



October 21, 2023

BSE Limited

Department of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

Scrip Code: 543396

National Stock Exchange of India Limited

The Listing Department,
Exchange Plaza,
Bandra Kurla Complex,
Mumbai - 400 051

Symbol: PAYTM

Sub.: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Earnings Conference Call - Presentation

Dear Sir / Ma'am,

In furtherance to our letter dated October 13, 2023 and October 20, 2023 and in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed copy of the presentation made during the earnings conference call held today i.e., October 21, 2023.

This presentation will also be hosted on the Company's website viz. <https://ir.paytm.com/financial-results>.

Kindly take the same on record.

Thanking you,

Yours Sincerely,
For One 97 Communications Limited

Sunil Kumar Bansal
Company Secretary & Compliance Officer

Encl. as Above



Earnings Presentation

For quarter ending September 2023

Paytm

Disclaimer

By attending the presentation or by reading the presentation slides you agree to be bound as follows:

This Presentation is prepared by One 97 Communications Limited (“Company”) and is for information purposes only without regards to specific objectives, financial situations or needs of any particular person and is not and nothing in it shall be construed as an invitation, offer, solicitation, recommendation or advertisement in respect of the purchase or sale of any securities of the Company or any affiliates in any jurisdiction or as an inducement to enter into investment activity and no part of it shall form the basis of or be relied upon in connection with any contract or commitment or investment decision whatsoever. This Presentation does not take into account, nor does it provide any tax, legal or investment advice or opinion regarding the specific investment objectives or financial situation of any person. Before acting on any information you should consider the appropriateness of the information having regard to these matters, and in particular, you should seek independent financial advice. This Presentation and its contents are confidential and proprietary to the Company and/or its affiliates and no part of it or its subject matter be used, reproduced, copied, distributed, shared, retransmitted, summarised or disseminated, directly or indirectly, to any other person or published in whole or in part for any purpose, in any manner whatsoever.

The information contained in this Presentation is a general background information of the Company and there is no representation that all information relating to the context has been taken care of in the Presentation. We do not assume responsibility to publicly amend, modify or revise any information contained in this Presentation on the basis of any subsequent development, information or events, or otherwise. This Presentation includes certain statements that are, or may be deemed to be, “forward-looking statements” and relate to the Company and its financial position, business strategy, events and courses of action. Forward-looking statements and financial projections are based on

the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements and financial projections. Representative examples of factors that could affect the accuracy of forward looking statements include (without limitation) the condition of and changes in India's political and economic status, government policies, applicable laws, international and domestic events having a bearing on Company's business, and such other factors beyond our control.

Forward-looking statements and financial projections include, among other things, statements about: our expectations regarding our transaction volumes, expenses, sales and operations; our future merchant and consumer concentration; our anticipated cash needs, our estimates regarding our capital requirements, our need for additional financing; our ability to anticipate the future needs of our merchants and consumers; our plans for future products and enhancements of existing products; our future growth strategy and growth rate; our future intellectual property; and our anticipated trends and challenges in the markets in which we operate. Forward-looking statements are not guarantees of future performance including those relating to general business plans and strategy, future outlook and growth prospects, and future developments in its businesses and its competitive and regulatory environment. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and no representation, warranty or undertaking, express or implied, is made or assurance given that such statements, views, projections or forecasts in the Presentation, if any, are correct or that any objectives specified herein will be achieved.

We, or any of our affiliates, shareholders, directors, employees, or advisors, as such, make no representations or warranties,

express or implied, as to, and do not accept any responsibility or liability with respect to, the fairness, accuracy, completeness or correctness of any information or opinions contained herein and accept no liability whatsoever for any loss, howsoever, arising from any use or reliance on this Presentation or its contents or otherwise arising in connection therewith. The information contained herein is subject to change without any obligation to notify any person of such revisions or change and past performance is not indicative of future results.

This document has not been and will not be reviewed or approved by a regulatory authority in India or by any stock exchange in India. No rights or obligations of any nature are created or shall be deemed to be created by the contents of this Presentation.

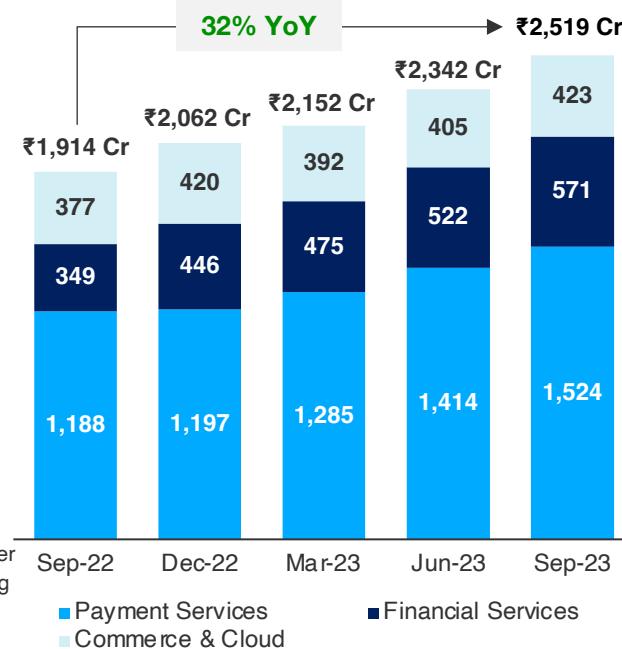
Use of Operating Metrics

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.

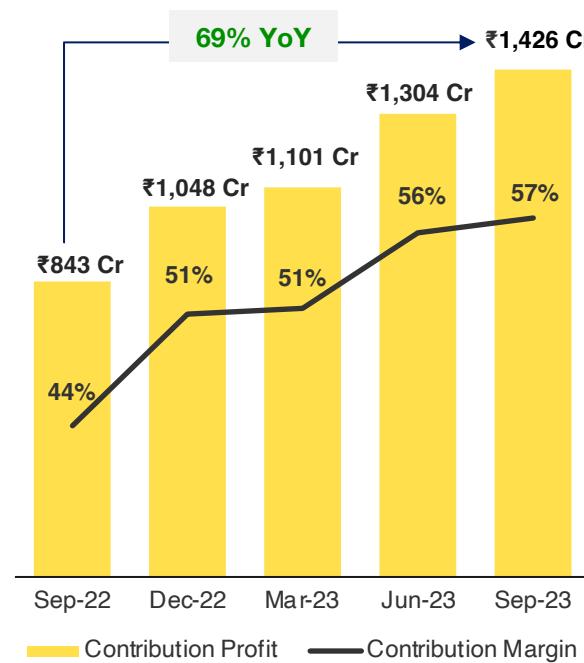
We have converted financial amounts from ₹ millions into ₹ Cr and hence there could be some totaling anomalies in the numbers.

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

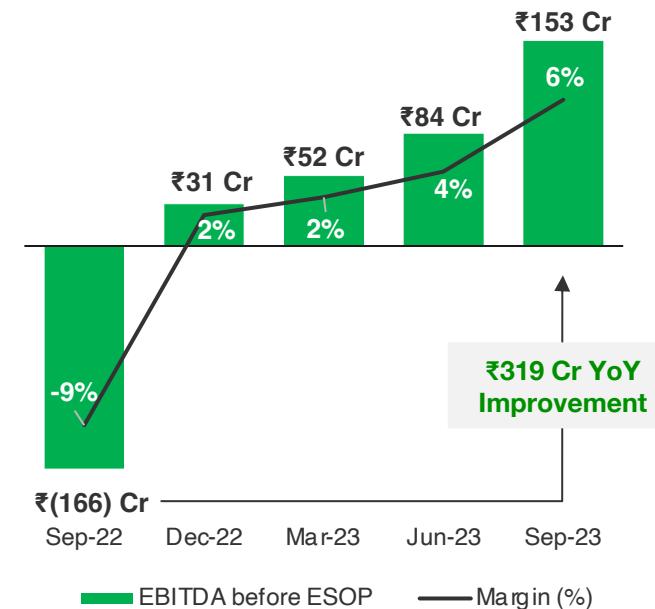
Revenue grew by 32% YoY
Online sales in Q3 vs. Q2 last year



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

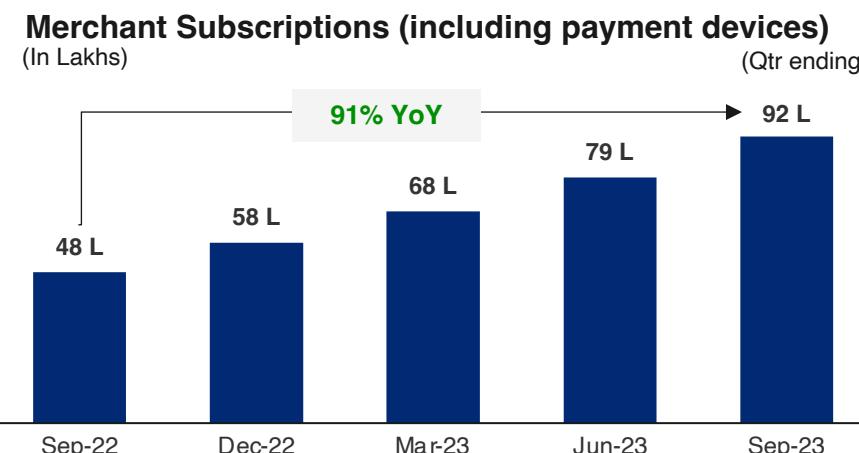
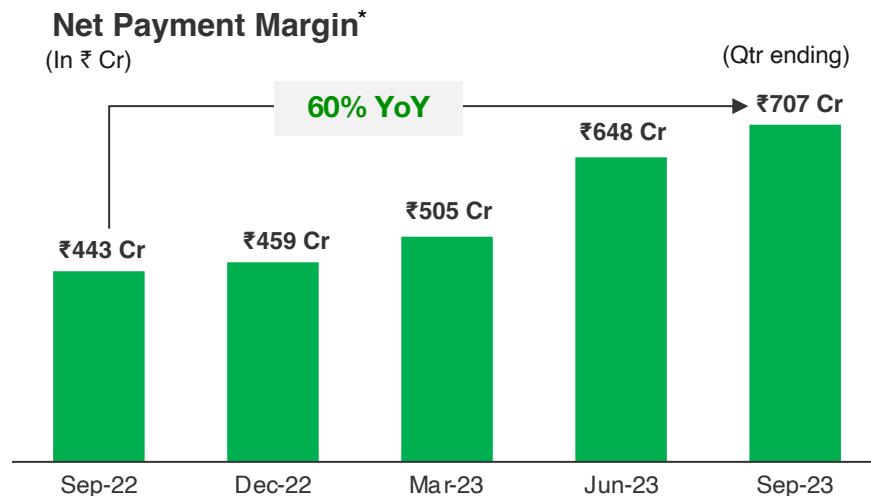
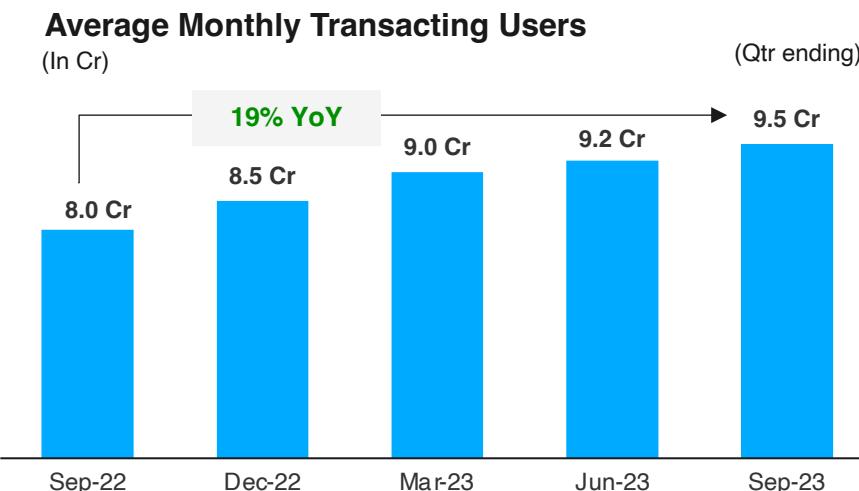


On back of platform leverage, EBITDA before ESOP has increased to ₹153 Cr



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

Payments business profitability improving with scale; Net Payment Margin grew by 60% YoY to ₹707 Cr



Net Payment Margin = Payment Processing Margin + Subscription revenue

Payment Processing Margin= Gross fees charged to the merchant - amount paid to the issuer.

It is at the higher end of our 7 to 9 bps guidance, even without UPI incentives, due to

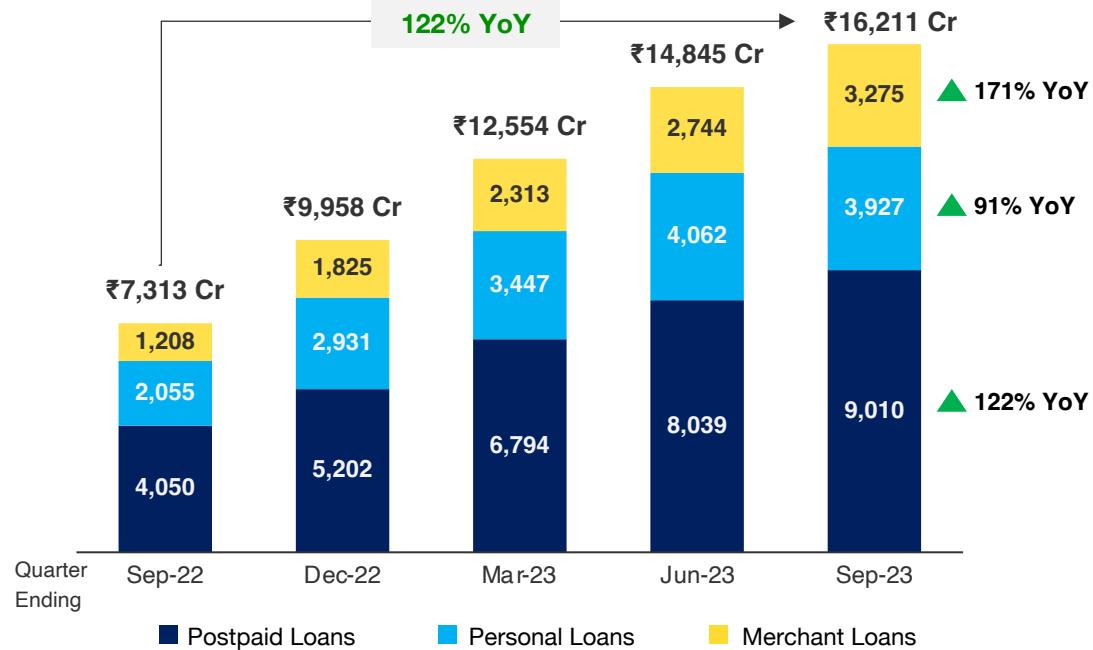
- Increase in GMV of non-UPI instruments like Postpaid, EMI and cards,
- Improvements in payment processing margin on these non-UPI instruments

Subscription revenue: Charges merchant pays for various monthly services including devices: 92 Lakh merchant subscription.

* For like-for-like comparisons, Mar-23 net payment margin in the above chart excludes ₹182 Cr UPI incentives received in that quarter

Continued momentum in consumer & merchant loan distribution along with improving portfolio quality

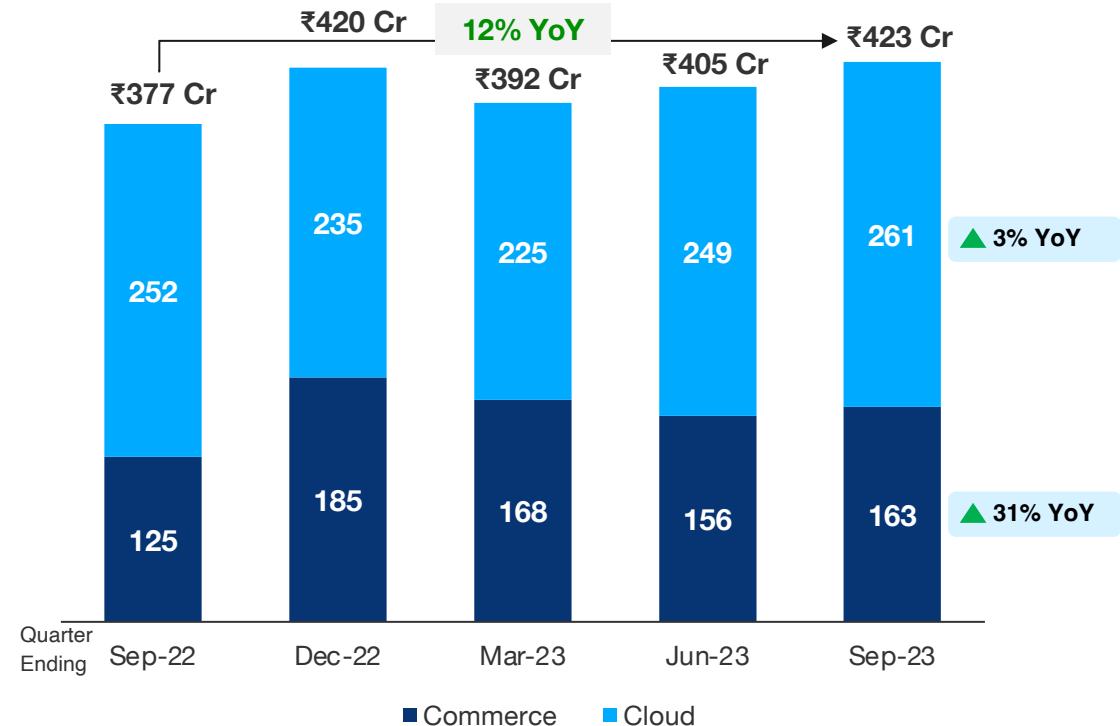
Value of loans distributed through Paytm platform



	Postpaid	Personal Loan	Merchant Loan
Penetration ¹ as of Q2 FY 2024	4.5% of MTU	1.1% of MTU	6.4% of device merchants
Indicative portfolio performance for our partners			
• Augmented through advanced machine learning models	Bounce Rates	9.50% to 10.75%	10.25% to 11.25%
• Helping lending partners scale with risk-based pricing			NA ⁽²⁾
• Own collection technology platform aiding digital collections	Bucket 1 Resolution %	82% to 84%	88% to 92%
• Lower operating expenses and scaling well			78% to 83%
• Capacity enhancement with increase in employees and over 50 tie ups with on ground collection partners	Recovery Rate Post 90+	30% to 35%	27% to 29%
• Steady loss rates on static pool in line with Low and Grow model of scaling	Expected credit loss (ECL%)	0.65% to 0.85%	4.5% to 5.0%
			4.75% to 5.25%

¹Calculation 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

Majority of cloud business is now co-branded Credit Cards and advertising services



Cloud

Cloud business includes advertising, co-branded credit cards, marketing cloud, and loyalty business.

- We saw healthy YoY growth in co-branded credit card and advertising businesses. Total 8.7 Lakh credit cards activated as of September 2023 versus 3 Lakh last year
- PAI Cloud business had a strong quarter last year. Telecom VAS offerings (marketing cloud) has seen decline YoY



Commerce

Commerce business include travel, entertainment, movie ticketing and selling of deals and gift vouchers to consumers

- Commerce services GMV was ₹2,893 Cr, up 39% YoY. Take rates have remained in the guided 5-6% range



Key Focus Areas

- 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.
- 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.
- Farming of online merchants,** by offering wider choice of payment instruments and better success rates.
- Enabling Commerce:** We are enabling merchants to offer deals on Paytm app which drives customer engagement, as well as consumer traffic to the merchants.



Annexure

Revenue breakdown: Overall growth of 32% YoY

(in ₹ Cr)	Quarter Ended			Change		Half Year Ended		
	Sep-22	Jun-23	Sep-23	YoY	QoQ	Sep-22	Sep-23	Y-o-Y
Payments & Financial Services	1,522	1,918	2,071	36%	8%	2,868	3,988	39%
Payment Services to Consumers	549	554	579	5%	5%	1,068	1,132	6%
Payment Services to Merchants	624	842	921	47%	9%	1,181	1,762	49%
Financial Services and Others	349	522	571	64%	9%	619	1,094	77%
Commerce & Cloud Services	377	405	423	12%	4%	708	828	17%
Commerce	125	156	163	31%	4%	263	319	21%
Cloud	252	249	261	3%	5%	445	510	15%
Other Operating Revenue	15	19	24	63%	30%	17	43	155%
Revenue from Operations	1,914	2,342	2,519	32%	8%	3,594	4,860	35%

Contribution Profit up by 69% YoY in Q2 FY 2024

(in ₹ Cr)	Quarter Ended			Change		Half Year Ended		
	Sep-22	Jun-23	Sep-23	YoY	QoQ	Sep-22	Sep-23	Y-o-Y
Revenue from Operations	1,914	2,342	2,519	32%	8%	3,594	4,860	35%
Payment processing charges	746	767	817	10%	7%	1,440	1,583	10%
As % of GMV	0.23%	0.19%	0.18%	(5) bps	(1) bps	0.23%	0.19%	(5) bps
Promotional cashback & incentives	191	85	73	(62)%	(14)%	334	158	(53)%
Other Expenses	134	186	203	51%	9%	251	389	55%
Total Direct Expenses	1,071	1,037	1,093	2%	5%	2,024	2,130	5%
Contribution Profit	843	1,304	1,426	69%	9%	1,569	2,730	74%
<i>Contribution Margin %</i>	<i>44%</i>	<i>56%</i>	<i>57%</i>	<i>1,257 bps</i>	<i>92 bps</i>	<i>44%</i>	<i>56%</i>	<i>1,252 bps</i>

EBITDA before ESOP improved by ₹319 Cr YoY in Q2 FY 2024

(in ₹ Cr)	Quarter Ended			Change		Half Year Ended		
	Sep-22	Jun-23	Sep-23	YoY	QoQ	Sep-22	Sep-23	Y-o-Y
Contribution Profit	843	1,304	1,426	69%	9%	1,569	2,730	74%
<i>Contribution Margin %</i>	44%	56%	57%	1,257 bps	92 bps	44%	56%	1,252 bps
Marketing	137	181	180	31%	0%	312	361	16%
Employee cost (excl ESOPs)	573	730	807	41%	11%	1,126	1,537	36%
Software, cloud and data center	173	155	155	(10)%	0%	335	310	(7)%
Other indirect expenses	127	155	130	3%	(16)%	238	286	20%
Total indirect expenses	1,010	1,220	1,273	26%	4%	2,011	2,493	24%
EBITDA before ESOP cost	(166)	84	153	(193)%	83%	(441)	237	(154)%
<i>EBITDA before ESOP cost Margin %</i>	(9)%	4%	6%	1,484 bps	250 bps	(12)%	5%	1,715 bps

Reconciliation of Non-GAAP Measures

EBITDA before ESOP cost

(in ₹ Cr)	Quarter Ended			Half Year Ended	
	Sep-22 (Unaudited)	Jun-22 (Unaudited)	Sep-23 (Unaudited)	Sep-22 (Unaudited)	Sep-23 (Unaudited)
EBITDA before ESOP cost (A)	(166)	84	153	(441)	237
ESOP cost (B)	(371)	(377)	(385)	(730)	(761)
Finance costs (C)	(5)	(7)	(7)	(11)	(14)
Depreciation and amortization expense (D)	(104)	(159)	(180)	(202)	(339)
Other income (E)	100	123	144	202	267
Share of profit / (loss) of associates / joint ventures (F)	(9)	(18)	1	(15)	(17)
Exceptional items (G)	-	-	(6)	-	(6)
Income Tax expense (H)	(15)	(4)	(13)	(20)	(17)
Loss for the period (I=Sum of A to H)	(571)	(358)	(292)	(1,217)	(650)

Operational KPIs

(in ₹ Cr)	Units	Quarter Ended			Change	
		Sep-22	Jun-23	Sep-23	YoY	QoQ
GMV	₹ Lakh Cr	3.18	4.05	4.50	41%	11%
Merchant Transactions	Crore	575	796	912	59%	15%
Total Transactions	Crore	689	963	1,090	58%	13%
MTU (avg over the period)	Crore	8	9.2	9.5	19%	3%
Registered Merchants (end of period)	Crore	2.95	3.56	3.75	27%	5%
Number of Loans Disbursed	'000	0.92	1.28	1.32	44%	3%
Value of Loans	₹ Cr	7,313	14,845	16,211	122%	9%
Payment Devices (cumulative; end of period)	Lakh	48	79	92	91%	16%
Average number of Sales Employees*	#	22,578	30,148	35,349	57%	17%
Cost of sales employees (including training)	₹ Cr	172	213	247	44%	16%

Note: Starting Q4 FY 2023, we would be reporting our active Sales headcount. We have restated numbers for prior quarters for like-for-like comparison. Number of sales employees includes on-roll and off-rolls employees. Cost relates to on-roll employees only

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 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.

गाय
का किंवा

OF RS. 235 RECEIVED.
YAY!!



**Thank
you!**

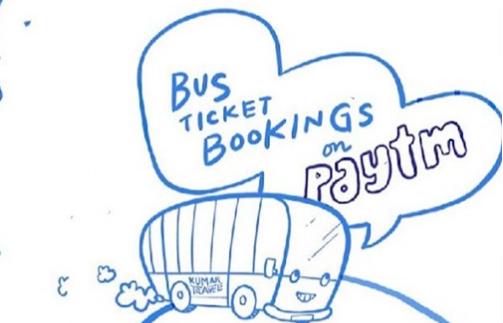


India loves

Paytm



BUS
TICKET
BOOKINGS
on
Paytm



TRAIN TICKET
BOOKINGS
ON PAYTM