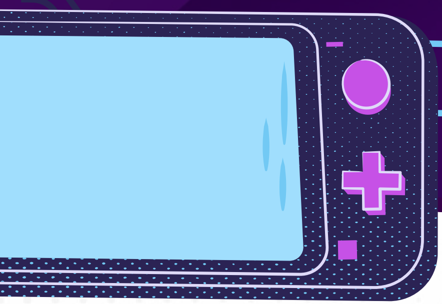
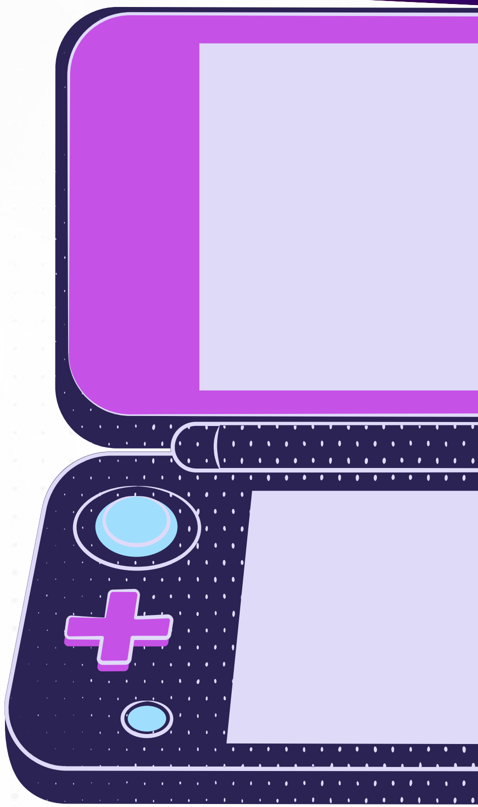


GAMECONOMY

PRIMER ON INDIA'S GAMING OPPORTUNITY

A KALAARI CAPITAL REPORT

JANUARY 2023



OVERVIEW OF INDIA'S GAMING MARKET

KEY METRICS & NUMBERS - 2022

$2.9B
Total Market Size

520M
# of Gamers

115M
# of Gamers that Pay

1 in 5
Global Mobile Game Downloads from India

3.1 hours
Average Time Spent on Gaming (per week)

18K+
# of Game Developers

700+
# of Gaming Companies

$3B
Funds Raised by Gaming Companies (Since '17)

SECTION A: OVERVIEW OF GAMING IN INDIA

INDIA - THE NEXT GAMING DESTINATION

HOME TO THE **WORLD'S SECOND LARGEST BASE OF GAMERS**

OF GAMERS

520M
2022

700M
2025 (E)

YOUNG, MALE DRIVEN, **INCREASING RURAL PARTICIPATION**

Male	77%	23%	Female
18 - 34 Years	74%	26%	35+ Years
Metro & Tier 1	67%	33%	Tier 2 & 3

- Over 50% of gamers onboarded since 2018 alone
- Globally, India is only behind China in terms of total number of gamers

- Share of females increased from < 18% in 2020
- Share of Tier 2 & 3 on a rise, expected to reach 40% over the next 18 months

INDIANS FINALLY PLAYING & PAYING

WILLINGNESS OF INDIAN GAMERS TO PAY ON THE RISE

OF PAYING GAMERS

115M
2022

200M
2025 (E)

AVERAGE SPEND PER YEAR

NON-RMG SPEND	$13	$45	RMG SPEND

- In 2022, 1 in 5 Indian gamers spent money on games
- Average Non-RMG spend has almost doubled since 2020

RMG TO CONTINUE DOMINATING AS THE LEAD SPEND CATEGORY

CARD BASED + FANTASY SPORTS + LOTTERY BASED

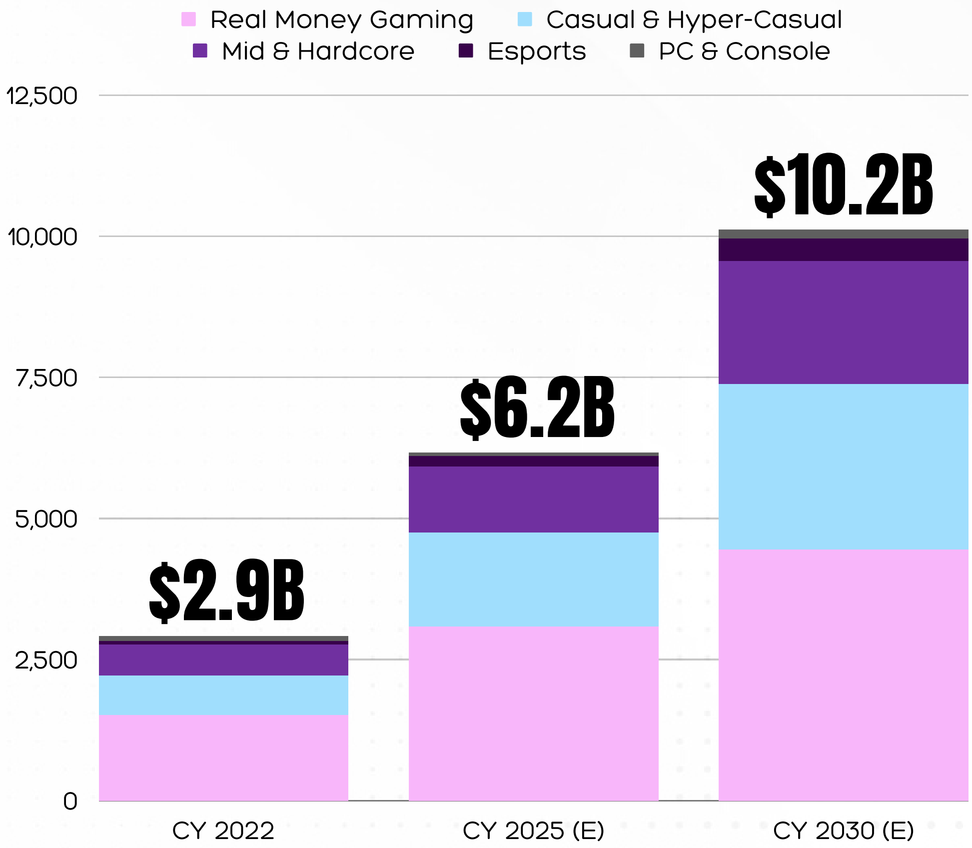
150M+
RMG GAMERS (2022)

- Promise of a financial return continues to be the primary motivation
- > 55% of total gaming market is accounted for by RMG

MARKET TO CROSS $10B BY 2030

FASTEST GROWING GAMING MARKET IN THE WORLD

- In-app purchases across Casual, Hyper-casual and Midcore segments growing at a 35-40% CAGR
- Average Non-RMG spend to cross $20 by 2025
- In-game advertising revenues to go from $300M to over $1B by 2030
- India's contribution to global gaming revenue to double from 1.5% to 3% by 2025 and 5% by 2030



GAMES ATTRACT MAXIMUM ENGAGEMENT

TIME & DATA CONSUMPTION ON THE RISE

11%
OF TOTAL SMARTPHONE TIME ON GAMING

2GB
MOBILE DATA CONSUMED ON GAMING PER MONTH

AVG TIME SPENT ON GAMES PER WEEK

3.5 HRS	6.5 HRS	8.0 HRS
CASUAL GAMERS	ACTIVE GAMERS	PROFESSIONAL GAMERS

AVG TIME SPENT ON LEADING GAMES PER DAY

	HOYOVERSE	ROYAL MATCH!	Candy Crush		LUDO KING
109 min	80 min	56 min	42 min	40 min	32 min

PRIMARY MOTIVATION

- SOCIALISING & CONNECTING
- SELF-EXPRESSION
- FINANCIAL REWARD
- TIME KILL / RELAXATION

- Indians spend a higher proportion of their smartphone time on gaming vs other forms of entertainment including OTT & Music streaming
- Social engagement remains the biggest motivator and form of discovery for new games

LARGE FUNNEL FOR MOBILE TO CONSOLE

	% OF TOTAL GAMER BASE	2022	2025 (E)
MOBILE	94%	490M	660M
PC	9%	47M	77M
CONSOLE	4%	21M	42M

LARGE SHARE OF INDIA'S MOBILE GAMERS TO ADOPT PC & CONSOLE GAMING

- India will continue to be a mobile-first gaming market - currently accounts for the highest share of mobile game downloads globally (15B+)
- Majority of gamers that start with mobile will evolve to adopt PC & Consoles which currently are aspirational
- Serious gaming will fuel E-sports and professional gaming as a career choice

SECTION B: ECOSYSTEM BREAKDOWN

KEY STAKEHOLDERS IN GAME SUPPLY

Game Dev Studios

Responsible for the overall development of a game, from vision and concept to the final release of a playable version

Example: 99Games

Game Publishers

Responsible for managing funding, producing, marketing, distributing and licensing of a game

Example: Nazara Games

Advertising Networks

The commercial intermediary between game publishers and advertisers, enabling monetisation and expanding reach

Example: Google AdSense

Distribution Platforms

App markets, platforms and marketplaces which host and distribute games - across channels - Mobile, PC, Console

Example:

Developing ▶ Publishing ▶ Commercialising ▶ Distributing

- Majority of the Indian gaming industry's revenue is generated by Game Dev studios
- India is known to be a back-end factory for larger global game studios and publishers

REVENUE SPLIT FOR KEY STAKEHOLDERS

Revenue Stream	Hyper-Casual	Mid/Hard Core	RMG	PC & Console	Esports	Streaming
In-App Purchases	**5% - 10%**	**45% - 50%**		**10% - 20%**		
Player/ features upgrade, ad-free, extra lives	5% - 10%	35% - 40%		10% - 20%		
Season passes & downloadable content		5% - 10%				
Loot boxes & special gift items/ boxes						
Advertisements & Partnerships	**90% - 95%**	**50% - 55%**	**5% - 20%**		**70% - 80%**	**55% - 60%**
Advertising / media revenue	90% - 95%	50% - 55%	5% - 20%		20%	45% - 50%
Sponsorships					50% - 55%	5% - 10%
Direct to Developer / Publisher Revenue sources			**80% - 95%**	**80% - 90%**	**10% - 25%**	**20% - 30%**
Games purchases				60% - 70%		
Commission & rake			60% - 65%			
Subscriptions				20% - 30%		
Tournament Entry Fees			20% - 30%		10% - 25%	
Virtual tipping						20% - 30%
Donations to developers						
Other					**5% - 10%**	**5% - 10%**
Merchandise sales					5% - 10%	5% - 10%

*SOURCE: LUMIKAI REDSEER 2021

INDIA'S GAMING LANDSCAPE

Real Money Gaming

WINZO PLAY MORE WIN MORE
zupee
MEGA
Paytm First GAMES
GAMES 24 SEVEN
MPL
adda52.com

Publishers

Nazara™ Games
JetSynthesys

Casual GameDev Studios

BOMBAY PLAY
ALL STAR GAMES
Hi
Firescore
PLAYSIMPLE
Moonfrog
BUFFBAER
ZENIDA
CrazyLabs
hashcube

Midcore GameDev Studios

STUDIO SIRAH
ATIRATH
HITWICKET
nautilus mobile
StoryPix
GAMESTACY

ESports & Streaming

STAN
FANCLASH
rooter
turnip
LOCO
eloelo
TAMASHA
NODWIN GAMING

Hardcore GameDev Studios

HYPERNOVA INTERACTIVE
GameEon
NODDING HEADS GAMES
MAYHEM STUDIOS
SUPER GAMING
nCORE games
LILA

Web 3.0

RARIO
GUARDIANLINK
INDI
TOTALITY CORP
FanCraze
lysto nft everywhere

Infrastructure

driffle
Gamezop
THE GAMING PROJECT

*Not an exhaustive list

STRONG INVESTOR INTEREST ENABLING STARTUPS

KEY FUNDING DEALS IN 2022

RARIO $120M SERIES A	FanCraze $100M SERIES A	GAMES 24 SEVEN $75M
FANCLASH $50M SERIES B	LOCO $42M SERIES A	rooter $25M SERIES A
LILA $10M SERIES A	BOMBAY PLAY $7M SERIES A	nautilus mobile $5.5M SERIES A

TOTAL FUNDING IN INDIAN GAMING STARTUPS HAS CROSSED $3B (SINCE '17)

- Majority of funding has gone into Real Money and Fantasy sports platforms
- There has been an uptick in the number of gaming studios that have received VC funding
- The increase in funding is cognisant of few marquee exits and greater visibility of monetisation potential

INDIAN ECOSYSTEM MATURING SIGNIFICANTLY

GAMING IS NO LONGER EXCLUSIVE TO HARDCORE GAMERS

- India is expected to produce 2000+ gaming companies and 250K+ jobs by 2025
- Esports has seen an enormous level of interest in India and gaming is fast-becoming a viable and preferred career option
- The number of Esports players are expected to go from 200K to over 1.5M by 2025

25M+
Esports Viewers in India (2022)

POPULAR STREAMING PLATFORMS

Youtube | Loco | Rooter | Twitch

PRIZE MONEY FOR KEY ESPORTS COMPETITIONS

Competition	Prize money
ESL One	$300K+
India Series Battlegrounds Mobile India 2021	$140K+
ESL India Premiership	$150K+
Free Fire India Championship 2022 Spring	$100K+
Free Fire India Championship 2021 Spring	$103K+
DreamHack Open 2019	$60K+

SECTION C: KEY AREAS OF OPPORTUNITY

KEY MOVEMENTS

AREAS FOR DISRUPTION AND INNOVATION

- LOCALISATION OF GAME CONTENT
- GAMING 3.0 AND GAMEFI
- COMMUNITY FORMALISATION
- GAME DEV TOOLING & INFRASTRUCTURE
- CLOUD GAMING FOR UNLOCKING ACCESS

LOCALISATION OF GAME CONTENT

STRONG INCLINATION TO PLAY GAMES INSPIRED BY INDIAN CULTURE

SCENIC LANDSCAPES, ARCHITECTURE, HISTORY

TALES & STORIES FROM RELIGIOUS SCRIPTURES & MYTHOLOGY

FAMOUS KNOWN PERSONA'S, ICONS & CELEBRITIES

GAMES WITH AN INDIANIZED GAME CONTENT - ACROSS PLATFORMS

2020 RELEASE

2023 RELEASE

- Game content hooks for maximising relatability, interest, engagement and long-term monetisation potential

70% OF INTERNET USERS PREFER LOCAL LANGUAGE > ENGLISH

INDIA'S INTERNET USER BASE

199M — **28%** prefer **ENGLISH**

536M — **72%** prefer **LOCAL LANGUAGE**

Hindi	254M	Tamil	40M
Marathi	64M	Telugu	32M
Bengali	53M	Kannada	32M
Telugu	40M	Malayalam	22M

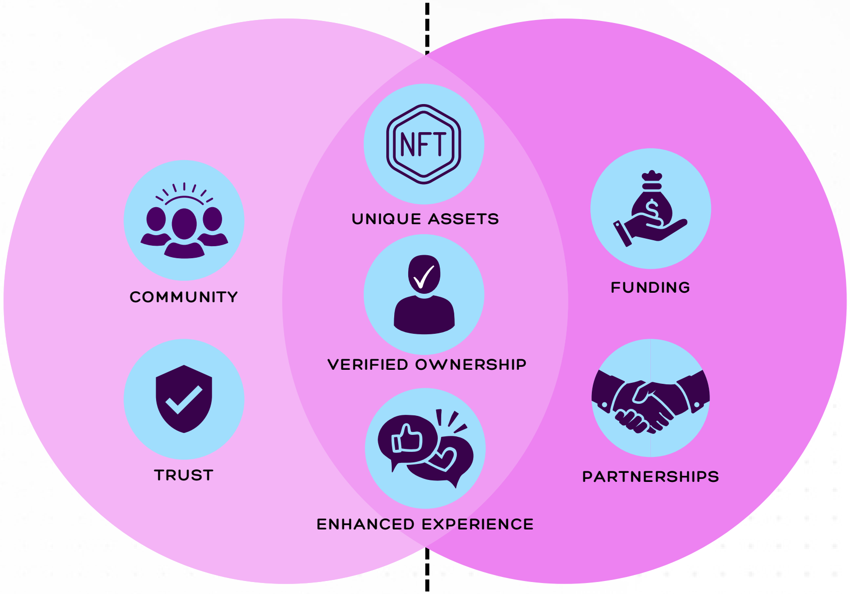
- Games integrating vernacular capabilities early in development possess scalability potential across emerging Tier 1/2/3 geographies

GAMING 3.0 & GAMEFI

GAME-FI WILL POTENTIALLY UPGRADE THE ENTIRE GAMING EXPERIENCE

- Global crypto-currency owners scaled past 300M mark and more than $6.5B VC investments were made into GameFi startups
- Blockchain stacks under development but the feature enhancements they provide will enhance user experience and ownership, which will ultimately lead to the formalisation of the black & grey gaming market, estimated to be worth over $12B globally

EFFECT ON **DEMAND-SIDE (GAMERS)** | EFFECT ON **SUPPLY-SIDE (GAMING COMPANIES)**



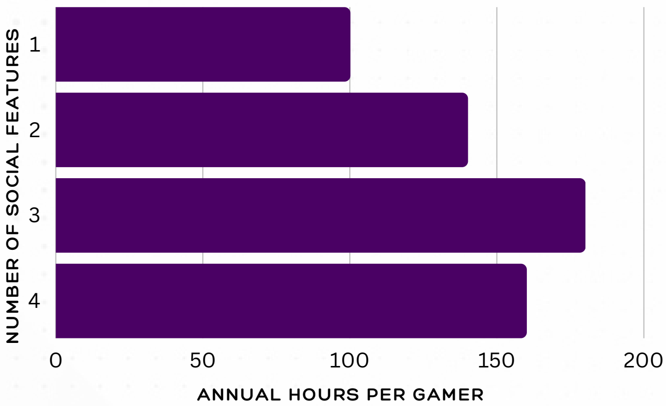
MONETISATION OPPORTUNITIES $

- Trading unique assets/ profiles
- Investing in Early-stage projects and game currency tokens

- Drop campaigns
- Revenue sharing with brands/other game studios
- Commission on asset trades

COMMUNITY FORMALIZATION

SOCIALIZING IS A **CORE MOTIVATION** FOR INDIAN GAMERS



- Games that foster a ‘social’ experience witness significantly better discovery and retention rates across all user & game demographics

EFFECTIVE COMMUNITY CREATION & MANAGEMENT IS A **MOAT**

GUILDS FURTHER EMPOWERING ENGAGEMENT

Players formalise **various communities naturally** where they exchange items, play together, make new friends, and accomplish various game goals together.

140%

Improvement in Fortnite's engagement upon introduction of community features

EMERGING INDIAN GUILDS

INDI, GE GLOBAL ESPORTS, G-Donkey Guild

- Gaming communities are deeply personal and exclusive. They are proving to be critical for prolonging a game's life and improving monetisation

CLOUD GAMING & GAME DEV TOOLS

CLOUD GAMING & GAME PASSES WILL UNLOCK HARDCORE GAMING

Average Indian smartphone

Famous AAA Game titles

GAME PASS

Improving access across Console

PlayStation.Plus

2021	India release	2022
INR 350	Price (per month)	INR 300

- Opportunity for emergence of India-first 'game passes' and cloud platforms that deliver heavy game titles to Indians at a fraction of the cost

SOLVING PAIN POINTS ACROSS DEVELOPMENT FOR GAME DEVS

CATEGORIZATIONS

GAME-DEV TOOLS

Tools that focus on user acquisition, retention, gamer profiling, data mining, analytics, audience engagement and personalisation in current context.

NFT

GAMEFI TOOLS

Platforms and tools that allow for game developers to migrate their existing games/libraries and offer FT/NFT/Crypto integration functionalities.

- As Indian game developers mature, there is an opportunity for the emergence of tools that ease and solve development challenges, and scale globally

SECTION D: KALAARI PORTFOLIO

INDIA'S LARGEST FANTASY SPORTS PLATFORM

DREAM11

HARSH JAIN
CO-FOUNDER, CEO

BHAVIT SHETH
CO-FOUNDER, COO

Dream11 is the largest Indian fantasy sports platform with more than 150M users! Started in 2008 by Harsh and Bhavit, users can create a virtual team of real sports players and compete with other fans to build the best combination and win big cash prizes.

PART OF #KALAARIFAMILY SINCE 2014

ENABLING USERS TO ENGAGE WITH THE RISING NUMBER OF SPORTS LEAGUES

- Dream11 had a first mover advantage coupled with the right execution
- With exclusive partnerships and tie-ups, Dream11 continues to hold more than 80% of the market share in Fantasy Sports
- Due to regulatory challenges, Dream11 did not have the luxury of using the App Stores and cracked other channels of distribution to win the market
- Passion is always paramount and Harsh and Bhavit showed that from our very first meeting

PIONEER IN REAL MONEY GAMING

WINZO
PLAY MORE WIN MORE

PAAVAN NANDA
CO-FOUNDER

SAUMYA RATHORE
CO-FOUNDER

WinZO provides 100+ skill-based casual games to its users across 12+ languages. With 70K+ Micro influencers onboarded and 100M+ registered users, WinZO is India's largest real money-based gaming & entertainment platform for the masses.

PART OF #KALAARIFAMILY SINCE 2018

CREATING AN ECOSYSTEM CATERING TO ALL SOCIAL GAMING NEEDS OF INDIA

- WinZO has been able to build a strong community of influencers and word of mouth has helped them build a greater reach in Tier 2 cities and beyond
- For gaming studios, WinZO is able to provide additional distribution channel and in turn enable higher earnings
- They continue to innovate on content creation and partnerships, adding new casual and midcore games to the library
- Saumya and Paavan have shown tremendous execution in building the 'Netflix for Gaming'

CREATING CASUAL GAMES FOR THE MASSES

BOMBAY PLAY

OLIVER JONES
CO-FOUNDER, CEO

ABHAS SAROHA
CO-FOUNDER, CTO

Bombay Play is a building hypersocial, multiplayer casual games for the global market. They have launched 15+ casual games across Native platforms (Apple Store, Play Store) and Instant Games (Facebook Gaming platform).

PART OF #KALAARIFAMILY SINCE 2022

ALL STAR GAMES

NINAD BHAGVAT
CO-FOUNDER, CEO

KESHAV SUNDER
CO-FOUNDER, CTO

All Star Games (earlier Deftouch) is a game development studio that focusses on building social, real time multiplayer cricket games. With over 3M players and 200K daily active users, All Star Games is building world class sports IP for mobile devices.

PART OF #KALAARIFAMILY SINCE 2018

DEVELOPING INDIA-FOCUSED MIDCORE GAMES

STUDIO SIRAH

ABHAAS SHAH
CO-FOUNDER, CEO

PRATEEK SHAH
CO-FOUNDER, CTO

Studio Sirah is building cross platform midcore games based on Indian mythology. Kurukshetra: Ascension' is Studio Sirah's first game and has recently crossed 120K downloads in open beta. The game is expected to fully launch in 2023.

PART OF #KALAARIFAMILY SINCE 2023

ATIRATH

SHIVA BAYYAPUNEDI
CO-FOUNDER, CEO

RAMACHANDRA RAJU
CO-FOUNDER, CTO

Atirath is focused on building strategy-based mobile games for the Indian as well as the global market. Their first game, Asva is currently in open beta and expected for a full-fledged release in 2023.

PART OF #KALAARIFAMILY SINCE 2021

BUILDING INTERACTIVE & GAMIFIED PLATFORMS

eloelo

SAURABH PANDEY
CO-FOUNDER, CEO

AKSHAY DUBEY
CO-FOUNDER, COO

Eloelo is a creator-led entertainment platform that enables micro-creators to host interactive live events. With 17 formats live on the app, Eloelo recently crossed 15M+ downloads and is becoming the go to entertainment platform for Bharat.

PART OF #KALAARIFAMILY SINCE 2022

CREATIVE GALILEO

PRERNA JHUNJHUNWALA
CO-FOUNDER, CEO

NIKHIL NAIK
CO-FOUNDER, COO

Creative Galileo is a gamified early learning platform for kids between the ages of three to twelve. With exclusive EdTech license to popular Indian & International characters, Creative Galileo has crossed 7M+ downloads and building a strong IP moat.

PART OF #KALAARIFAMILY SINCE 2021

WANT TO JOIN THE GAMING TRIBE?

REACH US AT GAMING@KALAARI.COM

ABOUT KALAARI CAPITAL

Kalaari Capital is an early-stage, technology-focused venture capital firm based in Bengaluru, India. Since 2006, Kalaari has empowered visionary entrepreneurs building unique solutions that reshape the way Indians live, work, consume and transact. The firm's ethos is to partner early with founders and work with them to navigate the inevitable challenges of fostering ideas into successful businesses. At its core, Kalaari believes in building long-term relationships based on trust, transparency, authenticity, and respect.

FOR MORE INSIGHTS, FOLLOW US ON

THANK YOU!

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