



November 27, 2021

BSE Limited

Dept of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001

Scrip Code: 543396

National Stock Exchange of India Limited

The Listing Department
Exchange Plaza
Bandra Kurla Complex,
Mumbai 400 051

Symbol: PAYTM

Sub.: Earnings Release – Financial Results 30.09.2021

Dear Sir / Madam,

Please find enclosed earnings release on the financial results for the quarter and half year ended September 30, 2021.

Earnings release will also be hosted on the Company's website, www.paytm.com.

Request you to kindly take the same on record.

Thanking you

Yours Sincerely,
For **One 97 Communications Limited**

Amit Khera
Company Secretary & Compliance Officer

Encl.: As above



Quarter and Half Year ended September 30, 2021 Results

New Delhi, India, November 27, 2021: One 97 Communications Limited (referred to as “Paytm” or the “Company” hereon), today announced its financial results for the quarter and half year ended September 30, 2021.

Revenue from Operations grew 64% Y-o-Y to ₹10.9 billion in Q2 FY 2022, driven by 52% growth in non-UPI payment volumes (GMV) and more than 3 times growth in Financial Services and Other revenue

Contribution profit grew to ₹2.6 billion in Q2 FY 2022, Y-o-Y increase of 592%. Contribution margin jumped to 24.0% of revenue from 5.7% the previous year

Key Updates for Q2 FY 2022

- Revenue from Operations grew 64% Y-o-Y to ₹10.9 billion in Q2 FY 2022, driven by 52% growth in non-UPI GMV
- Contribution profit of ₹2.6 billion in Q2 FY 2022, up 592% Y-o-Y due to monetisation of our large distribution base through high margin offerings such as lending, advertisements and commerce offerings
- Indirect expenses (excluding ESOPs) as a percentage of revenue reduced from 70% of revenues in Q2 FY 2021 to 63% of revenues in Q2 FY 2022
- Improved Adjusted EBITDA margin to (39%) of revenues in Q2 FY 2022 (₹4,255 million), from (64%) of revenues Q2 FY 2021 (₹4,267 million), along with increased investments in technology and merchant base expansion
- Gross payment volume to merchant on Paytm platform (GMV) grew 107% Y-o-Y to ₹1,956 billion in Q2 FY 2022

Financial and Business Updates for Q2 FY 2022

Increased Revenue from Operations led by strong business fundamentals:

Our consolidated Revenue from Operations grew by 64% Y-o-Y to ₹10,864 million in Q2 FY 2022. Revenue from Payments and Financial Services grew 69% Y-o-Y to ₹8,426 million while Commerce and Cloud Services revenue grew by 47% Y-o-Y to 2,438 million.

Large increase in Contribution Profit:

Our contribution profit increased to ₹2.6 billion, up 592% Y-o-Y. Contribution profit for H1 FY 2022 at INR 5.0 billion has exceeded the contribution profit of INR 3.6 billion for the full previous financial year.

Payment processing charges continue to decline as a % of GMV from 0.52% in Q2 FY 2021 to 0.34% in Q2 FY 2022.

Revenues from Payment and Financial Services went up by 69% y-o-y to ₹8,426 million, driven by 52% growth in non-UPI payment volumes (GMV) and growth from Financial Services and Other revenues by more than 3 times

Revenue from Payment Services to Customers was up 54% Y-o-Y to ₹3,536 million, driven by increase in non-UPI payment usage on our consumer platform.

Revenue from Payment Services to Merchants was up 64% Y-o-Y to ₹4,003 million (run-rate of greater than \$200 million) driven by non-UPI payment volume growth in payment gateway and growth in devices.

Financial Services and Others revenue grew 250% Y-o-Y to ₹887 million in Q2 FY 2022, driven by growth in Lending and Wealth (Paytm Money) revenues. The share of Financial Services and Others revenue increased from 3.8% of total revenue from operations in Q2 FY 2021 to 8.2% in Q2 FY 2022.

Revenues from Commerce and Cloud services went up by 47% Y-o-Y to ₹2,438 million

Revenue from commerce at ₹838 million up 69% Y-o-Y with continued post-covid recovery in travel and entertainment ticketing businesses.

Revenue from Cloud increased to ₹1,600 million up 37% Y-o-Y primarily due to a strong growth in the advertisement revenue.

Indirect Expenses reduced from 70% of revenues in Q2 FY 2021 to 63% of revenues in Q2 FY 2022

Marketing and promotional expenses (excluding cashback and incentives) at ₹1,023 million, unchanged at 9% of revenues Y-o-Y, even as we have increased Average MTUs by 14.4 million from Q2 FY 2021 to Q2 FY 2022. With continued investments in technology and merchant base expansion, our employee cost (excluding ESOP) at ₹3,672 million reduced from 40% of revenues in Q2 FY 2021 to 34% in Q2 FY 2022.

Improved Adjusted EBITDA margin to (39%) of revenues in Q2 FY 2022 (₹4,255 million), from (64%) of revenues Q2 FY 2021 (₹4,267 million), along with increased investments in technology and merchant base expansion

Adjusted EBITDA loss for the Q2 of FY 2022 was ₹4,255 million as compared to ₹4,267 million in Q2 FY 2021, as we continued investments in technology and merchant base expansion

We are well funded with Pro Forma Cash, Cash Equivalent and investable balance of ₹110 billion (₹ 29 billion as of September 2021 and ₹81 billion of net IPO proceeds) and have a large cushion of ungranted ESOPs.

Key Trends noted by management

Trends in our Businesses

- Growth of Payments revenues and profitability due to growth of payment volumes from non-UPI instruments (including Paytm Payment Instruments) and payment services to merchants
- 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 Trends

- Efficiently increase users, merchants and GMV
- Strong momentum in revenue growth to continue; 64% growth y-o-y in Q2 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

Operational Updates for Q2 FY 2022

Gross Merchandise Value (GMV) growth led by active user engagement & adoption across businesses. The company's GMV for Q2 FY 2022 was ₹1,956 billion, up by 107% Y-o-Y and the growth momentum continued in October 2021, where the GMV at ₹832 billion was up 131% Y-o-Y.

Robust growth in number of customers: as we continue to invest in expanding our user base, the average Monthly Transacting Users ("MTU") in Q2 FY 2022 is up by 33% Y-o-Y to 57.4 million and the trajectory has continued in October 2021 with 63 million MTUs, growth of 35% Y-o-Y compared to 47 million MTUs in October 2020.

The Monthly GMV per Transacting User for Q2 FY 2022 grew 55% Y-o-Y to ₹11,369

More merchants are using Paytm's offerings: The number of merchant partners in our ecosystem continues to grow and the registered merchant base increased to 23 million in Q2 FY 2022, up from 18.5 million in Q2 FY 2021. The increase comes from adoption of our offline payment offerings (Paytm All-in-One QR code, Paytm All-in-One PoS, Paytm Soundbox that support multiple payment methods)

Widespread distribution of Paytm Devices: The devices deployed base grew to 1.3 million in Q2 FY 2022 from 0.3 million as of Q2 FY 2021. We continue to witness strong adoption of our devices amongst merchant partners as our deployed base further increased to approximately 1.4 million as of October 2021.

Rapid growth in lending business: The number of loans disbursed grew 714% Y-o-Y to over 2.8 million in Q2 FY 2022. The lending business continued to show strong growth as a result of the rapid scale-up of all of our lending products, including Postpaid (Buy-Now-Pay-Later), consumer loans and merchant loans. Our financial institution partners disbursed around 1.3 million loans in October 2021, a 472% increase in numbers of loans disbursed Y-o-Y and aggregating to a total disbursement of ₹6,270 million implying a 418% increase in value of loans disbursed Y-o-Y.

Note from the management

“The growth of non-UPI GMV has driven continued payments revenue growth, and our UPI-led payment volume growth is translating to a significant ramp up of our financial services offering. We are driving digital payments and financial services penetration and widespread adoption across India. Paytm has seen a strong second quarter of FY22, which is a testimony to the strong two-sided ecosystem of consumers and merchants that we have built. We have maintained the growth momentum in our payments services business, expanded our financial services business aggressively and are on our way to pre-COVID volumes for Commerce and Cloud services.”

Summary of Consolidated Financial Performance for Q2 FY 2022

Particulars (in INR Millions)	Quarter Ended					Half Year ended		
	Sep-21 (Unaudited)	Sep-20 (Unaudited)	Y-o-Y	Jun-21 (Audited)	Q-o-Q	Sep-21 (Unaudited)	Sep-20 (Unaudited)	Y-o-Y
Payments & Financial Services	8,426	4,978	69%	6,894	22%	15,320	9,276	65%
Payment Services to Consumers	3,536	2,290	54%	3,005	18%	6,541	4,375	50%
Payment Services to Merchants	4,003	2,435	64%	3,340	20%	7,343	4,414	60%
Financial Services and Others	887	253	250%	549	62%	1,436	487	195%
Commerce & Cloud Services	2,438	1,661	47%	2,014	21%	4,452	2,875	55%
Commerce	838	497	69%	517	62%	1,355	763	78%
Cloud	1,600	1,164	37%	1,497	7%	3,097	2,112	47%
Revenue from Operations	10,864	6,639	64%	8,908	22%	19,772	12,151	63%
Payment processing charges	6,700	4,924	36%	5,265	27%	11,965	8,904	34%

As % of GMV	0.34%	0.52%	(18 bps)	0.36%	(2 bps)	0.35%	0.54%	(19 bps)
Promotional cashback & incentives	833	742	12%	607	37%	1,440	1,057	36%
Other Expenses	724	597	21%	591	23%	1,315	994	32%
Total Direct Expenses	8,257	6,263	32%	6,463	28%	14,720	10,955	34%
Contribution Profit	2,607	377	592%	2,445	7%	5,052	1,197	322%
Contribution Margin %	24.0%	5.7%	1832 bps	27.4%	(345 bps)	25.6%	9.9%	1570 bps
Indirect Expenses								
Marketing	1,023	623	64%	770	33%	1,793	1,149	56%
Employee cost (Excl ESOPs)	3,672	2,673	37%	3,117	18%	6,789	4,705	44%
Software, cloud and data center	1,129	721	57%	1,058	7%	2,187	1,468	49%
Other indirect expenses	1,039	628	65%	819	27%	1,858	1,353	37%
Adjusted EBITDA	(4,255)	(4,267)	nm	(3,319)	nm	(7,573)	(7,478)	nm
Adjusted EBITDA Margin %	(39.2%)	(64.3%)	2511 bps	(37.3%)	(191 bps)	(38.3%)	(61.5%)	2324 bps

Summary of Key Operational Metrics for Q2 FY 2022

Operational KPIs	Units	Quarter Ended			Half Year ended		
		Sep-21	Sep-20	Y-o-Y	Sep-21	Sep-20	Y-o-Y
GMV	INR Bn	1,956	947	107%	3,425	1,644	108%
Merchant Transactions	Mn	2,692	1,232	119%	4,979	2,201	126%
Total Transactions	Mn	3,316	1,578	110%	6,101	2,809	117%
MTU (average over the period)	Mn	57	43	33%	54	41	30%
Monthly GMV per MTU	INR	11,369	7,334	55%	10,597	6,621	60%
Registered Merchants (end of period)	Mn	23	18.5	n/a	23	18.5	n/a
Loans	'000	2,841	349	714%	4,274	372	1,049%
Devices Deployed (cumulative, and end of period)	Mn	1.3	0.3	n/a	1.3	0.3	n/a
Average number of Sales Employees	#	11,225	3,581	213%	8,895	3,352	165%

Number of sales employees includes on-roll and off-roll employees

Cost of our sales force (including training) was ₹937 million for Q2 FY 2022, up from ₹714 million for Q1 FY 2022

Adjusted EBITDA

Particulars (in INR Millions)	Quarter Ended					Half Year ended		
	Sep-21 (Unaudited)	Sep-20 (Unaudited)	Y-o-Y	Jun-21 (Audited)	Q-o-Q	Sep-21 (Unaudited)	Sep-20 (Unaudited)	Y-o-Y
Loss for the period / year (Amounts in INR Million) (A)	(4,735)	(4,367)	nm	(3,819)	nm	(8,553)	(7,211)	nm
Income Tax expense (Amounts in INR Million) (B)	20	84	(76)%	31	(36)%	51	43	19%
Exceptional items (Amounts in INR Million) (C)	-	-	-	(24)	nm	(24)	(80)	nm

Share of profit / (loss) of associates / joint ventures (Amounts in INR Million) (D)	(66)	(196)	nm	(121)	nm	(187)	(162)	nm
Loss before share of profit/(loss) of associates/joint ventures, exceptional items and tax (Amounts in INR Million) (E=A+B-C-D)	(4,649)	(4,087)	nm	(3,643)	nm	(8,291)	(6,926)	nm
Finance costs (Amounts in INR Million) (F)	102	83	23%	97	6%	199	185	8%
Depreciation and amortization expense (Amounts in INR Million) (G)	504	490	3%	409	23%	913	893	2%
Other income (Amounts in INR Million) (H)	481	942	(49%)	572	(16%)	1,053	1,924	(45%)
Initial Public Offer expenses (I)	76	-	-	-	na	76	-	nm
EBITDA (Amounts in INR Million) (J=E+F+G-H+I)	(4,448)	(4,456)	nm	(3,709)	nm	(8,156)	(7,772)	nm
Share based payment expense (Amounts in INR Million) (K)	193	189	2%	390	(50%)	583	294	98%
Adjusted EBITDA (Amounts in INR Million) (L=J+K)	(4,255)	(4,267)	nm	(3,319)	nm	(7,573)	(7,478)	nm
Revenue from Operations (M)	10,864	6,639	64%	8,908	22%	19,772	12,151	63%
<i>Adjusted EBITDA Margin % (N=L/M)</i>	<i>(39.2%)</i>	<i>(64.3%)</i>	<i>2511 bps</i>	<i>(37.3%)</i>	<i>(191 bps)</i>	<i>(38.3%)</i>	<i>(61.5%)</i>	<i>2324 bps</i>

About Paytm

We are India's leading digital ecosystem for consumers and merchants. We launched Paytm in 2009, as a "mobile-first" digital payments platform to enable cashless payments for Indians, giving them the power to make payments from their mobile phones, and have built the largest payments platform in India based on the number of consumers, number of merchants, number of transactions and revenue as of March 31, 2021 according to RedSeer¹. We have also been able to leverage our core payments platform to build an ecosystem with innovative offerings in commerce and cloud, and financial services. We offered payment services, commerce and cloud services, and financial services to 345 million registered consumers and over 23 million registered merchants, as of September 30, 2021. Our two-sided (consumer and merchant) ecosystem enables commerce, and provides access to financial services through our financial institution partners, by leveraging technology to improve the lives of our consumers and help our merchants grow their businesses.

Paytm is available across the country with "Paytm karo" (i.e. "use Paytm") evolving into a verb for hundreds of millions of Indian consumers, shopkeepers, merchants and small businesses. As per the Kantar BrandZ India 2020 Report, the "Paytm" brand is India's most valuable payments brand, with a brand value of US\$ 6.3 billion, and Paytm remains the easiest way to transact across multiple methods.

¹ Report titled 'The Digital Transformation of Payments and Financial Services in India' dated October 23, 2021

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, summarised 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, 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.

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.
Adjusted EBITDA	Adjusted EBITDA is a Non-GAAP financial measure. We define Adjusted EBITDA 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, IPO expenses, exceptional items & share of restated profit/(loss) of associates/joint ventures.

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.