



February 5, 2022

BSE Limited

Dept of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001

National Stock Exchange of India Limited

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

Scrip Code: 543396

Symbol: PAYTM

Subject: Earnings Conference Call – Presentation

Dear Sir/ Madam,

In furtherance to our letter dated January 31, 2022 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. Saturday, February 5, 2022.

The presentation will also be hosted on the Company's website, www.paytm.com.

Request you to kindly take the same on record.

Thanking you,

Yours Sincerely,

For One 97 Communications Limited



Amit Khera
Company Secretary & Compliance Officer

Encl. As above



Earnings Presentation

Quarter Ending December 2021



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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.

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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.



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



Q3 FY 2022 in numbers

Revenue from Operations

₹1,456 Cr

+89% y-o-y

Driven by increase in processing merchant payments through MDR bearing instruments, disbursements of loans on platform and recovery of commerce business from covid impact

Contribution Profit

₹454 Cr

+560% y-o-y

Contribution margin improved to 31.2% of revenue in Q3 FY 2022 from 8.9% in Q3 FY 2021

EBITDA
(Before ESOP cost)

(₹393) Cr

+19% y-o-y

EBITDA improved from (₹488 Cr) in Q3 FY 2021 (63% of revenues) and (₹426 Cr) in Q2 FY 2022 (39% of revenues) to (₹393 Cr) in Q3 FY 2022 (27% of revenues)

Total value of loans disbursed through Paytm

₹2,181 Cr

+366% y-o-y

Over 4.4 million loans disbursed through platform in Q3 FY 2022 with 401% y-o-y growth

Merchant Payments GMV

₹2.5 Lakh Cr

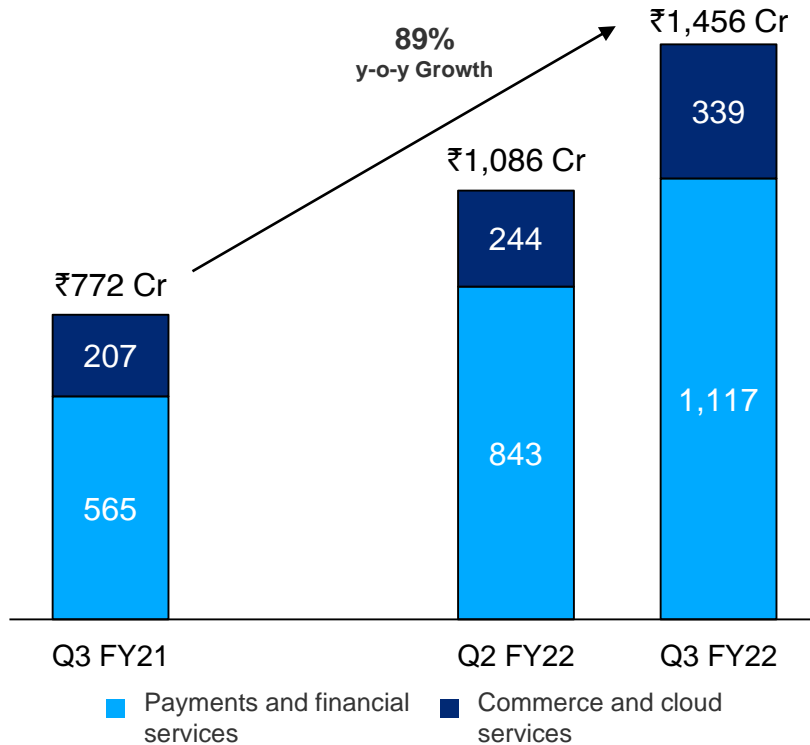
+123% y-o-y

Processing of merchants payments through all instruments (Paytm Wallet, Paytm bank account, other banks net banking, credit and debit cards, UPI)

Notes:

1. MDR bearing instruments are primarily Paytm Wallet, net banking and debit and credit cards

Continued momentum in Revenue growth, up 89% y-o-y



Payments and Financial services revenue grew by 98% y-o-y

- Driven by growth in GMV of MDR bearing instruments by 77%
- 366% increase in the total value of loans disbursed
- Increase in the device subscriptions, new large partnerships in our payment gateway business, and incentives from partner banks

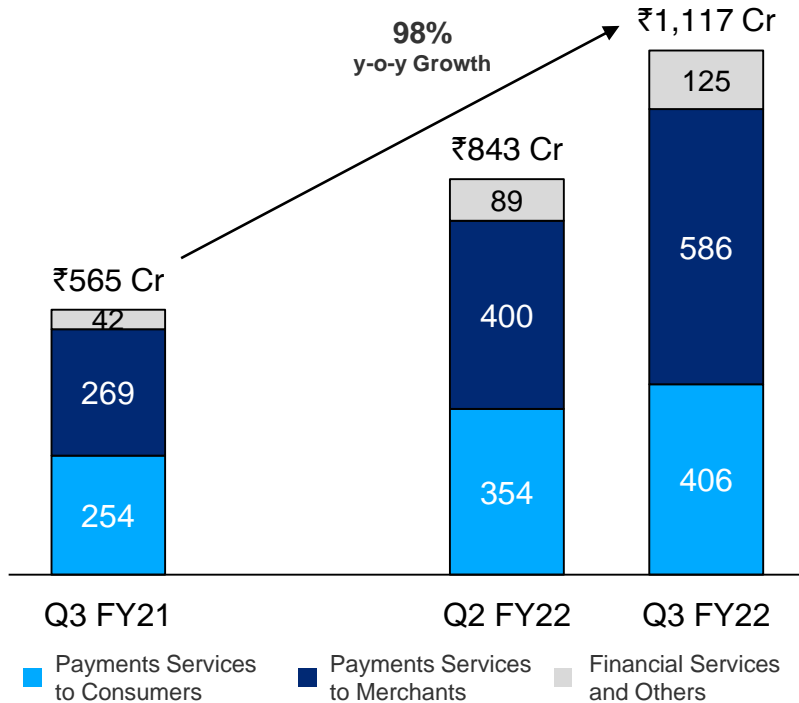
Commerce and Cloud services grew 64% y-o-y

- Rapid ramp-up in advertising revenue
- Recovery in commerce businesses from covid

Notes:

1. MDR bearing instruments are primarily Paytm Wallet, netbanking, debit and credit cards

Payments and Financial Services Revenue grew 98% y-o-y driven by MDR bearing instruments GMV growth



Payments services to Consumers

- Revenues at ₹406 Cr up 60% y-o-y, driven by growth in transaction volumes of our Paytm Payment Instruments and expansion of use-cases

Payments services to Merchants

- Revenue from Payment Services to Merchants was up 117% y-o-y to ₹586 Cr driven by MDR-bearing instruments
- GMV growth, new large partnerships in Payment Gateway services and growth in device subscriptions

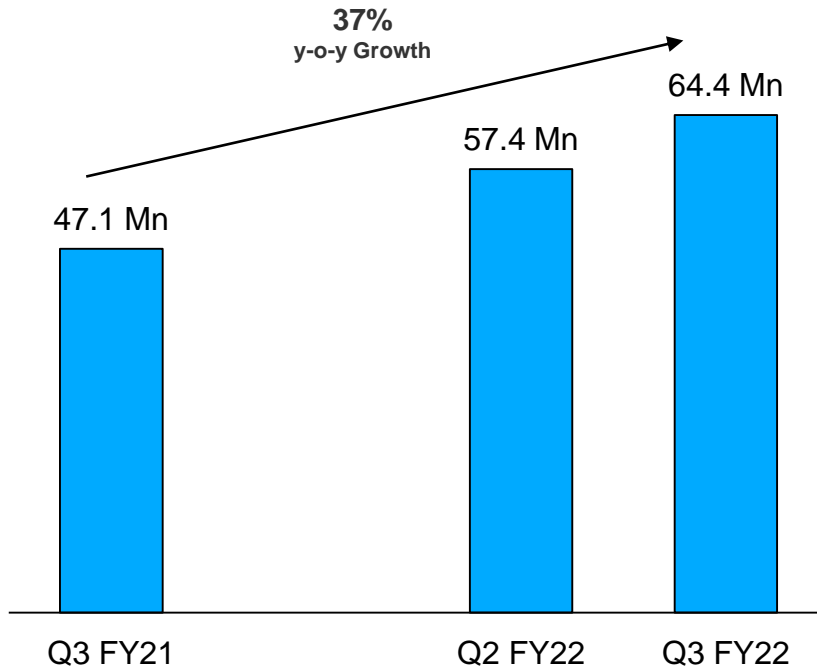
Financial Services and Others

- Revenues at ₹125 Cr up 201%, primarily driven by 366% growth in the value of loans disbursed

Notes:

1. Paytm Payment Instruments include Paytm Wallet, Paytm Bank account, Paytm Postpaid
2. MDR bearing instruments are primarily Paytm Wallet, net banking and debit and credit cards
3. MDR from Postpaid is included in Payment Services and not in Financial Services

Monthly Transacting Users grew 37% y-o-y

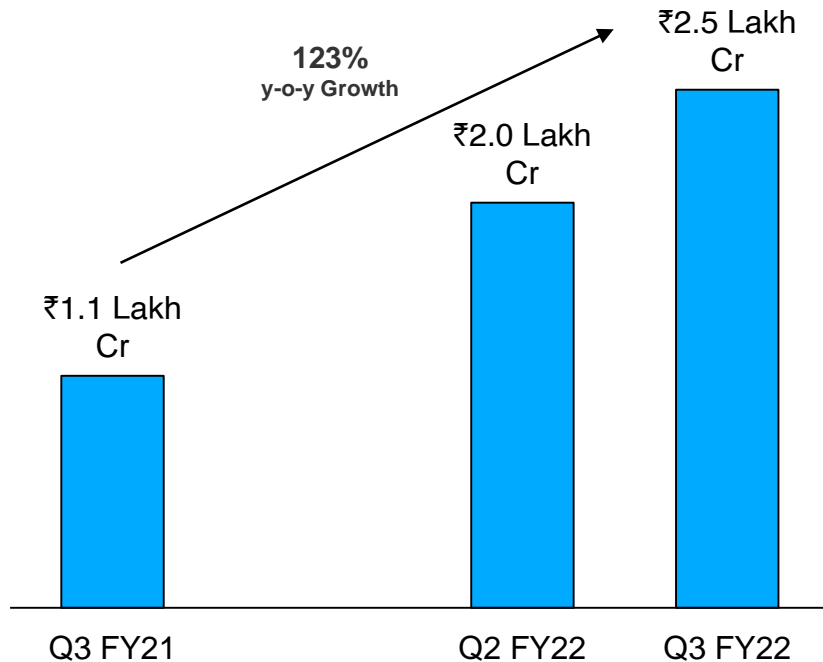


- Average MTUs up 17mn over the last 12 months, and 6mn in the last quarter
- The increase in MTU has been driven by both increase in new users acquisition as well as better retention of transacting users
- Our customers are showing greater retention and higher engagement (measured by average GMV and transaction per customer)

Notes:

1. Monthly Transacting Users are Unique users with at least one successful transaction in a particular calendar month. Quarterly figures are average for the period

Merchant payments GMV growth accelerated to 123% y-o-y in Q3 FY 22



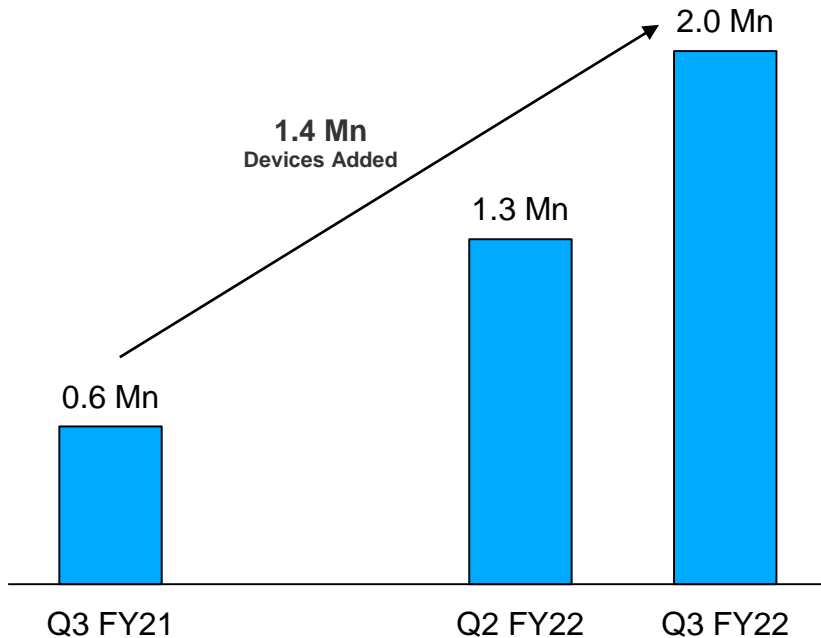
- GMV from MDR bearing instruments grew 77% y-o-y in Q3 FY 2022
- GMV growth driven by increase in our online and offline merchant payments, increase in the user engagement, and impact of the festive season

Notes:

1. MDR bearing instruments: Paytm Wallet, netbanking and cards

2. Gross Merchandise Value (GMV) is defined as 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

Accelerated growth in the device subscriptions, 1.4 mn new device subscriptions in the last 12 months

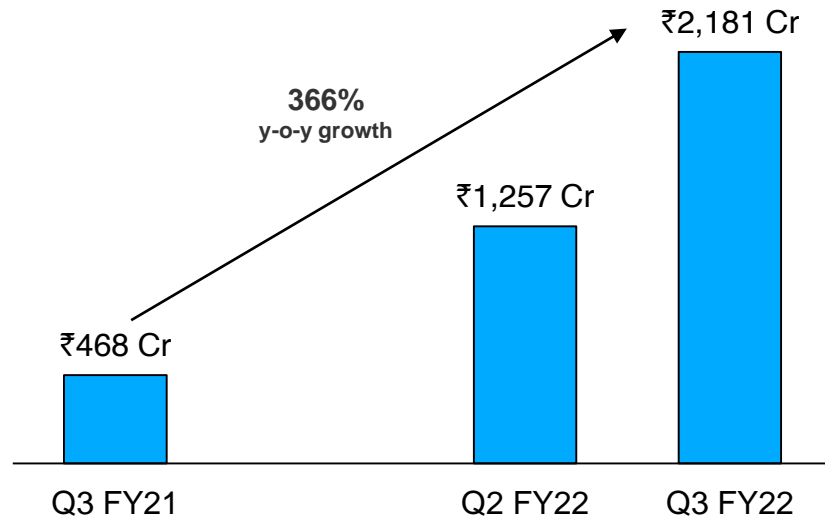


- 1.4 Mn device subscriptions in the last 12 months, and 0.7 Mn in the last quarter alone
- Growth in EDC device subscriptions driven by new bank partnerships, brand integrations in EMI and festive season sales
- Made in India Soundbox launched

Notes:

1. Total number of Paytm POS devices and Soundbox deployed at our in-store merchants

Value of loans disbursed through Paytm reached \$1.2 bn annualised in Dec-21



Number of Loans ('000)

Q3 FY 21	Q2 FY 22	Q3 FY 22
881	2,841	4,414

Performance

- 401% growth y-o-y in number of loans disbursed in Q2 FY 2022
- 366% growth y-o-y in value of loans disbursed

Highlights

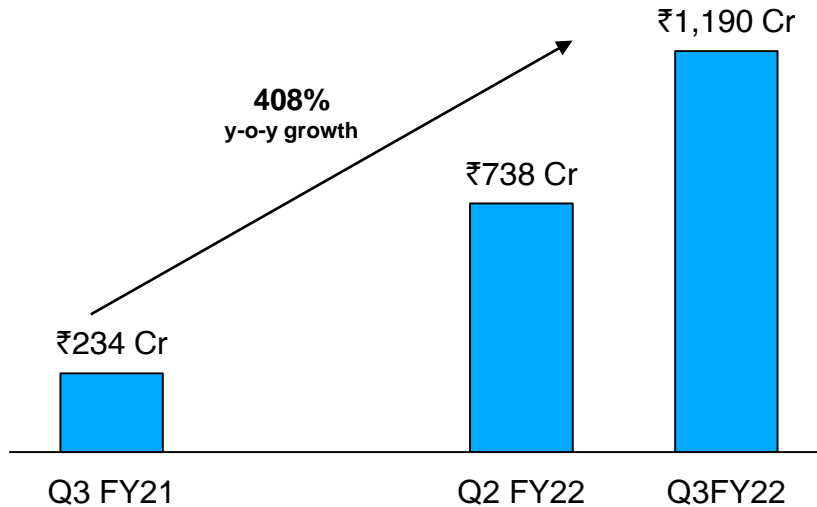
- Fully digital journey for all products
- Tier 1 partners only: expanded partnerships to 8 banks and NBFCs

Notes:

1. Sum of Personal Loans, Merchant Loans and Postpaid Loans disbursed by our financial institution partners

Paytm Postpaid: over 30% of month on month new sign ups are NTC users

Value of loans



Performance

- 407% growth y-o-y in number of loans disbursed in Q3 FY 2022
- 408% growth y-o-y in value of loans disbursed

Highlights

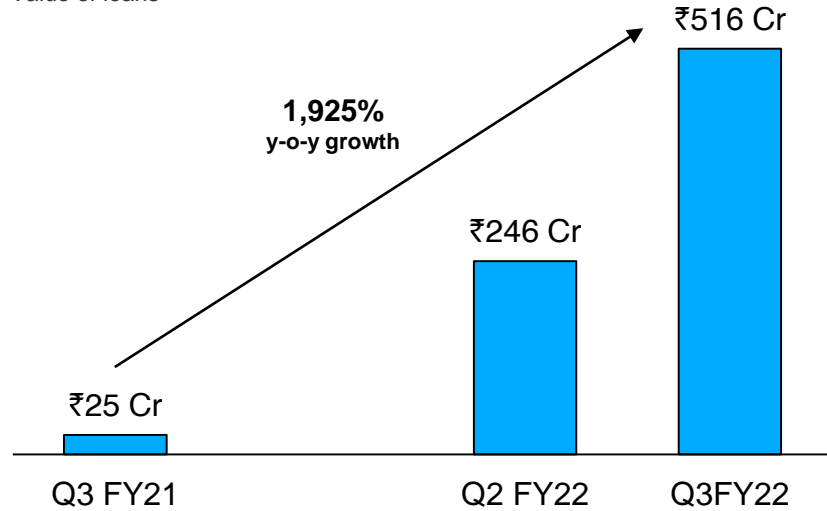
- Strong growth in the new user sign ups; and the user base has now crossed 3 Mn
- Over 30% of month on month new sign ups are NTC users
- Merchant acceptance continues to grow: accepted at over 3.5 mn Online and Offline merchants now

Number of Loans ('000)

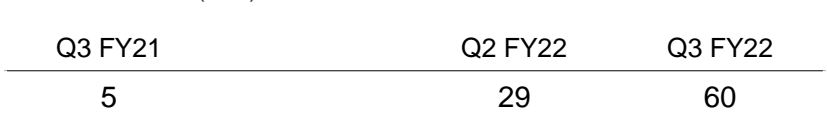
Quarter	Number of Loans ('000)
Q3 FY21	851
Q2 FY22	2,790
Q3 FY22	4,320

Personal Loans: Over 50% of loans disbursed to existing Postpaid users

Value of loans



Number of Loans ('000)



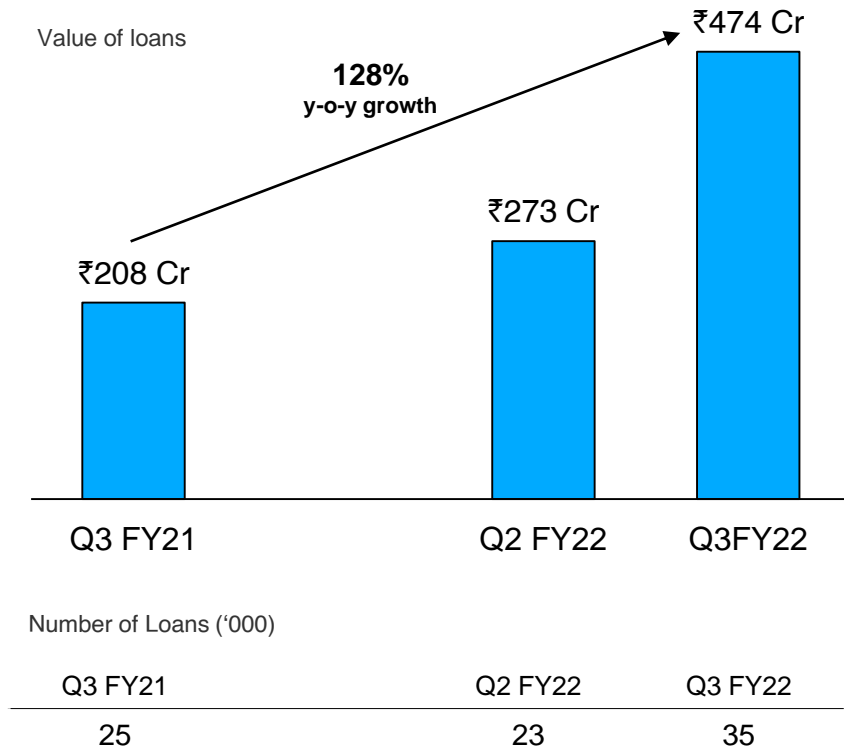
Performance

- 1,187% growth y-o-y in number of loans disbursed in Q3 FY 22
- 1,925% growth y-o-y in value of loans disbursed

Highlights

- Over 50% of loans disbursed to existing Postpaid users
- Average ticket size ranging from ₹80,000 to ₹ 90,000 with average tenure of 12-14 months

Merchant Loans have healthy ticket size and repeat rates



Performance

- 38% growth y-o-y in number of loans disbursed in Q3 FY 2022
- 128% growth y-o-y in value of loans disbursed

Highlights

- Over 25% of loans disbursed to NTC borrowers
- Average ticket size continues to increase with scale, now at ₹120,000 to ₹140,000 with average tenure of 12-14 months
- Repeat loans see healthy take up with 25% merchants having taken loan more than once

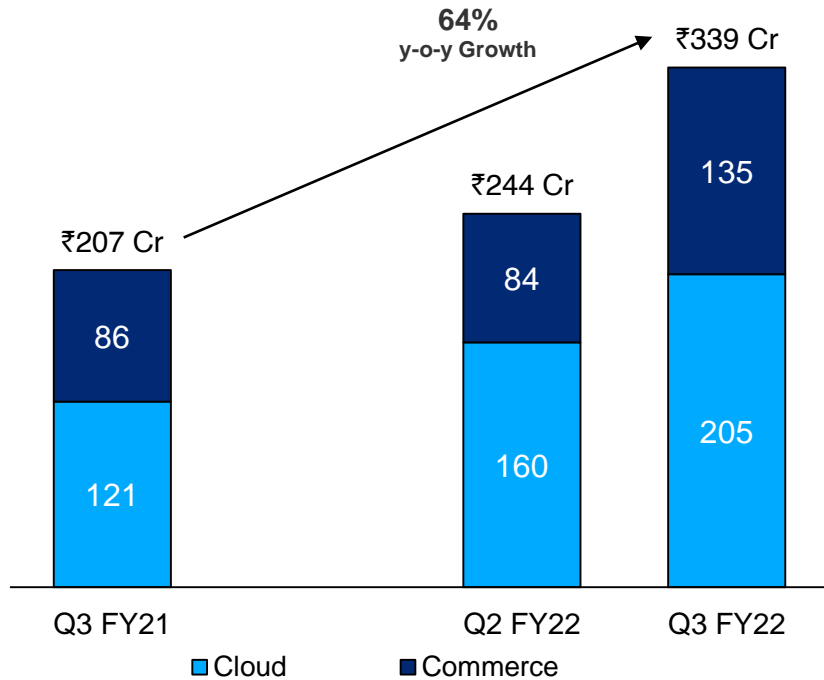
Partners Portfolio Performance⁽¹⁾ & Initiatives

		Postpaid	Personal Loan	Merchant Loan
<p>All 3 products augmented through Paytm data and advance machine learning models</p> <p>Continuous co-creation of risk models with our lending partners – helping scale and risk based pricing</p>	Bounce Rates	11.0% to 13.0%	10.5% to 12.5%	NA ⁽²⁾
<p>Own collection technology platform aiding digital collections, better efficiency at lower operating expenses</p>	Bucket 1 Resolution %	82% to 85%	88% to 91%	84% to 87%
<p>Capacity enhancement increasing with scale: increasing employees and have over 50 tie ups with on ground collection partners</p>	Recovery Rate Post 90+	25% to 27%	27% to 29%	31% to 33%
<p>Calibrated approach of “Low and Grow” model of scaling - helping control credit cost</p>	ECL%	1.1% to 1.3%	4.5% to 5.0%	5.0% to 5.5%

Notes:

- Loans are underwritten and booked by our lending partners (NBFC's and Banks) in their balance sheet. Paytm acts as a collection outsourcing partner and the numbers are hence indicative of those efforts
- Being a daily EMI product, monthly bounce rate is not applicable

Commerce and Cloud Services Revenue grew 64% y-o-y with continued recovery in Commerce



- Cloud: Revenues at ₹205 Cr up 69% y-o-y, primarily due to strong growth in the revenue from advertising, PAI Cloud and credit cards
- Commerce: Continued recovery in ticketing revenues and increased spending during festive season led to growth in commerce revenue

Notes:

1. Commerce and Cloud revenue includes revenue from credit cards

Contribution Profit grew by 560% y-o-y

(in ₹ Cr)	Quarter Ended			Change	
	Dec-20	Sep-21	Dec-21	Y-o-Y	Q-o-Q
Revenue from Operations	772.0	1,086.4	1,456.1	89%	34%
Payment processing charges	517.7	670.0	783.1	51%	17%
<i>As % of GMV</i>	<i>0.46%</i>	<i>0.34%</i>	<i>0.31%</i>	(15 bps)	(3 bps)
Promotional cashback & incentives	110.0	83.3	116.6	6%	40%
Other Expenses	75.6	72.4	102.7	36%	42%
Total Direct Expenses	703.3	825.7	1,002.4	43%	21%
Contribution Profit	68.7	260.7	453.7	560%	74%
<i>Contribution Margin %⁽¹⁾</i>	<i>8.9%</i>	<i>24.0%</i>	<i>31.2%</i>	2,226 bps	716 bps

Payment processing charges reduced to 0.31% of GMV in Q3 FY 2022 from 0.46% in Q3 FY 2021 through optimization of our transaction routing, improvements in transaction rates and increase in UPI share in instrument mix

Promotional cashback & incentives down from 14.2% of Revenues in Q3 FY 2021 to 8.0% in Q3 FY 2022 as we were able to grow our customer engagement at a lower cost

Strong growth in contribution driven by (a) margin improvement in payments (b) increase in share of high margins offerings such as lending, commerce and advertising

EBITDA (before ESOP cost) improved by 19% y-o-y

(in ₹ Cr)	Quarter Ended			Change	
	Dec-20	Sep-21	Dec-21	Y-o-Y	Q-o-Q
Contribution Profit	68.7	260.7	453.7	560%	74%
<i>Contribution Margin %</i>	8.9%	24.0%	31.2%	2,226 bps	716 bps
Marketing	101.8	102.4	166.5	64%	63%
Employee cost (excl ESOPs)	295.6	367.2	441.8	49%	20%
Software, cloud and data center	95.1	112.9	130.1	37%	15%
Other indirect expenses	63.7	103.7	108.1	70%	4%
Indirect Expenses	556.2	686.2	846.5	52%	23%
<i>Indirect Expenses as % of Revenue</i>	72.0%	63.2%	58.1%	(1,391 bps)	(888 bps)
EBITDA (Before ESOP cost)	(487.5)	(425.5)	(392.8)	19%	8%
<i>EBITDA (Before ESOP cost) Margin %</i>	(63.1%)	(39.2%)	(27.0%)	3,617 bps	1,219 bps

Our marketing cost as % of revenue down from 13% in Q3 FY 2021 to 11% in Q3 FY 2022 despite our investments in sponsorship and marketing campaigns during cricket sporting events and growth in user base

Indirect expenses as % of revenue down from 72% in Q3 FY 2021 to 58% in Q3 FY 2022 driven by strong growth in our revenues and optimization of expenses with scale. We continue to invest in our sales teams for merchant acquisition and technology teams

EBITDA (before ESOP cost) improved to (27%) of revenues in Q3 FY 2022 from (63%) of revenues in Q3 FY 2021, and (39%) of revenues in Q2 FY 2022

Key Trends



Trends in our Businesses

- Growth of Payments revenues and profitability due to growth of GMV from MDR bearing instruments (including Paytm Payment Instruments) and payment services to merchants
- Monetization visibly working across the platform
- Recovery of high-margin commerce business, and growth of Cloud due to ramp up of advertising
- Increase of Financial Services revenues driven by huge ramp up in Lending

Operating and Financial Performance

- Strong momentum in revenue growth to continue; 89% growth y-o-y in Q3 FY 2022
- Step Jump in Contribution Margin achieved, with clear trends towards continued y-o-y improvements
- Indirect Expenses as a % of Revenues is going down
- Continue driving operating leverage to bring down EBITDA losses

Annexure

Reconciliation of Non GAAP Measures



EBITDA (before ESOP cost)

Particulars (in ₹ Cr)	Quarter Ended			Nine months ended	
	Dec-21 (Unaudited)	Dec-20 (Unaudited)	Sep-21 (Unaudited)	Dec-21 (Unaudited)	Dec-20 (Unaudited)
EBITDA before ESOP cost (A)	(392.8)	(487.5)	(425.5)	(1,150.2)	(1,235.3)
ESOP cost (B)	(389.5)	(41.5)	(19.3)	(447.8)	(70.9)
Initial Public Offer expenses (C)	(5.6)	0.0	(7.6)	(13.2)	0.0
Finance costs (D)	(12.5)	(9.2)	(10.2)	(32.4)	(27.7)
Depreciation and amortization expense (E)	(60.9)	(38.2)	(50.4)	(152.2)	(127.5)
Other income (F)	77.3	95.5	48.1	182.6	287.9
Share of profit / (loss) of associates / joint ventures (G)	11.1	(24.3)	(6.6)	(7.6)	(40.5)
Exceptional items (H)	0.0	(20.0)	0.0	(2.4)	(28.0)
Income Tax expense (I)	(5.6)	(10.3)	(2.0)	(10.7)	(14.6)
Loss for the period (J=A+B+C+D+E+F+G+H+I)	(778.5)	(535.5)	(473.5)	(1,633.9)	(1,256.6)
EBITDA before ESOP cost	(392.8)	(487.5)	(425.5)	(1,150.2)	(1,235.3)
Margin %	(27.0%)	(63.1%)	(39.2%)	(33.5%)	(62.2%)

Revenue breakdown

(in ₹ Cr)	Quarter Ended			Change	
	Dec-20	Sep-21	Dec-21	Y-o-Y	Q-o-Q
Payments & Financial Services	564.9	842.6	1,116.8	98%	33%
Payment Services to Consumers	253.9	353.6	405.8	60%	15%
Payment Services to Merchants	269.4	400.3	585.8	117%	46%
Financial Services and Others	41.6	88.7	125.2	201%	41%
Commerce & Cloud Services	207.1	243.8	339.3	64%	39%
Commerce	85.8	83.8	134.8	57%	61%
Cloud	121.3	160.0	204.5	69%	28%
Revenue from Operations	772.0	1,086.4	1,456.1	89%	34%

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
GMV / MTU	Average GMV per transacting user in a period
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.
EBITDA (before ESOP cost)	EBITDA (before ESOP cost) is a Non-GAAP financial measure. We define EBITDA (before ESOP cost) as our restated loss for the year, before depreciation & amortization expense, income tax expense, share based payment expense, finance costs, other income, restated loss for the year from discontinued operations, exceptional items, IPO expenses & share of restated profit/(loss) of associates/joint ventures.

Thank you