

ASX Release
29 January 2021

ASX Code: PLY

Capital Structure

Share Price* \$0.365
Shares on Issue \$366.5m
Market Capitalisation* \$133.8m

*as at close of trade 28/01/21

Board & Management

Cristiano Nicoli
Non-Executive Chairman

Gerry Sakkas
Chief Executive Officer &
Managing Director

Mark Goulopoulos
Non-Executive Director

Aaron Pasias
Non-Executive Director

Hans Ten Cate
Non-Executive Director

Darren Briggs
Chief Financial Officer/
Company Secretary

Paul Fouracre
Chief Operating Officer

Contact

T: 0407 880 693
E: info@playsidestudios.com
W: www.playsidestudios.com
A: 75 Crockford Street
Port Melbourne Vic 3207

ACN: 154 789 554

PlaySide Studios Limited – December Quarterly 4C Review (Q2FY21)

PlaySide Studios Limited (ASX: PLY) (“PLY” or “PlaySide”), one of Australia’s largest publicly listed video game developers, is pleased to provide its Q2 FY21 Quarterly Activities Report and Appendix 4C.

KEY HIGHLIGHTS

- Commenced trading on ASX on December 17th 2020
- 66% increase in Revenues (unaudited) to \$3.13m over the previous quarter (Q1 FY21)
- 84% increase in Cash receipts to \$3.19m over the previous quarter (Q1 FY21)
- Animal Warfare, a PlaySide Original IP title, has achieved over 6 million downloads since its launch in August 2020
- Development commenced on PlaySide’s premiere “next generation” console title. This is a significant step for the company in the highly coveted console segment.

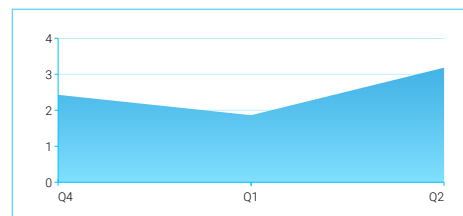
IPO

PlaySide listed on the ASX on December 17th, 2020 under the ASX code PLY after raising \$15 million at \$0.20 per share. The IPO closed oversubscribed with strong support received from institutional, sophisticated and retail investors.

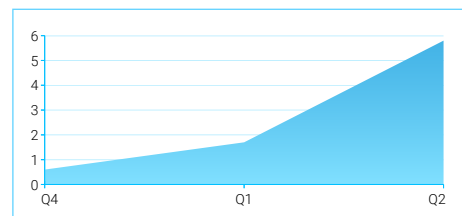
PlaySide reported strong growth in both Q2 FY21 unaudited customer revenues of \$3.13m (+66% QoQ) and customer receipts of \$3.19m (+84% QoQ) with Animal Warfare being a key contributor. In addition, several work for hire mobile game development contracts contributed to the result.

PlaySide’s Average Daily Active Users (“DAU’s”) for Q2 FY21 on its Original IP titles grew to 237,000, up 249% on the previous quarter, while installs grew to 5.8 million up 241% on the previous quarter. In addition, average sessions per day increased to 1.75 million, up 365% on the previous quarter.

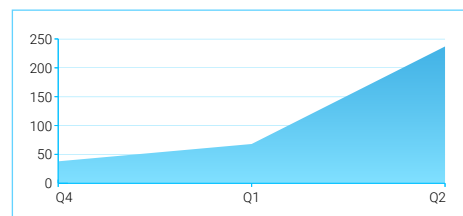
Revenue (m)



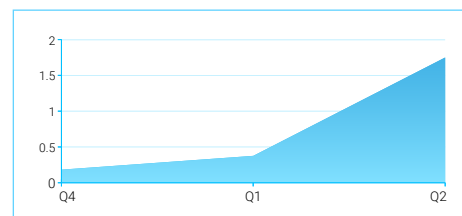
Installs (m)



Average DAU (k)



Avg Sessions/day (m)



PlaySide's CEO, Gerry Sakkas noted:

"It was an extremely pleasing performance by PlaySide this quarter underpinned by the result in original IP. Our product-centric strategy of making world class titles and diversifying our portfolio beyond mobile is truly an exciting prospect for the Company. Our portfolio is rapidly expanding, and we look forward to releasing additional Original IP titles in the second half of FY21."

Original IP

One of the key objectives of the IPO was to provide the resources for PlaySide to expand into creating video games for the major console platforms. To that end, the Company is excited to announce that it has commenced work on a next generation console title planned for release at the end of 2021. This will be the Company's first title released on "next generation" consoles such as the PlayStation 5 and Xbox Series X.

PlaySide's Animal Warfare game launched in August 2020 has achieved 6.03m downloads as of 31st December 2020 which is well above the Company's initial expectations. The title has received a positive response from players, scoring an average rating of 4.7/5 from over 60,000 reviews on Apple iOS. It continues to generate strong daily downloads and is achieving target DAU and monetisation metrics.

Idle Area 51 was soft launched on the 19th of December. This is a PlaySide Original IP mobile casual title within the "clicker" genre. PlaySide identified this as an attractive niche genre and conceived the concept of a secret research recovery facility formed around a UFO crash site. The title was fully developed during the quarter with the soft launch period being used to refine retention and monetization metrics ahead of the planned global launch during Q3 FY21.



Partnerships

World of Pets ("WOP"), a game in partnership with Norris Nuts (10 million YouTube Subscribers across all channels), continued to progress well. WOP is a Massive Multiplayer Online (MMO) adventure game. The game was announced on the Norris Nuts YouTube channel on December 6th, 2020 with registrations for closed beta testing exceeding expectations. WOP is planned to open for pre orders in early February, 2021.



Operations

As part of its growth strategy, PlaySide commenced building scale into its business to support the increased pipeline of projects. During this quarter, PlaySide expanded the capacity and capability of its team. This included games specific resources such as Producers, Programmers, Artists, QA, User Acquisition and a Designer as well as other administration support staff including HR and Accounting. In addition, PlaySide has further invested in gaming hardware and software infrastructure.

In line with the increased revenue in its Original IP, PlaySide has scaled its user acquisition spend, predominantly on Animal Warfare, which is reflective of the robust quarterly internal metrics performance.

These ongoing investments position PlaySide well to be able to scale its growth aspirations while ensuring the process and systems to support our staff and quality delivery.



Quarterly Cashflow

As detailed in the Appendix 4C later in this document, PlaySide increased its Cash Reserves by \$12.46 million to \$16.07 million during the December quarter. The main components of this positive movement were:

(i) Net Cash Used in Operating Activities \$1.07m

Original IP Revenue, underpinned by the success of Animal Warfare, saw Cash Receipts from Customers rise by \$1.46m (84%) on the September Qtr. However, this positive trend was more than offset by increases in:

- Advertising & Marketing spend (up \$1.36m) – mainly User Acquisition spend;
- Staff Costs (up \$1.0m) – reflecting the increased average number of employees (Q1: 62, Q2: 77), mainly in the areas of Operations (Programming, Design & Producers) and Corporate Admin (COO/CFO/HR/Accounting). In addition, the Company converted its monthly payroll cycle from 4 weeks in arrears to two weeks in advance/two weeks in arrears; and
- General Administrative Overheads (up \$0.3m), mainly due to increases in Audit & Accounting Fees, Software Licence Fees and D&O Insurance costs.

(ii) Net Cash Generated from Financing Activities of \$13.53m, reflecting funds raised from pre-IPO Convertible Notes issue (\$3.05m), IPO (\$15.0m), less the costs associated with these capital raises (\$1.66m).

IPO Use of Funds Reconciliation

Pursuant to Listing Rule 4.7C2, the Company confirms that during the period since listing on the ASX on 17 December 2020, its expenditure incurred is in line with the Use of Funds as set out in its prospectus, with a summary as shown in the table below:

Use of Funds under Prospectus (\$'000)	Note	Funds allocated under the Prospectus	Funds expended to 31 December 2020
Expand Data & Analytics Team	1	1,000	-
Sales and Marketing (including User Acquisition)	1	4,000	-
Brand Licensing	1	3,000	-
Additional resources, licensing and technology for development of new and existing titles	1	1,500	-
Future growth opportunities, including potential acquisitions	1	2,000	-
Interest Accrued on Convertible Notes	2	55	42
Expenses of the Offer	3	1,350	1,622
Corporate and Administrative Costs	1	800	-
Working Capital	4	1,814	183
Total		15,519	1,847

Notes per Above:

1. Company listed on 17th December, 2020; funds yet to be directly attributed to these Uses.
2. Interest paid at a rate of 8% p.a. paid in December on \$3.05m of Convertible notes.
3. Expenses of the Initial Public Offering now fully recognised, incl. additional legal fees.
4. Represents transition of monthly pay cycle from in arrears to two weeks in advance/two weeks in arrears.

Release approved by the Chairman on behalf of the board.

To receive business updates and investor information from PlaySide register your details here: <https://playside.investorportal.com.au>

Investor Enquires

Warrick Lace

warrick.lace@reachmarkets.com.au

0404 656 408

For more information contact info@playsidestudios.com

Gerry Sakkas



Managing Director & CEO

Cris Nicolli



Chairman

About PlaySide Studios

PlaySide Studios Limited develops mobile video games in Australia. It provides titles in a range of categories, including self-published games based on original intellectual property and games developed in collaboration with studios, such as Disney, Pixar, Warner Bros, and Nickelodeon. The company's portfolio consists of 52 titles that are delivered across 4 platforms, which include mobile, virtual reality, augmented reality, and PC. The company was incorporated in 2011 and is headquartered in Port Melbourne, Australia.



For personal use only

APPENDIX 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

PLAYSIDE STUDIOS LIMITED

ABN

73154789554

Quarter ended ("current quarter")

31 DECEMBER 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (six months) \$A'000
1. Cash flows from operating activities			
1.1	Receipts from customers	3,189	4,919
1.2	Payments for		
	(a) research and development	(345)	(690)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(1,649)	(1,938)
	(d) leased assets	-	-
	(e) staff costs	(1,709)	(2,411)
	(f) administration and corporate costs	(681)	(1,059)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(7)	(14)
1.6	Income taxes paid	(5)	(467)
1.7	Government grants and tax incentives	138	887
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(1,069)	(773)
2. Cash flows from investing activities			
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(65)	(102)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

For personal use only

Quarterly Activities Report & Appendix 4C

QUARTER ENDING 31ST DECEMBER 2020



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (six months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(65)	(102)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	15,000	15,000
3.2	Proceeds from issue of convertible debt securities	-	3,050
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,442)	(1,664)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(25)	(51)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	13,533	16,335
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,610	520
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,069)	(773)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(65)	(102)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	13,533	16,335
4.5	Effect of movement in exchange rates on cash held	64	93
4.6	Cash and cash equivalents at end of period	16,073	16,073

For personal use only

Quarterly Activities Report & Appendix 4C

QUARTER ENDING 31ST DECEMBER 2020



5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,572	3,109
5.2	Call deposits	10,500	500
5.3	Bank overdrafts	-	-
5.4	Other (Cash on Hand)	1	1
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	16,073	3,610

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Note:	if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.	

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.		
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)		
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

For personal use only



8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,069)
8.2	Cash and cash equivalents at quarter end (item 4.6)	16,073
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	16,073

8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) 15.0

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

For personal use only



Compliance statement

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.

Date: 29th JANUARY, 2021

Authorised by: By the board

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For personal use only

