

Affle delivered another robust quarter, reporting its highest-ever Revenue, EBITDA, and PAT. The performance underscores the company's strong competitive positioning and deep customer relationships, reflecting its ability to consistently drive conversion-led growth and enhance unit economics. This continued improvement in revenue quality further strengthens Affle's positioning as a premium technology and digital advertising platform.

The growth outlook remains strong, with the current 20% trajectory expected to sustain over the medium term alongside continued margin expansion driven by operational efficiencies and better utilization of resources. Management remains focused on driving sustainable growth with improving profitability and is actively evaluating strategic M&A opportunities to unlock synergies. The company has a pipeline of around 4 potential targets and intends to make this acquisition meaningful in order to raise organic growth through the new customer base and capabilities it will add.

Affle delivered strong results despite the RMG ban headwind, which previously contributed ~Rs. 100-120 Mn of topline. While the impact is expected to persist for another 1-2 quarters, natural hedges are likely to offset it. Growth was supported by an strong broad based demand across key verticals along with India witnessing strong premium IOS user traction that drove higher ad spends and a better CPCU rate.

Financial Summary

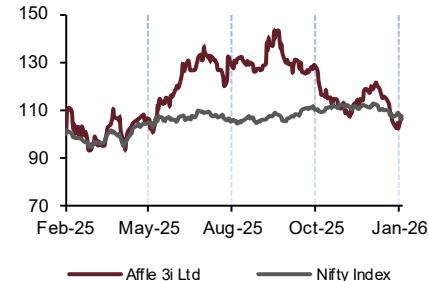
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	10,817	14,340	18,428	22,663	26,887	32,155	38,476
EBITDA	2,131	2,888	3,600	4,832	5,828	7,388	9,213
Adjusted net profit	2,157	2,472	2,973	3,819	4,306	5,596	7,018
Free cash flow	1,540	1,442	2,652	2,835	3,876	5,260	6,469
EPS (Rs)	16.1	18.4	21.7	27.2	30.7	39.9	50.1
growth (%)	59.03	14.28	17.90	25.39	12.86	29.95	25.42
Adjusted EPS (Rs)	16.2	18.4	21.7	27.2	30.7	39.9	50.1
growth (%)	109.53	13.77	17.90	25.39	12.86	29.95	25.42
P/E (x)	111.7	97.8	82.9	66.1	58.6	45.1	35.9
P/B (x)	20.3	16.3	10.1	8.6	7.5	6.4	5.4
EV/EBITDA (x)	110.4	81.2	67.0	49.4	40.3	31.2	24.4
ROCE (%)	12.9	14.9	10.9	12.9	13.5	14.9	16.0
RoE (%)	18.2	16.7	11.9	13.0	12.8	14.2	15.1

Source: Company

Rating	TP (Rs)	Up/Dn (%)
HOLD	2,003	26
Market data		
Current price	Rs	1,595
Market Cap (Rs.Bn)	(Rs Bn)	224
Market Cap (US\$ Mn)	(US\$ Mn)	2,440
Face Value	Rs	2
52 Weeks High/Low	Rs	186.8 / 1221.05
Average Daily Volume	(000)	843
BSE Code		542752
Bloomberg		AFFLE.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-25	Sep-25
Promoters	55.00	55.00
Public	45.00	45.00
Total	100	100

Source: Bloomberg

Bharat Gulati

+91 22 67141412

bharat.gulati@dalal-broacha.com

Concall and Result Highlights

Strong Moats along with Industry Tailwinds driving growth:

Affle continues to emphasize quality, outcome-based revenue, reflected in both the number of conversions (109Mn) achieved and the rising rate per conversion (Rs 59.7). This demonstrates the company's strong customer retention, new client acquisition, and continuous improvement in unit economics—evident from sustained margin expansion over 7 consecutive quarters. Supported by strong industry tailwinds, with connected device users reaching 3.8 billion, demand for higher conversion efficiency is accelerating. Affle's premium platform effectively deepens customer funnels, enabling robust 23% margins and clear differentiation from competitors focused primarily on impressions, as it drives higher-value conversions and richer user engagement across multiple touchpoints.

Acquisition and Operational Efficiencies to Uplift growth and Margins:

Management remains focused on sustainable, margin-accretive growth, prioritizing profitability over aggressive scale. The company is actively pursuing strategic M&A opportunities, with the last acquisition completed over two years ago. It is currently evaluating around 4 potential targets and plans to undertake acquisitions every two years in the medium term—only where strong synergies and attractive valuations align. Margin expansion this quarter was driven by operating leverage and AI-led efficiencies, which management expects will further enhance productivity and profitability going forward.

Future Growth Outlook:

Affle remains confident of sustaining ~20% organic growth in the medium term, supported by its deep moats and outcome-based model that enables customers to acquire long-term users. With 76% of its revenue coming from direct customers, Affle continues to strengthen client relationships and drive deeper conversion funnels. Its ROI-driven CPCU business model is creating strong value for clients, reflected in margins expanding to 23%, which management expects to remain sustainable going forward.

Valuation & Outlook

Affle's CPCU-led, ROI-first model is scaling with discipline—Q2 FY26's record result and the sixth straight sequential margin uptick reinforce a credible ~20% organic growth / ~23% EBITDA algorithm. Opticks AI, fraud-prevention IP (16 patents), and Apple-certified status deepen a privacy-first, ID-less moat, supporting CPCU pricing and operating leverage. Mix is improving as DM traction builds on new logos while India/EM remains broad-based; the ability to channel walled-garden budgets positions Affle as a conversion orchestrator, mitigating platform-concentration risk.

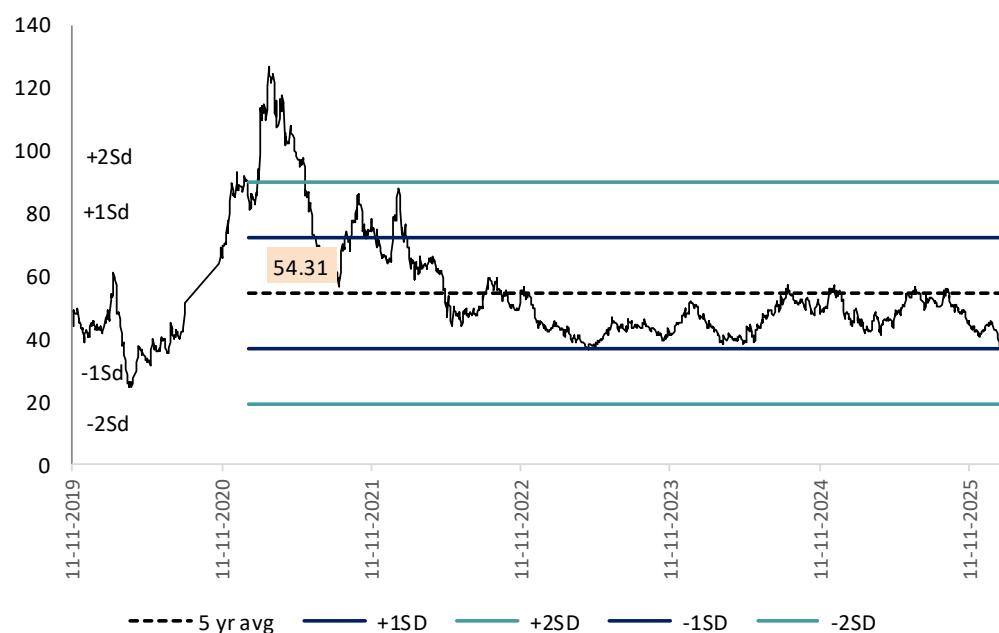
We retain a HOLD rating, valuing the stock at 40x FY28E EPS, lower than our earlier assigned multiple. The revision reflects growth expectations of 20–22%, implying a P/E derating to ~2x PEG, which reduces our TP to Rs. 2,003.

Quarterly Result Analysis

Particular	3QFY26	3QFY25	YoY Growth	2QFY26	QoQ Growth
Revenue	7,175	6,017	19%	6,467	11%
Other Income	175	209	-16%	223	-21%
Total Income	7,350	6,226	18%	5,446	35%
Employee Cost	637	576	11%	632	1%
Other Expenses	433	496	-13%	414	5%
Total Opex	1,070	1,072	0%	1,045	2%
Total Expenses	5,544	4,703	18%	5,006	11%
EBITDA (ex OI)	1,630	1,314	24%	1,461	12%
Depreciation	331	258	29%	319	4%
EBIT	1,299	1,056	23%	1,142	14%
Finance Cost	13	28	-55%	12	8%
PBT (In Ex Item)	1,462	1,237	18%	1,353	8%
Tax Expenses	268	235	14%	248	8%
Reported PAT	1,194	1,002	19%	1,105	8%
Reported EPS	8.5	7.1	19%	7.9	8%
Margins			Changes in bps		Changes in bps
EBITDA (ex OI)	22.7%	21.8%	89	22.6%	13
PAT Margins	16.6%	16.7%	-2	17.1%	-45
Tax Rate	18.3%	19.0%	-67	18.3%	-1
Other Operational Matrix			Changes in bps		Changes in bps
EE as a % of sales	9%	10%	-69	10%	-88
OE as a % of sales	6%	8%	-221	6%	-36

Source: Dalal & Broacha Research, Company

Forward P/E Chart



Source: Dalal & Broacha Research, Company

Financials

Profit & Loss Statement							
YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue from Operations	10,817	14,340	18,428	22,663	26,887	32,155	38,476
% Growth	109.3	32.6	28.5	23.0	18.6	19.6	19.7
Operating Expenses							
Inventory and Data Costs	6,789	8,843	11,254	13,793	16,835	19,765	23,470
Employee Benefit Expense	1,296	1,872	2,352	2,313	2,527	2,902	3,535
Other Expenses	600	736	1,223	1,726	1,697	2,100	2,258
Total Operating Expenses	8,685	11,452	14,828	17,831	21,059	24,767	29,263
EBITDA	2,131	2,888	3,600	4,832	5,828	7,388	9,213
Growth (%)	64.4	35.5	24.7	34.2	20.6	26.8	24.7
EBITDA Margin (%)	19.7	20.1	19.5	21.3	21.7	23.0	23.9
Less: Depreciation	324	494	715	967	1,224	1,446	1,732
EBIT	1,807	2,393	2,885	3,865	4,604	5,942	7,480
Growth (%)	64.3	32.5	20.5	34.0	19.1	29.1	25.9
EBIT Margin (%)	16.7	16.7	15.7	17.1	17.1	18.5	19.4
Interest Paid	71	114	189	126	68	55	40
Other Income	716	544	572	938	785	965	1,154
PBT	2,452	2,823	3,268	4,676	5,320	6,852	8,594
Tax Expenses	300	361	295	858	1,014	1,257	1,576
Net Profit	2,147	2,452	2,973	3,819	4,306	5,596	7,018
Adjust PAT	2,157	2,472	2,973	3,819	4,306	5,596	7,018
Growth (%)	109.5	14.6	20.2	28.5	12.8	30.0	25.4
APAT Margin (%)	19.8	17.1	16.1	16.8	16.0	17.4	18.2
EPS	16.1	18.4	21.7	27.2	30.7	39.9	50.1
Growth (%)	59.0	14.3	17.9	25.4	12.9	30.0	25.4
Adj. EPS	16.2	18.4	21.7	27.2	30.7	39.9	50.1
Growth (%)	109.5	13.8	17.9	25.4	12.9	30.0	25.4

Balance Sheet							
Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
EQUITY							
Equity Share Capital	267	266	280	281	281	281	281
Other Equity	11,527	14,405	24,700	29,184	33,490	39,085	46,103
Total Equity	11,794	14,672	24,980	29,465	33,770	39,366	46,384
LIABILITIES							
Non-Current Liabilities							
<i>Financial Liabilities</i>							
Borrowings	891	521	726	107	57	32	0
Other Non-Current Financial Liabilities	1,218	789	528	197	197	197	197
Long-Term Provisions	18	19	25	40	40	40	40
Deferred Tax Liabilities (net)	61	55	103	102	102	102	102
Lease Liabilities	-	18	39	21	21	21	21
Total Non-Current Liabilities	2,188	1,402	1,421	467	417	392	360
Current Liabilities							
Contract Liabilities	41	23	96	158	158	158	158
<i>Financial Liabilities</i>							
Borrowings	593	510	1052	666	566	466	366
<i>Trade Payables</i>							
Dues of small enterprises	42	30	28	5			
Others	2,517	2,491	3,803	4,071	6,058	7,125	8,418
Lease Liabilities	2	7	10	28	28	28	28
Other Financial Liabilities	788	698	1,047	577	632	870	1,061
Short-Term Provisions	31	32	29	57	57	57	57
Liabilities for Current Tax	69	67	166	510	122	151	189
Other Current Liabilities	204	174	198	215	207	211	209
Total Current Liabilities	4,288	4,033	6,429	6,286	7,826	9,065	10,485
Total Equity and Liabilities	18,269	20,107	32,830	36,218	42,013	48,823	57,229
Non-Current Assets							
<i>Property Plant & Equipment</i>							
Gross Block	54	79	104	129	164	199	234
Less: Depreciation	30	49	67	95	126	158	189
Net Block	24	31	38	34	38	42	45
Right of Use Assets	2	25	62	49	49	49	49
Goodwill	6,163	6,640	9,829	10,083	10,083	10,083	10,083
Other Intangible Assets	804	1,163	1,515	2,044	2,453	2,943	3,532
Intangible Assets Under Development	422	485	981	1,115	1,344	1,608	1,924
<i>Financial Assets</i>							
Investments	0	0	373	629	879	1,129	1,379
Loans, Other financial & income tax as:	50	110	168	359	359	359	359
Deffered Tax Assets (Net)	29	28	121	144	-	-	-
Total Non-Current Assets	8,840	8,482	13,087	14,456	15,205	16,212	17,371
Current Assets							
Contract Asset	758	1036	2053	2531	1613	1929	2309
Investment held for sale		1338	1338	1346	1346	1346	1346
<i>Financial Assets</i>							
Trade Receivables	2,347	2,452	3,174	2,986	5,819	6,959	8,328
Cash and Cash Equivalents	3,163	3,320	8,051	10,475	13,582	17,896	23,291
Other Bank Balances	2,883	3,137	4,314	3,442	3,442	3,442	3,442
Loans	12	5	18	22	26	31	38
Other Financial Assets	47	94	174	174	195	221	320
Other Current Assets	220	243	622	784	784	784	784
Total Current Assets	9,429	11,625	19,743	21,761	26,808	32,610	39,858
Total Assets	18,269	20,107	32,830	36,218	42,013	48,823	57,229

Cashflow (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PBT	2,452	2,823	3,268	4,676	5,320	6,852	8,594
Depreciation	324	494	715	967	1,224	1,446	1,732
Net Chg in WC	843	(701)	186	(601)	(400)	(249)	(433)
Taxes	(278)	(403)	(345)	(664)	(893)	(1,014)	(1,257)
Others	(1,352)	275	(1,390)	-	-	-	-
CFO	2,060	2,603	2,623	4,504	5,319	7,089	8,678
Capex	(3,747)	(1,400)	(4,759)	(1,880)	(1,867)	(2,203)	(2,641)
Net Investments made	1,013	(23)	(410)	(242)	(250)	(250)	(250)
Others	(2,825)	(552)	(604)	-	-	-	-
CFI	(5,559)	(1,974)	(5,773)	(2,122)	(2,117)	(2,453)	(2,891)
Change in Share capital	6,055	426	7,336	665	0	0	(0)
Change in Debts	149	(799)	(56)	(950)	(50)	(25)	(32)
Others	34	(127)	717	452	23	(242)	(319)
CFF	6,150	(590)	7,832	41	(96)	(322)	(392)
Total Cash Generated	2,650	38	4,682	2,424	3,107	4,314	5,395
Cash Opening Balance	491	3,163	3,320	8,051	10,475	13,582	17,896
Cash Closing Balance	3,163	3,320	8,051	10,475	13,582	17,896	23,291

Source: Dalal & Broacha Research, Company

Disclaimer

Dalal & Broacha Stock Broking Pvt Ltd, hereinafter referred to as D&B (CINU67120MH1997PTC111186) was established in 1997 and is an integrated financial services player offering an extensive range of financial solutions and services to a wide spectrum of customers with varied needs ranging from equities to mutual funds to depository services.

D&B is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE). D&B along with its affiliates offers the most comprehensive avenues for investments and is engaged in the securities businesses including stock broking (Institutional and retail), depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.dalal-broacha.com

D&B is registered as Research Analyst with SEBI bearing registration Number INH000001246 as per SEBI (Research Analysts) Regulations, 2014.

D&B hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in any time in the past. It has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time. SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on D&B for certain operational deviations in routine course of business.

D&B offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by D&B (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

D&B or its associates may have financial interest in the subject company.

D&B or its associates do not have any material conflict of interest in the subject company.

The Research Analyst or Research Entity (D&B) has not been engaged in market making activity for the subject company.

D&B or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Disclosures in respect of Research Analyst:

Whether Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report:	No
Whether the Research Analyst or his/her relative's financial interest in the subject company.	No
Whether the research Analyst has served as officer, director or employee of the subject company	No
Whether the Research Analyst has received any compensation from the subject company in the past twelve months	No
Whether the Research Analyst has managed or co-managed public offering of securities for the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation or other benefits from the subject company or third party in connection with the research report	No

D&B and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject D&B or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to D&B. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of D&B. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of D&B or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.

Tel: 91-22- 2282 2992 | : equity.research@dalal-broacha.com