



## Affle 3i Limited

Q4 & 12M FY2026 Earnings Conference Call

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**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. Ashwin Mehta - Ambit 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 FY2026 Earnings Conference Call hosted by Ambit 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 this conference call, please signal an operator by pressing “\*” then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ashwin Mehta from Ambit Capital. Thank you and over to you, sir.

**Ashwin Mehta:** Thank you, Iqra. Good morning, everyone. On behalf of Ambit Capital, we welcome you all to Q4 and 12M 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; and 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 2 of the company's earnings presentation for a detailed disclaimer.

I will hand it over 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.

Affle's growth story is of consistent compounding - for the last 5 years, we have delivered on our medium-term guidance across both topline and profitability on the back of our robust AI-powered consumer platform stack.

FY2026 has been a strong foundational year in our 3i journey as the first full year of our third decade as Affle 3i Limited. We have advanced our vision with disciplined execution and clear strategic intent. We are firmly on course to deliver on our medium-term guidance of 20% CAGR as we progress towards our 10x decadal growth vision.

We concluded another year on a remarkable note, registering our 13th consecutive quarter of sequential topline growth despite a challenging macro environment. In Q4 FY2026, we delivered revenue of INR 7.24 billion, an increase of 20.3% y-o-y, sustaining the growth momentum that has defined Affle's trajectory over the past years. Our continued focus on improving operational efficiency and productivity translated into EBITDA of INR 1.61 billion, growing over 20.3% y-o-y. PAT stood at INR 1.20 billion, increasing by 16% y-o-y, with the growth remaining relatively subdued given our lower effective tax rate in the base quarter last year. Our profit before tax from operations, excluding other income, grew in line with EBITDA at 20.8%. Our CPCU business continued to scale, delivering 120.3 million conversions at a CPCU rate of INR 60.0, translating into CPCU revenues of INR 7.21 billion.

Our growth has been consistently broad-based across key industry verticals and geographies. India and global emerging markets together contributed 71.6% of our revenues, while growing by 21.2% year-on-year. Our developed markets delivered a resilient performance, growing 18.0% year-on-year, and contributed 28.4% of our revenues in Q4 FY2026.

This growth was achieved despite some temporary softness in select markets and verticals during the quarter due to the geopolitical events and was driven by our disciplined sales efforts, deeper customer engagements and new logo additions. We continue to unlock new avenues for growth, further strengthening our position as a trusted privacy compliant and results-driven platform.

For the full year, we delivered revenues of INR 27.1 billion, a growth of 19.5% y-o-y, with EBITDA of INR 6.1 billion at a robust growth of 26.3% y-o-y and PAT of INR 4.55 billion, growing 19.1% y-o-y.

These outcomes are underpinned by our continued investments in AI and platform innovations, enhancing campaign effectiveness, conversion quality, and operating efficiency. During the year, we further augmented our capabilities through the integration of OpticksAI and Niko into our consumer platform stack, driving improvements in creative optimization and automated campaign management. We are deepening our AI native capabilities across the organization with focused efforts on upskilling our teams and embedding AI into day-to-day workflows, enabling higher productivity and more effective execution.

This quarter, we have featured 3 customer-approved case studies across key industry verticals in our earnings presentation. The first case study highlights our capabilities in driving high-value iOS shoppers' conversions for a quick commerce player in Europe, leveraging our ability to target high lifetime value users at key intent moments to drive first-time purchases. The second case study focuses on driving existing gamers' conversions for a global gaming advertiser, where we boosted repeat conversions and ROI through AI-driven audience modeling and interactive creatives. The third case study highlights our ability to scale new user conversions and maximizing ROI for an Indian fintech customer, leveraging on-device, in-app premium placements through our AI-powered intent and recommendation engine and dynamic creative optimization.

Affle continues to be recognized as a technology thought leader across industry forums. Our platforms have ranked amongst the top ROI driving ad partners and growth leaders globally in the Singular ROI Index 2026, earning several other placements across various categories. We also received several accolades across leading industry forums during the year, notably the Best MarTech Platform of the Year, along with 5 other accolades at the DIGIXX Summit and Awards 2026, Most effective tech platform at the Maddies and wins across categories in the 16th India Digital Awards.

We continued our efforts to take stronger strides in ring-fencing our technology moat. We received 5 new patent grants during the year, taking our comprehensive IP portfolio to 18 unique patents granted and 21 filed & pending. With around 300 unique enforceable patent claims, our patents span across fraud intelligence, human versus nonhuman distillation, precision targeting, contextual and gesture-based advertising and next-generation AI native ads and engagements across key industry verticals. The breadth and depth of this position, with the unique and defensible IP, ensures that as the digital ecosystem continues to evolve rapidly, we have been future proofing our business for the next phase of digital advertising growth.

As we look forward, the structural tailwinds of our efforts in FY2026 are compelling. We see global ad spends rising with AI expanding the frontiers of ROI-based returns-based advertising in ways that will fundamentally reshape how brands engage and convert consumers. These are structural shifts that play directly to Affle's core strengths. Our first-party data intelligence, algorithms, unique IP on ads & audience intelligence and our deeply verticalized approach across key industry verticals & geographies collectively

position us to capture a disproportionate share of this growing opportunity. We are future-ready, and we remain agile and steadfast in our commitment to delivering sustainable, profitable growth and creating enduring value for all our stakeholders.

Lastly, on inorganic efforts, we continue to actively pursue growth opportunities that are strategically aligned with our 3i vision. To further bolster our readiness in closing the deals, our Board has approved a preferential issue of equity shares to strengthen our balance sheet. Post our shareholders' approval, our corporate promoter, Affle Holdings, will invest to acquire ~7.4 million warrants at INR 1,487, totaling approximately INR 11 billion, with 25% upfront payment. This will ensure that we are well capitalized and ready to move swiftly this year on the right acquisition opportunities. This is a proactive step towards executing our inorganic growth strategy with the calibrated discipline and conviction that has defined our organic growth journey.

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

**Kapil Bhutani:**

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

As we turn the page from financial year 2026 to financial year 2027 in Affle's consistent growth story, we do so with a greater conviction, concluding FY2026 on a stronger note. For the full year, on a consolidated basis, we achieved revenue of INR 27.1 billion, representing 19.5% y-o-y increase as our unique ROI-linked CPCU business model continues to be in a high growth momentum.

Our sustained focus on operational efficiency and profitable growth translated into EBITDA of INR 6.10 billion for the full year, registering a robust 26.3% y-o-y growth with a margin of 22.5% on an improvement of 120 basis points y-o-y.

We achieved operating cash flows of INR 5.02 billion during the year, increasing by ~25% CAGR over the last 5 years. This underscores the quality of our earnings, our disciplined working capital management and our consistent ability to convert profitable growth into strong cash flows.

Our PAT for the year stood at INR 4.55 billion, an increase of 19.1% y-o-y with a PAT margin expanding to 16.3% versus 16.2% in FY2025, despite lower other income during the year.

Our Profit Before Tax from operations (excluding other income), stood at INR 4.80 billion for the year, growing 28.5% y-o-y, outpacing our EBITDA growth and reflecting the underlying strength of our core business from operations.

Now coming to Q4 FY2026, there were some macro challenges due to geopolitical events, which required recalibrations. Despite this, we achieved our 13th consecutive period of q-o-q topline growth. On a consolidated basis for the quarter, revenue stood at INR 7.24 billion, registering a y-o-y growth of 20.3% and a sequential growth of 1%. We were able to sustain balanced growth across India and international markets. On an adjusted basis, our India revenue grew by 19.5% y-o-y, Developed Markets increased by 18.0% y-o-y and Emerging Markets registered a robust growth of 22.3% y-o-y.

We recorded EBITDA of INR 1.61 billion for the quarter, registering a growth of 20.3% year-on-year. Our EBITDA margin stood at 22.3%, broadly in line with Q4 last year.

In terms of Opex, our inventory and data costs stood at 63.3% of the revenues for the quarter, an increase of approximately 90 basis points sequentially.

Our employee benefit expenses remained largely flat as we continue to leverage our ongoing investment in AI and innovation, driving greater productivity across teams and operations.

Other expenses declined by 4.3% sequentially, reflecting a natural moderation in business promotion activity following a sequentially active Q3.

We achieved a profit before tax of INR 1.48 billion during the quarter, an increase of 19.5% y-o-y and 1.3% q-o-q. Our profit after tax stood at INR 1.20 billion, marking an increase of 16.0% y-o-y and 0.2% on a q-o-q basis. The PAT growth in percentage terms is subdued on account of lower tax rate in Q4 last year. However, on a full-year basis, our ETR was in line at 18.6% versus 18.3% last year.

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

Building on the 5-year consistent and profitable growth, we remain confident in the resilience of our business model and the strength of our AI-powered Consumer Platform Stack to sustain this momentum through FY 2027 and beyond. Even as the global environment continues to present new challenges and opportunities in equal measures, our disciplined financial management supported by healthy balance sheet and robust operating cash flows provide strong foundation to capture emerging opportunities ahead.

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

**Moderator:** Thank you very much. The first question is from the line of Ashwin Mehta from Ambit Capital. Please go ahead.

**Ashwin Mehta:** One question in terms of how the competitive dynamics is evolving in the GenAI era, especially from walled gardens as well as the GenAI natives. While we have talked about on the creative side, the OpticksAI platform helping us, but on the campaign management and the targeting side, how are things changing versus earlier? And what are our priorities in terms of investments there?

**Anuj Khanna Sohum:** Thanks, Ashwin. Regarding the competitor ecosystem evolving, there's no significant change. I believe all of the competitors are responding to AI in their own sort of initiatives and ways and largely trying to do what is appropriate and obvious at the moment. I would say that the competitive edge that Affle has versus most of the other competitors is that we are working with the advertisers directly. We are integrating as part of our unique CPCU business model with deeper conversion level, first-party data integrations with our advertisers directly.

I believe that puts us at a unique position. What also is different and unique about us is the fact that we are across all the top key industry verticals and our platform is being verticalized, deeply integrated with the advertisers across those unique verticals. It's not just a horizontal solution. We are very focused on those industry verticals and our premium positioning for that. Even our AI algorithms or AI-related experiences are deeply verticalized for those industry verticals. That gives us another differentiation and edge.

In terms of how we are performing versus the competition, I find that across e-commerce, entertainment, fintech, food tech and now increasingly also in health care, we are seeing some real competitive advantages of our verticalized approach and direct to advertisers approach.

It will be hard for competitors to respond to that because a lot of them are not on the CPCU business model and a lot of them are also not directly deeply integrated with the advertisers' first-party data. That makes a big difference. In terms of the walled gardens, on AI side, the automation tools that the walled gardens are providing, I believe that's definitely helping them.

We can see it from the results and that's across-the-board trend. In ad tech, AI will be a clear tailwind, whether it is the walled gardens, whether it is Affle, whether it is the other competitors. Then the main question is who will capture more of this increasingly expanded AI-oriented digital ecosystem. On that, our approach is clear, direct to advertisers, first-party integration, CPCU business model and deep verticalization to ensure that there's a premium integration that is provided that's not easily comparable or replaceable with any other competitor. That's how I would look at the competitive landscape.

In terms of our own technology evolution with OpticksAI, Niko AI, we are seeing adoption across our customers and they're clearly seeing value addition happening both on the iOS and Android ecosystems. We're also seeing it going beyond mobile to CTV and we are seeing a very good impact overall of how AI is being implemented.

One very key differentiation that I would like to highlight for everybody's benefit is that as more and more agentic AI tools come around the Internet across industries, across different business cases and even as more and more consumers start having more and more agentic AI, what's going to be super important in digital advertising is what we define as human versus non-human filtration.

It has to be very clear to the advertisers and technology platforms have a duty to show that if we are showing an ad, we are actually able to filter out whether this was a human engagement or whether this was an agentic or non-human engagement. You would notice that Affle has been talking about this ever since pre-IPO days of 2017 when we filed several patents to distinguish between human versus machine activity.

This is an area where we've got several patents granted over many years. With the advent of agentic AI and the explosion of AI-generated apps or content on the Internet, this particular intellectual property or proposition or capability of Affle's 3i Consumer Platform Stack is becoming an outstanding differentiator as we talk to the advertisers. This problem statement is

something that Affle has got some unique moats around and I believe the competitors are not responding to this bit as much. Wherever you hear, AI is about automation or generating content, but very few people are talking about technology where they can filter out whether this is an engagement from a human or a non-human. I believe this is an area where Affle is differentiated.

**Ashwin Mehta:** One follow-up to this. You talked about filtering the human versus non-human traffic. But in terms of targeting the non-human traffic for conversions, how would things work differently versus how they have been when we are targeting humans?

**Anuj Khanna Sohum:** Today, it's still early and agentic will evolve over the next 5 years. When an advertiser would spend budgets 5 years from now, the advertisers would most certainly want to make sure that a big part of their budget is spent to actually deliver on human engagements and drive conversions directly with humans. There would be a smaller part of the budget that they would also want to use to influence authentic AI agents that are acting on behalf of the humans, the consumers. There will always be this bigger challenge.

Let's put it into buckets. A big part of the ad spend will go to target humans. We are addressing that very well. Another smaller part, but a meaningful part, could go towards targeting the AI agents, which are authenticated and are assisting humans or the consumers. We must absolutely ensure that there is no loss of budget or engagement to the noisy non-authenticated AI agents.

There will be tons of those that are pretending to be Ashwin or Anuj or what we call digital fraud. There will be a huge need for filtering that out while clearly having this technology differentiation and the IP that we have will come to our advantage. But this will be an evolving trend over the next 5 years. Like I said, we have a competitive moat and I believe we are ahead of the curve versus what most of the competitors are talking or demonstrating in their road maps at the moment.

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

**Arun Prasath:** Anuj, my first question is on gross margins. If you see the last 7-8 quarters, we are continuously seeing a reduction in the margins from a percentage perspective. While I see positive in this because we are able to deliver absolute growth in both Gross margins and EBITDA margins, my question is

whether this gross margin reduction is because we are responding to the competition or is it because of the vertical mix change?

Or is it a conscious decision? If it is a conscious decision, how much of this you would say that has contributed to our growth and where this leads to in future? Your thoughts on this, please?

**Anuj Khanna Sohum:** No, I believe we are range bound within our unit economic model. We are very disciplined in how we execute this. First of all, no investors should see any particular surprises in terms of how we execute. We should be very predictable, dependable in terms of how we continue to grow our CPCU pricing, how we continue to grow our overall volumes of conversions and keep the data inventory cost at a sensible and a calibrated level. This is an overall long-term view that I can give to you.

In the short term, let's say, the last several quarters, you would see that we have been calibrating and investing towards launching more verticals in more geographies, going deeper in our verticalization approach, direct to advertisers and also emphasizing premium positioning for the Affle platforms.

Why is it a premium - because it is targeting higher-value lifetime users. To get to those higher-value lifetime users, you have to target premium device models and premium touch points on those device models. You've got to go to CTV, you've got to go to more premium placements to find the high lifetime value users for the advertisers. That involves deeper investments; and I use the word investment, not expense, but accounting-wise, of course, everything is expensed out in data and inventory costs. Deeper investments to build audience intelligence and advertiser intelligence that is verticalized and highly integrated with the first-party data intelligence of our platforms. This area of investment has been a conscious decision.

Having said that, it doesn't take away from the overall sensibility of our unit economic model. Therefore, you have seen overall expansion and growth in a sensible manner. It should stay range bound. And there's still a long runway for growth, delivering about 20%+ growth over the next 5 years is our goal.

We are doing verticalization, going towards a more premium positioning, more first-party data integrations and these areas of investments across developed markets where we are clearly under-calibrated at the moment and there's a long runway for growth.

Hence, we are investing in that area and that's what you're seeing in terms of the margin profile. But over a period of time, even this particular aspect would probably lead to further improvement and we should see better margins and even stronger bottom-line performance.

**Arun Prasath:** Understood. One clarification on this. Say, 39% to 36.5% to 250 bps reduction in the gross margin, largely if it can be attributed to the investments, how long does it take for these investments to pay off? I mean, how long before we can get back to 37%-38% kind of margins? Is there any timeline you are operating with or it just still early days?

**Anuj Khanna Sohum:** I believe in about a year, we should be able to achieve the level of verticalization and the level of intel that we need to develop across all the key geographies and hopefully, around that time onwards, we should see another year of bringing it back to better levels, where we don't need to invest as much.

**Arun Prasath:** My second question is that in the era of abundant intelligence and inexpensive intelligence, there are 2 things that can happen. One, what we have built over last several years or almost a decade, someone with a really resourceful competition can probably build it in a shorter period of time. So either it can lead to consolidation, or it can encourage new players. How do you see this playing out at least in the medium term? Do you see first consolidation and then the new players or to first encourage new players, which will lead to a consolidation later?

**Anuj Khanna Sohum:** First of all, we are a very strong business-to-business platform. We are deeply integrated with the advertisers whose data integrations and apps integrations are a non-trivial matter to do across industry verticals, across geographies, with our very broad-based and diversified presence, which takes a lot of time.

It's not as simple as, okay, let's launch an AI model and get done. You need to go and do the contracts with these advertisers across all these 10, 12 verticals, across geographies, integrate the apps and the data layers, and then you can start training an AI model on that. This is not something that's readily available that you go on the Internet and you crawl around and you have built intelligence.

This is not the kind of intelligence we are talking about. The kind of audience intelligence and the advertiser intelligence we are talking about is deeply

verticalized and this intel requires a fairly long execution period to get through.

For new entrants, it's going to be really hard. For the existing incumbent players, they will have to compete with Affle to get to that depth of verticalized data integration and processing and intel to go on a CPCU business model from where they are today, which is still very much on impressions and clicks - changing your business model, changing the technology stack, going and convincing advertisers for a deeper integration.

Let's take an example, let's say, a company like Trade Desk, which is a demand-side platform focused on serving ad agencies as partners. They're not necessarily focused on, nor talking about, nor investing at the moment in the CPCU business model. For them to start transitioning to CPCU business model, going direct to advertisers, integrating deeply on the first-party data of the apps of the advertisers, it's going to be a massive transition. Incumbent organizations will find it challenging and new entrants will also find it challenging.

I wouldn't say that it is low-cost AI. It is deep verticalized premium advertiser and audience intel, which is not readily available, where you can't just say that I've taken a cloud connection to the Internet and now I've become intelligent. It doesn't work like that.

**Moderator:** Next question is from the line of Vijit Jain from Citi.

**Vijit Jain:** 2 questions. One, with this fundraise that you've announced. I know in the past, you've said that you look at the trailing 12 months operating profit as a benchmark or something to use for M&A activity. So my question first - is the ticket size somewhere around \$200 million? I understand it can go up and down, but is that the general ballpark?

And a related question, have you kind of narrowed your focus on the kind of asset you want to acquire there as well?

**Anuj Khanna Sohum:** I would give the answer to the second question first because in the last earnings call also, I had mentioned that we have evaluated several companies - more than 10 and then we've shortlisted about 4 - where we are doing deeper due diligence, we are doing deeper assessments as well as negotiations. I wouldn't want to give any color to the size of the transaction because there are a few small transactions as well. I don't want to confuse

your analysis on that. There are some larger ones. So, there are small, mid-sized, and larger ones.

We may do more than one in terms of how we execute through the rest of this financial year. I would say - stay tuned. As and when we are closer to and have a definite announcement on it, we will be very proactive in explaining our approach and strategy.

But it is important to also note that given the ambition of the organization and the kind of shortlisted pipeline of opportunities that we are actively engaged with, it is now prudent. It is now the right time for the company to be ready with the necessary capital and seriousness to send the right message, even to the Boards of the selling organizations, to know that we are serious.

We are here and we have the necessary financial resources to execute in the very short term if needed. But we will take our own time. There's no pressure to act like today or tomorrow, but we are making sure that we execute at the right terms at the right price with the right target company. We will be patient, calibrated and we will bring the right transaction to unlock value for our shareholders.

**Vijit Jain:**

My second question is on your remarks Anuj. You said a couple of times that in this next phase of growth in advertising will be direct to advertisers and first-party data integration and so on. I know that there's been some recent tensions between ad agencies and not you guys, but some other DSPs as well. Do you see the whole structure of industry kind of changing post-AI? Is that a nod to that?

And related question that I suppose is if you can give me a color on what your current footprint is - in terms of your active SDK integrations that you have with our publishers and how that has trended over the last one year?

**Anuj Khanna Sohum:**

In terms of the industry trend, all I'm saying is that you have to be closer to your customer. If you look at our earnings presentation, there's one particular slide that gives the entire Affle 3i Consumer Platform Stack details, one side that tells you how we are direct to advertiser by design and there, we call AI as advertiser intelligence. Not just that, we call it verticalized AI, which is verticalized advertiser intelligence.

Then on the other side, we're talking about AI as an audience intelligence, where we have 4 billion+ consumer devices that we are able to reach out to.

Therefore we are profiling or processing audience intelligence at scale and that is highly personalized to deliver personalized recommendations. There's vernacular intel, creative optimization, all of those things - this is the model with the kind of scale and premium verticalization that we are talking about.

Now there are a few pathways to go to the advertiser. For us, around 75% of our pathway is direct with the advertiser. There's no other company involved in between. Around 25% plus of the revenue is through large ad agency group partners. But even there, our tech stack is directly integrated with the end advertiser's app because we are driving CPCU business model. Our business model requires that even if there is an agency or a partner in between, we would still need to integrate with the end advertiser directly. It's a necessary requirement.

That's what I'm emphasizing about. I believe the role of ad agencies will continue to be relevant. It will change, it will evolve. It will become a lot more efficient or perhaps even higher value roles and functions that they could play.

I wouldn't really opine on their future. All I'm saying is that for a tech stack like ours, we need to connect and be deeply integrated with the advertiser. That's the main emphasis point there.

In terms of the SDK footprint, our direct-to-consumer conversions approach of the business allows us several pathways of working. On that slide, you would see the supply side integrations, the OEM & operator integrations and there are even walled gardens integrations. We are working on the mobile device, CTV devices, the connected household devices and also on digital out-of-home. Some of them are small parts of our business, but we are looking at the consumer journey as an end-to-end connected journey.

We work with a lot of the SDK partners as well. Our own SDK is also doing well. One of the areas of the footprint expansion is that - going deeper with those publishers because once you have the kind of advertiser demand that we command in the market today with the verticalized integrations, that is unique advertisers demand.

So all the publisher side of the ecosystem, we are able to absolutely work with. Maybe I'll just leave it at that, but the footprint is expanding. Today, our footprint, not of the SDK alone, but across all the channels that we have

to reach out to the consumer conversions directly has over 4 billion connected devices footprint and that's not insignificant.

**Moderator:** Next question is from the line of Aadil Khan from ICICI Prudential Life Insurance.

**Aadil Khan:** Congratulations on a great set of numbers. I have a couple of questions. So firstly, when it comes to acquisition, like you mentioned that you've gone down to 4 entities. What kind of capabilities are we looking for in these companies? Secondly, if you could give us a timeline?

**Anuj Khanna Sohum:** Thanks, Aadil, for your question. In terms of capabilities, our focus is to take on direct access to a lot more advertisers and sales force out there with certain levels of initial integrations that they may have already done with those customers and advertisers in developed markets or even globally.

Then we are assessing them whether those integrations and relationships can be tapped on by Affle to really bring a transformative life to our strategy to go and take that acquired company and make it the verticalized first-party data integrated direct-to-advertiser platform that we're talking about here.

So again, the target is to get to a larger base of customers and have a sales team with ready relationships, have a tech stack with some ready integrations and then to transform it and enhance it to the playbook of Affle which is to make it a much more premium platform versus the way it is operating at the moment and to enhance its competitive moat using Affle's approach and strategy as well as our technology. That's what we're looking at.

The goal is to strengthen ourselves even more in developed markets and be much more verticalized, both with the advertiser verticals as well as at an ecosystem level, right from the advertiser to the consumer platform. How can we go fully simplifying and unifying the ecosystem from the advertisers to consumer conversions and that's our strategy and approach.

In terms of the timeline, there's a realistic chance that we may conclude a meaningfully sized transaction within this year itself. And when I say year, I'm not meaning the whole financial year, but within this calendar year. These transactions do take time because we're talking about the full due diligence process, the negotiation and the conclusion of the governance processes around it.

Once we are closer to the definitive agreements and dates, we will certainly provide the clearer timeline. But for now, it should be reasonable to say that within this calendar year, we should see a transaction, hopefully, of a meaningful size.

**Moderator:** Next question is from the line of Divyesh Mehta from Invesco India.

**Divyesh Mehta:** Sir, with respect to the gross margins, what the investment we are doing, can you give some context as to how much more investments are pending? When should we expect these investments to taper off? That's the first question. Second one is, given how the market is shifting within ad tech, do you think this is the right time to enter into the SSP space in a meaningful way? That's it.

**Anuj Khanna Sohum:** Thanks for your questions. I've already given some guidance on gross margins that we are investing with a clear purpose-driven strategy, which is to be deeply verticalized, be a premium platform that has intelligence, across key geographic regions and key industry verticals and that requires the right kind of investment. Going to high lifetime value consumer conversions, that kind of a premium positioning requires certain investment in intelligence building and we are doing that really well at scale.

Now I did mention that it will take about a year more and then we will start seeing greater benefits of that in the second year and hopefully improve the margin percentages in the financials progressively.

With respect to your second question regarding SSPs, our view is straightforward. We see these terminologies where an organization is just playing on the SSP side or companies that are only playing on the SSP side. For those who don't understand this terminology, there are companies that only focus on the supply side. My opinion is not strongly in favor of that.

My view is that anybody who's in provision of technology for advertising, has to find a way to be close to the advertiser, close to the customer, going for deeper integrations with the advertisers and the customers in order to ensure that you can serve their interest well. You have to have a direct-to-consumer conversions business model to absolutely ensure that you're delivering ROI to the advertiser versus just playing a very point solution at one end of the ecosystem, i.e., only supply side.

I believe those platforms will be commoditized and it will be extremely hard for them to compete in the market. Even if we do any acquisitions, our

strategy is very clear. We are looking for a larger customer base, a larger sales force that can serve that customer base and a tech stack that already has some preliminary integrations and then how can we expand that into our overall premium philosophy and transformation towards a verticalized integrated platform, going direct to advertisers, direct-to-consumer conversions.

Therefore, our play as Affle is always going to be an end-to-end platform. You will never see us gravitate as a point solution on one side of the ecosystem, distant from the end customer who's paying, which is the advertiser.

**Moderator:** Next question is from the line of Anmol Garg from DAM Capital.

**Anmol Garg:** A couple of things that I wanted to understand. One thing I wanted to understand is that in case we acquire something, can we look to operate at a different model like cost per impression or cost per click? Or would we want to convert that company to the CPCU model itself?

**Anuj Khanna Sohum:** Our endeavour would be to convert and transform over a period of time, but not doing it in an abnormal or not in the natural course of business. If you noticed that in our previous acquisitions that we did in year 2020 to 2023, we acquired companies that were not naturally on a CPCU business model. Even on a unit economic model, they were not profitable. They were just barely breaking even. We have transformed all of those business now into a CPCU business model. But it takes time, it takes effort.

First of all, any business that we acquire, our goal would be to make sure that the valuation and the financial sensibility has to be extremely conservative and prudent. We are putting our hard-earned money into it. Instead of building, we are making a decision to buy. We will be very sensible, value-driven and conservative in terms of the valuation.

In terms of what we acquire, it should give us a clear and a meaningful starting point, a bigger base as a starting point on which we can then ensure that we can grow Affle's CPCU business and platforms on that base in those markets.

Let's say, we do an acquisition and that target entity has a base of customers, a sales team, in developed markets - North America and Europe. Soon after that, we will train those sales teams to take our products and propositions on top of that to upsell, to cross-sell those deeper CPCU conversion use cases

to those customers. Naturally, over a period of time, we would see, hopefully, that the acquired business as we had it before over the first year, second year, possibly by the third year would be fully transformed to the CPCU or more premium positioning that we have with the advertisers.

**Anmol Garg:** In continuation to this, you have spoken about that CTV is a clear growth area into the industry. So just wanted to understand like how CPCU model will work in the CTV type of engagement or largely that would work on an impression kind of a model?

**Anuj Khanna Sohum:** No, the CPCU model can work on CTV engagement, can work on digital out-of-home engagement, can work on mobile. The answer is very simple. If you have the intention to deliver ROI, all it requires is to back that intention with execution action to go deeply integrate with the advertiser.

For example, somebody sees an ad on the CTV and that person engages with that ad in many different ways. We have a lot of unique ways in which that can be done. For example, you have your mobile phone, you can straightaway scan a QR code or maybe not even that. There could be some other ways. You look at the mobile phone, it can create some complementing experiences on it and we can create reengagement and repeat conversion possibilities on the mobile device.

When the user is out there at digital out-of-home in a shopping mall or something like that, we can again create those kind of engagements that can drive conversion. Either on your mobile device straight away, you go and you can do a conversion or a transaction with the advertiser's app or in a physical mall situation, you can actually have a footfall driven there.

Now, to do the conversion-related business model, the fundamental insight is that the conversion has to happen inside the advertiser's environment. Whether it is the advertiser's app or whether it is the advertiser's storefront or whether it is the physical storefront, these are the places where the conversion event would happen. Therefore, Affle has to have deep first-party data integration with the advertisers to ensure that we are achieving that. And that's how we do it. CTV is an important part of the journey.

What we have to think about is not just the screen. We are a consumer platform. The consumer is on multiple screen touch points. In-app mobile, this is a very big and a very important touch point for us. CTV, which is the households, connected households, another important touch point for us. We

are closing the loop overall with a very small but important use case, which is to say that the brands also want to drive conversions on their physical stores. So digital out-of-home is also another area that we would look at. But I would say it would suffice to say that over 90% focus is on in-app, mobile and CTV at this moment and a smaller percentage would focus on digital out-of-home.

**Moderator:** Next question is from the line of Hardik Goyal from Union Mutual Fund.

**Hardik Goyal:** Sir, just one question from my end. Given the current geopolitical situation and some signs of recessions coming in, are you seeing the global brands tightening their marketing budget? How can we see its impact on Affle per se? Are brands shifting from general branding towards a higher ROI model of CPCU?

**Anuj Khanna Sohum:** Thanks, Hardik, for the question. I have been leading Affle for 21 years and we have seen several financial crisis, several crisis in the journey of 21 years. I've been an entrepreneur for more than 30 and I've seen a fair bit of that. We have built Affle's business model for resilience and for fundamental deeply integrated moats with the customer and aligning our entire existence for the benefit of the customer. I believe this kind of alignment is dependable, trustable and especially when times get tough, it becomes very important.

So when times get tough as they are and have many times in the past, we are of the clear view that the CPCU business model is going to be resilient, and in fact, going to be the go-to business model for the advertisers. Because, when recession happens, it's not that businesses stop. They find it harder to make revenue. In that time, they want to spend their advertising dollars with great prudence and careful measures to say that if I'm spending this ad money, I better get ROI.

I believe it is common sense, but we have seen it repeated a number of times that all budgets get tighter. When budgets get tighter, when the going gets tough for everyone, only the tough really can get going - and this business model is a resilient business model, it is a tough business model. We have anchored ourselves on it for this very reason.

When we were going public in 2018-19 and I was on the road shows, people were asking, are you sure you're ready to go public? I said, yes, with this business model, I can deliver to the public market investors a resilient,

dependable and durable long-lasting success pattern. Last quarter was a tough quarter geopolitically - Jan, Feb, March 2026 was a tough quarter and it was a quarter without the benefit of festive seasonality.

Typically, in advertising businesses anywhere in the world, you will find that their highest quarter is October, November, December because of Diwali, Christmas, school holidays and shopping. Without the advantage or the tailwinds of the festive quarter and with the headwinds of geopolitical issues, Jan, Feb, March was very resilient for us.

We were able to grow at least the topline better and maybe even EBITDA better than the last quarter. In terms of fundamental performance, CPCU business in a small snapshot of the last quarter has already shown you in terms of resilience. I believe if I was an advertiser and the economy was in a tough place, I would gravitate to CPCU business model much faster than they are otherwise doing.

**Moderator:** We will take our next question from the line of Swapnil from JM Financial.

**Swapnil:** My question is regarding the warrants issue. First of all, I would like to understand the cap structure of your Affle Holdings Limited. Related question to that is basically where is Affle Holdings getting the money from to invest in Affle 3i Limited? Lastly, why warrants route instead of a QIP?

**Kapil Bhutani:** I'll take this question. Swapnil this is a call for Affle 3i Limited and not a call for Affle Holdings Private Limited. However, on the second question of yours of why a warrant and why not an equity route. We already have a substantial amount of cash. When we are on a negotiation on the pricing with the target companies, there is a requirement to show the strength of the capital.

If you need to take some leverages, you need to build up the capital for that. As we said that we will take some time to close the acquisition in this calendar year, we wanted to shore up the certainty of availability of the cash on the table.

But what is the source of funding of Affle Holdings? If any notification comes from Affle Holdings to us, we will definitely disclose it to the stock exchange.

**Moderator:** Next question is from the line of Kavish Parekh from 360 ONE Capital.

**Kavish Parekh:** Congratulations on a steady set of numbers. Kapil, a couple of bookkeeping questions. Our other expenses declined 3% in FY2026 after rising about 40-

odd percent in FY2025. Would you attribute this entire decline to moderation in business promotion expenses? Or is there some other efficiency driving this?

How do we look at movement in other expenses going forward? And could you also explain the movement in other income? It declined about 17% in FY2026. Is this all treasury related? Or is there something more to this?

**Kapil Bhutani:** Thank you for the question. Largely, it is the decline or the moderation in the business promotion expenses. There is no linear spending on the business promotion expenses. Generally, it is Q2 & Q3 which is the highest spending quarter for us and some amount in Q1 also, which is where we shore up our marketing efforts as we participate in various events or we do client meetings at a larger scale. These are the places where we spend or these are the quarters where we spend largely. The moderation in Q4 is largely on account of the marketing spends. The other efficiencies are definitely there, but significant is this one to call out.

**Kavish Parekh:** Sure. And on the other income?

**Kapil Bhutani:** Other income is part of the treasury operations. As we have been repaying our borrowings, there is some amount of reduction in the cash to that extent. But however, we have been accumulating cash. Largely, the decline has been on account of exchange gains over this quarter and during this year, as a large part of our expenses, which come in terms of the data inventory cost or employees outside India, these are the exchange expenses which we are booking in this year.

**Moderator:** Next question is from the line of Samarth Patel from Equirus Securities. As there is no response from the current participant, we will take our next question from the line of Onkar Ghugardare from Shree Investment.

**Onkar Ghugardare:** As earlier mentioned that 20% growth for the next 5 years is what you can do. But you have guided for around 10x of the revenue in the next 10 years, which would want you to grow somewhere around 26% CAGR. So all that remaining portion would come from inorganic growth. And in the generation of the AI, don't you think with the tailwind of AI, the growth can be much more than the 20%, which you have projected for the organic front? Or is the base effect catching here?

**Anuj Khanna Sohum:** No, there's no base effect catching here. It's a sensible sort of growth calibration at the moment to look at modelling our company for organic

growth of around 20%. And with the clear and deep understanding that even if we go ahead and do any inorganic transaction, our goal would be that the combined entity must be deeply growth-oriented and should average towards the 20% growth in the near to medium term with a clear emphasis on the bottom line efficiencies of the organization, delivering close to about 23% to 25% EBITDA over a period of time.

Which is where you can see the trend lines last year to this year, our EBITDA has gone up in the mid-20, to around 22% to 23%. Our goal is to constantly move the notch up. This is a sensible level of growth for the industry that we are in and for the tailwinds of AI that we're already factoring in.

Can it grow faster? Well, there is a possibility to calibrate it like that. But then that would be not as profitable growth in terms of just going for topline growth, getting the numbers from all kinds of advertisers. Not every pocket or segment of advertising on digital is as profitable as the ones that we are focused on. We calibrate ourselves to deliver premium conversions for those verticals where we think that we can make the right kind of outcomes.

Many times, there are sales orders that our customers send to us through our sales teams that we would even decline. If we believe that those campaigns are not appropriate or will not lead to the right kind of profitable, sensible outcomes, we would not necessarily take every revenue on board. What we are talking about is high-quality revenue, predictable, sensible calibration for the kind of growth that we're aspiring. Getting to 10x growth - it's a committed plan and we are on track to getting there.

**Moderator:** Next question is from the line of Pranay Shah from Carron Capital.

**Pranay Shah:** Sir, my question is regarding ad tech ecosystem. Another ad tech player who has partnered with LLMs like OpenAI for advertising pilots on ChatGPT, which went live in March 2026 and I believe ChatGPT has also rolled it out in the U.S., Australia and Canada. I'd like to know whether we are also conducting some pilot experiments on this stage? If yes, what are the learnings which we have?

**Anuj Khanna Sohum:** Yes, definitely. We are doing our own integrations and experimentations around it. But what I can guide you towards and what I would want you to think about is that see these LLM platforms as like an ecosystem level play. You would see that very soon, these platforms would have app stores and different apps using their LLMs to launch unique specific products and

services for the end consumers and other businesses. I believe it's like you don't have to necessarily integrate only with the app stores of Apple, Google or others.

There will be millions of apps, AI-generated apps, human-generated apps, websites that will use these LLM platforms to launch. Our goal is to work at an ecosystem level with the end user touch points, which are these apps that will be powered or running on top of these LLM platforms. Think of it as a new vertical within our categories EFGH. In the category G, soon we'll talk about GenAI apps as a vertical or as a category of advertisers, the new age GenAI apps, which will also need to do 2 things.

One, they need to find the consumer so that they'll use their app and in order to do that, they'll spend ad budgets on a CPCU model with us. Secondly, they also want to make money from advertising because not all these new GenAI apps will be paid for by consumer subscriptions. They will also need ad revenue and so they will work and integrate with a platform like ours.

Working with the underlying LLM platform is one level of experimentation, but the real take-off and the value and the scale is in the visualization of this entire ecosystem being fully ready and prepared for that advent of GenAI apps and sites, wanting ads, wanting to do advertising. I believe that's what Affle is prepared and ready for. We are in a good place there.

**Moderator:** Next question is from the line of Sanjay Ladha from Bastion Research.

**Sanjay Ladha:** I wanted to understand the customer revenue cycle, meaning what is the repeat customer percentage for 1 year, 3 year and 5 years? And why I'm asking is, are we able to increase wallet share with existing customer? Or is it one-time sales for one particular time? Do the 3-year and 5-year customers still work with us?

**Anuj Khanna Sohum:** Yes, absolutely. The growth for us is anchored in a few ways. Existing customers are spending more in existing markets and existing customers are spending new budgets with us in new markets where they were not working with us before, because we're a global platform. We always calibrate and we go to our existing customers, hey, you're working with us in all these markets. Look, we have these case studies with you, but we are also working in other geographies where some of those customers may have presence. We will then take them with us to those new geographies and extract budgets from them for that.

Then we have a sales team, a marketing team that's constantly looking for new logos, new customers across all our industry verticals, both in existing markets as well as we are constantly expanding and saying, let's launch and look for new customers and logo in the new markets where we are a little under-calibrated, for example, in developed markets.

So, we do see broad-based growth and expansion coming to our customer base. There are several customers who've been working with us for over decades. Now we have a 21-year journey in the company. Definitely, there's a lot of dependence on existing as well as a good healthy mix of new logos coming on board across existing and new markets.

**Sanjay Ladha:** Sir, can you share any repeat customer names?

**Anuj Khanna Sohum:** Kapil, could you take that question?

**Kapil Bhutani:** We will not be able to disclose that kind of detail of the information.

**Anuj Khanna Sohum:** Sanjay, what I would recommend is reading the case studies that we are highlighting. We disclosed so many case studies, so many awards that we are winning for our customers, for ourselves and for the work that we do for them. That should give you a very good understanding of our verticalized approach and how we serve our customers. The short answer is that it is not a one-time engagement. It is cyclical to the extent that's year-on-year or budget to budget, in India it's Diwali to Diwali and so on. How the advertising budgets are planned for the year, we calibrate that together and then we execute through the quarters with our customers.

**Moderator:** Next question is from the line of Lokesh Manik from Vallum Capital.

**Lokesh Manik:** Great. Anuj, you briefly touched upon digital OOH. My understanding is that this segment in the advertising world has seen a subdued growth in the offline side. So just to take some bit from your foresight and your experience in this industry, what you saw in 2019 is today happening in 2025. Are you seeing something develop in the digital OOH space and how difficult conversions will be because mobile and CTV are more personalized device versus a digital OOH, which is a public device? If you can share some details on that, how you are foreseeing things in the next 3 to 5 years?

**Anuj Khanna Sohum:** Thanks for that question, Lokesh. If you see our platform's definition, it doesn't say that it is a mobile advertising company. It doesn't say that we are a CTV advertising company or a digital OOH advertising company.

Many of the competitors do that, by the way. Somebody might say we are a mobile advertising. Somebody say we are CTV focused. Somebody will say we are a Facebook company, Google. I mean, they're very destination specific.

Whereas what is Affle defined as? We are a consumer-centric consumer platform company. Our focus is on the 4 billion consumer-connected devices we are reaching out to. Now on those 4 billion consumers, let's say, if you're focused on the consumer, first and foremost, we should be on the consumer's mobile. It's very important. Because if you don't have that touch point, then it doesn't make sense. Next is you would say, let's go from the mobile to the connected household. There's a CTV screen there. Can we do something there that will enhance the probability of conversion.

Third, you would say that, okay, should we limit Affle to just delivering conversions for our advertisers online, which means the user is converting on the mobile phone, on the in-app or on the app or the advertiser or on the app of a marketplace. Is that all that we should do? The advertiser also has physical stores and footprints. They also have their online store, their apps. Why should we not say that, okay, when this consumer goes out of their home or out of their office, the mobile is always carried with them. When they're out of the home and out of the office, we can capture that incremental budget on the consumer's journey. From that angle alone, the digital out-of-home comes into play. If you are on digital out-of-home, can we make it from a screen that everybody is ignoring and walking by to an engagement screen with the mobile phone where you actually drive a conversion or drive a footfall that can be tracked or measured.

Only to that extent, we are interested in making sure that we don't lose our consumers' journey. As long as they have their mobile phone with them, any other connected device that they come in proximity with, we should have an ability to drive the probability of conversion of that consumer for that advertiser.

As a consumer-centric platform, we are saying we are going to go where the consumer goes, and therefore, these devices become important only in that context. Digital out-of-home will be a small part, but it could be an interesting one to do what we call as driving retail online to offline footfall. Then there are many advertisers who are absolutely keen to do that, especially for the high lifetime value users, like those users who would buy from the brand online and also when they see a store, they want to walk in there. Those are the kind of lifetime value users that we are converting for

our advertisers. In that context, digital out-of-home fits in, but it's not the emphasis point.

**Moderator:** Next question is from the line of Arun Prasath from Avendus Spark.

**Arun Prasath:** Anuj, my one question is on your LTV. You spoke about how LTV is what is important for us to track. In an inflationary scenario, does your customers' LTV also goes up in line with the inflation? Or does it track higher than the inflation? If so, does eventually the Customer Acquisition Cost (CAC) budget also catches up with the revised LTV and which may potentially benefit us if the inflation remains higher in the longer run?

**Anuj Khanna Sohum:** That's a deep and a broad-based question on economics across various industry verticals that Affle is deeply focused on. The short answer is that as the GDP or the disposable income of the consumers go up, I believe their ability to spend that on the advertisers' goods and services broadly should go up, right?

Inflation actually makes things expensive for the consumer and that potentially could impact their disposable income. But in growing economies over a long period of time, one would expect that the purchasing power is improving. As the economy grows, we would see that the CPCU rates would grow.

That's what we have seen at least in the last 10 years. Across industry verticals, we are seeing in the CPCU part of the ecosystem, we're able to grow our volume of business and we're also able to increase our pricing. That's why we are in a privileged position as a business.

When I talk about LTV, I'm just saying that not all consumer conversions are the same. So, my dad's is driver in Lucknow may also be using an old version of his iPhone and my dad is also using an iPhone, but let's say, from the same car from the same destination, 2 people are ordering food online. I would believe that probably the value of my dad's conversion would be much higher for our advertisers than his driver's conversion. That's the distinction we're making. How can we go and drive more premium, higher lifetime value conversions for advertisers and tell them that when you work with Affle, you are working with a premium platform whose algorithm is trained to find the highest ROI for you in driving conversions.

That's what we are trying to aspire towards and consistently pushing for and that fundamentally will move the CPCU much higher and the margin profile

much higher over time. That's the kind of audience and advertiser intel that we are verticalizing for, that we are investing in, which is what I was talking earlier when they say, hey, your gross margin is being invested into data and inventory cost. I said, absolutely because we are verticalizing towards premium inventories and driving towards that greater possibility ahead.

**Arun Prasath:** No, I understand that, Anuj, what I'm asking is, while, of course, we are moving up the ladder from lower LTV to higher LTV customers. What I'm asking is the LTV at each corporate level also goes up once the inflation settles at a higher level. That is the clarification I would like to see?

**Anuj Khanna Sohum:** I wish I could answer it linked to inflation but I would basically say that the last 10 years trend is showing that the CPCU rate is going up and I think that is just simply a function of how the economy is growing and how the consumer spending power is growing.

**Kapil Bhutani:** Just a very brief answer on this, Arun. We model at 2% long-term average inflation rates as we do our long-term planning. Inflation definitely is there in the economies across geographies. On an average, we built in about 2% inflation on a CAGR basis or on a long-term basis. Some years, it will be high and some years will be down, right? So it's a function of normal economics being put into the business planning. I hope that answers your question in a crisp way.

**Moderator:** Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to the management for closing comments.

**Anuj Khanna Sohum:** Well, thank you very much for being on the call today, and we look forward to a very strong performance going forward into FY2027. The tailwinds are strong, the foundation is strong and we are optimistic and bullish on how we will navigate all the challenges ahead, both organically as well as inorganically. We're looking forward to a fantastic year. Thank you.

**Moderator:** Thank you. Thank you very much. On behalf of Ambit Capital, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.

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