February 19, 2025

To,

Listing Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001.
Scrip Code: 543280

Listing Compliance Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1. G Block,
Bandra -Kurla Complex, Bandra (East),
Mumbai- 400051.
Scrip Symbol: NAZARA

Subject: Transcript of the Investor/Analyst Earnings Call held on February 14, 2025:

Dear Sir/Madam,

In furtherance to our letter dated February 14, 2025 regarding the audio recording of the investors earnings call for the quarter & nine months ended December 31, 2024, please find enclosed herewith the transcript of the said call. The Transcript is also available on the Company's website i.e. www.nazara.com.

We request you to take the same on record.

Thanking you,

Yours faithfully,
For **Nazara Technologies Limited**

ARUN SHIVA BHANDARI
Digitally signed by ARUN SHIVA BHANDARI
Date: 2025.02.19 16:28:36 +05'30'

Arun Bhandari
Company Secretary & Compliance Officer

Encl.: As above

“Nazara Technologies Limited Q3 & 9M FY25 Earnings Conference Call”

February 14, 2025

MANAGEMENT:	**MR. NITISH MITTERSAIN - CEO & JT. MANAGING DIRECTOR, NAZARA TECHNOLOGIES LIMITED** **MR. SUDHIR KAMATH - CHIEF OPERATING OFFICER, NAZARA TECHNOLOGIES LIMITED** **MR. RAKESH SHAH - GROUP CFO, NAZARA TECHNOLOGIES LIMITED** **MS. ANUPRIYA SINHA DAS - HEAD OF CORPORATE DEVELOPMENT, NAZARA TECHNOLOGIES LIMITED** **MR. SENTHIL GOVINDAN, CEO AND FOUNDER, DATAWRKZ** **MR. AJAY PRATAP SINGH, CEO, ABSOLUTE SPORTS** **MR. KARANDEEP SINGH, GROUP CFO OF NODWIN GAMING** **MR. HARIT SHAH, IR**
MODERATOR:	**MR. JINESH JOSHI – PL CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Q3FIY5 Earnings Conference Call of Nazara Technologies Limited, hosted by PL Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during the conference call, please signal an operator by pressing the star, then zero on your touchstone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Jinesh Joshi from PL Capital. Thank you and over to you, sir.

Jinesh Joshi: Yeah, good morning, everyone. On behalf of PL Capital, I welcome you all to the Q3 FY25 earnings call of Nazara Technologies. We have with us the management, represented by Mr. Nitish Mittersain, CEO and JMD, Mr. Sudhir Kamath, COO, Mr. Rakesh Shah, Group CFO, Mr. Senthil Govindan, CEO and Founder, Datawrkz. Mr. Ajay Singh, CEO, Absolute Sports. Mr. Karandeep Singh, Group CFO of NODWIN Gaming. Ms. Anupriya Das, Head of Corporate Development, and Mr. Harit Shah, who is part of the IR team.

I would now like to hand over the call to the management for opening remarks. Over to you, Nitish, sir.

Nitish Mittersain: Thank you. Good morning, everyone. In Q3FY25, we have achieved our highest ever quarterly revenue and EBITDA, reflecting the strength of our diversified portfolio. Revenues came in at INR 534.7 crores with 67% year on year growth, and our EBITDA was at INR 52.4 crores, with a 39% growth. PAT from continuing operations was INR 13.7 crores post a one-time impairment of Brand Scale Innovations' equity investment. For 9MFY25, we reported revenue of INR 1,103.7 crores, EBITDA of INR 102.4 crores, and a PAT of INR 55.4 crores, respectively.

Our core gaming segment particularly stood out in this quarter, with a 53% revenue growth fueled by our strategic acquisition of Fusebox Games, as well as a fairly strong performance by some of our existing games, such as Animal Jam. Also, one large growth factor going forward for us, we've been making some good progress with the recent licensing agreements and upcoming integrations of popular entertainment IPs, which will enhance our user growth and engagement going forward. The recent collaboration by Kiddopia with Mattel for the globally renowned IP of Barbie and with Moonbug Entertainment for Little Angel will strengthen engagement among our young audiences. but we have also made partnerships with well-known franchises, including Big Brother globally, as well as Bigg Boss in India, which we will launch in 7 or 8 languages that will allow our interactive story gaming business to scale.

We have also started acquiring popular gaming IPs. Recently, we announced CATS, Crash Arena, TurboStars, and King of Thieves. These games are very popular IPs globally, and we have directly acquired them in Nazara Technologies Limited, which will also be published by Nazara, therefore, ensuring revenue and profit from these accrue directly to the listed entity. We intend to further scale this model in coming quarters and think this can be quite accretive for us.

To support our continued expansion, we have placed a preferential placement of INR 495 crores to Aksana Estates LLP led by Mr. Arpit Khandelwal and Mr. Mithun Sacheti, founder of CaratLane. These capital infusions combined with Nazara's strong cash reserves provide the company with financial flexibility to pursue further acquisitions as well as boost organic growth to drive long-term value creation. It's important to understand that at this point of time, the opportunity at the global stage is very attractive for us and these acquisitions will tend to be very EPS-attractive as we go ahead and execute them.

With a strong foundation, a clear vision and an experienced team, we are well-positioned to build a truly globally respected gaming company from India. With that, I now hand over the call to Anupriya for further business highlights. Thank you and over to Anupriya.

Anupriya Sinha Das: Thank you, Nitish. Good morning, everyone. As you are aware, Nazara operates across three business segments: Gaming, eSports, and Adtech. We are well diversified across demographics, geography, and business models. In Q3FY25, the Gaming segment accounted for 29% of total revenues and contributed 56% of EBITDA, while the eSports segment contributed 43% of revenues and 32% of EBITDA. For the 9MFY25 period, Gaming contributed 33% of revenues and 55% of EBITDA, whereas eSports accounted for 49% of revenues and 37% of EBITDA. Adtech accounted for the remaining share in both the periods.

(A) Gaming

Our Gaming segment revenue grew by 52.7% in Q3FY25, with EBITDA margin of 22.2%.

1) PokerBaazi

- Moonshine, the parent company of PokerBaazi, Moonshine is reported as an associate in the books and is not consolidated.
- Key operating metrics of PokerBaazi were healthy, with Gross Gaming Revenue up 67% YoY, Gross Traded Value up 52% YoY and Deposits up 48% YoY in Q3FY25.
- 9MFY25 revenue for Moonshine Technologies was INR 357.3 crores, with an EBITDA of INR 26.9 crores. The company reported revenues of INR 151.3 and EBITDA of 18.3 crores in Q3FY25.

2) Kiddopia

- Q3FY25 revenue was INR 47.6 crores, EBITDA was INR 12.0 crores and EBITDA margin stood at 25.2%.
- Kiddopia has entered into a licensing agreement with Moonbug Entertainment, owner of the popular IP, Little Angel to integrate Little Angel into Kiddopia, and a licensing agreement with Mattel, for integration of Barbie-branded content with Kiddopia.
- Integration of highly popular brands like Little Angel and Barbie with Kiddopia can aid stickiness in subscribers along with organic user acquisition at lower cost, which has the potential to drive revenue and margins in coming quarters.
- Nazara has filed the Scheme of Arrangement with the stock exchanges for the amalgamation of Paper Boat Apps Pvt Ltd with Nazara, and the appointed date of the scheme would be October 1, 2024.

3) Fusebox

- For Q3FY25, Fusebox reported revenues of INR 59.4 crores, with EBITDA of 12.6 crores, implying a healthy EBITDA margin of 21.2%. YoY revenue growth implied is 132%.
- Fusebox has been reporting strong performance, with key financial and operating metrics witnessing a healthy improvement including revenue, DAU and active payers.
- The studio recently signed agreements to acquire rights to produce new games based on popular reality TV shows "Bigg Boss" and “Big Brother”, and these are expected to launch in 2025.

4) Animal Jam

- Product metrics for retention, engagement and monetization of users are healthy.
- Revenue grew by a healthy 14% YoY in Q3FY25, while EBITDA grew by 55%.
- Q3 has traditionally been a seasonally high quarter for Animal Jam, which was witnessed again this quarter, led by good performance during the Halloween and Christmas seasons.
- A partnership agreement between Slinky and Animal Jam has been signed in Jan’25. WildWorks continues to explore integration of popular IPs to drive greater organic user acquisition.

5) OpenPlay

- Gross Gaming Revenues stood at INR 15.7 Crores, while Net Revenue stood at INR 5.1 crores.
- Despite the high share of GST at 47.4% of GGR, which impacted net revenue, EBITDA reached break-even in Q3FY25 with a small positive EBITDA, marking a significant financial improvement compared to last year.

- Cost optimization and operational efficiencies have yielded positive financial impact, even amid revenue challenges.

(B) eSports

Our eSports segment revenues grew by 20.1% in Q3FY25, with EBITDA margin of 8.4%.

1) NODWIN

- NODWIN's Q3FY25 revenue grew by 23% YoY. However, the like-for-like revenue growth was much stronger at 48% YoY, excluding revenue from Wings, which was deconsolidated from February 3, 2024. In 9MFY25, the YoY revenue (excluding Wings) grew by 57%.
- The growth was led by strong performances from NODWIN's proprietary IPs and live events such as Playground Season 4, Snapdragon Pro Series and Dreamhack and Comic Con integration as ONE event.
- NODWIN continued to make strategic acquisitions, including Trinity Gaming (Influencer/Talent Management), AKF Gaming (Content Management and Distribution) and StarLadder (IP and event production portfolio), investing over INR 75 Crores in these assets, which involve a combination of cash and stock.
- Q3 EBITDA was impacted due to cancellation of the NH7 Weekender event in Pune in December 2024; NH7 is planned to be held in March 2025; some artistes have agreed to join and sponsors are supportive.
- NODWIN continues to invest in multiple assets worldwide in emerging markets, while focusing on organic growth, thereby expanding its share of international revenue. International revenues stood at 48% of total revenue in Q3FY25 and 45% in 9MFY25.

2) Sportskeeda

- Sportskeeda continues to maintain its ranking among top 10 ranking among US sports news websites.
- Absolute Sports (group) grew its revenue and EBITDA by 13% and 5% respectively in Q3FY25, with corresponding figures for 9MFY25 at 19% and 11%, respectively.
- The core Sportskeeda business continued to grow well with revenue and EBITDA increasing by 21% and 31%, respectively in Q3FY25. However, overall revenue and EBITDA were impacted due to a subdued performance in Pro Football Network (PFN).
- While PFN revenue declined YoY in 9MFY25 and Q3FY25, there are early signs of recovery, with December 2024 revenue higher YoY, and the month witnessing the highest-ever revenue month till date post-acquisition.
- SoapCentral saw a robust performance, with Q3FY25 revenue at 101% of pre-acquisition annual revenue, reflecting strong revenue scale-up post-acquisition.

(C) Adtech

- Datawrkz through its subsidiary Datawrkz Operations UK acquired 100% stake in Space & Time Media for an equity value of GBP 4.8 million (~INR 52.3 crores) in October 2024. Since then the business has been consolidated in the books of Nazara.
- Datawrkz on a standalone basis posted revenue growth of 38% YoY with EBITDA margin of 14.1% in Q3FY25 as efforts that were being made in prior quarters to shift towards more profitable business lines in Datawrkz's independent business are bearing fruit
- The company will be continuing its investment in sales and marketing to sustain the growth witnessed in Q3FY25.
- Post the acquisition of S&T (UK), efforts are in hand for speedy integration of the company into Datawrkz.

With this, I conclude my remarks and we will now open the call for Q&A. I request Nitish, Sudhir, and Rakesh to join me for the session.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Deep Shah from B&K Securities, please go ahead.

Deep Shah: Yeah, hi, good morning. Thanks for the opportunity. So, thanks for the detailed split about numbers and segmental EBITDA, that is quite useful. But within that, say, in the NODWIN segment, because before you acquired PokerBaazi, and even now, even after the acquisition, NODWIN could still be the outlier, which makes disproportionate money for us. So, I wanted to understand that slightly in detail. One is, I understand the 8 crore loss because of NH7 Weekender, but otherwise we've not seen this business become profitable. So, one question would be that, what is that inflection point you believe, or probably the inflection point is way ahead in the future, where you see that we keep on investing before we start making money. Second, over the last year also, we've seen a few acquisitions, though they might be small in individuality, in total they might build up. On top of my mind, we have Freaks 4U Gaming, we have Comic Con, which I believe would not be there in the last quarter. So, if you could give some idea about how numbers are without those acquisitions, that would be useful. That's my first question on NODWIN. I'll ask the next question later. Thank you.

Nitish Mittersain: Sure. I'll answer it at a high level myself, this is Nitish, and then I'll call on Karandeep who's a CFO of NODWIN to get into more details. So, I think as we maintained right from a Nazara overall perspective, we've always seen NODWIN as a large growth driver for us at a macro trend of eSports and they've also now expanded their horizons to capture the attention of the youth in addition to eSports in the adjacent areas that they have been active in. So, I believe that the company continues to build market leadership. It continues to build moats around its business. This whole attention of youth, live events, etc. are going to be very valuable in an economy like India. And I think NODWIN is extremely well positioned, which is why from our perspective, you know, even if NODWIN is not generating a lot of profits for us in the short-term, we are supportive of them to continue to build it out over the next couple of years before we focus on the profitability. Karan, if you can step in and just answer some of the more details, it will be helpful.

Karandeep Singh: Sure, Nitish. Thank you for this question. I think just to baseline the numbers as far as Q3 is concerned, and you've pointed out, you know, the NH7 cancellation was the reason for the loss. And if you were to remove that cancellation cost, we get to the break-even. If you add to that, you know, the opportunity of the profit that we've lost from the NH7, it would have made the quarter 3, you know, profitable for NODWIN. Having said that, I think NODWIN is always invested in growth. That's what Nitish has called out, whether it was in the IPs that we are building or in the emerging markets that we are increasing our footprint. Last, I was calculating the acquisitions that we've done, you know, the kind of footprint we have is almost across 20 countries, which includes markets in Africa, includes markets in Central Europe, etc., which are very youth-centric markets, and that's our mission in terms of, you know, driving the engagement with the youth, which is what drives the brands and the publishers. But as we, you know, kind of tenure and mature on our IPs, we will definitely see the profitability, you know, kind of, you know, come through as we settle down in terms of our integration of the acquisitions. And as the footprint gets a lot more settled down and, you know, we operate as a more, you know, cohesive unit with all the acquisitions and all the footprint, I think the profitability should come through. So that's a quick, you know, answer on that. In terms of the growth numbers, which you've called out, you know, Anupriya has called out, you know, about also 58% that you've seen on the YTD basis in terms of the growth, about 20% is from organic and about 38% is because of the inorganic acquisition. But again, please remember that in last year's numbers, there was NH7. If I remove the NH7 from the last year's numbers, the organic growth will go much beyond 20%, probably 25-26%.

Deep Shah: Okay, understood. Thank you. Maybe I'll take a few details offline. The second question is on this partnership. So, we've seen this Animal Jam do spectacularly well. Yes, there is some seasonality, but we've seen margins improve there significantly. So, what I want to understand is, should we expect such kind of overlays here as this platform stays up? And how do these partnerships actually work when it comes to, say, IPs for, say, properties like Bigg Boss or Big Brother? Is it upfront fee, is it payment basis number of downloads? If you could give some idea. And then the CATS arena, will that work independently of Fusebox? I heard you mention something that will work at NODWIN level, but will those developers work together? So how are we thinking, say, from this proposition as an owner of mobile games?

Nitish Mittersain: This is Nitish. I will take that question. So, I think Animal Jam for us as an IP has continued to sustain its revenues and profitability post-acquisition. And we are quite happy with the performance of that business. Now we are starting to expand the product portfolio with the team, given that it's a very experienced team. We recently acquired another license for Slingy and the team will start working on that game. It has already started working on that game with a release later in the year. So, we believe that now we can build Animal Jam across different platforms, different IPs, increase the brand partnership over there. So, I think now that this Animal Jam game itself has shown that it's sustainable, there's a lot more growth we can build on this. This particular quarter, of course, I must call out, there was, you know, while the overall profitability has grown, it's also little exaggerated because of some, you know, one-time income that we got of about USD 300,000. So if you adjust for that, you would still see fairly good growth in margins as well as, I think, about a 14% growth in revenue.

Coming to your question on IP licensing and brand partnerships, you know, till now, most of our games, whether it is Kiddopia, whether it is Animal Jam, have been completely based on 100% original content. And the business model really runs in terms of also a lot of dependency on our ability to spend money to acquire users. But over the last year or two, as we are talking to many companies, we are seeing some companies have quite successfully worked around user acquisition challenges by working with, you know, popular IP. Because popular IP, let's take, for example, in the case of Kiddopia, let's say Barbie, right? These IPs are well-known for their fan base and tend to generate organic downloads which are, in a way, free of cost for us. And therefore, also help in our advertising, you know, our click-through rates improve, so our cost of acquisition decreases, user engagement improves a bit.

So overall, we believe that by integrating some of these IPs into the games, we would benefit in multiple ways. How these IP licensing partnerships are usually structured are there are certain minimum guarantees involved. And beyond the minimum guarantee, we would share a certain percentage of revenue of the utilization of that IP. So, net-net, our expectation is that even with the IP licensing cost, if you were to compare that to what we spend on user acquisition, it would still be a lot more profitable for us. So, I think that's the direction we are going. Even with Bigg Boss or with Big Brother global lunch, we've already seen Love Island as a game do extremely well and we're hoping to repeat that success with some of these new IPs. I hope that answers your question.

Deep Shah: Yeah, this is helpful. Thanks, Nitish. If I could squeeze in one more question. Sportskeeda for the last couple of quarters has been seen slowing growth. So, anything potential to call out there? Because it has grown quite well even on organic basis, while we maintained margins this quarter, anything specific there or it's just transient?

Nitish Mittersain: Yeah. So, I'll again share a high-level view, but I'd love to call Ajay, who is the CEO of Sportskeeda to give a more detailed insight. So, from my perspective, you know, Sportskeeda's core business has continued to grow well. I think at an overall numbers perspective, it's slightly slowed down because of challenges we faced with Pro Football Network. But like Anupriya mentioned earlier in the commentary, we are already starting to see that recover. So, we're not very concerned or worried about that. I think we've also seen some of the recent acquisitions play out extremely well, although on a relatively small scale. Ajay will maybe share a bit on SoapCentral and how that has done. So, Ajay, I'll pass this over to you and why don't you give some context.

Ajay Pratap Singh: Yeah sure. Thanks, Nitish. Sportskeeda, to be honest, organically has been doing really well, both in terms of user base, in terms of yield per user. If you see this quarter, there were a couple of challenges that Nitish mentioned. One, Pro Football Network, we saw some dips for a couple of quarters because of Google Code updates and Pro Football Network was caught up, wrongly caught up in that. However, that said, December month was one of the best months for Pro Football Network in terms of overall revenue. And January also is looking really, really good for us. Last year, if you see Q3, we had Cricket World Cup, which contributed to good revenue numbers and EBITDA for Sportskeeda. Unfortunately, this was not there in this quarter. That said, I think the playbook is working really, really well, both in Pro Football Network and also the recent acquisitions that we did. Soap Central. So, on Soap Central, when we acquired Soap Central, just some numbers there, Soap Central was doing somewhere around INR 5.15 crores in 12 months that we acquired and in just October November and December quarters we surpassed that number. So, the playbook that we have created on Sportskeeda has shown good results. We are pretty confident that Sportskeeda will continue to grow both organically and via playbook application.

Deep Shah: Thank you so much and all the best.

Moderator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. The next question is from the line of Abhishek Kumar from JM Financial. Please go ahead.

Abhishek Kumar: Yeah hi, good morning. Thanks for taking my question. I have three specific questions. First on Kiddopia, the cost per trial seems to have jumped quite significantly on a QoQ basis. I mean, it looks like things are getting from bad to worse, especially on the traditional user acquisition channel. I was just doing some numbers from 1Q22. You know, CPT has increased by 60%, while our ARPU has increased just by, I think, 9-10%. So, while I understand that we are doing, you know, some intervention on the IP partnership, etc, but what is happening on the traditional side, because my understanding is this will still remain a significant channel for user acquisition going forward. Any color here would be useful. Thank you.

Nitish Mittersain: Sure. This is Nitish. Good question. I think we've taken full control of this business in the recent months. It's been, I think, three or four months. And there's a lot of work we have done to get better grip on data, underlying LTV, et cetera, trying to add new user acquisition channels. And I think some of that is starting to play out. So, while December particularly, you know, the heightened CPT was caused by, I would say, a larger spike in December, I think with some of our implementations, you are going to see a much, much improved Q4 numbers. So, we're feeling fairly comfortable that not only will we sustain what we have had, we will actually improve on it Q4 onwards. So, I think leaving aside the new IP partnerships, et cetera, just on the business as usual, you should see much better metrics starting Q4.

Abhishek Kumar: Okay. Second question is on Space & Time. There seems to be some change in accounting here. From gross net revenue, we are now doing a mix of gross and net revenue. What that has done is that has resulted in a significant increase in revenue run rate, but at the same time shrunk the margins significantly. In fact, you know, margin seems to be tracking below last year's EBITDA margin number. So how should we – first, what is the rationale of, you know, going with this accounting? And second, how should we look at the margin profile now going forward in this business?

Nitish Mittersain: Yeah, sure. So, to be honest, our preference in this business was to report the revenue as per net. However, basis Ind-AS accounting and the advice received by our auditors, we had to take a blended accounting, which we have also explained in the presentation. There is a note at the bottom of that slide, which explains how and why it is accounted for. So, I think certain contracts are being accounted at gross and certain contracts are being accounted at net on the basis of the nature of that particular contract, depending on what is the risk on Space & Time. So, I think that is how it is accounted and therefore you are absolutely right, revenues have increased and the margins have shrunk. That said, it's only days for Space & Time. I think there's a lot of integration to be done. And we believe as integration is done, overall margins will increase. You've already seen Datawrkz in this quarter has recovered extremely well. In the last year, Datawrkz was struggling, but we were quite confident that it's on the right track. And the standalone numbers of Datawrkz also reflect that. Senthil, who's the founder of Datawrkz and also the CEO, is on the call today. So maybe Senthil, you can add to this.

Senthil Govindan: Yeah, absolutely, Nitish. So, I think Nitish correctly points out that this is more than anything else, it is the accounting treatment that we're following. Maybe to drill one level deeper into what is being reported at gross versus reported at net - so, there are certain direct publisher relationships where Space & Time directly works with the publisher in order to buy inventory for delivering campaigns on behalf of brands that they work with. In those cases, the revenue is accounted at a net basis where they're working with players such as Meta or Google or LinkedIn and so on. The revenue will be reported on a gross basis. And again, this is based on advice given to us by our audit partner.

Now, having said that, in terms of Space & Time itself and what we can expect going forward, so start with the core principle. Space & Time is a marketing agency, right? So, it's running advertising campaigns on behalf of its clients. It's part of this, given that it is obviously a very people-centric business, there are costs that are associated with it. And therefore, their margin profile tends to be lower, given that Space & Time itself is in the UK, which is a higher cost geography.

Going forward, what we are expecting in this acquisition is first that we will be integrating a lot of the technology that Datawrkz has spent time and invested to build over the last many years, we'll be starting to deploy that in Space & Time, which should improve the collective margin profile of the Datawrkz group overall. And separately, we will also have, over the course of time, more of a blended people approach between the UK and India, which, as we go along, let's say over a period of maybe one to two years, we will see that that also contributes to having their SG&A, their indirect costs come down as a percentage of their gross margin. So overall, I expect that the margin profile will improve over time. But these are the basic reasons why we are in the current situation and what I expect for the future.

Nitish Mittersain: Thank you, Senthil. And just to clarify, there's no change in accounting. This is how it has been.

Abhishek Kumar: Yeah, okay. One last question is on Brand Scale. You know, we have taken a write-off, and we also mentioned in one of the notes that there is INR 35 crores of Loans and Debentures, which will be provisioned. So, if you could just please remind us what is the total investment that we did including the Debts and Advances and how much of it, I mean, this percentage seems the overall write-off if that INR 35 crores also comes through, seems high. So, just trying to understand what is it as a percentage of overall investment equity.

Nitish Mittersain: Overall investments as Nazara?

Abhishek Kumar: Into Brand Scale.

Nitish Mittersain: No, when you say percentage, do you mean percent of investment write off?

Abhishek Kumar: Write-off as a percentage of initial investments.

Nitish Mittersain: It would be, we've done about, so the equity investment right now, we've written off about INR 15, 16 crores, which was the entire outstanding value of our equity investment. But some of it would have been amortized, et cetera, right? And the balance is 35. So, it's about 30, 35% of the total outstanding. Basically, the total equity investment has been impaired in our books.

Abhishek Kumar: Okay. And is there a, I mean, we don't see any possibility of recovering this amount, which we have advanced to them. I mean, what's the reason for providing for this now?

Nitish Mittersain: So, we do see some potential of recovery, whether it's through inventory, whether it's through some person who purchases, you know, the brand, et cetera, which we want to work over the next couple of quarters. We took a conservative view to do the equity impairment, given the state of that business.

Abhishek Kumar: You know, I was more referring to the loans that we are planning to provision for.

Nitish Mittersain: Yeah, we haven't provisioned yet, right, because we do see some potential to recover. But we have just, again, Nazara generally tends to have a conservative approach, and we like to transparently disclose any potential bad news, which is why we put it in just as a potential future exposure in the company.

Abhishek Kumar: OK sure. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Prem Sharma from Mirania Enterprises. Please go ahead.

Prem Sharma: Hi. Good morning and thank you for giving me a chance. I have two questions. One is how does one go about valuing IP for these companies when you acquire IPs and when you acquire organizations that have multiple IPs, how do you value them? And the next question is about Plutus Wealth acquiring a majority stake in Nazara, what is the biggest point of it for Nazara?

Nitish Mittersain: I could understand your first question. I couldn't understand the second one. Maybe I'll answer the first one and then we can address the second one. So, when you say valuing IPs, are you referring to the games that we bought from Zepto Labs recently? Or are you referring to IP?

Prem Sharma: Yeah.

Nitish Mittersain: Okay. So basically, we're looking at multiple things. One is how popular those games have been. What are the app store ratings, downloads, current user base, current revenue trends, and current profitability trends that we're looking at. Point number one. Point number two, what we feel we can do after taking over those games. Can we expand that business? Can we scale it through, you know, multiple improving live ops, etc. And third is, usually these deals or these transactions are based on an EBITDA multiple within a fair value range that we are willing to pay to purchase these assets.

Prem Sharma: Okay. And what about the IP of organizations like StarLadder? How do you value them?

Nitish Mittersain: Sorry your voice is not very clear. Can you repeat that?

Moderator: Mr. Prem, can you please use your handset and speak?

Prem Sharma: Okay. Hello. Am I audible now?

Nitish Mittersain: Yeah, much better.

Prem Sharma: Yeah, I was asking how do you value IP for the organizations like StarLadder?

Nitish Mittersain: You mean to say how do we value the acquisition price?

Prem Sharma: Yeah, because StarLadder also has IPs, right?

Nitish Mittersain: Yeah, yeah, yeah. Karan, why don't you take that?

Karandeep Singh: Yeah, so StarLadder, we obviously put an enterprise value on the company. It has revenues generated from both a combination of its IP as well as from other businesses that it gets. So, it's an enterprise value, sir, that we put from an acquisition point of view. And then, you know, the IP, then from an accounting point of view, purchase price accounting point of view, there's a value and all of that is done. But what you see in terms of the announcement you've done in terms of the acquisition, it's the enterprise value, not specific to the IP.

Prem Sharma: Okay, so no specific rate is given to IPs for such organizations, right?

Karandeep Singh: Yes, absolutely. I mean, the potential of the IP is pretty strong. So obviously, when we look at it, and when we obviously, you know, look at the projections on how the business is going to shape out both on the IP side and the non-IP side and accordingly the acquisition gets accounted for between IP and other ways of looking at other assets which is goodwill, which is certain assets that we acquire as part of the going concern.

Prem Sharma: Okay. Thank you. And the other question was about Plutus Wealth acquiring a majority stake in Nazara. What would be the vision? What's the vision involved on Nazara?

Nitish Mittersain: Yeah. So, at this point of time, Plutus has not acquired a majority stake. Plutus plus Mithun Sacheti combined have crossed a 25% threshold, which has triggered an open offer of an additional 26%. But depending on how that open offer is subscribed to, it will be the final shareholding of these combined. As we already disclosed, Plutus and also Mr. Mithun Sacheti will join in as co-promoters in the company. In terms of the existing business management, nothing changes. The existing management remains completely in control of the business. And we will have support from Plutus as well as Mr. Sacheti as we need and as they can provide.

But overall, I would just like to comment on that. I think it's a big vindication for us to have our largest shareholder cross over the line and join us hand in hand as well as, you know, a celebrated entrepreneur like Mr. Mithun Sacheti join us. We feel very validated by that.

Prem Sharma: Okay. Thank you so much, that was helpful.

Moderator: Thank you. The next question is from the line of Vavik Shah from MK Ventures. Please go ahead.

Vavik Shah: Yeah, hello, sir. I just want to understand how do you see PokerBaazi going ahead? Like this quarter we see PokerBaazi turning EBITDA-positive again. So like, what has changed in the last two quarters where you were doing EBITDA loss and this quarter we turned positive? And how do you see these numbers going forward?

Nitish Mittersain: Sorry, this is about PokerBaazi, right?

Vavik Shah: Yeah.

Nitish Mittersain: Look, I think PokerBaazi is the dominant poker platform in India, by far the leader. And therefore, it's very clear that at this point of time, they have to double down on creating a brand and creating a very large moat, which is very defensible on an ongoing basis. So, the entire focus is going to be on growing their gross revenue. And gross revenue, when I say I'm talking about the GGR, which is Gross Gaming Revenue, which is the rate that they take. And, you know, establishing a very large brand. A bulk of the marketing costs are going into brand building, sponsorship, for example, they're one of the largest sponsors of Shark Tank, they're sponsoring IPL, etc. So, I think depending on quarter on quarter, their brand spends depending on where they are advertising, for example, in Q4, IPL is in March. So, there may be a large brand spend coming up in Q4. That's what you will see in the EBITDA. The core business is very profitable. At this point of time, it's the brand spends that move the EBITDA up and down. And you will continue to see that in the next few quarters.

Vavik Shah: So basically, we continue to invest in marketing. Maybe we have some losses. But this quarter, so we have a lower marketing spend and EBITDA-positive, right?

Nitish Mittersain: Yes, correct. That shows you the underlying strength of the business, of its ability to generate cash. It's important to understand that PokerBaazi is spending less on performance marketing or direct user acquisition and a lot more on brand building and therefore, as the brand gets built even larger, we believe that will become a very large moat for the company.

Vavik Shah: Understood. Thank you, sir.

Moderator: Thank you. The next question is from the line of Yashita Banka from Ratnabali. Please go ahead.

Yashita Banka: Hi, I wanted to know that after doing...

Moderator: I'm sorry to interrupt. Your voice is coming very low. Could you speak a bit louder?

Yashita Banka: Am I audible now?

Moderator: No, ma'am. Still the same.

Yashita Banka: Is it better now?

Moderator: Can you come closer to the mic and speak please?

Yashita Banka: Yeah, am I audible now?

Moderator: Yeah, far better. Thank you.

Yashita Banka: Yeah, I just wanted to know that after doing so many acquisitions and raising so much cash in the last 6 to 8 months, what EBITDA guidance are we looking at for the next 3 to 5 years?

Nitish Mittersain: At this point of time, we'll stick with our FY27 EBITDA guidelines of INR 300 crores and we believe we are firmly on track to achieve that.

Yashita Banka: But don't we see any increase in this guidance, since we've done so many acquisitions and we're consolidating everything to the parent level?

Nitish Mittersain: Well, we obviously make our best effort to beat our prediction. But at this point of time, we're not prepared to give a fresh guidance.

Yashita Banka: Okay, thank you so much.

Moderator: The next question is from the line of Ramanuj Chandak, an individual investor. Please go ahead.

Ramanuj Chandak: Hello. Am I audible, sir?

Moderator: Yes, please go ahead.

Ramanuj Chandak: Hello. Yes, sir. My question is regarding broader perspective at the industry level. We have seen right from 2022, gaming industry as well as startups are facing a funding winter, not just USA but other countries also. So, do you think Nazara getting affected by that in any manner? And my second question is regarding, is it better for Nazara that you develop games in India and sell it in other countries or develop it worldwide and bring that to India? What would you prefer?

Nitish Mittersain: Sorry, can you repeat your first question, please?

Ramanuj Chandak: We have seen right from 2022, due to high interest rates, currently the world is facing a funding winter for startups as well as for gaming industry. So, let's assume if this goes on for a long time, is Nazara affected by that?

Nitish Mittersain: No, it's a fantastic opportunity for us, no? Because we are able to acquire assets at very attractive prices, which is going to be very accretive for us and reduces risk of these acquisitions significantly.

Ramanuj Chandak: So, I mean, if other gaming companies are facing funding problems, is Nazara prepared for funds or will we also face some problems?

Nitish Mittersain: I mean, we've demonstrated in the last year or so that we've been able to quite successfully raise capital. And therefore, I was mentioning earlier that I think we're uniquely poised to take advantage of the opportunity globally, which is also why we've been aggressive in terms of fund raise. Even though I understand that investors don't like dilution, the reality is that it's highly accretive at an EPS level at this point of time. And we're not playing an arbitrage game. We are very clear that we are getting attractive assets, which we will build on and grow over a period of time, sustain these assets and grow them.

For example, Animal Jam, we acquired two years back and that is sustained and growing. The Fusebox transaction is fairly recent, but we're quite confident of building on top of it. With that one game that they have, Love Island, since then we've already partnered with Big Brother, with Bigg Boss, we're doing a couple of other games. So, I think our strategy of avoiding the 0 to 1, which takes a lot of time to build out, and then trying to scale these assets after acquiring them at a low value should pay very rich dividends in the next couple of years.

Ramanuj Chandak: Currently, how is the market in US and Europe for gamers? Are they able to raise funds in US and Europe?

Nitish Mittersain: I think it's been a difficult environment for multiple reasons. And, you know, it's a long answer, but I'll try and answer it a bit quickly. Basically, you know, when COVID hit, a lot of the gaming companies in Europe and the US saw large spikes in their revenue. Alongside that, you know, there was a significant drop in interest rates. So a lot of these companies were acquired or raised capital at high valuations. You know, funding was cheap and the business was booming. Post-COVID normalization happened, as well as this whole Apple IDFA issue hit gaming companies worldwide. And therefore, the revenues kind of fell off the cliff, which have now stabilized over the last year, 18 months or so. And I think some of these Apple IDFA issues and all are also starting to, you know, normalize, ad agencies have kind of tweaked their models to work for it. I think a lot of these companies are coming out of it.

Also, on the other hand, a lot of acquirers in Europe and US bought these companies at high valuations, raising a large amount of debt and now they are trying to solve for it. So all these situations create a very attractive opportunity for a company like Nazara that has an established playbook, has at this point of time has been able to raise capital and can go in and acquire these assets, which is why we've been very active, actively not only building a large deal pipeline, we've been very active in the conferences happening in Europe and US, sponsoring at GDC this year, which is the largest gaming conference that happens in March in San Francisco. So, I think 2025 will remain a very good opportunity for Nazara to pick up very high-quality assets at very attractive prices.

Ramanuj Chandak: Second question is regarding, do you find it cheaper to develop games in India, sell it worldwide or acquire games worldwide and bring back to India? What is your preference?

Nitish Mittersain: I think we would do both of it. Through Nazara Publishing, we are definitely looking at bringing high-quality games and partnering with high-quality game developers for the Indian market because we believe that from a growth perspective, India will be a large gaming growth story. Although the base is small today, if you take a five-year view, gaming in India would grow, people would pay for high-quality games and if we are publishing these games, providing strong local support to global developers through local live ops, etc, localized marketing, that would be a win-win for everyone. So, we will surely do that, we already have Nazara Publishing that is working on it. At the same time, our Prime Minister has himself set a clear vision that, you know, building games in India for the world is a big opportunity that developers should do. And as India's only listed gaming company, that's a call to action we're very serious about. and that will involve obviously developing games in India, investing in local studios and building for the world.

Ramanuj Chandak: Last question is regarding the gaming talent in India. We are seeing that all major tech companies have resumed hiring. Do you see Indian software engineers moving towards gaming or is it still difficult to find gaming tech developers in India? What's the current scenario?

Nitish Mittersain: You are talking of gaming talent in India for developing games for the world? Sorry, your voice is breaking a bit.

Ramanuj Chandak: I mean, does India have sufficient gaming talent that we can develop games in India? Or should we even in future rely on other countries?

Nitish Mittersain: You know, I think a hybrid way of working is today the best solution. So, I'll give you an example. You know, with Fusebox Games that we acquired, there's about 30 people, 35 people, great people working in UK. And they are the core of the business. They really have the real grip on how that particular genre of gaming works. I think if we were to do it from scratch in India, we would find it difficult. But the way we've built a hybrid strategy is for all the new games that Fusebox is making, like Big Brother, Bigg Boss, etc, while the core team kind of oversees the game design, the game narrative, etc. and how the production quality is coming, a lot of actual development is now starting to happen. The engineering is starting to happen in India. And therefore, this hybrid model, I think, is a great way, at least for Nazara to work and take advantage of both worlds - the high design skill set in international markets, the great engineering, quality assurance, etc., talent available in India.

Ramanuj Chandak: Thank you for taking my question.

Moderator: Thank you. Ladies and gentlemen, if you wish to ask a question to the management you may press star and 1. The next question is from the line of Nikhil, an individual investor. Please go ahead.

Nikhil: Thank you for the opportunity. So, my first question is around can you please give an update on Smaaash Games. I think it's a bit some time that we have waited for it and if there is no update is there any tentative timeline, we can know something?

Nitish Mittersain: Well, it is, you know, we were the successful bidders for it or the shortlisted bidders for it. However, there are delays at the NCLT approval process and we have been following up on the same. And we hope that in the next quarter or so, we should be able to close and take control of the company.

Nikhil: Okay. And one last question. I think there were some headlines around Nazara partnering with state governments on adding commerce to our gaming studios. So, can you please comment on that thing, what's going on?

Nitish Mittersain: Yeah. I think what you're referring to is the G-commerce play. What we are trying to figure out is the one challenge in the Indian gaming market outside of the real money gaming is that monetization through in-app purchases, you know, still a small propensity, small percentage of players are having the propensity to pay for in-app purchases. And revenues through advertising is quite a bit of struggle because the eCPMs are low, the bill rates are low, etc. Therefore, the whole idea is that how can we create alternate monetization models that could provide game developers in India a better way to monetize. And one thing we felt was that if you could integrate e-commerce within the gaming environment, since Indians are already very used to, you know, shopping online, etc., if we can target the right offers to the right consumers, perhaps the fees that we can earn through affiliate, etc., would be higher than the advertising.

We are in advanced stages right now of a pilot with ONDC. We are hoping to launch that pilot within Q4, before March. It will take us maybe another quarter to try and iterate that before we can come back to you with how this experiment has worked out. But generally, I feel G-commerce is something that could be a great innovation out of India for the Indian market also, but for the world. So that's something we are attempting at this point of time.

Moderator: Right. Thank you so much. The next question is from the line of Kewal Shah from Standard Chartered. Please go ahead.

Kewal Shah: Yeah. Thanks for the opportunity. Sir, my first question is on Freaks 4U. Not much information is given in the presentation. Can you help with some basic numbers like what would be the revenue, profitability, is it profitable right now? Is it being consolidated right now and what would be the outlook for this upcoming year for Freaks 4U, because I believe it was a big-ticket acquisition from Nazara.

Nitish Mittersain: Yeah, sure. Karan, can you take that on please?

Karandeep Singh: Sure. So, we don't break out the numbers of Freaks separately, but I can tell you that the Freaks business, which is our venture into the German and the European market, is playing out beautifully because the brands who straddle across the European market, the Asian markets, the China market, they are keen to kind pf promote through the gaming community in that part of the world, we are able to leverage that. Freaks, per se is going through its turnaround, just to kind of call that out. We are very cautiously optimistic that this, we are helping them through the turnaround journey. That's the only thing I would say at this point of time, but there is a strong collaboration between the Asia and the China side, which is where we have the front end and a lot of the brands pushing the marketing dollars into Europe, where we have a beachhead in terms of Freaks, you know, helping to, you know, grow that business.

Kewal Shah: Okay, thanks. How is overall eSports landscape in the European markets basically? For emerging markets, it is growing very well but can you throw some light like how is the industry doing over there?

Karandeep Singh: Yeah, no, absolutely. So, I think eSports is, you know, there are big events which are happening, you know, there's the Counter Strike, you know, event which Valve's doing which is going to be in Hungary at the end of this year. We are, we are gunning for that. So that's a big event which is scheduled. The mobile markets, which is the Tencent and the PUBGs, they are exploring into markets which is beyond the shores of, you know, Asia and Middle East and getting into the Central Europe, which is why our presence and in less than one year since we've been present in the CIS countries, we've done an event for Tencent in PUBG in Uzbekistan. And we expect to kind of explore more with them. So Tencent obviously counts NODWIN as a preferred partner.

And with that point of view and given our strength in the mobile gaming side of the capabilities that we've built, we should be able to partner and grow in the European side with them and other markets, other emerging markets, including Africa.

Kewal Shah: Okay. And is there any path to profitability, like any target internally that by this time, it might just become profitable?

Karandeep Singh: Yeah. So, like I said, you know, in the earlier questions, I think we've been investing in growth. And, you know, the growth has been first in the IP side, some of the IPs like the BGMS, which ran the third season, the Playground, which ran the fourth season, you know, the SPS, which has had a fantastic success. I think we are getting to that stage where the IPs, you know, which were invested for will become a lot more profitable. So that is one angle of growth that you should be able to see play out. The other is obviously the emerging markets, like I just called out, you know, we've been investing in, you know, having presence and footprint in these markets as more and more brands and publishers, given the youth and given the audience over there and the general consumption patterns that, you know, increase, we are going to, you know, piggyback on that. A combination of these two and the capability stack that NODWIN has built with the acquisitions recently with the talent management with Trinity and the content distribution and creation with AFK, I think we are now going to be definitely piloting and expanding our global delivery platform.

We've done this once, which was through the eSports World Cup where a combination of, you know, the teams of Freaks in Germany and the teams in India kind of collaborated to deliver, you know, a great, you know, outcome for the eSports team which ran the eSports World Cup out of Saudi. I think with our footprint, with our teams based in Turkey, in the Middle East, in India, in parts of, you know, Europe, we are going to, you know, drive the global delivery idea, which I'm sure all of you are very familiar with, which is what IT, ITES, you know, world has done. And that's another lever of profitability for us.

Kewal Shah: Sure, thanks. And the last question, there was some plan of launching a new beta game under Animal Jam, I believe. So, is there any progress or update on that? Hello, am I audible?

Nitish Mittersain: Sorry, can you repeat that please?

Kewal Shah: Yeah, so there was some new game we were planning to launch under Animal Jam, I believe. There was a beta game launch which was planned this year. So, is there any update on that front?

Nitish Mittersain: Are you talking about the Slinky game that I just spoke about or something else?

Kewal Shah: So just for clarity, the Slinky is a new IP addition or it's a new game under this edition?

Nitish Mittersain: Slinky is an IP that we've licensed and we're going to launch a new game on that. But it's early days so we probably have an MVP, which is, you know, initial beta version out in maybe about six, seven months. Then we will see how that performs. And if that performs well, we will mainstream it. So, I think from a revenue impact perspective, we are probably looking at, you know, next year versus anything in the next one or two quarters.

Kewal Shah: So, there will be new beta game launch based on this IP itself?

Nitish Mittersain: Correct.

Kewal Shah: OK thanks. That's it from my side.

Moderator: Thank you. Ladies and gentlemen, this will be our last question. It's from the line of Prakash Kapadia from Spark PMS. Please go ahead.

Prakash Kapadia: Yeah, thanks. Just, you know, one question. I think you mentioned around 3 billion EBITDA for 27, right?

Nitish Mittersain: Yes.

Prakash Kapadia: And that would assume just current businesses or it could imply inorganic also?

Nitish Mittersain: As of now, whatever we are focusing on or it could include some inorganic opportunities so I mean uh you know while we've not really broken it up through organic or inorganic as you know Nazara continues to be acquisitive and I'm sure from now to 2027 we will do additional acquisitions, but we're also quite confident that this the existing businesses will continue to grow well and continue to build on the profitability that we are delivering today.

Prakash Kapadia: OK, fine, thanks.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. I now hand the conference over to the management for their closing comments.

Nitish Mittersain: Sure. Thank you, everyone, for joining the call. I think over the past few months, we have taken important initiatives to fortify our position and lay a strong foundation for future growth of the company. We remain committed to making Nazara a robust player in the Indian and global gaming and eSports ecosystem. Thank you very much for your continued support and if you have any further clarifications, we request you to get in touch with our IR team. Have a good day.

Moderator: Thank you. On behalf of PL Capital, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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