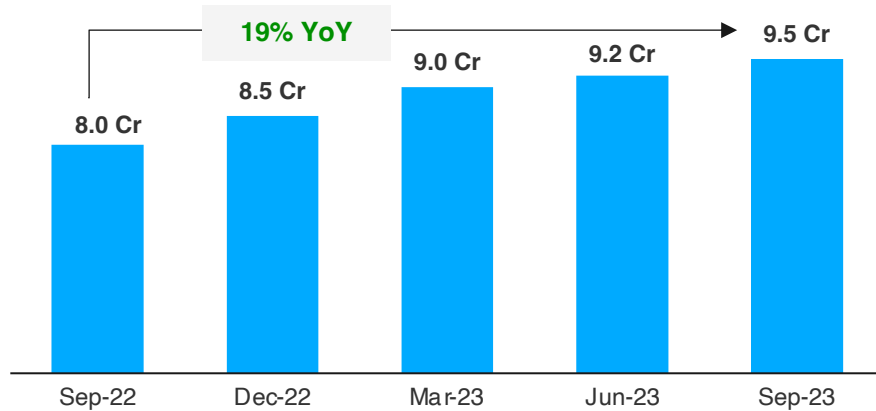


# Payments business profitability improving with scale; Net Payment Margin grew by 60% YoY to ₹707 Cr

## Average Monthly Transacting Users

(In Cr)

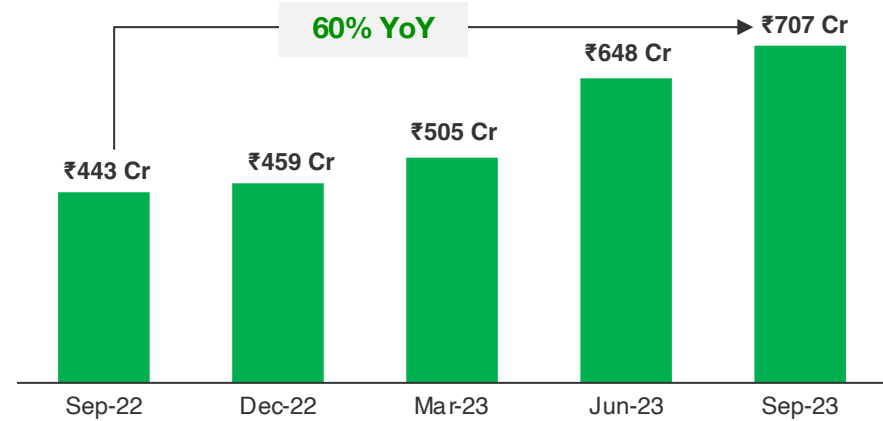
(Qtr ending)



## Net Payment Margin\*

(In ₹ Cr)

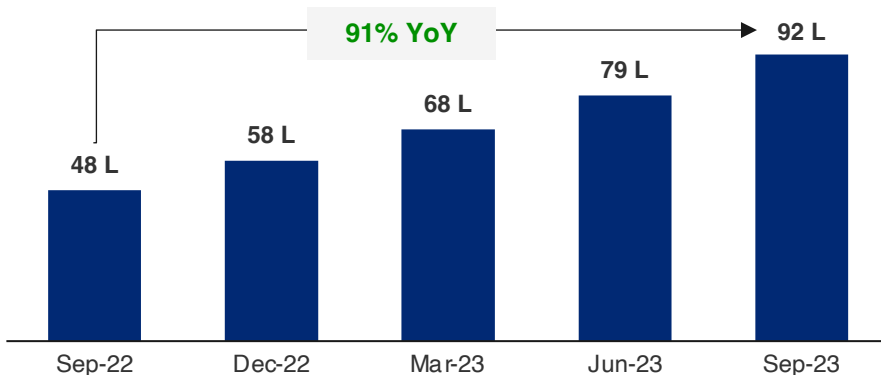
(Qtr ending)



## Merchant Subscriptions (including payment devices)

(In Lakhs)

(Qtr ending)



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

**Payment Processing Margin**= Gross fees charged to the merchant - amount paid to the issuer.

It is at the higher end of our 7 to 9 bps guidance, even without UPI incentives, due to

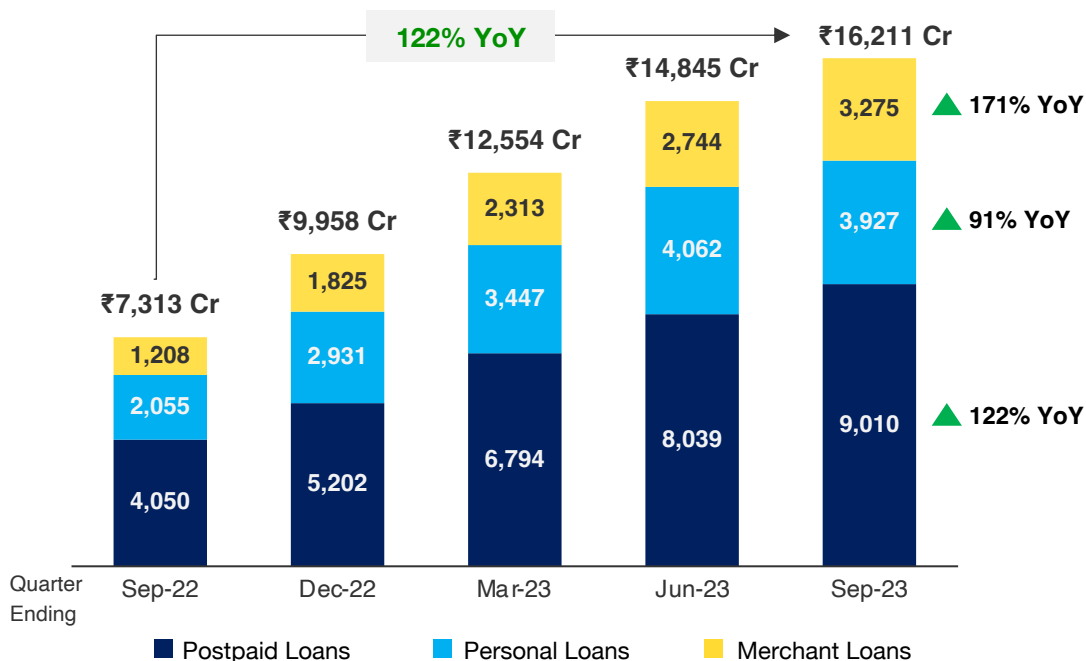
- a) Increase in GMV of non-UPI instruments like Postpaid, EMI and cards,
- b) Improvements in payment processing margin on these non-UPI instruments

**Subscription revenue:** Charges merchant pays for various monthly services including devices: 92 Lakh merchant subscription.

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

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

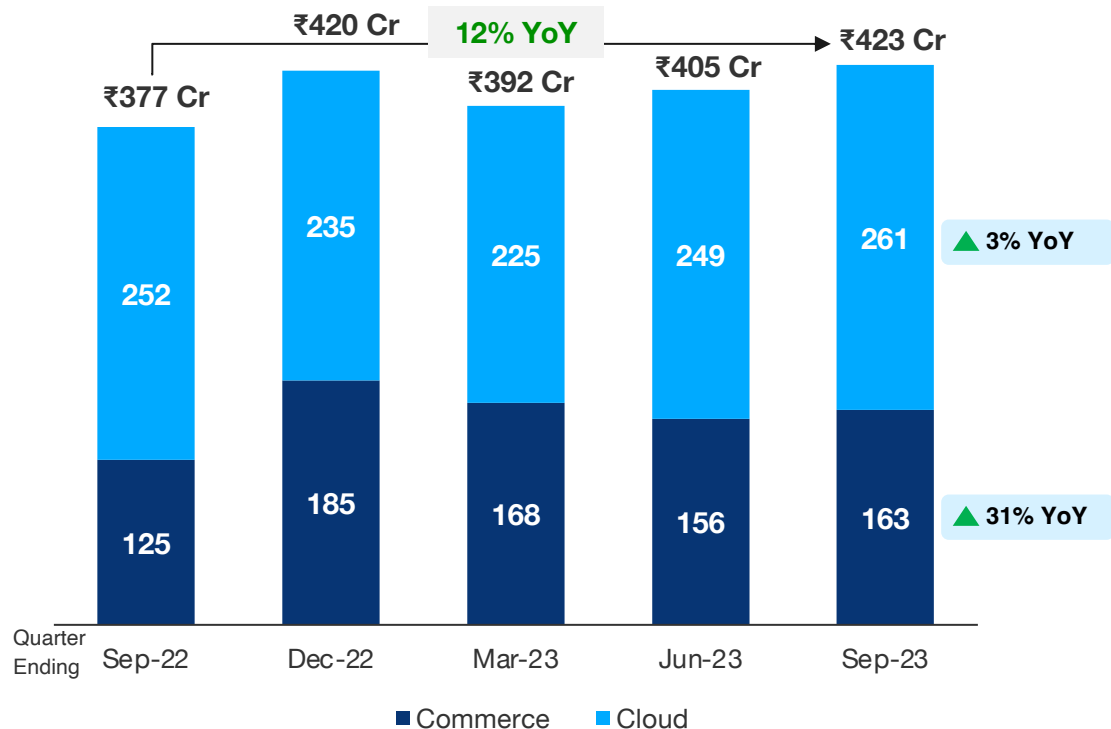
Value of loans distributed through Paytm platform



		Postpaid	Personal Loan	Merchant Loan
Penetration <sup>1</sup> as of Q2 FY 2024		4.5% of MTU	1.1% of MTU	6.4% 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	9.50% to 10.75%	10.25% to 11.25%	NA <sup>(2)</sup>
<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%	78% to 83%
<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%	30% to 35%
<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%	4.75% to 5.25%

<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 Q2 FY 2024; Merchant loans: Number of loans disbursed in last 12 months as % of devices deployed at end of Q2 FY 2024

# Majority of cloud business is now co-branded Credit Cards and advertising services



## Cloud

Cloud business includes advertising, co-branded credit cards, marketing cloud, and loyalty business.

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



## Commerce

Commerce business include travel, entertainment, movie ticketing and selling of deals and gift vouchers to consumers

- Commerce services GMV was ₹2,893 Cr, up 39% YoY. Take rates have remained in the guided 5-6% range



# Key Focus Areas

- 1. 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 and Card machines and other devices, backed by a large distribution and service network.
- 2. 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.
- 3. Farming of online merchants,** by offering wider choice of payment instruments and better success rates.
- 4. Enabling Commerce:** We are enabling merchants to offer deals on Paytm app which drives customer engagement, as well as consumer traffic to the merchants.



**paytm CARD**  
**Soundbox**

**paytm MUSIC**  
**Soundbox**



**paytm POCKET**  
**Soundbox**

# Annexure



# Revenue breakdown: Overall growth of 32% YoY

(in ₹ Cr)	Quarter Ended			Change		Half Year Ended		
	Sep-22	Jun-23	Sep-23	YoY	QoQ	Sep-22	Sep-23	Y-o-Y
Payments & Financial Services	1,522	1,918	2,071	36%	8%	2,868	3,988	39%
Payment Services to Consumers	549	554	579	5%	5%	1,068	1,132	6%
Payment Services to Merchants	624	842	921	47%	9%	1,181	1,762	49%
Financial Services and Others	349	522	571	64%	9%	619	1,094	77%
Commerce & Cloud Services	377	405	423	12%	4%	708	828	17%
Commerce	125	156	163	31%	4%	263	319	21%
Cloud	252	249	261	3%	5%	445	510	15%
Other Operating Revenue	15	19	24	63%	30%	17	43	155%
<b>Revenue from Operations</b>	<b>1,914</b>	<b>2,342</b>	<b>2,519</b>	<b>32%</b>	<b>8%</b>	<b>3,594</b>	<b>4,860</b>	<b>35%</b>

# Contribution Profit up by 69% YoY in Q2 FY 2024

(in ₹ Cr)	Quarter Ended			Change		Half Year Ended		
	Sep-22	Jun-23	Sep-23	YoY	QoQ	Sep-22	Sep-23	Y-o-Y
Revenue from Operations	1,914	2,342	2,519	32%	8%	3,594	4,860	35%
Payment processing charges	746	767	817	10%	7%	1,440	1,583	10%
As % of GMV	0.23%	0.19%	0.18%	(5) bps	(1) bps	0.23%	0.19%	(5) bps
Promotional cashback & incentives	191	85	73	(62)%	(14)%	334	158	(53)%
Other Expenses	134	186	203	51%	9%	251	389	55%
<b>Total Direct Expenses</b>	<b>1,071</b>	<b>1,037</b>	<b>1,093</b>	<b>2%</b>	<b>5%</b>	<b>2,024</b>	<b>2,130</b>	<b>5%</b>
<b>Contribution Profit</b>	<b>843</b>	<b>1,304</b>	<b>1,426</b>	<b>69%</b>	<b>9%</b>	<b>1,569</b>	<b>2,730</b>	<b>74%</b>
Contribution Margin %	44%	56%	57%	1,257 bps	92 bps	44%	56%	1,252 bps

# EBITDA before ESOP improved by ₹319 Cr YoY in Q2 FY 2024

(in ₹ Cr)	Quarter Ended			Change		Half Year Ended		
	Sep-22	Jun-23	Sep-23	YoY	QoQ	Sep-22	Sep-23	Y-o-Y
<b>Contribution Profit</b>	<b>843</b>	<b>1,304</b>	<b>1,426</b>	<b>69%</b>	<b>9%</b>	<b>1,569</b>	<b>2,730</b>	<b>74%</b>
<i>Contribution Margin %</i>	<i>44%</i>	<i>56%</i>	<i>57%</i>	<i>1,257 bps</i>	<i>92 bps</i>	<i>44%</i>	<i>56%</i>	<i>1,252 bps</i>
Marketing	137	181	180	31%	0%	312	361	16%
Employee cost (excl ESOPs)	573	730	807	41%	11%	1,126	1,537	36%
Software, cloud and data center	173	155	155	(10)%	0%	335	310	(7)%
Other indirect expenses	127	155	130	3%	(16)%	238	286	20%
<b>Total indirect expenses</b>	<b>1,010</b>	<b>1,220</b>	<b>1,273</b>	<b>26%</b>	<b>4%</b>	<b>2,011</b>	<b>2,493</b>	<b>24%</b>
<b>EBITDA before ESOP cost</b>	<b>(166)</b>	<b>84</b>	<b>153</b>	<b>(193)%</b>	<b>83%</b>	<b>(441)</b>	<b>237</b>	<b>(154)%</b>
<i>EBITDA before ESOP cost Margin %</i>	<i>(9)%</i>	<i>4%</i>	<i>6%</i>	<i>1,484 bps</i>	<i>250 bps</i>	<i>(12)%</i>	<i>5%</i>	<i>1,715 bps</i>

# Reconciliation of Non-GAAP Measures

EBITDA before ESOP cost

(in ₹ Cr)	Quarter Ended			Half Year Ended	
	Sep-22 (Unaudited)	Jun-22 (Unaudited)	Sep-23 (Unaudited)	Sep-22 (Unaudited)	Sep-23 (Unaudited)
EBITDA before ESOP cost (A)	(166)	84	153	(441)	237
ESOP cost (B)	(371)	(377)	(385)	(730)	(761)
Finance costs (C)	(5)	(7)	(7)	(11)	(14)
Depreciation and amortization expense (D)	(104)	(159)	(180)	(202)	(339)
Other income (E)	100	123	144	202	267
Share of profit / (loss) of associates / joint ventures (F)	(9)	(18)	1	(15)	(17)
Exceptional items (G)	-	-	(6)	-	(6)
Income Tax expense (H)	(15)	(4)	(13)	(20)	(17)
<b>Loss for the period (I=Sum of A to H)</b>	<b>(571)</b>	<b>(358)</b>	<b>(292)</b>	<b>(1,217)</b>	<b>(650)</b>

# Operational KPIs

(in ₹ Cr)	Units	Quarter Ended			Change	
		Sep-22	Jun-23	Sep-23	YoY	QoQ
GMV	₹ Lakh Cr	3.18	4.05	4.50	41%	11%
Merchant Transactions	Crore	575	796	912	59%	15%
Total Transactions	Crore	689	963	1,090	58%	13%
MTU (avg over the period)	Crore	8	9.2	9.5	19%	3%
Registered Merchants (end of period)	Crore	2.95	3.56	3.75	27%	5%
Number of Loans Disbursed	'000	0.92	1.28	1.32	44%	3%
Value of Loans	₹ Cr	7,313	14,845	16,211	122%	9%
Payment Devices (cumulative; end of period)	Lakh	48	79	92	91%	16%
Average number of Sales Employees*	#	22,578	30,148	35,349	57%	17%
Cost of sales employees (including training)	₹ Cr	172	213	247	44%	16%

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



# 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.

