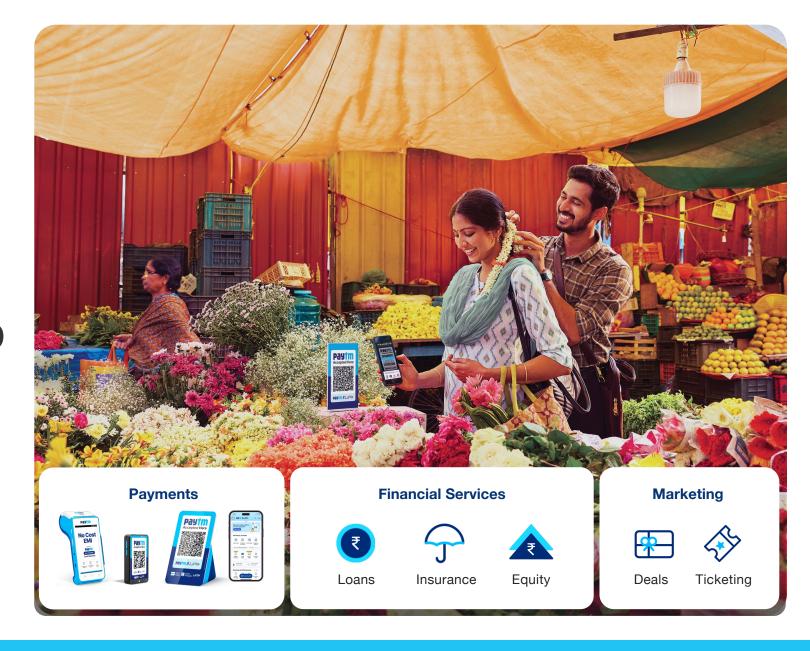
# Paytm

## Earnings Presentation - USD

Q3 Financial Year 2024

20 January 2024



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#### **Use of Operating Metrics**

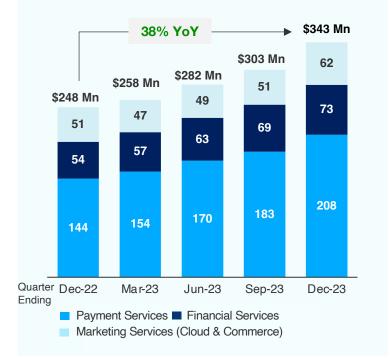
The operating metrics reported in this Presentation are calculated using internal Company data based on the activity of our merchants, consumers and other participants in our ecosystem. While these numbers are based on what we believe to be reasonable estimates of engagement, for the applicable period 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  $\mathfrak{F}$  millions into  $\mathfrak{F}$  Cr and hence there could be some totaling anomalies in the numbers.

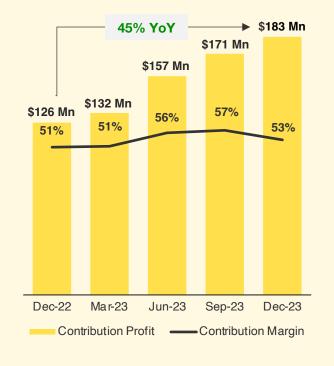
### Revenue of \$343 Mn, up 38% YoY; EBITDA Before ESOP of \$26 Mn PAT improved by \$22 Mn YoY to \$26 Mn

Payim Earnings Presentation Q3 FY 2024

#### Revenue grew by 38% YoY



Contribution Profit grew by 45% YoY Contribution Margin at 53%



On back of operating leverage, EBITDA before ESOP has increased to \$26 Mn



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

Exchange Rate - \$1 = INR 83.19

### Payments business profitability continues to improve; Net Payment Margin at \$90 Mn, grew by 63% YoY

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Payment Processing Margin without UPI incentive = 7 to 9 bps of GMV

Gross Merchandise Volume (GMV) (Qtr ending)



per merchant No. of subscription paying **Merchants** (Qtr ending) 84% YoY 10.6 Mn 9.2 Mn 7.9 Mn 6.8 Mn 5.8 Mn Jun-23 Dec-22 Mar-23 Sep-23 Dec-23

**Merchant Subscription** 

Revenue = ~\$1.25 per month

Net Payment Margin without UPI incentive

(Qtr ending)

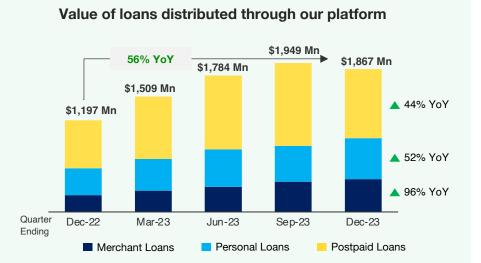


YoY improvement in payment processing margin due to:

- a) Increase in contribution of GMV of Credit Card and EMI aggregation
- b) Improved margin of non-UPI payment instruments

to the merchant - Payment processing charges

### Expanding Financial Services through High-ticket loans, Insurance distribution and Equity broking



Loan distribution
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- · Portfolio quality continues to remain stable and healthy
- Merchant loans continue to show healthy growth trends
- With more than 20 Mn whitelist users, high ticket loans is showing early trends of scale; Q3 distribution at \$59 Mn, average loan size increased 40% YoY\*
- Continue to calibrate Postpaid loan as per regulatory guidance and lender expectations

	Merchant Loan	Personal Loan	Postpaid			
Penetration <sup>1</sup> as of Q3 FY 2024	6.1% of device merchants	1.1% of MTU	3.7% of MTU			
Indicative portfolio performance for our partners						
Bounce Rates	NA	10% to 11%	9.50% to 10.75%			
Bucket 1 Resolution (%)	78% to 83%	88% to 92%	82% to 84%			
Recovery Rate Post 90+	30% to 35%	27% to 29%	30% to 35%			
Expected credit loss (ECL%)	4.75% to 5.25%	4.5% to 5.0%	0.65% to 0.85%			



Early momentum is seen in product market fit of Insurance, both towards embedded as well as to merchant insurance products



Equity broking seeing gradual scale up of F&O and equity trading customers

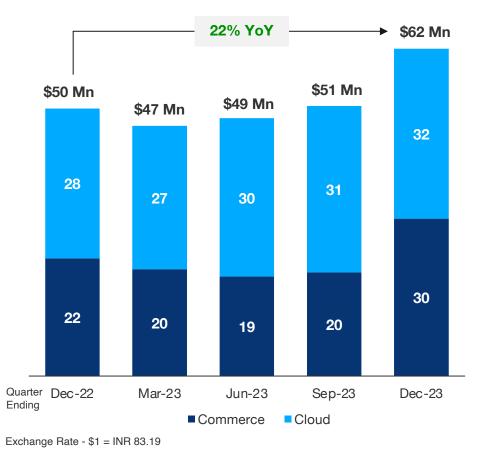
<sup>1</sup>Calculation of penetration; Postpaid: Avg monthly number of loans in a quarter as a % of that quarter's avg MTU; Personal Loans: Number of loans disbursed in last 12 months as a % of avg MTU in Q2 FY 2024; Merchant loans: Number of loans disbursed in last 12 months as % of devices deployed at end of Q3 FY 2024. \*Average loan size increase shown for combined Personal Loan and Merchant Loan. Specifics for both are shared in Annexure.

Exchange Rate - \$1 = INR 83.19

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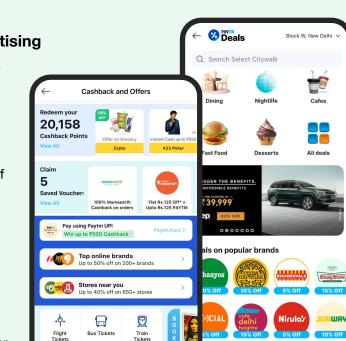
## Marketing Services (Commerce & Cloud): Driving additional monetization from merchants

#### **Revenue from Marketing Services**



# Offering Marketing and advertising services to enable commerce for merchants.

- 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 48% YoY to \$408 Mn
- Offering Brand Marketing, Advertising and loyalty services to brands and businesses
- 1.01 Mn Paytm consumers acquired for credit cards for partner banks as of December 2023, YoY 125% growth



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Delhi Metro

V

Event Tickets

F

Movie

Tickets

Payim Earnings Presentation Q3 FY 2024

## **Key Focus Areas**

Monthly Transacting Users

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- Leveraging the power of CoPilot AI to create higher-quality product at an accelerated pace
- Driving operating leverage by AI led efficiencies across business, operations and risk functions



#### **Payments & Financial Services**

- Focusing on monetizable incremental user acquisition, leveraging UPI Credit, Autopay etc.
- Multi-device led strategy to further strengthen merchant acquiring leadership
- Expanding high-ticket loans and addition of new lending partners
- Scaling embedded Insurance and merchant Insurance offerings
- Cross-selling Equity trading to Paytm consumer base

#### **Marketing Services**

- Offering Deal, Gift Voucher, Loyalty and enabling Commerce services to merchants
- Advertising on Paytm App for various brands, businesses and credit card issuers





## Power of Al for India's payments revolution

Driving financial inclusion to bring half-a-billion Indians to the mainstream economy







	Quarter Ended			Change		Nine Months Ended		
(in \$ Mn)	Dec-22	Sep-23	Dec-23	YoY	QoQ	Dec-22	Dec-23	Y-o-Y
Payments & Financial Services	192	249	275	43%	10%	537	754	40%
Payment Services to Consumers	62	70	72	17%	3%	190	208	9%
Payment Services to Merchants	77	111	130	69%	17%	219	342	56%
Financial Services and Others	54	69	73	36%	6%	128	204	60%
Commerce & Cloud Services	50	51	62	22%	21%	136	161	19%
Commerce	22	20	30	34%	52%	54	68	26%
Cloud	28	31	32	14%	2%	82	93	14%
Other Operating Revenue	5	3	6	17%	109%	7	11	54%
Revenue from Operations	248	303	343	38%	13%	680	927	36%

### Contribution Profit up by 45% YoY in Q3 FY 2024



(:		Quarter Endec	I	Change		Nine Months Ended		
(in \$ Mn)	Dec-22	Sep-23	Dec-23	YoY	QoQ	Dec-22	Dec-23	Y-o-Y
Revenue from Operations	248	303	343	38%	13%	680	927	36%
Payment processing charges	89	98	118	33%	20%	262	309	18%
As % of GMV	0.21%	0.18%	0.19%	(2)bps	1 bps	0.23%	0.19%	(4)bps
Promotional cashback & incentives	11	9	13	17%	46%	51	32	(38)%
Other Expenses	22	24	29	30%	19%	53	76	44%
Total Direct Expenses	122	131	160	31%	22%	365	416	14%
Contribution Profit	126	171	183	45%	7%	315	511	62%
Contribution Margin %	51%	57%	53%	252bps	(330)bps	46%	55%	885bps

#### EBITDA before ESOP improved by \$22 Mn YoY in Q3 FY 2024



/in 6 Mp)		Quarter Ende	d	Change		Change Nine Months		Ended	
(in \$ Mn)	Dec-22	Sep-23	Dec-23	YoY	QoQ	Dec-22	Dec-23	Y-o-Y	
Contribution Profit	126	171	183	45%	7%	315	511	62%	
Contribution Margin %	51%	57%	53%	252bps	(330)bps	46%	55%	885bps	
Marketing	16	22	20	24%	(6)%	54	64	18%	
Employee cost (excl ESOPs)	70	97	97	39%	0%	206	282	37%	
Software, cloud and data center	21	19	21	0%	10%	61	58	(5)%	
Other indirect expenses	15	16	18	21%	17%	44	53	20%	
Total indirect expenses	122	153	156	28%	2%	364	456	25%	
EBITDA before ESOP cost	4	18	26	<b>599%</b>	43%	(49)	55	(211)%	
EBITDA before ESOP cost Margin %	2%	6%	8%	616bps	159bps	(7)%	6%	1,316bps	

### **Reconciliation of Non-GAAP Measures**



EBITDA before ESOP cost

		Quarter Ended	Nine Months Ended		
(in \$ Mn)	Dec-22 (Unaudited)	Sep-23 (Unaudited)	Dec-23 (Unaudited)	Dec-22 (Unaudited)	Dec-23 (Unaudited)
EBITDA before ESOP cost (A)	4	18	26	(49)	54
ESOP cost (B)	(44)	(46)	(45)	(132)	(136)
Finance costs (C)	(1)	(1)	(1)	(3)	(3)
Depreciation and amortization expense (D)	(15)	(22)	(24)	(40)	(65)
Other income (E)	9	17	18	33	50
Share of profit / (loss) of associates / joint ventures (F)	1	-	-	(1)	(2)
Exceptional items (G)	-	(1)	-	-	(1)
Income Tax expense (H)	(2)	(2)	-	(5)	(3)
Loss for the period (I=Sum of A to H)	(47)	(35)	(27)	(194)	(105)

#### **Operational KPIs**

			Quarter End	Change		
(in \$ Mn)	Units	Dec-22	Sep-23	Dec-23	YoY	QoQ
GMV	\$Bn	41.6	54.1	61.3	47%	13%
Merchant Transactions	Bn	6.3	9.1	10.0	59%	10%
Total Transactions	Bn	7.6	10.9	11.9	55%	9%
MTU (avg over the period)	Mn	84.9	95.0	100.0	18%	5%
Registered Merchants (end of period)	Mn	31.4	37.5	39.3	25%	5%
Number of Loans Disbursed	'000'	10,473	13,235	11,477	10%	(13)%
Value of Loans	\$Mn	1,197	1,949	1,867	56%	(4)%
Payment Devices (cumulative; end of period)	Mn	5.8	9.2	10.6	84%	15%
Average number of Sales Employees*	#	25,375	35,349	40,028	58%	13%
Cost of sales employees (including training)	\$Mn	21.3	29.7	32.1	50%	8%



Average ticket size for Merchant and Personal loans



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

Exchange Rate - \$1 = INR 83.19

### **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.