



November 27, 2021

BSE Limited

Dept 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.: Earnings Conference Call – Presentation

Dear Sir / Madam,

In continuation to our letter dated November 25, 2021 and in terms of regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed presentation made during the earnings conference call held on Saturday, November 27, 2021.

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 September 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



Q2 FY 2022 in numbers

Revenue from
Operations

₹ 10.9 Bn

+64% y-o-y

Driven by 52% growth in non-UPI GMV
Consecutive quarters of 60%+ revenue growth
y-o-y

Contribution Profit

₹ 2.6 Bn

+592% y-o-y

Large growth in Contribution Profit (Margin
increased from 5.7% in Q2 FY 21 to 24.0% in
Q2 FY 22)

EBITDA

₹ (4.3) Bn

Margin of (39%) vs
(64%) in Q2 FY 21

Reduction in Indirect Costs as a percent of
revenues from 70% to 63%
Along with increased investments in
technology and merchant base expansion

GMV

₹ 2.0 Tn

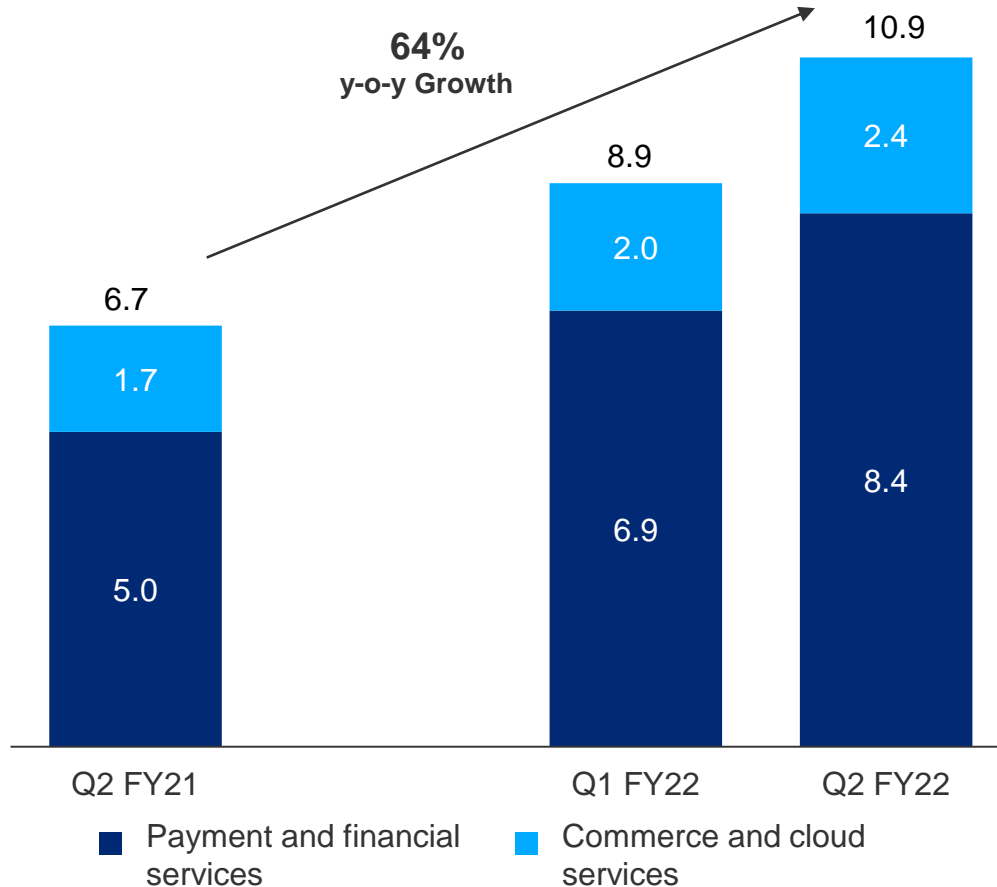
+107% y-o-y

Users and merchants growing on the platform
with increased engagement

Continued momentum in Revenue growth, up 64% y-o-y



In INR Bn



Payment and Financial services revenue grew by 69% y-o-y

- Driven by 52% y-o-y growth in non-UPI GMV
- Increase in revenue from Financial Services and Others (growth of over 3 times y-o-y)
- Acceleration of device deployment

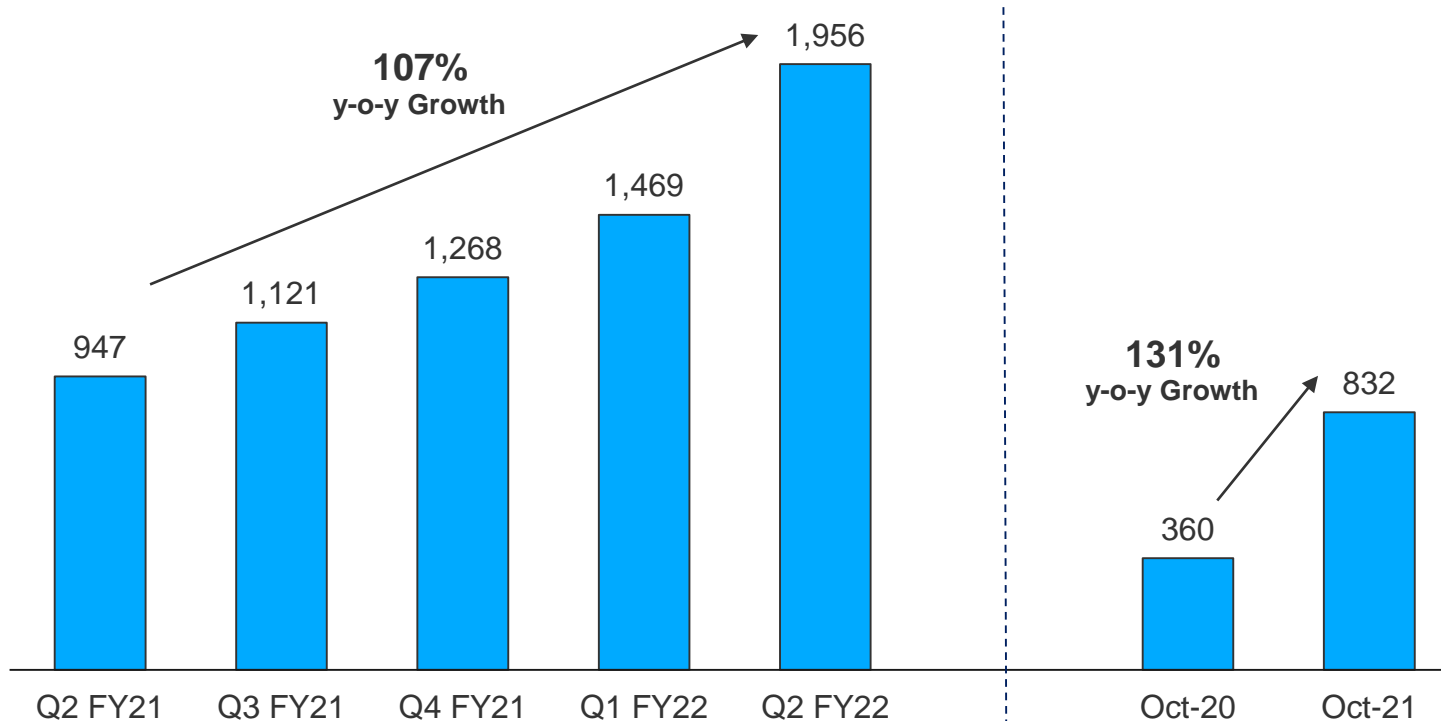
Commerce and Cloud services grew 47% y-o-y

- Rapid growth in advertising revenue
- Continued recovery in commerce businesses

GMV growth accelerated to 107% y-o-y in Q2 FY 22



In INR Bn



- Non UPI GMV grew 52% y-o-y
- Merchants that did not pay any MDR for payments, generated subscription and merchant lending revenues of over INR 550 million in Q2 FY 22 (around 5% of revenues from operations)
- GMV growth accelerating in Q3 FY 22, with strong performance in festive season

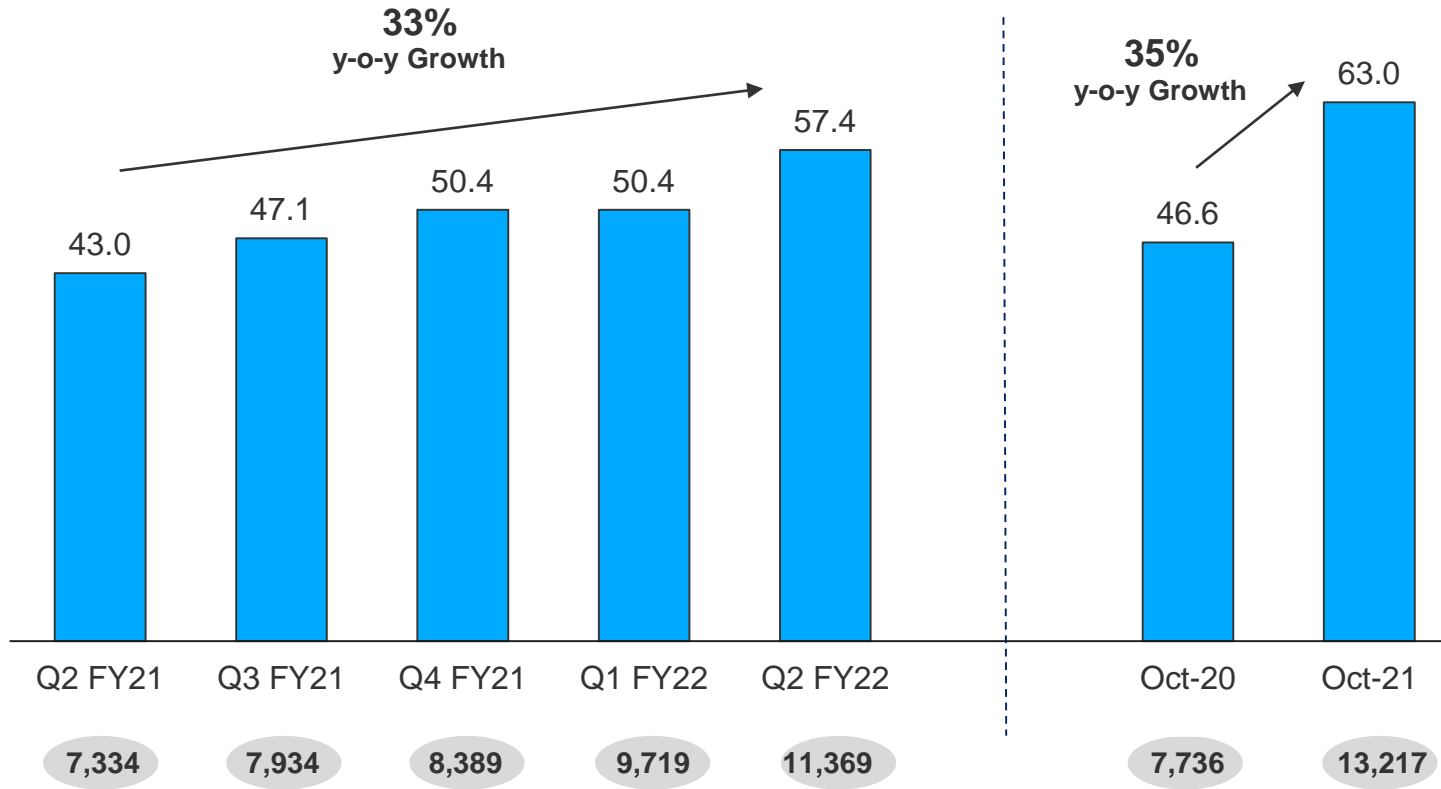
Notes:

1. 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

Monthly Transacting Users grew 33% y-o-y



In Mn



- Increase in MTU over last 12 months of 14.4 million
- Engagement on platform: 55% y-o-y growth in average GMV per MTU
- Marketing expenses is flat at 9% of Revenues y-o-y

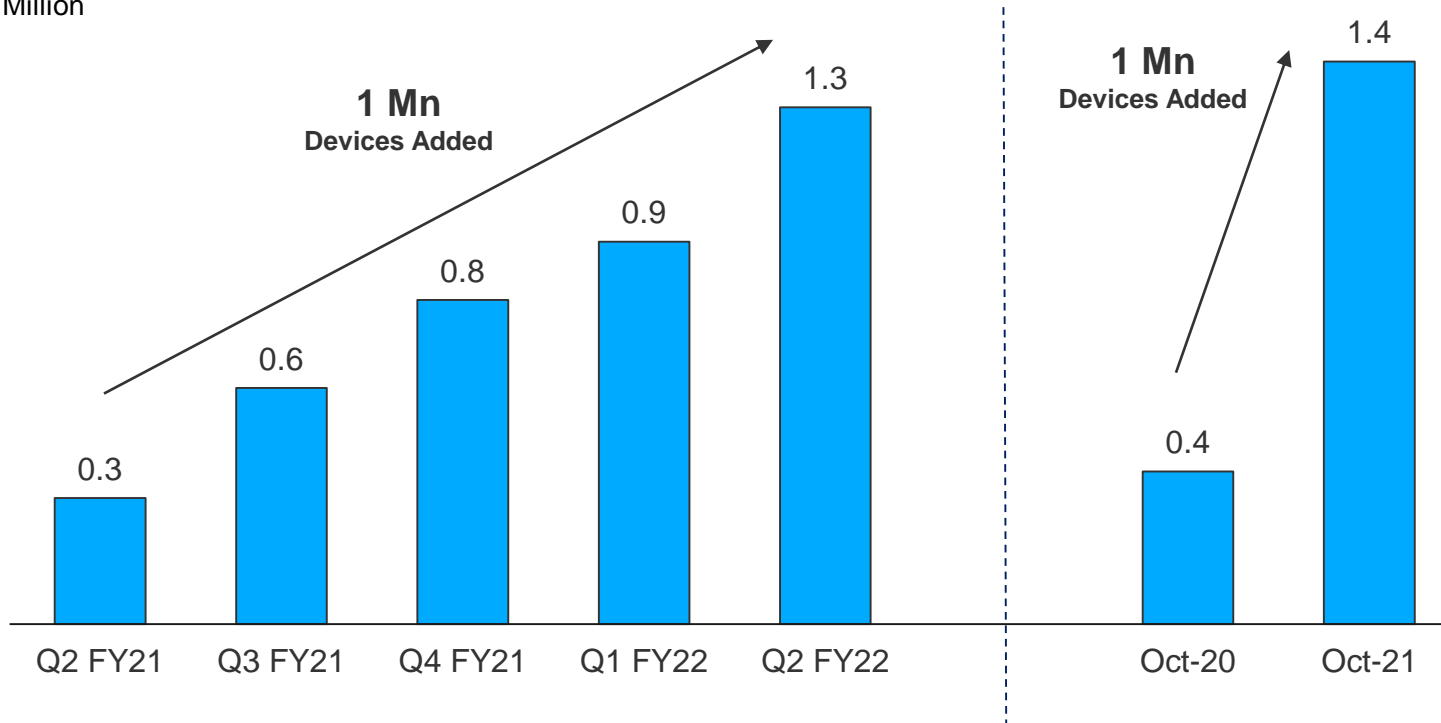
Notes:

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
2. Marketing expenses is Marketing and Promotional expenses excluding Promotional Cashback and incentives

Devices merchant base expanded by 1 mn in the last 12 months



In Million

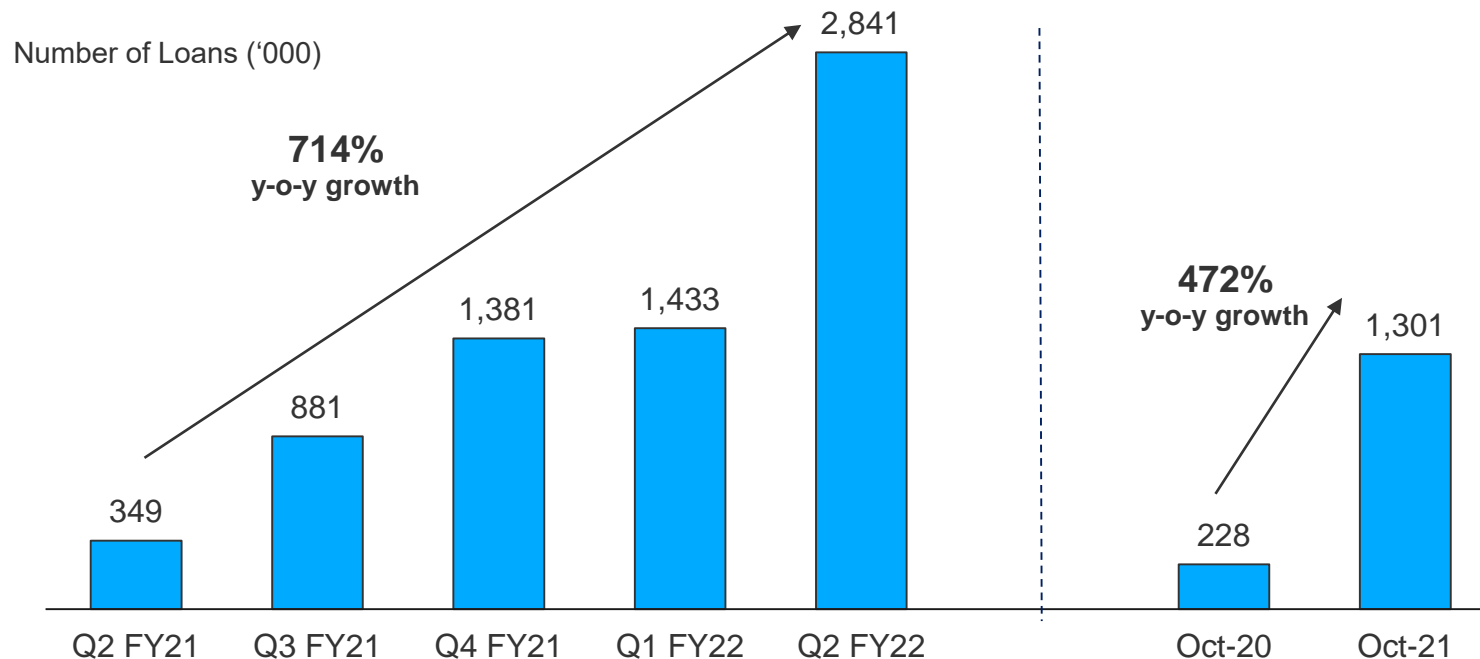


- Device merchants continue to show higher retention and higher average spends
- 4% of device merchants have already taken a loan through our platform
- Recently announced bank partnerships for POS
- Stronger momentum in LFR market

Notes:

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

Value of loans disbursed through Paytm reached \$1 bn annualised in Oct-21



Performance

- 714% growth y-o-y in number of loans disbursed in Q2 FY 22
- 499% growth y-o-y in value of loans disbursed
- 3 times growth y-o-y in Financial Services and Others revenue

Highlights

- Fully digital journey for all products
- Tier 1 partners only: Large Banks and NBFCs

Value of loans (₹ bn)

Q2 FY 21	Q3 FY 21	Q4 FY 21	Q1 FY 22	Q2 FY 22	Oct-20	Oct-21
2.1	4.7	6.9	6.3	12.6	1.2	6.3

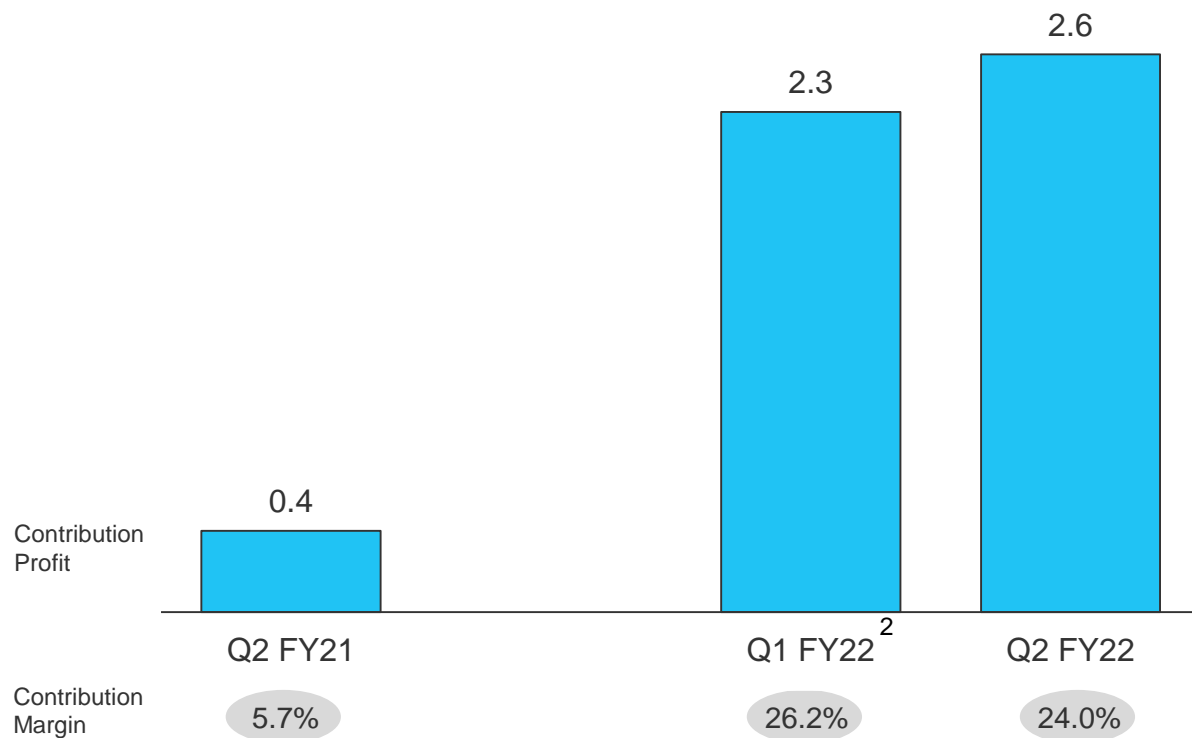
Notes:

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

Contribution Profit margin growth of 592% y-o-y



In INR Bn



- H1 FY 2022 Contribution Profit of ₹5.0 billion² has exceeded full FY 2021 Contribution Profit of ₹3.6 billion
- High margin monetization kicking in at scale (Lending, advertising)
- PG cost reduced from 0.52% of GMV to 0.34% of GMV y-o-y

Notes:

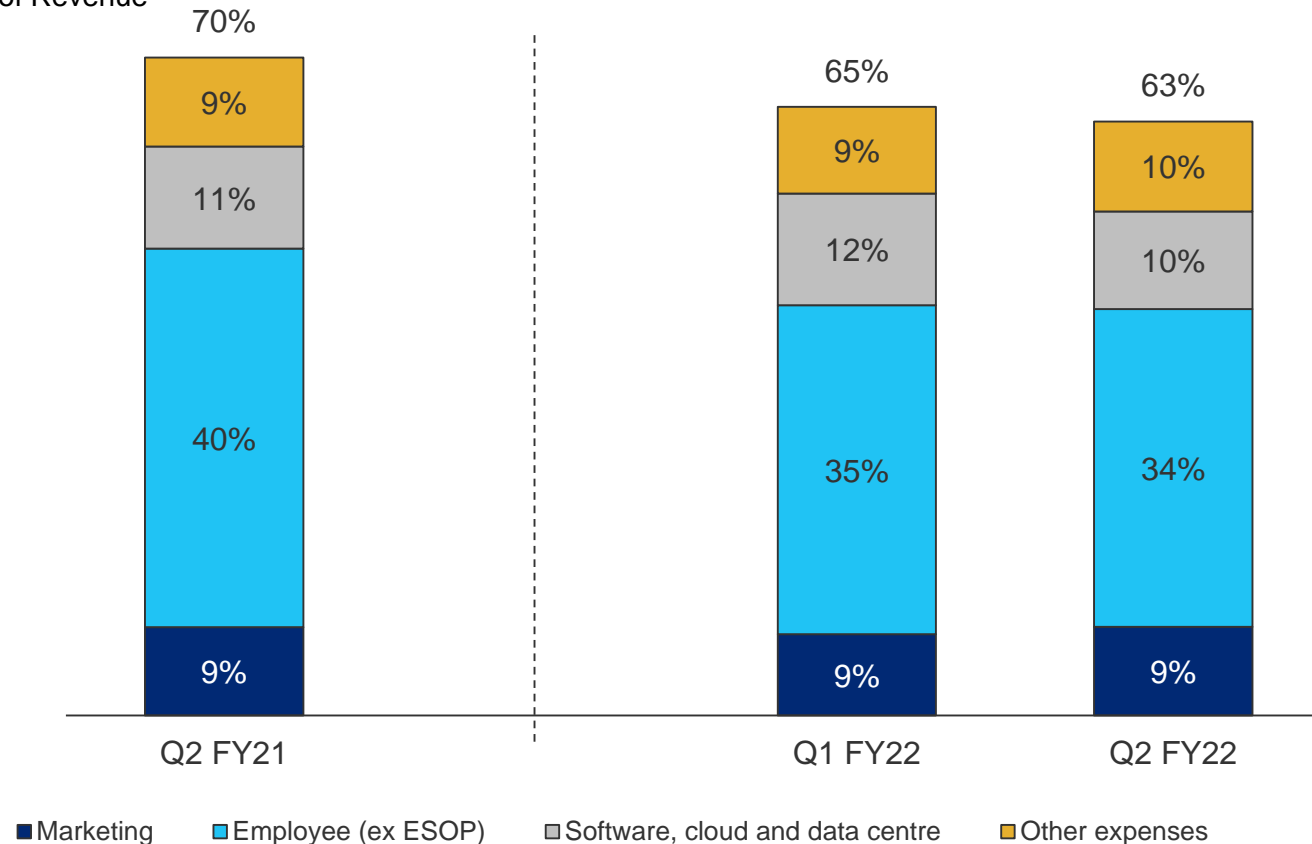
1. Contribution margin is the percentage margin derived by dividing contribution profit by revenue from operations.

2. The contribution profit and contribution margin of the first quarter of FY 2022 excludes ₹110 million of activity based benefit which is non-recurring (mentioned on page 423 of prospectus)

Indirect expenses (% of Revenues) reducing along with investments in People, Marketing and Technology



As a % of Revenue



- Marketing costs maintained at 9% of revenues (same as last year), even as we have increased MTU by 14.4 mn in last 12 months
- Employee expenses are lower as a % of revenues than last year, even as we invest more in technology and merchant (and devices) growth

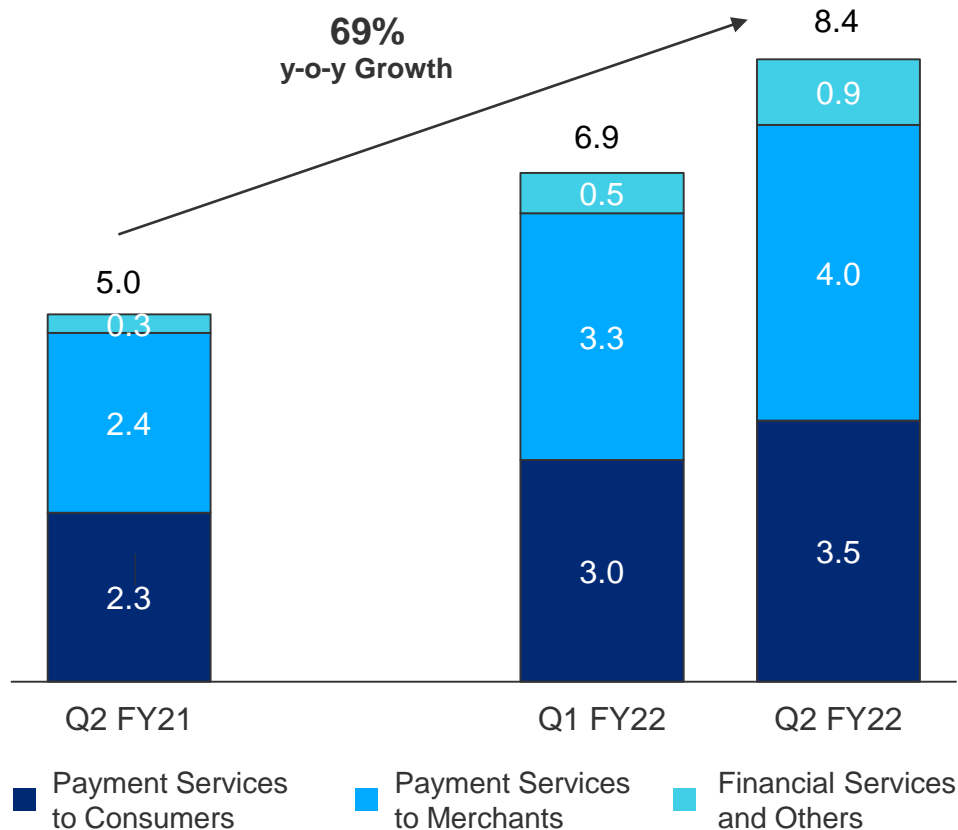
Notes:

1. Marketing and promotional expense excluding Promotional cashbacks and incentives

Payment and Financial Services Revenue grew 69% y-o-y with 52% y-o-y increase in non-UPI payment volumes



In INR Bn



Payment services to Consumers (up 54% y-o-y)

- Driven primarily by increase in non-UPI payment usage on our consumer platform

Payment services to Merchants (up 64% y-o-y)

- Growth in non-UPI GMV with payment gateway and devices merchants - INR 16 Bn of run-rate revenues (>\$200m run-rate)

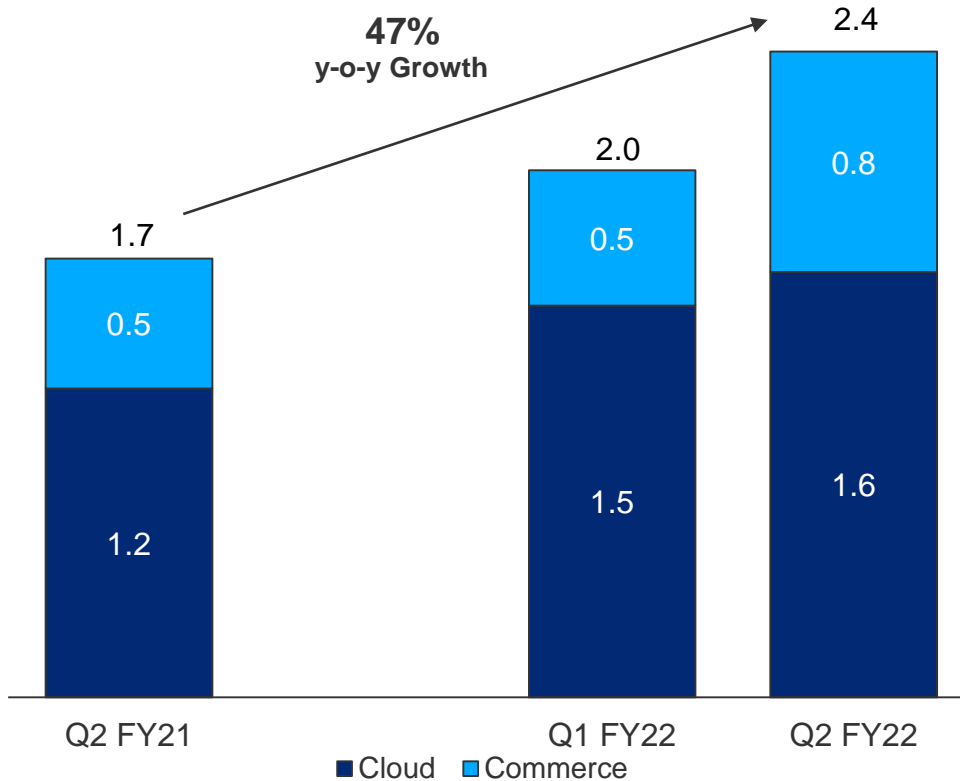
Financial Services and Others (up 250% y-o-y)

- Grew from 4% of total revenues in Q2 FY 21 to 8% in Q2 FY 22 due to growth in Lending and Wealth

Commerce and Cloud Services Revenue grew 47% y-o-y with continued recovery in Commerce



In INR Bn



- Cloud: Rapid growth in advertising revenue
- Commerce: Continued recovery in ticketing revenues from the dip due to 2nd COVID wave in Q1 FY 22

Summary of Key Trends



Trends in our Businesses

- Growth of Payments revenues and profitability due to growth of payment volumes from non-UPI instruments (including Paytm Payment Instruments) and payment services to merchants
- 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

Trends in our Operating and Financial Performance

- Efficiently increase users, merchants and GMV
- Strong momentum in revenue growth to continue; 64% growth y-o-y in Q2 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
- Well funded for growth opportunities ahead

Thank you

Annexure

Reconciliation of Non GAAP Measures

Adjusted EBITDA



Particulars (in INR Millions)	Quarter Ended					Half Year ended		
	Sep-21 (Unaudited)	Sep-20 (Unaudited)	Y-o-Y	Jun-21 (Audited)	Q-o-Q	Sep-21 (Unaudited)	Sep-20 (Unaudited)	Y-o-Y
Loss for the period / year (A)	(4,735)	(4,367)	nm	(3,819)	nm	(8,553)	(7,211)	Nm
Income Tax expense (B)	20	84	(76)%	31	(36)%	51	43	19%
Exceptional items (C)	-	-	-	(24)	nm	(24)	(80)	nm
Share of profit / (loss) of associates / joint ventures (D)	(66)	(196)	nm	(121)	nm	(187)	(162)	nm
Loss before share of profit/(loss) of associates/joint ventures, exceptional items and tax (E=A+B-C-D)	(4,649)	(4,087)	nm	(3,643)	nm	(8,291)	(6,926)	nm
Finance costs (F)	102	83	23%	97	6%	199	185	8%
Depreciation and amortization expense (G)	504	490	3%	409	23%	913	893	2%
Other income (H)	481	942	(49%)	572	(16%)	1,053	1,924	(45%)
Initial Public Offer expenses (I)	76	-	-	-	na	76	-	nm
EBITDA (J=E+F+G-H+I)	(4,448)	(4,456)	nm	(3,709)	nm	(8,156)	(7,772)	nm
Share based payment expense (K)	193	189	2%	390	(50%)	583	294	98%
Adjusted EBITDA (L=J+K)	(4,255)	(4,267)	nm	(3,319)	nm	(7,573)	(7,478)	nm
Revenue from Operations (M)	10,864	6,639	64%	8,908	22%	19,772	12,151	63%
Adjusted EBITDA Margin % (N=L/M)	(39.2%)	(64.3%)	2511 bps	(37.3%)	(191 bps)	(38.3%)	(61.5%)	2324 bps

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.
Adjusted EBITDA	Adjusted EBITDA is a Non-GAAP financial measure. We define Adjusted EBITDA 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.