Earnings Release

for quarter ending September 2022

Paytm

07 November 2022

Key Metrics for the quarter ending September 2022 (Q2 FY 2023)

Revenue from Operations

₹1,914 Cr

▲ 76% growth YoY

Driven by increase in merchant subscription revenues, growth in bill payments due to growing MTU and growth in disbursements of loans through our platform

Contribution profit

₹843 Cr

▲ 224% growth YoY

Improved to 44.1% of revenue in Q2 FY 2023 from 24.0% in Q2 FY 2022 and 43.2% in Q1 FY 2023, driven by growth in payments profitability, and faster growth of high margin businesses such as loan distribution

EBITDA before ESOP cost

₹(166) Cr

▲ ₹259 Cr improvement YoY

Improvement of 61% YoY

Margin improved to (9%) of revenues from (39%) of revenues in Q2 FY 2022, due to strong operating leverage, despite continued investments in technology, sales and marketing

Reported EBITDA improved 15% QoQ, and Net Income improved 11% QoQ

Merchant subscriptions (Payment devices)

4.8 Mn

▲ 3.5 mn added YoY

Continued strong growth in device deployment, with 1.1 mn devices added in Q2 FY 2023

Loans Disbursed through Paytm

₹7,313 Cr

▲ 482% growth YoY

Loan distribution business has scaled up significantly over the last 12 months, seeing increased adoption by users. Number of loans at 9.2 mn, up 224% YoY

Key Revenue Metrics

	Q2 FY 2023	YoY growth
Payments Services to Consumers Revenue from payments made by consumer on Paytm App *(Consumer pays platform fee for select use cases and merchants pay MDR)*	₹549 Cr	55%
Payments Services to Merchants Revenue for processing payment in merchant store or app or website and subscriptions from merchants for payments devices *(Merchants pay MDR for cards, wallet, net banking payments. And devices merchants also pay subscription. Government pays incentive for UPI P2M payments[1])*	₹624 Cr	56%
Financial Services & Others Revenue from Financial Services primarily loan distribution. Also, includes Paytm Money (equity trading) and other services	₹349 Cr	293%
Commerce and Cloud Services to Merchants Revenue from enabling commerce for merchants. Offerings primarily include advertising, ticketing and deal vouchers. Credit cards also included here	₹377 Cr	55%

Key operating metrics for loans disbursed through our platform

	Q2 FY 2023	YoY growth
Total Number of Loans Disbursed in Q2 Number of loans disbursed by our lending partners using our platform	9.2 Million	224%
Personal Loans (value of loans) Average ticket size ~ ₹110,000 and average tenure of 14 months	₹2,055 Cr	736%
Merchant Loans (value of loans) Average ticket size ~ ₹150,000 and average tenure of 12 months	₹1,208 Cr	342%
Paytm Postpaid (Buy-Now-Pay-Later) (value of loans) Consumption credit for purchases at over 15 mn offline and online merchants	₹4,050 Cr	449%

[1]Although government incentives on UPI P2M transactions are announced in annual budget, we will record revenues after the final notification is issued by MEITY. Hence, we recorded nil revenues in Q1 and Q2 FY 2023 (same was nil in Q1 and Q2 FY 2022 too)

Business Update for quarter ending September 2022 (Q2 FY 2023)

Our Q2 FY 2023 results show momentum across our operating and financial metrics. We are pleased to show strong growth in revenues and contribution profit, combined with operating leverage, which has allowed us to show sharp improvement in EBITDA before ESOP costs.

Payments Services revenue grew 56% YoY and our net payment margin grew by over 400%, on back of platform expansion

Our Payments business witnessed revenue growth of 56% YoY (and 9% QoQ) on account of:

- Continued platform expansion across MTU, merchant base, subscription merchants and GMV
- Continued growth in subscription (and MDR) revenues from our offline merchants, led by ramp-up of our devices business
- Higher GMV from online merchants in our payment gateway business

Revenue in Payment Services to Consumers business was ₹549 Cr, increasing 55% YoY, while that in Payment Services to Merchants was ₹624 Cr, increasing 56% YoY. There was no UPI incentive recorded in this quarter, similar to Q1 FY 2023[1].

Our net payments margin[2] stood at ₹443 Cr, increasing 15% QoQ and was up 428% YoY. This was driven by improved monetization and continued improvements in payment processing charges.

We are expanding our monetization base with growth of users and merchants. Merchant subscriptions is an attractive profit pool for us, driving higher payment volumes, subscription revenues as well as merchant loan distribution.

UPI remains an attractive user acquisition and engagement channel

UPI helps us with efficient user and merchant acquisition, and allows us to better monetize our platform by upselling loans as well as payments devices. UPI merchant payments (which are free for the merchant) have become revenue generating due to government encouragement for digital payments in the form of incentives for UPI P2M transactions. Due to the tailwinds for UPI merchant payments, we are also able to make attractive subscription revenues for payment devices, and MDR for non-UPI payments.

Loan Distribution: under-penetrated; huge growth opportunity at attractive profitability

Revenue in the Financial Services and Others business was ₹349 Cr, up 293% YoY (increased 29% QoQ), and now accounts for 18% of total revenue (versus 8% in Q2 FY 2022), driven by sourcing and collection revenues in our loan distribution business.

Total loans disbursed, in partnership with our lending partners were 9.2 mn in the quarter (up 224% YoY and 8% QoQ), amounting to ₹7,313 Cr (up 482% YoY and 32% QoQ). We exited Q2 with disbursements in our loan distribution business at an annualized run-rate of about ₹34,000 Cr.

- Paytm Postpaid disbursements were ₹4,050 Cr, (up 449% YoY, and 20% QoQ). This was driven by increasing user adoption and further widening of the merchant acceptance network to 15 mn merchants;
- Personal loans disbursements amounted to ₹2,055 Cr (up 736% YoY, and up 53% QoQ), with more than 40% of the disbursements made to existing Postpaid users;
- Merchant Loans disbursements were ₹1,208 Cr for the quarter (up 342% YoY, and 46% QoQ). This was boosted by growth in our devices business, as 85% of loans disbursed were to merchants who also have Paytm devices

[1]Although government incentives on UPI P2M transactions are announced in annual budget, we will record revenues after the final notification is issued by MEITY. Hence, we recorded nil revenues this quarter.

[2] Net payments margin equals payments revenues plus other operating revenues, less payment processing cost. Other Operating revenue of ₹15 Cr in Q2 FY 2023 is ancillary revenue related to the payments business

While our loan distribution business has scaled significantly in the last few quarters, our penetration level for each product remains low, and gives us a long growth runway ahead. For Q2 FY 2023:

- Postpaid penetration[1] is at 4.0% of average MTU
- Personal loans penetration[1] is at 0.6% of average MTU
- Merchant loans penetration[1] is at 4.4% of total devices deployed

Our collections efforts continue to deliver good performance, with indicative portfolio performance across loan products holding up well. We continue to seek growth & upsell opportunities as low penetration supports future growth potential, while working with our lending partners to maintain healthy credit quality.

Sustained growth in Commerce & Cloud business

Commerce & Cloud revenues grew 55% YoY. Commerce revenue grew 49% YoY due to higher ticketing sales. Cloud revenues were up 58% YoY as Advertising revenues started recovering while Credit card revenues continue to scale as well.

Growth in Contribution Profit + Strong Operating Leverage

Our contribution profit for the quarter stood at ₹843 Cr, an increase of 224% YoY and 16% QoQ. Our contribution margin increased to 44% (as % of revenue) from 24% in Q2 FY 2022. During this period, we have driven (a) improvement in net payment margin in our payments business; and (b) increased mix of high margin businesses such as loan distribution.

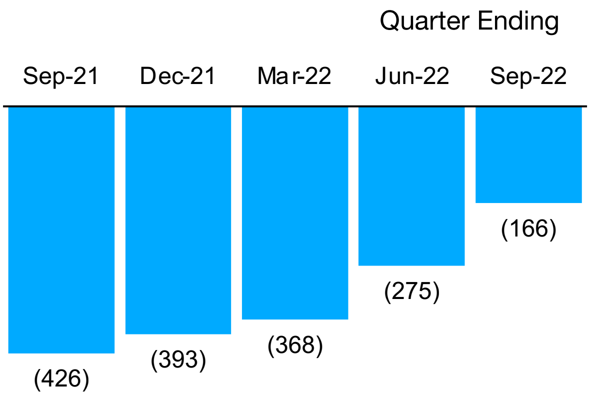
Indirect costs were ₹1,010 Cr in the quarter, flat vs previous quarter's ₹1,001 Cr. We continue to make disciplined investments in areas where we see attractive monetization opportunities, including (a) sales team to increase our merchant base and our merchant subscriptions, (b) investments in our technology teams, (c) targeted marketing for user acquisition and brand. For eg, our investments in our sales team is currently at ₹172 Cr per quarter (compared to ₹94 Cr per quarter a year ago). At the same time, due to increase in contribution profits, and our discipline on costs, we are witnessing significant operating leverage (indirect expenses is at 53% of revenues in the quarter, down from 60% in Q1 FY 2023 and 63% in Q2 FY 2022).

Sharp improvement in EBITDA before ESOP cost by 61% YoY

As a result of continued focus on improving monetization capabilities, widening contribution margin as well as significant operating leverage, our EBITDA before ESOP cost stood at (₹166) Cr, improving 61% YoY. Since we shared our operating breakeven guidance in April 2022, we have been able to drive a ₹201 Cr improvement in EBITDA before ESOP cost, and continue to maintain the guidance of turning profitable by September 2023.

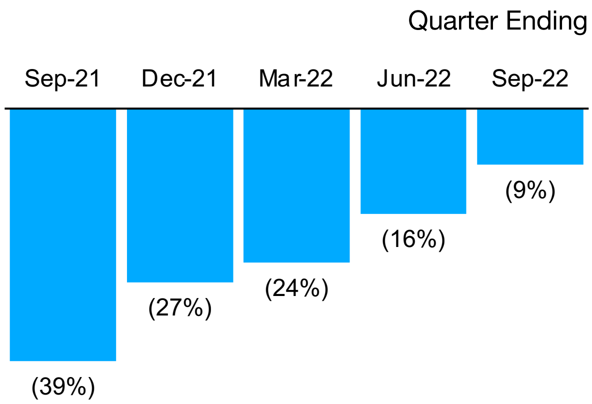
EBITDA before ESOP cost

(In ₹ Crore)



EBITDA before ESOP cost Margin

(% of revenues)



[1]Calculation of penetration:

(a) Postpaid: Avg monthly number of loans in a quarter as a % of that quarter's avg MTU;

(b) Personal Loans: Number of loans disbursed in last 12 months as a % of avg MTU in Q2 FY 2023;

(c) Merchant loans: Number of loans disbursed in last 12 months as % of devices deployed at end of Q2 FY 2023

Update on Reserve Bank of India direction to Paytm Payments Bank Limited (PPBL)

- PPBL management has confirmed that they are in receipt of the IT auditors report and RBI’s observation on that report, vide a written communication
- As per the preliminary assessment carried out by the Bank management team of the above, we are informed that the observations, are largely around continued strengthening of IT outsourcing processes and operational risk management
- The bank management is in the process of responding back to the RBI and will wait for further discussions / directions from the regulator. The bank management continues to accord highest focus and sustained prioritization of its resources towards solving all concerns, and ensuring that it is fully compliant in letter and spirit
- Some stakeholders have asked us to share any expected timelines for PPBL to start onboarding new customers. At the present time, we don’t have firm timelines on when we would be permitted by the regulators to do so. It should be noted that we had shared in March 2022 that we believe that the measures imposed upon PPBL will not materially impact Paytm’s overall business. Our continuing MTU and revenue growth performance confirms that our initial assessment was correct, and we don’t see a material impact on Paytm’s overall business
- If there are any other concrete and significant update, we will of course share them with the stock exchanges

Financial Update for quarter ending September 2022 (Q2 FY 2023)

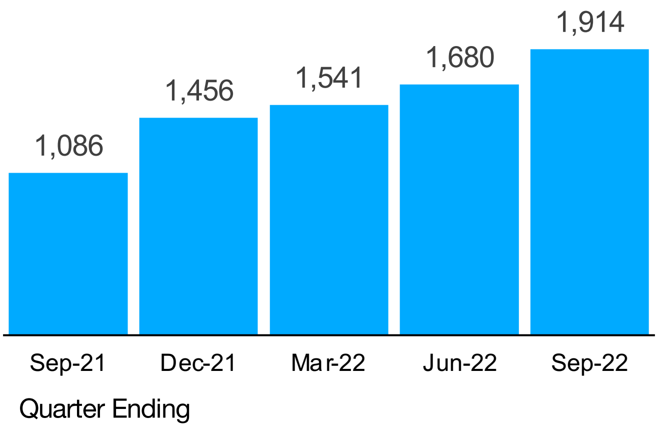
Acceleration in monetization driving revenue growth

In Q2 FY 2023, our revenue was ₹1,914 Cr, increasing 76% YoY with growth in lending, expansion in merchant subscriptions driven by accelerated device deployments, and momentum in commerce and cloud with growth in advertising, resumption of ticketing volumes, credit cards and PAI cloud.

On a QoQ basis, revenues grew 14% driven by growth in loan disbursements, continued growth in the merchant subscription base leading to increase in subscription and MDR revenues, and increase in payment gateway revenue driven by higher GMV in online business, primarily e-commerce. We have not recorded any UPI incentive this quarter as well.

Revenue from Operations

▲ 76% YoY (in ₹ Crore)



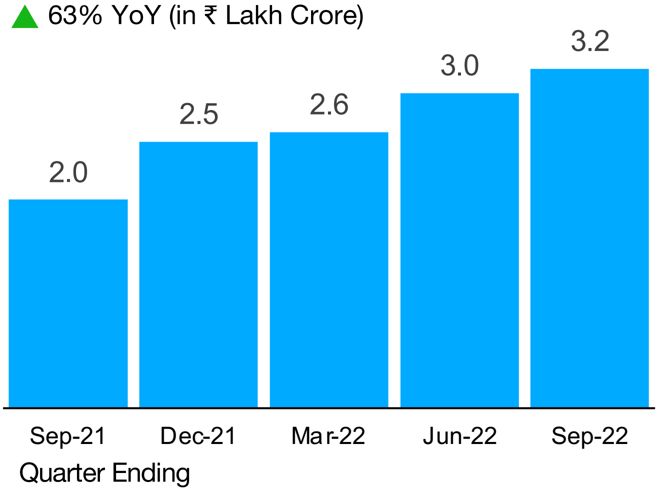
Payment Services

In Q2 FY 2023, our GMV at ₹3.2 Lakh Cr grew by 63% YoY with sustained growth in our Average Monthly Transacting Users (MTU) which at 79.7 mn grew by 39% YoY driven by customer acquisition through UPI and our registered merchant base which expanded to 29.5 mn.

On a QoQ basis, GMV grew 8% driven by growth in our offline merchant base and increase in GMV from online merchants primarily e-commerce due to festive sales.

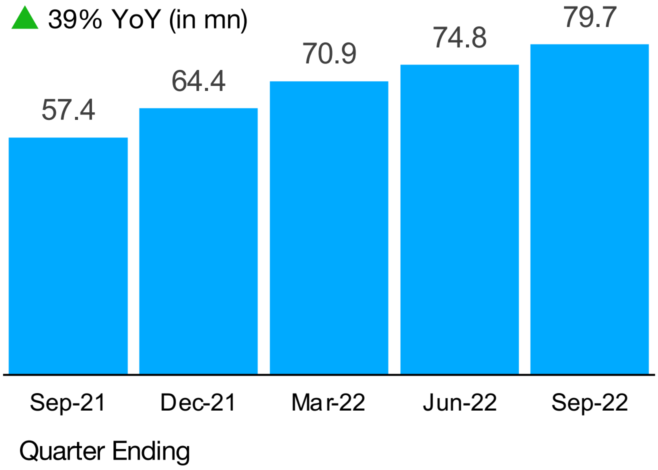
GMV

▲ 63% YoY (in ₹ Lakh Crore)



MTU

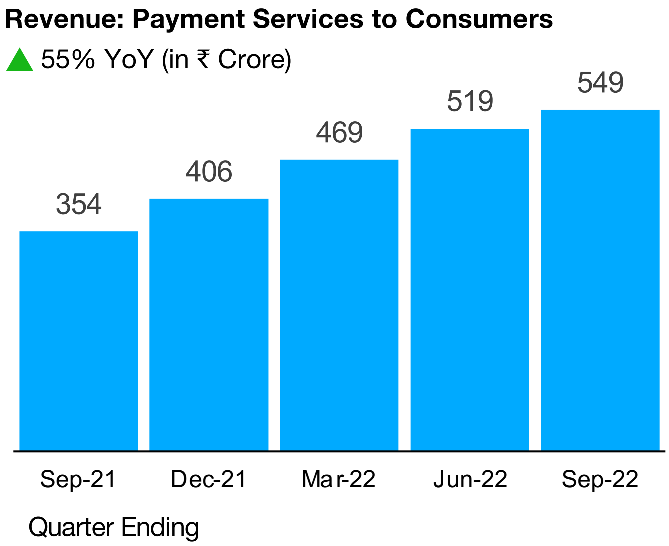
▲ 39% YoY (in mn)



Payment Services to Consumers

Payment Services to Consumers includes revenues from the use cases such as bill payments and top-ups on the Paytm app. Consumers pay platform fees for select use cases and merchants pay MDR.

In Q2 FY 2023, revenue grew by 55% YoY and 6% QoQ to ₹549 Cr driven by continued strong growth of our user base on our app for bill payments and other use cases.



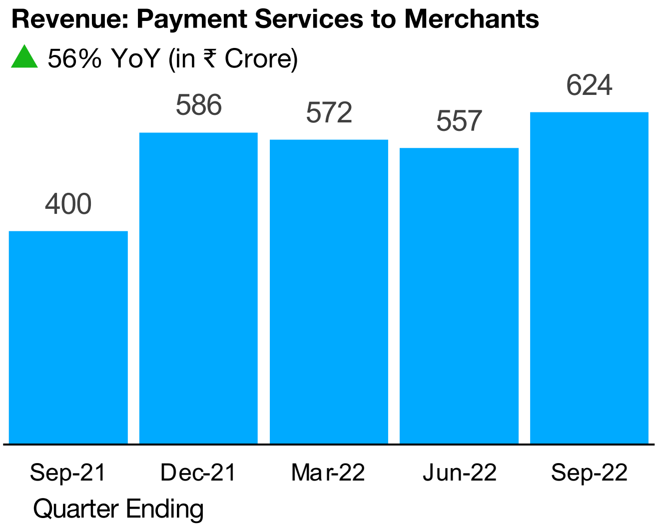
Payment Services to Merchants

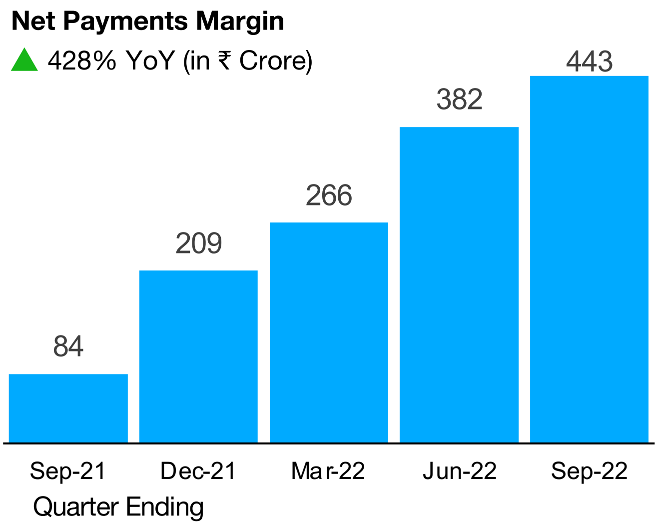
Payment Services to Merchants includes revenues from our comprehensive offerings of online and in-store payment acceptance services. Merchants pay MDR for cards, wallet, net banking payments, and subscriptions for devices. The government pays incentives for UPI P2M payments.

In Q2 FY 2023, our revenue from Payment Services to Merchants grew by 56% YoY to ₹624 Cr, driven by strong growth in our payments devices business, with over 3.5 mn devices added in the last 12 months taking our total deployed base to 4.8 mn by the end of Q2 FY 2023, leading to higher GMV and subscription revenues.

On a QoQ basis, our revenue increased by 12% primarily due to revenue growth in payment gateway business from higher GMV in online merchants, particularly e-commerce and growth in the number of device subscriptions (which drives both subscription revenues and MDR revenues). There was a marginal negative impact of the full quarter effect of account level rationalization done during Q1 FY 2023.

Our net payments margin, defined as payment revenue plus other operating revenue less payment processing cost, grew 15% QoQ to ₹443 Cr, driven by growth in device subscription revenues as well as continued focus on transaction routing optimization.



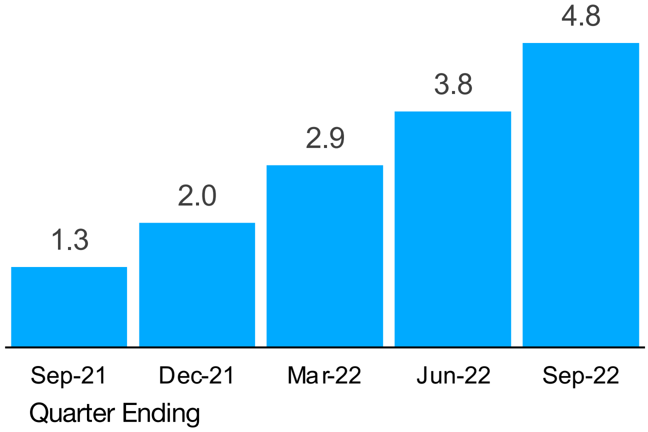


Offline Payment Services to Merchants

We continued strong growth in payments device deployment with over 1 mn devices added in the Q2 FY 2023, while we continue to focus on the quality of merchants onboarded. Device merchants accounted for over 85% of merchant loan disbursals.

Merchant Subscriptions (Payments Devices)

▲ 3.5 mn in 12 months



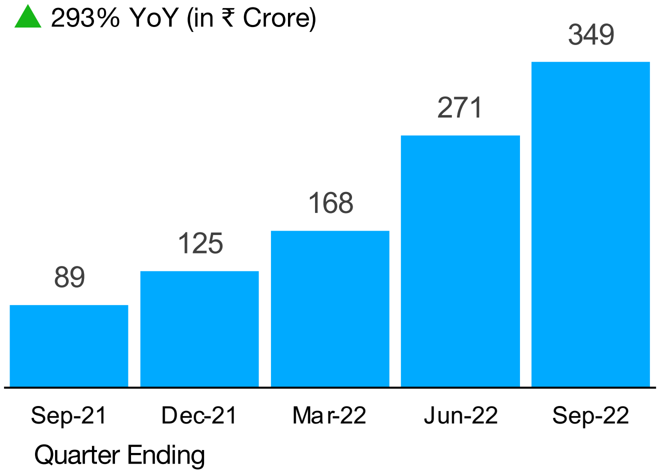
Financial Services and Others

Financial Services and Others include revenues that we make from our financial services partners (eg, for loan distribution) or consumers, (eg, for equity trading).

In Q2 FY 2023, revenue from Financial Services and Others grew 293% YoY to ₹349 Cr and accounts for 18% of total revenues, up from 8% in Q2 FY 2022. The growth in revenue was primarily driven by 482% YoY growth in the value of loans disbursed. The QoQ growth in revenue was 29%, driven by strong uptake in disbursement of Personal Loans which grew from ₹1,344 Cr to ₹2,055 Cr.

Revenue: Financials Services and Others

▲ 293% YoY (in ₹ Crore)



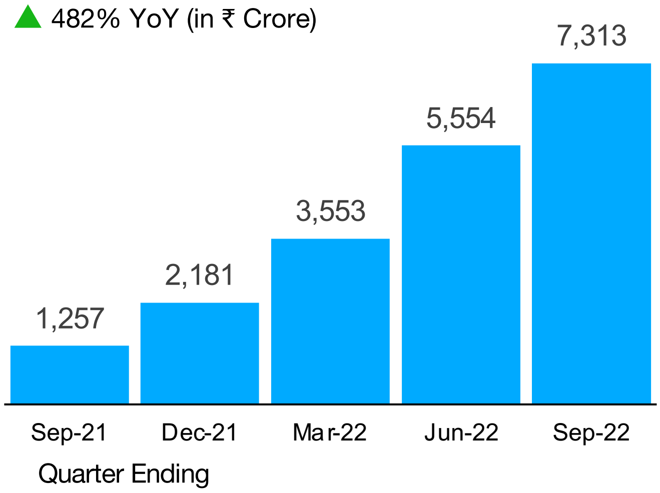
Loan Distribution

In Q2 FY 2023, the number of loans disbursed through our platform grew to 9.2 mn, representing a growth of 224% YoY and 8% QoQ.

The value of loans disbursed grew to ₹7,313 Cr, a growth of 482% YoY and 32% QoQ. We continue to see strong growth and upsell opportunities across all our products: Paytm Postpaid (BNPL), personal loans and merchant loans.

Value of Loans Disbursed through Paytm

▲ 482% YoY (in ₹ Crore)



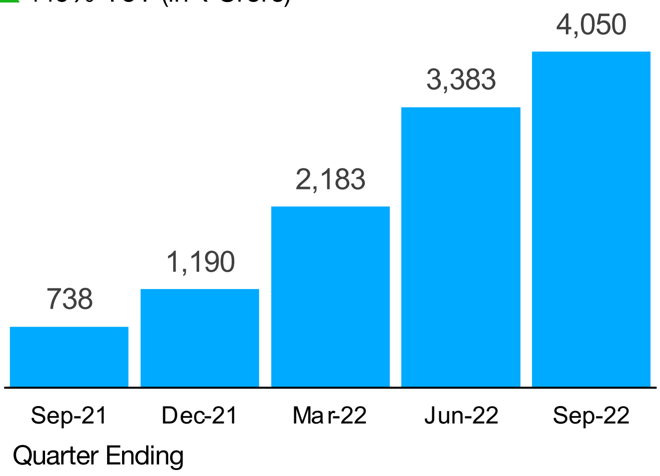
The MDR from merchants on Paytm Postpaid and the revenues from our credit card partnerships is not recorded in Revenue from Financial Services and Others. MDR is recorded in Payment Services, whereas revenue from our credit card partnerships is recorded in Cloud revenues.

Paytm Postpaid

The number of Postpaid Loans disbursed grew 220% YoY in Q2 FY 2023, while the value of Postpaid Loans grew 449% YoY. We have witnessed strong growth in new user sign-ups, and the signed-up user base has now crossed 6 mn. Merchant acceptance continues to grow, and Paytm Postpaid is now accepted by more than 15 mn online and offline merchants. Postpaid continues to show significant cross-sell opportunities in Personal Loans and Credit cards.

Value of Loans: Postpaid

▲ 449% YoY (in ₹ Crore)

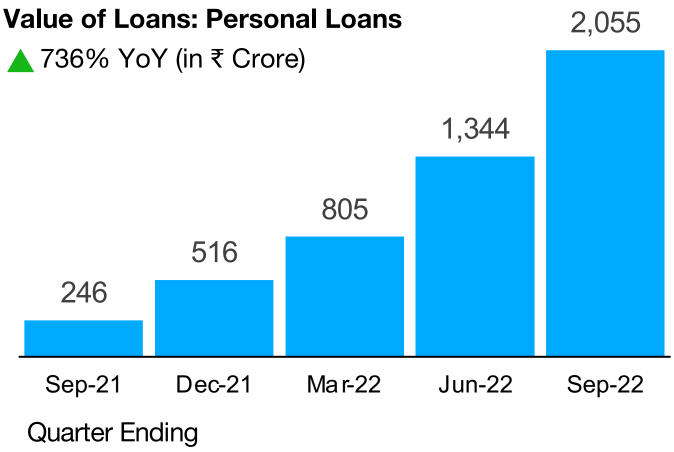


Personal Loans

The number of Personal Loans disbursed grew 555% YoY in Q2 FY 2023, while the value of Personal Loans grew 736% YoY to ₹2,055 Cr. Average ticket size increased by 7% QoQ, and is currently at approximately ₹110,000 with average tenure of 14 months. Cross-sell from Postpaid continues to see traction with over 40% of personal loans disbursed in Q2 FY 2023 to existing Paytm Postpaid users.

Value of Loans: Personal Loans

▲ 736% YoY (in ₹ Crore)

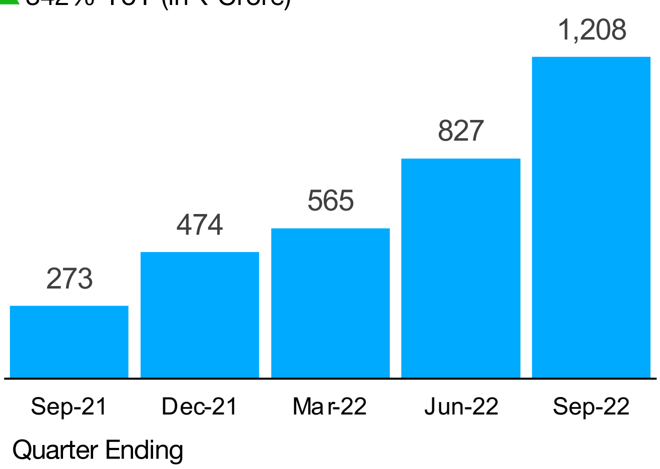


Merchant Loans

The number of Merchant Loans disbursed grew 254% YoY in Q2 FY 2023, while the value of Merchant Loans grew 342% YoY to ₹1,208 Cr. Average ticket size continues to remain at approximately ₹150,000 with average tenure of 12 months. Repeat loans continue to see a healthy take up with 50% of merchants having taken a loan more than once. More than 85% of value disbursed this quarter was to merchants with a deployed Paytm payment device.

Value of Loans: Merchant Loans

▲ 342% YoY (in ₹ Crore)



Commerce and Cloud Services

For Q2 FY 2023, revenues from Commerce and Cloud services went up by 55% YoY and 14% QoQ to ₹377 Cr.

Commerce

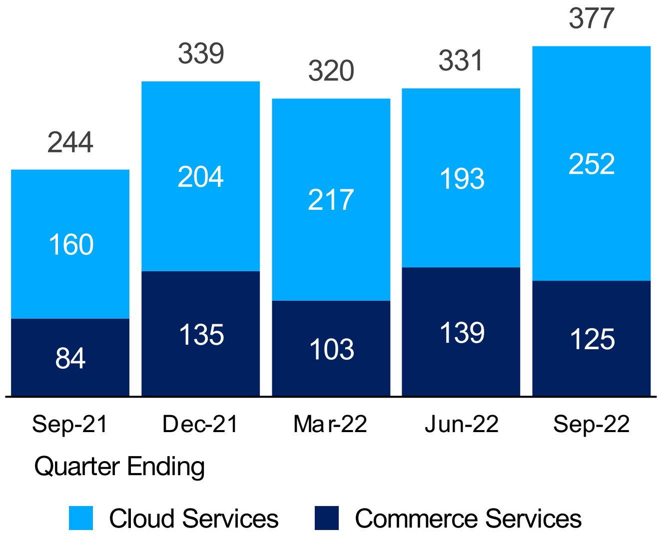
In Q2 FY 2023, revenue from Commerce grew by 49% YoY to ₹125 Cr but declined 10% QoQ, as it was a seasonally weak quarter for the entertainment ticketing business.

Cloud

In Q2 FY 2023, revenue from Cloud grew by 58% YoY and 31% QoQ to ₹252 Cr, driven by strong uptake in our credit card distribution and a seasonally strong quarter for PAI cloud.

Revenue: Commerce and Cloud Services

▲ 55% YoY (in ₹ Crore)



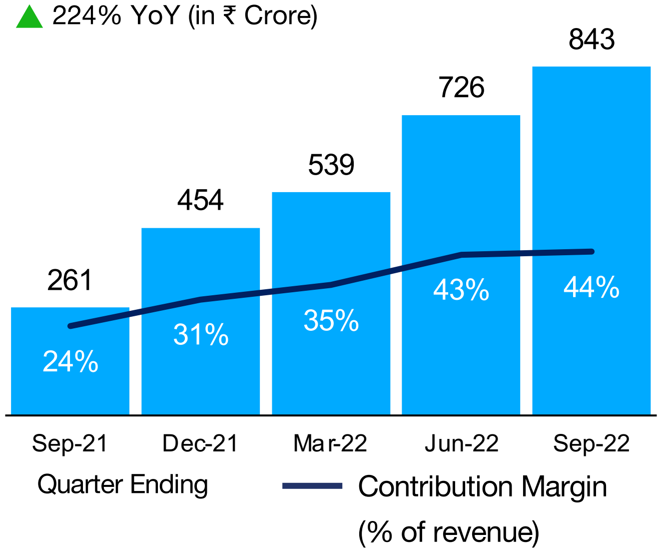
Focused on profitable revenue growth: Contribution Profit up by 224% YoY

In Q2 FY 2023, the contribution profit at ₹843 Cr represents a 224% YoY and 16% QoQ growth, due to huge improvement in net payments margin, and growth of high margin businesses, particularly lending.

Accordingly, our contribution margin improved to 44% in Q2 FY 2023 from 24% in Q2 FY 2022 and 43% in Q1 FY 2023.

Contribution Profit

▲ 224% YoY (in ₹ Crore)



Indirect Expenses

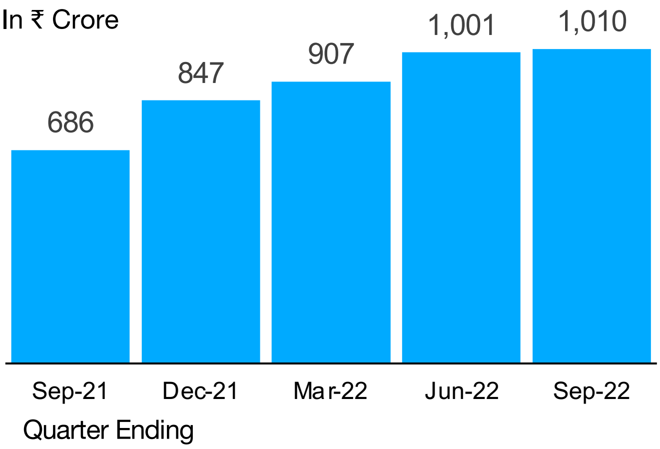
Indirect Expenses (excluding ESOP cost) reduced from 63% of revenues in Q2 FY 2022 to 53% of revenues in Q2 FY 2023 and in absolute terms have remained flat QoQ at 1,010 Cr, despite continued investments to support the growth of our platform and businesses.

In Q2 FY 2023, our Marketing costs (excluding promotional cashback and incentives) at ₹137 Cr reduced to 7% of revenues from 10% in Q1 FY 2023 and 9% in Q2 FY 2022.

On an absolute basis, these costs were up 34% YoY but down 22% QoQ. The QoQ decline was driven by reduced seasonal sponsorship spend in Q2 FY 2023.

Indirect Expenses

In ₹ Crore



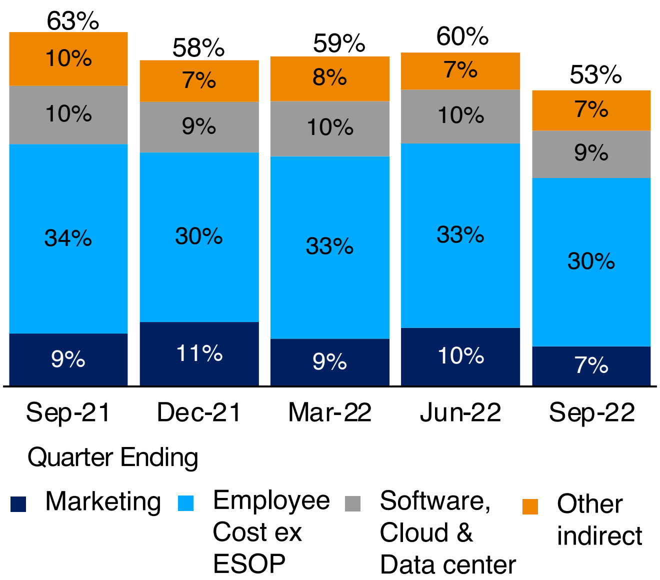
In Q2 FY 2023, our Employee costs (excluding ESOP cost) at ₹573 Cr were 30% of revenues, down from 34% of revenues in Q2 FY 2022. On an absolute basis, these costs were up 56% YoY and 4% QoQ as we continue to invest in sales channels to drive the penetration of our devices that have attractive economics and upsell opportunities.

In Q2 FY 2023, our Software, Cloud, and Data Center costs at ₹173 Cr were 9% of revenues down from 10% in Q2 FY 2022. On an absolute basis, these costs were up 53% YoY and 7% QoQ primarily due to an increase in our cloud infrastructure costs, due to growth of our business.

In Q2 FY 2023, our Other Indirect costs at ₹127 Cr were 7% of revenues, down from 10% of revenues in Q2 FY 2022 and flat compared to 7% in Q1 FY 2023. On an absolute basis, these costs were up 22% YoY and 14% QoQ, primarily due to an increase in repairs of our soundbox and POS devices.

Indirect Expenses

As % of revenue



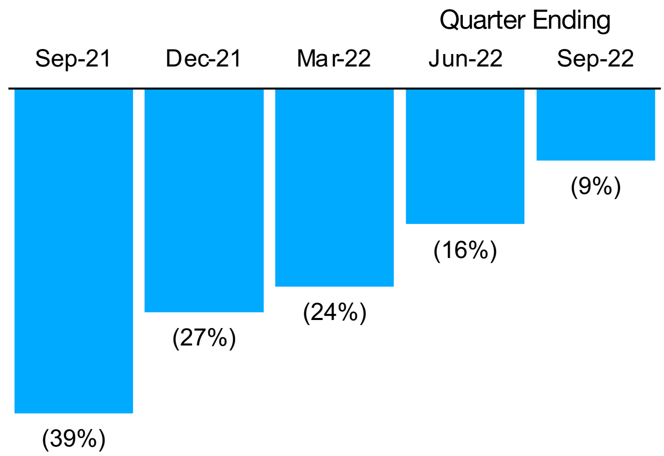
EBITDA before ESOP cost improved by ₹259 Cr YoY and ₹108 Cr QoQ

In Q2 FY 2023, our EBITDA before ESOP cost was (₹166 Cr) as compared to (₹426 Cr) in Q2 FY 2022 (61% improvement) and (₹275 Cr) in Q1 FY 2023 (39% improvement).

EBITDA before ESOP cost margin improved to (9%) of revenues in Q2 FY 2023 from (39%) of revenues in Q2 FY 2022 and (16%) of revenues in Q1 FY 2023 demonstrating the strength of our business model, our ability to monetize our platform and our continued efforts in controlling our cost structure.

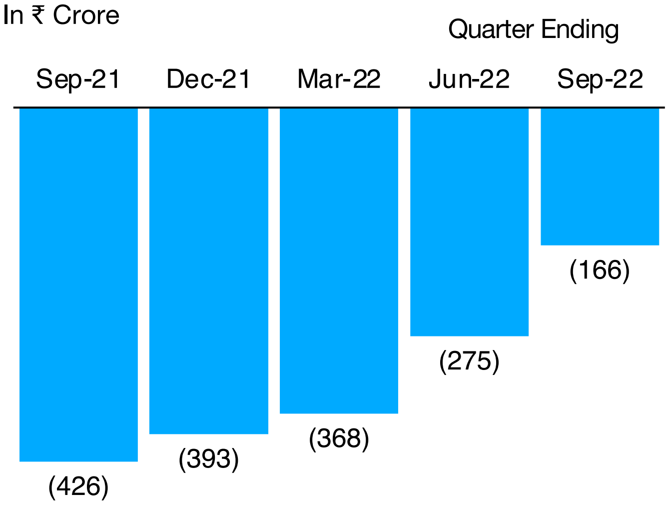
EBITDA before ESOP cost Margin

As a % of revenues



EBITDA before ESOP cost

In ₹ Crore



Cash balance

We are well funded with Net Cash, Cash Equivalent and investable balance of ₹9,182 Cr as of Sep 2022.

Note on non-cash ESOP charges accounting

ESOP charges recorded in Q2 FY 2023 were at ₹371 Cr, 3% higher QoQ. ESOP costs are accounted for as per the following:

- ESOP costs (non-cash share-based compensation expenses) are recognized in our books, in accordance with the applicable accounting standard (Ind-AS), over the vesting period of the respective grant. Based on this methodology, the ESOP charge is front ended, as explained below.
- Paytm's current standard ESOP vesting schedule for new grants is generally spread over 5 years: Year 1 (10%), Year 2 (20%), Year 3 (20%), Year 4 (25%), and Year 5 (25%)
- For illustration, a grant of 1 ESOP at INR 1,000 fair value per share (estimated as on the day of grant, based on the share price on the day of the grant, among other factors) would be accounted for in the following manner, starting from the date of grant:
  - For Year 1: 10% of INR 1,000, spread over the next 4 quarters
  - For Year 2: 20% of INR 1,000, spread equally over the next 8 quarters.. and so on
  - Hence, the charge (total fair value of the grant) is spread across 5 years with approximately 38% in Year 1, 28% in Year 2, 18% in Year 3, 11% in Year 4 and 5% in Year 5

Movements of share price after the date of the grant do not affect the ESOP charge for already granted ESOPs. For any lapses of unvested ESOPs, normally on attrition, the cost of unvested ESOP recorded so far is reversed in that quarter

Please note, the Founder ESOPs are structured in different manner. They are more back-ended in their vesting schedule. Further, Founder ESOPs will vest only when the market cap has crossed IPO levels on a sustained basis (as highlighted in our April shareholder letter).

Summary of Consolidated Financial Performance

Particulars (in ₹ Cr)	Quarter Ended					Half Year Ended		
	Sep-22 (Unaudited)	Sep-21 (Unaudited)	Y-o-Y	Jun-22 (Unaudited)	Q-o-Q	Sep-22 (Unaudited)	Sep-21 (Unaudited)	Y-o-Y
Payments & Financial Services	1,522	843	*81%*	1,346	*13%*	2,868	1,532	*87%*
Payment Services to Consumers	549	354	*55%*	519	*6%*	1,068	654	*63%*
Payment Services to Merchants	624	400	*56%*	557	*12%*	1,181	734	*61%*
Financial Services and Others	349	89	*293%*	271	*29%*	619	144	*331%*
Commerce & Cloud Services	377	244	*55%*	331	*14%*	708	445	*59%*
Commerce	125	84	*49%*	139	*(10%)*	263	135	*94%*
Cloud	252	160	*58%*	193	*31%*	445	310	*44%*
Other Operating Revenue	15	0	*nm*	2	*525%*	17	0	*nm*
Revenue from Operations	**1,914**	**1,086**	***76%***	**1,680**	***14%***	**3,594**	**1,977**	***82%***
Payment processing charges	746	670	*11%*	694	*8%*	1,440	1,196	*20%*
As % of GMV	*0.23%*	*0.34%*	*(11 bps)*	*0.23%*	*(0 bps)*	*0.23%*	*0.35%*	*(11 bps)*
Promotional cashback & incentives	191	83	*128%*	143	*33%*	334	144	*132%*
Other Expenses	134	72	*85%*	117	*15%*	251	131	*91%*
Total Direct Expenses	**1,071**	**826**	***30%***	**954**	***12%***	**2,024**	**1,471**	***38%***
Contribution Profit	**843**	**261**	***224%***	**726**	***16%***	**1,569**	**506**	***211%***
Contribution Margin %	*44.1%*	*24.0%*	*2,008 bps*	*43.2%*	*84 bps*	*43.7%*	*25.6%*	*1,812 bps*
Indirect Expenses								
Marketing	137	102	*34%*	175	*(22%)*	312	179	*74%*
Employee cost (Excl ESOPs)	573	367	*56%*	553	*4%*	1,126	679	*66%*
Software, cloud and data center	173	113	*53%*	162	*7%*	335	219	*53%*
Other indirect expenses	127	104	*22%*	111	*14%*	238	186	*28%*
EBITDA before ESOP expense	**(166)**	**(426)**	***(61%)***	**(275)**	***(39%)***	**(441)**	**(757)**	***(42%)***
Margin %	*(8.7%)*	*(39.2%)*	*3,048 bps*	*(16.4%)*	*766 bps*	*(12.3%)*	*(38.3%)*	*2,603 bps*

Summary of Key Operational Metrics

Operational KPIs	Units	Quarter Ended			
		Sep-22	Sep-21	YoY	Jun-22
GMV	₹ Lakh Cr	3.2	2.0	63%	3.0
Merchant Transactions	million	5,752	2,692	114%	5,124
Total Transactions	million	6,885	3,316	108%	6,126
MTU (average over the period)	million	79.7	57.4	39%	74.8
Registered Merchants (end of period)	million	29.5	23.0	na	28.3
Loans	'000	9,192	2,841	224%	8,478
Value of Loans	₹ Cr	7,313	1,257	482%	5,554
Payment Devices (cumulative; end of period)	million	4.8	1.3	na	3.8
Average number of Sales Employees	#	24,703	11,225	na	21,775
Cost of sales employees (including training)	₹ Cr	172	94	83%	161

Number of sales employees includes on-roll and off-roll employees. Cost relates to on-roll employees only.

Indicative Performance Metrics for Loan Distribution (Sep-22 quarter)

	Postpaid	Personal Loans	Merchant Loans
Bounce Rates Healthy bounce rates continued to be exhibited in Q2 for our lending partners	11.0% to 13.0%	11.5% to 12.5%	NA
Bucket 1 Resolution % Capacity building with scale; Postpaid, Personal loans and Merchant loan resolution hold steady with rapidly expanding book size	81% to 83%	89% to 92%	84% to 87%
Recovery Rate Post 90+ Postpaid, Personal loans and Merchant loans continue to exhibit robust recovery rates	25% to 27%	27% to 29%	31% to 33%
ECL% Steady loss rates on static pool in line with Low and Grow model of scaling	1.1% to 1.3%	4.5% to 5.0%	5.0% to 5.5%

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

Calculation of Net Payments Margin

(in ₹ Cr)	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
Payments Services to Consumers	354	406	469	519	549
Payments Services to Merchants	400	586	572	557	624
Other Operating Revenue	--	--	--	--	15
Total Payments Revenue	**754**	**992**	**1,041**	**1,075**	**1,188**
Payment processing charges	(670)	(783)	(774)	(694)	(746)
Net Payments Margin	**84**	**209**	**266**	**382**	**443**

[1] *Other operating revenue of ₹15 Cr is ancillary revenue related to Payments business and is included in calculation of Net Payments Margin*

Reconciliation of EBITDA before ESOP cost with Loss for the period

Particulars (in ₹ Cr)	Quarter Ended					Half Year Ended		
	Sep-22 (Unaudited)	Sep-21 (Unaudited)	Y-o-Y	Jun-22 (Unaudited)	Q-o-Q	Sep-22 (Unaudited)	Sep-21 (Unaudited)	Y-o-Y
EBITDA before share based payment expenses (A)	**(166)**	**(426)**	***(61%)***	**(275)**	***(39%)***	**(441)**	**(757)**	***(42%)***
Share based payment expenses (B)	(371)	(19)	*1823%*	(359)	*3%*	(730)	(58)	*1153%*
Initial Public Offer expenses (C)	0	(8)	*nm*	0	*nm*	0	(8)	*nm*
Finance costs (D)	(5)	(10)	*(48%)*	(6)	*(4%)*	(11)	(20)	*(46%)*
Depreciation and amortization expense (E)	(104)	(50)	*107%*	(97)	*7%*	(202)	(91)	*121%*
Other income (F)	100	48	*107%*	102	*(2%)*	202	105	*91%*
Share of profit / (loss) of associates / joint ventures (G)	(9)	(7)	*40%*	(6)	*54%*	(15)	(19)	*(18%)*
Exceptional items (H)	0	0	*nm*	0	*nm*	0	(2)	*nm*
Income Tax expense (I)	(15)	(2)	*625%*	(5)	*202%*	(19)	(5)	*279%*
Loss for the period/year (J=sum of A to I)	(571)	(474)	*21%*	(645)	*(11%)*	(1,217)	(855)	*42%*

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

Particulars	Mar-22	Jun-22	Sep-22
Cash and Bank Balances in Current Accounts (Net of Borrowings)	1,274 Cr	1,768 Cr	1,399 Cr
Fixed Deposits with banks	7,997 Cr	6,991 Cr	5,875 Cr
Current Investments (Mutual Funds, Treasury bills and Commercial papers)	-	652 Cr	1,908 Cr
Total Balances	**9,271 Cr**	**9,411 Cr**	**9,182 Cr**

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
Net Payments Margin	Payments revenues (including other operating revenue) less payments processing charges
Contribution Profit	Contribution profit is a non-GAAP financial measure. We define Contribution profit as revenue from operations less payment processing charges, promotional cashback & incentives expenses, connectivity & content fees, contest, ticketing & FASTag expenses & logistic, deployment & collection cost of our businesses

Q2 FY 2023 Earnings Call Information

Paytm will hold its earnings conference call for shareholders, investors and analysts on **Tuesday, November 08, 2022, from 18:00-19:15 Indian Standard Time**, to discuss the financial results of the Company for the quarter ended September 30, 2022.

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

https://paytm.zoom.us/webinar/register/WN_sNGlMnknS-Guek5B1cocjw

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

About Paytm

Paytm is India's payment Super App offering consumers and merchants most comprehensive payment services. Pioneer of mobile QR payments revolution in India, Paytm's mission is to bring half a billion Indians into the mainstream economy through technology-led financial Services. Paytm enables commerce for small merchants and distributes various financial services offerings to its consumers and merchants in partnership with financial institutions.

Notes and Disclaimers for Earnings Release

By reading this release you agree to be bound as follows:

This earnings release is prepared by One 97 Communications Limited ("Company") and is for information purposes only without regards to specific objectives, financial situations or needs of any -particular person and is not and nothing in it shall be construed as an invitation, offer, solicitation, recommendation or advertisement in respect of the purchase or sale of any securities of the Company or any affiliates in any jurisdiction or as an inducement to enter into investment activity and no part of it shall form the basis of or be relied upon in connection with any contract or commitment or investment decision whatsoever. This earnings release does not take into account, nor does it provide any tax, legal or investment advice or opinion regarding the specific investment objectives or financial situation of any person. Before acting on any information you should consider the appropriateness of the information having regard to these matters, and in particular, you should seek independent financial advice. This earnings release and its contents are confidential and proprietary to the Company and/or its affiliates and no part of it or its subject matter be used, reproduced, copied, distributed, shared, retransmitted, summarized or disseminated, directly or indirectly, to any other person or published in whole or in part for any purpose, in any manner whatsoever.

The information contained in this earnings release is a general background information of the Company and there is no representation that all information relating to the context has been taken care of in the earnings release. We do not assume responsibility to publicly amend, modify or revise any information contained in this earnings release on the basis of any subsequent development, information or events, or otherwise. This earnings release includes certain statements that are, or may be deemed to be, "forward-looking statements" and relate to the Company and its financial position, business strategy, events and courses of action.

Forward-looking statements and financial projections are based on the opinions and estimates of management as on the date such statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements and financial projections. Representative examples of factors that could affect the accuracy of forward looking statements include (without limitation) the condition of and changes in India's political and economic status, government policies, applicable laws, international and domestic events having a bearing on Company's business, and such other factors beyond our control.

Forward-looking statements and financial projections include, among other things, statements about: our expectations regarding our transaction volumes, expenses, sales and operations; our future merchant and consumer concentration; our anticipated cash needs, our estimates regarding our capital requirements, our need for additional financing; our ability to anticipate the future needs of our merchants and consumers; our plans for future products and enhancements of existing products; our future growth strategy and growth rate; our future intellectual property; and our anticipated trends and challenges in the markets in which we operate. Forward-looking statements are not guarantees of future performance including those relating to general business plans and strategy, future outlook and growth prospects, and future developments in its businesses and its competitive and regulatory environment. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and no representation, warranty or undertaking, express or implied, is made or assurance given that such statements, views, projections or forecasts in the earnings release, if any, are correct or that any objectives specified herein will be achieved.

We have converted financial amounts from ₹ millions into ₹ Cr and hence there could be some totaling anomalies in the numbers

Notes and Disclaimers for Earnings Release

We, or any of our affiliates, shareholders, directors, employees, or advisors, as such, make no representations or warranties, express or implied, as to, and do not accept any responsibility or liability with respect to, the fairness, accuracy, completeness or correctness of any information or opinions contained herein and accept no liability whatsoever for any loss, howsoever, arising from any use or reliance on this earnings release or its contents or otherwise arising in connection therewith. The information contained herein is subject to change without any obligation to notify any person of such revisions or change and past performance is not indicative of future results.

This document has not been and will not be reviewed or approved by a regulatory authority in India or by any stock exchange in India. No rights or obligations of any nature are created or shall be deemed to be created by the contents of this earnings release.

Use of Operating Metrics

The operating metrics reported in this earnings release are calculated using internal Company data based on the activity of our merchants, consumers and other participants in our ecosystem. While these numbers are based on what we believe to be reasonable estimates of engagement, for the applicable period of measurement, there are inherent challenges in measuring usage across our large online, offline, in-store and mobile presence. The methodologies used to measure these metrics require significant judgment and are also susceptible to algorithm or other technical errors. We regularly review our processes for calculating these metrics, and from time to time we may discover inaccuracies in our metrics or may make adjustments to improve their accuracy, which can result in adjustments to previously disclosed metrics. In addition, our metrics will differ from estimates published by third parties due to differences in methodology.

Non-GAAP Financial Measures

In addition to our results determined in accordance with Ind AS, we believe the following Non-GAAP measures are useful to investors in evaluating our operating performance. We use the following Non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that Non-GAAP financial information, when taken collectively with financial measures prepared in accordance with Ind AS, may be helpful to investors because it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance. However, our management does not consider these Non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with Ind AS.

Non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with Ind AS. Non-GAAP financial information may be different from similarly-titled Non-GAAP measures used by other companies. The principal limitation of these Non-GAAP financial measures is that they exclude significant expenses and income that are required by IndAS to be recorded in our financial statements, as further detailed below. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these Non-GAAP financial measures. A reconciliation is provided below for each Non-GAAP financial measure to the most directly comparable financial measure prepared in accordance with Ind AS. Investors are encouraged to review the related Ind AS financial measures and the reconciliation of Non-GAAP financial measures to their most directly comparable Ind AS financial measures included below and to not rely on any single financial measure to evaluate our business.