"OnMobile Global Limited
Q2 FY27 Earnings Conference Call"
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Pratik Jagtap: Good evening, everyone, and welcome to Q2 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. Bikram will then 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 risks and uncertainties, 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, FC.

Francois-Charles Sirois: Thank you, Pratik. Thank you all for joining. This Q2, up 3.4% quarter-on-quarter. We see both entertainment and gaming revenues up. Subscriber base is up on gaming subscription. So, we're back up with most services. One big thing we don't see in the results, which I know everybody is anxious to hear about, right, is the ONMO+ results, which we don't see here.

We don't see also all the back work that's been done in the last months, a lot of work. You've seen we announced yesterday the Savex distribution deal. Savex is a very big deal for us as a partner because they will really push across retailers. You had seen the Poorvika announcement also. Actually, if you pass by a Poorvika store, we are in 70 stores where we have our boxes right now. And next week, Savex is deploying in many other retailers, both quick commerce, other e-commerce providers and other retailers. So, deployment of retail is going along. I must say also that for Spain, we're all ready. Servers are here. Boxes arriving next week. We have a lot of retailers ready to launch in November for Black Friday, which is last week of November. We have all types of retailers, over 350 stores will have our boxes. So, it's a very interesting time for us as we wanted to measure both, especially during the festive period for the next two months, we wanted to be able to really assess the difference between India, where most people, it's their first gaming console purchasing, whereby here in Spain, most people have already a gaming console and have interest in buying our console. So really interesting market.

As we know in the global perspective, the market, a lot of subscribers globally do not have access to consoles because of the price point. So when we look at discussions, we're in multiple markets right now, a lot of markets is, again, the first console of most of these users. And yet the key global markets and gaming today, we see a lot of potential there also. So, it's really a dual phase that we're doing, which is part of this initial launch. Our plan is really to make sure that we do a great job marketing in India and in Spain first. We have two agencies, two very senior agencies for each market, working a bit differently. So, it's interesting to see the difference also and see how it will translate in number of units for each market.

So, this is what's happening with ONMO+. And I know you're not seeing anything in the results, but a lot is happening on the back. To this, I'm going to leave Bikram to explain a bit more about the operations and what happened also on the traditional business.

Bikram Singh Sherawat: Thank you. Good afternoon, everybody. I'll take you through the business for OnMobile. FC has touched upon gaming subscription, a little bit more detail on that. This quarter, we ended it with around 14.5 million active subscribers, which is a growth of around 5.4%. A lot of that growth came from Asia and other regions equally. In fact, we saw upwards of 20-plus customers contributing to around significant revenue. So, what we've tried to do in that line of business spread our growth across multiple operators. So that's something very heartening for us. In this line of business, we are also evaluating the use of AI, how it can help us in our digital marketing efforts. I think we are improving on our models as we go along. It shows where we need to deploy. So, I think going forward, in a few more quarters, it will take us to improve further. We should be in a position to

really leverage on technology to start making even more efficient decisions. So that's something on Gaming subscription.

Entertainment and Comm, as you see that we have done around INR 877 million. This remains stable. We grew the revenue by 3.5%. In this business, we have Tones, we have videos, we have our master aggregator business. So, on Tones, we are in an advanced discussion with an operator in the emerging markets to be able to replace their incumbent vendor. That's something progressing really well. In Latin America, Brazil and Ecuador are set to go live for us. So that's something which we are looking forward. And I think in the last call, I had explained that we are really improving our efficiency by deploying a new platform for our Tones business. So that's something which we are now going to start rolling out across our operators. Given the fact that the world has moved from traditional legacy-based systems to a lot of cloud-based technologies, Tones being a two-decade old service, we are trying to revamp and really become efficient. It is going to take us a few quarters to roll it out across all our deployments. So that's something which we are going to initiate, and that's going to help us run this very smoothly and efficiently.

On Buzzmo, our enterprise communication suite, we are in advanced discussion with two groups, two telcos, basically in Africa, one group and one individual. I think we would be in a very good position to go live sometime in the next quarter with a few of them. Emocion was stable.

We are in discussion to launch newer services with our operators in Europe as well. Now on Smart Console, FC mentioned that this is our top priority, and I think the next few months, four, five months are very crucial for us in terms of whatever we've been able to learn once we have been able to go live. And given our announcements which we have done with Savex and whatever we are doing with Poorvika, we are also banging on improving our footprint within the country to be able to improve the distribution in the market.

On the B2B front, advanced discussions with telcos in Southeast Asia, Middle East, Africa, Europe, where we are actually in back and forth almost on a weekly basis with the telco partners on the kind of models they are looking at what is the kind of subscriber base they want to commit to for this service, how they want to bundle the controllers in their existing plan. Those are the kind of discussions we have reached.

Now please be very mindful of these discussions only happen once you showcase the product, the capability you do either a pilot or a proof of concept. They understand they tried themselves for weeks at length. So, we've made significant progress when we talk about B2B business there. And overall, as a sales pipeline, it stays healthy. We are looking at closures over the next three to five months across our lines of business. Our priorities are clear. We are looking at accelerating business through new deals across our lines of business. Thank you. I will hand it over to Radhika, who will take us through financials.

Radhika Venugopal: Hi, everyone. On the Q2 performance review, we delivered a revenue of INR 128 crores, which reflects around 3.4% of the quarter-on-quarter growth in terms of percentage. Entertainment and Communication business grew by 3.5% quarter-on-quarter to INR 87.7 crores.

Gaming business continued its momentum, delivering 3.2% to INR 40.7 crores, supported by a 5.4% quarter-on-quarter increase in the Gaming Subscription base to 14.5 million. Gross margin improved to 52.9% in quarter 2. This comparable number was 51.7% in the previous quarter. This contributed to improving operating profitability.

EBITDA improved to INR 2.4 crores from INR 1.5 crores in the previous quarter. This is despite all the increments in costs and salaries, driven by revenue growth and improved profitability.

During the quarter, we closed deals with distribution partners for ONMO consoles, expanding our reach across e-commerce to commerce and a wider retail network across India. Cash remains our

priority and focus. And we look forward to the coming quarters and expecting a growth in ONMO Gaming. Thank you.

Pratik Jagtap: Thank you, FC,Bikram, and Radhika. We will now open the floor for question-answer session. So, we have the first question from the line of Nishita. Please go ahead.

Nishita Shanklesha: I just want to understand Q-o-Q, we are getting growth and that is all good. But Y-o-Y, we are still degrowing. So, when can we expect to see Y-o-Y growth? And can we expect FY '27 to have some growth? Or is it going to degrow or stay flat compared to FY '26.

Francois-Charles Sirois: Well, two things to consider. We need for the launch of ONMO+, we need some investments, quite a bit of investment in marketing. It's a D2C product now, which is very different than what we've been doing in the past. Retail D2C, we have to invest in the network. We have to invest in the actual marketing launch. That's why I was saying we have two agencies.
So, this makes it that the ONMO+ plan, which is very exciting, by the way, needs some money. And when we combine the actual operation and launch of ONMO+ to our current operation, the blended rate makes it that EBITDA is very limited. And the PAT, actually, if you look at it, it's negative because of depreciation, which was done on the gaming investment also, which is the main impact on PAT. So, this is why when you look at it into a combined basis, the actual return on investment or EBITDA profitability path doesn't show.

And as we go along, this is one of the objectives to really see how we will fund ONMO+ going along. We will need to raise money, that's for sure, for really supporting the global growth of ONMO+. We'll have to decide do we do it within OnMobile or in a separate entity. That's a different discussion. But to answer your question today, the forecast that we have now as a combined basis, yes, the EBITDA and PAT will be impacted because of the ONMO+ launches across the world.

Nishita Shanklesha: I understand that EBITDA and PAT will stay impacted. But what about the revenue? So, from ONMO+, when can we see the revenue coming in?

Francois-Charles Sirois: Yes. Right now, you're not seeing any revenues coming in because of the way we account, but also because of the way we're deploying, and that's all combined. You will see it in the coming quarters for sure. But yes, as of Q2, I 100% agree, you don't see any ONMO+ in there.

Nishita Shanklesha: So, like in FY '27, can we see any sort of revenue coming in from ONMO+?

Francois-Charles Sirois: So, FY '27, there's two quarters left. We will see some revenues. The biggest impact, obviously, will be in FY '28. Everything is delayed. And the accounting makes it delayed also.

Nishita Shanklesha: So, like from my understanding, once the revenue from ONMO+ start coming in, we should get some operating leverage on the investment on marketing and advertising spend that we're already doing. So, our margins then should get a little better than what they currently are.

Francois-Charles Sirois: Our margins will get better than they are. That's for sure.

Pratik Jagtap: Thank You, FC. Thank you, Nishita. We have the next question from Shailendra Agarwal.

Shailendra Agarwal: What is the approach to pricing of ONMO console in Spain? Is it similar to India? Or is it materially different given expected volumes?

Francois-Charles Sirois: It is more expensive in Spain than India. The target that we're taking is that the base entry unit price for three months, including the controller, including hundreds of games, is priced just below a PlayStation controller. So normally a PlayStation controller sells for EUR 65. We priced it here in Spain at EUR 59 as a product launch. If you look in India, we're at INR 4999, which is about $50-

something. But there will be always a price increase between Spain, Europe, America, India, Indonesia, Africa and other markets where we decide to launch.

So that's the gap between the two, and that's the pricing strategy.- One of the value we have with ONMO+ is really to give a lot of value. So, it's ease of usage, quality of the whole service, both the controller and the server performance and value. Value is really key. You get a lot in that box. So, we're going to push even more gains and better on the 12-month box total offer will have way more value than the three-month box. so that we can get obviously more users on the 12-month pack than the three-month pack.

Pratik Jagtap: I hope that answers your question, Shailendra. So next question is from Ashish Bhasin.

Ashish Bhasin: There is absolutely no growth in legacy business, even subscription revenue are not growing. What's your view on this?

Francois-Charles Sirois: Yes. Subscription revenue, I just want to, as we mentioned last quarter, one thing what we are really focused on right now is profitability rather than just growth for growth. Lots of accounts were costing very high on marketing versus the actual ROI. And when you actually look at investment in marketing, the growth, but the collection that we need to do and the time it takes to collect and the currency impact in some countries versus the dollar we put. Some markets were really not efficient, and that's the trade-off because we put all the focus on ONMO+ for growth. We did sacrifice some growth on ONMO and Challenge Arena gaming subscription.

That's for sure. And actually, we had the Board yesterday, we were discussing some other accounts where we're requestioning why we're putting so much marketing again for long-term growth, but sometimes it's a bit further down. And cash-wise, it's not the best investment.

So, you're right. There's an impact on profitability. We still see a year-on-year growth. We grew the gaming subscription business above 30% last year, 30%-35%. We're still targeting a 15% to 20% growth year-on-year. So that's more like as I was saying last quarter, and I still believe it this quarter, we have to view this business more as a yearly growth rather than a quarter-on-quarter. You can see the actual growth on subscribers is a bit higher than the actual growth on revenues, and it keeps on going.

So depending when we acquire the subscribers and where that has a bigger impact the quarter that follows. So, we're expecting this quarter a bigger growth than the last quarter. But in the meantime, we are optimizing some accounts where we don't think to keep the revenues makes sense. So, this is why you can't just look at the actual revenue. We have to look at the profitability, which is key, and that's what we're looking into.

Ashish Bhasin: How many units we have sold in India for console? How much we need to sell to reach breakeven?

Francois-Charles Sirois: Guys, I'm never going to disclose the information for many strategic reasons. We had the same question last quarter. We're never going to say how many units we sold and how much money we're actually making selling these units. And for many strategic reasons, we're not, at least for the next few quarters, for sure, we're not. All I can say is the market that we discussed last time, we still see big time.

It's a market in millions of units that we could sell. We're not going to be alone in the market. When you look at global players, if you look at the growth, I'm just talking about cloud gaming because we actually package a controller with games and a cloud gaming offer into one box. We're still yet the only one in the market who has done that. Even Microsoft Play Station have not done that.

When you look at players globally, we are one of six, seven players. The estimate is that within the next five years, so by 2031, there will be about 150 million paying subscribers on cloud gaming. The industry looks at it between $8 to $15 a month pack. In our case, I prefer to sell units as we do it with 12-month pack and three-month pack. We see that we will take a share of the global market.

So, we're not talking about selling 10,000 units or selling 100,000 units. We're talking about selling in the millions. How much marketing has to be done for getting there? We've done our plans, and that's why I'm saying we have to invest. Obviously, we have to invest. It's not just putting the boxes on the shelf, it will not sell by itself. The big learnings that we have in the last months is that just even on when we start selling into a store, most people initially don't understand that we're not just selling a controller here. Because people are used to buy controllers.

This is not a controller. It comes with a controller, but it's a complete console experience. Once the actual sales representative in the store understand what comes in that box and actually looks at the performance of the PlayStation and our performance on the screen, they understand that they have something really performing. And that's where they understand what to sell? So, there's a bit of learning curve.

For us, it's so obvious because we've been working on the tech for many years, and it's a natural and the box says that it's a Smart Console. So, people should understand it's a smart console. But the reality is that there's a learning in the market. We cannot just expect everybody to wake up one day and say, okay, yes, I always wanted a PlayStation or an Xbox. This is equivalent.

The product is equivalent, but people have to get the learning. So this is what's happening, and that's why we believe we'll have to invest in marketing and learning in promoters, training the salespeople in stores. And that's what we're doing. And that has to be done the same way. And that's where also when I say we're launching Spain at the same time, in Spain is very interesting. We have stores where we'll have people trained. We'll have store where it's only on display. And we'll see the conversion.

How does it work? When somebody explains to you the product where people used to buy console, can they just understand it's a smart console and they just buy it or they actually need this explanation, and we need to also invest in the market and the actual learning for people.

But so far from feedback that we have from test in Spain, it's a very different dynamic than what we have in India. And that's why we have to go through the learning guys. We're all impatiently saying, hey, can we move this faster? It's normal. These steps have to be taken. So this is what's happening.

Pratik Jagtap: Thank you FC. So next question is from Prajwal.

Prajwal: I have a couple of questions. I understand that the ONMO console was launched three months ago. And even today, the only single e-commerce platform that is available is on Flipkart. My question is why is it not available on Amazon? And the second question is, I understand that you're going to release this product in Spain as well. So, I'd like to know what is the strategy? Is it going to be exactly like the Indian one wherein we just had one e-commerce website doing it all? Or are we going to go for some physical locations?

Francois-Charles Sirois: Thank you for your question. Let me just get back to what happened also. When we launched initially, there were big questions. We did a lot of tests with pro gamers, did test in lab, but doing a test in lab is not the same as a market test. So when we launched with Flipkart, it was a new category. There was a discussion within Flipkart - are we sold in accessories with other controllers? Are we sold with PlayStation as a console? And they try to do a bit of both, which was one thing.

But for us, in terms of learning what is the customer reaction is on the service, what is the data, what comes out. All this learning was really key to see how we take next steps. And you're right, we didn't

sell it directly on our website. Actually, our website will be ready in a couple of weeks, and we're going to be selling directly also and investing directly on online campaigns, marketing campaigns to sell directly the units, which is different than e-commerce.

You were asking about Amazon. Discussion with Savex is the very big distributors.They distribute the metal glasses, they distribute the HP product, Lenovo products, Apple products. So, this discussion took some time. Savex wants to have some exclusivity in some markets and some channels. So, Amazon is part of the Savex deal and will be coming along in the future weeks. So that's coming.

So again, when I say everything takes time. For us, it's new. It's not that we've been in retail. We've never been in retail before. What I can tell you though is the retail reception in both India and Spain is fantastic. And even the market test that we did for ads, the agency that did the ad test here with what ad works better in Spain with conversion, it's beating the number that the interest that we get from this kind of product with not much explanation other than what we gave online is actually converting better than other type of product that they sell in SpainSo again, this learning in Spain, will it be the same in India? How does it react online ads versus in-store retail versus having stores with promoters, having stores with no promoters selling the products.

This is all the work that we've been doing now for the last three months since we launched on Flipkart. And now we're activating across multiple channels in November and two countries. Just to give you a difference on packs here, we'll have actually in Spain, a pack, which includes 48 months package and two controllers. It's going to be retailing at EUR 240.

Obviously, when you get to a EUR 200 pack, you're now closer to actually selling a full console, right, in that price versus selling a EUR 59 controller or INR 4,999 unit. So those are all the tests that we're still doing in this market. So, it's not because you don't see it here that we're not working on it. So all this is being deployed. The e-commerce store will be,the ONMO+ web store will be live also in Spain in November. in Spanish, obviously, versus English in India.

So, all this is getting along. I have the Spanish box here in Spanish. So details, but we have to redo the box in Spanish. You have to make sure it's custom-made for Spain. So, we can't just take the inventory going to India and sending to Spain. We have to have a specific inventory for Spain, with different codes on the box. So all this is getting in place.

Prajwal: Any plans for bundling it with existing mobile operators?

Francois-Charles Sirois: It's interesting. And I'm really happy that we actually launched retail. I didn't know, I would have probably launched it retail before. Mobile operators,meaning that they have a checklist and all the analysis has to be done. And even if you're live, even if you tell them real live data of real-life people, they take forever. We're in discussion with a lot of mobile operators.

Some of them should have taken the decision to go ahead already. I must say it's actually going faster with broadband providers. So those discussions are more advanced. But yes, right now, we're in multiple B2B discussions. But signing POs for retailers is more obvious The retailer looks at the price per unit they're getting, how much they're going to sell, how much profit per unit and they take the risk, they take the boxes and they're training their promoters and they're selling, which is quite surprising because the lead time for closing a retailer is probably 1/10 of the time of closing a B2B operator or broadband provider.

Pratik Jagtap: Thank you, Prajwal. The next question is from Prakash Ramaseshan.

Prakash Ramaseshan: I've been an investor for quite a while in ONMO. Little bit disappointed with the numbers, but not so disappointed with the progress you're making. I tell you what I'm viewing as an investor. You

unfortunately or fortunately are a listed company. And in listed companies like stability of revenue, predictability and cash flows. That's what the market likes. Unfortunately, we're not getting there on any of our segments. Let me just say what I believe. Our legacy business, our entertainment business and our ONMO business, if you can give the market clarity as to in each of these businesses, what's the top line, what's the EBITDA and where do you want to go, then the market will be a bit clear on the plans.

What's happening right now is that you're giving an overall consolidated number, which is continuously coming not positive. And obviously, this is because of the investments you're making in the business for a better tomorrow. But that cycle has to get over and the company has to get to profitability and growth before the market starts to reward you. So, we are extremely excited about your plans going forward. But with continuing negative PATs, the market is not going to reward you and the share price is not going to move. So, I would say one of the two, either we do this at a parent level that we give clarity to the market or we figure a way that wherever the business requires capital, we create subsidiaries raise equity in the subsidiary.

And there are today, at least in the Middle East options to raise equity with the strategic side as well, saying, if you are able to bring businesses to the Middle East, the Middle East is able to give you capital because of the in-country value play as well. So, I'm happy to discuss this offline on a call as well. But I think you have to find a way to raise capital at a subsidiary level to be able to build a business without burdening the cash flows of the parent. So, some solution has to be found there for the market to know the parent will stop investing cash, and there will be net cash returns in the parent. That's my broad thought.

We are very excited about the businesses we are going into, but they all have long cash flow cycles in terms of investing upfront in marketing and returns happening two years down the line. And I don't know if the market has the patience to wait that long. So, you'll have to do some kind of a capital restructuring to be able to address how much cash you used to raise for which business? That will be a solution.

Francois-Charles Sirois: Prakash, thanks. And yes, You're totally right, Prakash. I'm not happy with the results overall. When you look at it combined, that's not where we're going, even just the top line. Now ONMO+ has nothing to do with this top line. - I mean, it's really the core business that should be higher. To be honest, we do sign contracts. Every time we sign a contract, we lose a contract from an operator in Africa somewhere.

I mean I'll spare you the details, but this quarter, there were two small operators in Africa that we lost, but those impact directly profitability and a bit of revenues. So you just see it. So I agree. And we have two business within one, basically. It's very simple.I mean the ONMO+ business should not be there. And when I say I don't want to share the results with you not because I don't want to share our plans. I'd love to share the plan.

It's just that strategically, it's not a good thought to put public all the planning that we're doing on ONMO+, especially when we're competing against $5 trillion companies in that market. And I just want to realize for everybody, in this entire market, there's only a few players.And the opportunity we have right now, the market is going to grow 5x in the next five years, huge growth. If you're not in the market today, you're not there in five years.

We are in the market today. So that means the players that are here, the players are here. We're not going to have new players popping up. It's a very complex offer to do. We've invested a lot of capital into it to make it work. The whole chain is complicated to do. And there's not that many players. So, the great news for this ONMO+ thing. Obviously, on the PAT that we see negative, that most of it is the depreciation from gaming that got us to ONMO+. So yes, I totally agree, Prakash, we should just separate the two and be able to have the two.

But if I separate the two, I have to give the direct numbers of ONMO+, which I don't want to give, for a strategic reason. So, then I have to fund ONMO+ separately to do this and we have a couple of challenges.

Prakash Ramaseshan: You can subsidiarize ONMO+, maintain majority holding by ONMO, which is OnMobile Global and raise capital there with a five-year plan. And when it gets to profitability and the certainty of revenue, certainty of profitability growth and all those parameters are there, then you consider a way to merge it back. I mean these things are possible.

Francois-Charles Sirois: Totally agree. Now the auditors will tell you that we keep majority, we have to consolidate the results. So, these results will be exactly the same. And just that we'll have additional investments. All the losses were still going to come for the next two years.

Prakash Ramaseshan: But irrespective, if we just show those numbers separately, then it will be clear that these are losses being funded by another partner. There is a longer-term play there. And at least the parent cash flows will stay protected. I mean these are just thoughts I'm giving you. I'm happy to take them offline.

Francois-Charles Sirois: For sure. Let's take it offline, Prakash, and thank you for still joining this call. And yes, we will discuss how we can optimize this and get funding in UAE.

Prakash Ramaseshan: Thank you for your insights on ONMO and good luck for the opportunity in Spain. I think if you crack one global market, and you'll have proof of the pudding that you can do a lot more there. But yes, let's have a conversation offline, please.

Francois-Charles Sirois: Thank you, Prakash.

Pratik Jagtap: Thank you, Prakash. So, next question is from Ashish Bhasin.

Ashish Bhasin: How many percentage of people renew the subscription where three months initial period is over?

Francois-Charles Sirois: Yes. Again, guys, we're not going to share this data. But one thing I want to share with you, and that's my observation. There's a fatigue of subscription everywhere. When we launched the pack, we did announce that there was a subscription and there is at the end. But our objective is actually to be able to sell a new pack. I see more value in selling three months, 12-month pack than selling a monthly subscription with renewals. And that's where we're aiming towards unit sales per year, right, renewal packs rather than just a pure monthly.

But again, we're not sharing for now any strategic numbers on ONMO+. All I can say, as you can see, though, that the usage of ONMO+ is way above our competitors. And the other thing I want to mention, you saw probably that Xbox cap make a cap and Nvidia making waitlines. We don't have waitlines. We don't have caps. And the product is actually cheaper than both of them.

Ashish Bhasin: Any plans of fundraising from private equity investors as window for expansion for console is very small before competition kicks in.

Francois-Charles Sirois: Yes. Again, competition is going to be the competition we know, but there are big competitors. So that's true. We need money for sure, guys this. I mean, as much as I try to use all the money we have in OnMobile to invest and get there, I must tell you, we got further than I thought we could with what we have as cash flow. But to Prakash's point and to what we see here, we need real investments in ONMO+, and that can be funded again through fundraising in OGL or fundraising in subsidiaries like we could do in UAE, we could do a subsidiary in India, subsidiary in the U.S. subsidiary in

Spain, we could for Europe and split the regions. But we have to see where we raise the money. But in the next months, yes, we will be meeting investors to raise money.

Pratik Jagtap: We have next question from Bharat Bisht.

Bharat Bisht: Beyond your distribution tie-ups with Flipkart, Poorvika, Savex, what direct marketing and consumer acquisition plan do you have for ONMO+ Smart Console in India? And what CSC are you targeting per console?

Francois-Charles Sirois: We have a unit economic per box. Obviously, we make more per 12-month box than a three-month box. We will sell aside from all the partners, retailers, e-commerce, quick commerce, we will sell, as I was saying earlier, directly from our website. And the reason is to be able to have a direct touch to the market, so we can do our direct ads, see how much it costs for an acquisition and close the sale on that front. Obviously, if we don't have to pay a retailer commission, it gives us more money to put in marketing.

All in all, we have a unit economic for every single channel that we use. And each of these economics have different parameters depending on how much marketing we have per channel, how much we need to invest in promoters and others. The only parameters across all is the brand marketing, how much brand marketing we need to do on top of all the performance marketing.
But right now, the results that we're getting from direct ads in Spain is that the cost accretion could be somewhat reasonable without brand marketing or without much brand marketing. We have to see if we can just scale that front versus what retailers expect. Retailers expect that we do invest in the market also so that when people walk in the store, they actually have an impression of what is ONMO+. And to break a bit that cycle that we're just selling a controller, this is not just a controller.

So, this is what we have to educate the market. Now education in the market, as we know, can be various activities. I can share we did a coffee shop activity where we have 20-30 people test out the product in a coffee shop with the screens and the post that they did actually triggered virality and some sales directly on Flipkart. So, it's interesting to see that small activities like this can actually trigger and create a bigger marketing impact than just going out and doing billboards with brand marketing.

So, for now, we're trying to manage the brand marketing accordingly, not to put too much, but we still have to put a bit versus what we're going to do directly in terms of performance marketing.

Pratik Jagtap: Thank you Bharat. We have a follow-up question from Nishita Shanklesha.

Nishita Shanklesha: Just wanted to clarify, PlayStation in Space is priced at EUR 650 and ONMO is priced at EUR 59?

Francois-Charles Sirois: Exactly. The price is too low, guys. That's a good news,because we can increase the price anytime. We're going to wake up one morning and increase it. We did a killer entry price because, first, we could afford it. And second, we wanted to have an impact on the market. Now when we do that price, that low price, the price it's not a link with the quality of the product because we have a very high-quality products and normally, a high-quality product does not have a very low price.

We compensated on the price because we have no brands right now. The brand ONMO is not known versus PlayStation. So, this is why it's for sure, we will increase the price, and this is what we have in the financial models that we will slowly increase the price next year to make sure. But if you just look at the PlayStation increase, because of the chipset and all the costs on hardware that really doubled in the last year, the PlayStation now is really costing more money and the Xbox than just the PlayStation. And just the actual price increase of the PlayStation pays for a three-month box.

Now you have to keep in mind that when somebody buys a PlayStation, he amortize this PlayStation at least on four, five years. So the yearly price of it is in the hundreds of dollars, which is what we could probably price this service in Spain, right, EUR 99. That could be a pricing, depending what we include in that first three months in terms of game value into it. But we have a lot of flexibility to play in the price right now, which at least is a good news. So first now, let's get our first sales, and then we'll see by how much we increase the price.

Pratik Jagtap: Thank you Nishita. We have one more follow-up question from Ashish Bhasin.

Ashish Bhasin: What is the EBITDA margin expected on console?

Francois-Charles Sirois: EBITDA margin on console, it depends directly on our ambition to capture the top 50 gaming markets or to just stick with a strategy that could be a limited B2C market with extended B2B strategy. And the reason I'm saying this is that, obviously, to go full-fledged retail with brand and performance marketing in 50 markets. Obviously, there's a lot of investment, and it carries on over time. If we have to do it, we have to do it within the next two years because that's when the S-curve happen, and that's where people will actually be more open to a new product like we have.

This is why we have a very good reception today from retailers because this product doesn't exist, right? Back to the last question, the retailers that they're selling a EUR 600 or EUR 650 PlayStation and our box is EUR 59.

By the way, the PlayStation at EUR 600 does not come with hundreds of games. We have hundreds of games. So big, big difference, right? Having a box like this enables a lot of partnerships also, right? This is like a partnership box. Wish a PlayStation at EUR 600, not a partnership box. We cannot bundle a PlayStation with multiple items we can. So, depending on the angle of what we take, my answer is going to be it's between a 15% to 25% EBITDA margin. But with huge revenue metrics here, right? It's not a small business. It's a big business.

Pratik Jagtap: We have a follow-up question from Prakash.

Prakash Ramaseshan: Now, if I'm hearing you clearly, just giving me a thought that what you actually need is a partner, whether it's a pure equity partner or equity plus strategic because some of the large telcos have their own part of cash as well. And they should be able to give you a significant size over a period of time through a B2B relationship, which will support your marketing efforts on the other side because then you can go out and say, so partner with access to 220 million customers has been able to take us on as a strategic partner. And that kind of communication will help you develop your relationships because the ability to spend substantially on the retail side and blow up cash for marketing is always going to be a constraint if you're competing with much larger companies. So, the product has to speak for itself, which is why a B2B partner who's strategic and who can give you scale will support your efforts on the B2C side. But anyway we can discuss this offline as well.

Francois-Charles Sirois: But keep in mind also that this B2B partner does not need to be a mobile operator. Actually, I see more value in other types of partners and a retailer, a global retail chain also can be a partner. So depending on what we qualify as a partner. The partner somebody is willing to step in and really help us distribute this box everywhere. And we'll cover for marketing, volume and what they have already in the market.

Prakash Ramaseshan: Absolutely. The question is who can influence a customer to give you scale. If you can get scale with one partner, then that becomes a talking point for everybody else.

Pratik Jagtap: Thank you Prakash. So, we have a follow-up question from Shailendra Agarwal.

Shailendra Agarwal: Are the latest blockbuster games now available on ONMO console? Or are you going to sell specific packs for the same? Can you limit the sale of these packs to your website?

Francois-Charles Sirois: Obviously, we make more money. I'll answer the last point, right? Can we sell it only on our website? We could have a strategy to just do web and sell web-based. And I'll just give an example also, we could enlarge the market like Spain. Yes, we have boxes in Spanish, but we can take the English box

also and do web sales across Europe, because Europe has multiple languages, but we could actually sell online with a specific language and ship out boxes in English to them.

It doesn't matter that when they log in, the interface could be in their local language without going retail. When you go retail, you actually have to print out the boxes and actually get the boxes in the store, in that country. So yes, web could be an option and a strategy. But to be honest with you, right now, we really need partners like different channels because we learn a lot from partners. And although the margin in some others are very small compared to others that are more interesting, it's a mix of everything.

Guys, when we talk about getting in the millions of units, I think we need partners. And that's the whole message. And that's why we signed Poorvika. That's why we've signed Savex. That's why we're going direct. That's why we have a very big global agency in India helping us to say, okay, how do we get directly on our website, hundreds of thousands of boxes sold on our website, while other partners do sell a lot. So it's a mix of everything. Right now, I'm not willing to say that we know already which channel is going to be very performing and which one is not. We have to do it. We have to see the economics and say, "Oh, wow, this channel is actually great, right? And it's worth the effort. When we sell direct, we have to take returns also. So we need another partner to take returns, whereby when we sell through a partner, well, the partner takes the return, partner manage this.

So depending on the scenarios, this is why we're not close today. We're just enlarging the number of partners and seeing which really is going to pay off. And then obviously, which one brings us most profitability and EBITDA margin at the end. And then we can decide, okay, which one we keep, which one we don't keep.

Pratik Jagtap: Thank you. I hope that answers your questions, Shailendra.. So, we have next question from Balaji.

Balaji RP: What is Savex partnership? Can you elaborate?

Francois-Charles Sirois: Yes. As I was saying earlier, Savex is one of India's biggest retail distributors. They distribute all the HP products, all the Lenovo products, all the Meta glasses, all the Apple products. So, they know distribution. They distribute into over 1,000 retail locations across India, actually more than 1,000 cities. So, I mean, it's the number of actual stores and e-commerce and quick commerce. So that's what the organization does. So that Savex says, you know what, this is a key product, and we're going to push it across India. It is a great partnership, guys.We need people that are specialized in retail. And again, I'm repeating it, right? We're not specialized, not because we managed to do a box here that I know how to get the box in the shelf and get that rolling and all this. So we need real partners and Savex is probably one of the best partner we could find in India as a retail distribution partner.

So really happy that we got this signed. And yes, starting next week, we will start seeing some Savex partners and retailers having our boxes in stores.

Pratik Jagtap: We have the last question from Vijay Gattani

Vijay Gattani: Do we have any targets of growth?

Francois-Charles Sirois: Yes. And I'll answer just in steps. The Entertainment and Communication business should grow between 2% and 5%. That's the goal. The Gaming Subscription business, the target for this year is between 15% and 20%. We grew 30% last year. So that's the goal. Both of them have to be product EBITDA positive. We're targeting, as we mentioned in the deck, about 25% EBITDA margin for Entertainment and Comm and the current stage on Gaming Subscription is 10%. We have to get it to 25%. That's the goal.

While we still grow and invest in marketing, we still have to get it to the 20%- 25% mark. And that's the cash that we're using today to fund for ONMO+. ONMO+, right, the growth in the next quarters coming along will be obviously, visible in the next quarters. Now by how much, it really depends on the way and how much marketing we invest and how much our partners and how many partners we're getting.

So just to summarize, guys, we will need fundraising, obviously, to support that growth, and that's what we're going to do in the next quarter to make sure we can continue and push along for FY '28 next year.

Pratik Jagtap: Thank you, FC. Thank you, Bikram. Thank you, Radhika. I think we'll conclude this call on behalf of OnMobile Global Limited. Thank you, everyone, for joining. And for the remaining questions, we'll get in touch off-line. Thank you everyone.

Francois-Charles Sirois: Thank you all. See you next quarter.

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