



Earnings Presentation

For quarter and year ending March 2024 (USD)

22 May 2024

Pioneering & Innovating for Paytm Customers & Merchants



The All-New Paytm Pebble Soundbox



The All-New Pocket Pebble Soundbox



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Use of Operating Metrics

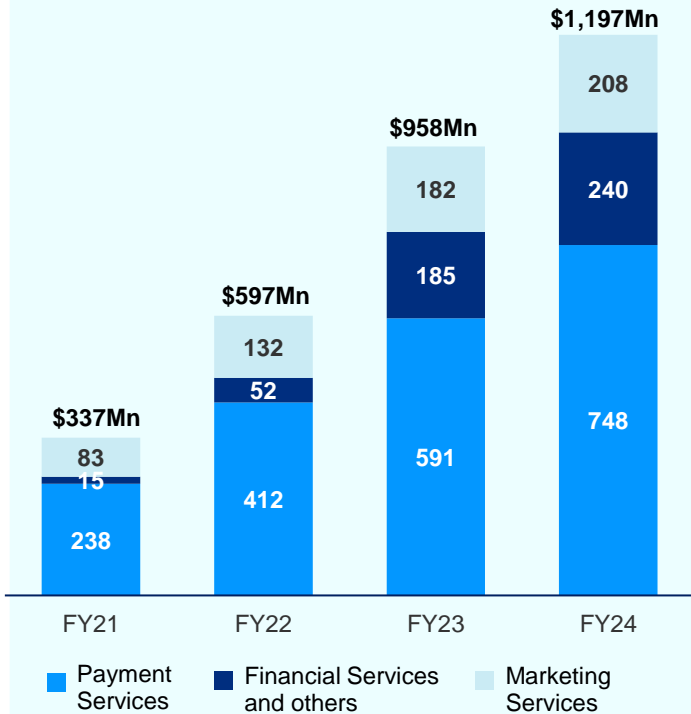
The operating metrics reported in this Presentation are calculated using internal Company data based on the activity of our merchants, consumers and other participants in our ecosystem. While these numbers are based on what we believe to be reasonable estimates of engagement, for the applicable period 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.

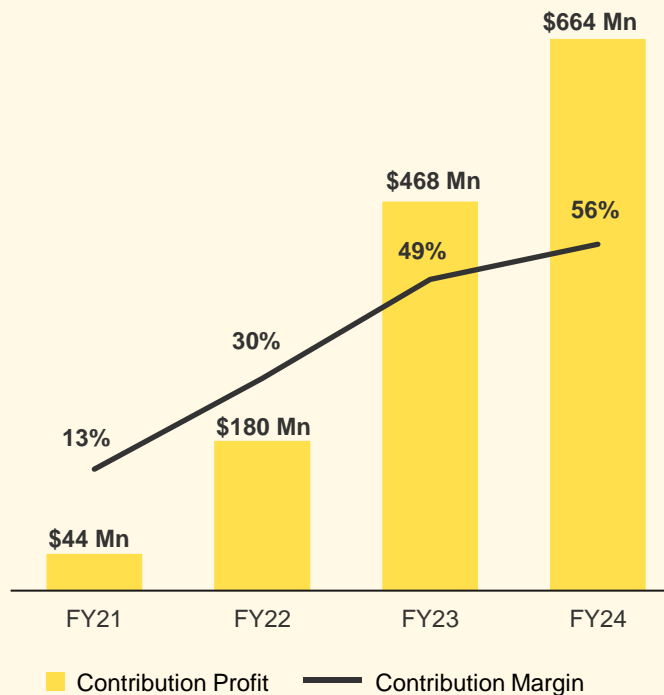
FY 2024: Achieved first full year of EBITDA before ESOP profitability since IPO, at \$67Mn



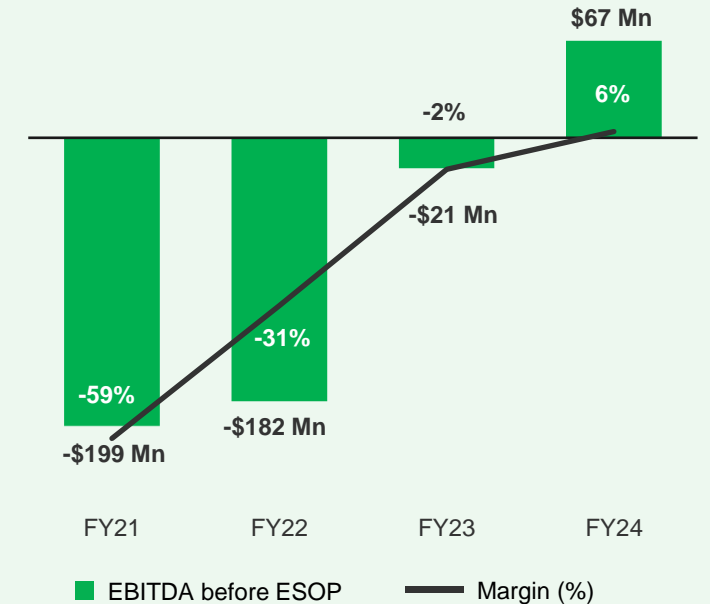
Operating Revenue



Contribution Profit and Contribution Margin



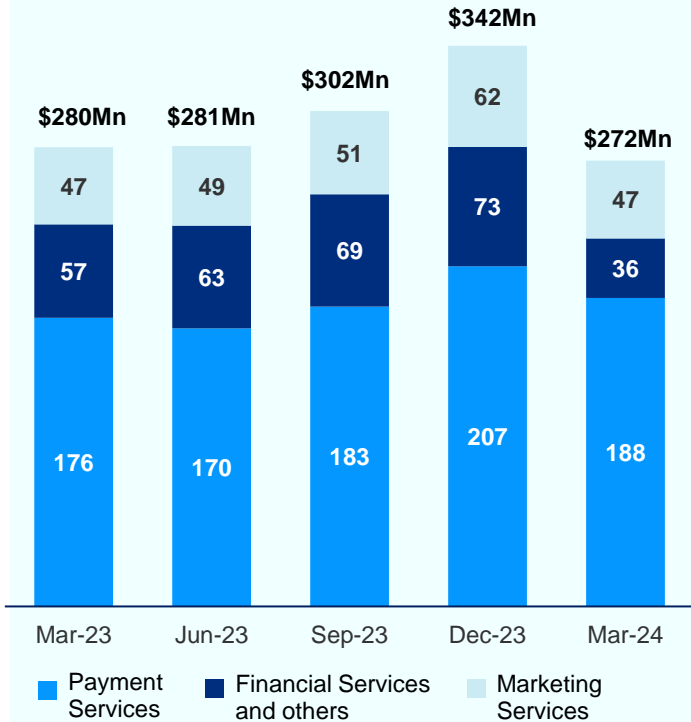
EBITDA before ESOP and Margin



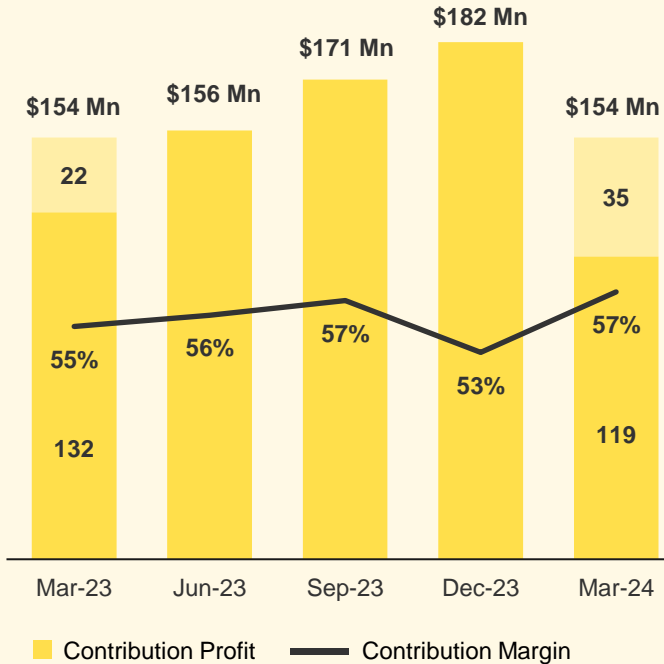
Q4 FY 2024: Revenue of \$272 Mn; EBITDA before ESOP of \$12 Mn including UPI incentive



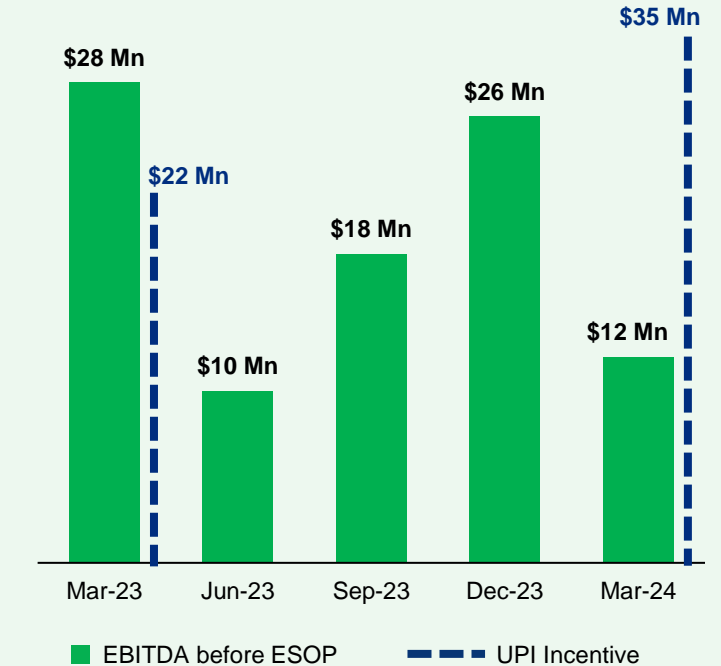
Operating Revenue



Contribution Profit and Contribution Margin



EBITDA before ESOP and Margin



Payment Services: Merchant business has started to grow, MTUs have stabilized



Paytm App Consumers

- April MTU lower by 24% as compared to January and has stabilized in May
- MTU growth expected with new TPAP user onboarding commences

Subscription Paying Merchants (Device Merchants)

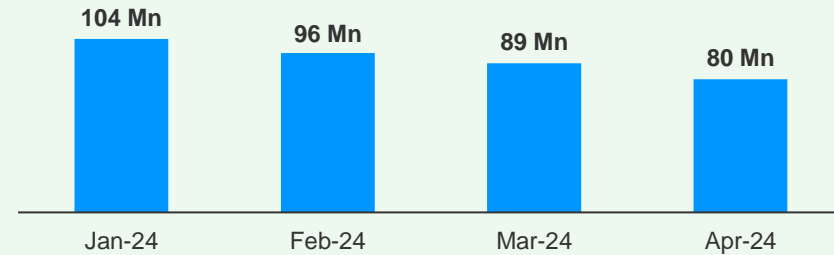
- From Q1 FY 2025, we have started acquisition of new merchant and are focusing on activation of inactive merchants
- Active device base has declined by ~1 Mn due to higher attrition in February and March and no new merchant addition
- We continue to innovate and launch newer devices with improved features to address merchants' needs

Payments GMV

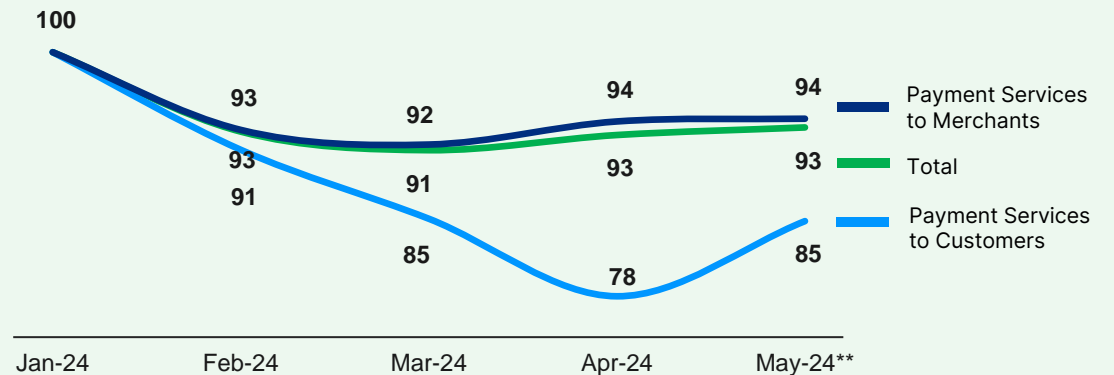
- Majority of decline is on account of disruption in wallet, and reduction in other payment business due to prudent measures which contributed 12% to GMV in January and have become negligible now
- Excluding these products, May daily average GMV (MTD) is up from its March low; only 6% down as compared to January

Monthly Transacting Users

(Month ending)



Daily average GMV trends (Excluding disrupted products*) Index to Jan month

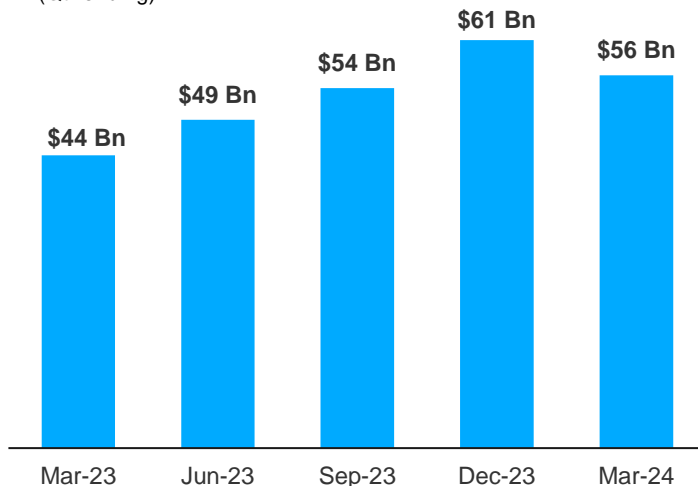


Payment Services: To focus on UPI, Cards and EMI payments



Gross Merchandise Volume (GMV)

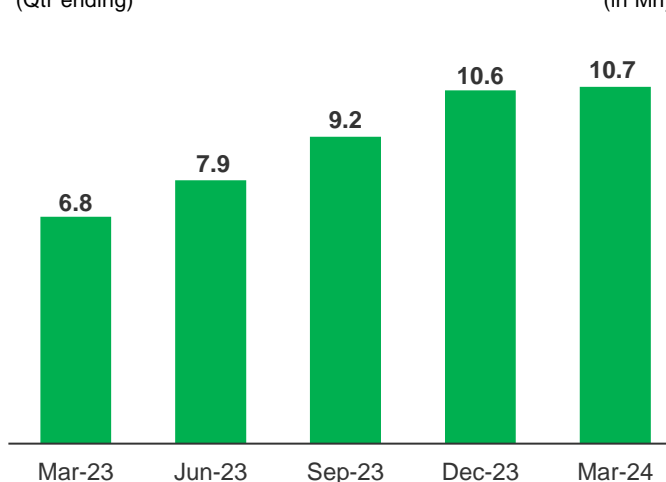
(Qtr ending)



Merchant Subscriptions (including Devices)

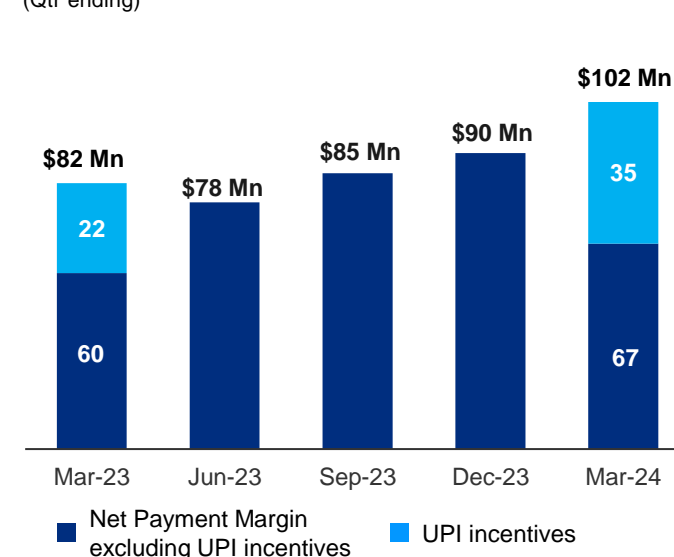
(Qtr ending)

(in Mn)



Net Payment Margin

(Qtr ending)



Payment processing margin

- Focus on consumers using UPI, debit and credit cards, and EMI for making payments
- Bank-to-bank UPI merchant payments receive subvention from the Government; RuPay Credit Card on UPI, Credit overdraft on UPI, Debit and Credit card processing and EMI aggregation offer MDR earning opportunity from merchants.
- Payment processing margin is expected to be 5-6bps of GMV, including UPI incentives

Subscription revenue

- Due to 1 Mn device deactivation, merchant subscription per device was ~\$11 per device per month in Q4. We expect it to bottom out at \$10 in Q1 FY 2025, post which it should increase subject to market forces
- We expect net additions to recover to past trend lines by Q3 FY 2025

Financial Services: Higher focus on distribution-led model for Loan, Insurance and Equity



Loan Distribution

- Prudently paused certain loan products basis regulatory guidance and transition to TPAP model. This led to reduced disbursements of ₹5,776 Cr
- Take rate has increased as share of Postpaid loans has reduced and we continue to receive collection bonus on our erstwhile portfolio
- With increase in distribution only loans and focus on prime and super prime customers, we expect take rate to settle at 3-3.5%

Insurance Broking

- Building Insurance business by offering embedded insurance and DIY products to Paytm consumers & merchants

Equity Broking and Distribution

- Our focus is on retention of trading customers by offering a high quality trading platform
- Expanding distribution of mutual funds, particularly SIPs, and other wealth management products

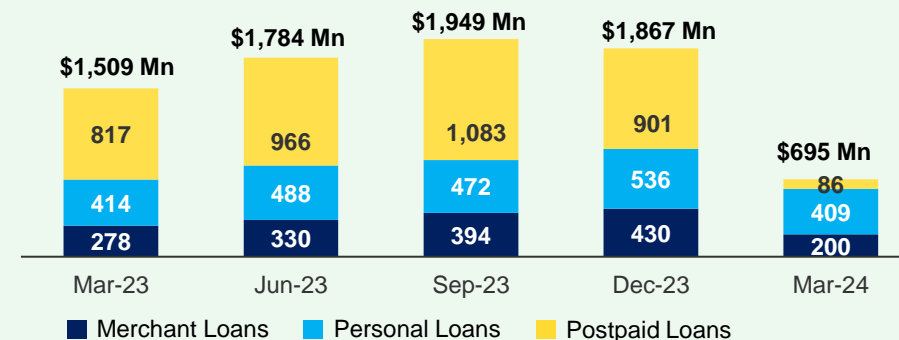
Financial Services revenue

(Qtr ending)



Value of loans distributed through our platform

(Qtr ending)



Loan distribution business: Additional opportunity of distribution-only loans by adding new partners



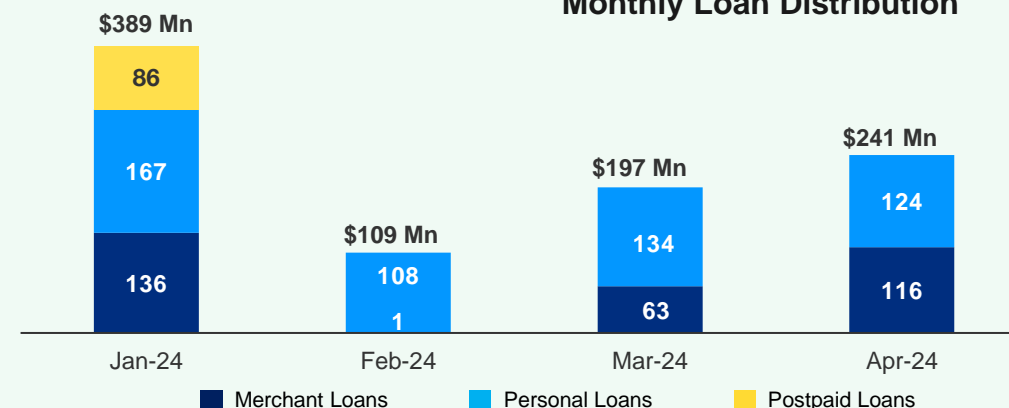
Consumer Loans

- Expanding on different type of distribution-only loans where we earn only distribution fees
- Paused small personal loans and Postpaid loans, where we were helping lending partners with collection to earn distribution fees and collection bonus

Merchant loans

- Continuing focus on merchant loan disbursement where we help collect loans to earn distribution fees and collection bonus by adding more partners
- Started distributing more type of business loans with more lending partners where we do not collect and only get distribution fees

Monthly Loan Distribution



Indicative portfolio performance for our partners

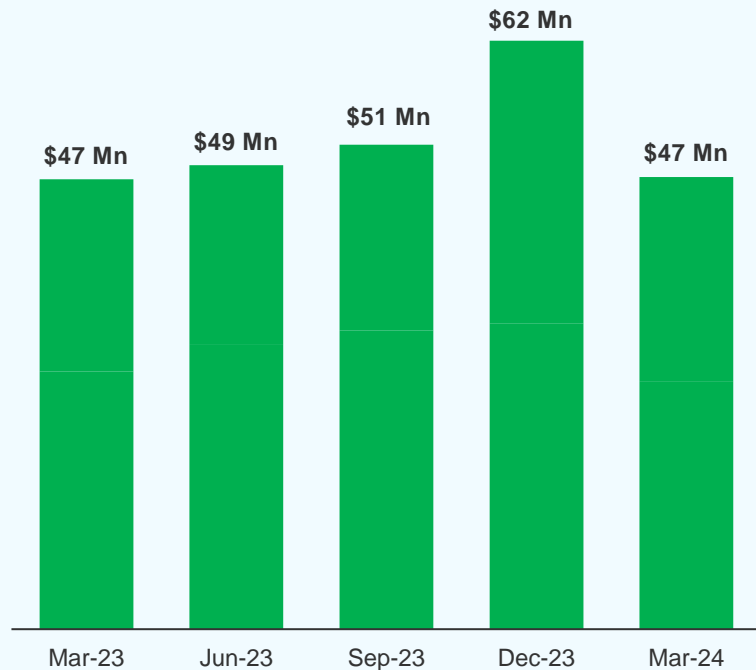
(Only for loans where Paytm help lenders for collections)

	Merchant Loan
Bounce Rates	NA
Bucket 1 Resolution (%)	78% to 83%
Recovery Rate Post 90+	30% to 35%
Expected credit loss (ECL%)	4.75% to 5.25%

Marketing Services: Travel, advertising revenues impacted due to lower MTUs

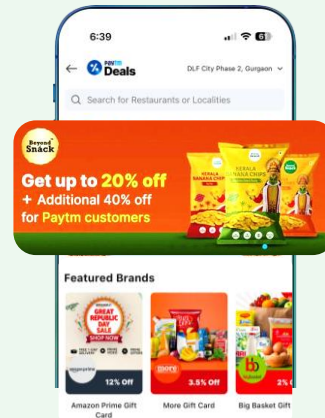
Revenue from Marketing Services

(Qtr ending)



Exchange Rate - \$1 = INR 83.38

Advertising & Loyalty Services



Deals & Gift Vouchers



Credit Cards



- Merchants sell discount deals, gift vouchers and other digital goods like tickets to Paytm users. GMV of these items sold on Paytm app is up 28% YoY to \$336 Mn
- We expect deals and gift vouchers business to continue expansion and drive additional monetization
- Advertising, ticketing business was impacted QoQ due to lower MTUs and seasonality
- Credit Cards: 172k cards distributed during Q4 FY 2024, taking the total customer base to 118 Mn, up 100% YoY

Financial impact: Full EBITDA impact in Q1 FY 2025 with meaningful recovery from Q2 FY 2025



- **On account of embargo on PPBL products**, we communicated annualized EBITDA impact of \$60 Mn. Most of the impact will start from Q1 FY 2025 as these products were operational during most part of Q4 FY 2024
- **Due to temporary disruption in operating metrics (MTU, merchant base, GMV)**, there will be incremental EBITDA impact of \$12 - \$18 Mn in Q1 FY 2025
 - We expect improvement from Q2 FY 2025 on stabilization or growth in consumer and merchant base from April/May
- Incremental EBITDA impact of \$9 - \$12 Mn, in Q1 FY 2025 **due to temporary impact basis various prudent measures in line with regulatory guidance**

Overall Impact

- Expect Q1 FY 2025 revenue to be in the range of \$180 - \$192 Mn and EBITDA before ESOP to be (\$60) - (\$72) Mn. This includes our investment in marketing to acquire customers
- Confident of meaningful improvement from Q2 FY 2025, as we restart certain paused products and start achieving steady growth in operating metrics
- Optimizing our cost structure by creating a leaner organization structure. Expect annualized people cost savings of \$48 - \$60 Mn

Key Focus Areas



Governance & Compliance

Enhancing governance structure across Paytm and group entities by appointing subject matter experts as advisors or Independent directors, have greater regulatory engagement and higher focus on compliance, in letter and in spirit



**100% SECURE
PAYMENTS**

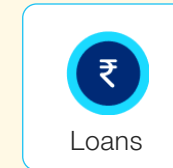
Commitment on Payments

Reaffirm our commitment to payments as our core business by focusing on recovering the consumer and merchant base, and making targeted investments to bring them back to the Paytm platform



Expand Offerings

Focus on monetization by Cross-selling financial services, in line with regulatory guidelines. Expand offerings through Insurance and Equity broking & distribution



Loans



Insurance



Equity



Optimizing our cost structure

Achieve significant cost efficiencies through AI led capabilities, a leaner organization structure and pruning of non-core businesses



Annexure

Expected ESOP charges based on currently issued ESOPs



Expected ESOP Cost (\$ Mn)	Q1	Q2	Q3	Q4
FY 2025	45	38	32	26
FY 2026	22	21	12	12
FY 2027	11	11	3	3

Note:

- The above table illustrates expected ESOP cost for all ESOPs granted so far (as of Mar 31, 2024)
- The cost assumes all granted ESOPs are vested and no new ESOPs are granted. Actual charges might be different based on incremental issuances as well as lapses
- For any lapses of unvested ESOPs, normally on attrition, the cost of unvested ESOP recorded so far is reversed in that quarter
- For new ESOP grants, the total estimated charge would be the number of options granted times the fair value per share, which is based on the share price on the day of the grant, among other factors. The charge is front-ended 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

As of Mar 31, 2024	(in Mn)
Basic shares outstanding	635
ESOPs vested and unexercised	1
ESOPs granted and unvested	37
ESOPs available for distribution	6
Estimated fully diluted shares	679

Revenue breakdown: FY 2024 revenue growth of 25% YoY



(in \$ Mn)	Quarter Ended			Change		Year Ended		
	Mar-24	Dec-23	Mar-23	YoY	QoQ	Mar-24	Mar-23	Y-o-Y
Payments & Financial Services	223	274	230	(3)%	(19)%	975	766	27%
Payment Services to Consumers	52	72	63	(17)%	(27)%	260	252	3%
Payment Services to Merchants	134	130	110	22%	3%	475	329	45%
Financial Services and Others	36	73	57	(36)%	(50)%	240	185	30%
Marketing Services	47	62	47	1%	(23)%	208	182	14%
Other Operating Revenue	2	6	3	(45)%	(73)%	13	10	26%
Revenue from Operations	272	342	280	(3)%	(20)%	1,197	958	25%

FY 2024 Contribution Profit up by 42% YoY



(in \$ Mn)	Quarter Ended			Change		Year Ended		
	Mar-24	Dec-23	Mar-23	YoY	QoQ	Mar-24	Mar-23	Y-o-Y
Revenue from Operations	272	342	280	(3)%	(20)%	1,197	958	25%
Payment processing charges	86	118	94	(8)%	(27)%	393	355	11%
<i>As % of GMV</i>	<i>0.15%</i>	<i>0.19%</i>	<i>0.22%</i>	<i>(6) bps</i>	<i>(4) bps</i>	<i>0.18%</i>	<i>0.22%</i>	<i>(4) bps</i>
Promotional cashback & incentives	6	13	9	(41)%	(57)%	37	60	(38)%
Other Expenses	26	29	23	13%	(10)%	102	76	35%
Total Direct Expenses	117	160	126	(7)%	(26)%	532	491	9%
Contribution Profit	154	182	154	0%	(15)%	664	468	42%
<i>Contribution Margin %</i>	<i>57%</i>	<i>53%</i>	<i>55%</i>	<i>183 bps</i>	<i>349 bps</i>	<i>56%</i>	<i>49%</i>	<i>669 bps</i>

FY 2024 EBITDA before ESOP increased to \$67 Mn (up \$88 Mn)



(in \$ Mn)	Quarter Ended			Change		Year Ended		
	Mar-24	Dec-23	Mar-23	YoY	QoQ	Mar-24	Mar-23	Y-o-Y
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Marketing	10	20	15	(35)%	(51)%	73	69	7%
Employee cost (excl ESOPs)	93	97	74	27%	(4)%	375	279	34%
Software, cloud and data center	19	20	23	(14)%	(5)%	77	83	(7)%
Other indirect expenses	19	18	14	34%	6%	72	58	24%
Total indirect expenses	142	156	126	13%	(9)%	597	489	22%
EBITDA before ESOP cost	12	26	28	(56)%	(53)%	67	(21)	(418%)
<i>EBITDA before ESOP cost Margin %</i>	<i>5%</i>	<i>8%</i>	<i>10%</i>	<i>(551 bps)</i>	<i>(316 bps)</i>	<i>6%</i>	<i>(2%)</i>	<i>780 bps</i>

Reconciliation of Non-GAAP Measures



EBITDA before ESOP cost

(in \$ Mn)	Quarter Ended			Year Ended	
	Mar-24	Dec-23	Mar-23	Mar-24	Mar-23
EBITDA before ESOP cost (A)	12	26	28	67	(21)
ESOP cost (B)	(39)	(45)	(44)	(176)	(175)
Finance costs (C)	(1)	(1)	(1)	(3)	(3)
Depreciation and amortization expense (D)	(23)	(24)	(19)	(88)	(58)
Other income (E)	16	18	16	66	49
Share of profit / (loss) of associates / joint ventures (F)	(2)	(0)	(0)	(5)	(1)
Exceptional items (G)	0	0	0	(1)	0
Income Tax expense (H)	(2)	0	(0)	(4)	(4)
Loss on Impairment of Associate (I)	(27)			(27)	
Loss for the period (I=Sum of A to H)	(66)	(27)	(20)	(171)	(213)

Operational KPIs



(in Bn / Mn)	Units	Quarter Ended			Change	
		Mar-24	Dec-23	Mar-23	YoY	QoQ
GMV	\$Bn	56.0	61.3	44.0	30%	(8%)
Merchant Transactions	Bn	9.6	10.0	6.9	40%	(4%)
Total Transactions	Bn	11	12	8	35%	(5%)
MTU (avg over the period)	Mn	96	100	90	7%	(4%)
Registered Merchants (end of period)	Mn	40.6	39.3	33.5	21%	3%
Value of Loans	\$Mn	695	1,867	1,509	(54%)	(63%)
Payment Devices (cumulative; end of period)	Mn	10.7	10.6	6.8	58%	1%
Average number of Sales Employees*	#	36,521	40,028	28,479	28%	(9%)
Cost of sales employees (including training)	\$Mn	31	32	22	37%	(4%)

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)	Number of unique users in a particular calendar month who have successfully completed a transaction on the Paytm App or have used the Paytm for Business App
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.



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