

Earnings Presentation - USD

For quarter ending March 2023

paytm

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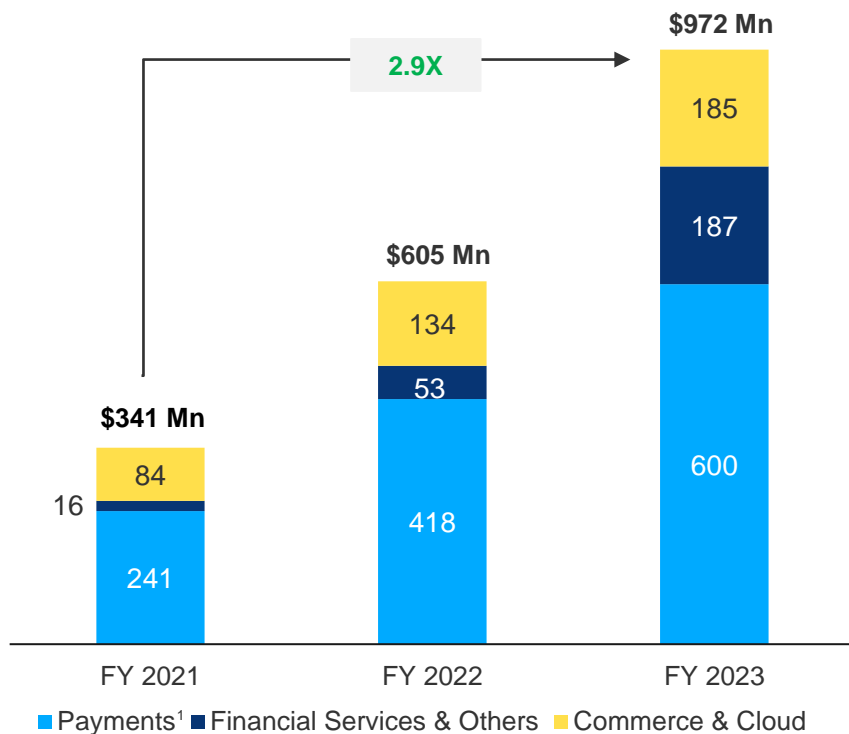
Use of Operating Metrics

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

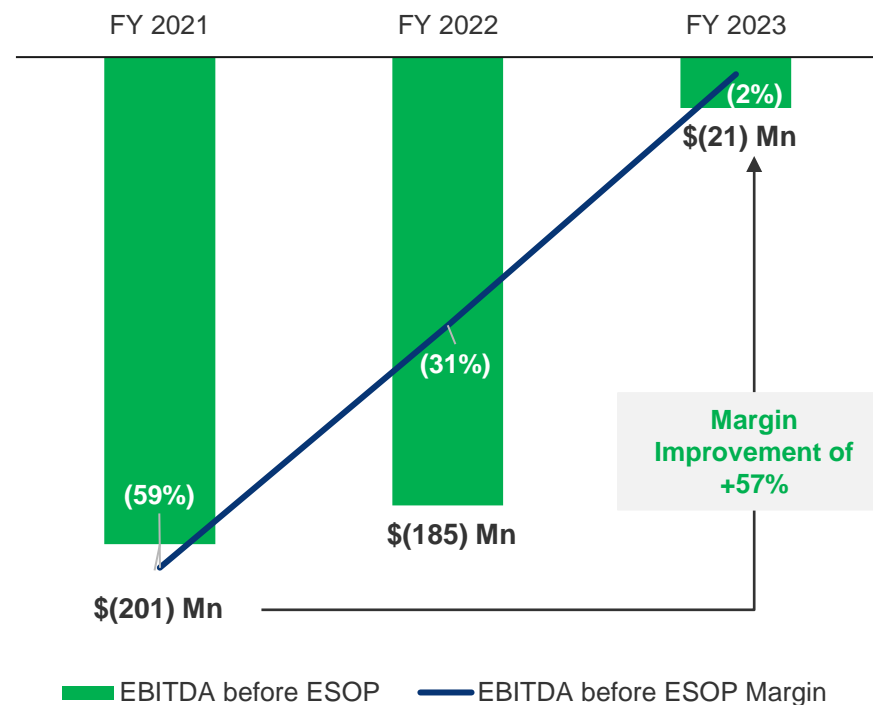
We have converted financial amounts from ₹ millions into ₹ Cr and hence there could be some totaling anomalies in the numbers.

FY 2023: Revenue of \$972 Mn, growing 61% YoY; EBITDA before ESOP improvement of \$164 Mn

Revenue growth of 61% YoY



EBITDA before ESOP improved by \$164Mn YoY



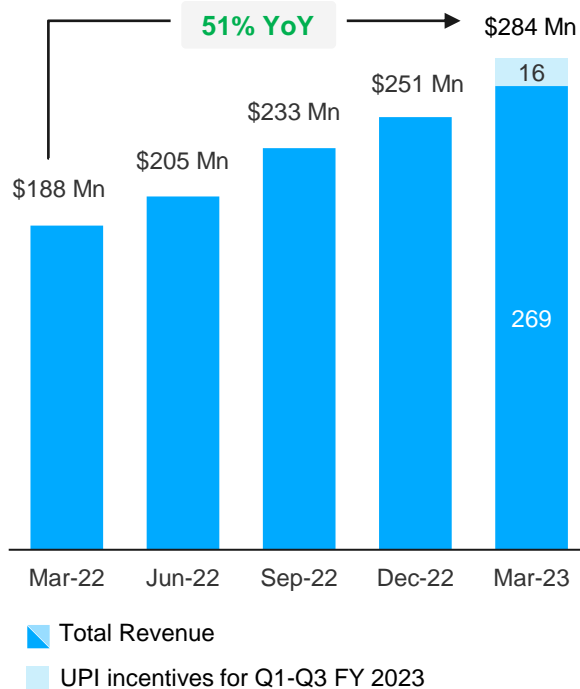
Notes:

- 1 Includes Other Operating revenue, as it relates to the Payments business. Other Operating Revenue was nil in FY 2021, \$1 Mn in FY 2022 and \$10 Mn in FY 2023
- 2 Exchange Rate of 1 USD = 82.18 INR

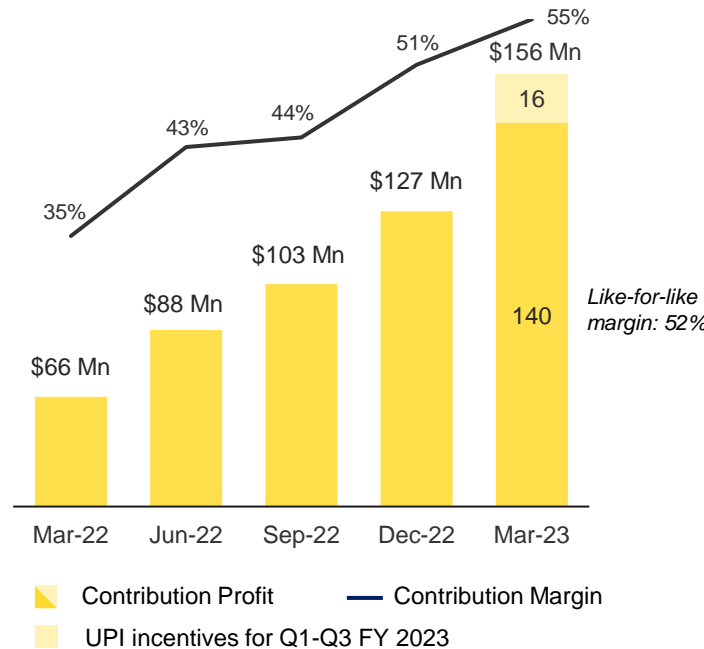
Led by revenue growth and 100% increase in UPI incentives, EBITDA before ESOP at \$28 Mn for Q4 FY 2023



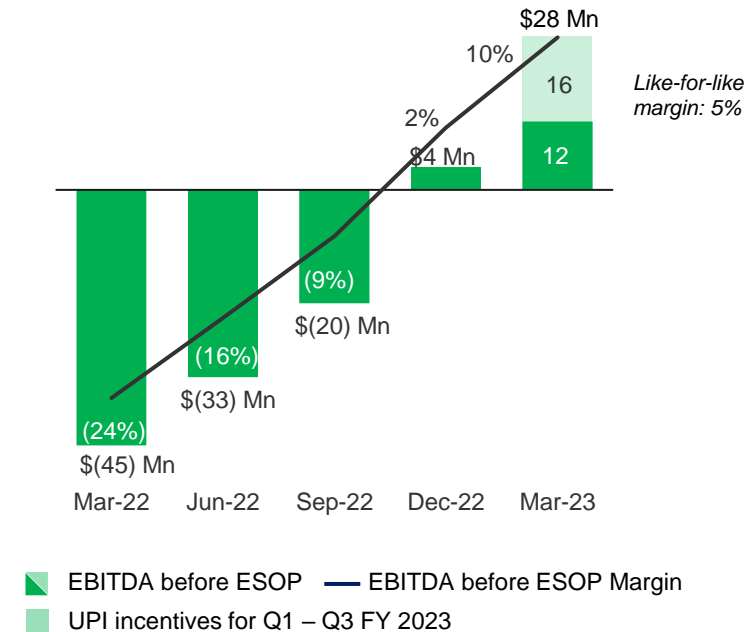
Revenue growth of 51% YoY



Contribution Profit growth of 138% YoY
Margin improvement of +20% YoY



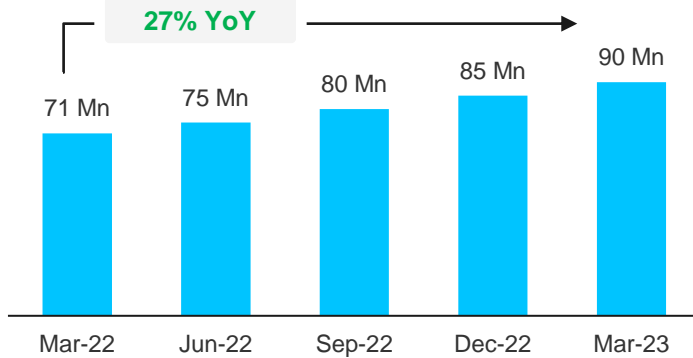
EBITDA before ESOP improved by \$73Mn YoY
Margin improvement of +34% YoY



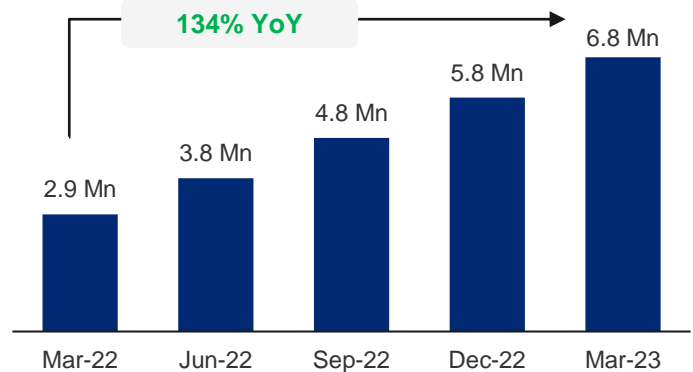
Notes:
1 Exchange Rate of 1 USD = 82.18 INR

Scaling the core business model of Payments and Loan Distribution & Collection

Average Monthly Transacting Users

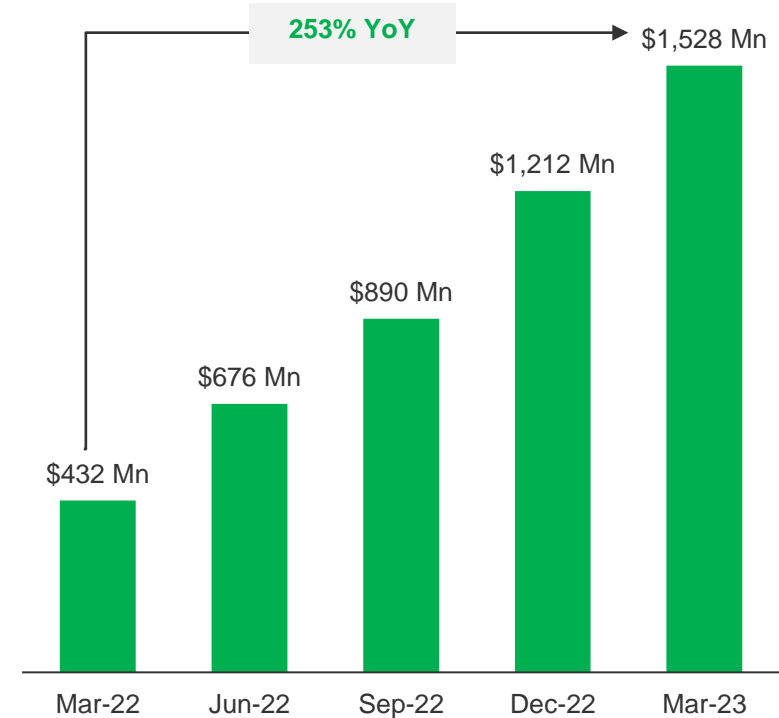


Merchant Subscriptions (including payment devices)

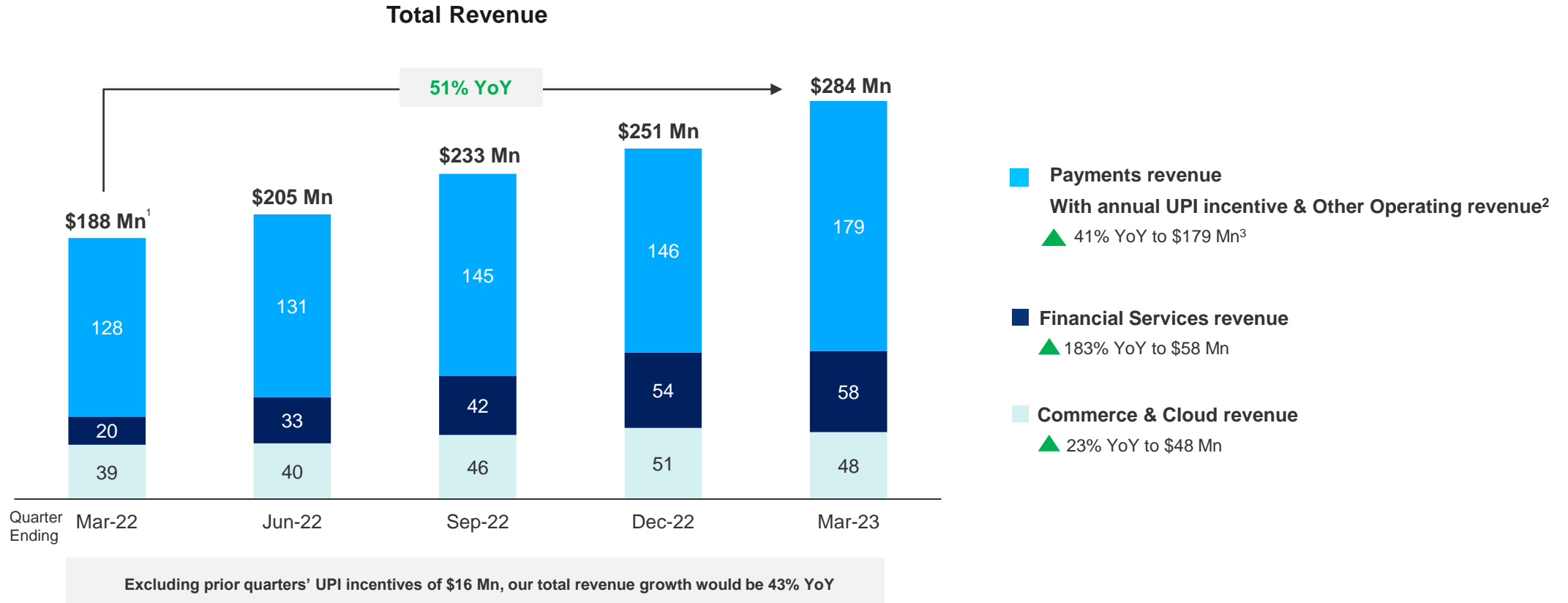


+ Brand
+ Distribution
+ Data Insights
+ Technology

Total Value of Loans distributed through Paytm



Revenue growth driven by Payment and Financial Service businesses



Notes:

1 Total revenue for March 2022 of \$187Mn includes \$1Mn of Other Operating Revenue

2 Total Payments revenue includes Other Operating Revenue (which is related to the Payments business) and was \$3Mn in Q4 FY 2023, \$5Mn in Q3 FY 2023, \$2Mn in Q2 FY 2023, \$0.2Mn in Q1 FY 2023 and \$1Mn in Q4 FY2022

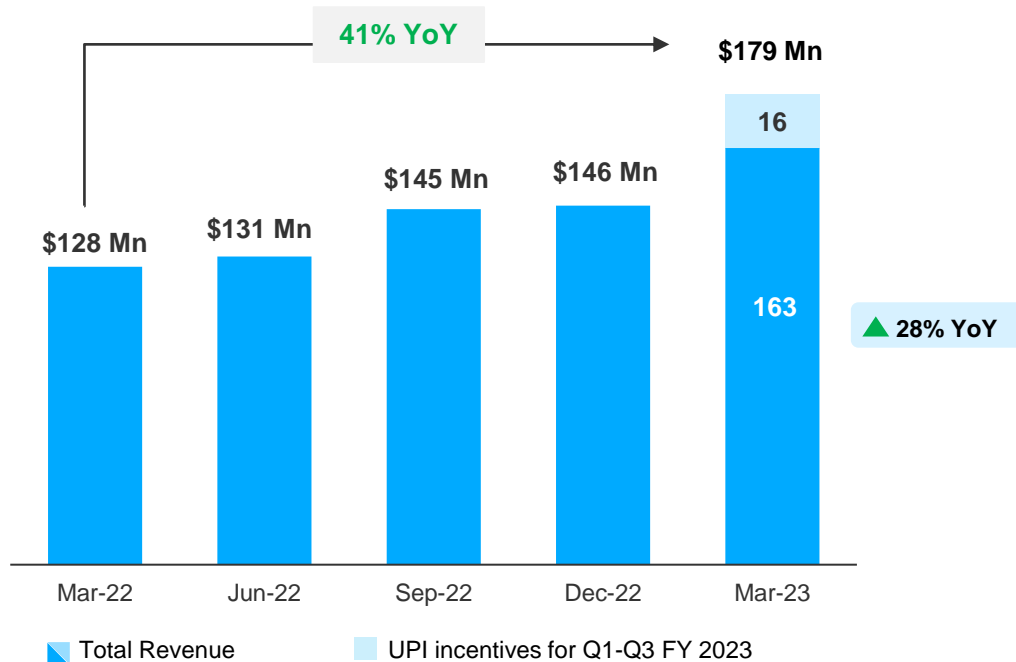
3 Excluding prior quarters' UPI incentives, total payments revenue growth would be 28% YoY

4 Exchange Rate of 1 USD = 82.18 INR

Continued revenue growth in payments with improved profitability



Total Payments Revenue



Net Payment Margin

(in \$ Mn)	Mar-22	Mar-23	YoY %
Like-for-like Payments Revenue	128	163	28%
Payment Processing Charges	(94)	(95)	1%
Like-for-like Net Payments Margin	32	68	108%
Add: UPI incentive for three quarters	NA*	16	--
Reported Net Payments Margin	32	84	158%

- On a like-for-like basis (i.e., excluding prior quarters' UPI incentives), Net Payments Margin for Q4 would have been \$68 Mn, up 108% YoY
- Net Payment Margin is comprised of :
 - Net Payment Processing Margin** : Net money we make from charging merchants & consumers to process various payment instruments remains in higher end of 7 to 9 bps guideline that we have provided.
 - Merchant Subscription** : Charges merchant pays for various monthly services including device charges: 6.8 Mn subscription paying merchant

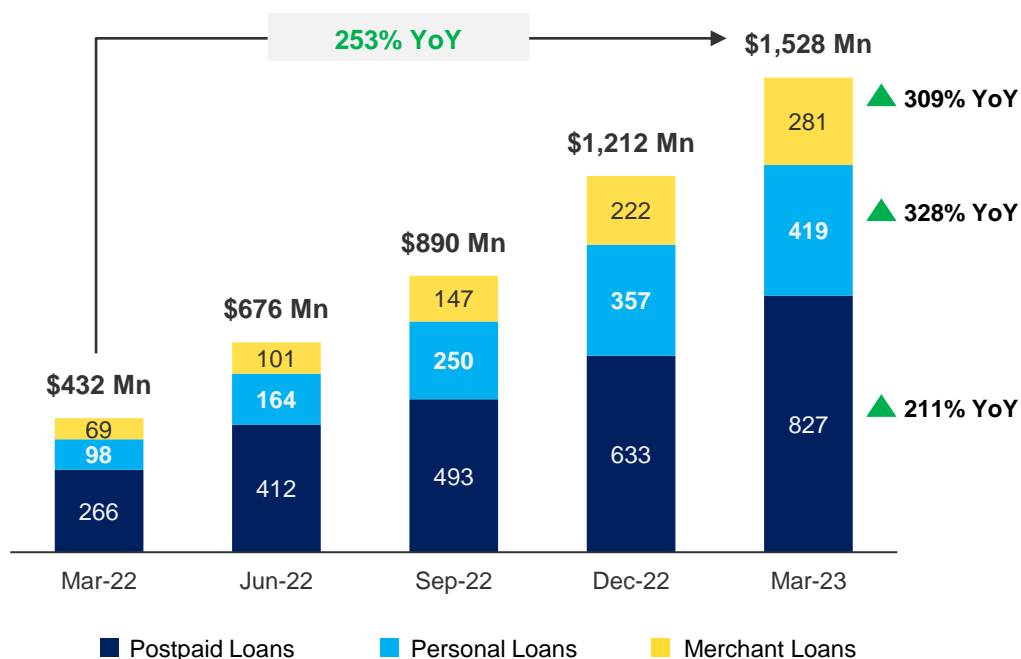
Notes:

- From Q1 2023 onwards, Total Payments revenue includes NABARD and PIDF incentives shown as Other Operating revenue in the financial statement.
- Exchange Rate of 1 USD = 82.18 INR

Continued momentum in consumer & merchant loan distribution along with improving portfolio quality



Value of loans distributed through Paytm platform



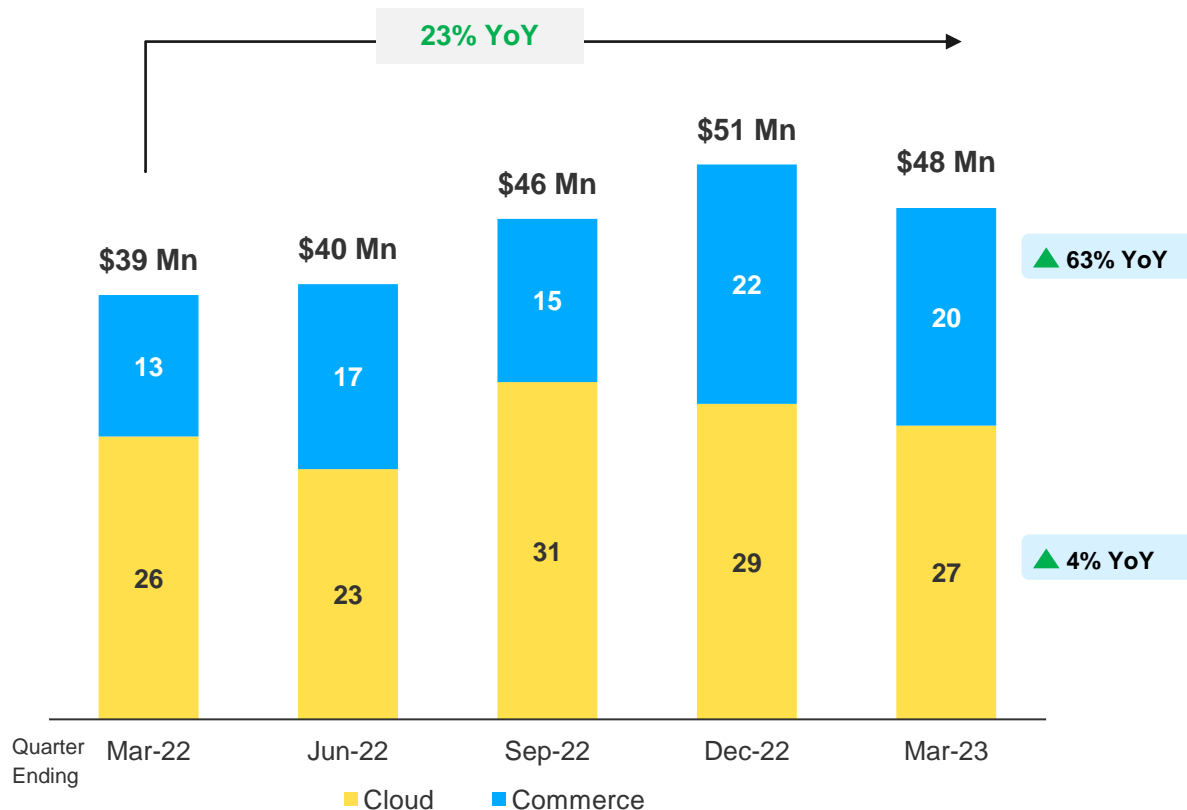
		Postpaid	Personal Loan	Merchant Loan
Penetration ¹ as of Q4 FY 2023		4.3% of MTU	0.9% of MTU	5.9% of device merchants
Indicative portfolio performance for our partners				
<ul style="list-style-type: none"> Augmented through advanced machine learning models Helping lending partners scale with risk-based pricing 	Bounce Rates	10.5% to 12.0%	10.75% to 11.75%	NA ⁽²⁾
<ul style="list-style-type: none"> Own collection technology platform aiding digital collections Lower operating expenses and scaling well 	Bucket 1 Resolution %	82% to 84%	88% to 92%	80% to 85%
<ul style="list-style-type: none"> Capacity enhancement with increase in employees and over 50 tie ups with on ground collection partners 	Recovery Rate Post 90+	30% to 35%	27% to 29%	30% to 35%
<ul style="list-style-type: none"> Steady loss rates on static pool in line with Low and Grow model of scaling 	Expected credit loss (ECL%)	0.75% to 1.0%	4.5% to 5.0%	5.0% to 5.5%

¹Calculation of penetration

Postpaid: Avg monthly number of loans in a quarter as a % of that quarter's avg MTU; Personal Loans: Number of loans disbursed in last 12 months as a % of avg MTU in Q4 FY 2023; Merchant loans: Number of loans disbursed in last 12 months as % of devices deployed at end of Q4 FY 2023

Exchange Rate of 1 USD = 82.18 INR

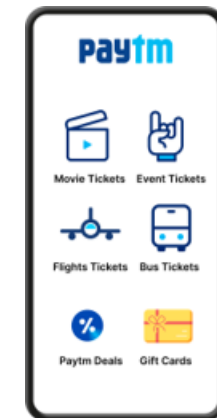
Commerce & Cloud: Enabling Commerce for merchants and Co-Branded Credit Cards driving growth



Commerce

We sell travel, movies and event ticketing and deals, gift vouchers to customers

- Commerce services GMV was \$266Mn up 22% YoY
- While sequentially lower QoQ, seasonally high volume of events in the entertainment business, (which has high take-rates but also higher direct costs) resulted in take rate inching to 8%. Excluding events business, take rate was stable within our guided range of 5-6%



Cloud

We offer advertising, marketing loyalty services to various enterprises and distribute co-branded credit cards

- Co-branded credit cards continue to scale well; total 5.9 Lakh activated cards as of March 2023
- On year-on-year basis, we saw growth in co-branded credit card distribution, while decrease in marketing cloud business
- Launching soon – Co-Branded RuPay Credit Card.



Notes:
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Growth Drivers in Our Business



1. We recently launched our new technology platform, built with 100% indigenously developed technology and capable of carrying out **10x more transactions than current scale**
2. Launched **4G-enabled Soundbox 3.0**, a first-of-its-kind device that offers the fastest real-time payment alerts, along with best-in-industry battery backup of 7 days.
3. Upgraded, **Dynamic QR Devices** portfolio - A Billing POS integrated QR device for enterprises.
4. As pioneers of mobile and QR payments in India, we were the first app to launch **UPI Lite** in India. Since launch in February 2023, we have enabled it for more than 5.5 Mn users.
5. With long awaited, **wallet interoperability going live, It will** allow Full KYC **Paytm Wallets to be universally acceptable** on all UPI QRs and online merchants.
6. We continue to integrate large NBFCs and Banks to **expand financial product distribution** through Paytm platform.
7. To capitalize on the **Mobile Payments opportunity** in India, we continue to invest in expanding merchant acquiring sales infrastructure and consumer growth.





Annexure

Revenue breakdown: Overall growth of 51% YoY



(in \$ Mn)	Quarter Ended			Change		Financial Year Ended		
	Mar-22	Dec-22	Mar-23	YoY	QoQ	Mar-22	Mar-23	Y-o-Y
Payments & Financial Services	147	195	233	59%	20%	470	777	66%
Payment Services to Consumers	57	62	64	12%	2%	186	256	38%
Payment Services to Merchants	70	78	112	61%	43%	230	333	45%
Financial Services and Others	20	54	58	183%	7%	53	187	253%
Commerce & Cloud Services	39	51	48	23%	(7%)	134	185	38%
Commerce	13	22	20	63%	(9%)	46	75	65%
Cloud	26	29	27	4%	(4%)	89	110	24%
Other Operating Revenue	1	5	3	105%	(44%)	1	10	615%
Revenue from Operations	188	251	284	51%	13%	605	972	61%

Notes:

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Contribution Profit up by 138% YoY in Q4 FY 2023



(in \$ Mn)	Quarter Ended			Change		Financial Year Ended		
	Mar-22	Dec-22	Mar-23	YoY	QoQ	Mar-22	Mar-23	Y-o-Y
Revenue from Operations	188	251	284	51%	13%	605	972	61%
Payment processing charges	94	90	95	1%	6%	335	360	7%
<i>As % of GMV</i>	<i>0.30%</i>	<i>0.21%</i>	<i>0.22%</i>	(8 bps)	1 bp	<i>0.32%</i>	<i>0.22%</i>	(10bps)
Promotional cashback & incentives	14	11	9	(34%)	(14%)	46	61	33%
Other Expenses	13	23	23	75%	4%	42	77	83%
Total Direct Expenses	122	123	128	5%	4%	423	498	18%
Contribution Profit	66	127	156	138%	23%	182	475	160%
<i>Contribution Margin %</i>	<i>35.0%</i>	<i>50.8%</i>	<i>55.0%</i>	<i>+20%</i>	<i>+4%</i>	<i>30.1%</i>	<i>48.8%</i>	<i>+19%</i>

Notes:

1 Exchange Rate of 1 USD = 82.18 INR

EBITDA before ESOP cost improved by \$73Mn YoY in Q4



(in \$ Mn)	Quarter Ended			Change		Financial Year Ended		
	Mar-22	Dec-22	Mar-23	YoY	QoQ	Mar-22	Mar-23	Y-o-Y
Contribution Profit	66	127	156	138%	23%	182	475	160%
<i>Contribution Margin %</i>	<i>35.0%</i>	<i>50.8%</i>	<i>55.0%</i>	<i>+20%</i>	<i>+4%</i>	<i>30.1%</i>	<i>48.8%</i>	<i>+19%</i>
Marketing	16	17	15	(3%)	(7%)	58	70	20%
Employee cost (excl ESOPs)	61	71	75	22%	5%	197	283	43%
Software, cloud and data center	18	21	23	25%	10%	61	84	39%
Other indirect expenses	15	15	15	(1%)	(4%)	51	59	17%
Total indirect expenses	110	124	128	16%	3%	367	496	35%
EBITDA before ESOP cost	(45)	4	28	(164%)	648%	(185)	(21)	(88%)
<i>EBITDA before ESOP cost Margin %</i>	<i>(23.9%)</i>	<i>1.5%</i>	<i>10.0%</i>	<i>+34%</i>	<i>+9%</i>	<i>(30.5%)</i>	<i>(2.2%)</i>	<i>+28%</i>

Notes:

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Reconciliation of Non-GAAP Measures



EBITDA before ESOP cost

(in \$ Mn)	Quarter Ended			Financial Year Ended	
	Mar-22 (Unaudited)	Dec-22 (Unaudited)	Mar-23 (Unaudited)	Mar-22 (Audited)	Mar-23 (Audited)
EBITDA before ESOP cost (A)	(45)	4	28	(185)	(21)
ESOP cost (B)	(44)	(44)	(44)	(98)	(177)
Initial Public Offer expenses (C)	0	0	0	(2)	0
Finance costs (D)	(1)	(1)	(1)	(5)	(3)
Depreciation and amortization expense (E)	(12)	(15)	(19)	(30)	(59)
Other income (F)	13	9	16	35	50
Share of profit / (loss) of associates / joint ventures (G)	(5)	1	(0)	(6)	(2)
Exceptional items (H)	0	0	0	(0)	0
Income Tax expense (I)	(0)	(2)	0	(1)	(4)
Loss for the period (J=Sum of A to I)	(93)	(48)	(20)	(292)	(216)

Notes:

1 Exchange Rate of 1 USD = 82.18 INR

Operational KPIs



(in Bn/Mn)	Units	Quarter Ended			Change		Financial Year Ended	
		Mar-22	Dec-22	Mar-23	YoY	QoQ	Mar-22	Mar-23
GMV	\$Bn	32	42	44	40%	5%	103	161
Merchant Transactions	Bn	4.1	6.3	6.9	65%	9%	12.6	24.0
Total Transactions	Bn	5.0	7.6	8.4	66%	9%	15.4	29.0
MTU (avg over the period)	Mn	71	85	90	27%	6%	60	82
Registered Merchants (end of period)	Mn	27	31	34	na	na	27	34
Number of Loans Disbursed	Mn	7	10	12	82%	14%	15	40
Value of Loans	\$Mn	432	1212	1528	253%	26%	928	4305
Merchant subscriptions including Payment Devices (cumulative; end of period)	Mn	2.9	5.8	6.8	na	na	2.9	6.8
Average number of Sales Employees*	#	19,648	25,994	28,479	na	na	13,344	24,208
Cost of sales employees (including training)	\$Mn	18	22	23	23%	5%	54	85

Note: Starting Q4 FY 2023, we would be reporting our active Sales headcount. We have restated numbers for prior quarters for like-for-like comparison. Number of sales employees includes on-roll and off-rolls employees. Cost relates to on-roll employees only
As our business model gets established and has achieved scale, we will discontinue monthly disclosures of operating metrics starting September 2023. However, we will continue with the disclosures on a quarterly basis.

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
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.
Net Payments Margin	Payments revenues (including other operating revenue) less payments processing charges
EBITDA before ESOP cost	EBITDA before ESOP cost is a Non-GAAP financial measure. We define EBITDA before ESOP cost as our profit for the period, before depreciation & amortization expense, income tax expense, share based payment expense, finance costs, other income, loss for the period from discontinued operations, exceptional items, IPO expenses & share of profit/(loss) of associates/joint ventures.

