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## **Q2 FY'22 Investor's Conference Call November 10<sup>th</sup>, 2021**

### **Speakers:**

MR. FRANÇOIS-CHARLES SIROIS, EXECUTIVE CHAIRMAN  
MR. SANJAY BAWEJA, MD & GLOBAL CEO  
MR. KRISH SESHADRI, CEO OF ONMO  
MR. BISWAJIT NANDI, SENIOR VP GLOBAL SALES  
MS. RADHIKA VENUGOPAL - VP FINANCE

**Moderator:**

Ladies and Gentlemen, Good Day and Welcome to the Q2 FY '22 Earnings Conference Call of OnMobile Global Limited. As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Asha Gupta from Christensen Advisory. Thank you and over to you, Madam.

**Asha Gupta:**

Thank you, Steve. Good morning, Good Evening to all participants on the call depending on the geography you are in. Welcome to the Q2 FY '22 Earnings Call of OnMobile Global Limited. Representing the Management today, we have FC - Executive Chairman; Sanjay Baweja - Managing Director & Global CEO; Krish Seshadri - Chief Executive Officer of ONMO; Biswajit Nandi - Senior VP Global Sales and Radhika Venugopal - VP Finance. The call will start with brief update about overall performance during the quarter and financial by Sanjay, Krish will give you brief update on ONMO which will be then followed by FC speaking on overall business activity and sharing his thoughts on the future plans. We will then open the floor for Q&A session. I would like to mention that some of the statements made in today's call maybe forward looking in nature and may involve risk and uncertainties that we see. For 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. Sanjay. Over to you, Sir.

**Sanjay Baweja:**

Thank you Asha. Good day to everyone. I am glad to be with you once again and hope all of you are doing well staying safe and healthy. Before I get into business and financial updates, I would like to thank all of you, our customers, and our team members for their continued trust in us.

I hope all of you had already seen the investor deck that has been mailed to you as well and hosted on our website and exchanges. If anyone of you is not on our mailing list, please feel free to mail us or connect with our investor relation team and we will add you to the distribution list. In line with our long-term growth strategy to become a pioneer in social e-sports, the Board of Directors recently announced a new leadership structure to further strengthen our focus towards three business functions, B2C gaming, and B2B product and solution. I have taken over as Managing Director and Global CEO of OnMobile Global and to

ensure focus on strategic growth of our given business. Krish Seshadri has been re-designated as Chief Executive Officer of ONMO with a dedicated emphasis on B2C mobile gaming and social e-sports. The other key change is that Mr. Biswajit Nandi will oversee all global sales as Senior Vice President of OnMobile Global.

I really want to start by talking about our revenue and products which two has been the part of our results. From a gaming business perspective during the quarter, we signed nine new customers in this quarter for Challenges Arena taking the cumulative signs up to 15 out of those 6 customers are already live. While we saw doubling of our Challenges Arena revenue quarter-on-quarter, the multiplier effect has started in the ongoing quarter and will exemplify as more and more customers go live. The cumulative gross paying subscribers at the end of quarter stood at 1.2 million. We expect to sign up and be live with many more customers. We are looking forward to see substantially increased revenue from Challenges Arena over the coming quarters as we are witnessing good traction here. We are noticing exponential increase in multi-active users for this segment. Also I am really glad to inform to you all that we have completed our first co-branded launch of ONMO with a 5G operator outside of India and a few days ago, and we also signed three additional customers in this quarter. We are also excited to announce that the launch Real Money Cash Battles with Beta Testers for ONMO games in India and the commercial launch is planned during this fiscal. We have added 22 new games and more new features in ONMO, Krish of course will talk more about it in a little while.

From a product perspective games which contribute about 7% of our revenue grew by 4.1% quarter-on-quarter. It did by new customer additions in Asia region. Tones contributed 39.4% to revenue and we added two new customers here also. Under the tone segment, we have signed a new deal with one major operator in Thailand. Videos contribute about 46.4% to our revenue and I am happy to inform you all that during the quarter, we launched B2C video deal in France.

I want to reiterate that it is our expectation that from Q3 and more prolifically from Q4 onwards, we should start seeing good growth in revenue due to both the new products Challenges Arena and ONMO B2B becoming live with various telco customers. As we had indicated earlier, we expect to sign up to more than 30 customers within this current fiscal for the Challenges Arena with lot of them going live within this year itself. We are looking at signing a number of new customers for ONMO within the current

fiscal. We intend to start sharing more data with you in the coming quarters on the revenue from new products. One more significant develop that I wish to let you know at these two new products are actually opening up new doors for us. A high percentage of the customers that we are signing up now are new labels and we believe that we will be able to up sell our existing products to these new relationships, which in turn will help us stabilize and they actually give a uptick for the lengthy products revenue.

In terms of financial update:

Our Q2 FY '22 revenue was stable on quarter-on-quarter basis at INR 136.7 crore as cited in earlier calls as well. The year-on-year growth reduction came from Europe and MEA region. Europe and MEA region that declined due to some operator policies, we have now sorted the issues and things are improving further as we go along. In Europe after nine months of confused degrowth in subscriber base, we finally see the stability in Q2 and the base hit nine months high during Q2. In line with our strategy to shut down any business entity that does not measure up to our stated goals of revenues and profitability, we are continuing to focus on unprofitable Latin American businesses, and we are in the process of exiting from these countries. As mentioned earlier also in the calls, I would like to reiterate that we have completed this process substantially last fiscal and the full closure of entities is expected in the current fiscal of 2022. If you see revenue by geography breakup given in presentation, marginal revenue of 1.3%, 1.3 now comes from Americas while almost 58% now comes from Europe.

On the cost front, as part of our rationalization effort, we saw a reduction of our manpower cost with the reduction of our manpower, which also resulted in a one-time severance cost of INR 3 crores this quarter. This is going to have a lasting effect on our future manpower cost which as a consequence increased by 8.6% on a quarter-on-quarter basis for this quarter but has decreased 11.5% year-on-year. If however, we exclude this one-time cost, our manpower cost decreased by 0.4% quarter-on-quarter and 18.9% year-on-year. This is despite the increment that we gave the staff effective July 1st. Our stated targets for manpower cost is 20% of revenue, we are currently at 23%. It will be our endeavor to reach this number in the coming fiscal. We have increased our focus to acquire skill talent for our gaming business along with a right sizing our legacy business requirement. Our marketing cost remains stable at around INR 8 crores. Other OPEX increased by 35.2% quarter-on-quarter mainly due to one-time cost of INR 2.8 crores.

EBITDA for the quarter is at INR 9 crore, a decrease of about 38% and the margin at 6.9%. The drop in EBITDA is due to one-time cost as mentioned above. If we exclude those one-time costs, our EBITDA would be INR 14.8 crores for the quarter and the margin at 11.4% witnessing a growth of 2.2% on a quarter-on-quarter basis. Operating profit is at INR 6.3 crores with a margin of 4.8% during the quarter, however, excluding one-time cost, our operating profit would be INR 12.1 crore in the margin of 9.3%. Our profit after tax at INR 2.7 crores, this includes a nominal Forex loss of INR 0.9 crores excluding one-time cost. The PAT would be at INR 8.3 crores, our DSO in any case has improved to 128 days as compared to 140 days last year. The cash at books stood at INR 177.8 crores for the quarter as compared to INR 227 crores at end of Q1 FY '22. The decrease is mainly due to our investment in Chingari of INR 32 crores and also during the quarter, we made a upfront payment of € 4.2 million to one of our leading operators in Europe. Please note that Rob0 is also now our 100% subsidiary. Earlier it was an (Inaudible) 10.15 associate and we had invested only 25% into their equity, but during the quarter, we invested the remaining 75% equity and now it is a 100% subsidiary. We will continue to invest in our gaming products to strengthen our position in the B2C and gaming market. Also want to inform you on September 5, 2021, the Board of Directors declared final dividend of INR 1.5 per equity for the Financial Year 2021. A lot of operating metrics and data have already been shared in the presentation deck, I am sure all of you would have had access to the same.

With this now, I will hand over the call to Krish to talk about ONMO. Thank you very much. Over to you, Krish.

**Krishnan Seshadri:**

Thank you Sanjay, Good Afternoon everyone. I will share the progress on ONMO, our social e-sports cloud gaming product. There has been huge progress on our B2C product over the last few months. The first is monetization. We introduced cash battles and tournament feature in India on November 3rd. You remember that in the last earning call, we were working on this, so cash is now enabled for both tournaments and one-on-one battles in States where it is permissible. Others will be able to continue playing the non-cash version of ONMO, so for those who have played with the product, you will notice payment integration for multiple payment mechanism like UPI, wallets, net banking etc. and we also have coin packs where if you want to play more challenges and track this tournament and battles, we have enabled that. The second big change on the product is obviously we have upgraded our content as Sanjay had mentioned. We have got more games on boarded on the product and there are more unique challenges and short gaming

moments in the platform, so roughly we have about 60 games right now and nearly 4000 unique AI driven challenges.

Remember, we had said that our goal is to get to about 10,000 unique challenges and we are the world's first challenges creation engine powered by artificial intelligence and from the initial player feedback and focus groups that we have conducted, players just love the variety of games on our platform and the unique challenges and short form moments and they feel that they can seamlessly move across these games and short challenges without downloading any app. These short gaming moments allow us to snack on gaming content and this is a huge trend in the market. There are over 150 million Indians who now play sessions, which are really short, five to 10 minutes, consuming byte size content and they come back several times a day. The third big development on the product as you would notice is a hugely improved and contemporary UI, User Interface, and User Experience. For those who have played with the product, you will notice battles corrosive that ensures closure of open battles in the platform and this is all targeted towards faster monetization for us and we make revenues when the battle close. We will also see a activity page where you can go and check your ongoing battle, your ongoing tournaments, so kind of gives you a history of what you have played in the past and what you are currently playing, what you have won, and what your status on different challenges were.

If you go into our games page for any specific game, you will also see a progression logic for challenges introduced that improves your re-playability while displaying the number of challenges. For example, if you are in the cube puzzle game, you will see 150 challenges and if you are in the tenth or the twelfth level of that challenge, it gives you progression logic for that, so we are really confident that our ONMO direct-to-consumer product will be a dominant social e-sports cloud gaming platform. Over the next six to seven weeks, we will continue optimizing the product, the user journey, and engagement and then starting Q4, we will start with our digital marketing push in India for user growth. That said, we will also continue upgrading our features and roll outs over the next three months. In particular, our first-time user experience, we have focused a lot on the first-time deposit experience and features to induce repeat visits during the first seven days and many more interesting things that are in our pipeline. On ONMO B2B, there has been terrific progress on the partnership side as Sanjay mentioned in a very strong interest from telcos globally because they also see the short game moments and the thousands of challenges and cloud streaming as truly different from any other platform. We completed the first

co-branded launch with a 5G customer. We have signed up three more global customers that are multiple conversations with different global customers, which are at various stages of partnership discussion, so we are very confident that ONMO B2B will also see a similar growth trajectory and customer adoption like Challenges Arena, which Sanjay talked about.

The great thing about ONMO product is it cuts across geographies, it cuts across age groups, countries, gender, so it is a very, very universal product offering, very, very futuristic so that said gaming is our future growth business and both are gaming products are mobile first, global in nature. The mobile gaming space is expected to grow over a \$ 100 billion over the next two years driven primarily by mobile gamer because of the millennial audience, cloud gaming spend, e-sports and social gaming, so as you can see all these are very, very integral to the ONMO product and over the course of this transformation to gaming business, we have also been able to attract and build world class gaming talent across all our regions, India, Sweden, and Canada, so with that that is a recap on ONMO. I will hand it over to FC, our Executive Chairman.

**François-Charles Sirois:**

Thank you, Krish, thank you all for joining the call. Let me start by congratulating Sanjay for stepping up as global CEO. Sanjay, the Board is really happy with all the work you have done in the company and obviously it shows. I have worked with you Sanjay for multiple years, you were on the Board for many times, you stepped in as CFO, and now global CEO, I am quite happy that you did a step-up to this level and we are in very good hands in you with as CEO. I am going to talk for the whole Board here because we did for during the COVID, it was very tough to do Board meetings over Zoom. It is our first Board meeting that we did in presence here in Dubai. We spent a very good two-day session on all aspects of the business and just to reiterate what the Board is feeling right now, is where every aspect of the business is solid and I must say that is a first in many years that I have been in a OnmMobile where I feel that every aspect of the business is covered and solid and you might not see this as investors, obviously because of all the details of the business, but when I looked at our traditional services the tones, video, and the new services which are really performing now and ready. Just on the ONMO side, just to come back since Krish has finished, it took us two years to build this service and it is not an easy service, the first social e-sports platform in the world, nobody has that.

We are combining two technologies which is touch streaming and AI visual analytics to be able to do challenges and see who winsends who lose without any code-integration from the game

of upper part. Nobody has been doing this and it is really truly a challenge. It seems easy under vision to say it on paper. It is another thing to make it work and make it work to a point where it works every time. I am very happy and I am going to congratulate the whole ONMO team on this one because we launched live now with cash as you know on November 3rd. It has been a huge effort from the team to do it and now we are live and now we are in a situation where we can start marketing which you know before was always we can say something is missing, now nothing is missing on the ONMO side to market. I just want to take one step, the highlight of the quarter is not that much ONMO, it is Challenges Arena. The engagement metric and the conversion metric on Challenges Arena and conversion from a user point of view and from an operator point of view are terrific honestly. We launched this product in March-April and with only one customer.

Now, we are live with five, we signed 15 with verbal confirmation is up to the roof honestly. I have never seen from a telecom point of view, a product that picks up so much in six months. One thing that we have been having is an issue with operators for multiple years now is the traditional VAS services we are not engaging and all you could see, stack of customers paying subscribers but nobody was using the service and everybody is calling the call center to cancel that service and that was a very tough business to maintain. Now what I see with Challenges Arena is that it is truly engagement on that service and there is so much engagement that shows that the operators, you know what you show me the metrics, I see the engagement and I am signing up and the compounded aspect of this. Right now in the quarter, we looked at the results and this seemed very small, it is like less than 1% of our revenues but trust me this thing is really, I am just seeing right now that the picture which we are looking for future results but we are actually looking Q3 right now and the results are totally different and the compounding effect of having multiple launches and operator is really picking up and as a Board, the whole Board we are quite happy with the team on this one in the metrics. There is a lot that can be on that gaming product on Challenges Arena, so we are very positive on this, very positive on most two great service.

The operators on ONMO also clearly a cutting edge service who are mostly addressing 4G, 5G operators that really want to be cutting edge, but a lot of them are quite interested, so almost following about six months behind on the sign up of operators on the B2B side, but it is right there, what I really like and I am coming back on the strategy today is that we are filling the demand for multiple aspect that the operators need and clearly Challenges Arena is a totally complementary product to ONMO and we are



right up there with Challenges Arena and ONMO following on and I really see the pathway with revenues really been kicking in. The ONMO service that we sell to operators are subscription service it's not real money e-sport, it is subscription which is the same model as Challenges Arena, so whatever you will see in the next quarter is coming along with Challenges Arena expect the same following on with ONMO, so we are like two waves of new products following on. One thing also I want to highlight which we are very happy that 50% to 60% of the customers when I say mobile operators are new. We have today 98 customer mobile operators, all the 15 new that we signed on Challenges Arena, the majority are new customers. There are new operators that we never dealt with effecting with ONMO B2B, so really, really new way of getting new operators onboard on the B2B side, so that is what I really want to share with you. I really look at the future and I am really enthusiastic. Just one word additional on ONMO B2C, we are live with B2C on ONMO, now we can start marketing it. We all know we did the investment in Chingari, it is a great investment by the way you sell, we reinvested twice the value, it is growing like crazy 35 million plus monthly active users; while all of this as an investment we are benefiting also as we launch ONMO B2C and that is the key, so a big focus now that work is to get this thing integrated right away for Q4, so we can benefit in India from the Chingari momentum, so that is really the team staff to make sure that we deliver in Q4 aside from going with the marketing thing, so I am going to stop it here. I am sure you have multiple questions, so we will go right into the Q&A.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mithun Aswath from Kivah Advisors. Please go ahead.

**Mithun Aswath:**

My question is more on the cash balance I think has come down to about INR 177 crores from INR 266 crores in the beginning of this fiscal, just wanted to get a sense how much have you invested in Chingari so far and what is the current valuation of Chingari and what stake you have in Chingari at the moment? How many users are currently are on Chingari?

**Sanjay Baweja:**

As far as our investment is concerned, we initially did INR 32 crores and then we followed it up recently with another INR 11.06 crores. We are maintaining our 10% share in Chingari. I am not at liberty to speak about the value per se, but I will leave that for you to decide, but I can say that from the first investment to the second one, the valuation has doubled. As far as the number of customers, I request Krish to talk.

- Krishnan Seshadri:** Roughly about 35 million monthly active users but that is growing pretty rapidly and should likely cross 50 million in Q4, so that is the order of magnitude of reach that we are likely to have.
- Mithun Aswath:** Just wanted to understand the fall in the cash balance by close to INR 90 crores, if you can just give me the breakup of where that money has gone in terms of where you have spent it, obviously some amount of it has gone to Chingari but the remaining fall in the cash balance if you could just take us through?
- Radhika Venugopal:** We invested INR 31.8 crores in Chingari. There was also an upfront fee payment to one of our major operators in Europe that is around € 4.2 million, these are the major outflows in cash. Further, we invested another INR 11 crores recently in Chingari. On top of this, we are also investing in the R&D of the gaming product, so these are the bifurcations of the outflow of cash.
- Sanjay Baweja:** Also to mention that we completed the Rob0 acquisition so that took another some crores.
- Moderator:** Thank you. The next question is from the line of Deepak Poddar from Spark Capital. Please go ahead.
- Deepak Poddar:** Thank you very much Sir for the opportunity, I just wanted to understand couple of things, in the previous conference call as well we have been speaking about like in three years, our new gaming businesses will be larger than our current business, so in our current business we are at about INR 500 to INR 520-530 crores kind of a revenue run rate, so at least a INR 550-600 crores revenue target in three years from gaming, will that be a feasible kind of a one can envisage on the gaming business?
- François-Charles Sirois:** If you look at the market on the B2C side right, on real money gaming all our competitor which I will not give the name, but you know them in three years' time have grown to major revenues and we are addressing the same market. We are going globally also, we are addressing the B2B market also as you know, so we got two front, our expectations for sure is that gaming can go that much.
- Sanjay Baweja:** While specific numbers one does not give but our sense is clearly the gaming revenue will get larger than our current legacy business.
- Deepak Poddar:** In three years' time, that is what right?
- Sanjay Baweja:** Three to four years' time, yes.

**Deepak Poddar:**

In the Challenges Arena segment, the kind of pickup that we have seen in traction so that is quite commendable, so maybe next two to three-four quarters, so what sort of revenue traction we are looking at may be from INR 1 crore right now to maybe what INR 15-20 crores in?

**Sanjay Baweja:**

I think with last quarter to this quarter, we just had a single operator live, we doubled the revenue with only one operator. We have got five other people live now, but maybe towards the end of Q2. We believe that this revenue will more than double in this current quarter that we are and maybe go up as much as two-and-a-half times. Our belief is that once we have at least 15 of them live over the next two-three quarters, the projection I do not want to put numbers, but I think the multiplier effect will be huge and I will leave it to you guys to while it will not be fair to say that every operator will have similar numbers, some places we have to hire, some places customers are different, but having said that the current, I do not think we have even exhausted or probably got only a fraction of what our one operator was doing. I think that operator himself will give us a much larger revenue from where we are today and the multiplier effect will be there for all to see.

**Moderator:**

Thank you. The next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.

**VP Rajesh:**

My question is that with Facebook becoming Meta and they are pushing on the multi verses side, I would suspect that the multi verses will start becoming the environment also for the gaming systems, so I am just curious what you guys think is that a hypothesis or those two sort of trends will not merge in the near term?

**Sanjay Baweja:**

There are several trends happening in the mobile gaming space and the top three or four that we pointed out to include social e-sports, the use of AI cloud streaming and short gaming moments, yes, there are companies focused on the metaverse too. At this stage, our focus is very, very clear and focused on these trends, which are obviously driving our product development efforts. We will look into it, maybe in a few quarters and see what our play in the metaverse may be. I do not think we are there right now because the trends that are driving ONMO itself are very huge and you cannot keep chasing every trend out there, so the markets that we are playing itself is growing rapidly and I think our focus is very, very clear at this stage.

**François-Charles Sirois:**

We are the only one in the world today doing social e-sport like truly taking any game that we can put on our platform and actually compete like without any integration, so it is truly social e-sport

platform. Focus is key also right, so let us hit the mark. We are already going onto e-sport to mobile phone, which is different and a lot of e-sport today is on consol and with special gamers, we are taking this to anybody as we say social e-sport, anybody on any mobile game and we make very small like, we compare it to Tik-Tok game competition, 15 seconds, 30 seconds, one-minute, two-minute competition on mobile games, that is the segment we want to hit hard on ONMO and that is whaty we wanted to deploy and we know I think both these subscription model and real money model both combined or side by side in both cases is truly on a global level a great market. I mean the metaverse is to ensure your question. I invested 10 years back into mobile world and invested it is under a game and appreciate that Facebook decides move to their case, I do not know how much money they are going to waste before they can show any results on this, but we are not going to waste any money on virtual world and metaverse, and virtual world gaming for now so that for us the focus is really social e-sport and I really want us to be the leader in there.

**VP Rajesh:**

That is quite helpful, thank you. My second question is you had talked about the fund raising for ONMO, so if you can update that?

**Sanjay Baweja:**

We are actually evaluating as to when we go to the market. We have been talking to a few strategic investors and some bankers. Clearly, the traction is there. We want to be ripe from a value perspective when to hit the market. Our sense is we will be raising the money in the next fiscal. We have had discussions with bankers etc., our target is to raise the money early next fiscal.

**VP Rajesh:**

From the P&L I see that lot of investments is also going to ONMO, will it be possible for you to at least segregate going in ONMO versus your regular business or supporting Challenges Arena?

**Sanjay Baweja:**

Rajesh, it is very difficult to understand, your voice is getting muffled, your question I am not able to understand, sorry.

**VP Rajesh:**

Sorry Sanjay, I will repeat what I am saying is that given the expenses that are coming up, is it possible for you to share the investments that are going in ONMO from the P&L side, so that one has a better understanding of your sort of mainstream business and the investment that is going in ONMO?

**Sanjay Baweja:**

As our ONMO is concerned, as of now there is nothing hitting the P&L per se expect that the overall cost of our leaders, because those costs are into everything else that we do people like us and the others. Other than that, most of the direct cost are still getting

capitalized because of the R&D product is not yet, the B2C product is not yet launched. In that sense, commercially launched, so unless we commercially launch that, that will get capitalized and that is still as part of our investment that we just talked, Radhika also mentioned, so from a P&L perspective those things have not yet come about. As far as the Challenges Arena and other things are concerned, those will be hitting the P&L, but there we are commercially launched, there we are growing revenues.

**Moderator:**

Thank you. The next question is from the line of Prakash Ramasesan from Pragma Consulting. Please go ahead.

**Prakash Ramasesan:**

Good Afternoon Gentlemen, thank you for taking my question, the first part is a small suggestion for us to better understand what is happening in the gaming business and the investment vis-à-vis the returns and the second part is a question. The suggestion is if you could give us perhaps going forward by quarter the investments being made in ONMO either on the capital side or the revenue side and some kind of reconciliation of the cash balances because that is a question coming up for many investors, just for information maybe it can be one slide on the presentation which can help us better understand the mathematics of the business. The question I have is as it happened in Chingari where they have issued crypto currencies to incentivize people to come on to their website and play, are there any such thoughts on ONMO and your gaming platforms?

**Sanjay Baweja:**

I think good suggestion as far as the numbers part is concerned, we will make sure next quarter onwards, in fact I had already mentioned that we will give you more details. We do want to share, we want to be completely transparent, we will share from an investment perspective also and P&L perspective also all the data about the new products clearly. As far as crypto currency is concerned, yes, Chingari has launched it, hopefully when somebody gets into crypto currency, the value base goes up huge. One that is going to benefit us in a big way I hope. As far as, we are concerned doing crypto I would not want to comment on that, but yes all options are open for us and you could hear some good news from us as of now, we do not know yet, nothing.

**Prakash Ramasesan:**

Thank you for taking my comments onboard and thank you for your response. Congratulations on the great set of numbers and the growth, and wish you great quarters ahead, Sir.

**Sanjay Baweja:**

Thank you.

**Moderator:** Thank you. The next question is from the line of Siddhartha, an Individual Investor. Please go ahead.

**Siddhartha:** My question is on the Challenges Arena, why did we pull back our apps from playstore and is there any plan to integrate with Chingari app?

**Krishnan Seshadri:** I think the playstore Challenges Arena that you might have seen that was more a B2C and we did not want to confuse that with Challenges Arena which is our B2B which is essentially our product strategy, so the few thousand users that you may have seen in the playstore we just removed it because that is not really our B2C play, so that is where it is. We do not at this point in stage have a Challenges Arena B2C strategy or plan, if we do we will come back to you on that, but right now as Sanjay talked about it is a B2B play for us with the telcos and other OTT platforms.

**Moderator:** Thank you. The next question is from the line of Sunitha, an Individual Investor. Please go ahead.

**Sunitha:** Good Morning Sir, which kind of expenditure was incurred in research and development, can you kindly throw some light on that, which activities the research was done?

**Sanjay Baweja:** I think the entire development of ONMO product is research and development from our perspective that is what we are calling research and development. Like FC mentioned it has taken us two years to develop. We have acquired two companies, while that obviously is shown separately, but clearly the development of the product that we have launched from a B2B perspective and recently on a B2C mode, that is all research and development, that is really the development of our new product, that is what the research and development is.

**Radhika Venugopal:** These are basically the acquisitions of Rob0 and also the additional expenditure which we incur on a monthly basis on the development of the product, which is the essentially the people working on the product and the other expenses like there are certain contracts related to the development and research. These are the expenses which are getting capitalized and pertaining to the research and development of the gaming product.

**François-Charles Sirois:** Just to clarify, ONMO right now we launched November 3rd, it is in beta mode. You can use it the way you can use cash as our commercial launch, before we put the full gas on marketing, it is in beta till the end of December, so the capitalization on this front will stop probably January 1st from now on it is going to be a P&L hit, just so we can plan accordingly.

- Moderator:** Thank you. The next question is from the line of Manan Thakkar from ICICI Securities. Please go ahead.
- Manan Thakkar:** My question is on the customer acquisition cost and the B2C strategy, is that a dampener that because we need to burn some money that we are not pushing B2C right now?
- Krishnan Seshadri:** Is this specific to B2C customer acquisition that you are asking?
- Manan Thakkar:** Yes Sir for a gaming business say to get into an app store on iOS and do that, will that need lot of cash burn, so we are not pursuing it right now?
- Sanjay Baweja:** Let me clarify, two things one is ONMO is not on the playstore or the app store, it is on the web browser played at ONMO.com, it is a progressive web app, but that said yes that also needs a little marketing, but typically the first couple of months of any product launch you kind of optimize the product and the engagement and as FC mentioned we are giving November and December time and then starting Jan we will start the marketing push for ONMO.
- Manan Thakkar:** So we would get eventually on the app store, by which quarter we intend to do that to get on the app store?
- Sanjay Baweja:** The product is not on the app store, it is on the web browser so if you open your mobile phone and go to let us say your chrome browser, you can just type in play.ONMO.com and you will find our product there. It is directly cloud streamed onto your browser, so it is not on the playstore, it is not on the app store.
- Manan Thakkar:** Alright, so we will not get there eventually is it?
- Sanjay Baweja:** No and we do not need to pay the big money to kind of come on to the top of the app store either, so there are lots of products now especially in gaming, which find alternate distribution channel outside of the playstore and the app store and that is where we are.
- François-Charles Sirois:** Let me just add here just for all investor to understand the business decision that we took on this front, since it is cloud based we do not need to download an app. It is a big advantage. You will see in the investor deck, we have shown our first publicities, advertising that you can see on Facebook, that you can see on the web, it is a one-click play. You see the ad you click, you can play right away, subscribe and you are there. Other apps, you do one click app store, you are in the app store, you click, you download the app, you wait for the download the app, you have triggered

the app, you go login in the app, you get the process. This process is like a template versus a one-two click play, same thing when I say social gaming, I have a friend, I can do one SMS, I send a challenge and in one click he can play and we can battle. No other platform can do one click play because it has not been built that way. We built our system this way, so huge advantage to have this services directly in the cloud directly on the web, without having to do any downloads. Now, marketing wise does not change the fact that we still need to invest in marketing and I just want to say that on the engine market side, we are really lucky to have done this investment with Chingari because we will benefit from all their momentum here in India as soon as we integrate, so I am repeating myself but the priority right now and the team is to integrate the service within Chingari so that by Q4 or early next year, we will be ready to push with a lower marketing spend that would normally be required to really hit the market here.

**Manan Thakkar:**

FC, the only point was getting into the app store and having the app downloaded the one-time effort, will it not lead to more engagement from the users because the app ecosystem is fairly penetrated in the 4G, 5G user base for the B2C strategy?

**François-Charles Sirois:**

To answer your question on Google android we can do it. Actually, we have internal developments looking at it so that we can address this side too. On the iOS side, there is restrictions from Apple to be able to have what kind of service we have with multiple games within one service. Now with all the epic games we are doing and changing, the law, the rules to be able to have multiple billing system within an app also, there might be other ways we could use iOS also to, I mean the key here is to be able to monetize right, so if we can get other users through app stores and they do one click billing, also without having to enter credit card, we do it one click billing with operators as you know but in other markets like the US market, European market, it is very strong on the app side billing, so that is the advantage of doing this, so it is going to coming along, but for now really our focus is the web.

**Sanjay Baweja:**

Also with some of the other bigger competitors in the e-sports space whether it is MTL or Winzo, they are not on the app store. They have got a APK, but it is side loaded on there on website and one has to also follow certain app store and playstore policies in different geographies.

**Manan Thakkar:**

Lastly on our tones business, any further updates that you want to share except for what we have shared on the deck?

**François-Charles Sirois:**

The tones business is stable.



- Biswajit Nandi:** The tones business is stable. We are adding new customers to the tones business. Their revenues will start getting reflected in the next fiscal. This fiscal we are deploying the platform inside the telecom operators' premises and that is how we are looking at the tones business right now.
- Manan Thakkar:** Which regions are these new operators?
- Biswajit Nandi:** We have found few customers in the H1 primarily in Southeast Asia and Africa.
- Moderator:** Thank you. The next question is from the line of Ramakrishnan V. from Equity Intelligence. Please go ahead.
- Ramakrishnan V.:** Thanks for taking my question, my question is on the frontend payment what we made to one of the operators around \$€ 4 million, so could you elaborate on that and when is the payback period?
- Sanjay Baweja:** This is something that we have been doing this since 2017, the payback is in the next couple of years.
- Radhika Venugopal:** This is the upfront fee what we pay to one of our operators in Europe and this has been there, this is not a new payment which we have made. This has been there since 2017 and this tranche of payment, we paid this particular tranche in the month of July, so this is basically the expenses, marketing, and the acquisition expenses, which we share with the operator. It is just a prepayment and it is not an expense on the P&L, it will get charged off on a monthly basis. It will get charged off over a period of the contract and this started in 2017, so this is not a new payment, which we have done now.
- Ramakrishnan V.:** The payback?
- Radhika Venugopal:** Payback is coming in the coming quarters, so it will come in the coming years and coming quarters.
- Sanjay Baweja:** For the next two years plus.
- Moderator:** Thank you. The next question is from the line of Bikul Arora, an Individual Investor. Please go ahead.
- Bikul Arora:** Hi everyone, my question is on the acquisition that OnMobile recently done with the Rob0, so are those the Management of Rob0 are continuing with OnMobile, if yes, then the synergies are still there or do we see any changes?

**François-Charles Sirois:** We have very good team, Rob0 is based in Montreal and I am based in Montreal too and we have excellent team, very experienced. The Rob0 team in the past have managed key games like World Star Poker, (Inaudible) 52:17.6Tetris so they really, really know. They build up games on skills in the US, they build up games on multiple platform and just to remind everybody that they are the one that develop this algorithm and AI to be able to actually run on top of games and do visual analytics of games, that is the same AI that we are using right now to be able to actually identify the games stats, a number of points collected, number of moves, the score and being able to stop the challenge right on time to be able to capture and decide who wins, so they are really key to this whole social e-sport platform, and yes, to answer your question, we acquired 100% Rob0 for exactly that reason is that we wanted them to focus solely on ONMO and not try to do two business in the same time as we know that doing two business is very tough. We need to focus and we needed this thing to focus, so now they are 100% focused in ONMO and we completed the acquisition to that front.

**Krishnan Seshadri:** Just to add to this, the way we are paying for it incentivizes them to stay on with us for the next three years.

**Bikul Arora:** So this is basically same implemented for Appland as well that we acquired few years back?

**François-Charles Sirois:** Yes, very similar exactly, Appland is focused on the cloud streaming and edgeas computing. Everything we do is very cutting edge on the edge computing but the team in Appland is really focused on edge computing on streaming the moments and doing the snapshots on the moments and that is something unique also. We have a patent on this on how to do snapshots, but we are the only one in the world today doing snapshots on game on cloud business. All other cloud provider do not have the snapshot capability, so Appland is focused on this and the Rob0 team is focused on reading the stream light and writing the game play, doing the CMS to be able to create the challenges and make the matrix on the challenge made on what score, coins, number of moves, time based and stopping the screen as soon as these conditions are met, but only on the AI and visual analytics front. Again, I am back on what I was saying, it is very cutting edge but every complex to be able to do, so that is why it has been a big two years, really happy that the team all came together right. They are working hand-in-hand in Montreal, Sweden, and India, everybody is working in hand to deliver this platform and it all comes together and now it is working perfectly so, but Rob0 and

Appland are very similar type of acquisitions here to be able to deliver this ONMO service.

**Bikul Arora:**

Right, my second question is on ONMO games, so as a user perspective when I played the games some of the things that we are lagging in different devices ourselves as well, so do you want to talk about little bit on the gaming platform that is any enhancement or user experience wise we are doing something?

**Krishnan Seshadri:**

As you can see the platform has about 60 games, the games are all very different by different genre, so we have done a lot of optimization over the last three or four months on the user experience on some of the lag that you may experience. We had also you know evaluating the network quality and the games based on playability right, so those are all focus areas for us from a product roadmaps standpoint and it is just going to get better and better. You are going to have a much better first-time experience, first deposit experience. Today, sitting in Bangalore or Mumbai which is reasonably close to our servers, we do not see that much lag in many of these games as we used to see about a year ago, so that is also a testimony to the streaming technology acquisition of Appland and how that is integrated within our platform.

**François-Charles Sirois:**

Just to share personal experience, I am here in Dubai and the server is in Mumbai and I am playing, and it is working exactly like Montreal, except when there is a peak on the Wi-Fi and everybody 2 pm on the Wi-Fi, but that is something we cannot control. The only thing we can do is really going to edge computing and just for investors to understand this and that is why it is so important to sign 5G operators is when we deploy our own servers into the operator premise, we control from the handset to the server, there is nothing in between, so we control it and we ensure that we have a full quarter service. Right now, we are running on Amazon and we do not control the internet obviously so it is very, very important in our strategy if we just talk about India to really deploy servers within operators across India and in every geographies we go we have to be able right on the edge, so to do that we need to go around server, so that is going to be a big push in the coming quarter.

**Bikul Arora:**

There is one clarity, if we are talking about ONMO Games then it is just a platform that we recently build out few months back?

**Krishnan Seshadri:**

Yes, we launched the non-cash version with a virtual currency towards the end of May and it is the same product. It is just that the November version has cash and monetization on it, it is the same product, yes.

- Moderator:** Thank you. The next question is from the line of Deepak Poddar from Spark Capital. Please go ahead.
- Deepak Poddar:** Sir, I just wanted to understand this ONMO B2C the beta launch was done on November 3rd, right?
- Krishnan Seshadri:** Yes.
- Deepak Poddar:** So from the ONMO platform, what is the timeline that you are seeing a meaningful kind of a revenue start accruing from this platform, what is the timeline from the launch that we have done?
- Krishnan Seshadri:** The next few weeks till end of December, we are just as we said optimizing the platform, the marketing push will start in Q4, but our own digital marketing and also integration with Chingari and post that we should start seeing somewhere new revenue traction.
- Deepak Poddar:** Revenue traction maybe from what Jan '22?
- Sanjay Baweja:** Let us look at first quarter next fiscal, that will be meaningful.
- Deepak Poddar:** First quarter next fiscal, that is 1Q FY '23 right?
- Sanjay Baweja:** Yes.
- Moderator:** Thank you. The next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.
- VP Rajesh:** Just a quick question, Sanjay, how much have we spent on acquiring Rob0 and how many employees are there?
- Sanjay Baweja:** Rob0 the values have not been given, but it is a very small value nothing. I mean you probably know the Appland numbers, Appland was bigger in that sense. Rob0 is a small investment, I do not think we would like to give those numbers, but it is a not a very large, large number in terms of Dollars.
- François-Charles Sirois:** And more than 50% of the balance is paid is earn out in over the next three years, so really, really engage on this one to make sure that the value of ONMO goes hand in hand with their benefits or so, so we have a team of about right now Rob0 team we started with about 10 person, now in Montreal they are about 20-25 person working on ONMO.

- VP Rajesh:** Right, for their operational expenses and assuming that is coming from our balance sheet and that is being capitalized as R&D, is that the right way to think about it?
- Sanjay Baweja:** Correct.
- Moderator:** Thank you. As there are no further questions, I now hand the conference over to the Management for closing comments. Over to you, Sir.
- François-Charles Sirois:** Thank you so much all for joining. Again, I am just going to say how solid we are on all the products front and it was really for us a very productive quarter. I am already in Q3 and Q4 that Q2 that we have here, but I am quite positive. The next call that we will do together is in February. We will have really very good insights on ONMO. We will have further developments on the growth of Challenges Arena with metrics that I cannot wait to share with you and more operators to launch with ONMO B2B also, so I thank you very much and I look forward to speaking to you in February. Thank you.
- Moderator:** Thank you. Ladies and Gentlemen, on behalf of OnMobile Global Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.