

PLAYSIDE REPORTS RECORD QUARTERLY REVENUE OF \$4.04M

PlaySide Studios Limited (ASX: PLY) ("PLY" or "PlaySide"), Australia's largest publicly listed video game developer, is pleased to provide its Q1 FY22 Quarterly Activities Report and Appendix 4C.

QUARTERLY HIGHLIGHTS

- Record quarterly unaudited commercial revenue of \$4.04 million, a very strong increase of 114% on pcp and 29% quarter-on-quarter. This comprised:
 - Original IP: \$2.7 million, up 227% on pcp and 22% quarter-on-quarter
 - Work for Hire: \$1.34m, up 25% on pcp and 46% quarter-on-quarter
- Strategic long-term publishing agreement signed with Team17 for *Age of Darkness: Final Stand* PC title and positive Early Access launch on the Steam platform
- Successful acquisition of the *Dumb Ways to Die* franchise completed for \$2.25 million
- Extended current work-for-hire agreement with Facebook for an additional six months, increasing contract value by 90% and validating PlaySide's development capability
- Cash position of \$9.33 million as of 30 September 2021

PlaySide's CEO, Gerry Sakkas said:

"It's been an exceptional quarter for PlaySide in which we've achieved several important milestones. We delivered record quarterly revenue of \$4.04 million, which represents 29% growth quarter-on-quarter and a 114% increase on the same period last year. Underpinning the overall revenue performance, is the largest quarter of Original IP and second largest quarter of work-for-hire revenue since the Company's inception.

In addition to delivering strong revenue growth, PlaySide also:

- *Completed its first ever acquisition, bringing the Dumb Ways to Die ("DWTD") franchise into the business*
- *Extended and expanded the development agreement with Facebook Technologies*
- *Signed a strategic partnership agreement with global indie games publisher Team17 and then jointly launched PlaySide's first PC title Age of Darkness: Final Stand into Early Access.*

"These achievements position the Company extremely well to achieve a strong FY22. We also have a robust and growing pipeline of new gaming titles for release over the coming 12 months that have potential to generate material additional revenue. I could not be more pleased with our entire team who continue to work tirelessly to grow PlaySide. The quality of our work continues to resonate with both clients and gamers globally."

1.

Quarterly Key Achievements

Original IP

It has been an exceptionally strong quarter for the Company's Original IP business achieving \$2.7 million in revenue and growing at 227% on pcp and 22% quarter-on quarter. The key achievements included signing a strategic partnership with Team17 to publish our PC title *Age of Darkness: Final Stand* and completing our first acquisition of the *Dumb Ways to Die* franchise. Additional details on each achievement are contained below:

Team 17 Strategic Partnership

PlaySide signed a strategic publishing agreement for *Age of Darkness: Final Stand* ("AOD") with Team17. Team17 (LON: TM17, AUD\$1.9b market cap), is a five times BAFTA award winning leading games entertainment label and creative partner for indie developers, focused on premium games for the PC, console, mobile and tablet gaming markets. Team17 will provide a series of recoupable payments totalling A\$2.42 million to PlaySide throughout FY22 to fund the continuing development of the title in exchange for the publishing rights. PlaySide and Team17 will share in the profits from the title across current and future platforms.

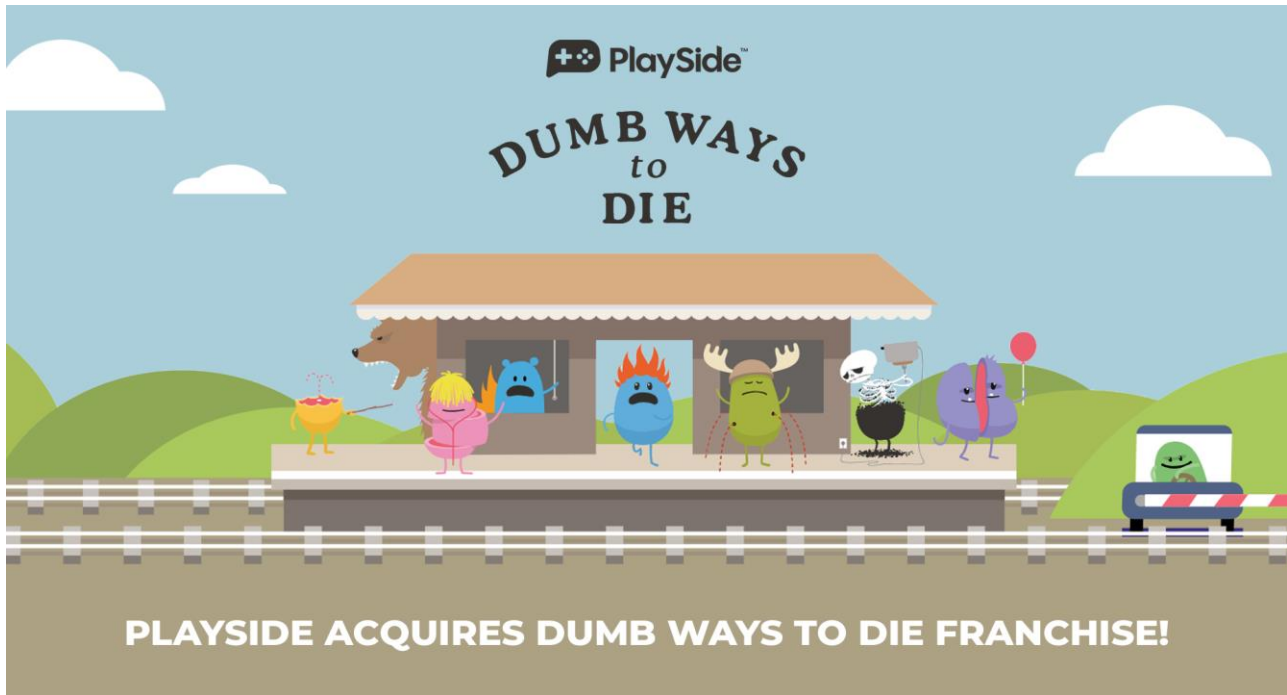
Since signing the agreement, PlaySide partnered strongly with Team17 in supporting sales and marketing efforts to successfully launch the Early Access of the title on the Steam platform. AOD appeared on the Top Featured and Recommended Steam Carousel and peaked at #2 on the Steam global Top Sellers list.



Dumb Ways to Die (DWTd) franchise acquisition

PlaySide acquired the DWTd franchise of six freemium mobile titles as well as merchandise, associated trademarks, social media accounts and other digital assets from Metro Trains Melbourne for \$2.25 million completed in September, paid for in October. The purchase price represents 1.5x of FY21 revenue.

Since acquisition, the Company has produced several videos for social media platform TikTok that have amassed more than 7.8 million views and added more than 330k followers to the DWTD account, representing 57% growth in followers. This preliminary user acquisition strategy has resulted in a positive impact on existing game revenues and the company is optimistic this strategy will continue to have a positive impact on revenue and in growing the brand globally. PlaySide is currently in the pre-production phase for the development of a new title, with a planned release in Q4 FY22.



Work for Hire

The work for hire business resumed its growth trajectory recording revenue of \$1.33m, up 25% on pcp and 46% quarter-on-quarter. This key achievement included signing an extension and expansion of our existing agreement with Facebook Technologies. Further detail on this achievement is contained below:

Facebook Technologies extension and expansion

PlaySide successfully extended and expanded its innovative work-for-hire development agreement with Facebook Technologies for a further six months, resulting in a contract value increase of 90% from the original contract. This validates the quality that PlaySide is delivering under the agreement, and it is reflective of the trust that Facebook Technologies has in PlaySide's development capability.

2.

Games Update

In line with PlaySide's growth plans, the Company continues to invest in its game development roadmap in addition to its work-for-hire portfolio. This strong investment in Original IP titles across mobile, PC & console will provide the Company with a deep pipeline of releases in FY22 and beyond. Below is a brief update on the key titles recently launched and currently in development.

Original IP Key Titles Launched in FY21 & FY22 YTD:

Age of Darkness: Final Stand

- Launched into Early Access on 8th October 2021 with extremely pleasing initial data

Animal Warfare

- Total downloads have reached 11.8 million, growing a further 9% for the quarter
- Working on implementing multiplayer (PvP) on both Android and Apple
- Performing comprehensive testing on this new feature to maximise performance metrics
- User acquisition continuing to further monetise the title.

Battle Simulator: Warfare

- Continually updating the game to improve the Global In-App Purchase rate
- Added several new In App Purchase options that are driving revenue growth from this monetisation source
- User acquisition continuing to further monetise the title.

Idle Area 51

- Continues to demonstrate solid performance with recent updates improving the Ad-Watch performance metrics.

Garbage Truck 3D!

- User acquisition continuing to further monetise the title.

Original IP Key Titles in Development: For Launch in FY22:

Legally Blonde

- Finalising the initial build for soft launch in Q2 FY22
- Art, narrative and level design continuing in preparation for global launch in Q3 FY22.

The GodFather

- Alpha development milestone is expected to be achieved by the end of October
- The project is on track for soft launch and global launch in Q3 FY22.

Co-development with key influencers

- LazarBeam and Fresh collaboration continues to progress positively
- Beta test is on track for Q2 FY22 where the Company will make the title available for a select number of users for multiplayer server testing and then iterate based on feedback and performance.

Co-development with a key American influencer

- Thomas Middleditch collaboration continues to progress positively
- Beta test is on track for Q2 FY22 where the Company will make the title available for a select number of users for multiplayer server testing and then iterate based on feedback and performance.

Dumb Ways to Die

- New title currently in pre-production phase and planned for launch in Q4 FY22.

3.

Quarterly Cash Flow

As detailed in the Appendix 4C below, PlaySide finished the September quarter with \$9.34 million in cash reserves, down by \$1.9 million for the quarter.

The two main components of this negative movement were:

- (i) \$1.25m invested into Intellectual Property (Games under Development) during the period; and
- (ii) \$0.45m invested in Property Plant & Equipment, mainly being the fit-out of the additional space now under lease at PlaySide Head Office.

Pleasingly, the net cash used in operating activities was just \$153k during the quarter.

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 Spent Sept 2021 Qtr.	Funds Spent Since Listing
Expand Data & Analytics Team		1,000	95	275
Sales and Marketing (including User Acquisition)	2	4,000	302	2,712
Brand Licensing		3,000	-	262
Additional resources, licensing and technology for development of new and existing titles	3	1,500	732	1,494
Future growth opportunities, including potential acquisitions	1	2,000	-	-
Interest Accrued on Convertible Notes		55	-	42
Expenses of the Offer		1,350	-	1,741
Corporate and Administrative Costs	4	800	355	975
Working Capital	5	1,814	276	369
Total		15,519	1,760	7,870

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, Age of Warfare, Idle Area, Toy Warfare and Garbage Truck.
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. Net movement in trade debtors, payables and employee provisions.

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>

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Gerry Sakkas
Managing Director & CEO



Cris Nicolli
Chairman

About PlaySide Studios

PlaySide Studios Limited is Australia's largest publicly listed video game developer. 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 50+ 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.

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")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (three months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,474	3,474
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(1,684)	(1,684)
(d) leased assets	-	-
(e) staff costs	(1,090)	(1,090)
(f) administration and corporate costs	(845)	(845)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	24	24
1.5 Interest and other costs of finance paid	(32)	(32)
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	(153)	(153)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(452)	(452)
(d) investments	-	-
(e) intellectual property	(1,248)	(1,248)
(f) other non-current assets	-	-

2.2 Proceeds from disposal of:			
(g)	entities	-	-
(h)	businesses	-	-
(i)	property, plant and equipment	-	-
(j)	investments	-	-
(k)	intellectual property	-	-
(l)	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		(1,700)	(1,700)
3. Cash flows from investing 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			(37)
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		(37)	(37)
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1 Cash and cash equivalents at beginning of period			11,235
4.2 Net cash from / (used in) operating activities (item 1.9 above)			(153)

4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,700)	(1,700)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(37)	(37)
4.5 Effect of movement in exchange rates on cash held	(1)	(1)
4.6 Cash and cash equivalents at end of period	9,344	9,344
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	4,941	3,330
5.2 Call deposits	4,401	7,900
5.3 Bank overdrafts	-	-
5.4 Other (Cash on Hand)	2	5
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,344	11,235
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 (Gross Remuneration paid to Directors in Qtr)		183
6.2 Aggregate amount of payments to related parties and their associates included in item 2		-
7. Financing facilities 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.	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	-	-

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.

7.5 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.

Answer: N/A

8. Estimated cash available for future operating activities	Amount drawn at quarter end \$A'000
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8.1 Net cash from / (used in) operating activities (item 1.9)	(153)
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8.2 Cash and cash equivalents at quarter end (item 4.6)	9,344
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8.3 Unused finance facilities available at quarter end (item 7.5)	-
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8.4 Total available funding (item 8.2 + item 8.3)	9,344
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8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	61.0
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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 tir 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 s 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.

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: 25th October 2021

Authorised by: By the board

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 – e.g., 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.