

1QFY23 Quarterly Activities and Cash Flow Report

PlaySide Studios Limited (ASX: PLY) ("PLY" or "PlaySide"), Australia's largest publicly listed video game developer, is pleased to provide its 1QFY23 Quarterly Activities Report and Appendix 4C.

FY23

Highlights

SEPTEMBER QUARTER IN REVIEW

FINANCIAL HIGHLIGHTS

- + Quarterly revenue of \$6.5m (JunQ: \$6.1m, pcp: \$4.0m, +60%)
 - Original IP revenue of \$2.3m (JunQ: \$2.1m, pcp: \$2.7m, -14%)
 - Work-for-hire revenue of \$4.1m (JunQ: \$4.0m, pcp: \$1.3m, +211%)
- + Cash receipts of \$7.2m
- + Operating cash outflow of \$0.8m
- + Net cash \$34.7m

OPERATIONAL HIGHLIGHTS

- + Global launch of Legally Blonde (19 August), featured worldwide by Apple on the App Store
- + Soft launch of Dino Warfare, Idle Recycle, Dumb Ways To Sleep
- + Launch of Publishing division
- + Appointment of Chief Strategy Officer

We have continued to deliver strong revenue growth on last year, with a significant enhancement of our Work For Hire book since that time due to the addition of several AAA clients and an expansion in both the size and scope of the work we do for Meta. It was a busy quarter due to the timing of a number of milestones for our clients, namely, working on the Horizon Worlds experience ahead of the annual Meta Connect event and the launch of the collectible card game on mobile for Shiba Inu.

Pleasingly, our back catalogue of Original IP titles remains a consistent performer as we focus our attention towards optimising the performance of Legally Blonde and progressing The Godfather to global launch. We also prioritised work on having a playable version of World Boss available for patrons to play at Australia's largest gaming festival, PAX, in early October.

GERRY SAKKAS, PLAYSIDE CEO

TITLES

Original IP

STATUS OF PREVIOUSLY ANNOUNCED TITLES

The below list outlines the development status of all previously announced Original IP titles, and is not intended to be an exhaustive list of all titles currently being developed or in pre-production.

TITLE	GENRE	STATUS
The Godfather	Idle battler (mobile)	Soft launch
Dumb Ways to Die 4	Casual (mobile)	Pre-production
Dumb Ways to Die: Dumb Choices	Casual (mobile)	Pre-production
Dumb Ways to Sleep	Health & wellness (mobile)	Soft launch
Dumb Ways to Die (untitled)	Match 3 (mobile)	Pre-production
Idle Recycle	Idle (mobile)	Soft launch
Dino Warfare	Idle battler (mobile)	Soft launch
Fantasy Warfare	Idle battler (mobile)	Development
World Boss	First Person Shooter (PC)	Early access (20 October)
Age of Darkness: Final Stand	Real-Time Strategy (PC)	Early access
Pillage Party	Couch co-op (PC)	Pre-production
Bean Land	PvP/MMO (PC)	Development
Anti:Gen	Undisclosed	Pre-production

TITLES

Glossary

DEVELOPMENT STATUS TERMS

Pre-production: A game that is in the initial planning phase, with a focus on exploring and creating a vision for the game and core gameplay concepts prior to being greenlit for production. The emphasis is on cost-effectively determining the investment case for a potential title.

Development: A game that has been greenlit for production and development is underway.

Soft launch (mobile): The release of a game in selected countries in order to test it and collect data from a meaningful audience, with the aim of optimising the game for global launch.

Early access (PC): The release of an early build of a game to prospective customers. The purpose is to gather feedback on a playable version of the game from players prior to the game being finished for official release.

FY23

Cash Flow Statement

SEPTEMBER QUARTER IN DETAIL

As detailed in the **Appendix 4C** below, PlaySide finished the September quarter with \$34.7m in cash reserves, representing a decrease of \$3.2m for the quarter.

The main components of this movement were:

- i) Net cash outflow from operating activities of \$0.8m; and
- ii) Net cash outflow from investing activities of \$2.3m, which was predominantly comprised of \$2.0m invested in intellectual property.

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 shown in the table below:

Use of Funds under Prospectus (\$'000)	Note	Funds allocated under the Prospectus	Funds Spent Sept 2022 Qtr.	Funds Spent Since Listing
Expand Data & Analytics Team		1,000	245	905
Sales and Marketing (including User Acquisition)	2	4,000	2,088	5,933
Brand Licensing	5	3,000	111	594
Additional resources, licensing and technology for development of new and existing titles	3	1,500	5,022	11,664
Future growth opportunities, including potential acquisitions	1	2,000	-	2,250
Interest Accrued on Convertible Notes		55	-	42
Expenses of the Offer		1,350	-	1,741
Corporate and Administrative Costs	4	800	1,064	5,258
Working Capital		1,814	-	369
Total		15,519	8,530	28,756

Notes per Above:

1. Dumb Ways to Die Acquisition of \$2.25m paid 1st October, 2021.
2. Increased user Acquisition spend on original IP games Animal Warfare, Battle Simulator, Idle Area, Toy Warfare, Garbage Truck and Legally Blonde.
3. Hired additional heads and internally promoted current staff members.
4. Costs incurred as a result of increased recruitment, software purchases and consultant fees.
5. Licence Fees paid in the quarter.

ABOUT

PlaySide Studios

AUSTRALIA'S LARGEST PUBLICLY LISTED VIDEO GAME DEVELOPER

PlaySide Studios Limited provides titles in a range of categories, including self-published games based on original intellectual property and game development services in collaboration with studios such as Take-Two Interactive, Activision Blizzard, Meta, Disney, Pixar, Warner Bros, and Nickelodeon. The company's portfolio consists of approximately 60 titles that are delivered across multiple platforms including mobile, virtual reality, augmented reality, and PC. The company was incorporated in 2011, is listed on the Australian Securities Exchange, and is headquartered in Port Melbourne, Australia.

ASX ANNOUNCEMENT OCTOBER 2022

Release approved by the Chairman on behalf of the board.

To receive business updates and investor information from PlaySide register your details here:

investor.playsidestudios.com

INVESTOR RELATIONS

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FURTHER CONTACT

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Gerry Sakkas

Managing Director & CEO



Cris Nicolli

Chairman

Appendix 4C

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

Name of entity

PLAYSIDE STUDIOS

ABN

73154789554

Quarter ended ("current quarter")

30 SEPTEMBER 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	7,192	7,192
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(1,674)	(1,674)
(d) leased assets	-	-
(e) staff costs	(4,044)	(4,044)
(f) administration and corporate costs	(2,343)	(2,343)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	32	32
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(837)	(837)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(262)	(262)
(d) investments	-	-
(e) intellectual property	(2,004)	(2,004)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	1	1
	(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	(2,265)	(2,265)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(105)	(105)
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	(105)	(105)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	37,908	37,908
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(837)	(837)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,265)	(2,265)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(105)	(105)
4.5	Effect of movement in exchange rates on cash held	6	6
4.6	Cash and cash equivalents at end of period	34,706	34,706

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	8,783	16,983
5.2	Call deposits	25,908	20,911
5.3	Bank overdrafts		
5.4	Other (cash on hand)	15	13
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	34,706	37,908

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 (Directors Remuneration)	384
6.2	Aggregate amount of payments to related parties and their associates included in item 2 (Software Development payments to a Director Related Entity)	193
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(837)
8.2	Cash and cash equivalents at quarter end (item 4.6)	34,706
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	34,706
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	41.5
<i>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.</i>		
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		
<i>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.</i>		

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: 24th October 2022

Authorised by: By the Board of PlaySide Studios Limited

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.