



“OnMobile Global Limited
Q4 FY‘25 Earnings Conference Call”
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MR. RADHIKA VENUGOPAL - GLOBAL CHIEF
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MR. BIKRAM SHERAWAT - PRESIDENT AND CHIEF
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**MODERATOR: MR. PRATIK JAGTAP – ERNST & YOUNG – INVESTOR
RELATIONS**

Pratik Jagtap:

Good day and welcome to Q4 FY25 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.

Francois Sirois:

Thank you, Pratik. Thank you, all, for joining. First time on Zoom, I think it's better than on the usual call. Let me start with the highlights of the year, because it's year end. We're up 11% year-over-year, driven by gaming clearly. EBITDA is at INR 141 million. A slight reduction, but the reality is actually not because the capitalization, as we can see, it has been reduced by a lot. The gaming capitalization in FY '24 was INR 640 million, and we reduced it to INR 106 million, which is a partial reduction of reducing of expense, but most of it are just absorbed in the P&L. So that's the big difference, a big gap there. As you can see, gaming revenue grew more than double, 158%. Gaming subscriber base that we crossed the 10 million mark, 10.65 million, growth of 58% year-over-year. That was the target to cross 10 million. We did cross the 10 million marks on subscription. I just want to say this as a personal feeling, today, when you look at the financials compared to 1 year ago, I must say, I am quite happy with the position we're in right now and the reason is we're in revenue growth. It grew, and it's going to keep on going on the gaming side. We continue investing in product innovation, although capitalization is reducing. Now that we have a critical mass and bigger revenues on gaming, it is absorbed in the operation. So, we can actually invest in product innovation and keep on investing. We are profitable. So, you see that the gaming unit is now, as we're talking, getting profitable. And we're generating cash, so it's a very good mix of revenue growth, investment, profitability, and cash generation.

Our closing cash balance is up, as you can see, at INR 402 million, about INR 66 million up from last quarter, and we're putting a distinct focus on cash generation. From last quarter, I must say, and we all know this, right, the market globally changed, and we can have daily surprises on what can happen, which can flip over the whole market. I think it is proper governance to really focus on cash and we don't want to compromise on growing the gaming revenues and growing our revenues and mobile entertainment. We don't want to compromise on continued investment in product innovation, but we need to focus on cash. It's very important at the end how much cash we can generate, through all this story. Our focus now is really growing this cash balance every month, and that's what we're doing, while we deliver the rest.

So, I think, honestly, from a personal perspective, I really like this spot, because we're not doing too much compromise anywhere, and we can almost have it all. So that's a bit the situation where we're at today. I'll go more in details with your Q&A question after.

I'll pass it to Radhika to deep dive on the finance and then Bikram. Thank you, Radhika.

Radhika Venugopal:

Thank you, F.C. So, this is the financial summary for the last year, FY '25. Our revenues closed at INR 583 crores, which is 11.5% improvement over the previous year. People cost at INR 118 crores, which is a 9.4% increase. Marketing INR 94.9 crores, which is again a 9.3% increase. OPEX declined by 7.8%, at INR 45 crores. So, these expenses are single-digit higher than the last year, despite the fact that there were ONMO expenses which were capitalized in the last year not hitting the P&L. However, this year, starting FY '24-'25, most of the expenses of ONMO and gaming is charged off to the P&L, and only a minor portion of the gaming expenses have been capitalized.

EBITDA is at INR 14.1 crores at 2.5%, which will show a decline. But on a like-for-like basis, if we consider the capitalized expenses of last year, if I charge it off to the P&L and consider the capitalized expenses of last year versus current year, there is significant improvement in EBITDA. Last year, there was a capitalization of INR 64 crores, whereas in the current year, on account of gaming expenses of INR 10.6 crores. PAT is at INR 40 crores, negative. One, again, it is because of the reduction in capitalization and charge-off of almost entire expenses to the P&L. Secondly, the gaming intangibles, which were capitalized till last year was amortized last year, starting April. So, this has impacted the PAT. Mobile gaming revenue for last year closed at INR 207 crores, which is a 158% increase over the last year. Mobile entertainment revenue was down by 15%, and it closed at INR 376 crores. Bikram will explain in detail the plans to revive Mobile Entertainment and Legacy business.

Over to you, Bikram.

Bikram Sherawat:

Thank you, Radhika. So, good afternoon, everybody. As we start, right, this is the 25th year of OnMobile, and I want to announce that we've just signed a very big, large deal with a major telco in Asia for our mobile entertainment business. We are hopeful that with this, we should be able to turn around what we do in mobile entertainment. But from our very early days from ringtones and contests to launching cloud-based gaming, our ability to anticipate market trends has kept us relevant and competitive. F.C. and Radhika alluded to the numbers in gaming. On the gaming now, we have a very diversified portfolio from casual HTML5 games to premium mobile games. We have our platforms which are e-sports ready. This strategy gives us a very strong monetization potential. As far as industry trend reports, gaming is projected to touch around \$400 billion by 2029 and mobile gaming contributes half of it. We believe our mobile gaming portfolio and the infrastructure helps us as a preferred partners for telcos.

Now with regards to our overall gaming subscription business, which includes ONMO and Challenges Arena, we went from 101 live customers to 120 live customers in the last year. And our subscriber base went up from 6.75 million subscribers to 10.65 million subscribers, which

is a 58% year-on-year growth. We look forward to continuing this growth in FY '26. Our target is to reach a run rate of INR 2 million in monthly recurring revenue in the next 12 to 18 months. In addition to this, we are adding a new license-based revenue stream from our new offering built on top of existing capabilities, which is the gaming platform. This, in addition to the recurring revenue on subscription, we expect the growth this year to be around 50% for our gaming business.

Coming to mobile entertainment, I just announced one deal. Although, last year was not too great for us, we have already put in place plans to bounce back in the New Year. In FY '26, we are in discussion to launch a premium entertainment service with a large telco in Europe. On Tones, we have 2 significant launches which are going to go live in the first 2 quarters in addition to the existing customers, which we are already servicing. In addition to this, I see we have a very strong and healthy funnel and multiple near closures for our Enterprise Connect platform, which should be a good revenue stream for us this year.

So, with this, I would like to hand it over to Pratik. Pratik, you can please take it up and open the floor.

Moderator: Thank you very much. The first question from the line of Jash Bhurjee

Jash Bhurjee: I have a question on the previous quarter. There was a sales agreement with one of the promoters company called Sirwel. I was just curious what sort of deal is this? And how is this going to impact OnMobile?

Francois Sirois: Just to be clear, guys, OnMobile in the last 10 years has not signed any agreements above \$5 million a year. We've not done it. We're really pushing to sign bigger agreements. When I left Canada to join OnMobile here in Madrid, as you all know, I created, co-founded a company called Stingray, and I'm still on the Board of Stingray, but I left Stingray. And basically, what I offer Stingray is to be drive more sales for Stingray in Europe, Asia, Middle East and really have a network of key global sales agent. So that's an agreement I already had with Stingray. And I thought for gaming, it would be fair to have because there's a lot of synergies between the 2, especially on a global level. So Sirwel is hiring key global agents globally for big, big contracts. So we're talking about \$5 million a year contract. So that's the agreement that was signed between OnMobile Inc. and Sirwel for ensuring the possibility to sign big contracts. So there's no cost OnMobile, except once the agent signs big contracts on gaming. So that's the agreement. Any further question?

Jash Bhurjee: Yes. Since you say no cost on OnMobile only until the deals are signed. After deals are signed, what are the costs?

Francois Sirois: Then it's 10% of the net of deal.

Jash Bhurjee: Okay. This will be to Sirwel?

Francois Sirois: To distribute gaming contracts worldwide.

Jash Bhurjee: Yes. But this would be to Sirwel Inc., right?

Francois Sirois: This will be paid to Sirwel, yes.

Jash Bhurjee: Okay. And another question, please. Any update on the DeOSphere tie-up since we have previously mentioned about it, but in this quarter, and I'm guessing the fundraiser was for this. So we are going to have contracts which we are ready for signing.

Francois Sirois: Let's take the fundraising and DeOSphere separately. I mean DeOSphere is our partner, right? We give them access to our network and the reason for it, right, they're signing customers, we're not. We're not in the business of signing customers to be onboard onto our network. That was DeOSphere as a partner doing this. In the process, when DeOSphere signs a customer, they have to provide us with the name of the customers with the details of the agreement, the terms and what kind of hardware is required by that customer. It's our decision to say, yes, those terms make sense, we'll provide the hardware or no, for multiple reasons, we cannot onboard this customer. So obviously, we have control over our network. And the key to this was to be able to use the same infrastructure that we'd be deploying for our gaming needs. So it was a double whammy for us in the sense that we get a customer as a partner, they are onboarding customers, but the hardware required, we can use them for our gaming services.

Your second question was the fundraising, right? The fundraising QIP, the reason why we went out with \$30 million is that half of it was for M&A and half of it was for CapEx investment. Now, we all agree that the market has changed a lot in the last 3 months. For me, the amount of risk that we want to take has to be valued versus how much dilution we're going to have and I think there's a value to speed. But on the other side, there's a value obviously to take our time and make sure we deploy accordingly, not too fast. So we've taken the decision for now at this current valuation that we're not going to have dilution. I don't think it would be good for any shareholder, including ourselves to have dilution at aggressive rates. Market was at 75 when we did the last investor call, then it went down to 45. Now it's at 50. But honestly, at this valuation, I don't think it makes any sense to raise a big amount of money, especially if they're for opportunities and they're not for immediate cash requirements in the company. So, we're basically staging the opportunities over time, managing our cash. As you can see, cash is growing. And depending on market conditions and the opportunities, we'll come back when the time is right on that.

Jash Bhurjee: Okay. That's fair enough. I have another question, if you can please let me ask are we doing a rights issue considering it's already discounted, existing shareholders can participate and your fundraiser can be done with this?

Francois Sirois: The reason I was thinking about the QIP is that we wanted to capture big opportunities. Some of the M&A we're talking about were bigger than what we could do on the rights issue. For now, we're taking our time. We'll see. We'll get a better pricing. When I say pricing, it's not just the market pricing, it's the pricing of the company we can acquire also, right? It's a mix of both. But today, we don't need cash. I mean, our cash position is going up every single month. If we'd be

in a situation where we need cash, I agree with you, we'd do a rights issue or do anything, but as we speak today, we're not in a situation where we need cash. So, we'll see as time goes by. But for me, dilution, rights issue or QIP, for me, let's have it on the right terms.

Jash Bhurjee: Understood. So coming back to the first question, since you said it's 10% of the net of the deal, I was just hopeful that, that should have been mentioned in the deal that was done announced in that quarter.

Francois Sirois: I think that was announced

Jash Bhurjee: No, it wasn't announced and that would have just given better clarity in the fact that what is the incentive for Sirwel to do this, since it's your company.

Francois Sirois: Yes.

Pratik Jagtap: Thank you Jash. We have the next question from the line of Deepak Poddar.

Deepak Poddar: Sir, I wanted to understand what is the cumulative gaming capitalized amount in balance sheet as of now? And what is the amortization schedule?

Radhika Venugopal: Yes, Deepak. INR 250 crores of capitalization in the books of accounts, and this will be amortized over a period of 10 years.

Deepak Poddar: For 10 years. So, per year, around INR 25 crores of amortization would be coming, right?

Radhika Venugopal: Approximately, yes.

Deepak Poddar: So how will this depreciation move? I mean, currently, I think our depreciation is close to INR 32 crores, which was in FY '25. How should one look at depreciation in FY '26?

Radhika Venugopal: It will be along the same lines because it's a straight-line method of depreciation and amortization.

Deepak Poddar: Same INR 32 crores

Radhika Venugopal: Yes. Around INR 32 crores. If there are any new assets which we acquire, that will also be depreciated. But otherwise, more or less, it will be around the same amount.

Deepak Poddar: Understood. What is the CapEx or what is the investment we are planning to do in product innovation for this year, FY '26?

Francois Sirois: So, it's going to be below \$1 million of capitalized, right? So, it's more than this because the rest is in the P&L, but the actual capitalized amount is about \$1 million.

Deepak Poddar: So, what will be the total investment?

- Francois Sirois:** Total investment will be \$1 million. The rest is in the actual P&L, right, the team and all this. But the actual investment on product is \$1 million.
- Deepak Poddar:** Okay. So that would be the capitalized amount, \$1 million.
- Francois Sirois:** Yes. The goal is really to limit the capitalization. I think we get to a point where we're big enough that we should pay our own development and stop capitalizing because I don't like when there's too much capitalization because then we have to re-add back on the EBITDA. So, I like it when it's clean. The whole thing is running, paying for product investment. And that when we look at the EBITDA, we know it's a real cash generation for the year.
- Deepak Poddar:** Understood. Fair enough. And you mentioned about gaming to grow at 50%. So, what is your base business expected to grow for this year?
- Francois Sirois:** When you say the base business, you mean the traditional mobile entertainment?
- Deepak Poddar:** Traditional business, yes.
- Francois Sirois:** Yes. It was a degrowth last year. This year, I think if we grew by 5%, I think that would be the mark.
- Deepak Poddar:** Okay. How should one look at the EBITDA margin trajectory going forward? Because your gaming business is, scaling up? And we are talking about more than INR 300 crores of revenue next year. So how should one look at EBITDA margin at a company level or individual business level?
- Francois Sirois:** Yes, including all the new investments we're doing Radhika, what's the forecast on your side?
- Radhika Venugopal:** F.C., so gaming will turn positive and since the gaming revenues are expected to increase with additional mobile entertainment coming in, for the full year, we should look at somewhere close to double digit for the full year.
- Deepak Poddar:** Double-digit EBITDA margin, I mean, 10%
- Radhika Venugopal:** Close to, I cannot give an exact number right now. There are multiple deals in the pipeline that are negotiations going on. Based on that, our estimate is close to around that.
- Deepak Poddar:** And that is at the company level, right, consolidating level?
- Radhika Venugopal:** I'm talking about the consolidated level.
- Francois Sirois:** Let's keep in mind, guys, that when we sign big contracts, we have investment upfront and the key is not to capitalize this, so it goes in the P&L, too. So that's why it's a bit of a tricky how much in the next 12 to 18 months. But right now, there's quite interesting deals in the pipeline.

- Deepak Poddar:** Fair enough. My last question is a breakup in your subscription and non-subscription revenue. I think this year, around INR 207 crores of total gaming revenue. So how much revenue came from subscription?
- Francois Sirois:** Radhika, the amount on subscription, how much was it?
- Radhika Venugopal:** INR 112 crores.
- Deepak Poddar:** INR 112 crores was subscription, and can you throw some more light on this, the remaining INR 100 crores or maybe INR 95-odd crores revenue? So, what is the nature of that revenue, INR 95 crores, which is non-subscription revenue?
- Francois Sirois:** They are platform revenues. So, there are revenues coming from our platform, licenses and network access.
- Deepak Poddar:** Platform, licenses and network access.
- Francois Sirois:** Yes. On the gaming platform, we're really pushing, out of 120 operators that we have with CA and ONMO where we actually pay for marketing, we have a huge opportunity to go and sell them a full gaming platform, and integrate all their gaming services under one. This starts with a license, and this also involves deployment of CapEx into each operator. So, that's where the big opportunity is for growth for the next 18 months, 24 months.
- Deepak Poddar:** And at what Gaming segment revenue can we clock 20% kind of EBITDA margin, I mean, at what scale? Because we have been talking about that 20% would be an aspirational margin in Gaming segment as it reaches a scale, right? So, what would be that revenue level? I mean, would it be INR 400 crores, INR 500 crores at which we can start seeing 20% kind of EBITDA margin in the Gaming division?
- Francois Sirois:** I'd say by FY '27, next year, the only tricky part I have is that every time we onboard a new customer, there's cost also. So, it gets blended, because you're asking overall blended, right? So that's the challenge. It's not just isolated what the customers we have is the new ones and the cost of onboarding. But yes, to be on a steady rate of 20%, I'd say, by next year, we should get there.
- Deepak Poddar:** So, by FY '27, we should be able to see a 20% kind of EBITDA margin in your Gaming division?
- Francois Sirois:** Yes
- Pratik Jagtap:** Thank you Deepak. The next question from the line of ____.
- Jegadees Sharma:** Actually, I have couple of questions and out of this if the question is easy or it's a basic one, I'm really sorry for that. I'm new to this company. What is capitalization policy for the gaming verticals for us, sir? Capitalization for the gaming, like, how are you going to utilize the Gaming

vertical? And how are you going to bring the, what do you call, bring the revenues out of it? What is the capitalization policy for the entire vertical?

Francois Sirois:

Yes. So capitalization, we did a lot of investment in the last 3, 4 years in gaming. That's why it grew to almost USD 35 million and in last FY '24, we did INR 640 million of investment, which is basically what, USD 7 million, USD 7.5 million. This year, we brought it down to INR 106 million, which is USD 1.35 million. The goal is to keep it below USD 1 million now. So, really leverage on the entire investment that we've been doing in the last 4, 5 years and really grow the revenue. Our current run rate, if you just look on the subscription side of it, we finished March at about USD 1.3 million a month of revenue. So, it gives us a 12-month run rate of about USD 15.5 million, USD 16 million without growth. We really attain critical mass. We optimize more and more accounts on the marketing, which was one of the challenge we had last year, on really optimizing marketing. Now we keep on growing as we add accounts, and we have a lot of unoptimized accounts also. But that's a bit the mix.

So we keep on investing in product. And the reason is very simple. The gaming market is very big there's 2 sides to the gaming markets. There's the mobile gaming side, which is about 50% of the global market. And then there's a AAA side, which is the other 50% of the market. We view it as really giving all the tools to the mobile operators to be able to capture these 2 sides of the market. So, it's a really, really big market. Mobile operators are quite big. Gaming is a very important sector for them. All the R&D we do is to make sure that we can provide the operator with the best tool on gaming.

Raddhika Venugopal:

The capitalization policy, which you were asking about. So, over the past 4, 5 years, we invested around INR 240 crores to INR 250 crores in gaming. This was capitalized starting April 2024, and that is depreciated over a period of 10 years. So, for OnMobile, the amortization and depreciation policy for gaming investments is for a period of 10 years. We have drastically reduced our capitalization as compared to the previous year, wherein, as F.C. mentioned, there was INR 64 crores of capitalization last year. And this year, it is limited to INR 10.6 crores, which may even further go down next year.

Jegadees Sharma:

INR 65 crores in FY24 or FY23?

Radhika Venugopal:

Yes. INR 64 crores in FY '24. And then in FY '25, it was reduced to INR 10.6 crores, which will be further reduced. So, the capitalization figures will come down further in FY '26.

Jegadees Sharma:

Depreciation figures will further come down.

Radhika Venugopal:

Depreciation on a straight-line method it is depreciated over a period of 10 years.

Jegadees Sharma:

Okay. Fine ma'am. My second question is, we have announced a partnership with DeOSphere, right? We are having a partnership with them in terms of deploying one of the most advanced gaming platform. While F.C. was saying \$5 million per contract, can you elaborate that? Like what is the contract and how much revenue it could do and everything?

Francois Sirois: The contract DeOSphere is a partner. Their mandate is to sign customers to onboard on our network. So basically, DeOSphere installed their technology on our network. They pay us for network access and every time they have a new customer, they have to provide us the name, the terms and the CapEx or equipment required. So basically, we have a base fee on the network and then any time they onboard customers, we can accept or not. The main vector for us really is obviously being able to leverage the same equipment that they need for their customers for us also on our service, so that we have economies of scale on equipment and that we lower our cost of operation on gaming. So that was the basis also of doing this partnership.

Jegadees Sharma: So what kind of revenue will they provide or contribute to our overall revenue every year?

Francois Sirois: Honestly, it all depends on their capacity to sign customers, how big the customers. Sometimes they have very big customers, but then you know how it is. Onboarding a very big customer, there's other parameters to put in line there. So it's a bit of a tricky question, I'd say, to be able to answer exactly how much revenues we can generate.

Pratik Jagtap: Thank you. Next question is from the line of Slade Alexander.

Slade Alexander: So, the first one was just a follow-up on the QIP. So originally, the QIP and the \$15 million of capital expenditure to be deployed was planned for Q4. But then I think you just said that the QIP won't be immediate. So, since that was the main way to raise the \$15 million, how will that be raised? And if it's not going to be raised and deployed anytime soon, how will it affect the gaming revenue projections?

Francois Sirois: Those were additional revenues. It was, I'd say, a boost on growth. But it was more like a build and deploy and make the revenues rather than make the revenues and build and deploy. So, the only change in the strategy is say, hey, you know what, if the market conditions are not there and we should be more careful on cash and on contracts also, let's stage the deployment and let's make sure that we deploy because we're getting contracts also on the operator side and our side. So, let's take more of our time and make sure that we secure the contracts accordingly. We stage the deployment instead of stacking x number of servers right away. Let's put a deployment across the next 12 to 18 months, and that changed the whole financial needs that we have.

As you can see, our cash is still increasing, and we're still deploying the same strategy. So, it was more like a different approach of going to the market. I still think it could have some merits to build a big infrastructure upfront. But to be honest, in the current market conditions on both sides, I think it's not worth it, and it's not worth the dilution, of course, not at this current pricing. I say it's not stopped. It's just on hold for now until we can realign and make sure we have the good opportunities and the good timing to do it. So, I just want to make sure it's beneficial for all of our shareholders.

Slade Alexander: Okay. And another question. I think there was a new gaming subscription business for which the licensing had been charged in the previous quarter and this quarter, and I think there was some mention of a demo also to be given.

- Francois Sirois:** Yes. As you know, right, that's part of the staging. It takes more time to sign the contracts and being a public company, it's very tough to show you what we have in the lab till we announce officially the product in the market. So, I'm aiming that during the summer, we should be able to do something. So, between the next call and the AGM, we should be able to show you the demo of that new service.
- Slade Alexander:** Okay. Just another question, please. So any update on the launch of the premium video service that was to be done in Europe? I think you mentioned something about Europe. So can you please give some more clarity on that? Previously, there was this announcement about a premium video service that was to be launched.
- Francois Sirois:** We're still working. There are some bit changes on the tweaks on it. We'll be able to announce it I hope also between this summer and the AGM, we should be able to announce it. It's still in there. It will drive some growth for the mobile entertainment side of the business. So that's the teams are working here in the Madrid office every day on that service.
- Slade Alexander:** So can you please quantify that growth or the amount of revenue that it may be expected to generate?
- Francois Sirois:** Yes. So, we expect to be able to launch it by September, October. So in this year, it's not going to create that much revenue. But for next year, when we say a growth of 5% on mobile entertainment, part of that growth is counted with that service.
- Slade Alexander:** Okay and about the contest, so I just went through the investor presentation and on one of the slides, I think Slide 21, where they show the split of the revenues, like you all have shown gaming and videos and tones. So, contest, it was a very small portion to begin with, and that has been taken off completely. So, is that being discontinued?
- Francois Sirois:** No, we still have Contest. We just didn't thought it was worth having a line with Contest. So, we blended in the video and infotainment.
- Slade Alexander:** Okay. For the major deployment that had to be made in Latin America region for the tones side, is there any update there? Because in the results, there didn't seem to be that much of an increase in the revenues from the previous quarter. So, I think the deployment was pushed to Q4 from Q3?
- Francois Sirois:** It was done officially in Q4. It is live right now, generating revenues. You're right, you don't see it in Q4, but in Q1.
- Slade Alexander:** Q1 FY26
- Francois Sirois:** Exactly this Q1 FY26
- Pratik Jagtap:** We have a question in the chat box that we can take. So, we have a question from Ami Agarwal, who is asking how the company is going to create wealth for investors?

- Francois Sirois:** Yes. Well, I'm going to repeat myself on the intro, but guys, I like a business where we can grow the revenues, invest in products and make money every month. I think that's pretty much where we're getting to right now with the critical mass on gaming. For me, cash is important. I don't want too many operations so that we're all confused when we look at the financials, how much is capitalized, how much is this or that, so that we can have clean financials that generate real cash. So that's the objective. The objective is really to generate cash and that yes, we have in the pipe right now interesting contracts. We have to make sure the pros and cons of how much investment we do upfront versus how much cash it's going to generate. If we need to go back to the market with a QIP, how much dilution versus how fast we can get the cash back, right? I mean, again, it's the same ratio. So that's what I'm trying to balance out. Sometimes it has some challenges as a public shoulder, you don't see all the works behind the scenes. But for us, and the message of Radhika and Bikram is to ensure that the cash is coming in. There's a lot of assets on books that we have, that are dormant, that we're waking up and making sure they are transformed into cash. So that's also an item that our CFO, Radhika, has taken as a lead to make sure that any assets that are in our books, let's not keep them dormant. Let's make sure that we transform this into cash and bring it back in. So that's part of it. But that's what we're going to be focusing on in the next quarters.
- Pratik Jagtap:** Thank you FC. We have follow-up question from Slade.
- Slade Alexander:** Another thing I noticed was in the investor presentation on the ratio analysis slide. So the first line item, which is international revenue, upon revenue it says 96%. So can you please explain that? Because does that mean domestic revenue, so in India is just 4%? Because in the earnings, if you see it is INR 561 million, which is around like 35% of the total revenue. So, if you can please provide some clarity on that discrepancy?
- Radhika Venugopal:** Slade, the ratio analysis what you're seeing here, 96%, this pertains to the split based on the country from where the revenue is getting generated and the press release or the SEBI results talks about what is being built out of India, which means it also includes the export revenues of standalone entity of India. So that's the variance. That's the difference between the SEBI results and the ratio here.
- Slade Alexander:** Okay got it.
- Francois Sirois:** Slade, if I may, I think to have India being billing outside of India is great. But to have only 4% of our revenues in India, I think it's too low, obviously, for head office in India. And that's one key objective that we have is to grow local revenues in India. We used to have at least 20%, 25% of our revenues in India. Obviously, we're a global company, so it's going to be very difficult to go back at 25%, but still between 4% and 25%, there's a lot of work that we can do here.
- Slade Alexander:** Yes. Okay. And just one more question about the Tones line of the business. Previously it has been declining year-on-year, right? And it had been mentioned that there are some new talks about new business deals and all that are going to go live and that will change the trajectory, it

will make it positive. So, can you please provide some details what exactly these new business deals are and how much revenue will be expected in the Tones business?

Francois Sirois:

Yes. Bikram, do you want to take this one?

Bikram Sherawat:

Yes. Currently, we are live with 31 customers, and there are these sign-ups which have happened over the last 12 months, which are under deployment. We are expecting in the first 2 quarters, at least 2 significant customers to be able to go live. In addition to that, there are certain renegotiations of revenue shares with the existing customers, which are also happening. So we are, like F.C. mentioned on the mobile entertainment, looking at overall 5% growth. We are looking at Tones also to follow that and arrest the degrowth from last year and ensure with a couple of new launches and holding and growing on the existing accounts, we should be able to meet that.

Pratik Jagtap:

Thank you Slade. We have follow up question from Jegadees Sharma.

Jegadees Sharma:

I just have two questions. The first one is that Bikram sir was saying mobile entertainment they have signed the largest deal with the company, right? What is that about? Could you just elaborate and explain please, if possible? And what is the revenue it will bring?

Bikram Sherawat:

So, Jegadees, this is a large engagement with regards to one of the customers in Asia, where we are looking at consolidating their subscriber and their billing and the service provisioning. This is a multiyear engagement. We've just started. It's obviously multimillion dollars for us. We are not in a position right now to enumerate the exact value, but it is significant because of the way we have been able to structure the deal with the customer to ensure that all their entertainment traffic will be managed by OnMobile. Since it's a multiyear engagement, it gives us the flexibility to be able to add new partners as a part of this proposition.

Jegadees Sharma:

So this revenue will start from this year, right?

Bikram Sherawat:

Yes.

Jegadees Sharma:

And it will be like, just like you told. 5% growth will be same?

Bikram Sherawat:

Overall, in the mobile entertainment, that's what we are forecasting. Mobile entertainment includes everything, whatever we are sharing as legacy revenue, which is nongaming. So it includes tones. It includes the video, and Slade was just mentioning about contest. So all of those put together is our mobile entertainment portfolio, and this is a deal which encompasses the whole mobile entertainment, yes.

Jegadees Sharma:

So, to clarify this, we have a revenue of INR 583 crores, out of that INR 207 crores come from gaming and INR 376 crores comes from the mobile entertainment. And you are saying year-on-year there will be a 5% growth, right? In both gaming and this thing.

Bikram Sherawat:

No. On the gaming, we have said that

Jegadees Sharma: 50%

Bikram Sherawat: That's what we were saying, yes.

Jegadees Sharma: Sorry, my bad. Second question is like, there is an investment of INR 68 crores lying on your balance sheet. If I'm not wrong, that is an investment we have done some years back, right, some startup or something?

Francois Sirois: I think you're talking about Chingari investment.

Jegadees Sharma: I think so. Yes. And we were trying to do something about it. What is the status of that?

Francois Sirois: Yes, Chingari, if you remember right, right when TikTok got out of India, Chingari stepped in to try to take the place. It didn't quite work. They focus now on influencer and astrology and other services, but they're making quite decent revenues. We invested in pref shares. So, our investment is protected. They were supposed to raise money at \$500 million plus plus. I don't think the company is worth \$500 million, just to be clear. But on the other side, I think our money on books is quite secure. So that's something we'll try to monetize in the next 12 months.

Jegadees Sharma: But this has been pending for quite some time, right, if I'm not wrong.

Francois Sirois: We did investment in 2021. Initially we were supposed to use the traffic for gaming also, but we didn't see much synergies between their traffic and what we could monetize on ONMO. So it never really quite monetize for us. It's purely a venture investment now.

Jegadees Sharma: My final question is like we have a lot of players in this niche area. What gives you the confidence that we will be able to win among them? Like sectors and the things which we are doing, there are a lot of competition, right, in terms of entertainment, in terms of gaming and everything. What do you think, or what gives us the confidence that which makes us winning in this?

Francois Sirois: Yes. When you look at the gaming space, you're totally right, there's a lot of players in gaming, right? When you look at gaming for mobile operators and for telecom operators, really few. It's our 25th year, 25 years dealing with mobile operators, 25 years deploying servers, right, even for tones. That was the premise to go into gaming because of the Tones business. 25 years deploying tones servers, having network management teams working hand-in-hand with the telecom operator, integrating into billing, because that's all we do, right, life cycle management of subscribers, billing them and all this.

To be honest with you, there's really not that many players that can do what we're doing and really understand the game, right? So, it's not like any gaming player can say, okay, I'm going to do a deal with a mobile operator. It doesn't work that way. But now with the tools and the Internet and everything, the streaming that's why we invested a lot in streaming, putting streaming server into operators. And now actually getting subscribers, now getting licenses, now getting in-app purchases because that's where we're going to now, right? So far, we never did

any in-app purchase. Whatever Google and Apple does or whatever the AAA players does, nobody does this with the operators today. So that's really the big opportunity we have. And the market is not stopping growing. The global market is growing, but I would say that our share of the market will probably grow bigger than the rest of the market, because there's truly a big opportunity, because in each single market, the mobile operator is the biggest player. I mean, in any country, you have the bank and the mobile operator. Those are the 2 big businesses, and we're dealing with the mobile operator in each country. Emerging markets where -- our footprint is mostly emerging markets, there's no one. There is no AAA gamers, game companies going into Africa, going into Asia. So, we have a lot of advantages right now, and that's what I know some investors think it's slow. But to be honest with you, I'll just give you a benchmark.

In the streaming place, we're doing now a run rate of 15.5%, as I was telling you, just on the subscription streaming. Some key players doing the same thing started about the same time as us 5 years ago in gaming. They're doing \$5 million, \$6 million revenues. They're not doing \$16 million. If we'd be a pure-play gaming company with the numbers we have, the multiples would be totally different. But now we're very, very critical because it's a 25-year business, dealing with mobile operators. But other companies, when we compare ourselves, we realized that we actually did quite a good growth. We're actually quite a good place and there's really not that much competition having all the tools, selling and understanding an operator. There's a big barrier to entry to sign up a mobile operator.

Jegadees Sharma:

Actually the question I asked because of what is happening is like, if I see the 10 years history, past history and if I'm not wrong, last 6 years has been flat in terms of our revenue and our operating profit has been, haywire it has gone down from INR 30 crores, INR 35 crores to INR 11 crores and our PAT is also down. That is the reason I have been asking. So we have been doing a lot of things like investment of INR 200 crores, INR 250 crores in the gaming verticals and everything. But it is not yielding any result for the shareholders or for the investors or anyone. In fact, it is not yielding a better return. That is the question I have. Like, we are doing a lot of things, and we are in a lot of places, but whether it is working or not is a question we have.

Francois Sirois:

Well, you look at the investment. You invest \$35 million in a gaming business, and now we're doing combined revenues of right now \$25 million. If you take it separately, I would say, it's a decent investment we did, right? The problem we've been having, and let's be real honest here, the mobile entertainment business has been through a lot of pressure. Tones business, every year, every single operator, we have big contracts, they squeeze the margin. So we lose money on mobile entertainment. And you think the business is flat, but the gaming has been growing to compensate for the loss on mobile entertainment and the reason I see still them together is that there's a lot of synergies were done, especially for gaming. So I can't separate it because a lot of people are saying, "You know what, why don't you just sell the mobile entertainment business and focus on gaming." I can't do this. My whole global network management team on tones and everybody has got the expertise doing billing and the whole IT and everything is in my mobile entertainment business. This is why I can actually execute on my gaming. But I agree with you, if you just look on the straight financials and you don't go deeper, it looks flat, looks boring and

not much profit. If you actually look at it carefully, well, honestly, I feel like we have a fantastic business. That's why feel that the disconnect with the investors and myself, because I look at this and say, "We're growing on the gaming. We're making all the investment we want to do in product. We're making cash every month." I'm happy.

Jegadees Sharma:

That is true. It's like INR 40 crores we have cash and everything, and we are also doing INR 15 crores, INR 20 crores ARR and all this things. It's really fantastic. But the question here is, like, whatever the investment we are doing it, the entertainment business, because of the margin contraction and there we are losing our revenues over there or our profit and margins over there, and we are trying to compensate that with gaming. My question is why can't you bifurcate 2 business into separate entities and concentrate more on the gaming side and keep the entertainment business running, so that it will be helpful for you, for us shareholders?

Francois Sirois:

Yes. One of the big loss of revenues we have this year. I'm not going to name the operator, but I'm in the office in Madrid, and it's one of our biggest customers. I mean this service has been there for 15 years. I know the service and I'm saying, you know what, and we're investing in everything. I'm talking about traditional service. But this relationship is priceless. We go in the operator. We know everybody inside out from the product manager to the President. And we're talking very, very big deals on the traditional side of the business, but also on the gaming side and the reason we have these opportunities because of that 15-year relationship. So, I can't just go in and say, "Hey, I'm upset because I lost this year \$5 million of revenues with that account and obviously, add \$5 million more, everybody is happy because that goes straight into the bottom line. But that same customer is going down, some years you're going down, some years, they give you a big upside. So that's what we're working hand in hand today with the new contracts.

But this relationship, right, the same in India, right? I was upset that we used to be at 25% revenues in India. We lost VI. That was like \$5 million, \$8 million a year. That was 2 years ago. Put this back and put back this contract, only 2. And I can name others, right, but only these 2. We don't have the same situation. I mean, the revenues are up everywhere. Everybody is happy. So I can't dictate the business on 2 special accounts here, special situation and I might have 5 others like smaller ones than these 2, I just name you But that's a bit the business we're in, right? So the focus is clearly on gaming. But I can't just have a focus on gaming knowing that the traditional business we still have 40 accounts, and they're still the big portion of the revenues, and they absorb a big part of the team. So that's why it all goes together, but do I see a better future in the next years? Yes, I do. Have I said that last year? I did. Was I expecting the mobile entertainment business, just to be clear, to go down 15% because that's what we have, year-over-year? Of course, not. But I know exactly why it happened this year. So again, right, if we can just grow by 5% and obviously, our plans to grow more than 5% in mobile entertainment, but if we can just grow by 5% and keep on growing on the gaming the way we are, right? I mean we have a fantastic business, guys and I want the cash to the bottom line, right, so.

Jegadees Sharma:

My final question is like where do you see the revenue of your company as a thing in next 3 to 5 years? Like, we are doing currently at INR 500 crores. And you are saying the gaming will

give you 20% margin from the next year. So where is your vision? We just want to participate in that vision also.

Francois Sirois: You know what and again, I'm sorry, I said that in the past, and it took longer, but I'm looking at this business, right, the footprint we have, the kind of relationship we have with some operators. I don't see why we don't have in 3 to 5 years, a USD 300 million business globally.

Jegadees Sharma: USD 300 million.

Francois Sirois: Yes.

Jegadees Sharma: In 3 to 5 years?

Francois Sirois: Yes. That's what I aim. And I'm not talking about M&A here. I'm just talking about what we should be able to deliver. But again, I mean that's -- I know it's a big forward looking. I'm just saying, you know what, that's -- with the footprint we have and the relationship we have in the gaming market, the size of the gaming market and mobile entertainment, because not just gaming, it's mobile entertainment. I'm talking some players right now, one single game on AAA, they make \$1 billion of revenues. I mean, why can't we just translate this into hundreds of operators into emerging markets? I mean, guys, emerging markets, they all want gaming also. People have money to put in gaming. It's not that nobody has no money. I think that should be the mark.

Jegadees Sharma: So are you confident of achieving that \$300 million?

Francois Sirois: Again, if you tell me through 5 years, that's my expectation. Now, does my expectation will deliver through what the team can do, including myself and the team? Yes, that's what I have. But I mean, I'm sure Radhika right now is not agreeing with my statement. It's just what the hell you're talking about. But, I mean, that's what it should be.

Jegadees Sharma: All the very best for FY '26 and '27 and the coming years.

Pratik Jagtap: So, we have follow-up questions from Amit in the chat box. First question is, is there any impact of AI on company business? Please elaborate? How much EPS is expected next year? And any time company planning dividend for the shareholders? So, these 3 questions are from Amit.

Francois Sirois: Okay. So the first one, let me pass it to Bikram. But just to say, AI is very important. We've not had any upside so far in AI because we've not really implemented AI across the board, although we do have some AI projects. But it will touch every single aspect of the company. So all the savings we've made so far is without AI. I really think we can, in the next 18 months, again, have a lot more upside on the business using AI. Bikram, if you can elaborate on that?

Bikram Sherawat: Yes. Thank you, F.C.. So, a few things which we are doing with regards to AI is trying to put a clear differentiator in our product definition when we go to the customers. Like, for example, in tones, we have already created and launched with one operator in the Middle East, AI-based

tunes. It's already taking up well. So, consumers can actually dial in, create their tunes and 15% of that customer subscriber base has actually tried that service. So that's something which we are rolling out. What we are seeing is across the line of the products, where we can have AI bits infused, whether it's in the form of gamification, engagement, that's something which we are doing.

Second is, like F.C. mentioned, on the savings and the efficiency. So AI and machine learning can actually help in optimizing and taking care of regular operations and standard operating procedures. So we have already started work on that, and we are implementing strategic projects across the organization to be able to get and reap benefits of that.

Third is on the marketing, and the way we do marketing, how we want to use AI to be able to efficiently deploy and redeploy our resources across our campaigns. So those are the various areas we are trying to work on AI. It's something which is going to be an ongoing initiative from our side. We are also learning every day the way the AI is moving and it's moving very fast. But definitely, it's there on our radar and we are working on it.

Francois Sirois: Earnings per share, Radhika, can you comment on what's going to be your EPS next year?

Radhika Venugopal: Yes. So, the profits are expected to accrue from all the new deals what we are signing and also on the upside what we get from mobile gaming. From the profits what we earn next year the expectation is that EPS will be an improvement over the previous years. This year's EPS is negative and next year it is expected to be positive and an improvement over the previous years.

Pratik Jagtap: And anything on Dividend?

Francois Sirois: Yes. The dividend, guys, I mean, I'm the one that wins the most on the dividend. I really believe on the strategy where we can pay dividend and grow. That's why I want to focus on cash generation. So, obviously, this year I'd say no. Our cash position is at least too low. We need to monetize, I was saying, a couple of dormant assets, including our investment in Chingari. We need to show that we have every single month cash being added on the balance sheet. From that point, when we have a good cash position, we'll start paying dividend year-over-year. So hopefully, by next year, we can restart the dividend. So that's the goal.

Pratik Jagtap: I think F.C., we don't have any other further questions, so you can conclude.

Francois Sirois: Thank you so much, all. Next call will be in August. So, we'll keep you informed. Hopefully, we'll be able to do the demo in August. If not, it's going to go to the AGM, but it's already better to do it on Zoom. So, thank you, all, for joining, and see you soon. Thank you.

Pratik Jagtap: 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.