



Investor Presentation - USD

For quarter ending September 2023



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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

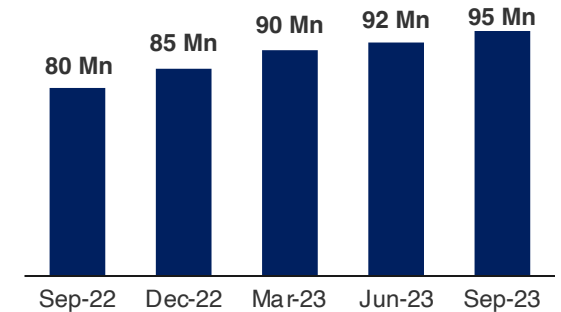


Payment Business

- 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

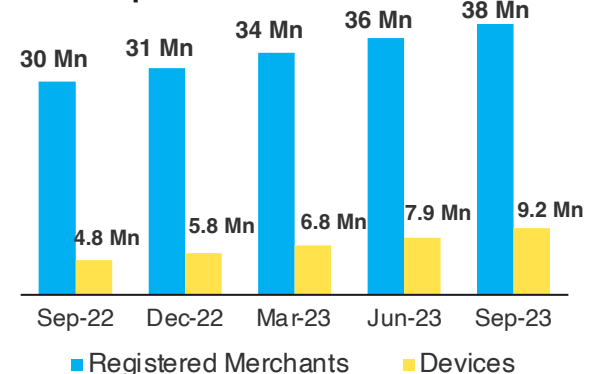


Loan Distribution

- Our loan distribution products are based 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



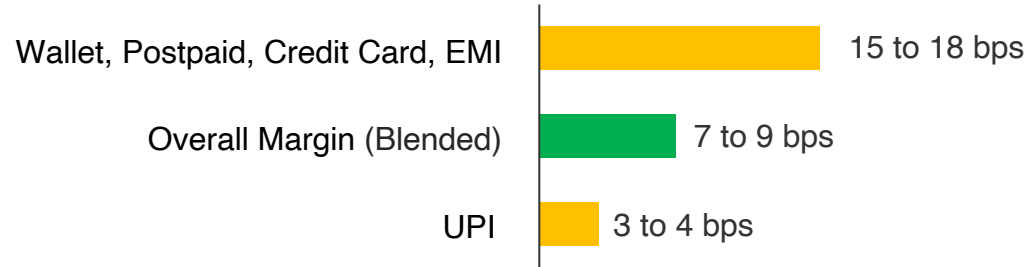
Registered Merchants & Devices at end of quarter



Payments business has two margin drivers



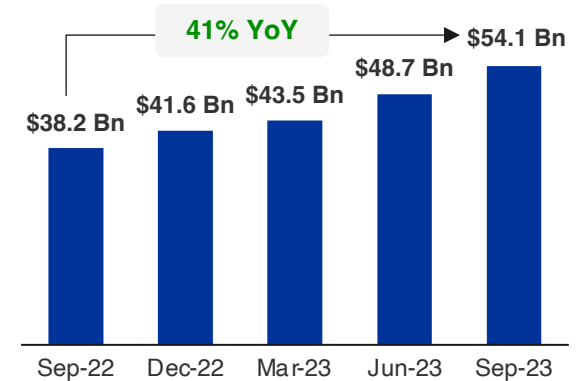
Payment Processing



Net payment processing margin by payment method



Gross Merchandise Value for the quarter

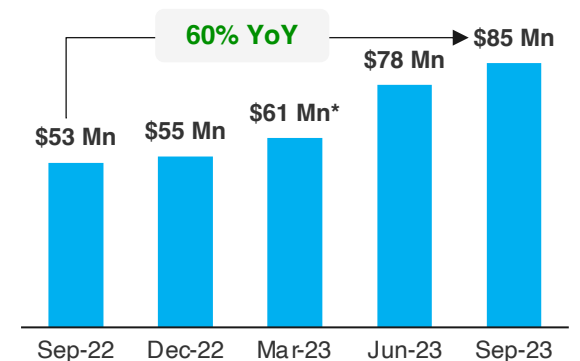


Subscription Revenues

- 9.2 Mn Soundbox and card devices deployed, added over 1.4 Mn devices in last quarter
- Merchant pays \$1.2 to \$6 per month per month for these premium services
- On select deployment we also earn incentives from banking partners and Government
- Potential market of 100 Mn merchants in India: large subset of this will be paying monthly subscription



Net Payments Margin for the quarter



*Note: We have excluded UPI incentives of \$22 Mn from Mar-23 net payment margin for like-for-like comparison

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



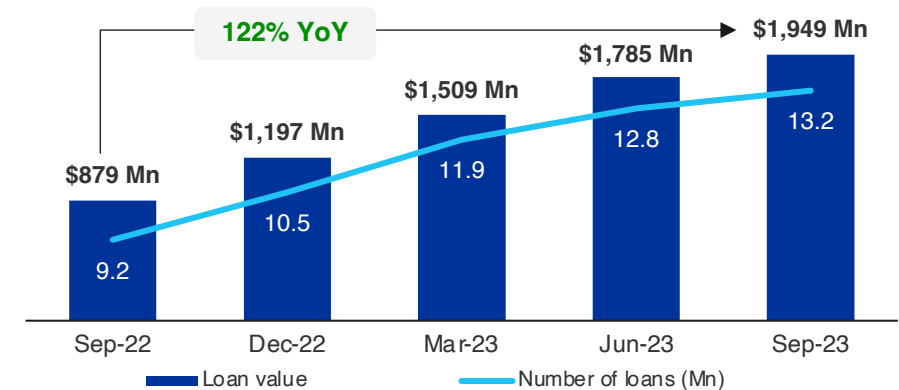
Distribution

- We help various lenders disburse small ticket personal loans and merchant loans
- Postpaid drives credit volumes with small loan amount of good quality
- On disbursement of loans, we typically make 2.5% to 3.5% of loan value upfront

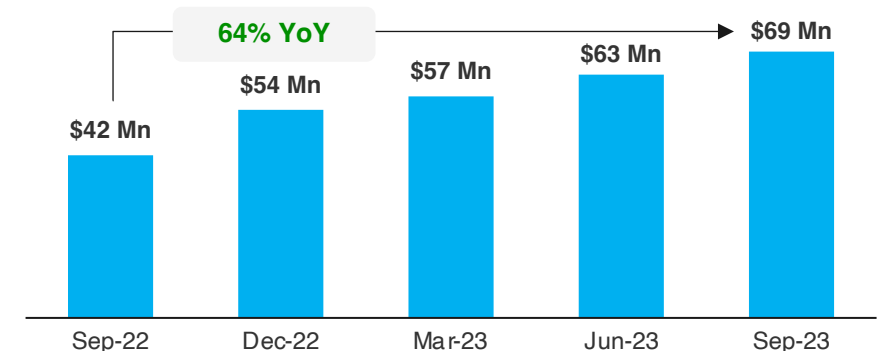
Collection

- In addition to distribution, we also collect loans for various lenders. Led by mobile & digital capabilities our collection business is a low-cost process
- On collection we make 0.5% to 1.5% of current disbursement value
- On loans issued on Paytm App, 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

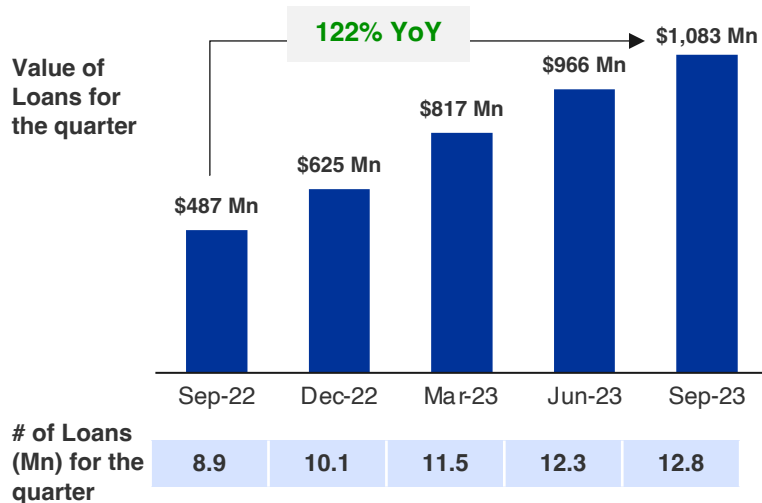


We offer only 3 types of loans that are based on our payment business



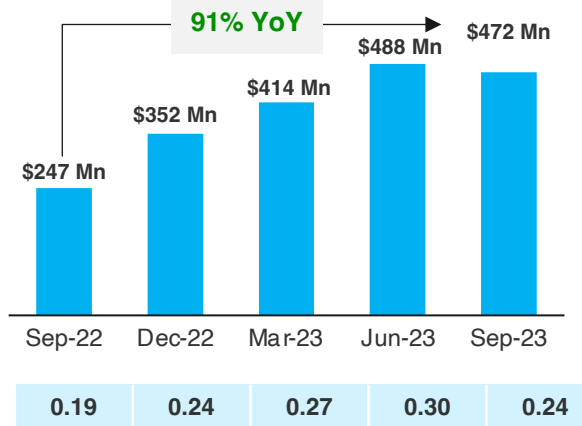
Postpaid Loans

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



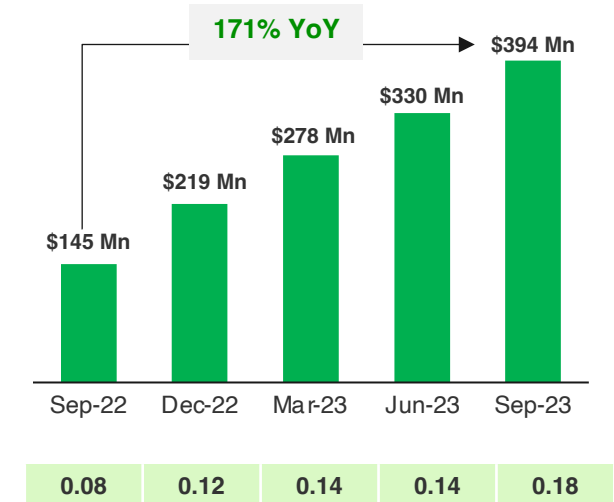
Personal Loans

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



Merchant Loans

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



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

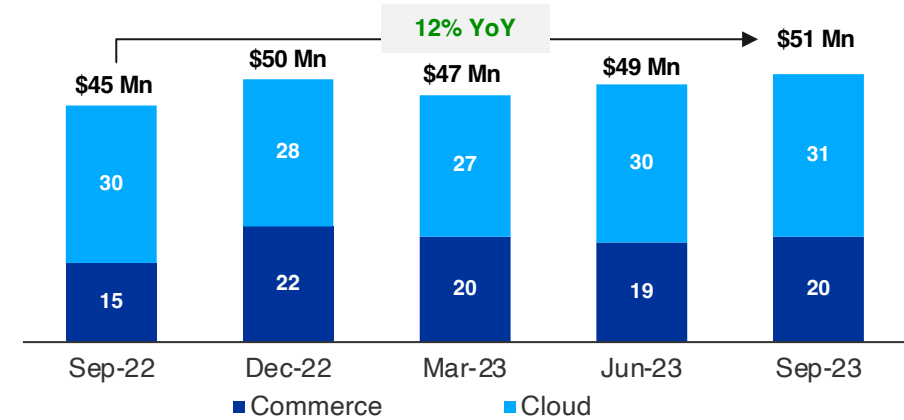
- We sell travel, movies and event ticketing and deals, gift vouchers to customers
- Commerce services GMV was \$348 Mn in Q2 FY 2024, up 39% YoY
- In the Commerce business, we generally earn 5-6% take rate on GMV

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

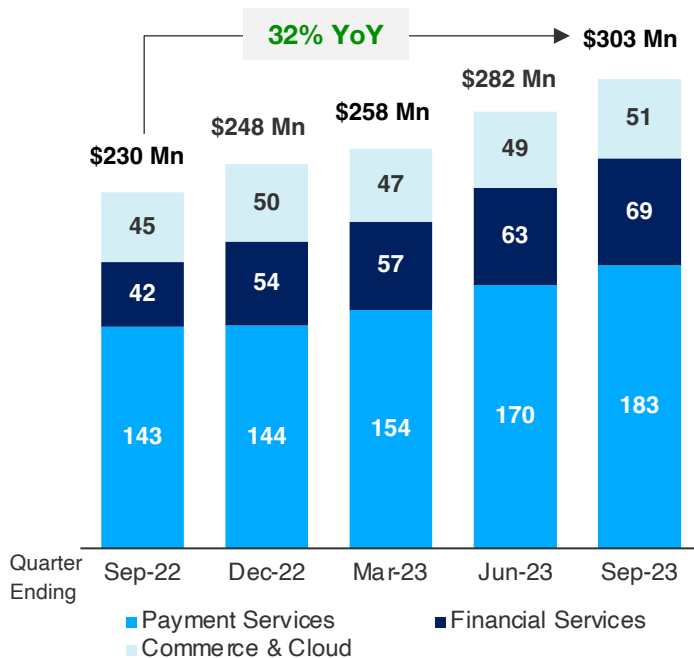
Revenue from Commerce & Cloud for the quarter



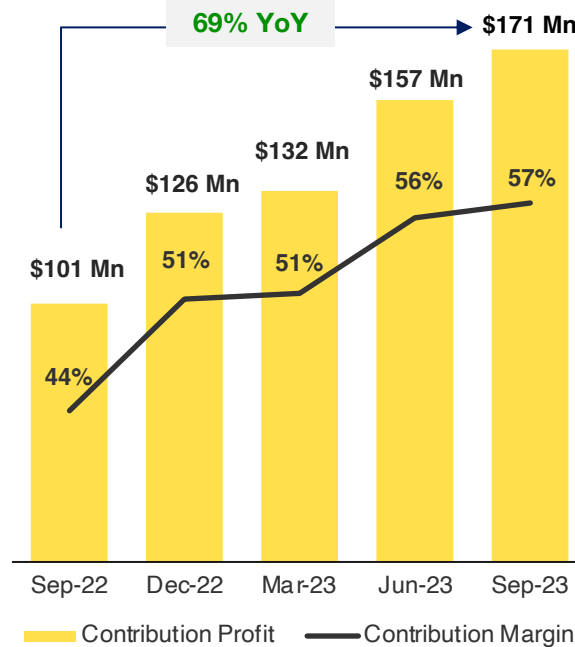
Revenue of \$303 Mn in Q2 FY2024; \$38 Mn YoY improvement in EBITDA Before ESOP to \$18 Mn



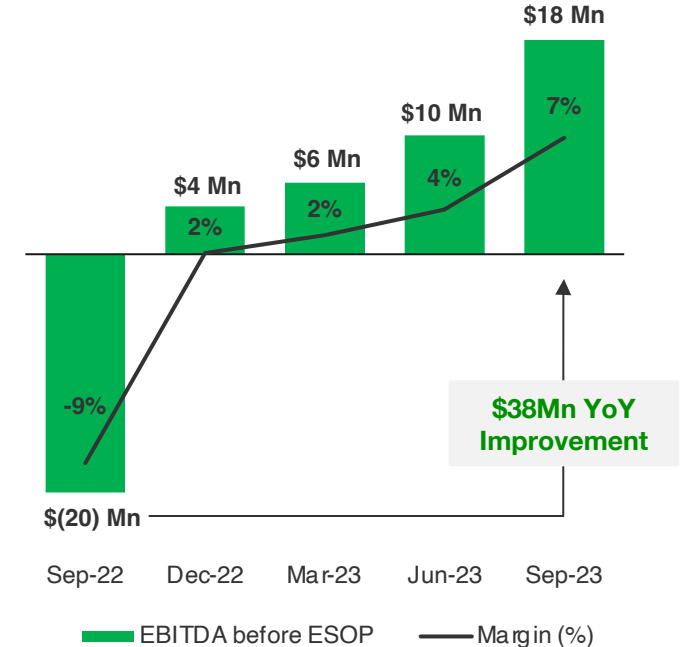
Revenue grew by 32% YoY
Online sales in Q3 vs. Q2 last year



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



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



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

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 \$ Mn)	Quarter Ended					Change	
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	YoY	QoQ
Payment Services	143	144	176	170	183	32%	8%
Financial Services	42	54	57	63	69	64%	9%
Commerce & Cloud	45	50	47	49	51	12%	4%
Revenue from Operations	230	248	281	282	303	32%	8%
Payment processing charges	90	89	94	92	98	10%	7%
Other direct expense	39	33	32	32	33	(15%)	2%
Contribution Profit	101	126	154	157	171	69%	9%
<i>Contribution Margin %</i>	44%	51%	55%	56%	57%	1,257bps	92bps
Marketing	16	16	15	22	22	31%	0%
Employee cost (Excl ESOPs)	69	70	74	88	97	41%	11%
Software, cloud and data center	21	21	23	19	19	(10%)	0%
Other indirect expenses	15	15	15	19	16	3%	(16%)
Total indirect expenses	121	122	127	148	154	24%	4%
EBITDA before ESOP expense	-20	4	28	10	18	+38 Mn	+8 Mn
<i>EBITDA before ESOP cost Margin %</i>	-9%	2%	10%	4%	6%	1,484bps	250bps

Note: March 2023 financials include \$22Mn 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 \$ Mn)	Quarter Ended				
	Sep-22 (Unaudited)	Dec-22 (Unaudited)	Mar-23 (Audited)	Jun-23 (Unaudited)	Sep-23 (Unaudited)
EBITDA before ESOP cost (A)	(20)	4	28	10	18
ESOP cost (B)	(45)	(44)	(44)	(45)	(46)
Finance costs (D)	(1)	(1)	(1)	(1)	(1)
Depreciation and amortization expense (E)	(13)	(15)	(19)	(19)	(22)
Other income (F)	12	9	16	15	17
Share of profit / (loss) of associates / joint ventures (G)	(1)	1	0	(2)	0
Exceptional items (H)	0	0	0	0	(1)
Income Tax expense (I)	(2)	(2)	0	(1)	(2)
Loss for the period (J=Sum of A to I)	(69)	(47)	(20)	(43)	(35)

March 2023 financials include \$22Mn 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 (\$ Mn)	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
Cash and Bank Balances in Current Accounts (Net of Borrowings)	168	235	329	202	220
Deposits with banks	706	639	520	480	505
Current Investments (Mutual Funds, Treasury bills and Commercial Papers)	229	203	145	324	327
Total Balances	1,104	1,077	995	1,006	1,052

Expected ESOP charges (as disclosed in December 2022)



Total ESOP Cost (\$ Mn)	Q1	Q2	Q3	Q4
FY 2023	--	--	46	45
FY 2024	44	44	42	42
FY 2025	40	33	28	22
FY 2026	18	18	9	9
FY 2027	8	8	1	1

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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