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"OnMobile Global Limited Q3 FY '25 Earnings Conference Call"

February 05, 2025





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CHIEF EXECUTIVE OFFICER

MR. RADHIKA VENUGOPAL - GLOBAL CHIEF

FINANCIAL OFFICER

MR. BIKRAM SHERAWAT - PRESIDENT AND CHIEF

OPERATIONS OFFICER

MODERATOR: MR. PRATIK JAGTAP – ERNST & YOUNG – INVESTOR

RELATIONS



Moderator:

Ladies and gentlemen, good day and welcome to the OnMobile Global Limited Q3 FY'25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pratik Jagtap from EY Investor Relations. Thank you and over to you, sir.

Pratik Jagtap:

Thank you, Rayo. Good day and welcome to Q3 FY'25 Earnings Call of OnMobile Global Limited. Representing the Management today, we have FC, Executive Chairman and CEO; Radhika Venugopal, Global CFO; Bikram Sherawat, President and COO. The call will start with brief update about the overall performance during the quarter by FC. Vikram will share insights on operations, followed by Radhika, who will update on financials. After that, we will open the floor for the Q&A session.

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 see. For a list of such 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 Mr. FC. Over to you, FC.

François Sirois:

Thank you Pratik. Thank you all for joining this call.

Strong quarter as we can see 26% quarter-on-quarter growth, revenue at INR 1,665 million. I must say it's really in line with the size of the projects we are deploying. So, I will focus on the Gaming side, which really drew all the growth and then we'll let Bikram explain and Radhika the details on the balance of the business.

So, Gaming is now 45% of revenues. Let me start by talking about the Gaming institution which is a Challenge Arena and ONMO, which grew by 16.9% quarter-on-quarter, a decent growth in line with what we have said in the past that our main focus is to optimize the accounts, reduce the marketing costs and grow. We had mentioned last quarter that we would double the revenues in the next 5-6 quarters, so we are still in line with this. So, that in the next five quarters, we should be at two million monthly revenues in the next five quarters. So, that growth is in line with this.

Now, let me talk about the question, which I am sure you all have, is the Gaming Platform revenues, 450:

The Gaming Platform revenues is also in line with the discussion we had last quarter about the DeOSphere infrastructure that we are deploying. These revenues were booked, as mentioned, last time DeOSphere is deploying their software on our network. We have a global network



today. We have a lot of sunk costs. It took us 20 years to build this network. And the objective is to actually build a specialized network that would be open for AI and Gaming companies.

Now, just to be clear, to be able to maintain these revenues and really support the AI companies DeOSphere has today, which are quite big, very big Gaming and AI companies, they need important deployment of GPU servers. And that's just to be clear, that's why we wrote the notes here, we have to invest \$15 million in servers deployment to be done actually in this coming month. So, his has to be linked with the fact that we can finance and deploy these servers. And I must say this is only a start. There's a lot more demands for servers deployment for being able to deploy a specialized network. As I mentioned last time, the DeOSphere technology enables twice the performance at six times less cost. This is why it's so attractive for AI and Gaming companies and it enables us to do new services also. And to that end, you might have seen in our results also that we booked a high cost of license that we purchased and that we are buying. This is for a new service in the subscription side, which is not tied to ONMO and CA, that will be deployed with key operators in our network.

We are today in important discussions in advanced business cases with operator groups and this will necessitate a lot of servers also an important CAPEX deployment. So, we have not announced that service yet. We will run in the future quarters. But you know it's hitting our cost because we have to spend the money now to be able to showcase the service and deploy it and obviously launch it after. So, that's why when you look at our results in the mix right now, there's a key impact on the Gaming Platform revenues. And that's why also we are going in an advanced stage for financing the CAPEX that will be required. And it's key for us to be able to raise the money so we can deploy the CAPEX so we can generate the revenues.

So, to that, I am going to pass it to Bikram to explain in detail the operation of the business.

Bikram Sherawat:

Thank you, FC. Good evening, everybody. I will touch upon the key lines of business beyond Gaming which FC already spoke about.

If you see on Tone's side, we have increased our subscriber base which we were serving from 55 million to 57 million. We have around 500 odd Mn Tone plays a day on an average in the last quarter. We had one deployment major in LATAM region which we were expecting to happen in Q3, which has been pushed to Q4. As of end of Q3, we have 32 customers which are live on the Tones business. Q-on-Q on the Tones business, we have seen the revenue is flat, but with new focus on new business and new deals which are going to go live, we are expecting positive movement there.

In addition to that, we have been discussing with one of the key clients in one of the largest markets for us to launch bundle packs on Tones. We have been able to do that. We did that in the last couple of weeks of the quarter. So, we are seeing some initial good green shoot results coming out of there. We are also very excited in one major operator in Middle East who have launched an AI tunes based RBT, which also went live at the end of November to beginning of December. Around 100,000 users have started using that. That's very exciting for us to see that new technology is getting incorporated in the way users are trying to buy the content. We have



renewed one major contract in South Asia with one of the large Tone's. Those are the key highlights. The business, I would say, is stabilizing, and we would be focusing and ensuring that we start seeing upward trends there.

If I move to the next line of business, which is videos, on the video side, what we have seen is that we have seen a certain amount of capping on the kind of go-to-market strategies we have in one of our largest customers. We are in discussion with them to launch a large premium video service which is under discussions with the customer. We would see that going live soon. And I am sure with that we would be able to arrest the revenue decline there as well.

In addition to that, on our infotainment business, mobile entertainment has multiple aspects. In our infotainment business, we are in discussion with large operators to relaunch contests. So, that is something which is going well for us. If you see the overall business on the mobile entertainment, Tones, we have been able to fairly strongly predict where we are going. So, the way we have tried to package the discussion with our operator partners here is that we are showing value with new technology, we are showing new packages which we are ready to go live with the customers on the pricing front. We are repackaging old content and new content in bundles for the customers. And we believe that with this, we would be able to maintain and grow this revenue in the coming quarters.

I will hand it over to Radhika who will take us through the "Financials".

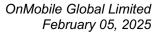
Radhika Venugopal:

Thank you, Vikram. A warm welcome and thank you everyone for joining this call. I wish you all a very happy and prosperous New Year.

I will share the key highlights of the Financial Performance for Quarter 3 and Nine Months ended December 31, 2024.

In terms of Nine Months FY'25 Performance: We reported a revenue of INR 424 crores, growth of 6.6% on a YoY basis, while our Gaming revenues have grown by 120% on a YoY basis to INR 133 crores. Gross profit remains stable at 49%. On the cost front, OPEX has reduced by 10% on a YoY basis as we continue to drive efficiency and productivity across our business lines. EBITDA for 9 months stood at INR 10.8 crores which is down by 56% on a YoY basis. This is mainly because of manpower cost which was being capitalized in the previous year pertaining to ONMO development which is now charged directly to the P&L. On a like-for-like basis, EBITDA is up by more than 100% over the last year.

In terms of Q3 FY'25 Performance: We reported a revenue of INR 167 crores, which is a robust growth of 26.3% on a quarter-on-quarter basis and 36.2% on a YoY basis. This is mainly driven by the Gaming revenues of INR 75 crores, which has more than doubled on a sequential basis. Gross profit stood at INR 73 crores up by 10.6% on a quarter-on-quarter basis and gross margin stood at 44.6%. EBITDA is up by 4x to INR 8.1 crores. This is mainly due to the revenues in Gaming verticals. We reported a reduction in net loss to INR 5.2 crores as compared to INR 12 crores on a quarter-on-quarter basis. So, this shows our efforts to get back on track and back to be in profitable business in near future with right execution. Overall, DSO is also down to 94





days as compared to 113 days in the previous quarter. During the quarter, we incurred R&D and product development expenses of INR 2.1 crores. With this, I will hand it over back to moderator.

Moderator:

The first question is from the line of Vedant Sekhri from Artha India Ventures. Please go ahead.

Vedant Sekhri:

Thanks for taking my question. I just had some questions on the expenses I reported this quarter. The cost of software licenses has significantly gone up year-on-year from about 2.5% to about 22% of total income. Any particular reason for this? Is there a new license that has been purchased? And another question that I had was regarding the content fee and royalty expenses. They have also gone down year-on-year from about 48% to about 34% of total income. So, are these trends a sign of things to come? Is this what we will see going forward?

François Sirois:

So, let me just address first the license fee that went up. As I was saying in the intro, right, it's directly linked with the new subscription service on the Gaming front that we are developing right now. There will be even more costs to that service development. It's quite a big endeavor that we are doing in that front. It's a service that we didn't announce yet, and it's not linked to the current subscription revenues of the CA and ONMO. So, that's why the license went up. And for Content, I can let Bikram and Radhika answer.

Radhika Venugopal:

So, content cost, we have been in continuous negotiations with multiple content partners across the globe. And as a result of these negotiations, the content cost has come down this quarter. Negotiations are still underway with some of these partners, but there is no timeline as to, so as and when these agreements come up for renewal, we negotiate and revise the content percentages.

Vedant Sekhri:

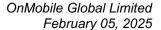
I understand. Thank you for that. Just another question on the geographical split that we have seen in this quarter. The revenues from the mobile entertainment services coming out of India have gone up rather significantly, whereas Europe has held steady, in fact, has declined a bit. So, what would be the core reasons for this as well?

Bikram Sherawat:

So, thanks for the question. One of our largest customers in mobile entertainment is based in Europe. And what we are seeing there is that it's more focused on premium services there. So, we are trying to reposition and launch new services which are far more premium with more premium content there. So, what we are in discussion is as a result of that, what we are seeing is that existing services we will continue to hold forth and launch new services in Europe, if I've answered your question.

Vedant Sekhri:

Understood, sir. I just had two final questions. One was on the Tones. In previous con-call you had mentioned that the ARPU anywhere would be around INR 27 to INR 28. And then entertainment services, noted at INR 15 to INR 21. So, could you also give the revised estimates as of this quarter? And my second question was regarding Vodafone as a customer, you mentioned that you had lost them previously. There was a possibility that we would engage with them going forward as well. So, is there any update on that as well?



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Bikram Sherawat:

So, I didn't get the first question properly. Probably you will have to repeat, but I will take the second question first with regards to Vodafone. I just mentioned in my brief intro at the beginning that with one of the largest customers, we have been in a discussion to launch bundle packs on Tones for at least four quarters now, and we have successfully been able to do that finally in Q3. In addition to that, we are in discussion for them for relaunch another key service which we had with them previously and those discussions are moving very well. And I didn't get the first question, probably your voice was not very clear.

Vedant Sekhri:

Understood, I will repeat my first question. The first question was regarding average revenue per user estimates that were given in the previous con-call. For Gaming, the number was quoted at least INR 27 to INR 28 as the average revenue per user. And for mobile entertainment services, it was quoted at INR 15 to INR 21. So, I was just wondering if you could provide the latest estimates of this as well?

Bikram Sherawat:

So, ARPUs is a factor of the revenue which is actually delivered. If you see our intent always is to always increase ARPU and focus on subscribers, which are going to help us grow revenue at minimum marketing costs. So, what we look at is always sequential growth in ARPU, but that depends a lot on market conditions and given how the world is moving and in some key markets, how currency fluctuations are also happening. If we discount that, we always expect a better ARPU every quarter and that's how we have been sequentially trending. It will be difficult for me to estimate right now for the quarter. We are focused on improving that quarter-on-quarter.

Vedant Sekhri: Okay, perfect. Thank you, sir. Those are all the questions I had.

Bikram Sherawat: Thank you.

Moderator: Thank you. Next question is from Bhavesh Patel from Patel Investments. Please go ahead.

Bhavesh Patel: Thank you for the opportunity and really great updates from all of you FC, Radhika as well as

Bikram and congratulations on great set of numbers in terms of growth and active customer base as well as reduction in DSO. I do need your strategic input in terms of direction that we are taking to be net-PAT positive. Radhika alluded to that, but not sure in terms of the timeline as a franchise what we are looking at. And the second question is around the plans as well as the timeline for the QIP. I do understand that we would use \$15 million out of that for the servers and infra to enhance the giving revenue in terms of CAPEX, anything additional from a strategic

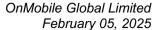
perspective?

Francois Sirois: So, Radhika, let you answer first. I will take the QIP.

Radhika Venugopal: Yes. So, QIP, we are planning to close it by end of Feb with all the process and legal

documentation getting completed by first week of March. That's the timeline for QIP. Currently the due diligence is in progress, and the investor roadshow will be somewhere around second

half of February. That's how it is planned.





François Sirois:

Very good. And your first question on how do we start making money? Basically, that's what you're asking like cash flow wise, when we turn positive? It's clear that with the Gaming Platform that you can see, every additional customer will require CAPEX. So, just to be clear, \$15 million is just the current customer. So, every time there's a new customer, there's additional CAPEX. Now the key here is obviously to get the leasing plan right so that we can leave the CAPEX long term and make sure that it's a net positive on the cash every month. Not something that's depleting cash every month, right. But it's clear that it's a model also that will need more cash than the \$15 million that we are discussing here. Same with the new subscription service. You know it's a high investment product, I really look forward to announce it once it's ready. And actually the next call I am going to try to make this on a Zoom call so we can actually do a demo of the service instead of having a call like this on the phone. I think it will be way better for everybody. But all this to say that a lot of investment that goes today will pay back quite rapidly. So, our objective is that within the next 12 months, cash flow-wise should be positive every month on the cash flow basis.

Bhavesh Patel:

That's great to know, FC, and really appreciate if you can do the demo on Zoom. Definitely we'll understand it more, as well as probably the scaling opportunity.

François Sirois:

Yes, totally agree. And I understand also for you it's very difficult, right? I mean, we had a call, I explained to you DeOSphere in 10 minutes, right, in November and now here, you know. I understand it's very difficult also as a public company, it's not like a private company where I can do a lot of works in progress, right? We have to announce stuff once it's ready, not when it's under development. But yes, the goal is that by next call we would do a nice demo and do this on Zoom.

Bhavesh Patel:

Great, appreciate it. Thank you and all the very best. Thank you.

Francois Sirois:

Thank you.

Moderator:

Thank you. The next question is from Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar:

Thank you very much for this opportunity. So, first I just wanted to understand in this quarter what was your Gaming EBITDA margin versus your legacy business EBITDA margin in the third quarter?

Francois Sirois:

Radhika, do we give this out or we don't?

Radhika Venugopal:

We don't publish segmental reporting.

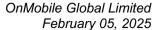
Deepak Poddar:

Okay, we don't publish the segmental. But what is your legacy business EBITDA margin that we are seeing in general? I mean, that data we can give?

Radhika Venugopal:

We do not give segmental P&Ls. So, you can see the overall EBITDA percentage, which is around 4.9%.

Page 7 of 14





Francois Sirois: But you know, just to answer your question clearly, in the past we used to have a slide on this.

The actual traditional business is doing between 15% and 18% contributing margin. And it was our goal to be breakeven by next year on the Gaming. That's what we had said in the past. So,

we are still in line with that.

Deepak Poddar: Okay, so legacy was doing in the past some 15%-18% kind of a EBITDA margin in your

traditional business and Gaming business we are targeting to break even by what, next year?

Francois Sirois: Yes, exactly.

Deepak Poddar: Okay, understood. And I mean, how do we see the revenue trajectory in the Gaming business? I

mean, we have seen a very strong growth, I mean, even on a quarter-on-quarter basis. So, if you have to look at next 4-5 quarters, this INR 75 crores revenue in Gaming in this quarter. So, how

should one look at the trajectory? I mean, some sense on that would be very helpful.

Francois Sirois: That's why also I kept it separate. We didn't plug all the Gaming revenue so you could understand

the subscription revenues for CA and ONMO separate so you can see what we have been investing in the past, where is that trending. As I mentioned, the key here is to double the revenues by, that was last quarter. So, we set six quarters last quarter. So, now in five quarters,

the platform revenues which is driven by infrastructure and the DeOSphere agreement. We kept

we should be at \$1 million a month, right, basically \$24 million of revenues a year for CA and ONMO. That's based on subscription and that's driven also on amount of marketing that we

invest that we are pushing really down the cost per marketing to bring it down in the 50% and

eventually in the 40s. So, that's one variable.

On the platform revenues and what you see right now as a growth, it is directly driven from our ability to raise the money and deploy the servers. So, I mean, right now there's more demand in

the market than in infrastructure than we can deploy. So, leasing companies, they ask for a deposit also. They can leave, but they still need equity. So, we need to have equity in our balance

sheet to be able to capture these revenues, properly deploy the servers and keep on growing the

revenues.

Deepak Poddar: Okay. So, I mean on the run rate part, we are looking at in next 18 months, \$2 million per month

kind of run rate in Gaming, right? So, ideally that annually run rate is about \$25 million?

Francois Sirois: That would only be on the subscription for CA and ONMO not including the new subscription

service.

Deepak Poddar: So, ideally, we are looking at a high growth trajectory even on a quarter-on-quarter basis, I mean,

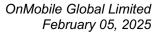
will it be fair to say, I mean, on a quarter-on-quarter basis, we will see an upward trend only in

the Gaming revenue that we have seen in this quarter, on a quarter-on-quarter basis?

Francois Sirois: Honestly, this quarter, as you see, mobile entertainment went down. I mean, I still believe there's

no reason why our mobile entertainment business should go down. We should be able to make

it grow, not go down. But for sure, as we said, the subscription business should be between 15%





and 20% a quarter just on subscription. And the platform business, as you can see, we got a jump now with the DeOSphere agreement and the AI companies they have it's directly linked for our ability to be able to raise the money, deploy the servers and then get a new customer, raise more money, deploy more servers, and obviously as we do this, that will have a direct impact on the revenues.

Deepak Poddar:

Okay, understood. That's very clear. That's very helpful. Just one last thing, we have said once, Gaming revenue will reach optimum scale. So, we can see a 25% kind of a EBITDA margin in that business, right?

François Sirois:

That's 100% the goal. Now what we have to consider is the new investments. So, we have multiple products and we are investing in new products. But if you just take, for example, CA and ONMO combined, as we said before, that's the target. As we get to that \$2 million a month, we should generate that 25% for just that segment of that Gaming business.

Deepak Poddar:

So, at \$2 million run rate, we can achieve 25% kind of a EBITDA margin rate?

Francois Sirois:

That's the goal.

Deepak Poddar:

Okay, but that is after considering the investment expenses, I mean additional expenses that you might be passing to P&L. So, I mean some of these expenses you would be capitalizing.

Francois Sirois:

The additional investment is for other service. There's just, and I know it's a bit confusing because we have multiple investments, but you know the additional investments right now is for a new subscription service. It's not for CA and ONMO.

Deepak Poddar:

Fair enough, okay, that would be from my side all the best.

Francois Sirois:

Thank you.

Moderator:

Thank you. Next question is from Raj from Arjav Partners. Please go ahead.

Raj:

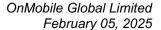
Actually, I wanted to understand the product ONMO. What exactly is this product?

Francois Sirois:

ONMO is a streaming product specialized for mobile phones, so mobile experience. We call this Social eSports. So, you can play any moments. So, we cut out any games that you can have on the App Store today, Android or Apple App Store. We take any game and we are able to cut out moments of that game. And you don't need to download the game. It's right from our service. You have access to thousands of moments of multiple games and you can play multiple games without downloading any games and you can actually compete on that specific moment. So, that's ONMO, it's a subscription-based service that distributes today around 40 operators in the world. And we call this Social eSports.

Raj:

Alright and this product you sell it to the telecom operators, right?





Francois Sirois: So, we actually sell it to the consumer of the operator. So, what we do is that we integrate the

billing of the operator, a bit like an app store. We do an app store integration. It's actually a billing integration from the operator. And we do invest marketing campaigns in that market on Google or other marketing means, and we acquire subscribers. So, that's why we have a custom

marketing associated to it, for marketing the service and getting paying subscribers.

Raj: Alright, so for example, if I am a subscriber of Airtel, so how does your product reach to me?

Francois Sirois: So, you go let's say on Facebook, right? Or you navigate on the web and you see an ad of ONMO

and as soon as you click on it, we already know your phone number and your billing credential because you are at Airtel and it just asks you if you want to subscribe for INR 25 rupees a month. And you say yes, and then it goes right into your Airtel bill. And then you can start playing

ONMO.

Raj: Understood. So, first I need to login to your site and from there I get the access to all these

games, right?

Francois Sirois: Exactly. What we call the progressive web app. Normally, you would see an ad, you would click

on it, and you would need to go to the Android store, right? And then you have to download the app. In our case, the app gets put on your phone in one click. So, you can actually have right away the app on your phone. But the app is a web app, so it's actually streamed. But the user don't know that it's not a real app. It really feels like a real app from the App Store, but it's streamed on your phone. And from there, you can actually have access to thousands of game

moments.

Raj: Alright. And the content cost which you spend on these games, so is it passed through the P&L?

Or it goes into the balance sheet as an intangible asset?

Francois Sirois: On both CA and ONMO, it's in our P&L, so it goes, it's expense.

Raj: Alright. It is expense outside on the intangible asset, I see a very high amount of around INR

700 crores or so. So, what exactly is this?

Francois Sirois: That was the actual investment to build the product, that's the IP. We have a lot of patents on

how we actually create moments. We are the only one in the world who actually can take any app, any Gaming app and create moments out of it and run eSports competition on moments.

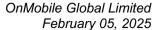
So, that's the investment that we have been doing for the last four years on that product.

Raj: Alright. So, is this the content cost?

Francois Sirois: No, that is not the content cost. That's product development cost.

Raj: In the intangible asset, when you amortize it, how do you determine that amortization rate?

Francois Sirois: Radhika, what was the rate?





Radhika Venugopal: I will take that question. This is determined based on a valuation which is done. And the

valuation is done by one of the Big Four. This is also vetted by the auditors. The valuation

certificate gives us the number of years over which this is amortized.

Raj: I am not sure about the number of years, like how do you determine the years?

Radhika Venugopal: This is done technically based on the study of the technical aspects of the product, the upgrades

or updates which are required. There is a professional valuation team who does this work. They

do the valuation along with the life of the product and gives us the rate of amortization.

Moderator: Raj, I am really sorry to interrupt but maybe request you to rejoin the queue as there are several

participants waiting for their turn.

Raj: Okay, all the best. Thank you.

Moderator: Thank you. We take the next question from Prakash Ramaseshan from Pragya Consulting. Please

go ahead.

Prakash Ramaseshan: Thank you so much for taking my questions. The questions at the beginning of the call were

brought up by the previous participant. And, Radhikaji, I would request you, if you could give us some kind of a notes or document on the amortization policies, it would kind of help us as investors to understand the intangibles. But that was one small suggestion. The other one for FC was basically on the platform revenues, which are incremental to CA/ONMO. Could you give

us indications of the kind of mathematics in terms of revenues vis-à-vis the server investments, which is the \$15 million or are the investments going to be larger over time? If you could give

us visibility on both the investments and the potential revenues.

Francois Sirois: Yes, let me take this, then I will let Radhika on the amortization. You know, the current revenues

we have is linked to the fact that we need to deploy the \$15 million. So, that's a link. Obviously, I mean, right now that we are seeing earlier, we could deploy way more in CAPEX, and once

we deploy, then we can capture way more revenues, right, in line with that same ratio. So, I am a bit vague here, but it's really directly linked, the revenues on the platform side to be able to,

every new customer needs new CAPEX. They need the access to GPU servers. As you know, all the AI and Gaming companies need the latest Nvidia cards and GPU cards, right? So, that's

what we are buying. We have our own configuration on the server and we deploy this in data

centers. Every time there's a new customer, there's automatically CAPEX. And the key obviously

is to be able to lease this so that we make a cash-on-cash benefit every month so that we are not stuck in a loop here where we are just bleeding money and we never make money. So, we have

to get to a point where we have a very strong relationship with leasing companies or debt

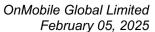
companies that can actually lease this CAPEX and that we can capture the revenues and have a

decent return. So, does that answer your question, Prakash?

Prakash Ramaseshan: I was asking, a broad indication of, let's see, I invest \$15 million in servers, potentially how

much revenue can that get me just ballpark? And on that revenue, what is the broad EBITDA

So, it may not happen in a day which we understand. It's looking at the longer term mathematics.





Francois Sirois: So, I will keep it simple. I think \$15 million of CAPEX will give you about \$2 million a month.

It will cost half of that. So, that's in rough, that's above the math. We can change by the way....

Prakash Ramaseshan: \$15 million CAPEX should give you \$24 million in revenues, on which you should have about

\$12 million EBITDA.

Francois Sirois: And yes, there's other costs than CAPEX. Let's say contributing margin.

Prakash Ramaseshan: That just gives me an understanding of the mathematics there. On the amortization, my request

to Radhikaji is if you could give us some kind of an amortization policy that helps.

Radhika Venugopal: Yes, so on amortization there is already an accounting policy which is available in our annual

report. You can refer to notes to accounts page number 129 in the annual report which will give you the details. Currently we are amortizing the intangibles pertaining to product development

over a period of 10 years based on the valuation.

Prakash Ramaseshan: Okay. Thank you so much for taking my question.

Francois Sirois: Thank you, Prakash.

Moderator: Thank you. The next question is from Elesh Gopani from Gopani Securities and Investments.

Please go ahead.

Elesh Gopani: Good evening, everybody and thank you for giving me an opportunity. I have three questions.

The first question is why is the gross margin declined even when Gaming revenue has increased substantially? Question number two is at what monthly subscription revenue in Gaming do we

aspire to end this year? Third question, at what revenue level do we break even at PAT?

Francois Sirois: Radhika, you want to answer this?

Radhika Venugopal: So, the first question regarding the decline in gross margin is mainly pertaining to the decline in

legacy revenues. As you can see the legacy revenues have declined and this legacy revenues are high gross margin revenues and this is contributed to the decline in gross margin. Sorry, can I

have your second question please?

Elesh Gopani: At what monthly subscription revenue in Gaming do we aspire to end this year?

Bikram Sherawat: So, if you see the subscription revenue quarter-on-quarter is growing between 15% to 20%. And

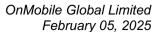
we are, we are looking at maintaining that stats.

Elesh Gopani: And third question, at what revenue level do we breakeven at PAT?

Bikram Sherawat: For which line of business?

Radhika Venugopal: So, overall company level right now, the PAT is at a loss of INR 5 crores. So, anything which

contributes to the margin or to the EBITDA of INR 5 crores should make it breakeven, but it's





not a straight math. It depends on which stream of revenues get added to the overall P&L and what is the margin on that. Approximately another INR 10 crores if I take incremental revenues coming at a 50% margin, it would be around INR 10 crores of revenue which gets added to the topline which will make the PAT neutral. But always remember that there is also the interplay of exchanges, Forex rates, and other surprise expenses which may come in. So, it's not a very strict or strict guideline on this, but Yes, in the current scenario an addition of INR 10 crores will make the PAT neutral. Neither positive nor negative, if I take the Q3 results, I cannot comment on the...

Elesh Gopani: In the presentation, you have mentioned that we will grow from \$1 million to \$2 million in 12

months to 18 months. So, can we expect that we will be doing PAT in 18 months?

Francois Sirois: Yes, for sure. But keep in mind it all depends on the other investments we do and we capitalize

or we don't capitalize, so it is important also.

Elesh Gopani: One last question. When will we complete our QIP, by March end this year?

Francois Sirois: Yes, the target is in March. So, beginning or end of March, that's where we plan to complete the

QIP.

Elesh Gopani: So, when will we complete the investment that we are expecting? In one first quarter, we'll

complete the investment after the QIP?

Francois Sirois: We have to, honestly, we have to deploy servers in March. So, I mean, we need that \$15 million

to deploy.

Elesh Gopani: So, we will receive the money in March. So, can we complete the investment in first quarter of

next year?

Francois Sirois: When you say complete, you mean the QIP would go till April-May? No. I would prefer to do

it in March.

Elesh Gopani: No, I am asking if we get the money in March 25, can we complete our investment in the first

quarter of 25-26?

Francois Sirois: We can. Right now, we have a customer that wants a server. So, normally, let's make sure the

customer is happy. I don't want to have unnecessary delays because we are dragging our feet to

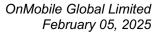
raise the money.

Elesh Gopani: Okay, thank you.

Moderator: The next question is from Vedant Sekhri from Artha India Ventures. Please go ahead.

Vedant Sekhari: I just had a question on the people cost that you have mentioned. The employee benefit expense

line item year-on-year has gone down from 22% approximate to about 18% in this quarter as a





percentage of total income. Could you give an estimation or guidance on whether this trend is likely to continue or whether this level will go back to the 22%-23%?

Radhika Venugopal: So, you are talking about the employee benefit expense in the numbers.

Vedant Sekhari: Yes.

Radhika Venugopal: As a percentage of revenue this has come down because of the rationalization measures which

were undertaken and moving a lot of work from the international geographies to India. So, these are the steps which we took for cost optimization. And this trend is likely to continue and it will

continue. We even expect this to go down going forward.

Vedant Sekhari: Thank you. And just a follow up question on that, in your investor presentation, you mentioned

that the cash position of the company from last quarter has gone down from INR 41.3 crores to INR 33.6 crores in this quarter. And that reduction has been due to the utilization of this cash for severance paid to international employees. Is this a part of the cost optimization plan that

you were talking about?

Radhika Venugopal: Yes, that's right. So, there is a severance part which is paid out to the employees who exited as

a part of this rationalization and optimization. And part of this cash reduction is due to the payout

to these employees.

Vedant Sekhari: I see. And it also mentions the prepayment for Gaming license costs. Is that what goes back in

links to the cost of license line item on the results?

Radhika Venugopal: That's right.

Vedant Sekhari: Okay, perfect. Thank you so much, ma'am. Those were all the questions I had.

Moderator: Thank you. Participants who wish to ask questions, please press "*" and "1". As there are no

further questions, I would now like to hand the conference back to the management team for

closing comments.

Francois Sirois: Thank you all for joining. I am really excited for next quarter coming up. As I mentioned, we

will do this on Zoom. We'll make sure to do a demo of our products so we can understand the distinction between each. And I look forward to share the results of the coming quarter. So, thank

you very much and speak to you soon.

Moderator: Thank you very much. On behalf of OnMobile Global Limited that concludes this conference.

Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.

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