Affle (India) Limited

Q2 & H1 FY2024 Earnings Presentation

For the period ended September 30, 2023

Consumer Intelligence Driven Global Technology Company

affle

Affle I Built to Last (ESG@Affle)

18+ years
Track record

Performance driven
Business model

Scalable
Data platforms

High
Growth markets

Growth driven
Global customer base

Accelerated
Consumer digital adoption

Global
Reach & opportunity

Leading
In India

Committed
Leadership

Positive
Cashflows

Robust
Profitability

Strategic
Organic & inorganic growth plan

Affle | Performance Highlights

Amount in Rs. million

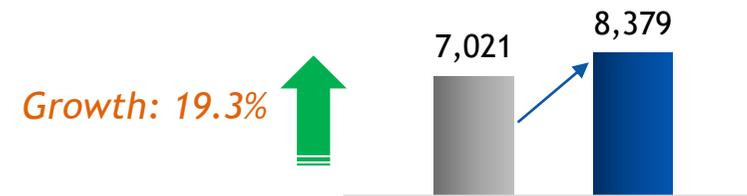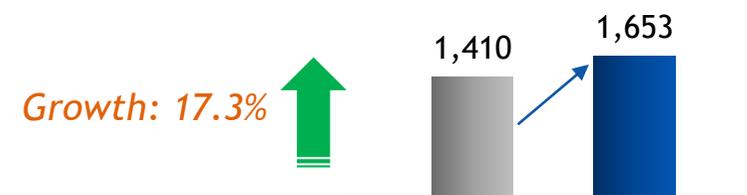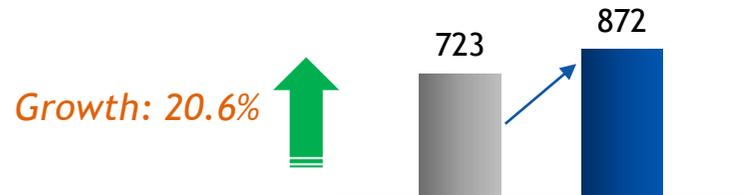**Q2 FY2024 vs. Q2 FY2023**
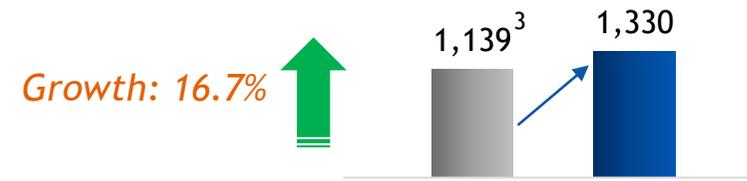Y-o-Y Comparison
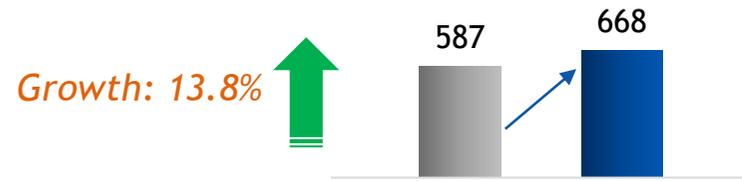
H1 FY2024 vs. H1 FY2023
Y-o-Y Comparison

Revenue[1]

Growth: 21.6% ⬆

3,546 → 4,313

Growth: 19.3% ⬆

7,021 → 8,379

EBITDA[2]

Growth: 20.6% ⬆

723 → 872

Growth: 17.3% ⬆

1,410 → 1,653

PAT

Growth: 13.8% ⬆

587 → 668

Growth: 16.7% ⬆

1,139[3] → 1,330

◼ Q2 FY2023   ◼ Q2 FY2024

◼ H1 FY2023   ◼ H1 FY2024

Note: 1) Revenue from contracts with customers; 2) Liabilities written back which are part of 'Other Income' in the reported financials, are operating income in nature and adjusted in EBITDA (Refer slide 4); 3) H1 FY2023 PAT normalized for share of loss of an associate

Consolidated Financial Summary

In Rs. million	Q2 FY2024	Q2 FY2023	Y-o-Y Growth	Q1 FY2024	Q-o-Q Growth	H1 FY2024	H1 FY2023	Y-o-Y Growth
Revenue from Contracts with Customers	**4,313**	**3,546**	**21.6%**	**4,066**	**6.1%**	**8,379**	**7,021**	**19.3%**
Inventory and Data Costs	2,611	2,200	18.7%	2,483	5.2%	5,094	4,399	15.8%
Employee Benefits Expenses	574	465	23.4%	562	2.1%	1,135	896	26.7%
Other Expenses	256	173	47.4%	240	6.4%	496	332	49.6%
Add: Liabilities written back (other operating income)[1]	-	15.3		0.04		0.04	15.3	
EBITDA	**872**	**723**	**20.6%**	**781**	**11.7%**	**1,653**	**1,410**	**17.3%**
% EBITDA Margin	*20.2%*	*20.3%*		*19.2%*		*19.7%*	*20.0%*	
Depreciation and Amortisation Expenses	184	130		144		329	223	
Finance Costs	55	29		34		90	51	
Other Income (Excl. Liabilities written back, if any)	99	113	(12.1%)	98	1.1%	198	188	5.2%
Profit Before Tax and Share of (loss) of an associate	**732**	**677**	**8.2%**	**701**	**4.5%**	**1,433**	**1,323**	**8.3%**
Share of (loss) of an associate	-	-		-		-	(7.1)	
Profit Before Tax	**732**	**677**	**8.2%**	**701**	**4.5%**	**1,433**	**1,316**	**8.8%**
Total Tax	64	87		39		103	177	
(Subtract): Non-controlling Interest	-	3.0		(0.1)		(0.1)	7.6	
Profit After Tax (net of non-controlling interest)[2]	**668**	**587**	**13.8%**	**662**	**0.9%**	**1,330**	**1,132**	**17.4%**
% PAT Margin	*15.1%*	*16.0%*		*15.9%*		*15.5%*	*15.7%*	
Normalized PAT (net of non-controlling interest)[3]	**668**	**587**	**13.8%**	**662**	**0.9%**	**1,330**	**1,139**	**16.7%**
% Normalized PAT Margin	*15.1%*	*16.0%*		*15.9%*		*15.5%*	*15.8%*	

Note: 1) For clarity, liabilities written back which are part of 'Other Income' in the reported financials, are operating income in nature and adjusted in EBITDA; 2) PAT attributable to equity holders of the Company; 3) H1 FY2023 PAT normalized for share of loss of an associate
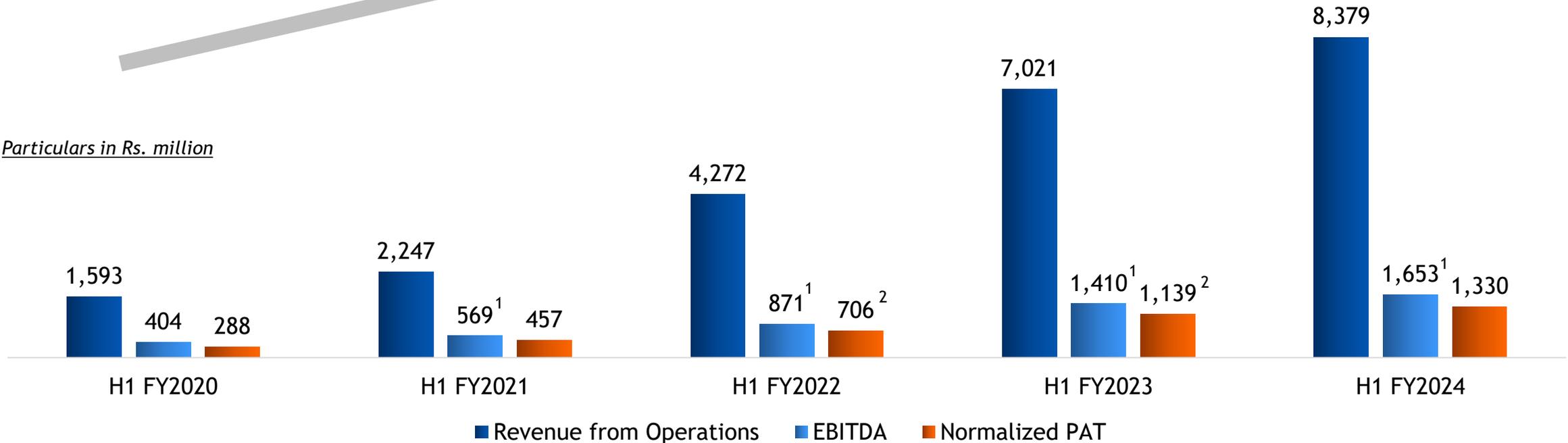
Half-yearly Performance Trend (Consolidated)

CAGR (H1 FY20 - H1 FY24)

Revenue CAGR	**51.4%**
EBITDA CAGR	**42.2%**
PAT CAGR	**46.6%**

Y-o-Y Growth   **19.3%**   **17.3%**   **16.7%**

Particulars in Rs. million

	H1 FY2020	H1 FY2021	H1 FY2022	H1 FY2023	H1 FY2024
Revenue from Operations	1,593	2,247	4,272	7,021	8,379
EBITDA	404	569[1]	871[1]	1,410[1]	1,653[1]
Normalized PAT	288	457	706[2]	1,139[2]	1,330

■ Revenue from Operations   ■ EBITDA   ■ Normalized PAT

Note: 1) Liabilities written back which are part of 'Other Income' in the reported financials, are operating income in nature and adjusted in EBITDA (Refer slide 4)
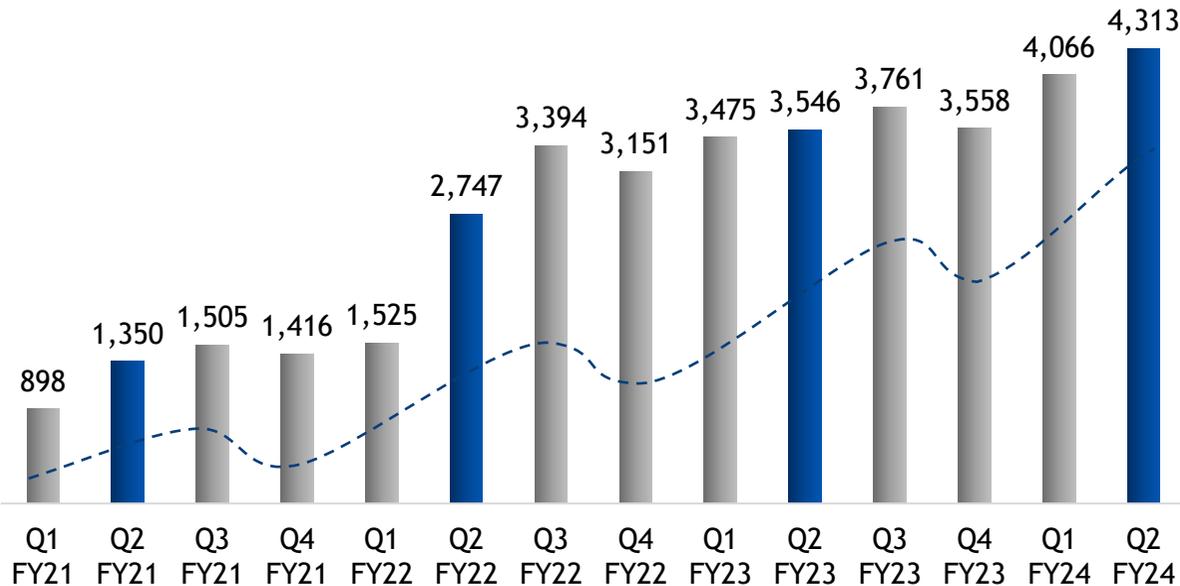*2) Normalized PAT (Refer respective quarter's earnings presentation for detailed working)*

Quarterly Performance Trend (Consolidated)

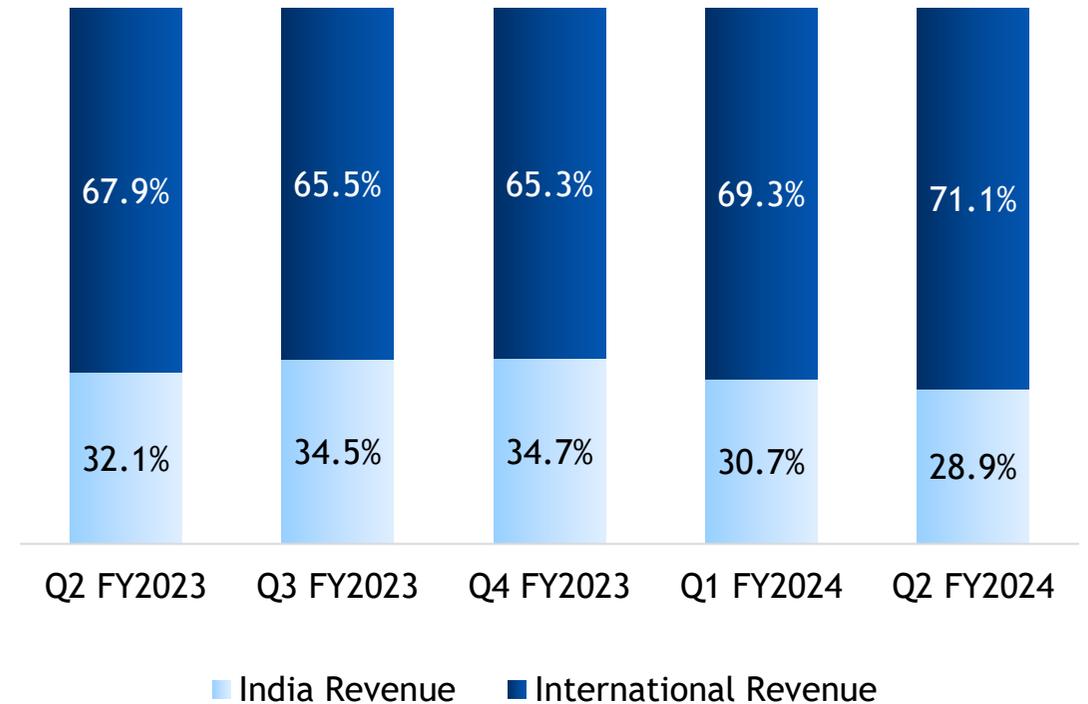## Revenue from Operations (Rs. mn)

Y-o-Y growth in all quarters

Q2 CAGR
47.3%

Q2 growth (y-o-y): **21.6%**

Quarter	Value
Q1 FY21	898
Q2 FY21	1,350
Q3 FY21	1,505
Q4 FY21	1,416
Q1 FY22	1,525
Q2 FY22	2,747
Q3 FY22	3,394
Q4 FY22	3,151
Q1 FY23	3,475
Q2 FY23	3,546
Q3 FY23	3,761
Q4 FY23	3,558
Q1 FY24	4,066
Q2 FY24	4,313

Revenue Contribution (India vs. International)[1]

Contribution trend shift towards International from Q1 FY2024

	Q2 FY2023	Q3 FY2023	Q4 FY2023	Q1 FY2024	Q2 FY2024
International Revenue	67.9%	65.5%	65.3%	69.3%	71.1%
India Revenue	32.1%	34.5%	34.7%	30.7%	28.9%

■ India Revenue ■ International Revenue

1) Region-wise contribution (based on Ad campaign delivery) and is different from the billing entity-wise segmental break-up disclosed in financial results
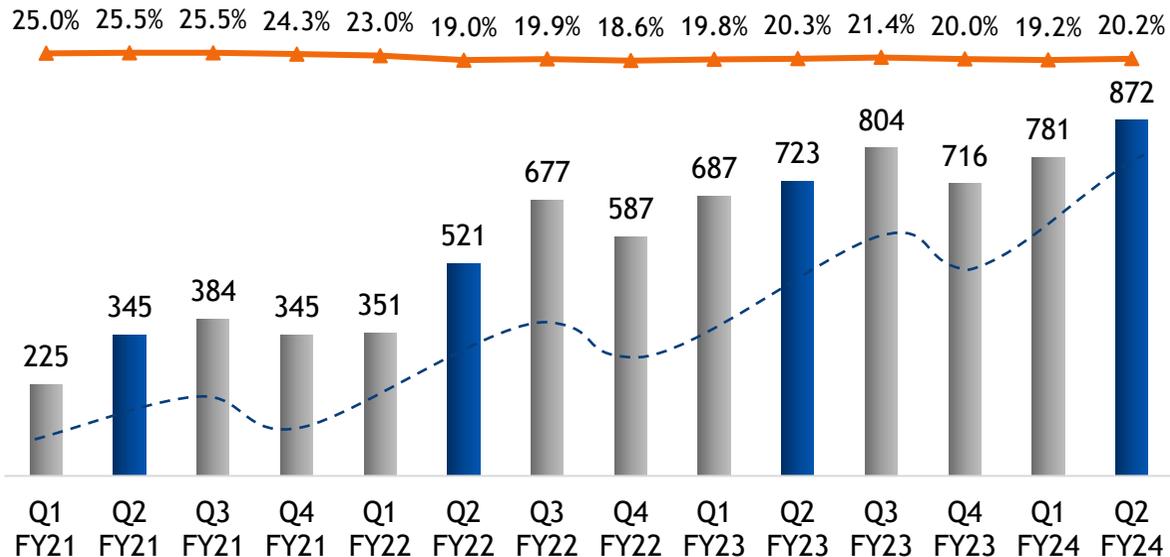
Quarterly Performance Trend (Consolidated)

EBITDA[1] (Rs. mn) & EBITDA Margin (%)

Y-o-Y growth in all quarters
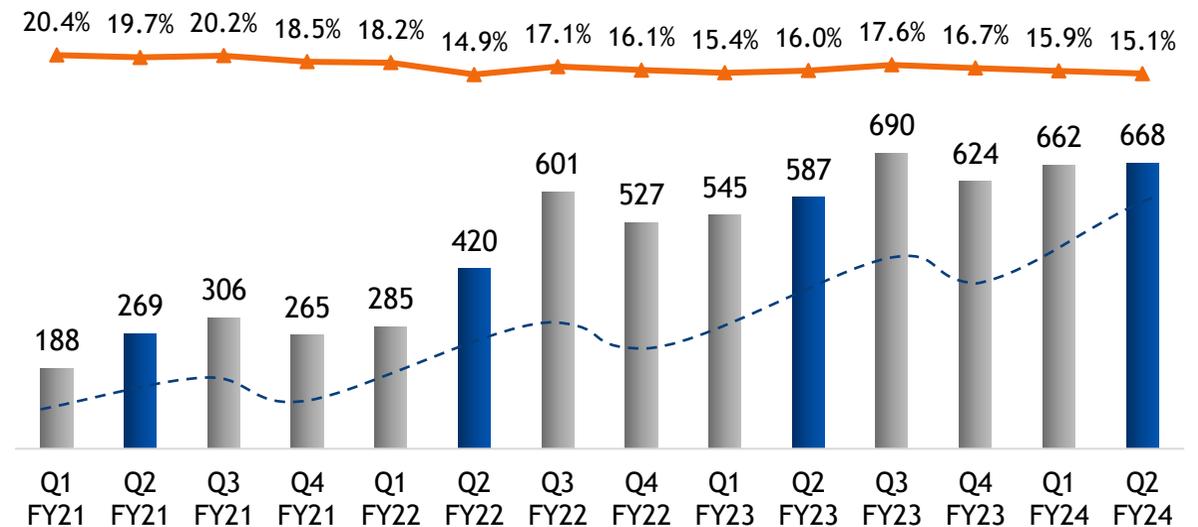
Q2 CAGR
36.3%

Q2 growth (y-o-y): **20.6%**

	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24
Margin	25.0%	25.5%	25.5%	24.3%	23.0%	19.0%	19.9%	18.6%	19.8%	20.3%	21.4%	20.0%	19.2%	20.2%
EBITDA	225	345	384	345	351	521	677	587	687	723	804	716	781	872

Profit After Tax[2] (Rs. mn) & PAT Margin (%)

Y-o-Y growth in all quarters

Q2 CAGR
35.4%

Q2 growth (y-o-y): **13.8%**

	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24
Margin	20.4%	19.7%	20.2%	18.5%	18.2%	14.9%	17.1%	16.1%	15.4%	16.0%	17.6%	16.7%	15.9%	15.1%
PAT	188	269	306	265	285	420	601	527	545	587	690	624	662	668

Note: 1) Liabilities written back which are part of 'Other Income' in the reported financials, are operating income in nature and adjusted in EBITDA; 2) PAT for select previous quarters may be normalized to exclude any impact of non-cash gain on fair valuation of financial instruments and any such exceptional item. Refer respective quarter presentations for a detailed working

Cashflows Trend and Return Ratios (Consolidated)

Operating Cash Flows* (Rs. mn)

FY2020	FY2021	FY2022	FY2023	H1 FY2024
719	1,032[1]	2,060	2,603	989
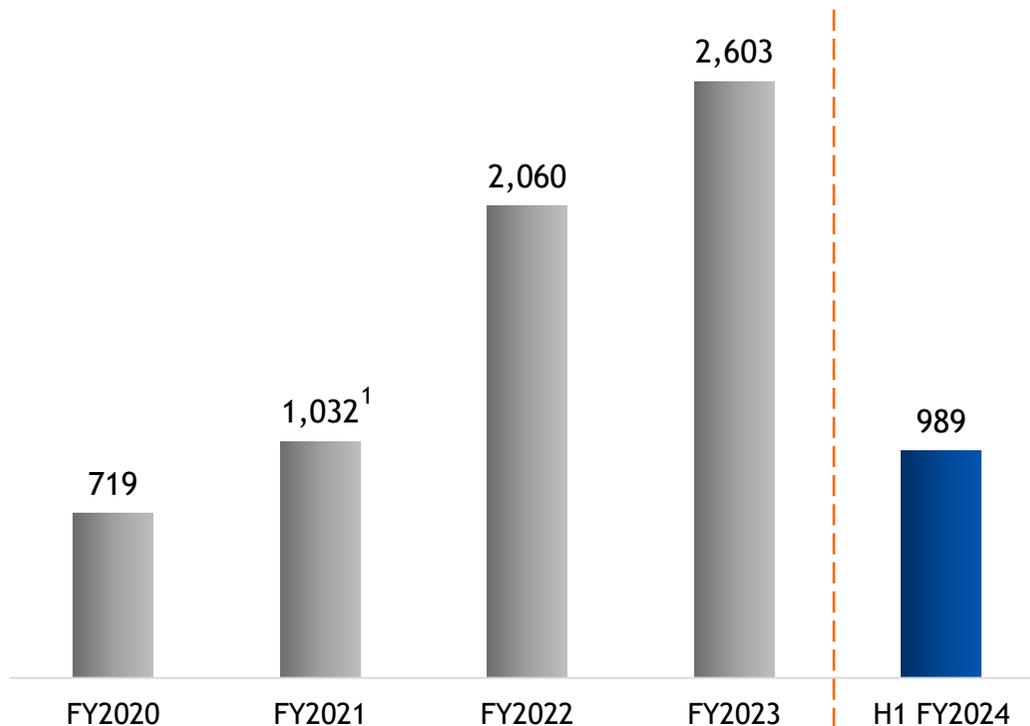
Return Ratios (As of September 30, 2023)

(Adjusted to normalize the unutilized portion of QIP Proceeds) and on an LTM[2] basis	
**ROE (%) (Return on Equity)	18.5%
**ROCE (%) (Return on Capital Employed)	17.3%
Gross Debt/Equity (x)	0.17x

Note: 1) FY2021 OCF was adjusted for Deferred Tax Liability on account of Goodwill of Rs. 14.18mn (one-time expense); 2) Last Twelve Months (LTM) = FY2023 + H1 FY2024 – H1 FY2023;
*Operating Cashflow includes impact of FCTRs (Foreign Currency Translation Reserves) as per IND AS
**Return on Equity = (PAT / Total Shareholder's Equity); Return on Capital Employed = [EBIT /(Total Assets – Current Liabilities)]

CPCU Business | Q2 Performance Trend (y-o-y)

	# Converted Users (mn)	✕	Average CPCU (Rs.)	=	CPCU Revenue (Rs. mn)
Q2 FY2024	72.0		55.6		4,006
vs.					
Q2 FY2023	64.7		51.0		3,294
vs.					
Q2 FY2022	48.7		51.3		2,499
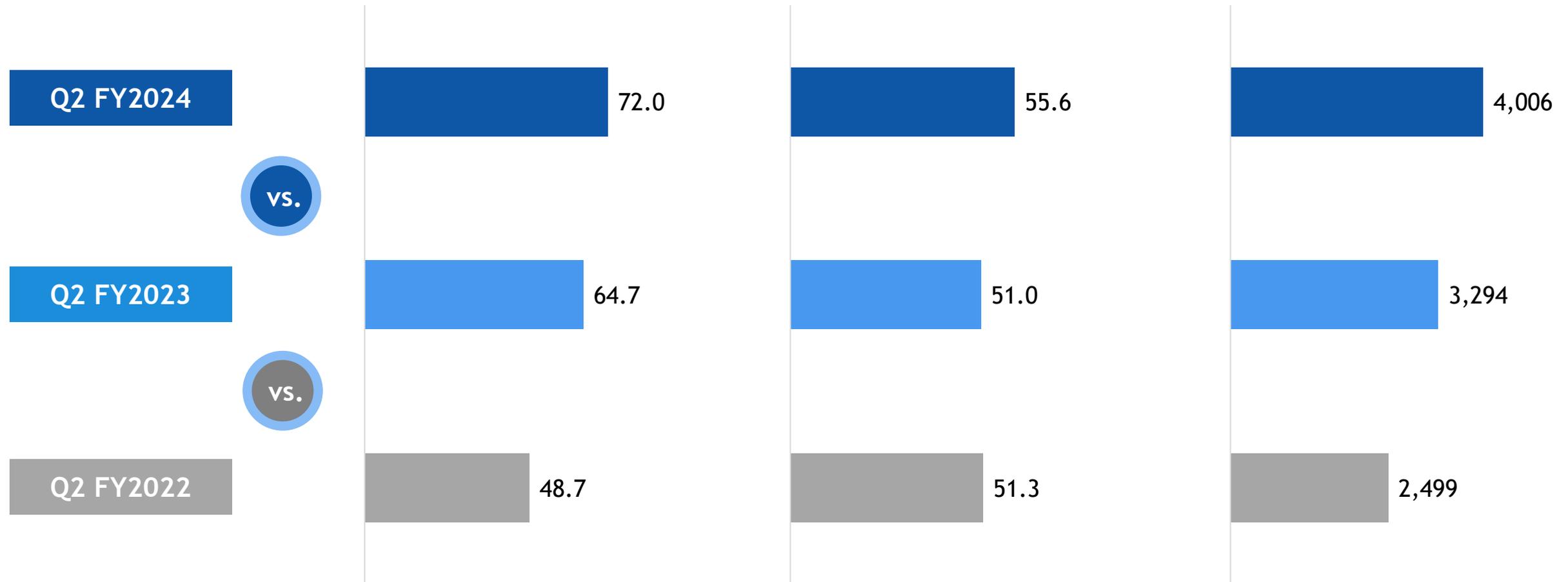
CPCU Business | H1 Performance Trend (y-o-y)

	# Converted Users (mn)	✖	Average CPCU (Rs.)	=	CPCU Revenue (Rs. mn)
H1 FY2024	140.7		55.3		7,783
vs.					
H1 FY2023	126.6		51.5		6,520
vs.					
H1 FY2022	80.2		47.6		3,820
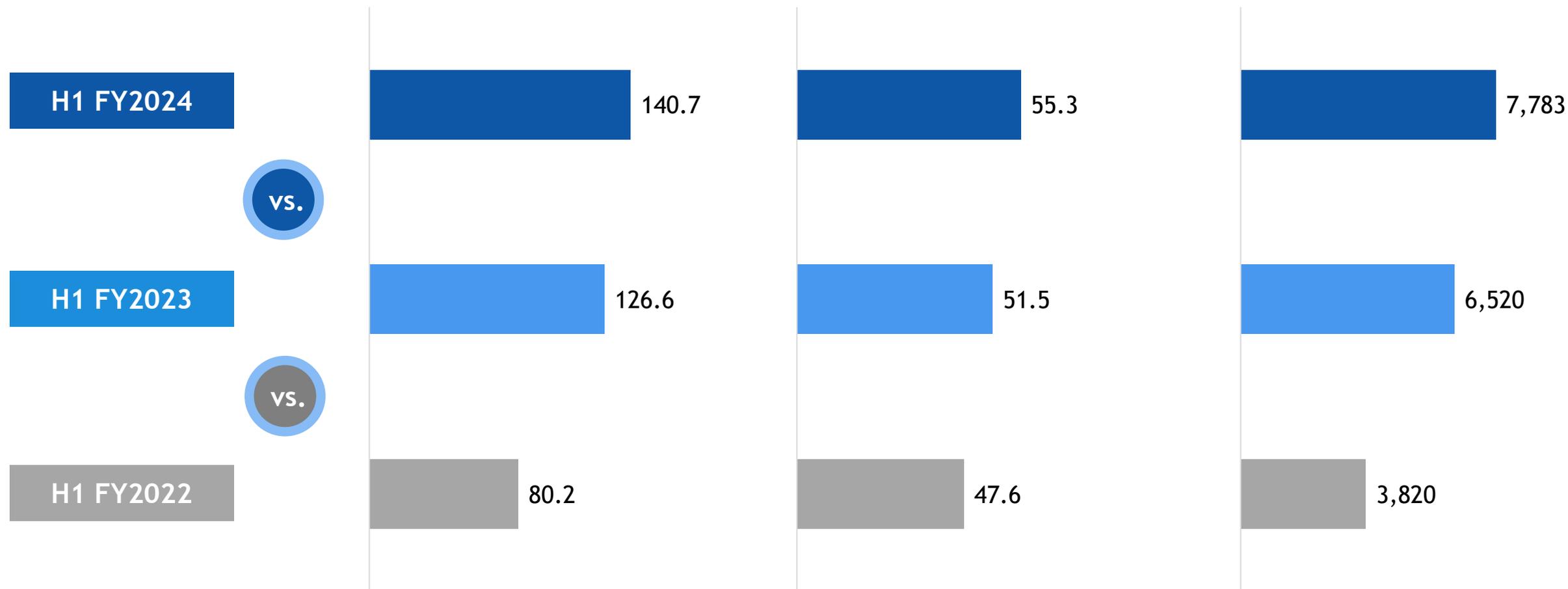
CPCU Business | Conversions Trend

Converted Users (mn)

Y-o-Y growth in all quarters

Q2 CAGR
36.8%

Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24
17.0	28.1	30.6	29.6	31.5	48.7	58.5	56.6	61.9	64.7	67.8	62.5	68.7	72.0
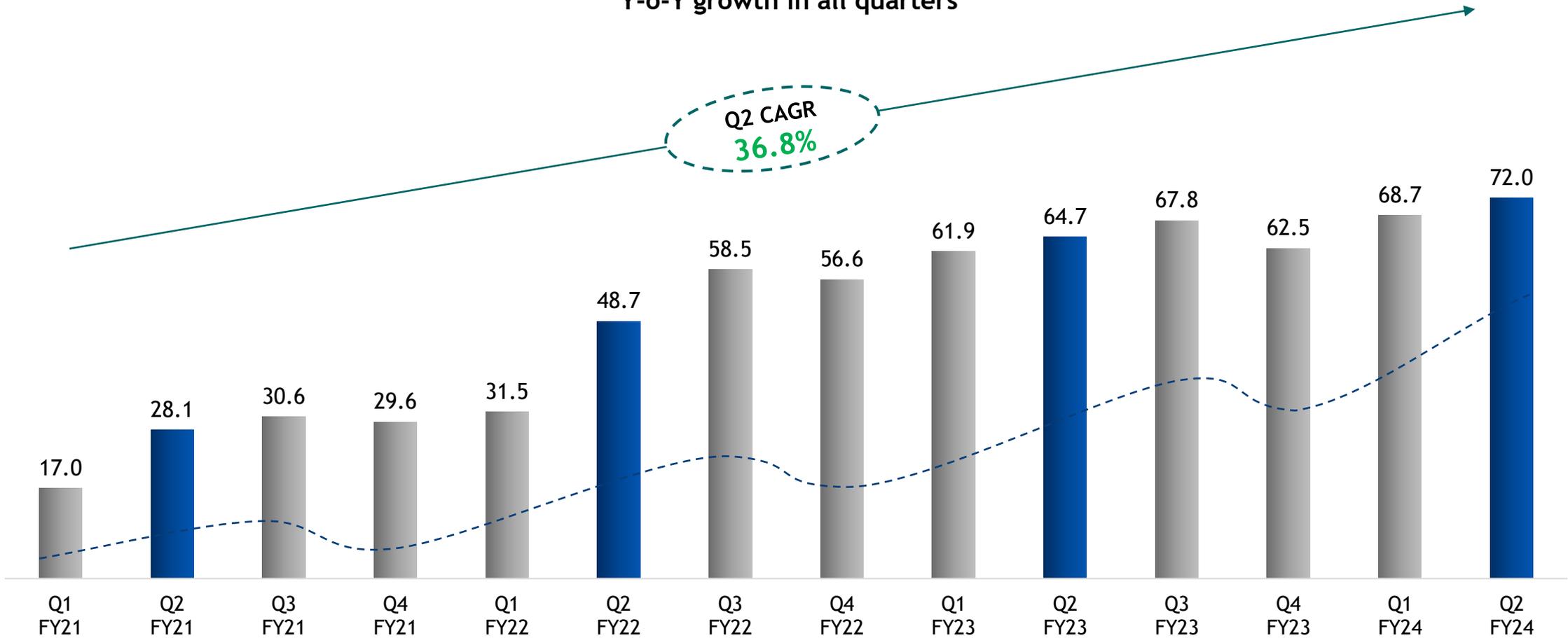
Verticalized Focus on High Growth Categories

Verticalized approach for leadership within fast growing resilient industry segments across E, F, G, H Categories

Category E

E-commerce EdTech

Entertainment

Category F

Fintech FMCG

Foodtech

Category G

Gaming Government

Groceries

Category H

Healthtech Hospitality & Travel

Direct Customers Growth Primarily Powered by E, F, G, H Categories

	FY2020	FY2021	FY2022	FY2023	H1 FY2024
Revenue (Rs. mn)	1,893	3,486	8,009	10,675	6,372
% Revenue Contribution	57%	67%	74%	74%	76%

■ % Revenue Contribution   ● Revenue (Rs. mn)
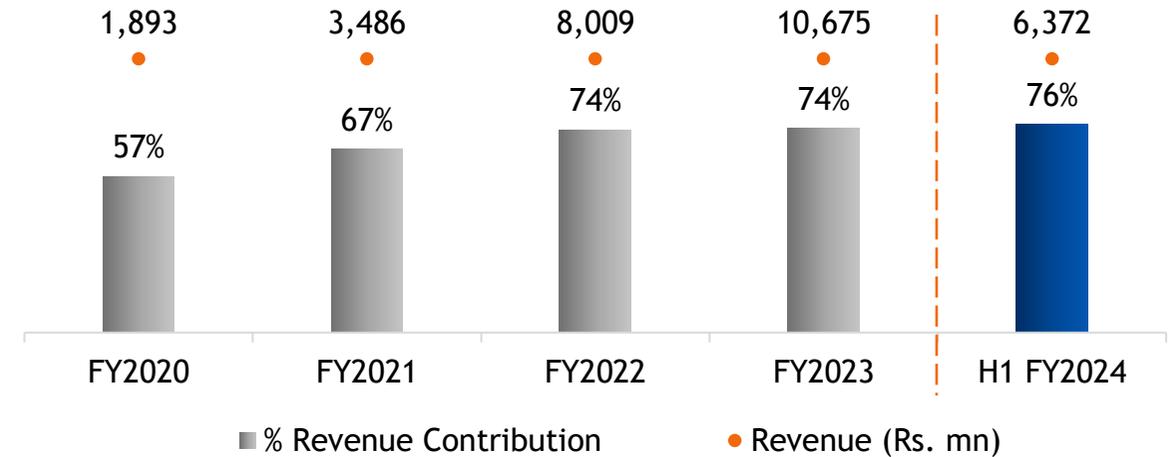
Revenue Contribution from E, F, G, H Categories

FY2020	FY2021	FY2022	FY2023	H1 FY2024
74%	90%+	90%+	90%+	90%+
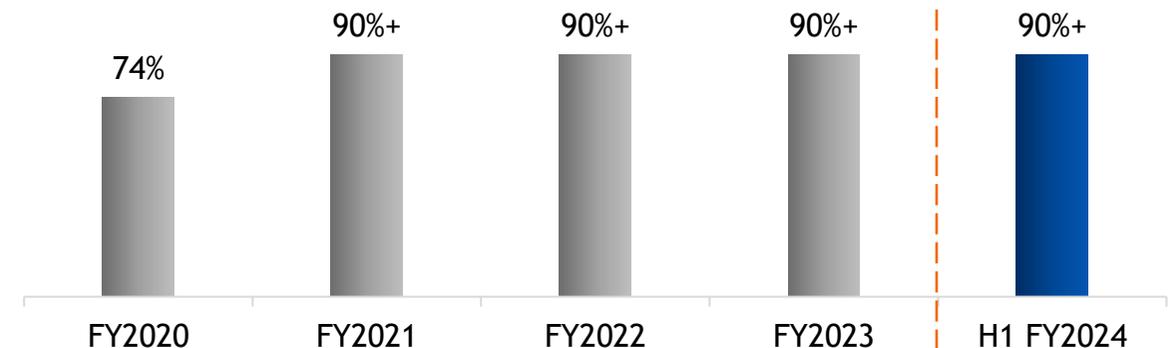
Business Overview & Case Studies

- Affle I At a Glance

- CPCU Business Model

- Affle2.0 Culture

- Affle Consumer Platform Case Studies

Affle | At a Glance

ABOUT

- **Global** technology company
- **Leading** market position in India
- **Profitable** business model
- **Well-defined** strategic growth plan

BUSINESS SEGMENTS

1) **Consumer Platform:** Delivers consumer recommendations and conversions through relevant mobile advertising for leading brands and B2C companies globally **(99.4%** of H1 FY2024 revenue)[1]

2) **Enterprise Platform:** Enabling offline businesses to go online through App development, O2O[2] commerce & data analytics **(0.6%** of H1 FY2024 revenue)[1]

GLOBAL REACH

India, Southeast Asia (SEA), Middle East and Africa (MEA), North America, Latin America (LATAM), Europe, Japan, Korea and Australia

29.8%
India revenue[1,3]
H1 FY2024

70.2%
International revenue[1,3]
H1 FY2024
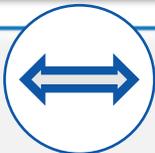
END TO END MOBILE ADVERTISING PLATFORM

- In-house data management platform with over **3.2Bn[4]** connected devices reached, that drives our predictive optimization algorithm
- Fraud Detection platform to help deliver high ROI to our customers

R&D FOCUS WITH A STRONG PATENT PORTFOLIO

6
Patents granted in US related to digital advertising, detection of fraud and voice-based intelligence

15
Patents filed in US, India and/or Singapore related to innovative futuristic use cases

ANNUAL FINANCIAL SUMMARY[5]

(Consolidated)	FY20 (Rs. mn)	FY21 (Rs. mn)	FY22 (Rs. mn)	FY23 (Rs. mn)
Revenue	3,338	5,168	10,817	14,340
EBITDA	888	1,303	2,135	2,930
PAT (Normalized)	655	1,031	1,834	2,453

1) For six months ended September 30, 2023 on a consolidated basis; 2) O2O: Online to Offline; 3) Region-wise contribution and is different from the billing entity-wise segmental break-up disclosed in financial results; 4) For the 12 months period of October 1, 2022 to September 30, 2023; 5) Refer our respective periods Earnings Presentation for detailed financial working and adjustments

Affle | Cost Per Converted User (CPCU) Business

92.9% of Revenue from Contracts with Customers contributed by CPCU model in Q2 FY2024 and 7.1% from Non-CPCU

New user conversion (online)

Existing user repeat conversion (online)

New/existing user conversion (offline)

Use Case – Targeted new user acquisition optimized to in-app transaction/registration/event

Use Case – Target interested user to complete the transaction

Use Case – Driving footfalls and transactions at physical retail stores (O2O)

Affle2.0 Culture | Tech Innovations & Accreditation

Global Tech IP Portfolio

Total **21** Patents with **6 granted in US** and **15** other filed across jurisdictions

Award-winning Ad Fraud Detection Platform

Affle's mFaas: Real-time solution for addressing digital ad fraud, with multiple patents granted and/or filed

DPTM Certified and SGD Accredited

Affle Platform Data Protection Trustmark certified & SGD accredited by IMDA Singapore

Artificial Intelligence Machine Learning Deep Learning
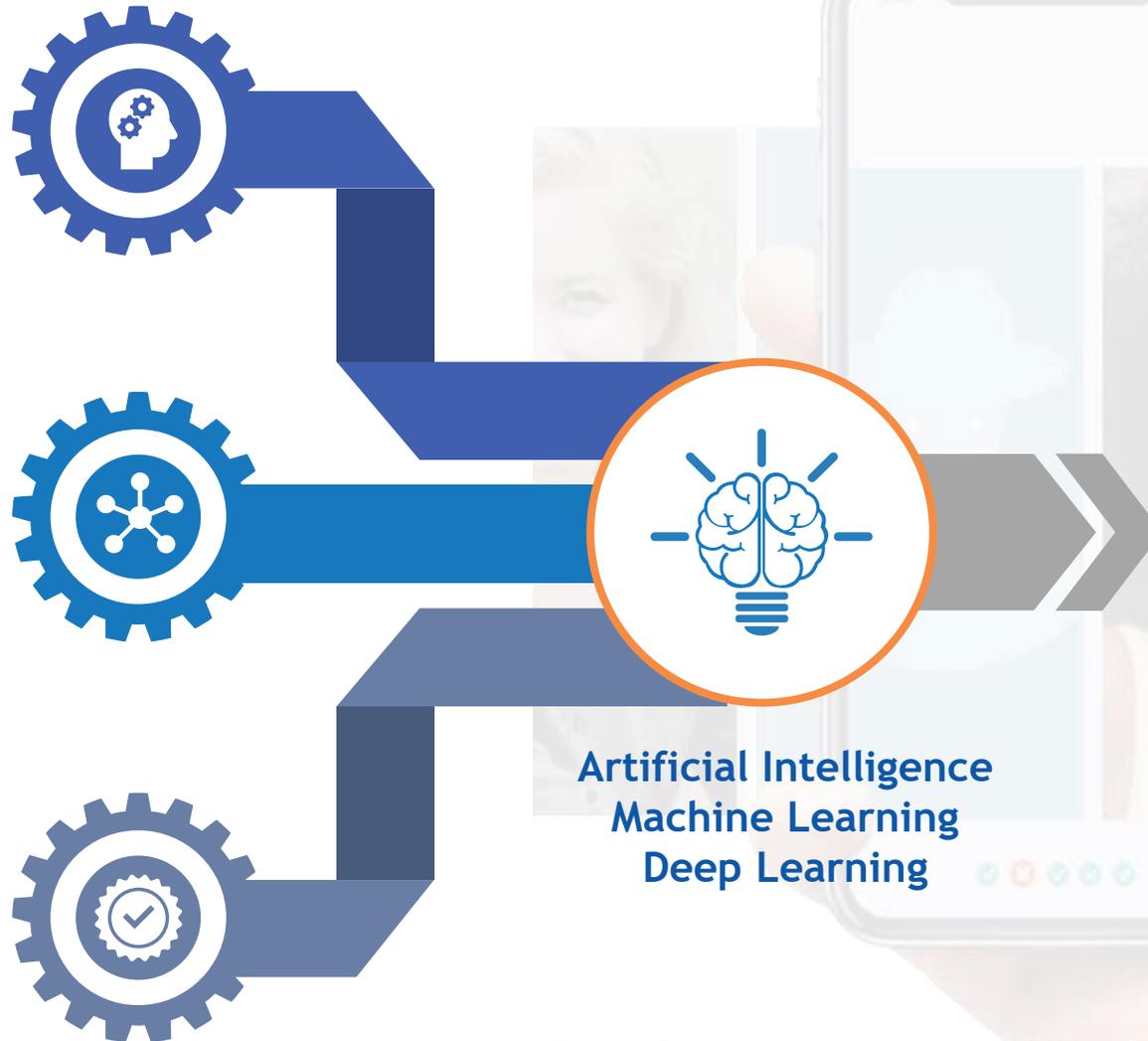
Unified **Consumer Tech** Proposition

3.2Bn[1] Connected Devices Reached

18+ years of focused R&D and innovation

Real-time Predictive Algorithm

Powering **Futuristic** Tech Use Cases

Affle2.0 Culture | Tech & Thought Leadership

Affle Consumer Platform Case Studies

1. **AngelOne** | Making online trading & digital commerce accessible to more in India

2. **Max Fashion** | Driving online fashion growth with vernacular advertising in the Middle East

3. **Nestle's Ne'App** | Growing customer loyalty amongst coffee lovers

AngelOne | Making online trading & digital commerce accessible to more in India

About the Customer

AngelOne is a leading Indian stockbroker firm established in 1996. The AngelOne super app makes investing and trading seamless for FinTech users and is trusted by more than 10+ million users.

Objective

AngelOne wanted to drive market penetration and increase the account opens on its app amongst digital-savvy customers interested in investing.

Affle Consumer Platform Solutions

Affle's Consumer platform helped AngelOne achieve their business objectives by

- **Leveraging Affle's mDMP platform** to target young millennials and users having high-affinity to trading and digital commerce
- Once these cohorts of users were identified, targeted ads were delivered across mobile channels optimizing towards **maximized account opens**
- Multichannel diversification was used to identify best converting channels

Results

- **>150% Growth** in Quarterly Conversions (Q2 vs Q1 FY24)
- **>30% Growth** in Quarterly Conversion Ratios (Q2 vs Q1 FY24)
- **>80% Growth** in Quarterly New App Users onboarded (Q2 vs Q1 FY24)
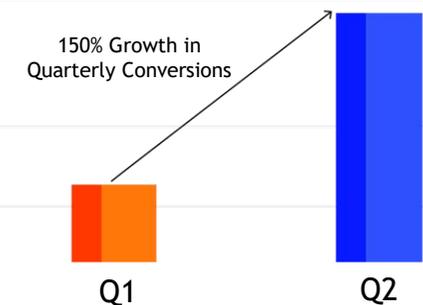
150% Growth in Quarterly Conversions

Q1   Q2

Max Fashion | Driving online fashion growth with vernacular advertising in the Middle East

About the Customer

Max Fashion is a global omnichannel leader in the retail fashion space with a strong eCommerce platform and over 400 stores worldwide. The brand is a part of Dubai headquartered Landmark Group, the conglomerate giant operating since 1973 across multiple verticals and geographies.

Objective

To drive high-quality, premium iOS user base across the Gulf countries to shop for fast fashion on the Max Fashion app.

Affle Consumer Platform Solutions

Affle's Consumer Platform helped Max Fashion achieve their business outcomes with -

- **AI-powered Vernacular keyword recommendation strategy for the GCC geographies** focusing on Arabic search terms, brand, generic and competition keywords to maximise impact
- **Data-led optimized keyword bidding** to assist with high-value audience targeting

Results

- **>150% Growth** in Quarterly conversions (Q2 vs Q1 FY24)
- **>250% ROAS** delivered in Q2
- Monthly conversion ratio **increased by 23%** between July to September due to extensive vernacular advertising led optimisations

> Multiple keyword-based strategies, intelligent Competition insights and keyword recommendations, with full-funnel view of metrics helped us achieve our key conversion goals, all the while keeping the campaign cost efficient.
>
> **Sneha Chaudhary**
> Senior Performance Marketing Manager

Nestle's Ne'App | Growing customer loyalty amongst coffee lovers

About the Customer

Nestle's Nescafé 3ü1 Arada Ne'App is a loyalty program app designed to enhance customer engagement and brand loyalty for Nescafé's popular 3-in-1 coffee product. The app offers a seamless experience for users to earn rewards, access exclusive content, and stay updated on the latest promotions.

Objective

- Nestlé's Ne'App aimed to onboard new users, drive engagements and increase code submissions (submitted code = a purchase made)
- Encourage app usage and interactions by driving registrations and consumer purchases
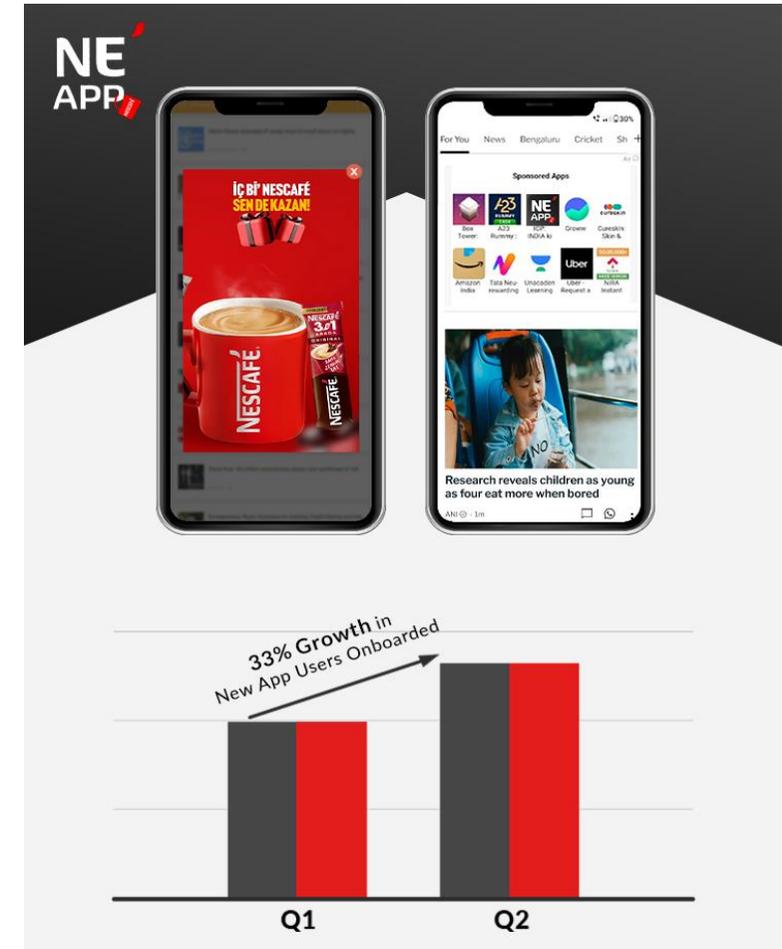
Affle Consumer Platform Solutions

Affle's app recommendation platform helped Nestle by

- Recommending the app to targeted Android users and thus maximize its chances to reach the **widest possible audience of high-quality potential users**
- **Advanced recommendation engine powered by our proprietary 'Timeline' technology** showcased Ne'App to users searching for coffee, food, drink, or grocery apps on their phones

Results

- **>33% growth** in Quarterly New App Users onboarded
- **>80% Growth** in Average Monthly Active Users (Q2 vs Q1 FY24)
- **Consistently High Engagement rates** over the last 2 quarters

33% Growth in New App Users Onboarded

Q1   Q2

Note: (1) All case studies are based on First Party data consented and shared by the advertiser/agency together with Affle's platform data; (2) Campaign Period : July 2023 – September 2023; (3) The ads and/or platform modules/screenshots shown here are for illustrative purpose only

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Shareholders Information

Affle | Shareholders Information

Shareholding Pattern (As on September 30, 2023)

Total Shares Outstanding – 133,271,060*

- ■ Promoters & Promoter Group — 59.9%
- ■ Mutual Funds / Banks / Insurance / AIFs / QIBs — 14.3%
- ■ FIIs / FCBs — 12.5%
- ■ Others — 13.3%
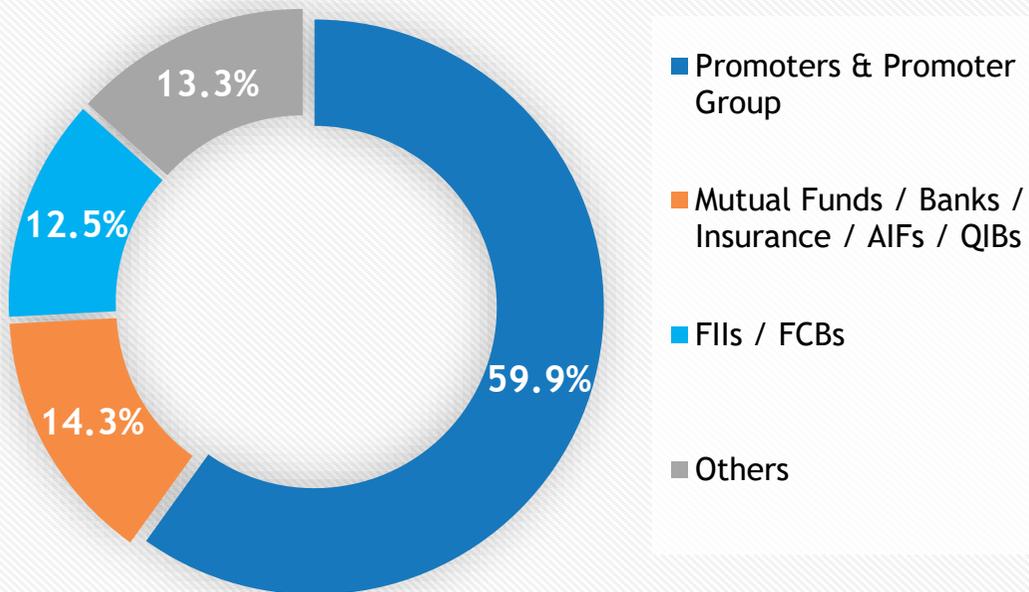
Includes 20,000 new equity shares allotted to ESOP trust of Affle (India) Limited for which listing and trading approval was received on October 9, 2023.

Brokerages Covering Affle (Latest)**

Institutional Research Desk

ICICI Securities	Spark Capital	DAM Capital
Amsec	Mirae Research	Anand Rathi
Goldman Sachs	Ambit Capital	Dolat Capital
B&K Securities	Elara Capital	Dalal & Broacha

HNI / Retail Desk

Sharekhan	ICICI Direct

*** In order of coverage initiated*

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