



Earnings Presentation

For the quarter ending June 2024
(USD)



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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.

Q1 FY 2025: Revenue and profitability impact in line with guidance. Payment Operating Metrics rebounding to Jan'24 Levels



Financial Highlights:

- Operating revenue of **\$180 Mn**
- Contribution profit of **\$91 Mn (margin of 50%)**
- EBITDA before ESOP of **\$(65) Mn;**
EBITDA of \$(95) Mn

Strong balance sheet and Cost Control

- Strong balance sheet with \$1,026 Mn cash on books; we also hold stock acquisition rights in PayPay Corporation (5.4% stake, once exercised)
- Continued focus on cost reduction, employee cost down by 9% QoQ

Levers for profitability improvement in place

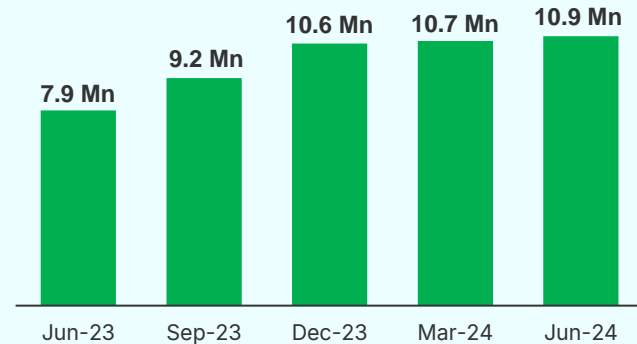
- Going forward, revenue and profitability expected to improve, on account of growth in GMV, expanding merchant base, recovery in loan distribution business and cost optimization
- Working on delivering at least one profitable quarter in this financial year

Payment Services: Merchant Payment Operating Metrics rebounding to Jan'24 Levels; Consumer Operating Metrics Remain Stable



Merchant Subscription, including devices

(Qtr ending)

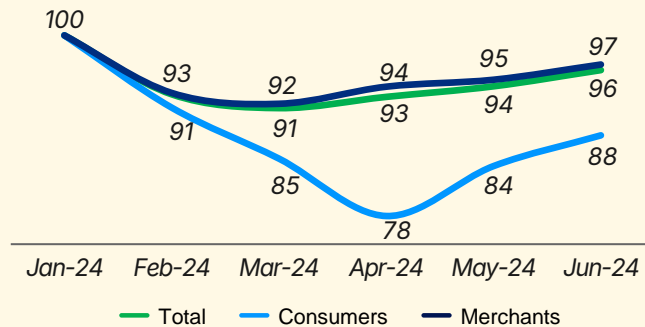


Accelerating merchant reactivations

- New merchant signups reaching Jan'24 levels; redeploying devices from inactive to new merchants
- Expect net device additions to reach previous run rates by Q3 FY 2025
- Revenue per device has bottomed out and is expected to increase

Daily Average GMV trends Indexed to Jan'24

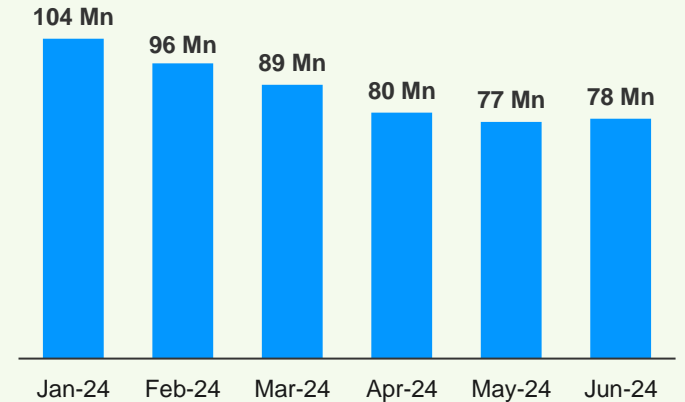
(excluding disrupted products)



Daily GMV rebounding to Jan'24 levels

- Consistent improvement during the quarter, with merchant GMV almost back to Jan'24 levels
- Increase in consumer GMV due to higher engagement
- With growth in organic volumes, new merchant addition & reactivation, we expect GMV growth to continue

Monthly Transacting Users



Consumers base has stabilised

- MTU base has stabilized at ~78 Mn
- Focus on retention and reactivation, while awaiting new user onboarding
- Expect growth in MTU once we start onboarding new UPI users

Payment Services: Financial performance



Q1 FY 2025 payments revenue was \$108 Mn

Net Payment Margin

- Q1 FY25 Net payment margin was \$46 Mn
- No UPI incentive during the quarter as it gets paid in Q4 of the financial year

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Payment Processing Margin

- Payment Processing Margin = Gross fees charged to the merchant – Payment processing charges
- In Q1 FY 2025, it was above 3 bps of GMV (as per guidance)
 - Payment processing margin (including UPI incentive) will be in the range of 5-6 bps for the year

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Merchant Subscription Revenue

- Charges merchant pays for various monthly services including devices
- Continue to address merchants' needs through innovative product launches, supported by a large distribution and service network

Financial Services: Driving monetization by distribution of Loans, Wealth products and Insurance



In Q1 FY 2025 financial services revenue was \$34 Mn

Loan Distribution

- Expanding cross-selling by integrating more type of loans from our partners, including secured credit like Loan Against Property and Gold Loans
- **Personal Loan:** Our partners' approach is consistent with industry-wide trends of tightening risk policies. Penetration is at 1.1% of MTU
- **Merchant Loan:** We and our lending partners continue to be disciplined and focused on high-quality merchants. Penetration is at 4.4% of device merchants

Insurance Broking

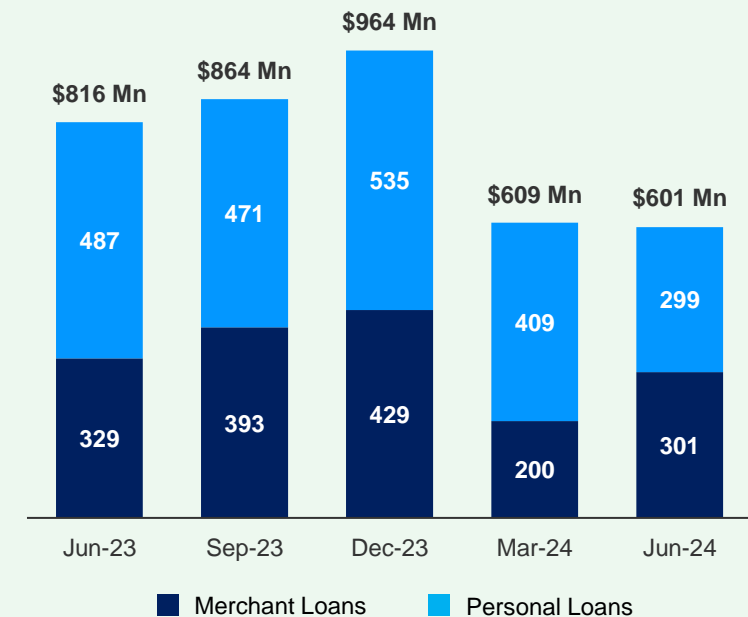
- Building Insurance business by offering embedded insurance and DIY products to Paytm consumers & merchants
- We are seeing a strong product-market fit for our shop insurance (merchants) and health product (combined Health Insurance, Healthcare, and OPD)

Equity Broking and Distribution

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

Value of personal loans and merchant loans distributed through our platform

(Qtr ending)



Marketing Services: Additional monetization from merchants



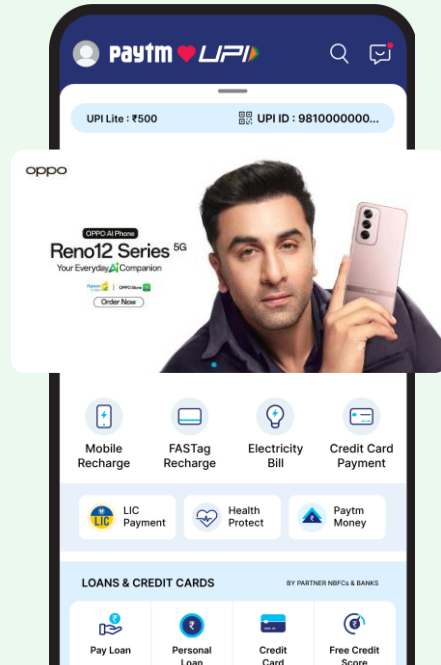
Revenue from Marketing Services

We enable merchants to do more commerce activities and these various offerings are consolidated under marketing services

In Q1 FY 2025, Marketing Services revenue was \$39 Mn, impacted QoQ due to the seasonality of the events business and lower MTU

- GMV for ticketing, deals & gift vouchers, etc., was \$338 Mn; strong growth in travel segment, driven by partnerships and innovative travel solutions
- Credit card distribution continues to scale, with 1.28 Mn activated credit cards as of June 2024, compared to 0.75 Mn last year

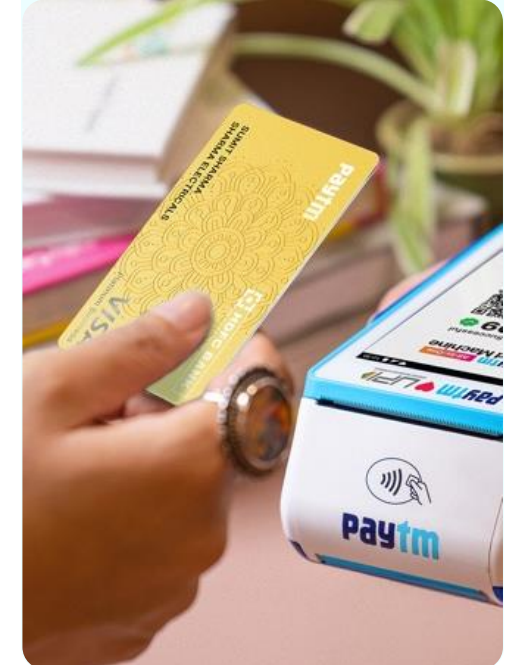
Advertising & Loyalty Services



Deals & Vouchers



Credit Cards



Key Focus Areas

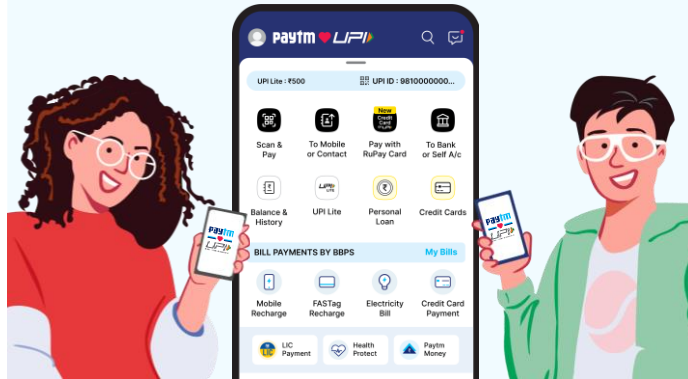


Lead the market with merchant payment innovations, including new devices and aggregation of various MDR-bearing payment instrument

Provide **marketing services to merchants** that drive more commerce opportunities for them

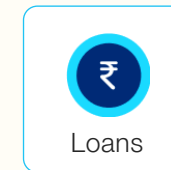


Reactivate existing dormant customers while we await new UPI user onboarding. Once we are allowed new UPI user onboarding, we will acquire new monetizable customers with discipline on acquisition costs



Enhance credit distribution by diversifying lending products and partners. Expand secured lending products

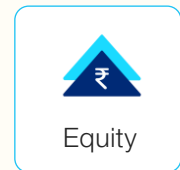
Allocate more resources to Insurance distribution & Mutual Fund distribution, which offer **large monetization opportunities**



Loans



Insurance



Equity

Stringent focus on compliance first approach across our businesses



Annexure

Expected ESOP charges based on currently issued ESOPs

Expected ESOP Cost (\$ Mn)	Q1	Q2	Q3	Q4
FY 2025	30*	38	33	26
FY 2026	23	22	13	13
FY 2027	12	11	3	3

* Q1 FY 2025 ESOP cost was lower at \$30Mn, on account of ESOP lapses at the time of employee separation during the quarter.

As of July 10, 2024	(in Mn)
Basic shares outstanding	636
ESOPs vested and unexercised	2
ESOPs granted and unvested	38
ESOPs available for distribution	4
Estimated fully diluted shares	679

Note:

- The above table illustrates expected ESOP cost for all ESOPs granted so far (as of July 10, 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

Operating Revenue



(in \$ Mn)	Quarter Ended			Change	
	June-24	Mar-24	June-23	YoY	QoQ
Payments & Financial Services	140	223	230	(39)%	(37)%
Payment Services to Consumers	10	52	66	(85)%	(81)%
Payment Services to Merchants	96	134	101	(5)%	(28)%
Financial Services and Others	34	36	63	(46)%	(8)%
Marketing Services	39	47	49	(21)%	(19)%
Other Operating Revenue	2	2	2	(15)%	17%
Revenue from Operations	180	272	281	(36)%	(34)%

Contribution Profit and Contribution Margin



(in \$ Mn)	Quarter Ended			Change	
	June-24	Mar-24	June-23	YoY	QoQ
Revenue from Operations	180	272	281	(36)%	(34)%
Payment processing charges	62	86	92	(33)%	(28)%
As % of GMV	0.12%	0.15%	0.19%	(7) bps	(3) bps
Promotional cashback & incentives	5	6	10	(48)%	(3)%
Other Expenses	22	26	22	(1)%	(15)%
Total Direct Expenses	90	117	124	(28)%	(24)%
Contribution Profit	91	154	156	(42)%	(41)%
Contribution Margin %	50%	57%	56%	(540) bps	(651) bps

EBITDA before ESOP



(in \$ Mn)	Quarter Ended			Change	
	June-24	Mar-24	June-23	YoY	QoQ
Contribution Profit	91	154	156	(42)%	(41)%
Contribution Margin %	50%	57%	56%	(540) bps	(651) bps
Marketing	21	10	22	(2)%	114%
Employee cost (excl ESOPs)	85	93	87	(3)%	(9)%
Software, cloud and data center	22	19	19	18%	12%
Other indirect expenses	28	19	19	52%	45%
Total indirect expenses	156	142	146	7%	10%
EBITDA before ESOP cost	(65)	12	10	(750)%	(633)%
EBITDA before ESOP cost Margin %	(36)%	5%	4%	(3,990) bps	(4,084) bps

Reconciliation of Non-GAAP Measures

EBITDA before ESOP cost

(in \$ Mn)	Quarter Ended		
	June-24	Mar-24	June-23
EBITDA before ESOP cost (A)	(65)	12	10
ESOP cost (B)	(30)	(39)	(45)
Finance costs (C)	(0)	(1)	(1)
Depreciation and amortization expense (D)	(21)	(23)	(19)
Other income (E)	16	16	(15)
Share of profit / (loss) of associates / joint ventures (F)	(0)	(2)	2
Exceptional items (G)	0	0	0
Income Tax expense (H)	(0)	(2)	1
Loss on Impairment of Associate (I)	0	(27)	0
Loss for the period (I=Sum of A to I)	(101)	(66)	(43)

Operational KPIs



(in \$ Mn)	Units	Quarter Ended			Change	
		June-24	Mar-24	June-23	YoY	QoQ
GMV	\$ Bn	51.1	56.3	48.6	5%	(9)%
GMV – Continued Business*	\$ Bn	51.1	51.5	40.3	27%	(1)%
Merchant Transactions	Bn	9.0	9.6	8.0	13%	(6)%
Total Transactions	Bn	10.2	11.2	9.6	6%	(9)%
MTU (avg over the period)	Mn	78.4	96.2	91.7	(15)%	(19)%
Registered Merchants (end of period)	Mn	41.2	40.6	35.6	16%	1%
Value of personal and merchant loans distributed	\$ Mn	601	609	816	(26)%	(1)%
Payment Devices (cumulative; end of period)	Mn	10.9	10.7	7.9	39%	2%
Average number of Sales Employees	#	31,607	36,521	28,479	5%	(13)%
Cost of sales employees (including training)	\$ Mn	27	30	25	5%	(12)%

* Continued business excludes disrupted products such as Wallet, Postpaid etc.

Breakup of available Cash and investable balance (Net Cash Balances)



Particulars (in \$ Mn)	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Cash and Bank Balances in Current Accounts (Net of Borrowings)	201	220	225	477	279
Deposits with banks	479	504	533	279	418
Current Investments (Mutual Funds and Commercial Papers)	323	326	310	281	297
Total Balances	1,003	1,050	1,068	1,038	1,026
Paytm Money Ltd (PML) customer funds	38	38	55	41	54
Total Balances (excluding PML funds)	966	1,012	1,012	997	973

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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