



Investor Presentation

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.



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



Our Core Business is to Acquire Customers for Payments and Cross-sell Loans

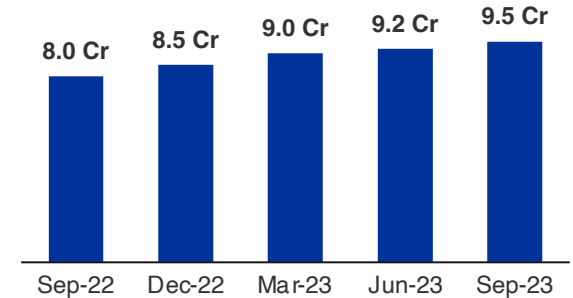


Payment Business

- Paytm app has pioneered consumer mobile payments using UPI, Wallet, Postpaid and Cards
- Paytm enables micro to large Merchants accept payments on their app or in-store, or on Paytm app
- Merchants leverage reach of Paytm consumer app to enable mobile commerce and sell to our consumers



Average Monthly Transacting Users for the quarter

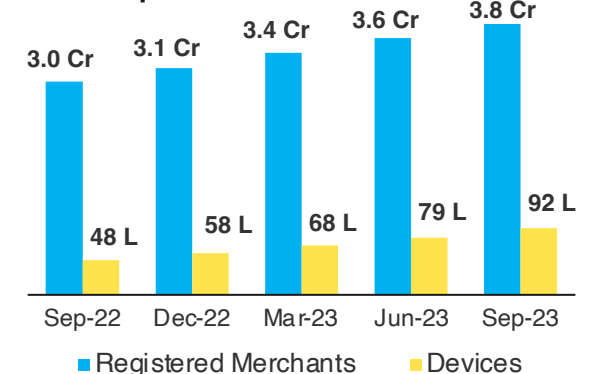


Loan Distribution

- Our loan distribution business is built on our payment rails
- We offer small ticket mobile credit to consumers and merchants, in partnership with our lending partners
- 11.8mn unique users have taken loan through Paytm platform



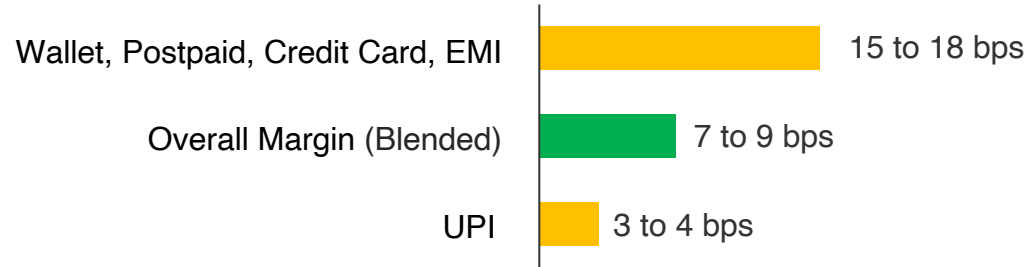
Registered Merchants & Devices at end of quarter



Payments business has two margin drivers



Payment Processing



Net payment processing margin by payment method

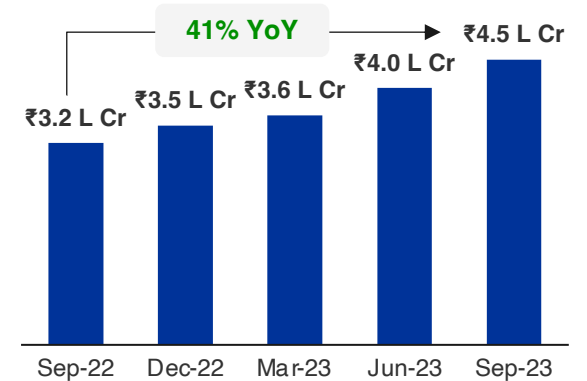


Subscription Revenues

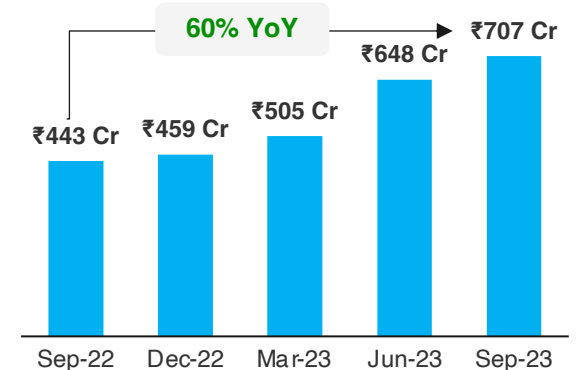
- 92 Lakh Soundbox and card devices deployed, added over 14 Lakh devices in last quarter
- Merchant pays ₹100 to ₹500 per month for these premium services
- On select deployment we also earn incentives from banking partners and Government
- Potential market of 10 Cr merchants in India: large subset of this will be paying monthly subscription



Gross Merchandise Value for the quarter



Net Payments Margin for the quarter



Note: We have excluded UPI incentives of ₹182 Cr from Mar-23 net payment margin for like-for-like comparison

Our Mobile Credit business is based on distribution and collection using Paytm network



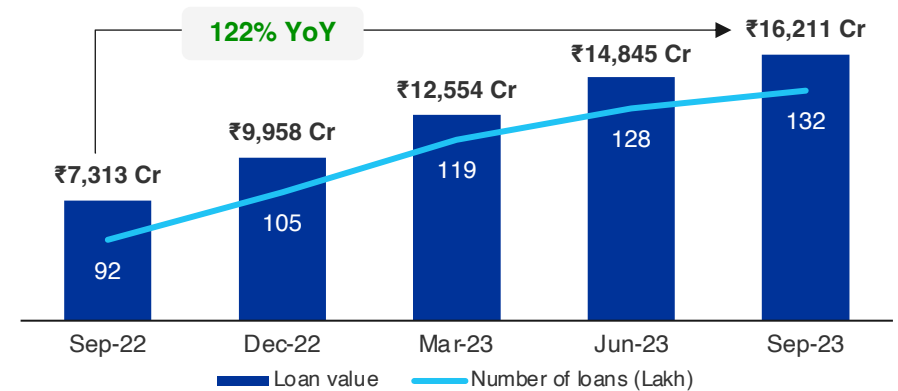
Distribution

- We help various lenders disburse small ticket personal loans and merchant loans
- Postpaid builds long term credit relationship through small consumption loan
- On disbursement of loans, we typically make 2.5% to 3.5% of loan value upfront

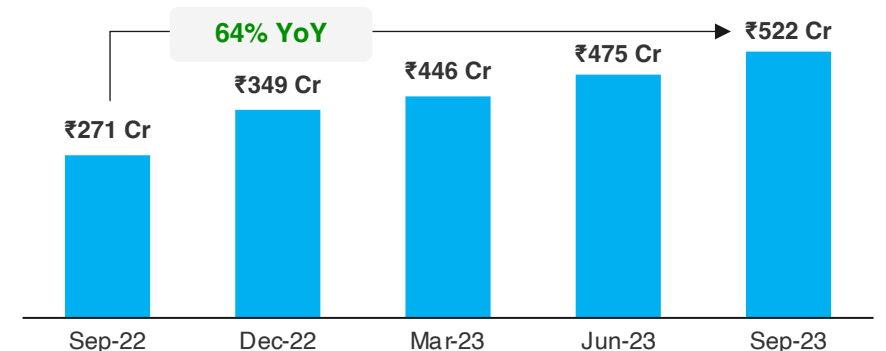
Collection

- We also collect loans for various lenders leveraging our cost effective mobile & digital capabilities
- On collection we make 0.5% to 1.5% of current disbursement value
- Most of the collection fees is received by us post portfolio closure (typically, 12-14 months for Personal and Merchant Loans, and 3 months for Postpaid loans)

Loans disbursed through Paytm for the quarter



Revenue from Financial Services & Others for the quarter

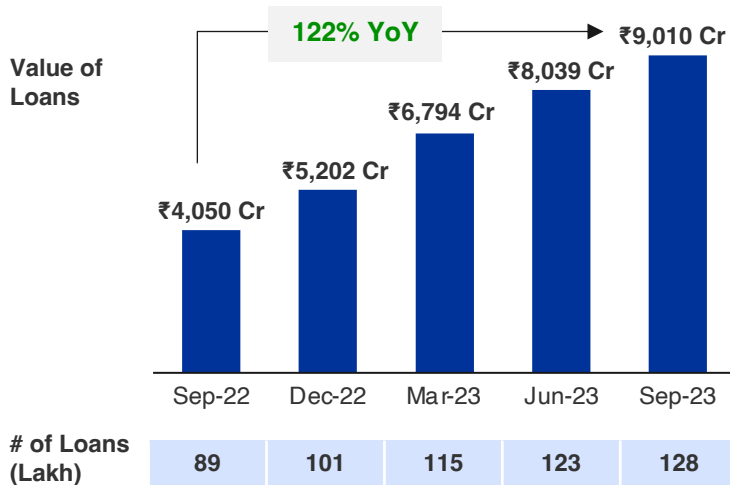


We offer only 3 types of loans that are based on our payment business



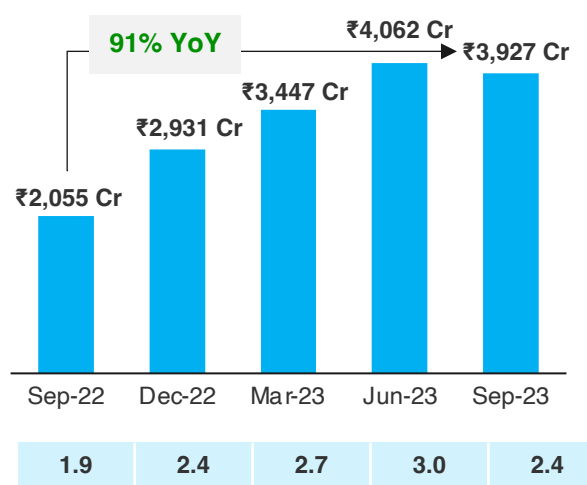
Postpaid Loans

- Penetration at 4.5% of MTU
- Large Postpaid user base also provides cross-sell opportunities for Personal Loans & Credit Cards



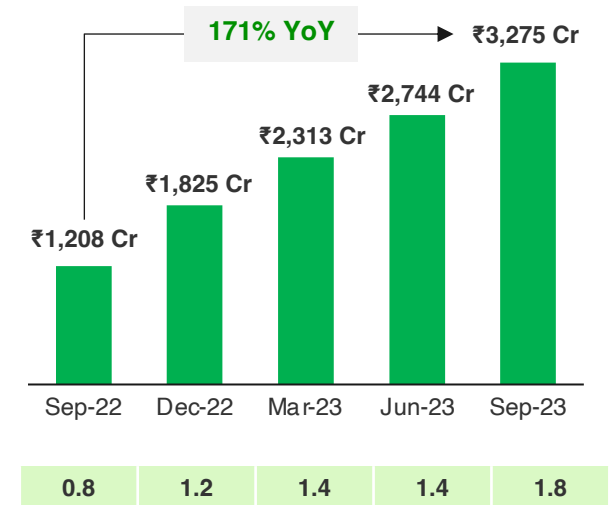
Personal Loans

- Penetration at 1.1% of MTU
- Cross sell opportunities continue with over 35% of loans to existing Postpaid users



Merchant Loans

- Penetration at 6.4% of devices merchants
- Device merchants accounted for more than 85% of disbursals; Repeat rate of ~50%



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 Q2 FY 2024

We also monetize Paytm app traffic by providing marketing services to other businesses



Commerce

Paytm app is a destination for our merchants to get more business

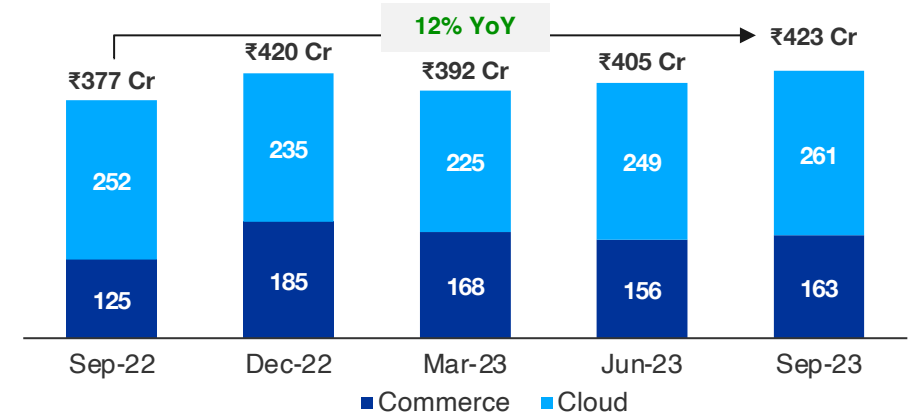
- We sell travel, movies and event ticketing and deals, gift vouchers to customers
- Commerce services GMV was ₹2,893 Cr in Q2 FY 2024, up 39% YoY
- In the Commerce business, we earn 5-6% take rate on GMV

Cloud

We offer advertising, marketing loyalty services to various enterprises and distribute co-branded credit cards

- As of September 2023, we have a total of ~870,000 active cards with SBI Card and HDFC Bank
- We earn upfront revenue on card activation and receive a portion of the interchange fee for the lifetime of the card
- Advertising is a healthy revenue growth driver for the Cloud business. As of date, we have around 300 advertisers on our platform

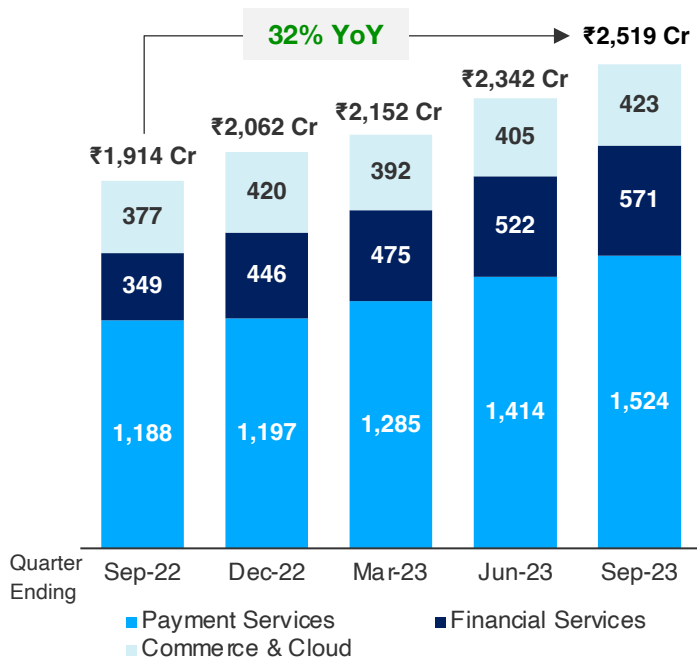
Revenue from Commerce & Cloud for the quarter



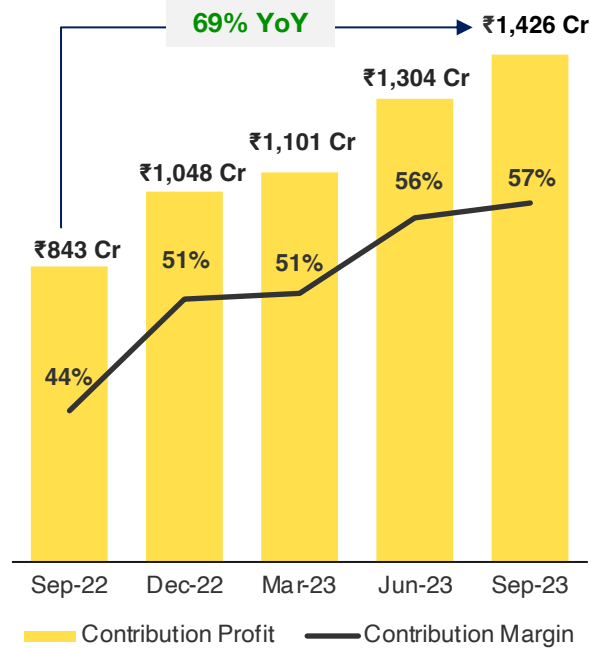
Revenue of ₹2,519 Cr in Q2 FY2024; ₹319 Cr YoY improvement in EBITDA Before ESOP to ₹153 Cr



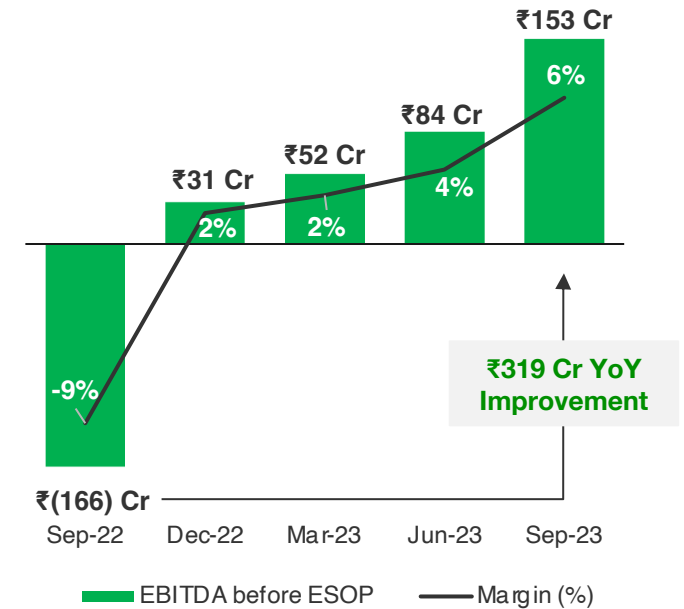
Revenue grew by 32% YoY
Online sales in Q3 vs. Q2 last year



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



On back of platform leverage, EBITDA before ESOP has increased to ₹153 Cr



Note: We have excluded UPI incentives of ₹182 Crore from Mar-23 revenues, contribution profit and EBITDA before ESOP for like-for-like comparison

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

Financial performance



(in ₹ Cr)	Quarter Ended					Change	
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	YoY	QoQ
Payment Services	1,188	1,197	1,467	1,414	1,524	32%	8%
Financial Services	349	446	475	522	571	64%	9%
Commerce & Cloud	377	420	392	405	423	12%	4%
Revenue from Operations	1,914	2,062	2,334	2,342	2,519	32%	8%
Payment processing charges	746	738	780	767	817	10%	7%
Other direct expense	325	277	271	271	276	(15%)	2%
Contribution Profit	843	1,048	1,283	1,304	1,426	69%	9%
<i>Contribution Margin %</i>	44%	51%	55%	56%	57%	1,257bps	92bps
Marketing	137	136	127	181	180	31%	0%
Employee cost (Excl ESOPs)	573	584	614	730	807	41%	11%
Software, cloud and data center	173	171	188	155	155	(10%)	0%
Other indirect expenses	127	126	121	155	130	3%	(16%)
Total indirect expenses	1,010	1,016	1,049	1,220	1,273	24%	4%
EBITDA before ESOP expense	(166)	31	234	84	153	+319 Cr	+69 Cr
<i>EBITDA before ESOP cost Margin %</i>	-9%	2%	10%	4%	6%	1,484bps	250bps

Note: March 2023 financials include ₹182 Cr UPI incentives reported during the quarter; Hence QoQ financials are not comparable

Payments revenue includes Other Operating revenue, as it relates to the Payments business

Reconciliation of Non-GAAP Measures



EBITDA before ESOP cost

(in ₹ Cr)	Quarter Ended				
	Sep-22 (Unaudited)	Dec-22 (Unaudited)	Mar-23 (Audited)	Jun-23 (Unaudited)	Sep-23 (Unaudited)
EBITDA before ESOP cost (A)	(166)	31	234	84	153
ESOP cost (B)	(371)	(362)	(363)	(377)	(385)
Finance costs (D)	(5)	(5)	(7)	(7)	(7)
Depreciation and amortization expense (E)	(104)	(124)	(160)	(159)	(180)
Other income (F)	100	78	130	123	144
Share of profit / (loss) of associates / joint ventures (G)	(9)	5	(2)	(18)	1
Exceptional items (H)	0	0	0	0	(6)
Income Tax expense (I)	(15)	(15)	(1)	(4)	(13)
Loss for the period (J=Sum of A to I)	(571)	(392)	(168)	(359)	(292)

March 2023 financials include ₹182 Cr UPI incentives reported during the quarter; Hence QoQ financials are not comparable

Cash Balance



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

Particulars (₹ Cr)	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
Cash and Bank Balances in Current Accounts (Net of Borrowings)	1,399	1,953	2,737	1,678	1,831
Deposits with banks	5,875	5,311	4,328	3,996	4,203
Current Investments (Mutual Funds, Treasury bills and Commercial Papers)	1,908	1,692	1,209	2,693	2,719
Total Balances	9,182	8,957	8,275	8,367	8,754

Expected ESOP charges (as disclosed in December 2022)



Total ESOP Cost (₹ Cr)	Q1	Q2	Q3	Q4
FY 2023	--	--	376	370
FY 2024	363	363	343	340
FY 2025	331	273	230	178
FY 2026	148	147	72	71
FY 2027	66	65	5	5

As of Sep 2022	In Mn
Basic shares outstanding	648.9
ESOPs vested and unexercised	3.5
ESOPs granted and unvested	33.1
ESOPs available for distribution	10.6
Estimated Fully Diluted shares	695.0

Note:

1. The above table illustrates expected ESOP cost for all ESOPs granted so far, as of November 2022
2. Above cost assuming all granted ESOPs are vested and no new ESOPs are granted
3. For any lapses of unvested ESOPs, normally on attrition, the cost of unvested ESOP recorded so far is reversed in that quarter
4. Actual charges might be different based on incremental issuances as well as lapses
5. For new ESOP grants, the total estimated charge would be 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
6. Movements of share price after the date of the grant do not affect the ESOP charge for already granted ESOPs



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