



# Earnings Presentation - USD

For quarter ending June 2023

**Paytm**

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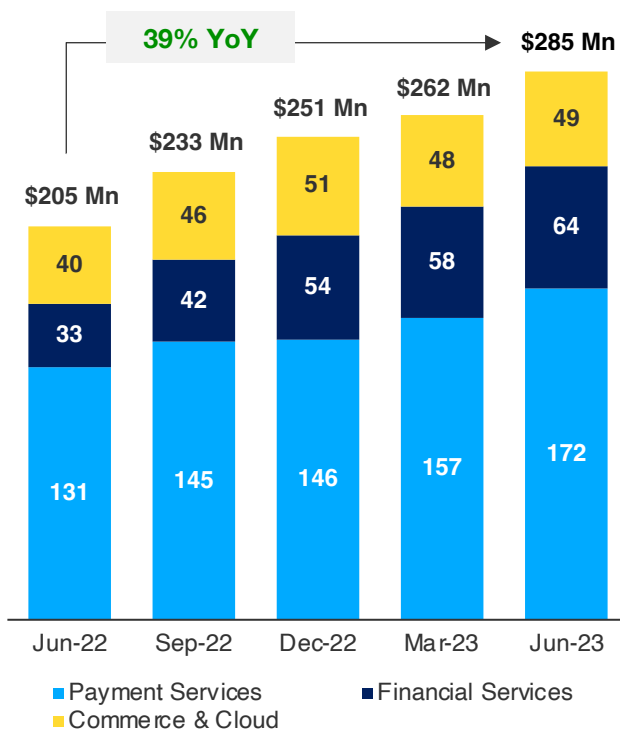
## Use of Operating Metrics

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.

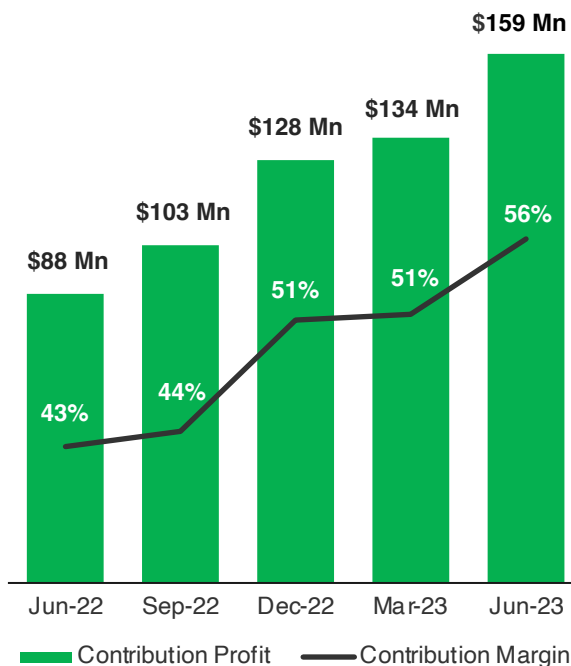
We have converted financial amounts from ₹ millions into ₹ Cr and hence there could be some totaling anomalies in the numbers.

# Scaling the core business model of Payments and Loan Distribution; EBITDA before ESOP at \$10 Mn for Q1 FY 2024

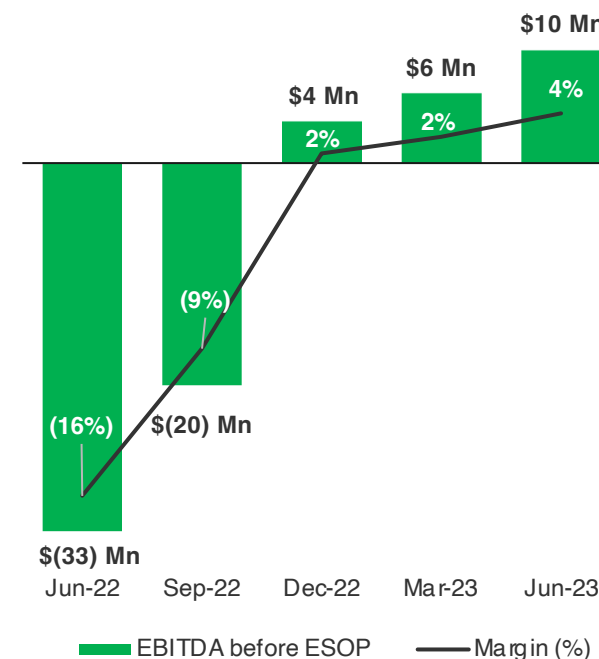
Revenue growth of 39% YoY



Contribution Profit growth of 80% YoY  
Margin improvement of +12% YoY



EBITDA before ESOP improved by \$44 Mn YoY; Indirect cost increased by 22% YoY

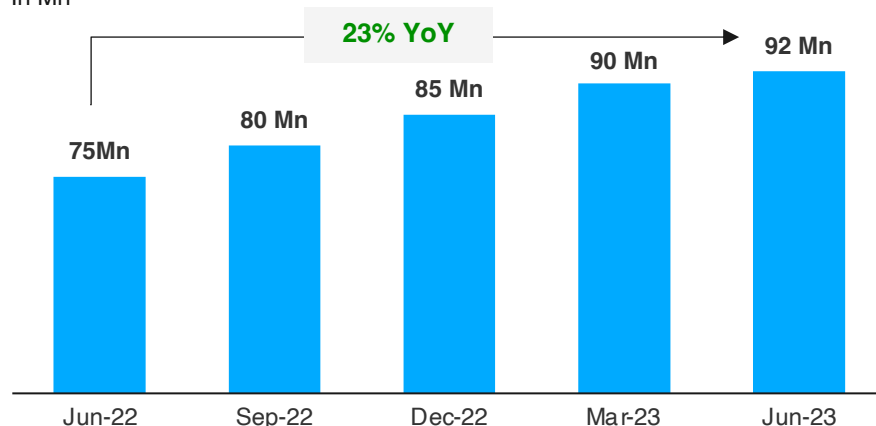


- Note:
1. We have excluded UPI incentives of \$22 Mn from Mar-23 revenues, contribution margin and EBITDA before ESOP for like-for-like comparison
  2. Exchange Rate of 1 USD = 82.1 INR

# Payments business continue to scale with improved profitability

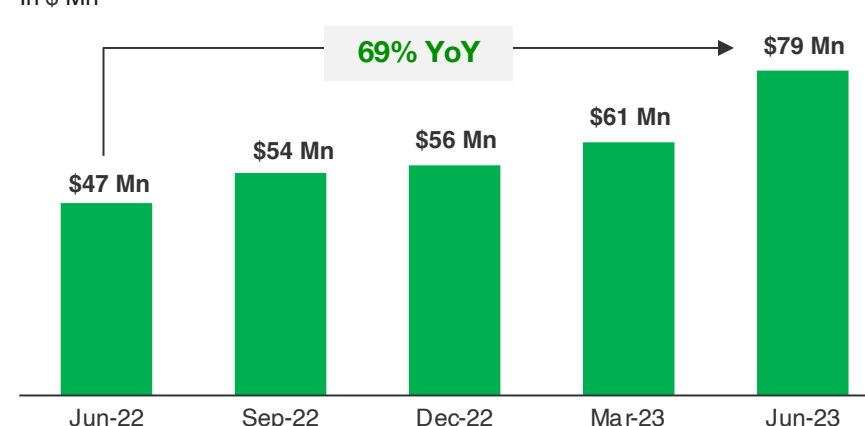
## Average Monthly Transacting Users

In Mn



## Net Payment Margin = Payment Processing Margin + Subscription revenue

In \$ Mn



## Merchant Subscriptions (including payment devices)

In Mn



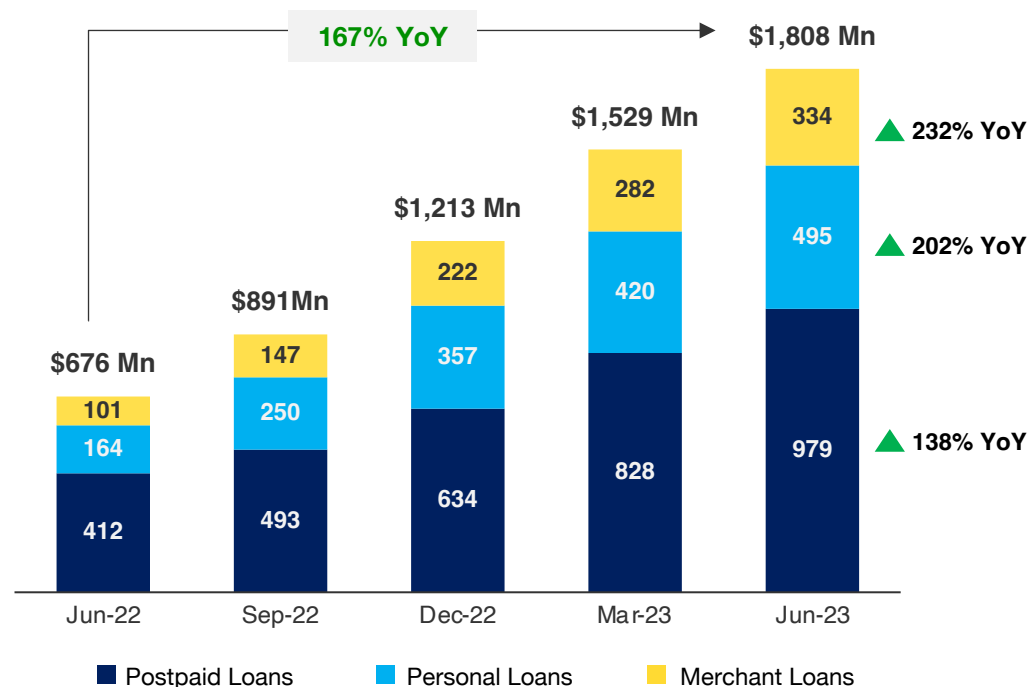
- 1. Payment Processing Margin:** Transaction fees charged to the merchant less charges paid to the issuer.  
It is at the high end of our 7 to 9 bps guidance, even without UPI incentives, due to:
  - Increase in GMV of non-UPI instruments like EMI and cards
  - Lower interchange cost for Wallet, post interoperability circular by NPCI, and Postpaid due to better portfolio quality
- 2. Subscription revenue:** Charges merchant pays for various monthly services including devices: 7.9 Mn merchant subscription

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

## Value of loans distributed through Paytm platform

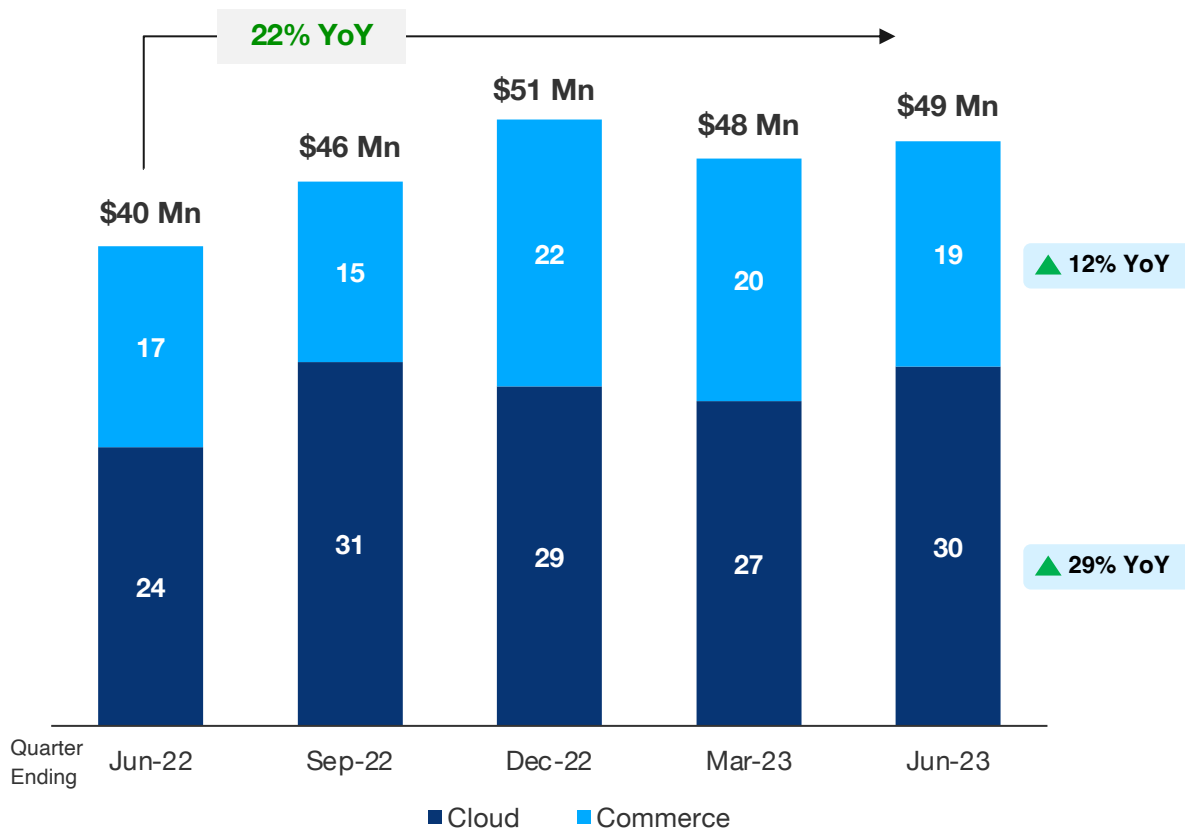


		Postpaid	Personal Loan	Merchant Loan
Penetration <sup>1</sup> as of Q1 FY 2024		4.5% of MTU	1.1% of MTU	6.2% of device merchants
Indicative portfolio performance for our partners				
<ul style="list-style-type: none"> <li>Augmented through advanced machine learning models</li> <li>Helping lending partners scale with risk-based pricing</li> </ul>	Bounce Rates	9.75% to 11.25%	10.75% to 11.75%	NA <sup>(2)</sup>
<ul style="list-style-type: none"> <li>Own collection technology platform aiding digital collections</li> <li>Lower operating expenses and scaling well</li> </ul>	Bucket 1 Resolution %	82% to 84%	88% to 92%	78% to 83%
<ul style="list-style-type: none"> <li>Capacity enhancement with increase in employees and over 50 tie ups with on ground collection partners</li> </ul>	Recovery Rate Post 90+	30% to 35%	27% to 29%	30% to 35%
<ul style="list-style-type: none"> <li>Steady loss rates on static pool in line with Low and Grow model of scaling</li> </ul>	Expected credit loss (ECL%)	0.65% to 0.85%	4.5% to 5.0%	5.0% to 5.5%

<sup>1</sup>Calculation 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 Q1 FY 2024; Merchant loans: Number of loans disbursed in last 12 months as % of devices deployed at end of Q1 FY 2024

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# Co-Branded Credit Cards and advertising driving growth in Commerce & Cloud



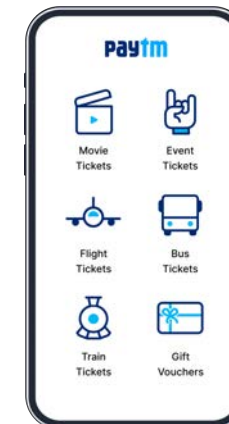
Note:

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## Commerce

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

- Commerce services GMV was \$309 Mn, up 10% YoY. Growth was subdued due to decline in movie industry and decline in Play Store vouchers industry
- On QoQ basis, volume of events in the entertainment business, which have high take rates and high direct costs, has reduced due to seasonality. Consequently, take rates have come down to the guided 5-6% range.



## 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 0.75 Mn activated cards as of June 2023
- On year-on-year basis, we saw growth in co-branded credit card distribution and advertising



# Growth Drivers in Our Business

- Low penetration of mobile payments in India on the merchant side; Increasing adoption of technology by merchants, such as Soundbox, Card Machines
- Innovations in the payment ecosystem e.g. UPI Lite, RuPay Credit Cards on UPI, Multi-Bank/Brands EMI aggregation, and Paytm UPI SDK etc.
- Low penetration of loan distribution products provides ample opportunity of growth while ensuring superior credit quality
- Scale up of loan distribution supported by regulatory clarity on digital lending and addition of new lending partners
- Bonds trading platform for retail investors by Paytm Money



# Annexure



# Revenue breakdown: Overall growth of 39% YoY

(in \$ Mn)	Quarter Ended			Change	
	Jun-22	Mar-23 *	Jun-23	YoY	QoQ
Payments & Financial Services	164	234	234	42%	0%
Payment Services to Consumers	63	64	67	7%	6%
Payment Services to Merchants	68	112	103	51%	(8%)
Financial Services and Others	33	58	64	93%	10%
Commerce & Cloud Services	40	48	49	22%	3%
Commerce	17	20	19	12%	(7%)
Cloud	24	27	30	29%	11%
Other Operating Revenue	0	3	2	842%	(23%)
<b>Revenue from Operations</b>	<b>205</b>	<b>284</b>	<b>285</b>	<b>39%</b>	<b>0%</b>

\* March 2023 financials include \$22 Mn UPI incentives reported during the quarter; Hence QoQ financials are not comparable

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# Contribution Profit up by 80% YoY in Q1 FY 2024

(in \$ Mn)	Quarter Ended			Change	
	Jun-22	Mar-23 *	Jun-23	YoY	QoQ
<b>Revenue from Operations</b>	<b>205</b>	<b>284</b>	<b>285</b>	<b>39%</b>	<b>0%</b>
Payment processing charges	85	95	93	10%	(2%)
<i>As % of GMV</i>	<i>0.23%</i>	<i>0.22%</i>	<i>0.19%</i>	(5 bps)	(3 bps)
Promotional cashback & incentives	17	9	10	(41%)	9%
Other Expenses	14	24	23	59%	(4%)
<b>Total Direct Expenses</b>	<b>116</b>	<b>128</b>	<b>126</b>	<b>9%</b>	<b>(1%)</b>
<b>Contribution Profit</b>	<b>88</b>	<b>156</b>	<b>159</b>	<b>80%</b>	<b>2%</b>
<i>Contribution Margin %</i>	<i>43.2%</i>	<i>55.0%</i>	<i>55.7%</i>	<i>1,248bps</i>	<i>72bps</i>

\* March 2023 financials include \$22 Mn UPI incentives reported during the quarter; Hence QoQ financials are not comparable

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## EBITDA before ESOP cost of \$10 Mn, improved by \$44 Mn YoY

(in \$ Mn)	Quarter Ended			Change	
	Jun-22	Mar-23 *	Jun-23	YoY	QoQ
<b>Contribution Profit</b>	<b>88</b>	<b>156</b>	<b>159</b>	<b>80%</b>	<b>2%</b>
<i>Contribution Margin %</i>	<i>43.2%</i>	<i>55.0%</i>	<i>55.7%</i>	<i>1,248bps</i>	<i>72bps</i>
Marketing	21	15	22	3%	43%
Employee cost (excl ESOPs)	67	75	89	32%	19%
Software, cloud and data center	20	23	19	(4%)	(18%)
Other indirect expenses	14	15	19	40%	28%
<b>Total indirect expenses</b>	<b>122</b>	<b>128</b>	<b>149</b>	<b>22%</b>	<b>16%</b>
<b>EBITDA before ESOP cost</b>	<b>(33)</b>	<b>29</b>	<b>10</b>	<b>(131%)</b>	<b>(64%)</b>
<i>EBITDA before ESOP cost Margin %</i>	<i>(16.4%)</i>	<i>10.0%</i>	<i>3.6%</i>	<i>+20%</i>	<i>(6%)</i>

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# Reconciliation of Non-GAAP Measures

## EBITDA before ESOP cost

(in \$ Mn)	Quarter Ended		
	Jun-22 (Unaudited)	Mar-23 * (Audited)	Jun-23 (Unaudited)
EBITDA before ESOP cost (A)	(33)	28	10
ESOP cost (B)	(44)	(44)	(46)
Initial Public Offer expenses (C)	-	-	-
Finance costs (D)	(1)	(1)	(1)
Depreciation and amortization expense (E)	(12)	(19)	(19)
Other income (F)	12	16	15
Share of profit / (loss) of associates / joint ventures (G)	(1)	(0)	(2)
Exceptional items (H)	-	0	-
Income Tax expense (I)	(1)	(0)	(1)
Loss for the period (J=Sum of A to I)	(79)	(20)	(44)

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# Operational KPIs

	Units	Quarter Ended			Change	
		Jun-22	Mar-23	Jun-23	YoY	QoQ
GMV	\$ Bn	36	44	49	37%	12%
Merchant Transactions	Bn	5.1	6.9	8.0	55%	16%
Total Transactions	Bn	6.1	8.4	9.6	57%	15%
MTU (avg over the period)	Mn	75	90	92	23%	2%
Registered Merchants (end of period)	Mn	28	34	36	25%	6%
Number of Loans Disbursed	Mn	8.5	11.9	12.8	51%	7%
Value of Loans	\$ Mn	676	1,529	1,808	167%	18%
Payment Devices (cumulative; end of period)	Mn	3.8	6.8	7.9	109%	16%
Average number of Sales Employees*	#	19,781	28,479	30,148	10,367	1,669
Cost of sales employees (including training)	\$ Mn	20	23	26	32%	15%

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.

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# 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.

