

Investor Presentation

August 2022



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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.



To bring Half-a-Billion Indians to the Mainstream Economy through Technology-led Financial Services



Our Core Business is to Acquire Payment Customers and Distribute Loans



Note: Monthly Transacting Users (MTU) and merchant data as of June 2022

Revenue Model for Payments Business



Merchants use our app to collect payments

1. Merchants pay us MDR
2. Select Customers pay platform fee

Merchants use our app to enable commerce

like selling deals, tickets etc. & advertising

Merchants use our services to collect payments on their shop or App

1. Merchant pays subscription fee
2. Merchant pays MDR
3. GOI pays UPI payments incentive

In Q1 FY23

Payment services to consumers

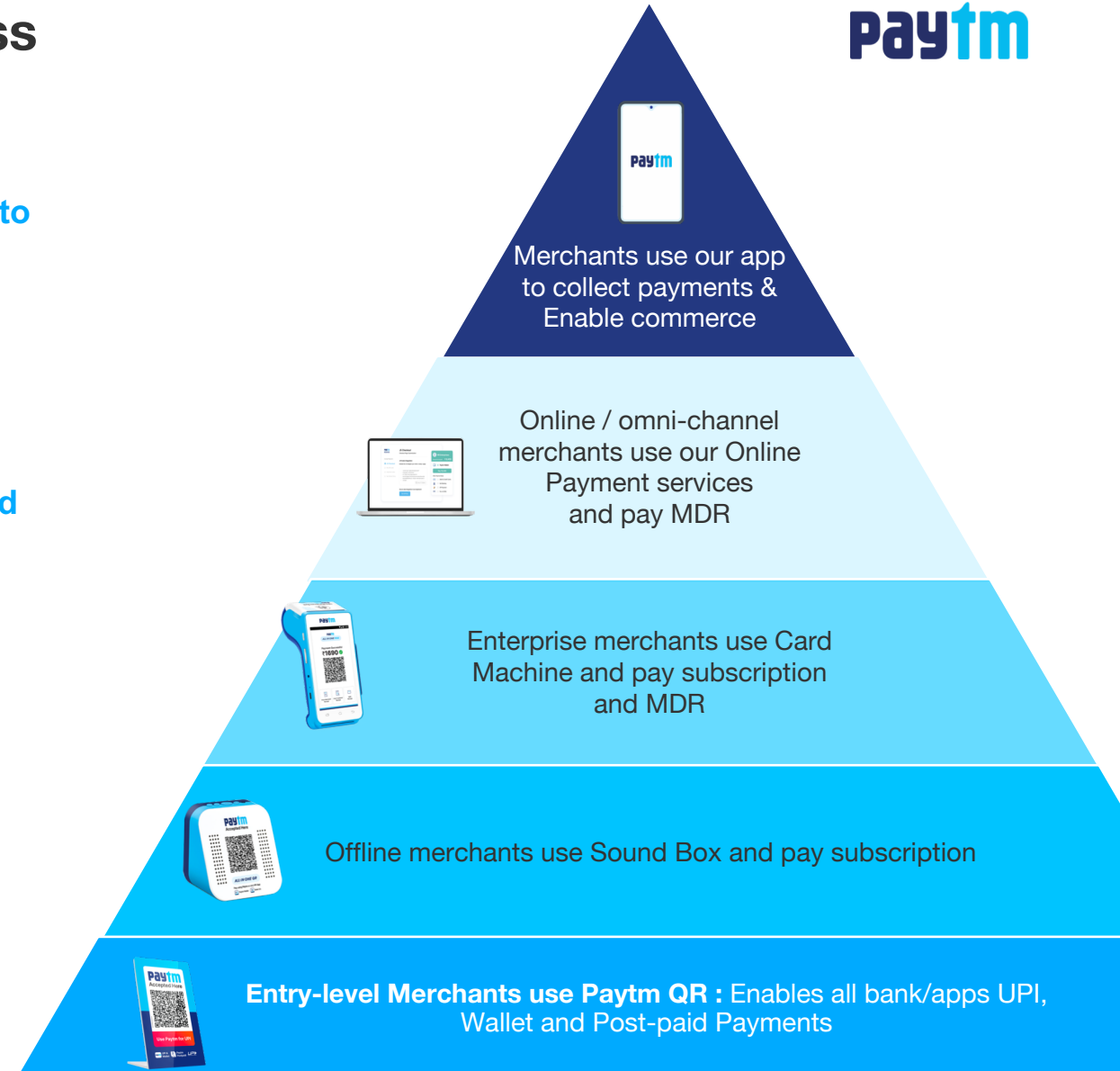
₹519 Crore ▲ 73%

Commerce & Cloud Services

₹331 Crore ▲ 64%

Payment services to Merchants

₹557 Crore ▲ 67%



Revenue Model for Loan Distribution and Collection Business

Lender's Scope	Paytm Scope	In Q1 FY23	Personal Loans	Merchant Loans	Paytm PostPaid
<ul style="list-style-type: none"> Customer's KYC, bureau reporting and underwriting Ownership of loan book and balance sheet Bilateral contract with borrowers Adherence to outsourcing guidelines of regulator 	1 Loan Sourcing and Cross-sell Fee	Loan Amount & Tenure	~₹100,000 for ~14 months	~₹140,000 for ~12 months	~₹4,000 Monthly billing
	2 EMI Servicing and Collection Fee	Total Disbursement & YoY Growth	₹1,344 Cr ▲ 1,106% YoY	₹827 Cr ▲ 1,031% YoY	₹3,383 Cr ▲ 656% YoY
		Bounce Rate	11.5% to 12.5%	NA (daily installment product)	11.0% to 13.0%
		Expected Credit Loss (ECL) %	4.5% to 5.0%	5.0% to 5.5%	1.1% to 1.3%

Notes:

- Loans are underwritten and booked by our lending partners (NBFCs and Banks) in their balance sheets. Paytm acts as a collection outsourcing partner and the numbers are hence indicative of those efforts
- Being a daily installment product, monthly bounce rate is not applicable for merchant loans

Our Payment and Financial Services Business is scaling with better monetization and contribution margin

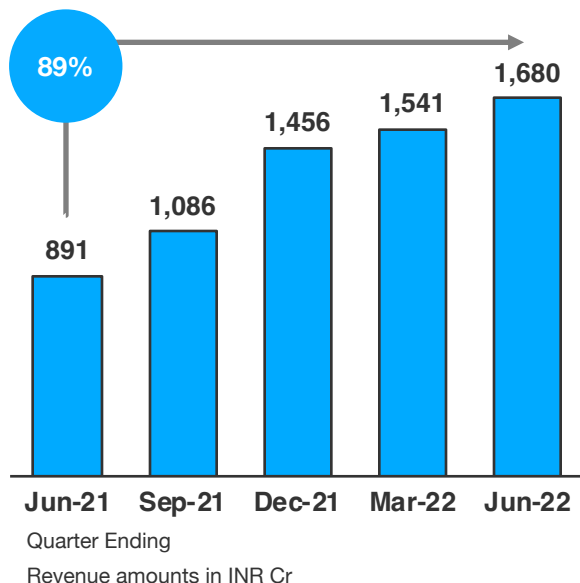


For quarter ending Jun'22

Payments Services		Commerce & Cloud	Loan Distribution & others		Total Revenues & Margin
Consumer Payments	Merchant Payments	Enabling Commerce Services			
₹519 Cr	₹557 Cr	₹331 Cr	₹271 Cr		₹1,680Cr
▲ 73% YoY	▲ 67% YoY	▲ 64% YoY	▲ 393% YoY		▲ 89% YoY
GMV			Value of Loans disbursed	Number of Loans	Contribution profit
₹2.96 Lakh Cr			₹5,554 Cr	8.5 Mn	₹726 Cr
▲ 101% YoY			▲ 779% YoY	▲ 492% YoY	▲ 197% YoY
					Contribution Margin: 43%

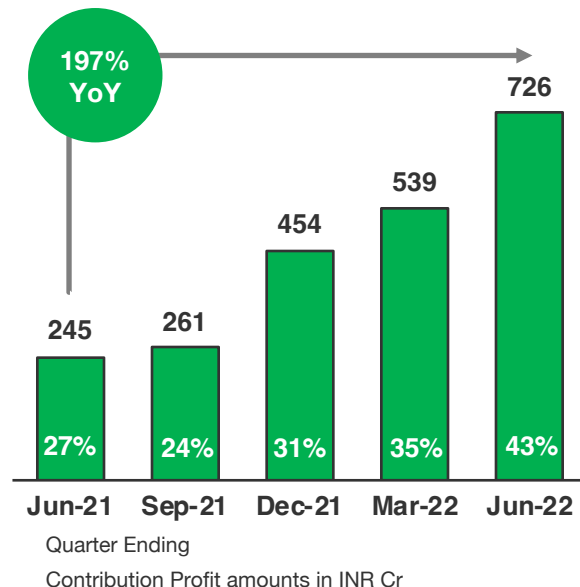
On Track to Achieve Operating Profitability by Sep 2023 Quarter

Revenue



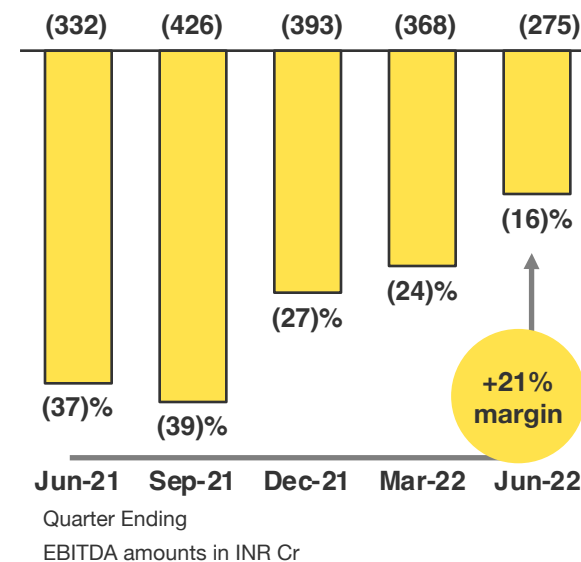
Revenue growth driven by payments and lending

Contribution Margin (% revenue)



Contribution Margin positive due to improved payments profitability and growth of higher margin products

EBITDA before ESOP (% revenue)



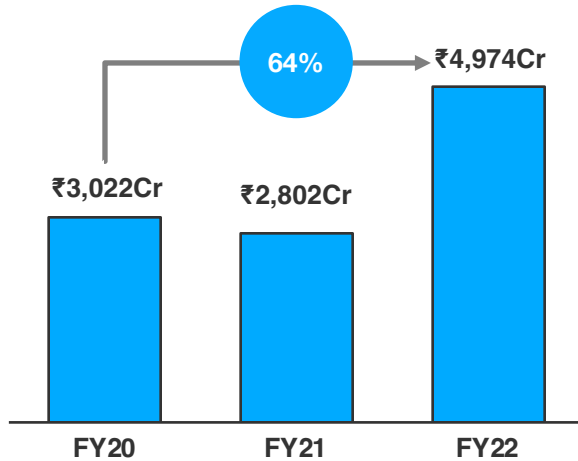
Significant operating leverage in our fixed cost

Notes:

1. Contribution profit is a non-GAAP financial measure calculated as revenue from operations less payment processing charges, marketing and promotion charges, connectivity, content fees and logistics cost and contest, event and FASTag expenses

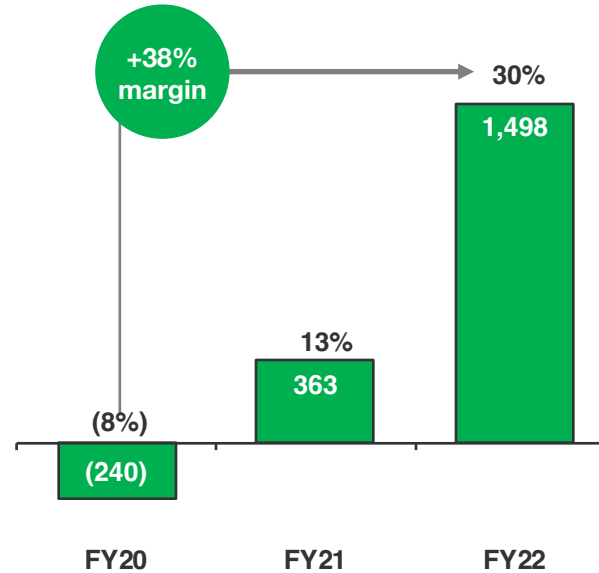
Annual trend of growth and improvement in unit economics

Revenue



Revenue growth driven by payments and lending

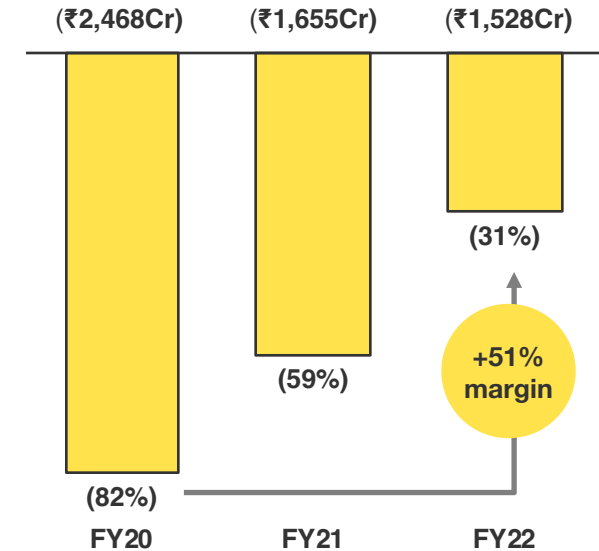
Contribution Margin (% revenue)



Contribution Profit amounts in INR Cr

Contribution Margin positive due to improved payments profitability and growth of higher margin products

EBITDA before ESOP (% revenue)



Significant operating leverage in our fixed cost

Notes:

1. FY 20 excludes INR255 Cr Other Operating Revenue, which was a one-off item

2. Contribution profit is a non-GAAP financial measure calculated as revenue from operations less payment processing charges, marketing and promotion charges, connectivity, content fees and logistics cost and contest, event and FASTag expenses



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