



paytm

Paytm Earnings Release

Q3 FY 2022

February 2022



Key Metrics for Q3 FY 2022

Revenue from Operations

Strong growth driven by increase in merchant payments processed through MDR bearing instruments (Paytm Wallet, Paytm bank account, other banks netbanking, debit and credit cards), disbursements of loans on platform and recovery of commerce business from covid impact

₹1,456
Cr

89% growth Y-o-Y

Contribution profit

Contribution profit (defined as Revenue from operations less payment processing charges, promotional cashback and incentives, and other direct costs) improved to 31.2% of revenue in Q3 FY 2022 from 8.9% in Q3 FY 2021

₹454
Cr

31.2% of revenues
560% growth Y-o-Y

EBITDA (Before ESOP cost)

EBITDA margin 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

₹(393)
Cr

vs ₹(488) Cr in Q3 FY 2021

Monthly Transacting Users (MTU)

Average MTU, number of unique users with at least one successful payments transaction in a month, has grown by 37% Y-o-Y to 64.4 mn in Q3 FY 2022

64.4
Million

37% growth Y-o-Y

Merchant Payment GMV

Processing of merchant payments through all instruments (Paytm Wallet, Paytm Payments bank account, other banks netbanking, credit and debit cards, UPI etc) grew 123% Y-o-Y

₹2.5 lakh
Cr

123% growth Y-o-Y

Key Metrics for Payments and Merchant Services

	Q3 FY 2022	Y-o-Y growth
Payments Services to Consumers		
Revenue from payments made by consumer on Paytm App	₹406 Cr	60%
Payment Services to Merchants		
Revenue for processing payment in merchant store or app or website	₹586 Cr	117%
Commerce and Cloud Services to merchants		
Revenue from enabling commerce for merchants. Offerings such as mini apps, advertising and commerce on Paytm App	₹339 Cr	64%

Key Metrics for Lending Business

Total Value of Loans Disbursed in Q3		
Value of loans disbursed by our partners using our platform	₹2,181 Cr	366%
Total Number of Loans Disbursed in Q3		
Number of loans disbursed by our partners using our platform	4.4 mn	401%

Details of type of loan disbursed through our platform

	Q3 FY 2022	Y-o-Y growth
Paytm Postpaid (Buy-Now-Pay-Later) (value of loans)		
Small Spend credit for purchases at over 35 lakh offline and online stores	₹1,190 Cr	408%
Instant Personal Loans (value of loans)		
Average ticket size ₹80,000 to ₹90,000 and average tenure of 12 to 14 months	₹516 Cr	1,925%
Merchant Cash Advance Loans (value of loans)		
Average ticket size ₹120,000 to ₹140,000 and average tenure of 12 to 14 months	₹474 Cr	128%

Q3 FY 2022 Business Update

Our business is to offer payments for consumers and merchants, and cross-sell high-margin financial services and commerce to them. We acquire customers on our consumer app for bill payments, money transfer and offline merchant payments, and offer them Paytm Payment Instruments (Paytm Wallet, Paytm Payments Bank account, and Paytm Postpaid) and Paytm UPI. We acquire merchants for QR payments, EDC and Soundbox devices and Payment Gateway (for online merchants). We use insights from our platform to offer various financial products to our customers and merchants. We also provide high-margin Commerce and Cloud services to our merchants to help them enable commerce using the Paytm App.

Growth of our ecosystem has accelerated

We continue to rapidly expand our customer and merchant base. Number of consumers on our platform is now over 350 mn and our merchant base has expanded to 24.9 mn (from 20.0 mn a year ago). Our monthly transacting users (MTU) grew consistently over this fiscal year. Average monthly transacting users (MTU) on our platform in Q3 FY 2022 was 64.4 mn, growth of 37% Y-o-Y and 12% Q-o-Q. Our customers are showing greater retention and higher engagement (measured by average GMV and transaction per customer).

GMV is the amount processed on our platform when a customer is making a payment to a merchant using any instrument. Our GMV for Q3 FY 2022 was 2.5 Lakh Cr. We process payments from all instruments (which include Paytm Payment Instruments, netbanking, credit and debit cards, UPI) and we earn MDR on the transactions where payment is made through MDR bearing instruments. Our GMV from processing payments through MDR bearing instruments grew 77% Y-o-Y.

Increased adoption of Payment Services to Consumers

Payment Services to Consumers encompasses payments done by consumers on the Paytm app, where we earn MDR and certain fees. Revenue from Payment Services to Consumers was up 60% Y-o-Y and 15% Q-o-Q to ₹406 Cr, driven by growth in transaction volumes of our Paytm Payment Instruments and expansion of use-cases on the Paytm app.

Payment Services to Merchants has expanded

Payment Services to Merchants include our merchant offerings of QR payments, EDC and Soundbox devices, and Payment Gateway. We earn MDR on the GMV processed for merchant payments (for MDR bearing instruments) and additionally earn subscription fee for devices. We were able to accelerate deployments in our devices business with an increase of 1.4 mn devices over the last year to 2.0 mn devices by the end of Q3 FY 2022. Revenue from Payment Services to Merchants was up 117% Y-o-Y and 46% Q-o-Q to ₹586 Cr driven by MDR-bearing payment GMV growth, new large partner wins in Payment Gateway services and growth in number of EDC and Soundbox devices. On a Q-o-Q basis, our revenue growth also includes the impact of increase in spending during the festive season.

Massive scale up of Financial Services

We have been able to monetise our customers and merchant base by offering them financial services through our financial institution partners. Revenue from Financial Services and Others grew by 201% Y-o-Y and 41% Q-o-Q to ₹125 Cr in Q3 FY 2022. Our Lending business scaled rapidly over the quarter, with 4.4 mn loan disbursals through the platform, a 401% year on year. The value of these loans was ₹2,181 Cr, growth of 366% Y-o-Y.

Our Lending business is designed to provide easy and inclusive access to credit, through our financial institution partners, to our consumer and merchant base. Through our distribution, insights and collection capabilities, our partners are able to offer credit solutions to users who were otherwise a part of a largely untapped market and are able to disburse a large number of loans at healthy margins. Our ability to distribute small value loans helps customer and merchants get access to credit which they could often otherwise not have access to. Small value loans are our strength and differentiator. Credit to merchants also addresses a key need of lending to priority sectors. Our partners see great value in working with us and have expanded our partnerships to offer more services. Our lending business has been through two waves of covid and our partners have seen their portfolios perform well with increased loans at healthy levels of RoA. We are continually co-creating risk models with our lending partners, which helps achieve scale and risk based pricing. Our own collection technology platform aids digital collection, with better efficiency and lower operating expenses and is a differentiator for our lending business.

All of our lending products, Paytm Postpaid (Buy Now Pay Later), Personal Loans and Merchant Loans, have strong market acceptance and are seeing great traction. Merchant acceptance network continues to grow and Paytm Postpaid is now available at more than 3.5 mn online and offline merchants. We continue to leverage cross-selling opportunities, clearly demonstrated in the case of personal loans, over 50% of which were disbursed to our existing Paytm Postpaid users.

Strong growth in Merchant Services (Commerce and Cloud)

We also offer other merchant services, such as commerce and cloud, which give our merchant partners the opportunity to efficiently manage and grow their business by leveraging our customer base. During the quarter, our Commerce business benefited from the festive season and lower COVID interruptions. Although with the onset of Omicron in late December, our ticketing business has seen some impact in late December and January. Our Cloud business, particularly PAI Cloud, and the Advertising business both ramped up during the quarter, helped partly by seasonality. Revenue from Commerce was ₹135 Cr, up 57% Y-o-Y and 61% Q-o-Q. Revenue from Cloud increased to ₹205 Cr up 69% Y-o-Y and 28% Q-o-Q.

Rapid growth in other business segments

We see great potential in our focussed segments of Wealth, Insurance and Gaming which are growing rapidly in their respective segments.

New Products, partnerships and developments

During the quarter, we launched a new credit card in partnership with HDFC Bank. In January, we announced a partnership with Fullerton India to further enhance all our credit offerings for our consumers and merchants. RBI has also granted an approval to Paytm Payments Bank to operate as a Scheduled Payments Bank.

Paytm Payments Bank, also the largest issuer of Fastags in the country, launched the Paytm Transit Card, which can be used for travel (metro, railways, state-owned bus services), to pay toll & parking charges, to pay at offline merchant stores, and for online shopping and more.

Strong growth driver for UPI

In the UPI ecosystem, Paytm Payments Bank is the biggest beneficiary bank for UPI transactions, with a record 926 mn transactions in December 2021, as per NPCI data and is also one of the leading remitter banks for UPI transactions. PPBL also holds the majority market share in UPI Autopay mandate registration for recurring bill payments. The Bank's robust technology has enabled it to offer seamless, secure and superfast UPI money transfers, with the lowest technical decline rates in India.

Our contribution to digital payments was recently recognised on prestigious platforms

Recently, at the 'Digital Payments Utsav' held in Delhi, the Ministry of Electronics and Information Technology (MeitY) awarded Paytm Payments Bank five awards across four categories ('achieving highest volume of digital payment transactions – private sector bank', 'onboarding maximum merchants on digital payment modes in a rural area – private sector bank', 'maintaining the lowest average technical decline in BHIM UPI transactions' and 'onboarding maximum billers on BBPS platform') for its role in accelerating the growth of digital payments in the country. At the IAMAI 12th India Digital Awards, Paytm Payments Bank and Paytm Money received awards for "Most Innovative Bank" and "Excellence in Wealth Management", respectively.

We are committed to our mission to bring half a billion Indians into the mainstream economy

Digital payments in India have grown rapidly over the last few years and have a massive growth opportunity ahead. Government's and regulator's support in digitisation has been a massive enabler in expansion of digital payments; support for innovation such as CBDC is a clear recent example.

We are focussed on how we can offer our consumers and merchants, technology-led, easy-to-use digital products and services as well as easy and inclusive access to financial services. We thank our consumers, merchants and shareholders for their continued trust in us.

Q3 FY 2022 Financials Update

Revenue from
Operations

₹1,456 Cr
89% Y-o-Y

Contribution
Profit

₹454 Cr
560% Y-o-Y

EBITDA
(Before ESOP cost)

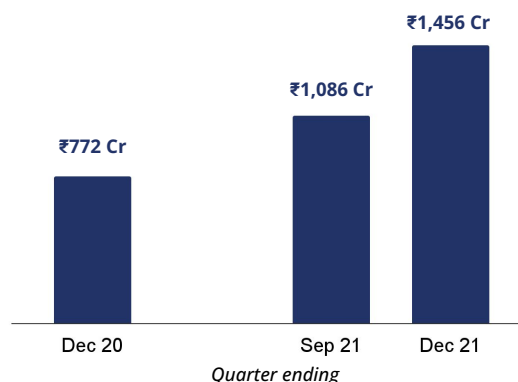
(₹393 Cr)
vs (₹488 Cr) in Q3 FY 2021

Robust Growth in Revenue from Operations

Our consolidated Revenue from Operations grew by 89% Y-o-Y and 34% Q-o-Q to ₹1,456 Cr in Q3 FY 2022 driven by growth in merchant payments through MDR bearing instruments, new device subscriptions and loan disbursements.

The Q-o-Q growth was driven by the higher festive season demand, particularly in our online and offline merchant business.

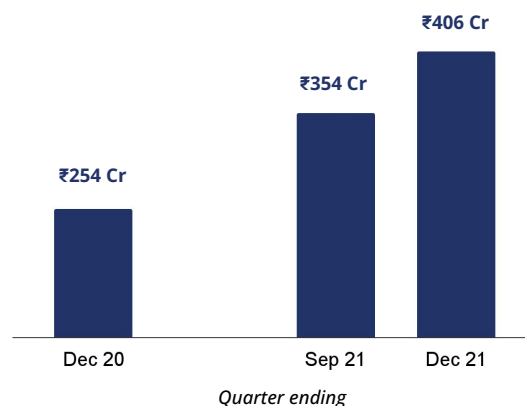
Revenue from Operations
Y-o-Y Growth 89% | Q-o-Q Growth 34%



Payment Services to Consumers

Revenue from Payment Services to Consumers was up 60% Y-o-Y to ₹406 Cr, driven by growth in transaction volumes of our Paytm Payment Instruments and introduction of new use-cases. The Q-o-Q growth was 15% primarily due to increased adoption of new use cases on the platform.

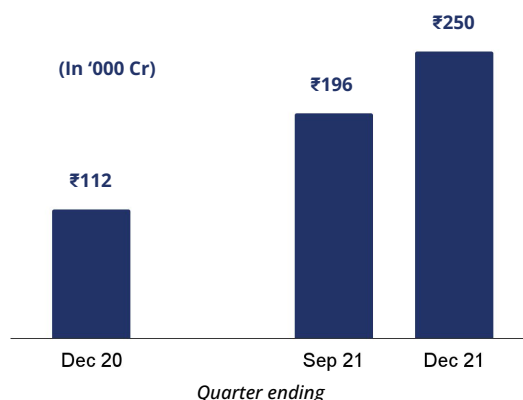
Revenue - Payment Services to Consumers
Y-o-Y Growth 60% | Q-o-Q Growth 15%



Our GMV at ₹2.5 Lakh Cr in Q3 FY 2022 was up 123% Y-o-Y and 28% Q-o-Q driven by growth in our online and offline merchant base, increase in the user engagement, and impact of the festive season.

GMV from MDR bearing instruments (non-UPI instruments) grew by 77% Y-o-Y.

Gross Merchandise Value
Y-o-Y Growth 123% | Q-o-Q Growth 28%

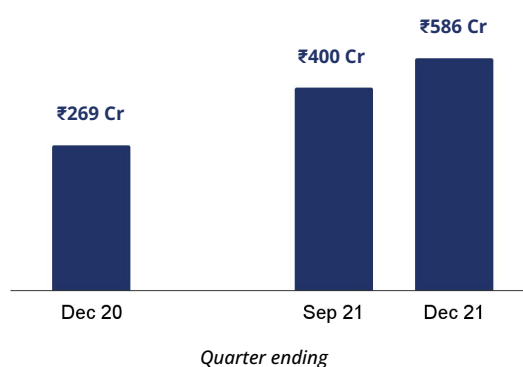


Payment Services to Merchants

Revenue from Payment Services to Merchants was up 117% Y-o-Y to ₹586 Cr driven by MDR-bearing instrument GMV growth, new large partnerships in Payment Gateway services and growth in device subscriptions (resulting in both MDR and subscription income). The revenue growth was also supported by incentives received from partner banks for various payment partnerships.

On a Q-o-Q basis, our revenue grew 46% driven by growth in our device merchant base and an increase in online and offline spending during the festive season.

Revenue - Payment Services to Merchants
Y-o-Y Growth 117% | Q-o-Q Growth 46%



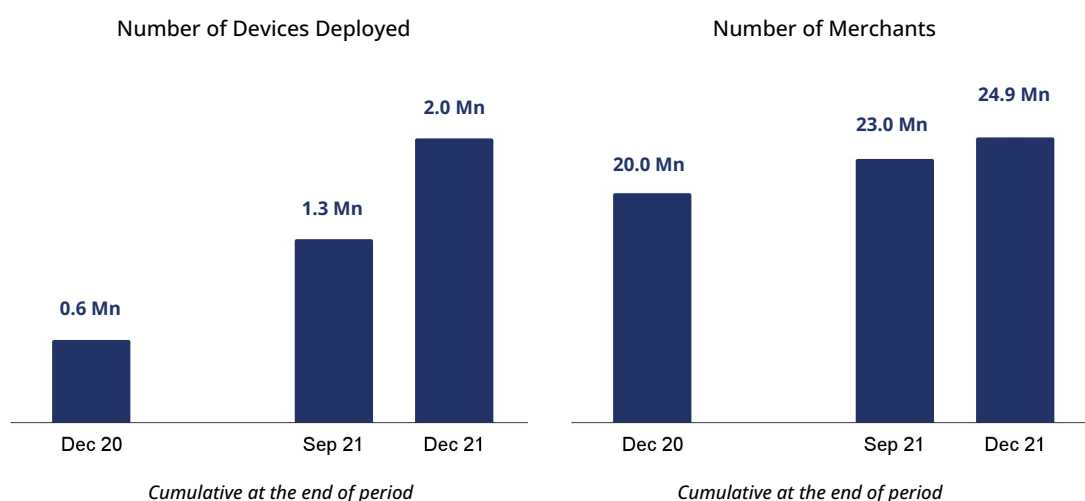
Payment Gateway

Recently we have onboarded some large merchants, including a leading ride-sharing company, India's largest life insurance company, and a leading e-commerce company. Transactions and GMV growth driven by e-commerce festive sales and major sporting events led to an uptick in online gaming and food ordering. Paytm continues to strengthen services offered to its merchant base beyond payment processing through offerings such as CoFT (Cards on File Tokenization) and Router.

Offline Payments

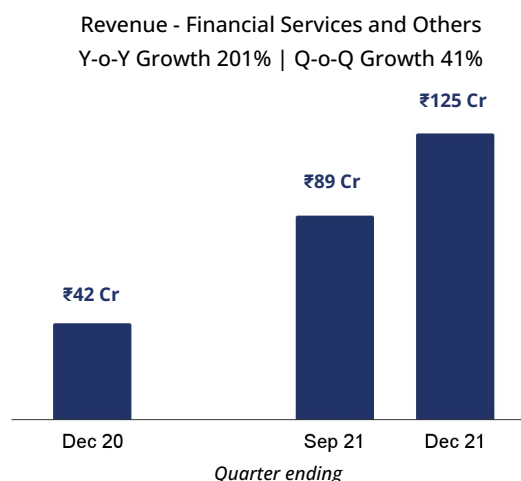
Our Offline Payments business remains one of our primary means to onboard small merchants in a cost effective and scalable way, helping us to create a large payment network and a channel to cross sell and upsell our other use cases such as lending and devices; as well as provide a high frequency transaction use case to our consumers.

We continued to witness acceleration of device subscriptions with an increase of 1.4 mn devices deployed over the last 12 months, to 2.0 mn devices. Growth over the quarter was supported by new bank partnerships, brand integrations in EMI and festive season sales.



Financial Services and Others

Revenue from Financial Services and Others grew by 201% Y-o-Y to ₹125 Cr in Q3 FY 2022. The growth in revenue was primarily driven by 366% growth in the value of loans disbursed. The Q-o-Q growth in revenue was 41%, driven by an increase in disbursements to our merchant base and uptick in our BNPL product, Paytm Postpaid as well as personal loans.

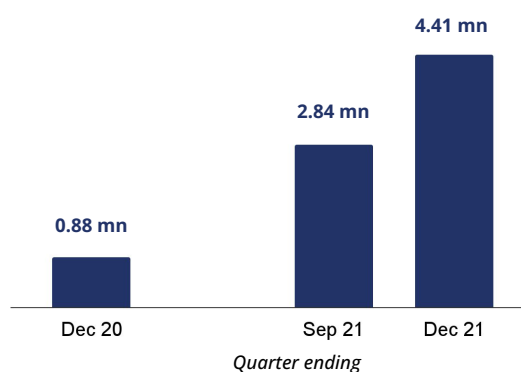


The MDR from merchants on Paytm Postpaid and the revenues from our credit card partnerships is not recorded in Revenue from Financial Services and Others. MDR is recorded in Payment Services to Consumers or Payment Services to Merchants, whereas revenue from our credit card partnerships is recorded in Cloud revenues.

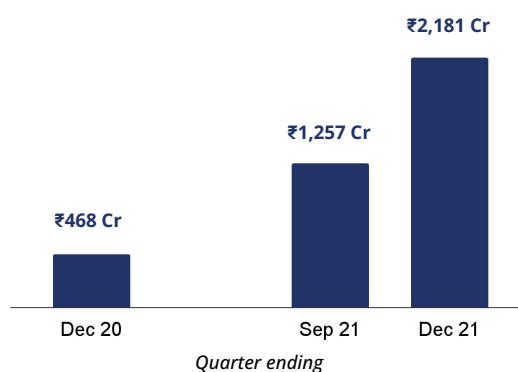
Lending

The number of loans through our platform grew to 4.4 mn in Q3 FY 2022, representing a growth of 401% Y-o-Y and 55% Q-o-Q. The value of these loans grew 366% Y-o-Y and 73% Q-o-Q, to ₹2,181 Cr. We have seen strong growth across all our products: Paytm Postpaid (BNPL), personal loans and merchant loans. We have expanded partnerships to 8 banks and NBFCs.

Number of Loans Disbursed through Paytm
Y-o-Y Growth 401% | Q-o-Q Growth 55%



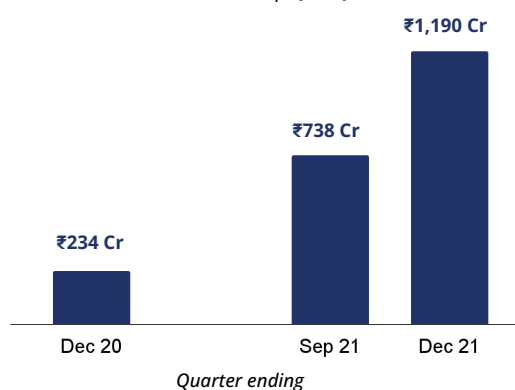
Value of Loans Disbursed through Paytm
Y-o-Y Growth 366% | Q-o-Q Growth 73%



Paytm Postpaid

Number of Postpaid Loans disbursed grew 407% Y-o-Y in Q3 FY 2022, while the value of Postpaid Loans grew 408% Y-o-Y. We have witnessed strong growth in new user sign ups; and the user base has now crossed 3 Mn. Over 30% of monthly new sign ups are new to credit users. Merchant acceptance continues to grow and Paytm Postpaid is now available at more than 3.5 mn online and offline merchants.

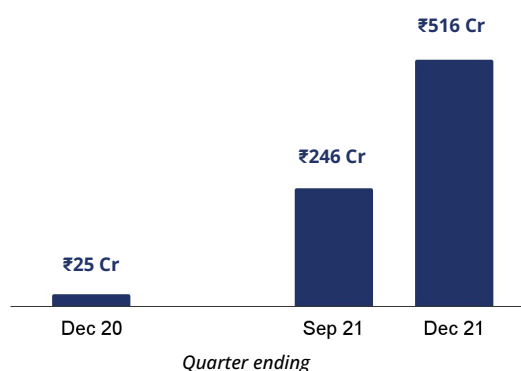
Value of Loans - Postpaid
Y-o-Y Growth 408% | Q-o-Q Growth 61%



Personal Loans

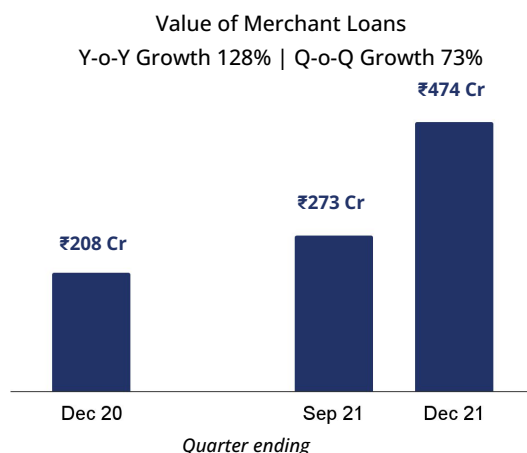
Number of Personal Loans disbursed grew 1,187% Y-o-Y in Q3 FY 2022, while the value of Personal Loans grew 1,925% Y-o-Y. We see a significant potential to cross-sell as over 50% of personal loans were disbursed to our existing Paytm Postpaid users. Average ticket size ranged from ₹80,000-90,000 with average tenure of 12-14 months.

Value of Personal Loans
Y-o-Y Growth 1,925% | Q-o-Q Growth 110%



Merchant Loans

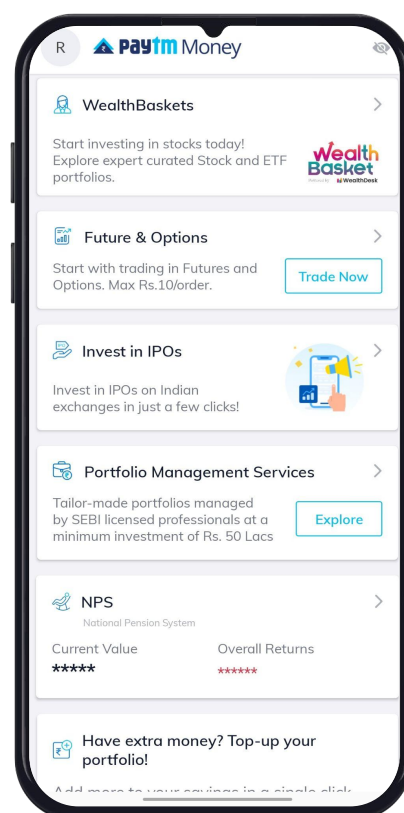
Number of Merchant Loans disbursed grew 38% Y-o-Y in Q3 FY 2022, while the value of Merchant Loans grew 128% Y-o-Y. More than 25% of loans were disbursed to new to credit borrowers. Average ticket size continues to increase with scale, now at ₹120,000-140,000 with average tenure of 12-14 months. Repeat loans have seen a healthy take up, with 25% of merchants having taken a loan more than once.



Other Financial Services

Paytm Money recorded the highest number of Traded Orders ever in December 2021 and traded orders for the quarter grew 42% Q-o-Q. We also achieved the highest gross client addition with a growth of 40% Q-o-Q in new Equity Accounts. We launched new features like Margin Pledge, Portfolio Management Services, Voice Trading, Messenger based advice & news and partnered with InvestorAi to provide stock recommendations based on algorithms.

In our insurance business, we enhanced our offering by launching all types of insurance plans (Comprehensive, Own Damage and Third Party), and have also enabled buying of insurance policies post expiry of the existing policy. Today, customers can compare options from 15+ insurers offering 90+ products on our platform.



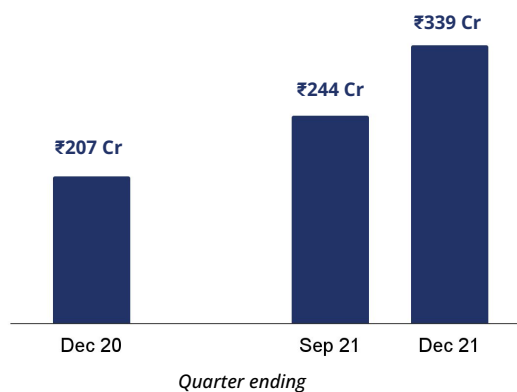
Commerce and Cloud Services

Revenues from Commerce and Cloud services went up by 64% Y-o-Y to ₹339 Cr and 39% Q-o-Q.

Revenue - Commerce and Cloud Services
Y-o-Y Growth 64% | Q-o-Q Growth 39%

Commerce

Revenue from Commerce at ₹135 Cr, up 57% Y-o-Y and 61% Q-o-Q was helped by the festive season and lower COVID interruptions during the quarter. With the onset of Omicron in late December, our ticketing business has seen some impact in late December and January.



Cloud

Revenue from Cloud increased to ₹205 Cr up 69% Y-o-Y and 28% Q-o-Q, primarily due to strong growth in the revenue from advertising, PAI Cloud and credit cards.

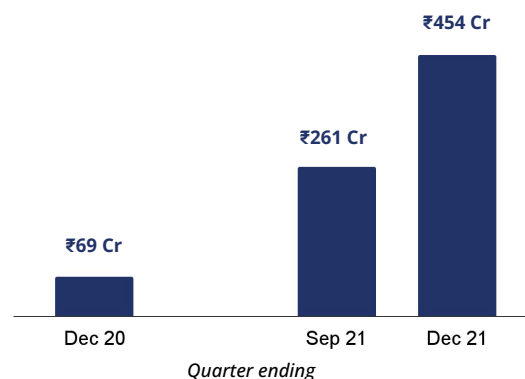
In our Advertising business, we engaged 424 advertisers during the quarter. We launched a new ad format on our platform in Q1 this year, which has seen a strong adoption with more than 40% of our ad revenue in the recent quarter.

560% growth in Contribution Profit

We have achieved a step-change in the level of our contribution profit between FY 2021 and FY 2022. The contribution profit for Q3 FY 2022 at ₹454 Cr represents a 560% Y-o-Y growth.

Our contribution margin as a % of revenue improved to 31.2% in Q3 FY 2022 from 8.9% in Q3 FY 2021 and 24.0% in Q2 FY 2022 with margin improvement in Payments; growth in high margins offerings such as lending, advertising and commerce.

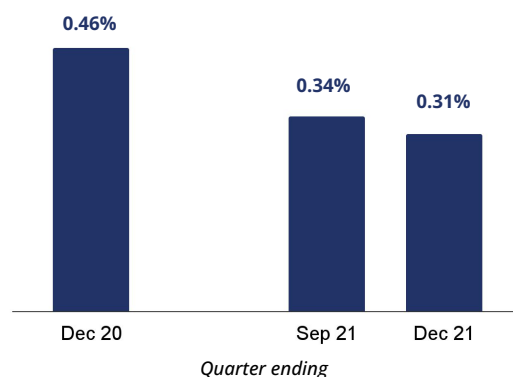
Contribution Profit
Y-o-Y Growth 560% | Q-o-Q Growth 74%



Reduction of Payment processing charges

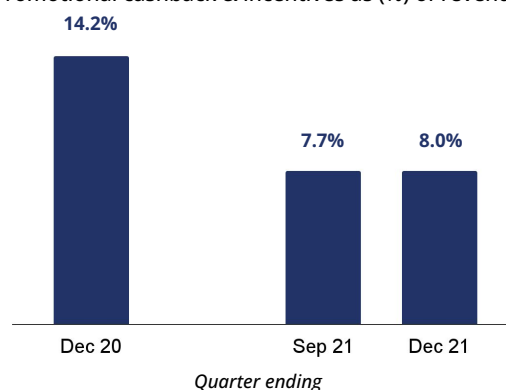
(₹783 Cr in Q3 FY 2022) from 0.46% of GMV in Q3 FY 2021 and 0.34% in Q2 FY 2022 to 0.31% in Q3 FY 2022. This was as a result of technology driven optimization of our transaction routing, a higher share of UPI in the instrument mix, and improvement in transaction rates from banks owing to our increasing scale.

Payment Processing charges as (%) of GMV

**Promotional cashback & incentives**

at ₹117 Cr down from 14.2% of revenues in Q3 FY 2021 to 8.0% in Q3 FY 2022 (vs 7.7% in Q2 FY 2022), as we were able to increase our customer engagement at a lower cost, and an increasing share of total cashback funding from partners, primarily banks. Similar trend observed in Other expenses which at ₹103 Cr were down from 9.8% of revenues in Q3 FY 2021 to 7.1% in Q3 FY 2022 (6.7% in Q2 FY 2022).

Promotional cashback & incentives as (%) of revenue



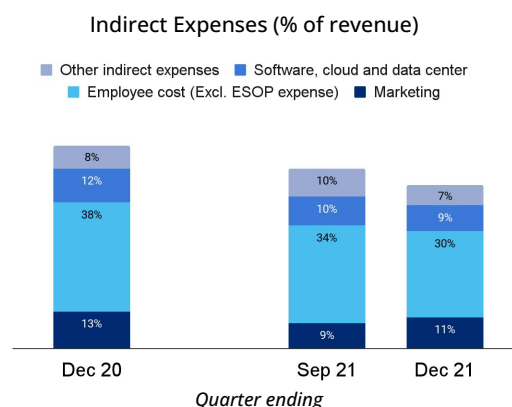
Indirect Expenses (Excluding ESOP cost) reduced from 72% of revenues in Q3 FY 2021 to 58% of revenues in Q3 FY 2022

Continued reduction of Marketing expenses: These expenses (excluding promotional cashback and incentives) of ₹166 Cr in Q3 FY 2022, were 11% of revenues, down from 13% of revenues in Q3 FY 2021, even as we have increased Average MTUs by 17.3 mn from Q3 FY 2021 to Q3 FY 2022. On an absolute basis, these costs are 64% higher Y-o-Y and 63% higher Q-o-Q, in part due to the seasonality in our spends on cricket sponsorships which are related to the schedule of cricket matches. There was an increase of sponsorship expenses of approximately ₹20 Cr in Q3 FY 2022, as compared to the previous quarter.

Strong Investments in Talent Acquisition: Our Employee cost (excluding ESOP cost) of ₹442 Cr is 49% higher Y-o-Y (20% higher Q-o-Q) as we continue to invest in our sales teams for merchant acquisition and technology teams. This cost has reduced to 30% of revenues from 38% of revenues during the prior year period. We expect the growth of Employee cost to moderate in the future.

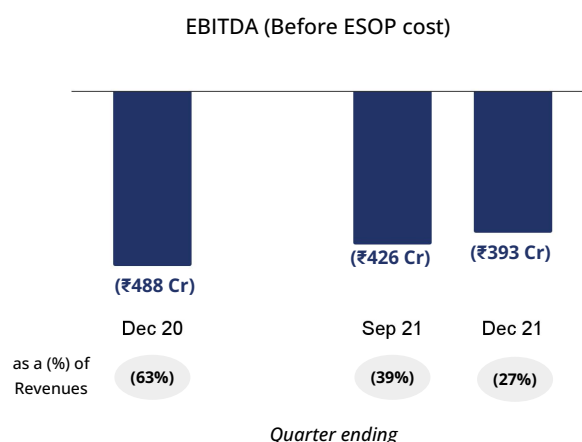
Continued investments in Cloud Infrastructure: Our Software, Cloud and Data Center costs of ₹130 Cr in Q3 FY 2022 are 37% higher Y-o-Y, despite GMV growing by 123% Y-o-Y, as we continue to invest in cloud infrastructure to support our growing transaction volumes and GMV. These costs have reduced from 12.3% of revenues in Q3 FY 2021 to 8.9% in Q3 FY 2022.

Other Indirect costs at ₹108 Cr reduced from 8.3% of revenues in Q3 FY 2021 to 7.4% in Q3 FY 2022. On an absolute basis, these costs are 70% higher Y-o-Y due to increase in our subcontracting expenses with the expansion of our field sales team. We expect this growth to moderate in the future.



EBITDA (before ESOP cost) losses reducing

EBITDA (before ESOP cost) margin improved to (27%) of revenues in Q3 FY 2022 (₹393 Cr), from (63%) of revenues Q3 FY 2021 (₹488 Cr) and (39%) of revenues in Q2 FY 2022 (₹426 Cr) despite increased investments in technology, merchant and user base expansion.



ESOP charges of ₹366 Cr recorded in Q3 FY 2022 pertains to grant of 26.6 mn Employee Stock Option (ESOPs) in this quarter.

We are well funded with Net Cash, Cash Equivalent and investable balance of **₹10,215 Cr**, as of December 2021.

Summary of Consolidated Financial Performance

Particulars (in ₹ Cr)	Quarter Ended					Nine months ended		
	Dec-21 (Unaudited)	Dec-20 (Unaudited)	Y-o-Y	Sep-21 (Unaudited)	Q-o-Q	Dec-21 (Unaudited)	Dec-20 (Unaudited)	Y-o-Y
Payments & Financial Services	1,116.8	564.9	98%	842.6	33%	2,648.8	1,492.5	77%
Payment Services to Consumers	405.8	253.9	60%	353.6	15%	1,059.9	691.4	53%
Payment Services to Merchants	585.8	269.4	117%	400.3	46%	1,320.1	710.8	86%
Financial Services and Others	125.2	41.6	201%	88.7	41%	268.8	90.3	198%
Commerce & Cloud Services	339.3	207.1	64%	243.8	39%	784.5	494.6	59%
Commerce	134.8	85.8	57%	83.8	61%	270.3	162.1	67%
Cloud	204.5	121.3	69%	160.0	28%	514.2	332.5	55%
Revenue from Operations	1,456.1	772.0	89%	1,086.4	34%	3,433.3	1,987.1	73%
Payment processing charges	783.1	517.7	51%	670.0	17%	1,979.6	1,408.1	41%
As % of GMV	0.31%	0.46%	(15 bps)	0.34%	(3 bps)	0.33%	0.51%	(18 bps)
Promotional cashback & incentives	116.6	110.0	6%	83.3	40%	260.6	215.7	21%
Other Expenses	102.7	75.6	36%	72.4	42%	234.2	174.9	34%
Total Direct Expenses	1,002.4	703.3	43%	825.7	21%	2,474.4	1,798.7	38%
Contribution Profit	453.7	68.7	560%	260.7	74%	958.9	188.4	409%
Contribution Margin %	31.2%	8.9%	2,226 bps	24.0%	716 bps	27.9%	9.5%	1,845 bps
Indirect Expenses								
Marketing	166.5	101.8	64%	102.4	63%	345.9	216.7	60%
Employee cost (Excl ESOPs)	441.8	295.6	49%	367.2	20%	1,120.7	766.2	46%
Software, cloud and data center	130.1	95.1	37%	112.9	15%	348.8	241.8	44%
Other indirect expenses	108.1	63.7	70%	103.7	4%	293.7	199.0	48%
EBITDA (Before ESOP cost)	(392.8)	(487.5)	nm	(425.5)	nm	(1,150.2)	(1,235.3)	nm
EBITDA (Before ESOP cost) Margin %	(27.0%)	(63.1%)	3,617 bps	(39.2%)	1,219 bps	(33.5%)	(62.2%)	2,867 bps

Summary of Key Operational Metrics

Operational KPIs	Units	Quarter Ended			Nine months ended		
		Dec-21	Dec-20	Y-o-Y	Dec-21	Dec-20	Y-o-Y
GMV	₹ '000 Cr	250	112	123%	593	277	114%
Merchant Transactions	Mn	3,477	1,587	119%	8,456	3,788	123%
Total Transactions	Mn	4,266	2,038	109%	10,367	4,847	114%
MTU (average over the period)	Mn	64.4	47.1	37%	57.4	43.3	33%
Monthly GMV per MTU	₹	12,950	7,934	63%	11,477	7,097	62%
Registered Merchants (end of period)	Mn	24.9	20.0	na	24.9	20.0	na
Loans	'000	4,414	881	401%	8,688	1,253	593%
Devices Deployed (cumulative; end of period)	Mn	2.0	0.6	na	2.0	0.6	na
Average number of Sales Employees	#	18,691	6,168	203%	12,160	4,290	183%

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

Cost of our sales force (including training) was ₹128.3 Cr for Q3 FY 2022, up from ₹93.7 Cr for Q2 FY 2022

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

Reconciliation of EBITDA (before ESOP cost) with Loss for the period

Particulars (in ₹ Cr)	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)	(392.8)	(487.5)	(425.5)	(1,150.2)	(1,235.3)
ESOP cost (B)	(389.5)	(41.5)	(19.3)	(447.8)	(70.9)
Initial Public Offer expenses (C)	(5.6)	0.0	(7.6)	(13.2)	0.0
Finance costs (D)	(12.5)	(9.2)	(10.2)	(32.4)	(27.7)
Depreciation and amortization expense (E)	(60.9)	(38.2)	(50.4)	(152.2)	(127.5)
Other income (F)	77.3	95.5	48.1	182.6	287.9
Share of profit / (loss) of associates / joint ventures (G)	11.1	(24.3)	(6.6)	(7.6)	(40.5)
Exceptional items (H)	0.0	(20.0)	0.0	(2.4)	(28.0)
Income Tax expense (I)	(5.6)	(10.3)	(2.0)	(10.7)	(14.6)
Loss for the period (J=A+B+C+D+E+F+G+H+I)	(778.5)	(535.5)	(473.5)	(1,633.9)	(1,256.6)
EBITDA before ESOP cost	(392.8)	(487.5)	(425.5)	(1,150.2)	(1,235.3)
EBITDA before ESOP cost Margin %	(27.0%)	(63.1%)	(39.2%)	(33.5%)	(62.2%)

About Paytm:

Paytm is India's leading digital payments and financial services company, which is focused on driving consumers and merchants to its platform by offering them a variety of payment use cases and then cross-selling them higher margin financial services products. The platform has over 350 million users and 25 million merchants. Paytm offers a) payments to consumers and merchants, b) financial services, particularly lending, and c) other merchant services (Commerce and Cloud). The company provides consumers with services like utility payments and money transfers, while empowering them to pay via Paytm Payment Instruments (PPI) like Paytm Wallet, Paytm UPI, Paytm Payments Bank Netbanking, Paytm FASTag and Paytm Postpaid - Buy Now, Pay Later. To merchants, Paytm offers acquiring devices like Soundbox, EDC, QR and Payment Gateway where payment aggregation is done through PPI and also other banks' financial instruments. To further enhance merchants' business, Paytm offers merchants commerce services through advertising and Paytm Mini app store. Operating on this platform leverage, the company then offers credit services such as merchant loans, personal loans and BNPL, sourced by its financial partners.

The company is on a mission to bring half a billion Indians into the mainstream economy.

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.

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.

Q3 FY 2022 Earnings Call Information

Paytm will hold its earnings conference call for shareholders, investors and analysts on **Saturday, February 5, 2022 from 15:00-16:30 Indian Standard Time**, to discuss the financial results of the Company for the quarter and nine months ended December 31, 2021 and business outlook.

Please see below the mandatory pre-registration link for attending the earnings call:

https://paytm.zoom.us/webinar/register/WN_F3n24QOeQ4--Xnc6jXDGAQ

The presentation, conference call recording and the transcript will be made available on the Company website subsequently. This disclosure will also be hosted on the Company's website viz. www.paytm.com.