



Earnings Presentation

Quarter Ending December 2021



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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.



To bring Half-a-Billion Indians to the Mainstream Economy through Technology-led Financial Services



Q3 FY 2022 in numbers

Revenue from
Operations

\$195 mn

+89% y-o-y

Driven by increase in processing merchant payments through MDR bearing instruments, disbursements of loans on platform and recovery of commerce business from covid impact

Contribution Profit

\$61 mn

+560% y-o-y

Contribution margin improved to 31.2% of revenue in Q3 FY 2022 from 8.9% in Q3 FY 2021

EBITDA
(Before ESOP cost)

(\$53) mn

+19% y-o-y

EBITDA improved from (\$65 mn) in Q3 FY 2021 (63% of revenues) and (\$57 mn) in Q2 FY 2022 (39% of revenues) to (\$53 mn) in Q3 FY 2022 (27% of revenues)

Total value of loans
disbursed through
Paytm

\$293 mn

+366% y-o-y

Over 4.4 million loans disbursed through platform in Q3 FY 2022 with 401% y-o-y growth

Merchant
Payments GMV

\$33.6 bn

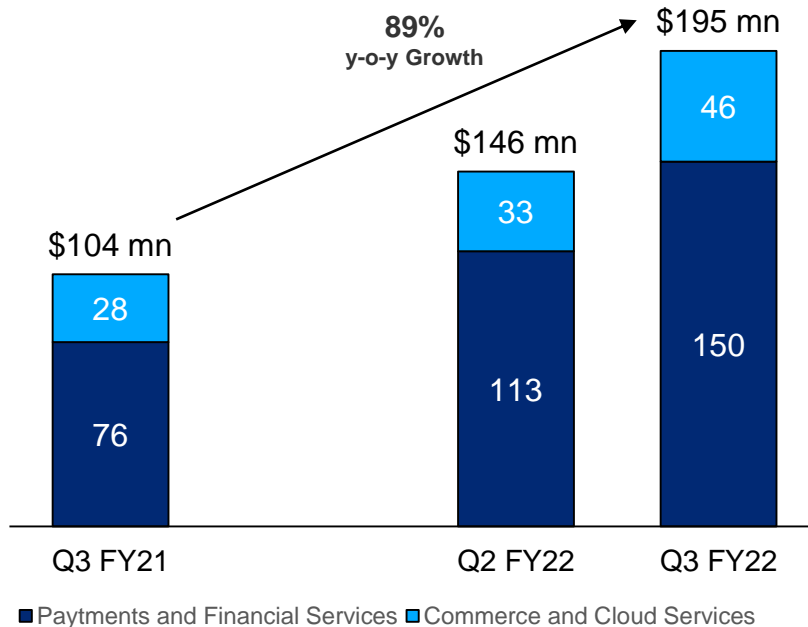
+123% y-o-y

Processing of merchant payments through all instruments (Paytm Wallet, Paytm bank account, other banks net banking, credit and debit cards, UPI)

Notes:

1. MDR bearing instruments are primarily Paytm Wallet, net banking and debit and credit cards
2. Exchange rate of USD 1 = INR 74.5

Continued momentum in Revenue growth, up 89% y-o-y



Payments and Financial services revenue grew by 98% y-o-y

- Driven by growth in GMV of MDR bearing instruments by 77%
- 366% increase in the total value of loans disbursed
- Increase in the device subscriptions, new large partnerships in our payment gateway business, and incentives from partner banks

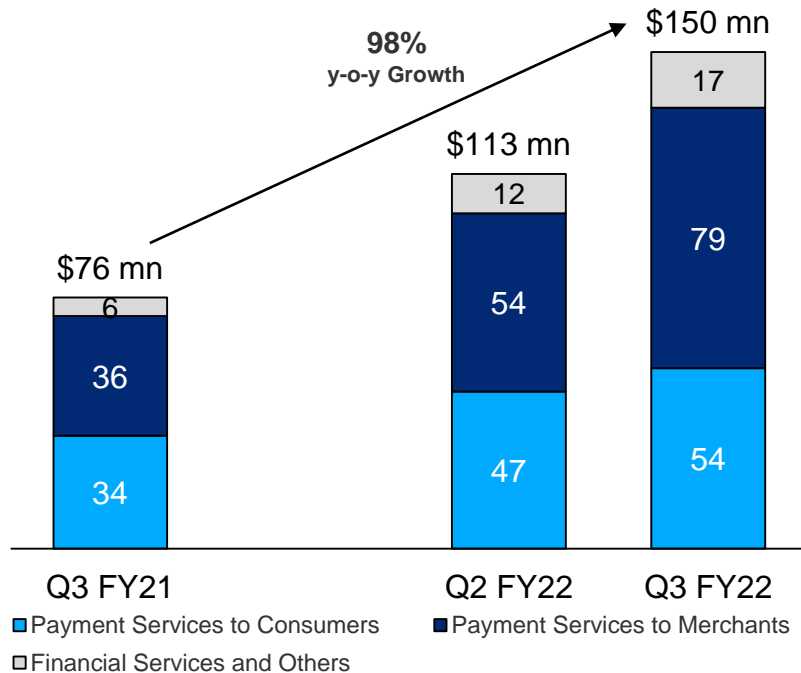
Commerce and Cloud services grew by 64% y-o-y

- Rapid ramp-up in advertising revenue
- Recovery in commerce businesses from covid

Notes:

1. MDR bearing instruments are primarily Paytm Wallet, net banking, debit and credit cards
2. Exchange rate of USD 1 = INR 74.5

Payments and Financial Services Revenue grew 98% y-o-y driven by MDR bearing instruments GMV growth



Notes:

1. Paytm Payment Instruments include Paytm Wallet, Paytm Bank account, Paytm Postpaid
2. MDR bearing instruments are primarily Paytm Wallet, net banking and debit and credit cards
3. MDR from Postpaid is included in Payment Services and not in Financial Services
4. Exchange rate of USD 1 = INR 74.5

Payment Services to Consumers

- Revenues at \$54 mn up 60% y-o-y, driven by growth in transaction volumes of our Paytm Payment Instruments and expansion of use-cases

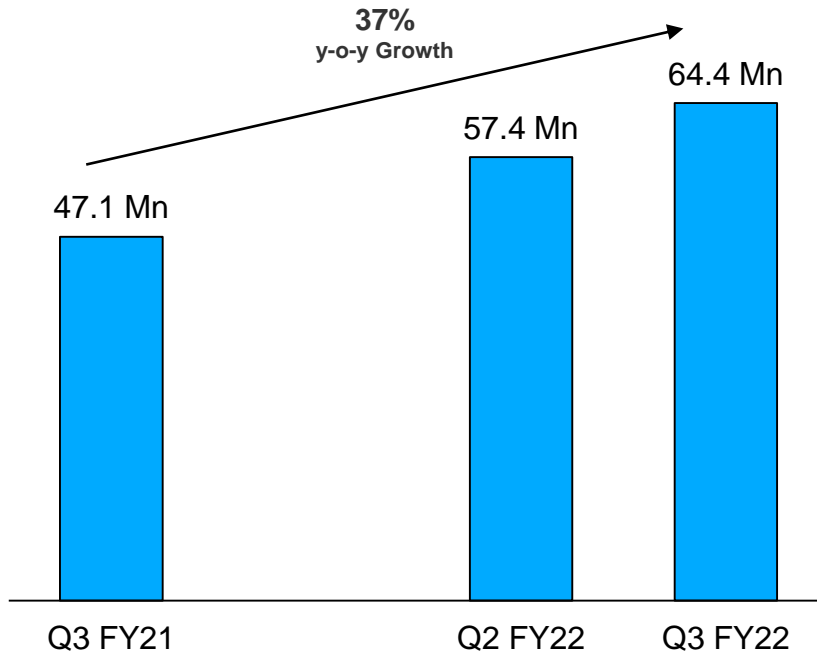
Payment Services to Merchants

- Revenue from Payment Services to Merchants was up 117% y-o-y to \$79 mn driven by MDR-bearing instruments
- GMV growth, new large partnerships in Payment Gateway services and growth in device subscriptions

Financial Services and Others

- Revenues at \$17 mn up 201%, primarily driven by 366% growth in the value of loans disbursed

Monthly Transacting Users grew 37% y-o-y

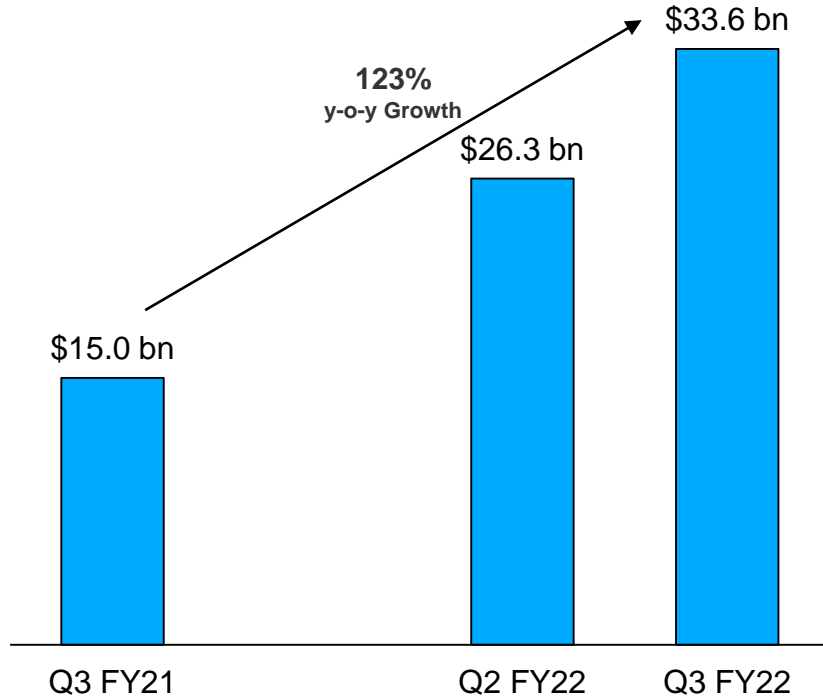


- Average MTUs up 17mn over the last 12 months, and 6mn in the last quarter
- The increase in MTU has been driven by both increase in new users acquisition as well as better retention of transacting users
- Our customers are showing greater retention and higher engagement (measured by average GMV and transactions per customer)

Notes:

1. Monthly Transacting Users are Unique users with at least one successful transaction in a particular calendar month. Quarterly figures are average for the period

Merchant payments GMV growth accelerated to 123% y-o-y in Q3 FY 22



- GMV from MDR bearing instruments grew 77% y-o-y in Q3 FY 2022
- GMV growth driven by increase in our online and offline merchant payments, increase in the user engagement, and impact of the festive season

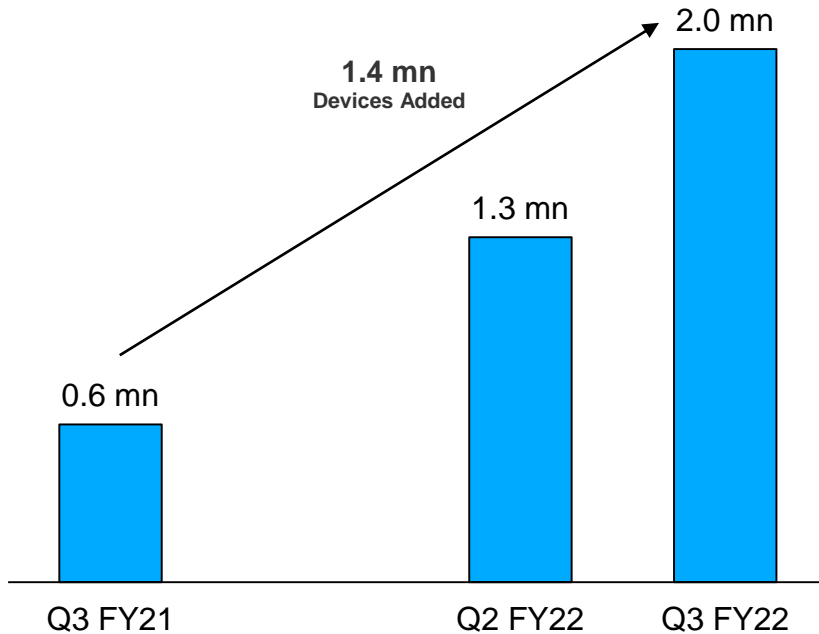
Notes:

1. MDR bearing instruments: Paytm Wallet, net banking and cards

2. Gross Merchandise Value (GMV) is defined as 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

3. Exchange rate of USD 1 = INR 74.5

Accelerated growth in the device subscriptions, 1.4 mn new device subscriptions in the last 12 months

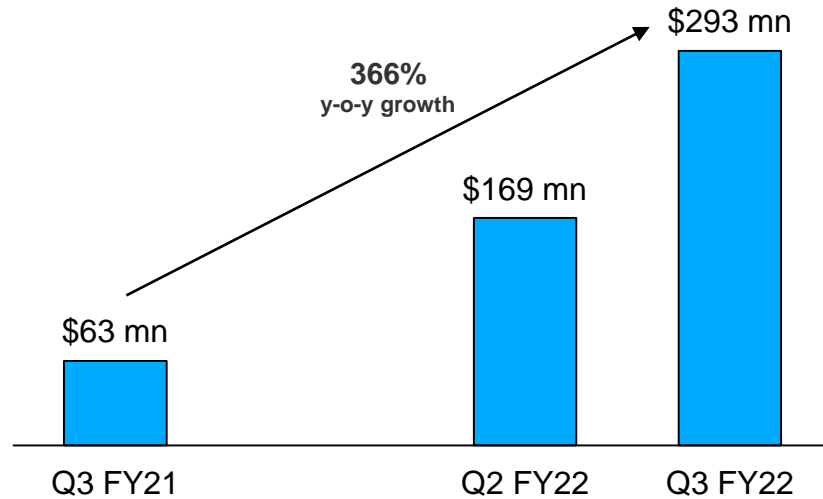


- 1.4 mn device subscriptions in the last 12 months, and 0.7 mn in the last quarter alone
- Growth in EDC device subscriptions driven by new bank partnerships, brand integrations in EMI and festive season sales
- Made in India Soundbox launched

Notes:

1. Total number of Paytm POS devices and Soundbox deployed at our in-store merchants

Value of loans disbursed through Paytm reached \$1.2 bn annualised in Dec-21



Number of Loans ('000)

Quarter	Number of Loans ('000)
Q3 FY 21	881
Q2 FY 22	2,841
Q3 FY 22	4,414

Notes:

1. Sum of Personal Loans, Merchant Loans and Postpaid Loans disbursed by our financial institution partners
2. Exchange rate of USD 1 = INR 74.5

Performance

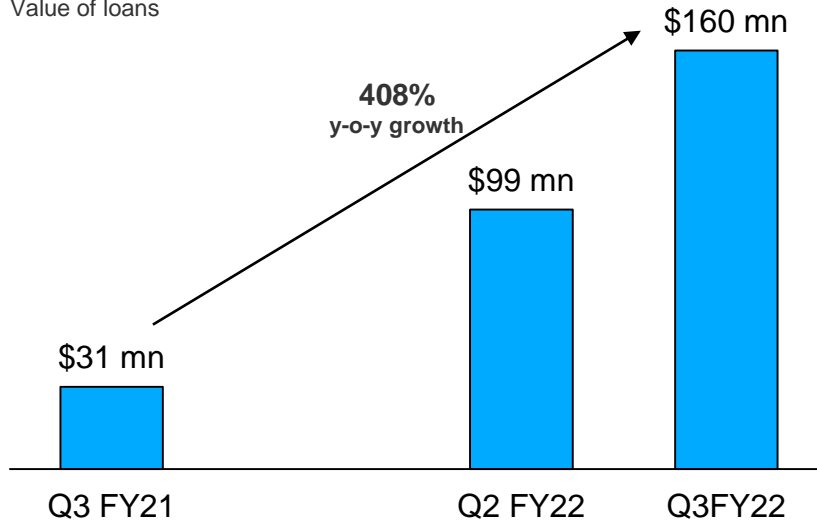
- 401% growth y-o-y in number of loans disbursed in Q2 FY 2022
- 366% growth y-o-y in value of loans disbursed

Highlights

- Fully digital journey for all products
- Tier 1 partners only: expanded partnerships to 8 banks and NBFCs

Paytm Postpaid: over 30% of month on month new sign ups are NTC users

Value of loans



Number of Loans ('000)

Quarter	Number of Loans ('000)
Q3 FY21	851
Q2 FY22	2,790
Q3 FY22	4,320

Performance

- 407% growth y-o-y in number of loans disbursed in Q3 FY 2022
- 408% growth y-o-y in value of loans disbursed

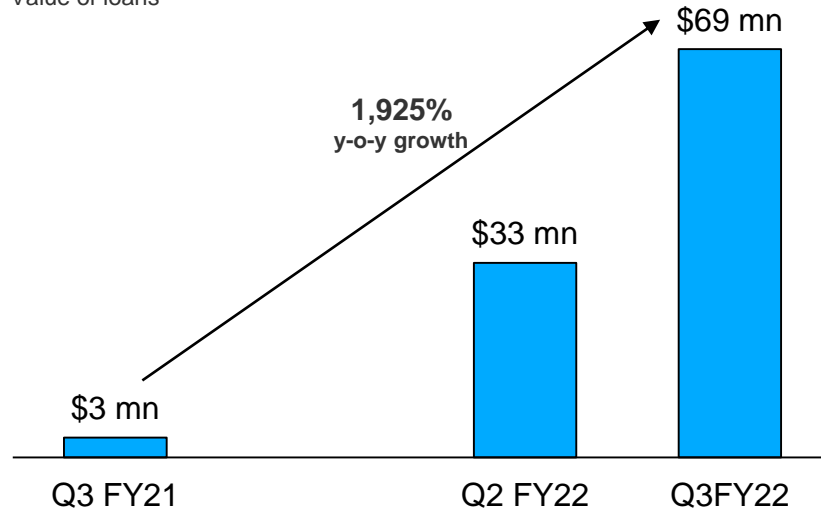
Highlights

- Strong growth in the new user sign ups; and the user base has now crossed 3 Mn
- Over 30% of month on month new sign ups are NTC users
- Merchant acceptance continues to grow: accepted at over 3.5 mn Online and Offline merchants now

Notes:
1. Exchange rate of USD 1 = INR 74.5

Personal Loans: Over 50% of loans disbursed to existing Postpaid users

Value of loans



Performance

- 1,187% growth y-o-y in number of loans disbursed in Q3 FY 2022
- 1,925% growth y-o-y in value of loans disbursed

Highlights

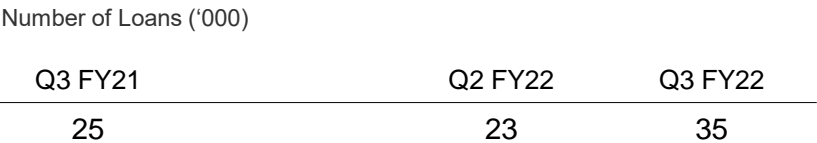
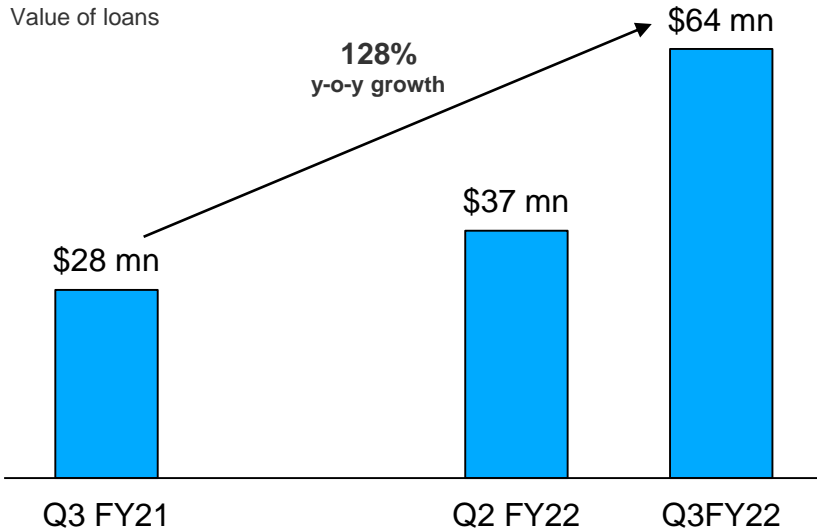
- Over 50% of loans disbursed to existing Postpaid users
- Average ticket size ranging from \$1,000 to \$1,200 with an average tenure of 12-14 months

Number of Loans ('000)



Notes:
1. Exchange rate of USD 1 = INR 74.5

Merchant Loans have healthy ticket size and repeat rates



Notes:
1. Exchange rate of USD 1 = INR 74.5

Performance

- 38% growth y-o-y in number of loans disbursed in Q3 FY 2022
- 128% growth y-o-y in value of loans disbursed

Highlights

- Over 25% of loans disbursed to NTC borrowers
- Average ticket size continues to increase with scale, now at \$1,600 to \$1,900 with an average tenure of 12-14 months
- Repeat loans see healthy take up with 25% merchants having taken loan more than once

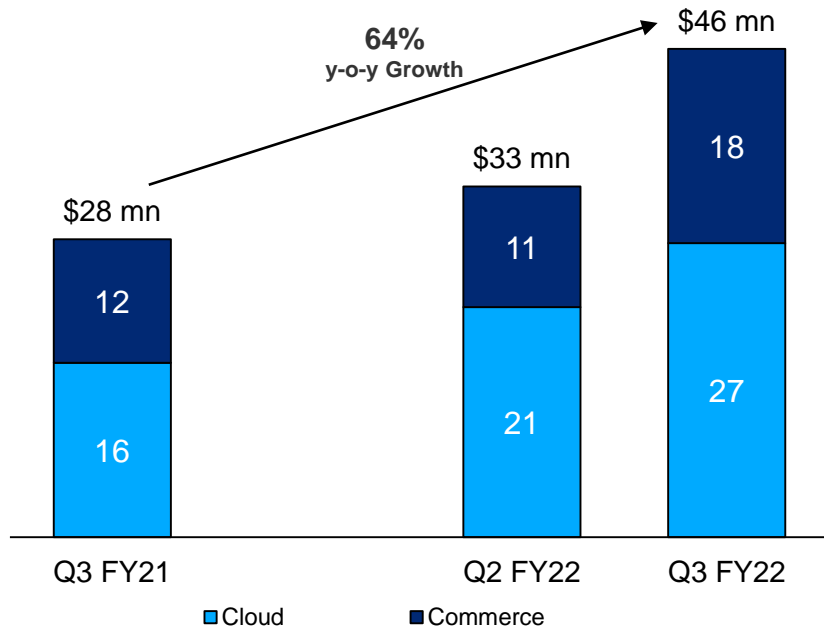
Partners Portfolio Performance⁽¹⁾ & Initiatives

		Postpaid	Personal Loan	Merchant Loan
<p>All 3 products augmented through Paytm data and advance machine learning models</p> <p>Continuous co-creation of risk models with our lending partners – helping scale and risk based pricing</p>	Bounce Rates	11.0% to 13.0%	10.5% to 12.5%	NA ⁽²⁾
<p>Own collection technology platform aiding digital collections, better efficiency at lower operating expenses</p>	Bucket 1 Resolution %	82% to 85%	88% to 91%	84% to 87%
<p>Capacity enhancement increasing with scale: increasing employees and have over 50 tie ups with on ground collection partners</p>	Recovery Rate Post 90+	25% to 27%	27% to 29%	31% to 33%
<p>Calibrated approach of “Low and Grow” model of scaling - helping control credit cost</p>	ECL%	1.1% to 1.3%	4.5% to 5.0%	5.0% to 5.5%

Notes:

- Loans are underwritten and booked by our lending partners (NBFC's and Banks) in their balance sheet. Paytm acts as a collection outsourcing partner and the numbers are hence indicative of those efforts
- Being a daily EMI product, monthly bounce rate is not applicable

Commerce and Cloud Services Revenue grew 64% y-o-y with continued recovery in Commerce



- Cloud: Revenues at \$27 mn up 69% y-o-y, primarily due to strong growth in the revenue from advertising, PAI Cloud and credit cards
- Commerce: Continued recovery in ticketing revenues and increased spending during festive season led to growth in commerce revenue

Notes:
 1. Commerce and Cloud revenue includes revenue from credit cards
 2. Exchange rate of USD 1 = INR 74.5

Contribution Profit grew by 560% y-o-y

(in \$ mn)	Quarter Ended			Change	
	Dec-20	Sep-21	Dec-21	Y-o-Y	Q-o-Q
Revenue from Operations	103.6	145.8	195.4	89%	34%
Payment processing charges	69.5	89.9	105.1	51%	17%
<i>As % of GMV</i>	<i>0.46%</i>	<i>0.34%</i>	<i>0.31%</i>	(15 bps)	(3 bps)
Promotional cashback & incentives	14.8	11.2	15.7	6%	40%
Other Expenses	10.1	9,7	13.8	36%	42%
Total Direct Expenses	94.4	110.8	134.6	43%	21%
Contribution Profit	9.2	35.0	60.9	560%	74%
<i>Contribution Margin %</i>	<i>8.9%</i>	<i>24.0%</i>	<i>31.2%</i>	2,226 bps	716 bps

Payment processing charges reduced to 0.31% of GMV in Q3 FY 2022 from 0.46% in Q3 FY 2021 through optimization of our transaction routing, improvements in transaction rates and increase in UPI share in instrument mix

Promotional cashback & incentives down from 14.2% of Revenues in Q3 FY 2021 to 8.0% in Q3 FY 2022 as we were able to grow our customer engagement at a lower cost

Strong growth in contribution driven by (a) margin improvement in payments (b) increase in share of high margins offerings such as lending, commerce and advertising

Notes:
1. Exchange rate of USD 1 = INR 74.5

EBITDA (before ESOP cost) improved by 19% y-o-y

(in \$ mn)	Quarter Ended			Change	
	Dec-20	Sep-21	Dec-21	Y-o-Y	Q-o-Q
Contribution Profit	9.2	35.0	60.9	560%	74%
<i>Contribution Margin %</i>	8.9%	24.0%	31.2%	2,226 bps	716 bps
Marketing	13.7	13.7	22.3	64%	63%
Employee cost (excl ESOPs)	39.7	49.3	59.3	49%	20%
Software, cloud and data center	12.8	15.2	17.5	37%	15%
Other indirect expenses	8.6	13.9	14.5	70%	4%
Indirect Expenses	74.7	92.1	113.6	52%	23%
<i>Indirect Expenses as % of Revenue</i>	72.0%	63.2%	58.1%	(1,391 bps)	(888 bps)
EBITDA (Before ESOP cost)	(65.4)	(57.1)	(52.7)	19%	8%
<i>EBITDA (Before ESOP cost) Margin %</i>	(63.1%)	(39.2%)	(27.0%)	3,617 bps	1,219 bps

Our marketing cost as % of revenue down from 13% in Q3 FY 2021 to 11% in Q3 FY 2022 despite our investments in sponsorship and marketing campaigns during cricket sporting events and growth in user base

Indirect expenses as % of revenue down from 72% in Q3 FY 2021 to 58% in Q3 FY 2022 driven by strong growth in our revenues and optimization of expenses with scale. We continue to invest in our sales teams for merchant acquisition and technology teams

EBITDA (before ESOP cost) improved to (27%) of revenues in Q3 FY 2022 from (63%) of revenues in Q3 FY 2021, and (39%) of revenues in Q2 FY 2022

Notes:
1. Exchange rate of USD 1 = INR 74.5

Key Trends



Trends in our Businesses

- Growth of Payments revenues and profitability due to growth of GMV from MDR bearing instruments (including Paytm Payment Instruments) and payment services to merchants
- Monetization visibly working across the platform
- Recovery of high-margin commerce business, and growth of Cloud due to ramp up of advertising
- Increase of Financial Services revenues driven by huge ramp up in Lending

Operating and Financial Performance

- Strong momentum in revenue growth to continue; 89% growth y-o-y in Q3 FY 2022
- Step Jump in Contribution Margin achieved, with clear trends towards continued y-o-y improvements
- Indirect Expenses as a % of Revenues is going down
- Continue driving operating leverage to bring down EBITDA losses

Annexure

Reconciliation of Non GAAP Measures



EBITDA (before ESOP cost)

(in \$ mn)	Quarter Ended			Nine Months Ended	
	Dec-21 (Unaudited)	Dec-20 (Unaudited)	Sep-21 (Unaudited)	Dec-21 (Unaudited)	Dec-20 (Unaudited)
EBITDA before ESOP cost (A)	(52.7)	(65.4)	(57.1)	(154.4)	(165.8)
ESOP cost (B)	(52.3)	(5.6)	(2.6)	(60.1)	(9.5)
Initial Public Offer expenses (C)	(0.8)	0.0	(1.0)	(1.8)	0.0
Finance costs (D)	(1.7)	(1.2)	(1.4)	(4.3)	(3.7)
Depreciation and amortization expense (E)	(8.2)	(5.1)	(6.8)	(20.4)	(17.1)
Other income (F)	10.4	12.8	6.5	24.5	38.6
Share of profit / (loss) of associates / joint ventures (G)	1.5	(3.3)	(0.9)	(1.0)	(5.4)
Exceptional items (H)	0.0	(2.7)	0.0	(0.3)	(3.8)
Income Tax expense (I)	(0.8)	(1.4)	(0.3)	(1.4)	(2.0)
Loss for the period (J=A+B+C+D+E+F+G+H+I)	(104.5)	(71.9)	(63.6)	(219.3)	(168.7)
EBITDA before ESOP cost	(52.7)	(65.4)	(57.1)	(154.4)	(165.8)
Margin %	(27.0%)	(63.1%)	(39.2%)	(33.5%)	(62.2%)

Notes:

1. Exchange rate of USD 1 = INR 74.5

Revenue breakdown

(in \$ mn)	Quarter Ended			Change	
	Dec-20	Sep-21	Dec-21	Y-o-Y	Q-o-Q
Payments & Financial Services	75.8	113.1	149.9	98%	33%
Payment Services to Consumers	34.1	47.5	54.5	60%	15%
Payment Services to Merchants	36.2	53.7	78.6	117%	46%
Financial Services and Others	5.6	11.9	16.8	201%	41%
Commerce & Cloud Services	27.8	32.7	45.5	64%	39%
Commerce	11.5	11.2	18.1	57%	61%
Cloud	16.3	21.5	27.4	69%	28%
Revenue from Operations	103.6	145.8	195.4	89%	34%

Notes:

1. Exchange rate of USD 1 = INR 74.5

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
GMV / MTU	Average GMV per transacting user in a period
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.
EBITDA (before ESOP cost)	EBITDA (before ESOP cost) is a Non-GAAP financial measure. We define EBITDA (before ESOP cost) as our restated loss for the year, before depreciation & amortization expense, income tax expense, share based payment expense, finance costs, other income, restated loss for the year from discontinued operations, exceptional items, IPO expenses & share of restated profit/(loss) of associates/joint ventures.

Thank you