



Earnings Presentation - USD

For quarter ending September 2023

Paytm

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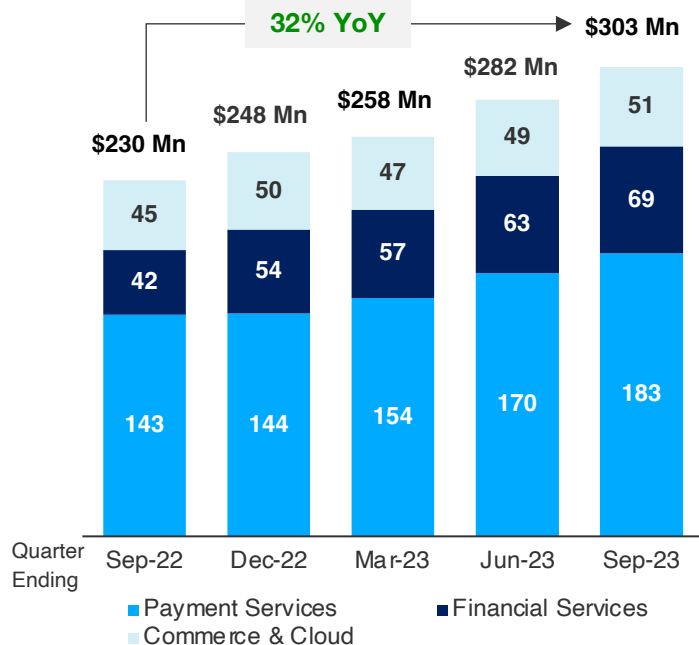
Use of Operating Metrics

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.

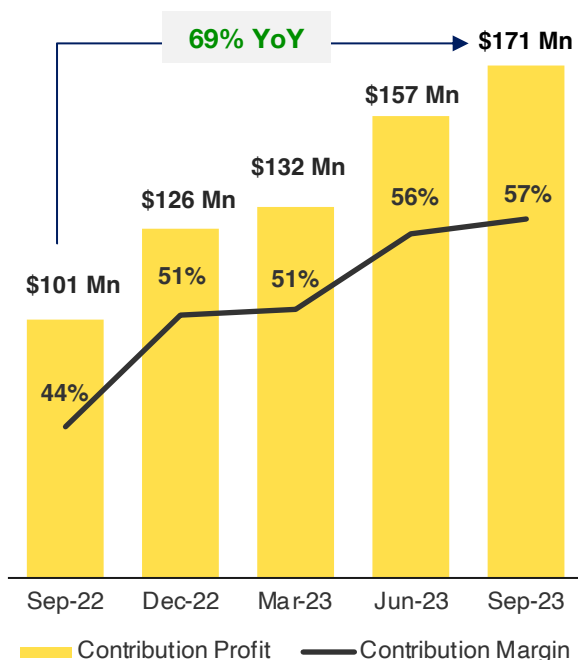
We have converted financial amounts from ₹ millions into ₹ Cr and hence there could be some totaling anomalies in the numbers.

Revenue of \$303 Mn in Q2 FY2024; \$38 Mn YoY improvement in EBITDA Before ESOP to \$18 Mn

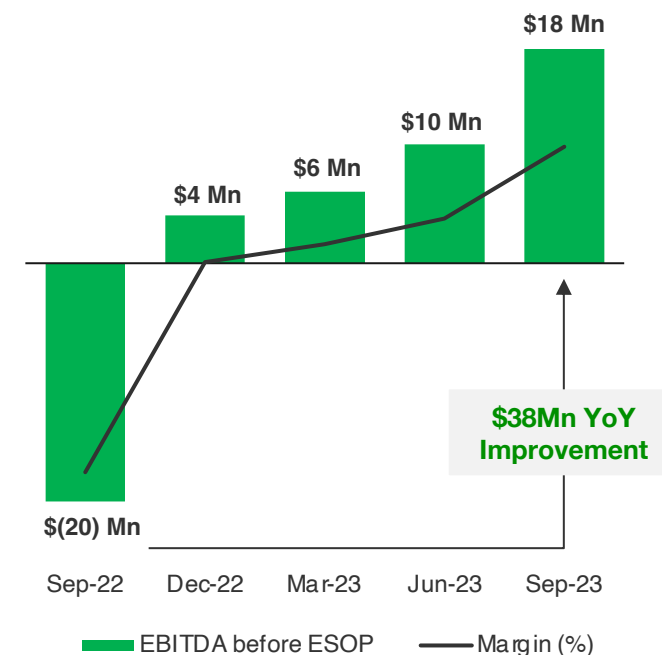
Revenue grew by 32% YoY
Online sales in Q3 vs. Q2 last year



Contribution Profit grew by 69% YoY
Contribution Margin at 57%



On back of platform leverage, EBITDA before ESOP has increased to \$18Mn

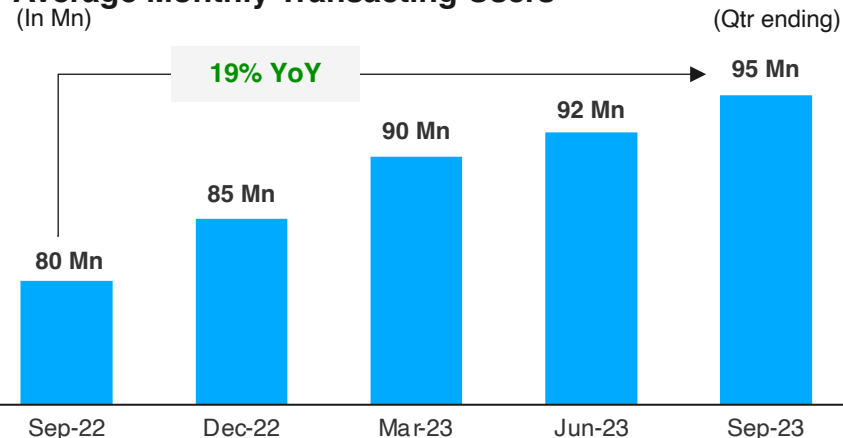


Note: We have excluded UPI incentives of \$22 Mn from Mar-23 revenues, contribution profit and EBITDA before ESOP for like-for-like comparison

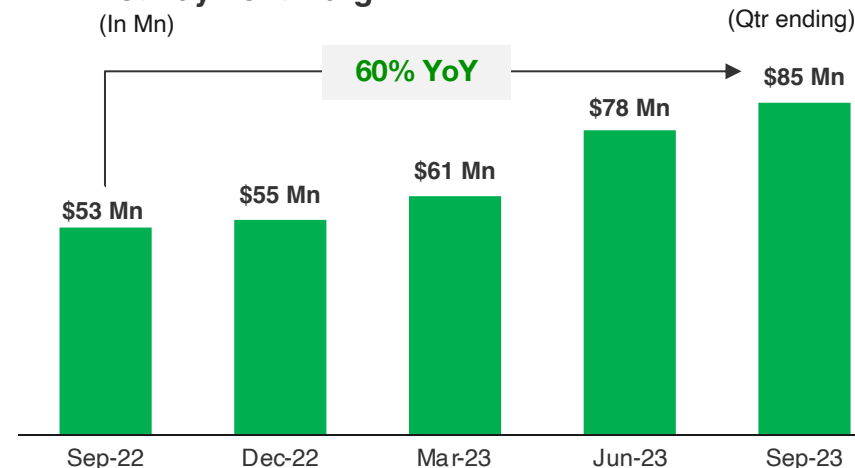
Exchange Rate - \$1 = INR 83.18

Payments business profitability improving with scale; Net Payment Margin grew by 60% YoY to \$85 Mn

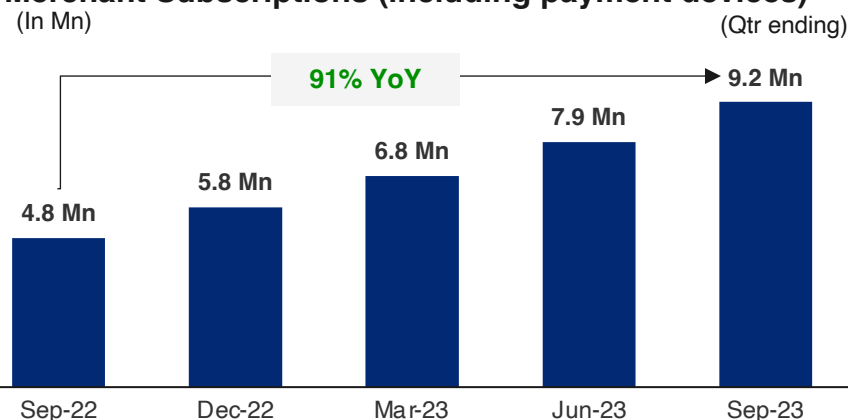
Average Monthly Transacting Users



Net Payment Margin*



Merchant Subscriptions (including payment devices)



Net Payment Margin = Payment Processing Margin + Subscription revenue

Payment Processing Margin= Gross fees charged to the merchant - amount paid to the issuer.

It is at the higher end of our 7 to 9 bps guidance, even without UPI incentives, due to

- a) Increase in GMV of non-UPI instruments like Postpaid, EMI and cards,
- b) Improvements in payment processing margin on these non-UPI instruments

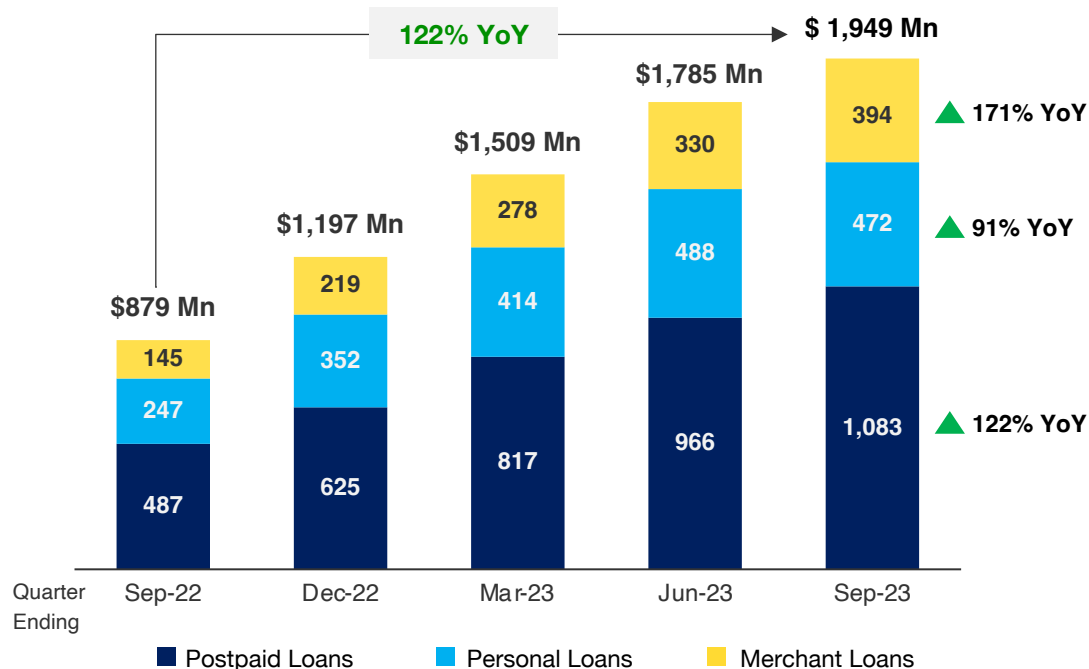
Subscription revenue: Charges merchant pays for various monthly services including devices: 9.2 Mn merchant subscription.

Note: For like-for-like comparisons, Mar-23 net payment margin in the above chart excludes \$22 Mn UPI incentives received in that quarter

Exchange Rate - \$1 = INR 83.18

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

Value of loans distributed through Paytm platform

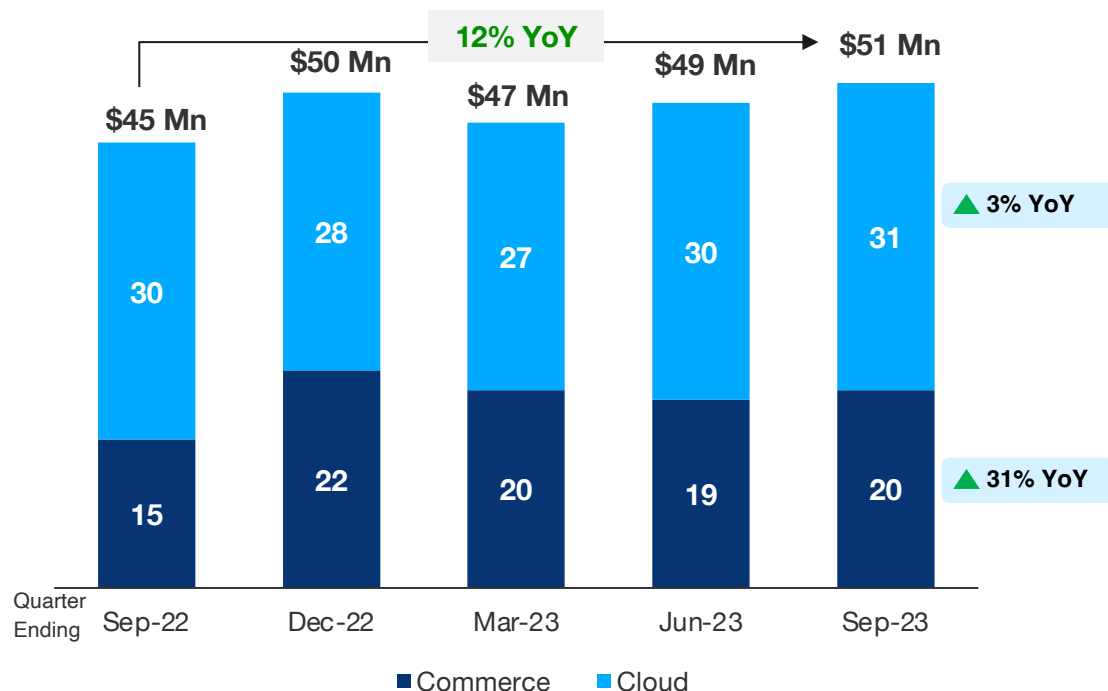


		Postpaid	Personal Loan	Merchant Loan
Penetration ¹ as of Q2 FY 2024		4.5% of MTU	1.1% of MTU	6.4% of device merchants
Indicative portfolio performance for our partners				
<ul style="list-style-type: none"> Augmented through advanced machine learning models Helping lending partners scale with risk-based pricing 	Bounce Rates	9.50% to 10.75%	10.25% to 11.25%	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%	78% to 83%
<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%)	0.65% to 0.85%	4.5% to 5.0%	4.75% to 5.25%

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 Q2 FY 2024; Merchant loans: Number of loans disbursed in last 12 months as % of devices deployed at end of Q2 FY 2024

Exchange Rate - \$1 = INR 83.18

Majority of cloud business is now co-branded Credit Cards and advertising services



Cloud

Cloud business includes advertising, co-branded credit cards, marketing cloud, and loyalty business.

- We saw healthy YoY growth in co-branded credit card and advertising businesses. Total 0.87 Mn credit cards activated as of September 2023 versus 0.3 Mn last year
- PAI Cloud business had a strong quarter last year. Telecom VAS offerings (marketing cloud) has seen decline YoY



Commerce

Commerce business include travel, entertainment, movie ticketing and selling of deals and gift vouchers to consumers

- Commerce services GMV was \$348 Mn, up 39% YoY. Take rates have remained in the guided 5-6% range



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Key Focus Areas

- 1. Innovative products to expand mobile payments acceptance network:** Indian merchants' unique features and pricing requirements warrants innovative product launches. We are focused on solving this by launching various types of Soundboxes and Card machines and other devices, backed by a large distribution and service network.
- 2. Expand Credit and Financial Services:** Our focus is to expand credit offerings, which will help consumers and merchants find suitable product, in partnership with our lending partners.
- 3. Farming of online merchants,** by offering wider choice of payment instruments and better success rates.
- 4. Enabling Commerce:** We are enabling merchants to offer deals on Paytm app which drives customer engagement, as well as consumer traffic to the merchants.



paytm CARD
Soundbox

paytm MUSIC
Soundbox



paytm POCKET
Soundbox

Annexure

Revenue breakdown: Overall growth of 32% YoY

(in ₹ Cr)	Quarter Ended			Change		Half Year Ended		
	Sep-22	Jun-23	Sep-23	YoY	QoQ	Sep-22	Sep-23	Y-o-Y
Payments & Financial Services	183	231	249	36%	8%	345	479	39%
Payment Services to Consumers	66	67	70	5%	5%	128	136	6%
Payment Services to Merchants	75	101	111	47%	9%	142	212	49%
Financial Services and Others	42	63	69	64%	9%	75	131	77%
Commerce & Cloud Services	45	49	51	12%	4%	85	100	17%
Commerce	15	19	20	31%	4%	32	38	21%
Cloud	30	30	31	3%	5%	53	61	15%
Other Operating Revenue	2	2	3	63%	30%	2	5	155%
Revenue from Operations	230	282	303	32%	8%	432	584	35%

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Contribution Profit up by 69% YoY in Q2 FY 2024

(in ₹ Cr)	Quarter Ended			Change		Half Year Ended		
	Sep-22	Jun-23	Sep-23	YoY	QoQ	Sep-22	Sep-23	Y-o-Y
Revenue from Operations	230	282	303	32%	8%	432	584	35%
Payment processing charges	90	92	98	10%	7%	173	190	10%
<i>As % of GMV</i>	<i>0.23%</i>	<i>0.19%</i>	<i>0.18%</i>	<i>(5) bps</i>	<i>(1) bps</i>	<i>0.23%</i>	<i>0.19%</i>	<i>(5) bps</i>
Promotional cashback & incentives	23	10	9	(62)%	(14)%	40	19	(53)%
Other Expenses	16	22	24	51%	9%	30	46	55%
Total Direct Expenses	129	125	131	2%	5%	244	256	5%
Contribution Profit	101	157	171	69%	9%	188	328	74%
<i>Contribution Margin %</i>	<i>44%</i>	<i>56%</i>	<i>57%</i>	<i>1,257 bps</i>	<i>92 bps</i>	<i>44%</i>	<i>56%</i>	<i>1,252 bps</i>

EBITDA before ESOP improved by \$38 Mn YoY in Q2 FY 2024

(in ₹ Cr)	Quarter Ended			Change		Half Year Ended		
	Sep-22	Jun-23	Sep-23	YoY	QoQ	Sep-22	Sep-23	Y-o-Y
Contribution Profit	101	157	171	69%	9%	188	328	74%
<i>Contribution Margin %</i>	<i>44%</i>	<i>56%</i>	<i>57%</i>	<i>1,257 bps</i>	<i>92 bps</i>	<i>44%</i>	<i>56%</i>	<i>1,252 bps</i>
Marketing	16	22	22	31%	0%	37	44	16%
Employee cost (excl ESOPs)	69	88	97	41%	11%	135	185	36%
Software, cloud and data center	21	19	19	(10)%	0%	40	38	(7)%
Other indirect expenses	15	19	16	3%	(16)%	28	35	20%
Total indirect expenses	121	148	154	26%	4%	240	302	24%
EBITDA before ESOP cost	(20)	10	18	(193)%	83%	(53)	28	(154)%
<i>EBITDA before ESOP cost Margin %</i>	<i>(9)%</i>	<i>4%</i>	<i>6%</i>	<i>1,484 bps</i>	<i>250 bps</i>	<i>(12)%</i>	<i>5%</i>	<i>1,715 bps</i>

Reconciliation of Non-GAAP Measures

EBITDA before ESOP cost

(in ₹ Cr)	Quarter Ended			Half Year Ended	
	Sep-22 (Unaudited)	Jun-23 (Unaudited)	Sep-23 (Unaudited)	Sep-22 (Unaudited)	Sep-23 (Unaudited)
EBITDA before ESOP cost (A)	(20)	10	18	(53)	28
ESOP cost (B)	(45)	(45)	(46)	(88)	(91)
Finance costs (C)	(1)	(1)	(1)	(2)	(2)
Depreciation and amortization expense (D)	(13)	(19)	(22)	(25)	(41)
Other income (E)	12	15	17	24	32
Share of profit / (loss) of associates / joint ventures (F)	(1)	(2)	0	(2)	(2)
Exceptional items (G)	-	-	(1)	-	(1)
Income Tax expense (H)	(2)	(1)	(2)	(3)	(3)
Loss for the period (I=Sum of A to H)	(69)	(43)	(35)	(147)	(78)

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Operational KPIs

(in ₹ Cr)	Units	Quarter Ended			Change	
		Sep-22	Jun-23	Sep-23	YoY	QoQ
GMV	\$Bn	38.2	48.7	54.1	41%	11%
Merchant Transactions	Bn	5.8	8.0	9.1	59%	15%
Total Transactions	Bn	6.9	9.6	10.9	58%	13%
MTU (avg over the period)	Mn	79.7	91.7	95.0	19%	3%
Registered Merchants (end of period)	Mn	29.5	35.6	37.5	27%	5%
Number of Loans Disbursed	'000	9,192	12,759	13,235	44%	3%
Value of Loans	\$Mn	879	1,785	1,949	122%	9%
Payment Devices (cumulative; end of period)	Mn	4.8	7.9	9.2	91%	16%
Average number of Sales Employees*	#	22,578	30,148	35,349	57%	17%
Cost of sales employees (including training)	\$Mn	21	26	30	44%	16%

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

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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.

