"OnMobile Global Limited
Q1 FY27 Earnings Conference Call"
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Pratik Jagtap: Good evening, everyone, and welcome to Q1 FY '27 Earnings Call of OnMobile Global Limited. Representing the management today, we have FC, Executive Chairman and CEO; Radhika Venugopal, Whole-time Director and CFO; Bikram Sherawat, President and COO. The call will start with a brief update about the overall performance during the quarter by FC, then Bikram will share insights on operations, and then Radhika will update on financials. After that, we will open the floor for a Q&A session.

Before we start, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties that we face. For such risk and considerations, please refer to the earnings presentation. OnMobile Global undertakes no obligation to publicly revise any forward-looking statement to reflect future or likely events or circumstances. Having said that, I now hand over the floor to FC. Over to you.

Francois Sirois: Thank you, Pratik. Thank you all for joining. Exciting quarter on the ONMO+ side. We launched on the 26th of June, in the last four days of the quarter. As you know, we had planned to launch earlier. We were actually ready earlier. Unfortunately, Flipkart, for many marketing reasons, preferred to push out the date. So obviously, when your partner wants to push out, we have to push out. But as you can see, we were live.

The first thing I must say, when we went live was call center. I was present in the office with the team, and the big question was will people be able to activate the service in 60 seconds as we promised? And what kind of problems will people have? To our very big surprise, there was no activation issue. Everybody was able to activate. The calls in the call center were more on the actual gameplay and some challenges on the TV adjustment because we stream in 1080, and some TVs are a bit smaller, but that's a very small percentage of subscribers.

Overall, really satisfied with the quality of product. We're expecting to have a good product, but right now the stats that we have are fantastic. The service works better than we had expected. If we looked at what kind of users use the service and usage, we shared the information in the deck. And just as a side note, normally we would not share these stats with the market for strategic reason. We would not share this to have any competitors look at how the service is performing.

Obviously, we're a public company, and I want to share this information with you so that you at least confirm that, we have a good service. I know you can buy the box and use it. You can see the comments also, that we have great comments, but I think it's very important that we can show you, with real data, what is the performance today of the actual platform. So those that we shared in the deck here, we're not going to share on a quarterly basis for strategic reasons. Again, we're going to make sure to share it with you.

But let's just go on the next slide. I just want to share the actual age group. First of all, the age group is really a sweet spot, 25-34. 82% are under 35 years old. So, very interesting demographic, the core of what we want. The approach of the system is to be able to use the controller and service on multiple devices, and average people use on two to three devices, meaning a lot of people use it on three devices. As you can see, the number of sessions here on desktops is 44%. TV is 31% of sessions. Lots of sessions on mobile also. And tablets, a bit less than what it is, but obviously people prefer the big screen. Very interesting stats is that 75% of users have used more than five games, 45% use more than ten games, so usage is really high. If we can see the hours used, and that's the most important stats. 70 minutes per subscriber is very high. It's higher than what we planned. It's twice the top PC median, top 10% PC median, very high. As you can see, stickiness on daily average users, on monthly average users, we're 1.3 times X the industry. Retention, D7 versus D30 today, we're at 2.7 times the industry. All this to say, and all I want you to realize is that we have a good product. And this is, you know, we can do all the tests in the world. We can get the best gamers to confirm that we have, in lab, the best thing in the world.

Till you're out in the market and the market tells you that this is a good product, you have nothing. So, it's a very big step forward that we took going live. As you can see, 226 cities logged in across India. So this is not just Bangalore, Mumbai, Delhi. It's across the country. So we have across the country people connecting and using the service and really liking the service everywhere. So what happened till then, now that we're live, I must say that we have a lot of interest from lots of groups. We're in discussions right now, in advanced discussions, with very big retailer groups across India. You know, they confirm also from a retail perspective that this kind of product, it does not exist in the retail world. There's cloud gaming providers that are very big. As you know, as we know, we're competing with trillion-dollar companies here. So they're in the cloud. In stores, this product category doesn't exist with the controller that we have. As we can see, that you can sync up your service on multiple devices at this price point, it doesn't exist.

Lots of interest from very big groups to be in stores. We're right now negotiating and planning to be in stores by Diwali festive season. So we have to be ready by October. So lots of work right now on how many stores, where do we plan to have promoters. The model's a bit different. You need people in stores to promote your service. How many boxes per store? So all this planning is right now being done. Contrary to another service where obviously you can sell software, we need, we have that box, we need the box to be produced and be shipped out in all these stores. So that's exactly what we're doing right now. So that's what I wanted to share with you. You know, from our expertise, what we see, we have a 12 months to 18 month lead time in the market from competition to wanting to actually look at what we're doing and decide to enter the market like we're doing. We want to use this in good essence The feedback we're getting from retailers, a new category in India, we're getting the same feedback here in Spain from retailers in Spain, where they already sell consoles in Spain, and they see this as a new product category also. Even top gamers in Spain look at this on the retail side, and so it's got a very interesting potential here. So we're going on both sides. We're really pushing to be able to be in stores again by October, November, December here in Spain while we do it in India. So it's a dual market approach right now. And the retail world is different than the operator world. Bikram will talk a bit about the operator discussions that are now really enthusiastic after this feedback. But it's very different because we control our destiny. We see it right away. Retailers are very open to push our product and are moving very fast compared to what we see in the carrier business.

Now that we talk about carrier business and the results, as you see, the core of the business is carrier business today. The focus has been really on profitability. Profitability is key for many reasons for both services, mobile gaming and the mobile entertainment and communication. We need profitability on both sides to be able to use the cash into the ONMO+ launch. We had to take difficult decisions on the team side. We had to do a small restructuring and let go some team members to increase profitability in the business. As you can see,in the core business, we're at 20% profitability, in the range of 20%. We're going to push to go in the 25% range on the mobile entertainment and communication side. As we grow, and just a side note on this, there was a degrowth this quarter on mobile entertainment, mostly all driven here in Europe on the video service. It's something we know. It's been going on multiple quarters, going down. We have a new service in that category that has great potential, already been in discussion for multiple quarters with the operator, already did market tests, feedback tests. Really good. So it's only a matter, again, that carriers take a lot of time to implement new services. Once you're there, you're there for a long time. So in the meantime, we unfortunately follow this downward trend while we correct on a yearly basis. So when I look at this on a yearly basis, year to year, I don't see any issues. On the quarter, because we have to take some restructuring costs, you see the impact. On the mobile gaming side, it's the same. We took the decision to stop operators that don't produce the right profitability. A lot of operators we pushed on high marketing. You saw our marketing costs decrease over the years. A lot of operators had high marketing costs. We stopped the marketing. So obviously, it had an impact on revenue going down.

So some operators, where the profitability is not there, where we don't want to push, and we're really like re-putting the marketing budget below the 50% mark. So that's where the profitability is. So we really took the decision that mobile gaming has to be profitable. It was in Q4. The range right now is to be in between 10% going to 25% EBITDA also this year for mobile gaming. And to do that, we need to have optimized marketing in most accounts. We can't carry on accounts that drive revenue but not profitability.

So that's the switch that we see. We still foresee a very nice growth on mobile gaming, but it's going to be a smart growth rather than trying to push revenue over profitability. So overall, I think it's important that we look at it on an annual basis. When we look at last year, we doubled the EBITDA. We brought the mobile gaming business to profitability. Now we'll have a full year of profitability for both mobile gaming and mobile entertainment. So the entire business will be profitable so that we can invest into market launches and deployments for ONMO+ and just as a side note, between Spain, which is a high-gaming market with a population obviously way smaller than India, and India with a very big population and the fact that consoles are really not in households, The penetration of households is very low.

That's why we have a huge opportunity. But between these two markets, there are tens of other countries that are in the same profiles of these two which could be launched. So now it's going to be a decision to use our lead-time advantage globally to decide how many countries you want to launch. Obviously, we have to do the retail launch properly for both India and Spain. But the big decision towards the year 2027 is which other country do we launch I mean, in Europe, there's a lot more countries in gaming than Spain. And again, Asia and Africa, there's a lot of countries that compare to India in terms of potential for that kind of product. So lots of potential. We need to be smart on the investment and which country we go to. That's what I have to say.

I'll pass the ball to Bikram for explaining more on the business side what's happening. And then Radhika on the finance. Thank you.

Bikram Sherawat: Thank you, FC. Welcome, everybody. What you see on the screen is all the complete product breadth of OnMobile, from our mobile entertainment and communications business to mobile gaming and the newly launched Smart Console. What I will do in the next few minutes is take you through key updates around sales, products, where we see the business is headed, and, as FC mentioned, the core theme across each of our initiatives when we look at our lines of business. Let me start with sales.

Since we have gone live with ONMO+ on 26th of June, the interest from potential customers have been very high. So, as a part of this slide deck also, we have explained our go-to-market and distribution strategy. We have started with D2C in India. FC has already mentioned that we are going to go with the retail route in the country. We are also in discussion with a few broadband operators within the country to be able to distribute our service. Beyond this, right now as we speak, internationally across the board, we are in active discussions with 20 operators or broadband providers for Smart Consoles, of which 10 of them are in commercial discussions.

In fact, I was just checking with the team last few weeks, we are on a run rate of sending either two or three commercial proposals to our customers. Obviously, this trend won't continue because we want to close the 10 commercial discussion deals into actual closures. So that's something which we are really bullish about and we want to go forward with. Beyond Smart Console, if you see the other platforms which are there on the slide, our funnel is very healthy. In entertainment and communications, we have a strong set of deals which are in play and discussions.

When it comes to tones, we are in discussions with a very large operator in Middle East and North Africa region. Buzzmo, we are on verge of signing a deal, and similarly forViasat and Gameye. A good part of these deals, what we believe is we want to sign off in this financial year and try and get some revenue in this financial year as well. For the gaming and entertainment platform, we secured a new business in the last quarter, and our pipeline continues to grow.

FC spoke about gaming subscription. In the last quarter, our gaming subscription business, we clearly focused on profitability. We broke even in this business in Q3 of last financial year. If you see the data points, two years back, our cost of marketing was around 65%, and we are trending below 50% right now, and we want to be even more efficient. We are using technologies like AI, etc., to become even more efficient. But in the last quarter, we were very conscious about accounts where we need to be investing in marketing, what is the kind of return on ad spends we are getting from those accounts, and to be able to, you know, in some cases not look at revenue alone, but look at the actual cash profit which comes into the organization.

I'm happy to state that our results are already showing the kind of inputs which we have given, and we have started off better in Q2, and we see it improving. Moving to Entertainment and Comms, in the slide below, you also see that we are targeting to take the profitability and efficiency from 20% to 25% range. This is the business which is the cash cow for the company. The Tones business remains stable. We are live across 27 customers. I have already explained that we are in active discussions with one large customer in Middle East and North Africa and two deployments in Latin America which are going to go live in the next few months for us.

Alongside this, we have taken an initiative where we are Also looking at how to become even more efficient for this line of business. We have developed a completely cloud-native platform which we will be rolling out in our existing FY'27 deployments over the next few quarters. This is going to make us even more efficient on how we service this business. Buzzmo, the customer engagement market is moving from simple bulk messaging towards customer journey and AI-led campaign. I've already mentioned that we are on the verge of closing another deal.

We have also engaged many other customers in Africa. We are moving forward in those discussions in a very positive way. We believe that we would have a couple of more sign-ups throughout the year as we go ahead. Looking forward, the priorities are absolutely clear: grow the margins on the legacy business, be very sharp when it comes to focus on margins and profitability on those lines of business, improve the marketing efficiency on our gaming subscription business, be very clear in terms of the accounts where we will need to spend.

Our Smart Console business, ONMO+ business, has started off very strongly. We are seeing huge interest to be able to close significant B2B deals in this financial year, launch on retail in another market in Europe, which we mentioned, Spain. We are confident that by the end of FY '27, we will be in a far stronger position than we were in the previous financial year. Thank you. And I'll hand over to Radhika, who will take us through the financials.

Radhika Venugopal: Hi, good evening everyone. I'll take you through the numbers for Q1. In Q1 FY '27, our revenue stood at INR 124.1 crores, reflecting a 3.8% decline quarter-on-quarter. Despite the overall revenue softness, our gaming business continued to deliver steady growth, with our gaming revenue reaching INR 39.4 crores, up by 2.4% quarter-on-quarter. Our gaming subscriber base stood at 13.8 million. EBITDA was at INR 1.5 crores, translating into an EBITDA margin of 1.2%. This is lower as compared to the previous quarter, and this is mainly on account of ONMO+ launch expenses which were accounted in this quarter.

PAT for the quarter was at a loss of INR 28.9 crores, and this includes a one-time severance cost of INR 14.1 crores, and this is associated with these restructuring program which was undertaken by the company. Within entertainment revenues, mobile entertainment revenue stood at INR 84.6 crores, reflecting a decline of 6.5% quarter-on-quarter. This quarter, we closed cash with a cash position of INR 135.5 crores, which was down from the previous quarter, attributed mainly due to investment in ONMO+ and also repayment of short-term credit facilities.

Operating costs, cost discipline, operating discipline remains our key focus area. In this quarter, people costs were down by 1.1% and were at INR 27.9 crores. Our DSO stood at 121 days. This was down by 10 days. Our ONMO+ Smart Console launch, along with our strong pipeline, positions us well for the growth in the coming quarters. We remain focused on improving our profitability, sustaining EBITDA growth, and stronger cash generation. As our gaming business scales, increasing operating leverage is expected to drive greater efficiency, and we remain confident in delivering sustainable growth and creating long-term value for shareholders. Thank you.

Pratik Jagtap: Thank you, Radhika, Bikram, and FC. We will now open the floor for Q&A session. So we have the first question from Ashish Bhasin. You can go ahead and ask your question

Ashish Bhasin: So, the first question is, in gaming business, the subscription gaming, revenue is now coming down in last two quarters. So are we seeing some slowdown there? Because earlier we were having a plan of reaching a two million per month kind of revenue by March of, 2026. Then now it has been deferred again, going forward. So why that revenue is getting, reduced?

Bikram Sherawat: So, Ashish, I'll take that. I mentioned it, that what we actually looked at when we went positive in Quarter 3 of last financial year, we've been very conscious in the last quarter in terms of where our marketing spends are going. So when we looked at all our accounts where we are live, we are currently live with more than 50+ accounts where we looked at what are the kind of return on ad spends which we are getting. And there are certain accounts where we were not at the efficiency where we want to be. So we have paused. We are under discussions with telcos there or changing the way we market.

There are a lot of initiatives which we are undertaking in parallel to try and improve our efficiency further and also the revenue, which is basically AI-led decision-making, which we see probably coming in the next few quarters. We're looking at multiple channels beyond Google. We are also looking at multiple other partners for us to reach the subscriber. In addition to that, we are also in discussion with few of our telco partners to look at organic marketing wherever applicable. So we are also looking at, and that's what we have showed in our presentation also to improve our revenues in the upcoming quarters. At this stage, whether we will be able to reach 2 million MRR in the next three quarters, that's the, three quarters to four quarters, that's what we want to go. But I can't, for sure say, but, we will definitely try and improve our margins there.

Ashish Bhasin: Sure, thank you. the next question is, last quarter we have written off, approximately 45 CR, which was been given to DeOSphere. So any update on that? We paid this amount to DeOSphere and then we canceled our contract and still we need to recover this amount., What's the update on that?

Francois Sirois: No, this is amount due by the DeOSphere, right? So for services that we rendered, honestly, one way or the other, we have to settle in the next two quarters, right? I mean, for me, we're not going to drag this. So that's something we need to address now.

Ashish Bhasin: Sure. On the entertainment business side, our revenues used to be INR 100 crores per quarter. Now it is lagging at INR 85 crores around. So what is the management forecast for the next year? Whether we'll be able to reach that level again, or it will be still, at a lower level going forward?

Bikram Sherawat: The way we planned this year's AOP also, we are very conscious on which is the new business which we are picking up on the entertainment and communication side. It has to be profitable. We should be able to quickly go to market with that. We have had businesses which we have walked away from because it was not giving us the margins or returns which we were expecting. We are under active discussions on four or five key deals which are significant platform deals with decent margins which we are looking at. Depends on the sales and the closure, and our endeavor is to grow that business, with a healthy margin and focus on profitability. And the target on profitability which we have mentioned is that we want to take it from 20% to 25% for us.

Ashish Bhasin: Sure. last question. Can you also tell how many consoles we have been able to sell till now?

Francois Sirois: We work with POs, right? So every retailer, e-commerce or retailers that we're dealing with have POs. And strategically, for many reasons, we can't disclose, how many POs we get by each retailer or in total. Also, I just want to, you know, because that's a question I get from every investor. And the problem we have also is I want you to keep in mind that we're competing against trillion-dollar companies. The two main competitors right now is Xbox with xCloud. And GeForce with NVIDIA. Both companies are trillion-dollar companies. So the last thing I want to show is for many strategic reasons where we're selling and how much we're selling. So we took the decision to keep it private for now because, we really view that we have a lead time of 12 months to 18 months. Last thing I want is these two to come in the market full-fledged because they see where we're going.

Pratik Jagtap: We have the next question from Jash Bhurjee.

Jash Bhurjee: So Bikram mentioned that 10 operators are in commercial discussion. So what is the size of the deal that we're talking about? Like, each operator will roughly add how much potential to the top line?

Francois Sirois: It depends a lot, depends on the strategy of each operator. You know, just to give you a minimum ballpark, when we approach operator right now, we approach it with a minimum set up in their premise. We don't take the risk on hardware. Because we don't want to be dependent on deploying all the hardware and then they take two years to launch a service. And this happened before with the Tone service. So right now, in countries where we're not ready yet to launch retail, the operators have to pay for the minimum CapEx and the minimum boxes. So, you know, it's about a $50K a month minimum plan. In some other cases, it can be double, 3x that, depending on how much bundling they want to do and how aggressive they want to be in their market. So that's the range right now.

Jash Bhurjee: Understood. And regarding the unit economics that we're targeting for the virtual console internally, what is the measure that we're having? Is it customer acquisition cost, payback period, or like, how should we be looking at this?

Francois Sirois: I'm really cash-oriented. So when I look at it, an investment, for example, retail in India, we have a business case right now. How many retailers? What's the actual cost of marketing, performance marketing, promoters, display and store displays? You know, there's a lot of things that we have to pay for and inventory. The goal is over a period of four years to recoup all the investment. Obviously, as we grow, we need more investment in servers, we need more investment in controller and the cash flow for controllers. And depending on the payment terms of the retailers also, has an impact. But overall, whatever the investment we put in, obviously it starts to be cash positive after two years to three years, right? And depending on the growth, it keeps on going. But that's the view that we have. Cash-on-cash investment. Now, most of that investment can be leased. We can raise other money from lenders. It does not need to come from our equity. So depending on the aggressiveness of the plan, because we have a low-volume plan, mid-volume plan, high-volume plan, it all matters also of how much investment we're willing to put in the business.

So having a view that we have a lead time of 12 months to 18 months, obviously I'm more aimed towards a realistic to high volume plan than a low volume plan. But that has direct implication on how much cash we need.

Pratik Jagtap: We have the next question from Jitendra Bhutoria.

Jitendra Bhutoria: What is the status on Chingari divestment, and what is the current valuation of that investment? And what is the status on DeOSphere contract? Is there any chance of revenue being booked on account of DeOSphere revenues in future?

Francois Sirois: Yes, DeOSphere I answered the question. It's one way or the other, we have to solve this in the next two quarters. We'll get back to you. For Chingari, we did push to get the shares to be bought back. The timing is a bit off. They're really restructuring their business on growth, and they need an additional 12 months. So unfortunately, it's a bit delayed. I would have preferred to cash in on our investment, but we'll have to wait another 12 months to 18 months on that front.

Jitendra Bhutoria: Any chance of any business coming from Vodafone, since in the last call we had stated that talks are continuing and we are likely to get on the Vodafone with improvement in Vodafone turnaround?

Bikram Sherawat: So basically, we are talking to them on two propositions. One of them is Smart Console as well. Discussions are underway. We are waiting to hear from them in terms of what their interest level is in terms of distribution of the product through their channel. If all goes well, we will be able to announce that, but it actually depends on what is the kind of commitment Vodafone is actually willing to put along with us in this business. So that's where we are. we are under discussions with them.

Jitendra Bhutoria: What was the need for recent borrowings of INR 100 crores via debenture issue at 14% interest, considering the fact that we have cash of about INR 135 crores with us? What is the budget expenditure?

Radhika Venugopal: The recent borrowing was INR 65 crores via the debenture issue at a rate of around 13.8%. This is mainly to fund our ONMO console gaming business as well as to settle some short-term credit facilities which we had taken. So, this gives us a leverage on cash and helps us to have long-term commitments for CapEx. Also, this INR 135 crores of cash what we have with us is split across geographies with certain places having restrictions in moving cash across. And this gives us more liquidity in terms of expansion of our business and expansion of our gaming business.

Francois Sirois: And for all investors, the more cash you have, the more borrowing you get, the more, you know, everything goes right. So we don't want to be in a tight cash situation, especially not with the deployment of this kind of product here. So that, that's why, you know, we prefer to have more availabilities on multiple facilities and more partners than try to just deal tightly with the current banks or local facilities that we have. Obviously we have that too, but it's important to have a good mix around the table.

Jitendra Bhutoria: What is the total requirement for CapEx in FY '27

Francois Sirois: Well, that's a key question which I can't answer now because it all depends on how aggressive we're going in each market. You know, as I was saying before, the business case we have today in India versus the business case we have in Spain and how many other countries in between we need to deploy or that we want to deploy directly. Which is very different again from the carrier business. Carrier business, carrier space, right? It rolls. This year it's very different, most of it is leased. We still need to increase our leasing capacity. But again, we have investment in content, we have investment in marketing, we have investment in retail, as I was saying. Investment in promoters and displays. And so it's a totally different new business. So right now we have two, to be honest with everybody, this business is totally different than the carrier business that we have. So we have two businesses within one right now. So we're trying to manage the cash that we have in all this.

But, you know, at one point it's going to be important also to look at equity, how do we get partners on board to really be more aggressive if we want to take this outside of India and Spain. Right now we're good with our budgets for Spain and India. If we want to go more aggressive, we'll need to raise money. Yes, QIP is one option. To be honest with you guys, again, I don't like the current pricing, but at one point it doesn't matter because the upside we can get on ONMO+ is way higher than the pricing. Would I prefer the pricing to be more, in line for a QIP? Yes. I still prefer to have, a couple of key investors on board that would step in and say, hey, we really believe in the plan and we invest with you rather than just doing a general QIP. I think it can be a mix of both. So, right now that's exactly what we're assessing. We're completing the exact retail plan that we have for India, retail plan that we have in Spain. And from this, we do the total business case of what does it look like as today, what we would like to expand as other markets, how many other markets like to expand. So how much money we really need, how much should be the fundraising? No-brainer should be between \$5 million and \$10 million fundraising. If we want to go higher, then that's another option also. So that's, that's my thoughts today. But we're moving quite fast on this.

Pratik Jagtap: Thank you. The next question is from Balaji.

Balaji: I bought this product on Flipkart and I've enjoyed it. It's really good. The ratings on Flipkart also highly positive, but whereas I follow all the reviews And few reviews, they just talk about the latency and all. And I guess that some users are not able to figure out how to solve the issue. But some users are mentioning in the reviews that they are able to solve the issue and they can find out. So that's where I feel that once you launch it in the retail section, like the store people will be there to guide the users and the word of mouth will be better.

And people, the city side should use it more where there will be more, like Wi-Fi connection. It should be, it should be faster compared to towns. Okay, so I feel that the retail will be a good game changer and the store in charges will help the users in any way it's possible because it's something different from any PS5 or any wired connection. This is something different, and some users will still have doubts, and they'll be playing a big part, I guess, than only online. So I feel it will be a bit helpful.

Francois Sirois: And you know, all the low ratings we got, we are personally calling them to see how we solve the issue. Most of them, as you said, is latency or connectivity issue, which honestly, some in most cases out of our control or they have a bad connection. But in very few cases, as you saw, in over 200 cities across India, people are happy. So, it's more a matter of how you make sure that the user has a good connection because the service we have and the servers and we'll deploy more servers in other locations to cover anything, but it's not going to be a latency issue.

It's going to be a connectivity issue. As you well said also, right now it's very tough. Somebody buys he's online, gets a video, and by himself has to activate and everything. Very different than when you get the in-store support. Also, our model is based on quantity. We need to have that retail quantity because, you know, it averages out also the usage on our server. Right now, all those connecting online have higher usage, higher gameplay, as you can see. And from the cloud-based perspective, our costs Actually, our price plan is half the cost of the competitors right now.

Very big difference, you know, and we have a service that's, you know, from my point of view, probably better, but at least equivalent to these big competitors. Now, the only way to maintain this, and that's already part of the plan, is to go retail where you have a general usage across the board. But yes, thank you for that feedback, Balaji.

Pratik Jagtap: We have next question from Deeya Jain.

Deeya Jain: What sort of revenue growth and margins do we see achievable in this year and the next coming year?

Francois Sirois: I'm assuming that's for ONMO+ . The rest of business, we give a lot of guidance on mobile growing and entertainment stopping the degrowth and being able to at least grow by 2% to 5% eventually a year. That's what should be the legacy business. The ONMO+ right, it's really a matter of how much investment we're willing to do. That's what we're discussing right now. And I was saying advanced discussion with very big retail groups. The decision that we take, how many stores do we go all out? Do we take our time? I think from an investment perspective, although we have a 12 months to 18-month window, we have to be careful in how we do invest. It's not just like you turn a switch on and you're live in thousands of stores in 2 months. I think it's very important, as we were saying, to have the right learnings from retail also and the right persons in stores, like the promoter selling the box. We need to have the right guys, the right training, and the right process.

So we have different volumes, low realistic, high volumes. It comes with a lot of different investment, the scope of investment. So this one thing I want to discuss with private investors also and see how much the risk we're willing to take depends on how much investors are willing to join us and support us. From my point of view, I think it's really an opportunity that we have. And I was mentioning in the annual report that the market for this is in millions of boxes, not in hundreds of thousands. So how do we get into that scope? That's the key here. And how many markets do we do this? Do we just focus on India and Spain or we go everywhere? So the revenue range is quite high at $50 a box or $75 when you take the 12-month pack. I hope that answered the question. I know I'm generic, but for now I can't say more than that.

Pratik Jagtap: We have a follow up question from Ashish Bhasin.

Ashish Bhasin: Any plans of going to D2C for mobile gaming? And how do we compete with Xbox considering the strong library?

Francois Sirois: Yes, let me just take the Xbox question. I am subscribed to Xbox here in Spain. We have a fantastic library. It costs me €21 per month. The app that they have, there's some latency problems. So, if I look at comparable products, normally you don't even have the rights to compete with that kind of companies. Two years back, five years back was impossible. I mean,8 Google tried to compete five years back, could not make it. Two years back, we could not do it.

Now we can. Now we have the right to compete. And as you can see, we have a product that actually competes with trillion-dollar companies. So you're right, on the catalog side is very important. That's why we have the Steam keys also. We have a big part of the Steam catalog and we're adding a lot of games that are missing right now because they're running on Windows. We're adding the servers also. So we'll be adding a lot of, of games on Steam. I think at the end, we'll have our Essential Game Pass comparable to Microsoft's.

It's never going to be as good as Microsoft, but it's going to be good enough for the market segment that we have at the price that we have. We have to consider this also. Game Pass is very expensive, unless you're willing to pay $15, $20 a month very big difference with our $3.99 a month that we have today. $3.99 today, nobody's there. And we're there with games and with a fantastic service. Again, the only reason we can do this is because we expect to sell a lot of boxes retail so that we average out the cost and that we can deploy server across the countries, not just in India, but every country will be in. We need to have multiple server points where we expect quality of service to be impeccable. And that's the motto that we have. Customer service and the quality of service has to be maximum. Just to give you a thought, to activate xCloud service, we say it takes 60 seconds to activate the box. Actually, you can do it in 35 seconds if you know what you're doing. It took me about 20 minutes to activate my TV with the xCloud service because it linked to my laptop, then asked me to my Microsoft Authenticator.

I mean, it's a mess. I don't even know why they do this. So from a pure service point of view, I really think we have a very high-end quality service right now.We're trying to do direct deals also with some key specific deals, games. As we know, most people will play, there's only a few games that really count. We'll try to make sure that we get them in Steam, and if not, we'll try to strike key good deals also Eventually, I'd like to be able to sell this box with a key game on it, especially in Europe.

That's the demand. And even, you know, in India, it'd be great to have one key AAA title that comes with the box. So that's the kind of negotiation we're trying to do now. But right now at the price point we are, the quality of service that we have, we are competing. It's not a question of how can we compete. We are competing and we are in advance. Could they have done that before? Yes, of course. They didn't do it. Are they going to do it? It all depends on their planning.

Hopefully, they take a lot of time, and we have a lot of time to gain a lot of market share, not just in India, but across Africa, Asia, and even in Europe here.

Pratik Jagtap: We have the follow-up question from Jitendra Bhutoria.

Jitendra Bhutoria: It seems that we are stuck with Chingari investment badly. And this investment plan has now been pushed to next 12 months to 18 months. Have we made any provision of this value, that said investment? As I could not find the said provision in any disclosure. As per accounting standards, in case of change in values of investment, we need to consider provision. When was the last assessment of valuation done for Chingari since no provision made? Does the value of investment remains intact?

Francois Sirois: Right now, the value of investment is intact, right, Radhika? I mean, we didn't sell.

Radhika Venugopal: So we did the latest valuation as on 31st of March 2026, and the valuation remains intact as per the certified value. We will do a reassessment in the current year by the close of this year and take into account any provisioning that may be required.

Francois Sirois: Keep in mind also we're in preference shares, where we have priority also on liquidation priority. But yes, I agree. You know, the word “stuck” is of course right. If I would have preferred to be out already. So in some sense we're stuck, but the value is still there. We just have to be a bit more patient.

Pratik Jagtap: The next follow-up question is from Ashish Basin.

Ashish Basin: So FC, we have gone D2C model for console. Is there any plan for mobile gaming as well to get some synergies since we are spending on the brand and would that also be a possibility?

Francois Sirois: Yes, thanks for bringing it up. I mean, yes, we could easily take the ONMO app, that we have today with carriers and actually put it in the App Store. As you can see, the ONMO+ is in the App Store. For, and all the TVs also. We could certainly do the same with ONMO. It was the plan to do the app on it. Right now it's more a matter of priority. We've really put our focus on ONMO+ and the focus on mobile gaming right now is probably, profitability. It's a different way, when you market in the App Store. Yes, there are in-app purchases, but you need to get engaged subscriber first. So the cost of acquisition of a subscriber in the App Store is equivalent to the cost of a paying subscriber that we do right now with operator. So it's a different model. Do we have the app good enough to do it? For sure. Could we monetize on it? For sure. Would I prefer to do it with partners? Yes. So it's only a matter of priority to say, okay, can we find a partner that could actually manage this side of the business and take the OnMobile app D2C. But that's ongoing discussion that we've had for the last year. Now it's really a question of priority.

Pratik Jagtap: We have the follow-up question from Deeya Jain

Deeya Jain: Are there any plans to enter US market?

Francois Sirois: US market, for sure. We need to do it differently. Retail is the same. That's part of the markets when I say, you know, there's aside from Spain and India, there's a lot of key markets. Obviously the US and Canada is really out there. Retail-wise right now, there's a lot of retailers we could approach where this product does not exist in the US. Also retailers selling, currently consoles at the high price of the console. You know, the retailers are different.

You know, there's a lot of smaller retailers with a lot of point of sales across the US that could support this product where they're not selling consoles today. And you get a lot of exposure because you can be in many stores. I know right now we're running while we're lining up our stuff, but we really need to align the lineup for retail in India right now and Spain. So that we're all good for October, November, December, starting in January. Is which market editor could we launch in February, March, April. That's the key here.

Pratik Jagtap: The next questions is from Balaji.

Balaji: Just want to suggest adding GTA 5 as a AAA game for combining with the Essential Pass for better visibility from customers.

Francois Sirois: Yes, it's on top of the list. The team will, you know, will be pushing to meet with them. The price now has reduced of GTA 5 because they're going to launch GTA 6. actually a lot of our users, the majority of users are playing GTA 5 today, you know, on, on ONMO+. So yes, the challenge is, you know, right now talking to anybody at, Take-Two or Rockstar, they're 100%

into GTA 6 very tough to get attention time from them. But yes, thank you for the suggestion. That's, that's actually our number one that we could bundle.

Pratik Jagtap: So there is one more follow-up question from Ashish Bhasin.

Ashish Bhasin: Severance amount of INR 14.1 crore is too high considering overall quarterly salary, salaries is INR 22 crore. Which team have downsized?

Radhika Venugopal: So Ashish, severance cost of INR 14.1 crores is a combination for both India and international. In some of the international countries, severance costs can be as high as two years of salary. So that seems to be high, but this number should not be compared with the quarterly salaries. It's on an annual basis. This INR 14.1 crore is for the full year.

Francois Sirois: And if I can just add a small comment. I mean, here in Spain. In America, we don't-- I mean, we have guidelines. But in Spain, to let go somebody is very complicated. So then you keep them and then you just send up, you know, with some people, executive levels that, you know, are not with the kind of business that we're at now. So you end up that you have to make the tough call to say, I like the person, but it's not in line with our long-term objective.

And now we're stuck with a big package. But I mean, prefer to have the package now than to keep the same discussion every year and keeping too many people. So that's the kind of call that we had to make. They're more long-term business calls than short-term because obviously short-term in the quarter, it makes a disaster. And that's why I'm saying, you know, we're more looking at the business on the profitability on a year-to-year basis than a quarterly basis, because obviously that's so we did a lot of restructuring, you know, from key executives that unfortunately we had to let go.

Pratik Jagtap: We have the follow-up question from Deeya Jain.

Deeya Jain: When can we expect to be PAT positive on a consolidated basis?

Francois Sirois: That question I really need to look into, how aggressive we are in launching new markets with ONMO because the cascade now, as you can see right away in the EBITDA, you have the launch costs, and we'll have other costs in the coming quarters obviously for retail. So as we launch market, it impacts directly our EBITDA and the depreciation also increases because we're putting more leasing on servers, increasing the leasing. So that includes depreciation goes up and EBITDA goes down.

So obviously has an impact on PAT. So that question for the next 12 months to 18 months is really how much markets we want to deploy here.

Pratik Jagtap: The next question is from Shailesh Kumar.

Shailesh Kumar: Where do we see quarterly manpower costs to stabilize and what has been the launch cost of ONMO console in Q1 FY '27?

Francois Sirois: Yes, we're not going to start sharing how much cost this quarter in ONMO, ONMO+. It's that we're going to keep it all together for now. So manpower costs, for the view we have now is to maintain it. But to be honest with you, we need to grow more manpower in ONMO+. Right now, I mean, we have a fantastic team that got the product there. Every market now that we grow, we need people to manage these markets. Although we're trying to manage a lot with partners, which I really want to use, wholesalers in each country and all this rather than managing directly each retail outlet. But either way, we'll need more people on ONMO+. So on the traditional business, we're good. It's on the ONMO+ business that we'll need to grow.

Radhika Venugopal: It's a combination of both exit of employees as well as hiring for the new business, this will remain at the range of 20% to 22% of the revenues. However, there could be more hiring on the new business part.

Pratik Jagtap: We have a follow-up question from Jitendra. Hope you take up the QIP instead of aggressive borrowings at high interest since QIP is spending awaiting right valuation, and there is no definition of right valuation.

Francois Sirois: Yes, I mean, if we look at industry benchmark with what we have, valuation should be higher. But you know, for now, I agree. The market potential that we have for the next 15 months to18 months, whatever the pricing we have, we should raise money. Again, I think it can be a mix of QIP and strategic investors. I still think we should have lenders also and leasing. So it's a mix of everything. We need to have good support from, from many partners and that's what we're going to do.

Pratik Jagtap: As there are no further questions, I would like to hand it over to FC for the closing remarks.

Francois Sirois: Thank you all for joining. Really look forward to next quarter. Really hope you all bought your console and test out the product. You will see this in stores now. So next time we discuss, we'll discuss about the in-store experience, how it is and how different it is from our current business. So thank you very much and look forward for next call.

Pratik Jagtap: Thank you everyone for joining the call, on behalf of OnMobile Global Ltd, we conclude the call. Thank you for joining.

Note: This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.