

Review Report

Review Report to The Board of Directors Affle (India) Limited

We have reviewed the accompanying Special Purpose Interim Condensed Consolidated Financial Statements of Affle (India) Limited (the “Company”) and its subsidiaries (the Company and its subsidiaries together referred to as “the Group”), which comprise the condensed consolidated Balance Sheet as at December 31, 2020, and the related consolidated Statement of Profit and Loss (including other comprehensive income) for the nine months period then ended, consolidated Statement of Changes in Equity and consolidated Statement of Cash Flows for the period then ended, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as “Special Purpose Condensed Consolidated Financial Statements”) as required by Indian Accounting Standard (“Ind AS”) 34 “Interim Financial Reporting”.

Management’s Responsibility for the Financial Statements

This Special Purpose Condensed Consolidated Financial Statements, which is the responsibility of the Company’s management and approved by the Company’s Fund Raising Committee, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) “Interim Financial Reporting” prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. These Special Purpose Condensed Consolidated Financial Statements have been prepared solely in connection with raising of funds in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “SEBI ICDR Regulations”). Our responsibility is to express a conclusion on the Special Purpose Condensed Consolidated Financial Statements based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Special Purpose Condensed Consolidated Financial Statements are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Special Purpose Condensed Consolidated Financial Statements are not prepared, in all material respects, in accordance with the recognition and measurement principles of Ind AS-34 prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India.



Emphasis of matter

We draw attention to Note 15.2 (i) to the accompanying Special Purpose Condensed Consolidated Financial Statements, which indicate that business combination under common control has been accounted for using purchase method in accordance with previous GAAP resulting in the recognition of goodwill of amounting Rs 59.24 million as on December 31, 2020 as prescribed under court scheme instead of using pooling interest method as prescribed under Ind AS 103 Business Combinations as the approved court scheme will prevail over applicable accounting standard. Our conclusion is not modified in respect of this matter.

Other matters

1. The Special Purpose Condensed Consolidated Financial Statements includes the unaudited interim financial statements and other financial information in respect of six subsidiaries, whose unaudited interim financial statements reflect total assets of Rs 4,560.36 million as at December 31, 2020, total revenues of Rs 1,948.22 million and net cash inflow of Rs 146.03 million for the nine months ended December 31, 2020 as considered in the Special Purpose Condensed Consolidated Financial Statements, which have been reviewed by their respective independent auditors.

The independent auditor's report on interim financial statements/ financial information of these entities have been furnished to us by the Company's management and our conclusion on the Special Purpose Condensed Consolidated Financial Statements, in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on the report of such auditors.

Each of these subsidiaries are located outside India whose interim financial statement and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the interim financial statement of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the Company's management and reviewed by us.

2. The Special Purpose Condensed Consolidated Financial Statements includes the unaudited interim financial statements and other financial information in respect of one subsidiary, whose unaudited interim financial statements reflect total assets of Rs 1.49 million as at December 31, 2020, total revenues of Rs 0.45 million and net cash inflow of Rs 0.82 million for the nine months ended December 31, 2020 as considered in the Special Purpose Condensed Consolidated Financial Statements, which has not been reviewed by any auditor and has been approved and furnished to us by the Company's management and our conclusion on the Special Purpose Condensed Consolidated Financial Statements, in so far its relates to the affairs of this subsidiary is based solely on such unaudited financial statements and other financial information. According to the information and explanations given to us by the Company's management, this interim financial statements/ information is not material to the Group.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Our conclusion on the Special Purpose Condensed Consolidated Financial Statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Company's management.

3. These Special Purpose Condensed Consolidated Financial Statements has been prepared for the purpose of fund raising by the Company. We do not accept or assume responsibility for any other purpose except as expressly agreed by our prior consent in writing.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



per Yogesh Midha

Partner

Membership No.: 094941



UDIN: 21094941AAAABH9746

Place: New Delhi

Date: April 28, 2021

Special Purpose Interim Condensed Consolidated Balance Sheet as at December 31, 2020

| Particulars | Notes | As at | |
|---|-------|-------------------|-----------------|
| | | December 31, 2020 | March 31, 2020 |
| ASSETS | | | |
| I. Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 15.08 | 10.18 |
| (b) Right of use assets | 11 | 23.66 | 36.54 |
| (c) Goodwill | 4 | 2,791.80 | 1,106.73 |
| (d) Other intangible assets | 4 | 462.23 | 474.25 |
| (e) Intangible assets under development | 4 | 291.70 | 48.00 |
| (f) Financial assets | | | |
| (i) Investments | 5 | 407.00 | 0.26 |
| (ii) Loans | | 3.34 | 3.34 |
| (g) Income tax assets (net) | | 16.93 | - |
| (h) Deferred tax asset (net) | | 1.83 | - |
| Total non-current assets | | 4,013.57 | 1,679.30 |
| II. Current assets | | | |
| (a) Contract asset (net) | 7 | 615.85 | 198.75 |
| (b) Financial assets | | | |
| (i) Trade receivables | | 867.44 | 744.35 |
| (ii) Cash and cash equivalent | | 504.19 | 695.90 |
| (iii) Other bank balance other than (ii) above | | 120.81 | 568.81 |
| (iv) Loans | | 15.51 | 44.05 |
| (v) Other financial assets | | 192.81 | 10.40 |
| (c) Other current assets | | 84.88 | 58.70 |
| Total current assets | | 2,401.49 | 2,320.96 |
| Total assets (I + II) | | 6,415.06 | 4,000.26 |
| EQUITY AND LIABILITIES | | | |
| III. EQUITY | | | |
| (a) Equity share capital | | 254.96 | 254.96 |
| (b) Other equity | | | |
| Retained earning | | 1,868.21 | 1,106.19 |
| Capital reserve | | 25.71 | 25.71 |
| Securities premium | | 845.56 | 845.56 |
| Other reserves | | 4.02 | 59.17 |
| - Equity attributable to equity holders of the parent | | 2,743.50 | 2,036.63 |
| - Non-controlling interests | | 3.35 | - |
| Total equity | | 3,001.81 | 2,291.59 |
| LIABILITIES | | | |
| IV. Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 6 | 401.41 | 280.60 |
| (ii) Other non-current financial liabilities | | 674.36 | 117.58 |
| (iii) Lease liabilities | 11 | 12.17 | 20.08 |
| (b) Long-term provisions | | 14.88 | 12.79 |
| (c) Deferred tax liabilities (net) | | - | 1.80 |
| Total non-current liabilities | | 1,102.82 | 432.85 |
| V. Current liabilities | | | |
| (a) Contract liabilities | 7 | 17.38 | 8.03 |
| (b) Financial liabilities | | | |
| (i) Borrowings | 6 | 556.03 | 357.24 |
| (ii) Trade payables | | | |
| - dues of micro enterprises and small enterprises | | 1.48 | 6.85 |
| - others | | 1,346.43 | 743.33 |
| (iii) Lease liabilities | 11 | 9.72 | 17.09 |
| (iv) Other current financial liabilities | | 339.07 | 70.34 |
| (c) Short-term provisions | | 7.06 | 6.59 |
| (d) Liabilities for current tax (net) | | 20.49 | 17.12 |
| (e) Other current liabilities | | 12.77 | 49.23 |
| Total current liabilities | | 2,310.43 | 1,275.82 |
| Total equity and liabilities (III + IV + V) | | 6,415.06 | 4,000.26 |

Summary of significant accounting policies

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As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
[CAI Firm's Registration No.: 101049W/E300004

Anuj Yogesh Midha
Partner
Membership No.: 94941
Place: New Delhi
Date: April 28, 2021



For and on behalf of the Board of Directors of
Affle (India) Limited
CIN No. L65990MH1994PLC080451

Anuj Khanna Sohum
Chairman, Managing Director & Chief Executive Officer
[DIN: 01363666]
Place: Singapore
Date: April 28, 2021

Kapil Mohan Bhutani
Chief Financial & Operations Officer
[DIN: 00554760]
Place: Gurugram
Date: April 28, 2021

Anuj Kumar
Director
[DIN: 01400273]
Place: Gurugram
Date: April 28, 2021

Parmita Choudhury
Company Secretary
Membership No.: 26261
Place: New Delhi
Date: April 28, 2021

Special Purpose Interim Condensed Consolidated Statement of Profit and Loss for the nine months period ended December 31, 2020

| Particulars | Notes | For the nine months period ended | |
|---|-------|----------------------------------|-------------------|
| | | December 31, 2020 | December 31, 2019 |
| I Revenue | | | |
| Revenue from contracts with customers | 7 | 3,752.09 | 2,537.60 |
| Other income | | 55.15 | 26.74 |
| Total revenue (I) | | 3,807.24 | 2,564.34 |
| II Expenses | | | |
| Inventory and data costs | | 2,164.54 | 1,462.20 |
| Employee benefits expenses | | 376.00 | 208.50 |
| Finance costs | | 23.52 | 8.22 |
| Depreciation and amortisation expense | 8 | 144.64 | 85.13 |
| Other expenses | 9 | 259.04 | 189.55 |
| Total expenses (II) | | 2,967.74 | 1,953.60 |
| III Profit before tax (I-II) | | 839.50 | 610.74 |
| IV Tax expense: | | | |
| Current tax | | 77.19 | 110.44 |
| Deferred tax credit | | (2.00) | (1.98) |
| Total tax expense (IV) | | 75.19 | 108.46 |
| V Profit for the period (III-IV) | | 764.31 | 502.28 |
| VI Other comprehensive income | | | |
| Items that will be reclassified to profit or loss in subsequent years | | | |
| Exchange differences on translating the financial statements of a foreign operation | | (55.15) | 7.62 |
| | | (55.15) | 7.62 |
| Items that will not be reclassified to profit or loss in subsequent years | | | |
| Re-measurement losses on defined benefit plans | | (1.23) | (0.42) |
| Income tax effect | | 0.31 | 0.10 |
| | | (0.92) | (0.32) |
| Other comprehensive (loss) / income net of tax | | (56.07) | 7.30 |
| VII Total comprehensive income for the period | | 708.24 | 509.58 |
| VIII Profit for the period | | 764.31 | 502.28 |
| Attributable to: | | | |
| - Equity holders of the parent | | 762.94 | 502.28 |
| - Non-controlling interests | | 1.37 | - |
| IX Total comprehensive income for the period attributable to: | | | |
| Attributable to: | | | |
| - Equity holders of the parent | | 706.87 | 509.58 |
| - Non-controlling interests | | 1.37 | - |
| X Earnings per equity share: | | | |
| Equity shares of par value INR 10 each | | | |
| (1) Basic | 10 | 29.98 | 20.15 |
| (2) Diluted | 10 | 29.98 | 20.15 |

Summary of significant accounting policies

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As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm's Registration No.: 101049W/E300004

per Yogesh Midha
Partner
Membership No.: 94941
Place: New Delhi
Date: April 28, 2021



For and on behalf of the Board of Directors of
Affle (India) Limited
CIN No. L65990MH1994PLC080451

Anuj Khanna Sohumi
Chairman, Managing Director & Chief Executive Officer
[DIN: 01363666]
Place: Singapore
Date: April 28, 2021

Kapil Mohan Bhutani
Chief Financial & Operations Officer
[DIN: 00554760]
Place: Gurugram
Date: April 28, 2021

Anuj Kumar
Director
[DIN: 01400273]
Place: Gurugram
Date: April 28, 2021

Parmita Choudhury
Company Secretary
Membership No.: 26261
Place: New Delhi Date:
April 28, 2021

Special Purpose Interim Condensed Consolidated Statement of Cash Flows for the nine months period ended December 31, 2020

| Particulars | For the nine months period ended | |
|---|----------------------------------|-------------------|
| | December 31, 2020 | December 31, 2019 |
| A Cash flow from operating activities | | |
| Profit before tax | 839.50 | 610.74 |
| Adjustments for : | | |
| Depreciation and amortisation expense | 144.64 | 85.13 |
| Non-cash interest on lease | 1.36 | 0.59 |
| Allowance for impairment of trade receivables and contract asset | 11.67 | 9.48 |
| Liabilities written back | (2.79) | - |
| Loss on Property, plant and equipment and intangible assets (net) | - | 0.05 |
| Interest income | (20.50) | (22.99) |
| Interest expense | 15.91 | 5.98 |
| Unrealised foreign exchange (gain) / loss | (51.99) | 1.85 |
| Operating profit before working capital changes | 937.80 | 690.83 |
| Change in working capital: | | |
| (Increase)/decrease in contract asset (net) | (417.10) | (181.36) |
| (Increase)/decrease in trade receivables | (132.34) | (236.63) |
| (Increase)/decrease in financial assets | (8.93) | (25.94) |
| (Increase)/decrease in other current assets | (26.21) | (14.20) |
| Increase/(decrease) in contract liabilities | 9.35 | 2.62 |
| Increase/ (decrease) in trade payables | 535.26 | 182.83 |
| Increase/ (decrease) in other financial liabilities | 16.39 | 9.07 |
| (Decrease)/increase in other liabilities | (36.46) | 13.42 |
| Increase/ (decrease) in provisions | 1.33 | 2.25 |
| Net cash generated from operations | 879.09 | 442.89 |
| Direct taxes paid (net of refunds) | (92.06) | (84.39) |
| Net cash flow generated from operating activities (A) | 787.03 | 358.50 |
| B Cash flow from investing activities: | | |
| Purchase of property, plant & equipment, intangible assets including assets under development | (373.70) | (303.98) |
| Acquisition of a subsidiary, net of cash acquired | (875.95) | (414.27) |
| Loan given | (149.80) | - |
| Proceeds from sale of property, plant and equipment and intangible assets | - | 0.08 |
| Investments in bank deposits (having original maturity of more than three months) | (467.88) | (1,809.38) |
| Redemption in bank deposits (having original maturity of more than three months) | 915.88 | 1,060.13 |
| Purchase of Investments | (406.74) | - |
| Interest received on bank deposits | 25.36 | 20.63 |
| Net cash flow used in investing activities (B) | (1,332.83) | (1,446.79) |
| C Cash flow from financing activities: | | |
| Interest paid on borrowings | (15.91) | (5.40) |
| Proceeds from borrowings | 952.64 | 173.79 |
| Repayment of borrowings | (571.14) | - |
| Interest paid on lease liability | (1.36) | (0.59) |
| Payment of principal portion of lease liabilities | (10.50) | (3.41) |
| Proceeds from initial public offer (net of issue expenses) | - | 857.64 |
| Net cash flow generated from financing activities (C) | 353.73 | 1,022.03 |
| Net change in cash and cash equivalent (A+B+C) | (192.07) | (66.26) |
| Net foreign exchange difference | 0.36 | 3.05 |
| Cash and cash equivalent as at the beginning of the period | 695.90 | 206.08 |
| Cash and cash equivalent as at the end of the period | 504.19 | 142.87 |
| Components of cash and cash equivalent: | | |
| Balance with banks | | |
| - On current account | 367.53 | 142.77 |
| Deposits with original maturity for less than three months | 136.53 | - |
| Cash in hand | 0.13 | 0.10 |
| Total cash and cash equivalent | 504.19 | 142.87 |



Affle (India) Limited (formerly known as "Affle (India) Private Limited")
(Amount in INR million, unless otherwise stated)

Special Purpose Interim Condensed Consolidated Statement of Cash Flows for the nine months period ended December 31, 2020

The reconciliation between the opening and the closing balances in the balance sheet for liabilities arising from financing activities is as follows:

For the nine months ended December 31, 2020

| Particulars | March 31, 2020 | Cash flow | Other non-cash adjustments | | December 31, 2020 |
|--|----------------|---------------|-----------------------------------|-----------------------|-------------------|
| | | | Rebate received during the period | Accretion of interest | |
| Current borrowings | 357.24 | 198.80 | - | - | 556.04 |
| Non-current borrowings | 280.60 | 120.81 | - | - | 401.41 |
| Current lease liabilities | 17.09 | 3.95 | 4.78 | 1.36 | 9.72 |
| Non-current lease liabilities | 20.08 | 7.91 | - | - | 12.17 |
| Total liabilities from financing activities | 675.01 | 331.47 | 4.78 | 1.36 | 979.34 |

For the nine months ended December 31, 2019

| Particulars | March 31, 2019 | Cash flow | Other non-cash adjustments | | December 31, 2019 |
|--|----------------|---------------|--------------------------------|-----------------------|-------------------|
| | | | Leases added during the period | Accretion of interest | |
| Current borrowings | 20.75 | 22.01 | - | - | 42.76 |
| Non-current borrowings | 69.17 | 151.78 | - | - | 220.95 |
| Current lease liabilities | - | 4.00 | 11.76 | 0.59 | 8.35 |
| Non-current lease liabilities | - | - | 23.70 | - | 23.70 |
| Total liabilities from financing activities | 89.92 | 177.79 | 35.46 | 0.59 | 295.76 |

Summary of significant accounting policies

2

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm's Registration No.: 101049W/E300004

[Signature]

per Yogesh Midha
Partner
Membership No.: 94941
Place: New Delhi
Date: April 28, 2021



For and on behalf of the Board of Directors of Affle (India) Limited
CIN No. L65990MH1994PLC080451

[Signature]

Anuj Khanna Sohum
Managing Director & Chief Executive Officer
[DIN: 01363666]
Place: Singapore
Date: April 28, 2021

[Signature]

Anuj Kumar
Director
[DIN: 01400273]
Place: Gurugram
Date: April 28, 2021

[Signature]

Kapil Mohan Bhutani
Chief Financial & Operations Officer
[DIN: 00554760]
Place: Gurugram
Date: April 28, 2021

[Signature]

Parmita Choudhury
Company Secretary
Membership No.: 26261
Place: New Delhi Date:
April 28, 2021

Special Purpose Interim Condensed Consolidated Statement of Changes in Equity for the nine months period ended December 31, 2020

(a) Equity share capital

| Particulars | Number of shares | Amount |
|---------------------------------|------------------|--------|
| Balance as at April 1, 2019 | 24,288,314 | 242.88 |
| Issued during the year | 1,208,053 | 12.08 |
| Balance as at March 31, 2020 | 25,496,367 | 254.96 |
| Balance as at April 1, 2020 | 25,496,367 | 254.96 |
| Issued during the period | - | - |
| Balance as at December 31, 2020 | 25,496,367 | 254.96 |

(b) Other equity

| Particulars | Reserves and surplus | | | Other reserves | Equity attributable to owners | Non controlling interests | Total other equity |
|---------------------------------|----------------------|-----------------|--------------------|---|-------------------------------|---------------------------|--------------------|
| | Retained earnings | Capital reserve | Securities premium | Exchange differences on translating the financial statements of a foreign operation | | | |
| Balance as at April 01, 2019 | 449.86 | 25.71 | - | 5.60 | 481.17 | - | 481.17 |
| Profit for the year | 655.17 | - | - | - | 655.17 | - | 655.17 |
| Other comprehensive income | 1.16 | - | - | 53.57 | 54.73 | - | 54.73 |
| Issue of share capital | - | - | 845.56 | - | 845.56 | - | 845.56 |
| Balance as at March 31, 2020 | 1,106.19 | 25.71 | 845.56 | 59.17 | 2,036.63 | - | 2,036.63 |
| Balance as at April 01, 2020 | 1,106.19 | 25.71 | 845.56 | 59.17 | 2,036.63 | - | 2,036.63 |
| Profit for the period | 762.94 | - | - | - | 762.94 | 1.37 | 764.31 |
| Other comprehensive income | (0.92) | - | - | (55.15) | (56.07) | - | (56.07) |
| Acquisition of a subsidiary | - | - | - | - | - | 1.98 | 1.98 |
| Balance as at December 31, 2020 | 1,868.21 | 25.71 | 845.56 | 4.02 | 2,743.50 | 3.35 | 2,746.85 |

Summary of significant accounting policies

2

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm's Registration No. 101449W/E300004

S. R. Batliboi
S. R. Batliboi
Partner
Membership No.: 94941
Place: New Delhi
Date: April 28, 2021



For and on behalf of the Board of Directors of
Afle (India) Limited
CIN No. L65990MH1994PLC080451

Anuj Khanna
Anuj Khanna Sohum
Chairman, Managing Director & Chief Executive Officer
[DIN: 01363666]
Place: Singapore
Date: April 28, 2021

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Kapil Mohan Bhutani
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Director
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Place: Gurugram
Date: April 28, 2021

Parmita Choudhury
Parmita Choudhury
Company Secretary
Membership No.: 26261
Place: New Delhi
Date: April 28, 2021

Affle (India) Limited (formerly known as Affle (India) Private Limited)
Notes to the Special Purpose Interim Condensed Consolidated Financial Statements for the nine months period ended December 31, 2020

1. CORPORATE INFORMATION

The Special Purpose Interim Condensed Consolidated Financial Statements comprise of financial statements of Affle (India) Limited ("the Company") and its subsidiaries (collectively, the Group) for the nine months period ended December 31, 2020. The Company is a public limited company, domiciled in India, incorporated under the provisions of the Companies Act, 1956, and is a subsidiary of Affle Holdings Pte. Ltd. The Company was incorporated on 18 August 1994. The shares of the Company got listed on National Stock Exchange Limited and Bombay Stock Exchange Limited on August 8, 2019.

The Group is engaged in providing mobile advertisement services through information technology and software development services for mobiles. The registered office of the Company is situated at 102, Wellington Business Park-1, Off Andheri Kurla Road, Marol, Andheri (East), Mumbai 400 059. The principal place of business is in Haryana, India.

The consolidated financial statement were approved for issue in accordance with the resolution of fund raising committee of the board on April 28, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation of special purpose interim condensed consolidated financial statements

These special purpose interim condensed consolidated financial statements ("financial statements") of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) 34, "Interim Financial Reporting" notified under section 133 of Companies Act, 2013 (the "Act") and rules thereunder.

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in preparation of the annual financial statements for the year ended March 31, 2020. Further, certain selected explanatory notes are included to explain events and transactions that are significant for the understanding of the changes in the financial position and performance since the last annual financial statements.

These financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual Ind AS financial statements.

These financial statements have been prepared in connection with raising of funds in accordance with provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "SEBI ICDR Regulations").

ii) Basis of consolidation

The special purpose interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events



Affle (India) Limited (formerly known as Affle (India) Private Limited)
Notes to the Special Purpose Interim Condensed Consolidated Financial Statements for the nine months period ended December 31, 2020

in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., the period ended on December 31, 2020. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- (i) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (ii) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the Company's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (iii) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

List of entities consolidated

The list of entities consolidated by the Group, which are included in the consolidated financial statements are as under:

| S. No. | Entity | Principal activities | Relationship | Place of incorporation | Percentage of ownership interest as at | |
|--------|-------------------------------|---|--|-----------------------------|--|----------------|
| | | | | | December 31, 2020 | March 31, 2020 |
| 1 | Affle International Pte. Ltd. | Rendering service through 'Mobile Audience As a Service' ("MAAS") | Direct subsidiary | Singapore | 100% | 100% |
| 2 | PT Affle Indonesia | | Step down subsidiary – Subsidiary of Affle International Pte. Ltd. | Indonesia | 100% | 100% |
| 3 | Affle MEA FZ-LLC | | | Dubai, United Arab Emirates | 100% | 100% |
| 4 | Mediasmart Mobile S.L. | Madrid, Spain | | 100%* | 100%* | |
| 5 | Mediasmart Mobile Limited | London, United Kingdom | | 100% | 100% | |
| 6 | Appnext Pte. Limited | Singapore | | 100%** | - | |
| 7 | Appnext Technologies Limited | Israel | | 100% | - | |

* Includes 94.78% shares acquired by the Group and for balance 5.22% the Group has acquired voting rights and has definite agreement for purchase of shares.



Affle (India) Limited (formerly known as Affle (India) Private Limited)
Notes to the Special Purpose Interim Condensed Consolidated Financial Statements for the nine months period ended December 31, 2020

** Includes 66.67% shares acquired by the Group and 95% voting rights and control in Appnext Pte Limited.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent’s share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

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Affle (India) Limited (formerly known as "Affle (India) Private Limited")

Notes to the Special Purpose Interim Condensed Consolidated Financial Statements for the nine months period ended December 31, 2020

(Amount in INR million, unless otherwise stated)

3. Property, plant and equipment

| Particulars | Computers | Furniture & fixtures | Office equipments | Motor Vehicles | Total |
|--|--------------|----------------------|-------------------|----------------|--------------|
| Gross block | | | | | |
| As at April 1, 2019 | 9.06 | 1.57 | 2.89 | 1.95 | 15.47 |
| Additions during the year | 6.07 | - | 0.50 | 0.97 | 7.54 |
| Additions on account of business combination | 2.50 | 0.47 | 0.05 | - | 3.02 |
| Disposals during the year | 1.70 | - | 0.25 | - | 1.95 |
| Foreign exchange difference | (0.07) | - | (0.01) | - | (0.08) |
| As at March 31, 2020 | 15.86 | 2.04 | 3.18 | 2.92 | 24.00 |
| As at April 1, 2020 | 15.86 | 2.04 | 3.18 | 2.92 | 24.00 |
| Additions during the period | 5.20 | - | 0.05 | 4.06 | 9.31 |
| Disposals during the year | 0.05 | - | - | - | 0.05 |
| Foreign exchange difference | 0.09 | 0.04 | 0.00 | - | 0.13 |
| As at December 31, 2020 | 21.10 | 2.08 | 3.23 | 6.98 | 33.39 |
| Accumulated depreciation | | | | | |
| As at April 1, 2019 | 3.72 | 1.36 | 1.64 | 1.26 | 7.98 |
| Depreciation during the year | 5.27 | 0.04 | 0.65 | 0.43 | 6.39 |
| Charge on account of business combination | 1.34 | 0.28 | 0.05 | - | 1.67 |
| Disposals during the year | 1.58 | - | 0.22 | - | 1.80 |
| Foreign exchange difference | (0.41) | - | (0.01) | - | (0.42) |
| As at March 31, 2020 | 8.34 | 1.68 | 2.11 | 1.69 | 13.82 |
| As at April 1, 2020 | 8.34 | 1.68 | 2.11 | 1.69 | 13.82 |
| Depreciation during the period | 3.70 | 0.02 | 0.33 | 0.40 | 4.45 |
| Disposals during the period | 0.05 | - | - | - | 0.05 |
| Foreign exchange difference | 0.07 | 0.02 | 0.00 | 0.00 | 0.09 |
| As at December 31, 2020 | 12.06 | 1.72 | 2.44 | 2.09 | 18.31 |
| Net block | | | | | |
| As at December 31, 2020 | 9.04 | 0.36 | 0.79 | 4.89 | 15.08 |
| As at March 31, 2020 | 7.52 | 0.36 | 1.07 | 1.23 | 10.18 |

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Affle (India) Limited (formerly known as "Affle (India) Private Limited")

Notes to the Special Purpose Interim Condensed Consolidated Financial Statements for the nine months period ended December 31, 2020

(Amount in INR million, unless otherwise stated)

4. Other intangible assets

| Particulars | Computer software | Software application development | Non-compete fees | Trademark | Total | Goodwill | Intangible assets under development |
|--|-------------------|----------------------------------|------------------|-------------|-----------------|-----------------|-------------------------------------|
| Gross block | | | | | | | |
| As at April 1, 2019 | 25.08 | 833.18 | - | - | 858.26 | 325.29 | 17.95 |
| Additions during the year | 0.03 | 226.80 | - | - | 226.83 | - | 256.85 |
| Additions on account of business combination | - | - | - | 0.06 | 0.06 | - | - |
| Capitalised during the year | - | - | - | - | - | - | 226.80 |
| Acquisition during the year | - | 78.11 | 19.66 | - | 97.77 | 764.28 | - |
| Foreign exchange difference | - | 75.69 | - | - | 75.69 | 17.16 | - |
| As at March 31, 2020 | 25.11 | 1,213.78 | 19.66 | 0.06 | 1,258.61 | 1,106.73 | 48.00 |
| As at April 1, 2020 | 25.11 | 1,213.78 | 19.66 | 0.06 | 1,258.61 | 1,106.73 | 48.00 |
| Additions during the period | - | 66.37 | - | - | 66.37 | - | 310.07 |
| Capitalised during the period | - | - | - | - | - | - | 66.37 |
| Acquisition during the year | - | 58.44 | - | - | 58.44 | 1,706.82 | - |
| Foreign exchange difference | - | (31.15) | (0.61) | 0.00 | (31.76) | (21.75) | - |
| As at December 31, 2020 | 25.11 | 1,307.44 | 19.05 | 0.06 | 1,351.66 | 2,791.80 | 291.70 |
| Accumulated amortisation | | | | | | | |
| As at April 1, 2019 | 24.31 | 593.75 | - | - | 618.06 | - | - |
| Amortisation for the year | 0.49 | 117.45 | - | 0.00 | 117.94 | - | - |
| Charge on account of business combination | - | - | - | 0.04 | 0.04 | - | - |
| Foreign exchange difference | - | 48.32 | - | - | 48.32 | - | - |
| As at March 31, 2020 | 24.80 | 759.52 | - | 0.04 | 784.36 | - | - |
| As at April 1, 2020 | 24.80 | 759.52 | - | 0.04 | 784.36 | - | - |
| Amortisation during the period | 0.19 | 127.00 | 0.04 | - | 127.23 | - | - |
| Charge on account of business acquisition | - | - | - | - | - | - | - |
| Foreign exchange difference | - | (22.16) | (0.00) | 0.00 | (22.16) | - | - |
| As at December 31, 2020 | 24.99 | 864.36 | 0.04 | 0.04 | 889.43 | - | - |
| Net block | | | | | | | |
| As at December 31, 2020 | 0.12 | 443.08 | 19.01 | 0.02 | 462.23 | 2,791.80 | 291.70 |
| As at March 31, 2020 | 0.30 | 454.26 | 19.66 | 0.02 | 474.25 | 1,106.73 | 48.00 |

Net book value

| | As at | |
|-------------------------------------|-------------------|-----------------|
| | December 31, 2020 | March 31, 2020 |
| Goodwill* | 2,791.80 | 1,106.73 |
| Other intangible assets | 462.23 | 474.25 |
| Intangible assets under development | 291.70 | 48.00 |
| Total | 3,545.73 | 1,628.98 |

*Goodwill includes amount of INR 59.24 million (March 31, 2020: INR 59.24 million) on account of business combination and amount of INR 2,732.57 million (March 31, 2020: INR 1,047.49 million) on account of business acquisition.

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Affle (India) Limited (formerly known as "Affle (India) Private Limited")
Notes to the Special Purpose Interim Condensed Consolidated Financial Statements for the nine months period ended December 31, 2020
(Amount in INR million, unless otherwise stated)

5. Non-current investments

Unquoted equity investments fully paid-up

Investment at fair value through profit or loss (FVTPL)

| | As at | |
|--|-------------------|----------------|
| | December 31, 2020 | March 31, 2020 |
| 101 (March 31, 2020: 101) preference shares with face value of INR 10 each and with premium of INR 1,972 each in Affle X Private Limited (formerly known as "OOO Marketplaces Private Limited") | 0.20 | 0.20 |
| 50 (March 31, 2020: 50) equity shares with face value of INR 10 each and with premium of INR 1,219 each in Affle X Private Limited (formerly known as "OOO Marketplaces Private Limited") | 0.06 | 0.06 |
| 2,300 (March 2020: Nil) Series C compulsorily convertible preference shares with face value of INR 100 each with premium of INR 85,986.95 each in Talent Unlimited Online Services Private Limited | 198.00 | - |
| 170,263 (March 31, 2020: Nil) Series B4 convertible preference shares with face value USD 16.78 each in OSLabs Pte. Ltd. | 208.74 | - |
| Total | 407.00 | 0.26 |

Aggregate value of unquoted investments

Aggregate amount of impairment in the value of investments

407.00
-

6. Borrowings

Unsecured

Term Loan

| | Non-Current | | Current | |
|-----------------------------------|-------------------|----------------|-------------------|----------------|
| | December 31, 2020 | March 31, 2020 | December 31, 2020 | March 31, 2020 |
| - From related parties | - | 241.23 | 387.18 | 278.93 |
| - From financial institutions | 381.39 | 11.73 | 157.80 | 40.97 |
| - From non-financial institutions | 20.02 | 27.64 | 11.05 | 5.46 |

Loan repayable on demand

| | | | | |
|-----------------------------------|---|---|---|-------|
| - From financial institutions | - | - | - | 9.39 |
| - From non-financial institutions | - | - | - | 22.49 |

Total

401.41 280.60 556.03 357.24

Details of borrowings i.e. interest rate, currency and terms of repayments of borrowings:

| Particulars | Currency | Effective interest rate | Maturities | Terms of repayment |
|---|----------|-------------------------|---------------------|--|
| From related parties | | | | |
| - Loan from Affle Holdings Pte. Ltd. vide loan agreement dated February 28, 2020 | USD | 2.00% | Dec-21 | The outstanding amount of loan is payable in 18 equal monthly installments starting from August 31, 2020 along with applicable interest. |
| - Loan from Affle Holdings Pte. Ltd. vide loan agreement dated March 26, 2020 | USD | 2.00% | Sep-21 | The outstanding amount of loan is payable in 14 equal monthly installments starting from August 31, 2020 along with applicable interest. |
| - Loan from Affle Global Pte. Ltd. vide loan agreement dated July 25, 2019 | USD | 3.00% | Aug-20 | The outstanding amount of loan is payable in 3 equal monthly installments starting from May 31, 2020 along with applicable interest. |
| From financial institutions | | | | |
| - Loan from Banco Bilbao Vizcaya Argentaria, S.A. vide approval dated March 8, 2018 | Euro | 3.35% | Mar-21 | The outstanding amount of loan is payable in 4 equal quarterly installments along with applicable interest. |
| - Loan from Bankinter, S.A. vide approval in 2018 | Euro | 2.75% | May-22 | The outstanding amount of loan is payable in 26 equal monthly installments along with applicable interest. |
| - Loan from Banco de Sabadell, S.A. vide approval April 3, 2019. | Euro | 1.75% | Jun-21 | The outstanding amount of loan is payable in 5 equal quarterly installments along with applicable interest. |
| - Cash credit facility from Banco Bilbao Vizcaya Argentaria, S.A. vide approval dated March 8, 2018 | Euro | Euribor 3M+ 300 bp | Repayable on demand | Interest is payable on monthly basis. |
| - Click and pay facility from Banco Bilbao Vizcaya Argentaria, S.A. | Euro | 1.25% | Repayable on demand | The outstanding amount of loan is payable in 3 equal monthly installments along with applicable interest. |
| - Loan from Axis Bank Limited, Singapore vide approval dated August 6, 2020 | USD | 1 Month Libor + 3% | June 30, 2024 | The outstanding amount of loan is payable in 14 quarterly installments along with applicable interest. |
| From non-financial institutions | | | | |
| Ministry of Energy, Industry and Tourism (Avanza program) dated September 9, 2014 | Euro | 0.51% | Apr-21 | The outstanding amount of loan is payable in 12 equal monthly installments along with applicable interest. |
| Ministry of Energy, Industry and Tourism (Emprendetur I+D+i program) dated September 30, 2016. | Euro | 0.57% | Sep-21 | The outstanding amount of loan is payable in September 2021 along with applicable interest. |
| Technological and Industrial Development Center dated July 2019 | Euro | 0.00% | Jun-30 | The disbursement of the entire loan has not yet happened. The outstanding amount is repayable in June 2030. |
| Billfront Limited vide approval dated July 8, 2017 | Euro | 2.50% | NA | This is a bill discounting facility payable in 30-45 days along with applicable interest. |

Notes:

1) Following are the unsecured loans due to directors/promoters/promotor group companies/relatives of promoters/relatives of directors:

| | Non-Current | | Current | |
|-------------------------------------|-------------------|----------------|-------------------|----------------|
| | December 31, 2020 | March 31, 2020 | December 31, 2020 | March 31, 2020 |
| Affle Holdings Pte. Ltd., Singapore | - | 241.23 | 387.18 | 233.70 |
| Affle Global Pte. Ltd., Singapore | - | - | - | 45.23 |
| | - | 241.23 | 387.18 | 278.93 |

2) There are no financial covenants in respect of the borrowings mentioned above.



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(Amount in INR million, unless otherwise stated)

7. Revenue from contracts with customers

(i) Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

| | For the nine months period ended | |
|--|----------------------------------|-------------------|
| | December 31, 2020 | December 31, 2019 |
| Type of service | | |
| Consumer platform | 3,688.04 | 2,463.64 |
| Enterprise platform | 64.05 | 73.96 |
| Total revenue from contracts with customers | 3,752.09 | 2,537.60 |

| | For the nine months period ended | |
|--|----------------------------------|-------------------|
| | December 31, 2020 | December 31, 2019 |
| Geographical markets | | |
| India | 1,803.44 | 1,271.41 |
| Outside India | 1,948.65 | 1,266.19 |
| Total revenue from contracts with customers | 3,752.09 | 2,537.60 |

| | For the nine months period ended | |
|--|----------------------------------|-------------------|
| | December 31, 2020 | December 31, 2019 |
| Timing of revenue recognition | | |
| Services transferred at a point in time | 3,688.04 | 2,463.64 |
| Services transferred over time | 64.05 | 73.96 |
| Total revenue from contracts with customers | 3,752.09 | 2,537.60 |

(ii) Contract balances

| | As at | |
|------------------|-------------------|----------------|
| | December 31, 2020 | March 31, 2020 |
| Trade receivable | 867.44 | 744.35 |
| | 867.44 | 744.35 |

Contract assets (net)

A contract asset is the right to consideration that is conditional upon factors other than the passage of time. Contract asset is recognised where there is excess of revenue over billings. Revenue recognised but not billed to customer is classified as unbilled revenue (contract asset) in our balance sheet.

Changes in contract asset (net) are as follows:

| | As at | |
|---|-------------------|----------------|
| | December 31, 2020 | March 31, 2020 |
| Balance at the beginning of the period/year [net of allowance for impairment amounting to INR 2.39 million (April 1, 2019: INR 2.39 million)] | 198.75 | 131.87 |
| Revenue recognized during the period/year | 3,752.09 | 3,337.83 |
| Invoices raised during the period/year | 3,334.99 | 3,270.95 |
| Balance at the end of the period/year [net of allowance for impairment amounting to INR 2.39 million (March 31, 2020: INR 2.39 million)] | 615.85 | 198.75 |

Contract liability

| | As at | |
|------------------------|-------------------|----------------|
| | December 31, 2020 | March 31, 2020 |
| Advance from customers | 17.38 | 7.76 |
| Deferred revenue | - | 0.27 |
| | 17.38 | 8.03 |



Affle (India) Limited (formerly known as "Affle (India) Private Limited")

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(Amount in INR million, unless otherwise stated)

7. Revenue from contracts with customers (continued)

Changes in advance from customers are as follows:

| | As at | |
|--|-------------------|----------------|
| | December 31, 2020 | March 31, 2020 |
| Balance at the beginning of the period/year | 7.76 | 6.40 |
| Advance received during the period/year | 188.15 | 19.12 |
| Advance adjusted against invoices during the period/year | 176.44 | 17.57 |
| Advance written back | 2.09 | 0.19 |
| Balance at the end of the period/year | 17.38 | 7.76 |

Changes in deferred revenue are as follows:

| | As at | |
|--|-------------------|----------------|
| | December 31, 2020 | March 31, 2020 |
| Balance at the beginning of the period/year | 0.27 | 0.39 |
| Added during the period/year | - | 0.27 |
| Invoiced during the period/year | 0.27 | 0.39 |
| Balance at the end of the period/year | - | 0.27 |

Set out below is the amount of revenue recognised from:

| | For the nine months period ended | |
|---|----------------------------------|-------------------|
| | December 31, 2020 | December 31, 2019 |
| Amounts included in contract liabilities at the beginning of the period | 0.27 | - |
| Performance obligations satisfied in previous years | - | - |

(iii) Performance obligations

Information about the Group's performance obligations are summarised below:

Consumer platform

The performance obligation is satisfied at a point in time and payment is generally due within 30 to 90 days of completion of services and acceptance of the customer. In some contracts, short-term advances are required before the advertisement services are provided.

Enterprise platform

The performance obligation is satisfied over time and payment is generally due within 30 to 90 days of completion of services and acceptance of the customer. In some contracts, short-term advances are required before the advertisement services are provided.

As the duration of the contracts for consumer and enterprise platform is less than one year, the Group has opted for practical expedient and decided not to disclose the amount of the remaining performance obligations.

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Affle (India) Limited (formerly known as "Affle (India) Private Limited")
Notes to the Special Purpose Interim Condensed Consolidated Financial Statements for the nine months period ended December 31, 2020
(Amount in INR million, unless otherwise stated)

8. Depreciation and amortisation expense

| | For the nine months period ended | |
|--|----------------------------------|-------------------|
| | December 31, 2020 | December 31, 2019 |
| Depreciation of property, plant and equipments | 4.45 | 3.98 |
| Amortisation of intangible assets | 127.23 | 77.11 |
| Depreciation on right of use assets | 12.96 | 4.04 |
| Total | 144.64 | 85.13 |

9. Other expenses

| | For the nine months period ended | |
|--|----------------------------------|-------------------|
| | December 31, 2020 | December 31, 2019 |
| Power and fuel | 0.27 | 0.45 |
| Rent | 4.55 | 16.28 |
| Rates and taxes | 20.85 | 2.04 |
| Insurance | 4.79 | 2.52 |
| Repair and maintenance - Others | 7.53 | 5.36 |
| Legal and professional fees (including payment to statutory auditor) | 67.90 | 58.46 |
| Travelling and conveyance | 0.77 | 16.82 |
| Communication costs | 0.79 | 2.06 |
| Printing and stationery | 0.10 | 0.55 |
| Recruitment expenses | 1.35 | 3.43 |
| Business promotion | 67.92 | 45.23 |
| Impairment allowance of trade receivables and contract asset | 11.67 | 9.48 |
| Loss on disposal of property, plants and equipment and intangible assets (net) | - | 0.05 |
| Exchange differences (net) | - | 2.25 |
| Software license fee | 4.12 | 2.48 |
| Project development expenses | 14.54 | 6.03 |
| Directors sitting fee | 5.80 | 4.92 |
| Corporate social responsibility expenses | 4.06 | 1.92 |
| Miscellaneous expenses | 43.01 | 12.58 |
| | 260.02 | 192.91 |
| Less: Cost capitalised as intangible assets or intangible assets under development | (0.98) | (3.36) |
| Total | 259.04 | 189.55 |

10. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the period / year attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the period/year.

For the purpose of calculating diluted EPS, the net profit for the period / year attributable to equity shareholders and the weighted average number of shares outstanding during the period / year is adjusted for the effects of all dilutive potential equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

| | For the nine months period ended | |
|--|----------------------------------|-------------------|
| | December 31, 2020 | December 31, 2019 |
| Profit attributable to equity holders of the parent for basic earnings | 764.31 | 502.28 |
| Effect of dilution | - | - |
| Profit attributable to equity holders of the parent for the effect of dilution | 764.31 | 502.28 |
| Weighted average number of equity shares used for computing basic earning per share (in million) | 25.49 | 24.93 |
| Effect of dilution | - | - |
| Weighted average number of equity shares adjusted for the effect of dilution* | 25.49 | 24.93 |
| Basic EPS attributable to the equity holders of the parent (absolute value in INR) | 29.98 | 20.15 |
| Diluted EPS attributable to the equity holders of the parent (absolute value in INR) | 29.98 | 20.15 |

* The weighted average number of equity shares takes into account the weighted average effect of equity shares issued during the period / year.



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(Amount in INR million, unless otherwise stated)

11. Commitments and contingent liability

a. Leases

Group as lessee

The Group has taken office premises on lease. The lease has been entered for a period ranging from one to five years with renewal option. The Group has the option, under some of its lease, to renew the lease for an additional years on a mutual consent basis.

The incremental borrowing rate for the lease liabilities of the Group ranges from 2% to 11% per annum.

Set out below are the carrying amounts of right of use assets recognised and the movements during the period/year:

| Particulars | As at | |
|----------------------------------|-------------------|----------------|
| | December 31, 2020 | March 31, 2020 |
| Opening balance | 36.54 | - |
| Addition during the period/ year | - | 45.59 |
| Depreciation expense | 12.96 | 8.98 |
| Foreign exchange gain / (loss) | 0.08 | (0.07) |
| Closing balance | 23.66 | 36.54 |

Set out below are the carrying amounts of lease liabilities and the movements during the period/year:

| Particulars | As at | |
|-----------------------------------|-------------------|----------------|
| | December 31, 2020 | March 31, 2020 |
| Opening balance | 37.17 | - |
| Addition during the period/year | - | 45.59 |
| Accretion of interest | 1.36 | 1.32 |
| Payments during the period/year | (11.86) | (9.74) |
| Rebate received during the period | (4.78) | - |
| Closing balance | 21.89 | 37.17 |
| Current | 9.72 | 17.09 |
| Non-current | 12.17 | 20.08 |

The following are the amounts recognised in consolidated statement of profit or loss:

| Particulars | For the nine months period ended | |
|---|----------------------------------|-------------------|
| | December 31, 2020 | December 31, 2019 |
| Depreciation expense of right of use assets | 12.96 | 4.04 |
| Interest expense on lease liabilities | 1.36 | 0.59 |
| Expenses relating to short term leases (included in other expenses) | 2.67 | 9.94 |
| Expenses relating to low value assets (included in other expenses) | 0.04 | 0.03 |

The details of the contractual maturities of lease liabilities on an undiscounted basis are as follows :

| Particulars | Contractual undiscounted value | 0-1 year | 1-2 years | 2-5 years | More than 5 years |
|-------------------------|--------------------------------|----------|-----------|-----------|-------------------|
| As at December 31, 2020 | 28.11 | 18.01 | 9.69 | 0.41 | - |
| As at March 31, 2020 | 45.89 | 23.88 | 15.40 | 6.61 | - |

Note: The Group has applied practical expedient in Indian Accounting Standard (Ind AS 116) notified vide Companies (Indian Accounting Standards) Amendment Rules, 2020 by Ministry of Corporate Affairs ("MCA") on July 24, 2020 to all rent concessions received as a direct consequence of COVID-19 pandemic. Accordingly, the Group recognized an amount of INR 4.78 million as other income. The Group has further got rent waivers for other premises taken on lease and it has resulted in cost saving of INR 3.30 million during the nine months period ended December 31, 2020.

b. Capital commitments

As at December 31, 2020, the Group has commitments on capital account and not provided for (net of advances) is INR 97.75 million (March 31, 2020: INR 15.35 million).

c. Contingent liabilities

(i) Claims against the Group not acknowledged as debts includes the following:

- Income tax demand from the Income tax authorities for assessment year 2017-18 of INR 64.88 million on account of disallowance of bad debts written off, advances written off, amortisation of goodwill and certain expenses under various heads as claimed by the Group in the income tax. The matter is pending before Commissioner of Income Tax (Appeals), Mumbai.

- Income tax demand from the Income tax authorities for assessment year 2015-16 of INR 2.95 million on account of disallowance of avilment of cenvat credit and write off of certain advances in the income tax. The matter is pending before ITAT.

The Group is contesting the demands and the Management, including its tax advisors, believes that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the demand raised. The management believes that the ultimate outcome of this proceedings will not have a material adverse effect on the Group's financial position and results of operations. The likelihood of the above cases going in favour of the Group is probable and accordingly have not considered any provision against the demands in the financial statements.

(ii) The Group has issued Standby Letter of Credit (SBLC) amounting to INR 633.53 million (equivalent of USD 8.5 million) in favour of Axis Bank Limited, Singapore in lieu of term loan taken by Affle International Pte. Ltd, wholly owned subsidiary of the Group.



12. Related party disclosures

(i) Names of related parties and related party relationship

| S.No. | Relationship | Name of the related party |
|-------|--------------------------|---|
| (i) | Holding Company | Affle Holdings Pte. Ltd. Singapore |
| (ii) | Fellow subsidiaries | Affle X Private Limited (formerly known as "OOO Marketplaces Private Limited") Affle Global Pte. Ltd., Singapore (formerly known as "Affle Appstudios Pte. Ltd., Singapore") |
| (iii) | Key management personnel | Anuj Kumar (Director) Anuj Khanna Sohum (Chairman, Managing Director & Chief Executive Officer) Kapil Mohan Bhutani (Chief Financial & Operations Officer) [Director till May 30, 2020] Akanksha Gupta (Company Secretary) [till April 30, 2019] Parmita Choudhury (Company Secretary) [w.e.f. June 01, 2019] |

(ii) The following table provides the total value of transactions that have been entered into with related parties for the relevant periods:

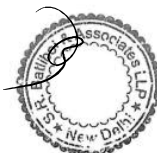
| Particulars | Fellow subsidiaries | | Holding Company | |
|--|----------------------------------|-------------------|----------------------------------|-------------------|
| | For the nine months period ended | | For the nine months period ended | |
| | December 31, 2020 | December 31, 2019 | December 31, 2020 | December 31, 2019 |
| Reimbursement of expenses to the Group | | | | |
| Affle Holdings Pte. Ltd., Singapore | - | - | 9.69 | 118.03 |
| Affle Global Pte. Ltd., Singapore | 4.61 | 0.52 | - | - |
| Reimbursement of expenses by the Group | | | | |
| Affle Holdings Pte. Ltd., Singapore | - | - | - | 0.19 |
| Rendering of service by the Group* | | | | |
| Affle Holdings Pte. Ltd., Singapore | - | - | - | 10.77 |
| Affle Global Pte. Ltd., Singapore | - | 1.57 | - | - |
| Rendering of service to the Group | | | | |
| Affle Holdings Pte. Ltd., Singapore | - | - | 9.35 | 4.97 |
| Affle X Private Limited (formerly known as "OOO Marketplaces Private Limited") | 4.30 | 38.07 | - | - |
| Affle Global Pte. Ltd., Singapore | 0.35 | 1.55 | - | - |
| Current borrowings (net) | | | | |
| Affle Holdings Pte. Ltd., Singapore | - | - | 73.05 | 22.62 |
| Affle Global Pte. Ltd., Singapore | 43.83 | 98.00 | - | - |
| Non-current borrowings (net) | | | | |
| Affle Holdings Pte. Ltd., Singapore | - | - | - | 113.08 |
| Affle Global Pte. Ltd., Singapore | - | 45.23 | - | - |

Transaction with key management personnel

| Particulars | For the nine months period ended | |
|---|----------------------------------|-------------------|
| | December 31, 2020 | December 31, 2019 |
| Compensation paid**: | | |
| Anuj Kumar | | |
| Short-term employee benefits | 7.06 | 9.33 |
| Kapil Mohan Bhutani | | |
| Short-term employee benefits | 7.15 | 7.35 |
| Parmita Choudhury (w.e.f. June 01, 2019) | | |
| Short-term employee benefits | 0.64 | 0.51 |
| Akanksha Gupta (till April 30, 2019) | | |
| Short-term employee benefits | - | 0.15 |
| Anuj Khanna Sohum | | |
| Short-term employee benefits | 0.19 | 0.19 |

* Includes other income of NIL (March 31, 2020: INR 2.77 million).

** The remuneration to the key management personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Group as a whole. Also, it does not include provision for incentives, payable on the basis of actual performance parameters, in next year.



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12. Related party disclosures (continued)

(iii) Balances as at the period / year end

| Particulars | Fellow subsidiaries | | Holding Company | |
|--|-------------------------|----------------------|-------------------------|----------------------|
| | As at December 31, 2020 | As at March 31, 2020 | As at December 31, 2020 | As at March 31, 2020 |
| Trade receivables | | | | |
| Affle Global Pte. Ltd., Singapore | - | 0.22 | - | - |
| Other current financial assets | | | | |
| Affle Global Pte. Ltd., Singapore | 4.56 | 0.02 | - | - |
| Affle Holdings Pte. Ltd., Singapore | - | - | 7.25 | 0.04 |
| Non-current borrowings | | | | |
| Affle Holdings Pte. Ltd., Singapore | - | - | - | 241.23 |
| Current borrowings | | | | |
| Affle Holdings Pte. Ltd., Singapore | - | - | 387.18 | 233.70 |
| Affle Global Pte. Ltd., Singapore | - | 45.23 | - | - |
| Trade payables | | | | |
| Affle X Private Limited (formerly known as "OOO Marketplaces Private Limited") | 38.44 | 28.74 | - | - |

| Particulars | Key management personnel | |
|---|--------------------------|----------------------|
| | As at December 31, 2020 | As at March 31, 2020 |
| Payable to key management personnel: | | |
| Parmita Choudhury (w.e.f. June 01, 2019) | | |
| Salary payable | 0.08 | 0.07 |
| Anuj Kumar | | |
| Salary payable | 0.44 | 0.73 |
| Kapil Mohan Bhutani | | |
| Salary payable | 0.52 | 0.65 |
| Anuj Khanna Sohum | | |
| Salary payable | 0.02 | 0.02 |

No amount has been written off or written back in the period in respect of debts due from/to above related parties.

Terms and conditions of transactions with related parties

The sale and purchase from related parties are made on terms equivalent to those that prevail in arm's length transaction. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. For the nine month period ended December 31, 2020 and year ended March 31, 2020, the Group has not recorded any impairment of trade receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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13. Segment information

The Group's operations pre-dominantly relate to providing mobile advertising services through consumer intelligence platforms.

The Board of Directors, which has been identified as being the Chief Operating Decision Maker (CODM), evaluates the Group's performance and allocates resources based on the analysis of the various performance indicators of the Group as a single unit. Therefore, there is no reportable segment for the Group as per the requirements of Ind AS 108 "Operating Segments".

Geographical information

In presenting the geographical information, segment revenue has been based on the geographic location of customers and segment assets, which have been based on the geographical location of the assets.

| Particulars | For the nine months period ended | |
|--|----------------------------------|-------------------|
| | December 31, 2020 | December 31, 2019 |
| Revenue from contracts with customers | | |
| Sales to external customers | | |
| - India | 1,803.44 | 1,271.41 |
| - Outside India | 1,948.65 | 1,266.19 |
| Total | 3,752.09 | 2,537.60 |
| Capital expenditure: | | |
| Property, plant and equipment | | |
| - India | 7.92 | 4.19 |
| - Outside India | 1.39 | 4.18 |
| Intangible assets | | |
| - India | 34.73 | 38.28 |
| - Outside India | 31.64 | 886.91 |

Other segment information

| Particulars | As at | |
|--|-------------------|----------------|
| | December 31, 2020 | March 31, 2020 |
| Non-current assets (other than financial assets and deferred tax assets) | | |
| - India | 330.93 | 318.31 |
| - Outside India | 3,253.54 | 1,357.39 |

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(Amount in INR million, unless otherwise stated)

14(i). Statement of fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

| Particulars | December 31, 2020 | | March 31, 2020 | |
|---|------------------------------------|-----------------|------------------------------------|-----------------|
| | Fair value through profit and loss | Amortised cost | Fair value through profit and loss | Amortised cost |
| Financial assets | | | | |
| <u>A. FVTPL financial instruments:</u> | | | | |
| Investments | 407.00 | - | 0.26 | - |
| <u>B. Amortised Cost:</u> | | | | |
| Loans | - | 18.85 | - | 47.39 |
| Trade receivables | - | 867.44 | - | 744.35 |
| Cash and cash equivalent | - | 504.19 | - | 695.90 |
| Other bank balances | - | 120.81 | - | 568.81 |
| Other financial assets | - | 192.81 | - | 10.40 |
| Total | 407.00 | 1,704.10 | 0.26 | 2,066.85 |
| Financial liabilities | | | | |
| <u>Amortised Cost:</u> | | | | |
| Borrowings | - | 957.44 | - | 637.83 |
| Trade payables | - | 1,347.91 | - | 750.18 |
| Lease liabilities | - | 21.89 | - | 37.17 |
| Other financial liabilities | 945.35 | 68.08 | 136.23 | 51.69 |
| Total | 945.35 | 2,395.32 | 136.23 | 1,476.87 |

The management assessed that cash and cash equivalent, other bank balances, trade receivables, borrowings, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Further, the subsequent measurements of all assets and liabilities (other than investments) is at amortised cost, using effective interest rate (EIR) method.

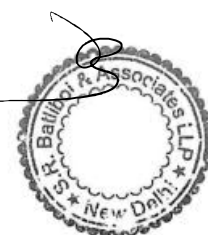
The following methods and assumptions were used to estimate the fair values:

Receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The fair value of unquoted instruments is estimated by discounting future cash flows using rates currently applicable for debt on similar terms, credit risk and remaining maturities.

For other financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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14(ii). Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is insignificant to the fair value measurements as a whole.

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Valuation techniques for which the lowest level inputs that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3 : Valuation techniques for which the lowest level input which has a significant effect on fair value measurement is not based on observable market data.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at December 31, 2020:

| Particulars | Date of valuation | Total | Fair value measurement using | | |
|---------------------------------------|-------------------|--------|---|---|---|
| | | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Assets measured at fair value: | | | | | |
| <i>FVTPL financial instruments:</i> | | | | | |
| Investments | December 31, 2020 | 407.00 | - | - | 407.00 |
| Assets measured at FVTOCI | December 31, 2020 | - | - | - | - |
| Liabilities measured at FVTPL | | | | | |
| Other financial liabilities | December 31, 2020 | 945.35 | - | - | 945.35 |
| Liabilities measured at FVTOCI | December 31, 2020 | - | - | - | - |

There have been no transfers between Level 1, Level 2 and Level 3 during the period ended December 31, 2020.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020:

| Particulars | Date of valuation | Total | Fair value measurement using | | |
|---------------------------------------|-------------------|--------|---|---|---|
| | | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Assets measured at fair value: | | | | | |
| <i>FVTPL financial instruments:</i> | | | | | |
| Investments | March 31, 2020 | 0.26 | - | - | 0.26 |
| Assets measured at FVTOCI | March 31, 2020 | - | - | - | - |
| Liabilities measured at FVTPL | | | | | |
| Other financial liabilities | March 31, 2020 | 136.23 | - | - | 136.23 |
| Liabilities measured at FVTOCI | March 31, 2020 | - | - | - | - |

There have been no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2020.

Valuation technique used to derive fair values

The Group's unquoted instruments is estimated by discounting future cash flows using rates currently applicable for debt on similar terms, credit risk and remaining maturities.

The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

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15. Business combination**15.1 Business combinations under non common control entities****(i) Acquisition of Appnext Pte. Ltd.**

Affle International Pte. Ltd., Singapore ("Affle International"), a wholly owned Subsidiary of Affle (India) Limited ("the Company") has acquired 66.67% shares and 95% control in Appnext Pte. Ltd. ("Appnext"), vide Share Purchase Agreement. Also, Affle MEA FZ-LLC, Dubai ("Affle MEA"), a step down subsidiary of the Company has entered into an Intellectual Property Purchase Agreement to acquire Tech IP assets of Appnext. Both the above agreements are dated June 08, 2020, however, as per Ind AS 110, the consolidation has been done effective June 01, 2020 for convenience, being start of the month or quarter, as the date of acquisition.

Further, Affle International also has right to acquire 28.33% shares of Appnext at the end of three years from the date of completion of the Share Purchase Agreement which has been accounted as per anticipated acquisition method.

Total purchase consideration of INR 1,802.88 million (equivalent to USD 24.68 million) is as follows:

- > For 66.67% shares - consideration of INR 1,201.74 million (equivalent to USD 16.45 million)
- > For 28.33% shares - consideration of INR 602.69 million (equivalent to USD 8.25 million) which is recorded in books as of December 31, 2020 at a
- > For Tech IP assets - consideration of INR 58.44 million (equivalent to USD 0.80 million)

Affle International and its subsidiary Affle MEA FZ-LLC, Dubai acquired Appnext so as to continue the expansion of the consumer platform.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Appnext as at the date of acquisition were:

| Fair value recognised on acquisition | INR million |
|--|------------------------|
| Assets | |
| Total Assets acquired | 126.71 |
| Liabilities | |
| Total Liabilities acquired | 86.99 |
| Total net assets at fair value | 39.72 |
| Non-controlling interest (5% of net assets) | (1.98) |
| Total identifiable net assets | |
| - Other intangible assets | 58.44 |
| Goodwill arising on acquisition | 1,706.70 |
| Purchase consideration transferred | <u>1,802.88</u> |

| Analysis of cash flow on acquisition: | INR million |
|---|------------------------|
| Transaction costs of the acquisition (included in cash flows from operating activities) | 1.24 |
| Consideration paid in cash (included in cash flows from investing activities) | 1,004.49 |
| Consideration payable in cash * | 798.39 |
| Net cash flow on acquisition | <u>1,804.12</u> |

* included in other non-current and current financial liabilities.

Acquisition related costs

Affle International has incurred acquisition-related costs of INR 1.24 million on legal fees and due diligence costs.



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15. Business combination

Anticipated acquisition

Affle International also has right to acquire 28.33% shares of Appnext at a value of INR 602.69 million (equivalent to USD 8.25 million) which is recorded in books as of December 31, 2020 at a value of INR 542.70 million (equivalent to USD 7.43 million) at the end of three years from the date of completion of the Share Purchase Agreement which has been accounted as per anticipated acquisition method where the recognition of the financial liability implies that the interests subject to the purchase are deemed to have been acquired already. Therefore, the corresponding interests are presented as already owned by the Group even though legally they are still non-controlling interests.

As at December 31, 2020, the key performance indicators of Appnext reflects high probability that the projected event linked to payment of contingent consideration will be met and hence the fair value of the contingent consideration has been estimated to be INR 542.70 million. A reconciliation of fair value measurement of the contingent consideration liability is provided below:

| | INR million |
|--|--------------------|
| Opening balance as at April 1, 2020 | - |
| Liability arising on business combination | 542.70 |
| Unrealised fair value changes recognized in statement of profit and loss | - |
| Closing balance as at December 31, 2020 | 542.70 |

Further, Affle International also has right to acquire the remaining 5% shares at a mutually agreed value to be determined at the end of five years from the date of completion of the Share Purchase Agreement. As at the period end, the remaining 5% shares have been recorded as Non-controlling interests which the group has elected to measure at the proportionate share of its interest in Appnext's net identifiable assets.

The goodwill and assets identified in case of above acquisition is based on provisional purchase price allocation ("PPA") available with Affle International and its subsidiary. The management of Affle International and its subsidiary shall be using the services of an external expert to carry out a detailed PPA of the purchase consideration paid / payable to the shareholders of Appnext. Adjustment, resulting from such PPA shall be carried out in the financial statements of Affle International and its subsidiary. Consequently, the values of assets and liabilities acquired, and the resultant goodwill could be materially different once the PPA valuation is completed. The forgoing is in line with the provisions of Ind AS 103 Business Combinations which allows the initial accounting for a business combination to be completed within one year from the acquisition date.

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15. Business combination (continued)

15.1 Business combinations under non common control entities (continued)

(ii) Acquisition of Mediasmart Mobile S.L., Spain

Affle International Pte. Ltd., Singapore ("Affle International"), a wholly owned Subsidiary of Affle (India) Limited ("the Company") has acquired 100% control in Mediasmart Mobile S.L., Spain ("Mediasmart"), vide Share purchase Agreement dated February 28, 2020, for a consideration of INR 373.94 million w.e.f. January 22, 2020. Also, Affle MEA FZ-LLC, Dubai ("Affle MEA"), a step down subsidiary of the Company has entered into an Assets Purchase Agreement dated February 27, 2020, to acquire all Tech IP assets of Mediasmart for a consideration of INR 27.11 million. The total purchase consideration transferred is INR 401.05 million.

Affle International had obtained control by virtue of a legally enforceable MoU entered between Affle International and shareholders of Mediasmart dated January 22, 2020. However, as per Ind AS 110, the consolidation has been done effective January 1, 2020 for convenience, being start of the month and quarter, as the date of acquisition.

Affle International and its subsidiary - Affle MEA FZ-LLC, Dubai acquired Mediasmart so as to continue the expansion of the consumer platform segment and omnichannel platform.

Assets acquired and liabilities assumed

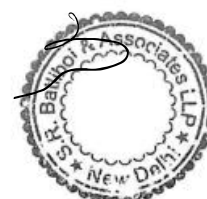
The management of Affle International and Affle MEA FZ-LLC has used services of an external independent expert to carry out a detailed Purchase Price Allocation ("PPA") of the purchase consideration paid to the shareholders of Mediasmart. Pursuant to such PPA valuation, conducted by an independent expert, the net consideration of INR 401.05 million have been allocated, based on the fair value computations, at the acquisition date, as an intangible asset, arising from this acquisition. The accounting for this business combination has been finalised as at date of the financial statements.

The fair values of the identifiable assets and liabilities of Mediasmart as at the date of acquisition were:

| Fair value recognised on acquisition | INR million |
|---|--------------------|
| Assets | |
| Total Assets acquired | 187.58 |
| Total Liabilities acquired | 267.89 |
| Total net assets at fair value | (80.31) |
| Total identifiable net assets | |
| - Non-compete | 19.66 |
| - Other intangible assets | 27.11 |
| Goodwill arising on acquisition | 434.59 |
| Purchase consideration transferred | 401.05 |

a) A contingent liability at fair value of INR 7.10 million was recognised at the acquisition date resulting from the settlement of pre-existing relationship with some vendors.

b) As at March 31, 2020, Mediasmart has negative working capital of INR 43.70 million and uncertainty in utilisation of tax credit of INR 30.29 million due to which the auditors of Mediasmart have included an emphasis of matter in their audit report on going concern presumption, the resolution of which depends on the financial support of parent and compliance with the business plan. In this regards Affle International has provided the parent support letter to Mediasmart and the Group has not recognised tax credits in the consolidated financial statements.



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15. Business combination (continued)**15.1 Business combinations under non common control entities (continued)****(ii) Acquisition of Mediasmart Mobile S.L., Spain (continued)**

| Analysis of cash flow on acquisition: | INR million |
|---|--------------------|
| Transaction costs of the acquisition (included in cash flows from operating activities) | 2.48 |
| Consideration paid in cash (included in cash flows from investing activities) | 345.13 |
| Net assets acquired of Mediasmart (included in cash flows from investing activities) | (80.31) |
| Consideration payable in cash * | 136.23 |
| Net cash flow on acquisition | 403.52 |

* included in other non-current and current financial liabilities.

Acquisition related costs

Affle International has incurred acquisition-related costs of INR 2.48 million on legal fees and due diligence costs. These costs have been recognised as an expense in statement of profit or loss in the previous year, within the 'other expenses' line item.

Contingent consideration

As part of the Share Purchase Agreement signed between Affle International and shareholders of Mediasmart, a contingent consideration of INR 98.03 million has been agreed. The amount of contingent consideration is included in the total purchase consideration mentioned above and shall be payable to the shareholders of Mediasmart upon meeting the earning targets.

As at December 31, 2020, the key performance indicators of Mediasmart reflects highly probability that the projected event linked to payment of contingent consideration will be met and hence the fair value of the contingent consideration has been estimated to be INR 98.03 million. A reconciliation of fair value measurement of the contingent consideration liability is provided below:

| | INR million |
|--|--------------------|
| Opening balance as at April 1, 2020 | 98.03 |
| Unrealised fair value changes recognized in statement of profit and loss | - |
| Closing balance as at December 31, 2020 | 98.03 |

(iii) Acquisition of identified business of Shoffr Pte. Ltd.

Effective February 19, 2019, Affle International Pte Ltd., Singapore ("Affle International"), wholly owned subsidiary of the Company acquired the Business ("Identified Business") of Shoffr Pte. Ltd. ("Shoffr") for a consideration of INR 41.46 million. Affle International acquired the Identified Business of Shoffr so as to grow and strengthen the consumer and enterprise platform segment.

Assets acquired and liabilities assumed

a) Affle International acquired intangible assets of the Identified Business including the Intellectual Properties, domain name, business relationships, employees and non-compete, the book value of which was Nil on the date of acquisition. The management of Affle International has used services of an external independent expert to carry out a detailed Purchase Price Allocation ("PPA") of the purchase consideration paid to the shareholders of Shoffr. Pursuant to such PPA valuation, conducted by an independent expert, it was concluded that there were no identifiable intangible assets which would meet the recognition criteria and hence the entire consideration of INR 41.46 million has been allocated to Goodwill. The accounting for this business combination has been finalised as at date of the financial statements.

| Analysis of cash flow on acquisition: | INR million |
|---|--------------------|
| Transaction costs of the acquisition (included in cash flows from operating activities) | - |
| Consideration paid in cash (included in cash flows from investing activities) | 41.46 |
| Net cash flow on acquisition | 41.46 |

b) Pursuant to the business purchase agreement dated February 19, 2019, INR 7.5 million was payable after 3rd year of successful integration and performance of Shoffr business undertaking on February 19, 2022. This was recorded as a shareholder liability in the books in the earlier year. In the year ended March 31, 2020, the above deferred consideration has been waived off by the shareholders through a mutual settlement with Affle International owing to negotiations and exit of one of the shareholders. As the deferred consideration was not contingent upon any future event and that there was no conditions existing on the date of acquisition which substantiates that this consideration will not be payable as on the respective due date or as at the year ended March 31, 2020, it has been recorded as other income in the financial statements.

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15. Business combination (continued)

15.1 Business combinations under non common control entities (continued)

(iv) Acquisition of identified business of RevX Inc.

Effective April 1, 2019, Affle International Pte. Ltd., Singapore ("Affle International"), wholly owned subsidiary of the Company acquired the Business ("Identified Business") of RevX Inc. ("RevX") for a consideration of INR 339.24 million. Affle International acquired the Identified Business of RevX so as to continue the expansion of the consumer platform segment.

Assets acquired and liabilities assumed

Affle International has acquired the intangible assets of Identified Business of RevX namely the Intellectual Properties, domain name, business relationships and non-compete whose book value as on the date of acquisition was Nil. The management of Affle International has used services of an external independent expert to carry out a detailed Purchase Price Allocation ("PPA") of the purchase consideration paid to the shareholders of RevX. Pursuant to such PPA valuation, conducted by an independent expert, the net consideration of INR 339.24 million have been allocated, based on the fair value computations, at the acquisition date, as an intangible asset, arising from this acquisition. The accounting for this business combination has been finalised as at date of the financial statements.

The following table summarises the recognised amounts of assets acquired at the date of acquisition:

| Fair value recognised on acquisition | INR million |
|---|--------------------|
| Assets | |
| Software Application Development (Technology) | 51.01 |
| Total identifiable net assets | 51.01 |
| Goodwill arising on acquisition | 288.23 |
| Purchase consideration | 339.24 |

| Analysis of cash flow on acquisition: | INR million |
|---|--------------------|
| Transaction costs of the acquisition (included in cash flows from operating activities) | 0.90 |
| Consideration paid in cash (included in cash flows from investing activities) | 339.24 |
| Net cash flow on acquisition | 340.14 |

Acquisition related costs

Affle International has incurred acquisition-related costs of INR 0.90 million on legal fees and due diligence costs. These costs have been recognised as an expense in statement of profit or loss in the year ended March 31, 2020, within the 'other expenses' line item.

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(Amount in INR million, unless otherwise stated)

15. Business combination (continued)

15.1 Business combinations under non common control entities (continued)

(v) Acquisition of identified business of Vizury Interactive Solutions Private Limited

On September 1, 2018, Affle (India) Limited ("the Company") acquired the Commerce Business ("Identified Business") of Vizury Interactive Solutions Private Limited ("Vizury India") for a consideration of INR 106.44 million (equivalent to USD 1.50 million at the exchange rate of USD1= INR 70.96) minus profit after tax of Vizury India for the period 15 May 2018 to 31 August 2018 of INR 21.37 million (equivalent to USD 0.30 million at the exchange rate of USD1= INR 70.96).

The Company acquired the Identified Business of Vizury India so as to continue the expansion of the consumer platform segment.

Assets acquired and liabilities assumed

The Company has acquired only the intangible assets of Identified Business of Vizury India namely the Intellectual Properties, Domain Name, Business Relationships, Employees and Non-compete whose book value as on the date of acquisition was Nil. The initial accounting of the business combination was finalised as at the date of the earlier year's financial statement.

In the previous year, the management of the Company has used services of an external independent expert to carry out a detailed Purchase Price Allocation ("PPA") of the purchase consideration paid to the shareholders of Vizury India. Pursuant to such PPA valuation, conducted by an independent expert, the net consideration of INR 85.07 million have been allocated, based on the fair value computations, at the acquisition date, as an intangible asset, arising from this acquisition. Based on the PPA information obtained, the fair value of the identifiable net asset arising from the transaction are as follow:

| Fair value recognised on acquisition | INR million |
|---|--------------------|
| Assets | |
| Software Application Development (Technology) | 9.93 |
| Total identifiable net assets | <u>9.93</u> |
| Goodwill arising from acquisition | 75.14 |
| Purchase consideration | <u>85.07</u> |

| Analysis of cash flow on acquisition: | INR million |
|---|--------------------|
| Transaction costs of the acquisition (included in cash flows from operating activities) | 1.02 |
| Consideration paid in cash (included in cash flows from investing activities) | 85.07 |
| Net cash flow on acquisition | <u>86.09</u> |

Acquisition related costs

The Company had incurred acquisition-related costs of INR 1.02 million on legal fees and due diligence costs. The costs was recognised as an expense in statement of profit or loss in FY 2018-19, within the 'other expenses' line item.

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Affle (India) Limited (formerly known as "Affle (India) Private Limited")

Notes to the Special Purpose Interim Condensed Consolidated Financial Statements for the nine months period ended December 31, 2020
(Amount in INR million, unless otherwise stated)

15. Business combination (continued)

15.1 Business combinations under non common control entities (continued)

(vi) Acquisition of identified business of Vizury Interactive Solutions Pte. Ltd. and Vizury Interactive Solutions FZ-LLC

On September 1, 2018, Affle International Pte. Ltd., Singapore ("Affle International"), wholly owned subsidiary of the Company acquired the Commerce Business ("Identified Business") of Vizury Interactive Solutions Pte. Ltd. ("Vizury Singapore") and Vizury Interactive Solutions FZ-LLC ("Vizury Dubai") for a consideration of INR 207.51 million.

Affle International acquired the Identified Business of Vizury Singapore and Vizury Dubai so as to continue the expansion of the consumer platform segment.

Assets acquired and liabilities assumed

Affle International has acquired only the intangible assets of Identified Business of Vizury Singapore and Vizury Dubai namely the Intellectual Properties, Domain Name, Business Relationships, Employees and Non-compete whose book value as on the date of acquisition was Nil.

In the previous year, the management of the Group has used services of an external independent expert to carry out a detailed Purchase Price Allocation ("PPA") of the purchase consideration paid to the shareholders of Vizury Singapore and Vizury Dubai. Pursuant to such PPA valuation, conducted by an independent expert, the net consideration of INR 207.51 million have been allocated, based on the fair value computations, at the acquisition date, as an intangible asset, arising from this acquisition. Based on the PPA information obtained, the fair value of the identifiable net asset arising from the transaction are as follows:

| Fair value recognised | INR million |
|---|--------------------|
| Assets | |
| Software Application Development (Technology) | 16.60 |
| Total identifiable net assets | <u>16.60</u> |
| Goodwill arising on acquisition | 190.91 |
| Purchase consideration | <u>207.51</u> |

| Analysis of cash flow on acquisition: | INR million |
|---|--------------------|
| Transaction costs of the acquisition (included in cash flows from operating activities) | - |
| Consideration paid in cash (included in cash flows from investing activities) | 207.51 |
| Net cash flow on acquisition | <u>207.51</u> |

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Notes to the Special Purpose Interim Condensed Consolidated Financial Statements for the nine months period ended December 31, 2020
(Amount in INR million, unless otherwise stated)

15. Business combination (continued)

15.2 Business combinations under common control

(i) Scheme of amalgamation in accordance with previous GAAP

During the year ended March 31, 2017, the Holding Company has merged its fellow subsidiaries i.e. AD2C Holdings, AD2C India, Appstudioz Technologies into one merged entity, Affle India Limited (formerly known as "Affle (India) Private Limited") under the court approved scheme of amalgamation in accordance with erstwhile applicable previous GAAP.

Business combination under common control has been accounted for using purchase method in accordance with previous GAAP as prescribed under court scheme instead of using pooling interest method as prescribed under Ind AS 103. Business Combinations as the approved court scheme will prevail over applicable accounting standard.

Accordingly, the Scheme was accounted for using purchase method in accordance with erstwhile applicable Accounting Standard 14 "Accounting for Amalgamations". All the assets and liabilities of the Transferor Companies have been incorporated at fair values as at April 1, 2015 against the purchase consideration of INR 84.64 million which resulted in the Goodwill on amalgamation of amounting INR 59.24 million.

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Affle (India) Limited (formerly known as "Affle (India) Private Limited")

Notes to the Special Purpose Interim Condensed Consolidated Financial Statements for the nine months period ended December 31, 2020

(Amount in INR million, unless otherwise stated)

15. Business combination (continued)

Impairment testing of Goodwill

Goodwill acquired through business combinations have indefinite life. The Group performed its impairment test for the period ended December 31, 2020. The Group considers the relationship between its value in use and its carrying value, among other factors, when reviewing for indicators of impairment.

The recoverable amount of the goodwill is determined based on value in use ('VIU') calculated using cash flow projections from financial budgets approved by management covering a five year period and the terminal value (after considering the relevant long-term growth rate) at the end of the said forecast periods. The Group has used long-term growth rate of 2% (March 31, 2020: 2%) and discount rate of 12.5% (March 31, 2020: 12.5%) for calculation of terminal value.

The said cash flow projections are based on the senior management past experience as well as expected market trends for the future periods. The projected cash flows have been updated to reflect the decreased demand for services. The calculation of weighted average cost of capital (WACC) is based on the Group's estimated capital structure as relevant and attributable to the Group. The WACC is also adjusted for specific risks, market risks and premium, and other inherent risks associated with similar type of investments to arrive at an approximation of the WACC of a comparable market participant. The said WACC being pre-tax discount rates reflecting specific risks, are then applied to the above mentioned projections of the estimated future cash flows to arrive at the discounted cash flows.

Discount rates represent the market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its WACC.

The key assumptions used in the determination of VIU are the revenue annual growth rates and the EBITDA growth rate. Revenue and EBITDA growths are based on average value achieved in preceding years. Also, the growth rates used to extrapolate the cash flows beyond the forecast period are based on industry standards.

Based on the above assumptions and analysis, no impairment was identified as at December 31, 2020 (March 31, 2020: Nil). Further, on the analysis of the said calculation's sensitivity to a reasonably possible change in any of the above mentioned key assumptions / parameters on which the Management has based determination of the recoverable amount, there are no scenarios identified by the management wherein the carrying value could exceed its recoverable amount.

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Affle (India) Limited (formerly known as "Affle (India) Private Limited")

**Notes to the Special Purpose Interim Condensed Consolidated Financial Statements for the nine months period ended December 31, 2020
(Amount in INR million, unless otherwise stated)**

16. Affle International Pte. Limited (AINT) made a strategic, non-controlling investment and acquired 8% stake in OS Labs Pte. Ltd., Singapore for a consideration of USD 2.80 Mn (equivalent to INR 211.48 Mn) through Compulsory Convertible Preference Shares ("CCPS").

Subsequent to the period end, AINT has entered into a definitive share purchase agreement to sell its minority investment of 8% in OS Labs Pte. Ltd. to its promoter group Company Affle Global Pte. Ltd. ("AGPL") for a consideration of USD 2.86 Mn (equivalent to INR 215.26 Mn) with an option to purchase the minority investment back from AGPL at a premium of 5% after 1 year or 10% after 2 years subject to any approvals that may be required. Exchange rate used in this note is USD 1 = INR 75.53.

17. On August 08, 2020, the Group has made a strategic, non-controlling investment and acquired 8% stake on a fully diluted basis in Talent Unlimited Online Services Private Limited ("Bobble") for a consideration of INR 198 Mn, through Compulsory Convertible Preference Shares ("CCPS"). Additionally, the Group has also entered into an exclusive monetisation agreement for Bobble's Intellectual Property, which also provides rights to the Group to acquire an additional ownership upto 10.74% of Bobble, through CCPS and Equity Shares, upon meeting of conditions defined in the Shareholder's Agreement. As at December 31, 2020, monetisation of Bobble's Intellectual Property was in the initial stage, thus in absence of reasonable certainty, the above rights towards additional stake has not been accounted for in the current reporting period. The Group will continue to evaluate the rights at each period end.

18. Subsequent to period-end, Affle MEA FZ-LLC ("AMEA"), a step down subsidiary of Affle (India) Limited ("the Company") entered into a definitive business transfer agreement to acquire the business assets of Discover Tech Limited for a consideration of USD 1.15 Mn (equivalent to INR 84.01 Mn) and a maximum success fee of USD 3.37 Mn (equivalent of INR 246.19 Mn) based on achievement of certain milestones to be paid over a period of four years. Exchange rate used in this note is USD 1 = INR 73.0536.

19. The Group has considered the possible effects that may result from COVID-19 on the carrying amount of its assets. In developing the assumptions relating to the possible future uncertainties in the global conditions because of COVID-19, the Group, as on date on approval of these unaudited interim condensed consolidated financial statements has used variable information, as available. The Group has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's unaudited interim condensed consolidated financial statements may differ from that estimated as at the date of approval of these unaudited interim condensed consolidated financial statements.

20. The Code on Social Security 2020 (Code), which received the Presidential Assent on September 28, 2020, subsumes nine laws relating to social security, retirement and employee benefits, including the Employee Provident Fund and Miscellaneous Provisions Act, 1952 and the Payment of Gratuity Act, 1972. The effective date of the Code is yet to be notified. The Group will assess the impact of the Code when it comes into effect and will record related impact thereon.

21. The Group has considered amortization of Goodwill amounting to INR 10.56 million as allowable deduction for the computation of taxable income for the nine months ended December 31, 2020. As per Finance Act, 2021 ("Act") (enacted on March 28, 2021), amortization of goodwill can not be considered as tax deductible. The Group has treated this as a non-adjusting event and will record the related impact including deferred tax liability at the year-end.

22. The Group has evaluated all the subsequent events through April 28, 2021, which is the date on which these special purpose interim condensed consolidated financial statements were issued and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the special purpose interim condensed consolidated financial statements.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm's Registration No.: 101049W/E300004

per **Yogesh Midha**
Partner
Membership No.: 94941
Place: New Delhi
Date: April 28, 2021



For and on behalf of the Board of Directors of
Affle (India) Limited
CIN No. L65990MH1994PLC080451

Anuj Khanna Sohum
Chairman, Managing Director & Chief Executive Officer
[DIN: 01363666]
Place: Singapore
Date: April 28, 2021

Kapil Mohan Bhutani
Chief Financial & Operations Officer
[DIN: 00554760]
Place: Gurugram
Date: April 28, 2021

Anuj Kumar
Director
[DIN: 01400273]
Place: Gurugram
Date: April 28, 2021

Parmita Choudhury
Company Secretary
Membership No.: 26261
Place: New Delhi
Date: April 28, 2021