

AFFLE/SE/ECT/Q1/2025-26

August 04, 2025

To

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	National Stock Exchange of India Ltd Exchange Plaza, 5th Floor, Plot No. C-I, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051
Scrip Code: 542752	Symbol: AFFLE

Sub: Transcript of the Earnings Conference Call for the first quarter ended June 30, 2025 conducted on July 28, 2025 at 10:00 AM (IST)

Dear Sir/ Madam,

Please find enclosed the detailed transcript of the Earnings Conference Call conducted on Monday, July 28, 2025 at 10:00 AM (IST) to discuss the results and developments for the first quarter ended June 30, 2025.

The same is also available on the Company's website at <https://affle.com/investor-relations>.

Please note that the audio recording of the Earnings Conference Call was submitted vide our letter Affle/EC/2025-26/Q1 dated July 28, 2025.

Submitted for your information and records.

Thanking you,

Yours Faithfully,
For Affle 3i Limited
(Formerly known as Affle (India) Limited)

Parmita Choudhury
Company Secretary & Compliance Officer

Affle 3i Limited

(Formerly known as Affle (India) Limited)

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Affle 3i Limited

Q1 FY2026 Earnings Conference Call

July 28, 2025



Management:

- 1) Mr. Anuj Khanna Sohum - Chairperson, Managing Director & Chief Executive Officer of Affle 3i Limited
- 2) Mr. Kapil Bhutani - Chief Financial & Operations Officer of Affle 3i Limited

Analyst: Mr. Karan Taurani - Elara Securities India Private Limited

This transcript has been edited to improve the readability

Moderator: Ladies and gentlemen, good day and welcome to the Affle 3i Limited Q1 FY2026 Earnings Conference Call, hosted by Elara Securities India Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’, then ‘0’ on your touchtone phone. Please note this conference is being recorded.

I now hand the conference over to Mr. Karan Taurani. Thank you and over to you, sir.

Karan Taurani: Good morning, everyone. On behalf of Elara Securities, we welcome you all to Q1 FY2026 Conference Call of Affle 3i Limited. I take this opportunity to welcome the management of Affle 3i Limited represented by Mr. Anuj Khanna Sohum, who is the Chairperson, MD and CEO of the company. We also have Mr. Kapil Bhutani, who is the Chief Financial and Operations Officer of the company.

Before we begin with the discussion, I would like to remind you that some of the statements made in today's conference call may be forward-looking in nature and may involve some risks and uncertainties. Kindly refer to Slide 23 of the company's earnings presentation for a detailed disclaimer.

I'll now hand over the call to Mr. Anuj Khanna Sohum for his opening remarks. Thanks and over to you, Anuj.

Anuj Khanna Sohum: Good morning everyone and thank you for joining the call today. I trust all of you are keeping in good health.

We started this financial year with the significant launch of our Affle 3i vision and our strategic action plan with the goal to deliver 10X decadal growth.

In Q1 FY2026, we exceeded all our performance benchmarks to record our highest-ever quarterly Revenue, EBITDA, PAT and consumer conversions. We delivered revenue of INR 6,207 million, a growth of 19.5% y-o-y. Our focused execution on higher productivity and continuous innovation enabled us to achieve highest-ever EBITDA of INR 1,397 million and a 239 basis points EBITDA margin expansion on a y-o-y basis and 33.7% y-o-y growth in our EBITDA. Notably, it marked our 5th consecutive quarter of sequential margin expansion and it resulted in 37.6% y-o-y growth in our PBT from Operations

(excluding Other Income). We achieved the highest-ever PAT of INR 1,055 million, a growth of 21.8% y-o-y. Our CPCU business drove 107 million conversions at a CPCU rate of INR 58.0 and we earned CPCU revenue of INR 6,200 million, an increase of 19.8% y-o-y.

This performance stems from our strategic investments in intelligent platform solutions and our ongoing efforts to integrate AI deeply across our operations, augmenting the authentic intelligence of our teams & systems to drive greater outcomes.

We continue to demonstrate strength across our markets. India & Global Emerging Markets together contributed 72.3% to our revenue and grew by 18.1% y-o-y. The market tailwinds remain intact affirming our positive outlook for continued growth momentum.

Developed Markets registered 23.3% y-o-y growth and contributed 27.7% to our revenues. This growth is driven by our deeper customer engagements and local direct sales, resulting in the continued addition of new account logos and a sustained growth trajectory. Our localized operating structure across all regions will keep us insulated from direct exposure to ongoing tariff developments or broader macroeconomic uncertainties.

Further with our diversified footprint across markets, verticals and use cases, we remain naturally hedged. Our overall growth momentum remains strong!

We have enhanced our platform capabilities with integration of Opticks AI into Affle's unified Consumer Platform Stack - a capability we showcased during our Investors Day in April 2025 and we have begun rolling it out to our premium clients. Opticks AI is our advanced gen-AI-powered creative engine that generates hyper-personalized, performance-focused ads, generating contextual experiences in real-time. We also achieved a significant milestone by becoming an Apple-certified partner, reinforcing our credentials in delivering privacy-first, ROI-driven growth advertising on iOS.

We received a new patent grant in India, marking our 14th Patent grant to date, further enhancing our comprehensive tech IP portfolio. The patent titled "Method and system to detect advertisement fraud", augments our fraud detection capabilities across a plurality of connected devices and reinforces our focus on delivering quality user conversions for advertisers globally.

This quarter, we have featured 3 customer approved case studies in our presentation. The first case study highlights our Opticks AI powered hyper-contextual strategy to maximise conversions for quick commerce in India. The second highlights our privacy-first performance in scaling device ID-less acquisition of iOS users, accelerating financial inclusion across LATAM. The third focuses on our Gen AI-led vernacular strategy that strengthened brand leadership and significantly boosted first-time purchases for a large omnichannel retail brand in Africa.

Affle continues to be recognized as a tech thought leader in the industry. We were ranked among the Top 5 Tech Platforms in the MMA Smarties Business Impact Index across India & Indonesia, as well as we won top honors including 16 awards across various programmatic CTV categories at the CTV Asia Symposium.

With conversions-driven solutions, we are shaping the connected digital ecosystem with precision, scale and intelligence. Our differentiated CPCU model, strong strategic moat and focused localized execution positions us well to exceed the growth expectations in FY2026.

With that, I now hand over the discussion to our CFO - Kapil Bhutani, to discuss the financials. Thanks and over to you Kapil.

Kapil Bhutani:

Thank you Anuj. Wishing everyone a good day and hope all of you are keeping safe and well.

We have commenced FY2026 on a strong note, continuing our growth trajectory from previous years.

I would, at the outset, like to take you through our key performance metrics on a consolidated basis. We delivered y-o-y growth of 19.5% in our Revenue from operations, 33.7% growth in our EBITDA and 37.6% growth in our PBT from Operations, i.e., excluding the Other Income. This was driven by broad-based momentum across industry verticals in both India and international markets.

We concluded Q1 FY2026 at a consolidated revenue of INR 6,207 million, surpassing our robust Q4 topline by 3.1% sequentially.

On a standalone basis, India revenue grew by 21.9% y-o-y and 6.1% q-o-q, while on an adjusted basis, our India revenue increased by 18.6% y-o-y and 7.2% q-o-q. This performance reaffirms the sustained demand of our platform

offerings and our ability to deliver at scale, while maintaining a prudent operational discipline.

India & Emerging Markets together contributed 72.3% while Developed Markets contributed 27.7% of our revenues during the quarter.

We continue to enhance productivity by scaling our platform operations and strengthening our intelligent automation capabilities. These initiatives, combined with sustainable revenue growth, have significantly strengthened our operating fundamentals.

As a result, we posted EBITDA of INR 1,397 million, an increase of 33.7% y-o-y and 4.3% growth sequentially. We achieved an EBITDA margin of 22.5%, representing a strong 239 basis point expansion over Q1 last year.

Coming to Opex, our Inventory and Data Cost stood at 60.9% of Revenue from operations. This was broadly in line with our previous quarters, while we continued our platform calibrations on premium inventories and deeper ecosystem-level partnerships.

Our employee costs increased by 4.4% sequentially on account of annual release of appraisals and bonuses in few geographies, while y-o-y growth was marginal at 3.8%, driven by our efficient integrated team strategies and adoption of AI-supported workflows.

Other expenses stood at 6.8% of our revenues, declining by INR 31 million on a sequential basis. Even with increase in marketing and trade promotion expenses as per plan to support our continued growth initiatives, the decline in Other Expenses is attributed to the broad-based efficiencies across other miscellaneous expense categories, including the benefit of the Equalization Levy.

We achieved a Profit Before Tax (PBT) of INR 1,292 million, reflecting a growth of 21.2% y-o-y and 4.3% q-o-q. Notably, if we exclude other income and solely analyse our core operating performance, the underlying growth is even more pronounced.

Our Profit After Tax stood at INR 1,055 million, an increase of 21.8% y-o-y and 2.4% q-o-q. Our PAT margin improved to 16.5% of the Total revenue, up from 15.9% in Q1 last year. On a sequential basis, we maintained our PAT margin despite a higher Effective Tax Rate (ETR) of 18.3%, compared to 16.8%

in Q4. The lower ETR in Q4 was due to the recognition of deferred tax in that quarter.

We continue to prioritize efficient working capital management and as such there were no material changes in the collection risk.

Grounded in disciplined financial and risk management, along with efficient execution, we are well-positioned to capitalize on the market opportunities to deliver sustainable growth through FY2026 and beyond.

With this, I end our presentation. Let us please open the floor for Questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We take the first question from the line of Karan Taurani from Elara Capital.

Karan Taurani: Firstly, congratulations to the management for a great set of results. My question was particularly in terms of EBITDA margins. In the last 8 quarters, we have seen a consistent improvement in EBITDA margins and that's not been on the back of gross margins. They've held on, but it's been more in terms of the efficiencies around the cost side.

I am trying to get some color here in terms of outlook, where are we in terms of operating efficiencies? What is the headroom here for margin improvement from a medium-term perspective? What is the management aspiring as a band for EBITDA margins? What will actually drive this? Is it AI initiatives, cost containment or growth?

Anuj Khanna Sohum: We have already provided the medium-term goal of achieving around 23% EBITDA margin and we are clearly inching towards that on a q-o-q basis. As you already mentioned, over the last several quarters, we have seen margin expansion.

It is an overall efficiency that we are seeing in the organization across different markets and geographies. As I mentioned, our structure is localized on how we are executing in different markets. There is a clear mandate that every single employee in the company has to be upgraded in terms of the authentic intelligence, where there has to be a day-in & day-out adoption of AI across all functions and roles in the organization. Starting from me to the top management, everybody is leading here by example.

We are absolutely driving greater productivity. For those of you who have attended our Investor Day in early April, we showcased some of those

capabilities, not just how we are impacting consumer experiences with AI, but also how we are looking at driving greater efficiencies for the advertisers and how we are driving efficiencies internally for all employees in the company using AI across the board.

You would see margin expansion happening on all of those accounts across the key stakeholders where we are making AI an effective tool for us. Also, expanding the strategic moat of the organization in terms of how we are keeping ourselves future ready with our product innovations is an area which is adding to our competitive moat. You will see that trickling down to the margins consistently going forward.

Moderator: The next question is from the line of Anmol Garg from DAM Capital.

Anmol Garg: Congratulation on a good set of numbers. A couple of questions. Firstly, I wanted to understand if currently we are charging for OpticksAI or it will act as a complementary product to bring more volumes from new and the existing customers?

Anuj Khanna Sohum: We have an integrated consumer platform stack as we go into the market, called the unified consumer platform stack. OpticksAI has an advanced Gen AI-powered creative engine which is already deeply integrated within our stack. Now, how we charge our customers? It is for conversions. We are driving conversions for them and I believe the business model of CPCU conversion-led business model is staying intact.

These capabilities are essentially enhancing Affle's platform's ability to deliver hyper-personal, hyper-contextual experiences to the consumers, thus driving better conversions for the advertisers. Whether in terms of volumes or in commanding better pricing or getting higher lifetime value users to get converted; and effectively achieving both in terms of higher volumes of conversions as well as incremental pricing.

As you would see, the CPCU pricing has been consistently inching up. Now we had the aggregate price of INR 58 for the 107 million conversions that we achieved in the last quarter. All of this is part of keeping our platforms future-ready and enhancing our competitive moats in the market. As our volume of business is growing, our pricing is also inching upwards. I believe this is a sign of a quality platform, defining and shaping the digital ecosystem.

Anmol Garg: Understood. Secondly, I wanted to understand that how should we think about the margins currently in both India and Developed markets? It would

be great if you can give a breakup of that? Also, what is the percentage of R&D expenses within our cost in the P&L right now?

Kapil Bhutani: We don't break down the margins on geographies as a target. We have a broad-based target guidelines for our Business Unit heads to attain a certain margin profile. Our sustained margin is coming from all geographies.

Coming on to the question of R&D, we don't call it R&D expense, but rather we call it development expense. It is in line with the previous quarter. It's hovering around INR 4 million for this quarter also, and there is no significant increase expected.

Anmol Garg: Right. Kapil, just wanted to understand that how should we think about the levers going ahead on the margins - whether the margin expansion going ahead would come from India or Developed markets? Or would it be more of the operating leverage in the overall business?

Kapil Bhutani: As mentioned in my previous answer, we are looking for broad-based margin expansions across all business units. All business units have their own EBITDA targets. There's no particular preference that we should aim for margin expansion from any particular geography. As an organization, we are wired to get operational efficiencies from each business units, whether it is in India or whether it is developed markets or whether it is Platform A or Platform B. Our focus is broad-based margin expansion, not from any particular geography, vertical or platform.

Anmol Garg: Understood. Anuj, one last question , for this FY2026 should we expect growth to be above 20% like we have guided earlier?

Anuj Khanna Sohum: Thanks for that question. Look, we are deeply growth-oriented and a bottom-line sensible organization. We are looking at an organic, sustainable, consistent growth pattern of about 20% on the revenues. Our goal in the medium term is to achieve about 23% EBITDA margin as we continue our margin expansion goals. Given how FY2026 has started in Q1 and also how the trends are shaping up so far at the end of July in Q2, I believe we are on a good track right now.

The overall confidence that we are deriving from this when we started this quarter of this financial year, none of us would have predicted that there would be a war situation in India or the escalations in the Middle East. Some of us could have predicted some tariff-related concerns at macroeconomic level. But all of this, the way it panned out or even the airlines-related

concerns, a lot of these things can impact sentiment, it can impact advertisers' thinking in a particular short-term period.

Even with these events we certainly did not factor in when we started this financial year or this quarter, we have still delivered the quarterly results that we are presenting to you today. It shows that we are extremely resilient. I am proud of the way our team is executing and the competitive moat and the resilience of our platforms. The CPCU business model even in tougher geopolitical macroeconomic situations continues to show resilience.

With the first 3 months already reported today for this financial year, for July, we can already see that we have a pretty consistent growth momentum at this moment, which should yield us a good outcome for FY2026. That's why our commentary is that this is sustainable and we are confident about beating expectations.

Moderator: The next question is from the line of Arun Prasath from Avendus Spark.

Arun Prasath: Can you give a broad-based commentary on what industry categories which are doing very well? I know most of your categories are probably doing very well, but any category you would like to specifically call out, which is showing some signs of slowdown or some kind of macro headwinds? And which other categories are turning around and may offset the sectors slowing down?

Anuj Khanna Sohum: The way we categorize our businesses is category E, F, G and H. We are seeing strong momentum in category E as well as in category G. We have not seen any pullback or slowdown possibly with some of the global factors that I mentioned in response to the earlier question. Had those not been there, we could have done more. We take the current results in line with our expectations & plans and in fact exceeding that. Categories E and G were obviously continuing on a good growth momentum.

We are also resilient in category F and H. There could be cases where some customers, due to their own internal factors or due to macroeconomic factors may shift budgets from 1 quarter to another and so on. But in terms of the medium-term and long-term trends across categories E, F, G, H, we see broad-based growth and momentum across all the geographies and we are pushing with direct sales and deeper customer engagements in each of these markets locally.

We are only increasing our efforts in these areas. I would expect the trends to continue, given that this last quarter was a challenging time from an

overall macroeconomic or geopolitical position and the results are quite strong and the momentum continues to be strong.

So, in categories, E and G, we see strong growth momentums. In category F and H, we see still good resilience coming from our base of customers and we are only increasing that.

Arun Prasath: Just a follow-up Anuj. Within category F and H, there are so many subcategories for an outsider like us to track. It would be helpful if, within the subcategories, you can call out for us to be able to track it from our side.

Anuj Khanna Sohum: Fair enough. When I talk about category F, in terms of resilience, in fintech, for example, it's a sensitive category where people will delay decisions to maybe do some investments or delay some decisions to take some loans. I believe fintech is a category where we were positive about the resilience even against the headwinds.

Similarly, in health care, hospitality, travel and transport. In all of these situations when there is war, airports are shut, travel and airlines' plans are changing. Even with all of that, we have seen good resilience because we are naturally hedged in terms of covering ourselves across different geographies or different use cases.

We are able to make sure that whatever budgets are available in fintech, hospitality, they should prioritize going to us because we are a conversion-led platform. We are resilient in these categories which one could have said were more vulnerable in these times. But even in this quarter, we were resilient in them.

Arun Prasath: Understood. My second question is on the margins. I think we heard you and Kapil articulating about the margins. Just if I have to zoom out and think ahead a little bit, at some point of time, the operating leverage that you're seeing, probably your competition will also catch up. Do you see any risk to the gross margin itself, because this operating leverage with higher margins, if taken at overall industry level, could be reflected in the higher CPI/CPM bid rates, in the future. So should we trade with caution that probably the gross margin can contract, which will offset the operating leverage at the EBITDA margin level? Is it the right way to think from say, fairly 3 to 4 years period of time?

Anuj Khanna Sohum: Not a right way to think. Maybe since you talked about zooming out, let me help you have a visualization of how zooming out would look in our case and

in our industry. On one side of ecosystem are the advertisers and on the other side of the ecosystem are the consumers. Now let's look at the consumers. All of us are spending increasingly more time on our devices and specially with AI/ Gen AI, the dependency on our digital devices and usage for all kinds of things is only increasing.

Therefore the time spent on the devices and the screen time is increasing disproportionately. Consumers across the world are becoming increasingly comfortable transacting online and the average value of those transactions is also going up. Consequently, the advertisers, who are spending their money specifically on our kind of business model, which is a conversion-led business model, they are seeing that the average lifetime value of a digital consumer is actually going up because there is more volume of conversions. The average value of those conversions is also going up because digital consumption and transactions are actually increasing and the comfort is increasing with the consumers.

When we look at emerging markets like India, Latin America or even Middle East, Africa or Southeast Asian Emerging markets, we are seeing a lot more consumers still coming online. There are still millions or hundreds of millions of more people coming online. The ones that are already online, they actually are spending well. Their comfort is increasing and they're also going for higher-value transactions online.

Hence, the advertiser is seeing a higher value user coming to them. Consequently, the willingness to pay at a CPCU price rate is already seen in our trend lines. The CPCU price is going up. When you zoom out and you want to look at it this way, then see, will people do more conversions online? The answer is yes.

Will the average value of those consumer transactions also go up? The answer is yes. Therefore, our ability to price it effectively with the advertiser also goes up and we should be able to defend that for many years going forward.

Arun Prasath: Okay. I largely understood. But just one follow-up on this topic. Now with the operating leverage playing out, is there any sensitivity to the growth? Now can you sacrifice some margins and deliver higher growth? Or is it decoupled at this point of time?

Anuj Khanna Sohum: Well, if we decide to compromise on pricing or margins and go for higher revenue growth, we can certainly do that. We could have done it all along in

the last 5 to 10 years. What is stopping that? It is the DNA of our organization. Our organization, across a decade plus more since inception until now, is wired across the board for bottom-line sensible, quality revenue-based growth and expansion.

There are so many scenarios where we reject customers' revenue. A sales team would go out and say we have this campaign, can we run it? Our team would look at it and say that this is not likely to deliver or will not have the right kind of margin performance. It's not the right quality of revenue. Investing time or our algorithms in learning and optimizing those campaigns may not be worth it.

Therefore, we do say no to revenue if we don't see it as a high-quality revenue and if we don't see it as contributing margins. Now will this philosophy change in the organization? I doubt very much, and why should we change it? There is enough quality revenue to pick, which is going to help us get to about 23% EBITDA while delivering 20% organic growth overall.

There is no reason for us to compromise our pricing or to dilute the strength of our DNA. It is rare to find in digital businesses that a company is bottom-line sensible and conservative on its balance sheet as well. We will continue to be like that.

Moderator: The next question is from the line of Vijit Jain from Citi.

Vijit Jain: Congratulations on a good set of numbers. You mentioned you became Apple-certified partner this quarter. If you can talk about how that exactly impacts your ability to win new business? Are there particular categories within E, F, G, H where it is especially useful. If you could elaborate on that? That's my first question.

Anuj Khanna Sohum: Affle's track record as a company is stellar as we have been in this business for over 20 years now and constantly bringing future-ready innovations. We are 1 of the 4 certified partners globally listed on Apple's website, and we all know that Apple is very careful on who they partner with, who they promote, who they kind of see as their partner. It enhances the trust and the credibility quotient for our advertisers globally. It enhances the pride and spirit of the employees saying that this is a great organization.

We are already fundamentally great. It's not that the certification is changing us. The certificate is just another credential that is validating who we already are. Then when we go out, win awards and industry thought leadership

positions across the markets, whether it's on a particular use case or another, it enhances our ability and strategic moat to grow not just revenues, but also respect with our customers.

Our ability to charge better, our ability to retain customers and grow customers better increases. We are basically winning trust and credibility and thought leadership through such credentials.

Vijit Jain:

Got it. Anuj, my second question is, if I look at both Google and Facebook, they are massively investing in their Gen-AI infrastructure. If I see Google's results and with them moving on to ad AI mode, it looks like ad loads are going to be fewer and they'll probably deliver higher conversions.

So my question is, for you, will ads served by you on Google and Facebook going to generally rise, given these companies clearly have a leadership in Gen AI on a global scale?

Anuj Khanna Sohum:

An advertiser spends their budget, just like when your investment fund looks at investing. For all the last 20 years since I've been leading Affle, I've seen that the advertisers would say that they park aside a certain budget that they spend on these large walled gardens like Google or Meta. Then they have a separate budget that they are spending on non-Google and non-Meta platforms.

So far, I have not been asked the question that why should I run the campaign on Affle when I can maybe run it on Google or Meta? That's not a question the advertisers ask to us. As far as our continued growth trajectory is concerned, think of it as a parallel growth trajectory. The non-Google and the non-Meta advertising budgets are increasing at least at par, if not faster than the Google, Facebook part of the ecosystem.

Then, ours is a consumer platform and we have a deep integration with Google and Facebook as well. We are fully capable of taking our advertisers' budgets and telling them instead of spending on Google and Meta directly, you can go through our platform. This is the consumer who you want to target and drive conversions from. Let Affle optimize the campaign to get this consumer conversion for you, irrespective of whether the consumer is showed an ad on Google or Meta or in a longtail chess app that this user plays.

For an advertiser, it makes a lot of sense to consider that. Increasingly, we are seeing scenarios where we are able to win some of those budgets. Google

and Meta don't mind that because we are essentially channelling it on their platform. So, they are seeing it as an integrated partner with them.

However, this is a very small part of our business today. We see this as an area of growth, not an area which is on a competitive lens causing any issues to the non-Google, non-Facebook part of our business because those budgets are earmarked separately. The industry, for the last 20 years, has operated in the same manner.

Vijit Jain: Got it. My last question. On the Developed market outlook, with all the trade deals happening at the start of the quarter, there would have been a lot of uncertainty. You've talked about India business also having a lot of headwinds in the quarter in general?

But with that, India and Emerging markets have actually accelerated in growth in the quarter versus the last few quarters when it had decelerated to about 16%. You have 18%+ now. In general, would you say both these engines, the Developed Market as a separate engine and Emerging markets & India market as a separate engine are looking up from here?

Anuj Khanna Sohum: Yes. At the moment, I would say our confidence has obviously grown because even with all the geopolitical macroeconomic headwinds, we achieved what we achieved in this quarter. At the start of the quarter, one could not have predicted all these headwinds and the way they shaped up. So, we are very confident.

Other than the results, I believe it's the ongoing momentum that we see and the spirit within the team and the pipeline, all of those indicators continue to be strong and resilient across all markets.

Moderator: The next question is from the line of Rahul Jain from Dolat Capital.

Rahul Jain: Most of it has been answered. Anuj, if you could share some color on the Developed Markets. You highlighted some of the uncertainty part, but how we need to see this annual growth? Will it be more skewed toward Emerging markets versus the way it was in the previous year where it was Developed markets-led?

Anuj Khanna Sohum: The 20% organic growth on revenue with about 23% EBITDA margin mid-term goal is a realistic achievable position from where we see and assess the market situation and the momentum at this moment. In terms of developed

markets, again, we are covering multiple verticals and many advertisers in those verticals. Our base is still small while the addressable market is large.

We are able to achieve our goals, whether from new budgets, new customers, new budgets from existing customers or taking competitive budgets from existing competitors to our advantage. All of these levers are at play. We are competitive in terms of winning the business that we need to win. Given that the base is small, our competitive moat and differentiation in what we bring to the market is quite evident.

The credentials that we carry, we believe that we will be able to achieve our goals. In Developed markets as well as in Emerging markets, we are continuing to see positive momentum. Therefore, getting to 20% overall is defensible for this financial year.

Rahul Jain: Lastly, for Kapil. There were some savings that we have drawn on the Other Expenses side. Can you share if these things are sustainable? Or there was some element of savings specific to this quarter?

Kapil Bhutani: Some part of the savings is long-term due to benefit of Equalization Levy while certain discretionary expenses or savings might go up and down. But largely, we will be in line with what we have done in this quarter. One part of the savings is sustainable because of the Equalization Levy.

Rahul Jain: Any increase in annual investment on platforms that we might see in FY2026 and the expected run-rate?

Kapil Bhutani: We mentioned in our last call that we'll be not increasing our capital outlay on the platform development expenses until we have any inorganic acquisition. But for organic platforms, we don't expect additional outlay of budget as compared to last year.

Moderator: The next question is from the line of Swapnil Potdukhe from JM Financial.

Swapnil Potdukhe: I had a couple of questions. The first question is on the market environment in India. It seems that Trade Desk has become quite active of late. What I hear is like they've hired few senior management people. They also seem to have onboarded one of the leading quick commerce player as their client. The same quick commerce player was earlier working with us. So from that perspective, I just wanted to understand how things are for you in India currently?

Anuj Khanna Sohum: Thanks for that question. Look, when the market is attractive and India is a big attractive market and the fact that we are doing well here, it will certainly attract some of the global competitors here as well.

Having said that, I think our competitive moat in India is coming from multiple dimensions. One, we are present across verticals. Two, our engagement is deeper with our customers. We have direct customers and you would have noted that we give this statistic that about 75% of our overall revenues is from direct customers. If you look at the Trade Desk reports, not just perhaps in India, but globally, their business is very agency led. I think about 80% of their business or more comes from ad agencies. So there is a difference there. The third being on the CPCU model, we have deeper integrations with our customers and deeper data integrations, first-party data integrations with our customers.

All of these insights for the India market have been honed and built into our platform over many years. Then, our best people are fronting the business functions in India, whereas for somebody like a Trade Desk, clearly, their R&D and data science teams or the AI teams are not building models or shifting models for India or Emerging markets. India is very small part of their business.

Comparing their tech moat versus ours, I would believe it will be weaker for them. Obviously, they're not putting their best people to come and fight against our people in India in a competitive sense. They have hired some people, but I would think that it's just something that they need to do to tell their public market investors in the U.S. that they are expanding in India.

But really in terms of competitive moat, I feel confident that if we have to go and compete with Trade Desk in any direct customer engagement, chances are that we will be successful in more cases than not. There could be cases where they would win, but the market is large enough for us to compete well and to achieve our goals.

Finally, I believe the unit economics of working in India are harsh. For Trade Desk to make this into a profitable market, I would be happy to challenge them on that. They are putting a tick box at the moment that they are doing something in India, but I don't believe that they are on a strong footing for us to be worried or challenged by them at the moment.

Swapnil Potdukhe: Got it. The second question is on your medium-term revenue growth forecasting. You did mention 20% revenue growth is possible in FY2026. But if I were to just take a medium-term perspective of next 3 to 4 years and especially given that Emerging markets & India have been growing less than 20% for a decent period of time now. So, how do we see the revenue growth trending post FY2026? Because at some point of time, your Developed market growth could see some moderation. The base effect that you called out will catch up at some point of time and possibly your growth will narrow down to the broader market growth there. If taking a medium-term view, is that 20% growth sustainable, especially given Emerging markets and India are consistently growing less than 20% right now?

Anuj Khanna Sohum: I believe it is sustainable because the base is still small and the addressable market is very large. We are seeing new dimensions of addressable market as we're expecting that in Emerging markets, we will also see gaming as a vertical becoming stronger over a period of time, which it is not at the moment. When we look at Developed markets, gaming is a stronger vertical there.

We are going to see some high volume and value verticals growing and becoming important in these markets, which have not been factored in your analysis. We are going to see market expansion and more growth coming in certain verticals than what is factored in at the moment. I'm pretty confident that achieving overall 20% growth is the minimum that I would model the company at for the next 3 to 4 years or even longer.

We have already stated in our commentary, and started this financial year or rather our third decade by clearly stating our strategic action plans to achieve a 10x growth. To mathematically get to 10x growth, even if we take the whole of 10 years for that would at least require 20% organic growth and then augment that with inorganic growth, which we have the muscle power to execute on and the patience to wait for the right deal to execute on that.

A combination of organic growth at 20%, defended by the fact that the addressable market is very large, there are many levers of growth yet to be tapped into for the future. The fact that we will also be looking at inorganic selectively but surely, will certainly give us the kind of growth momentum we're looking for. Your question was only for the medium term, 3 to 4 years, but we are taking a decade-long view to this, and we are pretty confident that we should find that kind of growth along the way.

Moderator: The next question is from the line of Deepak from Sundaram Mutual Fund.

Deepak: My first question is slightly long-term in nature. You must be aware that GroupM recently stated that they are going under a major organizational restructuring exercise. The remarks made by the CEO was that it will likely impact about 45% of its U.S. workforce. Now partly we believe why this is happening is because of how AI is disrupting the agency model in terms of creative work as well as ad campaign execution.

Keeping this context in mind and since about 25% of our revenue comes from ad agencies, do we see any impact for us in terms of growth trajectory? Or is it that I should read this that our share of campaign budgets, which we get through ad agencies of advertiser space in that and in future that our direct-to-customer revenue mix will likely go up with increasing wallet share from their budget to us because of all the disruption, which is happening in this agency model?

Anuj Khanna Sohum: Right. First of all, whether it is an advertiser that comes and contracts directly with us or whether it is an advertiser who comes and contracts with us through their agency, for example, it could be any of the big agency groups or otherwise, we always ensure that we have direct deep relationships with the end advertiser. Our teams, our engagement or the tech integrations that we do for getting the conversion data points with the advertisers has to be directly with them. The endpoint tech integration will always be with the end advertiser.

We see the agency groups as an important partner because they play in the same ecosystem. So having them as a partner, as a friend, is important. We are never going to influence an advertiser and say don't go to that agency and come to us directly.

But every channel by itself is rightsizing, restructuring or having any relevance issue with a particular customer, that customer will not stop spending on digital advertising. Hopefully, if they were to say that they don't want to work with an agency or they want to go direct and they approach us or also conversation leads to that, we would see a shift from the proportion of revenue that's coming from agencies to where it is coming today.

The fundamental question should be that, are the advertisers going to keep spending on digital, whether through agency or directly? I believe the answer

is more in our favour today that we're already doing about 75%+ of our revenues directly with our advertisers.

We should be less impacted versus if I linked it to the earlier question from the analyst at JM Financial. Somebody like a Trade Desk where about 80% of their revenue is through agencies because the whole team, the sales organization, the DNA of the organization is to deal with and through an agency with their advertisers, they will see a much bigger challenge in this kind of transition.

In fact, in none of our management meetings, this is a point of discussion that the big agencies are restructuring, what should we do? Our natural orientation in the market, our internal organization is naturally ready to serve our advertisers as the endpoint. We will be sensitive to the agencies who are going through a tough patch to see how we can still be their friend in this time as far as possible, but that doesn't impact our ability to earn revenues from the end advertisers.

Moderator: The next question is from the line of Ashwin Mehta from Ambit Capital Private Limited.

Ashwin Mehta: Congrats on good numbers. Anuj, any early sense in terms of how advertising spends in India are shaping up ahead of the holiday season that we see in the second half?

Anuj Khanna Sohum: In terms of the holiday season, let's just say with Raksha Bandhan around the corner, we're already seeing some positive tailwinds from the advertisers in India. We are confident that the trend lines for the festive season would be in line with the seasonality trend where the quarter 3 will certainly be higher than quarter 1 and 2 and should be higher in similar sort of sequential percentage range that we are used to seeing.

It's still early to be start talking about October, November, December quarter. But I believe there's nothing which should dampen that or should suddenly make it an even more exceptional sort of seasonality spend. It should be in line with the natural course of business that we have seen.

But yes, seasonality does affect advertising in a positive way. Festive seasons or big events where audience engagement is high or the audience spending is high, the advertising tends to go up. Raksha Bandhan is already a positive for this quarter. In Q3, we expect things to be like we have always seen, where Q3 should be the highest.

Ashwin Mehta: My second question is in terms of any updates on acquisition plans? Are we near to consummating something? What are the areas that we are looking at?

Anuj Khanna Sohum: You've seen our track record over the many years since we became a listed company. We have done acquisitions and integrated them successfully. The last acquisition we did was over 2 years ago and clearly, the integrations have all been successful, therefore leading to almost 1.5 years now since the acquisitions plus organic growth of around 20%.

The confidence in the team is high. We have been evaluating, but we are waiting for the right time, right pricing and the right candidate. In fact, there are two sides to this macroeconomic situation. On one side, everyone was worried, what's going to happen with the war happening, with the trade-tariff wars and other wars happening. But at the same time, we are mindful that when things get tough, we may find more attractive pricing for acquisitions.

We are sitting and working appropriately. At any given time, we are evaluating anywhere between 5 to 10 companies which we watch for many years. We will still wait for the right time. We are not going to make an expensive acquisition. Our acquisition strategy, as you have noted in the last five transactions that we would have done, is always very consistent, and that hasn't changed.

There is no pressure that let's just go and acquire something even if there is a higher price to be paid. We can wait. And it's not like we are waiting. We have the ability to build in-house. We are a strong tech organization. We can build for our future, for sure. If we find the right thing to buy versus building, we will at the right price at the right time. We are actively evaluating, but I will not give you any short-term or medium-term guidance on it. When it happens, we will certainly report to the markets.

Ashwin Mehta: Thanks for the details. Just one clarification from Kapil. So Kapil, what is the reason for the Other Income falling over the last 3 to 4 quarter and the fact our cash has been rising?

Kapil Bhutani: We had certain write-offs of liabilities on the acquisition side in Q1 last year. There is a dip from there, but income from investments or placements of idle funds is almost similar to Q4 sequentially. The slight dip in Other Income from Q4 is on account of exchange adjustments of various assets.

Moderator: The next question is from the line of Samarth Patel from Equirus Securities.

Samarth Patel: Congratulations on a good set of numbers. I think you touched upon the Equalization Levy and savings because of that. But on the revenue side, by removal of the Equalization Levy, I think advertisement cost on global platforms for Indian businesses have declined and which should have freed up some sort of digital marketing budgets. Do you expect this shift to benefit us? How should the dynamics play out here? If you can just double click into that, that would be really helpful.

Kapil Bhutani: This equalization change is universal for all players in the market, whether they are on performance marketing or non-performance marketing. It doesn't create any additional leverage. It's equalized for every participant in the market. But yes, this gives us a certain amount of savings to deploy in our growth activities.

Moderator: The next question is from the line of Lokesh Manik from Vallum Capital.

Lokesh Manik: My question is on OpticksAI. If you can give a sense of more on the qualitative side rather than quantitative, what would be the penetration of this new technology in our current campaigns in this quarter, just to gauge how the new products or technologies that we are introducing and how they are scaling?

Also just a suggestion, if you could include that in the forthcoming presentations as well. I understand for competitive reasons, you can't quantify it, but just to gauge maybe on a percentage term, 5%, 10%, what is the integration with the current campaigns?

Anuj Khanna Sohum: Thanks for that question. In my discourse earlier, I did mention that we have already integrated OpticksAI as part of our consumer platform stack and that we have already rolled it out to some premium customers. We also have shared a case study of one of our customers. Out of the 3 case studies, one of them is an OpticksAI-focused where we are showcasing how we're able to create ad assets on the fly based on the different deals with different offers or different products & pricing that the customers are offering on the fly, creating those digital assets.

We also have another case study where we're talking about the vernacular impact where we are able to create dynamic vernacular content, keywords and more around it. OpticksAI is fully integrated from a tech stack perspective. Of course, it is going to go through ongoing enhancements and capabilities, etc. But as it stands today, it is fully integrated in our core

platform. Depending upon campaigns and customers, it will be deployed and used through our platform in most cases automatically and in some cases, selectively.

I think it's one step at a time. It's a matter of rolling it out globally within our teams, making customers more aware. It's already been used in many campaigns, but it's not been surfaced. It's already part of the core engine and the core platform. I would say it's almost 100% integrated. In terms of rollout to customers, I think we are seeing impact of it already on a qualitative basis, and we have shared the case studies.

Should we quantify what percentage has been rolled out? I think this is not something that we are pushing or tracking, but we would expect it to be 100% adopted across all campaigns within the course of this year or beyond. I don't think that it needs a specific tracker. We should be confident that it is necessary in every campaign.

In every campaign, you want to achieve hyper contextual experiences for the consumers. If we can achieve it through our technology, there is no reason to limit it. The advertiser in this case is not going to have a discretion to say whether I want OpticksAI or not. It is an Affle inherent, internal, deeply integrated platform capability that must be part of our conversion-driven platform.

It's not something that you should be concerned about in terms of adoption tracking. It's not a case of whether the customers will accept the upsell or not. It is going to be part of everything that we do and it will enhance our capabilities, and for the consumer, giving better experiences, driving higher conversions and hopefully enhancing our competitive moat. It started to happen in the first quarter itself.

Lokesh Manik: Great. That was very detailed. My second question was just a clarification. This creatives that you create with OpticksAI or the content that you create, the IP remains for the content with Affle or is it with the advertiser?

Anuj Khanna Sohum: We are fundamentally enhancing the content and the creatives. Now of course, we don't pass those ad units or creatives back to the advertiser to say to go and run it anywhere else. But the content and the creative is specific to an advertiser to be running on our platform. It's not like they will say that I have made this ad unit or this asset that has been made by Affle for their campaign conversions.

Now they might say, give me that asset I will go and run it on somewhere else as well. One could get into that. But at the moment, this is not how it works. Is it going to be called that this is IP belonging to us? Obviously, not. The tech stack, the tech IP belongs to us but the creative asset is the product of the advertiser that we are enhancing through our tech.

It is a shared commercial understanding that we have made this for driving conversions on our platform. Therefore, to that extent, it should be used only on our platform. It does enhance our competitive moat, but I wouldn't go to the extent of saying that it's become our IP on the content and the creative side.

Moderator: The next question is from the line of Onkar from Shree Investments.

Onkar: As you have already alluded to your acquisition strategy that there is no hurry, but one thing is for sure that your return on equity is taking a hit because of all this? I mean, what do you have to say on that?

Anuj Khanna Sohum: Well, my short-term answer is that we should do the right thing at the right time at the right price and we should not take any pressure. If some metric is getting impacted for a short period of time, we would be sensitive to it, but still do the right thing at the right time. We are alert to it and are always actively working on that.

Onkar: Just a follow-up on that. As you have said that for this decade, you are targeting around 10x growth. Organically, it is possible to grow 20% for next 4-5 years. On top of that, you add about 5% to 6% kind of inorganic growth to the overall thing. So, in order to go 10x in 10 years, you need to do about 25%-26% overall growth.

But in the long term, that means in 10 years, is it possible to do organic growth of 20% and on top of that, the inorganic growth you are mentioning, so collectively, around 25% growth for 10 years?

Anuj Khanna Sohum: We have shown that in our track record over the last many years that we do acquisitions well. We are actively working, actively doing due diligence on many opportunities. Essentially, I'm telling you also about the timing of when to do it. We wait for the right moment to do the acquisition.

What are the criteria for the acquisition? One, the company that we acquire should be able to keep pace out. We will only acquire a company that we believe will be able to get to around 20% EBITDA, and we can grow it about

20% y-o-y on the top line. This 20/20 rule has to be absolutely sacrosanct. Therefore, the acquisition strategy then modelled together with our organic growth of around 20%, I believe would sustain beyond the 3 to 5 years that most of us are talking about.

The math of it is that in the next 5 to 10 years, how many acquisitions would we do? Let's say, at least 1 every 2 years. If we do 1 acquisition every 2 years based on this criteria and modelling, I believe that the 10x growth would happen faster. If you look at the last 5 years track record of the company, we did achieve 10x growth.

I am now saying that let's put a 10-year plan for 10x growth and let's be a bit more conservative, given we are bigger versus who we were before. But even relative to the market size, we're still quite small. I am pretty confident about our 10x growth plan, and it is anchored on organic growth of 20% being sustained. Then there are incremental inorganic additions, which will add step changes to where we are, but those step changes should also sustain at 20% continuous growth.

Therefore, we need to be selective about what we buy. The last thing you want us to buy is something that adds some inorganic number to us, but it doesn't deliver the long-term growth going forward. It's super important that we do the right inorganic acquisition and not be under undue pressure for ROE and metrics at this moment. I believe what's right for the business needs to be done.

You need to be taking comfort in the fact that we are actively working on that. It's not like we are sitting comfortably and saying, okay, the cash is in the bank, and we are anyways growing at about 20%, so what's the rush. That is not our DNA. We are aggressive in the market. Also, if you look at ad tech, overall, globally, who is today a qualified buyer in ad tech to buy any other competitor.

I think Affle is one of the only ones, which has very little debt, a significant amount of cash, a track record of doing acquisitions and is openly stating that I will do acquisitions. Our criteria of acquisitions is also clearly stated. Anybody who wants to sell their company in ad tech today knows that they have to knock at Affle's door, whether it's an investment banker in Japan or in US or whatever. Any company that is appointing anybody to say I'm selling, we're all knocking at Affle's door.

We have a strong case to have the first right to pick what we want to acquire. We are watching carefully and we will do the right thing at the right time. I want to give you that confidence as well as assurance.

Onkar: Just one clarification I needed. How much is the cash on the book currently?

Kapil Bhutani: Please refer to the earnings presentation. It's mentioned there.

Moderator: The next question is from the line of Sanjay Ladha from Bastion Research.

Sanjay Ladha: Congratulations on a good set of numbers. My question is, are we moving ahead from mobile to other digital platforms or we want to remain as a mobile advertisement company? The other platform would be TV, desktop or any other platform? Are we moving to this direction?

Anuj Khanna Sohum: We are calling ourselves consistently as a consumer platform and the label of ad tech or digital or mobile comes with it.

Now, why is mobile such a dominant part of our discourse? It is because the consumer platform that we have and the consumers, people like you and me, are so disproportionately on our mobile phone. You would be surprised to know that about 90% of my time on digital device is on the mobile phone, and maybe 10% to 20% time on connected TV. But this will change and the dynamics might change.

Now wherever the consumers' attention and eyeball is, Affle as a consumer platform stack will necessarily incorporate that. If you look at our discourse, as we are a connected devices platform including CTV, wearable devices, as everybody ends up having smart watches or other wearables or even embedded technologies on our consumers, Affle would address all of those. We are a connected devices platform and in that sense, digital. But we are mobile-first and anchored on the mobile device because the consumers are anchored on that.

If tomorrow, all of us decide that we won't use mobile devices, we'll use something else, Affle will absolutely, as a consumer platform, focus on those devices or those kinds of experiences. We will follow the consumer trends. For the last two decades, the single most important device has been Mobile and I would say for the next 5 years, it will continue to be that way.

Connected TV is becoming an important device. The wearable devices trend is also on the uptick. We are a connected devices platform, deeply anchored

on mobile and connected TV at this moment and future-ready, future-proof, with all our innovations, taking a broader sense for what other devices might come going forward.

Moderator: Thank you. Due to time constraint, we take that as the last question. Now, I would like to hand the conference over to the management for closing comments.

Anuj Khanna Sohum: Thank you for a highly engaging discussion on our earnings call today and for your belief and continued support to Affle 3i. We have completed 6 years of being a listed company and with that, we have reported to you 24 quarters of public listed company results and consistently showed the track record of sustained momentum towards growth; not just in numbers, but also in terms of intellectual property capabilities and future readiness of our platforms.

We remain resilient and exceptionally hard-working to deal with any scenarios going forward. We are looking forward to achieving 10x growth in this decade. Please stay tuned and we look forward to having you all at the next earnings call as well. Thank you!

Moderator: On behalf of Elara Securities India Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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