



Dear Shareholders,

I am pleased to share our update on operating metrics for the month of October. After our recent quarterly reports which showed strong operating leverage and reduction in EBITDA losses, we are now excited about the next year of our journey, as we get close to EBITDA profitability and free cash flow generation.

In the past ten years, we have embedded our solutions to the last mile - digitising money and enabling small aspirational merchants, artisans, and solution providers to tap into the world of infinite possibilities.

The payment revolution continues in India, with merchants and users enthusiastically adopting digital payment technology. The government incentives to UPI payments and merchants' adoption of our devices and subscription product, is making payments increasingly monetizable and profitable for us.

In parallel, we are now scaling up lending distribution which can bring financial inclusion to hundreds of millions of people in our country. Due to the huge demand for lending in our country, our low penetration and the compounding nature of our lending journey, we are extremely optimistic about the prospects of our lending business.

One year ago, we made our way to the public markets. We are aware of the expectations that Paytm carries, and I assure you that we are on the right path to profitability and free cash flows.

Our journey to build a scalable and profitable financial services business has just started.

Best,

Vijay Shekhar Sharma
Founder and CEO, Paytm

Paytm Operating Performance Update for October 2022

Sustained growth in payments and loan distribution business: Loan disbursements at an annualised run rate of ~Rs 37,000 Cr (\$4.8 billion) in October; leadership in offline payments strengthens with over 5.1 million devices deployed

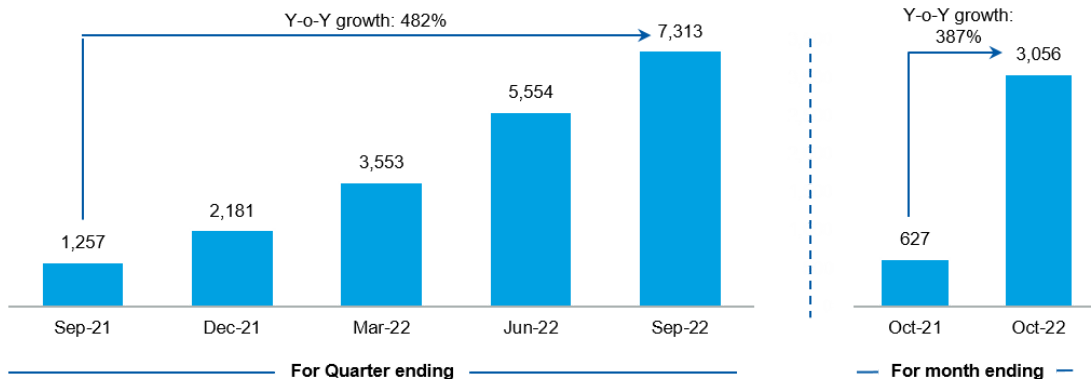
- Loan distribution business scales to 3.4 million loan disbursements during the month of October 2022 (y-o-y growth of 161%), aggregating to loan disbursements of Rs 3,056 Cr (\$407 million, y-o-y growth of 387%)
- Leadership in offline payments strengthens with merchants paying subscription (for payment devices) exceeding 5.1 million
- Consumer engagement is at its highest on Paytm Super-App with average monthly transacting users (MTU) at 84.0 million for the month of October 2022, up 33% y-o-y
- 42% Y-o-Y increase in merchant payment volumes (GMV) for the month of October 2022 at Rs 1.18 Lakh Cr (\$14 billion)

Loan distribution business continues to scale: Our loan distribution business (in partnership with top lenders) continues to witness accelerated growth with disbursements through our platform now at an annualised run rate of ₹37,000 crore in the month of October.

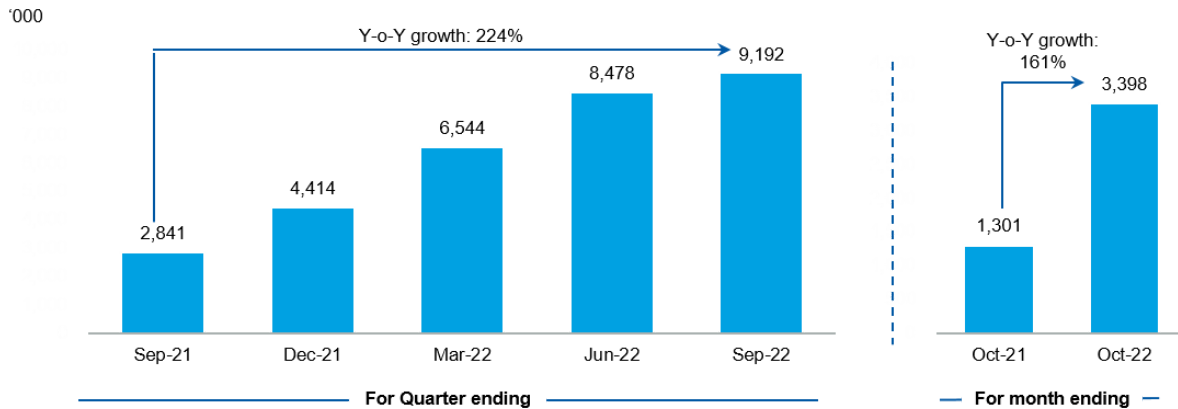
The value of loans disbursed grew 387% y-o-y to Rs 3,056 Cr (\$407 million), while the number of loans disbursed grew 161% y-o-y to 3.4 million loans in the month of October 2022. We continue to seek growth and upsell opportunities as low penetration supports future growth potential, while we work with our partners to remain focused on the quality of the book.

Value of loans disbursed in each period through Paytm

INR Cr

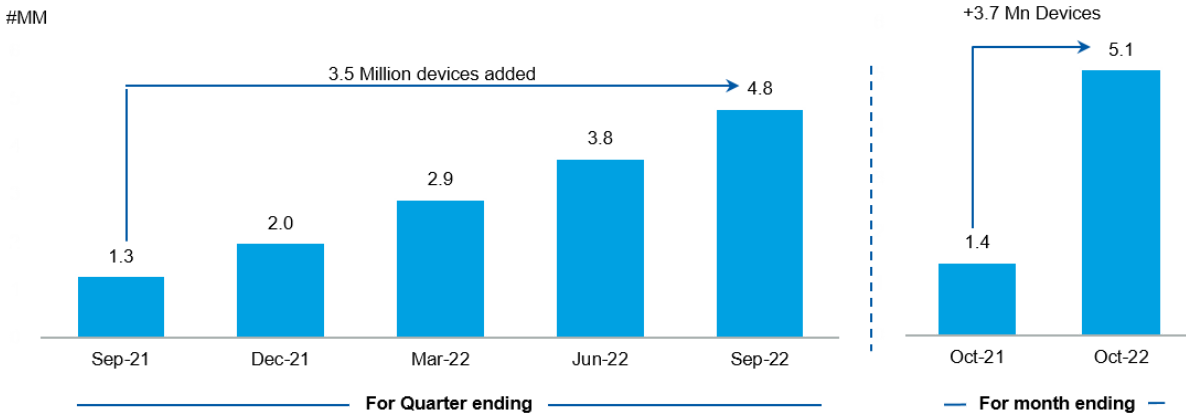


Number of loans disbursed in each period through Paytm



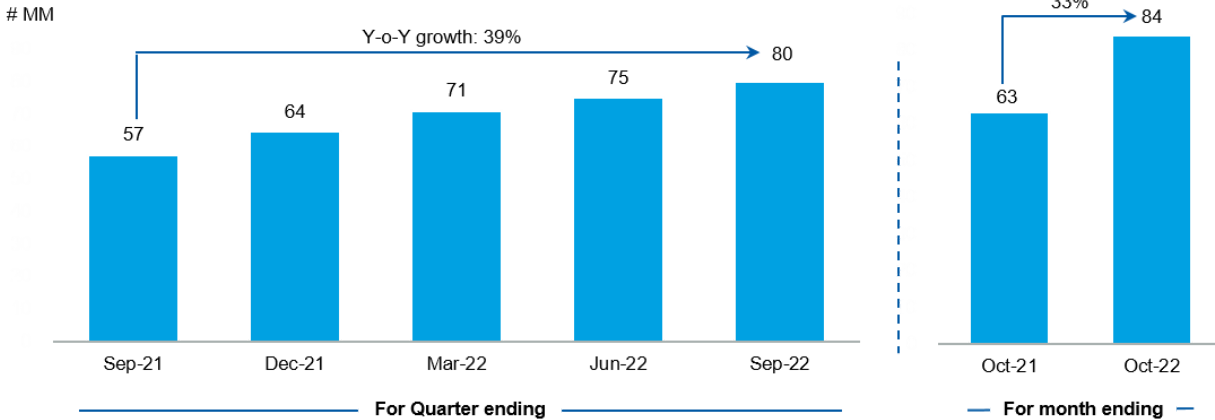
New milestone in offline payments leadership: We continue to strengthen our leadership in offline payments, with merchants who pay us subscription (for payment devices), now exceeding 5.1 million across the country. With our subscription as a service model, the strong adoption of devices drives higher payment volumes, and subscription revenues, while increasing the funnel for our merchant loan distribution.

Total Subscription Merchants (Payment Devices)



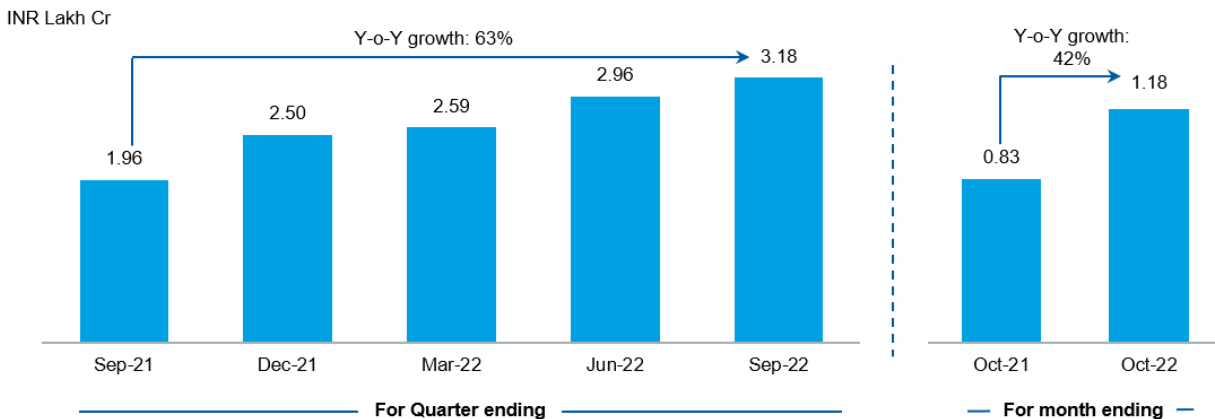
Robust growth in MTU: The Paytm Super App continues to see heightened consumer engagement for the company's comprehensive payment offerings. We continue to drive user engagement, with the average MTU for the month of October 2022 at 84.0 million, registering a growth of 33% Y-o-Y.

Monthly Transacting Users (MTU)



Consistent growth in total merchant payments volume: The total merchant GMV processed through our platform for the month of October 2022 aggregated to Rs 1.18 Lakh Cr (\$14 billion), marking a y-o-y growth of 42%, partly due to festive season. As we have mentioned before, over the past few quarters, our focus is only on volumes that generate profitability for us, either through net payments margin or direct upsell potential.

Gross Merchandise Value (GMV)



Notes:

1. Our operating currency is in INR, numbers shown in USD are purely for illustrative and convenience purposes and calculated using an exchange rate of \$1 = INR 82.7 (as of end of October)
2. GMV is defined as the 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 services such as money transfers
3. MTU: Monthly Transacting User or unique users with at least one successful transaction in a particular calendar month
4. Total loans disbursed by financial institution partners through our platform include both consumer loans and merchant loans, and excludes the number and the value of loans sourced by third parties through advertising on our platform, and aggregation of EMIs on our POS devices