Affle/SE/ECT/Q4/2024-25 May 19, 2025

To

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

Sub: Transcript of the Earnings Conference Call for the fourth quarter and financial year ended March 31, 2025 conducted on May 12, 2025 at 10:00 AM IST

Dear Sir/ Madam,

Please find enclosed the detailed transcript of the Earnings Conference Call conducted on Monday, May 12, 2025 at 10:00 AM IST to discuss the results and developments for the fourth quarter and financial year ended March 31, 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/2024-25/Q4 dated May 12, 2025.

Submitted for your information and records.

Thanking you,

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

Parmita Choudhury
Digitally signed by Parmita Choudhury
Date: 2025.05.19 20:05:03 +05'30'

Parmita Choudhury
Company Secretary & Compliance officer

Affle 3i Limited

Q4 & 12M FY2025 Earnings Conference Call

May 12, 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. Anmol Garg – DAM Capital

This transcript has been edited to improve the readability

Moderator: Ladies and gentlemen, good day and welcome to the Affle 3i Limited Q4 & 12M FY2025 Earnings Conference Call, hosted by DAM Capital. 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. Anmol Garg from DAM Capital. Thank you, and over to you, sir.

Anmol Garg: Thank you Manav. Good morning everyone. On behalf of DAM Capital, we welcome you all to Q4 & 12M FY2025 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; and Mr. Kapil Bhutani who is Chief Financial and Operations Officer of the Company.

Before we begin 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 the Slide 26 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. Thank you 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.

It is with immense pride that on April 5, 2025, Affle stepped into its third decade of transformational growth as Affle 3i Limited. This represents our forward-looking vision anchored on three core pillars of Innovation, Impact and Intelligence.

Our Affle 3i strategy is powered by the third i - the Augmented, Authentic and Actionable Affle intelligence embedded across our Affle 3i consumer platform stack. We envision to scale our impact exponentially, unlocking intelligent use cases for advertisers and expand our addressable market multiple times while achieving hyper contextual personalization for consumers and enhanced productivity for our teams.

Over the last 7 years since we filed our DRHP in 2018, we have achieved over 13x growth in both topline & profitability and delivered remarkable value creation for all our stakeholders. In FY2025, we achieved revenue growth of 23.0% y-o-y, PAT growth of 28.5% y-o-y and our CPCU revenue increased by 28.3% y-o-y.

As global digital spend continues to rise, the shift towards performance-centric advertising is becoming even more pronounced unlocking robust growth opportunities across our key verticals and markets. With a solid foundation of two decades behind us, we are aiming for 20%+ growth in FY2026, as we pursue a mid-term 10X growth target.

In Q4 FY2025, we exceeded our performance targets and achieved our highest quarterly revenue run-rate, highest EBITDA, PAT and CPCU conversions till date. We delivered revenue of Rs. 6,023 million, a growth of 19.0% y-o-y. Our focused execution on higher productivity and continuous innovation enabled us to achieve highest-ever EBITDA of Rs. 1,340 million and a record 289 basis points EBITDA margin expansion on a y-o-y basis. We also achieved highest-ever PAT of Rs. 1,031 million, a growth of 17.8% y-o-y. Our CPCU business delivered 104 million conversions at a CPCU rate of Rs. 57.8 and we earned CPCU revenue of Rs. 6,007 million, an increase of 19.2% y-o-y.

It must be noted that Q3 is generally the highest quarter for advertising budgets and Q4 typically sees a sequential seasonal dip between 5-10% after the peak of the festive quarter. However, Q4 FY2024 was atypical and we beat the seasonality trend for the first time last year. Viewed in this context of seasonality and atypical Q4 FY2024, India and Global Emerging markets were resilient in Q4 FY2025 and on an adjusted basis contributed 71.1% of our revenue in Q4 FY2025, representing 15.9% y-o-y growth vs the atypical Q4 of FY2024. Our adjusted performance trend is along the sustainable 20% y-o-y growth trajectory across India and Global Emerging Markets.

In Q4 FY2025, we once again managed to beat the seasonality trend overall as we outperformed in Developed Markets. On an adjusted basis, Developed markets outperformed and achieved 9.7% sequential growth in Q4 and contributed 28.9% of our revenues in Q4 FY2025, representing 27.3% y-o-y growth.

Our overall growth is accelerated, particularly through our aggressive sales efforts across all regions resulting in consistent addition of new account logos. Our consistent trajectory highlights the strength of our business model and the expanding relevance of our platforms as we penetrate deeper across high-growth verticals. We are unlocking new avenues for expansion across all markets and strengthening our position as a trusted results-driven partner, operating locally across all key regions and closely aligned with the evolving needs of digital advertisers.

We remain committed to investing in next-gen technologies that enhance the efficacy of conversion-driven marketing while fortifying our AI-powered consumer platform stack. We are proud to have recently received a new patent grant in both US & India, marking our 13th Patent grant to date, further enhancing our comprehensive tech IP portfolio. The patent titled "Method and system for application installation and detection of fraud in advertisement", augments our fraud detection capabilities and underscores our dedication to delivering transparent, high-impact user conversions for advertisers globally. Additionally, we received another patent grant in India which was already granted to us in the US for "Method and system for application installation and interaction during a podcast".

This quarter, we have included 3 customer approved case studies in our presentation. The first case study highlights our unique AI-powered capabilities in scaling the acquisition of high LTV premium iOS users. The second case study highlights our success in making urban mobility more efficient in developed markets with use of hyper-relevant automated creatives strategy to achieve high ROIs and the third focuses on the e-commerce & shopping vertical enabling deep funnel conversions focused on repeat purchases in global emerging markets.

Affle continues to be recognised as a tech thought leader in the industry and we became the first company to present 100 live AI agents at the Bombay Stock Exchange on 8th April 2025. We registered the adjudicated records from both the Asia and the India Book of Records. Further, our Platform was recognized as a top growth partner for both android & iOS across 10 categories and a top ROI-driving partner in Singular's ROI Index 2025, as well as we won multiple other awards at E4M Martech and at ET Brandequity DigiPlus Awards.

Lastly, as also discussed in the previous quarter, to strengthen our governance, we have been onboarding new independent directors progressively since last year as part of planned transition plan for the directors completing their term in 2025. This process continued in the current Board meeting with an approval to appoint two new independent directors.

We remain steadfast in our commitment to upholding best-in-class governance practices and ensuring a strong, diverse and independent Board to guide our continued growth and Affle 3i vision.

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. Good morning and hope all of you are keeping safe and well.

We concluded FY2025 on a strong note, delivering an all-around performance with a robust growth in all four quarters. For the full year on a consolidated basis, we achieved revenue of Rs. 22,663 million, representing an increase of 23.0% y-o-y. This was driven by broad-based momentum across key industry verticals across both India and international markets.

In FY2025, our EBITDA stood at Rs. 4,832 million, registering a growth of 34.2% y-o-y at a margin of 21.3%. It demonstrated our continued focus on profitable and efficient growth.

We achieved operating cash flow of Rs. 4,260 million, registering a strong growth of 62.4% y-o-y. This significant increase reflects our strong operational execution and sustained focus on cash generation.

We recorded FY2025 PAT at Rs. 3,819 million, an increase of 28.5% on a y-o-y basis despite an increase in our Effective Tax Rate.

Speaking of Q4 quarter, our consolidated revenue stood at Rs. 6,023 million to register a robust growth of 19.0% y-o-y. This quarter while we witnessed usual seasonality in India and emerging market combined, we maintained our India revenue run-rate broadly at par with what we achieved in Q3 on both standalone basis and adjusted basis.

We recorded EBITDA of Rs. 1,340 million, increasing by a robust 36.7% y-o-y and 2.0% q-o-q. Our EBITDA margin improved to 22.2% of the revenues, up from 19.4% margin in Q4 last year.

Coming to Opex, our inventory and data cost was 60.6%, showing a marginal improvement over Q4 last year, driven by operational efficiencies. Our employee cost increased by 1.3% sequentially, but declined 2.9% y-o-y. This was primarily driven by past investments in integrated team strategies as well as adoption of intelligent automation and AI-supported workflows. These measures have contributed to more scalable operations and helped normalize our human resource costs.

Our expenses stood at 7.5% of our revenues and declined by Rs. 44.7 million on a q-o-q basis. This was primarily driven by higher business promotion activities in Q3, which saw a natural tapering in this quarter.

We achieved profit before tax of Rs. 1,239 million during the quarter, an increase of 23.7% y-o-y. Our profit after tax stood at Rs. 1,031 million, marking an increase of 17.8% y-o-y and 2.8% q-o-q. Our PAT margin improved to 16.6% of the total revenue, up from 16.4% in Q4 last year.

We continue to prioritize efficient working capital management and as such, there was no material change in our collection risk.

Building on our proven track record of innovation and impactful execution, strengthened by our strategic initiatives and robust financial position, we remain confident in our ability to capitalize on the emerging market opportunities. We are well-positioned to sustain our strong business momentum through FY2026 and beyond.

With this, I will end the presentation. Let's open the floor for questions.

Moderator: Thank you very much, sir. We will now begin the Q&A session. We have our first question from the line of Anmol Garg from DAM Capital. Please go ahead.

Anmol Garg: A couple of questions. Firstly, it's impressive to see that in a seasonally weak quarter, we have maintained similar revenue run-rate as the last quarter. I wanted to understand what has led to the strong growth in the developed markets during the quarter? Secondly, you said that we can do 20%+ growth in FY2026 as well. Would this be again more accelerated by developed markets or do you think that both India and developed markets will grow in line?

Anuj Khanna Sohum: Thanks Anmol for your question. I did highlight in my commentary that it's atypical for a company focused on advertising to do at par or better in Q4 versus Q3. Now we believe that our performance across India & global emerging markets have been in line with the expectations. There is some seasonality effect for sure. Diwali, New Year, Christmas, all such festivals in October, November, December, definitely gives a boost to the consumer sentiment spending.

Therefore the advertisers target a lot more budgets in Q3. So, as an aggressive company, we are always trying to beat that trend. Now in a 20-year history, the only time we managed to beat that was in FY2024. This year, we were actually not expecting to beat it, but we were seeing positive trends of the momentum that we had built last year in terms of pushing for greater sales and greater opportunities in the North America region and developed markets in general.

We saw that momentum carry us through, not only with existing customers, but also in terms of winning new customers and continuing the growth momentum. Of course, the base in developed markets is relatively smaller for us. Hence, it was easier to tide over the pullback effect of the seasonality.

Now this is just one quarter. When we look at it on an adjusted basis - in India, global emerging markets or developed markets and try to understand our trend, normalizing it for any anomalies or atypical behavior in the last year, we see that there is a consistent pattern and we can sustainably aim for around 20% growth in FY2026. We are not calibrating this growth one way or the other, whether in favor of developed markets or India & emerging markets. We believe that in all our regions and verticals, we will be pushing for this kind of balanced growth across the organization. Our plans and budgets for FY2026 are made with that thesis in mind. I don't want to pivot in favor of one or the other. We want to see broad-based growth and we are working hard towards that. We believe we can achieve it.

Anmol Garg: Understood. Just to clarify, is this 20% growth organic?

Anuj Khanna Sohum: Yes. I believe we may consider selective and carefully picked acquisition targets through this year, but what we are talking right now is organic growth.

Anmol Garg: Understood. My second question is for Kapil. I wanted to understand that for FY2025, we have seen a lot of rationalization in our employee expenses. Now going ahead, do you think that we still have the tailwind from employee expenses or can we get some leverage from the data and inventory cost as well?

Kapil Bhutani: As mentioned in the previous calls, our expenses in FY2024 were higher because of the investment in the human resource cost and we have drawn efficiencies from that in the current year. Having said that, we are also maintaining our stance that increase in human cost would be like a step-up ladder, where we will be investing for some period and then leveraging the efficiencies later over the following period of couple of quarters. In FY2026, we don't expect there to be a steep increase in our human resource cost. We'll broadly maintain the current level of expenses.

Anmol Garg: Would that mean that margins should be flattish for the year?

Kapil Bhutani: We will be pushing for a gradual EBITDA margin expansion by a few basis points each year.

Anmol Garg: Understood. I will get back in the queue.

Moderator: Thank you. We have our next question from the line of Deep Shah from B&K Securities. Please go ahead.

Deep Shah: Hi, sir. Good morning. Thanks for the opportunity. The patents that we've announced, if you could just help us explain a bit better. Given we already have an mFaaS platform and this one is also to do with some of the audit checks or the fraud checks, thus if you can help me understand better what is this and how is it different? How does it help us?

Anuj Khanna Sohum: Sure. Well, that's a great question. When we build our technology roadmaps, we always ring fence it with patents and protection of our IP. You rightly pointed out that we have the mFaaS platform, which is our tool that is doing predictive analytics to catch any fraudulent behavior in the entire adtech ecosystem. We have intended to do that rather diligently throughout our history. We have been always working on that dimension.

Now this is an important aspect of technology. Therefore, many years ago, we had filed the patents to protect our IP in this area. Typically, the patent process, the granting of the patents from filing to all the checks and balances that it goes through, it takes several years for a patent to be granted, especially in the U.S. patent office and also in the India patent office.

Having won these patents now is a validation of the fact that we have a strong competitive moat and differentiated technology. We were early movers and were the first ones to conceptualize these aspects of tech innovation. Therefore, winning the patent in the U.S. and the India market, two very important markets strategically for us is an important validation and also strengthens our intellectual property portfolio.

Does it mean that we will suddenly start making more revenues or whether we'll now start hiring lawyers and start charging all the ecosystem to say, hey, we had this patent and you start giving us royalties. I believe it is premature to take that dimension at the moment. But it is important to note that we have a robust patent portfolio, about 36 unique patents, which hopefully will give us protection across various jurisdictions, and close to 45+ patents across different jurisdictions.

But in terms of the unique patents, we have got 13 granted already, 36 in total filed. It should build confidence of our investors that these are all real innovations, which are creating real intellectual property moat for the company. I hope that answers the question and it is just the timing of it. When the conceptualization of the roadmap happens, there are a few dimensions to look at. There is product development as well as intellectual property moat development with patents being an important tool in that.

Deep Shah: So, generally in your experience, what has been the duration between, let's say, conceptualizing something to a patent being granted to be able to monetize it in a way that puts us in a much superior position. If you could quantify this, if it's possible?

Anuj Khanna Sohum: It is not something to be quantified. It is actually all working in tandem at all points in time. While the product is there and the innovation is there, the market and the customers will recognize that, because they see that no other competitor is supposedly bringing these kind of tools, capabilities and demonstrating it to their clients. You start winning business and monetization advantage straight away. You start building a reputation for yourself straight away.

Now filing a patent doesn't necessarily mean that you will get it. So, to get it eventually validates it and strengthens the market thought leadership position for the company. That also wins confidence of customers and their ability to trust us with their data, with their business, knowing that this is an honorable stakeholder in this ecosystem. To the extent that this ecosystem has areas that need to be cleaned up, Affle and its technology as a responsible citizen in this ecosystem is bringing honor and appropriateness to how we conduct ourselves.

This will also help us as we go along in areas of data privacy or in AI. Building trust over two decades and building thought leadership with intellectual property and consistent innovation is what we are demonstrating. How do I quantify that? A lot of our revenues here is because customers trust our company. Why do they trust our company is because of all of these credentials. Therefore, it's all in tandem and it is always adding to the strength of the company.

Deep Shah: Right. This is very useful. Thank you so much.

Moderator: Thank you. We have our next question from the line of Lokesh Manik from Vallum Capital. Please go ahead.

Lokesh Manik: Good morning to the team. Just a couple of clarifications. One is on the employee expense front, although Kapil did mention it, the efficiencies are coming from the previous year investments. Just wanted to understand that, is it part of the QIP and the preferential issue in the sense that had we not had this money raised, we would have expensed through the P&L rather than creating intangible assets? So, the cost efficiencies that we are seeing of about 200 bps would not be maintained. This is just from a view to understand whether this is structural in nature and can we assume employee cost at maybe 10% of sales going forward?

Secondly, we have observed that revenues from the core verticals like EFGH, have gone up now from 90% to 100% this time. At the same time, there's been a fall in the non-CPCU revenue. So is there any correlation there? Are they connected?

Anuj Khanna Sohum: Thanks Lokesh for your questions. Allow me to take them. Regarding employee expense, while Kapil did provide the insight that FY2024 was higher due to the investments being made and the acquisitions being done. In FY2025, we had already given guidance that we will create strategic integrations and efficiencies across all our business units and making sure that we achieve that outcome.

What you're seeing now, FY2024 versus FY2025 is an expected part. It has nothing to do with the QIP or preference issue or going through P&L or anything else. It was supposed to happen. It would have happened independent of any QIP or anything like that. I would also like to mention that we are an organization that is an asset-light tech platform, scalable system organization.

In terms of using technology and technology automation for all our operations around the world, it is an absolutely important criteria for all the management of the organization. Using augmented, authentic, actionable intelligence & automation and embedding it across every role & function of the company is something that we do with a lot of energy and focus, which will continue to see this kind of efficiencies unfolding.

We are talking about 20% growth in terms of our business, our revenues and so on. We are also saying that our costs will not increase in the same proportion as the revenue growth, because we don't need to have 20% more workforce in order to make 20% more revenue. It's a tech platform-based organization with a lot of automation backing it up. This will continue to yield greater efficiencies at the bottom line as we go along.

Regarding your question on EFGH and the non-CPCU business, since many years ago, even pre-IPO roadshows, I have always maintained that the non-CPCU business is waiting to become CPCU business. The non-CPCU business is now increasingly becoming CPCU business because those customers that were working with us on non-CPCU basis, we've gone back to them and said, look, this is our main line of business and we want you here. If somebody is doing branding campaigns, we are still going to them and saying, let's make it more ROI-oriented, more performance-oriented and measurable. We have been one of the first companies in the market, especially in the U.S. and also in India and other emerging markets, to bring performance-linked, ROI-linked CTV advertising and connecting it to households, looking at connected devices with a unique perspective.

The emphasis here is strategic in nature and having one clear CPCU business, which is a consistent business. Any acquisitions that we are doing, anything that we are doing in our business, we are doubling down, tripling down on this business. We see a long runway for consistent growth here and a large addressable market for many years to come.

We are not trying to diversify or we are not trying to find another segment. We are already diversified in the sense that the CPCU business is present across industry verticals and across geographies. We are delivering broad-based growth and possibilities but the CPCU business is where we are anchored.

Lokesh Manik: Just last question. Netflix is talking about opening up their platform for performance advertising or platform advertising in general. We've done something similar with Amazon India. Are you targeting that account actively or will this be a competitive segment?

Anuj Khanna Sohum: This is a strong indicator of confidence that established businesses & content platforms like Netflix, where they have paying subscribers; After they have achieved a certain level of growth, they realize that the only way to get long-term consistent growth on their user numbers and revenues is to unlock the advertising-based business model. Which essentially means that instead of the paying user, let the user enjoy some content but instead get an ad-funded model.

This is, again, proving the robustness and the long-term resilience of our business model. Netflix to us in this scenario would be a publisher. It would be a partner and we'll be able to work with to say that, hey, we have a lot of advertisers, about 75% of our revenue is directly from advertisers. For those advertisers, maybe our platform could be buying certain impressions or clicks on Netflix by showing ads of our advertisers to the users of Netflix. Netflix would become a form of a publisher or an inventory source, which we can work with either directly by partnering with them or through other intermediaries in the ecosystem. We see this as a positive dimension where we are going to see more unique inventory coming into the market and more possibilities to do consumer engagement to drive conversions. This is actually all rather positive and we will cross the bridge one step at a time.

Lokesh Manik: Understood. But are we in any discussions with them?

Anuj Khanna Sohum: It's too early to comment. It would be fair to say that it will be a natural course of business, either they will reach out to us or we are already in discussions. As long as they're doing any meaningful activity in the markets where we are present, I'm absolutely sure there will be some form of business.

Moderator: Thank you. We have our next question from the line of Vijit Jain from Citi. Please go ahead.

Vijit Jain: My first question is on the developments around anti-trust ruling on Google. From a broader market perspective, I would really appreciate your thoughts on how do you think this could change the ad industry in general, if something comes out of it? That's my first question.

Also related to the developed markets, I know you have a relatively small base in U.S. and it's also domain-specific, slightly more gaming-centric than other industries in general. How do you think a mild recession scenario in

U.S. plays out for you given your exposure to that market? Then I'll just follow up with a quick question with Kapil?

Anuj Khanna Sohum: From a regulatory standpoint, anti-trust ruling is just one dimension of the kind of rulings that these large walled gardens are needing to deal with. You will see all kinds of clipping of wings from the regulators to keep a check and balance on some of these large industry players who are dealing with a lot of data. They're dealing with a lot of market share and their practices with respect to competition.

I've always maintained that the Adtech industry has over-calibrated on the level of spending that the advertisers are doing on the walled gardens. I expect that to become more broad-based in favor of the non-Google, non-Meta and non-walled garden platforms as we go along and as some of their competitive practices come under check through such rulings and regulations. I would just keep it to that and I would let time unfold and tell further. But on a broad basis we are watching what's happening. I believe this is all working towards a fair outcome in the longer term for every player in the ecosystem, and eventually beneficiaries would be the consumers and the advertisers.

With respect to your question on developed markets, I would like to address it by first and foremost clarifying that Affle is a unique company and different from most other listed Adtech companies. Why? Because they are deeply and heavily calibrated on the U.S. market and they are deeply calibrated on the gaming vertical. If you look at any of the Adtech companies historically, even any Indian ones that may have focused on North America as a big market, they become one dimensional: North America, gaming. All their talent is focused on that. Affle is unique.

Affle is deeply focused on global emerging markets, of course, anchored out of the advantages we have derived from India. Therefore, taking those advantages to other emerging markets, be it in Southeast Asia, Latin American markets, Africa, Middle East and all of these regions, we are taking that advantage and growing. Those advantages come in competitively handy for us as we entered into developed markets. We are broad-based in terms of verticals. We are not as heavily calibrated on gaming as the other competitors are, who are approx. 80% to 90% gaming companies and now starting to think how they should do e-commerce or non-gaming verticals, whereas Affle has fundamentally been broad-based focused on verticalization across EFGH categories.

Even in the U.S. right now, we are focused on gaming as well as non-gaming verticals for our customers and Fintech, e-commerce, and some of the case studies that we keep sharing consistently in our earnings reports are already indicative of that. We are fairly broad- based.

Now U.S. as you know is a large addressable market, and we are relatively small. We are differentiated with our CPCU business model and bringing in certain unique experiences and capabilities from emerging markets. I believe it makes us competitive in that market. Given our base is small and the addressable market is large, I don't think a recession in the U.S., which is again speculative, will have major implications. As and when it will happen, we'll navigate it.

But when it happens, I believe the advertisers would be wanting to put their budgets to a CPCU performance ROI-linked business model. Affle with our smaller base, will go and fight out aggressively selling hard to make sure that we continue to grow even in a scenario where it leads to some kind of a recession. I'm fairly optimistic and I feel that we are in a highly privileged position given the way we have balanced our business across verticals and across geographies.

Vijit Jain: Got it. Just a follow-up on the India business. So if I look at the seasonality comment and I can see that in the numbers as well on a q-o-q basis. But if I look at the India and Emerging Markets business on a y-o-y basis, in the last three quarters, growth has somewhat slowed on a y-o-y basis from 25% to 22%, and now 16%. So any comments on that? I know you've already guided to 20% plus broad-based growth for FY2026. But what is driving this deceleration in the last two-three quarters?

Anuj Khanna Sohum: I wouldn't see it as a deceleration, frankly. I'm fairly comfortable with the way our team is executing and the way the market is responding to us across India and emerging markets. Regarding 20%, it's always been consistent in the last few years in terms of our guidance.

Even in this quarter, 16%, I've already explained that Q4 last year was higher and it was atypical for it to be like that. So when we normalize it and adjust the base quarter and see what is happening in the market, we actually find that our growth trends are sustainable at around 20%+ and we should be anchored on that. That's why I've given you all of that clarification.

Where is it coming from? It's coming from existing customers. We have good coverage of existing customers. There is also active and aggressive selling happening to new customers, opening and unlocking new use cases and innovations that we consistently bring to the market. Therefore, getting to 20%, I believe, is a reasonable and real expectation.

Vijit Jain: My last question, just on the other expenses to Kapil. Last quarter, I think you did call out that Q3 has seasonal business promotion spending and some of that came off in 4Q. But broadly speaking, if you could talk about what the steady state for business promotion is for you as you look ahead? And what that number was for FY2025 because we obviously don't have the annual report yet, if you can share that?

Kapil Bhutani: You can take the current year expense & other income as normal for us on a yearly basis, but avoid considering the quarterly run-rate because of seasonality and spending on the events happens at different times. The events & marketing do not happen consistently on a quarterly basis at the same pace. They are spread out unevenly across different quarters. Generally in Q3, the marketing spends are higher. Yes, this was called out in the previous call also. Going forward as well, we'll be looking at increasing the marketing spends, but not to the tune of the increase in the revenue. You should look at the expense items on a full-year basis because the businesses have a seasonality in the spending also.

Vijit Jain: Right. So, Kapil, when I see the FY2024 numbers, I think business promotions was about 2.8% of revenue for FY2024. Could you share the number for FY2025, what this number was? That will give me a sense of how to think about that part?

Kapil Bhutani: Basically, our target is to spend about 3%-3.5% on the upper side and about 2% on the lower side for the marketing and promotion expenses, in a broad range of how we plan for it.

Vijit Jain: Understood. Thank you.

Moderator: Thank you. We have our next question from the line of Arun Prasath from Avendus Spark. Please go ahead.

Arun Prasath: Good morning everyone. Thanks for the opportunity. Anuj, my question continues on the gaming vertical. Ever since we acquired YouAppi, the growth delivered by the Developed markets is higher than the Emerging

Markets. So this kind of gives us a sense that gaming has played a huge role, which is what you have also acknowledged?

But does it also mean that in the emerging markets, the gaming is either not such a big vertical or we are yet to use the full might of the YouAppi platform in the emerging markets, and that gives us some kind of a growth potential going forward? Is it the right way to think about it?

Anuj Khanna Sohum: Yes, it is the right way to think about it as in developed markets, the gaming is a much bigger vertical versus in the emerging markets. Having said that, in the developed markets, the non-gaming verticals are also large addressable markets, and they are underserved because most of the incumbent players have gravitated to gaming because that is such a big vertical there that everybody starts fighting that battle and starts wanting to play that tournament with their best talent and capabilities.

I would say that the non-gaming verticals are underserved and a bit neglected by the incumbent competitors in the developed markets. So when Affle goes into developed markets, we are seeing a better competitive advantage for us when we go into non-gaming verticals. Of course, with the acquisition of YouAppi, we've got some more strength in gaming with them, and we have integrated that into our core propositions. We are taking that to market rather aggressively in India, other global emerging markets as well as in developed markets as one sort of integrated proposition focused on gaming. I would leave it to the market forces to define, but what I want you and our investors to focus on is that Affle as a platform is verticalized into many verticals, classified in EFGH category.

Gaming is one of our verticals. It is an important vertical and it is the most competitively fought for vertical as far as developed markets are concerned and the incumbent players are concerned there. Such players are now starting to see how can they go beyond gaming and are starting to calibrate their tech stack and algorithms towards non-gaming, which I think is an advantage for us because we are naturally addressing it already.

Arun Prasath: Ballpark, what is our exposure to the gaming vertical overall at this point of time?

Anuj Khanna Sohum: We do not break the contribution of the categories of EFGH, but I would say it is fairly balanced. Categories E, F and G are all reasonably balanced, and in category H, which is healthcare, hospitality, we are seeing it's catching up as well. But overall, I would say category E, F and G are all strong and robust sort of categories or verticals for us.

Arun Prasath: Am I safe to assume gaming will be our largest vertical?

Anuj Khanna Sohum: I believe it would be almost at par with category E, which is e-commerce, entertainment and education. Category G would be almost at par with that. In some quarters, one would be more than the other, but it is all fairly broad-based and balanced-out. We are not over-calibrating one way or the other, but we are definitely pushing hard. Now things could change as we push harder in developed markets and we could win some really large customers in gaming and numbers could change. Developed markets can create that kind of imbalance potentially. At the moment the way we execute, we are having sales teams, which are focused on different customer accounts and verticals. We do see a broad-based growth coming along, but it is possible. We may going forward, see some really massive wins and sudden upside, but we will talk about it if and when that happens.

Arun Prasath: Secondly, on the business development expense once again. I'm sure that we are attending all the events globally and there are only finite number of events. So I'm just curious why our Business Development expense continues to be pegged to the revenue? I would assume at some point of time it will flatten out. Just help us understand how to think about it.

Anuj Khanna Sohum: Sure. There are many ways in which business development happens. Events are not only industry events that we attend but also create industry events of our own in key markets where we work with partners and call certain customers and so on. The format of business development has evolved from doing 1:1 selling and knocking at people's offices and doing meetings. That also happens. But the industry has evolved over time to curate events where there are multiple speakers and customers, and there's a forum so that people are looking for either traveling into for that event for a day or two and so on. So, industry events is one, doing our own events is another dimension, doing events for a select group of customers, and not everything becomes public.

There are private events, then there are industry events which everybody knows about and then there are smaller forum private events which we do. It is something that we would like to peg closer to the revenue because this is a tool that we give to all our regions, sales heads and the general managers for each of the markets to achieve the revenue.

We are pushing them to go and sell more to get existing customers as well as new customers into these events and create the right forums to not just winning of business but also establishing thought leadership of what we are doing going forward.

Arun Prasath: Okay. Understood. One bookkeeping question. Kapil, if you see our net working capital in FY2025 has largely remained flat as compared to FY2024 despite revenue growing by 23%. Can we safely assume that this is a way forward where our working capital requirements will continue to decrease on a days' basis?

Kapil Bhutani: I still hold our old position that we require 30+ days of working capital, though we are working at about 10 days working capital at the moment. But yes, our business modeling is at 30 days model. We continue to exceed our performance on the cash management and client management and we hope to do so going forward too.

Arun Prasath: So what happened in FY2025, where we had some exceptional performance on the working capital side?

Kapil Bhutani: The debtor (receivable) days have reduced on certain clients and we have been able to negotiate better terms with the paying side.

Moderator: Thank you very much. We have our next question from the line of Rahul Jain from Dolat Capital. Please go ahead.

Rahul Jain: Thanks for the opportunity. My first question is related to web traffic moving away to AI tools instead of mobile desktop browser. Will that impact us in some manner in the near term?

Anuj Khanna Sohum: At the moment if you look at the overall ecosystem, there's a tremendous amount of increase expected in connected devices globally. Today, Affle's reach is over 3.6 billion connected devices. We are realistically looking at how that could reach to about 10 billion connected devices over the course of this decade. We see that there's a huge amount of human traffic increase in terms of amount of time that is being spent online. The time spent went from the browser and search to app stores, and from apps to now another dimension of AI tools-related traffic.

We already have quite a number of patents as well as innovative use cases. Not only using AI tools to serve our business more efficiently and better, but also to see how we are integrating the experience where you're dealing with a consumer directly or you're dealing with an AI agent of the consumer. For example, I believe that going forward, just like you have a personal e-mail ID, you have a professional e-mail ID, similarly you'll have a personal AI agent and you'll have a professional AI agent, which is work related.

We will be dealing with all of these kinds of interfaces. One is direct to the consumer, another is dealing with the AI agent of the consumer and making sure that these engagements lead to monetizable conversions eventually. But there is going to be another authenticated AI agent of the consumer who will be making certain decisions. For example, in your household, your fridge might decide to buy groceries based on a certain pattern that you may assign to it. We are building certain use cases towards that. It's not necessarily an issue of supply or inventory. I think it is an issue of how we attribute conversions, which may happen from authenticated AI agents acting on behalf of the consumer.

When that is established, I believe that the use cases that we're already envisioning, trying and building in our products will keep us in good stead. But the ecosystem is evolving. If you are just looking at modeling our business, the first thing to model is how many connected devices will increase in the ecosystem. Will that lead to more volume and more value of conversions happening online on mobile? If the answer to all of that is yes, we believe that we will have an increasing growth rate with advertisers' spends for conversion growing on our platform. We will be finding a way to make sure that we navigate not only direct-to-consumer conversions but also driving conversions through their AI agents.

Going back to the earlier conversation about the fraud detection - identity detection - it is going to be very important because we will also have a lot of fraudulent AI agents and tools out there. All the IP that we have built around fraud detection and management will become even more relevant.

So the need for Affle 3i consumer platform tech stack will only increase for the ecosystem because the ecosystem will have more complexities to deal with, both on the good use cases where you have not only the human traffic, but authenticated, credible human-assigned agents acting on their behalf kind of traffic. Then, you will also have a lot of fraudulent AI kind of traffic as well and therefore a tool and a platform, which is automated to deal with all of these complex scenarios, is going to become even more essential for the advertisers than it is today. I'm feeling pretty safe about the moat and the relevance of what we are building going forward, and we'll deal with these use cases competently.

Rahul Jain: Right. I understand the potential and all that. Basically, just to slightly clarify and if the answer changes accordingly, was that as the traffic moved from browser to mobility, similarly, when it moves from within mobility to AI, does the ecosystem on the ad exchange or back end could change? If that does not change, then I can understand your situation.

Secondly on the Opticks AI, as you explained in your event, how much savings is it bringing on the content creation side? That would be helpful.

Anuj Khanna Sohum: Thank you very much for asking those questions again. We believe that most of the AI traffic will happen on mobile at the moment. The other devices, other connected devices, wearables or other embedded chips and so on, I believe it will still take 5 years to become mainstream. For now, a lot of the AI traffic would still be on mobile and therefore, the fundamentals of that engagement should be seen as an authenticated AI traffic on behalf of the consumer and should be treated as no different from the consumer itself.

That's how we see it at the moment. I see no major disruption on how we will measure conversions attributed back to that consumer whether it is through their AI agent or directly by them. I believe that conversion attribution will eventually go back to the consumer. I don't see any fundamental change there.

With respect to Opticks AI, we as a company, have always been receiving creatives from the advertisers. So we don't go and start making video ads or we don't start making banner ads. We receive creatives based on the brand assets of the advertisers. What we do to them is to enhance them, augment them, authenticate them ensuring that those creatives are working and are being targeted to the right users at the right time.

If we find that some of the creatives are working well in one consumer segment context but it's not working well in another, then we would work with the advertisers in the past. The cycle of going back to them, giving them feedback that your creative is not okay, can we have better creative or can be more creative. That has now become automated with Opticks AI. The brand has to give us very little. With that, little information that the brand tells us and with some of the creatives that they give us, with Opticks AI, we can create many more creatives that are contextually hyper-personalized to the consumer segments that we are reaching out to. Whether it is vernacular personalization or it is other forms of cultural contextual personalization, that is what Opticks AI is doing. There was no cost to us at the beginning.

Now when we run Optics AI, it is a fairly scaled tech platform and the incremental cost to our tech infrastructure is not dramatic. We are doing it efficiently and it is part of doing the business. The ROI on how we run the conversion linked campaigns justify running it as part of our data and inventory cost. It is not going to change the dynamics dramatically. Rather, it will help to improve the performance and the value perception of our platform to the advertisers as well as the hyper- contextual personalization to consumers will make advertising appear more like engaging content and recommendations to the consumers versus annoying ads.

Rahul Jain: Got it. Thank you so much.

Moderator: Thank you. We have our next participant from the line of Samarth Patel from Equirus Securities. Please go ahead.

Samarth Patel: Thanks for providing me the opportunity. My first question is how the mix between new user acquisition versus retargeting has evolved, in India, emerging market and developed market this financial year?

Anuj Khanna Sohum: Thanks for that question. When we run our business as a consumer platform for driving conversions, we look at each conversion and the value of that conversion. Our goal is to make sure that our advertisers are appreciating the value of the conversion and therefore, paying us. Of course, the user might do a first conversion with an advertiser. But essentially, if you look at the case study that we shared, we emphasized today in one of the case studies that we're looking for high lifetime value consumers conversions for the advertiser.

What does that mean? When we get a conversion for an advertiser, they would not only say what was the value of the transaction that happened and what was the conversion. They're seeing what kind of a user, what kind of a consumer has Affle brought to them. If it is an iPhone user, which has a higher lifetime value, the willingness to pay goes up. If it is a higher-value iPhone user, they're also looking at how many repeat transactions can they get from that user to quantify that lifetime value.

Now, how does Affle earn its money? We are charging per conversion, right? Whether it's the first conversion or the repeat conversion, we are charging for each conversion along the way. We are going to the advertiser and justifying that we brought you this consumer, if it is a first-time conversion, we work out the story in a certain way. If it is a repeat conversion, we are defending because there's such a competitive market and whether it's e-commerce or entertainment, all the consumers are not loyal to just one advertiser app that they work with. They usually engage with two or three similar sort of apps. I believe that on your device, you might have most of the e-commerce apps and the entertainment apps. Even though you are an existing customer to that advertiser, they are constantly conscious that they may lose you to a competitor.

You can buy from an e-commerce app A or a B. Therefore, we don't create a massive distinction here with respect to balancing it out. In our case, we have driven close to 400 million conversions in this financial year. Now I would say it's a fair balance of about 50%-50% when I see it from the advertisers' lens where how many are new conversions versus how many are repeat conversions.

But as far as we are concerned as a platform, all of those 400 million conversions, chances are that we have already done some conversion with those users in the previous year or during the course of the year for either an advertiser A or B. A lot of it is repeat conversions as far as our platform is concerned, whether it is from one advertiser to another.

I hope I have not given you an overly complex answer. But from an advertiser's lens, I would say that in emerging markets, they are more pushing for new user acquisition. While in developed markets, the balance is a lot of times in favor of repeat engagements of the existing customers. It depends on the maturity level of the advertiser and how much they are spending for new market share versus defending their existing base of customers.

Samarth Patel: That is really helpful. My second question is if you can help contextualize the Q4 growth across India, emerging market ex-of India and developed markets. And what would you attribute as the biggest driver in each of this region?

Anuj Khanna Sohum: In Q4, I would say, in developed markets, we saw broad-based growth coming from existing customers, new customers new user acquisition, repeat customers. Across the board, it was a good execution and momentum. We're carrying through the momentum of what we had done throughout for the last 1.5-to-2 years.

In emerging markets, we saw the seasonality trend, where the budgets have been massive. Specially in LATAM, for example in Brazil the budgets are massive across all businesses, during the months of October, November and December. Then January, February and March period is generally the lowest quarter for the whole year. This is quite consistent across Latin America.

In Southeast Asia and in India, we found it more resilient. There were seasonality trends but because we're also selling to new customers, we are finding more growth. We're not just dependent upon the customers that we had in October, November, December. So yes, existing customers would have seen seasonality, but we are pushing for new customer sales and therefore, getting more business. In India, we were able to neutralize the impact. In other emerging markets, we saw that even selling to new customers in Jan, Feb, March was harder because they were somehow all exhausted by having done a lot in October, November, December or it's just maybe a cultural thing.

In developed markets, we saw consistent momentum leading to great growth, beating the seasonality trends. That's how the results came. Overall, we are happy that we had second consecutive year where Q4 is at least at par with Q3. As the CEO of the company and as an industry experienced entrepreneur, I can say this is not normal. This is actually very good, but I'm sensitizing you for your modeling going forward. Please always keep the seasonality impact from Q3 to Q4. That is prudent. That's the right thing to do and that's how we do our business planning. If we beat it, that's great, but we don't expect to beat it generally.

Samarth Patel: That is really helpful Anuj. Thanks for taking up my questions.

Moderator: Thank you. We have a last question for today from the line of Deepak from Sundaram Mutual Fund. Please go ahead.

Deepak: I just had one question. Since Affle is a cash-generating company and right now, we have more than Rs. 1,300 crores of cash on our balance sheet, I just wanted to understand that how do we plan to utilize this in the next year or over the next 1 to 2 years? Do we expect any kind of buy-backs or would it be more linked/consumed during any acquisitive opportunity? Just some flavor on the capital deployment.

Anuj Khanna Sohum: Thanks Deepak for that question. We are an aggressive growth-oriented company which is looking for sensible consistent long-term growth. Every asset of the company, whether it's an intellectual asset or a financial asset, will be deployed to its fullest capacity to maximize sensible, long-term, profitable cash flow positive growth.

I'm super proud of our company. In my commentary, I only commented on the P&L metrics, but I think my CFO commented also on the cash flow metrics and seeing over 60% growth in cash flow from operations versus previous year is something to be deeply proud of. I really believe that our company is doing exceptionally well, not only with deploying the cash towards greater growth in the business, but also through the business that we are doing. We are a disciplined unit about how we generate cash.

It's beyond any accounting standards, like cash is cash. I mean there's only one way to report it because it exists. I believe that is super important to drive home. Your question is valid. At the moment, we are looking to deploy every single asset of the company, cash included, towards delivering greater growth because we are on a 10x growth plan in the medium term. We would be working really hard and making every asset of ours work really hard to achieve that.

Deepak: Okay. Thank you.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments. Over to you, sir.

Anuj Khanna Sohum: Thank you everyone. This is a meaningful year for us because it's our first year of the third decade and the last month was very special. It was the first month of our third decade. I want to assure you that we have put in a tremendous amount of energy to propel ourselves towards the 10x growth that we are eyeing for in the medium term. We are strengthening the foundation of the company like never before. We are building greater sense of pride & purpose and ensuring that the entire organization is aligned towards this goal. So with that, stay tuned and we look forward to your continued support and to our next earnings call. Thank you.

Moderator: On behalf of DAM Capital that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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