August 20, 2026

Re: AMAGI/SE/2026-27/54

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400001, Maharashtra
Scrip Code – 544679

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400051, Maharashtra
Symbol – AMAGI

Dear Sir/Madam,

Subject: Transcript of Q1 FY27 Earnings Conference Call.

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Q1 FY27 Earnings Conference Call held on Friday, August 14, 2026.

The said transcript is also being hosted on the website of the Company at https://www.amagi.com/investors/quarterly-financials.

We request you to please take the same on record.

Thanking you.

For and on behalf of **Amagi Media Labs Limited**

SRIDHAR MUTHUKRISHNAN
Digitally signed by SRIDHAR MUTHUKRISHNAN
Date: 2026.08.20 15:07:57 +05'30'

Sridhar Muthukrishnan
Company Secretary and Compliance Officer
Membership No.: F9606

Encl.: As above

"Amagi Media Labs Limited
Q1 FY27 Earnings Conference Call"
August 14, 2026

"E&OE" - THIS TRANSCRIPT IS EDITED FOR FACTUAL ERRORS. IN CASE OF DISCREPANCY, THE AUDIO RECORDINGS UPLOADED ON THE STOCK EXCHANGE ON AUGUST 14, 2026, WILL PREVAIL."

MANAGEMENT: **MR. BASKAR SUBRAMANIAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – AMAGI MEDIA LABS LIMITED**
MR. VIJAY NP – CHIEF FINANCIAL OFFICER – AMAGI MEDIA LABS LIMITED
SGA – INVESTOR RELATIONS – AMAGI MEDIA LABS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Amagi Media Labs Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will remain in the listen-only mode and there will be an opportunity for you to ask questions after the management's opening remarks. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

Before we begin, a brief disclaimer. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantee of future performance of the company, and it may involve risks and uncertainties that are difficult to predict.

I will now hand the conference over to Mr. Baskar Subramanian, the Managing Director and CEO of Amagi Media Labs Limited for opening remarks. Thank you, and over to you, sir.

Baskar Subramanian: Good morning and thank you for joining Amagi's Q1 FY27 Earnings Call. We'll be walking through the investor presentation, which is also available on our Investor Relations website. I'll spend the next few minutes on the quarter, the opportunity ahead, the customer momentum that we're seeing and our progress in AI. Vijay, our CFO, will then take you through the financials in detail, after which we'll open the floor for questions.

If you go to Slide 2, as we begin the year, let me start with the macro picture of what you're going to see before the quarter.

First, growth momentum remains strong, and margins continue to expand. Revenue grew 32%. We saw our trailing 12-month net retention, NRR going up to 125%. The adjusted EBITDA margin reached 11.5%.

Second, if you look at it, the opportunity remains large, and it's very early in the market. Our TAM is close to $17 billion, and about 10% of the playout has moved to the cloud. And more importantly, AI will expand this opportunity materially over time.

Third, customers are moving core mission-critical workloads to Amagi. The proof point of this quarter is that we managed the whole FIFA World Cup, all of the 104 matches were aired on Amagi's infrastructure for some of our key customers, and we could actually deliver 100% availability of this for a major U.S. broadcaster.

Fourth, AI is getting real customer traction. We've been talking about it, and we now have 10 active pilots that's happening. And one of the major U.S. news networks has chosen to work with Amagi's Newspulse to transform the newsrooms into more of an AI-first workflows. So clearly, there's a lot more to unpack on this. We'll talk about it.

If you go to Slide 3. As we said in the last quarter, the core model that works for us is the operating leverage, and that continues to play out. Revenue was INR437 crores, up 32% year-on-year, and 21% on a constant currency basis. That's a strong start of the year and our highest ever quarterly revenue in the history of the company.

Adjusted EBITDA rose to INR50 crores with a 11.5% margin and PAT was INR34 crores with a 7.5% margin. For context, Q1 has historically been seasonally softer quarter for us, fundamentally because all the salary raises and increments kicks in. Adjusted EBITDA coming in at 11.5% margin, above the FY26 full year margin of 10.3% is a data point on how the operating leverage is playing out.

More importantly, as incremental revenue comes in, a greater share is flowing to the bottom line, and that's visible in the expansion of both adjusted EBITDA and PAT margins. We also closed the quarter with INR1,616 crores in cash and investments, including IPO proceeds. Vijay will take you through the details of all these financials in the follow-on slides that will come up.

If you go to Slide 4, Amagi operates end-to-end across the media value chain, what we call glass-to-glass. From camera glass, where the content is created, to production, preparation, distribution and monetization, till it reaches the viewer's screen, we serve content providers, distributors and advertisers on a single cloud-native platform. But the more important point is what sits beneath all of this. Media is not like other software. Everything is mission-critical, every workflow is real-time, and there's zero tolerance for errors.

To run at this scale, we operate what we call a video fabric, the underlying mesh of compute, networking, storage and orchestration that makes this whole glass-to-glass operations possible. Most of the industry sees this as applications. For us, the fabric is the harder problem, and that's where Amagi's deepest engineering investments come up. It's also what makes everything on the top possible, including AI, and we'll come back to it later. Glass-to-glass on a single video fabric- that's the foundation of everything else that we are actually working on today.

If we come to Slide 5, as of this first quarter of the year, we want to step back for a moment and look at the opportunity size we're working with. If you look at it, across modernization, unification and monetization and marketplaces, our total TAM is roughly $17 billion.

But I wanted to highlight a bigger point that's starting to evolve in our industry and in the market that we serve today is that AI, we believe, could nearly double that opportunity over time. And that's the more exciting proposition that we see.

And for our customers, the opportunity comes in 2 dimensions, operating leverage in terms of cost, in terms of for every dollar they spend on technology, they're roughly spending close to $2 to $4 on human toil. That is a huge opportunity to build AI-enabled solutions that can replace their workflows today.

On the revenue front, AI can help customers create more content, reach more new audiences and increase engagement, and we feel that's a new opportunity that's evolving as we speak. To be clear, these are directional views, not a forecast, but we believe this is the direction we're seeing today. We expect to have more proof points over the coming quarters.

If we come to Slide 6. The core opportunity here is extremely powerful. And as you see, we are very, very early in the marketplace. Only about 10% of the playout is on the cloud. So, most of the modernization opportunity is still ahead.

Streaming is now close to almost half of U.S. television viewing. And this is where we think we shall continue to see that as traditional pay television declines, this share will move up, which is a good thing for the business and a good thing for the whole media industry. Advertising is starting to become central to the streaming economics. As you can see, the shift is happening across the industry.

Take the Fox-Roku deal, for example, or take what Netflix is announcing in terms of new ad formats; advertising is becoming a very, very important fuel for the economy as it moves forward. And AI adoption remains early. 27% of broadcasters use it today in some form or shape, but we see a significant runway ahead of all of this that's happening.

So, if you look at it, the market is moving in the direction where we think we have the highest opportunity to execute on. This creates a pretty long runway for Amagi as we see this happening in the next few years.

Slide 7. If you look at it in recent conversations, we are very well positioned because we've been having conversations with our customers. We had our Customer Advisory Board this quarter. And customers are consistent on 3 things, right?

Consolidate vendors. This is a big, big need for the market because the number of vendors and the tool proliferation that happens in this business is very high. For example, one of our largest customers, when we spoke with them, said they use 800 tools to get things done, which creates amazingly complex workflows.

Clearly, there's a huge need for them to simplify these workflows, and they believe that AI could be a big cost leverage and a forcing function for them to get all of them simplified completely. I think Amagi is very well suited in that direction.

We have earned the trust of our customers through mission-critical platform. We provide an end-to-end operating layer, what we describe as a system of action. It runs across technology, operations, and business workflows. And we're embedding intelligence into that layer to drive efficiency and, over time, greater autonomy as well. And again, this is supported through real scale. So, we already work with 400-plus content providers across 400 distributors and more than 80-plus advertisers. That's the combination of trust, workflow depth, intelligence and scale, which I think is our right to win as a company.

Come to Slide number 8. I wanted to really focus on how customers are trusting Amagi. And this is a kind of a pattern that I want to kind of talk about today, right? If you look at global streaming platforms, we supported more than 300 hours of FIFA. Obviously, FIFA is the largest and the most mission-critical workflow in the broadcast business for this quarter. And Amagi was serving that for our customers today, including disaster recovery, live operations and all the risk mitigation, for example.

For one of the U.S. broadcasters, we supported 325 different events and 450 hours of events, including shoulder programming, and we had to provide them 100% on-air availability, which is what we provided. So, these services are very, very highly mission-critical for our customers.

And again, one clarification, these live events do not create one-time uplift or drag in quarter financials. So, they are delivered as a broader customer engagement. So, it has no material impact on our financials per se. Our growth is secular, and it's not dependent on any particular live event or a marquee event across quarters. So I just want to clarify that for you folks.

If you come to Slide 9, this quarter is a great quarter to talk about some of the 3 patterns that we see, which is important for all of us to understand, right? This is representative of the pattern we see. First is broadcast and FAST are converging into a unified cloud-native platform. This is the message that we've been telling our customers, talking about it, and there are clear proof points this time.

If we look at it, the Australian broadcaster launched 4 FAST channels. On the other side, a U.S. news network moved the whole broadcast operations to Amagi, unifying the FAST and their existing traditional playout, for example. These are 2 examples of how convergence on both ends is happening: not only broadcast customers embedding FAST as part of the platform, but also the reverse, where they started FAST and now embedding broadcast as well.

The second message I want to leave with you is that the adoption is global. And if you see the wins, it's a great representation. We have wins across not only U.S. but Australia, the Middle East, India and the broader APAC region as well. So clearly, you see that there's a global expansion that's starting to happen in our business.

The third that I wanted to leave you with is the momentum that we're seeing in terms of monetization to channel operation, a complete end-to-end capability. If you look at it, the wins are not specifically focused on one part of our business, but across the whole business unit.

And specifically in monetization, I want to call out one of the Indian news networks, for example, selected Amagi to expand their CTV (connected television) distribution and drive monetization across all the channels. Similarly, we expanded in the monetization space with one of the larger FAST platforms in the U.S., which selected Amagi's ADS PLUS and THUNDERSTORM to monetize its in-content ad format.

So, what we are seeing is an expansion not only in terms of the unification that's happening, the global wins that we are starting to see and the momentum we're seeing across the whole business as an end-to-end value chain, not specifically to one business versus another, right? So I want to leave you with a clear understanding that Q1 is a strong representation of the trend we've seen across the company.

Turning to Slide number 10. We've been describing AI as a major transformation technology. And we're starting to see tangible progress. We've been talking about this over the last few quarters. Last quarter, we talked about Newspulse, which is our first AI agentic newsroom platform. We shipped it and signed our first paying customer.

This quarter, we made good progress. We have more than 10 active pilots across different customers. And more importantly, we had a major U.S. news network that selected Amagi's Newspulse to transform themselves into an AI-first newsroom, which is a clear vote of confidence in terms of the product and the offering that's starting to happen. So we're quite happy with where we are in that particular progression of the product.

We're also working beyond news. And as a company, as you know, large investments happening in AI across multiple content genres. So it's not only going to be news. And currently, we plan to introduce a broader product suite at our flagship industry conferences in Q2. So those plans are indicative, obviously, but clearly, that's the direction that we've taken as a company to have a battery of products coming out from our AI stable.

The commercial logic of all the AI products that we do remains the same, reduce operational costs for our customers, help them to expand their distribution and monetize their assets better. And that's exactly the value that we provide to our customers today. We are early, but we expect to show more proof points in the coming quarters and see this as a very important growth area for the company.

Slide 11. Again, this is the North Star of our business, the flywheel that you see here. More content drives more distribution, more distribution drives more viewers, and more viewers create more advertising opportunities. This is the flywheel of our customers, and that's what represents the flywheel, which drives the health of the company's performance in the mid- to long term. If you look at it, the flywheel remains strong.

The content processed reached 959,000 hours, which is almost a 43% year-on-year uptick that we've seen there. Our deliveries reached 9,900-plus delivery options today in endpoints. Distributors, we've reached almost 451, up again by 21%. And more importantly, all of this leads to ad impressions reach of 13.6 billion for the quarter, which is almost up 59%. The key point is the underlying activity on the platform continues to move in the right direction. That's super important for us to kind of track. The distributor side of monetization, the new content advertising wins we discussed earlier shows that we can turn that growing activity into more value for the medium and long term. So, this slide matters a lot.

On Slide 12, let me give you 4 key takeaways of why I'm excited about the opportunity in front of us. First, the opportunity is already large, and we believe AI will expand it over time. Second, the shift to cloud, streaming and ad-supported models and AI is still early, huge opportunity and a huge tailwind for us as the market starts to expand. Third, Amagi has the right to win at scale because we've demonstrated it with the proof point of FIFA this year and the high availability delivery that we could provide to the major broadcasters is a proof of trust customers place in our mission-critical platform. And four, as we enter this financial year with the growth momentum that we're seeing with an expanding profitability and a broader customer adoption and early AI proof points, a large runway ahead for us. I'm truly excited about the opportunity in front of us.

I'll hand it over to Vijay to take you through the financials in details. Thank you.

Vijay NP: Thank you, Baskar. Good morning, everyone. Baskar covered the headline financials. Now I'll walk you through the drivers across the next 5 slides. I'll start with revenue first, then shift gears to margin, go to cash and finally wrap up with some Q2 and H1 historical context.

A regular housekeeping item here, unless I say otherwise, all growth rates are year-over-year. Before delving into Slide 13, I want to just underscore a couple of items and highlight that for your reference.

First, like Baskar said, the FIFA was an important milestone for the quarter, it demonstrated our live platform capability at scale, but it did not materially change Q1 revenue because these workloads are priced within our normal commercial models, right?

Second, the prior year base had one timing item. As we had called out in previous earnings calls, last year had a rev rec benefit related to a large deal, which impacted the first half compare. This mostly affected the cloud modernization comparison. The segment grew 17% reported. Excluding this effect, that segment would have grown approximately 32%, right?

So now with that as a backdrop, let me get to the slide and start with the left. Revenue ended at INR437 crores. We had an exceptional quarter and was the highest on record, as Baskar highlighted. Growth was 32% reported, 21% constant currency and almost 10% sequentially.

Like with prior quarters, our revenue story was the same. It was broad-based and largely volume driven, as you will see in the segment commentary, I'll get to in a bit. In the middle, segment mix was broadly unchanged. This further supports the point that growth was broad-based. If you exclude the one-time items, the mix is consistent with what we saw in prior quarters.

Moving to the right, Streaming Unification just grew 39% to INR249 crores. This was driven by both existing customers expanding with us and channel deliveries reaching almost 10,000 with distributor count reaching 451. The Monetization and Marketplace segment grew 30% to INR110 crores. This was also volume-driven, as Baskar recapped in the input lead indicator slide. Our monetized impressions reached a record high of 13.6 billion, which was up 59% year-over-year and 21% sequentially.

Cloud modernization grew 17% reported. And as I mentioned earlier, excluding the base effect would have reported a 32% growth rate. And just for context to bring it all together, excluding the timing impact of the base, our overall reported growth would have been 35% and almost 23% at constant currency.

So overall, this was a good revenue story. Like with prior quarters, our growth was broad-based across segments, and there were no one-timers that impacted Q1, especially around live.

Moving to Slide 14. This is where the leverage shows up, which Baskar highlighted in the opening slide. Starting with the left, adjusted EBITDA increased from INR17 crores to INR50 crores. That's 201% growth year-over-year. Margins expanded from 5% to 11.5%. We also had sequential margin improvement of 1.2 percentage points. That's important because Q1 is when annual merit increases kick in. Revenue tends to scale through the year. So Q1 usually has margin pressure. But despite that, we improved both year-over-year and sequentially. To Baskar's point, that demonstrates the strength of our operating model. Moving to the middle, you've heard me say this before. The model has operating leverage for a simple reason.

Much of our growth comes from existing customers. They are already on the platform. So sales, marketing and customer success scale lower than revenue. The same is true for R&D as well. We have invested in shared platform layers. So as revenue scales, R&D does not grow one-for-one. For starters, R&D is product and engineering. Q1 also shows this clearly. Revenue grew 32%. The adjusted EBITDA cost base grew about 24%. So obviously, the gap is operating leverage.

Now, let me unpack each of the cost lines in the middle. Starting with direct costs, which is the other side of the coin for gross margin. The ratio moved from 31% to 33%. So gross margin was 67.3%, down 2.2 points year-over-year but up about 0.5 point sequentially.

I want to spend about a minute on gross margin, given that this is an area that usually attracts a lot of attention and, from a modelling standpoint, as well. The way we think about it internally is not quarter-to-quarter, like we highlighted in the previous call. We look at puts and takes to gross margin, and then we look at how the full P&L converts revenue growth into EBITDA and cash, right?

Now zooming in on this, the year-over-year movement reflects several factors. This includes segment mix, live event delivery, intensity of the live events, select commercial engagements that we've highlighted in the prior call and the prior year accounting base effect, which also was a contributing factor.

The other area I want to touch upon on gross margin is pricing. Our approach is fairly disciplined. We adjust only when the volume run rate clearly outweighs the price trade-off like we've mentioned in previous calls. The customer example we shared earlier is tracking at more than 30% run rate growth even after the pricing adjustment just for you to know that this ends up becoming a net tailwind from a revenue standpoint.

The point that I want to highlight is this is not a structural deterioration. Gross margin will move with mix. We will keep optimizing cloud costs. We will also invest in areas that support durable growth. As a proof point, in Q1, we generated about $282,000 of monthly run rate savings in gross margin cloud cost optimization that we've reinvested into the AI-related initiatives because that's what's going to give us durable sort of long-term growth, right? I'd also encourage you to look at operating leverage, which kind of absorbs a lot of the gross margin sequential deceleration and then more than offsets it.

That's why we focus on full-year profitability, not just the cost line, right? Moving on to other lines, sales and marketing plus customer success reduced from 27% to 23% and R&D reduced from 27% to 21% due to the factors I outlined in the opening of the slide. On R&D specifically, I want to highlight that this is not a pullback, right? It's just operating leverage. Revenue is organically scaling against the platform investments that we've already made.

G&A was broadly in line, while we continue to invest in systems and governance, as a percentage of revenue. On the right, we wanted to put some numbers on the flow-through impact and make that point clear. So, if you look at year-over-year, revenue increased by almost INR107 crores, but adjusted EBITDA increased by INR33 crores. That's about 31% of incremental adjusted EBITDA flow-through, right? And for context, that's almost 3x the reported EBITDA margin of 11.5%.

So that's how we think about operating leverage internally on incremental growth, right? So I would encourage you to look at the overall sort of flow-through on incremental growth, which pretty much is the core proof point of our land and expand model.

Moving to Slide 15. We now move from adjusted EBITDA to PAT. Starting with the left, PAT increased from INR4 crores to INR34 crores. PAT margin expanded from 1.1% to 7.5%, almost a 6.3 percentage point improvement. This was largely driven by a couple of factors. One was adjusted EBITDA expansion, which flowed through to PAT, and ESOP costs also reduced as a percentage of revenue. One item to call out was that we had a one-time noncash FX charge, which related to aligning a legacy customer advance to its contractual rate. So this was an FX translation adjustment. It did not affect EBITDA or cash flow, and we do not expect this specific item to recur. Excluding this one-time charge, PAT would have been INR40 crores, almost INR6 crores higher than the reported number.

Before we move to cash and just to kind of round off on margins, operating leverage, as you've seen in the last 3 quarters, has consistently played out for some time now. And we are kind of happy with how it's starting to flow through, not only at an adjusted EBITDA level, but even at the PAT level, and not only year over year, but also sequentially, given all the increment-related headwinds we have.

Moving on to Slide 16. This is more about the third pillar we are talking about, which is we have cash on the left and capital deployment on the right. A couple of framing points before we get into the building blocks of this slide, right? Starting with the left, think about Q1 as our weakest cash quarter in terms of outflows, right, because annual incentive payouts, increments and some of the big renewals on software tools all lap in Q1. This is not an exclusive feature of this Q1. It's going to happen every Q1.

So that's one thing to keep in mind. Two, is that both periods also include some significant one-time items. For example, last year we had the buyback payments. And this year, we have some residual IPO expenses that we are lapping. So, we wanted to separate the noise from the signal and show these numbers so you can get a view of core operating outflow and the reduction in cash burn, right?

So, with that as a backdrop, on a reported basis, cash burn narrowed materially. Operating cash outflow narrowed from INR141 crores to INR65 crores and free cash outflow narrowed from INR143 crores to INR68 crores. Again, the main driver here was adjusted EBITDA, which increased from INR17 crores to INR50 crores as we discussed earlier.

A couple of one-time items, like we mentioned earlier. They were at about INR57 crores last year and about INR25 crores this year. Excluding these items, operating cash outflow narrowed by INR43 crores, basically moving from INR84 crores to INR41 crores.

Of that, a significant chunk came from higher adjusted EBITDA, right? So, on roughly 1/3 of higher revenue, Q1 burn was almost half of last year. So, while the color is negative, we are happy with the trajectory. We also realize there's some work to do here, but some of the core input metrics here are trending well. The biggest piece being receivables where on DSO, we saw a sequential improvement of about 8 days quarter-to-quarter.

So some work to do, but again, a lot of positiveness in the trajectory. And the numbers are probably better off looked at from a full year basis rather than Q1, which is, as per my opening framing, one of the tougher quarters for cash outflows, right? Cash and bank balances stood at INR1,616 crores, including IPO proceeds.

On the right, we wanted to kind of just give sort of visibility into our CorpDev and M&A activity. While organic investment remains our first priority and pretty much most of our growth has been organic so far. Inorganic focus is mostly capability led. We are looking at areas that extend the media industry cloud vision for us.

For context, since January, we've evaluated 33 opportunities, passed on 23, and we have 10 under active evaluation. We are sharing this again just for visibility. It's not a signal that a deal is imminent or there are any binding commitments at this point. And we'll make appropriate disclosures at the right time through the proper channels.

But the Uber point we want to highlight here is we are sensitive about the cash balance and happy with the flow-through from profitability to cash. But we are also actively looking at opportunities to continue deploying the cash, especially when the price is right, all right?

So moving on to Slide 17, which is the final slide here in the financial section. Starting with the left, I'll breeze through it because it's going to be pretty much a consistent part of every earnings call. Our goal as a company on the financial side remains simple. We want to generate durable revenue growth, make sure that flows through to the bottom line and make sure that we convert that into cash, right? So nothing changes there; it's pretty much the same as you've heard from us and going back to first principles.

Moving to the right, we also wanted to add historical phasing context because we got some good feedback from sharing this last quarter. We want to continue this and call out any one-time items or historical context that could help you as needed.

The first point is Q2 FY26 had the same rev rec timing benefit, which we've disclosed in the earlier calls. So, the Q2 year-over-year compare has a headwind of about 600 basis points. This is the prior year base effect. The second point is the H1 phasing. In FY26, H1 was about 47% of the full year revenue, right? And it was about 37% of the full year sort of adjusted EBITDA. So EBITDA has historically been more back half weighted and because annual merit increases happen early, revenue scale builds throughout the year and your operating leverage flows through even better in subsequent quarters.

Again, this is historical context, not prescriptive guidance, but we wanted to make sure you had some sort of frame of reference because this is our first sort of full year as a public company where you'll start seeing all quarters.

So to close out the financial section, Q1 was a strong start. Revenue growth was healthy broad-based, good flow-through to EBITDA and PAT margins, not only year-over-year improvement, but sequential improvement in an area where we had headwinds from increments and cash burn narrowed materially year-over-year.

With that, let me turn it back to the operator to queue up any questions.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Bharat Gulati from Dalal & Broacha Stock Broking Private Limited.

Bharat Gulati: The first question is just regarding gross margins. Your commentary was pretty clear on it. Just trying to understand the sequential improvement driven by the cost efficiencies. How sustainable is that? And how do we look at gross margins going forward on a quarter-on-quarter basis?

Do we bake in numbers reaching back to 69% by the exit of this year or have the gross margins sort of in the near to medium term structurally come down because of the pricing discount given to one of the customers? And could you just quantify what sort of an AI impact have we seen this quarter and in the previous quarter? And what would that look like going forward?

Vijay NP: Thanks, Bharat. I think there's quite a bit on that. So let me unpack it into 2 broad buckets. What's the mental model on gross margin improvement drivers and how to think about it in the medium term and the impact of AI on gross margin?

Again, as I outlined in the prepared remarks, Bharat, multiple factors contributed to it, not just the price negotiation. We had mix impact from live events. We had mix impact from segments. We had AI costs and the multitude of factors, which impacted it. The way I would think about at least internally is we have a FinOps org, like I said, that generated about $282,000, and they have a plan to kind of improve that over the course of the year.

So savings will continue to be ongoing. But we also have to opportunistically deploy this back in the business to make sure that we are continuing to fund growth, right, because you can't cost cut your way to growth.

So I would say that given the puts and takes, I would try to kind of keep it in the 67% to 69% zipcode, right, like at least for this year and see where it goes. Keep in mind that Q3 is also a pretty strong quarter from a seasonality perspective. So again, these are BAU items from a business standpoint. So I would kind of just keep stable as your sort of base case, right?

And on the second one, on AI, again, because it's a relatively small base, we are not seeing a substantial impact to gross margin, but we're also running 10 active customer pilots, as Baskar alluded to earlier. And we also have the sort of largest news network that has selected us.

So that's starting to have some impact on the gross margin. But again, here is this is, like I said in the earlier earnings call, there's going to be an S curve where we believe we are taking a 2-, 3-year view on how margins are going to play out. So, you may see a little bit of a dip initially, but it will come back to where it needs to be. And that's exactly been a historical trajectory as well. If you look 3, 4 years back, our gross margin was around 64%, right? And we've kind of taken a long-term sort of approach to get to 69%. And I think AI is going to sort of play out a similar curve in the next 3 to 4 years.

Bharat Gulati: Got that. Got that. That's really helpful. And just wanted to understand sort of the distribution platforms that we are adding, what sort of a relationship do we have in terms of customers? And do they help us add customers?

And in cases, are they even customers where they deploy their in-house channels? Just trying to understand how much is the distribution platform aiding in terms of customer growth and just top line growth as well?

Baskar Subramanian: Okay. Thanks for that question. This is Baskar. So if you look at it historically and how the company's basic structured flywheel that we talked about is more the content owners deliver to more platforms, more platforms drive more viewership and hence more ad dollars for everybody. So that's the core of the business and how it works.

Now if you specifically look at from a delivery platform standpoint, the fundamental motivation for us to drive newer platforms is because our customers who are content owners are trying to move to more and more geographies. Globalization is a trend that's happening. So we're taking them to multiple different geographies.

If you look at our press releases, you will see, for example, take Kogan TV, which is something in Australia that we actually launched as a platform. We've been doing it with Vodafone in Germany. So we're expanding our customer base for the content owners to get to multiple different geographies. That's the core reason and the focus we do.

Coming to your second question on whether distribution platforms become our customers: yes. In the larger set of distribution platforms, several have become our customers, be it Vodafone, Kogan TV, or Virgin, which we did in the UK.

But that's not a prerequisite for partnering with the distribution platform because it's all done in the service of a content owner wanting to reach those geographies. So that's the bigger driver.

Bharat Gulati: Yes. Just lastly, on the ad impressions for the quarter, I'm just trying to understand more on the THUNDERSTORM part of things. Is the larger growth been driven because of FIFA this quarter because ad impressions are up even from the sequential, and the seasonally strong Q3 quarter? So just trying to understand that. And just trying to understand what would be today the delta between the number of deliveries and sort of the channels that are still not being distributed through Amagi THUNDERSTORM? And how do we see filling that gap up? And are we seeing sort of in-sourcing as a risk? And what are the sort of distribution platform models that we're entering? Are they typically more taking insertion in-house? Or is it still majorly run through us?

Baskar Subramanian: Okay. You have 3 questions, and I'll try to kind of break that down. First, if you look at it, we did not have any upside because of FIFA World Cup from an ad insertion standpoint. What you're seeing is organic growth on the platforms we're serving, largely because connected TV penetration in the U.S. and across the geographies we're seeing is expanding. And that's the core driver that's driving that. Obviously, the secondary metric on that is more content we are feeding into those platforms, that's driving more viewership and that's the driver. So, it has no correlation whatsoever with the FIFA World Cup, for example, from an organic growth standpoint.

The second part, if you look at it, is that platforms today are fundamentally looking to outsource rather than in-source. So, in-sourcing is not happening, and at least we are not seeing that across the industry.

You've seen this proof point if you look at the larger deals that we made pre-IPO and what we announced earlier as well. We continue to see platforms starting to work with companies like Amagi so that they can actually bring these things out, because the scale and complexity of ad management, from an ad insertion standpoint, is becoming much more complex.

So, we're kind of driving those capabilities as a company. And we don't see any sort of, at least we are not aware of any impact in terms of in-sourcing that we're seeing today.

Bharat Gulati: Yes. Just if you could give a sense on the point of what sort of delta is there between channel deliveries and the distributions happening through Amagi, THUNDERSTORM? Just trying to understand how much more runway do we have within existing channel deliveries to further penetrate through THUNDERSTORM?

Baskar Subramanian: See largely, again, if you look at it, I may not have the numbers off the top of my head to give you that answer. But largely, the platforms where we are the ad insertion partners, obviously, all of that content and all of the channels that come through that process come from Amagi. We have a big right to win fundamentally. On platforms where we don't own the ad insertion, we are a delivery partner, not an ad insertion partner. So, there's no real easy correlation to tell that what would happen here, for example, right?

So, 2 things can happen. One is more platforms we sign up. That means essentially that's like bulk of all the channels that are getting into the platforms becomes an Amagi ad insertion tailwind for us, for example. Similarly, more content owners come to the platforms we serve already; that's the driver that we need to look at as we move forward.

So we're quite comfortable with the trajectory we're seeing and the sort of channel launches happening on the platforms Amagi serves today, as well as the new platform sign-ups we're expecting to look at; I think we're quite comfortable with where we are today.

Vijay NP: Yes, Bharat, this is Vijay. Just to add, I mean, with the move towards personalized viewing and fragmentation of how content is getting consumed, the concept of channel as a limiting factor no longer exists because you could have a personalized lineup of 300 channels that's very different from mine.

Also keep in mind that there are shorts, there are vertical formats and other things that are sort of starting to take shape. And so the runway should be looked at in the medium to long term beyond just the channel cap, just more from a mental model perspective as well.

Moderator: We take the next question from the line of Nirant Dhumal from ICICI Securities.

Nirant Dhumal: I wanted to check if Amagi could share any data on the gross revenue retention. Companies like RateGain disclose GRR as a key metric. So, I wanted to understand if Amagi tracks or reports a similar metric and if possible, whether you could provide the data?

Vijay NP: So that's not a metric that we disclose in the DRHP as a matter of routine sort of disclosures. But I mean, like in the past, we've said that if you look at our logo churn, it's pretty much in low single digits. And the average vintage of our top 10 customers is sort of 5 years, right? So, stickiness, especially given the GRR is hopefully going to inspire that sort of a takeaway, has not been a problem for us. So hopefully, that addresses your question.

Moderator: We take the next question from the line of Vamshi Krishna from Kotak Securities.

Vamshi Krishna: So my question was with respect to the industry consolidation that you have talked about. First is that, post period of elongated sales cycle, is that vendor will gain larger share in the wallet? Is that something that you have seen in the business historically, if you can share some instance on that? And second, if it were to play out in the near term, so how would you expect the operating leverage to play out in the business?

Baskar Subramanian: Okay. A couple of things I want to address here before we start, right? So consolidation, obviously, there are customer level consolidation happening where 2 media companies are consolidating. So that's a different outlook, and I'll come to that.

The second thing is, as I indicated in my presentation, when we talk to our customers as part of our Customer Advisory Board, one of the most vociferous decisions that came across everybody literally was that, hey, we don't want to work with many, many vendors because already our workflows are very complex. We would like to consolidate our vendors to top vendors who could potentially be able to provide an end-to-end capability for them. In that sense is where I think there's a significant right to win for us. And we're seeing this play out in the AI business and very early green shoots that we're seeing on this front.

If you look at our AI businesses today, the first customers who are actually lapping up our current product offerings are all our existing customers because they see this as a clear extension to the existing products that we've already launched into that system. We own the infrastructure that essentially means that we can actually add to that infrastructure through these processes.

So I think there are significant right-to-win opportunities because our customers are moving towards more and more vendor consolidation, which drives capabilities for us. And if you look at Newspulse, the first U.S. news network that I talked about is fundamentally a customer who is already an existing customer of Amagi. We run a lot of their infrastructures internally. This is an attendant to that whole thing, which actually augments them to become an AI-first newsroom. So that's the case in point that we see today as a company.

Vijay NP: And Vamshi, this is Vijay. Just one more proof point: in streaming, consolidation and fragmentation are happening in the same breath. This actually becomes a tailwind for us, because when a unit gets spun off, you end up having to create new infrastructure and facilities. So directionally, we have not seen a net headwind play out as a result of consolidation or fragmentation.

The other point to keep in mind is because we connect both the supply side, demand side and advertisers, we are nicely positioned as like the Switzerland of the ecosystem, right? So people want like an end-to-end sort of player like Baskar said. Structurally, at least, that augurs well for us and puts us in pole position when there's consolidation or fragmentation.

Moderator: We take the next question from the line of Omprakash Kavadi from Spark Institutional Equities.

Omprakash Kavadi: So a couple of questions from my side. Firstly, on the pricing part. So especially in the context of AI and all, I still believe hours of content processed and the number of channel deliveries, again, which would have an impact on the number of hours processed. Are these only the metrics right now in terms of pricing or are you seeing some changes in terms of pricing methodologies lately with respect to clients?

Baskar Subramanian: Yes, go ahead.

Vijay NP: So, this is Vijay. Thanks for the question. At this point, again, we have a very thin read on AI having a structural or deflationary impact on either our revenue base or pipeline. So, we've not seen a material flow-through. Like we've articulated, I think the ask from our customers is to take a more holistic view of not just the software but the operating layer and look for opportunities to increase revenue and reduce cost, right? So at least structurally, it seems like a net tailwind right now. But we'll make data points visible as we start seeing some proof points manifest either in our revenue or our pipeline.

Baskar Subramanian: And just to kind of add to that, again, I was talking about this whole news pulse that we're doing today, for example. So, with the customer right now, we are actually building in telemetry to understand what sort of cost leverage that you're getting as well as what the revenue expansion trends are that you see. Because eventually, as you've seen across the markets, outcome-driven pricing would be an interesting opportunity.

But it's very early, like what Vijay is pointing out today, but that's the direction we're seeing. We are working with customers to kind of build in telemetry for them to see the business efficiencies because, eventually, proof of the pudding is that it actually delivers value to our customers.

So we're starting there and then scaling the pricing model is really based on contingent on what sort of cost leverage that we're providing or revenue maximization we are able to provide to them. That's the direction we're taking today.

Omprakash Kavadi: Yes, sure. The second question is connected to your explanation on Newspulse, given that you already started to monetize that and you have more than 10 active pilots on that product. So, in terms of investments, R&D and other products which you're working on, can you give us any indication that you are working on certain products which are ripe for monetization or where you are very close to in terms of deliverables there? Any specific things which you want to call out in terms of products?

Baskar Subramanian: Not really right now, fundamentally where we are, as I told you, we are quite very excited about the whole opportunity in front of us. And the biggest proof point for us is in our Customer Advisory Board, when we talked about our products, the road map and the resonance was extremely high.

So we truly believe that we have a clear road map and opportunity to execute on that road map. You will hear a lot more in the next quarter because that's a quarter where we're announcing some of our products across multiple genres. As you know, news was the first genre we started.

But that's not the only genre that we've started. It doesn't mean anything because we're going to be having a lot more genres coming up that you will see. So maybe next quarter, we'll have a lot more conversations on this because we'll have announced a few more product offerings that's coming up.

Having said that, all these will have a gestation period before you see them as a revenue contributor. And because these are all early products, we are quite excited and our customers are obviously leaning in and starting to trial with us.

But I think from a revenue standpoint, over the later part of this year is when we'll have a lot more integrated understanding of how this translates to revenue. But the overall directional trend is toward new products, with a good amount of investment going into them. We're quite excited about the direction we've taken.

Omprakash Kavadi: Yes, sure. The last one could be slightly bookkeeping. On the channel deliveries, we are seeing very strong growth in terms of overall channel deliveries on Y-o-Y basis. Is it possible practically to slightly dissect that into the new channels versus more number of deliveries for the same channel through many distribution points? And is that relevant metric at all or could you be able to dissect that?

Vijay NP: Unfortunately, no, it's not a metric that we track internally either. But if it becomes meaningful in the future, we'll definitely disclose it.

Baskar Subramanian: But I think directionally, you should assume that it's coming from existing channels going to more deliveries because that's the directional call, because that's the first port of call where it actually increases. Again, I don't have the numbers on top of mind to tell you that, but that's directionally what you should look at.

Vijay NP: Yes. The only other proxy metric I can think of Om is NRR as a percentage of total growth rate. So if that 31%, roughly 26% is coming from existing customers, it's probably the closest proxy you can use to extrapolate.

Moderator: We take the next question from the line of Rishi Jhunjhunwala from IIFL Capital.

Rishi Jhunjhunwala: Just on the AI offering, right? I mean just wanted to understand how are you pricing some of those offerings? And are they different from how you've been doing in the past? How would you want to protect some of the cost inflation around AI to get factored into some of these offerings?

Baskar Subramanian: A couple of things, Rishi. If you look at it, it's very early in the whole cycle of what's happening, both for our customers and for us as a company, in the evolution of this whole capability.

There are two or three tenets that we've seen. First, we are working with customers to measure tangibly what benefit they are getting out of this whole technology. That's an important metric and direction that we've taken with our customers.

Second, whatever pricing models are coming up, we are starting to map them with the cost structures that they are actually spending so that there is clear directionality. You don't want a cost run-up on one side and a completely different revenue base that doesn't correlate with it.

A case in point, we introduced what's called an AI credit option for some of our media operating environments. So Agentic media operations is measured on credits, which is akin to the way token costs are to some extent and how enterprise buys today. So we've built an AI credits model.

For example, if you're a customer coming to Amagi and you want to, I don't know, convert your language to Spanish from English, for example, you pay on a number of credits with the company. The same credits now is a currency that you could use it for, I don't know, a metadata enrichment or something else for example.

So the model is very mimicking a cost-plus model, if you look at it in terms of the AI credit capability that's happening. And the other side, we're working with customers saying in any revenue maximization stages or in cost optimized stages, what is the core cost reduction they're seeing or what's the incremental revenue value that they see. That's 2 things that we're really measuring today.

Having said that, this is very early. So I don't want to kind of presuppose a single business model that will evolve. And again, given the breadth of product offerings eventually and the agentic workflow infrastructure that we have built out, I think we need to wait for a few more quarters before we get directional clarity on this, Rishi, as we speak.

Rishi Jhunjhunwala: Understood. A couple of clarifications required. So one is the NRR that you're giving, is it in constant currency?

Vijay NP: The NRR is reported currency, Rishi. That's how we reported it in the DRHP. So again, the NRR metric for this quarter is trailing 12 months because it's fiscal year revenue based, and we can only, if you stick to the intellectual honesty of the DRHP, we can only disclose it at Q4. So in order to provide folks some directional color, we've given the TTM sort of number.

Rishi Jhunjhunwala: Understood. And the one-off revenue impact that came last year in the same quarter, adjusting for that, how much growth we would have had in this quarter on a CC basis? And do you see that Y-o-Y growth trajectory maintaining through the rest of the year?

Vijay NP: So it would have added roughly 450 basis points, so 4.5 percentage points, both to constant currency and reported. So that is the answer to your first question. On sustainability, again, our aspiration is to continue to kind of maintain those sort of growth rates, Rishi. We'll obviously see how things play out.

But again, Q2 will have a little bit of, again, a big lapping of that year-over-year comparison like we disclosed proactively. So next quarter might not be the best marker because we'll still be lapping that base effect.

Moderator: Ladies and gentlemen, due to time constraints, we take that as the last question and conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

Baskar Subramanian: Thank you for attending this call, folks. I think we continue to see 3 things that I want you to take away. One is the operating leverage of the company continues, we are executing on that, and there's not been any surprises on that front. So that's going to be a continuing story that you see. Second is our customers continue to have a lot more trust and reliability with Amagi. And you're seeing this in our NRR. You're seeing it in terms of the broad-based wins that we're starting to really explore.

Third is AI continues to be an important part of our growth process and very early, but clearly, it's a big direction. We're very excited about the opportunity in front of us. And truly, thank you very much as friends and investors.

I think your support has been a great need for us as a company as we build potentially one of the largest MediaTech opportunities for us from India for the globe. I think truly, we are very well positioned to do that. And thank you for giving this opportunity for all of us.

Moderator: Thank you. On behalf of Amagi Media Labs Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.