Earnings Release

For the quarter ending September 2024

22 October 2024

Revenue jumps to ₹1,660 Cr on Growth in Payments and Financial Services
EBITDA improved by ₹388 Cr QoQ
Due to one-time exceptional gains, PAT of ₹930 Cr

Financial Highlights:

- Operating revenue of ₹1,660 Cr, up 11% QoQ
- Contribution margin of 54%, up 356bps QoQ; contribution profit of ₹894 Cr, up 18% QoQ
- EBITDA before ESOP of ₹(186) Cr, an improvement of ₹359 Cr QoQ
- EBITDA of ₹(404) Cr, an improvement of ₹388 Cr QoQ
- Profit after Tax (PAT) of ₹930 Cr, including exceptional gain of ₹1,345 Cr on account of sale of entertainment ticketing business
- Cash balance of ₹9,999 Cr

Business Highlights:

- Payment services revenue of ₹981 Cr, up 9% QoQ
- Net payment margin of ₹465 Cr, up 21% QoQ, GMV of ₹4.5 Lakh Cr, up 5% QoQ
- Merchant subscriber base for devices has reached 1.12 Cr as of Sep'24, an increase of 3 Lakh QoQ
- Financial services revenue of ₹376 Cr, up 34% QoQ

Continued focus on payments and distribution of financial services for sustained, profitable growth

In Q2 FY 2025, we achieved 11% QoQ revenue growth, due to 5% QoQ increase in GMV, better realization from devices and 34% QoQ increase in revenues from financial services. Our net payment margin increased 21% QoQ to ₹465 Cr, largely on account of improvement in payment processing margin, better device realization and growth in GMV. Financial Services revenue was ₹376 Cr, up 34% QoQ, on account of increase in collection bonus in merchant loans due to better asset quality trends, and higher share of merchant loans. With even greater confidence in our merchant loan distribution business, where we help in both distribution and collection, we have started working with select lenders by giving the Default Loss Guarantee (DLG, explained in subsequent sections) for select portfolios. This in long term will give us opportunity to serve wider merchant base and increase our financial services distribution revenue.

Contribution margin without UPI incentives has expanded to 54%, despite including DLG cost in this quarter. It has improved due to higher payment processing margin and growth in high margin financial services revenue. We expect the same contribution margin trends will continue.

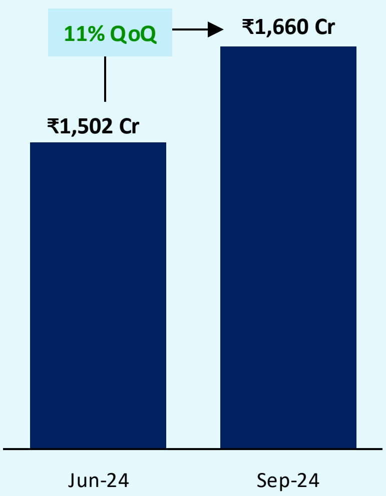
Our indirect cost has come down by 17% QoQ to ₹1,080 Cr due to reduction in employee costs (down 13% QoQ), marketing expenses and absence of certain one-time expenses incurred in Q1 FY 2025.

With growth in revenue, improvement in contribution margin and reduction in indirect costs, EBITDA has improved by ₹388 Cr QoQ to ₹(404) Cr. EBITDA Before ESOP improved by ₹359 Cr QoQ to ₹(186) Cr and we remain committed to reach EBITDA before ESOP profitability by Q4 FY 2025.

With one-time exceptional gain of ₹1,345 Cr, on account of sale of entertainment ticketing business, we achieved PAT of ₹930 Cr in Q2 FY 2025.

Revenue grew by 11% QoQ

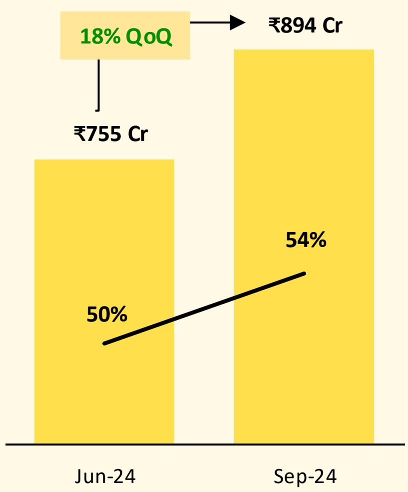
(Qtr ending)



Contribution Profit up 18% QoQ

Contribution Margin at 54%

(Qtr ending)



EBITDA has improved by ₹388Cr QoQ

(Qtr ending)

Operating metrics across businesses shows improving trends

Payment Services: Gross Device addition and GMV growth has reached erstwhile trends

New subscription paying device merchant sign ups has surpassed January 2024 levels. Our plan is to pick up inactive devices and redeploy them after refurbishment, which helps us reduce capex. When we pick up inactive devices, our merchant count reduces. We plan to continue reactivating merchants and redeploying inactive devices to new merchants over the next 2-3 quarters. This will lead to higher active merchant base and higher revenue.

We see additional monetisation opportunities on Soundbox. For example, we have piloted advertisements through Soundbox which seamlessly integrate branding between companies and consumers. Paytm has partnered with several brands, including Meesho, Coca-cola, Mondelez and Dabur, among others for Soundbox Ads.

Q2 FY 2025 GMV grew by 5% QoQ and we expect this trend in GMV growth to continue, and accelerate in Q3 due to the festive season. In addition to focus on growth of GMV, we were able to significantly improve payment processing margin.

Financial Services: Revenue growth driven by higher collection bonus

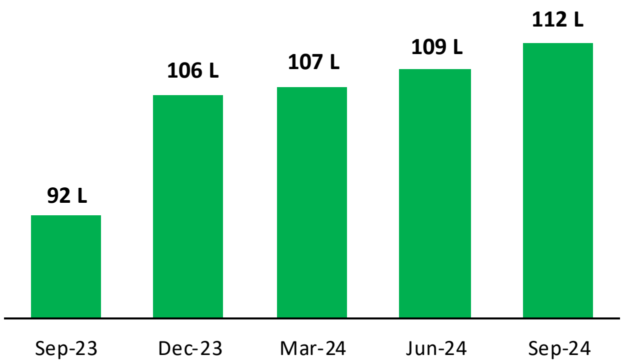
We have seen better collection efficiencies due to increase in mobile payment penetration among our merchants, leading to higher GMV throughput. This has resulted in higher collection bonus during the quarter.

Significant financial service cross sell opportunity; New metrics to track

Our core business is to acquire customers (consumers and merchants) for payments and cross selling financial services. For financial services, the relevant metric is number of unique payment customers we successfully cross-sell to and revenue earned from them. Starting this quarter, we have started disclosing the number of key financial services customers. These are unique consumers and merchants who have availed Paytm's and group entity's financial services offerings, i.e. equity broking, insurance and credit products, such as merchant and consumer loans distributed through our platform. However, it does not include customers availing mutual fund distribution, Postpaid loans or any attachment insurance products, as they contribute negligible revenue/profitability.

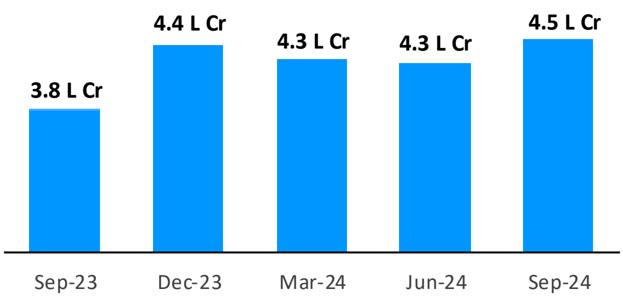
Merchant Subscriptions (including Devices)

(Qtr ending)



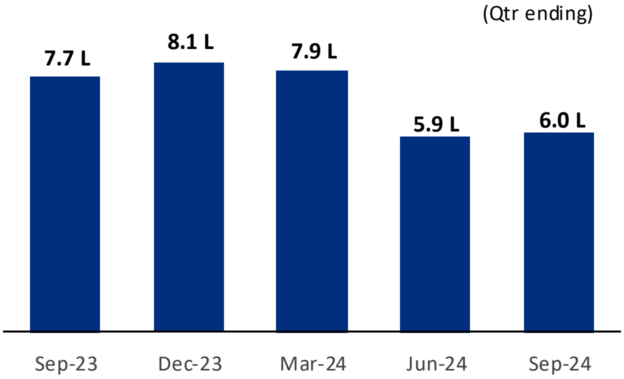
Gross Merchandise Value (Continued business)

(Qtr ending)



Number of Key Financial Services Customers

(Qtr ending)



Key Financial Services Customers:

Includes	Excludes
Equity Broking	Mutual Fund Distribution
Consumer and Merchant Loans	Postpaid Loans
Insurance Broking	Attachment Insurance Products

For the next couple of quarters, we will continue to report the value of loans disbursed, but over time, the relevant metrics will be the number of key financial services customers (consumer and merchant) and revenue from financial services. During Q2 FY 2025, 6.0 lakh key financial services customers (consumer and merchant) availed financial services through our platform, versus 5.9 lakh during Q1 FY 2025.

Low penetration and high engagement of customers on our platform provides opportunity for us to drive cross sell of financial services. We continue to partner with various financial institutions to enhance and widen our financial service offerings.

Regulatory Update

FDI approval for Payment Aggregator (PA) License

The Government of India, Ministry of Finance, Department of Financial Services, vide its letter dated August 27, 2024, approved downstream investment from One 97 Communications Limited (OCL or the Company) into a wholly owned subsidiary, Paytm Payments Services Limited (PPSL). Post the FDI approval, PPSL has resubmitted its PA application to the Reserve Bank of India (RBI). While we await the RBI approval for onboarding of new online merchants, PPSL continues to provide payment aggregation services to its existing online merchants.

Awaiting NPCI Approval for UPI customer onboarding

The Reserve Bank of India, in its press release dated February 23, 2024, advised the National Payments Corporation of India (NPCI) to examine the request of One97 Communication Ltd (OCL) to become a UPI Third-Party Application Provider (TPAP) for the continued operation of the Paytm app and to minimize concentration risk in the UPI system by incorporating multiple payment app providers. It further instructed NPCI that the '@paytm' handles should be migrated seamlessly from PPBL to a set of newly identified banks to avoid any disruption.

Subsequently, NPCI granted approval to OCL (Paytm) to participate in UPI as a TPAP under the multi-bank model. This allows us to directly participate in UPI customer business as TPAP like other popular UPI apps in the industry.

We have completed the migration of 13.5 crore UPI customers to the OCL (Paytm) TPAP app in partnership with leading banks like SBI, HDFC Bank, Axis Bank, and Yes Bank. As a result of this migration, along with natural churn and a hold on new UPI user addition, our MTU base has declined from 7.8 Cr in Q1 FY 2025 to 7.0 Cr in Q2 FY 2025 (6.8 Cr in September). While we are working on retaining and reactivating these 13.5 Cr customers , new UPI customer onboarding is pending approval of NPCI.

Once given opportunity and permission from NPCI to onboard new UPI customers, we plan to go ahead with marketing to get sizable market share of UPI customer transactions. This in turn will help serve the purpose of minimising concentration risk in the UPI system.

Completed transaction to sell our entertainment ticketing business

During the quarter, we completed the transaction to sell our entertainment ticketing business to Zomato Limited. The final price, after working capital adjustments, was ₹2,014 Cr, leading to gains of ₹1,345 Cr, which is reported under the exceptional items in the P&L. This transaction has resulted in further strengthening our balance sheet with a cash balance of ₹9,999 Cr.

Key Focus Areas

We are focusing on the following areas to drive sustainable growth and profitability:

- **Compliance-first:** Stringent focus on a compliance-first approach across our businesses
- **Merchant payment innovations:** Continue to be a market leader with merchant payment innovations, including new devices and aggregation of various MDR-bearing payment instruments
- **Customer acquisition:** Currently focusing on reactivating customer base; Committed to aggressively acquire UPI customers post receipt of NPCI approval
- **Cross sell:** Increase high margin financial services revenue by expanding financial services partners
- **Leverage AI to reduce costs:** Continued automation of various operations to reduce costs

Financial Update for quarter ending September 2024 (Q2 FY 2025)

Payment Services: Capitalizing on a large opportunity

In Q2 FY 2025, payments revenue was ₹981 Cr, up 9% QoQ, led by increase in GMV, focus on monetisation and increase in merchant subscriptions. No UPI incentive was received during the quarter as it gets paid in Q4 of the financial year.

Net payment margin was higher by 21% QoQ at ₹465 Cr. Net payment margin is comprised of:

1. Payment Processing Margin:

In Q2 FY 2025, GMV was ₹4.5 Lakh Cr, up 5% QoQ. In this quarter, in addition to focusing on growth of GMV, we were able to significantly improve payment processing margin. We continue to expect Payment processing margin (including UPI incentive) to be in the range of 5-6 bps for the year.

2. Subscription revenues:

As of September 2024, merchant subscriptions were 1.12 Cr. Our subscription revenue growth was driven by a higher active subscriber base.

New subscription paying device merchant sign ups has exceeded January 2024 levels. Our plan is to pick up inactive devices and redeploy them after refurbishment, which helps us reduce capex. When we pick up inactive devices, our merchant count reduces. We plan to continue reactivating merchants and redeploying inactive devices to new merchants over the next 2-3 quarters. This will lead to higher active merchant base and higher revenue.

We see additional monetisation opportunities on Soundbox. For example, we have piloted advertisements through Soundbox which seamlessly integrate branding between companies and consumers. Paytm has partnered with several brands, including Meesho, Coca-cola, Mondelez and Dabur, among others for Soundbox Ads.

Financial Services: Cross sell of loans, wealth and insurance products to the payment customers

In Q2 FY 2025, revenue from financial services and others was ₹376 Cr, up 34% QoQ. Strong revenue growth was because of increase in collection bonus in merchant loans and higher share of merchant loans which have higher take rate. Our equity broking, insurance broking and MF distribution continues to do well.

As explained earlier, we see a large opportunity to monetise our payment customers (consumer and merchant) by cross selling financial services. In this quarter, 6.0 Lakh customers availed financial services, which has a large headroom for growth.

Loan Distribution

We have seen better collection efficiencies due to growth in mobile payments among our merchants, leading to higher GMV throughput which in turn has resulted in higher collections. This has resulted in higher collection bonus during the quarter.

There is increased interest and comfort from existing as well as new lenders to expand the partnership due to better asset quality trends and higher demand from our merchants. Following the regulatory framework, and the emerging market practice, we see increased willingness from lenders to partner and allocate more capital in the Default Loss Guarantee (DLG) model. DLG model will help to increase disbursements with the existing partners and expand partnership with new lenders for the loan distribution.

From August 2024, we have started distributing merchant loans under the DLG model with one of our partners. The outstanding AUM amount for this portfolio as on 30th September 2024 is ₹1,651 Cr. Given the strong interest from our partner and merchants, we have taken the board approval to provide DLG of up to ₹225 Cr (including DLG provided in Q2 FY 2025) over time with this lending partner.

Basis expected credit loss (ECL) model, entire cost of DLG has been taken upfront, however the revenue will accrue over the life of the loan (other than sourcing revenue which is booked up front). Hence, there will be higher upfront costs and higher revenue over the life of the loan.

We will be making necessary disclosures regarding DLG, i.e, AUM by portfolio on the website every quarter. Further annual disclosures shall be made with regard to: a) Reconciliation of charge and liability on ECL allowance on financial guarantee contracts, b) details of outstanding loan portfolio c) Outstanding lien against DLG etc. in the annual financial statements.

The value of Merchant Loans distributed during the quarter was ₹3,303 Cr, versus ₹2,508 Cr in Q1 FY 2025. About 50% of loans distributed are to repeat borrowers. Considering the collection bonus will depend on the asset quality of the loans distributed under DLG model, after a couple of quarters, we will disclose the portfolio performance metrics only for loans given under DLG.

The value of Personal Loans distributed in Q2 FY 2025 was ₹1,977 Cr versus ₹2,500 Cr in Q1 FY 2025. The reduction is on account of tightening risk policies by lenders, which is consistent with industry-wide trends. We continue to expand partnership with banks & non-banks. We see long term opportunity in this space as a) our lending partners will want to increase distribution when credit cycle eases; b) we continue to add more partners (including banks) and c) increase in MTU will improve the funnel further.

Insurance Distribution

Our focus remains on product innovation for seamless distribution and claims experience for our merchants and consumers. On the health front, we are offering differentiated products that combine Health Insurance, Healthcare, and OPD benefits.

Equity broking and Mutual Fund distribution

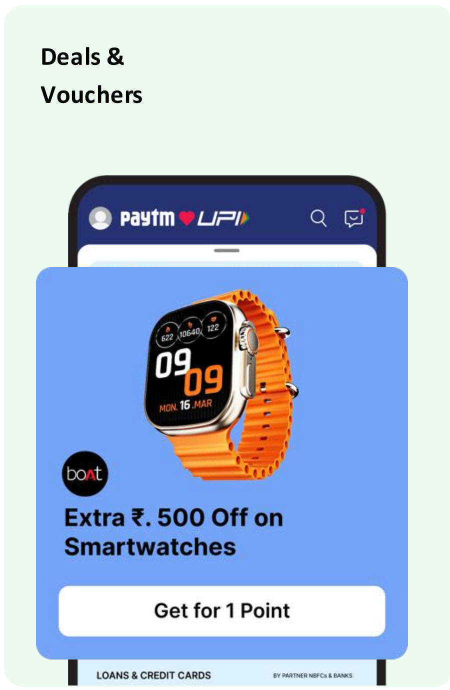
Our Equity Broking and Mutual Fund distribution business continues to scale well. We are also expanding the distribution of mutual funds by leveraging SIPs and other wealth management products.

Marketing Services: Driving additional monetization from Merchants

We enable merchants to do more commerce activities and these various offerings are consolidated under marketing services. Our Marketing Services business primarily includes advertising, travel ticketing, credit card distribution, and deals & gift vouchers.

In Q2 FY 2025, Marketing Services revenue was ₹302 Cr, lower QoQ due to sale of entertainment ticketing business and lower MTU. During the quarter we sold our entertainment ticketing business to Zomato and the deal was consummated on August 27, 2024. Hence, revenue from entertainment ticketing business till August 27, 2024 is included in the revenue. For Q2 FY 2025, marketing services revenue excluding entertainment ticketing business was ₹268 Cr.

- The GMV for ticketing, deals & gift vouchers, etc., was ₹2,383 Cr. QoQ decline in GMV was largely on account of seasonality of the events business. We continue to see strong momentum in the travel segment.
- Credit card distribution continues to scale, with 13.8 Lakh activated credit cards as of September 2024, compared to 8.7 Lakh last year. While the long-term prospects of this business are strong, issuers are currently taking a cautious stance, which is evident in slower growth for the industry. We have added 5 partners in the last 3 quarters.



Revenue and Contribution Profit

Operating revenue of ₹1,660 Cr, up 11% QoQ. Contribution profit of ₹894 Cr, a growth of 18% QoQ. Contribution margin without UPI incentives has expanded to 54%, despite including DLG cost in this quarter. It has improved due to higher payment processing margin, and growth in high margin financial services revenue. We expect the same contribution margin trends will continue.

- Payment processing charges were flat QoQ at ₹517 Cr, despite strong growth in payments revenue.
- Promotional cashbacks & incentives declined 35% QoQ to ₹29 Cr, which is less than 1bps of GMV, due to lower promotional activity. We anticipate this to increase once we start onboarding new customers.
- Other direct expenses increased 19% QoQ to ₹220 Cr largely due to cost towards DLG. Excluding DLG costs, it declined due to efficiency gains across businesses.

Indirect Expenses

For Q2 FY 2025, Indirect Expenses (excluding ESOP cost) were ₹1,080 Cr, down 17% QoQ (down 221 Cr QoQ), primarily on reduction of non-sales employee costs, cost efficiencies across businesses and absence of certain one-off expenses (as described in the last quarter).

We are early adopters of AI and it has helped us improve the productivity of our tech teams materially. Implementation of AI across businesses has helped us bring down employee cost by 23% from Q3 FY 2024 while improving efficiencies and making us leaner.

Indirect Expenses (Qtr ending)

(in ₹ Cr)	Sep-23	Jun-24	Sep-24
Cost of building platform: Employee (excluding sales)	560	482	385
Cost of expanding platform:	427	401	353
Marketing	180	177	125
Sales employees	247	224	228
Software & Cloud expenses	155	182	158
Other indirect expenses	130	236	184
Total Indirect Expenses	**1,273**	**1,301**	**1,080**

Going forward, cost discipline will continue to be our key focus area. Given the market opportunity, we will continue to invest in sales employees and marketing to drive growth in merchants and consumers, which will further drive growth of the platform.

Employee cost has come down by 13% QoQ, higher than our guidance of 5-7% decline. Marketing cost declined QoQ, as we had spent more in Q1 FY 2025 to create awareness regarding our new partnerships in the payments business as TPAP. While we will remain prudent on the marketing spends, it may increase once we start onboarding new UPI customers. Software, cloud and data centre expenses have also declined QoQ as Q1 FY 2025 expenses were higher owing to one-time charges relating to the migration to the TPAP model. Other indirect expenses have also come down 22% QoQ as Q1 FY2025 had certain one-off expenses and provisions.

EBITDA and Profit After Tax

Our Q2 FY 2025 EBITDA for the quarter was ₹(404) Cr, an improvement of ₹388 Cr QoQ, on account of growth in revenue, cost optimisation (direct as well as indirect cost) and reduction in ESOP costs on account of ESOP lapses at the time of employee separation during the quarter. We expect ESOP costs to reduce materially going forward (detailed schedule of future ESOP cost is given later). EBITDA before ESOP was ₹(186) Cr, an improvement of ₹ 359 Cr from Q1 FY 2025.

Profit after Tax (PAT) of ₹930 Cr, including exceptional gain of ₹1,345 Cr on account of sale of entertainment ticketing business.

Capex

Capex for H1 FY 2025 was ₹97 Cr, versus ₹477 Cr in H1 FY 2024 and ₹336 Cr in H2 FY 2024. Lower capex is largely on account of reduction in cost of devices, use of refurbished devices for redeployment (cost of refurbished devices are included in other indirect costs) and lower deployments.

Cash Balance

Our cash balance is ₹9,999 Cr as of quarter ending September 2024, as compared to ₹8,108 Cr as of quarter ending June 2024. The above excludes Paytm Money Ltd (PML) customer funds of ₹449 Cr for June 2024 and ₹412 Cr for September 2024. On a QoQ basis, the increase in cash balance (excluding change in PML customer funds) was primarily on account of ₹2,014 Cr cash received during the quarter towards the sale of entertainment ticketing business.

ESOP Cost and ESOP Pool Schedule

Q2 FY 2025 ESOP cost was lower at ₹218 Cr, on account of ESOP lapses at the time of employee separation during the quarter.

ESOP Cost (As on October 18, 2024)

(₹ Cr)	Q1	Q2	Q3	Q4
FY 2025	247	218	267	213
FY 2026	184	178	104	101
FY 2027	98	90	28	26

ESOP Pool Schedule

As of Oct 18, 2024	(in Cr.)
Basic shares outstanding	**63.7**
ESOPs vested and unexercised	0.2
ESOPs granted and unvested	3.5
ESOPs available for distribution	0.6
Estimated fully diluted shares	**67.9**

The above table illustrates expected ESOP cost for all ESOPs granted so far, as of October 18, 2024. The cost assumes all granted ESOPs are vested and no new ESOPs are granted. For any lapses of unvested ESOPs, normally on attrition, the cost of unvested ESOP recorded so far is reversed in that quarter. Actual charges might be different based on incremental issuances as well as lapses. For new ESOP grants, the total estimated charge would be the 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. Movements of share price after the date of the grant do not affect the ESOP charge for already granted ESOPs.

Summary of Consolidated Financial Performance

Particulars (in ₹ Cr)	Quarter Ended					Half Year Ended		
	Sep-24 (Unaudited)	Sep-23 (Unaudited)	YoY	Jun-24 (Unaudited)	QoQ	Sep-24 (Unaudited)	Sep-23 (Unaudited)	YoY
Payments & Financial Services	1,322	2,071	(36)%	1,164	13%	2,486	3,988	(38)%
Payment Services	946	1,499	(37)%	884	7%	1,830	2,895	(37)%
Financial Services and Others	376	571	(34)%	280	34%	656	1,094	(40)%
Marketing Services	302	423	(29)%	321	(6)%	623	828	(25)%
Other Operating Revenue	36	24	47%	16	124%	52	43	20%
Revenue from Operations	**1,660**	**2,519**	**(34)%**	**1,502**	**11%**	**3,161**	**4,860**	**(35)%**
Payment processing charges	517	817	(37)%	517	0%	1,034	1,583	(35)%
As % of GMV	0.12%	0.18%	(7) bps	0.12%	(1) bps	0.12%	0.19%	(7) bps
Promotional cashback & incentives	29	73	(60)%	44	(35)%	73	158	(53)%
Other direct expenses	220	203	8%	185	19%	405	389	4%
Total Direct Expenses	**766**	**1,093**	**(30)%**	**746**	**3%**	**1,512**	**2,130**	**(29)%**
Contribution Profit	**894**	**1,426**	**(37)%**	**755**	**18%**	**1,649**	**2,730**	**(40)%**
Contribution Margin %	54%	57%	(276) bps	50%	356 bps	52%	56%	(402) bps
Indirect Expenses	**1,080**	**1,273**	**(15)%**	**1,301**	**(17)%**	**2,381**	**2,493**	**(5)%**
Marketing	125	180	(30)%	177	(29)%	302	361	(16)%
Employee cost (Excl ESOPs)	613	807	(24)%	706	(13)%	1,319	1,537	(14)%
Software, cloud and data center	158	155	2%	182	(13)%	340	310	10%
Other indirect expenses	184	130	41%	236	(22)%	419	286	47%
EBITDA before ESOP cost	**(186)**	**153**	**(221)%**	**(545)**	**(66)%**	**(732)**	**237**	**(408)%**
Margin %	(11)%	6%	(1,730) bps	(36)%	2,511 bps	(23)%	5%	(2,803) bps

Summary of Key Operational Metrics

Operational KPIs	Units	Quarter Ended			
		Sep-24 (Unaudited)	Sep-23 (Unaudited)	YoY	Jun-24 (Unaudited)
GMV	₹ Lakh Cr	4.47	4.50	(1%)	4.26
GMV (Continued Business)*	₹ Lakh Cr	4.47	3.81	17%	4.26
Merchant Transactions	Cr	991	912	9%	900
Total Transactions	Cr	1,109	1,091	2%	1,023
MTU (average over the period)	Cr	7.1	9.5	(25)%	7.8
Registered Merchants (end of period)	Cr	4.2	3.8	12%	4.1
Value of personal and merchant loans distributed	₹ Cr	5,280	7,202	(27)%	5,008
Payment Devices (cumulative; end of period)	Lakh	112	92	21%	109
Average number of Sales Employees	#	30,104	35,349	(15)%	31,607
Cost of sales employees (including training)	₹ Cr	228	247	(8%)	224

*Continued business excludes disrupted products such as Wallet, Postpaid etc

Indicative Performance Metrics for Loan Distribution (Sep 2024 quarter)

	Merchant Loans
Bounce Rates	NA
Bucket 1 Resolution %	80% to 87%
Recovery Rate Post 90+	30% to 35%
ECL%	4.75% to 5.25%

Loans are underwritten and booked by our lending partners in their balance sheets. Paytm acts as a collection outsourcing partner and the numbers are hence indicative of those efforts

Reconciliation of EBITDA before ESOP with Profit / (Loss) for the period

Particulars (in ₹ Cr)	Quarter Ended					Half Year Ended		
	Sep-24 (Unaudited)	Sep-23 (Unaudited)	YoY	Jun-24 (Unaudited)	QoQ	Sep-24 (Unaudited)	Sep-23 (Unaudited)	YoY
EBITDA before share based payment expenses (A)	**(186)**	**153**	**(221)%**	**(545)**	**(66)%**	**(731)**	**237**	**(408)%**
Share based payment expenses (B)	(218)	(385)	(43)%	(247)	(12)%	(465)	(761)	(39)%
Finance costs (C)	(3)	(7)	(53)%	(4)	(21)%	(8)	(14)	(45)%
Depreciation and amortization expense (D)	(179)	(180)	(1)%	(178)	0%	(357)	(339)	5%
Other income (E)	175	144	21%	138	27%	312	267	17%
Share of profit/(loss) of associates/joint ventures (F)	4	1	378%	(1)	(431)%	3	(17)	(117)%
Exceptional items (G)	1,345	(6)	nm	0	nm	1,346	(6)	nm
Income Tax expense (H)	(9)	(13)	(30)%	(2)	493%	(10)	(17)	(39)%
Profit / (Loss) for the period/year (J=sum of A to I)	**930**	**(292)**	**(419)%**	**(840)**	**(211)%**	**90**	**(650)**	**(114)%**

Breakup of available Cash and investable balance (Net Cash Balances)

Particulars (in ₹ Cr)	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Cash and Bank Balances in Current Accounts (Net of Borrowings)	1,831	1,873	3,976	2,327	2,254
Deposits with banks	4,203	4,443	2,329	3,486	3,617
Current Investments (Mutual Funds and Commercial Papers)	2,719	2,584	2,345	2,743	4,540
Total Balances	**8,754**	**8,901**	**8,650**	**8,557**	**10,410**
Paytm Money Ltd (PML) customer funds	319	462	339	449	412
Total Balances (excluding PML funds)	**8,435**	**8,439**	**8,311**	**8,108**	**9,999**

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)	Number of unique users in a particular calendar month who have successfully completed a transaction on the Paytm App or have used the Paytm for Business App
Net Payments Margin	Payments revenues (including other operating revenue) less payments processing charges
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 expenses & logistics, deployment & collection cost of our businesses

Pioneer of India's mobile payment revolution

Paytm is India's leading mobile payments and financial services distribution company. Pioneer of the mobile QR payments revolution in India, Paytm builds technologies that help small businesses with payments and commerce. Our mission is to serve half a billion Indians and bring them to mainstream of economy with help of technology.

Q2 FY 2025 Earnings Call

Please join for our Earnings Conference call for the shareholders, investors and analysts to discuss financial results of the Company for the quarter ended September 30, 2024.

22nd October 2024
05:00 PM – 06:00 PM

Pre-Registration

Download the report at
ir.paytm.com

By reading this release you agree to be bound as follows:

This earnings release 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 earnings release 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 earnings release 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, summarized 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 earnings release 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 earnings release. We do not assume responsibility to publicly amend, modify or revise any information contained in this earnings release on the basis of any subsequent development, information or events, or otherwise. This earnings release 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 as on the date such 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 earnings release, if any, are correct or that any objectives specified herein will be achieved.

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

Notes and Disclaimers for Earnings Release

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 earnings release 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 earnings release.

Use of Operating Metrics

The operating metrics reported in this earnings release 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.

Non-GAAP Financial Measures

In addition to our results determined in accordance with Ind AS, we believe the following Non-GAAP measures are useful to investors in evaluating our operating performance. We use the following Non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that Non-GAAP financial information, when taken collectively with financial measures prepared in accordance with Ind AS, may be helpful to investors because it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance. However, our management does not consider these Non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with Ind AS.

Non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with Ind AS. Non-GAAP financial information may be different from similarly-titled Non-GAAP measures used by other companies. The principal limitation of these Non-GAAP financial measures is that they exclude significant expenses and income that are required by IndAS to be recorded in our financial statements, as further detailed below. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these Non-GAAP financial measures. A reconciliation is provided below for each Non-GAAP financial measure to the most directly comparable financial measure prepared in accordance with Ind AS. Investors are encouraged to review the related Ind AS financial measures and the reconciliation of Non-GAAP financial measures to their most directly comparable Ind AS financial measures included below and to not rely on any single financial measure to evaluate our business.