

Management Discussion and Analysis

India is all set to become the leader in gaming industry due to increased traction into gaming and edutainment among rising millennials and Gen Z population

The gaming industry in India is currently valued at US\$ 1.5 billion¹ and is expected to grow at a CAGR of 31% to US\$ 3.5 billion² by 2023. Covid 19 outbreak had brought the world to a standstill and rendered year 2020 as the most uneventful year for physical games. The rising millennials and Gen Z population of the Country brought the online gaming world to life. Bolstered by a positive investment climate, increased Government spending, and weak commodity cycle, India enjoys the status of being one of the fastest growing emerging economies. India is poised to serve as a lucrative avenue for the gaming industry.

Indian gaming industry is projected to grow over 31.7% year on year ('YoY') due to the growth of digital infrastructure and significant rise in quality and engaging of gaming content. By 2024, the gaming industry in India is set to be valued at US\$ 3,544 million³. India's online gaming industry has already attracted over US\$ 350 million⁴ in investments from venture capital firms between 2014 and 2020. In India, the average revenue per gamer has increased from US\$ 2.3 in 2016 to US\$ 8.8⁵ in 2020. The penetration of gaming in India has also doubled from 15% in 2016 to 30% in 2020⁶. The rise in online gaming activity propelled by the growth in the number of gamers by almost ten times in the last decade, also led to comparable growth in game developing companies over the same period. The proliferation of cheap smartphones, high-speed internet and reduction in data prices are the key drivers for this rapid growth. The mobile gaming segment in the Indian gaming industry is the largest in terms of revenue. This segment was valued at US\$ 272 million⁷ in 2016 and is estimated to be about US\$ 1.2 billion⁸ in 2020 growing at a CAGR of 39.6%⁹. The mobile gaming segment is expected to reach a market size of US\$ 3.1 billion¹⁰ by 2023.

The global mobile games market generated US\$ 40.9 billion in 2016, around US\$ 9.4 billion or 30% more than in 2015¹¹. Almost all these revenues come from free-to-play and freemium games, which can be downloaded and played for free but allow gamers to spend money in the game to enhance the experience. The mobile gaming market is expected to reach a value of US\$ 116 billion by 2023, growing at a CAGR of 15% YoY¹².

India offers a significant opportunity for mobile gaming publishers and investors, as it is poised for stellar growth in the coming years. The growth rate of mobile gaming in India

stands at an extremely healthy CAGR of 39.6%¹³ as compared to the growth rates in China and the US, which stood at 14.6%¹⁴ and 12.2%¹⁵. The global growth rate of the mobile gaming market is only one third of India's, measuring at 13.3%¹⁶. Growth in the Indian mobile gaming market will be predominantly characterised by the rising adoption of smartphones, drop in data prices, increased internet penetration, high internet speeds etc.

About Nazara Technologies

Nazara is an India based diversified gaming and sports media platform with a presence in India and across emerging and developed global markets such as Africa and North America, with offerings across the interactive gaming, esports and gamified early learning ecosystems. The Company owns some of the most recognisable IP, including World Cricket Championship (WCC) and CarromClash 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.

Only Diversified Player in India	IP Owned Assets
<ul style="list-style-type: none"> • Across Geography: Developed and Emerging Markets • Business Model: Advertising, Subscription, Media Rights, In-App purchases, Brand Sponsorships • Across Business Segments: esports, Sports Simulation, Early Learners and Skill based Fantasy among others 	<ul style="list-style-type: none"> • Only player in India with owned IP across categories • 100% inhouse content creation • Makes its own Software / Game engines
Global Distribution Network	Capital Efficient & Sustainable Growth
<ul style="list-style-type: none"> • Distribution pipelines / network with 52 telcos in 58 countries including Africa, Middle East, South Asia • App store relationships with Apple and Google 	<ul style="list-style-type: none"> • Debt Free, has a track record of Positive EBITDA, Net Profit generation and Positive Cash Flows over 10+ years • Since inception right upto March 2021, raised primary funds to the tune of ₹ 1,891.6 million. As a result, we have historically been EBITDA positive

¹ Source: Frost and Sullivan

⁵ Source: Frost and Sullivan

⁹ Source: Frost and Sullivan

¹³ Source Frost and Sullivan

² Source: Frost and Sullivan

⁶ Source: Frost and Sullivan

¹⁰ Source: Frost and Sullivan

¹⁴ Source Frost and Sullivan

³ Source: FICCI, IBEF

⁷ Source: Frost and Sullivan

¹¹ Source: Frost and Sullivan

¹⁵ Source Frost and Sullivan

⁴ Source: FICCI, IBEF

⁸ Source: Frost and Sullivan

¹² Source Frost and Sullivan

¹⁶ Source Frost and Sullivan

All Figures have been rounded off to one place of decimal

Management Discussion and Analysis (Contd.)

Business Overview of Nazara:

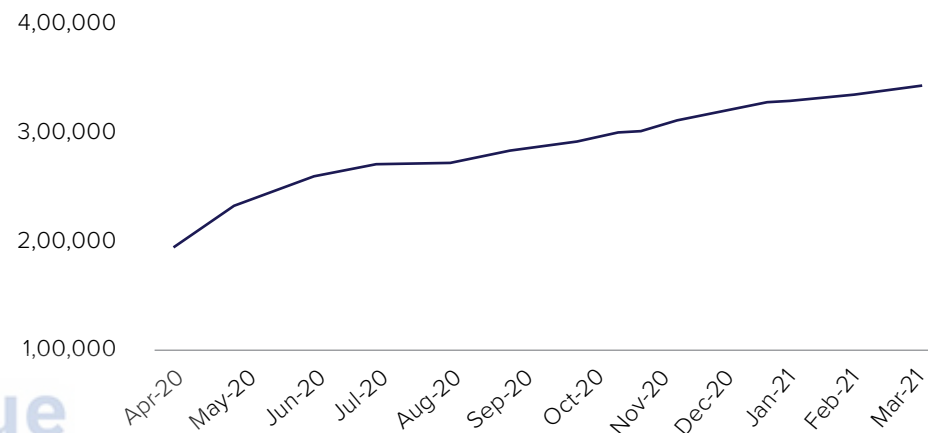
As of March 31, 2021, Nazara has diverse business segments with revenue generation happening across gamified early learning, esports, freemium and telco subscription.

S. No.	Business Segment	Business Model	Content IP Ownership	IP Name	% Revenue Contribution FY 2020-21
1	Gamified Early learning	Gamified App for 2-7 year old kids with subscription paid by parents	Yes	Kiddopia	39%
2	esports	Premium exclusive content / (Media rights licensing) & brand sponsorships (ads shown on the platform)	Yes	Nodwin, Sportskeeda	37%
3	Freemium	Ads & virtual items purchased within the games	Yes	WCC	4%
4	Telco Subscription	Players subscribing to curated game packs and payment collected through telecom operator channel	No	-	17%
5	Skill based Real Money Gaming	Platform fee collected from the skill games played on the platform	Yes	Halaplay, Qunami	3%

Segment wise commentary on business performance:

- Gamified Early Learning:** Kiddopia had 340,282 paying subscribers as of March 2021 which is a 121.4% increase in number of paying subscribers as compared to March 2020 (1,53,698).

Paying subscribers Kiddopia

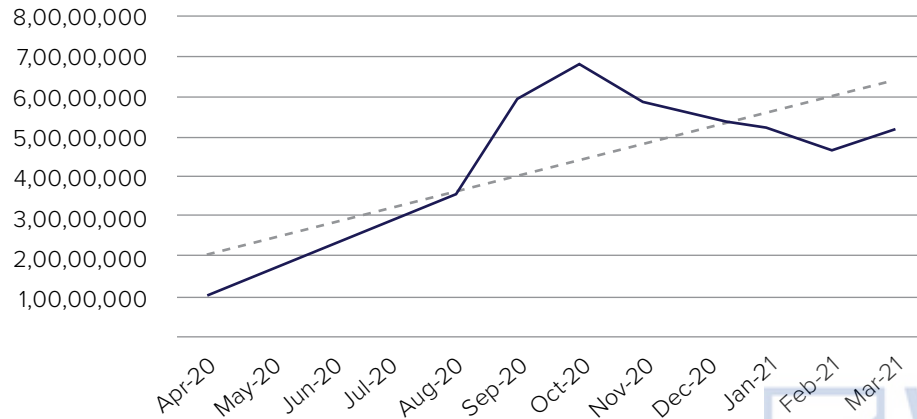


LTV (Lifetime Value) - CAC (Consumer Acquisition Cost) Parameters: Cost per trial has stayed range bound between US\$ 22 to US\$ 26 in last 12 months and activation ratio from free trial to subscription has also remained around 70%. Monthly ARPU of the user has been around 6.3 - 6.4 US\$ and monthly churn is range bound between 4% - 6% across the months in FY 2020-21.

- Esports:** Esports revenues comprise of media rights licensing of own content, brands sponsorships for offline and online events, licensing fee received from game publishers for community activation and programmatic inventory selling on Sportskeeda. esports is disrupting traditional sports worldwide and is an outcome of sports and gaming intersecting to create fast paced spectator entertainment content.
 - Sportskeeda witnessed 487% growth in MAU in FY 2020-21. During peak cricket season (October 2020), Sportskeeda recorded 68.4 million MAU up from 10.5 million MAU in April 2020. Sportskeeda has emerged as a leading esports news and content destination in India.

Management Discussion and Analysis (Contd.)

MAU Sportskeeda

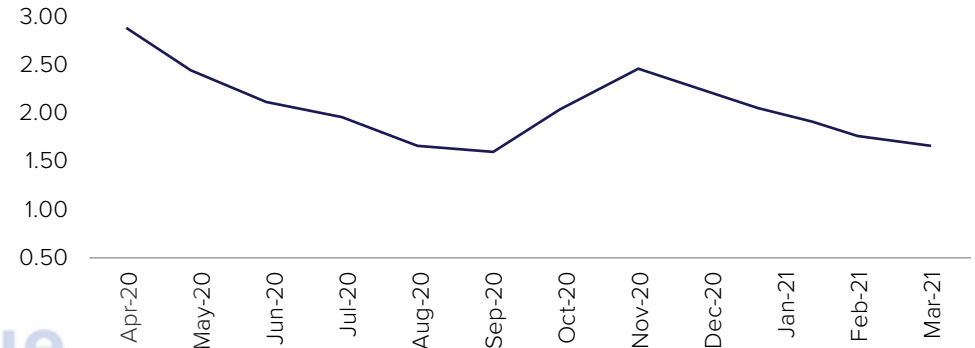


2.2. Nodwin continued revenue growth momentum with 74% growth in FY 2020-21 over FY 2019-20. Media rights contributed to majority of the revenues in FY 2020-21 and game publishers formed second largest source of revenue wherein Nodwin partnered with them for grass route community tournaments across India. Nodwin also expanded into South Asia in FY 2020-21. Nodwin continues to be the dominant player in esports in India with its marquee IPs like ESL India premiership, Dew Arena etc.

3. **Free to Download (Freemium):** WCC (World Cricket Championship) is the world's largest cricket simulation game franchise on mobile and is played for ~46 minutes/ day. Nextwave Games are played by over 12 million monthly active users. The Game has a very strong franchise among the midcore gamers who love virtual sports simulation genre and gets over 100,000 downloads every day organically and without any marketing spends. WCC revenues were flat in FY 2020-21 on account of drop in advertising rates in India due to COVID. We expect growth in WCC to come from in app purchases of virtual goods and WCC3 -the latest version of the game launched in July has been designed for enhancing in-app purchase conversion rates.

- 3.1. Scale of Daily Active Users (DAUs) of world cricket championship (WCC) is stable with few spikes seen during first phase of lockdown in April 20 and during IPL 2020.

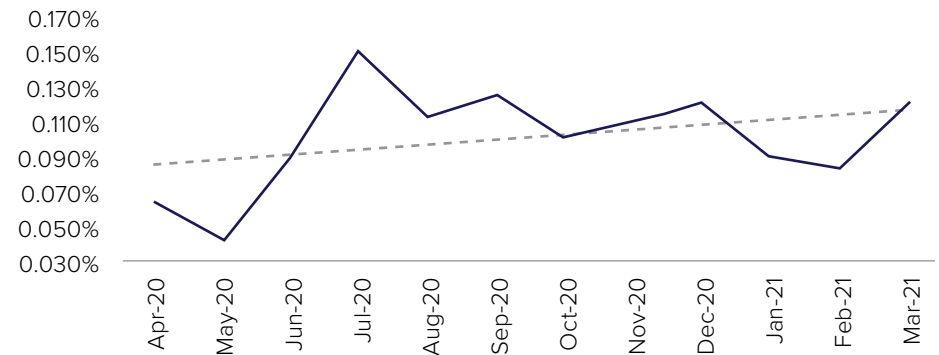
DAU (Mil) Nextwave Games



DAU (in million)

- 3.2. Tangible progress has been made on % conversion ratio (daily paying to daily active users (DPU/ DAU)) in FY 2020-21 via launch of WCC3. The % conversion in WCC3 has increased multi-fold to 0.08% - 0.10% as compared to 0.01% in WCC2. % Conversion in WCC3 is expected to increase further in FY 2021-22 through new product updates.

% IAP Conversion WCC3



% IAP Conversion

Management Discussion and Analysis (Contd.)

Once positive LTV/CAC equation is achieved, the Company will invest aggressively in user acquisition to scale up its user base on WCC and drive profitable growth.

4. **Telecom operator driven Subscription business** declined by 8% in FY 2020-21 over FY 2019-20 primarily due to decline in India revenues in H2 FY 2020-21. Nazara has acquired rights to distribute a library of premium Disney and Star Wars games based on iconic stories and characters including Star Wars, Frozen, Big Hero 6, Cars, Duck Tales, Finding Dory, Toy Story and many others in 100 countries for three years. These premium games will be distributed through Nazara's network of telecom operators to their customer base. Under this agreement with Disney, Nazara is the only third party distributor that Disney has granted the right to create and operate Disney themed storefronts for premium Disney and Star Wars games on these telco channels.
5. **Sports Fantasy (Skill based Real Money Gaming):** Sports fantasy witnessed disruption in FY 2020-21 on account of lack of live matches in first half of FY 2020-21 and regulatory turbulence triggered by legislative ordinances passed in few of the large states banning real money gaming operations. The lack of stability in the regulatory framework lead to Nazara taking strategically cautious approach in this vertical till further clarity emerges. We have therefore pivoted to a product driven growth strategy versus an aggressive customer acquisition spends led strategy and the team is focused on enhancing existing as well as bringing new product features to differentiate ourselves in this segment.

Financial Highlights: (Consolidated)

Financial performance as a measure of operational performance:

A. Revenue Performance: Snapshot

Nazara Technologies delivered a consolidated total operational revenue of ₹ 4,542 million in FY 2020-21, which is 84% growth over ₹ 2,475 million recorded in FY 2019-20. Gamified early learning and esports segments have not only demonstrated strong growth momentum in FY 2020-21, but have also laid foundation for predictable growth on account of proven user engagement and retention KPIs in gamified early learning and multiyear media licensing and game publisher agreements in case of esports.

Segment wise revenue breakup is as follows:

(in ₹ million)			
Revenue from operations	For the year ended March 31, 2021	For the year ended March 31, 2020	% Change
Gamified Early Learning	1,758.4	191.3*	819%
esports	1,700.6	841.6*	102%
Freemium	195.2	197.8	(1%)
Telco Subscription	749.4	818	(8%)
Real Money Gaming	138.5	426.4	(68%)
Total Operational Revenue	4,542.1	2,475.1	83.5%
Other Income	143.3	154.6	(7.3%)
Total Revenue	4,685.3	2,629.7	78.2%

*included from date of acquisition in the consolidated financial statement for FY 2019-20. Proforma revenue of Gamified Early Learning segment for FY 2019-20 is ₹ 582 million and for esports segment is ₹ 923 million.

Year on Year Segment wise Revenue Performance Analysis:

Gamified Early Learning : Paper Boat: Our gamified early learning app 'Kiddopia' had 340,282 paying subscribers as of March 2021 which is a 121.4% increase in number of paying subscribers as compared to March 2020, which is resulting in increased revenue for FY 2020-21. Further, Nazara has acquired Paperboat in January 2020 due to which in FY 2019-20 only 3 months numbers were reported.

eSport :

Nodwin: Media rights contributed to majority of the revenues in FY 2020-21. Company has entered into a deal of supply of content to Viacom in FY 2019-20. Revenue from Viacom alone has increased by approx. ₹ 47.2 Crores in FY 2020-21 as in FY 2019-20 the contract was only for 4 months. Further, Company has added some new events which helped in increased revenue.

SportsKeeda: Sportskeeda witnessed 487% growth in MAU in FY 2020-21. During peak cricket season (October 2020), Sportskeeda recorded 68.4 million MAU up from 10.5 million MAU in April 2020. There was an overall growth in Esports and WWE Section as well as IPL in September 2020. Further, Nazara has acquired SportsKeeda in September 2019 due to which in FY 2019-20 only 6 months numbers were reported.

Management Discussion and Analysis (Contd.)

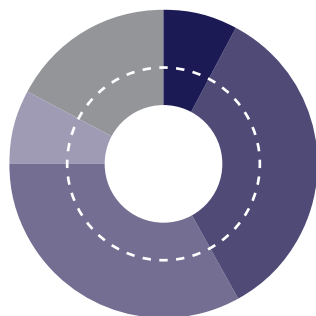
Freemium: Freemium segment primarily consist of free to download app World Cricket Championship (WCC) owned by our subsidiary Next Wave. WCC revenues were flat in FY 2020-21 on account of drop in advertising rates in India due to COVID. We expect growth in WCC to come from in app purchases of virtual goods and WCC3 – the latest version of the game launched in July has been designed for enhancing in-app purchase conversion rates.

Telco Subscription: Telecom operator driven Subscription business declined by 8% in FY 2020-21 over FY 2019-20 primarily due to decline in India revenues in H2 FY 2020-21. Subscription business in African countries (Kenya and Nigeria) and Nepal have been impacted due to new regulatory process implemented therein.

Real Money Gaming: Sports fantasy witnessed disruption in FY 2020-21 on account of lack of live matches in H1 FY 2020-21 and regulatory turbulence triggered by legislative ordinances passed in few of the large states banning real money gaming operations.

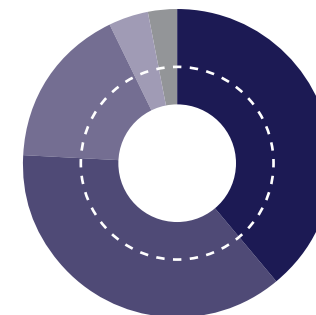
The trend of increase in contribution of gamified learning and esports and reduction of telco subscription continues in FY 2020-21 overall revenue mix as shown below.

Segmental revenue break-up (FY 2019-20) (₹ in million)



● Gamified Early Learning	191.3, 8%
● esports	841.6, 34%
● Telco Subscription	818, 33%
● Freemium	197.8, 8%
● Real Money Gaming	426.4, 17%

Segmental revenue break-up (FY 2020-21) (₹ in million)



● Gamified Early Learning	1,758.4, 39%
● esports	1,700.6, 37%
● Telco Subscription	749.4, 17%
● Freemium	195.2, 4%
● Real Money Gaming	138.5, 3%

Quarter Segment wise Revenue Performance: Snapshot

(in ₹ million)

Revenue from operations	For the Quarter ended March 31, 2021	For the Quarter ended March 31, 2020	% Change
Gamified Early Learning	506.1	191.3	165%
esports	485.8	397.9	22%
Freemium	43.3	40.3	7%
Telco Subscription	178.3	180.9	(1%)
Real Money Gaming	20.3	60.3	(66%)
Total Operational Revenue	1,233.8	870.8	42%
Other Income	21.9	64.2	(66%)
Total Revenue	1,255.8	934.9	34.31%

Management Discussion and Analysis (Contd.)

Quarter on Quarter Segment wise Revenue Performance Analysis:

Gamified Early Learning: Paying subscribers have increased from 1,53,698 in March 2020 to 3,40,282 in March 2021 recording a 121.4% increase and balance growth from higher retained user base from high advertisement spending in Q4 FY 2019-20 and Q4 FY 2020-21

esports: Growth lead by 290% YOY increase (₹ 64.3 million increase in revenue in SportsKeeda – ₹ 86.4 million in Q4 2020-21 compared to ₹ 22.2 million in Q4 2019-20); Nodwin revenue increased by 6% in Q4 2020-21 against Q4 2019-20 as Q4 is a low revenue quarter for Nodwin on account of no IP tournaments quarter because of examinations going on.

Freemium: Marginal Y-o-Y growth in revenue inspite of 25% drop in Average DAU in Q4 2020-21 of 1.8 million against Q4 2019-20 totalling to 2.2 million on account of pre IPL month in 2020; Revenue decline did not happen because of increase in Advertisement ARPDAU from ₹ 0.11 to ₹ 0.14 and IAP ARPDAU from ₹ 0.02 to ₹ 0.03; IAP contribution to revenue increased from 15% to 17% in Q4 2020-21.

Telco Subscription: Telco subscription business has not declined Y-o-Y

Real Money Gaming: Real Money gaming revenues declined in Q4 2020-21 on account of postponement of IPL from April - May time period to later in the year and also reduction in advertising and bonus offered to the players budgets in line with stated direction of break-even EBITDA being primary goal in FY 2020-21.

B. Expenses: Snapshot

Operating Costs

1. Advertising and promotion

	(in ₹ million)		
	For the year ended March 31, 2021	For the year ended March 31, 2020	% Change
Advertising and promotion	2,264.6	1,329.3	70%

Advertising and promotion expenses constitute 55.4% of total operational cost in FY 2020-21. Increase in Advertisement cost in FY 2020-21 was mainly driven by gamified early learning and esports event category. The advertisement expenses increased by ₹ 886 million and ₹ 531 million respectively, from gamified early learning and esports. Whereas, the revenue from the respective sectors has increased by ₹ 1,567 million and ₹ 859 million respectively. The monthly paying subscriber base increased from 1,53,698 in March 2020 to 3,40,282 in March 2021. In the esports category, advertisement majorly started from December 2019, hence only 4 months expenses were there in FY 2019-20 wherein FY 2020-21 factors in

for a full 12 months cost.

2. Commission

	(in ₹ million)		
	For the year ended March 31, 2021	For the year ended March 31, 2020	% Change
Commission	501.1	71.3	602%

Commission expenses are mainly incurred in our Kiddopia app and for IAP purchases in WCC3 which are ~28% of revenue. This has increased in proportion to the increase in revenue in this segment. These include the App store and Google Play commission paid for Kiddopia. An increase of ₹ 439 million, has been recorded on account of this payment, which has resulted in the increase

3. Other Expenses

	(in ₹ million)		
	For the year ended March 31, 2021	For the year ended March 31, 2020	% Change
Other expenses	312.6	305.4	2%

With the constant watch on its cost, group has been able to maintain its cost in other expenses despite increased business operations and significant growth in revenue.

4. Content, event and web server

	(in ₹ million)		
	For the year ended March 31, 2021	For the year ended March 31, 2020	% Change
Content, event and web server	524.4	506.9	3%

Content, event and web server contribute to 12.8 % of the total operating expenses in FY 2020-21. Nazara has acquired the rights to distribute a library of premium Disney and Star Wars games based on iconic stories and characters in FY 2020-21, which has resulted in increase in cost. The expenses in our esports category reduced due to restrictions on on-ground event. This all resulted in flattish content and event cost.

Management Discussion and Analysis (Contd.)

5. Employee Benefits

(in ₹ million)

	For the year ended March 31, 2021	For the year ended March 31, 2020	% Change
Employee Benefits	486.9	318.8	53%

Employee Benefits contributed to 11.9% of the total operating expense in FY 2020-21. The employee cost has witnessed an increase due to increase in overall operations of the group. Further, costs for Paper Boat and Absolute Sports were only for 3 months and 6 months in FY 2019-20, respectively, due to which FY 2019-20 had lower numbers.

Non-operating Costs

a. Impairment Losses

(in ₹ million)

	For the year ended March 31, 2021	For the year ended March 31, 2020	% Change
Impairment losses	41	-	100%

Company wise break up of Impairment Losses:

(in ₹ million)

Particulars	For the year ended March 31, 2021
Goodwill impairment in Crimzoncode Technologies Private Limited	3.3
Intangible Assets under development written off in Absolute Sports	5.8
Impairment loss for the investment in	
- Mastermind Sports Limited	5.8
- Moonglabs Technologies Private Limited	2.2
- Sports Unity Private Limited	6.1
- Instasportz Consultancy Private Limited	10.0
- Khichadi Technologies Private Limited	7.5
Others	0.3
Total	41

The Group has small investments in some associate companies. These are very early-stage incubation bets taken by the Company and some of these bets have not materialised as is the nature of very early-stage incubations. Some of these incubations

have not been able to find product market fit at scale and hence are reporting losses in their books. Looking at these facts, group has booked part of investment as impairment loss.

With the constant watch on its expenses, the group has been able to maintain its cost in other expenses despite increased business operations and significant growth in revenue.

b. Finance costs

(in ₹ million)

	For the year ended March 31, 2021	For the year ended March 31, 2020	% Change
Finance costs	9.0	12.4	(27)%

c. Depreciation and amortisation

(in ₹ million)

	For the year ended March 31, 2021	For the year ended March 31, 2020	% Change
Depreciation and amortisation	354.8	263.2	35%

During last 3-4 years, Group has done multiple acquisitions which has resulted into acquisition of intangible assets including Goodwill, Brand etc. Goodwill is not amortised but checked for impairment on yearly basis. Brand is amortised over 10 years, License is amortised over the life; rest of the intangible assets are amortised over 6 years. Acquisition of Paper Boat and Absolute was done during FY 2019-20, hence amortisation related to intangibles of these business was not for full year in FY 2019-20 due to which FY 2020-21 is showing higher cost. Depreciation and amortisation on ROU assets and PPE have increased by ₹ 11.8million and Intangible Assets have increased by ₹ 79.8 million.

Consolidated EBITDA Performance: Snapshot

EBITDA including share of non-controlling interest for FY 2020-21 was recorded at ₹ 596 million, witnessing a 508% growth over ₹ 97.9 million recorded in FY 2019-20.

Subsequently, there was an increase in the EBITDA Margins too, rising from 4% in FY 2019-20 to 13% in FY 2020-21, witnessing a 9% increase.

(in ₹ million)

Particulars	FY 2020-21	FY 2020-21	FY 2019-20	FY 2019-20
EBITDA	595.7	12.71%	97.9	3.72%

Management Discussion and Analysis (Contd.)

Segment wise EBITDA Performance: Snapshot

(in ₹ million)

Particulars	FY 2020-21	FY 2020-21	FY 2019-20	FY 2019-20
Gamified Early Learning	125.7	7.1%	(34.6)	(18.1)%
esports	304.8	17.9%	74.8	8.9%
Freemium	41.3	21.2%	66.1	33.4%
Telco Subscription	137.3	18.3%	205.8	25.2%
Real money gaming	(57.5)	(41.5)%	(347.2)	(81.4)%
Unallocated	44.	-	133.1	-

Year on Year Segment wise EBITDA Performance Analysis:

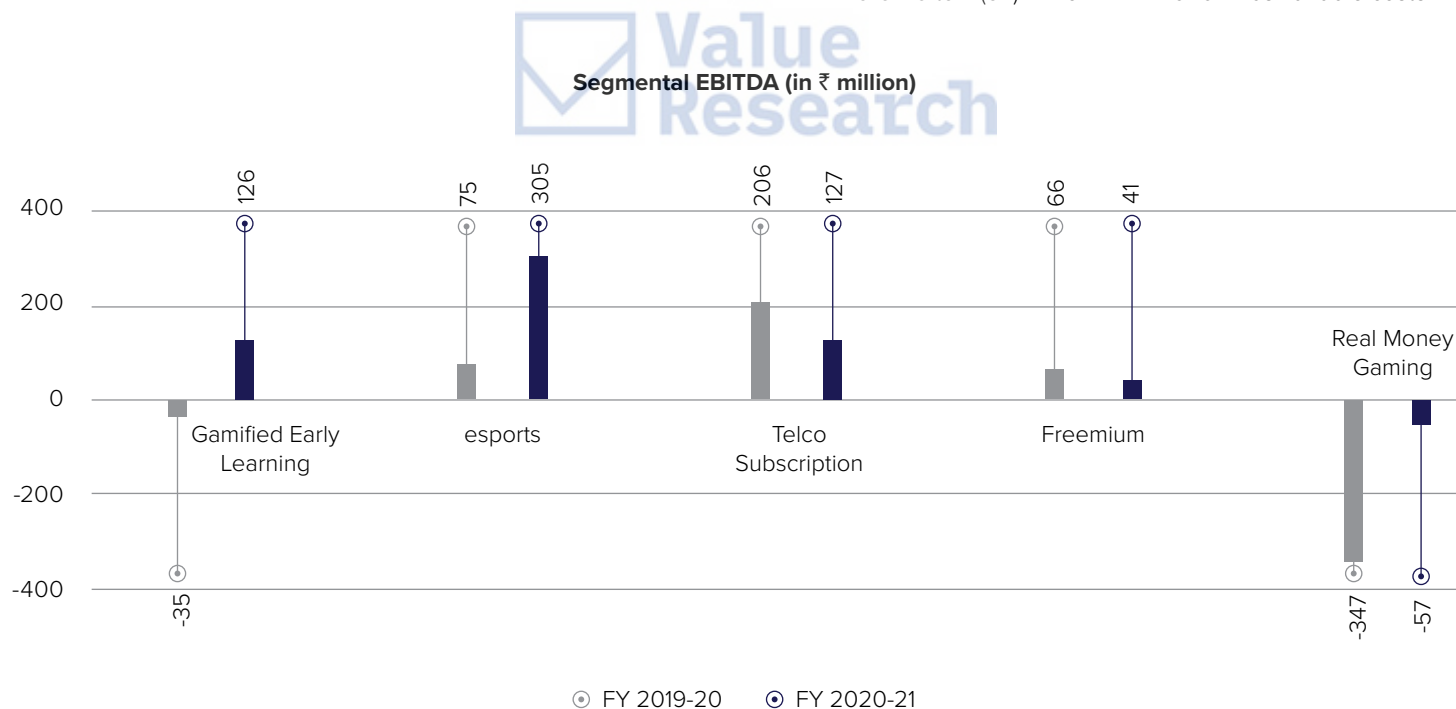
Gamified Early Learning: Reduction in advertisement spends resulted in higher EBITDA, recording a growth to touch ₹ 126 million from ₹ (35) million earlier.

eSport: Better EBITDA recorded, growing from ₹ 75 million in FY 2019-20 to ₹ 305 million in FY 2020-21, having improved due to low variable costs

Freemium: There was a dip in EBITDA to ₹ 41 million in FY 2020-21 from ₹ 66 million in FY 2019-20, mainly due to lack of capitalisation of employee cost in the current year.

Telco Subscription: The declining trend of revenues and margins in Nazara India and African entities led to a drop in the Telco subscription EBITDA from ₹ 206 in FY 2019-20 to ₹ 137 million in FY 2020-21. While there is growth in revenue from APAC region.

Real Money Gaming: Lower activity levels led to improvement in EBITDA from ₹ (347) million in FY 2019-20 to ₹ (57) million in FY 2020-21 as variable costs witnessed a reduction.



Management Discussion and Analysis (Contd.)

As Nazara is operating in high growth business segments such as gaming, gamified early learning and esports, we will continue to drive profitable growth and maintain market leadership in the segments we operate in.

Quarter Consolidated EBITDA Performance: Snapshot

(in ₹ million)

Particulars	Quarter ended March 2021	Quarter ended March 2021	Quarter ended March 2020	Quarter ended March 2020
EBITDA	139.7	11.1%	68.9	7.4%

Increase in EBITDA margin on account positive margins in Paper Boat Apps and SportsKeeda in Q4 2020-21 as against negative margins in Q4 2019-20 and increased margin in Nodwin from 6.5% to 9.8% in Q4 2020-21

Quarter Segment wise EBITDA Performance: Snapshot

(in ₹ million)

Particulars	Quarter ended March 2021	Quarter ended March 2021	Quarter ended March 2020	Quarter ended March 2020
Gamified Early Learning	81.8	16.2%	(34.3)	(17.9)%
esports	63.3	13.0%	16.1	4.0%
Freemium	7.3	16.9%	3.0	7.5%
Telco Subscription	2	1.1%	60.5	33.4%
Real money gaming	(9)	(44.3)%	(25.9)	(43.1)%
Unallocated	(5.7)		49.5	
Total	139.7	11.1%	68.9	7.4%

Company wise Financial Reporting:

(in ₹ million)

Revenue	Nature of Relationship	For the year ended March 31, 2021	For the year ended March 31, 2020	% YoY Growth
Nodwin Gaming Private Limited	Material Subsidiary Company	1,356.9	780.5	74%
Paper Boat Apps Private Limited (consolidated)	Material Subsidiary Company	1,758.4	581.6	202%
Next wave Multimedia Private Limited	Subsidiary Company	166.5	136.8	22%
Absolute Sports Private Limited	Subsidiary Company	343.2	142.2	141%
Halaplay Technologies Private Limited	Material Subsidiary Company	124.1	396.8	(69)%

EBITDA	For the year ended March 31, 2021	For the year ended March 31, 2020
Paper Boat Apps Private Limited (consolidated)	125.9	(32.6)
Nodwin Gaming Private Limited	131.6	86.8
Absolute Sports Private Limited	167.4	13.5
Next wave Multimedia Private Limited	39.9	46.0
Halaplay Technologies Private Limited	24.1	(307.6)

Management Discussion and Analysis (Contd.)

Cash Flow Analysis: Snapshot

During the year Company has generated ₹ 674.1 million from operating activities and ₹ 2,170.7 million from financing activities (₹ 1,000 million and ₹ 1,101 million invested by IGL and Krafton respectively). Total investment made by the Company during the year amounted to ₹ 2,675.3 million. Hence net increase in cash and cash equivalents during the year amounted to ₹ 169.5 million.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	Reasons for change
Net cash generated from / (used in) operating activities	674.1	(22.1)	<p>Increase in revenue throughout from various segments combined with operating leverage benefits led to increase in PBT to ₹ 167.0 million in FY 2020-21.</p> <p>Adjustment for Non-cash items and others stood at ₹ 360.2 million on account of increased depreciation.</p> <p>The Company has improved its Working capital position as at Mar-21 which led to inflow from working capital of ₹ 306.5 million</p> <p>Accordingly, OCF before tax stood at ₹ 833.7 million and post payment of taxes of ₹ 159.6 million stood at ₹ 674.1 million a multifold improvement from ₹ (22.1) million in FY 2019-20</p>
Cash generated from / (used in) Investing activities	(2,675.3)	89	<p>Cash flow from investing activities stood at ₹ (2675.3) million led primarily by investing excess cash in liquid funds to the tune of ₹ 640.6 million and investment in Bank FDs to the tune of ₹ 1189.5 million. Further there is an adjustment of ₹ 535.6 million pertaining to restricted cash related to selling shareholders on account of IPO concluded in March 2021.</p>

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	Reasons for change
Cash generated from financing activities	2,170.7	33.7	<p>Cash Flow from financing activities stood at ₹ 2,170.71 million primarily led by</p> <ul style="list-style-type: none"> Investment made by IGL of ₹ 1,000 million ₹ 117.44 million related to ESOP scheme and others Investment made by Krafton (PUBG) of ₹ 1,101 million in one of the key subsidiaries.

Accordingly, there was a net increase in Cash and Cash equivalents of ₹ 143.2million for FY 2020-21 after adjusting for exchange rate changes in cash balances. Coupled with previous year opening balance of ₹ 720.9 million the total cash and cash equivalents at the end of year stood at ₹ 864.1million. This coupled with other bank balances resulted in cash availability of ₹ 2323.9million. Therefore the Company had ₹ 3,187.9 million cash and bank balance at the end of March 31, 2021.

Cash and Cash Equivalents:

The Company has added ₹ 2,550.3 million to cash and near cash reserves during the year under review, aggregating to ₹ 4,783.9 million of total cash and near cash reserves as of March 31, 2021 as compared to ₹ 2,233.6 million as of March 31, 2020. The Company and all its subsidiaries continue to remain debt free from external borrowings. The break-up of cash additions during the year from key sources is as follows:

- Cash added from operations
- Investment from IGL & exercising of options
- Investment by Krafton into Nodwin

Net worth & EPS

The Company's net worth has improved to ₹ 6,581.8 million in FY 2020-21 from ₹ 5,010.7 million and basic EPS has increased from ₹ (0.8) per share in FY 2019-20 to ₹ 3.2 per share in FY 2020-21.

Management Discussion and Analysis (Contd.)

Statement of Key Ratios

Types of Ratio	Explanation of Ratios	FY 2020-21	FY 2019-20	% Change	Explanation for Change
Interest Coverage Ratio (Times)	The Interest Coverage Ratio is a Debt and Profitability ratio used to determine how easily a Company can pay Interest on its Outstanding Debt.	NA	NA	NA	The Company does not have any loan facilities
Current Ratio (Times)	The Current Ratio is a Liquidity ratio that measures a Company's ability to pay Short-term obligations or those due within one year, calculated by dividing the Current Assets by Current Liabilities.	3.2	2.6	23.1%	Cash and Bank balance significantly increases due to primary investments in the Company and one of its subsidiaries, due to which current ratio also witnessed an increase.
Debt Equity Ratio (Times)	The Debt Equity Ratio is used to evaluate a Company's Financial leverage. It is a measure of the degree to which a Company is financing its operations through Debt versus Wholly owned funds. It is calculated by dividing a Company's Total Borrowings (i.e., Long-term Debt, Short-Term Debt and Current Maturities of Long-Term debt) by its Shareholders Equity.	NA	NA	NA	The Company does not have any loan facilities
Debtors Turnover (Days)	Debtor's Turnover Ratio is an accounting measure used to determine how effective a Company is in extending Credit as well as collecting Debts.	6.6	3.6	83.3%	The group has been able to maintain its debtors' level at ₹ 68 Crores in both years, wherein sales have improved by 84%, which has resulted in higher debtor turnover ratio.
Operating Profit Margin (%)	Operating Profit Margin is the Profitability ratio which is used to determine the percentage of the Profit which a Company generates from its Operations before deducting the taxes, depreciation, impairment and interest.	12.7%	3.7%	241%	Increase in sales and optimisation of cost led to higher operating margins, which was mainly led by Paperboat.
Net Profit Margin (%)	Net Profit Margin is the percentage of Revenue left after all Expenses have been deducted from Total Income.	2.9%	(10.2)%	128.6%	With improved sales performance, the Company has been able to achieve higher profit margins.
Return on Net Worth (%)	Return on Net Worth (RoNW) is a measure of profitability of a Company expressed in percentage. It is calculated by dividing Total Comprehensive Income for the year by Average Net Worth for the year.	2.1%	(5.3)%	139.6%	With improved profitability, Return on Net Worth also increased.

Management Discussion and Analysis (Contd.)

Commentary on Key Growth drivers & Investment - Performance Snapshot:

Pls note: The revenue and EBITDA numbers are at the operating Company level for the respective financial year and will not match with the Nazara consolidated numbers as time period of consolidation of revenue and % holding of will lead to difference in revenue as well as EBITDA in Company's SFS and Nazara CFS.

1. **Paper Boat apps (IP: Kiddopia):** Nazara acquired majority in early learning app Kiddopia in January 2020. Kiddopia is aimed at 2-7 year old kids and is very popular in North America with majority of its revenue coming from USA. Kiddopia has shown 3x growth in FY 2020-21 in terms of revenues and has very strong unit economics. Long term retention makes it very high EBITDA margin at steady state of user acquisition spends and offers high growth annuity business with high EBITDA margins. Our gamified early learning app 'Kiddopia' had 340,282 paying subscribers as of March 2021 which is a 121.4% increase in number of paying subscribers as compared to March 2020, which is resulting in increased revenue for FY 2020-21. Further, Nazara has acquired Paper Boat in January 2020 due to which in FY 2019-20 only 3 months numbers were reported.

Key Drivers:

- Continually develop new content for children aged 2-7 years to further tap into the large US market
- US alone huge enough to absorb Nazara's marketing spend and gain market share
 - o Americans fork out US\$ 76 billion for early child care and education, such as preschool programs
 - o Game based learning is a key growth driver
 - o Majority of teachers support gamification initiatives to develop skills

- **Robust retention rates with strong unit economics**

	(in ₹ million)		
In ₹ million	FY 2018-19	FY 2019-20	FY 2020-21
Revenue	182.5	581.6	1,758.4
EBITDA	(19.9)	(32.6)	125.9

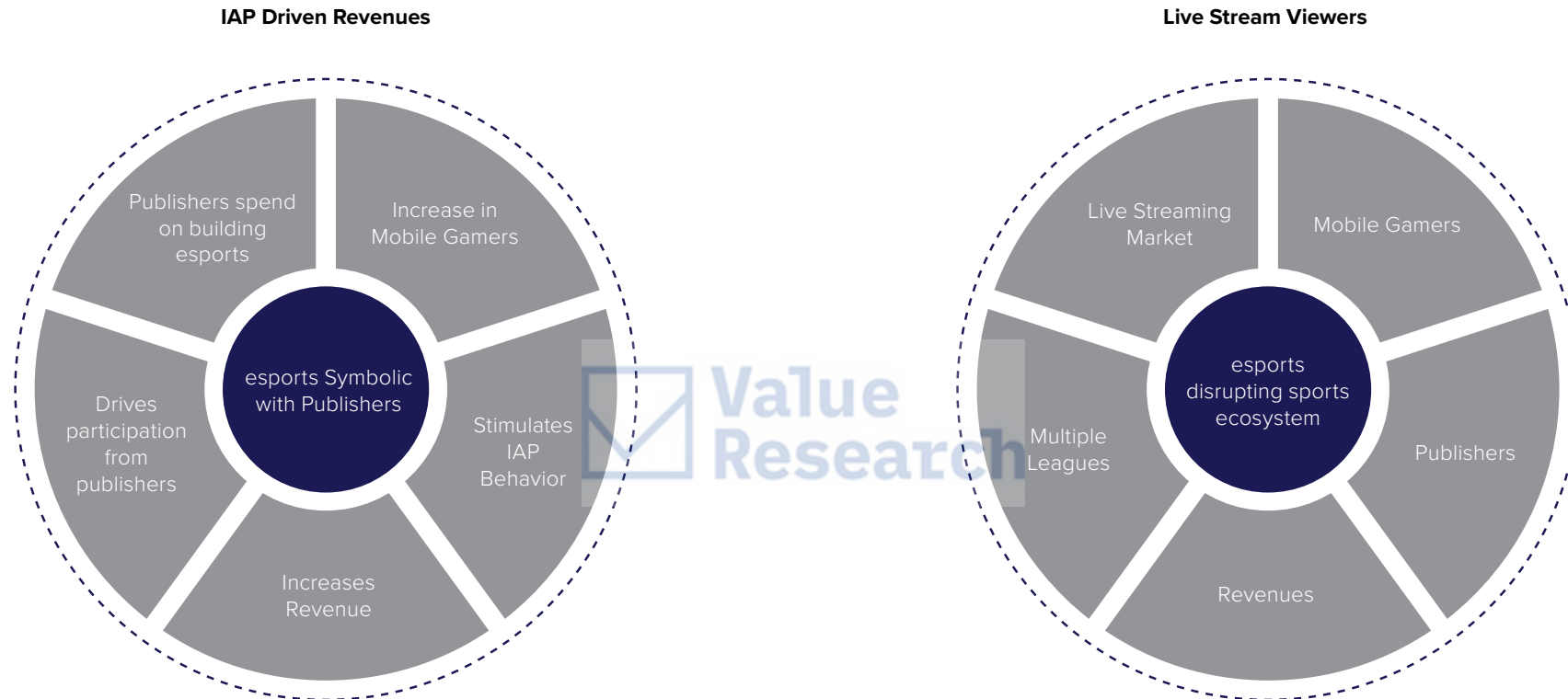
2. **Esports (Nodwin/ Sportskeeda):** Overall esports media grew by 102% in FY 2020-21 over FY 2019-20 and expected to surge in FY 2021-22 over FY 2020-21 due to momentum in the business. Esports revenues comprises of media rights licensing of own content, brands sponsorships for the offline and online events, licensing fee received from game publisher for the community activation and programmatic inventory selling on SportsKeeda. Esports is disrupting traditional sports worldwide and is an outcome of sports and gaming intersecting to create a fast paces high thrill spectator entertainment content. SportsKeeda registered average 59.0 million visits per month in FY 2020-21 which is 25% growth over FY 2019-20.

Key Drivers:

- Exclusive rights and ownership of live stream and on-demand premium esports content for streaming on YouTube, Facebook, Hotstar etc.
 - Only Company in India to have rights over IP and assets across grass root, regional, national and international esports.
 - This structure enables a Grassroot player to break into the International circuit
- Grassroots/Regional IPs National IPS International IPs**
- Nazara builds and owns tech infrastructure on which global games run locally
 - Increasing contribution of media rights to esports revenues, amplified by growing number of global and local OTT platforms.

Management Discussion and Analysis (Contd.)

Virtuous cycles drive esports



2.1. **Nodwin** is into esports content business and dominates the esports business in India across esports content on OTT platforms, large scale esports IP, partnerships with global game publishers and brand sponsorships across endemic and nonendemic brands. Media rights licensing business contributes to majority of the overall revenues and Nodwin is now top 5 global esports company in terms of revenue scale and is leading mobile esports across the world. Media rights contributed to majority of the revenues in FY 2020-21. Company has entered into a

deal of supply of content to Viacom in FY 2019-20. Revenue from Viacom alone has increased by approx. ₹ 47.2 crores in FY 2020-21 as in FY 2019-20 the contract was only for 4 months. Further, company has added some new events which helped in increased revenue.

In ₹ million	FY 2018-19	FY 2019-20	FY 2020-21
Revenue	495.2	780.5	1356.9
EBITDA	36.2	86.7	131.6

Management Discussion and Analysis (Contd.)

2.2. **Sportskeeda** is leading multi sports/ esports news destination with over 38.2 million monthly active users and 59.0 million website visits per month to read the content across WWE, esports, cricket, soccer, basketball and it is the largest multi-Sports news site in India. Sportskeeda witnessed 487% growth in MAU in FY 2020-21. During peak cricket season (October 2020), Sportskeeda recorded 68.4 million MAU up from 10.5 million MAU in April 2020. There was an overall growth in esports and WWE Section as well as IPL in September 2020. Further, Nazara has acquired SportsKeeda in September 2019 due to which in FY 2019-20 only 6 months numbers were reported.

In ₹ million	FY 2018-19	FY 2019-20	FY 2020-21
Revenue	154	142.2	343.2
EBITDA	8.3	13.5	167.4

3. **Next Wave (IP: World Cricket Championship): WCC** is the most downloaded cricket game. World's largest cricket simulation game on mobile played for 46 minutes per day by over 12 million monthly active users. The game is a cult among mid core gamers who love virtual sports simulation genre. Release of WCC3 – the beta version of new cricket title was launched in May 2020. and is designed to drive IAPs – to contribute to revenue growth. Conversion rate is up 10.0x on WCC3, compared to WCC2 (previous title). The Company expects this number to reach 1.0% by 2025. Multi player, game progression and enhanced game economy along with other features are already moving IAP in the right direction. IAP Revenue/ Day is up 3.8x (\$). Freemium segment primarily consists of free to download app World Cricket Championship owned by our subsidiary Next Wave. WCC revenues were flat in FY 2020-21 on account of drop in advertising rates in India due to COVID. We expect growth in WCC to come from in app purchases of virtual goods and WCC3 – the latest version of the game launched in July has been designed for enhancing in-app purchase conversion rates.

Key Drivers:

- Monetisation via in-app purchases of virtual goods
- Increasing revenues from sale of virtual items within the game
- Surge in IAP will be Driven by Growth of Mid and Hard Core Gamers and Higher ARPPU

	2018	2020	2025
Hard core Gamers	5 million	10 million	30 million
Mid core Gamers	15 million	35 million	100 million
Casual Gamers	100 million	250 million +	500 million +

- Underlying Consumer Behavior –Catalyst in Growth of Mid and Hard core Gamers & ARPPU
 - Games are new social community for Millennials & Gen Z
 - Shorter Matches -Quick results -Instant Fun & Fame
 - Fewer games -longer shelf life -more time spent per day
 - Play -Compete -Watch fuelling “cult status”
 - Competitive spirit key driver of IAP and inherent part of Sports Simulation/ Mobile Battle Arena Shooting (MOBA)
- Huge opportunity in cricket crazy India - Cricket draws 93% of sports viewers in India, Nextwave's cricket IP is similar to what FIFA (owned by EA) is to football.

In ₹ million	FY 2018-19	FY 2019-20	FY 2020-21
Revenue	150.9	136.8	166.5
EBITDA	61.6	46.0	39.9

Management Discussion and Analysis (Contd.)

4. **Halaplay (Skill based Real Money Gaming):** Due to potential regulatory risks, the Company has modified its aggressive user acquisition led approach to this vertical towards a more conservative, profitability led growth model. Strategically cautious entry in to real money gaming in light of regulatory uncertainty in India. Sports fantasy witnessed disruption in FY 2020-21 on account of lack of live matches in first half of FY 2020-21 and regulatory turbulence triggered by legislative ordinances passed in few of the large states banning real money gaming operations.

Key Drivers:

- Between 2018 and 2020, Online Fantasy Sports (OFS) revenue registered a 9.4x growth
- While COVID-19 is likely to slow down the rapid growth in user base and engagement (due to lack of live sports)
 - o Fundamentals of the business remain robust
- Growth of sports, coupled with digitisation, is gradually making India a prime market
 - o While cricket remains the favourite sport, Indians have started following football, kabaddi, basketball, hockey etc
 - o 50% traffic is from Tier 2 and Tier 3 cities

In ₹ million	FY 2018-19	FY 2019-20	FY 2020-21
Revenue	223.5	396.8	124.1
EBITDA	(276.4)	(307.6)	24.1

Details of the Investments made by Nazara as on March 31, 2021

M&A has been integral part of Nazara's growth journey and Nazara has been one of the most aggressive investors in the gaming ecosystem in India. "Friends of Nazara" network which was a concept 4 years back is now a reality and a proven concept with demonstrated growth of Nodwin, Paperboat apps, Absolute Sports (Sportskeeda) and Next wave waiting in the wings to break the revenue and user scale orbit.

Investments made by Nazara Group as on March 31, 2021

Name of the Party	Amount (in ₹ million)		
	Cash Consideration	Share Swap and ESOP	Nazara's Holding (%)
Next Wave Multimedia Private Limited	300.3	227.9	52.4
Nodwin Gaming Private Limited	505.3	414.3	54.5
Halaplay Technologies Private Limited	491.9	146.3	74.0
Crimzoncode Technologies Private Limited	16.9	13.1	100.0
Khichadi Technologies Private Limited	7.5	-	16.7
Sports Unity Private Limited	60.9	-	62.5
Absolute Sports Private Limited	95.0	343.4	72.7
Paper Boat Apps Private Limited	400.1	435.0	50.9
Nazara Technologies FZ LLC	0.6	-	100.0
Nazara Pro Gaming Private Limited	0.1	-	100.0
Nazara Pte. Limited	0.1	-	100.0
Instasportz Consultancy Private Limited	10.0	-	10.5
Moong Labs Technologies Private Limited	10.0	-	24.4
Mastermind Sports Limited	27.5	-	26.0
Hashcube	23.2	-	12.4
Mutual Funds and Bonds	1,060.4	-	NA
Total	3,009.6	1,580.1	-

Nazara will continue to pursue aggressive M&A within and outside India and will be looking to fill white spaces in its portfolio within Gamified learning, esports, freemium and real money gaming

Management Discussion and Analysis (Contd.)

- ✓ Opportunities in demographics across the globe: Acquire IPs catering to young males; female gamers, 7-12 kids
- ✓ Leadership opportunities in geographies: Expansion into South Asia, South East Asia and MEA for freemium and esports; Scout for publishing partners in China for local app store distribution
- ✓ Capability & Capacity building to create strong enabling ecosystem within Nazara network to further grow gamified learning, esports, freemium and real money gaming

Outlook

The gaming market is witnessing an accelerated growth worldwide. The gaming industry has evolved immensely and changes are yet to come. With the increase in the number of players in India, a convenient gaming culture is to set in. Availability of smartphones and affordable technology, rising disposable income, the Industry is in its growth launchpad and gradual penetration to untapped market will fuel the growth and the Industry can make valuable contribution to the economy.

Nazara is looking forward to:

- ✓ Build on Nazara's leading market position and growth opportunity in India
- ✓ Enhance existing offerings and increase monetisation opportunities
- ✓ Pursue strategic investment and acquisition opportunities
- ✓ Further build the existing technology stack to enhance existing platform

Risks and Mitigation

Financial Risk

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks as summarised below:

1. Market Risk - Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk

comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, mutual funds and debt investments.

The sensitivity analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

- 1.1. Equity/ Investment price risk - The Company has made several strategic investments (including unlisted subsidiaries, associates and other investee companies). Some of these are startups (early stage) companies and others in their growth phase.

The Company manages the equity price risk through diversification and invests across several gaming companies. The Company's Board of Directors review and pre-approve all such decision to invest. In addition, at the reporting date, the exposure to unlisted equity securities in non-current and current investments are periodically reviewed and evaluated by the Board. In specific, the Board review and evaluates the unobservable inputs (i.e. long-term growth rates and weighted average cost of capital), cash flow projections for 5-year period, actual performance when compared to cash flow projections approved by respectively entities Board of Directors, and sensitivity performed by an independent external valuation expert.

- 1.2. Foreign currency risk - Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries. The Company did not enter into any derivative instruments for hedge or speculation

2. Credit risk - Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from our operating activities (primarily trade receivables) and from our financing activities.

It assesses and manage credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different

Management Discussion and Analysis (Contd.)

characteristics. Based on the assumptions, inputs and factors specific to the class of financial assets, the following credit ratings are assigned to each class of financial assets:

- (i) Low credit Risk;
- (ii) Moderate credit Risk; and
- (iii) High Credit Risk.

Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom credit terms is granted in the normal course of business.

3. Liquidity Risk - Liquidity risk is the risk that the Company will not be able to settle or meet its obligations, as they fall due. Company's Policy on liquidity risk is to maintain sufficient liquidity in the form of cash and investment in liquid mutual funds to meet our operating requirements with an appropriate level of headroom. In addition, processes and policies related to such risks are overseen by senior management. The management monitors net liquidity position through rolling forecasts on the basis of expected cash flows.

Operational Risk

- The Company's ability to acquire users at optimal cost and maintain LTV/ CAC in gamified learning business can get impacted by time-to-time changes done by the distribution platforms such as Apple and Google. Company works extensively with multiple partners to be abreast of any such changes in advance and also has capable in-house team which is able to find new normal much before their peer groups.
- The Company's ability to maintain high growth of esports revenue in India is mainly dependent on the increase in the revenue scale of the mobile gaming market in India (non real money gaming) which will lead to entry of more global gaming publishers in India and accelerated investment in esports by the game publishers. Company being market leader and most trusted esports partner among global publishers continues to engage and evangelise the Indian Market to game publishers, brands etc.
- The Company's ability to grow revenue in scale in freemium via in app purchase of virtual items within the game is very dependent on the habit of the Indian gamers

to convert from playing to paying gamers and also the supply side of the game designers which can create game designs to stimulate micro transaction within the game.

- The Company's ability to grow sports media business is very dependent on the time to time change in data privacy policies introduced by the app stores, governments and large global ad networks such as FB and Google.
- The Company's ability to grow real money gaming business is exposed to dynamic legal and regulatory risks such as changes in direct tax regimes Supreme court and High court view a game qualifying as game of skill or game of chance, Indian state's taking anti online real money gaming decisions driven by inherent social optics of associating this with vice. Company works actively with other real money gaming industry leaders and Govt bodies to educate different stakeholders on game of skill Vs chance.
- The gaming industry is hugely data-driven and exposed to cyber security breaches, unwarranted malware and phishing attacks. Indiscrete and unauthorised disclosure of confidential customer information and data compromise not only results in reputation and brand damage, but also has a long impending financial stress due to severing of contracts. The Company has put in place sufficient and adequate IT controls for monitoring and continuous check on such malpractices. Also, firewalls and Anti-viruses protect the data privacy and reduce such risks significantly.
- The key growth propellers of the gaming industry is in secure IPs and exclusive media rights. Infringement of IP rights over titles of games and content or of acquired IPs or owned IPs brings financial losses and long drawn claims and litigations and unfavourable atmosphere in operations of the industry. Company has sufficient and adequate provisions made in this regard. It has a registration for protection of Intellectual Property rights with Office of the Controller General of Patents, Designs & Trademarks under Department for Promotion of Industry and Internal Trade, Government of India, in place.

Internal Control Systems and Adequacy

Effective internal controls are necessary for preparing reliable financial reports and avoid fraud. The Company has in place adequate internal financial control systems commensurate with the size of its operations. Internal control systems comprising policies and procedures are designed to ensure sound management of Company's operations, safe keeping of its assets, prevention and detection of frauds and errors.

Management Discussion and Analysis (Contd.)

Further, it also helps ensure optimal utilisation of resources, reliability of its financial information and compliance. Systems and procedures are periodically reviewed by the Audit Committee to maintain the highest standards of Internal Control. During the year under review, no material or serious observation was received from the Auditors of the Company, citing inefficiency or inadequacy of such controls. An extensive internal audit was carried out by M/s. R. Jaitlia and Co., Chartered Accountants. Post audit reviews were also carried out to ensure follow up on the observations made.

The Company's Board of Directors is responsible for ensuring relevant internal controls in the preparation and presentation of Financial Statements.

Human Resources

The Company has adopted a 'People's Policy' which sets out relevant provisions applicable to all the employees of your Company. This is in regard to equal opportunity, code of business conduct, working hours, probation, internal transfers, promotions, misconduct and sexual harassment, leave, exit, business travel and whistle blower matters.

The Company also has a 'Policy on Prevention of Sexual Harassment', adopted on August 23, 2014. There is an Internal Complaints' Committee formed to redress sexual harassment complaints. The composition of the Board is subject to the 'Policy on Board Diversity' of your Company, updated as on March 10, 2021. The 'Nomination and Remuneration Policy', updated as on March 10, 2021, is applicable to Executive and Non-executive Directors, Key Managerial Personnel and Senior Management Personnel.

The business of the Company is people-driven. And hence, the success of your Company depends upon its ability to attract, develop, motivate, retain and effectively utilise highly skilled professionals across businesses. The Company is also dependent

upon game developers and experts in the gaming industry who curate mobile games and develop/provide gaming platforms. Increased hiring by technology-led companies and increasing worldwide competition for skilled gaming professionals is likely to lead to a shortage in the availability of suitable personnel.

The attrition rate of Company for FY 2020-21 stood at 15%. Members of the workforce are the strongest attributes and your Company maintains people-centric policies and practices. Identification of the right talent, including game developers, animators, technology stack engineers, game designers, UI/UX specialists, M&A specialists, HR business partners and marketeers, continue being a key area of investment for your Company. Nazara will continue striving to provide a positive, friendly, safe and collaborative working environment. The Company will continually invest in structured training and upskilling programmes. Thus promote a culture of entrepreneurship, meritocracy and diversity.

Cautionary Statement

Statements in the Management Discussion and Analysis describing Company's objectives, projections, estimates, expectations, and others may constitute 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results may differ from those expected or implied. Several factors that could significantly impact Company's operations include economic conditions affecting demand, supply and price conditions in the markets, changes in technology, changes in the government regulations, tax laws and other statutes, climatic conditions, and such incidental factors over which the Company does not have any direct control. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.