"OnMobile Global Limited
Q2 FY26 Earnings Conference Call"
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MR. BIKRAM SHERAWAT - PRESIDENT AND CHIEF OPERATIONS OFFICER

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

Pratik Jagtap: Good morning and welcome to Q2FY26 Earnings Call of OnMobile Global Limited. Representing the Management today, we have FC, Executive Chairman and CEO; Radhika Venugopal, Whole-Time Director and CFO; Bikram Sherawat, President and COO. The call will start with brief update about the overall performance during the quarter by FC. Radhika will update on financials, and then Bikram will share insights on operations. 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 such lists and considerations, please refer to the earnings presentation. OnMobile Global undertakes no obligation to publicly revise any forward-looking statement to reflect future or likely events or circumstances.

Having said that, I now hand over the floor to Mr. FC. Over to you, FC.

Francois Sirois: Thank you. Thank you all for joining quarter 2. Let me start by saying what we mentioned at the AGM, it's our 25th anniversary, 25 years of OnMobile. It's a big milestone, honestly. There's not that many companies who make it 25 years. So, on September 27, we celebrated our 25th anniversary, and it's going to go on during the whole year. As I mentioned, we actually are developing a new service for our 25th anniversary. I think it's important to mention that we've been serving mobile operators for 25 years. So, when we talk about deep understanding of the market and our customers and our partners, after 25 years, I can say that we have a lot of legacy that we can use, and that's what we're using into gaming actually.

Let me start with the results. It's a good quarter. Mobile Entertainment is stable. It's not a small task realizing that last quarter there was a big one-time revenue coming from a license that we had from Buzzmo. That was last quarter. So, to be stable, having this one-time last quarter is good. We still stand by our projection of 5% growth in Mobile Entertainment year-over-year at the end of this year, FY '26. If you remember right, for the last 5 years, we've been degrowing on Mobile Entertainment. So, to at least have a stable view and be able to grow from here on I think is a good achievement. As we mentioned, we have done some great investments in Buzzmo, putting AI into enterprise communications, we're getting good traction, Bikram will talk about that. We're also developing a new service in tones and video that will be launched by year-end. So far, on track for a projection of 5% that we mentioned last year.

Gaming grew 12% quarter-on-quarter. When we look at gaming, I'd like to say that, again, last year in November, we posted the target to do $2 million a month in 18 months, which is actually in 2 quarters now. And it's March 2026, that's the target so that we do $2 million a month by March. We are in line to do this. We still have 2 quarters to go to attain it, but we're on track to do $2 million a month. There's a mix in that 12% of subscription revenues and platform revenues. So, Bikram will talk about that. I'm happy to say also that you saw the new announcement that we did undercover because it's not officially launched, but it is developed, and it works with the Virtual Console. So now we have a complete suite of gaming products. The team here is not planning to launch an additional service. We have 4 products, Challenges Arena, ONMO, Gaming Platform and Virtual Console, all running on the same core back end, 4 products. So

the development of this product and the ongoing maintenance of this product is paid by the operation. As you see, we've reduced capitalization massively from all the developments that we've been doing. So it's been 5 years officially in gaming. The actual development into gaming started in January 2020 with our first product launch in '21-'22. So 5 years into gaming. We're not planning to add more. I'm really satisfied with what we have. We really have something very good on mobile gaming and now going into the console gaming with the new service, which will be launched in the coming quarters. So from my point of view, we're in a very good position to continue the growth that we have, 12% growth on quarter-on-quarter. Anything that we can do between 10% and 20% growth quarter-on-quarter, I think we have a very solid gaming business. And this is where we're going with this. Now getting to $2 million a month of revenues, we will have enough money to invest within our operation to product upgrades. So a very good position to be able to grow gaming and while we generate cash. Not many companies can have both, right? A lot of companies try to waste a lot of money growing and it takes them a lot of time to make profit. We're in a situation where we're making a bigger of profit, generating cash and having a very interesting growth in gaming. So I like the mix.

I'd like to add also that AI in the last month, we've implemented AI everywhere. We're really pushing on AI. So efficiencies are coming. One problem I've been discussing with you for the last year, 1.5 years was optimizing the number of accounts that we have on marketing. And just to give you an idea, we have about 500 marketing campaigns running every minute. Every day, we have 500 marketing campaigns all over the world. I'd like to highlight this also, OnMobile is a global company. We're really one of India's global media company. And it's very difficult from India, the team is in India, to manage all these campaigns around the world. If you think about this, even if you have a team of hundreds of people, we don't have hundreds of people in marketing, but to run 500 campaigns across the world and optimize them you need a lot of people and even then they would not be performing. So we've added AI tools, which is really interesting, because we're looking at the tool. And the AI tool is analyzing every single customer, every single campaign and telling us, you should do this, you should do that, do this, do this. And it also tells us that if we do all this, it gives us projection on what should be our revenue and what should be our cost. So, we started last month in our first month, which the results here that we're showing is Q2 ending September. So just our first month in October, we see right away a boost on our revenues for gaming subscription and a reduction in our marketing costs. So that's the impact of implementing AI across 500 campaigns to be able to really optimize and do a job that, honestly, a team, even if we would double, triple or quadruple our team, we would not be able to do as good as a job as what the AI is telling us to do. So it's really interesting. We're having fun with the AI now really looking at projection and seeing how we could really optimize each campaign. And we see the results right away in October. So that's why we're very confident on our $2 million a month target by March. So again, good cash position this quarter, and I repeat myself, but I'm quite happy with where we're going with gaming in our whole suite.

So let me pass the ball to Radhika for a deeper financial analysis. Radhika?

Radhika Venugopal: Yes. Thank you, FC. Good morning, everyone, and thank you for joining us. I will cover the quarter 2 performance now. In quarter 2, our revenue was INR 131 crores, which was up by

2.7% on a quarterly basis. EBITDA improved to INR 8.6 crores with a margin of 6.7%. Profit after tax was at INR 6 crores. Gross margin expanded by 55% in Q2 versus 51% in the last year same time, reflecting both mix and cost discipline.

Gaming continues to be a growth engine with our gaming subscribers reaching 13.7 million, growing around 61.8% Y-o-Y and 14% quarter-on-quarter. Gaming subscription revenue was INR 34.4 crores, which was up 31.8% on a yearly basis. In September, gaming subscription monthly run rate touched $1.4 million. And we are on track to achieve the $2 million mark by end of this year.

Within Mobile Enertainment, revenue was at INR 95.5 crores. It was flat. We closed the quarter with a gross cash of INR 129.5 crores and this reflects our positive operating cash flow. Operating discipline remains a focus. People's costs were at INR 27.8 crores, which was 8.6% reduction on a yearly basis and marketing was at INR 23.2 crores, which was again a reduction from the previous year. Other OpEx closed at INR 11.1 crores and our DSOs stood at 111 days. Our priorities remain profitable growth, operating cash flows and disciplined capital allocation, and we are focused on scaling our gaming subscription and monetizing our Gaming Platform. On profitability, there is a step-up in gross margin and reduction in marketing, which ultimately will result in bottom line growth.

Thank you. That's all from the financials. Over to you, Bikram.

Bikram Sherawat: Good morning, everybody. Thank you, FC and Radhika. I'm pleased with the quarter 2 numbers, a strong quarter for us. We have had steady growth across our line of business. It highlights the strength and the diversity of the portfolio which we carry. Despite a few market-specific challenges, which are part and parcel of the business, we have seen steady growth in Europe and Middle East, which stood out in the last quarter for us. Both these markets have performed exceptionally well. And it's clear that our continued focus and discipline which we are putting in our regional structure and expanding our footprint is going to yield positive results as we go forward.

Both FC and Radhika have spoken about the gaming subscription. I will just talk a little bit more. The gaming subscription business grew by around 8% and the remaining growth we got was because of our Gaming Platform. It's a new product which was developed over the last 3 quarters, and our first customer is actually going to go live in the month of November. We are really looking forward to it. The Gaming Platform business and the proposition is evolving along with the streaming ads and premium content into a very compelling gaming and entertainment destination, which is a completely digital ecosystem for our telcos. The first reference customer for us in this quarter is going to only add to the momentum, which we are in discussions with multiple other customers for this product. In markets like Bangladesh, Myanmar, Ivory Coast, we have seen significant amount of interest on the gaming subscription business and our promotions with AI now and sharper content engagements, we are able to see much better conversions and retention on the gaming subscription business.

On the Mobile Entertainment, we had a significant one-time in the last quarter. But if you see, we are steady. So that means that we have been able to grow our run-rate business on Mobile Entertainment if we take the one-off from the one-time. We have an active base across the lines of product of around 56 million users. In tones alone, we deliver around 330 million daily tone plays across our customers. In the last quarter, in one large Latin America customer, we did a migration for a tones service. We migrated around 96,000 subscribers. It is adding to around 50% increase in our market share in that country. That's significant because if you see 2 quarters back was the first large migration in Latin America, this adds to that, and we have a couple of other more we are looking forward to in the coming quarters.

FC spoke about Buzzmo. Buzzmo is very interesting product which we are in discussion with multiple prospects. With this, our enterprise engagement with telcos is becoming very strong. We are in advanced and steady discussions with multiple partners in Middle East and Africa to expand our opportunity and horizon for this partnership. In fact, beyond telcos, we are also in discussion with a few financial services sector companies and banks about this. And with AI, the insights, and the customer engagement capability we are able to offer, we are very hopeful that this is going to really add to our product's growth and as a pillar for our growth going forward.

Looking ahead, our focus is clear. We continue to scale our gaming business. We continue to grow both Radhika and FC have spoken about the $2 million monthly run rate, which we want to achieve by the end of this financial year. We are fairly confident of meeting those. We are in discussion to expand our Gaming Platform business. FC has spoken about the new proposition. We take that to the customers and see how we able to engage at a much strategic level with our customer partners for that. And we really, really double down and focus on the Mobile Entertainment business, very profitable for us to be able to continue growing and deliver 5% growth as FC has mentioned by the end of this financial year. Thank you.

Pratik Jagtap: Thank you, FC, Bikram and Radhika. We have our first question in the chat box from Umesh Matkar he is asking, “Any plans on utilization of cash?”

Francois Sirois: Well, first of all, guys, as we know, the cash position came down at the beginning of the year because of all the investments we did. Our focus is really to have a good cash position. I don't want to be in a situation where we miss opportunities because we don't have a good cash position. When I say opportunities, it can be an investment for a customer.

With the new service on gaming that we have, we might have to do some additional investments, right now, we're in a good position, there's a lot of CapEx in deploying the virtual console. But most of the CapEx is leasable. So, the leasing companies are willing to lease it. I just don't want to be in a situation where we have a big customer, we need cash and we don't have it in hand. So for me, it's important that we build a cash position. So from this point, as you can see, our cash is increasing. It will increase every single quarter. And as I mentioned last time, my view is to revisit the dividend policy in the FY '27. But for now, any additional cash required will come from leasing for other means than using the cash.

I think it's important that we do have a good cash position so that we're flexible M&A-wise also. If there's any good M&A, the best one, you have to be able to move quickly. So you need to have a good cash position for that, too. So for now, that's our position.

Pratik Jagtap: Umesh has another question. He is asking, "How do you see the margins going forward as gaming grows faster?"

Francois Sirois: The gaming market is growing. It's a huge market, right? And the markets we're addressing are not that much exploited by gaming. I'd like to say it. We're a true Indian company that's really global. But we're also global in markets where the gaming industry is not that present. When you look at Africa, across Asia, a lot of markets, even in LatAm, a lot of markets are not that much served by the big gaming companies. And yes, we have an exposure in some markets, exchange rates, political situations. But over the 25 years' history, there's only very few markets where we lost money even in exchange rate or money blocked in countries. We always end up making our money and taking out the cash from the country. So the strategic investment that we have today in gaming in all these markets, they are all markets who will grow massively in gaming. And we're almost like the first mover with volume. When I say everything we do, we try to do it with volume. I see that in the next 2 years, we should really benefit from that growth in gaming in all these markets. So that's the strategy that we have.

Yes, we are in Europe also. And the core gaming markets today is U.S. and Europe. One thing that we're really not pushing is the U.S. market. That's something that in the next 12 to 18 months we'll have to start considering. But first, I really want to make sure that we're really dominant in all the other emerging markets where gaming is not that present today but will be present.

Pratik Jagtap: Thank you FC and Umesh. We have the next question from Jitendra Bhutoria. He's asking, "Any update on DeOSphere engagement? We did not consider revenues in the first quarter. So, any update?"

Francois Sirois: We didn't consider revenue. To be honest with you, we're still in discussion with DeOSphere. We're not on the same page. So I mean now we're not booking revenues. It's not our focus for now. The service is still there. They still have access to our network, but we're not done. So that's something by next quarter we'll have to see how we move on. But for now, our focus is really on our product line and what we do and not that much on DeOSphere.

Pratik Jagtap: Thanks FC & Jitendra. We have the next question in the chat from Saurabh Upadhyay he is asking, "Are you pivoting away from legacy, that is tones and videos? Or are you trying to recover them?"

Bikram Sherawat: So let's be absolutely clear that our focus on Mobile Entertainment legacy business is in no way at all defocused in terms of growth. FC have clearly explained, we've had headwinds in this line of business over the last 4, 5 quarters where we have seen very minimal to negative growth. We've been able to grow this line of business in the last quarter to last quarter and in the last quarter, we've been able to hold on to those numbers. There are lot of active discussions when it

comes to platforms like Buzzmo, we are in discussions with multiple telcos when it comes to tones business, we have done one brownfield migration in the last quarter. There are a couple of them which are expected in the next few quarters as well on the tones line of business. So we hold on to our commitment that we want to grow in this financial year by 5% for this line of business, maintaining the profitability for the organization.

Pratik Jagtap: Thanks Bikram & Saurabh. The next question is from the line of Prashant. He's asking, "We had some fundraising plans 3, 4 quarters back. Any progress or update on the same?"

Francois Sirois: Yes. We had some fundraising plan. If you remember right, the market and actually our share value was really down. So it was really costly to raise capital. I must say also with our plans; we needed a lot of CapEx deployment that could not be leased. Now we have leasing companies willing to support our plans. That being said, with the launch of the new virtual console, we might have to raise money. That's something that we're going to do in the next quarter to really discuss with our bankers, how is the market seeing this? How can we actually have a true value that makes sense? I mean I don't want to discuss too much our value, but if you look at our multiples on revenues versus other in the industry, we're really, really below the mark. I don't think that a gaming business growing at 12% a quarter should be valued at the value we have there. So for now, I mean, we have, as I was saying, a cash position that's building up. And we're trying to do all the developments that we're doing with leasing so that we don't have to raise equity for it. But yes, if the stock market can correct a bit and obviously everything should go hand in hand, we should be in a position to raise money at a good value, let's put it this way.

Pratik Jagtap: Thank you FC & Prashant. We have the next question from the line of Neeraj Assie. "He's congratulating on the 25th anniversary. Asking on any aspirational 5-year target for the company's growth in terms of revenue and profits?"

Francois Sirois: Every call, people ask me where I see the company? And I keep saying it. Gaming industry is so big. We're in so many accounts. There's not that many companies in gaming that are in so many markets that we are. We're dealing with mobile operators who are in most of these countries the biggest enterprise, touching the most number of customers. And the strategy is to enable them with us to capture the gaming market. There is no reason these numbers should be small. They should be big in every single country. And we're booking these revenues on gaming, both on subscription, but now on actual game sales. So, my view is that the company should be at least 2, 3x the size in the next 3, 5 years, as I said before.

Pratik Jagtap: Thanks FC & Neeraj. I hope that answers, Neeraj. The next question is asked by Manish Kela. "From a layman person perspective, can you explain how one would access the videos option, which is a part of your Mobile Entertainment business? What is the content under the video business? Is this something like YouTube, TikTok, et cetera? Pardon me for my ignorance, but again, why should this be only subscription-led?"

Bikram Sherawat: The question is very valid. The way we work with our telco partners, we use telco channels for distribution and discovery for any content which is available on our mobile platform, right? So,

it depends on which strategic partnership with telcos where they are interested in taking curated video, which is customized and hyper personalized based on each subscriber's personal preference. The way it works is we work with various content providers and across categories, whether it's sports, wellness, health, or entertainment. All of the content which is created by the content providers is used via influencer marketing to create a proposition for our customers. So, it's available on a subscription because the effort on creation, merchandising is where we are able to add value for the consumer. So the customer does not need to go to a channel like YouTube and find their like content through a plethora of all the content available. We provide video services across Europe and Africa through our telco partners. And that's something a person needs to go to a telco app and go to the video section to discover the content.

Francois Sirois: If I can add also, everything we do is subscription-based, a bit like gaming. And the reason we do it is the cost of marketing is way lower because we already have the profile of the individual. We have their phone number in one click, they can subscribe and start paying. So when you look at a Google campaign, because I was talking about gaming, which is very similar to video and you put a banner ad and the individual sees the ONMO ad or the video ad for a video service and they click on it, in 1 or 2 clicks, they become paying subscribers. Normally in the funnel, everybody else, if you don't do it through an operator, in 1 or 2 clicks, you become a free subscribers. So, with a free subscriber, you have the option of trying to put an ad and monetize the ad, but then you need a lot of volume or engage them so much that they end up paying. And the funnel is very long and the number of actual paying subscribers become very low, but the actual cost of the ad is the exact same. So when you look at our model, and that's why we looked at D2C and how we would do D2C many years back in gaming. And every time we look at it, the cost of acquisition for paying subscribers is way cheaper the way we do it than trying to do the traditional way of marketing through an app store, Google, Apple or marketing and doing ads. So, the whole industry of gaming is big, but they're all going through the app store and they're all monetizing with ads or most of them. That's why we're in a niche situation where we deal with the operator and we actually have a cost of acquisition that's way lower with paying subscribers. Now you were asking what kind of content we do, right? We have general content categories. On news is a big category. Sports is a big category. Kids now, many operators are taking the kids service. Magazines is a new category also. So, they are all kind of categories, but all of them are subscription-based. And in some cases, the operator actually bundles it in the service. So, the operator pays us and gives it as a pack to their end user. I hope that answers your question, but that's the way we do it.

Pratik Jagtap: A follow-up on that, he is asking, “As an investor, is there a way we can be given a walk-through on your video business as investors through a screen sharing session or any other medium on later date?”

Francois Sirois: Well, certainly, we can do that a bit like we did with the gaming during the AGM. After the AGM, we did a small gaming session. I think we should do a session. Actually, we're launching a new service also on video. So, once we launch the service in 1 quarter or 2, we're going to also show you the service because it's not possible to send the link, it's all operator based. So, if we launch in Spain, it's only in Spain that's available. If it's in Africa, like the kids service in Kenya,

it's only in Kenya that's available. So yes, we will plan a session so that investors understand what we're doing on Mobile Entertainment. We can even add Buzzmo to it also so that people can see what the Buzzmo service is.

Pratik Jagtap: Thank you Manish, Bikram & FC. The next question is asked by Saurabh Upadhyay. "Top 5 customers and their revenue contribution percentage of total. Do you have a geographical breakdown? And how many customers represent greater than 5% of revenue?"

Radhika Venugopal: We are not allowed to share the customer-wise details to investors or to the market.

Saurabh Upadhyay: Can you give geographical breakdown at least?

Francois Sirois: So only 3 customers more than 5%. So, we're really diversified.

Saurabh Upadhyay: That's great. Is there a geographical breakdown that you could share?

Radhika Venugopal: That's a part of the investor deck. If not, I will send it across.

Francois Sirois: We can just show that in the pie chart so at least it's going to be in. Is the pie chart done?

Radhika Venugopal: So, this is for products. So, we will send it across.

Francois Sirois: We will add it to the next quarterly deck also. It was there a couple of decks announced, and I want to make sure that we have that slide. But just to answer the question generally, Africa is big part, Europe is a big part. Asia is a big part. Now LatAm is building up. So, I would say, the exact percentage, we're going to share, but that's pretty much the mix.

Honestly, we're very well diversified globally, geography also. There's always a country in Africa, for example, where we are having an issue or politically or with exchange rates. So that's why it's difficult also on the Mobile Entertainment side or even in the gaming side sometimes on the revenues. But overall, the growth of others compensate for a country. And as I was mentioning before, a lot of countries where we had issues where we had money stalled in that country after a year, 2 years, 3 years, we always end up getting back our money. I think in 25 years history, the only 2 countries where we really lost money is Venezuela, where the money is still there, and I'm not planning to go collect it, and Argentina. They are the only 2 countries where we had the big issue. The rest, we always took out all the money.

Saurabh Upadhyay: Would you also be able to comment on where do you expect the maximum growth, from which geographical regions, please?

Francois Sirois: Africa has a very big growth. We just launched a Gaming Platform again into South Africa. Many countries in Africa are really growing. Asia, we are getting good traction in multiple countries in Asia. And now LatAm, we pulled out of LatAm in 2018 because most of the tones that we add through the Telefonica Group, we are losing money in each country. So, we pulled out. Now we are back in, in most countries with very solid operators. And we are deploying

tones, we are deploying gaming, deploying almost all our product lines. So I see LatAm growing pretty much. And Spain has always been very solid for us in Europe, and Spain is going to remain very solid also.

Pratik Jagtap: Thank you Saurabh, Radhika & FC. We have a follow up question from Jitendra Bhutoria. "Any engagement with Vodafone in India as we had about INR 18 crores to INR 19 crores revenue per quarter about 18 months ago? And what is the quantum of revenue with Voda in the last quarter and the first quarter of this FY and the chances of scaling back to earlier levels of Voda revenues?"

Bikram Sherawat: Couple of things on Vodafone Idea. We are in active discussions to expand our current engagement on tones with Vodafone. There are discussions which are underway where they are looking at bundling RBT. So, that's something we are discussing. On gaming, we are currently live with our CA with Vodafone and our discussions are to expand it to multiple channels on Vodafone Idea.

Francois Sirois: To answer that question differently, I think the level of revenues that we had with VI was at a very good level. I don't see this going back to this level for multiple reasons. But yes, can it be better than what we have today? Yes, it can certainly be better. Also, with other operators in India, by the way. I think right now, we are at the low mark of this. But with the current product lines, I really see that we can increase in most operators in India.

Pratik Jagtap: We have another question from Jitendra, "Now we have cash flows and decent cash balance at a gross level and QIP seems only at good valuations. Are we thinking of inorganic acquisitions to grow? And any discussions on and the size of acquisition we may be looking?"

Francois Sirois: Yes, we are looking in the market a good acquisition. Now for me, a good acquisition is a company that makes profit not losses, which fits well in our portfolio, ideally in gaming, obviously, because we want to grow our gaming revenues, that the multiple is not too high. So, our multiple needs to be higher than their multiple, so we get the gain. Normally, when you're a public company, you get a higher multiple than a private company. Ironically, right now, it's the inverse, I see companies that are 1/5 of the size of gaming that we are and they get 10x revenue valuations from private investors. So, it's very difficult to do M&A in this situation, whereby Nazara is trading at 5x revenues. And every time they acquire a company, the multiple is lower.

So, to answer the question, that's why I was saying we need to have a good cash position, but we need to also have a good market cap to be able to do good M&As. If not, it becomes too expensive. But yes, we are looking at this. Now just being in gaming doesn't make it a good acquisition. It has to be synergies on the people front or we have good synergies on being able to cut their team by half and operate at lower cost because we already have the teams or they're really complementary teams that we need and that boosts revenues. But when you look at all these factors, and for me, I don't want to move on this, you have like 5 factors to make it a good acquisition. So, we have to be patient. But yes, for sure, we're looking into making acquisitions.

Pratik Jagtap: Thank you Jitendra, Bikram & FC. The next follow-up question is from Prashant. He is asking, "Can you please throw more light on the new console gaming segment and your strategy for distribution and monetization?"

Francois Sirois: When we look at the market, there's one slide on the market, $400 billion market, it's a huge market. Half of it is mobile gaming, which all we did was mobile gaming. The other half is console gaming and PC gaming. Now I just want to be clear, in the last 40 years, console gaming started in the 1970s, in '80s and really grew in the '90s and now. But there's no overlap between mobile gaming and console gaming. And console gaming with the telecom market or the mobile market it's two distinct markets. With the service that we have now, I think we're really offering something where we can really address this console gaming. So huge, huge market potential. If we just look at India, I mean the number of console sales is very low. Why? Because it's too expensive. PC gaming is even more expensive. So, the number of consumers in India for gaming is like 400 million gamers. And most of them don't have reason or the money to buy a console. So, it's a huge potential to be able to address this market. So that's exactly why we're addressing it.

The technology was not ready 5 years ago. It took us a lot of time to be able to find the right technology and make it work. Now we have a workable solution from A to Z. So, this is what we're selling to operators now. It's a different sale than what we're doing on mobile gaming, but it brings a different set of value also. It's a different CapEx-wise and installation-wise, it's way more intensive, which is more similar to what we do with tones. To deploy tones, ring my tone customer is very intensive on hardware. So, it's very similar to that. So that's the discussion we're having right now. Normally in the next 2 quarters, we should be able to have an announcement on that front.

Pratik Jagtap: Thank you Prashant & FC. We have next follow-up question from the line of Neeraj. He is asking, "What is the current EBITDA margin in the gaming business? And where do we see it in the 1 to 2 years?"

Radhika Venugopal: So as of now, the gaming business is breakeven. At a contribution level, it is positive. And in 1 to 2 years, we are expecting double-digit EBITDA in gaming P&L.

Francois Sirois: As we always said, and I'll say it again, we aim at least 25% on gaming. I just want to keep everybody in mind, we're not capitalizing. And that's a decision that we took. Actually, one of the questions by the Board during this Board meeting was why don't we capitalize? Because we were capitalizing a lot in the past years and I just think it makes up our numbers, because then you know how much we capitalize and then we show good EBITDA, good path. So, when you look at this EBITDA, this path, all the product development is in there. How much did we capitalize this quarter?

Radhika Venugopal: This quarter, hardly anything. INR 1.5 crores. Every quarter we were capitalizing earlier around INR 20 crores, not last year, last to last year. This came down to INR 8 crores to INR 9 crores.

Francois Sirois: The goal is not to capitalize so that we don't confuse the numbers. The goal again is that the gaming business revenue is such that everything is in it, any development that we do for any service, including the Virtual Console or the Gaming Platform that we just did in the last 3 quarters, a big push on development, including all the upgrades on ONMO and CA, which is getting a big upgrade this quarter. Everything is in P&L. The reason for that is I want us to all understand what's the real value of it. So when we say 20%, 25%, that will include the actual investment in gaming. So right now, we're basically breakeven, but the reality is that we're not because we're actually doing a lot of development to do it. So, if I would put aside the development that we made in the other product and just take the CA and ONMO, we would show a good EBITDA. But now, I mean, it's all in. So that's why it is like that.

Pratik Jagtap: Thank you Neeraj, Radhika & FC. We have the next follow-up question from Saurabh. "What are the entry barriers that exist for potential competitors? Who are you current competing with? And are there comparable regional competitors or any global players?"

Francois Sirois: The biggest competitors that we have actually are the one, the value-added service companies selling to mobile operators. They're selling equipment service. So that relationship with the operator to take over the wallet and manage, that's basically our competitors. On the product stand, even the biggest one do not have the product line that we have by far on gaming. There's nobody. There's not one company that can compete with us with the gaming products. Now as we know, having the best product is one thing. When you deal with an operator, there's other factors in, but on the product side, not many companies have this.

On the Virtual Console side, a lot of the other companies doing something similar were trying to have us partner also. The ecosystem is quite small for now. I view more like a partnership competition style than a pure competition. Then when we compete, it's competing for ads on gaming, but again, because we're focusing in emerging markets, in markets where the gaming is only starting really, we don't have that much competition on that front either. In general, that's pretty much where we stand.

Pratik Jagtap: Thank you Saurabh & FC. The next follow-up question is from Umesh, he is asking, "Have you tied up with all the operators in India? And if not, are you planning for tie-ups?"

Bikram Sherawat: We work with Airtel and Vodafone Idea currently. There was a discussion with Jio many years back. Right now, we are not. And our services with BSNL are no longer active, but we are in discussions with them to revive them. That's the current status in India. So, 2 out of 4 we are working in India right now.

Pratik Jagtap: Thank you Umesh & Bikram. The next follow-up question from Jitendra Bhutoria he is asking, "Please update on Chingari investment. In the series of earnings call, it was informed that we are planning to exit and the valuations are above our investments. What is the exit plan as it depends on Chingari to give exit? What time period has been assured by the Chingari promoters as this could add up to our cash and help in acquisition, maybe without QIP or diluting the equity?"

Francois Sirois: Yes. That's a Board's priority. We even have Paul Lamontagne, our Vice Chair, that's taking the ball on it. He's actually traveling to India today, meeting tomorrow with the Chingari founder to make sure that we have a path to liquidity. That's exactly our plan is to solve this in the next 6 to 9 months. That's the time frame that we give ourselves to be able to get back our investments.

Pratik Jagtap: Thank you Jitendra & FC. The next follow-up question from Neeraj is, "Since we are not happy with our market multiples, are we considering demerging the gaming business to unlock the value and enable fundraising?"

Francois Sirois: Yes, that's what I wanted to do. As you know, we have ONMO Inc. as a subsidiary in the U.S. that was the plan to raise money. I think we have a fantastic gaming business that could raise money in other markets. The problem we have to be really transparent here is a tax problem. Because we're dealing in emerging markets where we need, for tax reasons, entities in each of these markets, it's very complex. It's a big puzzle to be able to and all these entities report, obviously, to OnMobile Global in India. So it's very difficult to redo the puzzle on transferring all these entities under ONMO Inc. and capture all the revenues of gaming under ONMO Inc. in the U.S. And tax-wise, that would be quite an endeavor. So, to be honest, we do not have the solution yet, if we wanted to do this, that's what we need to do. So for now, we don't have the answer, it doesn't mean we won't find it, but now it's getting material. Gaming companies, as I said, at the end of the year will be in the run rate of $25 million going to probably double the next year. Now we're in the midst of gaming companies in that size, there's good valuation. So it makes sense to really figure out that puzzle. It's something we need to find.

Pratik Jagtap: Thank you Neeraj & FC. We have next follow-up from Umesh, "What sort of amount are we expecting on the sale of Chingari post-tax?"

Radhika Venugopal: Our initial investment in Chingari was $4.5 million, which was later on, we augmented it with another $1.5 million. Our total investment in Chingari was $6 million. And right now, our investments are valued at $7.2 million. So that's the amount what we are expecting on realizing this.

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

Francois Sirois: Thank you all for joining. I look forward again to our February call. Gaming should show good growth by then. We should have good deployment also on Mobile Entertainment. Thank you very much. I'd like to share again that we did our 25th anniversary. Very proud of it. I want to thank all our Board and our employees for that long-standing support and their engagement. So, thank you all. Looking forward to the next call.

Pratik Jagtap: Thank you, FC. On behalf of OnMobile Global Limited, we conclude the earnings call. Thank you, everyone, for joining.

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