VALUATION REPORT OF OPENPLAY TECHNOLGIES PRIVATE LIMITED

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I. Scope and Purpose of the Report

We refer to our engagement letter dated 02nd August, 2021 wherein Mr Ch Satya Dinakar (hereinafter referred to as "Valuer") has been appointed as the valuer to recommend a share value for the proposed acquisition of shares of the company.

Openplay Technologies Private Limited (OTPL) is a Private Limited Company incorporated on 12.09.2016 with the Registrar of Companies, Kolkata having registered office at 83/85, Netaji Subhas Road, 3rd Floor, Room No 306, Kolkata, West Bengal 700001.

We understand from the management of OTPL that they are contemplating to sell 100% shares of promoters to Nazara Technologies Limited vide an Acquisition Agreement and for this purpose are required to arrive at the fair value of share under the Companies Act, 2013.

For the aforesaid purpose, the management of OTPL has requested for the Valuer to give an independent report recommending the fair value of share for the proposed acquisition. This report will be placed before the Board of Directors and may be produced to statutory authorities to the extent as required by laws in India.

The purpose is to arrive a fair value of share in accordance with the applicable provisions of Companies Act 2013 and Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

For this report, the facts as made known to us are considered till the date of report.

The Management has also informed that there will be no material change of figures as provided to us (present and future).

This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report to be read in totality and not in parts and in conjunctions with relevant documents, annexures etc as referred to therein.

Data Relied Upon-

For the purpose of the Report, documents and information, as provided by the management of the Company, have been relied upon. We have completely relied on the information provided by the management of the Company and have not verified the same.

We have relied upon the following information provided by the management to us:

1. Audited Balance Sheet and Profit and Loss Statement for FY 2020, FY 2021
2. Projected Balance Sheet and Profit and Loss from April 1, 2021 to March 31, 2026.

In addition to the above, we have also relied upon the information provided to us and compiled in the Management Representation Letter.

Wherever required, all the accounts, projections and schedules listed above have been certified by the management of the Company.

We have also relied upon verbal explanation and information given to us by the management of the Company during the course of our exercise.

It may be noted that no future business plans for the company except for projections have been provided to us.

During the discussions with the management, we have also obtained explanation and information considered reasonably necessary for our exercise. The management has been provided with the opportunity to review the draft report (without value recommendations) as part of our standard practice to make sure those factual inaccuracies/omissions are avoided in our final report.

II. Background of the Company and the Industry

OTPL is India's fastest growing Skill Gaming company offering Fantasy Sports, Quiz, Rummy and various other skill games. It is the only Indian origin gaming company to be licensed and regulated by the UK Gaming Commission and various EU regulators. The group has operated for 15+ years in highly regulated markets that require the highest standards of technology, game fairness, advance player protection, security, AML and advertising standards. The company has been operational in India since 2012. Led by Sreeram Reddy Vanga who is a serial entrepreneur in the global online gaming industry.

The company is expanding it's portfolio of games to include various short format skill games.

Share holding pattern-

The shareholding pattern as on 31/03/2021 for OTPL is as follows-

Sl No	Name of Shareholders	% No of Shares Held	No of Shares Held
1	Unnati Management Consultants LLP	99.99%	9,999
2	Sreeram Reddy Vanga	0.01%	1
	Total	100%	**10,000**

Key Financial Indicators -

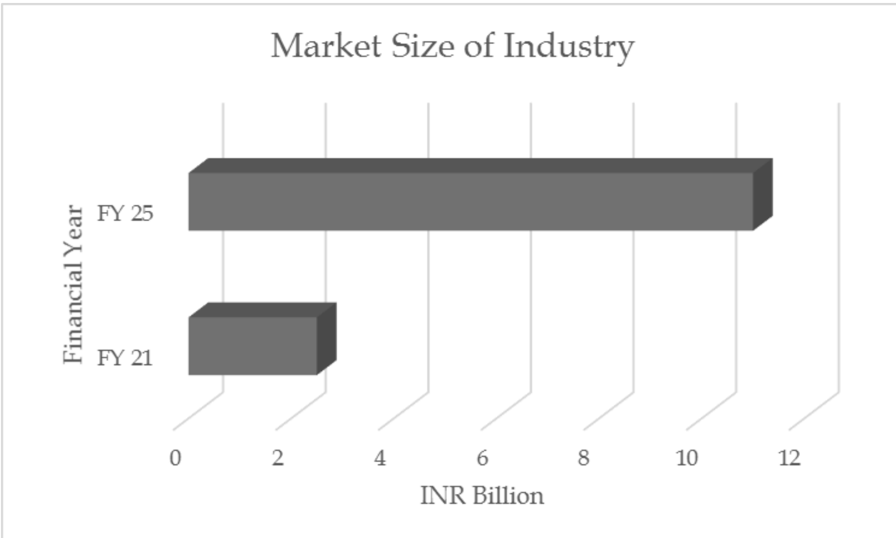
in INR

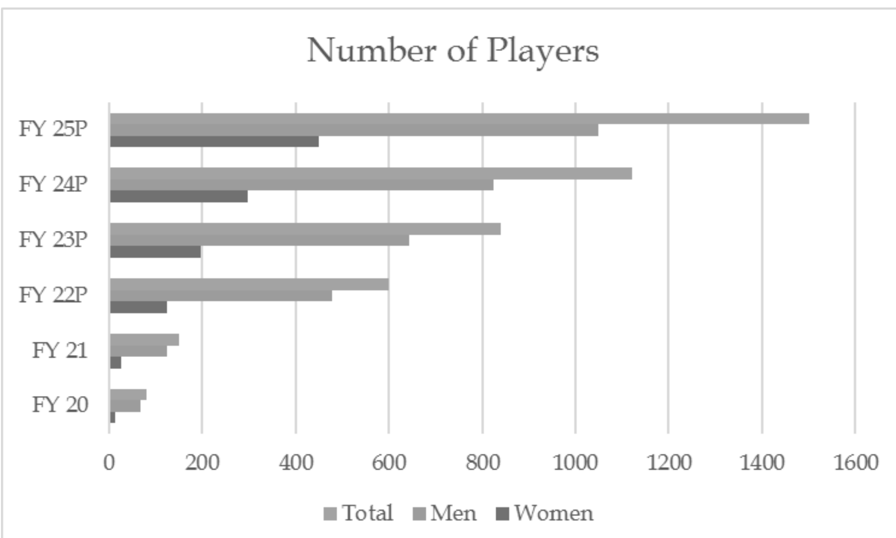
S No	Particulars	Mar-21	Mar-20	Mar-19
		Audited	*Audited*	*Audited*
1	Revenue from Operations	51,64,30,625	38,78,98,905	20,76,84,020
2	EBIDTA	4,89,23,539	4,23,31,964	2,59,51,496
3	Depreciation	58,53,676	41,01,959	19,24,873
4	PBT	4,24,42,688	3,79,85,464	2,32,85,322
5	Liquid Funds & Investments	13,51,13,465	8,07,26,920	3,30,11,723
6	Shareholders' Funds	9,23,17,672	6,04,26,316	3,33,47,230

Industry Overview -

The esports industry in India is highly fragmented and undocumented, making the term open to various interpretations. Esports is a sport, requiring competitive game play, a tournament and / or league format and use of skill, most often physical skill. As the popularity and frequency of esports tournaments grow, esports is often confused with online gaming. The need for an electronic device and online multiplayer game fuels the misnomer. However, esports is not online gaming. Unlike online gaming, esports is defined by online games of skill that are played in tournaments – different teams and individuals playing against each other to win the championship / league / title like physical sports. Esports also includes games which are the digital/virtual manifestations of traditional sports.

Esports industry in India would generate an economic impact of INR100 billion between FY2021 and FY2025. Size of the Indian esports industry would grow over fourfold from INR2.5 billion to INR11 billion by FY2025.





Gaming as a segment has indeed skipped a complete generation in India, with minimal adoption of PC and console gaming. However, the mobile internet and smartphone revolution in India, which started in 2016, has ensured that this segment has come to the fore, with giant strides being undertaken on the supply side and consistent demand emerging from the gamers.

The COVID-19 induced lockdown in 2020, while devastating for the economy at large, helped online gaming get a leg up in terms of both consumption and monetisation. A further uptick is expected owing to the lockdowns in 2021, on account of the second wave of the pandemic in India. Gaming has become an alternate form of entertainment, competing with the share of time with other forms of entertainment such as Television, OTT video, Music streaming etc.

However, while consumption and interest in gaming is at an all-time high in India, the casual gaming segment is severely under-indexed in terms of monetisation, with ARPPUs amongst the lowest in the world. It is this gap, which makes the casual gaming sub-segment in India extremely attractive from a short to medium term point of view.

With robust consumption, innovations around building paid gaming models, and advertisers seeing gaming as a viable medium to advertise on, the monetisation in India is likely to move steadily up the maturity curve.

That doesn't mean casual gaming in India doesn't have its challenges. Lack of scale for India studios due to limited monetisation, the current dependence on Real money format to monetise, and a relatively lower maturity publishing ecosystem are some of the aspects India's gaming segment needs to grapple with and overcome.

Overall, the opportunities far outweigh these challenges. Indian studios are steadily moving to create world class products, with the success of Ludo King and Teen Patti having demonstrated the same. Further, with emerging trends such as Cloud gaming and Multi gaming platforms, which are a unique phenomenon to India, likely to see traction over the medium to long term, the casual gaming

III. Scope, Limitations, Assumptions, Qualifications, Exclusions and Disclaimers-

Provision of valuation opinions and considerations of the issues described herein are areas of our regular practice. The services don't represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The recommendation contained herein is not intended to represent value at any time other than valuation date of 31st July, 2021 ('valuation date').

This report its contents and the results herein or (i) specific to the purpose of valuation agreed as per the terms of our engagement; (ii) the valuation date and (iii) are based on the data detailed in the section -sources of information. an analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general industry trends in particular as in effect on, the information made available to us as of, the Valuation date. Events occurring after the date hereof may affect this report and the assumption used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The recommendation rendered in this report only represent our recommendation based upon information till date, furnished by the management (or its representatives) and other sources and the said recommendation shall be considered to be in the nature of non -binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors)

The determination of a share value is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no single undisputed share value. While we have provided our recommendation of the share value based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the share value at which the proposed allotment of shares shall take place will be with the board of directors of the companies who should take into account other factors such as their own assessment of the proposed investment and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information including information as detailed in the section-sources of information; we have not audited, reviewed or otherwise investigated the financial information provided to us. Accordingly, we don't express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanation and information sought from the company, we have been given to understand by the company that they have not omitted any relevant and material factors and that they have checked the relevant materiality of any specific information to the present exercise with us in case of anydoubt.

Our conclusions are based on the assumptions and information given by/on behalf of the companies. The management as indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis /results. Also, we assume no responsibilities for technical information furnished by the company. However, nothing has come to our attention to indicate that the information provided was materially mis -stated/incorrect or would not afford reasonable grounds upon which to base the report.

We don't imply and it should not be construed that we have verified any of the information provided to us, or then our inquiries could have verified any matter, which a more extensive examination might disclosed.

The report assumes that the company complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to matters of a legal nature including issues of legal titles and compliance with local laws, and litigation and other contingent liabilities that are not recorded in financial statements of the company. This report does not look into the business/commercial reasons behind the proposed investment nor the likely benefits arising out of the same. Similarly, it doesn't address the relevant merits of the proposed investment as compared with many other alternative fund raisings, or other alternatives, or whether or not such alternatives could be achieved or are available.

No investigation/inspection of the company's claim to title of assets have been made for the purpose of this report and the company's claim to such right has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. therefore, no responsibility is assumed for matters of a legal nature.

The fee for the engagement is not contingent upon the results reported.

We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omission of or advice given by any third party to the companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts misrepresentation or willful default on part of the companies their directors, employees, or agents.

We don't accept any liability to any third party in relation to the issue of this report. It is understood that this analysis doesn't represent in a fairness opinion on the share exchange ratio. This report is not a substitute for the third party's own due diligence/ appraisal /enquiries/independent advice that the third party should undertake for the purpose.

Valuation is for the future and it is future streams of earnings which are of utmost significance in the process of valuation. Therefore, valuation results may sometimes be based on forecast of revenues, expenses, assets to be employed and liabilities to incur for the business. It must be understood that financial projections are the responsibility of the management and we do not guarantee any form of assurance or accuracy on the same. No detailed examination of the validity of such projections, financial or otherwise, has been carried out by us and we do not accept any responsibility or liability of any impact of such errors or omissions in the projections provided by the management of the Company. There will be some differences in the estimated and the actual data as events and circumstances generally do not occur exactly as expected. The conclusion arrived at is a valuation result or a calculation result depends upon the nature of financial information and business plan provided by the management of the Company and the reliance placed on the same by the valuer. This valuation report is subject to the laws of India.

This report and the information contained herein are confidential. It is intended only for the sole use of the purpose mentioned in this report.

IV. Valuation Methodology:

The valuation methodology to be adopted varies from case to case depending upon different factors affecting valuation. The basis of valuation would depend on the purpose of valuation, nature of business, future prospects of the company, industry and other attendant circumstances.

Different methodologies are adopted for valuation of manufacturing, investment, property, technology, or trading companies. The value arrived is specific to the point in time and may change with the passage of time. The value is derived in the context of existing environment that includes economic conditions and state of industry/market etc. on the appointed date of valuation.

Different Methodologies Used For The Purpose Of Valuation Are:

Underlying Asset approach:

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis.

'Book value' is considered in case where there is no significant movement either side, in the actual value of assets. Since it represents only the historic cost, it is generally not prudent to value a company based on its book value.

'Realizable value' is considered in case where the valuation exercise is being carried out on an ordinary sale/distress sale basis. In other words, when the company is likely to be sold or liquidated.

'Replacement value' and Present values are considered for estimating the Fair Value of assets of a company on a going concern basis.

In the **'Net Asset Value (NAV)'** method, the net asset value is computed based on the latest available audited / unaudited Balance Sheet of the Company. The starting point of this method is the valuation of the total assets that the Company owns. The loan funds are deducted. Contingent liabilities, to the extent that in the opinion of the management can be fairly expected to impair the net asset value of the business, are also deducted. The resultant figure represents the net worth of the business on the given day.

Discounted Free Cash Flow Method (DCF)

- The Discounted Cash Flow (DCF) methodology expresses the present value of a business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. It recognizes that money has a time value by discounting future cash flows at an appropriate discount factor.

- **This method is used to determine the present value of a business.** The DCF methodology depends on the projection of the future cash flows and the selection of an appropriate discount factor.

- When valuing a business on a DCF basis, the objective is to determine a net present value of the cash flows ("CF") arising from the business over a future select period of time (say 5 years), which period is called **the explicit forecast period**. Free cash flows are defined to include all inflows and outflows associated with the project prior to debt service, such as taxes, amount invested in working capital and capital expenditure. Under the DCF methodology, value must be placed both on the explicit cash flows as stated above, and the ongoing cash flows a company will generate after the explicit forecast period.

- The discount rate applied to estimate the present value of explicit forecast period free cash flows as also continuing value, is taken at the "Weighted Average Cost of Capital" (WACC). One of the advantages of the DCF approach is that it permits the various elements that make up the discount factor to be considered separately, and thus, the effect of the variations in the assumptions can be modelled more easily. The principal elements of WACC are cost of equity (which is the desired rate of return for an equity investor given the risk profile of the company and associated cash flows), the post-tax cost of debt and the target capital structure of the company (a function of debt to equity ratio). In the absence related competitive data, the const of equity is derived from the previous return as desired by preferenceshareholders and with a premium added for risk.
- Value obtained by using DCF method gives us the Enterprise Value; and adjustment for the loans as on the valuation date gives us the Equity Value.

This method is generally used when there is reasonable certainty on the timing, quantum and quality of the cash flows. This method is not suitable in case of companies wherein the quantum and timing of their cash flow is not certain and cannot be reasonably predicted**.**

Market approach:

The Market Approach derives an estimation of value based on price of the company listed on the stock exchange or estimating the value of the Company from a peer company / group of companies listed in stock exchange or estimating the price of the Company from a similar transaction.

a. Listed Share Price

Under this approach, the market price of an equity shares as quoted on a stock exchange is normally considered as the fair value of the equity shares of that company. Where such quotations are arising from the, shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares .

b. Market Multiple Method

Another method of valuing of shares of the company is by Market Multiple Method. This method involves the comparison of the various operational metrics (ROE, ROCE etc.) and valuation multiples (EV/EBIDTA, EV/Sales etc.) of the listed peer companies to the subject company for valuing the business.

It should be understood that the valuation of any business /company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and or beyond our controls. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies, and other factors which generally influence the valuation of business/companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done although different values may exist for different purpose, it cannot be to strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner, based on our previous experience of assignments of a similar nature.

Basis of Valuation for the proposed transaction

The basis of valuation would have to be determined after taking into considering all the factors and methodologies mentioned hereinabove. However, in the instant case, since the company is engaged in online gaming industry, the company's business model is such that the book value of assets is not representative of the value of the business for adopting NAV method and is unlisted and hence market approach is not applicable. In these circumstances, it is imperative to choose DCF method for arriving at the fair value of share.

In order to determine the fair value of the business under DCF Method, appropriate discount rate is to be applied to the free cash flows which reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The Opportunity cost to the equity provider equals the rate of return the capital expects to earn on the other investments of equivalent risk. Based on the information provided by the management regarding the cost of capital of debt and equity a discounting factor of 24.00% is deemed appropriate for the purposes of discounting cash flows. The terminal value has been estimated in the last year of forecast period and the present value of the same is added to the present value of all cash flows. Growth rate is taken @ 5%.

In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend that the fair value of equity share of Openplay Technologies Private Limited is INR 1,86,409/-. (As per Annexure-1)

SATYA DINAKAR CHAKRAVADHANULA

Digitally signed by SATYA DINAKAR CHAKRAVADHANULA
Date: 2021.08.26 23:05:21 +05'30'

CA Ch Satya Dinakar,FCA,ACS,RV(SFA)
IBBI Valuer Registration Number -IBBI/RV/06/2020/13394
UDIN: 21237078AAAAFO7903
Date: 26th August, 2021