

**October 28, 2022**

**To,**  
**Listing Department**  
**BSE Limited**  
Phiroze Jeejeebhoy Towers Dalal Street,  
Mumbai - 400 001.

**Scrip Code: 543280**

**Listing 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**

Dear Sir/Madam,

**Sub: Transcript of the Investor/Analyst Earnings Call held on Friday, October 21, 2022**

In furtherance to our letter dated October 21, 2022 regarding the audio recording of the investors earnings call for the quarter and half year ended September 30, 2022, 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](http://www.nazara.com).

Kindly take the above said information on record.

Thanking You,

Yours Faithfully  
For **Nazara Technologies Limited**

**Pravesh Palod**  
**Company Secretary & Compliance Officer**  
**M. No. A57964**

Encl: a/a



“Nazara Technologies Limited  
Q2 FY23 Earnings Conference Call”

October 21, 2022



**MANAGEMENT:** **MR. NITISH MITTERSAIN – JOINT MANAGING DIRECTOR – NAZARA TECHNOLOGIES LIMITED**  
**MR. MANISH AGRAWAL – CHIEF EXECUTIVE OFFICER – NAZARA TECHNOLOGIES LIMITED**  
**MR. RAKESH SHAH – CHIEF FINANCIAL OFFICER – NAZARA TECHNOLOGIES LIMITED**  
**MS. ANUPRIYA SINHA DAS – HEAD OF CORPORATE DEVELOPMENT – NAZARA TECHNOLOGIES LIMITED**  
**MR. SUDHIR KAMATH – CHIEF OPERATING OFFICER – NAZARA TECHNOLOGIES LIMITED**

**MODERATOR:** **MR. ABHISHEK BANERJEE – ICICI SECURITIES**

*Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 21<sup>st</sup> October 2022 will prevail*



**Moderator:** Ladies and gentlemen, good day, and welcome to the Q2 FY23 Earnings Conference Call of Nazara Technologies Limited hosted by ICICI Securities. 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 guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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 “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhishek Banerjee from ICICI Securities. Thank you, and over to you, sir.

**Abhishek Banerjee:** Thanks, Rutuja. Hello. Welcome, everyone, to the Q2 FY23 Results Conference Call of Nazara Technologies. The management here is Mr. Nitish Mittersain, Joint Managing Director, Mr. Manish Agarwal, Group CEO, Mr. Rakesh Shah, Group CFO, and Ms. Anupriya Sinha Das, Head of Corporate Development. I would hand over the call to Mr. Nitish Mittersain for his opening comments. Over to you, sir.

**Nitish Mittersain:** Thank you. Good morning, and a very warm welcome to all of you to Nazara's Q2 and H1 FY23 Earnings Call. First of all, I would like to wish all of you a very Happy Diwali and festive season. We have already uploaded our results presentation on the exchanges, and I hope you all have had an opportunity to go through the same.

On behalf of Nazara, I'm happy to share that for Q2 FY23, we generated revenues of INR 2,638 million, up 104% year-on-year and an EBITDA of INR 214 million, up 9% year-on-year and a PAT of INR 169 million, up 11% year-on-year. Similarly, for H1 FY23, we generated revenues INR 4,869 million, which is up 87% year-on-year, an EBITDA of INR 514 million, which is up 4% year-on-year and a PAT of INR 324 million, up 17% year-on-year.

Our approach to capture growth opportunities across segments has been instrumental in us achieving better numbers in our growth estimates. And we continue to reinvest our profits for faster growth to achieve revenue scale and market leadership. At the same time, maintaining healthy and positive cash flows and profitability to provide stability to the business. Given the strong H1 FY23 performance, we revised our revenue growth estimates upwards. We had earlier guided 50% growth for FY23. We are now revising this upwards to 70% to 75% for FY23 and we will achieve this while maintaining our EBITDA margins at a minimum of 10%.

As you would have already read our CEO, Manish will be stepping down effective November 30th, and I would like to take this opportunity to thank him for all his efforts over the years at



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Nazara. I will take over as CEO effective December 1st '22 and look forward to many opportunities to interact more closely with all of you in the days to come. I would also like to extend a warm welcome to Sudhir Kamath, who has joined us as Chief Operating Officer and will work closely with me going forward. Sudhir has 20 years of experience in strategy consulting, private equity investing and running companies. His key responsibilities will include developing and executing the strategy for us, working closely with our subsidiaries and working with me on the M&A side.

I would request Sudhir to introduce himself, post which we will walk you through the quarterly highlights. Sudhir, over to you.

**Sudhir Kamath:**

Nitish, thanks for a very warm welcome, and good morning to everyone. I'm very excited to be part of Nazara. I think Nazara's clearly the pioneer in the Indian gaming ecosystem and has built a great platform. But I do believe there's a lot of potential in the coming years and I look forward to working closely with Nitish and the entire leadership team as we continue to build a large and profitable business. I'm looking forward to having great interactions with all the analysts and others on this call. Thank you. I request Manish or Nitish to take over.

**Manish Agarwal:**

Good morning. Hope everybody is doing well. Again, wishing you a very happy Diwali from team Nazara. It is a great kind of results, which very happy to have a real sign off with essentially kind of a growth and very-very privileged to be working with Nazara for the last 7.5 years and working with Nitish and the entire leadership team of our founders to be able to kind of build a platform, which can deliver these kind of growth and not just the revenue growth, but also operating cash flows as well as profitability increase.

So very, very happy to share that, and I'll again reiterate that all our multiple growth engines strategy is really kind of firing and which is all contributing to this growth. We grew 104% in the quarter 2 year-on-year, and we grew 87% in first half year-on-year, which are amazing numbers. As the company continues to grow in size and scale, maintaining that kind of growth, usually, people really are very-very skeptical, and we are very happy to really revise our estimates on revenue growth from 50% plus to 70-75% plus.

We are also very pleased to achieve this high trajectory of growth, while maintaining positive EBITDA margins as well as operating cash flows, and while the revenue growth, we are obviously revising, we are also maintaining that we would deliver a 10% thereabouts EBITDA margins for the year to come. And I would request Anupriya to walk you through the key highlights of segments. And as in the past, we have found that the interactions and conversations through Q&A is a much better opportunity for us to explain you various nuances of business. We would spend time over Q&A, and Anupriya, over to you.

**Anupriya Sinha Das:**

Thank you, Manish. Good morning to everyone. So I'll quickly walk you through our segmental performance, and then we'll take on questions. So, if you look at eSports, our revenue growth



for the quarter has been around 174% and 132% for half year as NODWIN revenues grew by 240% in the quarter, and 144% in H1. Sportskeeda revenues grew by 76% in the quarter and 89% in H1. The growth in NODWIN is driven by growth in media revenues, led by Master Series and Playground IPs, and taken along with strong growth in the gaming accessories business.

At Sportskeeda, we continue to grow our US revenues, which grew 2.6x in the quarter driven by increase in video revenues and strengthening offering in eSports as well as core American sports like American football, basketball, tennis and baseball.

Now, NODWIN EBITDA has reduced to 0.8% in H1 versus 4.8% in H1 FY22 due to one, an investment in the gaming accessories business, where we have achieved leadership position within the gaming headphone category on Flipkart within a very short period of time. Also, we have built new IPs like playground. Both of these initiatives require investment and have resulted in a revenue growth of 240% year-on-year in Q2. Benefits of operating leverage will kick in as we scale the media and eSports focused gaming accessories business, providing an increase in EBITDA margin for NODWIN.

Now if you look at our Gamified Early Learning business, the Kiddopia CPT has stabilized at \$37.9 in the quarter as the company optimized the channel mix for user acquisition. We will now scale the user acquisition cost to drive further growth. We've also acquired 100% stake in WildWorks for \$10.4 million on 30th August 2022. In the month of September, the WildWorks revenues was 65 million and 12 million in terms of EBITDA. Our growth strategy at WildWorks is focused on invigorating the core business by increasing user acquisition spend to drive subscriber growth as well as accelerating content update to drive engagement.

Moving on to the Adtech segment. So we added Adtech as a new business segment in the previous quarter. This segment contributed to around 14% of overall revenue in H1. The business grew by 38% in Q2 and 52% in H1 and has added 23 new clients.

Now our skill-based real money gaming segment with OpenPlay witnessed a strong revenue and EBITDA growth in H1.

Within the freemium business, Nextwave witnessed around 51% growth in Q2 and 41% in H1 FY23.

I would like to reiterate all our major business segments are EBITDA positive and cash generating, and we are happy to announce that our H1 FY23 EBITDA was 514 million, leading to an EBITDA margin of 10.6% for six months. I close my remarks here and open the call for Q&A and request Manish and Nitish to join me for the Q&A.

**Moderator:**

Thank you, very much. We will now begin for the question-and-answer-session. Anyone who wishes to ask a question, may please press “\*” and “1” on your touchtone telephone. If you wish



to remove yourself from the question queue, you may press “\*” and “2”. 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 Nitin Jain from Fairview Investment. Please go ahead.

**Nitin Jain:**

Yes. Congratulations on the good revenue growth. So my question is relating to the profitability. So, as we can see that this quarter, the margins have dipped below the last quarter guidance of 12% to 14%. Now we know that the management keeps reinvesting for growth, but was the reinvestment not factored into the guidance that was given last quarter? And also a follow-up on that is what gives us the confidence that the 10% guidance will be defended until the end of FY23?

The next question is related to NODWIN. So, during the Q1 call, the management was confident that the NODWIN margins should revive to about 5% to 6%, but they have dropped further below 1%. So, can you provide some more color on that? And does the guidance of 5% to 6% still hold? Thank you.

**Nitish Mittersain:**

This is Nitish and I'll answer your questions. So firstly, on the earlier guidance of 12% to 13%, it was linked to our revenue guidance of 50% for the year. But however, as the year has gone by, we have seen many more opportunities for growth and we took a strategic call that we want to press that accelerate and versus optimize or achieve higher margins because we have this unique opportunity to really build for market leadership and for scale. And therefore, it's a very conscious decision, which you can see are actions reflecting in our revenue guidance, increasing from 50% to 70% to 75% and also the much higher-than-expected revenue growth.

I think for a company like us, it's very important. We are working in very nascent businesses like eSports and achieving market leadership, we are already market leaders, but building on top of that, running way ahead of competition at this point is extremely important for us. At the same time, as you know, our stated objective always has been that we will prioritize growth over margins but at the same time, we do not want to drive growth by burning money or by making losses. So I think as long as we are able to maintain positive margins as we have guided right now, we will maintain a minimum level of 10% and maintain positive cash flow that we have done in this quarter as well as H1. We are very comfortable prioritizing the growth and really going up to scale. So I think that's on the overall basis.

In terms of the NODWIN margins, I think there are very similar aspects in play over here, but I can deep dive a bit more. In NODWIN, in this quarter, we have taken on significant investments. One, in building new IP. It includes IPs like playground, which we have launched and which have been received well. There is also, if you would remember, NODWIN usually has seasonality Q3, Q4 are much larger quarters for them with higher margins and also the gaming accessories business that we have launched, Q2 was the peak period for that because of the



festive season, and we have aggressively spent money in marketing and building the brand over there.

So I think, again, you will see the same approach that we are investing to build our IPs. We are investing to build our brands. And if we see opportunities, we will aggressively go after them even if that means that we need to reduce our margins by a bit. I hope that answers your question.

**Nitin Jain:** Yes. That's quite clear. Just 1 last question. So many congratulations to Manish for moving on. Just wanted to clarify whether the entrepreneurial venture will be in competition with Nazara?

**Manish Agarwal:** So I'm very-very excited always in building nascent areas much earlier ahead and I think blockchain is some of that area, which over the next 7 to 8 years, will evolve and there are a lot of teething issues on basic blockers or ecosystem friction and I'm very excited always to build those blockers and look at those ecosystem play. And so from that perspective, building blockchain gaming space in India is so nascent that it will take a lot of time and more and more entrepreneur risk appetite. And that's why I'm really stepping out to build that.

However, what is important to underline here is that I will continue to be on the Board of the leader subsidiaries that I have always been there and plus, I'll continue to work with Nitish because it's a relationship of 10 years and formalizing, we'll work together on as an adviser to Nazara continue to be associated. It is important to note that my significant holding is there in Nazara and I have not sold anything and that's where my interest and heart lies.

**Moderator:** Thank you. The next question is from the line of Jinesh Joshi from Prabhudas Lilladher Private Limited. Please go ahead.

**Jinesh Joshi:** I have a question on a Kiddopia. I think we spent about 3 million on Kiddopia in marketing in Q2. So, with these kind of things, are we back to hitting the trial figure, which we used to get the pre-Apple policy change? Basically, just a thought of asking has the activation / churn more or less constant? And does the trial figure has improved, there should be no further subscriber losses from these levels? Because sequentially, even if I look at our subscriber base, it is more or less constant as such and from here on, how should we look at the subscriber growth, given the fact that CPT has stabilized at about \$37-\$38?

**Nitish Mittersain:** Sure. Thanks for that question. This is Nitish and I'll answer this one. So with Kiddopia, what we are feeling very good about this. If you see in this quarter, we spent \$3.1 million, which has been higher than the preceding quarters. Our spend has dropped after the Apple-IDFA issue and if you will see the cost per trial has actually declined from \$39.3 to \$37.9. What that really shows is now we are able to scale back spend not at the cost of increasing our trial cost, but actually improving it.

So I think we are very comfortable, as you also mentioned in the last call with the \$37 to \$38 cost per trial because of our LTV increase, which is now starting to reflect in the ARPU, if you



see this quarter's ARPU \$6.8 and is increasing, and we expect this to continue to increase as more and more users coming at a new price point. So I think to answer your question, yes, I think with this spend level we expect Kiddopia user base to be stable. Any further decline to be stemmed and we expect that we should start showing growth in the coming quarters and we also expect that we will increase the spend as we get the opportunity to do so.

**Jinesh Joshi:**

Sure. One last question from my side. After Google allowed the pilot to download the fantasy sports and rummy on its app store. Is it possible to share what kind of change in events we'll be expecting the customer acquisition cost and the organic discovery will improve meaningfully? Because if I look back at this quarter, we have given the customer acquisition cost at about 1977. What content can decline? And also how has been the response so far in terms of downloads post Google Play allowance?

**Nitish Mittersain:**

Sure. So look, with the R&D apps being allowed on Google Play and our classic rummy went live just a week or 10 days back. So very early for me to share specific data or stats for you. We are also still optimizing and accessing the data. But I think if you zoom out, there are going to be two major benefits of promoting the app or advertising the app on Google versus outtake as we used to do earlier. One is the friction for people to download an APK outside of the Google Play store was a lot and that gets eliminated when the user is downloading via Google Play. And therefore, the funnel should improve significantly, which means we should see lower cost per trials of us for paid users, I would say, depositing user.

The other benefit of Google potentially is the discovery head. There are millions of users that actually go to Google Play every day and you could also see like we see in Kiddopia and other apps, which are there on the app stores, you could start seeing organic discovery and organic downloads for our RMG apps, which means overall blended costs should come down also significantly. So this will help in two ways, it will either increase the number of users we're able to acquire or it will decrease the cost at which we are acquiring or most probably both. But I think next quarter will be the first quarter where we'll be able to present a specific data for you on this.

**Moderator:**

Thank you. The next question is from the line of Deep Shah from B&K Securities. Please go ahead.

**Deep Shah:**

My first question is around this BGMI event that we had. So yes, I think it's very clear that the ban might not be over any time shown. So, what is the way out now? Do we hold these events somewhere else? Or do we host other games as part of the same IP? What is the idea there? That is one.

Second, we have highlighted that freemium will be a focus area for acquisitions. So, any update on that? And the Halaplay integration is now done, how should we think about real money





gaming? Are we still looking to add more apps to increase liquidity on that portal? So any update on that would be really helpful.

**Manish Agarwal:**

Thanks for asking Manish here. So you have asked three questions, let me answer them. BGMI ban is a hit for the entire eSports latency market because when you have a very large game, it creates a massive amount of viewership influencers the entire ecosystem activity really keeps growing. And that's where the eSports such events are not great for highly very-very early days kind of an ecosystem, which has a very strong tailwind of consumer behavior. The good thing is there are three levers which NODWIN has. One, the gamers are really kind of playing and if you look at what is popular in India in the first person shooter and there is 100 million odd people who are really paying that and these guys are now trying to look at playing Call of Duty Mobile, or even if you look at PUBG new state, which is still there. So you see in audiences, which is playing.

The second lever which we have is the South Asia, where we run PUBG Championships. The teams, open teams in India are very-very keen to be part of that South Asia championships and maybe we relocate them to Dubai or relocate them to some other because there are two parts of eSports, one is the tournament and one is the players, another is the tournaments and viewership. I think the tournament and viewership can continue to happen through a broadcasting while the teams are located outside India, viewership is not an issue. So that's the second lever.

The third lever is our ability to find a create and leverage this whole excitement amount getting entertained with gaming context is what we are looking at creating IPs like playground, which are not based on live tournament content, but which are an on-demand content. So that's how we are continuing to work in this ecosystem to keep growing. While not even suggesting that BGMI is a setback for the whole ecosystem and the entire industry should work together to really create right frameworks so that these things can't keep hampering the growth of eSports. So that's on the BGMI part.

On the freemium part M&A, we are absolutely working on that. As you know that our M&A is something which doesn't happen in haste. We'd like to really engage with the different-different teams, their thought process, how they really look at growth levers, what's their software ambitions and then only kind of move. So these are a very important capital allocation decisions for us. So we are having a very healthy pipeline, but we don't have anything concrete, which we have we are really going to announce today on the freemium part.

On the HalaPlay, OpenPlay, I think to kind of link it to the previous question, we are very excited about the whole Google Play and Fantasy is one of the large volume consumer driver with the platform integration of OpenPlay, the tech being in place. I think as Nitish said, it's early days, but we are very excited about leveraging OpenPlay's tech platform and the opening of Google Play to see what would be done in Halaplay, though, I would like to caveat that space is a very



strong network effect space, and there are very large incumbents. So again, how much where it can accrue to us, we'll only come to know in coming quarters.

**Moderator:** Thank you. Before we take the next participant, reminder to the participants, anyone who wishes to ask a question, may please press star and one. The next question is from the line of Abhishek Kumar from JM Financial. Please go ahead.

**Abhishek Kumar:** Yes. So congratulations and all the best to Manish for your new role, and welcome to Sudhir to Nazara Family. My first question is on guidance, Nitish, first half of this year, we have grown at 87% Y-o-Y. So that essentially looks like there is going to be some deceleration in the second half, which is traditionally the stronger quarter. And also the fact that we have actually acquired WildWorks and some of the other acquisitions, which are not there. So, any specific areas where we're seeing trends slowing down, which has resulted in, or is there just some conservatism built in the guidance?

**Nitish Mittersain:** I think there are a couple of things here. One is if you see our numbers, right, usually, Q3, Q4 have been larger numbers even in the previous year, which means that the base is much higher compared to Q1, Q2. Q2, in fact, for last year, if you look, it was a much smaller number compared to the increase in Q3, Q4.

The Q2 growth has been higher because with our gaming accessories business and wins, Q2 now becomes a key peak period, I would say, because of festivals. The major sales happened through Flipkart and Amazon, and they run these large sales and business really happens in this quarter, which means you are seeing Q2 catch up much faster in posting 104% growth but it's coming off of a smaller base last year and you've got a new product, which kind of peaks in this second quarter.

So I think that's one key reason why you are seeing the 104% growth, but a 70%-75% growth for the entire year. I think if you look at our overall business, even if you were to exclude Datawrkz and WoldWorks, which have been our recent acquisitions, we would have grown 70% in this quarter and 58% in H1 over next year. So I don't really see a deceleration happening, but I think of more of normalization happening over the year.

**Abhishek Kumar:** Sure. That's helpful. Now one question specifically on data works. I mean the company used to grow at well over 100% before the acquisition. And I think the first half you have grown around 50%-54%. Also, if we look at globally, what is happening in ad-driven businesses, like Snap, for example, missing estimates dropping guidance, etc. So is there any challenge in that ad tech world because of either because of demand or change in Apple's policy, the impact are we seeing on datawrkz growth as well?

**Nitish Mittersain:** Again, I'll answer on 2-3 fronts over here. One is, even in Datawrkz business, there is a seasonality Q3, Q4 are usually larger than the first two quarters, because you run into the festive period in the US, whether advertising spends are more. So I think that's one reason.

The second reason really is the growth lever Datawrkz since the last few months has been since the acquisition being a lot more aggressive in acquiring new clients, and we believe that growth will come in. Now you have to remember in a very, very large industry of US of \$700 billion advertising industry, Datawrkz just a \$15-\$20 million business. So I don't think macro levels will affect data works a lot today. And also as advertisers cut spend, I think Datawrkz with its operations out in India provides a significant arbitrage and cost benefit for many clients.

So I think as efficiencies become more important, Datawrkz should benefit going into FY24 rather than suffer from the overall market climate. So we remain very bullish about this business. We think there is a lot of scale up opportunities here and we will continue to work very closely with the team over there to achieve this.

**Moderator:** Thank you. Participants who wishes to ask a question may press "\*" & "1". The next question is from the line of Ankit Zope from JM Financial.

**Ankit Zope:** So I have a couple of questions. One on -- if you can just help us with the revenue split in NODWIN to OML and D2C? And other one being there is one line item on balance sheet as to borrowings of 106 million. So can you just help us with that?

**Manish Agarwal:** Yes. Let me take the second one with me, Manish here. On the borrowing part, yes, there is a brandscale which is our gaming accessories business, which has a working capital spent always because you are kind of ordering your stocks before and you are paying to a manufacturers and all that stuff. So that company would continue to have working capital requirement, and that's what you see in your balance sheet items, which in other parts of the Nazara's business is not required. So that's the addition to the balance sheet line item.

On your first question on the split of NODWIN, we have always given you two splits, media and non-media and we do not want to at this juncture, give you further splits because each of those splits are still very, very small. And we do not want to really get into any kind of more data information till we have very strong tangible, printable, scalable levers prove it to ourselves. And hence, that's point one.

Point two, the true value creation is in NODWIN is on two points. One, how do you really kind of create and build IP and see the media numbers really growing because that's where your elasticity on margins will happen and your operating leverage will happen. Second, the IP, which you build is access to community and how do you leverage access to communities through more and more community-related transactions. These are the two growth essentially value creation drivers and operating leverage drivers in the future.

Media is something which we started looking at it four, five years back, and hence, we have been giving that. The other levers access to the community as we concretize it and formalize it more and us, then we will start spreading it. But not for now, we'll continue to give you media and non-media.



**Ankit Zope:** Okay. Thanks for that. Just if I can squeeze in one more. So there is a steep rise in other income line items during this quarter. So any reason.

**Nitish Mittersain:** The other income you are seeing a spike because of our investment in Rusk Media. There was an external investor that came in at a much higher valuation -- so that investment has been marked up, which has been included in other income.

**Moderator:** The next question is from the line of Rahul Jain from Dolat Capital.

**Rahul Jain:** I have a couple of questions. Firstly, on this Animal Jam business, it's been some time this business is integrated now. So any input in terms of how the metrics or the strategy have evolved ever since it has come into our fold and what kind of growth or margin thought process we can think of in this business in the current fiscal? Secondly, to the question specific to COO, basically is coming from a -- if my understanding is the right coming from a background from running kind of a business, which he has also created.

While that kind of a business for us right now is pretty small. So any thought process in terms of how this would change with Sudhir coming in. And definitely, that question related to Manish, that given that we, as an organization, are acting very powerfully as a VC+PE kind of a situation in the gaming ecosystem. And with most of this transaction happening with Manish being around. So how we try to fill up this capability, which probably would see a gap, once he is not around?

**Nitish Mittersain:** Sure. So let me answer all of them one by one. So on WildWorks, as you know, the acquisition has been fairly recent, less than a couple of months back. And we are in an institute case of understanding and integrating our thought process into that business. What we have already achieved is well, I would say, to some very crucial hires over there. For example, Director of Data Engineering was missing and data analysis was missing, and we found a very good resource who has already joined and started to throw up a lot more in-depth data, I would say, which can be actionable by as well as the WildWorks team. So I think that's one thing we started. We started working with the UAE team at WildWorks.

And also, naturally, with the way the transaction was done, WildWorks team is now able to refocus again a lot on to the Animal Jam product. So small things like improving, increasing budgets for customer service, bringing down turnaround time to customer responses, etc., has started happening. And we are always a lot more updates have started happening regularly. And we are already starting to see an uptick on that business. In this September, the business did 65 million in revenue and 12 million EBITDA.

And we believe this business should grow well because it's also the festive Christmas season in the US. I think WildWorks has a lot of potential to grow, which is the reason we really went into it. But it's very early to guide specific numbers, we would like to get a lot more grip ourselves before we start guiding specific numbers there. But we remain very excited with the opportunity.



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The team is fantastic. The IP is fantastic. It has a very strong community of users, if you check on Instagram or Facebook, any social media, the fans and community is very engaged. And I think that's a great foundation to build on. On the second question with regard to Sudhir coming in from an RMG background, I think how that will impact our RMG plans. I think we will, of course, surely engage with the Sudhir takes his inputs on direction RNG is going in and how Nazara can scale up.

We're also very keenly looking to watch how the a positive impact of Google play for our products. And we will evaluate this alongside our earlier stated objective of getting clarity on GST, etc., before we continue to scale this business. Third, there was a question around Manish, on M&A. So I think on the M&A basis, one is that me and Manish have worked very closely together on all M&A deals right from the start. And I think I will be taking the lead there on the M&A side, at least from a structuring, valuation, network perspective.

The good part is, over the years, Nazara having executed many M&A successfully. We have built a brand, we've also built a very strong soft asset in terms of how to be able to work with these teams and scale the business. And I think that is already attracting a lot of inbound M&A approaches to us. But funnel has really increased.

That said, also, we are starting to work with a lot of investment bankers because not only in India but outside because we have our scale or potential scale of acquisitions is also increasing, and that is being in a lot of interested parties to the table. Lastly, as you would remember, we've also become an LP and some gaming funds like different partners in the US and BitCraft in Europe, which also provides us good funnel for us to invest in or potentially acquired companies. So I think I will be really taking the lead on the M&A side. Sudhir will work with me. We have a strong team. And at some point of time, we may also bring in a dedicated M&A head into the organization.

**Rahul Jain:** Sure. Thanks for all those answers. Best of luck Manish for your future venture and I think you are part of this ecosystem and we never know how the path cross again even for Nazara and for the larger ecosystem. Thank you and best of luck, and congratulations on your new venture.

**Moderator:** Thank you. Participants who wishes to ask a question may press "\*" & "1". The next question is from the line of Aparna Shanker from SBI Mutual Fund. Please go ahead.

**Aparna Shanker:** Congratulations on good set of numbers Nitish. Just a small bookkeeping question. So what is included in media and what is included in non-media, I'm not looking at granular data, just a head?

**Manish Agarwal:** What is included in media is any money which you collect from the platforms such as OTT platforms, Media-TV platforms, that's the money which comes in media. What generates that revenue, your live content, your on-demand content your talent content, talent stream. So these are the things which you really look at in the part of media. And anything which is there on the



non-media, it comprises of D2C. It comprises of white label events. It comprises of any brand sponsorship from your own IPs. And these are the three big components from your non-media. We also brand the whole infrastructure for team and everyone. That's a very, very small component. So that's the fourth one. So these four things comprise of non-media part and the media part I explained to you.

**Moderator:** Thank you. Participants who wishes to ask a question may press “\*” and “1”. The next question is from the line of Raj Joshi from Ace Securities.

**Raj Joshi:** Sir, there is an impairment loss of around 76 million, may I know it is related to what?

**Nitish Mittersain:** We took a write-down on Halaplay investment partially and this is impairment of that.

**Raj Joshi:** Okay. And sorry, if this has been asked, but what level does eSports starts making money as we had a very low EBITDA margin despite a substantial revenue growth?

**Nitish Mittersain:** Yes. Well eSports can start making money as of today also, it's upto the direction you want to take that business. Like I stated earlier, I think being a nascent market, which will become a very large market and Nazara being a market leader over there and NODWIN being market leader over there are priority today is to really drive scale and achieve market leadership.

The only guardrail we have put is we do not want to achieve the same by going into losses. So you will never see large losses being incurred to achieve market leadership but trying to maximize margins or increase margins at this time at the cost of growth may also not be a very good idea. So we are trying to find the right balance over here. The priorities are being to increase our market leadership. Also, what is important to understand is as the eSports community for us grows our IPs become larger.

The elasticity on value that we can generate will be much higher. And this eventually should turn into a very high-margin business. Long term, it's not a low margin business. While you see low margins today is because of reinvestment into growth. And as we will achieve scale, you will see much healthier margins.

**Moderator:** Thank you. Participants who wishes to ask a question may press “\*” and “1”. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

**Nitish Mittersain:** Sure. I would once again like to thank all of you for joining the call. And I hope we have been able to address all your queries if there's any further information kindly get in touch with Anupriya or SGA, our IR firm. I would like to sign off by saying that the opportunity in India's gaming landscape for Indian companies to dominate the global gaming landscape is huge.



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And I think Nazara has a fantastic foundation to continue building on. As the incoming CEO from December, I'm very excited about the opportunity. And I would like to sign off with a quote from my favorite poet Robert Frost The woods are lovely, dark and deep, but we have promises to keep, and miles to go before we sleep, and miles to go before we sleep. Thank you very much.

**Moderator:**

On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.