Payment Services

Marketing Services

Deals & GV

Ticketing

Financial Services

Loan Distribution

Insurance Distribution

Equity Broking

Paytm

Earnings Release

Quarter ending Dec 2023

19 January 2024

Revenue up 38% YoY to ₹2,850 Cr; EBITDA before ESOP of ₹219 Cr, margin improved to 8%

Key Financial Highlights:

- Paytm reported revenue of ₹2,850 Cr, 38% YoY growth
- Contribution profit up 45% YoY to ₹1,520 Cr (margin of 53%, up 2 percentage point YoY)
- EBITDA before ESOP up ₹188 Cr YoY to ₹219 Cr (margin of 8%, up 6 percentage point YoY)
- Profit after tax (PAT) improved by ₹170 Cr YoY to (₹222 Cr)

Payment Business:

- Revenue from Payment services up 45% YoY to ₹1,730 Cr, partly boosted by timing of festive season
- Net payment margin is up 63% YoY to ₹748 Cr; GMV up 47% YoY to ₹5.1 Lakh Cr
- Payment processing margin (without UPI incentive in this quarter) is in the 7-9bps range
- Merchant paying subscription for devices has reached 1.06 Cr as of December 2023, an increase of 49 Lakh YoY

Financial Services Business:

- Revenue from financial services and others up 36% YoY to ₹607 Cr; take rate has improved QoQ
- Loan distribution was up 56% YoY to ₹15,535 Cr
- Expanding financial services through high ticket loans, insurance distribution and equity broking

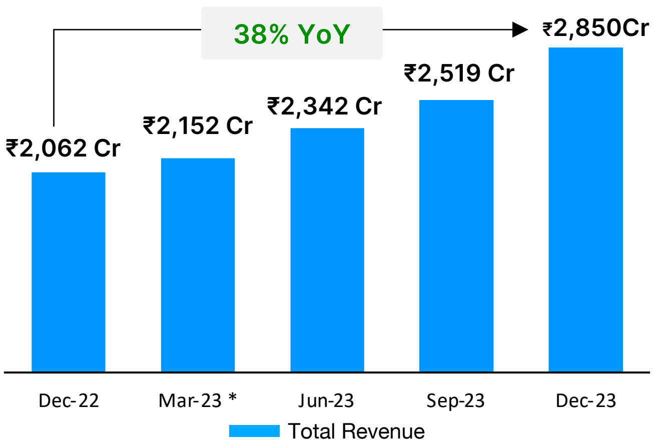
For Q3 FY 2024, Paytm reported 38% YoY revenue growth, due to accelerated GMV growth, higher device addition, and growth of financial services business. This was partly boosted by the timing of festive seasons (online sales for the festive season were in Q3, whereas in the previous financial year it was largely in Q2).

Net payment margin has gone up 63% YoY to ₹748 Cr due to increase in payment processing margin and increase in merchant subscription revenues. Payment Processing Margin is in the 7-9bps range (no UPI incentives booked during the quarter).

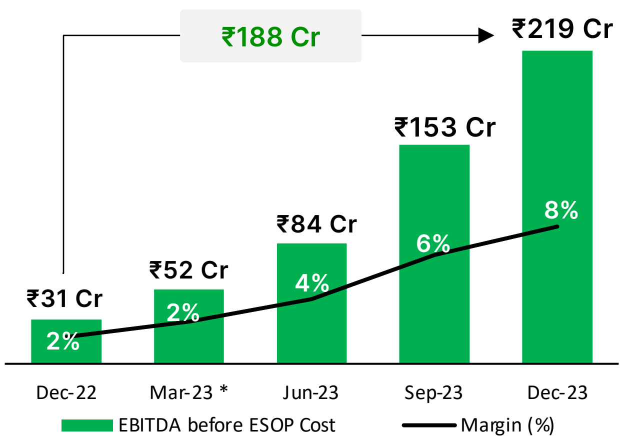
Financial services take rate has improved QoQ due to higher proportion of merchant loans and personal loans distribution (Postpaid loans reduced QoQ as communicated in the December 6, 2023 update) and increasing revenue from insurance distribution business. Average ticket size of merchant Loan and personal will continue to increase further as proportion of high ticket loans continue to increase.

Contribution profit increased 45% YoY to ₹1,520 Cr, due to growth in net payment margin and financial services business. On a QoQ basis, the contribution profits grew by 7%, but margin declined by 3 percentage points due to seasonal factors, such as higher promotions during festive season, higher proportion of events business and slightly lower payment processing margins (in bps), typically experienced during festive season. On back of growth and operating leverage, Q3 FY 2024 EBITDA before ESOP increased by ₹188 Cr YoY to ₹219 Cr and PAT increased by ₹170 Cr YoY to (₹222 Cr)

Strong revenue growth momentum



Continuous improvement in Profitability



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

Operational KPIs – Quarterly trends

	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	YoY %
Average MTU (Cr)	8.5	9.0	9.2	9.5	10.0	18%
Gross Merchandise Value (₹ Lakh Cr)	3.5	3.6	4.0	4.5	5.1	47%
Merchant Subscriptions (Lakh)	58	68	79	92	106	84%
Number of loans distributed (Lakh)	105	119	128	132	115	10%
Value of loans distributed (₹ Cr)	9,958	12,554	14,845	16,211	15,535	56%

Merchant payment network has large monetization opportunity

We continue to see strong demand from merchants for our mobile payment acceptance products due to innovative features, superior quality, and strong distribution and service network. In this quarter, our merchant subscriber network crossed 1 Cr benchmark and grew by 14 Lakh for the quarter. Strong device growth is also fueling growth in GMV, which helps us drive payment processing revenue.

We continue to be a leading player in merchant acquiring network. We see enhanced monetization opportunities, such as:

1) Subscription revenue,
2) MDR on payments including products on UPI rails like RuPay credit cards,
3) Government and RBI incentives such as UPI, and PIDF
4) Merchant lending, and
5) Marketing services to merchants.

Paytm All-in-One Soundbox

We are seeing an increasing trend of customers linking their RuPay credit cards to payment apps and using it to make payments on UPI QR code. Merchants can now accept credit card payments through UPI QR code. Such transactions generate revenue for the consumer payment apps, as well as for merchant acquirers. Considering Paytm's strength on both sides of the ecosystem, we are benefitting from this monetization opportunity.

Our large payment network also gives us opportunity to monetize our marketing services (erstwhile commerce and cloud). We are enabling merchants to offer advertising, deals and gift vouchers etc. on Paytm app which drives customer engagement, as well as consumer traffic to the merchants.

Our Average Monthly Transacting Users (MTU) for Q3 FY 2024 grew by 18% YoY to 10 Cr as Paytm app remains a preferred choice for customers, with its offering to pay for various use cases through comprehensive payment instruments, such as UPI (including RuPay credit card), Wallet, Cards etc.

Financial Services: Expanding distribution through High ticket loans, Insurance distribution and Equity broking

Loan distribution business: In Q3 FY 2024, across our three loan distribution offerings (Merchant Loans, Personal Loans, and Postpaid Loans), loans amounting to ₹15,535 Cr were distributed through the Paytm platforms, up 56% YoY. The amount is 4% lower from last quarter as we have and will continue to calibrate distribution of Postpaid loan on the back of the macro uncertainty and regulatory guidance which was communicated on December 6, 2023. According to feedback from our lending partners, asset quality of the loans distributed from our platform continues to remain steady.

Paytm's large and engaged consumer & merchant base continues to draw interest for lending partnership. Recently we have added one more lending partner and one credit card partner. We are in the process of integration with a couple of lending partners (Bank/NBFC) and one more credit card partner. We have now partnered with 8 NBFCs for our loan distribution business and 3 Banks for our credit card marketing business.

We are seeing good ramp-up in the high-ticket loan segment with a distribution of ₹490 Cr in the quarter. With more than 2 Cr whitelist customers, we expect acceleration in this business as we increase lending partners from 2 currently to at least 5-6 partners by Q1 FY 2025.

In addition to the existing loan distribution business, financial services distribution has two large opportunities that are now meaningful: 1) Insurance distribution and 2) Equity broking and MF distribution

Insurance distribution: We are building Insurance business by offering embedded insurance and DIY products to Paytm consumers. There is special focus in leveraging merchant ecosystem by offering them various business insurance solutions. Our platform offers contextually embedded products that have Data-driven personalization and best-in-class claims experience by deeper provider integrations.

Equity broking and MF distribution: Our equity broking and MF distribution continue to scale well with organic traffic from Paytm app. Our focus is on retention of trading customers by offering high quality trading platform and building MF distribution by leveraging SIPs.

Focus on AI led operating leverage

We are accelerating the adoption of AI as it allows us to deploy more features at a faster speed within the core tech and product functions. So far AI has delivered more than what we expected, and we expect our AI first approach will allow us to drive operating leverage across various functions, including business and operations.

Additionally, we see operating leverage in marketing costs even as we continue to grow our users and merchants. We do expect marketing spends to vary across the quarters due to seasonal factors such as IPL, festive season etc. As a result of these measures, we expect our indirect cost to grow at a slower pace in the coming quarters.

Key Metrics for the quarter ending Dec 2023 (Q3 FY 2024)

Revenue from Operations

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

₹2,850 Cr

▲ 38% YoY

Contribution Profit

Contribution margin increased to 53%, up 2 percent point YoY, due to increase in net payment margin and growth in financial services business

₹1,520 Cr

▲ 45% YoY

EBITDA before ESOP

Margin improved to 8%, an expansion of 6 percent points YoY, on back of growth and operating leverage

₹219 Cr

▲ ₹188 Cr YoY

Profit After Tax

Profit after tax has improved due to growth and operating profitability

(₹222 Cr)

▲ ₹170 Cr YoY

Merchant Subscription (including devices)

Our leadership in payment monetization continues. Added 49 Lakh and 14 Lakh new subscriptions in last year and quarter, respectively

1.06 Cr

▲ 49 Lakh YoY

Loans Distributed through Paytm

As of December 2023, our lending partners have distributed loans through our platform to 1.25 Cr unique Paytm consumers and merchants. Paytm active user and MTU base offers us tremendous upsell and lifecycle benefits across financial services

₹15,535 Cr

▲ 56% YoY

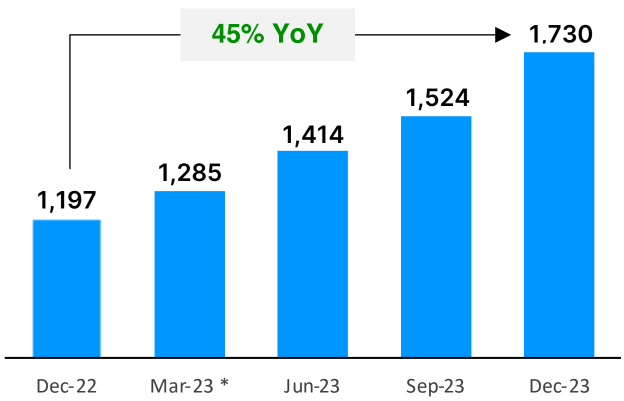
Financial Update for quarter ending December 2023 (Q3 FY 2024)

Payment Services: Payment business profitability continues to improve

Our payment business continues to scale, led by increase in GMV and higher subscription revenue. In Q3 FY 2024, payments revenue grew by 45% YoY to ₹1,730 Cr. Growth in GMV was partly boosted on account of timing of festive season as most of the online sales in this financial year were in Q3, whereas in the previous financial year they started in Q2. There are no UPI incentives booked during the quarter.

Payment Services Revenue

(in ₹ Cr) (Qtr ending)



Improved payments profitability

Payments profitability improved with net payment margin expanding 63% YoY to ₹748 Cr. Net payment margin is comprised of:

1. Payment Processing Margin:

In Q3 FY 2024, GMV grew 47% YoY to ₹5.10 Lakh Cr., aided by timing of festive season. Payment processing margins (in bps) are slightly lower sequentially because of festive season. It is in the range of 7 to 9 bps (even without UPI incentives) and has improved YoY due to:

a) Increase in GMV of non-UPI instruments like EMI and cards, and

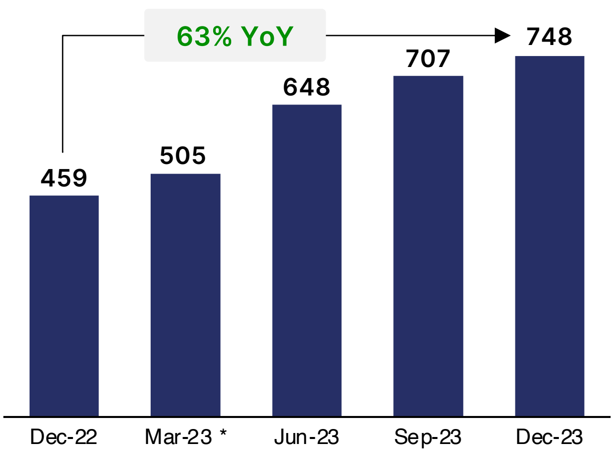
b) Improvements in payment processing margin on these non-UPI instruments.

2. Subscription revenues:

As of December 2023, merchant subscriptions were 1.06 Cr, increasing 49 Lakh YoY. In this quarter, we deployed 14 Lakh devices. We continue to earn ₹100 to ₹500 per month per device.

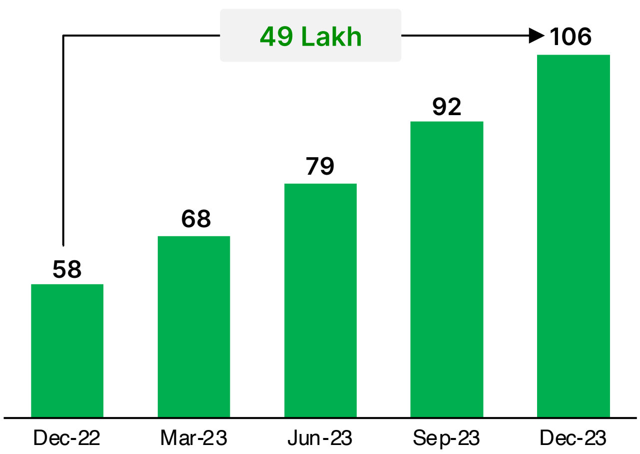
Net Payment Margin

(in ₹ Cr) (Qtr ending)



Merchant Subscriptions (including Devices)

(in Lakh) (Qtr ending)



* 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: Expanding distribution through High ticket loans, Insurance distribution and Equity broking

In Q3 FY 2024, revenue from financial services and others grew 36% YoY to ₹607 Cr. Financial Services take rate has increased QoQ due to higher contribution of merchant loan and personal loan distribution and higher revenue of Insurance business.

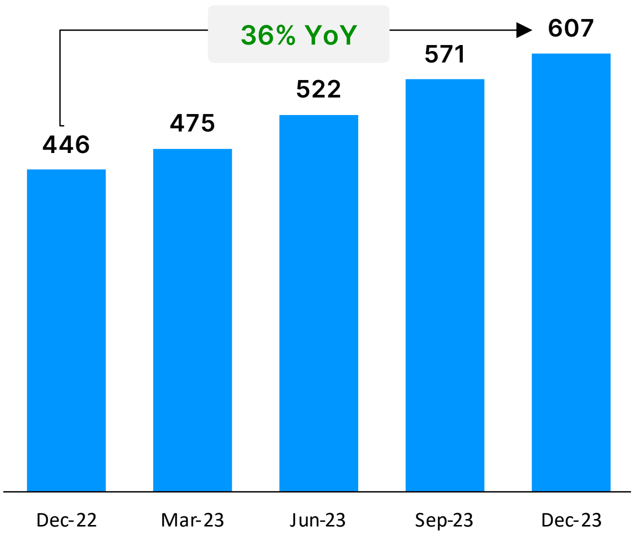
As continuation to our disclosure to the stock exchanges on December 6, 2023, we will continue to calibrate Postpaid further in Q4 FY 2024 and beyond on the back of continued macro uncertainty and regulatory guidance for less than ₹50k loans.

We are building Insurance business by offering embedded insurance and DIY products to Paytm consumers. There is special focus in leveraging merchant ecosystem by offering them various business insurance solutions. Our platform offers contextually embedded products that have Data-driven personalization and best-in-class claims experience by deeper provider integrations.

Our Equity broking and MF distribution business continue to scale well with organic traffic from Paytm app helping it grow with minimal marketing spends. Our focus is on retention of trading customers by offering high quality trading platform and significantly build MF distribution by leveraging SIPs.

Revenue: Financial Services and Others

(in ₹ Cr) (Qtr ending)



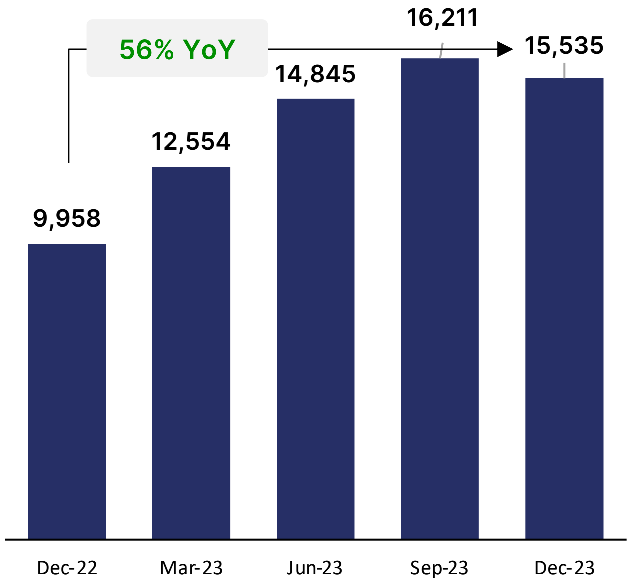
Loan Distribution

In Q3 FY 2024, the value of loans distributed through our platform has increased to ₹15,535 Cr, a growth of 56% YoY. Total number of unique users who have taken a loan through our platform has increased by 44 Lakh over last 1 year to 1.25 Cr. This growing loan distribution user and MTU base offers us tremendous upsell and lifecycle benefits across financial services.

We see a large opportunity in the high-ticket loan business, with over 20mn users already whitelisted. We piloted this product in Q2 FY 2024 and has scaled up this quarter as we distributed ₹490 Cr of loans. We expect it to accelerate further in coming quarters, as we onboard more lending partners. We are currently working with 2 lending partners for high ticket loans and we expect to add at least 3-4 more lending partners by Q1 FY 2025.

Value of Loans Distributed through Paytm

(in ₹ Cr) (Qtr ending)



# of Loans (Cr)

1.05	1.19	1.28	1.32	1.15

Merchant Loans

The value of Merchant Loans distributed grew 96% YoY to ₹3,579 Cr. Proportion of loans distributed to a subscription merchant remains greater than 85% this quarter. Our repeat rate (proportion of loans by value to merchants who have taken a loan before) remains at a healthy level of ~50%.

Average ticket size has increased to ₹200,000 from ₹150,000 a year back with average tenure of 13 months versus 12 months a year back.

Penetration[1] for Merchant Loans is at 6.1% of device merchants.

Personal Loans

The value of Personal Loans distributed grew 52% YoY to ₹4,460 Cr.

Average ticket size has increased to ₹168,000 from ₹120,000 a year back with average tenure increasing to 16 months versus 15 months a year back. We expect this to increase further as proportion of high ticket loans continue to increase. We will maintain marginal growth on ticket size less than ₹2 Lakh .

Penetration[1] for Personal loans is at 1.1% of MTU.

Postpaid Loans

The value of Postpaid Loans distributed grew 44% YoY, but was down 17% QoQ to ₹7,496 Cr as we have slowed down Postpaid loan distribution. This is achieved through risk calibration on both consumer and merchant side:

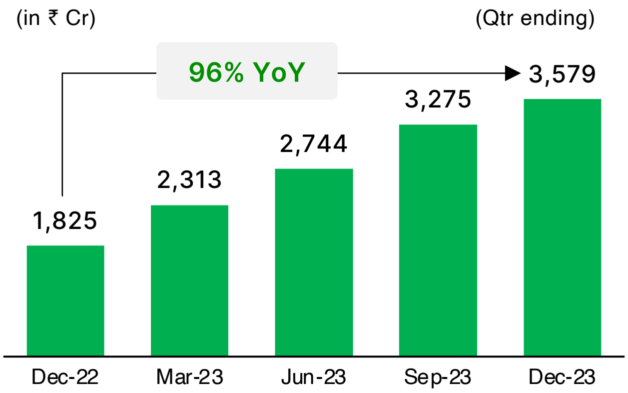
a) Consumers: We worked with the lenders to take a conservative view and cut on marginal cohorts. Accordingly, number of eligible users have been cut down by ~15%

b) Merchants: We calibrated Postpaid Loan usage with focus on consumption use cases

Combination of this has resulted in 50-60% lower Postpaid Loan distribution for the month of December, which will be further calibrated in Q4 FY 2024 and beyond as we will continue to watch for macro uncertainty and regulatory guidance on <₹50k loans.

Average ticket size of Postpaid loan is ~₹6,800. Penetration[1] for Postpaid is at 3.7% of MTU.

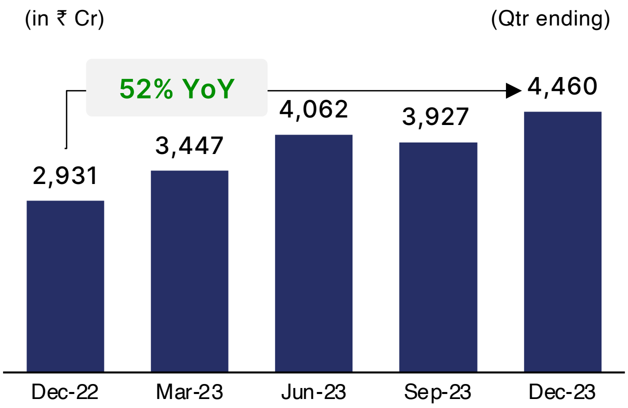
Value of Loans: Merchant Loans



# of Loans (Lakh)

Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
1.2	1.4	1.4	1.8	1.8

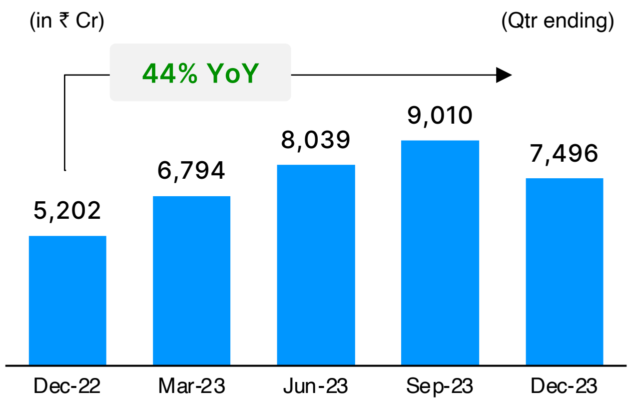
Value of Loans: Personal Loans



# of Loans (Lakh)

Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
2.4	2.7	3.0	2.3	2.5

Value of Loans: Postpaid



# of Loans (Cr)

Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
1.01	1.15	1.23	1.28	1.10

Note - The MDR from merchants on 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 Marketing Services revenues.

[1]Calculation of penetration

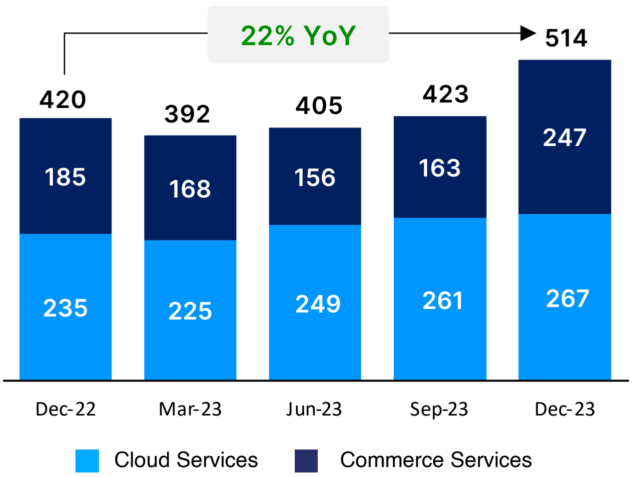
Postpaid: Avg monthly number of loans in a quarter as a % of that quarter's avg MTU; Personal Loans: Number of loans distributed in last 12 months as a % of avg MTU in Q3 FY 2024; Merchant loans: Number of loans distributed in last 12 months as % of devices deployed at end of Q3 FY 2024

Marketing Services (erstwhile Commerce & Cloud): Driving additional monetization from Merchants

In our Marketing Services (Commerce & Cloud) business, merchants are offered marketing services by leveraging Paytm consumer app traffic. Marketing Services primarily includes, ticketing (travel, movie, events etc.), advertising, credit card marketing, and deals and gift vouchers. In Q3 FY 2024, Marketing Services revenue grew by 22% YoY to ₹514 Cr.

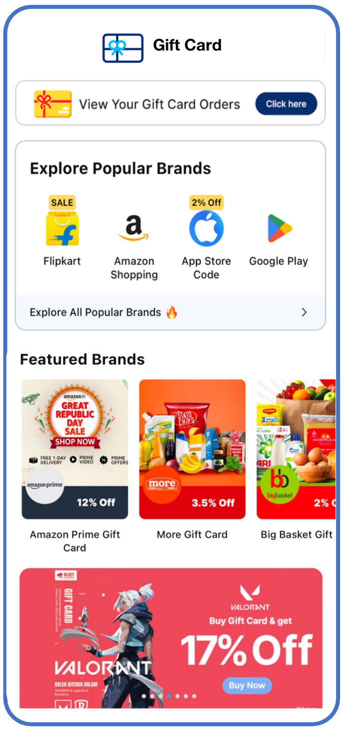
Revenue: Marketing Services

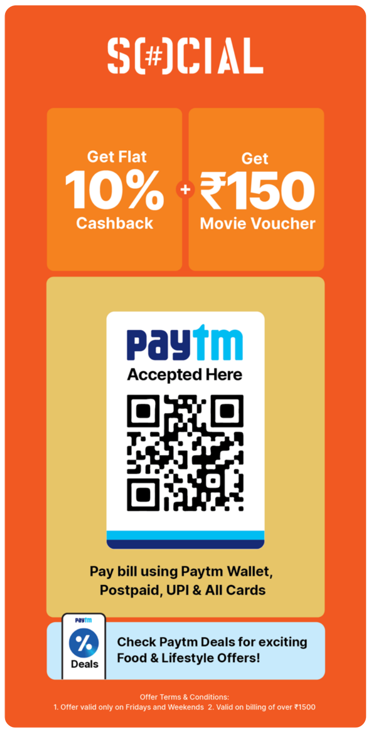
(in ₹ Cr) (Qtr ending)



- GMV for ticketing, deals and gift vouchers etc. (Commerce business) grew 48% YoY to ₹3,392 Cr, driven by increase in market share in travel and higher volumes in events business. Take rate for Q3 FY 2024 was above guided 5-6% range due to higher contribution of the events business which has higher take rate as well as high direct costs.
- Credit card marketing continue to scale with 10.1 Lakh activated credit cards as of December 2023 versus 4.5 Lakh last year.
- Advertisement business continue to grow with strong customer engagement.
- Marketing cloud has seen decline YoY, and now comprises less than 10% of our revenues from Marketing services, and less than 2% of our overall revenues.

We previously used to call this revenue breakup as Commerce and Cloud, but since a vast majority of revenues come from marketing services (as described above), and as the company does not provide cloud computing and data center services, we will henceforth call this revenue breakup as "Marketing Services".





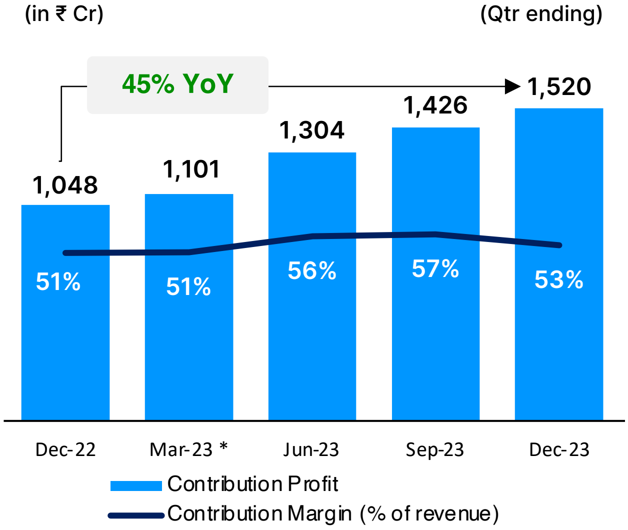
Contribution Profit growth led by net payments margin & financial services business

Our Q3 FY 2024 contribution profit of ₹1,520 Cr represents a growth of 45% YoY. Contribution margin improved to 53% from 51% a year ago. On a QoQ basis, the contribution profits grew by 7%, but margin declined by 3 percentage points due to seasonal factors such as higher promotions during festive season, higher mix of events business and slightly lower payment processing margins typically experienced during festive season. We expect contribution margins to remain stable in the mid-50s with some variations from quarter to quarter due to seasonality.

Payment processing charges were ₹982 Cr, up 33% YoY, while payment revenues grew 45% YoY.

Promotional cashbacks & incentives were up 17% YoY to ₹106 Cr, which is 2.1bps of GMV. Sequential increase was due to higher promotional activity during the festive season.

Contribution Profit



* 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

Other direct expenses were ₹242 Cr, 30% YoY increase on account of higher: a) collection costs due to the growth of lending business, b) volume growth of the events business, and c) direct costs relating to merchant subscription business. On a sequential basis, increase in other direct costs is mainly on account of increase in events business which has high take rate but also high direct costs.

Indirect Expenses: Focus on AI led efficiencies to drive operating leverage

For Q3 FY 2024, Indirect Expenses (excluding ESOP cost) has increased 28% YoY to ₹1,301 Cr. Indirect expenses (as a % of revenues), has declined to 46% in Q3 FY 2024 , from 49% in Q3 FY 2023 and 51% in Q2 FY 2024. While there can be quarterly volatility, we expect indirect expenses as a percent of revenues to continue declining over time, despite investment for growth.

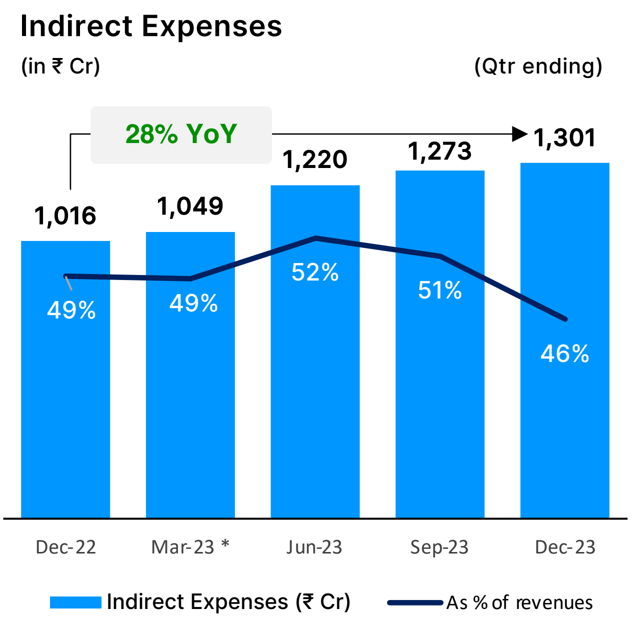
Marketing cost was ₹169 Cr, was up 24% YoY vs. 38% growth in revenue, demonstrating operating leverage. We see operating leverage in marketing costs even as we continue to grow our users and merchants. We do expect marketing spends to vary across the quarters due to seasonal factors such as IPL, festive season etc.

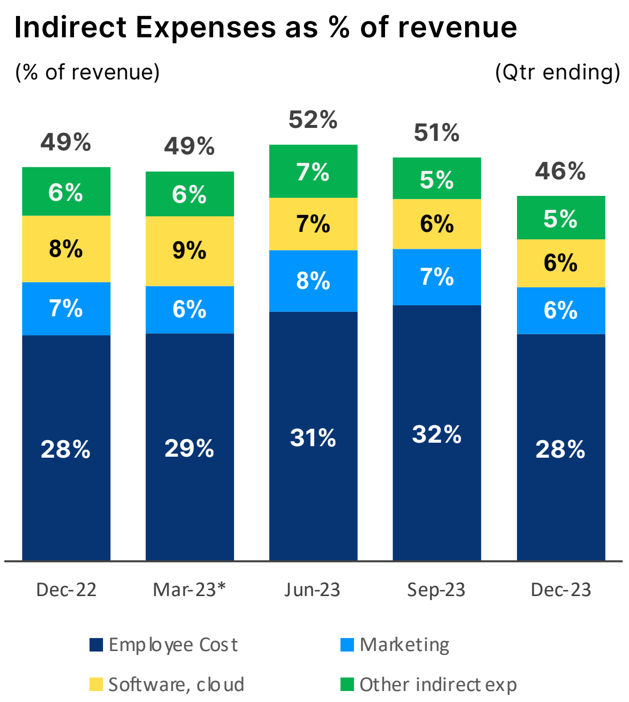
Employee cost (excluding ESOPs) was ₹809 Cr, up 39% YoY. Sales employee cost has gone up by 50% YoY as we have expanded our device deployment to 14 Lakh in Q3 FY 2024 versus 10 lakh in Q3 FY 2023. Other employee cost has gone up 34% YoY as we continue to build platform capabilities.

With AI delivering significant efficiencies by automating a large spectrum of workflows, we expect significant operating leverage from employee costs going forward.

Software cloud and data center cost was ₹170 Cr, flat YoY. This cost has gone from 8% of revenues a year ago to 6% in the most recent quarter, as a result of optimization of our cloud architecture and discipline on costs. We expect these costs to grow at a lower rate than the growth in payment volume and revenues.

Other indirect expenses, which mainly include G&A expenses, was ₹153 Cr, up 21% YoY. It has decreased to 5% of revenue versus 6% of revenue last year. This cost is largely a fixed cost and we expect growth to be lower than revenue growth.





* 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

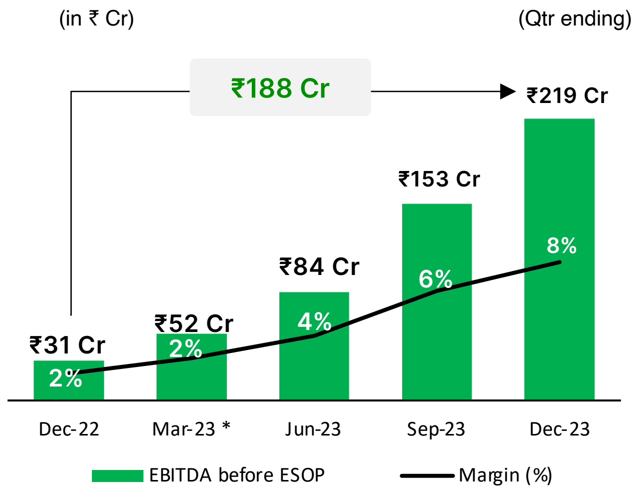
Continuous improvement in EBITDA before ESOP; up ₹188 Cr YoY to ₹219 Cr

We continue to see consistent improvement in profitability due to strong revenue growth, and operating leverage. In Q3 FY 2024, our EBITDA before ESOP was ₹219 Cr as compared to ₹31 Cr in Q3 FY 2023.

EBITDA before ESOP margin for Q3 FY 2024 stands at 8%, which is an improvement of 6 percent points. This does not include any UPI incentives, since we record UPI incentives after government issues the gazette notification.

Profit after tax for Q3 FY 2024 was (₹222 Cr), an improvement of ₹170 Cr YoY.

On back of operating leverage, EBITDA before ESOP has increased to ₹219 Cr



* 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

Cash Balance

Our cash balance has increased to ₹8,901 Cr as of quarter ending December 2023, as compared to ₹8,754 Cr as of quarter ending September 2023. The above includes Paytm Money Ltd (PML) customer funds of ₹319 Cr for September 2023 and ₹462 Cr for December 2023. For 9M FY 2024, we have added ₹626 Cr cash (₹382 Cr excluding PML customer funds), even without UPI incentive.

ESOP Cost and ESOP Pool Schedule

We had disclosed our ESOP cost forecasts in December 2022, for the ESOP which were granted till November 2022. That was an illustrative table with the assumption that no new ESOPs are issued, and no employees (who hold ESOPs) leave before their ESOPs are vested.

Since September 2022 and November 2022, the company has granted a net 0.73 Cr and 0.42 Cr additional ESOPs, respectively, which will result in some increase in future ESOP charges compared to the table provided previously. We will disclose updated ESOP charge schedule with end of year results. Below is the ESOP pool schedule as of September 30, 2022, and as of December 31, 2023

As of Dec 2023	In Cr
Basic shares outstanding	**63.5**
ESOPs vested and unexercised	0.2
ESOPs granted and unvested	4.0
ESOPs available for distribution	0.3
Estimated fully diluted shares	**67.9**

As of Sep 2022	In Cr
Basic shares outstanding	**64.9**
ESOPs vested and unexercised	0.3
ESOPs granted and unvested	3.2
ESOPs available for distribution	1.1
Estimated fully diluted shares	**69.5**

Investment in GIFT City to offer AI-driven cross border remittance, development centre for innovation

We will be investing ₹100 Cr in Gujarat International Finance Tec-City (GIFT City) to build a global financial ecosystem. We will make this investment over a period of time.

With GIFT city as an ideal innovation hub for cross-border activity, we will use its proven capability to innovate and build new tech for users across the globe looking to invest in India. As the pioneer of real-time payments and settlements in India, we will replicate its success to now reduce friction in cross-border remittances with faster and cost-effective solutions, driven by Artificial Intelligence.

Leveraging its leadership as a tech innovator, we will also set up a development centre in GIFT City to build the above solutions and provide a technology backbone. This centre will create jobs and house engineers to develop a suite of world-class financial products and services.

Summary of Consolidated Financial Performance

Particulars (in ₹ Cr)	Quarter Ended					Nine Months Ended		
	Dec-23 (Unaudited)	Dec-22 (Unaudited)	Y-o-Y	Sep-23 (Unaudited)	Q-o-Q	Dec-23 (Unaudited)	Dec-22 (Unaudited)	Y-o-Y
Payments & Financial Services	2,285	1,599	43%	2,071	10%	6,274	4,467	40%
Payment Services to Consumers	598	513	17%	579	3%	1,730	1,581	9%
Payment Services to Merchants	1,081	640	69%	921	17%	2,843	1,821	56%
Financial Services and Others	607	446	36%	571	6%	1,700	1,065	60%
Commerce & Cloud Services	514	420	22%	423	21%	1,343	1,128	19%
Commerce	247	185	34%	163	52%	566	448	26%
Cloud	267	235	14%	261	2%	777	680	14%
Other Operating Revenue	51	44	17%	24	109%	94	61	54%
Revenue from Operations	**2,850**	**2,062**	**38%**	**2,519**	**13%**	**7,711**	**5,656**	**36%**
Payment processing charges	982	738	33%	817	20%	2,566	2,177	18%
As % of GMV	0.19%	0.21%	(2)bps	0.18%	1 bps	0.19%	0.23%	(4)bps
Promotional cashback & incentives	106	91	17%	73	46%	264	425	(38)%
Other Expenses	242	186	30%	203	19%	631	437	44%
Total Direct Expenses	**1,331**	**1,015**	**31%**	**1,093**	**22%**	**3,461**	**3,039**	**14%**
Contribution Profit	**1,520**	**1,048**	**45%**	**1,426**	**7%**	**4,250**	**2,617**	**62%**
Contribution Margin %	53%	51%	252bps	57%	(330)bps	55%	46%	885bps
Indirect Expenses	**1,301**	**1,016**	**28%**	**1,273**	**2%**	**3,794**	**3,027**	**25%**
Marketing	169	136	24%	180	(6)%	529	447	18%
Employee cost (Excl ESOPs)	809	584	39%	807	0%	2,345	1,709	37%
Software, cloud and data center	170	171	0%	155	10%	481	506	(5)%
Other indirect expenses	153	126	21%	130	17%	439	364	20%
EBITDA before ESOP cost	**219**	**31**	**599%**	**153**	**43%**	**456**	**(410)**	**(211)%**
Margin %	8%	2%	616bps	6%	159bps	6%	(7)%	1,316bps

Summary of Key Operational Metrics

Operational KPIs	Units	Quarter Ended Dec-23	Dec-22	YoY	Sep-23
GMV	₹ Lakh Cr	5.10	3.46	47%	4.50
Merchant Transactions	Cr	999	628	59%	912
Total Transactions	Cr	1,185	763	55%	1,090
MTU (average over the period)	Cr	10.0	8.5	18%	9.5
Registered Merchants (end of period)	Cr	3.93	3.14	25%	3.75
Loans	Cr	1.15	1.05	10%	1.32
Value of Loans	₹ Cr	15,535	9,958	56%	16,211
Payment Devices (cumulative; end of period)	Lakh	106	58	84%	92
Average number of Sales Employees*	#	40,028	25,375	58%	35,349
Cost of sales employees (including training)	₹ Cr	267	178	50%	247

** 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 (Dec 2023 quarter)

	Merchant Loans	Personal Loans	Postpaid
Bounce Rates	NA	10% to 11%	9.5% to 10.75%
Bucket 1 Resolution %	78% to 83%	88% to 92%	82% to 84%
Recovery Rate Post 90+	30% to 35%	27% to 29%	30% to 35%
ECL%	4.75% to 5.25%	4.5% to 5.0%	0.65% to 0.85%

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

Reconciliation of EBITDA before ESOP with Loss for the period

Particulars (in ₹ Cr)	Quarter Ended					Nine Months Ended		
	Dec-23 (Unaudited)	Dec-22 (Unaudited)	Y-o-Y	Sep-23 (Unaudited)	Q-o-Q	Dec-23 (Unaudited)	Dec-22 (Unaudited)	Y-o-Y
EBITDA before share based payment expenses (A)	**219**	**31**	**599%**	**153**	**43%**	**456**	**(410)**	**(211)%**
Share based payment expenses (B)	(378)	(362)	*5%*	(385)	*(2)%*	(1,140)	(1,092)	*4%*
Finance costs (C)	(5)	(5)	*0%*	(7)	*(23)%*	(19)	(16)	*18%*
Depreciation and amortization expense (D)	(201)	(124)	*62%*	(180)	*12%*	(540)	(326)	*66%*
Other income (E)	149	78	*91%*	144	*3%*	415	280	*48%*
Share of profit / (loss) of associates /joint ventures (F)	(4)	5	*(176)%*	1	*(522)%*	(21)	(10)	*106%*
Exceptional items (G)	-	-	*nm*	(6)	*nm*	(6)	-	*nm*
Income Tax expense (H)	(1)	(15)	*(95)%*	(13)	*(94)%*	(18)	(34)	*(48)%*
Loss for the period/year (J=sum of A to H)	(222)	(392)	*(43)%*	(292)	*(24)%*	(872)	(1,609)	*(46)%*

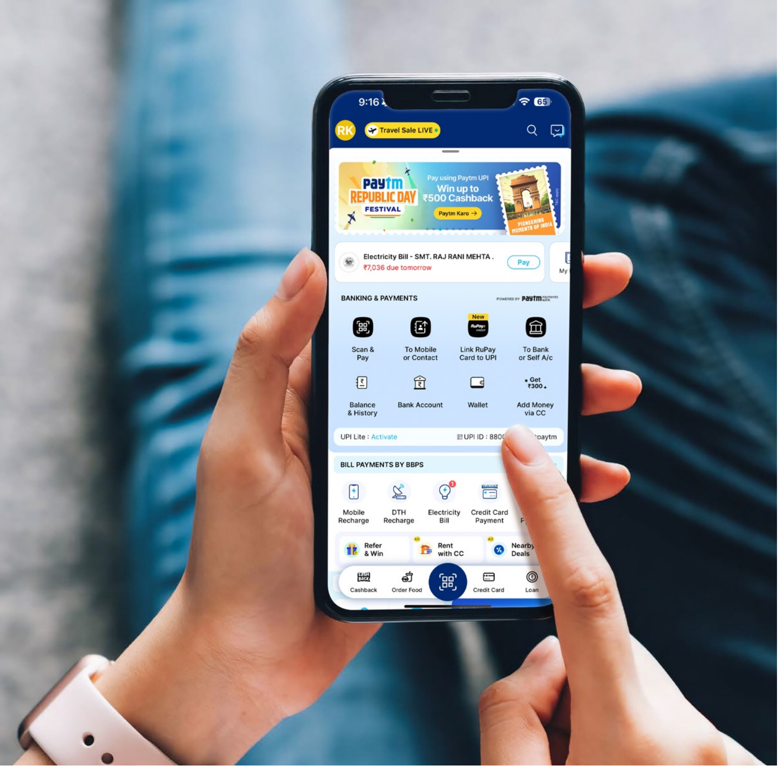
Breakup of available Cash and investable balance (Net Cash Balances)

Particulars (in ₹ Cr)	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Cash and Bank Balances in Current Accounts (Net of Borrowings)	1,953	2,737	1,678	1,831	1,873
Deposits with banks	5,311	4,328	3,996	4,203	4,443
Current Investments (Mutual Funds, Treasury bills and Commercial Papers)	1,692	1,209	2,693	2,719	2,584
Total Balances	**8,957**	**8,275***	**8,367**	**8,754**	**8,901**
Paytm Money Ltd (PML) customer funds	266	218	316	319	462
Total Balances (excluding PML funds)	**8,691**	**8,057**	**8,051**	**8,435**	**8,439**

* Note: Reduction in cash in March 2023 quarter was due to buyback in, which we purchased 1.41 Cr shares for which cash of ₹782 Cr was utilized

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
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 payment revolution

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.

Q3 FY 2024 Earnings Call Information

Paytm will hold its earnings conference call for shareholders, investors and analysts on **Saturday, January 20, 2024 from 10:00 A.M. to 11:00 A.M. (IST),**
to discuss financial results of the Company for the quarter ended December 31, 2023.

Please see below the mandatory pre-registration link for attending the earnings call
https://paytm.zoom.us/webinar/register/WN_-WFMISBWTmui1oyzsFiz_A

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

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.