

Growth Challenges Persist; Maintain Hold

Nazara's 3Q rev revenue growth softened to a three-year, but Ebitda margin improved by 210bps YoY. Barring Sportskeeda, outlook for most of the other segments remains challenged which prompts a 14-15% cut to our FY25-26 revenue estimates, but Ebitda cuts are limited to 2% owing to better profitability. We expect Nazara to deliver a 11%/35% rev/Ebitda Cagr over FY24-26, but maintain Hold with a revised PT of Rs 810, given growth headwinds.

Weak revenue growth; Better margins: Nazara's 3Q revenue growth of 2% YoY was the lowest in three years, driven by weakness at Kiddopia, Datawrkz and RMG. 3Q Ebitda margins expanded by 210bps YoY, driving a 24% YoY Ebitda growth. PAT at Rs 258m, rose 57% YoY, driven by Ebitda growth and higher other income. Over 9MFY24, revenue grew by 9% YoY, with 110bps YoY margin expansion.

Early Learning: Weakness persists at Kiddopia: Early Learning grew by just 1% YoY, with 15% YoY growth at Wildworks, offset by 4% YoY decline at Kiddopia. Kiddopia had a weak quarter operationally with an 8-quarter high subscriber decline of 19K, and an increase in CAC to peak levels. Kiddopia's outlook remains weak and efforts to increase marketing efficacy haven't gained traction so far. However, lower marketing spends led to a 16ppt YoY margin expansion to 28%. We cut our subscriber additions at Kiddopia resulting in a 5-9% cut to our revenue estimates but a 160-480bps increase in margin forecast.

Esports: Continued momentum at Sportskeeda: Esports was up 27% YoY, with Nodwin, up 20% YoY and Sportskeeda, up 68% YoY. Nodwin's 20% YoY growth disappointed given the seasonal tailwinds in Wings and several IPs in 3Q. Nodwin's media rights revenues have dropped by 26% YoY in 9MFY24, due to consolidation in TV/OTT industry, and needs to pickup to accelerate growth. Nodwin reported a Rs22m Ebitda loss in 3Q, largely attributable to Wings. Sportskeeda continued its strong momentum, with revenues up 68% YoY and a 7ppts margin expansion YoY. We cut our FY25/26E Esports revenue estimates by 18-19%, but raise our Ebitda estimates by 4-8% to factor 3Q results and deconsolidation of Wings.

Adtech/RMG under pressure: Adtech revenue fell sharply by 44% YoY. However, Ebitda margins at 13%, expanded by 6ppts YoY, driven by a pivot to high margin business. We cut our FY24-26E revenue estimates by 7%, but raise Ebitda estimates by 14-25% to factor 3Q results. RMG revenues fell sharply by 46% YoY, with Ebitda loss of Rs 25m, impacted by higher GST.

Maintain Hold: Barring Sportskeeda, Nazara is facing headwinds in most of its key businesses (Kiddopia, Ad-tech, RMG and Nodwin). However, profitability of segments like Kiddopia/Ad-tech has improved materially. We cut our FY25/26 revenues estimates by 15% but limit Ebitda cuts to 2% to factor revenue challenges but better profitability. We expect Nazara to deliver an 11%/35% revenue/Ebitda Cagr over FY24-26E. Maintain Hold with revised PT of Rs 810, given weak outlook in key segments.

TARGET | ESTIMATE CHANGE

RATING	HOLD
PRICE	INR865.95*
PRICE TARGET % TO PT	↑INR810 (INR770) -6%
52W HIGH-LOW	INR989.55 - INR481.95
FLOAT (%) ADV MM (USD)	52.9% 5.42
MARKET CAP	INR66.3B \$798.2M
TICKER	NAZARA IN

*Prior trading day's closing price unless otherwise noted.

	CHANGE TO JEF _e		JEF vs CONS	
	2024	2025	2024	2025
REV	-6%	-14%	-9%	-23%
EPS	+20%	+37%	+13%	+19%

2024 (INR)	Q1	Q2	Q3	Q4	FY
EPS	-	-	-	-	↑11.30
PREV					9.40

(FY Mar)	2023A	2024E	2025E	2026E
Rev. (MM)	10,911.0	11,506.0	12,095.0	14,146.0
EBITDA (MM)	1,098.0	1,294.0	1,771.0	2,352.0
Net Profit	395.0	863.0	1,278.0	1,629.0
EPS	6.00	11.30	16.70	21.30

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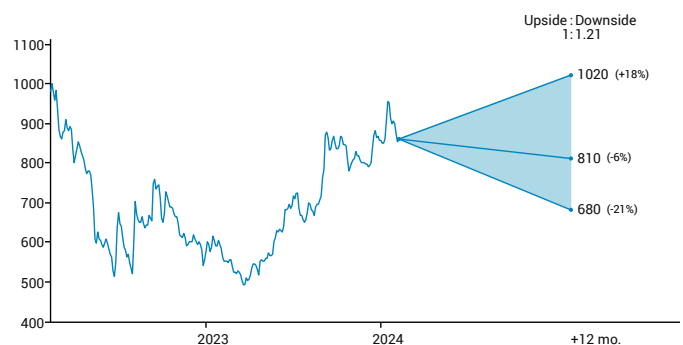
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The Long View: Nazara Technologies

Investment Thesis / Where We Differ

- Nazara is a distinct play on the gaming ecosystem, offering exposure to diverse gaming segments, geographies, and revenue streams.
- Strong growth prospects in the eSports segment, driven by strong pickup in gaming in India.
- However, Worsening outlook in other segments like Kiddopia and Ad-tech is a drag on growth
- Valuations not inexpensive

Risk/Reward - 12 Month View



Base Case, INR810, -6%

- Consolidated revenue CAGR of 11% over FY24-26E.
- Early learning to grow at 6% CAGR, Nodwin and Absolute sports to grow at 4-37% CAGR over FY24-26E.
- Consolidated EBITDA margin to be around 17% levels in FY26E.
- Kiddopia valued at 2.5x EV/sales, Nodwin at 4x and Absolute Sports at 10x. SoTP-based PT of Rs810, using 1yr forward FY26E multiple discounted back at 15%.

Upside Scenario, INR1020, +18%

- Consolidated revenue CAGR of 15% over FY24-26E.
- Early learning to grow at 10%, Nodwin and Absolute sports at 8-42% revenue CAGR over FY24-26E.
- Consolidated EBITDA margin improves to 18% by FY26E.
- Early learning valued at 3x EV/sales, Nodwin at 5x, and Absolute Sports at 11x. SoTP-based PT of Rs1020, using 1yr forward FY26E multiples discounted back at 15%.

Downside Scenario, INR680, -21%

- Consolidated revenue CAGR of 7% over FY24-26E.
- Early learning to grow at 3% and Nodwin and Absolute sports at 1-32% revenue CAGR over FY24-26E.
- Consolidated EBITDA margin to be ~15% level by FY26E
- Early learning valued at 2x EV/sales, Nodwin at 3x, and Absolute Sports at 9x. SoTP-based PT of Rs680, using 1yr forward FY26E multiples discounted back at 15%.

Sustainability Matters

Top Material Issue(s): Customer welfare – removing in-game toxicity; employee engagement, diversity, and inclusion; labor practices; selling practices; energy management.

Company Target(s): **1)** Focus on skill upgradation of employees; **2)** Focus on games across multiple age groups and monitoring content accordingly; **3)** Promote a diverse workforce.

Qs to Mgmt: **1)** What are the steps taken to upskill employees and to maintain a good work culture? **2)** What steps have the company taken to avoid toxicity during events? **3)** What is the company's approach to handling of regulatory discussions?

Catalysts

- Stronger/Weaker-than-expected revenue growth, particularly in early learning and eSports
- Improving/Worsening unit economics in early learning
- Successful/Unsuccessful acquisitions
- Easing/Tightening regulations in real-money gaming

Exhibit 1 - Summary of 3QFY24 results

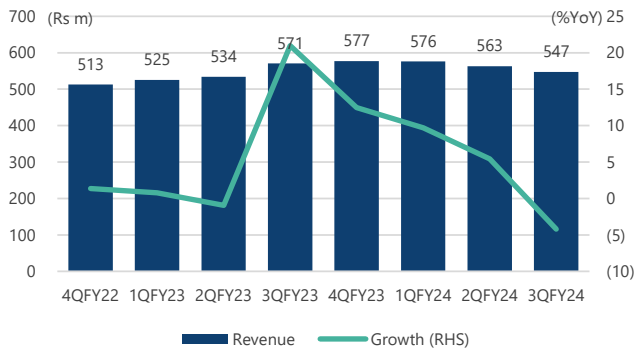
Rsm	3QFY23	2QFY24	3QFY24	% QoQ	% YoY	9MFY23	9MFY24	% YoY
Revenue	3,148	2,972	3,204	8	2	8,017	8,721	9
Early Learning	804	782	815	4	1	1,928	2,393	24
Kiddopia	571	563	547	(3)	(4)	1,630	1,686	3
Wildworks	233	219	268	22	15	298	707	137
Esports	1,525	1,720	1,937	13	27	3,914	4,835	24
ESports - Nodwin	1,114	1,254	1,339	7	20	2,803	3,279	17
Esports - Absolute Sports	356	414	598	44	68	937	1,470	57
Esports - Others	55	52	0	(100)	(100)	174	86	(51)
Freemium	70	54	54	0	(23)	199	180	(10)
Telco Subscription	132	74	70	(5)	(47)	399	252	(37)
Real Money Gaming	151	140	77	(45)	(49)	436	337	(23)
Real Money Gaming - Open Play	142	140	76	(46)	(46)	404	328	(19)
Adtech - Datawrkz	466	225	261	16	(44)	1,142	757	(34)
Operatng costs	2,843	2,694	2,827	22	(1)	7,198	7,734	7
Content, event and web server costs	1,433	1,305	1,443	11	1	3,162	3,611	14
% of revenue	45.5	43.9	45.0	116bps	-47bps	39.4	41.4	196bps
Advt. and promotion	563	474	411	(13)	(27)	1,926	1,342	(30)
% of revenue	17.9	16.0	12.8	-312bps	-505bps	24.0	15.4	-863bps
Commission	142	167	178	6	25	410	523	28
% of revenue	4.5	5.6	5.6	-8bps	104bps	5.1	6.0	88bps
Employee costs	436	489	475	(3)	9	1,064	1,418	33
% of revenue	13.9	16.5	14.8	-164bps	98bps	13.3	16.3	298bps
Other costs	269	258	320	24	19	636	840	32
% of revenue	8.5	8.7	10.0	129bps	143bps	7.9	9.6	170bps
Ebitda	305	279	377	35	24	819	987	20
Early Learning	74	182	214	18	189	271	607	124
Kiddopia	67	129	154	19	130	252	444	76
Wildworks	7	53	60	13	757	19	163	758
Esports	137	100	245	145	79	308	448	45
ESports - Nodwin	7	13	(22)	(269)	(414)	21	(57)	(371)
Esports - Absolute Sports	135	96	267	178	98	309	520	68
Esports - Others	(5)	(9)	0	n/m	n/m	(22)	(15)	n/m
Freemium	21	11	7	(36)	(67)	57	43	(25)
Telco Subscription	45	(5)	(29)	n/m	(164)	100	(3)	(103)
Real Money Gaming	33	31	(25)	(181)	(176)	85	8	(91)
Real Money Gaming - Open Play	33	31	(11)	(137)	(135)	89	22	(76)
Adtech - Datawrkz	40	14	34	143	(15)	108	66	
Unallocated	(43)	(51)	(68)			(110)	(182)	
Ebitda Margin (%)	9.7	9.4	11.8	239bps	208bps	10.2	11.3	110bps
Early Learning - Paper Boat	9.2	23.3	26.3	298bps	1705bps	14.1	25.4	1131bps
Kiddopia	11.7	22.9	28.2	524bps	1642bps	15.5	26.3	1087bps
Wildworks	3.0	24.2	22.4	-181bps	1938bps			
Esports	9.0	5.8	12.6	683bps	366bps	7.9	9.3	140bps
ESports - Nodwin	0.6	1.0	(1.6)	-268bps	-227bps	0.7	(1.7)	-249bps
Esports - Absolute Sports	37.9	23.2	44.6	2146bps	673bps	33.0	35.4	240bps
Freemium	30.0	20.4	13.0	-741bps	-1704bps	28.6	23.9	-475bps
Telco Subscription	34.1	(6.8)	(41.4)	-3467bps	-7552bps	25.1	(1.2)	-2625bps
Real Money Gaming - Open Play	23.2	22.1	(15.0)	-3714bps	-3824bps	22.0	6.6	
Adtech - Datawrkz	8.6	6.2	13.0	n/m	444bps	9.5	8.7	
Depreciation	149	151	152	1	2	411	455	11
Ebit	156	128	225	76	44	408	532	30
Ebit Margin (%)	5.0	4.3	7.0	272bps	207bps	5.1	6.1	100bps
Other income	115	123	179	46	56	413	419	2
Finance costs	5	27	20	(23)	308	18	60	227
Impairment/exceptional items	(5)	5	(9)	n/m	n/m	(76)	(5)	(94)
Share of JV profits	0	0	0			0	0	
PBT	261	229	375	63	44	727	887	22
Tax	60	(13)	80			210	141	(33)
Group PAT	201	242	295	22	47	518	746	44
Minority interest	37	44	38			171	95	(45)
PAT	164	198	258	30	57	347	651	88

Source: Company data, Jefferies estimates

Gamified early-learning segment

Exhibit 2 - Kiddopia's revenue declined by 4% YoY in 3QFY24

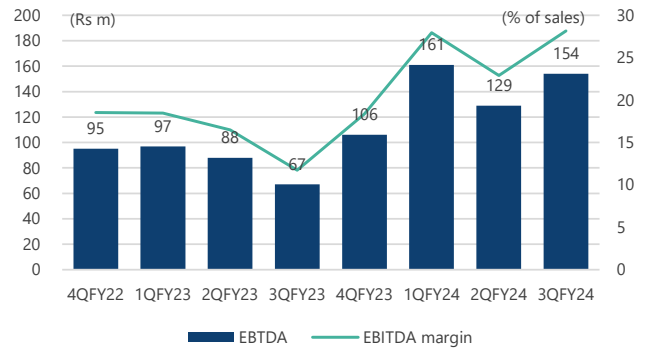
Paperboat Apps Revenue trends



Source: Company data, Jefferies estimates;

Exhibit 3 - Ebitda margin more than doubled YoY due to lower marketing spends

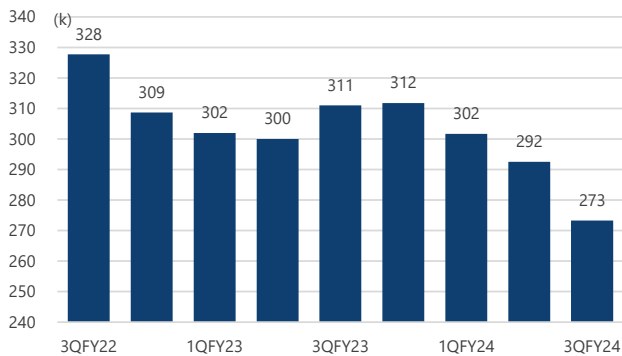
Paperboat Apps: EBITDA trends



Source: Company data, Jefferies estimates

Exhibit 4 - Subscriber base fell sharply QoQ due to lower marketing spends and higher CACs

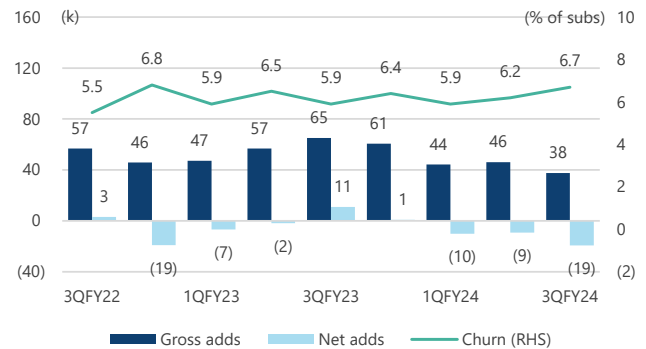
Paperboat Apps: Paid subscriber base



Source: Company data, Jefferies estimates

Exhibit 5 - ...which impacted gross additions and led to higher churn as well due to lower reactivations

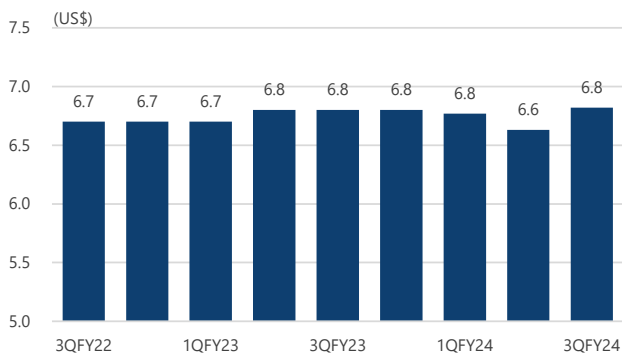
Paperboat Apps: Subscriber adds and Churn trends



Source: Company data, Jefferies estimates

Exhibit 6 - ARPUs rose by 3% QoQ

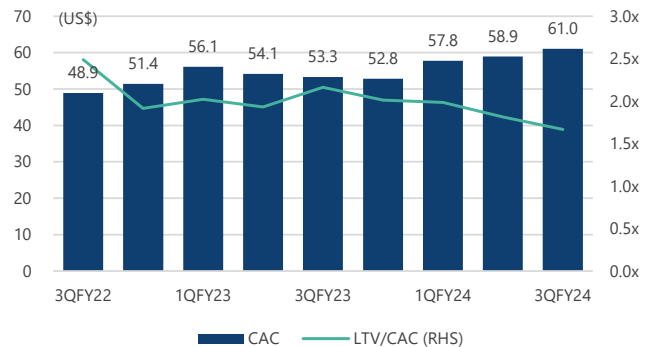
Paperboat Apps: ARPU trends



Source: Company data, Jefferies estimates

Exhibit 7 - CAC rose to peak levels with deteriorating LTV/CAC

Paperboat Apps: Customer Acquisition cost trends

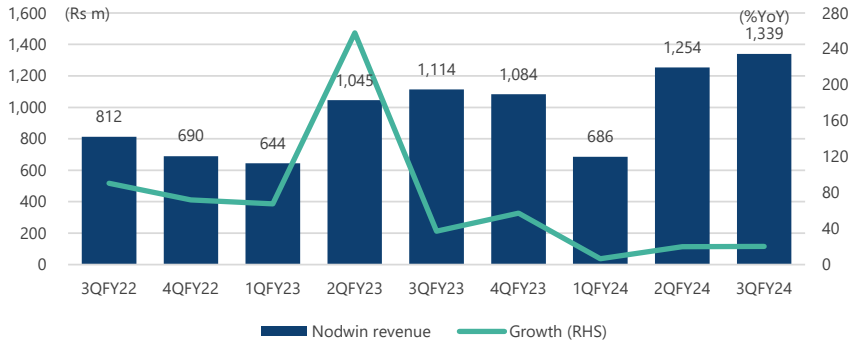


Source: Company data, Jefferies estimates

E-sports

Exhibit 8 - Nodwin's revenue growth was steady at 20% YoY

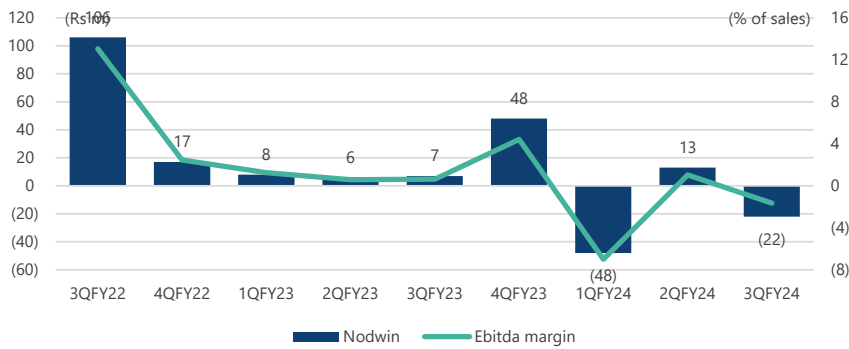
Nodwin: Revenue growth trends



Source: Company data, Jefferies estimates

Exhibit 9 - Nodwin's reported and Ebitda loss due to Brandscale - its gaming accessories business

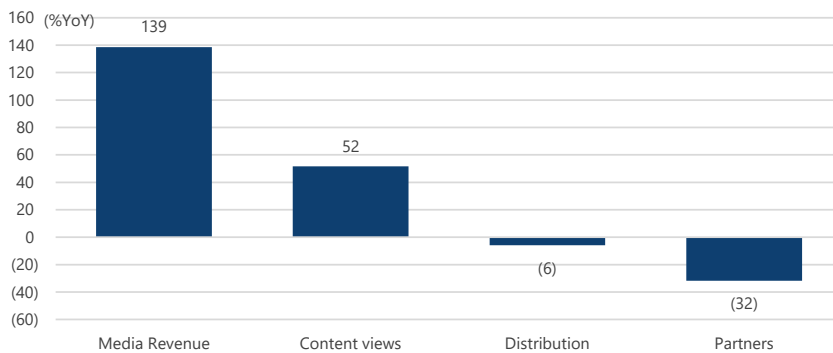
Nodwin: EBITDA and margin trends



Source: Company data, Jefferies estimates

Exhibit 10 - Nodwin operating KPIs were a bit soft, partly due to consolidation in the media, TV and OTT industries

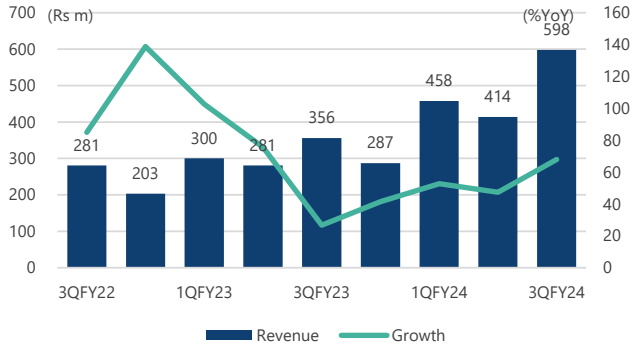
Nodwin: Growth in KPIs



Source: Company data, Jefferies estimates

Exhibit 11 - Revenue growth at Sportskeeda was strong at 68% YoY, partly due to the strong NFL season

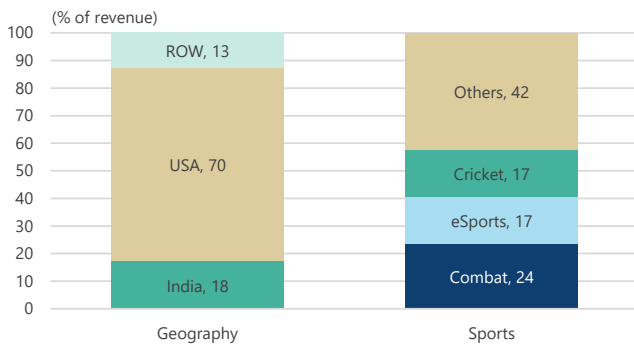
Absolute Sports: Revenue trends



Source: Company data, Jefferies estimates

Exhibit 13 - US and others segment (primarily NFL) were the biggest revenue contributors in 3Q

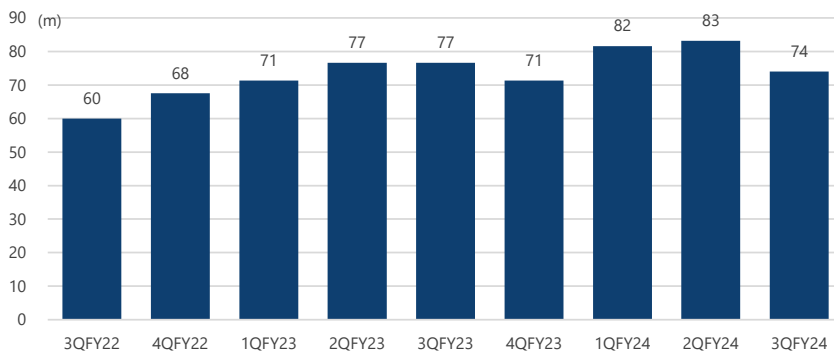
3QFY24: Absolute Sports Channel, Geography and Sports mix



Source: Company data, Jefferies estimates

Exhibit 15 - MAU in 3QFY24 was slightly soft

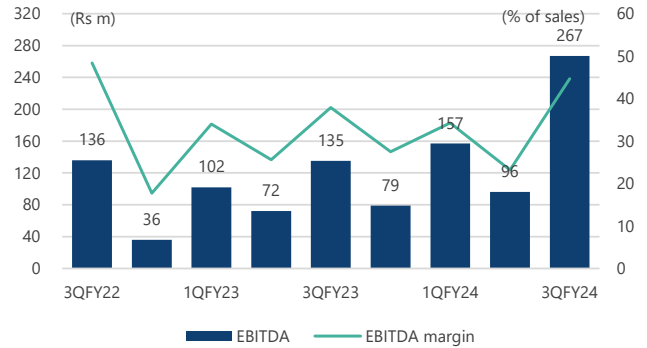
Sportskeeda - MAUs



Source: Company data, Jefferies estimates

Exhibit 12 - EBITDA margins expand sharply by 17ppts YoY

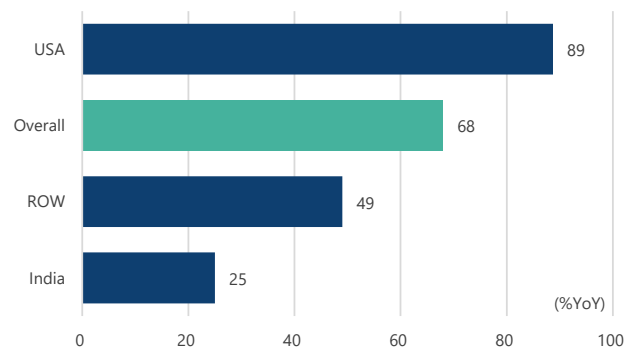
Absolute Sports: EBITDA trends



Source: Company data, Jefferies estimates

Exhibit 14 - Revenue growth was driven by US

Absolute Sports: 3QFY24 Geography wise revenue growth

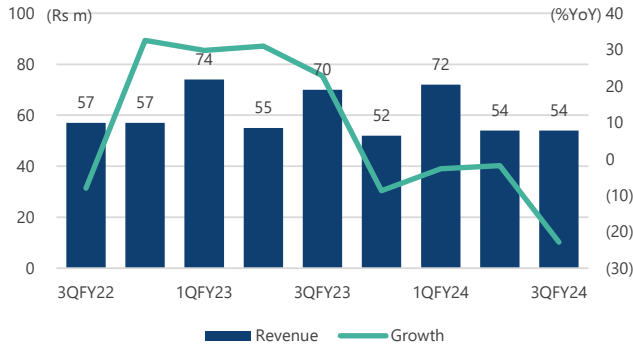


Source: Company data, Jefferies estimates

Freemium

Exhibit 16 - Freemium revenues declined by 23% YoY

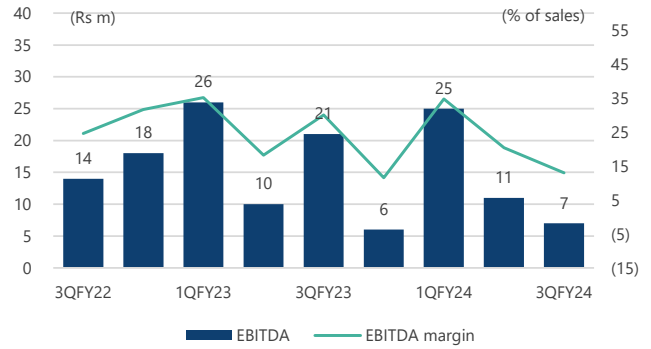
Freemium: Revenue trends



Source: Company data, Jefferies estimates

Exhibit 17 - Freemium margins contracted sharply by 17ppts YoY

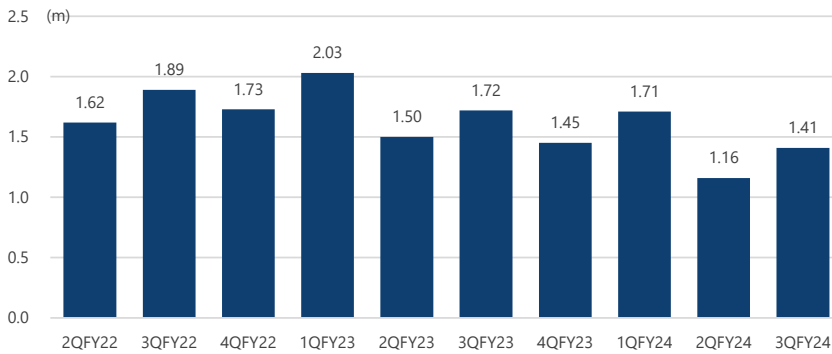
Freemium: EBITDA trends



Source: Company data, Jefferies estimates

Exhibit 18 - Freemium DAUs were down 18% YoY as the company focuses on revamping product/monetization

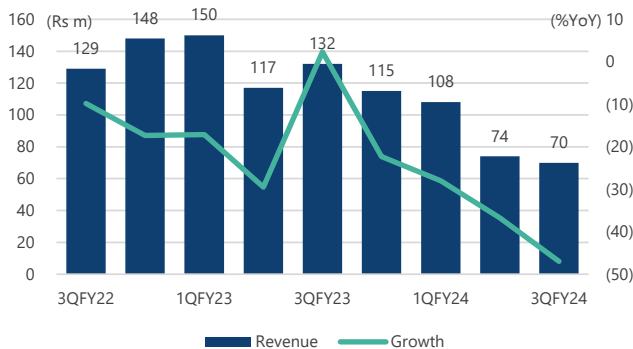
Freemium: DAU trends



Source: Company data, Jefferies estimates

Exhibit 19 - Telco subscription revenues fell 47% YoY

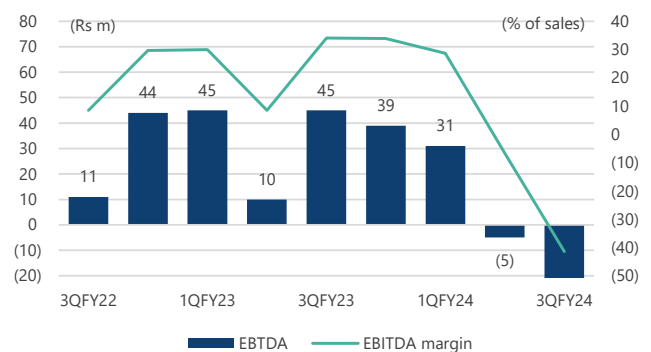
Telco subscription: Revenue trends



Source: Company data, Jefferies estimates

Exhibit 20 - Telco segment reported Ebitda loss due to overall group expenses in 3Q

Telco subscription: EBITDA trends

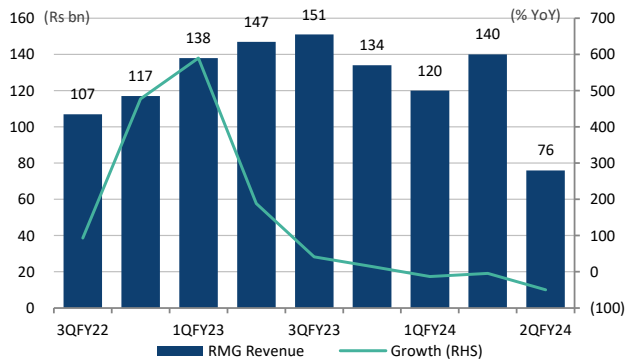


Source: Company data, Jefferies estimates

Real Money Gaming

Exhibit 21 - Real Money gaming revenue fell sharply due to higher loyalty promotion expenses

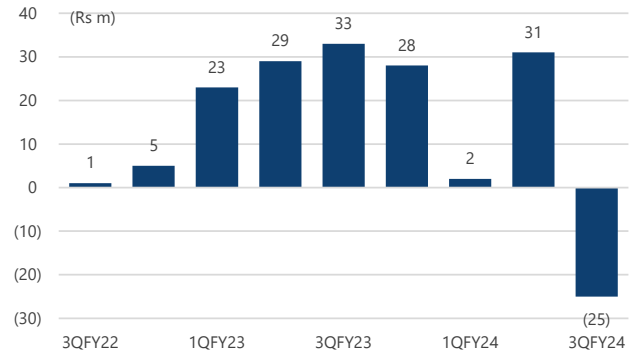
Real Money Gaming: Revenue trends



Source: Company data, Jefferies estimates

Exhibit 22 - New GST regime led to Ebitda losses

Real Money gaming: Ebitda trends

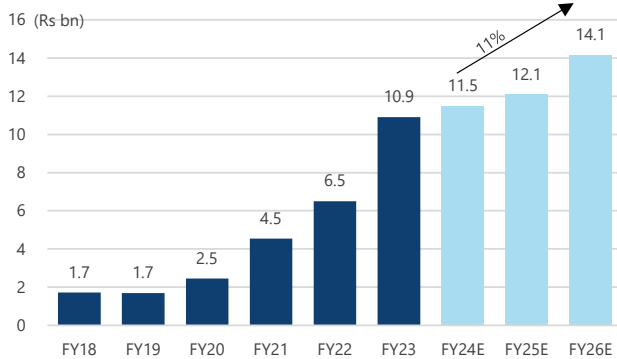


Source: Company data, Jefferies estimates

Exhibit 23 - Nazara - Changes to estimates

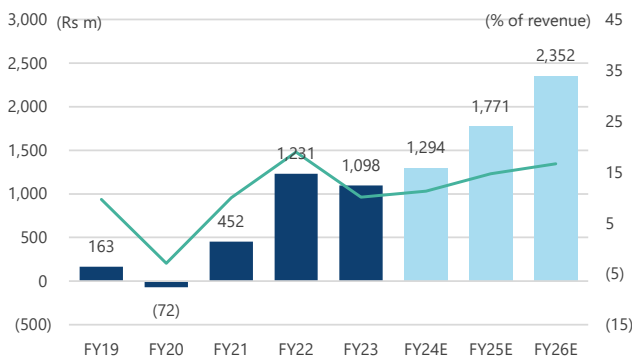
Estimates	Old			New			% Change		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Consolidated									
Revenue	12,265	14,145	16,570	11,506	12,095	14,146	(6)	(14)	(15)
Early Learning	3,162	3,407	3,871	3,168	3,243	3,526	0	(5)	(9)
E-Sports	6,871	8,397	10,215	6,372	6,789	8,431	(7)	(19)	(17)
Telco subscription	370	315	267	319	271	230	(14)	(14)	(14)
Freemium	248	261	274	233	244	256	(6)	(6)	(7)
Real money gaming	541	586	645	420	453	498	(22)	(23)	(23)
Ad-tech	1,072	1,180	1,298	996	1,095	1,205	(7)	(7)	(7)
Ebitda	1,431	1,763	2,394	1,294	1,771	2,352	(10)	0	(2)
Ebitda Margin (%)	11.7	12.5	14.4	11.2	14.6	16.6	-42bps	218bps	218bps
PAT	693	892	1,241	863	1,278	1,629	25	43	31

Exhibit 24 - We expect total revenue to grow at 16% CAGR over FY24-26
Consolidated revenue trends



Source: Company data, Jefferies estimates

Exhibit 26 - We expect group EBITDA margin to expand to 17% by FY26E
Consolidated EBITDA trends



Source: Company data, Jefferies estimates

Exhibit 28 - E-sports, Ad-tech, and Early Learning are the predominant revenue contributors for Nazara

Revenue mix by segment

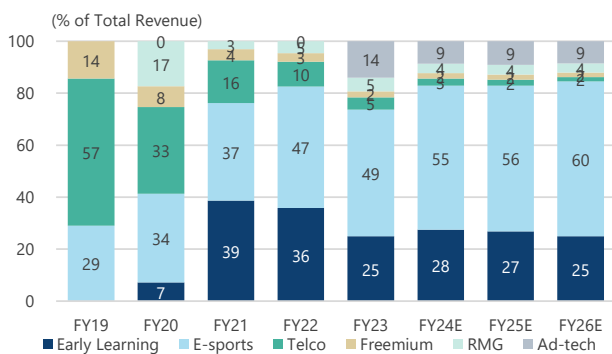
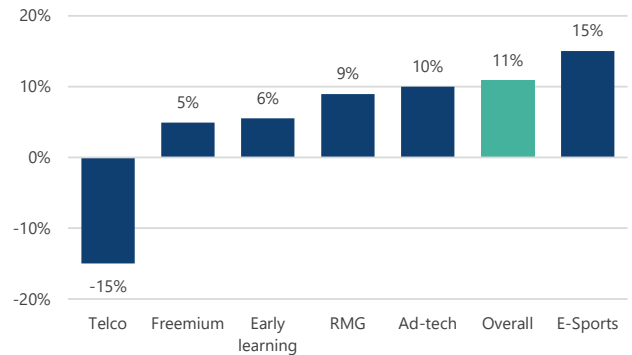
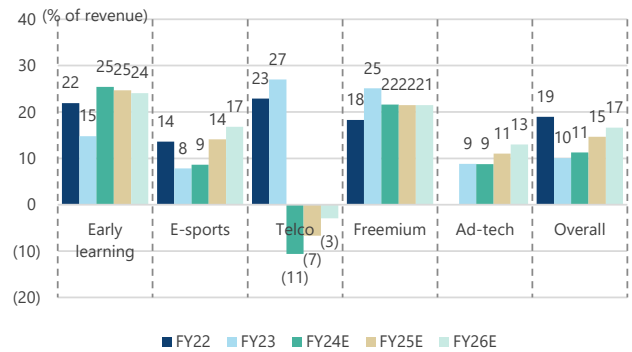


Exhibit 25 - Growth to driven by E-sports segment, primarily sportskeeda
Revenue CAGR by segment (FY24-26E)



Source: Company data, Jefferies estimates

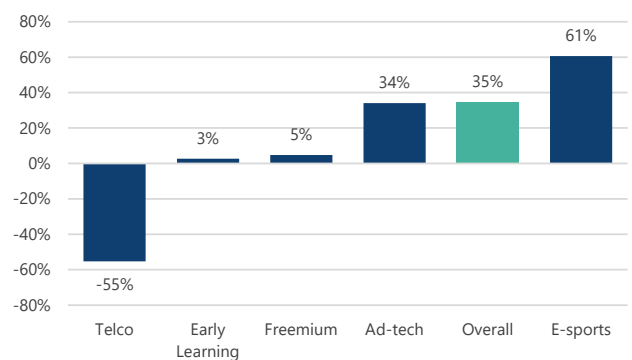
Exhibit 27 - ...with margin expansion across most segments
EBITDA margin trends by segment



Source: Company data, Jefferies estimates

Exhibit 29 - We expect Group EBITDA CAGR of 35% over FY24-26, with 60%+ Ebitda Cagr for Esports and 34% Cagr for Adtech

EBITDA CAGR by segment (FY24-26E)



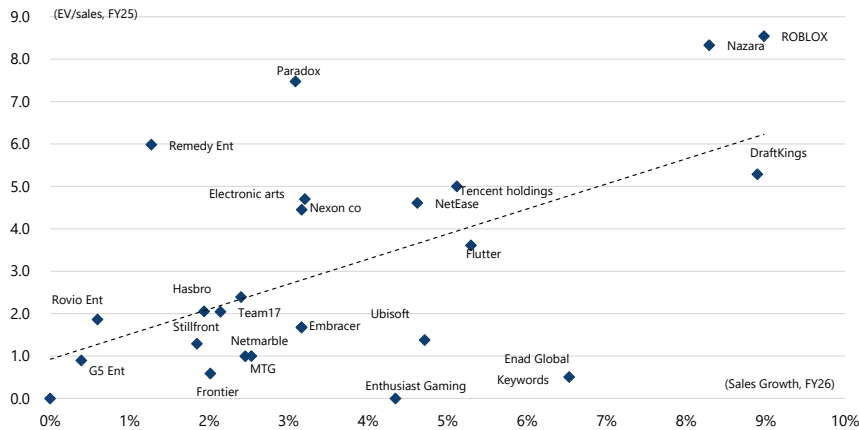
Source: Company data, Jefferies estimates

Exhibit 30 - Our SOTP yields a PT of Rs 810

	Methodology	Multiple	Sales/Ebitda, FY26E (Rsm)	EV, FY25E (Rsm)	EV, Mar-25E (Rsm)	Cash (Rsm)	Equity value, Mar-25E (Rsm)	Nazara's Stake	Nazara's stake (Rsm)	Nazara's stake (Rs/share)
Paperboat	EV/Sales	2.5	2,319	5,798	5,798	1,858	7,656	52%	3,949	52
Wildworks	EV/Sales	2.5	1,207	3,017	3,017	502	3,519	100%	3,519	46
Nodwin	EV/Sales	4.0	4,730	18,919	18,919	1,594	20,512	48%	9,770	128
AbsolutSports	EV/Sales	10.0	3,701	37,014	37,014	1,658	38,671	74%	28,733	375
Telco	EV/Sales	1.0	230	230	230	11,376	11,606	100%	11,606	152
Freemium	EV/Sales	2.0	256	512	512	196	708	72%	509	7
Open Play	EV/Sales	5.0	498	2,491	2,491	390	2,881	100%	2,881	38
Datawrkz	EV/Ebitda	10.0	157	1,566	1,566	208	1,774	55%	976	13
				69,547	69,547	17,781	87,328		61,943	809

Source: Company data, Jefferies estimates

Exhibit 31 - Nazara's valuations do not look inexpensive in context of its sales growth vs global peers
EV/sales vs sales CAGR of gaming companies globally



Source: Jefferies, Bloomberg

Exhibit 32 - Global gaming valuations

Company	Ticker	Currency	Price	Market cap	ADTO	FY24-26E		EV/EBITDA		EV/sales	
			LCY	US\$m	US\$ m	Sales Cagr	EBITDA Cagr	FY25E	FY26E	FY25E	FY26E
Tencent Holdings Ltd	700 HK	HKD	292	352,416	882	11%	13%	12.8	11.5	4.5	4.1
NetEase Inc	9999 HK	HKD	163	67,380	159	11%	11%	13.5	12.1	4.1	3.8
ROBLOX Corp	RBLX US	USD	41	25,324	371	27%	n/m	49.4	35.1	6.3	5.3
Electronic Arts Inc	EA US	USD	135.26	36,162	239	5%	7%	13.4	12.4	4.6	4.3
Flutter Entertainment PLC	FLTR LN	GBp	16,545	37,015	54	11%	26%	17.3	13.8	3.2	2.9
DraftKings Inc	DKNG US	USD	42	19,461	441	23%	n/m	n/m	n/m	4.1	3.5
Nexon Co Ltd	3659 JP	JPY	2,890.5	16,751	60	8%	10%	11.3	10.4	4.1	3.8
Hasbro Inc	HAS US	USD	49.2	6,833	80	-2%	10%	10.2	9.4	2.2	2.1
Ubisoft Entertainment SA	UBI FP	EUR	19.6	2,695	11	8%	15%	3.4	2.9	1.5	1.4
Square Enix Holdings Co Ltd	9684 JP	JPY	6,218	5,150	31	0%	11%	8.3	8.5	1.6	1.6
CD Projekt SA	CDR PW	PLN	108	2,677	9	-25%	-38%	27.2	40.8	12.4	15.2
SeaWorld Entertainment Inc	SEAS US	USD	49	3,114	38	3%	3%	7.3	7.1	3.0	2.9
Keywords Studios PLC	KWS LN	GBp	1,670.0	1,666	3	12%	11%	6.2	5.7	1.2	1.1
Stillfront Group AB	SF SS	SEK	10.0	495	2	2%	n/m	3.6	3.4	1.3	1.2
Two Harbors Investment Corp	TWO US	USD	12.6	1,295	20	n/m	n/m	n/m	n/m	29.8	26.3
Paradox Interactive AB	PDX SS	SEK	196.4	1,982	1	6%	11%	10.3	9.7	7.1	6.7
Modern Times Group MTG AB	MTGB SS	SEK	74.0	931	2	7%	5%	3.8	3.6	0.9	0.9
Frontier Developments PLC	FDEV LN	GBp	147.8	74	1	6%	n/m	3.4	3.7	0.5	0.5
Team17 Group PLC	TM17 LN	GBp	240.0	442	1	3%	27%	7.1	6.6	2.0	1.9
TEN Square Games SA	TEN PW	PLN	100.7	183	1	-2%	22%	5.6	6.1	1.5	1.5
Nazara Technologies Ltd	NAZARA IN	INR	884	781	5	9%	19%	47.8	36.3	7.6	6.5
Remedy Entertainment Ovi	REMEDY.FH	EUR	18.1	264	0	43%	n/m	13.0	14.3	3.0	2.9
Enad Global 7 AB	EG7 SS	SEK	14.9	126	1	3%	4%	2.3	1.8	0.5	0.5
G5 Entertainment AB	G5EN SS	SEK	160.7	131	0	0%	3%	4.0	3.9	0.9	0.9
Aaregate						7%	-2%	24.1	21.4	7.6	6.9

Source: Jefferies, Bloomberg

Exhibit 33 - Financial Summary

Rsm	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
P&L								
Revenues	1,697	2,460	4,542	6,502	10,911	11,506	12,095	14,146
Early Learning	0	176	1,758	2,329	2,729	3,168	3,243	3,526
E-Sports	492	842	1,701	3,039	5,315	6,372	6,789	8,431
Telco subscription	961	818	749	624	514	319	271	230
Freemium	244	198	195	213	251	233	244	256
Real money gaming	0	426	139	297	570	420	453	498
Ad-tech					1,532	996	1,095	1,205
Ebitda	163	(72)	452	1,231	1,098	1,294	1,771	2,352
Early Learning	0	(35)	126	510	403	804	801	849
E-Sports	(19)	75	268	414	417	549	957	1,415
Telco subscription	368	242	114	143	139	(34)	(18)	(7)
Freemium	44	8	40	39	63	50	52	55
Real money gaming	0	(347)	(90)	(1)	83	(21)	0	25
Ad-tech					135	87	120	157
Ebit	(32)	(335)	98	841	527	689	1,124	1,662
PAT	175	(37)	92	569	395	863	1,278	1,629
EPS	2.9	(0.6)	1.5	8.7	6.0	11.3	16.7	21.3
Balance sheet								
Equity	4,079	5,011	6,582	10,413	11,049	19,836	21,114	22,743
Minority Interest	323	690	1,208	1,570	2,117	3,378	3,622	3,997
Gross debt	0	0	0	0	304	304	304	304
Lease liabilities - Non Current	0	80	13	43	78	143	208	273
Payables	249	693	640	499	767	809	850	994
Other liabilities	418	1,071	1,784	1,573	2,703	2,851	2,996	3,505
Total liabilities and Equity	5,070	7,544	10,227	14,098	17,018	27,321	29,095	31,817
PPE+ROU	15	109	39	77	148	167	177	186
Goodwill	680	1,688	1,684	2,632	3,407	3,407	3,407	3,407
Other intangible assets	593	1,534	1,263	1,542	2,276	2,006	1,707	1,379
Associate investments	303	81	42	0	0	324	324	324
Investments	1,772	1,649	3,465	5,565	5,191	5,191	5,191	5,191
Cash & equivalents	533	721	1,400	2,081	1,421	11,292	13,102	15,262
Trade receivables	460	681	686	847	1,536	1,734	1,823	2,132
Other assets	714	1,082	1,650	1,354	3,039	3,205	3,369	3,940
Total assets	5,070	7,544	10,227	14,098	17,018	27,326	29,100	31,821
Cash Flow Statement								
CFO	192	(22)	679	621	81	868	1,193	1,449
CFI	(675)	89	(2,680)	(3,336)	(952)	(236)	709	815
Capex	(59)	(69)	(21)	(114)	(82)	(289)	(293)	(306)
Acquisitions	(227)	(132)	(1,523)	(1,293)	(1,337)	0	0	0
CFF	59	34	2,171	3,348	145	9,239	(92)	(104)
FCFE	(55)	(192)	(828)	(764)	(1,301)	1,152	1,810	2,160
Growth								
Revenue Growth (%YoY)	(1)	45	85	43	68	5	5	17
EBITDA Growth (%YoY)	(66)	(144)	(728)	172	(11)	18	37	33
PAT Growth (%YoY)	556	(121)	(352)	515	(31)	119	48	28
Margin								
EBITDA Margin (%)	10	(3)	10	19	10	11	15	17
PAT Margin (%)	10	(1)	2	9	4	8	11	12
Return Ratios								
ROA	1.4	(4.5)	1.5	6.5	4.1	4.5	5.4	6.6
ROE	4.6	(0.8)	1.6	6.7	3.7	5.6	6.2	7.4
ROIC	(0.5)	(4.3)	1.1	6.3	3.1	2.8	3.4	4.7
Per Share								
EPS	3	(1)	2	9	6	11	17	21
BPS	67	82	108	160	167	259	276	297
FCPS	(1)	(3)	(14)	(12)	(20)	15	24	28
Valuation								
P/E	307	n/m	582	101	148	78	53	41
P/B	13	11	8	6	5	3	3	3
P/FCF	(970)	n/m	(65)	(75)	(45)	59	37	31
EV/Sales	31	21	11	8	5	5	4	4
EV/Attributable Sales	38	30	18	13	8	8	7	6
EV/Ebitda	317	n/m	111	42	50	42	30	22
EV/Attributable Ebitda	292	1,619	158	71	62	61	43	32

Source: Company data, Jefferies estimates

Company Description

Nazara Technologies

Nazara Technologies is a diversified gaming and sports media platform with presence in India, as well as developed and emerging global markets such as North America and Africa. The company's offerings span interactive gaming, eSports, and gamified early-learning ecosystems, including World Cricket Championship (WCC) and Carrom Clash in mobile games, Kiddopia in gamified early learning, Nodwin and Sportskeeda in eSports and eSports media, and Halaplay and Qunami in skill-based fantasy and trivia games.

Company Valuation/Risks

Nazara Technologies

We value Nazara based on SoTP of its key segments. We assign one-year forward multiples to FY26E financials of each segment and discount the EV at 15% to arrive at our price target of Rs810. We assign a 2.5x EV/sales multiple to early learning, 4x to Nodwin, 10x to Absolute Sports, 2x to freemium, 5x to Openplay, 10x EV/EBITDA to Ad-tech and 1x EV/Sales to the telco subscription business. Downside Risks: include regulatory risk in new markets, increasing competitive intensity, larger-than-expected impact from Apple's privacy policy, inability to add subscribers in gamified learning, value-destructive or expensive acquisitions, and lack of clarity in real money gaming.; Upside risks: Revival in growth in Early Learnings, Stronger growth in Ad-tech, Increased profitability in E-sports, Favourable regulations; Value creating acquisitions

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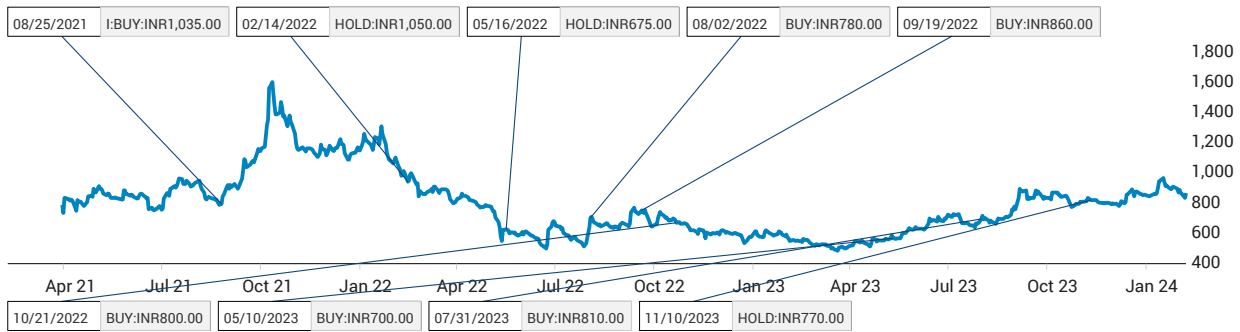
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- Electronic Arts Inc. (EA: \$136.75, BUY)
- Flutter Entertainment (FLTR LN: p16,490.00, BUY)
- Frontier Developments Plc (FDEV LN: p150.20, HOLD)
- Hasbro, Inc. (HAS: \$49.90, BUY)
- Keywords Studios Plc (KWS LN: p1,709.00, BUY)
- Nazara Technologies Limited (NAZARA IN: INR865.95, HOLD)
- NetEase Inc. (NTES: \$106.34, BUY)
- NetEase Inc. (9999 HK: HK\$163.40, BUY)
- Nexon Co., Ltd. (3659 JP: ¥2,891, BUY)
- Roblox Corp (RBLX: \$44.74, BUY)
- Rovio (ROVIO FH: €9.28, HOLD)

- Square Enix Holdings Co. Ltd. (9684 JP: ¥6,218, HOLD)
- Team17 Group PLC (TM17 LN: p236.00, HOLD)
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- Ubisoft Entertainment S.A. ADR (UBI FP: €19.42, UNDERPERFORM)

Rating and Price Target History for: Nazara Technologies Limited (NAZARA IN) as of 02-06-2024



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			IB Serv./Past12 Mos.		JIL Mkt Serv./Past12 Mos.	
	Count	Percent	Count	Percent	Count	Percent
BUY	1956	58.37%	336	17.18%	112	5.73%
HOLD	1228	36.65%	117	9.53%	21	1.71%
UNDERPERFORM	167	4.98%	5	2.99%	3	1.80%

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