



# Earnings Presentation

For quarter ending September 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.

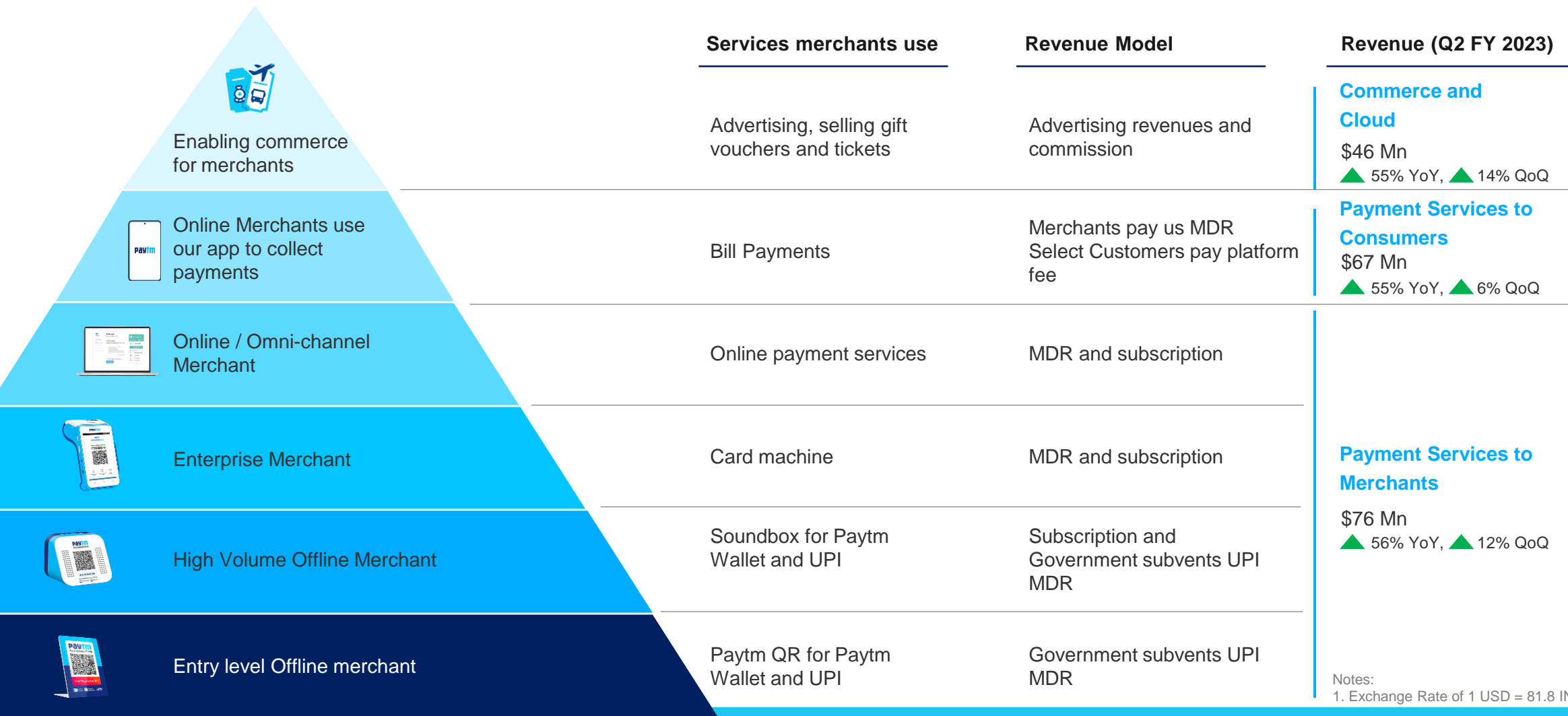
# Our Core Business is to Acquire Payment Customers and Distribute Loans



Note: Monthly Transacting Users (MTU) and merchant data for Q2 FY 2023



# Revenue from Payments and Commerce & Cloud Services at \$190 Mn in Q2 FY 2023 (up 55% YoY)



Notes:  
1. Exchange Rate of 1 USD = 81.8 INR

# Loan Distribution and Collection: \$894 Mn of Disbursements in Q2



Paytm Strengths	Paytm Revenue Model	In Q2 FY23	Personal Loans	Merchant Loans	Paytm PostPaid
<ul style="list-style-type: none"> <li>• Loan Sourcing: from Paytm's large consumer and merchant base</li> <li>• Deep Insights</li> <li>• Fully Digital</li> <li>• Instant disbursement</li> <li>• Collections: built on Paytm's payments rails</li> </ul>	<b>1</b>  <b>Loan Sourcing and Cross-sell</b>	Loan Amount & Tenure	~\$1,300 for ~14 months	~\$1,800 for ~12 months	~\$55 Monthly billing
		Total Disbursement & YoY Growth	\$251 Mn ▲ 736% YoY	\$148 Mn ▲ 342% YoY	\$495 Mn ▲ 449% YoY
		<b>2</b>  <b>EMI Servicing and Collection</b>	Bounce Rate	11.5% to 12.5%	NA (daily instalment product)
	Expected Credit Loss (ECL) %		4.5% to 5.0%	5.0% to 5.5%	1.1% to 1.3%

Notes:

1. 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

2. Being a daily installment product, monthly bounce rate is not applicable for merchant loans

3. Exchange Rate of 1 USD = 81.8 INR

# Revenue growth of 76% YoY, EBITDA before ESOP cost improved by 61% YoY



## Financial Highlights

Revenue from Operations

**\$234 Mn**

▲ **76%**  
YoY

▲ **14%**  
QoQ

Contribution Profit

**\$103 Mn**

*44% of revenue*

▲ **224%**  
YoY

▲ **16%**  
QoQ

EBITDA before ESOP cost

**\$(20) Mn**

*(9%) of revenue*

▲ **\$32 Mn**  
YoY Improvement

▲ **\$13 Mn**  
QoQ Improvement

## Operational Highlights

Value of Loans Disbursed

**\$894 Mn**

▲ **482%**  
YoY

▲ **32%**  
QoQ

Merchant Subscriptions  
(Payment Devices)

**4.8 Mn**

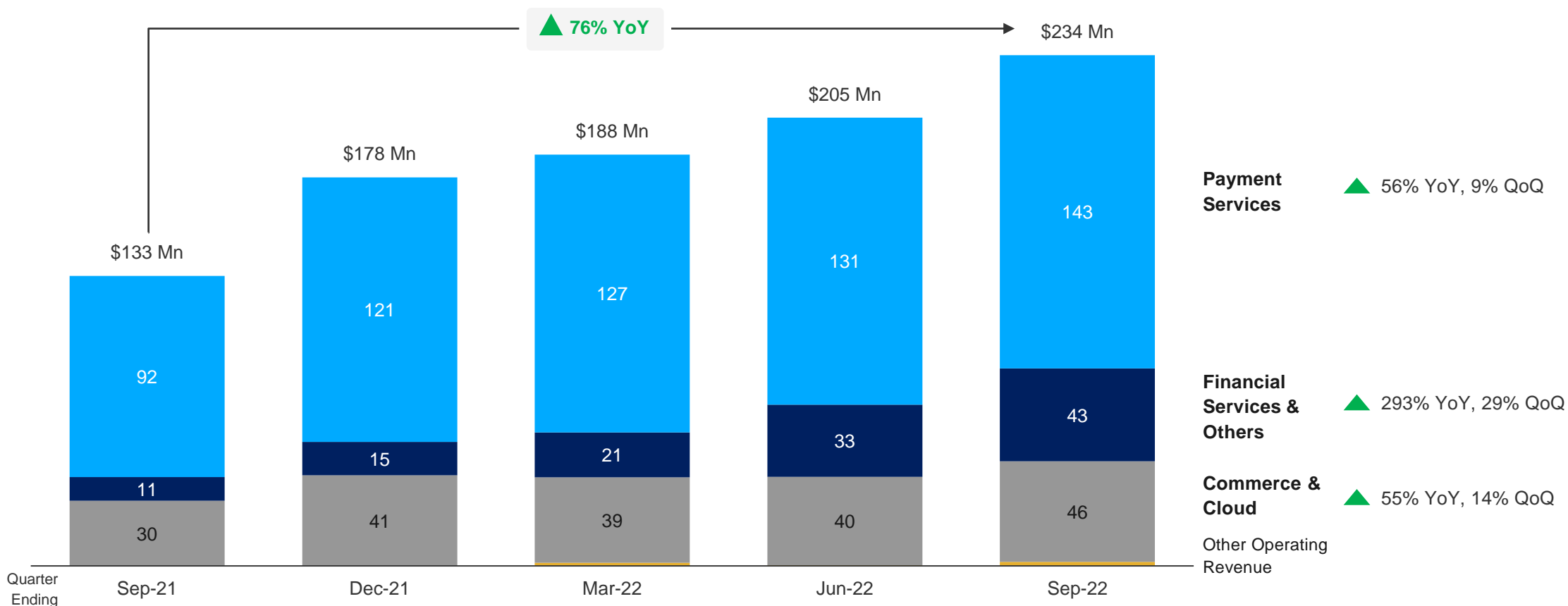
▲ **3.5 Mn**  
Added in the last 12 months

▲ **1.1 Mn**  
Added in the last 3 months

Notes:

1. Exchange Rate of 1 USD = 81.8 INR

# Revenue growth led by platform expansion and increased monetization across businesses



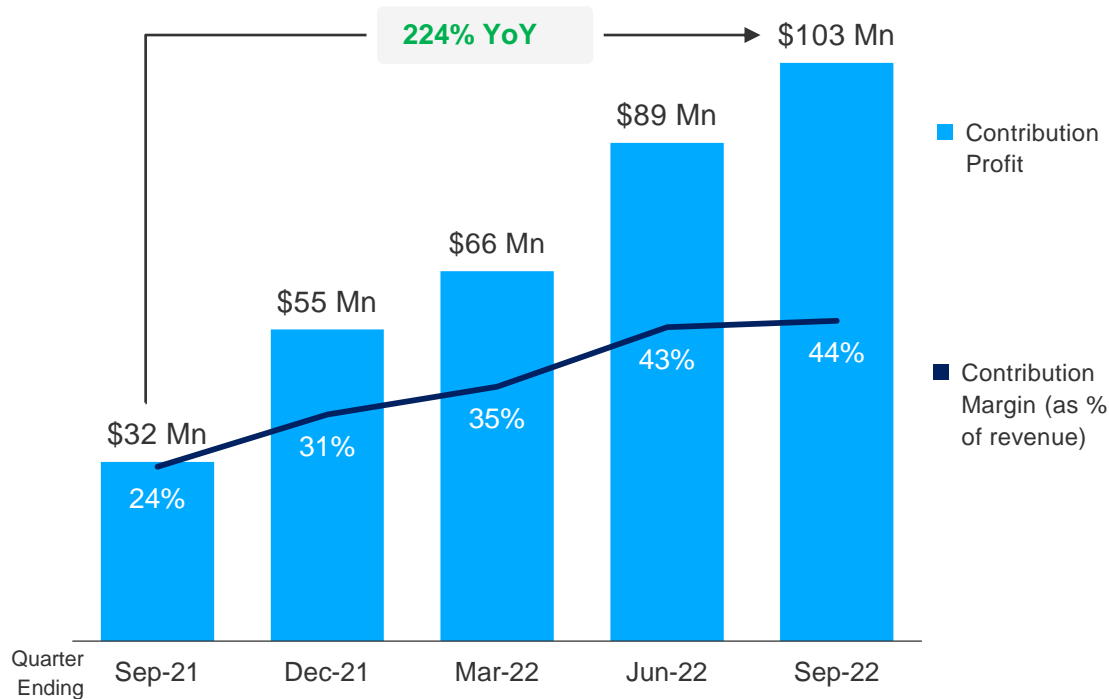
Notes:

- 1 Other Operating Revenue is ancillary revenue of Payments and was \$2 Mn in Q2 FY 2023, \$1 Mn in Q4 FY2022 and nil in Q1 FY 2023, Q3 FY 2022 and Q2 FY 2022
- 2 Exchange Rate of 1 USD = 81.8 INR

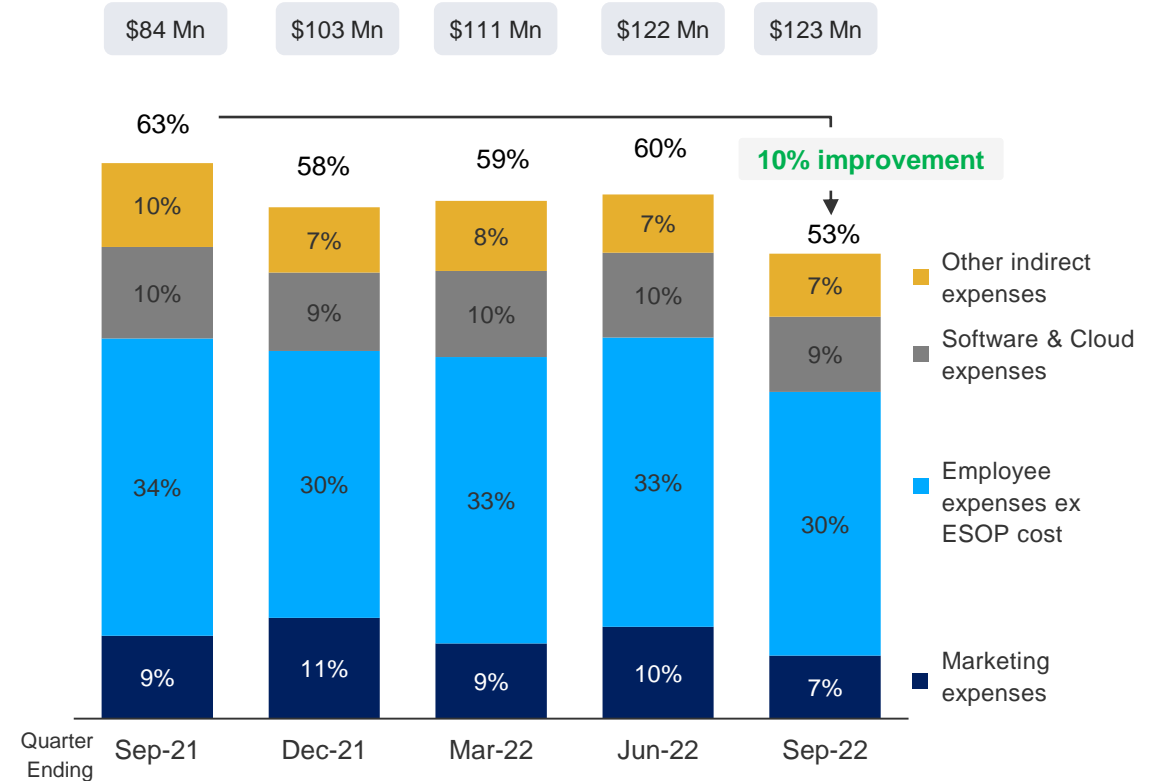
# Contribution Profit expansion led by growth in net payments margin and loan distribution revenues



## Contribution profit and margin



## Indirect cost (as % of revenue)



- Payments is more profitable: net payments margin grew to \$54 Mn
- High margin Loan distribution has driven better mix

- Improvement in indirect costs despite investments in technology, sales and marketing (for eg, investments in sales team was \$21 Mn in the quarter vs \$11 Mn in Sep-21 quarter)

Notes:

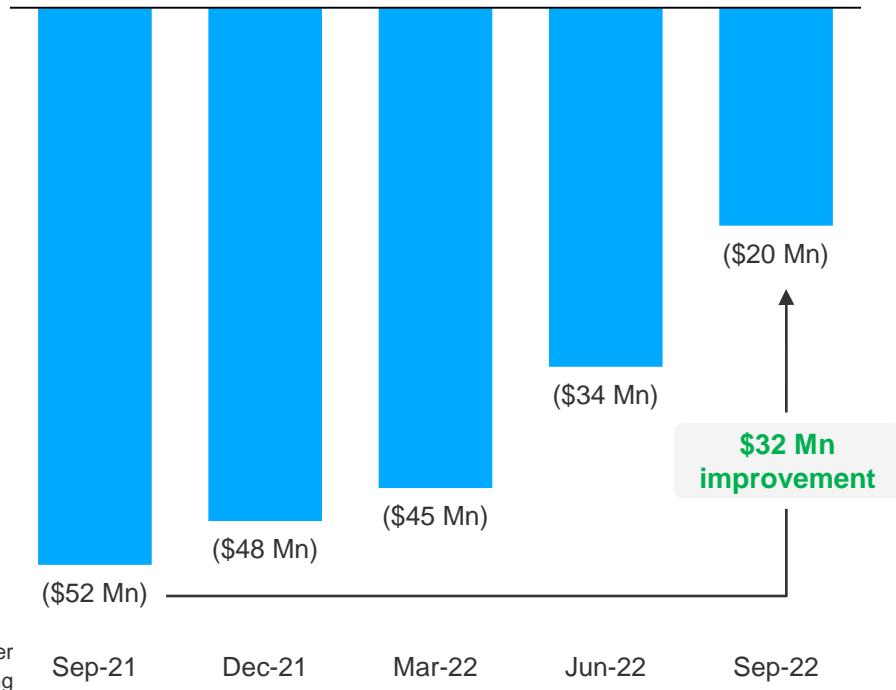
1. Exchange Rate of 1 USD = 81.8 INR



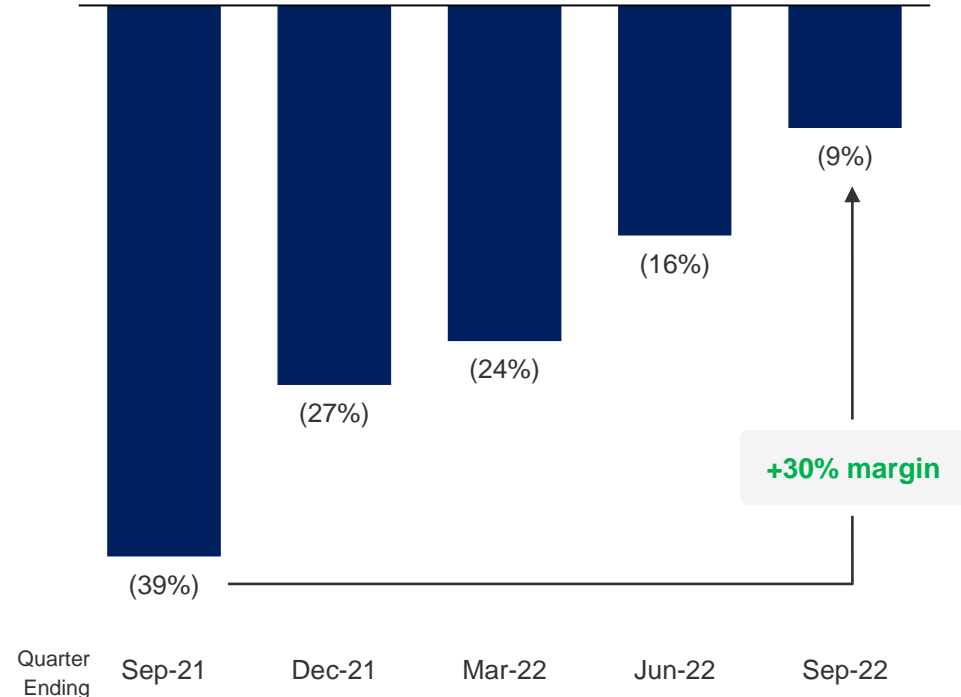
# 61% YoY improvement in EBITDA before ESOP cost



EBITDA before ESOP Cost



EBITDA before ESOP cost margin



- Sharp improvement in EBITDA before ESOP cost due to huge operating leverage, despite continued investments

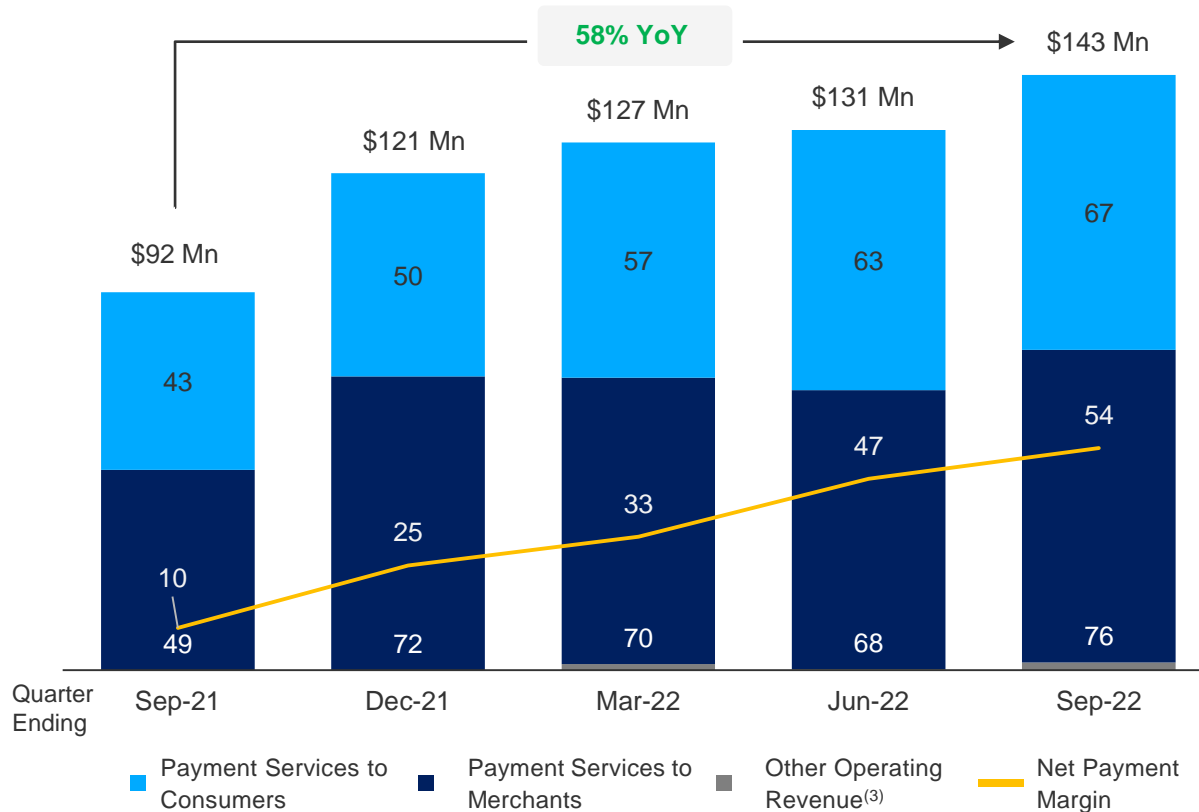
Drivers of +30% EBITDA before ESOP cost margin improvement:

- 20% YoY improvement in Contribution Margin
- 10% reduction in indirect expenses (as a % of revenue)

Notes:

1. Exchange Rate of 1 USD = 81.8 INR

# Continued Payments Services revenue growth with higher profitability



## Payment Services to Consumers revenue (up 55% to \$67 Mn)

- a. Continued growth in MTU and GMV

## Payment Services to Merchants revenue (up 56% to \$76 Mn)

- a. Subscription and MDR revenues from offline merchants continue to grow
- b. Growth in revenues from online merchants, primarily e-commerce
- c. No UPI incentive recorded<sup>(2)</sup> this quarter

## Net Payments margin (up 428% YoY to \$54 Mn)

- a. Focus on reduction in payment processing charges, in addition to revenue momentum

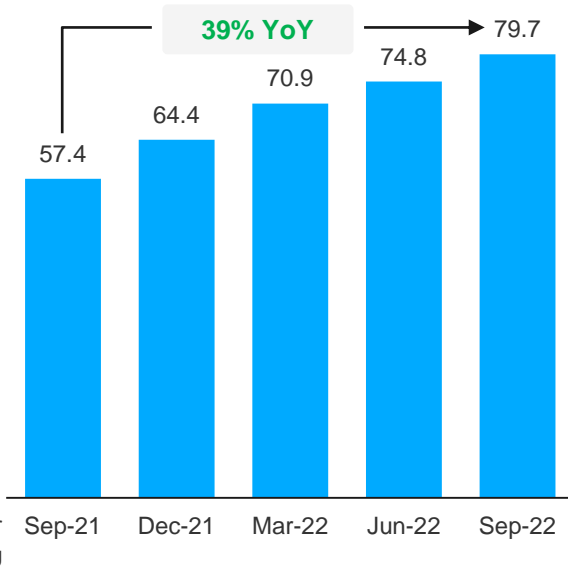
Notes:

- MDR from Postpaid is included in Payment Services and not in Financial Services
- Although government incentives on UPI P2M transactions are announced in the annual budget, we will record revenues after the final notification is issued by MEITY. Hence, we recorded nil revenues this quarter
- Other Operating Revenue is ancillary revenue of Payments and was \$2 Mn in Q2 FY 2023, \$1 Mn in Q4 FY2022 and nil in Q1 FY 2023, Q3 FY 2022 and Q2 FY 2022
- Calculation of Net Payment Margin includes other operating revenue in Q2 FY 2023, and does not include it in previous quarters
- Exchange Rate of 1 USD = 81.8 INR

# Momentum in Payments key operating metrics driving revenue growth

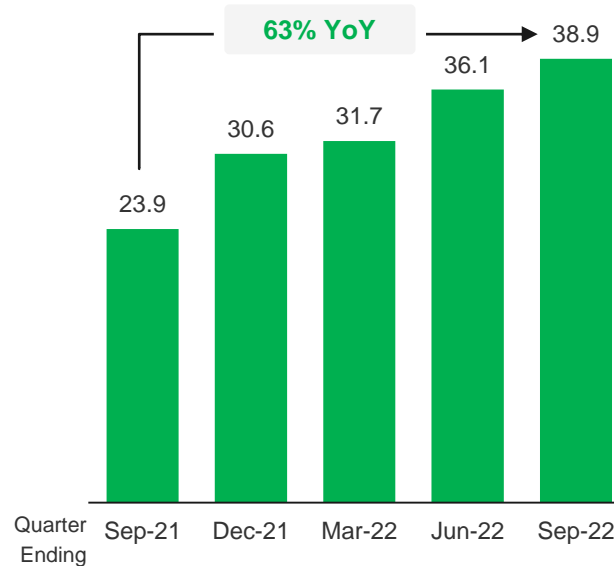


### Average Monthly Transacting Users (in Million)



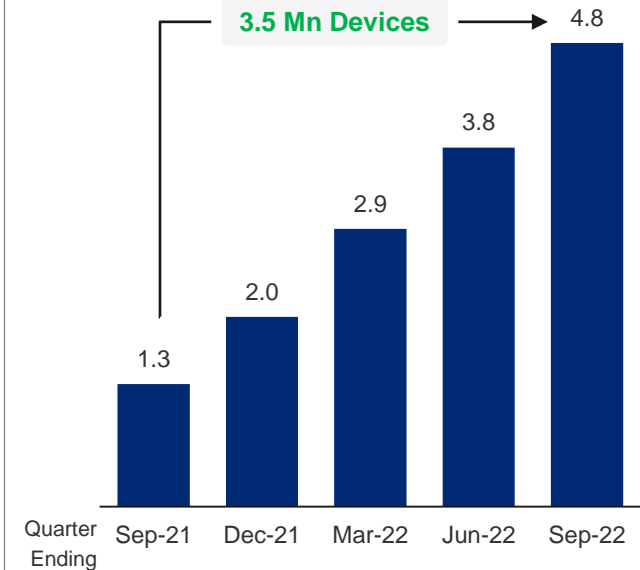
- Sustained growth in monthly transacting users driven by increasing customer acquisition
- Improvement in customer retention

### GMV (in \$ Billion)



- Driven by MTU growth and increased use cases
- Offline merchants GMV growth higher as devices business gains scale

### Merchant Subscriptions (Payment Devices) (in Million)



- 1.1 million devices deployed in the quarter
- Device merchants accounted for over 85% of merchant loan disbursements

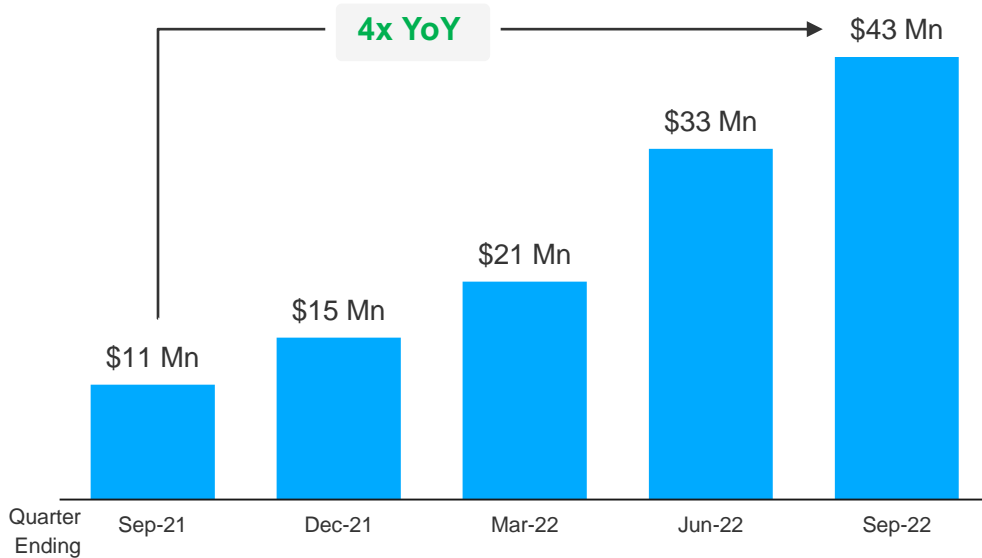
Notes:

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# Led by Lending, Financial Services revenue has grown 4x YoY



## Revenue from Financial Services & Others



- Financial Services revenues continue to scale; now accounting for 18% of total revenues, up from 8% in Sep-21 quarter

Notes:

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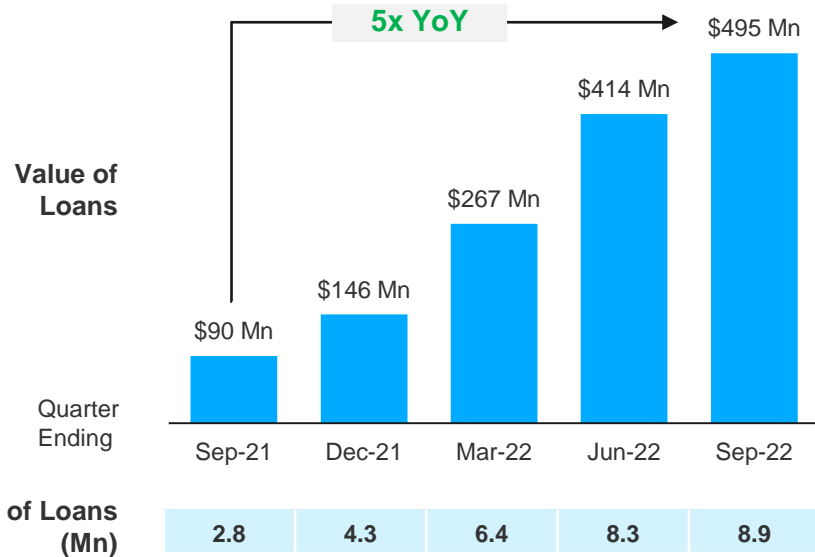
Lender's Scope	Paytm Scope	Lending Products
<ul style="list-style-type: none"> <li>Customer's KYC</li> <li>Capital deployment</li> <li>Underwriting and risk ownership</li> <li>Bureau reporting</li> <li>Regulatory compliance (including digital lending guidelines)</li> </ul>	<ul style="list-style-type: none"> <li>Loan Sourcing</li> <li>Deep Insights</li> <li>Fully Digital</li> <li>Instant disbursement</li> <li>Collections</li> </ul>	<p><b>Paytm Postpaid (Consumption BNPL)</b></p> <ul style="list-style-type: none"> <li>Small-ticket everyday purchases</li> <li>Acceptance network (15 mn merchants)</li> </ul> <p><b>Personal Loans</b></p> <ul style="list-style-type: none"> <li>Fully digital</li> <li>Convenience</li> </ul> <p><b>Merchant Loans</b></p> <ul style="list-style-type: none"> <li>For working capital requirements</li> <li>Linked to payment acceptance behavior</li> <li>Daily repayment</li> </ul>

# Offering small ticket credit disbursement and collection in partnership with lenders



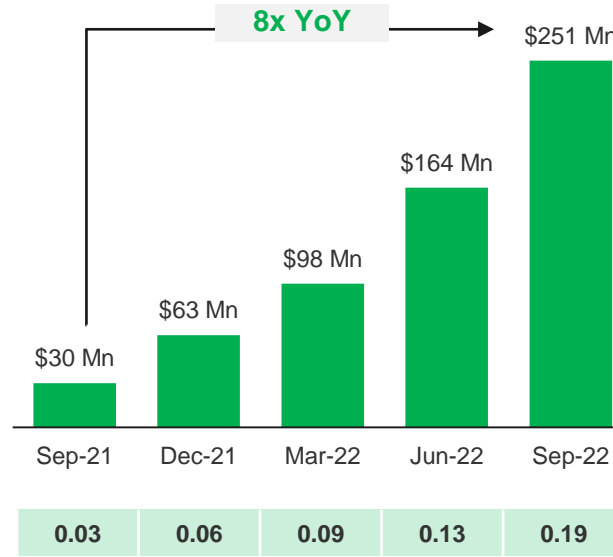
## Postpaid Loans

- Accepted at 15 Mn merchants; total base of over 6 Mn signed up users
- Penetration at 4.0% of MTU



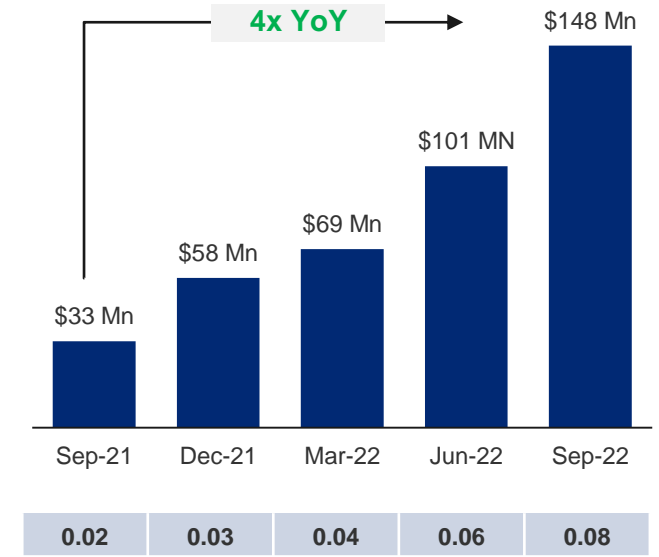
## Personal Loans

- Cross sell opportunities continue with over 40% of loans to existing Postpaid users
- Penetration at 0.6% of MTU



## Merchant Loans

- Device merchants accounted for more than 85% of disbursements; Repeat rate of 50%
- Penetration at 4.4% of devices merchants



Notes:

1. Calculation of Penetration - Postpaid: Avg monthly number of loans in a quarter as a % of that quarter's avg MTU; 2. Personal Loans: Number of loans disbursed in last 12 months as a % of avg MTU; 3. Merchant loans: Number of loans disbursed in last 12 months as % of devices deployed in that quarter
2. Exchange Rate of 1 USD = 81.8 INR

# Sustained trends in Loan Collections



Indicative portfolio performance for our partners <sup>(1)</sup>

		Personal Loan	Merchant Loan	Postpaid
<p>All 3 products augmented through Paytm data and advanced machine learning models</p> <p>Continuous co-creation of risk models with our lending partners – helping scale and risk-based pricing</p>	Bounce Rates	11.5% to 12.5%	NA <sup>(2)</sup>	11.0% to 13.0%
<p>Own collection technology platform aiding digital collections, better efficiency at lower operating expenses; Collection rates have remained stable with increasing scale</p>	Bucket 1 Resolution %	89% to 92%	84% to 87%	81% to 83%
<p>Capacity enhancement increasing with scale: increasing employees and have over 50 tie ups with on ground collection partners</p>	Recovery Rate Post 90+	27% to 29%	31% to 33%	25% to 27%
<p>Steady loss rates on static pool in line with Low and Grow model of scaling</p>	Expected credit loss (ECL%)	4.5% to 5.0%	5.0% to 5.5%	1.1% to 1.3%

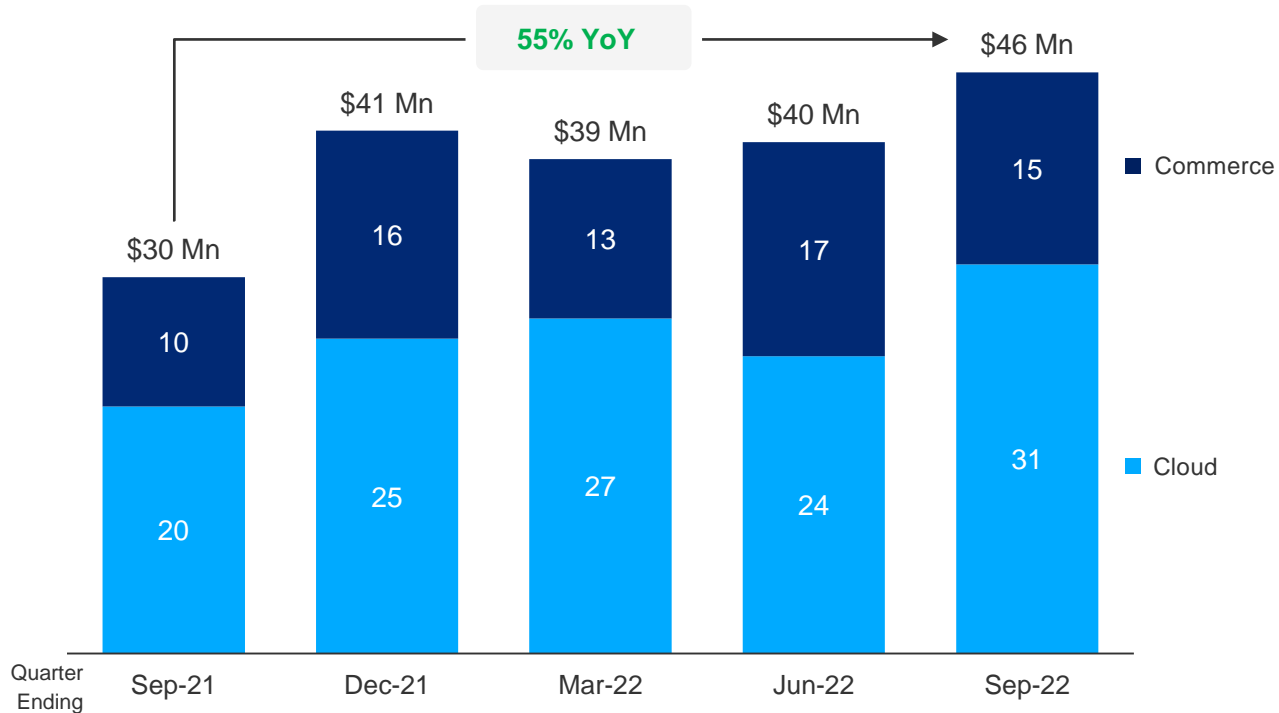
Notes:

1. 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

2. Being a daily installment product, monthly bounce rate is not applicable



# Steady growth in high margin Commerce & Cloud revenue



## Commerce Services: up 49% to \$15 Mn

- a. Travel merchants sold more tickets QoQ driven by resurgent demand
- b. Entertainment merchants had a seasonally weak quarter

## Cloud Services: up 58% to \$31 Mn

- a. Started to see recovery in advertising revenue
- b. Growth in credit card distribution as well as PAI cloud revenues

Notes:

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# Improvement in EBITDA before ESOP costs while continuing investments in scale and growth

(in \$ Mn)	Quarter Ended		YoY Growth
	Sep-21	Sep-22	
MTU (mn)	57.4	79.7	39%
Devices deployed (mn)	1.3	4.8	+3.5 mn
Value of loans disbursed	154	894	482%
<b>Revenue from Operations</b>	<b>133</b>	<b>234</b>	<b>76%</b>
Payment Services to Consumers	43	67	55%
Payment Services to Merchants	49	76	56%
Financial Services & Others	11	43	293%
Commerce & Cloud	30	46	55%
<b>Contribution Profit</b>	<b>32</b>	<b>103</b>	<b>224%</b>
<i>Contribution Margin</i>	24%	44%	+20%
Indirect Expenses	(84)	(123)	47%
<i>As % revenues</i>	(63%)	(53%)	+10%
<b>EBITDA before ESOP cost</b>	<b>(52)</b>	<b>(20)</b>	+32
<i>EBITDA before ESOP cost Margin</i>	(39%)	(9%)	+30%

Platform Expansion =  
Higher Monetization Capacity

Revenue growth across all  
businesses

Improving unit economics  
+  
Operating leverage while  
continuing investments  
=  
Improvement in EBITDA before  
ESOP cost

Notes:

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# Annexure

# Revenue Growth of 76% YoY



(in \$ Mn)	Quarter Ended			Change	
	Sep-21	Jun-22	Sep-22	YoY	QoQ
Payments & Financial Services	103	165	186	81%	13%
Payment Services to Consumers	43	63	67	55%	6%
Payment Services to Merchants	49	68	76	56%	12%
Financial Services and Others	11	33	43	293%	29%
Commerce & Cloud Services	30	41	46	55%	14%
Commerce	10	17	15	49%	(10%)
Cloud	20	24	31	58%	31%
Other Operating Revenue	-	-	2	nm	525%
<b>Revenue from Operations</b>	<b>133</b>	<b>205</b>	<b>234</b>	<b>76%</b>	<b>14%</b>

Notes:

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# Contribution Profit up by 224% YoY



(in \$ Mn)	Quarter Ended			Change	
	Sep-21	Jun-22	Sep-22	YoY	QoQ
<b>Revenue from Operations</b>	<b>133</b>	<b>205</b>	<b>234</b>	<b>76%</b>	<b>14%</b>
Payment processing charges	82	85	91	11%	8%
<i>As % of GMV</i>	<i>0.34%</i>	<i>0.23%</i>	<i>0.23%</i>	(11 bps)	(0 bps)
Promotional cashback & incentives	10	18	23	128%	33%
Other Expenses	9	14	16	85%	15%
<b>Total Direct Expenses</b>	<b>101</b>	<b>117</b>	<b>131</b>	<b>30%</b>	<b>12%</b>
<b>Contribution Profit</b>	<b>32</b>	<b>89</b>	<b>103</b>	<b>224%</b>	<b>16%</b>
<i>Contribution Margin %</i>	<i>24.0%</i>	<i>43.2%</i>	<i>44.1%</i>	+20%	+1%

Notes:

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# EBITDA before ESOP cost improved by \$13 Mn QoQ



(in \$ Mn)	Quarter Ended			Change	
	Sep-21	Jun-22	Sep-22	YoY	QoQ
<b>Contribution Profit</b>	<b>32</b>	<b>89</b>	<b>103</b>	<b>224%</b>	<b>16%</b>
<i>Contribution Margin %</i>	<i>24.0%</i>	<i>43.2%</i>	<i>44.1%</i>	<b>+20%</b>	<b>+1%</b>
Marketing	13	21	17	34%	(22%)
Employee cost (excl ESOPs)	45	68	70	56%	4%
Software, cloud and data center	14	20	21	53%	7%
Other indirect expenses	13	14	16	22%	14%
<b>Total indirect expenses</b>	<b>84</b>	<b>122</b>	<b>123</b>	<b>47%</b>	<b>1%</b>
<b>EBITDA before ESOP cost</b>	<b>(52)</b>	<b>(34)</b>	<b>(20)</b>	<b>(61%)</b>	<b>(39%)</b>
<i>EBITDA before ESOP cost Margin %</i>	<i>(39.2%)</i>	<i>(16.4%)</i>	<i>(8.7%)</i>	<b>+30%</b>	<b>+8%</b>

Notes:

1. Exchange Rate of 1 USD = 81.8 INR



# Reconciliation of Non-GAAP Measures

## EBITDA before ESOP cost

(in \$ Mn)	Quarter Ended		
	Sep-21 (Unaudited)	Jun-22 (Unaudited)	Sep-22 (Unaudited)
EBITDA before ESOP cost (A)	(52)	(34)	(20)
ESOP cost (B)	(2)	(44)	(45)
Initial Public Offer expenses (C)	(1)	0	0
Finance costs (D)	(1)	(1)	(1)
Depreciation and amortization expense (E)	(6)	(12)	(13)
Other income (F)	6	12	12
Share of profit / (loss) of associates / joint ventures (G)	(1)	(1)	(1)
Exceptional items (H)	0	0	0
Income Tax expense (I)	0	(1)	(2)
Loss for the period (J=Sum of A to I)	(58)	(79)	(70)

Notes:

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# Operational KPIs



(in \$ Mn)	Units	Quarter Ended			Change	
		Sep-21	Jun-22	Sep-22	YoY	QoQ
GMV	\$ Billion	23.9	36.1	38.9	63%	8%
Merchant Transactions	million	2,692	5,124	5,752	114%	12%
Total Transactions	million	3,316	6,126	6,885	108%	12%
MTU (avg over the period)	million	57.4	74.8	79.7	39%	7%
Registered Merchants (end of period)	million	23.0	28.3	29.5	na	na
Number of Loans Disbursed	'000	2,841	8,478	9,192	224%	8%
Value of Loans	\$ Mn	154	679	894	482%	32%
Payment Devices (cumulative; end of period)	million	1.3	3.8	4.8	na	na
Average number of Sales Employees	#	11,225	21,775	24,703	na	na
Cost of sales employees (including training)	\$ Mn	11	20	21	83%	7%

Notes:

1. Number of sales employees includes on-roll and off-rolls employees. Cost relates to on-roll employees only
2. Exchange Rate of 1 USD = 81.8 INR

# 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)	Unique users with at least one successful transaction in a particular calendar month
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 loss 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.



OF RS-235 RECEIVED. YAY!!

शुभ  
काम

paytm  
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UP TO  
30%

Thank  
you!

RECEIVED  
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