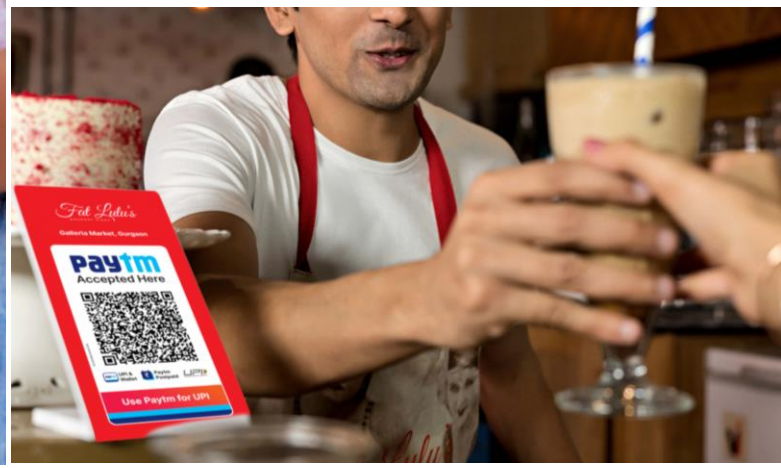

Q4 FY 2022 Earnings Presentation

21 May 2022

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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.

Paytm

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

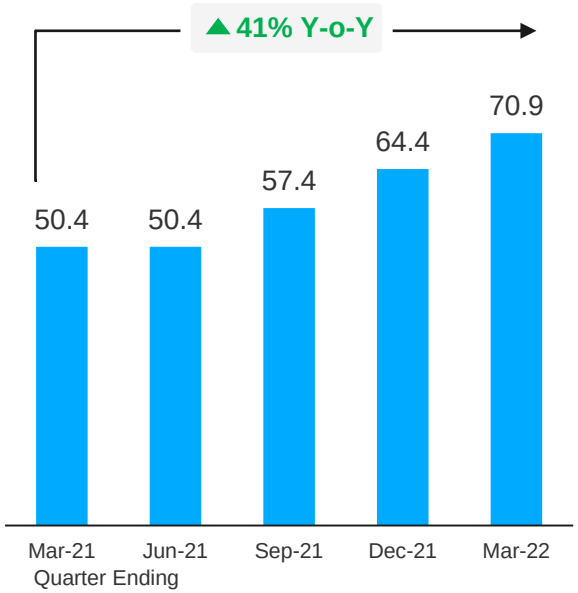
Strong growth in revenue and profitability

	Quarter Ending March 2022		Year Ending March 2022	
Revenue from Operations	**$205 Mn**	▲ **89%** Y-o-Y Growth	**$663 Mn**	▲ **77%** Y-o-Y Growth
Contribution Profit	**$72 Mn** 35% of revenue	▲ **210%** Y-o-Y Growth	**$200 Mn** 30% of revenue	▲ **313%** Y-o-Y Growth
EBITDA (before ESOP cost)	**$(49) Mn** (24%) of revenue	▲ **$7 Mn** Y-o-Y Improvement	**$(202) Mn** (31%) of revenue	▲ **$18 Mn** Y-o-Y Improvement

Notes:
1 Exchange Rate of 1 USD = 75 INR

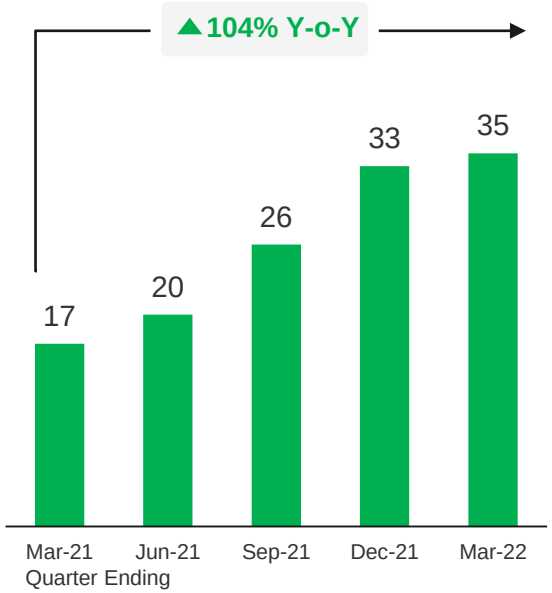
Consistent growth in payments key operating metrics

Average Monthly Transacting Users (in Million)



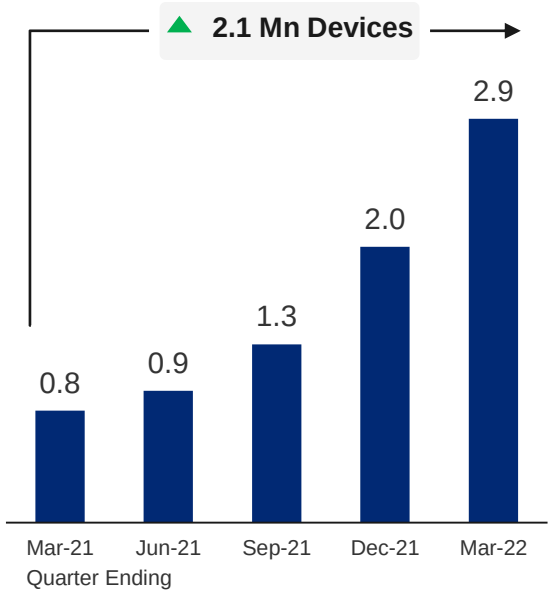
- Growth driven by new user acquisition and consistently higher retention of transacting users

GMV (in $ billion)



- GMV from MDR bearing instruments grew 52% Y-o-Y in Quarter ending Mar-22

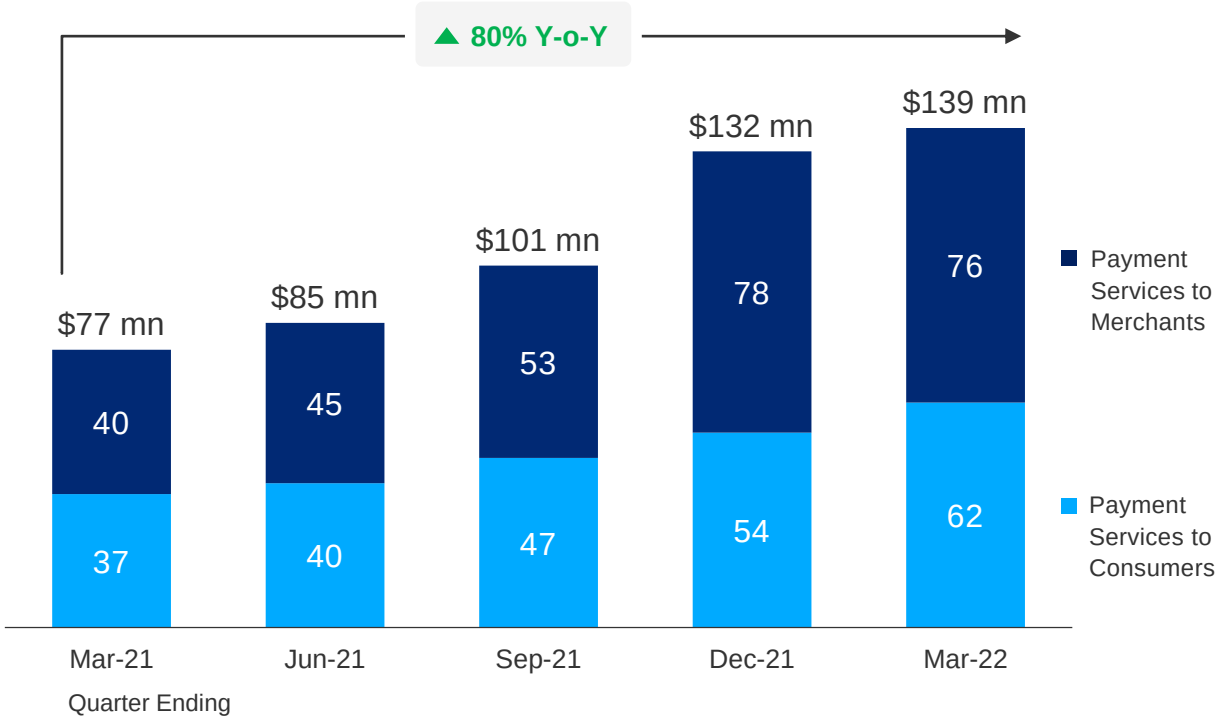
Devices Deployed (in Million)



- Device merchants accounted for more than 75% of merchant lending disbursals in Quarter ending Mar-22

Notes:
1 Exchange Rate of 1 USD = 75 INR

Payments Service revenue grew 80% Y-o-Y driven by MDR-bearing instruments GMV and payment devices growth



Payment Services to Consumers:
▲ 69% to $62 million

- Growth in usage of Paytm app
- Growth of bill payments use cases

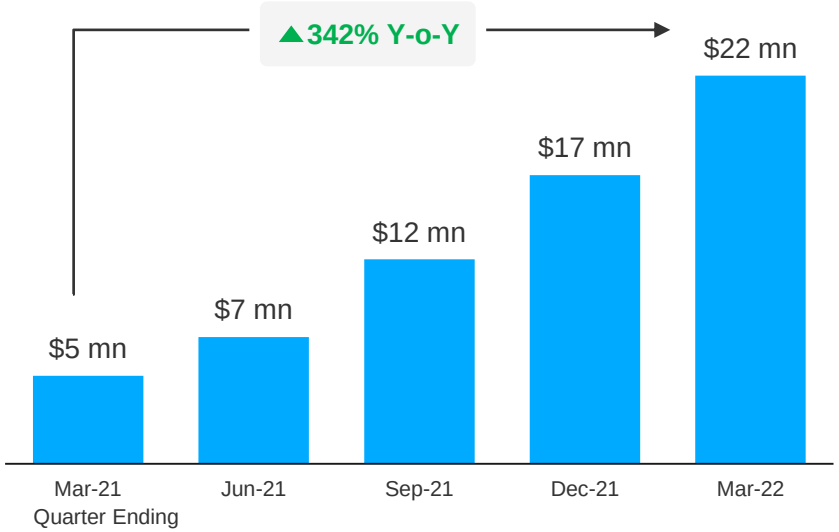
Payment Services to Merchants:
▲ 90% to $76 million

- MDR-bearing instruments GMV growth
- Growth in payments devices
- Seasonality impact on Q-o-Q trend

Notes:
1 MDR bearing instruments are primarily Paytm Wallet, net banking and debit and credit cards
2 MDR from Postpaid is included in Payment Services and not in Financial Services
3 Exchange Rate of 1 USD = 75 INR

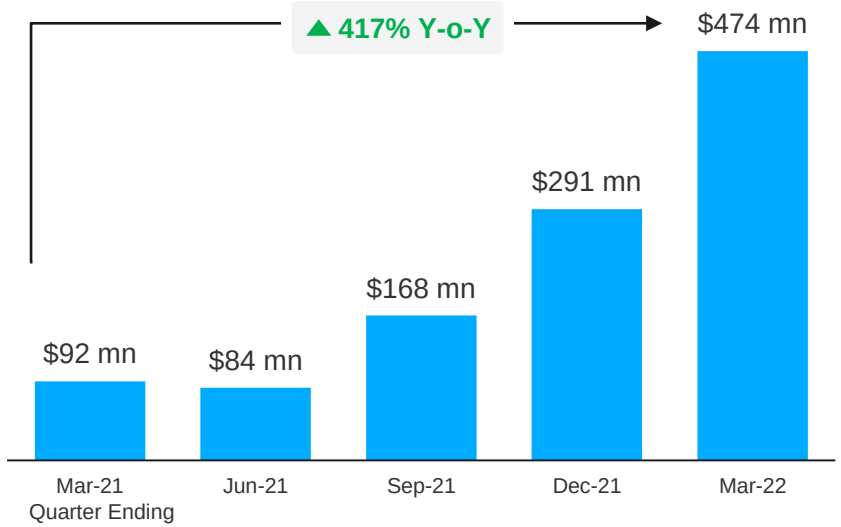
Strong growth in Financial Services revenue, driven by healthy growth in loans disbursements

Revenue from Financial Services & Others



- Financial Services revenues include loan disbursement, equity trading and insurance distribution

Value of Loans disbursed



Number of Loans grew 374% Y-o-Y

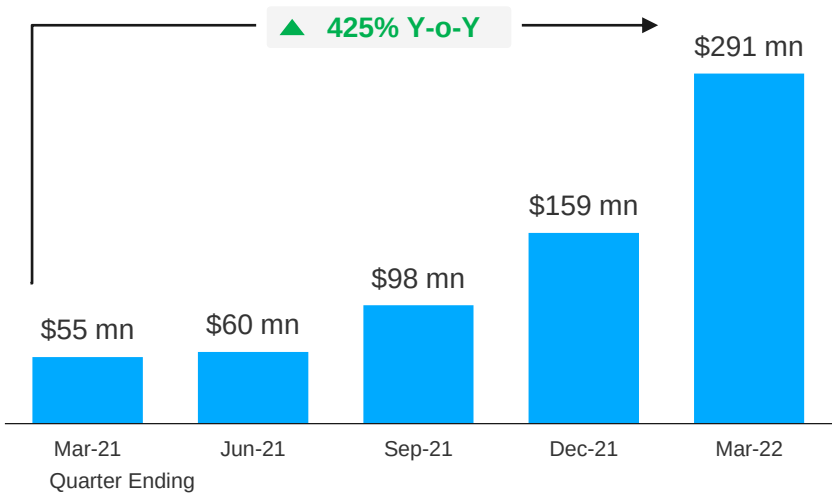
Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
1.4 mn	**1.4 mn**	**2.8 mn**	**4.4 mn**	**6.5 mn**

Note:
1. Loans are disbursed by our financial institution partners
2. Exchange Rate 1 USD -= 75 INR

Paytm Postpaid: Accepted at over 9 million merchants now

Total base of over 4 million signed up users

Value of Loans



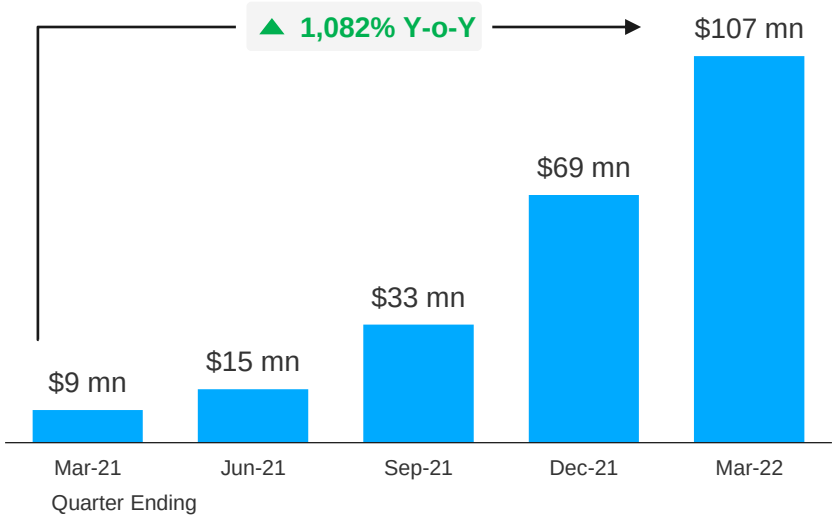
Number of Loans grew 373% Y-o-Y

Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
1.4 mn	1.4 mn	2.8 mn	4.3 mn	6.4 mn

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

Consistent growth in average ticket size ($1,133-1,267)

Value of Loans



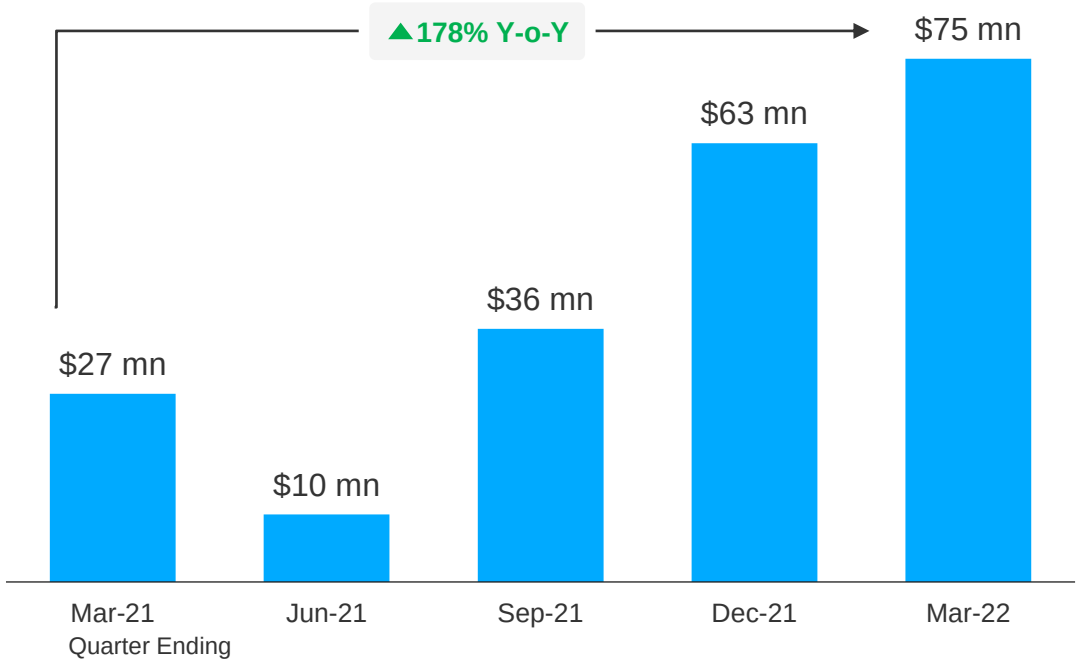
Number of Loans ('000) grew 948% Y-o-Y

Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
9	13	29	60	92

Notes:
1 Exchange Rate of 1 USD = 75 INR

Merchant Loans: consistent growth in post covid quarters

Value of Loans



Number of Loans ('000) grew 123% Y-o-Y

Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
17	6	23	35	38

Notes:
1 Exchange Rate of 1 USD = 75 INR

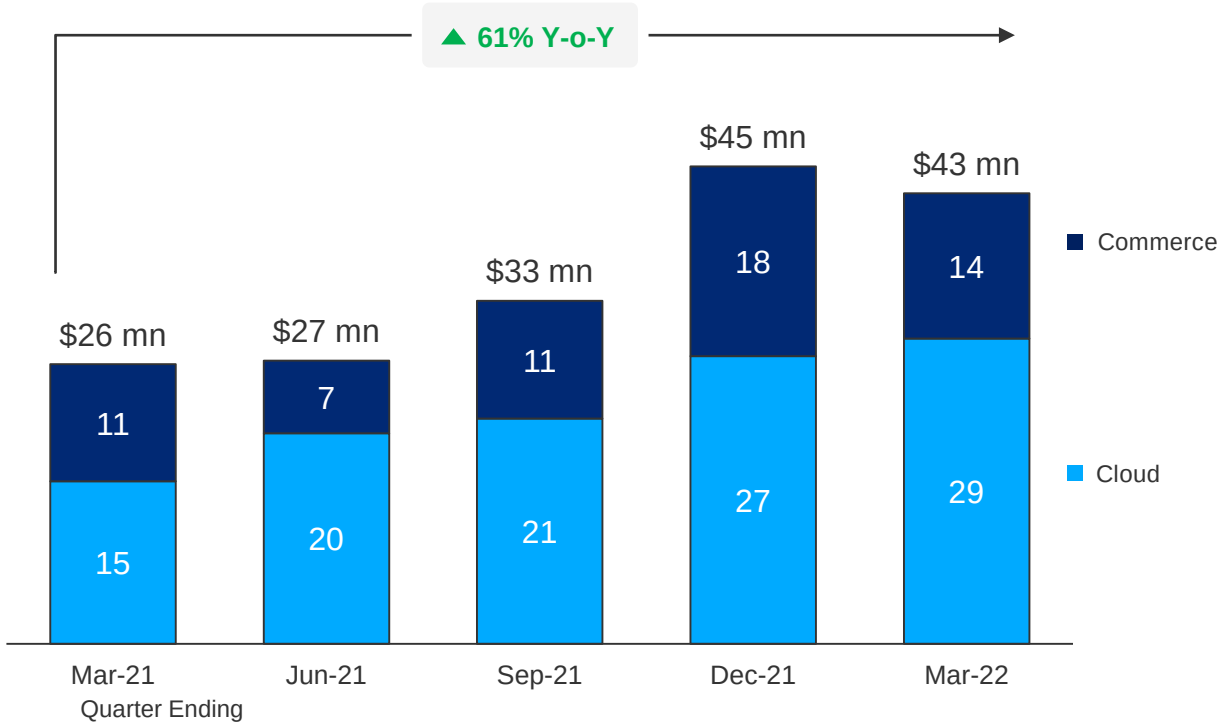
- High quality merchants with long vintage on Paytm
- Focus on short tenure: around 12 month
- Average ticket size continues to increase with scale, now at $1,733-$2,000
- More than 75% of disbursals to merchants with Paytm device
- Strong repeat behavior with over 50% of total value disbursed last quarter being to merchants who have taken a loan earlier

Our collections efforts continue to trend better: indicative portfolio performance for our partners

		Personal Loan	Merchant Loan	Postpaid
All 3 products augmented through Paytm data and advance machine learning models Continuous co-creation of risk models with our lending partners – helping scale and risk based pricing	Bounce Rates	**11.5% to 12.5%**	**NA[2]**	**11.0% to 13.0%**
Own collection technology platform aiding digital collections, better efficiency at lower operating expenses; Collection rates have remained stable with increasing scale	Bucket 1 Resolution %	**89% to 92%**	**84% to 87%**	**82% to 85%**
Capacity enhancement increasing with scale: increasing employees and have over 50 tie ups with on ground collection partners	Recovery Rate Post 90+	**27% to 29%**	**31% to 33%**	**25% to 27%**
Calibrated approach of “Low and Grow” model of scaling - helping control credit cost	ECL%	**4.5% to 5.0%**	**5.0% to 5.5%**	**1.1% to 1.3%**

Notes:
1. 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
2. Being a daily EMI product, monthly bounce rate is not applicable

Commerce and Cloud Services Revenue grew 61% Y-o-Y



Cloud services: ▲88% to $29 million

- Strong growth in Advertising, Credit Card and PAI cloud revenues

Commerce Services: ▲24% to $14 million

- Omicron effect on Travel and Entertainment ticketing for 3-4 weeks in Jan-Feb 2022
- Q-o-Q impact on account of festive season

Notes:
1 Exchange Rate of 1 USD = 75 INR

Platform leverage coupled with revenue growth: Contribution Profit up by 210% Y-o-Y

(in $ million)	Quarter Ended			Change		Financial Year ended Mar 31,		
	Mar-21	Dec-21	Mar-22	Y-o-Y	Q-o-Q	FY 2021	FY 2022	Y-o-Y
Revenue from Operations	**109**	**194**	**205**	**89%**	**6%**	**374**	**663**	**77%**
Payment processing charges	68	104	103	52%	(1%)	256	367	44%
As % of GMV	*0.40%*	*0.31%*	*0.30%*	(10 bps)	(1 bps)	*0.48%*	*0.32%*	(15 bps)
Promotional cashback & incentives	3	16	16	488%	1%	31	50	60%
Other Expenses	15	14	15	(2%)	7%	38	46	20%
Total Direct Expenses	**85**	**134**	**134**	**56%**	**(0%)**	**325**	**463**	**42%**
Contribution Profit	**23**	**60**	**72**	**210%**	**19%**	**48**	**200**	**313%**
Contribution Margin %	*21.4%*	*31.2%*	*35.0%*	1,364 bps	383 bps	12.9%	30.1%	1,718 bps

A

B

A Payment processing charges grew by 52% Y-o-Y while payments services revenue growth was much faster at 80% Y-o-Y

- Optimization of transaction routing
- Improvements in transaction rates
- Increase in share of low cost instruments in mix including for wallet loading

B Strong growth in contribution driven by (a) margin improvement in payments (b) increase in share of high margin offerings such as lending and cloud

Notes:
1 Exchange Rate of 1 USD = 75 INR

EBITDA (before ESOP cost) improved by 12% Y-o-Y

(in $ million)	Quarter Ended			Change		Financial Year Ended		
	Mar-21	Dec-21	Mar-22	Y-o-Y	Q-o-Q	Mar-21	Mar-22	Y-o-Y
Contribution Profit	**23**	**60**	**72**	**210%**	**19%**	**48**	**200**	**313%**
Contribution Margin %	*21.4%*	*31.2%*	*35.0%*	1,364 bps	383 bps	12.9%	30.1%	1,718 bps
Marketing (A)	11	22	18	64%	(21%)	40	64	61%
Employee cost (excl ESOPs) (B)	41	59	67	64%	14%	143	216	51%
Software, cloud and data center	14	17	20	40%	16%	47	67	43%
Other indirect expenses	13	14	16	23%	13%	40	55	39%
EBITDA (Before ESOP cost) (C)	**(56)**	**(52)**	**(49)**	**(12%)**	**(6%)**	**(221)**	**(202)**	**(8%)**
EBITDA (Before ESOP cost) Margin %	*(51.5%)*	*(27.0%)*	*(23.8%)*	2,760 bps	313 bps	*(59.0%)*	*(30.5%)*	2,854 bps

A Marketing cost has declined 21% q-o-q, despite investments in sponsorship and growth in user base

B Significant investments in FY22 in our sales teams for merchant acquisition and technology teams. Current headcount is sufficient to support growth plans for FY 2023

C EBITDA (before ESOP cost) improved by 12% Y-o-Y. As a % of revenue, it improved to (24%) in Mar 2022 quarter from (51%) in Mar 2021 quarter

Notes:
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On track to achieve operating profitability by Sep 2023 quarter

Improving trends in our Businesses

1. Consistently growing and engaged customer and merchant base
2. Customer monetization is gaining momentum: growing consumer engagement on our platform (whether through UPI, cards or wallet) gives us monetization opportunities across payments, lending and commerce
3. Higher merchant monetization: merchants who start their journey with free products such as QR-code (for UPI and wallet) are increasingly adopting device subscriptions and lending
4. Attractive upsell opportunity via lending: $2.7 billion annualized run rate of Lending disbursals as of April 2022

Revenue growth and operating leverage

1. Strong momentum in revenue growth to continue; 89% growth Y-o-Y in Quarter ended Mar-22
2. Clear trends in contribution margin improvements (growth from 21% to 35% Y-o-Y). We expect to see continued improvements in contribution margin
3. Indirect Expenses as a % of Revenues is going down. In FY 2022 we made investments in
   a) Marketing expenses: MTU growth at 40% Y-o-Y
   b) Employee costs: devices deployments of 0.8 to 1.0 million per quarter; investments in technology
   c) We expect moderation in indirect costs growth going forward
4. We expect the trajectory of EBITDA improvement will steepen

Notes:
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Annexure

Reconciliation of Non GAAP Measures

EBITDA (before ESOP cost)

(in $ million)	Quarter Ended			Financial Year Ended	
	Mar-22 (Audited)	Mar-21 (Unaudited)	Dec-21 (Unaudited)	Mar-22 (Audited)	Mar-21 (Audited)
EBITDA before ESOP cost (A)	**(49.0)**	**(55.9)**	**(52.4)**	**(202.4)**	**(220.6)**
ESOP cost (B)	(48.2)	(5.5)	(51.9)	(107.9)	(15.0)
Initial Public Offer expenses (C)	0.0	0.0	(0.7)	(1.8)	0.0
Finance costs (D)	(0.9)	(0.9)	(1.7)	(5.3)	(4.6)
Depreciation and amortization expense (E)	(12.7)	(6.8)	(8.1)	(33.0)	(23.8)
Other income (F)	14.3	12.9	10.3	38.7	51.3
Share of profit / (loss) of associates / joint ventures (G)	(5.1)	(4.5)	1.5	(6.1)	(9.9)
Exceptional items (H)	0.0	(0.0)	0.0	(0.3)	(3.7)
Income Tax expense (I)	(0.1)	1.6	(0.7)	(1.5)	(0.4)
Loss for the period (J=A+B+C+D+E+F+G+H+I)	(101.7)	(59.3)	(103.8)	(319.5)	(226.8)
EBITDA before ESOP cost	(49.0)	(55.9)	(52.4)	(202.4)	(220.6)
Margin %	***(23.8%)***	***(51.5%)***	***(27.0%)***	***(30.5%)***	***(59.0%)***

Notes:

1 Exchange Rate of 1 USD = 75 INR

Revenue Breakdown

(in $ million)	Quarter Ended			Change		Financial Year Ended		
	Mar-21	Dec-21	Mar-22	Y-o-Y	Q-o-Q	Mar-21	Mar-22	Y-o-Y
Payments & Financial Services	82	149	161	96%	8%	281	514	83%
Payment Services to Consumers	37	54	62	69%	16%	129	204	58%
Payment Services to Merchants	40	78	76	90%	(2%)	135	252	87%
Financial Services and Others	5	17	22	342%	35%	17	58	240%
Commerce & Cloud Services	26	45	43	61%	(6%)	92	147	59%
Commerce	11	18	14	24%	(23%)	33	50	52%
Cloud	15	27	29	88%	6%	60	97	63%
Other Operating Revenue			2	nm	nm	-	2	nm
Revenue from Operations	**109**	**194**	**205**	**89%**	**6%**	**374**	**663**	**77%**

Notes:
1 Exchange Rate of 1 USD = 75 INR

Operational KPIs

		Quarter Ended			Change		Financial Year Ended		
	Units	Mar-21	Dec-21	Mar-22	Y-o-Y	Q-o-Q	Mar-21	Mar-22	Y-o-Y
GMV	$ billion	17	33	35	104%	4%	54	114	111%
Merchant Transactions	million	2,084	3,477	4,142	99%	19%	5,872	12,598	115%
Total Transactions	million	2,558	4,266	5,029	97%	18%	7,405	15,396	108%
MTU (avg over the period)	million	50.4	64.4	70.9	41%	10%	45.1	60.8	35%
Monthly GMV per MTU	$	112	173	162	45%	(6%)	99	156	57%
Registered Merchants (end of period)	million	21.1	24.9	26.7	na	na	21.1	26.7	na
Number of Loans Disbursed	‘000	1,381	4,414	6,544	374%	48%	2,635	15,232	478%
Devices Deployed	million	0.8	2.0	2.9	na	na	0.8	2.9	na
Average number of Sales employees	#	7,346	18,691	22,249	203%	19%	5,054	14,682	190%

Notes:
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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 loss 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.

Thank you

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