August 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 August 13, 2025:

Dear Sir/Madam,

In furtherance to our letter dated August 13, 2025 regarding the audio recording of the investors earnings call for the Q1 & FY2026 Results, 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: 2025.08.19 18:37:26 +05'30'

Arun Bhandari
Company Secretary & Compliance Officer

Encl.: As above

Nazara Technologies Limited

Q1 FY26 Earnings Conference Call

Moderator:

Ladies and gentlemen, good day and welcome to Nazara Technologies Earnings Conference Call 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 the operator by pressing Star and then 0 on your touchtone 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:

Good morning, everyone. On behalf of PL Capital, I welcome you all to the Q1 FY26 Earnings Call of Nazara Technologies. We have with us the management represented by Mr. Nitish Mittersain, CEO & JMD - Nazara Technologies, Ms. Anupriya Sinha Das, Head of Corporate Development - Nazara Technologies, Mr. Rohit Sharma, Executive Director – Nazara Technologies, Mr. Rakesh Shah, CFO – Nazara Technologies, Mr. Terry Lee, CEO - Fusebox Games, Mr. Akshat Rathee, Founder - Nodwin, Mr. Anirudh Kumar, CSO - Sportskeeda, Mr. Senthil Govindan, CEO - Datawrkz, and Mr. Puneet Singh, Co-Founder - Moonshine.

I would now like to hand over the call to Mr. Nitish Mittersain for opening comments. Over to you, Sir.

Nitish Mittersain:

Sure. Thank you. Good morning, everyone, and thank you for joining us this morning. In Q1 FY26, Nazara reported revenues of ₹498.8 crores, that was up 99% year-on-year and an EBITDA of 47.4 crores, up 90% year-on-year. Our core gaming business delivered a healthy 24.4% EBITDA margin. PAT from continued operations was ₹36.4 crores and the overall PAT stood at 51.3 crores reflecting 118% year-on-year increase.

These results underscore the strength of our IP-led gaming strategy delivering strong topline growth alongside disciplined cost management and a focus on growth with profitability. We are seeing the early benefits of our sharpened focus on owning and scaling high quality gaming IPs and our Centers of Excellence in user acquisition and analytics are taking shape and will enable us to acquire, retain, and monetize players more efficiently going forward. We continue to build on these things with a steady pipeline of titles designed to drive growth across multiple genres and geographies in the coming quarters.

During this quarter, we took a strategic step by proposing the deconsolidation of Nodwin Gaming, and this will sharpen our focus on core gaming, while enabling Nodwin to pursue its esports ambitions aggressively.

We also strengthened our leadership team with the appointment of Mr. Rohit Sharma as Executive Director. Rohit brings over 25 years of experience in gaming and digital media and his expertise will be instrumental in advancing our IP-driven growth strategy across genres, platforms and markets.

The board has approved two shareholder initiatives. Firstly, a subdivision of one equity share of face value ₹4 each into two equity shares of face value ₹2 each, and a bonus issue in the ratio of 1:1.

At Nazara, our vision is to build a globally relevant and highly respected, durable gaming company from India and we believe we are well on our way to achieve the same. With disciplined capital deployment, strong IP ownership, and operational excellence, we are confident in our ability to scale into our global gaming platform that can compete with the best.

With that, I will now hand over to Anupriya to discuss segment wise performance. Over to you, Anupriya.

Anupriya Sinha Das:

Thank you, Nitish. Good morning, everyone and thank you for joining us today.

In Q1 FY26, on a year-on-year basis, our Gaming segment revenue grew by 160% and our EBITDA grew by 311% with an overall EBITDA margin of the gaming segment at 24.4%.

Moving to Curve Games:

Nazara acquired 100% equity of Curve Digital Entertainment for an equity value of INR 247 crores in an all-cash deal earlier this year. Founded in 2005 and headquartered in London, Curve Group is an independent video game publisher focused on platforms such as PlayStation, Xbox, Steam, Nintendo Switch, and PC. Curve Games posted revenue and EBITDA of INR 54.6 crores and INR 20.7 crores respectively in Q1 FY26. Curve is building further momentum with recent releases like Wobbly Life on Nintendo Switch and the new Human: Fall Flat levels which are performing well across platforms. FY26 is marked by operational discipline, which has freed up capital to invest in upcoming IP-led opportunities, including two invite-only Nintendo Switch 2 titles.

Moving to Fusebox Games:

Fusebox Games' revenue grew 49% year-on-year to INR 73 crores in Q1 FY26. EBITDA during the same period was INR 10.4 crores, reflecting a 14.3% EBITDA margin.

Fusebox has successfully expanded from a single-game studio at the time of Nazara investment to a multi-game studio, having launched a new Big Brother Game in May 25 and two marquee IP-based games in the pipeline. In Q1 FY26, we ramped up UA spends behind the global launches of the Big Brother Games and Love Island's new season that is positioning us for sustained long-term growth with late-June investments expected to start returning from Q2 FY26 onwards.

Moving to Kiddopia:

Kiddopia posted revenues of INR 45.4 crores and EBITDA of INR 8.5 crores with an EBITDA margin of 18.6% in Q1 FY26. In Q1 FY26, while investing in original content, Kiddopia ramped up its IP-led content by launching the Barbie game island in April, Baby John Playroom (Moonbug's Little Angel) in May and PJ Masks activities (Hasbro) in June and partnerships with Animaj (Pocoyo) and VOOKS as well. Kiddopia ended this quarter with 227K subscribers as compared to roughly around 228K subscribers at the end of the last quarter. We notice subscriber stabilization attained through more disciplined UA and IP introduction. These strategic investments are expected to drive organic growth going forward.

Moving to Animal Jam:

Revenue increased by 12.1% to INR 26.4 crores, while EBITDA also grew by a robust 55% to INR 5.9 crores on a year-on-year basis in Q1 FY26. Animal Jam saw IAP momentum from strong player engagement, community events, and social contests supported by new launches across bundles, portions, and features. It also progressed on its Slinky-partnered casual mobile prototype, whose soft launch is targeted for FY26.

Moving to Smaaash:

Nazara completed the acquisition of Smaaash through NCLT process in early FY26, making the strategic expansion of its offline gaming footprint. Smaaash delivered revenue of INR 8.1 crores and an EBITDA of INR 3.3 crores in the consolidation period starting from 6th June in this quarter. Nazara is closely collaborating with the management on revenue diversification, user experience upgrades, center refurbishments to achieve a fully revamped Smaaash relaunch in FY27.

Moving to Funky Monkeys:

The Q1 FY26 revenue expanded by 6.5% year-on-year to INR 4.9 crores and EBITDA also grew to 2.3 crores during the same period. Funky Monkeys closed Q1 FY26 with 12 operational centers across India and opened a new center in Surat in the mid quarter. It continues to expand aggressively in the current year and is looking to add another 8 to 9 centers this year.

Moving to PokerBaazi:

Moonshine Technologies, PokerBaazi's parent, is accounted as an associate and not consolidated in our books. Moonshine reported the highest quarterly net revenue of INR 191.8 with an EBITDA of -73.9 crores in Q1 FY26. There was an EBITDA loss due to front-loaded marketing costs on account of IPL. PokerBaazi also delivered strong operating metrics in Q1 with gross gaming revenue (GGR) up 46% year-on-year, gross transactional value up 23% and deposits up 19%. The IPL campaign drove record DAUs and MAUs and system user liquidity, while the May '25 focus on the Pokerbaazi upgrade significantly boosted user engagement.

Moving to other segments:

As Nitish mentioned, in July 2025, Nazara announced the strategic deconsolidation of Nodwin - subject to shareholder approval - reclassifying it as an associate to align with Nazara's sharpened focus on core gaming IPs. The deconsolidation is subject to shareholder approval and will enable Nodwin to independently raise growth capital and operate with greater strategic and financial flexibility while allowing Nazara to allocate capital to core gaming businesses. In Q1 FY26, Nodwin posted a strong revenue growth of 49% with an EBITDA of -11 crores. Continued growth in esports events based on popular IPs such as PUBG and Valorant yielded revenue growth for Nodwin in this quarter.

Sportskeeda's US organic traffic decline post Google's March core update led to a 21% year-on-year revenue drop to INR 48.1 crores and EBITDA was INR 5.4 crores, prompting swift cost optimization through content cost renegotiation and rightsizing. Management expects traffic stability in the coming quarters, drawing up from the recovery experience from a similar algorithm impact on the PFN property. Other properties in the portfolio are delivering strong results with stable growth and standout performances from recent acquisitions such as PrimeTimer IJR, TJR, and Soap Central. For the first time in Q1 FY26, PFN broke even thereby positioning Absolute Sports for a strong rebound and sustained growth.

On a consolidated basis, Datawrkz (including Space & Time) reported 313% year-on-year revenue growth and 283% EBITDA growth, delivering 106.1 crores in revenue and INR 2.6 crores in EBITDA in Q1. The combined operations will unlock client synergies, broaden cross-market offerings and open access to new industry segments. Datawrkz also continues on its path to shift to higher margin product lines within its independent ad-tech operations. Further, the Space & Time acquisition is being leveraged to scale UK growth.

With this, I conclude my remarks. We will now open the call for Q&A. Thank you.

Moderator:

Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press Star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press Star 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 assembled.

Ladies and gentlemen, we request you to please limit your questions to two per participant and rejoin the queue for the follow up question. The first question is from the line of Rahul Jain from Dolat Capital. Please go ahead.

Rahul Jain:

Yeah. Hi. Thanks for the opportunity. Firstly, you know the gaming business is now led by two of the newer additions to the portfolio. So, it would be good to understand how we should see the seasonality and scale potential in Fusebox and Curve.

Nitish Mittersain:

Hi, Rahul. This is Nitish. I think for all gaming businesses the seasonality is the October to December period - which is Q3. It's really the best quarter due to Christmas holidays etc. given a lot of our revenue comes from Western markets. I think in addition to that, specifically for Fusebox, the seasonality is also mirrored by the airing of the TV shows that the games are made on. So, for example, Love Island was airing, you know, in Q1 and Q2, especially in Q2 in the US, which did very well, so you would see a spike in revenues during that period. So, I think there will be certain nuances specific to each business and at the same time an overarching seasonality with the peak of revenues in Q3 for gaming business will continue as well.

Rahul Jain:

Right. Sir, and in Fusebox you're saying Q2 is better for the US market and there we are also expected to announce another IP, so any color you could give on the scalability potential of this business?

Nitish Mittersain:

Yeah, sure. You know what I can do is, since we have Terry, who is the CEO of Fusebox on the call and this is the first time he's attending the call, I can ask him to answer what he's working on currently. But lastly, I think Fusebox moved from a one-title company to a multi-title company now with four titles which are either launched or in the process of being launched. So, Terry, over to you to talk a bit about the current status at Fusebox.

Terry Lee:

Thanks Nitish and thanks for the question. So, yeah, as you can see since we've been acquired by Nazara, our main focus has been leveraging some of the centers of excellence at Nazara as well as our core engine to expand away from being a single-IP to a multi-IP studio and that is essentially going to be the continued plan moving forward. So, as you can see we've already released one game, we're due to release Bigg Boss very soon, and then we already have another IP which the team are actively building right now with a plan to release early next year. So, yeah, basically leveraging the support from Nazara and continuing to build out and acquire new IPs with our expanded presence and that is essentially the plan for the Fusebox team.

Rahul Jain:

Yeah, thanks a lot for that and just one last bit from my side. Two questions on the Nodwin side of the business - one is that what is driving the additional losses in the Nodwin business and is it specific to this quarter and gradually it should come off, is there an annual plan on what kind of number we could see there? And secondly, the austerity measures that we have implemented in the Sportskeeda business, does that mean the pain could last slightly longer? While you have also commented that your PFN study suggests that this may take one or two quarters. So, any color on that would be great, sir.

Nitish Mittersain:

Good question, Rahul. I'll again have the leaders of each business to answer. So, Akshat, maybe you can come in for the Nodwin side of things.

Akshat Rathee:

Of course. Hi everyone. I think the simple answer to this question is esports and the youth culture that is being built right now in the world, as you can see from our much higher revenue growth even at a very large base right now which is predominantly led by a very strong IP push across the world.

Most companies in the world are pushing for newer and newer IPs, So, while we have Playground, we are expanding Comic Con into more locations this year. We are also going and launching more seasons of Playground as we go forward. Our BGMS series continues to go out and do extremely well on Star Sports, but we are also growing and competing not only in the Indian market, but everywhere in the world. As we move ahead, we'll keep on focusing on global growth and our mission is to be among the top two companies in youth entertainment across the world in the next three to five years, and we are on track to do that. We're already #3 or #4 in the world but we want to be #1 or #2. I think that if that is the intention for us going forward, you will see some experiments that I do and some acquisitions that I do that may not work. I have two explicit failures that we've tried but have not done well - one was Wings which we talked about earlier in a couple of quarters and the second was Freaks4U which has also not done well predominantly because of the German slowdown, the broader European slowdown, the Taiwan risk and then some because of the U.S. sanctions on different parts of the world. So, those headwinds keep on coming in the way of what we are trying to do and some of those investments that we try will not work out. On the other side, some of them work out so phenomenally that it's not funny like Comic Con has expanded from 5 to 8 last year. We are going to do 11 this year. We just announced that and we continue to go ahead and take it global. We'll be going to more than 2-3 countries as we go forward. We will just keep on going and working towards building an IP-led portfolio in entertainment including esports, which will have one or two of these off chances. Nodwin per se does normal growth out of its own accruals as such but once in a while, we will have these errors that will come in.

We've also thought long and hard about the fact that should we be very conservative and just taper down as such and we've decided that it's actually better for us to go and do well across the world and keep on delivering what we want to do and Nazara's support in helping us raise funding from around the world is very beneficial and very, very appreciated by us. They have not sold a single share, they believe in us today as much as they believed when we first got connected with them, but they're also giving us the freedom to leave the parent's home and go fly and do wonderful things. So, we very much appreciate it. I hope I've answered your questions and hopefully because of this context, for someone else too who might have asked this question.

Nitish Mittersain:

Thanks Akshat and Rahul. I hope that answered your question on Nodwin. For Sportskeeda, obviously you know this last quarter has been disappointing for us after a really fantastic run over many, many quarters in last 2-3 years. But we're very hopeful that this will recover and Anirudh who is the Chief Strategy Officer of Sportskeeda can deep dive into it, explain what has been really the cause of this problem, as well as what are the actions taken and what is our expectation going forward, and also talk about some of the new properties that have been doing quite well for us. Anirudh, over to you.

Anirudh Kumar:

Yeah. Thank you, Nitish, and thank you for the question. We've obviously been hit by a Google core update. This is something that happens occasionally to sites, not very frequently, but it does tend to happen. In our Internal portfolio as we mentioned, it happened to PFN, we had you know similar austerity measures at that point in time to make sure that we are you know leaner to figure out how much time this will take and then be flexible on the operational side. So, to answer your questions specifically on the austerity measures, they've been carefully calibrated to ensure that we both have a chance of really bouncing back, but at the same time, if the period of recovery gets extended a little bit more than what we expect then we are lean enough to ensure profitability and operational stability. So, that's on the sportskeeda.com site. As Nitish mentioned, in our entire portfolio right now only sportskeeda.com is affected. If you look at what we have disclosed about our other properties across Soap Central, Deltias Gaming, IJR & TJR Wrestling, and now PrimeTimer - all of them have been growing fairly healthily.

In fact, the measures that we've put in place for the PFN last year have actually had quite an impact post the recovery as well. So, we've had the first non-season quarter where PFL has been profitable. That sort of puts us in a very good position as we enter into the season in September. So, the outlook is that based both on our internal observations as well as some of the external sites that we observed, it should ideally take anywhere between one to two quarters. That's the typical timeline. If it takes slightly more or slightly less than that, then we have the flexibility and hence the austerity measures and the cost. Does that answer your question?

Rahul Jain:

Yeah, yeah. I have just one more point. The good part is that the other pieces are doing well but they're too small right now to lift-up the game. So, is it safer to assume that on an annualized basis, revenue could be retained at the FY25 level or it could be difficult given that one or two quarters, including in Q2 which is an important quarter, we might not see that kind of momentum? So, we could be down this year, is that a possibility?

Anirudh Kumar:

So, right now we're not commenting on the annual revenue figures. The idea is that we look at how the next quarter plays out and how all of our properties do together. There has just been one quarter since it has happened. Luckily, we got into action really early on just to ensure that we are well prepared, but as things go along in the next quarter or two, we'll give you an update on what that guidance might be.

Rahul Jain:

Sure. That's pretty helpful. Thank you.

Nitish Mittersain:

Thank you, Anirudh. We can move on to the next set of questions.

Moderator:

Thank you. A reminder to the participant, anyone who wishes to ask a question, may press Star and 1 on their touchtone telephone. The next question is from the line of Aditi Parmar from I-Wealth. Please go ahead.

Aditi Parmar:

Hello.

Nitish Mittersain:

Yeah. Hi, Aditi, this is Nitish.

Aditi Parmar:

Hi, sir. Sir, I wanted to understand what's included in Other Income because it has become so high this quarter?

Nitish Mittersain:

Yeah, I think the largest contributor to our other income is the gains that we booked due to the investment we had made in STAN. So, we had made an investment in STAN last year. STAN is a gaming community product which is doing extremely well and we did a follow on investment of $1 million earlier this year, and we've had many other marquee investors participate for a total funding of approximately $9-$10 million including Google and Bandai Namco, and many other well reputed companies. So, we're quite excited about that business and it's growing extremely fast, but the Other Income largely compromises of an INR 66 crore gain on STAN.

Aditi Parmar:

Okay, okay, sir. Sir, on Curve Games, can you elaborate on how will the growth come and on the back of which IPs? How can we see the future growth in this company?

Nitish Mittersain:

Yeah, sure. I'm going to call in Rohit Sharma, who joined us as an Executive Director to answer this one. Given Rohit's vast experience in the PC and console gaming space in the last many years, he's actually working very closely with the Curve team on our behalf and will be able to answer this in more detail. Rohit, over to you.

Rohit Sharma:

Thanks, Nitish. Yeah. Hi. So, just to let you know, Curve Games is one of the leading you know indie game publishing studios in UK while obviously, they get revenue globally. Historically they have had great success with a lot of IPs that they have built like For The King and Human: Fall Flat which will continue to do well. The team's core strength is that they have extremely strong relationship in the PC and console space. They have extremely strong relationships with all the large platforms like Sony, Microsoft, Steam and Nintendo. And on the development side, they are one of the most coveted publishers for studios to publish their games. In fact, we have just greenlit 2 very, very strong IPs that we will start developing next quarter and will give us growth as we go on. But to answer your question, there are existing IPs and long-tail IPs that are with Curve like Human: Fall Flat, Dungeons of Hinterberg, For The King, and we have Wobbly Life on Switch 2, which will continue to give us growth, plus we have also, as I said, invested in two or three very strong IPs which will give us growth in the future. So, that's kind of the strategy and the growth trajectory for Curve.

Aditi Parmar:

Thank you, Sir. That answers my question. Thank you.

Nitish Mittersain:

Sure.

Moderator:

Thank you. Before we take the next question, a reminder to the participants, anyone who wishes to ask a question may press Star and 1 on their touchtone telephone. The next question is from the line of Sachin Dixit from JM Financial. Please go ahead.

Sachin Dixit:

Hi, this is Sachin from JM. I have two questions. The first one is on our dependence on platforms. Now, I don't know how you think of it, right? Obviously, because that dependence has impacted our business in the past as well, right? When Apple changed some rationale and now Google, so how do you think of that dependence? How do you hedge against it? Or how do you basically mitigate the risks related to these platform-related risks?

Nitish Mittersain:

Sure. So, Sachin, let me take that answer. I think one thing obviously is that there is you know some level of dependence on these very large platforms like Apple and Google and we can't really run away from that. That said, there are a lot of changes happening in the ecosystem which is reducing the dependence.

One from a Nazara perspective, our business model which includes in-app purchases, advertising revenues as well as sponsorship revenues hedges the risks of these platforms to a certain extent. In addition to that, for example, web flows are being enabled now on a lot of these platforms where you can bill customers directly. As you would be reading, there are a lot of global companies contesting some of the policies of these platforms, which will open up the platforms to a certain extent. So, I think there's a natural tendency for the platforms to open up over the next 2-3 years and we also are very actively working on for example, enabling web flows on products like Fusebox. They already have a pilot running. Lastly, I think the Curve Games business that we have acquired diversifies us to a different set of platforms. We are seeing a lot of business coming in now on the PC and console side from Steam, Nintendo, etc. So I think there's also certain diversification of platform beyond Apple and Google through the Curve acquisition.

Sachin Dixit:

So, basically getting more into these spaces helps us there. So, my second question is on PokerBaazi. So, obviously this quarter losses could be on account of the higher IP spends, but still what is your visibility on the business, while the regulatory environment remains highly uncertain and basically if I do a math of your shareholding in PokerBaazi, your losses are almost like INR 35-36 cores from that business and your EBITDA overall for the quarter is INR 47 crores, right. So, in that sense, it makes us slightly sort of open to all the challenges that might come on that piece, how do you think of it? What is the visibility and profitability?

Nitish Mittersain:

Yeah. Sachin, I'll give you my perspective and then also pull in Puneet, who is the founder of PokerBaazi to talk a bit about how he sees it from his perspective. I think we are very excited about the PokerBaazi business. They continue to dominate and increase their market share. And as you know, with a lot of these skill-based real money gaming platforms, liquidity on the platform is a very large moat and I believe PokerBaazi has kind of got that significant advantage and that's what you're seeing when even at a large scale, the year-on-year revenue growth being significant. The EBITDA loss you referred to in Q1 is obviously on account of a large brand campaign on IPL and most of that has been front-loaded in the year. So, Q1 is where you'll really see that large impact. You won't see much of that in the coming quarters. So, I think overall things are very exciting. All the metrics of the product continue to go North and we believe this is a potentially large cash flow business for us in the years to come. Puneet, you can add to that in a little bit more detail, maybe how you guys are thinking?

Puneet Singh:

Yeah. Thank you, Nitish. Hi, Sachin. So, like Nitish explained that the spends during the Q1 were already planned and the aggressive branding campaign in Q1 has achieved this objective of driving the top of the funnel growth which has also resulted in record platform engagement, and our DAUs and MAUs have been on an all-time high. In Q2, our focus is mostly on leveraging this momentum to unlock the full monetization potential for the new and the reactivated users and to optimize the cohort system as well. So, we really believe that with the things lined up in the second quarter such as The Circuit's online qualifiers and the anniversary promotions, we are very well positioned to deliver one of our strongest quarters in Q2. So, as far as the spends in Q1 are concerned, that is actually as per the plan because IPL and Shark Tank were both front-loaded.

Sachin Dixit:

Quickly, if you can share the impact of these sort of one time-ish spends in Q1 on IPL and Shark Tank?

Puneet Singh:

Because of these spends, what we have seen during Q1 is that we have not only increased the session depth of all the users, but the ARPUs have also increased and what we have also seen during this......sorry?

Sachin Dixit:

Sorry I meant the amount of spend that is there which might not sustain in the coming quarters, that's what I was saying.

Puneet Singh:

The IPL's branding spends and the Shark Tank spends have been completely booked in the previous quarter itself, so they would not be coming in further. The IPL spends were somewhere around INR 85 crores and the Shark Tank spends were around INR 25 crores on top of that.

Sachin Dixit:

Understood. Sure. Thanks. Thanks so much, Puneet and thanks Mr. Nitish.

Nitish Mittersain:

Thank you.

Moderator:

Thank you. The next question is from the line of Kunal Bajaj from Choice Institutional Equities. Please go ahead.

Kunal Bajaj:

Yeah, hello. Good morning, all. Thanks for taking my question. Firstly, I wanted to understand strategy on Smaaash going forward as to what we are thinking on expanding on this front. Secondly, on the Kiddopia side, we have seen that there has been an arrest in subscriber churn so, do we see any growth coming in this financial year? Yeah, those are the 2 questions.

Nitish Mittersain:

Kunal, hi. So, I think in the whole offline entertainment and gaming category of ours, we have two businesses - one is Funky Monkeys and the second is Smaaash. Funky Monkeys is already well on its growth path. It is adding new centers now every month and we believe it's a highly scalable business. It's a profitable business with a quick breakeven on the capex that we do. So, we are very excited about it and you will see continued growth in this business in the coming quarters. Now, coming to Smaaash, as you know we've acquired it through NCLT, it's been about you know two months or less and we have a 2-pronged strategy there. One is to ensure that the existing business is stabilized and revitalized over the next few months and we're operating 11 centers and our whole idea is to ensure that these 11 centers get revitalized. I think the parallel process that we are working on is to reimagine Smaaash 2.0. What formats will it have? What are the new experiences it will bring? How will we integrate synergies with the rest of the Nazara ecosystem? So, I think these are the two approaches we are having. I think in another six months or so we should be able to come out with a Smaaash 2.0 POC. Once that is established successfully, we will look at expanding this aggressively. So, I think the next two quarters is going to be most of this work rather than very active expansion of centers at this point of time. I think FY27 is when you should expect rapid expansion of centers.

Kunal Bajaj:

Yeah. Thanks Nitish.

Nitish Mittersain:

Yeah, coming to your question on Kiddopia. I think we've seen a good performance in this quarter. Generally, the subscriber decline has been stemmed and you would have seen in the presentation that we've seen positive KPIs across the board - whether it's churn, CPT, the cost per acquisition that we are getting, etc. So, I think we continue to feel quite bullish about the growth opportunities. I do understand it's taken a long time coming. You know we've been working on this for a few quarters or more, but I do think that we're getting very close to get back to growth. I think another quarter or two and we should be able to see growth again.

Kunal Bajaj:

Sure. Thanks. Also, a follow up question on that - as on the broad corporate level, we had a target of around INR 300 crores EBITDA. So, how is our progress on that?

Nitish Mittersain:

I think we're making great progress. Our guidance has been to achieve INR 300 crores EBITDA by FY27 and I believe we are very much on track to achieve that or surpass that.

Kunal Bajaj:

Sure. Thank you.

Moderator:

Thank you. The next question is from the line of Abhishek Banerjee from ICICI Securities. Please go ahead.

Abhishek Banerjee:

Hi. Just a couple of questions from my side. First off to Akshat. The thought process is to focus on growth in Nodwin going ahead and you have often explained to us how the older IPs kind of make decent margins but as you invest in newer IPs, the overall losses can come up. But given you have been doing this for some time now and some of the older IPs are more than five years old, so, what is the timeline that one should build in for some profit delivery in Nodwin?

Akshat Rathee:

So, the way to think about all our IPs is again think of it like a portfolio approach. I'll give an empirical example so you can go into it. At any given time, since we do not know what the new game will be, what the new culture will be, what the new song will be, what the new event will be, what the new influencer will be, we have to have to go and have our ears to the ground. So, think of it as angel investments. We need to have anywhere between 10 to 20 micro IPs under incubation at any given time every year. These don't cost too much. They cost anywhere between INR 50,000 to maybe INR 7-8 lacs each to keep on running experiments. This allows us to broaden very quickly through this incubation, and we keep on running experiments. To identify something that is worth investing in either because of critical mass coming in, high engagement coming in, other factors coming in showing its potential, we don't still call it an IP but we've done our first-year experiment. Our first year experiment costs us anywhere between INR 10 lacs to about INR 40 lacs.

So, we try this experiment for around INR 10 lacs to about INR 30-40 lacs and look at whether that's successful or not. Again, in the first stage, we have about a 70% to 80% failure rate. In the second stage, we have about a 30% to 50% failure rate because it doesn't work out right given it doesn't have enough depth or it doesn't have any traction. Chess has reached that endpoint has been a success for us. We invested in Chess three to four years ago. Playground is another one that has done well. But behind every success there are umpteen experiments that's don't come to fruition. Typically, after the first year if we get traction, we can then invest into the second season after the first one. This would typically range from INR 40-50 lacs to about INR 2 crores investment behind it, and this is the time where we actually would try to make real money out of it. We go to sponsors, we go to media rights, we go to data rights, we strike the right partnerships and there's again maybe a 30% to 50% failure rate here. Once this is established, it is now 90%. Then, typically they scale very, very quickly. This is now in the growth stage. You would normally not have failures in the growth stage. You're looking at acceleration. How much acceleration is always the question. But typically, after the first two years, we could look at the payback over two more years and have a full payback and then a long tail that keeps on going and giving value. For example, All That Matters has been there for 15 years, NH7 in 14 years, BGMS is in its fifth year. You can see that all the global IPs that we take over, we try to build them into multi-decade-long IPs. That allows us not to be dependent on platforms, influencers, talent, IP, games etc., and that's the portfolio approach that we want to go ahead with. If it all works, we get astronomical returns. As we are building out of emerging markets and we're not building out of the developed world, the failure rate is substantially higher. But as we move from a developing to a developed economy, we'll see traction here as we see for most global markets.

Abhishek Banerjee:

Understood. What would be the kind of margins that your mature business is now making, if you could give some clarity on that?

Akshat Rathee:

So, the IP model is a better one to look at. Mature IPs typically would have anywhere between 60% to 75% gross margins, while the net margins would be around 20-25%.

Abhishek Banerjee:

Got it, got it. And one more question for PokerBaazi - so you were actually speaking on you know how your advertisements have helped in improving your customer engagement and the session depth. So, if you could, you know, talk a little bit on you know how advertisement kind of drives that because if you were to ask me, I can understand how advertising can drive customer acquisition, but how it can drive higher ARPUs etc. would be great to understand.

Puneet Singh:

Yeah, sure. So, on that, you know what we meant was that because of the advertisements we get a strong top of the funnel growth and once we do that, we have enough features within our system which help us drive session depth, retention, and then ARPU. Also, the new product innovation which we have done in the previous quarter, which includes a lot of these features on user sets, user learnings, and we have added a Poker TV app with tailored content, the PokerBaazi School for structured learning of advanced tools. Poker Shots is one more tool that has also been added in the last quarter, which is a tool for game analysis. So, all these three tools together along with having a big top of the funnel in terms of getting users eventually help us achieving these things.

Nitish Mittersain:

Yeah, I would just add to that that when you have a larger brand campaign happening, it also increases the brand credibility in the eyes of the consumer and therefore has a direct impact on usage and uplift in ARPU because the players are then coming back and playing more because of brand trust.

Abhishek Banerjee:

Okay, good. Thanks. Thanks.

Moderator:

Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press Star and 1 on their touchtone telephone. The next question is from the line of Jinesh Joshi from PL Capital. Please go ahead.

Jinesh Joshi:

Yeah. Sir, my question is with respect to the fundraise of Nodwin. Can you tell us how much is Nodwin planning to raise? And secondly, given the fact that Nazara will not participate in this fundraise, what will be our revised stake in the company?

Nitish Mittersain:

Sorry, what's your second question? What will be our stake in the company?

Jinesh Joshi:

Right. In Nodwin, what will be our revised stake post the fundraise?

Nitish Mittersain:

Yeah. So, I think there's going to be a bridge round first and then a larger raise. So, the exact amounts are still to be finalized so, I won't be able to give you a specific equity position, but it will be in the range of 46-47% from what I understand at this point of time. Obviously, once this is completed, the necessary disclosures will be made in terms of exact numbers, etc.

Jinesh Joshi:

Understood. Sir, secondly on PokerBaazi, I think we mentioned that the IPL spends were about INR 85 crores and what we spent on Shark Tank was approximately INR 25 crores. So, in all, we have spent about INR 110 crores and if I look at our FY25 EBITDA for PokerBaazi – it was negative at approximately INR 58 crores. Given the kind of spends we have made in Q1, I know these are one-off spends so to say, but given the quantum, should we expect profitability in FY26 at the operating level and if not, when do you expect this business to make profits at the operating level given how the taxation situation is?

Nitish Mittersain:

Yeah. Look, I think in FY26, we do not expect to deliver profitability for PokerBaazi. In FY27 we should, but it depends on our market positioning at that point of time and what's the right thing to do for the business. What is important to understand is that the marketing and branding spends that we're doing today is very much, you know, driven by our desire to really dominate the market and it is something that is in our control to dial up or dial down as we would like to. The core business in itself is very profitable and if you were to dial down the marketing spends today, you would see a large amount of profitability been thrown up by the core business. So, I think it's just our aggressive positioning to continue to dominate the market at this point of time. We believe that is the right strategy for this business.

Jinesh Joshi:

Understood and so one last question on Fusebox. So, we released Big Brother in May '25 and I believe we have quite a few new IPs lined up over the course of the year. But if I look at Q1 and given the fact that there was a big launch expected, our user acquisitions spends had risen a bit and that is why our EBITDA margin was down to about 14.3%. Now, given the fact that new launches are lined up, how should we think about the margin trajectory because historically this number was quite high and because of higher spends, it has got diluted a bit to about 14 odd percent. So, basically, your thoughts on the profitability side?

Nitish Mittersain:

Yeah. Jinesh, I think the important point to understand is that most of the user acquisitions spends that we see in Q1 is driven by spends on the Love Island game and not on the Big Brother game. While the Big Brother game is launched, right now, the team is looking at the initial KPIs which look very good and they're iterating the game before we start scaling it up. So, most of the UA spends have happened on Love Island because the team was getting very attractive customer acquisition costs also because of the airing of the TV show at the same time. These spends will get dialed down in the coming quarters and you will see the profitability go up and the margins come up again. So, I don't think new game launches will hurt margins a lot. I think over a period of time they will keep adding scale to the business.

Generally, the gaming business, as you see this quarter has delivered a 24% odd margin and we will continue to drive all our gaming businesses towards a 30% margin goal. That's a milestone that we want to try and achieve. I'm not promising any specific timeline right now, but at least our internal thought process is towards that goal.

Jinesh Joshi:

Understood, sir. Understood. Thank you.

Moderator:

Thank you. The next question is from the line of Rahil from Sapphire Capital. Please go ahead.

Rahil:

Hi, Sir. Good morning. Can you hear me?

Nitish Mittersain:

Yeah.

Rahil:

Yeah. So, just one question, if you could just highlight or summarize which of the divisions or the key businesses will be the main growth drivers for FY26 for the topline and if you could provide any guidance to it?

Nitish Mittersain:

Yeah, sure. I think in terms of main growth drivers at this point of time, if you look at Q1, we have seen Animal Jam perform very well for us. We've seen Funky Monkeys get on to the growth path. We are very excited about Fusebox, and I think Curve should have a great year as well. The rest of the businesses, you know, we are constantly plugging and working on, and for example Kiddopia - like I was saying earlier - should hopefully get back to growth quite soon. In terms of guidance, we don't have any specific guidance at this point of time.

Rahil:

Okay, sure. Thank you. All the best.

Moderator:

Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press Star and 1 on their touchtone telephone. A reminder to the participants that anyone who wishes to ask a question may press Star and 1. As there are no further questions, I would now like to hand the conference over to the Management for closing comments.

Nitish Mittersain:

Thank you everyone for joining today's call and also thank you to the leadership team of Nazara for spending the time, answering all the questions patiently. Wish you all a very good day. Goodbye.

Moderator:

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