PlaySide Studios

Prospectus

Initial public offering of 75 million ordinary shares in the Company at an offer price of $0.20 per share.

Canaccord Genuity

Steinepreis Paganin Lawyers & Consultants


ARDRAGON


ARROBOT


KUBO
A SAMURAI QUEST


THE SPONGEBOB MOVIE GAME
SPONGE ON THE RUN


DRIFT IT


ZR
ZOMBIE RIOT


ARCHANGEL


SAFE ZONE


Battle Balls Royale

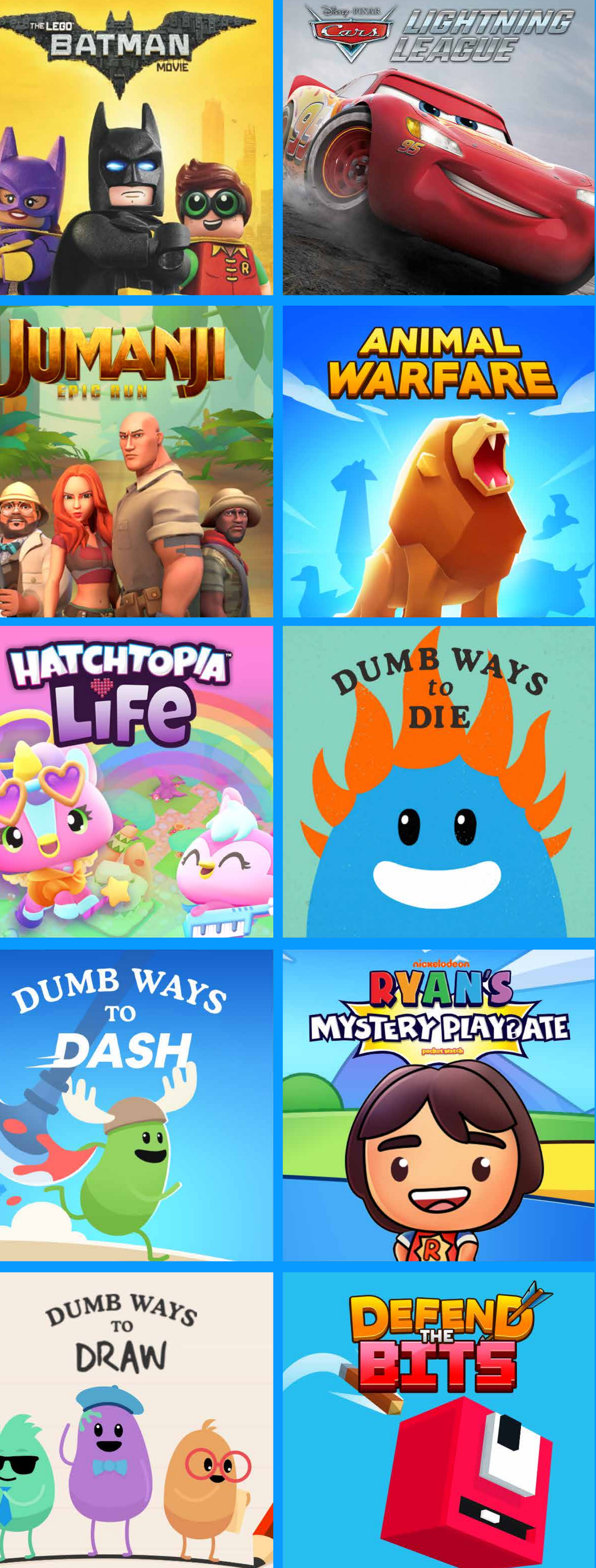

TENNIS BITS


nickelodeon
RISE OF THE
TEENAGE MUTANT NINJA
TURTLES


THE WALKING DEAD
SAINTS & SINNERS


ICY ROPES


MONKEY ROPES



PLAYSIDE STUDIOS LIMITED
ACN 154 789 554

PROSPECTUS

Initial public offering of 75 million ordinary shares in the Company at an offer price of $0.20 per share.

Proposed ASX Code: PLY

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Shares offered by this Prospectus should be considered as highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 19 November 2020 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares offered under this Prospectus should be considered as highly speculative.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

No offering where offering would be illegal

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action or formality has been taken to register or qualify the Shares or the offer, or to otherwise permit a public offering or sale of the Shares in any jurisdiction outside Australia. This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States of America.

US securities law matters

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the US. In particular, the Shares have not been, and will not be, registered under the United States Shares Act of 1933, as amended (the **US Securities Act**), and may not be offered or sold in the US or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act) unless an exemption is available from the registration requirements of the US Securities Act.

Each applicant will be taken to have represented, warranted and agreed as follows:

(a) it understands that the Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in the US, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;

(b) it is not in the US;

(c) it has not and will not send this Prospectus or any other material relating to the Offer to any person in the US; and

(d) it will not offer or sell the Shares in the US or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at **www.playsidestudios.com**. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application

Form unless it is attached to or accompanied by a complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on 0407 880 693 during office hours or by emailing the Company at info@PlaySidestudios.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Company Website

No document or other information available on the Company's website is incorporated into this Prospectus by reference.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares acquired under this Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Shares under this Prospectus to determine whether an investment in the Company meets your objectives, financial situation and needs.

Risks

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares. There are risks associated with an investment in the Company. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares. Refer to Section D of the Investment Overview as well as Section 8 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 8.

Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Continuous disclosure obligations

Following admission of the Company to the Official List, the Company will be a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Shares.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 13.

All references to time in this Prospectus are references to Australian Eastern Daylight Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your Shares in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact details set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on your application for Shares under this Prospectus, the Company may not be able to accept or process your application.

Use of Trademarks

This Prospectus includes the Company's registered and unregistered trademarks.

All other trademarks, tradenames and service marks appearing in this Prospectus are the property of their respective owners.

Enquiries

If you are unclear in relation to any matters raised in this Prospectus or are in doubt as to how to deal with it, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser without delay. Should you have any questions in relation to the Offer or how to accept the Offer please contact the Company Secretary at darren@playsidestudios.com.

CORPORATE DIRECTORY

Directors

Cristiano Nicolli
Non-Executive Chairman

Gerry Sakkas
Chief Executive Officer and Managing Director

Mark Goulopoulos
Non-Executive Director

Aaron Pasias
Non-Executive Director

Gerrit Johan Ten Cate
Non-Executive Director

Company Secretary

Darren Briggs

Proposed ASX Code

PLY

Registered Office

Level 1
75 Crockford Street
PORT MELBOURNE VIC 3207

Telephone: +61 407 880 693

Email: info@playsidestudios.com

Website: www.playsidestudios.com

Legal Adviser

Steinepreis Paganin

Level 4
50 Market Street
MELBOURNE VIC 3000

Investigating Accountant

BDO Corporate Finance (East Coast) Pty Ltd

Collins Square, Tower 4, Level 18
727 Collins Street
MELBOURNE VIC 3008

Auditor*

BDO Audit Pty Ltd

Collins Square, Tower 4, Level 18
727 Collins Street
MELBOURNE VIC 3008

Lead Manager

Canaccord Genuity (Australia) Limited
(AFSL 234666)

Level 15
333 Collins Street
MELBOURNE VIC 3000

Telephone: +61 3 8688 9100

Share Registry*

Link Market Services Limited

Level 13, Tower 4
727 Collins Street
MELBOURNE VIC 3000

Offer Information Line

Within Australia: 1300 975 518

Outside Australia: +61 1300 975 518

Email: registrars@linkmarketservices.com.au

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

PlaySide™

CONTENTS

CHAIRMAN'S LETTER

1. CHAIRMAN'S LETTER

Dear Investor

On behalf of the Board of PlaySide Studios Limited (**Company** or **PlaySide**), it gives me great pleasure in presenting this Prospectus and to offer you the opportunity to become a shareholder of PlaySide, a leading developer of video games.

PlaySide was founded in 2011 and is one of Australia's largest independent video game developers, with titles across a range of categories including self-published games based on original intellectual property and games developed in collaboration with major Hollywood studios such as Disney, Warner Bros and Nickelodeon.

PlaySide is a Melbourne based company with global reach, primarily focused on the development of high-quality mobile video games. With a team of over 70 talented games creators and other staff, the Company's portfolio consists of 52 titles.

Major titles based on PlaySide's intellectual property include 'Animal Warfare', 'Bits and Ropes' franchise and 'AR Dragon', and the Company has participated in developing titles such as 'The Lego Batman Movie Game' (Warner Bros) and 'Cars: Lightening League' (Disney/Pixar).

PlaySide plans to drive growth through the release of original gaming titles, new work for hire agreements within its Brands and Licencing division, new partnerships and the emerging Esports market. This Prospectus is seeking to raise $15,000,000 by the offer of Shares at an Offer Price of $0.20 per Share. The primary purpose of the Offer is to provide funds to implement the Company's business strategies.

The Board considers it has the range of qualifications, experience, expertise and skills appropriate for the Company at this time and will aim to ensure that funds raised through the Offer will be utilised in a cost-effective manner to advance the Company's business.

This Prospectus is issued for the purpose of supporting an application to list the Company on ASX. This Prospectus contains detailed information about the Company, its business and the Offer, as well as the risks of investing in the Company, and I encourage you to read it carefully. The Shares offered by this Prospectus should be considered highly speculative.

I look forward to you joining us as a shareholder and sharing in what we believe are exciting and prospective times ahead for the Company. Before you make your investment decision, I urge you to read this Prospectus in its entirety and seek professional advice as required.

Yours sincerely

Cristiano Nicolli
Non-Executive Chairman

PlaySide

KEY OFFER INFORMATION

2. KEY OFFER INFORMATION

INDICATIVE TIMETABLE

Lodgement of Prospectus with the ASIC	19 November 2020
Exposure Period begins	19 November 2020
Opening Date	27 November 2020
Closing Date	7 December 2020
Issue of Shares	15 December 2020
Despatch of holding statements	16 December 2020
Expected date for quotation on ASX	18 December 2020

Dates may change

The above dates are indicative only and may change without notice. Unless otherwise indicated, all times given are in AEDT. The Exposure Period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. The Company, in agreement with the Lead Manager, reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to applicants.

If the Offer is cancelled or withdrawn before completion of the Offer, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their applications as soon as possible after the Offer opens.

HOW TO INVEST

Applications for Shares can only be made by completing and lodging an Application Form. Instructions on how to apply for Shares are set out in Section 4 and on the Application Form.

KEY OFFER STATISTICS

Offer Price per Share	$0.20
Total gross proceeds under the Offer[1]	$15,000,000
Total Shares on issue as at the date of this Prospectus	272,149,952
Total Performance Rights on issue as at the date of this Prospectus[2]	4,284,190
Number of Shares to be issued on conversion of Convertible Notes[3]	19,378,224
Total Shares available under the Offer[1]	75,000,000
Total Shares on issue on completion of the Offer[4]	**366,528,176**
Number of Shares to be held by Existing Shareholders on completion of the Offer[5]	**262,149,952**
Indicative market capitalisation on completion of the Offer[6]	**$73,305,635**

Notes:

1. The Minimum Subscription to the Offer is $15,000,000 (75,000,000 Shares).
2. Please refer to Section 6.10 for further details of the Performance Rights currently on issue.
3. Convertible Notes with an aggregate face value of $3,050,000. Please refer to Section 10.1 for further details of the Convertible Notes currently on issue and the Convertible Note Agreements entered into between the Company and Convertible Noteholders.
4. The total number of Shares on issue following completion of the Offer will be the sum of 75,000,000 Shares to be issued under the Offer, the number of Shares retained by the Existing Shareholders, the number of Shares acquired by the Sell Down Participants and the number of Shares issued on conversion of the Convertible Notes. Certain Shares held by several Existing Shareholders, Sell Down Participants and several Convertible Noteholders on completion of the Offer will be subject to escrow restrictions under the ASX Listing Rules.
5. This does not account for any Shares acquired by Existing Shareholders under the Offer.
6. Based on the Offer Price of $0.20 per Share and on an undiluted basis. Prospective investors should note that the Shares may trade above or below this price.

INVESTMENT OVERVIEW

3. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
A. Company		
Who is PlaySide?	PlaySide Studios Limited (ACN 154 789 554) (**Company** or **PlaySide**) was founded in 2011 and is one of Australia's largest independent video game developers, with titles across a range of categories including self-published games based on original intellectual property and games developed in collaboration with major Hollywood studios such as Disney, Warner Bros and Nickelodeon. PlaySide is based in Melbourne, Australia and has a team of over 70 games creators and other staff. The Company's portfolio consists of 52 titles delivered across 4 platforms: Mobile, Virtual Reality (VR), Augmented Reality (AR) and PC.	Sections 6.1 and 6.2
What is PlaySide's history?	Some of PlaySide's key milestones are set out below:	Section 6.2

Date	Event
December 2011	PlaySide is incorporated on 14 December 2011
September 2012	Signed publishing deal with EA/Chillingo (publisher of 'Angry Birds') to launch first key title 'Catch the Ark'
May 2013	First work for hire deal with Mind Candy to develop 'Moshi Karts'
May 2014	Obtained major work for hire deal with global production studio Nickelodeon for 'SpongeBob: Sponge On The Run'
January 2015	Obtained major work for hire deal with global production studio Warner Bros for 'Pan: Escape to Neverland' and 'The LEGO Batman Movie Game'
April 2016	Development agreement signed with Disney/Pixar for 'Cars: Lightning League' mobile title which launched in conjunction with the release of the 'Cars 3' movie
August 2016	Launched PlaySide's first Match-3 title 'Kubo' that accompanied the movie release 'Kubo and the Two Strings'
September 2017	PlaySide enters the Augmented Reality space with 'AR Dragon', receiving global critical acclaim
May 2018	Developed key original IP with 'Bits' & 'Ropes' franchises with release of the final title in the franchise, 'Bouncy Ropes'. Both franchises a resounding success recording a total of 21.4m downloads across the various titles
June 2018	PlaySide achieved A$5M of annual revenue for the first time
August 2019	Commenced enhanced user acquisition strategy with 'Monkey Ropes', holding the US top chart position
September 2020	Launch of 'Animal Warfare' a casual game developed from original IP that achieved 1.5m+ downloads in the first 45 days post launch

<table>
<tr><th>Item</th><th>Summary</th><th>Further information</th></tr>
<tr><td colspan="3">B. Product Offering and Business Model</td></tr>
<tr><td>What is PlaySide's product offering?</td><td>PlaySide is primarily focused on the development of high-quality mobile video games within the hyper-casual, casual and core gaming categories.

PlaySide undertakes game development activities across three core business lines:

(a) Original IP: creating its own games using original IP developed internally and delivered across mobile, VR, AR and PC platforms.

(b) Brands and Licensing: contracted game development engagements for customers within the entertainment industry, which generally involve utilising the customer's branding and IP.

(c) Partnerships: partnering with leading social media influencers to develop games, which generally involve utilising the influencer's branding and IP.

PlaySide publishes its games across all major mobile platforms, with the App Store (iOS operating system) and the Google Store (Android operating system) being key distribution channels.</td><td>Section 6.3</td></tr>
<tr><td>What is PlaySide's business model and how does it generate revenue?</td><td>PlaySide generates the majority of its revenue from mobile games across its three core business lines.

PlaySide's original IP division generates revenue from its games through in-app advertisements, in-app purchases and in-app subscriptions.

In the Brands and Licensing division, revenue is generated via work for hire fixed price contracts which generally lead to a separate fixed term live operations contract for post launch support, maintenance and development services (such as enhancements and other content creation services).

In the Partnership division, engagements generally have a game development component which is structured under a fixed price contract until launch of the game with a revenue share model usually commencing post launch. PlaySide may also be engaged by partners to provide post launch support, maintenance and development service under fixed term live operations contracts.</td><td>Section 6.4</td></tr>
<tr><td>What is PlaySide's growth strategy?</td><td>PlaySide intends to grow and scale up its activities by:

(a) Game releases: pursuing a strategy of developing new mobile game titles and expansion into other platforms to maintain consistent revenue streams;

(b) Esports: leveraging strategic partnerships with influencers in the Esports space to provide strategic marketing support for certain PlaySide original IP titles proposed to be developed during FY21;

(c) International expansion: expanding its international presence and profile via an office in LA focussed on business development;

(d) Expansion of workforce: expanding its workforce and investing in its development studio across design, art, engineering, and production disciplines;

(e) M&A activity: exploring potential acquisitions such as game titles or game studios in Australia and Asia; and

(f) Growth opportunities: exploring other growth opportunities and business initiatives with a focus on penetrating into the Chinese gaming market.</td><td>Section 6.5</td></tr>
</table>

Item	Summary	Further information
What are the significant dependencies of PlaySide's business model?	PlaySide's key dependencies include: (a) The ability to continually protect PlaySide's technology and intellectual property interests; (b) The ability to continue to successfully develop new game ideas and enhance existing games that resonate with market demand, which is constantly changing; (c) Retention and development of PlaySide's existing specialised workforce and recruitment of additional qualified personnel for expansion activities across a range of disciplines, including game design, production, art, quality assurance and engineering; (d) The continued access to and availability of distribution channels for the promotion, distribution and operation of PlaySide's games, particularly virtual app stores, including the Google Play Store for Android and the Apple App Store for iOS; (e) The ability to successfully secure new engagements under PlaySide's Brands and Licensing and Partnership divisions and monetise on those projects; (f) Identification of key influencer partnership opportunities and suitable game concepts as well as securing sufficient and consistent marketing and promotion investment by the influencer; and (g) The global games industry continuing to grow.	Section 6.7
C. Key Features of PlaySide's Industry		
What industry does PlaySide operate in?	PlaySide operates in the global games market. The global games industry is expected to generate revenues of US$159.3B in 2020. The largest segment of the games market is mobile gaming, which is forecast to generate revenues of US$77.2B in 2020, representing a growth rate of 13.3% year on year and a market share of 48.5%.	Section 5
Who does PlaySide compete with?	The global games market is diverse and highly competitive, with competitors ranging from established entertainment companies to emerging start-ups. The industry is dominated by a number of larger established companies and in 2019 the top 50 companies accounted for 85% of the entire global games markets. The competitive global landscape is broad and diverse especially in mobile development, with key competitors including, but not being limited to, the following hyper-casual and casual development studios and game publishers: • Zynga: A San Francisco based NASDAQ listed company with a focus on mobile casual games. • Glu: A San Francisco based NASDAQ listed company with a focus on mobile casual games. • Voodoo: A Paris based privately held company with a focus on mobile hyper-casual games. • Lion Studios: A San Francisco based privately held company with a focus on mobile hyper-casual games. These development studios and game publishers are all large foreign entities that operate in similar market segments to PlaySide.	Section 5.5

Item	Summary	Further information
D. Key Advantages and Key Risks		
What are the key advantages of an investment in PlaySide?	PlaySide considers the key advantages of an investment in the company are: (a) PlaySide is one of Australia's largest independent video game developers, with titles across a range of categories including self-published games based on original IP and deep commercial relationships that have facilitated games development for major Hollywood studios such as Disney, Warner Bros and Nickelodeon. (b) PlaySide's positive culture, engagement, diversity and high retention across its 70+ experienced staff positions PlaySide to capitalise on significant market opportunity across its core business divisions. (c) The growth of PlaySide and the overall global games industry. The first quarter of 2020 saw record all-time highs for industry-wide consumer spend, app engagement and downloads. (d) PlaySide's rich and diverse portfolio of 52 titles delivered across four platforms: Mobile, Virtual Reality (VR), Augmented Reality (AR) and PC demonstrates deep multi-platform innovation and technical development capabilities which provide the ability to exploit growth opportunities. (e) PlaySide has a 26.6% strategic shareholding in Digital Business Holdings Pty Ltd (trading as BIG Esports). The Company believes that the Esports market will continue to experience rapid growth, driven by the global phenomenon of games such as Fortnite and DOTA which have transformed the gaming landscape and offer players a way to use their skills to earn significant income. (f) PlaySide has developed a rapid prototyping pipeline model which allows it to conduct data driven market testing earlier in the game's development life cycle. This provides a robust decision-making model to project likely success or otherwise of the game and work efforts can either be progressed or ceased providing improved overall return on investment. (g) PlaySide has proven expertise, tools and processes to perform monetisation strategy, implementation and management of game user acquisition which is a critical success factor, particularly in mobile games.	Section 8
What are the key risks of an investment in the Company?	**Development of new games and enhancing current games** PlaySide's continued growth depends on PlaySide's ability to regularly develop new games. In addition to producing new games, PlaySide must extend the life of PlaySide's current games by refreshing or enhancing game features or gameplay styles to make its current games more attractive and improve the overall gameplay experience. PlaySide's ability to successfully develop new games and enhance existing games is subject to a number of factors, including both within and outside PlaySide's control. **Competition and new technologies** PlaySide competes against other game developers globally. There is a risk that PlaySide may experience increased competition from existing competitors and new entrants to the market. Competition may also result from aggressive sales and marketing strategies, aggressive pricing models, M&A activity within the industry or advancements in technology and product innovation. **Global mobile gaming market conditions** The growth of the global mobile gaming market and the level of demand and market acceptance of PlaySide's games are subject to a high degree of uncertainty. Given PlaySide is primarily focused on the development of mobile games, PlaySide's future operating and financial performance will largely depend on numerous factors affecting the global gaming market, many of which are beyond PlaySide's control. New and different forms of entertainment may increase in popularity at the expense of mobile gaming.	Section 8

Item	Summary	Further information
What are the key risks of an investment in the Company? *(continued)*	**Consumer preferences** PlaySide's business is vulnerable to changing consumer preferences. If PlaySide's future games do not achieve expected consumer acceptance or generate the level of projected revenues upon their release, there is a risk that PlaySide may not be able to recover development and sales and marketing costs associated with producing and promoting those mobile games or may be unable to deliver an effective return on its investment in producing and promoting those mobile games. **Failure to anticipate or successfully implement new technologies** There is rapid technology change in the games industry which requires PlaySide to anticipate in advance the technologies it should develop and implement to make its games offerings competitive in the market. In order to ensure that PlaySide's games are up to date with the latest technological advancements, PlaySide may be required to invest financial resources in its development studio across design, art, engineering and production disciplines and its infrastructure and technologies. There is no assurance however that PlaySide will be able to commit adequate financial resources towards its development studio, its infrastructure and technologies or R&D in the future. **Launch delays and cost overruns** PlaySide develops games both internally using original IP and in collaborations and partnerships under its Brands and Licensing and Partnership divisions. Any delays experienced during the development cycle could impact on cash flow, proceeds, revenues and operating margins. PlaySide may also be required to commit additional capital, technical and other resources to complete production of a game than originally estimated. **Distribution by third parties on virtual app stores** PlaySide relies on distributing its mobile games through virtual app stores, with the dominant app stores being the Google Play Store for Android and the Apple App Store for iOS. PlaySide is subject to a distributor's standard terms and conditions, infrastructure and operating systems for application developers, which govern the promotion, distribution and operation of games on the relevant app store. Distributors have broad discretion to unilaterally change standard terms and conditions and any such changes may be unfavourable to PlaySide. Virtual app stores may also become unavailable for players or players experience user issues or other technical difficulties with these platforms or their in-app purchasing functionality. **Performance of new title releases** There is a risk that new title releases are not received in a positive manner by the market or generate the anticipated level of player engagement. This can lead to losses in revenue, lower margins and reduced cash flow. In addition, capitalised development expenditures may need to be impaired. **Intellectual property rights** PlaySide's intellectual property rights are an essential element of its business. PlaySide's intellectual property rights are predominantly protected by copyrights, trademarks, laws for the protection of trade secrets, non-disclosure and other contractual agreements and/or other technical measures. Despite PlaySide's efforts to protect its intellectual property rights, unauthorised parties may attempt to copy or otherwise attempt to obtain and use PlaySide's technology, games or brands technology, games or brands.	Section 8

Item	Summary	Further information
What are the key risks of an investment in the Company? **(continued)**	**Infringement of third party intellectual property rights** There is a risk that third parties may allege PlaySide has infringed on their intellectual property rights without their consent or permission. Any claims, regardless of the merits, could result in dispute or litigation, which may be protracted and expensive to defend. In addition, as a result of any court judgment or settlement PlaySide may be obligated to cancel the launch of a new game, modify its games and features, cease offering certain features, cease using certain source code or technologies and/or pay royalties or significant damages awards. **Ability to attract and retain qualified personnel** The nature of PlaySide's operations requires its employees in the technical and development teams to be highly skilled and experienced in their respective fields. Accordingly, PlaySide's performance largely depends on its ability to identify, attract and retain qualified personnel.	
Other risks	There are a number of risks associated with an investment in PlaySide that may affect its financial performance, financial position, cash flows, growth prospects and share price. The above risks are a summary of some of the key risks, but not an exhaustive list of all of the risks associated with PlaySide or an investment in the Shares. Further details on the risks summarised in this Section and other key risks are included in Section 8. Investors are recommended to review all of those risks carefully before making an investment decision.	Section 8
E. Key Financials and Dividend Policy		
How does PlaySide expect to fund its operations?	PlaySide's principal sources of funds are expected to be cash flows generated from operations, existing cash reserves and funds raised under the Offer.	Section 7
How is PlaySide performing in FY21?	As at 31 October 2020, Playside has $5.4m in unaudited revenue since the commencement of the FY21 year, consisting of earned revenue from original IP titles and contracted revenue earned for services performed or to be earned for services to be performed in the FY21 year under existing work for hire arrangements.	

Item	Summary				Further information
What is PlaySide's pro-forma historical financial performance?	**$000's**	**Pro Forma Historical**			Section 7.3.1
		FY18	**FY19**	**FY20**	
	Revenue	5,122	3,884	6,079	
	Other income	658	608	926	
	Total revenue and other income	**5,780**	**4,492**	**7,006**	
	Employee benefits expense	(3,050)	(4,106)	(4,671)	
	General and administrative expenses	(603)	(802)	(987)	
	Selling expenses	(422)	(266)	(1,142)	
	Operating expenses	**(4,075)**	**(5,173)**	**(6,800)**	
	EBITDA	**1,705**	**(681)**	**206**	
	Depreciation expense	(167)	(189)	(186)	
	Unrecoverable loans written off	-	-	-	
	Finance costs	(38)	(34)	(31)	
	Interest income	5	22	18	
	Profit/(loss) before tax	**1,505**	**(882)**	**7**	
	Income tax expense	(579)	(329)	(431)	
	Net profit/(loss) after tax	**927**	**(1,212)**	**(423)**	
	Total comprehensive income	**927**	**(1,212)**	**(423)**	
What is PlaySide's statutory historical financial performance?	**$000's**	**Statutory Historical**			Section 7.3.1
		FY18	**FY19**	**FY20**	
	Revenue	5,122	4,313	7,008	
	Other income	658	608	926	
	Total revenue and other income	**5,780**	**4,921**	**7,934**	
	Employee benefits expense	(2,350)	(3,578)	(4,926)	
	General and administrative expenses	(400)	(598)	(784)	
	Selling expenses	(422)	(266)	(1,177)	
	Operating expenses	**(3,172)**	**(4,442)**	**(6,886)**	
	EBITDA	**2,608**	**479**	**1,048**	
	Depreciation expense	(167)	(189)	(186)	
	Unrecoverable loans written off	-	-	(70)	
	Finance costs	(38)	(34)	(31)	
	Interest income	5	22	18	
	Profit/(loss) before tax	**2,408**	**278**	**779**	
	Income tax expense	(827)	(329)	(583)	
	Net profit/(loss) after tax	**1,581**	**(52)**	**196**	
	Total comprehensive income	**1,581**	**(52)**	**196**	

Item	Summary	Further information
What is PlaySide's dividend policy?	Payment of dividends by the Company is at the discretion of the Board. Given the stage of development of the Company, the Directors have no current intention to declare and pay a dividend and no dividends are expected to be paid during the foreseeable future following the Company's listing on the ASX as its focus will primarily be on using available funds to expand its business. In determining whether to declare future dividends, the Directors will consider the level of earnings of the Company, the operating results and overall financial condition of the Company, future capital requirements, capital management initiatives, general business outlook and other factors the Directors may consider relevant at the time of their decision.	Section 6.14
What will PlaySide's capital structure be on completion of the Offer?	On completion of the Offer, PlaySide will have 366.53 million Shares and 4.28 million Performance Rights on issue.	Sections 6.9 and 6.10
F. Board and Key Management		
Who are the Directors of PlaySide?	The Board of PlaySide consists of: (a) Cristiano Nicolli – Non-Executive Chairman; (b) Gerry Sakkas – Chief Executive Officer and Managing Director; (c) Mark Goulopoulos – Non-Executive Director; (d) Aaron Pasias – Non-Executive Director; and (e) Gerrit Johan Ten Cate – Non-Executive Director. Information about the experience, background, personal interests and independence of each Director is set out in Section 9.1.	Section 9.1
Who are the key management of PlaySide?	PlaySide's key management team includes: (a) Darren Briggs – Chief Financial Officer and Company Secretary; and (b) Paul Fouracre – Chief Operating Officer. Information about the experience and background of each member of key management is set out in Section 9.2.	Section 9.2

Item	Summary	Further information
G. Significant Interests of Key People and Related Party Transactions		
Who are the Existing Shareholders and what will their interest in PlaySide be on completion of the Offer?	Shareholdings of the Existing Shareholders as at the date of this Prospectus and on completion of the Offer is set out in the table below.	Section 6.9

	Date of Prospectus		Completion of Offer	
Shareholder	**Shares**	**% of Shares (undiluted)**	**Shares**	**% of Shares (undiluted)**
Atlantis MG Pty Ltd as trustee for the MG Family Trust	82,333,334	30.25%	79,166,667	21.60%
Gerry Sakkas	82,333,334	30.25%	79,166,667	21.60%
Yondro Pty Ltd as trustee for the Pasias Family Trust	82,333,334	30.25%	79,166,667	21.60%
Tejesh Munusamy	13,000,000	4.78%	12,500,001	3.41%
Other Existing Shareholders	12,149,950	4.46%	12,149,950	3.31%
Sell Down Participants	-	-	10,000,000	2.73%
Convertible Noteholders	-	-	19,378,224	5.29%
New Shareholders	-	-	75,000,000	20.46%
Total	**272,149,952**	**100.00%**	**366,528,176**	**100.00%**

Please refer to Section 6.9 for notes relating to the above table.

The above table does not account for any Shares that may be acquired under the Offer and excludes any Shares issued on vesting and conversion of Performance Rights that the Company has granted and the resulting dilution effect.

The Shares offered under this Prospectus will represent approximately 20.46% of the total Shares on issue on completion of the Offer, at which time the Existing Shareholders and the Sell Down Participants will hold approximately 71.52% in aggregate of the total Shares on issue.

Item	Summary	Further information
What interests do the Directors have in the securities of PlaySide?	The table below sets out the direct and indirect interests of the Directors in the securities of the Company both as at the date of this Prospectus and following completion of the Offer.	Section 9.4

	Date of Prospectus				Completion of Offer		
Director	Shares	Convertible Notes	Performance Rights	% of Shares (undiluted)	Shares	Performance Rights	% of Shares (undiluted)
Cristiano Nicolli	Nil	21,250	Nil	Nil	139,019	Nil	0.04%
Gerry Sakkas	82,333,334	Nil	2,053,125	30.25%	79,166,667	2,053,125	21.60%
Mark Goulopoulos	82,333,334	Nil	Nil	30.25%	79,166,667	Nil	21.60%
Aaron Pasias	82,333,334	Nil	Nil	30.25%	79,166,667	Nil	21.60%
Gerrit Ten Cate	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Please refer to Section 9.4 for notes relating to the above table.

In addition, Mr Nicolli and Mr Ten Cate (and their spouses and associates) may apply for Shares under the Offer. If Mr Nicolli or Mr Ten Cate (or their spouses or associates) do apply for, and are allocated, Shares under the Offer, the figures in the above table will be affected.

Item	Summary	Further information
What significant benefits are payable to Directors and other persons connected with the Company or the Offer?	Directors are entitled to the remuneration and fees as disclosed in Section 9.4. Directors and employees of PlaySide are entitled to participate in the Performance Rights Plan described in Section 11.4. The Company has granted a total of 4,284,190 Performance Rights to Gerry Sakkas, Chief Executive Officer and Managing Director of PlaySide, and other key employees pursuant to the terms and conditions of the Performance Rights Plan. In addition, the Lead Manager has agreed to pay a selling fee of 5% plus GST to Cumulus Wealth Pty Ltd (ACN 634 297 279) (**Cumulus Wealth**) on the total commitments secured by Cumulus Wealth under the Offer up to a maximum of $4,000,000 of the total gross proceeds raised. Cumulus Wealth is an entity associated with Mark Goulopoulos, a Non-Executive Director of PlaySide. Mr Goulopoulos is a director of Cumulus Wealth and Ignition MG Pty Ltd (ACN 634 283 060), an entity controlled by Mr Goulopoulos, holds a 33.33% interest in Cumulus Wealth.	Sections 9.4, 9.5, 9.6 and 11.4
Will any Shares be subject to restrictions on disposal on completion of the Offer?	The Company anticipates that following completion of the Offer and the Company's listing on ASX, up to 261,666,976 Shares (including the existing Shares which certain Directors have a direct or indirect interest in as set out at Section 9.4) representing approximately 71.39% of Shares on issue may be subject to some form of restriction arrangement for up to 24 months under the ASX Listing Rules. Details of those restriction arrangements will be disclosed to the market on the ASX's announcements platform prior to commencement of Official Quotation of the Shares. During the period in which escrow arrangements apply, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of Shares in a timely manner.	Section 6.12
Are there any other related party transactions?	Other than as disclosed in this Prospectus, PlaySide is not party to any material related party arrangements.	Section 9.6

Item	Summary	Further information
H. Overview of the Offer		
Who is the issuer of this Prospectus?	PlaySide Studios Limited (ACN 154 789 554), an Australian unlisted public company.	
What is the Offer?	The Offer is an initial public offering of 75,000,000 Shares by the Company at an issue price of $0.20 per Share to raise $15,000,000 (before associated costs).	Section 4.1
Is there a minimum subscription under the Offer?	The minimum subscription to the Offer is $15,000,000, being full subscription.	Section 4.5
Why is the Offer being conducted?	The Offer is being conducted primarily to: (a) facilitate the Company's application for admission to the Official List; (b) provide the Company with funding to support its growth strategies and general working capital requirements; (c) provide the Company with access to capital markets which it considers will provide additional financial flexibility to pursue future growth opportunities; (d) broaden the Company's shareholder base and provide a liquid market for the Shares; (e) provide the Company with the benefits of an increased profile that arises from being a listed entity; and (f) pay transaction costs associated with the Offer.	Section 4.2
What is the proposed use of funds raised under the Offer?	The proposed use of funds raised under the Offer is set out below: (see table below) Please refer to Section 6.8 for notes relating to the above table. The Board is satisfied that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives as detailed in this Prospectus.	Section 6.8

	Funding Allocation ($)	Percentage of Funds (%)
Source of funds		
Existing cash reserves	519,502	3.35
Funds raised from the Offer	15,000,000	96.65
Total	**$15,519,502**	**100.00%**
Allocation of funds		
Expand Data and Analytics Team	1,000,000	6.44
Sales and Marketing (including User Acquisition)	4,000,000	25.77
Brand Licensing	3,000,000	19.33
Additional resources, licensing and technology for development of new and existing titles	1,500,000	9.67
Funds to pursue future growth opportunities (including, potential acquisitions)	2,000,000	12.89
Interest accrued on Convertible Notes	55,000	0.35
Expenses of the Offer	1,350,000	8.70
Corporate and administration costs	800,000	5.15
Working capital	1,814,502	11.70
Total	**$15,519,502**	**100.00%**

Item	Summary	Further information
What is the Cleansing Offer?	The Cleansing Offer is being undertaken for the purposes of section 708A(11) of the Corporations Act to remove any restrictions on the sale of Shares issued by the Company on conversion of the Convertible Notes at a time when the Offer has closed. The Cleansing Offer will remain open after the close of the Offer. Prospective investors should note that given the Cleansing Offer is not considered material, and as there is no intention to issue any Shares under the Cleansing Offer, the impacts of the Cleansing Offer on the Company's capital structure and its financial position have not been factored in or taken into account throughout this Prospectus (including to calculate diluted interests).	Section 4.10
What is the Offer Price?	The price payable under the Offer is $0.20 per Share.	Section 4.1
What rights and liabilities attach to the Shares being offered?	A summary of the material rights and liabilities attaching to the Shares offered under the Offer are set out in Section 11.3.	Section 11.3
How is the Offer structured?	The Offer is structured as follows: (a) the **Institutional Offer**, which consists of an invitation to certain institutional investors in Australia to apply for Shares; (b) the **Broker Firm Offer**, which is only open to eligible retail investors with a registered address in Australia who have received a firm allocation from their Broker; and (c) the **Priority Offer**, which is only open to select investors with a registered address in Australia who have received a personal invitation to participate in the Priority Offer. No general public offer of Shares will be made under the Offer.	Section 4.3
Is the Offer underwritten?	The Offer is not underwritten.	Section 4.7
Who is the Lead Manager to the Offer?	Canaccord Genuity (Australia) Limited (AFSL 234666) has been appointed as the Lead Manager to the Offer. Please refer to Section 10.2 for a summary of the fees payable to the Lead Manager and the terms of the Lead Manager Mandate.	Sections 4.9 and 10.2

Item	Summary	Further information
What is the allocation policy?	The allocation of Shares within and between the Institutional Offer, the Broker Firm Offer and the Priority Offer will be determined by the Company, in consultation with the Lead Manager, having regard to the allocation policies set out in Sections 4.3.1 and 4.3.3. **Institutional Offer**: The allocation of Shares among applicants in the Institutional Offer will be determined by agreement between the Company and the Lead Manager. **Broker Firm Offer**: With respect to the Broker Firm Offer, it is a matter for the Brokers as to how they allocate Shares among their eligible retail clients. However, the Company, in consultation with the Lead Manager, reserves the right to reject or scale back applications under the Broker Firm Offer. **Priority Offer**: Applications under the Priority Offer will be at the absolute discretion of the Company. No assurance can be given that any applicant or bidder under the Offer will be allocated all or any Shares applied or bid for.	Sections 4.3.1
Are there any conditions to the Offer?	The Offer is conditional upon the following conditions being satisfied: (a) the Minimum Subscription to the Offer being reached; and (b) ASX granting conditional approval for the Company to be admitted to the Official List. If the Conditions are not satisfied then the Offer will not proceed and the Company will repay all application monies received under the Offer within the time prescribed under the Corporations Act, without interest.	Section 4.8
Who is eligible to participate in the Offer?	This Prospectus does not, and is not intended to, constitute an offer or invitation in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.	Section 4.13
Will the Shares be quoted on ASX?	The Company will apply to ASX for admission to the Official List and quotation of Shares on ASX within 7 days from the date of this Prospectus under the code PLY.	Section 4.11
Is there any brokerage, commission or duty payable by applicants?	No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.	Section 4.14
What are the tax implications of investing in Shares?	Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus. The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares offered under this Prospectus.	Section 4.15

Item	Summary	Further information
How can I apply for Shares?	The process for applying for Shares in the Company is set out in Section 4. Under the Institutional Offer, institutional investors, have been, or will be, invited to commit to the Lead Manager to acquire Shares. Applicants under the Broker Firm Offer may apply for Shares by completing and lodging a valid Application Form attached to or accompanying this Prospectus with the Broker who invited them to participate in the Offer. Applicants under the Priority Offer will be, or have been, invited to apply by the Company and should follow the personalised instructions provided.	Section 4
What is the minimum application size under the Offer?	Applications for Shares under the Broker Firm Offer and the Priority Offer must be for a minimum of $2,000 worth of Shares (10,000 Shares) and thereafter in multiples of $500 (2,500 Shares). There is no maximum number or value of Shares that may be applied for under the Offer, however applications will be subject to the allocation policies.	Section 4.3.2
Can the Offer be withdrawn?	Yes. PlaySide reserves the right not to proceed with the Offer at any time before the issue of Shares to successful applicants. If the Offer does not proceed, application monies will be refunded (without interest).	Section 4.16
Where can I find more information about this Prospectus or the Offer?	(a) By speaking to your accountant, financial adviser, stockbroker, lawyer or other professional adviser; (b) By contacting the Company Secretary on 0407 880 693; or (c) By contacting the Share Registry on 1300 975 518 from within Australia or +61 1300 975 518 from outside Australia between the hours of 8:30am and 5:30pm (AEDT) on Melbourne business days.	

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

DETAILS OF THE OFFER THE OFFER

4. DETAILS OF THE OFFER

4.1. The Offer

This Prospectus provides an invitation to apply for fully paid ordinary shares in the capital of PlaySide.

The offer is for an initial public offering of 75,000,000 Shares by the Company at an issue price of $0.20 per Share to raise $15,000,000 (before associated costs) (the **Offer**).

All Shares offered under this Prospectus will be fully paid and will rank equally with the existing Shares currently on issue. Please refer to Section 11.3 for a summary of the material rights and liabilities attaching to the Shares.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

4.2 Purpose of the Offer

The primary purposes of the Offer are to:

(a) facilitate the Company's application for admission to the Official List;

(b) provide the Company with funding to support its growth strategies and general working capital requirements;

(c) provide the Company with access to capital markets which it considers will provide additional financial flexibility to pursue future growth opportunities;

(d) broaden the Company's shareholder base and provide a liquid market for the Shares;

(e) provide the Company with the benefits of an increased profile that arises from being a listed entity; and

(f) pay transaction costs associated with the Offer.

The Company intends to apply the funds raised under the Offer together with its existing cash reserves in the manner detailed in Section 6.8.

4.3 Structure of the Offer

The Offer is structured as follows:

(a) the **Institutional Offer**, which consists of an invitation to certain institutional investors in Australia to apply for Shares (see Section 4.3.1);

(b) the **Broker Firm Offer**, which is only open to eligible retail investors with a registered address in Australia who have received a firm allocation from their Broker (see Section 4.3.2); and

(c) the **Priority Offer**, which is only open to select investors with a registered address in Australia who have received a personal invitation to participate in the Priority Offer (see Section 4.3.3).

No general public offer of Shares will be made under the Offer.

The allocation of Shares within and between the Institutional Offer, the Broker Firm Offer and the Priority Offer will be determined by the Company, in consultation with the Lead Manager, having regard to the allocation policies set out in Sections 4.3.1 to 4.3.3.

The Company in consultation with the Lead Manager reserves the right to close the Offer early, to accept late applications or extend the Offer without notifying any recipient of this Prospectus or any applicant.

4.3.1 Institutional Offer

Who can apply?

The Institutional Offer consists of an invitation to certain institutional investors in Australia to apply for Shares under this Prospectus. Application procedures for the Institutional Offer have been, or will be, advised to the institutional investors by the Lead Manager.

Shares acquired by institutional investors as part of the Institutional Offer will be allotted under this Prospectus.

Allocation policy under the Institutional Offer

The allocation of Shares under the Institutional Offer will be determined by the Company in consultation with the Lead Manager. Participants in the Institutional Offer have been, or will be, advised of their allocation of Shares, if any, by the Lead Manager.

The Company, in consultation with the Lead Manager, has absolute discretion regarding the basis of allocation of Shares among institutional investors and an application may be scaled back or rejected at the discretion of the Company. There is no assurance that any institutional investor will be allocated any Shares, or the number of Shares, for which it has applied for. The allocation policy will be influenced by a range of factors, including:

(a) the number of Shares bid for by particular applicants;

(b) the timeliness of the bid by particular applicants;

(c) the Company's desire for an informed and active trading market following its listing on ASX;

(d) the Company's desire to establish a wide spread of institutional Shareholders;

(e) the overall level of demand under the Institutional Offer, the Broker Firm Offer and the Priority Offer;

(f) the size and type of funds under management of particular applicants;

(g) the likelihood that particular applicants will be long-term Shareholders; and

(h) any other factors that the Company and the Lead Manager consider appropriate.

4.3.2 Broker Firm Offer

Who can apply?

The Broker Firm Offer is open to eligible retail investors who have received an invitation from their Broker to participate and who have a registered address in Australia. Investors who receive a firm allocation through a Broker will be treated as an applicant under the Broker Firm Offer in respect of that allocation.

Investors should contact their Broker to determine whether they may be allocated Shares under the Broker Firm Offer.

How to apply

Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus. An investor applying under the Broker Firm Offer should follow the instructions of the Broker from whom they received an invitation to participate.

Applications for Shares under the Broker Firm Offer must be for a minimum of $2,000 worth of Shares (10,000 Shares) and thereafter in multiples of $500 (2,500 Shares) and payment for the Shares must be made in full at the Offer Price ($0.20 per Share). There is no maximum number or value of Shares that may be applied for under the Broker Firm Offer. However, the Company and the Lead Manager reserve the right to reject or scale back any application in the Broker Firm Offer. The Company and the Lead Manager also reserve the right to aggregate any applications which they believe may be multiple applications from the same person. The Company may determine a person to be eligible to participate in the Broker Firm Offer and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Application Form and application monies with the Broker that offered them their firm allocation in accordance with that Broker's directions. Applicants under the Broker Firm Offer must not send their Application Forms or application monies to the Share Registry.

The Company and the Lead Manager may, subject to the Corporations Act, elect to close the Offer (or any part of it) early or extend the Offer (or any part of it), or accept late applications either generally or in particular cases. In addition, a Broker may impose an earlier closing date. Applicants are therefore encouraged to submit their applications as early as possible after the Opening Date. Applicants should contact their Broker for instructions.

By making an application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your application.

Payment methods

Applicants under the Broker Firm Offer must pay their application monies to their Broker in accordance with instructions from their Broker.

Acceptance of Applications

An application under the Broker Firm Offer is an offer by the applicant to the Company to subscribe for Shares for all or any of the application amount specified in and accompanying the Application Form at the Offer Price. An application is made by an applicant on the terms and conditions set out in this Prospectus, including any supplementary or replacement prospectus, and the Application Form. To the extent permitted by law, an application by an applicant under the Offer is irrevocable.

Acceptance of an application will give rise to a binding contract on allocation of Shares to successful applicants.

The Company, in agreement with the Lead Manager, reserves the right to reject any application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an applicant in completing their application.

The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

Application Monies

Application monies will be held on trust for applicants until the Shares are issued to successful applicants. Application monies will be fully or partially refunded where an application is rejected or accepted in part only or as otherwise set out in this Prospectus. No interest will be paid on refunded amounts.

Allocation policy under the Broker Firm Offer

The allocation of Shares to Brokers under the Broker Firm Offer will be determined by the Company in consultation with the Lead Manager. Shares which are allocated to Brokers for allocation to their Australian resident eligible retail clients will be issued to the applicants who have received a valid allocation of Shares from those Brokers. It is a matter for Brokers as to how they allocate Shares among their eligible retail clients. The Brokers (and not the Company or the Lead Manager) will be responsible for ensuring that eligible retail clients who have received an allocation from them receive the relevant Shares.

There is no assurance that any person will be allocated any Shares or the number of Shares for which they apply under the Broker Firm Offer.

The Company reserves the right in its absolute discretion to not issue Shares to applicants under the Broker Firm Offer and may reject any application or allocate a lesser amount of Shares than those applied for at its absolute discretion.

The Company will not be liable to any person not allocated Shares or not allocated the full amount applied or bid for.

4.3.3 Priority Offer

Who can apply?

The Priority Offer is open to selected investors in Australia nominated by the Company in its sole discretion. If you are an applicant under the Priority Offer, you should have received a personalised invitation to apply for Shares under the Priority Offer. Investors who receive a personalised invitation from the Company will be treated as an applicant under the Priority Offer in respect of that allocation.

How to apply

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for Shares, you should follow the instructions on your personalised invitation. This will include instructions on how to access the Application Form.

Applications for Shares under the Priority Offer must be for a minimum of $2,000 worth of Shares (10,000 Shares) and thereafter in multiples of $500 (2,500 Shares) and payment for the Shares must be made in full at the Offer Price ($0.20 per Share). There is no maximum number or value of Shares that may be applied for under the Priority Offer. The Company reserves the right to scale back applicants under the Priority Offer in its absolute discretion. Any amount (greater than $2.00) applied for in excess of the amount allocated to you will be refunded in full (without interest).

If the amount of your BPAY® payment for application monies (or the amount for which those BPAY® payments clear in time for allocation) is insufficient to pay for the number of Shares you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared application monies will pay for (and to have specified that amount in your Application Form) or your application may be rejected.

If you are an applicant under the Priority Offer, you must pay for Shares applied for online by BPAY® by following the instructions on the online Application Form. It is the responsibility of the applicant to ensure payments are received by the Closing Date. If you make a BPAY® payment, your bank, credit union or building society may impose a limit on the amount that you can transact on BPAY® and policies with respect to timing for processing BPAY® transactions may vary between bank, credit union or building society.

Applicants making an online payment must use the specific biller code and the unique customer reference number (CRN) generated by the online application.

Allocation policy under the Priority Offer

Allocations under the Priority Offer will be at the absolute discretion of the Company.

4.4 Acknowledgements of Applicants

Each applicant under the Offer will be deemed to have:

(a) agreed to become a member of the Company and to be bound by the Constitution and the terms and conditions of the Offer;

(b) acknowledged having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;

(c) declared that all details and statements in their Application Form are complete and accurate;

(d) declared that the applicant(s), if a natural person, is/are over 18 years of age;

(e) acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;

(f) applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;

(g) agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus) or no Shares at all;

(h) authorised the Company, the Lead Manager and their respective officers or agents, to do anything on behalf of the applicant(s) necessary for Shares to be allocated to the applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;

(i) acknowledged that the Company does not intend to pay dividends in the near term and that any dividends paid in the future may not be franked as set out in Section 6.14;

(j) acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for applicant(s), given the investment objectives, financial situation and particular needs (including financial and taxation issues) of the applicant(s);

(k) declared that the applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer);

(l) acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and

(m) acknowledged and agreed that if the admission of the Company to the Official List of ASX does not occur for any reason, the Offer will not proceed.

4.5 Minimum Subscription

The minimum subscription to the Offer is $15,000,000 (**Minimum Subscription**), being full subscription.

If the Minimum Subscription has not been raised within four (4) months after the date of this Prospectus, or such period as varied by the ASIC, no Shares will be issued under the Offer and the Company will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

4.6 Oversubscriptions

No oversubscriptions above the Minimum Subscription will be accepted by the Company.

4.7 Underwriting

The Offer is not underwritten.

4.8 Conditions of the Offer

The Offer is conditional upon the following conditions being satisfied:

(a) the Minimum Subscription to the Offer being reached; and

(b) ASX granting conditional approval for the Company to be admitted to the Official List, (together, the **Conditions**).

If the Conditions are not satisfied then the Offer will not proceed and the Company will repay all application monies received under the Offer within the time prescribed under the Corporations Act, without interest.

4.9 Lead Manager

The Company has appointed Canaccord Genuity (Australia) Limited (AFSL 234666) (**Lead Manager**) as lead manager to the Offer.

Please refer to Section 10.2 for a summary of the fees payable to the Lead Manager and the terms of the Lead Manager Mandate.

The fees payable to the Lead Manager were negotiated on an arm's length basis.

4.10 Cleansing Offer

This Prospectus also contains an offer of up to 50 Shares at the Offer Price to raise up to $10 (**Cleansing Offer**).

The Cleansing Offer will open on the Opening Date and remain open until the Company's admission to the Official List, unless closed earlier by the Company, in its sole discretion.

The Cleansing Offer is being undertaken for the purposes of section 708A(11) of the Corporations Act to remove any restrictions on the sale of Shares issued by the Company on conversion of the Convertible Notes at a time when the Offer has closed but prior to the Company's admission to the Official List.

Applications for Shares under the Cleansing Offer should only be made if you are instructed to do so by the Company.

Prospective investors should note that the Cleansing Offer is only being undertaken for the specific purpose set out in this Section 4.10. Given the Cleansing Offer is not considered material, and as there is no intention to issue any Shares under the Cleansing Offer, the impacts of the Cleansing Offer on the Company's capital structure and its financial position have not been factored in or taken into account throughout this Prospectus (including to calculate diluted interests).

4.11 ASX listing

Application for Official Quotation by ASX of the Shares will be made within 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not grant Official Quotation of any Shares until the Company has complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be admitted to the Official List. Accordingly, the Shares may not be able to be traded for some time after the close of the Offer.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, no Shares will be issued under the Offer and the Company will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for subscription under this Prospectus.

4.12 Issue

Subject to the Minimum Subscription to the Offer being reached and ASX granting conditional approval for the Company to be admitted to the Official List (being, the Conditions set out in Section 4.8), issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. However, the Company will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

The Directors, in agreement with the Lead Manager, will determine the recipients of the Shares in their sole discretion in accordance with the allocation policies detailed in Sections 4.3.1 to 4.3.3.

Holding statements for Shares allocated to the Company's sponsored subregister and confirmation of allocation for Clearing House Electronic Subregister System (CHESS) holders will be mailed to applicants being allocated Shares under the Offer as soon as practicable after their issue.

4.13 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer or invitation to apply for Shares in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the acquisition of Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

4.14 Commissions payable

The Company reserves the right to pay commissions of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensees in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

The Lead Manager will be responsible for paying all commissions that the Lead Manager and the Company agree with any other licensed securities dealers or Australian financial services licensees out of the fees paid by the Company to the Lead Manager pursuant to the Lead Manager Mandate.

No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.

4.15 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all prospective applicants. As such, all prospective investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus or the reliance of any applicant on any part of the summary contained in this Section.

4.16 Discretion regarding the Offer

The Offer may be withdrawn at any time. If the Offer, or any part of it, does not proceed, all relevant application monies will be refunded (without interest) in accordance with applicable laws.

The Company and the Lead Manager also reserve the right to close the Offer (or any part of it) early, extend the Offer (or any part of it), accept late applications or bids either generally or in particular cases, reject any application or bid, or allocate to any applicant or bidder fewer Shares than applied or bid for.

INDUSTRY OVERVIEW

5. INDUSTRY OVERVIEW

5.1 Global Games Market

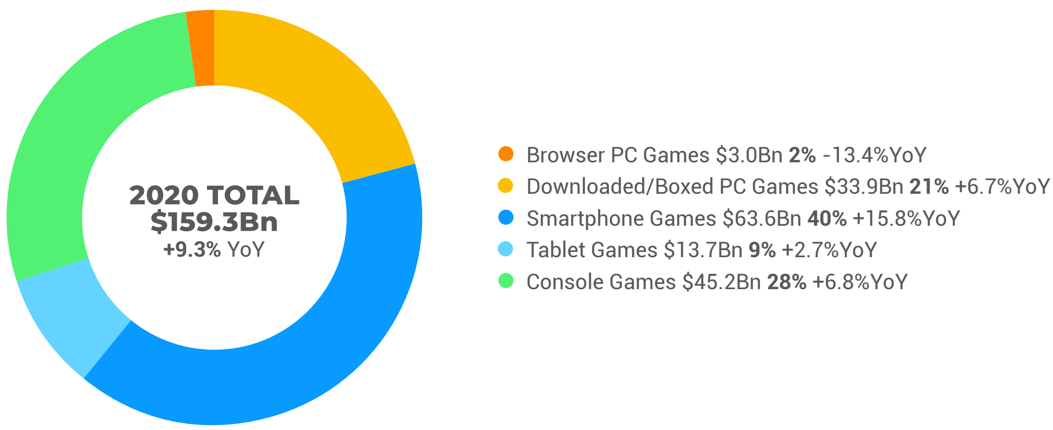
The global games industry is expected to generate revenues of US$159.3B in 2020. The largest segment of the games market is mobile gaming, which is forecast to generate revenues of US$77.2B in 2020, representing a growth rate of 13.3% year on year and a market share of 48.5%.

The console segment experienced more modest growth of 6.8% to US$45.2B in 2020, impacted by a slowdown ahead of the launch of the next generation of consoles by Sony and Microsoft in late 2020.

The mobile games segment has experienced stronger growth rates than the rest of the market. A key factor behind the popularity of mobile games is the accessibility for both developers, who face a lower level of complexity relative to console and PC games, and consumers, who are more likely to have access to a compatible system with which to play compared to other platforms. COVID-19 outbreaks and associated lockdowns and social restrictions are also likely to have contributed to a shift in demand towards mobile games through the forced closure of PC cafes in specific markets.

Mobile games have a significant base from which to drive growth, with 2.6 billion mobile gamers globally in 2020. The industry now faces the challenge of monetising this captive customer base, as only 38% of these consumers currently pay for games.

Figure 1: Estimated Global Games Revenue 2020 by Platform



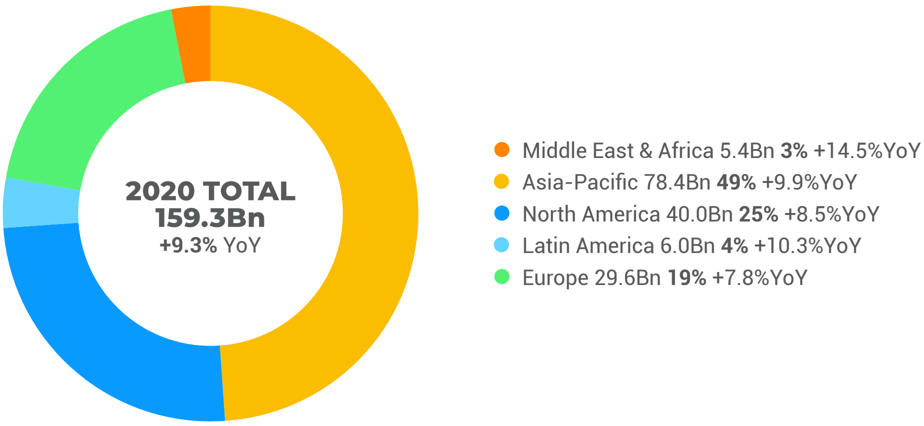
Source: Newzoo 2020 Global Games Market Report

5.2 Games Geographies

The largest market for games is the Asia-Pacific region which is expected to generate revenues of $78.4 billion in 2020, representing 49% of the global games market by revenue and 54% of total players. The region has an enhanced growth profile, recording 9.9% year on year growth versus 9.3% global growth.

Regions with established gaming markets include North America and Europe, which exhibit more sedate growth rates of 8.5% and 7.8% respectively. These markets combined represent over 43% of total revenues, but only 22% of total players, demonstrating the higher rate of revenue generation per user compared to growing markets.

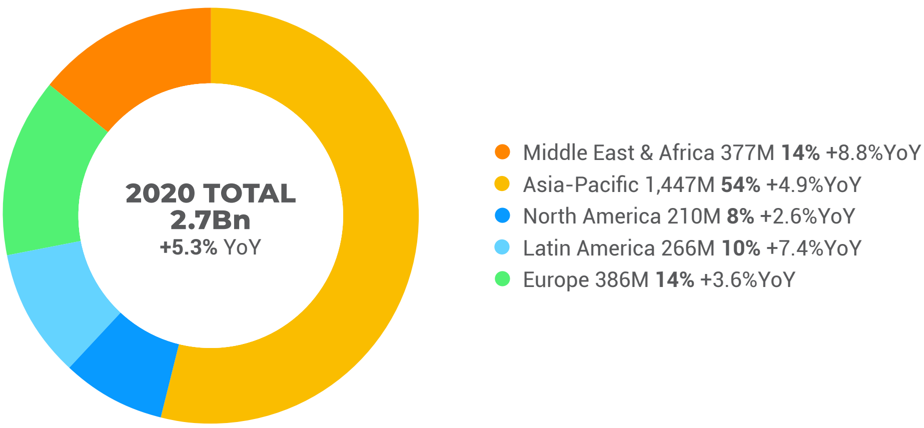
Figure 2: 2020 Global Games Market Per Region



Source: Newzoo 2020 Global Games Market Report

The largest geography by number of players is the Asia-Pacific market with over 1.4 billion participants, growing at 4.9% per annum. The regions experiencing the highest rates of growth are the Middle East and African markets with 377 million players, growing at 8.8% per annum. The European region makes up the second largest market globally with 386 million players growing at 3.6% per annum.

Figure 3: 2020 Global Players Per Region



Source: Newzoo 2020 Global Games Market Report

5.3 COVID-19 Impact

The COVID-19 pandemic has had a positive impact on the global games market. The World Health Organisation has promoted video games as a recommended social activity during COVID-19. The first quarter of 2020 saw record all-time highs for consumer spending, app engagement and downloads.

Like many other "virtual" industries, COVID-19 has accelerated the adoption of games in certain age demographics and has likely accelerated the overall growth of the market by several years.

5.4 Global Market Trends

The global games market is subject to a number of global trends that PlaySide expects will shape the industry over the coming years. Key industry drivers are detailed in Sections 5.4.1 to 5.4.3 below.

5.4.1 Platform agnostic game development

There is a trend towards game development becoming platform agnostic across mobile and console, with console manufacturers seeking to expand their addressable markets. As an example, the Xbox Series X and PlayStation 5 new console releases will be the first generation which focus extensively on cloud gaming and subscription-based monetisation models. PlaySide takes a platform agnostic approach to game development.

5.4.2 Global game development focus

Western games developers, particularly mobile developers, have long targeted the Chinese games market as the largest in the world by both revenues and number of players. The market remains a difficult one to enter and having partnerships with local publishers remains imperative. Local Chinese games developers have often experienced domestic success but have been unable to replicate this in Western markets until recently with Tencent's PUBG Mobile title being an example of this. Tencent is continuing to invest in Western games studios as it seeks to better cater to markets outside of China. PlaySide has relationships with existing Chinese publishers, including Yodo1, a company dedicated to providing a platform that allows talented developers to turn their games into successful businesses. Yodo1 has helped thousands of studios around the world to better market, monetize, and manage their games to better serve a player base of over 1.5 billion players. PlaySide has entered a co-development partnership to build and operate a unique game experience called Battle Balls Royale, generating over 5.39 million downloads since inception.

5.4.3 Games as a substitute for social media

Just as younger generations shunned traditional media for social media a decade ago, the industry is witnessing a similar movement away from social media for the more interactive experiences that gaming offers. The success of Steam on PC and now Twitch for Esports has highlighted that gaming has moved from a niche market into the mainstream. Games like Fortnite and Roblox have become places to "hang out" due to the use of chat services to increase engagement. High profile entertainers have hosted concerts in Fortnite whilst weddings and graduations have been celebrated within game worlds. The concept of a metaverse often described in science fiction novels is increasingly becoming a likely reality in coming years.

5.5 Competitive Landscape

The global gaming market is diverse and highly competitive, with competitors ranging from established entertainment companies to emerging start-ups. The industry is dominated by a number of larger established companies and in 2019 the top 50 companies accounted for 85% of the entire global games market.

The competitive global landscape is broad and diverse especially in mobile development with key competitors including, but not being limited to, the following hyper-casual and casual development studios and game publishers:

(a) Zynga: A San Francisco based NASDAQ listed company with a focus on mobile casual games.

(b) Glu: A San Francisco based NASDAQ listed company with a focus on mobile casual games.

(c) Voodoo: A Paris based privately held company with a focus on mobile hyper-casual games.

(d) Lion Studios: A San Francisco based privately held company with a focus on mobile hyper-casual games.

These development studios and game publishers are all large foreign entities that operate in similar market segments to PlaySide.

Additional key global developers in this category include EA Games, Activision and Bandai Namco, who have produced well known series such as FIFA, NBA2k, Call of Duty, Crash Bandicoot, Pacman and Dark Souls.

PlaySide

COMPANY OVERVIEW

6. COMPANY OVERVIEW

6.1 Overview of PlaySide

PlaySide is one of Australia's largest independent video game developers, with titles across a range of categories including self-published games based on original intellectual property (IP) and games developed in conjunction with major Hollywood studios such as Disney, Warner Bros and Nickelodeon.

PlaySide is based in Melbourne, Australia and has a team of over 70 games creators and other staff. The Company's portfolio consists of 52 titles delivered across 4 platforms: Mobile, Virtual Reality (VR), Augmented Reality (AR) and PC.

PlaySide's games target a broad demographic of potential players. PlaySide does so by developing games with varying levels of depth of gameplay, catering for both casual and serious players. PlaySide categorises mobile games into three categories: hyper-casual, casual and core. These categories have a progressive increase in complexity of gameplay and varying pricing strategies to maximise commercial success once launched, with ongoing enhancements made to both gameplay and monetisation strategies based on feedback and analysis by the data analytics team.

The Company markets its games through traditional mobile channels including the Apple and Google Play app stores. The Company has a strong track record of having PlaySide games featured on these platforms.

On completion of the Offer, PlaySide intends to scale its business, targeting international business development expansion by opening a sales office in Los Angeles and broadening its product offering to target new exciting opportunities over a range of platforms and game genres.

6.2 History

PlaySide was incorporated on 14 December 2011, with a guiding principle to develop high quality mobile video games. The Company's first title was "Catch The Ark" which received critical acclaim for its quality and design and captured the attention of major Hollywood studios, allowing PlaySide to establish a Brands and Licensing division in 2013 and commence developing games with media and entertainment companies.

Over the following years PlaySide worked on numerous titles such as Moshi Monsters, SpongeBob, LEGO Batman for global brands including Nickelodeon, Warner Bros and Paramount. PlaySide's focus on high quality games has resulted in the Company fostering strong relationships with several major studios with the most recent success the 'Cars: Lightning League' mobile title which coincided with the Cars 3 Movie release by Disney Pixar.

During 2015, PlaySide began to integrate an advertising-based monetisation strategy into its games in a more systemised manner. This culminated in the release of the original IP game 'Bouncy Bits', developed with a core gameplay loop that facilitated advertising impressions. Following the success of 'Bouncy Bits', PlaySide commenced a series of free to play, advertising driven games under the "Bits" franchise, which proved to be the launchpad for PlaySide's entry into the hyper-casual genre. Details of PlaySide's portfolio of games are detailed in Section 6.3.

The Company has also produced titles in both Virtual Reality (VR) and Augmented Reality (AR), by release of 'Zombie Riot' and 'AR Dragon' titles respectively.

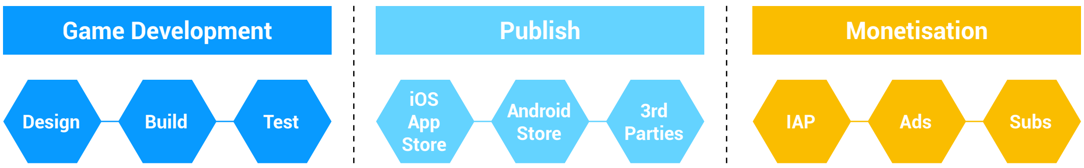
Table 1 below sets out some of PlaySide's key milestones since inception:

Table 1:
PlaySide Key Milestones

Date	Event
December 2011	PlaySide is incorporated
September 2012	Signed publishing deal with EA/Chillingo (publisher of Angry Birds) to launch first key title 'Catch the Ark'
May 2013	First work for hire deal with Mind Candy to develop 'Moshi Karts'
May 2014	Obtained major work for hire deal with global production studio Nickelodeon for 'SpongeBob: Sponge On The Run'
January 2015	Obtained major work for hire deal with global production studio Warner Bros for 'Pan: Escape to Neverland' and 'The LEGO Batman Movie Game'
April 2016	Development agreement signed for Disney/Pixar for 'Cars: Lightning League' mobile title which launched in conjunction with the release of the Cars 3 movie
August 2016	Launched PlaySide's first Match-3 title 'Kubo' that accompanied the movie release 'Kubo and the Two Strings'
September 2017	PlaySide enters the Augmented Reality space with 'AR Dragon', receiving global critical acclaim
May 2018	Developed key original IP with 'Bits' & 'Ropes' franchises with release of the final title in the franchise, 'Bouncy Ropes'. Both franchises a resounding success recording a total of 21.4m downloads across the various titles
June 2018	PlaySide achieved A$5M of annual revenue for the first time
August 2019	Commenced enhanced User Acquisition strategy with 'Monkey Ropes', holding the US top chart position
September 2020	Launch of 'Animal Warfare' a casual game developed from original IP that achieved 1.5m+ downloads in the first 45 days post launch

6.3 Product Overview

6.3.1 Game Development



PlaySide manages game development according to the style and scale of the title. In a typical game development process, designers scope each individual project depending on the client requirements, which varies between original IP to specific Brands and Licensing deals. The design team works with producers who manage the project through to completion and publishing. A team of artists will assist in the development of 2D and 3D graphics, including objects, characters and environments. Once complete, the engineering team will develop the software code for gameplay before the quality assurance team are engaged to test games to reduce errors prior to publishing. The process of refining the game mechanics and revenue optimisation can continue after initial release.

PlaySide publishes its games across all major mobile platforms, with the iOS and Android app stores being key distribution channels. PlaySide also makes use of third-party publishers in China, which tends to be a specialised market where strong local relationships are imperative.

PlaySide earns revenue from in-app purchases, advertising and subscriptions. PlaySide also earns income from development fees under agreements with third parties in its Brands and Licensing and Partnerships divisions. The Company's business model is described in Section 6.4.

6.3.2 Core Business Units

The Company undertakes game development activities across three core business lines being original IP, Brands and Licensing and Partnerships, whilst also having a direct investment in Esports.

The Company's sales revenue for FY20 generated across these business lines is set out in figure 4 below.

In addition to PlaySide's sales revenue, the Company earned $0.924m in the form of Government grants predominately recurring in nature relating to R&D tax incentive and the export market development grant. In accordance with AASB 120 these grants are to be recognised as income.

(a) Original IP

PlaySide's primary focus is on creating its own games using original IP developed internally and delivered across mobile, VR and AR platforms.

PlaySide has launched over 20 original mobile game titles since inception, including 'Animal Warfare', 'Monkey Ropes' and 'Ghost Pop'. 'Monkey Ropes' reached the top 10 and 'Ghost Pop' reached the top 30 in the global App Store game charts for several consecutive weeks. The Company's original IP titles have collectively amassed over 35 million downloads.

In addition, PlaySide has released titles across both VR and AR platforms. Notable releases include 'Zombie Riot' and 'AR Dragon', which were early to market in VR and AR respectively, displaying PlaySide's multi-platform capabilities.

Figure 4: FY20 Sales Revenue Contribution

Table 2 below sets out PlaySide's most popular original IP titles.

Title	Launch Date	Platform	Downloads	Game Status
Bouncy Bits	Apr 15	iOS / Android	1.5M	Active
Fishy Bits	Sept 15	iOS	0.9M	Active
Icy Ropes	Nov 16	iOS / Android	8.2M	Active
Monkey Ropes	Jun 17	iOS / Android	7.1M	Active
AR Dragon	Sept 17	iOS	3.5M	Active
Drift It	Nov 17	iOS / Android	2.5M	Active
Fishy Bits 2	Dec 17	iOS / Android	3.7M	Active
Ghost Pop	Apr 18	iOS / Android	1.9M	Active
Safe Zone	Apr 19	iOS / Android	2.4M	Active
Animal Warfare	Sept 20	iOS / Android	3.5M	Active
Total			35.2M	

Table 2:
Original IP Releases

(b) Brands and Licensing

PlaySide's Brands and Licensing division is focused on contracted game development for the entertainment industry. Key clients in this division have included Hollywood movie studios such as Disney, Warner Bros, Sony and a range of other movie studios and entertainment companies. Games in this division are designed to leverage existing brands with strong recognition in the gaming community to gain immediate recognition and benefit from the marketing efforts of these major studios around the time of release for movies and prior to the release of any game. PlaySide has developed many well-known Hollywood movie franchise games such as Batman, Cars 3, Jumanji and Teenage Mutant Ninja Turtles.

Projects in this division vary in duration depending on the type of game that PlaySide is contracted to produce. A casual game contract term is usually between 6 to 8 months. In the case of a more complex core title, the contract term is approximately 12 months. The payment terms are generally fixed price and deliverable-based, where the intellectual property rights of the game product pass to the movie studio or publisher at the conclusion of the engagement. PlaySide may also undertake post launch enhancements called Live Operations under contracts that typically range from 3 to 12 months in duration. The intent with Live Operations contracts is to increase the number of users and retain those users by creating regular game enhancements as well as fixing minor issues that arise post launch.

Table 3 below sets out PlaySide's key Brands and Licensing titles:

Brand	Title	Launch Date	Platform
Laika / 5th Journey	Kubo: Samurai Quest	Aug 16	iOS / Android
Warner Brothers	Lego Batman: Movie Game	Feb 17	iOS / Android
Spin Master	Hatchimals: Collectibles	May 17	iOS / Android
Disney	Cars: Lightning League	Jun 17	iOS / Android
Metro Trains	Dumb Ways to Die 3	Dec 17	iOS / Android
Skydance	Archangel: Hellfire	Jul 18	PC
Nickelodeon	TMNT: Ninja Run	Mar 19	iOS
Metro Trains	Dumb Ways to Draw	May 19	iOS / Android
Sony / Crazy Labs	Jumanji Epic Run	Sept 19	iOS / Android
AMC / Skydance	Walking Dead: Saints and Sinners	Jan 20	PC

Table 3:
Brands and
Licensing Releases

PlaySide intends to leverage its relationships with major movie studios to secure the rights to produce new games based on large movie franchises as they become available.

(c) Partnerships

PlaySide has identified opportunities in the games industry to partner with leading influencers who have a presence on social media platforms (such as YouTube). These influencers often have large, loyal fan-bases, many of whom fit the key demographics as potential PlaySide gamers.

PlaySide aims to work with these partners to develop games using the influencer's branding. The objective for PlaySide is the alignment of incentives where the influencer provides marketing post-launch to a captive prospective customer base. The type and scale of promotion on social media platforms varies for each game on a case by case basis.

Key partnerships that PlaySide is currently engaged in include:

(i) Pocket Watch (through its p.w games subsidiary) to develop a series of mobile video games backed by social media influencers. The most notable is with Ryan's World Channel which has 26.7 million subscribers on YouTube as of 13 November 2020 and has achieved more than 41 billion views. 'Ryan's Mystery Playdate BLAST!' is currently soft launched in the Philippines and updates will be developed as preparation for commercial launch continues.

(ii) The Norris Nuts family, who are an Australian family with an audience of 5.05 million subscribers on YouTube. PlaySide is developing a role-playing game called 'World of Pets' in collaboration with the Norris Nuts family on the PC platform.

(iii) Sensations LLC has partnered with PlaySide to create a mobile game titled 'Sensations' based on the popular trend on YouTube known as Autonomous Sensory Meridian Response or ASMR. ASMR has been described as "the experience of tingling sensations in the crown of the head, in response to a range of audio-visual triggers such as whispering, chewing, or tapping".

(iv) PlaySide has a partnership with Yodo1, a company that has helped thousands of studios around the world to better market, monetise, and manage their games to better serve a player base of over 1.5 billion players. PlaySide has entered a co-development partnership to build and operate a unique game experience called 'Battle Balls Royale'.

(v) GoGallop Studios, a leading Australian Mobile publisher of licensed equestrian sport games has partnered with PlaySide to develop 'Equestriad: World Tour' whereby players can care for and train horses and compete online in equestrian events that include show jumping, cross country and dressage.

Table 4 below sets out PlaySide's Partnerships titles

Table 4: Partnerships Titles

Title	Partner	Launch Date	Platform	Downloads	Game Status[1,2]
Battle Balls Royale	Yodo1	TBA	iOS/Android	5.39m	Soft Launch
Norris: World of Pets	Norris Nuts	TBA	PC	-	Closed Beta
Ryan's Mystery Play Date Blast!	Pocket Watch	TBA	iOS/Android	-	Soft Launch
Sensations	Sensations LLC	Oct 20	iOS/Android	-	Launch
Equestriad: World Tour	Go Gallop	Nov 20	iOS/Android	-	Soft Launch

Notes:

1. Closed Beta: release to a select group of users for testing purposes in a live environment.
2. Soft Launch: release to a select geography or geographies in a live environment used for the purposes of testing a larger set of users than a Closed Beta test.

(d) E-Sports

PlaySide has a 26.6% strategic shareholding in Digital Business Holdings Pty Ltd (trading as **BIG Esports**) which was acquired in June 2020 and provides the Company with insights into current and future trends within the Esports gaming space.

The investment in BIG Esports is consistent with PlaySide's philosophy of being at the forefront of games technology. The Company believes that the Esports market will continue to experience rapid growth, driven by the global phenomenon of games such as Fortnite and DOTA which have transformed the gaming landscape and offer players a way to use their skills to earn significant income.

BIG Esports provides education and advice on the Esports industry to large consumer brands as they attempt to navigate this new medium in order to target the key millennial demographic.

Whilst the Esports market attracts significant interest and is experiencing rapid growth, the Company considers the market to be in the very early stages of its development and views the investment in BIG Esports as long term and strategic in nature.

Although the investment in BIG Esports is not currently generating returns for PlaySide, the investment is strategic in nature to provide access to key influencers in the market, build strategic longer term relationships and be poised to capture profitable revenue streams as the market matures

6.3.3 Game Categories

Within PlaySide's business divisions mobile game development strategy focuses on 3 game categories: hyper-casual, casual and core. Each category offers varying levels of dynamics, player engagement and depth of gameplay and targets a specific demographic of player. The variety of games produced by PlaySide is designed to maximise PlaySide's profile across a broad range of potential users.

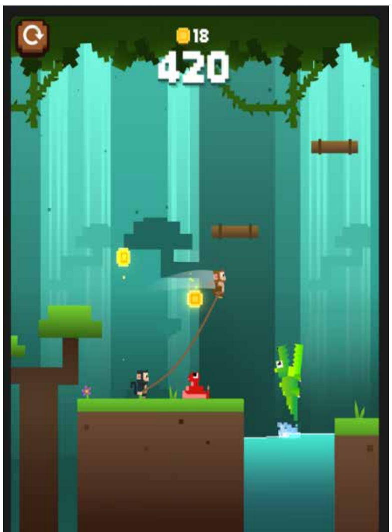
(a) Hyper-Casual

Hyper-casual games are characterised by simplistic gaming experiences that provide immediate satisfaction for gamers. The quick and uncomplicated nature of hyper-casual games means they provide instant enjoyment.

An inexperienced player can start the game, quickly understand the objective and play with purpose almost immediately and without the need for instruction or gaming experience.

PlaySide has successfully developed 14 hyper-casual titles including 'Icy Ropes', 'Monkey Ropes', 'Drift It' and 'Catch the Ark'.

Image 1: Monkey Ropes original IP hyper-casual title



(b) Casual

Casual games are mobile games that are targeted at a mass market audience and can exhibit any type of gameplay. These games tend to have a greater depth in gameplay and length of session compared to hyper-casual games.

Players are not required to put in significant effort to play, win and enjoy. Casual games do not require the gamer to invest large amounts of time to learn the objectives and technicalities of the game.

PlaySide has worked on 28 casual titles including 'Animal Warfare', 'Jumanji: Epic Run', 'AR Dragon' and 'Dumb Ways To Die'.

Image 2: Animal Warfare PlaySide original IP casual title

(c) Core

Core games are mobile games that have more significant depth of gameplay and are targeted at serious gamers seeking a challenging, often multi-player experience. Core gamers are less cost sensitive as they are more heavily invested in the gaming experience than gamers in more casual game categories.

As the mobile gaming market has grown and matured over the past decade the core category has become the dominant segment of the market. Mobile titles such as 'Clash of Clans' and 'LORDS' have demonstrated that core titles have the potential to earn significantly higher revenue than other categories. Refer to the Core Industry insight diagram (Image 3) below.

PlaySide has developed core titles for large partners including 'Kubo: A Samurai Quest' and 'Equestriad World Tour' and PlaySide has developed its own core title 'SafeZone'. PlaySide has the expertise and data to create more of its own core game titles and intends to place additional focus on the core genre in the future as it is the most profitable gaming genre with the highest lifetime values, premium margins and a global audience.

"CORE is the leading genre for revenue"

Clash of Clans, $6.4bn since launch

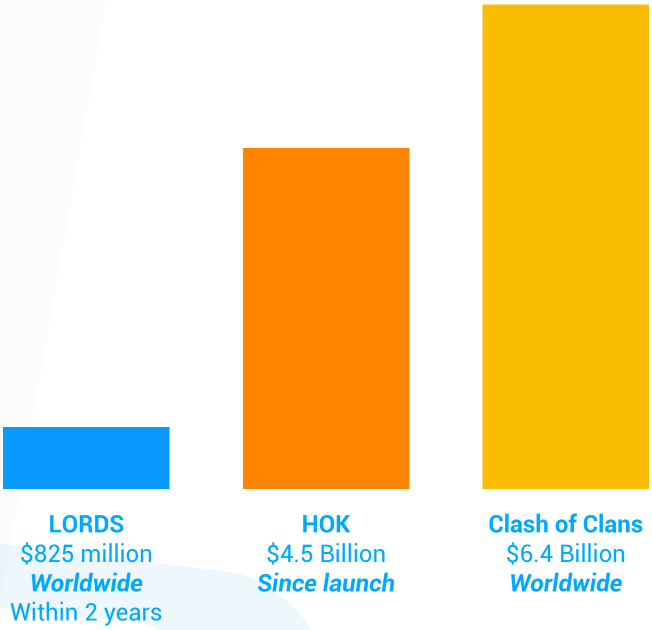


Image 3: Core Industry Insight

6.3.4 Video Game Platforms

PlaySide was founded as a pure mobile games studio and has developed free to play mobile games since inception, and which will remain a key focus. As the gaming landscape evolves, PlaySide intends to explore additional platforms for game development. The Company has already released both Augmented Reality (AR) and Virtual Reality (VR) titles and is currently developing a new PC title aimed at serious gamers.

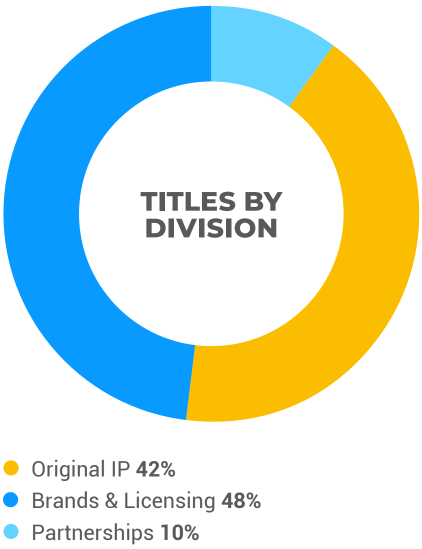


Figure 5: PlaySide Titles by division

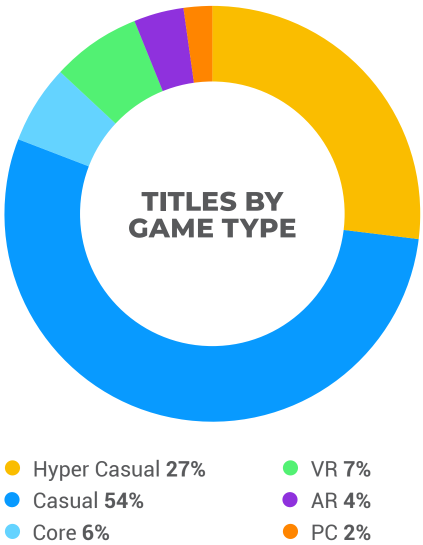


Figure 6: PlaySide Titles by Game Type

Figures 5 and 6 above show the segmentation of the 52 titles by both division and game type developed by PlaySide. Five of the 52 titles are currently in a pre-launch phase.

(a) Mobile

Mobile games represent more than 90% of all titles developed by PlaySide. Most mobile phones run on either iOS or Android operating systems, and PlaySide caters to these markets through the Apple App Store and Google Play Store. PlaySide acts as a global publisher by releasing its games on both iOS and Android operating platforms.

PlaySide games have been featured on the main page of the Apple App Store and the Google Play Store due to the high quality of the titles. Both Apple and Google stores determine the games that are featured, and this discretion is based on popularity of the game in that region.

(b) VR

Virtual Reality (VR) is a growing market segment, with the technology becoming increasingly mainstream in gaming circles. PlaySide launched VR game 'Zombie Riot' in May 2017. The success of 'Zombie Riot' paved the way for PlaySide's deeper involvement in VR, most notably working on games in conjunction with Skydance Interactive. Skydance Interactive creates and publishes original virtual reality, PC and console games and is part of Skydance Media, a diverse media and entertainment company. This co-development agreement included the titles 'Archangel' and its multiplayer sequel, 'Archangel Hellfire' which were both released in 2017.

PlaySide's most recent project in VR was again with Skydance Interactive on 'The Walking Dead: Saints & Sinners' which was released in 2020.

(c) AR

PlaySide commenced working on Augmented Reality (AR) on Apple's announcement of the technology which was to be a feature of the next generation version of iOS (iOS 11) in 2017.

'AR Dragon' was launched exclusively on iOS in 2017 and was the number one ARKit game globally, during the first 6 months following launch. In 2018, PlaySide released 'AR Robot', introducing multiplayer features which allowed players to have their robots battle each other in real time in a common area.

PlaySide believes in AR technology and will continue to innovate on this platform as new generations of the technology are developed.

(d) PC

PlaySide plans to launch its first PC title 'World of Pets' in partnership with the Norris Nuts Family in January 2021, which is currently in a closed beta test phase. 'World of Pets' is a massive multiplayer online (MMO) game. These genres permit many players, often hundreds or thousands, on the same server to cooperate and compete with each other on a large scale. An example of a well-known MMO is Fortnite.

6.4 Business Model

6.4.1 Revenue

PlaySide generates the majority of its revenue from mobile games. PlaySide's Brands and Licensing division currently generates the highest revenue followed by the Partnerships division.

In the Brands and Licensing division, revenue is generated via work for hire fixed price contracts which generally lead to a separate fixed term live operations contract for post launch support, maintenance and development services (such as enhancements and other content creation services).

In the Partnership division, engagements generally have a game development component which is structured under a fixed price contract until launch of the game with a revenue share model usually commencing post launch. PlaySide may also be engaged by partners to provide post launch support, maintenance and development service under fixed term live operations contracts.

PlaySide's original IP division generates revenue from in-app advertisements, in-app purchases and in-app subscriptions.

In-app purchases provide an opportunity for the user to access additional features within a game. The player makes a purchase to unlock new visuals such as characters, costumes or weapons.

In-app advertising takes the form of banners and videos that play in between levels of gameplay or at regular intervals throughout the game experience. It is also common practice to include rewarded advertisements that are watched at the election of the user in exchange for additional features. PlaySide works with a number of advertising networks such as Facebook, ironSource, and Applovin in respect of the placement on in-game advertisements.

In-app subscriptions are a growing source of revenue for PlaySide and the industry. These subscriptions allow users to access restricted content within the game by paying a monthly subscription. PlaySide has introduced this revenue model in games such as Animal Warfare and 'AR Robot' and is moving to include this revenue model across many of its new titles to be released in FY21.

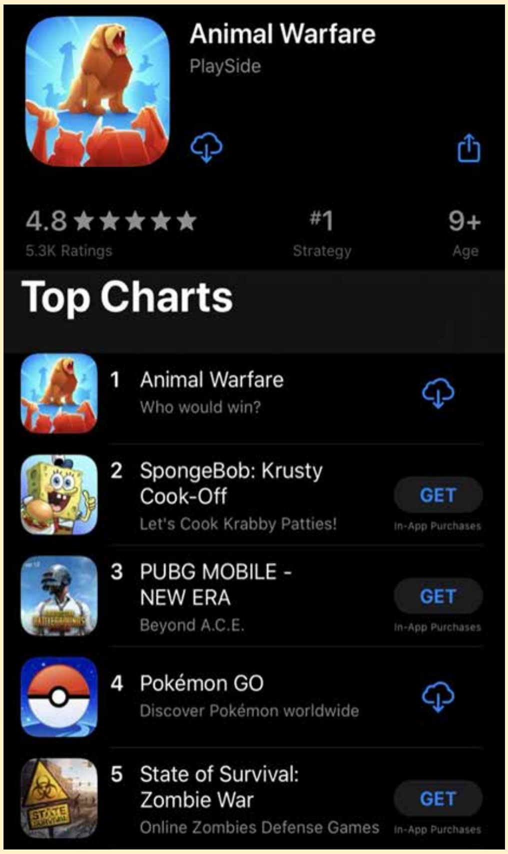
CASE STUDY: MOBILE MONETISATION STRATEGY – 'ANIMAL WARFARE'

'Animal Warfare' is PlaySide's most recent title, released in September 2020. 'Animal Warfare' implements the three most commonly used sources of revenue generation, in-app purchases, in-app advertising and in-app subscriptions.

Throughout the soft launch period which commenced in August 2020, the Company optimised the user acquisition strategy to more cost effectively attract new users to the game and improve user retention. This was achieved by introducing new levels and environments to the game as well as new animal characters that are made available as the user moves through the levels. Rewards are made available that provide bonuses to users such as accelerated access to new animals or coins and gems, the latter of which can be redeemed for animal upgrades or new animals.

This strategy acts to retain users and PlaySide has continued to enhance aspects of gameplay and make further improvements post-launch to ensure key performance indicators are met to maximise the game's lifetime earnings.

During September 2020, 'Animal Warfare' reached the number 1 ranking on the US Apple App Store in the Strategy Games category and number 25 on the US Apple App Store Overall Games charts. During October 2020, 'Animal Warfare' reached the number 1 ranking on the US Google Play Store in the Strategy Games category.



CASE STUDY: MOBILE MONETISATION STRATEGY – 'MONKEY ROPES'

'Monkey Ropes' is the sequel to the successful PlaySide title, 'Icy Ropes'. Launched in 2017 this hyper-casual title has achieved 7.1M downloads across both the Apple App Store and the Google Play Store.

In this game, two monkeys tethered by a single rope are independently controlled one after another. The objective is to move through the environment, avoiding obstacles and the wildlife of the jungle to see how far the player can advance.

'Monkey Ropes' monetises its users with an advanced advertising strategy which utilises a combination of ad placements shown to the user in the game which in-turn earn revenues for PlaySide.

'Monkey Ropes' includes rewarded ads, interstitials and banners. Interstitials make up the largest proportion of revenue from the title. Rewarded videos are used to allow unlocking of characters and to continue to progress if the player fails during the level. In addition, characters can be purchased via in-app purchases as well as having the ability to remove non-opt-in ads.

6.4.2 Key Operating Costs

PlaySide's primary cost of sales are staffing expenses and overheads, user acquisition marketing costs, software and hardware expenses for development operations as well as lease premises and outgoings.

6.5 Growth Strategy

PlaySide intends to pursue a strategy of developing new titles across its core business divisions, leverage off BIG Esports to provide it with exposure to the rapidly growing Esports sector, pursue local and international workforce expansion and expand partnerships with Chinese publishers on PlaySide's original IP to maintain consistent revenue streams.

6.5.1 Game Releases

The Company has laid out a development road-map for FY21, outlining its strategy for developing a blend of hyper-casual, casual, core and PC/console games to ensure a constant flow of predictable revenue.

(a) Brands and Licensing

PlaySide will seek to build on existing relationships and will target new global relationships to add to its existing portfolio of titles. These will include targeting new brand license opportunities with movie studios and streaming providers with the aim of developing 2 to 3 new game titles over the next 12 to 18 months.

(b) Original IP

A key target growth area for PlaySide in FY21 is in the development of original IP games. The Company plans to release:

(i) 4-6 titles in the hyper-casual segment during FY21. These are rapid development and release cycle games that usually take between 6 to 8 weeks to complete;

(ii) 4 titles in the casual games segment during FY21; and

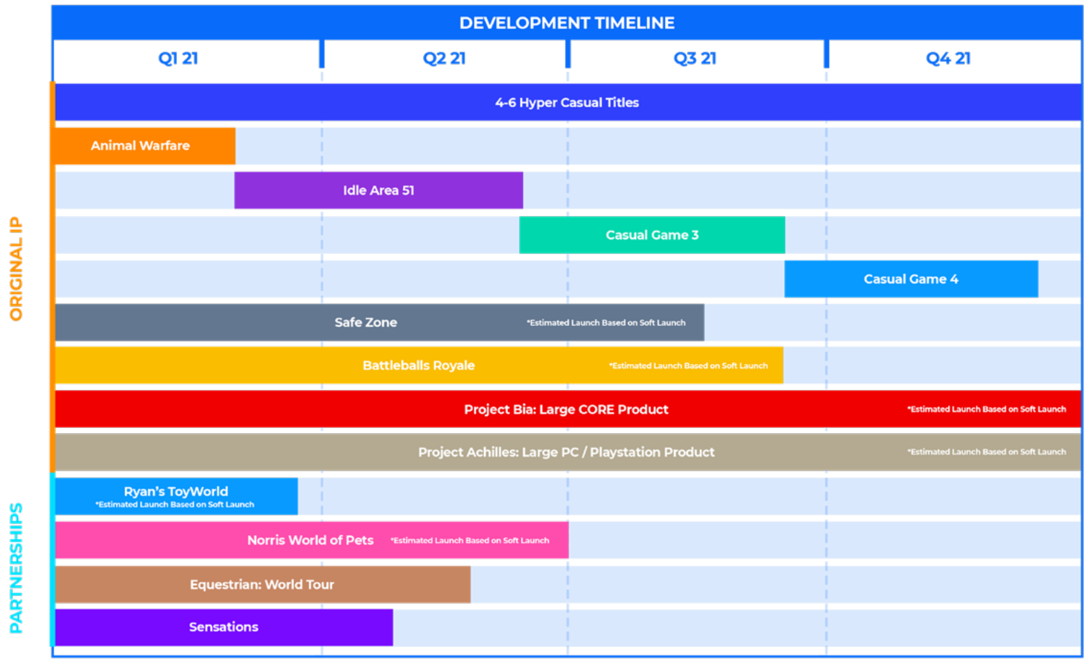
(iii) 1 title in the core games segment, with the aim of soft launching this in the last quarter of FY21.

PlaySide intends to make enhancements to its Safe Zone core title to improve user retention as it progresses through soft launch during FY21. PlaySide is also planning the development of a PC/Console Real Time Strategy game which is targeted to soft launch towards the end of FY21.

(c) Partnerships

As set out in Section 6.3.2(c), PlaySide is actively developing mobile games in partnership with several leading social media influencers.

Underpinning the releases across all categories will be strategic and targeted techniques to maximise downloads, enhance user retention, and ensure attractive returns on investment of all titles.



Note: this is a current statement of intentions only. PlaySide's games road-map and development strategies is subject to change at the discretion of the Board.

6.5.2 Esports

PlaySide intends to utilise its interest in BIG Esports to provide it with exposure to the rapidly growing Esports sector and leverage key synergies for cross-promotion between the two businesses as they increase their public profiles.

PlaySide intends to seek partnerships with influencers to provide strategic marketing support for certain PlaySide original IP titles proposed to be developed during FY21. PlaySide views Esports engagement as a key opportunity to gain first mover advantage in niche genres and explore new and innovative monetisation opportunities.

6.5.3 International Expansion

PlaySide intends to establish a business development office in Los Angeles in FY21. The Company believes it will benefit from being closer to many of its existing clients, and it expects a L.A. based studio will help broaden its international profile.

6.5.4 Expansion of PlaySide's Workforce

PlaySide has 71 staff, 64 of which are dedicated to the development studio across design, art, engineering, and production disciplines.

As part of the use of funds raised under the Offer, PlaySide intends to expand its workforce from 71 to over 100 employees over the next 12 months as PlaySide scales up its activities to meet the demand of original IP development and targeted brands and licensing and partnership deals.

6.5.5 M&A Activity

PlaySide may consider acquisitions in the coming years. Potential targets could include game titles or game studios in Australia and Asia. The acquisition of an additional game studio may allow PlaySide to more rapidly increase game development capacity and add immediate capabilities in niche genres and game categories should PlaySide identify developing trends in the industry. No specific acquisitions are currently being considered.

6.5.6 Additional Growth Opportunities

In order to publish games in China, there is a requirement to partner with a government approved Chinese publisher. Games are localised in terms of language and currency for the Chinese mobile games market by local publishers. PlaySide has a track record in partnering with Chinese publishers having previously published 5 games released in the Chinese mobile games market. PlaySide will seek to expand these relationships to deepen its penetration into the Chinese mobile games market with new original IP titles. The Chinese mobile games market is the largest in the world and exhibits one of the fastest growth rates. The Company is actively engaged in increasing the revenues derived from the Chinese mobile games market.

6.6 Technology and Intellectual Property

6.6.1 Infrastructure

PlaySide has a scalable suite of hardware and software solutions optimised for the games development environment. The Company's IT hardware infrastructure consists of a central server for the Company's file storage solution with a highly scalable, virtualised machine to manage data-intensive applications.

PlaySide's server is backed up daily on-site with a weekly backup to remote cloud servers to reduce the risk of any major loss of data in the event of a cyber-attack or server failure. PlaySide has commenced use of Atlassian's BitBucket cloud solution which allows the development studio to scale as projects and teams size increase. The intention is to move more projects across to this infrastructure in FY21.

PlaySide leverages a bespoke Git server which is primarily used for version control of files that development staff use for most ongoing projects. The source art and audio are housed on the Git server.

PlaySide utilises a broad range of commercially available software for specific development purposes.

6.6.2 Intellectual Property

PlaySide core intellectual property includes the source code for each of the Company's titles and any development tools or technologies created to aid or assist in the development of these titles. To protect its intellectual property, PlaySide has put in place the following procedures:

(a) Copyright: PlaySide asserts copyright on all software created by PlaySide and its employees;

(b) Contractual terms and conditions of employment: PlaySide requires its employees to sign standard agreements that cover an acceptable infrastructure and software use policy, intellectual property protection and non-disclosure; and

(c) Trademarks and legal counsel: PlaySide has employed external counsel to register its name and logo as registered trademarks in Australia.

6.7 Significant dependencies

The key factors that the Company will depend on to meet its objectives are:

(a) The ability to continually protect PlaySide's technology and intellectual property interests;

(b) The ability to continue to successfully develop new game ideas and enhance existing games that resonate with market demand, which is constantly changing;

(c) Retention and development of PlaySide's existing specialised workforce and recruitment of additional qualified personnel for expansion activities across a range of disciplines, including game design, production, art, quality assurance and engineering;

(d) The continued access to and availability of distribution channels for the promotion, distribution and operation of PlaySide's games, particularly virtual app stores, including the Google Play Store for Android and the Apple App Store for iOS;

(e) The ability to successfully secure new engagements under PlaySide's Brands and Licensing and Partnership divisions and monetise on those projects;

(f) Identification of key influencer partnership opportunities and suitable game concepts as well as securing sufficient and consistent marketing and promotion investment by the influencer; and

(g) The global games industry continuing to grow.

6.8 Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves post-admission, over the first two years following admission of the Company to the Official List of ASX as follows:

	Funding Allocation ($)	Percentage of Funds (%)
Source of funds		
Existing cash reserves[1]	519,502	3.35
Funds raised from the Offer	15,000,000	96.65
Total	**$15,519,502**	**100.00%**
Allocation of funds		
Expand Data and Analytics Team	1,000,000	6.44
Sales and Marketing (including User Acquisition)	4,000,000	25.77
Brand Licensing	3,000,000	19.33
Additional resources, licensing and technology for development of new and existing titles	1,500,000	9.67
Funds to pursue future growth opportunities (including, potential acquisitions)	2,000,000	12.89
Interest accrued on Convertible Notes[2]	55,000	0.35
Expenses of the Offer[3]	1,350,000	8.70
Corporate and administration costs[4]	800,000	5.15
Working capital	1,814,502	11.70
Total	**$15,519,502**	**100.00%**

Notes:

1. Refer to the Financial Information set out in Section 7 for further details. The Company intends to apply these funds towards the purposes set out in this table, including the payment of the expenses of the Offer of which various amounts will be payable prior to completion of the Offer. Since 30 June 2020, the Company has expended approximately $145,000 in progressing and preparing the Prospectus.
2. Payment of total accrued interest on the Convertible Notes issued by the Company. In the event of an IPO, the principal amount of the Convertible Notes is to convert into Shares upon PlaySide receiving conditional approval from ASX for PlaySide to be admitted to the Official List in a form (and on terms and conditions) acceptable to PlaySide, while the interest component is payable in cash. The total amount of interest payable is estimated to be $55,000 based on Convertible Notes with a total face value of $3,050,000 on issue for approximately 3 months. Please refer to Section 10.1 for further details of the Convertible Notes on issue and the Convertible Note Agreements entered into between the Company and Convertible Noteholders.
3. Refer to Section 11.9 for further details.
4. Administration costs include the general costs associated with the management and operation of the Company's business including administration expenses, management salaries, directors' fees and salaries, rent and other associated costs.

The above table is a statement of current intentions as of the date of this Prospectus. Prospective investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on various intervening events and new circumstances, including the outcome of operational and development activities, regulatory developments and market and general economic conditions. Accordingly, the Board reserves the right to alter the way funds are applied.

The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives as detailed in this Prospectus. However, it should be noted that an investment in the Company is speculative and prospective investors are encouraged to read the risk factors set out in Section 8.

Future capital requirements will depend on a number of factors, including, without limitation, PlaySide's commercial success from new and existing games, investment in technologies and software to anticipate and respond to technological advancements and changes within the mobile gaming industry, funding to grow PlaySide's development studio across design, art, engineering, and production disciplines and other technical resources, funding for sales and marketing strategies and promotional activities and funding to pursue acquisition opportunities identified. The Board will consider the use of further debt or equity funding where it is appropriate based on future capital requirements, to accelerate growth or explore business initiatives.

6.9 Shareholding Structure

Shareholdings of the Existing Shareholders as at the date of this Prospectus and on completion of the Offer is set out in the table below.

	Date of Prospectus		Completion of Offer	
Shareholder	Shares	% of Shares (undiluted)	Shares	% of Shares (undiluted)
Atlantis MG Pty Ltd as trustee for the MG Family Trust[1]	82,333,334	30.25%	79,166,667	21.60%
Gerry Sakkas[2]	82,333,334	30.25%	79,166,667	21.60%
Yondro Pty Ltd as trustee for the Pasias Family Trust[3]	82,333,334	30.25%	79,166,667	21.60%
Tejesh Munusamy[4]	13,000,000	4.78%	12,500,001	3.41%
Other Existing Shareholders[5]	12,149,950	4.46%	12,149,950	3.31%
Sell Down Participants	-	-	10,000,000	2.73%
Convertible Noteholders[6]	-	-	19,378,224	5.29%
New Shareholders	-	-	75,000,000	20.46%
Total	**272,149,952**	**100.00%**	**366,528,176**	**100.00%**

Notes:

1. An entity controlled by Mark Goulopoulos, a Non-Executive Director of PlaySide. This entity participated in the pre-initial public offering Sell Down.
2. Mr Sakkas is Chief Executive Officer and Managing Director of PlaySide and participated in the pre-initial public offering Sell Down.
3. An entity controlled by Aaron Pasias, a Non-Executive Director of PlaySide. This entity participated in the pre-initial public offering Sell Down.
4. Mr Munusamy is an employee of PlaySide and participated in the pre-initial public offering Sell Down.
5. This includes all other Existing Shareholders who are predominantly employees of PlaySide.
6. The Sell Down Participants comprise 33 sophisticated and professional investors (some of whom are also Convertible Noteholders) who have agreed (unconditionally) to acquire Shares at the Offer Price under the pre-initial public offering Sell Down. Please refer below for further details on the Sell Down.
7. The Company has Convertible Notes on issue with a total aggregate face value of $3,050,000. In the event of an IPO, the principal amount of the Convertible Notes is to convert into Shares upon PlaySide receiving conditional approval from ASX for PlaySide to be admitted to the Official List in a form (and on terms and conditions) acceptable to PlaySide. Interest accrued on the Convertible Notes is payable in cash. Please refer to Section 10.1 for further details of the Convertible Notes on issue and the Convertible Note Agreements entered into between the Company and Convertible Noteholders.

None of the Existing Shareholders hold an interest in the Convertible Notes on issue.

The above table does not account for any Shares that may be acquired under the Offer and excludes any Shares issued on vesting and conversion of Performance Rights that the Company has granted and the resulting dilution effect.

The Shares offered under this Prospectus will represent approximately 20.46% of the total Shares on issue on completion of the Offer, at which time the Existing Shareholders will hold approximately 71.52% in aggregate of the total Shares on issue.

Certain Shares held by several Existing Shareholders, the Sell Down Participants and several Convertible Noteholders on completion of the Offer will be subject to escrow restrictions under the ASX Listing Rules. Please refer to Section 6.12 for further details

The Sell Down

Atlantis MG Pty Ltd as trustee for the MG Family Trust, Gerry Sakkas, Yondro Pty Ltd as trustee for the Pasias Family Trust and Tejesh Munusamy are all Existing Shareholders who have entered into arrangements with the Sell Down Participants pursuant to which they have agreed to sell a nominated amount of their Shares at the Offer Price to complete a pre-initial public offering sell down of $2,000,000 in aggregate (Sell Down). The sale of the Shares to Sell Down Participants will be completed prior to close of the Offer and is not conditional on the Company being admitted to the Official List or satisfaction of any other conditions.

The Shares sold under the Sell Down will be subject to ASX mandatory escrow under the ASX Listing Rules and the Sell Down Participants each agree to enter into a restriction deed on terms and conditions satisfactory to ASX as part of completing the Sell Down process.

The Sell Down was undertaken to provide these Existing Shareholders an opportunity to realise part of their investment in the Company, while retaining a substantial stake in the future of the Company and its business.

6.10 Capital Structure

The capital structure of the Company as at the date of this Prospectus and following completion of the Offer (on the basis that the Minimum Subscription to the Offer is reached) is set out in the table below:

Class of Security	Number as at date of Prospectus	Number on completion of the Offer
Shares[1]	272,149,952	366,528,176
Convertible Notes	3,050,000	-
Performance Rights[2]	4,284,190	4,284,190

Notes:

1. The rights attaching to the Shares are summarised in Section 11.3.
2. The Company has granted a total of 4,284,190 Performance Rights to Gerry Sakkas, Chief Executive Officer and Managing Director of PlaySide, and other key employees pursuant to the terms and conditions of the Performance Rights Plan summarised at Section 11.4.

The Performance Rights granted consist of six classes and are subject to the following conditions:

Class	Vesting Conditions	Expiry Date	Number of Performance Rights
A	Each Class A Performance Right will vest and be convertible into one Share upon the Company achieving a minimum of $10 million in audited revenue in the financial year ending 30 June 2021.	5 years from the issue date	1,028,206
B	Each Class B Performance Right will vest and be convertible into one Share upon the Company achieving a minimum of $1 million in audited EBITDA in the financial year ending 30 June 2021.	5 years from the issue date	685,470
C	Each Class C Performance Right will vest and be convertible into one Share upon the Company achieving a minimum of $10 million in audited revenue in the financial year ending 30 June 2021 and the holder remaining employed with the Company as at 31 August 2022.	5 years from the issue date	856,838
D	Each Class D Performance Right will vest and be convertible into one Share upon the Company achieving a minimum of $17 million in audited revenue in the financial year ending 30 June 2022.	5 years from the issue date	514,102
E	Each Class E Performance Right will vest and be convertible into one Share upon the Company achieving a minimum of $2 million in audited EBITDA in the financial year ending 30 June 2022.	5 years from the issue date	342,736
F	Each Class F Performance Right will vest and be convertible into one Share upon the Company achieving a minimum of $17 million in audited revenue in the financial year ending 30 June 2022 and the holder remaining employed with the Company as at 31 August 2023.	5 years from the issue date	856,838
Total			**4,284,190**

All calculations for the purposes of satisfying the vesting conditions will be based on the relevant accounting standards and will exclude:

(a) one off or extraordinary revenue items;

(b) revenue received in the form of government grants, allowances, rebates or other hand-outs; and

(c) revenue or profit that has been manufactured to achieve the vesting condition.

The following escrow arrangements will apply to Shares issued on conversion of the 4,284,190 Performance Rights granted:

(a) 50% of the Shares issued on conversion of A Class Performance Rights and B Class Performance Rights will be subject to a 12 month voluntary escrow period from the applicable date of vesting; and

(b) 100% of the Shares issued on conversion of C Class Performance Rights, D Class Performance Rights, E Class Performance Rights and F Class Performance Rights will be subject to a 12 month voluntary escrow period from the applicable date of vesting.

6.11 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer (on the basis that the Minimum Subscription to the Offer is reached and assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer) are set out in the table below:

	Date of Prospectus				Completion of Offer			
Shareholder	Shares	Performance Rights	% of Shares (undiluted)	% of Shares (fully diluted)	Shares	Performance Rights	% of Shares (undiluted)	% of Shares (fully diluted)
Atlantis MG Pty Ltd as trustee for the MG Family Trust[1]	82,333,334	-	30.25%	29.78%	79,166,667	-	21.60%	21.35%
Gerry Sakkas[2]	82,333,334	2,053,125	30.25%	30.53%	79,166,667	2,053,125	21.60%	21.90%
Yondro Pty Ltd as trustee for the Pasias Family Trust[3]	82,333,334	-	30.25%	29.78%	79,166,667	-	21.60%	21.35%

Notes:

1. An entity controlled by Mark Goulopoulos, a Non-Executive Director of PlaySide. This entity participated in the pre-initial public offering Sell Down.
2. Mr Sakkas is Chief Executive Officer and Managing Director of PlaySide and participated in the pre-initial public offering Sell Down. Mr Sakkas' interest in Performance Rights consists of 492,750 Class A Performance Rights, 328,500 Class B Performance Rights, 410,625 Class C Performance Rights, 246,375 Class D Performance Rights, 164,250 Class E Performance Rights and 410,625 Class F Performance Rights. Please refer to Section 6.10 for details of the Performance Rights (including the performance period and vesting conditions) that have been granted to Mr Sakkas.
3. An entity controlled by Aaron Pasias, a Non-Executive Director of PlaySide. This entity participated in the pre-initial public offering Sell Down.

The Shareholders identified in the table above participated in the pre-initial public offering Sell Down and do not intend to participate in the Offer.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

6.12 Restricted Securities

As a condition of admitting the Company to the Official List, the ASX may classify certain existing securities in the Company as restricted securities in accordance with the ASX Listing Rules. Any such classification will restrict the transfer of effective ownership or control of any restricted securities without the written consent of the ASX and for such period as the ASX may determine.

As at the date of this Prospectus, the Company anticipates that following completion of the Offer and the Company's listing on ASX, up to 261,666,976 Shares (including the existing Shares which certain Directors have a direct or indirect interest in as set out at Section 9.4) representing approximately 71.39% of Shares on issue may be subject to some form of restriction arrangement for up to 24 months under the ASX Listing Rules.

The number of Shares that are subject to ASX mandatory escrow is at ASX's discretion in accordance with the ASX Listing Rules and underlying policy. The above is a good faith estimate of the Shares that are expected to be subject to ASX mandatory escrow.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to commencement of Official Quotation of the Shares.

During the period in which escrow arrangements apply, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of Shares in a timely manner.

6.13 Additional Information

Prospective investors are referred to and encouraged to read the Independent Limited Assurance Report set out in Annexure A in its entirety for further details on the Company's financials.

6.14 Dividend Policy

Payment of dividends by the Company is at the discretion of the Board. Given the stage of development of the Company, the Directors have no current intention to declare and pay a dividend and no dividends are expected to be paid during the foreseeable future following the Company's listing on the ASX as its focus will primarily be on using available funds to expand its business.

In determining whether to declare future dividends, the Directors will consider the level of earnings of the Company, the operating results and overall financial condition of the Company, future capital requirements, capital management initiatives, general business outlook and other factors the Directors may consider relevant at the time of their decision.

The Directors cannot and do not provide any assurances in relation to the future payment of dividends or the level of franking credits attaching to dividends.

FINANCIAL INFORMATION

7. FINANCIAL INFORMATION

7.1 Introduction

The financial information of PlaySide contained in Section 7 includes historical financial information for the years ended 30 June 2018 (FY18), 30 June 2019 (FY19) and 30 June 2020 (FY20) and as at 30 June 2020 (collectively the **Financial Information**) as summarised in Table 1 below.

Table 1: Overview of PlaySide Financial Information

Statutory Financial Information	Pro Forma Financial Information
Statutory Historical Financial Information comprises the:	Pro Forma Historical Financial Information comprises the:
• Statutory Historical Income Statements for FY18, FY19 and FY20 (Statutory Historical Income Statements);	• Pro Forma Historical Income Statements for FY18, FY19 and FY20 (Pro Forma Historical Income Statements);
• Statutory Historical Statements of Cash Flows for FY18, FY19 and FY20 (Statutory Historical Statements of Cash Flows); and	• Pro Forma Historical Statements of Cash Flows for FY18, FY19 and FY20 (Pro Forma Historical Statements of Cash Flows); and
• Statutory Historical Statement of Financial Position as at 30 June 2020 (Statutory Historical Statement of Financial Position).	• Pro Forma Historical Statement of Financial Position as at 30 June 2020 (Pro Forma Historical Statement of Financial Position).
The Statutory Historical Financial Information has been audited by BDO Audit	The Pro Forma Historical Financial information has been reviewed by BDO Corporate Finance

Also summarised in Section 7 are:

(a) The basis of preparation and presentation of the Financial Information (refer to Section 7.2);

(b) Information regarding certain non-IFRS financial measures (refer to Section 7.2.2);

(c) The pro forma adjustments to the Statutory Historical Financial Information (Sections 7.3.2, 7.4.1-7.4.2 and 7.5.2);

(d) Details of PlaySide's cash and cash equivalents and pro forma cash position at the assumed date of completion of the Offer (refer to Section 7.4.3);

(e) Management discussion and analysis of the Historical Financial Information (refer to Section 7.6);

(f) Information regarding liquidity, capital resources and indebtedness (refer to Section 7.4.4); and

(g) Information regarding PlaySide's contractual obligations, commitments and contingent liabilities (refer to Section 7.4.5).

The information in Section 7 should also be read in conjunction with the risk factors set out in Section 8, PlaySide's significant accounting policies as set out in Annexure B, and the other information contained in this Prospectus.

All amounts disclosed in Section 7 and the appendices are presented in PlaySide's functional currency, Australian Dollars, unless otherwise noted, and are rounded to the nearest thousand. Some numerical tables included in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in tables contained in this Prospectus are due to rounding.

7.2 Basis of preparation and presentation of Financial Information

7.2.1 Overview and preparation and presentation of the Financial Information

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the historical financial performance, cash flow and financial position of PlaySide.

The Financial Information has been prepared to present the Company on a consolidated basis and the future financial statements of the Company will be presented on this basis.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (AASB), which are consistent with the International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board. The Financial Information is presented in an abbreviated form and does not contain all of the disclosure provided in an annual financial report prepared in accordance with the Australian Accounting Standards and the Corporations Act.

Certain significant accounting policies relevant to the Financial Information are disclosed in Annexure B. The Directors are responsible for the preparation and presentation of the Financial Information.

The Statutory Historical Financial Information has been extracted from the audited financial statements of PlaySide for FY18, FY19 and FY20. The Statutory Historical Financial Information (as defined in 7.1) was audited by BDO Audit Pty Ltd (BDO Audit), who issued unqualified audit opinions in respect of these periods.

PlaySide was formed as a proprietary limited company named PlaySide Studios Pty Ltd and converted to a public unlisted company named PlaySide Studios Limited on or around 13 November 2020.

The consolidated financial statements of PlaySide for FY18, FY19 and FY20 will be lodged with ASX on the Company's listing.

The Pro Forma Historical Financial Information has been prepared by:

(a) extracting select information from the underlying audited financial statements for FY18, FY19 and FY20; and

(b) applying pro forma adjustments set out and explained in Sections 7.3.2; 7.4.1-7.4.2; and 7.5.2.

The Pro Forma Historical Financial Information (as defined in Section 7.1) has been reviewed by BDO Corporate Finance (East Coast) Pty Limited (BDO Corporate Finance), in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Independent Limited Assurance Report. Investors should note the scope and limitations of the Independent Limited Assurance Report contained in Annexure A.

This Prospectus does not contain prospective financial information. Upon considering the requirements of ASIC Regulatory Guide 170, the Directors concluded that any prospective financial information would contain a broad range of potential outcomes and therefore its inclusion would be potentially misleading.

Investors should note that past results are not a guarantee of future performance.

7.2.2 Explanation of certain non-IFRS and other financial measures

PlaySide uses certain measures to manage and report on its business that are not recognised under IFRS or Australian Accounting Standards. These measures are collectively referred to in this Section 7 and under Regulatory Guide 230 Disclosing Non-IFRS Financial Information published by ASIC as "non-IFRS financial measures". The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

(a) **EBITDA** is earnings or losses before interest, taxation depreciation and amortisation;

(b) **Net cash/(debt)** represents cash and cash equivalents less total loans and borrowings and bank overdrafts;

(c) **Working capital** primarily represents trade and other receivables, inventories and trade and other payables; and

(d) **Capital expenditure** primarily represents costs related to property, plant and equipment.

Although PlaySide believes that these measures provide useful information about the financial performance of the business, they should be considered as supplements to the income statement measures that have been presented in accordance with Australian Accounting Standards and not as a replacement for them. As these non-IFRS financial measures are not based on IFRS (or Australian Accounting Standards), they do not have standard definitions, and the way PlaySide calculates these measures may differ from similarly titled measures used by other companies. Investors and readers of this Prospectus should therefore not place undue reliance on these non-IFRS financial measures.

7.3 Historical Income Statements

7.3.1 Statutory and Pro Forma Historical Income Statements

Table 2 sets out PlaySide's Statutory and Pro Forma Historical Income Statements. Section 7.3.2 sets out details and explanations of the pro forma adjustments made to the Statutory Historical Income Statements.

Table 2: Statutory and Pro Forma Historical Income Statements

		Statutory Historical			Pro Forma Historical		
$000's	Notes	FY18	FY19	FY20	FY18	FY19	FY20
Revenue		5,122	4,313	7,008	5,122	3,884	6,079
Other income	1	658	608	926	658	608	926
Total revenue and other income		**5,780**	**4,921**	**7,934**	**5,780**	**4,492**	**7,006**
Employee benefits expense		(2,350)	(3,578)	(4,926)	(3,050)	(4,106)	(4,671)
General and administrative expenses		(400)	(598)	(784)	(603)	(802)	(987)
Selling expenses		(422)	(266)	(1,177)	(422)	(266)	(1,142)
Operating expenses		**(3,172)**	**(4,442)**	**(6,886)**	**(4,075)**	**(5,173)**	**(6,800)**
EBITDA		**2,608**	**479**	**1,048**	**1,705**	**(681)**	**206**
Depreciation expense		(167)	(189)	(186)	(167)	(189)	(186)
Unrecoverable loans written off		-	-	(70)	-	-	-
Finance costs		(38)	(34)	(31)	(38)	(34)	(31)
Interest income		5	22	18	5	22	18
Profit/(loss) before tax		**2,408**	**278**	**779**	**1,505**	**(882)**	**7**
Income tax expense		(827)	(329)	(583)	(579)	(329)	(431)
Net profit/(loss) after tax		**1,581**	**(52)**	**196**	**927**	**(1,212)**	**(423)**
Total comprehensive income		**1,581**	**(52)**	**196**	**927**	**(1,212)**	**(423)**

Notes:

1. Other income primarily relates to Government Grants. Refer to Section 7.6.1(b) for further details.

7.3.2 Pro forma adjustments to the Statutory Historical Income Statements

Table 3 sets out the pro forma adjustments that have been made to the Company's statutory historical loss before tax to derive the pro forma historical loss before tax.

Table 3: Pro forma adjustments to the Statutory Historical Income Statements

$000's	Notes	FY18	FY19	FY20
Statutory net profit after tax		1,581	(52)	196
Incremental Listed Company Costs	1	(903)	(731)	(730)
Discontinued work for hire revenue	2	-	(429)	(112)
Unrecoverable loans written off	3	-	-	70
Tax effect of pro forma adjustments	4	248	-	152
Pro Forma profit/(loss) after tax		**927**	**(1,212)**	**(423)**

Notes:

1. This represents PlaySide's estimate of the incremental annual costs that will be incurred by the Company as a listed public company. These costs include incremental remuneration for key management personnel, Directors' fees, audit, legal and tax advice costs, Director's and Officer's insurance premiums, ASX listing fees, share registry, investor relations, annual general meeting and annual report costs. PlaySide's estimate of incremental management and director remuneration excludes any impact of share based payments expense (as detailed within Section 10.4.1) as this amount is contingent on future events.
2. Throughout the historical period PlaySide derived revenue from developing apps for social media influencers. During FY20, the Company elected to discontinue this revenue stream. The pro forma adjustment reflects the profit contribution derived from undertaking this work, primarily reflecting the net of apps revenue and consulting services provided by a director related entity, which has been classified within employee benefits expense.
3. During FY20 the Company wrote-off an unrecoverable loan to a director related entity. The pro forma adjustment represents a reversal of this write-off.
4. Save for the loan write-off which is not tax deductible, the above pro forma adjustments have been tax effected by applying the Company's corporate tax rate of 27.5%. Any carried forward tax losses resulting from pro forma adjustments have not been recognised, which has resulted in the tax effect of pro forma adjustments being capped at the taxable income for that period prior to the impact of research and development grants.

7.4 Statement of Financial Position

7.4.1 Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position

Table 4 sets out the Statutory Historical Statement of Financial Position and the pro forma adjustments that have been made to prepare the Pro Forma Historical Statement of Financial Position for PlaySide. These adjustments take into account the effect of the Offer proceeds, Offer transaction costs, Convertible Notes issued and subsequently converted on completion of the Offer, and the exercise of employee Options (which were previously on issue and exercised prior to the date of this Prospectus) as if that had occurred as at 30 June 2020. The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of PlaySide's view of its financial position upon completion of the Offer or at a future date.

Table 4: Statutory Historical Statement of Financial Position and Pro Forma Statement of Financial Position

		Pro forma adjustments			
$000's	Statutory audited 30-Jun-20	Convertible Notes	Employee Share Based Payments	Impact of the Offer	Pro Forma 30-Jun-20
Assets					
Cash and Cash Equivalents	520	2,850	-	13,630	16,999
Trade and Other Receivables	712	-	-	-	712
Prepayments	8	-	-	-	8
Other financial assets	32	-	-	-	32
Income tax refund due	162	-	-	-	162
Other current assets	77	-	-	-	77
Total current assets	**1,509**	**2,850**	**-**	**13,630**	**17,989**
Investments	0	-	-	-	0
Property, plant and equipment	347	-	-	-	347
Right-of-use assets	649	-	-	-	649
Intangibles	70	-	-	-	70
Deferred tax	104	-	-	-	104
Total non-current assets	**1,170**	**-**	**-**	**-**	**1,170**
Total assets	**2,679**	**2,850**	**-**	**13,630**	**19,159**
Liabilities					
Trade and other payables	587	-	-	-	587
Lease liabilities	102	-	-	-	102
Provisions	376	-	-	-	376
Total current liabilities	**1,065**	**-**	**-**	**-**	**1,065**
Lease Liabilities	642	-	-	-	642
Convertible note	-	2,850	-	(2,850)	-
Provisions	167	-	-	-	167
Total non-current liabilities	**809**	**2,850**	**-**	**(2,850)**	**809**
Total liabilities	**1,875**	**2,850**	**-**	**(2,850)**	**1,875**
Net assets	**805**	**-**	**-**	**16,480**	**17,284**
Equity					
Issued capital	0	-	1,019	16,810	17,829
Reserves	561	-	(561)	-	-
Retained profits / (accumulated losses)	243	-	(457)	(330)	(544)
Total equity	**805**	**-**	**-**	**16,480**	**17,284**

7.4.2 Pro forma adjustments

(a) Pro forma impact of Convertible Notes

Subsequent to 30 June 2020, the Company issued Convertible Notes providing gross proceeds of $3.05m. Costs of issuing the Convertible Notes of $0.2m were treated as a capitalised borrowing cost.

(b) Share based payments

Subsequent to 30 June 2020 certain employees exercised 13,000,000 Options (issued under an employee share option plan) to convert into 13,000,000 Shares with an exercise price of 1.30777 cents each. In lieu of paying the aggregate exercise price of $170,010 the employees opted to accept a reduced number of Shares, being 12,149,950, by exercising the Options using a cashless exercise facility.

As of 30 June 2020, $0.56m of the $1.02m total deemed fair value of these Options had been expensed. Subsequent to 30 June 2020, the residual $0.46m of the deemed fair value has been expensed prior to the exercise of these Options.

(c) Pro forma impact of the Offer

Proceeds from the Offer of $15m will be partially offset by $1.4m in transaction costs resulting in net cash proceeds of $13.6m.

$1.04m of the $1.4m transaction costs relate to the issue of new Shares and have been capitalised. Transaction costs relating to the issue of existing Shares totalling $0.33m have been expensed via accumulated losses.

7.4.3 Cash and cash equivalents

Table 5 sets out the net cash/(debt) position of PlaySide at 30 June 2020 on a statutory basis (before completion of the Offer) and on a pro forma basis adjusted for receipt of the net proceeds of the Offer and pre-IPO raise as if these actions took place as at 30 June 2020.

The pro forma cash and cash equivalents as at 30 June 2020 does not reflect the change in cash position between 30 June 2020 and completion of the Offer, which will occur as a result of various anticipated cash requirements of the business over this period. Expected pro forma net cash and cash equivalents as at completion of the Offer is $16.25 million. The $0.75 million pro forma adjustment reflects the expected net cash outflow for the trading period from 1 July 2020 to 16 December 2020.

Table 5: Pro forma net cash / (debt)

$'000	Statutory at 30 June 2020	Pro forma adjustments	Pro forma at 30 June 2020	Pro forma adjustment to reflect forecast net cash outflow between 30 June 2020 and listing (excluding pre-IPO raise)	Pro forma expected net cash at listing
Cash and cash equivalents	520	16,479	16,999	(750)	16,249
Net cash/(debt)	**520**	**16,479**	**16,999**	**(750)**	**16,249**

7.4.4 Liquidity, capital resources and indebtedness

Following completion of the Offer, PlaySide's principal sources of funds are expected to be cash on hand and net cash raised from the Offer. PlaySide's main use of cash is to fund operations, working capital, research and development and to support PlaySide's growth initiatives. Historical capital expenditure and working capital trends are described in Sections 7.6.2(a) and 7.6.2(b). Following completion of the Offer, PlaySide expects that it will have sufficient cash to meet its operational and working capital requirements and stated business objectives as detailed in this Prospectus.

Over time, PlaySide may seek additional funding from a range of sources to diversify its funding base.

7.4.5 Commitments and contingent liabilities

PlaySide has no material contractual obligations, commitments and contingent liabilities as at the date of this Prospectus, other than those presented within Section 7.4.1.

7.5 Historical Statements of Cash Flows

7.5.1 Statutory and Pro Forma Historical Statements of Cash Flows

Table 6 sets out PlaySide's Statutory and Pro Forma Historical Statements of Cash Flows for FY18, FY19 and FY20. Section 7.5.2 sets out details and explanations of the pro forma adjustments made to the Statutory Historical Statements of Cash Flows.

Table 6: Statutory and Pro Forma Historical Statements of Cash Flows

		Statutory historical			Pro Forma historical		
$000'S	Notes	FY18	FY19	FY20	FY18	FY19	FY20
Cash flows from operating activities							
Receipts from customers	2	5,280	4,783	7,341	5,280	4,354	6,412
Payments to suppliers and employees	1 & 2	(3,441)	(4,179)	(6,971)	(4,344)	(4,910)	(6,885)
Government grants and other income received		630	587	924	630	587	924
Net interest received		4	21	18	4	21	18
Interest paid on lease liabilities		(38)	(34)	(31)	(38)	(34)	(31)
Income taxes paid	5	(484)	(606)	(965)	(236)	(606)	(813)
Net cash (used in) provided by operating activities		**1,951**	**571**	**315**	**1,297**	**(589)**	**(374)**
Cash flows from investing activities							
Payments for investments in term deposits classified as other financial assets		(500)	(250)	-	(500)	(250)	-
Payments for property, plant and equipment		(168)	(71)	(24)	(168)	(71)	(24)
Proceeds from conversion or return of term deposits		-	-	750	-	-	750
Net cash flows from (used in) investing activities		**(668)**	**(321)**	**726**	**(668)**	**(321)**	**726**
Cash flows from financing activities							
Payment of loans by related parties	3	29	14	213	-	-	-
Dividends paid	4	(237)	(823)	(711)	-	-	-
Repayment of lease liabilities		(47)	(88)	(95)	(47)	(88)	(95)
Payment of loans to related parties	3	(239)	(82)	-	-	-	-
Net cash provided by (used in) financing activities		**(493)**	**(979)**	**(592)**	**(47)**	**(88)**	**(95)**
Net increase (decrease) in cash and cash equivalents held before effects of foreign exchange		**790**	**(729)**	**449**	**582**	**(997)**	**257**
Effect of exchange rate changes on cash and cash equivalents		18	(117)	(111)	18	(117)	(111)
Net increase (decrease) in cash and cash equivalents held after effects of foreign exchange		**808**	**(846)**	**338**	**600**	**(1,115)**	**146**

7.5.2 Pro forma adjustments to the Statements of Cash Flows

Table 7 sets out the pro forma adjustments that have been made to PlaySide's Statutory Historical Statements of Cash Flows to derive PlaySide's Pro Forma Historical Statements of Cash flows:

Table 7: Pro forma adjustments to the Statements of Cash Flows

$000's	Notes	FY18	FY19	FY20
Statutory increase/(decrease) in cash and cash equivalents held after effects of foreign exchange		808	(846)	338
Incremental listed company costs	1	(903)	(731)	(730)
Discontinued work for hire revenue	2	-	(429)	(112)
Reversal of related party loans	3	209	69	(213)
Reversal of dividends paid	4	237	823	711
Tax effect of pro forma adjustments	5	248	-	152
Pro Forma increase/(decrease) in cash and cash equivalents held after effects of foreign exchange		**600**	**(1,115)**	**146**

Notes:

1. This represents PlaySide's estimate of the incremental annual costs that will be incurred by the Company as a listed public company. These costs include incremental remuneration for key management personnel, Directors' fees, audit, legal and tax advice costs, Director's and Officer's insurance premiums, ASX listing fees, share registry, investor relations, annual general meeting and annual report costs.
2. Throughout the historical period PlaySide derived revenue from developing Apps for social media influencers. During FY20, the Company elected to discontinue this revenue stream. The pro forma adjustment reflects the cash contribution derived from undertaking this work.
3. The Company does not expect to utilise related party loans subsequent to completion of the Offer. The pro forma adjustment reverses the historical impact of movements in related party loans.
4. As detailed further in Section 6.14, the Company does not expect to pay dividends in the foreseeable future. The pro forma adjustment reverses the historical impact of dividends paid.
5. The Company's tax rate is 27.5%. The cash impact of tax is assumed to occur in the period which the income tax benefit occurs.

7.6 Management discussion and analysis of the Historical Financial Information

This Section 7.6 is a discussion of key factors that affected PlaySide's operations and relative financial performance over FY18 to FY20.

The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected PlaySide's historical operating and financial performance, or everything that may affect PlaySide's operations and financial performance in the future.

7.6.1 Discussion of financial performance from FY18 to FY20

(a) Revenue

The following table provides a detailed breakdown of PlaySide's revenue.

Table 8: Revenue

	FY18	FY19	FY20
Revenue ($'000s)			
Revenue – Original IP	2,977	1,225	1,444
Revenue – Work for Hire	2,146	2,659	4,635
Revenue – Work for Hire - Apps	-	429	928
Revenue – Sales	**5,122**	**4,313**	**7,008**

(i) Original IP revenue

PlaySide's original IP division develops gaming apps for customer download via the Apple App Store or Google Play. Revenue is generated from in-app advertisements, in-app purchases and in-app subscriptions.

Original IP revenue peaked in FY18 at $2.98m. The main games underpinning FY18 revenue were Monkey Ropes, Icy Ropes and Drift-It. FY18 revenue benefited from the popularity of PlaySide games which were highly visible via the 'Top Charts' functionality within the App Store.

Subsequent to FY18 the App Store changed its model of featuring popular games. This change reduced traffic toward PlaySide games resulting in revenue declining from $2.98m in FY18 to $1.23m in FY19. PlaySide experienced some growth in FY20 (revenue increase of $0.22m) underpinned by increased marketing spend leading to increased traffic and downloads.

(ii) Work for hire revenue

Work for hire contracts are undertaken by PlaySide's Brands and Licensing and Partnership divisions. In the Brands and Licensing division revenue is generated via work for hire fixed price contracts. The Partnership division has similar fixed price contracts in place up to the point of game launch and which generally have a revenue share model in place post launch.

FY20 work for hire revenue was a record of $4.64m which was underpinned by Brand and Licencing and Partnership work for hire contracts, with the larger contracts being for the Dumb Ways to Die, Equestriad World Tour, Hachtopia, Norris Nuts and Jumanji titles.

During FY19, major work for hire Brands and Licencing revenue sources included Dumb Ways to Die, Teenage Mutant Ninja Turtles and Hatchtopia.

During FY18, major work for hire Brands and Licencing revenue sources included Dumb Ways to Die, Hatchimals, Cars and Buffalo Run.

(iii) Discontinued work for hire revenue (work for hire – apps)

Throughout the historical period PlaySide derived revenue from developing apps for social media influencers. During FY20, the Company elected to discontinue this revenue stream. As noted within Section 7.3.2, these arrangements were discontinued and will not generate any revenue in the future.

(b) Other revenue

The following table provides a breakdown of PlaySide's other income.

Table 9: Other income

	FY18	FY19	FY20
Other Income ($'000s)			
Net FX Gains	27	1	1
Government Grants	630	587	874
Other Income	1	22	51
Other Income – Total	**658**	**610**	**926**

(i) Government Grants

The major source of other income has been Government grants, where the Company has been a participant in the research and development tax incentive program available to companies that turnover less than $20 million in sales per annum.

This program has contributed $0.75m, $0.58m and $0.61m to other income in FY20, FY19 and FY18 respectively. Qualifying expenditure is treated as a tax deduction at a rate of 43.5%, which is above the 27.5% company tax rate that applied to PlaySide over the same period.

In addition to the R&D tax incentive program, the Company is a participant in the Export Market Development Grant tax incentive program with $0.12m in revenue reported in FY20.

(ii) Other income

FY20 other income primarily comprises the COVID-19 cash flow boost stimulus with FY19 mainly reflecting insurance claim proceeds on a small flood claim ($17k).

(c) Operating Expenses

The following table provides a breakdown of PlaySide's operating expenses

	FY18	FY19	FY20
Operating Expenses ($'000)			
Employee Benefits Expense	2,350	3,578	4,926
General and Administrative Expenses	400	598	784
Selling Expenses	422	266	1,177
Operating Expenses – Total	**3,172**	**4,442**	**6,887**
As a % to Sales Revenue	**62%**	**103%**	**98%**

The uplift in employee benefits expense over the historical period is a direct result of the business focusing on growing its talent pool to drive sales growth. This strategy resulted in an increase in employee benefits expense growing from $2.3m in FY18, to $3.6m in FY19 to $4.9m in FY20.

General & administrative expenses have risen steadily in line with the increased level of staff working within the business.

Selling expenses rose sharply in FY20, with the main contributor being user acquisition advertising costs, which were $1.094m in FY20, compared to the $0.25m and $0.28m spent in FY19 and FY18 respectively.

7.6.2 Discussion of cash flows from FY18 to FY20

	FY18	FY19	FY20
Cashflows Generated (Utilised) By:			
Operating Activities	1,951	571	315
Investing Activities	(668)	(321)	726
Financing Activities	(493)	(979)	(592)
Net Cash Generated (Utilised)	**790**	**(729)**	**449**

(a) Cash flows from operating activities

Historical cash flows from operating activities primarily reflects the Company's total comprehensive income adjusted for depreciation and other non-cash items such as the write-off of a non-recoverable related entity loan. This trend is underpinned by the Company's ordinary working capital cycle with debtors typically collected every 30 days and material suppliers and costs such as employees also paid every 30 days.

(b) Cash flows from investing activities

Cash flows from investing activities primarily reflected capital expenditure on office fixtures and fittings, leasehold improvements and computer equipment with spend of $160,000, $71,000 and $24,000 incurred in FY18, FY19 and FY20 respectively.

Throughout FY18 and FY19 the Company invested $750,000 in short term deposits with National Australia Bank which were classified on the balance sheet as other financial assets. During FY20, this $750,000 was returned to current cash assets readily available for business use.

(c) Cash flows from financing activities

While the Company has historically paid dividends to its Shareholders, its intent post listing is to not pay dividends in the foreseeable future as its focus will be on using funds to expand its business (refer to Section 6.14 for details of the Company's dividend policy). Dividends paid has been eliminated as a pro forma adjustment (refer to Section 7.5.2).

Historically the business has advanced funding to related parties which will not continue post listing. Related party financing activities have been eliminated as a pro forma adjustment (refer to Section 7.5.2).

The repayment of lease liabilities reflects payments made in connection with the lease of the Company's head office at Level 1, 75 Crockford Street, Port Melbourne, Victoria.

RISK FACTORS

8. RISK FACTORS

8.1 Introduction

The Shares offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The future performance of the Company and the value of the Shares may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks that have a direct influence on the Company and its business activities and operations are set out in Section 3. Those key risks as well as other risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 8, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Shares. This Section 8 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 8, together with all other information contained in this Prospectus.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 8 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

8.2 Company Specific Risks

Risk Category	Risk
Development of new games and enhancing current games	PlaySide's continued growth depends on PlaySide's ability to regularly develop new games. In addition to producing new games, PlaySide must extend the life of PlaySide's current games by refreshing or enhancing game features or gameplay styles to make its current games more attractive and improve the overall gameplay experience. PlaySide's ability to successfully develop new games and enhance existing games are subject to a number of factors, including PlaySide's ability to: (a) anticipate and adapt to future technological developments; (b) anticipate and respond to changes in the gaming industry; (c) compete successfully against other industry participants; (d) develop and launch new games on time and on budget and minimise launch delays and cost overruns; (e) effectively monetise games without degrading gameplay experience; (f) develop new game formats which drive engagement and monetisation; (g) adapt to changing player preferences and requirements; (h) enhance existing games by adding features and functionality that will encourage continued engagement with the game; (i) attract, retain and motivate talented game development personnel; (j) plan and monetise investment in sales and marketing and promotional activities; and (k) minimise and efficiently resolve bugs or outages and other technical difficulties and player complaints. If PlaySide is not able to successfully launch new games or enhance, expand or upgrade its current games, it could have a material adverse effect on PlaySide's operating and financial performance and PlaySide's competitive position. Internal development of games based on original IP requires a substantial initial investment prior to the launch of a game, as well as a significant commitment of future resources to produce updates. PlaySide's ability to introduce successful updates for its games will also depend on its ability to collect and analyse player behaviour in a timely manner and to effectively incorporate features into its updates and expansion packs to improve the variety and attractiveness of its games offerings. There can be no assurance that PlaySide will be able to collect and analyse player behaviour data on a timely basis or that such data will accurately reflect player behaviour.

Risk Category	Risk
Competition and new technologies	PlaySide competes against other game developers globally in an industry which is currently highly fragmented and which is rapidly evolving and subject to constant advancements in technology and product innovation. There is a risk that PlaySide may experience increased competition from existing competitors and new entrants to the market, particularly those who compete across the same gaming categories and platforms as PlaySide. In particular, PlaySide competes with large scale publishers in the hyper-casual games sector who work with numerous independent development studios which results in faster cycle times to market and significantly more volume of games released to the market. In order to remain competitive, PlaySide will need to continue to select the games it develops and its target platforms carefully and adapt how it derives revenues from its games and technology in a changing consumer environment. Competition may also result from aggressive sales and marketing strategies, aggressive pricing models, M&A activity within the industry or advancements in technology and product innovation. In addition, existing competitors or new entrants may have greater capital, technical and other resources to expend or superior brand recognition. If these risks materialised, PlaySide may compete less effectively and its market share could be reduced, which would have an adverse impact on PlaySide's operating and financial performance and PlaySide's competitive position. There is also a risk that a general increase in competition or new technology advances and product innovation within the industry may require PlaySide to invest in additional sales and marketing or product development initiatives, or look to implement alternate pricing models, which may be detrimental to PlaySide's operating and financial peformance, even where PlaySide's market share remains unchanged.

Risk Category	Risk
Global mobile gaming market conditions	The growth of the global mobile gaming market and the level of demand and market acceptance of PlaySide's games are subject to a high degree of uncertainty. Given PlaySide is primarily focused on the development of mobile games, PlaySide's future operating and financial performance will largely depend on numerous factors affecting the global gaming market, many of which are beyond PlaySide's control, including changes in consumer demographics and public tastes and preferences, the availability and popularity of other forms of entertainment, the worldwide growth of sales of smartphones, tablets and other connected mobile devices and the rate of any such growth and general economic conditions, particularly economic conditions adversely affecting consumer spending. The ability to plan for game development, distribution and promotional activities could be significantly affected by PlaySide's ability to anticipate and adapt to relatively rapid changes in the tastes and preferences of PlaySide's current and potential players. New and different forms of entertainment may increase in popularity at the expense of mobile gaming. A decline in the popularity of mobile gaming in general, or PlaySide's games in particular, could have a material adverse effect on PlaySide's operating and financial performance and PlaySide's business and growth.

Risk Category	Risk
Consumer preferences	PlaySide's business is vulnerable to changing consumer preferences. Consumer preferences for games (including styles or genres of games) are usually cyclical and difficult to predict, and even successful titles remain popular for only limited periods of time, unless refreshed or enhanced with new content and features. If PlaySide's future games do not achieve expected consumer acceptance or generate the level of projected revenues upon their release, there is a risk that PlaySide may not be able to recover development and sales and marketing costs associated with producing and promoting those mobile games or may be unable to deliver an effective return on its investment in producing and promoting those mobile games. While PlaySide undertakes data analytics to evaluate consumer preferences and trends, there is no assurance that the data analytics will be accurate or reliable or that PlaySide will be able to accurately predict and aggregate future mobile games offerings which will be suited to changing consumer preferences. Hyper-casual game ideation and compressed life cycles require an ongoing pipeline of concepts and prototypes to be produced for market testing purposes measured by PlaySide's data driven analytical insights. Any mismanagement of this lifecycle can be costly if released games do not perform to expectations. In addition, geographic factors and cultural differences may affect consumer preferences and limit the international popularity of PlaySide's mobile games that are popular in Australia or the US, which may require PlaySide to modify the content and features of its mobile games offerings to successfully target audiences globally. There is a risk that PlaySide's operating and financial performance and PlaySide's business and growth could be adversely impacted if PlaySide does not accurately assess consumer preferences of its target audiences.

Risk Category	Risk
Failure to anticipate or successfully implement new technologies	There is rapid technology change in the games industry which requires PlaySide to anticipate in advance the technologies it should develop and implement to make its games offerings competitive in the market. In order to ensure that PlaySide's games are up to date with the latest technological advancements, PlaySide may be required to invest financial resources in its development studio across design, art, engineering and production disciplines and its infrastructure and technologies. There is no assurance however that PlaySide will be able to commit adequate financial resources towards its development studio, its infrastructure and technologies or R&D in the future. As a result, PlaySide may not be able to adapt and respond to technological advancements in an efficient and cost-effective manner or at all. In addition, PlaySide may encounter difficulties in incorporating technological developments in its games offerings and as a result may be unable to monetise any development results. New technologies could render the technologies and games that PlaySide is aggregating and developing commercially unviable. Further, PlaySide's games may contain errors or flaws that may become apparent only after the updated applications are accessed by users. If such programming errors or flaws are not resolved in a timely manner, PlaySide may experience a decline in the level of its users and overall market share and the reputation of PlaySide's games may be impacted. If any of the above risks materialised, PlaySide's operating and financial performance and PlaySide's business and growth may be adversely affected.

Risk Category	Risk
Launch delays and cost overruns	PlaySide develops games both internally using original IP and in collaborations and partnerships under its Brands and Licensing and Partnership divisions. Delays in developing ongoing and future game projects from idea generation to production may result from a number of factors including determining the game theme that resonates strongly in the market and consumer preferences, hiring suitably skilled resources for new projects and resolving complex technical issues during the development cycle. Any delays experienced during the development cycle could impact on cash flow, proceeds, revenues and operating margins. PlaySide may also be required to commit additional capital, technical and other resources to complete production of a game than originally estimated, particularly for internal game projects based on original IP. There is a risk that launch delays or cost overruns could have a material adverse effect on PlaySide's operating and financial performance. In addition, where PlaySide is undertaking a development project under its Brands and Licensing division or Partnership division utilising the branding and intellectual property of a customer or partner, works may be subject to acceptance testing and the customer or partner will generally have final creative approval over all elements and content of the game being developed. PlaySide may incur excessive costs and diversion of resources where work revisions or other course changes are required by a customer or partner.

Risk Category	Risk
Distribution by third parties on virtual app stores	PlaySide relies on distributing its mobile games through virtual app stores, with the dominant app stores being the Google Play Store for Android and the Apple App Store for iOS. PlaySide is subject to a distributors' standard terms and conditions, infrastructure and operating systems for application developers, which govern the promotion, distribution and operation of games on the relevant app store. PlaySide's business and operations could be materially disrupted or harmed if a distributor discontinues or limits the access to its platform, modifies its terms of service or other policies, including the provisions on share of net sales. Distributors have broad discretion to unilaterally change its standard terms and conditions and any such changes may be unfavourable to PlaySide and could have a material adverse effect on PlaySide's operating and financial performance. PlaySide's business and operations could also be materially disrupted or harmed if the virtual app stores become unavailable for players or if players experience user issues or other technical difficulties with these platforms or their in-app purchasing functionality. Proposed Identifier for Advertisers **(IDFA)** changes to the iOS operating system announced by Apple during 2020 may also be detrimental to PlaySide's operating and financial performance, particularly given the expected impact on campaign targeting capabilities. The extent to which the proposed IDFA changes will impact on PlaySide's business are however currently unknown. The Company anticipates that Google will introduce similar changes for its Android operating system which may have similar impacts.

Risk Category	Risk
Success of sales and marketing strategies	PlaySide's business is partly dependent on the acquisition and retention of customers and end-users resulting from investments in sales and marketing campaigns and initiatives. Promoting PlaySide's brand and reputation and its mobile game offerings is critical to PlaySide's success as a game developer. Sales and marketing via user acquisition is a complex process requiring daily monitoring and adjustments in ad strategy, pricing and review of target countries to focus on. PlaySide expects that sales and marketing investment will continue to increase as its business grows. PlaySide may not however realise the desired benefits from such investments for several years or may not realise benefits from such investments at all. In addition, the costs of such marketing and promotional activities could significantly increase, while the increase may not be reflected in increased revenues. Increased spending on sales and marketing and user acquisition strategies may also result from changes implemented by third party distribution channels. Failure to realise the intended benefits from sales and marketing investment could negatively impact PlaySide's ability to attract new customers and end-users, which may adversely impact PlaySide's operating and financial performance. As noted above, proposed IDFA changes to the iOS operating system announced by Apple during 2020 are expected to impact on campaign targeting capabilities. The proposed changes have the potential to negatively affect advertiser's attribution and the ability to segment app users, which will impact all games developers and publishers that implement user acquisition marketing strategies. Such changes may result in PlaySide needing to increase investment in sales and marketing and user acquisition strategies. Any similar changes introduced by Google for its Android operating system may have similar impacts.

Risk Category	Risk
Performance of new title releases	There is a risk that new title releases are not received in a positive manner by the market or generate the anticipated level of player engagement. This can lead to losses in revenue, lower margins and reduced cash flow. In addition, capitalised development expenditures may need to be impaired. If a game's launch results in lower revenues than estimated, this may have a material adverse impact on the PlaySide's operating and financial performance.
Intellectual property rights	PlaySide's intellectual property rights are an essential element of its business. PlaySide's intellectual property rights are predominantly protected by copyrights, trademarks, laws for the protection of trade secrets, non-disclosure and other contractual agreements and/or other technical measures. Despite PlaySide's efforts to protect its intellectual property rights, unauthorised parties may attempt to copy or otherwise attempt to obtain and use PlaySide's technology, games or brands. PlaySide cannot be certain that the actions it takes to protect its intellectual property rights will be adequate or that third parties will not infringe or misappropriate PlaySide's intellectual property rights. There is a risk that the actions taken by PlaySide will not be sufficient to protect its intellectual property rights or that existing protection measures implemented by PlaySide cannot be maintained or are inadequate. If PlaySide fails to protect and retain its intellectual property rights, it could have a material adverse effect on PlaySide's operating and financial performance and PlaySide's business and reputation.
Infringement of third party intellectual property rights	There is a risk that third parties may allege PlaySide has infringed on their intellectual property rights without their consent or permission. Any claims, regardless of the merits, could result in dispute or litigation, which may be protracted and expensive to defend. In addition, as a result of any court judgment or settlement PlaySide may be obligated to cancel the launch of a new game, modify its games and features, cease offering certain features, cease using certain source code or technologies and/or pay royalties or significant damages awards. Intellectual property claims are often time consuming, expensive to litigate or settle and cause significant diversion of management attention. Should PlaySide be regarded as infringing intellectual property rights of third parties, it could have a material adverse effect on PlaySide's operations and financial performance and PlaySide's business and reputation.

Risk Category	Risk
Failure to execute growth strategy	PlaySide's growth strategy is outlined in Section 6.5. Achievement of PlaySide's objectives will largely depend on the ability of the Board and management to successfully execute its growth strategy. There can be no assurance that the Company's growth strategy will be successfully implemented, deliver the expected returns or ultimately be profitable. The capacity of the Board and management to properly implement and manage the strategic direction of PlaySide and PlaySide's growth strategy may affect PlaySide's operating and financial performance. In addition, as part of PlaySide's growth strategy the Company intends to expand its workforce and invest in its development studio across design, art, engineering, and production disciplines. As PlaySide scales up its activites, profitability may be challenged where its workforce is increased but the desired levels of productivity output and return on investment are not achieved at the ancipated rate.
Failure to effectively manage growth	PlaySide has experienced considerable growth in revenue, employee numbers and customer base since commencing operations. Based on PlaySide's projections, PlaySide expects further growth in the future which could place significant strain on current management, operational and financial resources as well as the infrastructure supporting PlaySide's technology and development activities. PlaySide's future success depends on its ability to effectively manage this growth. Failure to appropriately manage growth could be detrimental to PlaySide's development activities and could adversely affect PlaySide's operating and financial performance.

Risk Category	Risk
Reliance on key management	PlaySide's performance relies heavily on the efforts and abilities of its executive management team and key technical personnel, who cover a range of functions, have intimate knowledge of the business, its technology and the industry within which it operates. PlaySide's key personnel have provided a significant contribution to PlaySide's success as it has grown. The retention of their services cannot be guaranteed. The loss of the services of any of PlaySide's executive management team and key technical personnel may have a detrimental impact on PlaySide and could have a material adverse effect on PlaySide's operating and financial performance.
Ability to attract and retain qualified personnel	The nature of PlaySide's operations requires its employees in the technical and development teams to be highly skilled and experienced in their respective fields. Accordingly, PlaySide's performance largely depends on its ability to identify, attract and retain qualified personnel. The departure of key personnel, or a shortage of qualified employees with the appropriate technical expertise, may significantly delay or prevent the achievement of development objectives or result in loss of know-how, which could adversely affect PlaySide's operations and its future ability to implement its growth strategies. Competition for qualified employees in PlaySide's industry is intense. In addition, PlaySide's ability to attract and retain qualified personnel is affected by PlaySides's prospects and its capacity to maintain competitive remuneration packages and incentives. There is a risk that PlaySide may not be able to attract and retain qualified personnel or be able to find effective replacements where departures occur in a timely or cost effective manner. Any inability to attract or retain qualified personnel may be detrimental to PlaySide's operations and financial performance.

Risk Category	Risk
Technology systems and software failure	PlaySide is highly dependent on the effective operation of its technology systems and software given the nature of its operations. There is a risk that PlaySide's technology systems and software (including those provided by third party providers) may be adversely impacted by damaged or faulty equipment, human error, disruption, failure, service outages, data corruption or breaches which could occur as a result of computer viruses, malware, hacking or cyber-attacks, or other disruptions including natural disasters, power surges or outages or other similar events. This may result in the loss, theft, corruption or unauthorised disclosure of confidential information and data, reputational damage, damage to or loss of customer relationships, and substantial costs may be incurred in identifying, investigating, mitigating, and remediating such an event which may or may not be recoverable or addressed by insurance. PlaySide has put in place business continuity and disaster recovery procedures in the event of failure of, or disruption or damage to, PlaySide's network or technology systems. However, such procedures may not be sufficient to ensure that PlaySide is able to carry on its business in the ordinary course in the event of such a failure, disruption or damage. Any major technology systems or software failure, disruption or damage, including failures relating to PlaySide's network, software, internet, remote servers it utilises or hardware, which causes material delay or interruption to PlaySide's operations and development activities, could have a material adverse effect on PlaySide's operating and financial performance and may also result in damage to PlaySide's relationships and reputation with customers and end-users.
Unforeseen bugs or errors	PlaySide's games have previously, and may in the future, contain bugs or errors that are not detected until after they are released to the market and played by a wide audience. Any bugs or errors could disrupt or harm the overall game playing experience for players and could result in players reducing their playing time or their in-app purchases or ceasing to play PlaySide's games altogether. These factors may also result in negative publicity for PlaySide. Bugs or errors could also result in the games being non-compliant with applicable laws. Resolving bugs and errors could disrupt or harm PlaySide's business and require PlaySide to divert resources from other game projects, which may be detrimental to PlaySide's operations and financial performance.

Risk Category	Risk
Future acquisitions	As part of PlaySide's growth strategy, the Company may from time to time undertake new business initiatives. If PlaySide is presented with appropriate opportunities, it may acquire complementary intellectual property, technologies, development teams, additional studios, companies or assets. Future acquisitions may expose PlaySide to potential risks, including risks associated with integration of cultures and systems, the assimilation of new technologies and operations, unforeseen or hidden liabilities, short term strain on working capital requirements, the diversion of management attention and resources from PlaySide's existing business and the inability to generate sufficient revenues to offset the costs and expenses of acquisitions. Any difficulties encountered in the acquisition and integration process may have an adverse effect on PlaySide's operating and financial performance and PlaySide's business and growth. In addition, there can be no certainty that any business initiatives undertaken by PlaySide will prove to be profitable.
Third party technology and services	PlaySide relies on third party technologies and software for elements of its development activities and operations. Any change or interruption to PlaySide's key third party software and infrastructure provider relationships or reduced accuracy or availability of their services may disrupt PlaySide's development activities and operations. While outside of PlaySide's influence or control, such disruption could result in operational or business delays (particularly launch delays), cost overruns, damage to reputation and loss of customers for PlaySide. PlaySide's operations would be materially impacted if existing third party suppliers no longer made their software and technologies available to PlaySide or materially increased the price of the use of their software or technologies. As a consequence, PlaySide may face an increased cost of doing business and a disruption in its development activities and operations. In such circumstances, PlaySide may be required to undertake additional development tasks internally or find new suppliers of such software and technologies who may offer less favourable terms. In addition, PlaySide may not have sufficient time to procure a replacement provider in a timely manner and at an equivalent cost. This would adversely impact PlaySide's operating and financial performance.

Risk Category	Risk
Third party service providers	The operations of PlaySide may occasionally require the involvement of a number of third party providers to undertake development activities and deliver services to its customers. There is a risk that a third party provider may deliver a service below the expected standard, or there may be a disruption to the services provided by a third party provider, to PlaySide. Any such failure to deliver services to an expected standard or financial failure, default or contractual non-compliance on the part of a third party provider could adversely affect PlaySide's reputation with customers and could have a material adverse effect on PlaySide's operating and financial performance.
Unforeseen expenditure	Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although PlaySide is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of PlaySide.
Insurance	PlaySide faces various risks in conducting its business and in certain circumstances PlaySide may lack adequate insurance coverage or PlaySide's insurance may not be of a nature or level to provide relevant insurance coverage (including to a nature or level required by certain customers or partners). PlaySide considers that it has sufficient insurance policies in place in respect of its business and assets. However, PlaySide will not be insured against all risks, either because the appropriate coverage is not available or because PlaySide considers the applicable premiums to be excessive in relation to the perceived benefits that would accrue. Accordingly, PlaySide may not be fully insured against all losses and liabilities that may unintentionally arise from its operations. PlaySide will need to review its insurance requirements periodically. If PlaySide incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, PlaySide's operating and financial performance may be adversely affected.

Risk Category	Risk
Data loss, theft or corruption	PlaySide stores data in its own systems and networks and also with a variety of third party service providers. Corruption, theft or loss of the data as a result of misuse, exploitation or hacking of any of these systems or networks could lead to corruption, theft or loss of the data which could have a material adverse effect on PlaySide's business and operating and financial performance. Further, if PlaySide's systems, networks or technology are subject to any type of 'cyber' crime, its technology may be perceived as unsecure, which may lead to a decrease in the number of customers and partners.
Foreign exchange risk	However, a proportion of PlaySide's revenue, expenditures and cash flows are transacted in US dollars. In addition, PlaySide may in the future transact in various other currencies other than Australian dollars. Any adverse movements of these currencies against the Australian dollar, as well as volatility, could have an adverse effect on PlaySide's future financial performance and position and may result in lower than anticipated revenue, profit and earnings of PlaySide. PlaySide will monitor and assess such risks and implement measures to manage such risks. These measures may not eliminate all such risks and may themselves expose the Company to related risks.

8.3 Industry Specific Risks

Category of Risk	Risk
Market growth may not be sustained	The global video games market has seen consistent growth for many years. There is however a risk to PlaySide that trends may reverse or continue at slower rates than anticipated. PlaySide's future success is dependent upon the continued growth of the use of mobile devices for gaming. A decline in the usage of mobile devices for games could have a material adverse effect on PlaySide's operating and financial performance and PlaySide's business and growth.
Regulatory frameworks across different jurisdictions	PlaySide's operations are predominantly undertaken in Australia from which it services a global customer base. In addition, as part of PlaySide's growth strategy, it will grow operations in overseas jurisdictions with a focus being to open a sales office in Los Angeles. Operating in overseas jurisdictions exposes PlaySide to a range of different legal and regulatory regimes. PlaySide is subject to the risks associated with doing business in the relevant regions, which may include: (a) unexpected changes in, or inconsistent application of, applicable foreign laws and regulatory requirements; (b) different or less sophisticated technology standards; and (c) different regulatory or legislative requirements applicable to the Company's product offerings and services (including data privacy and intellectual property rights). There is a risk that PlaySide could face legal, tax or regulatory sanctions or reputational damage as a result of any failure to comply with (or comply with developing interpretations of) applicable laws and regulations or any failure of its product offerings and services to satisfy the requirements of applicable laws and regulations.
Government and regulatory factors	PlaySide is required to comply with laws and regulations, including the laws governing privacy, taxation and consumer trade practices in each jurisdiction in which it operates. PlaySide may be subject to other laws and regulations in jurisdictions in which it plans to operate and the applicable laws and regulations may change from time to time. These applicable laws and regulations give rise to risks and compliance costs for PlaySide. Non-compliance with such laws and regulations, changes in the interpretation of current laws and regulations or the introduction of new laws or regulations may lead to fines or penalties imposed on PlaySide by the relevant regulatory authority or governmental body, restrictions on PlaySide's operations or damage to PlaySide's reputation and may have a material adverse effect on PlaySide's costs, business model and competitive position and therefore could materially adversely affect PlaySide's operating and financial performance.

8.4 General Risks

Category of Risk	Risk
Future funding requirements and ability to access debt and equity markets	On completion of the Offer the Board considers PlaySide will have sufficient working capital to meet its immediate operational requirements and business objectives. There can be no assurance however that such objectives can continue to be met in the future without securing further funding. PlaySide's capital requirements depend on numerous factors and PlaySide may require additional debt or equity financing in the future to maintain or grow its business in addition to funds raised under the Offer. There can be no assurance that PlaySide will be able to secure additional capital from debt or equity financing on favourable terms or at all. If PlaySide is unable to raise additional capital if and when required, this could delay, suspend or reduce the scope of PlaySide's business strategy and could have a material adverse effect on PlaySide's operating and financial performance. Any additional equity financing may result in dilution for some or all Shareholders, and debt financing, if available, may involve restrictive covenants which limit operations and business strategy.
Fluctuations in market price of the Shares	The price at which the Shares trade on ASX following the Company's listing may be higher or lower than the Offer Price. There is no guarantee that the Shares will appreciate in value or maintain the same level as the Offer Price. The price at which the Shares trade following the Company's listing on ASX could be subject to fluctuations and will be affected by a number of factors relevant to the Company's business and its overall performance and other external factors. Some of the factors which may affect the price at which the Shares trade on ASX include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, exchange rates, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the nature of the markets in which the Company operates and general operational and business risks.

Category of Risk	Risk
Trading in Shares may not be liquid	There is currently no public market on which the Shares may be sold. There can be no assurance that an active market for the Shares will develop or continue following the Company's listing on ASX. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time, particularly given the level of ownership retained by the Existing Shareholders. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid. Upon completion of the Offer, the Existing Shareholders will hold approximately 71.52% in aggregate of the total Shares on issue. In addition, certain Shares held by several Existing Shareholders, the Sell Down Participants and several Convertible Noteholders on completion of the Offer will be subject to escrow restrictions under the ASX Listing Rules as set out in Section 6.12. The absence of any sale of Shares by the Existing Shareholders, the Sell Down Participants and the Convertible Noteholders following the Company's listing on ASX, particularly during the period in which escrow arrangements apply, may cause, or at least contribute to, limited liquidity in the market for the Shares.
Economic conditions and other global or national issues	General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations.

Category of Risk	Risk
COVID-19	The outbreak of the coronavirus disease **(COVID-19)** is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The market price of Shares may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company. In addition, the effects of COVID-19 on the market price of Shares and global financial markets generally may also affect the Company's ability to raise equity or debt or require the Company to issue capital at a discount, which may result in dilution for some or all Shareholders. The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. If any of these impacts appear material prior to close of the Offer, the Company will notify investors under a supplementary prospectus.
Market conditions	Share market conditions may affect the value of the Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as: • general economic outlook; • introduction of tax reform or other new legislation; • interest rates and inflation rates; • global health pandemics; • currency fluctuations; • changes in investor sentiment toward particular market sectors; • the demand for, and supply of, capital; and • terrorism or other hostilities. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company. In addition, the extent of the effects of COVID-19 is at this stage uncertain and continuing to evolve. The COVID-19 pandemic is having, and is expected to continue to have, a significant influence on the volatility of equity markets generally and may continue to impact and influence the value of the Company's securities.

Category of Risk	Risk
Dilution	In the future, the Company may elect to issue Shares or engage in capital raisings to fund growth, investments or acquisitions that the Company may decide to undertake, to repay debt or for any other reason the Board may determine at the relevant time. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholder interests may be diluted as a result of such issues of Shares or other securities.
Dividend risk	The Directors have no current intention to declare and pay a dividend and there is no certainty that the Company will pay dividends in the future. The payment of dividends by the Company is determined by the Board from time to time in its absolute discretion. PlaySide's ability to pay dividends or make other distributions in the future is contingent on profits and certain other factors, including the capital and operational expenditure requirements of the business.
Taxation and Taxation Changes	Taxation law is complex and frequently changing, both prospectively and retrospectively. Changes in taxation laws (including employment tax, GST, stamp duty and the ability to claim R&D offsets) and changes in the way taxation laws are interpreted or administered, create a degree of uncertainty and may impact the tax liabilities or future financial results of PlaySide. In particular, both the level and basis of taxation may change (including in foreign jurisdictions in which PlaySide may operate). In addition, tax authorities may review the tax treatment of transactions entered into by PlaySide or tax deductions or similar claimed (such as in respect of GST or R&D tax offsets). Any actual or alleged failure to comply with, or any change in the application or interpretation of, taxation laws applied in respect of such transactions or claims, may increase PlaySide's tax liabilities or expose it to legal, regulatory or other actions. An interpretation of taxation law by a revenue authority that is contrary to PlaySide's or its advisers' interpretation of those taxation laws may also increase the amount of tax to be paid. An investment in the Shares involves tax considerations which may differ for each Shareholder. Each prospective investor is encouraged to seek professional taxation and financial advice in connection with any investment in PlaySide and the consequences of acquiring and disposing of Shares.

Category of Risk	Risk
Litigation and other proceedings	The Company is exposed to potential legal and other claims or disputes in the course of its business, including intellectual property infringement disputes, contractual disputes and employee disputes. Any costs involved in defending or settling legal and other claims or disputes that may arise could be costly and may impact adversely on the Company's operations and financial position or cause damage to its reputation.

8.5 Investment speculative

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Shares.

Prospective investors should consider that an investment in the Company is highly speculative.

The Shares offered under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on the ASX.

Before deciding whether to subscribe for Shares under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

9. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

9.1 Board of Directors

The Board of the Company consists of:

(a) Cristiano Nicolli – Non-Executive Chairman

Mr Nicolli has an extensive career as an influential leader and highly successful businessman in the technology sector. From 2010 to 2016, Mr Nicolli was the Group Managing Director and CEO of ASX-listed IT services company UXC Limited. During his 13 years with UXC, Mr Nicolli was instrumental in leading the growth of UXC's IT-services business from $60 million annual revenue to $750 million (via both organic growth and acquisitions) and employing 3,000 staff. Under Mr Nicolli's leadership, UXC became widely recognised as the largest and one of the most respected ASX-listed IT companies in Australia. Mr Nicolli oversaw the acquisition of UXC by global IT firm CSC in late 2016 for in excess of $400 million.

Mr Nicolli is currently a Non-Executive Director of ASX/NZX listed Vista Group International Limited (ASX: VGL), a leading provider of software and cloud solutions to the global film industry. Mr Nicolli is also a Non-Executive Director of ASX listed international IT services provider Empired Limited (ASX: EPD) and eLearning software solutions provider ReadCloud Limited (ASX: RCL).

Mr Nicolli is a Fellow of the Australian Institute of Company Directors (FAICD), a past member of the New Zealand Society of Accountants and holds a Bachelor of Management and Business Studies.

The Board considers that Mr Nicolli is an independent Director.

(b) Gerry Sakkas – Chief Executive Officer and Managing Director

Gerry is the CEO and co-founder of PlaySide and has spent over 13 years in the games industry. Gerry is a young, passionate leader who takes a creative visionary approach to leading his team.

Gerry started his professional career at EA Games as a tester, and over the next 4 years made his way to lead designer of the Melbourne studio. Gerry worked on games such as Dead Space, The Godfather 2 and Dante's Inferno. Gerry's strong entrepreneurial drive saw him leave EA and co-found PlaySide in 2011. For the past 8 years Gerry has been responsible for leading and growing PlaySide to a team of 70+ staff, with his creative drive a key focus for growth.

Since PlaySide's inception Gerry has led the team responsible for creating, designing and producing most of PlaySide's largest titles, such as Catch The Ark, ICY ROPES, Bouncy BITS, Safe Zone and many more, with PlaySide's revenue growing to $7.93m during FY20. Gerry also led the team that designed one of the most downloaded augmented reality games ever produced, AR Dragon, which was one of the first commercial AR games to launch to market.

Gerry graduated from RMIT with a Bachelor of Arts (Digital Arts and Games) in 2007.

The Board considers that Mr Sakkas is not an independent Director.

(c) Mark Goulopoulos – Non-Executive Director

Mark is an experienced investment advisor and early stage financier and is one of the co-founders of PlaySide. As Director of Corporate Strategy since PlaySide's inception, Mark has led and set corporate strategy for the business including the business model of utilising cash flow from fixed priced contracts to finance original IP development. Strategic decisions implemented during his tenure include the creation of PlaySide's VR division and its investment in Esports.

Mark has over 20 years' experience in equities markets and investment banking. He has originated, led, and advised on numerous financing transactions for both ASX listed and pre-IPO businesses across various industries. Mark is a founding partner of Cumulus Wealth, a boutique wealth management firm founded in 2019. He was previously a Director of Wealth Management at Patersons Securities for over 10 years. At Cumulus Wealth Mark provides specialised investment portfolio advice to high net worth clients and family offices whilst also being actively involved in the origination and structuring of financing transactions for companies ranging from start-up to ASX listed and across various industry sectors.

Mark holds a Bachelor of Commerce with a double major in accounting and finance from Monash University and a Graduate Diploma in Applied Finance and Investment from FINSIA. He is also a Master Practitioner Member (MSAFAA) of the Stockbrokers and Financial Advisers Association.

The Board considers that Mr Goulopoulos is not an independent Director.

(d) Aaron Pasias – Non-Executive Director

Aaron is a professional investor in early stage companies, equities and property and is one of the co-founders of PlaySide. Since inception, Aaron has acted as the Company's Finance Director and until recently, the Company Secretary. Working closely with the Board and senior management he has overseen the financial stewardship of the Company including setting of detailed monthly, quarterly and annual budgets, periodic forecasting and financial modelling. In addition to his finance role Aaron also took executive responsibility for corporate development operations including the establishment and fit out of PlaySide's various studios, legal liaison with the Company's advisors and treasury function.

During Aaron's tenure as Finance Director PlaySide grew revenues at a compound annual growth rate of 35%. Aaron has over 15 years' experience in both the financial markets and property industries. He has evaluated and invested in various opportunities across a range of ASX listed and pre-IPO companies and has had active involvement with Boards of companies where he has been a major shareholder.

In addition to his equity investments Aaron has also driven a variety of commercial, retail, and residential property developments.

Aaron holds a Bachelor of Commerce with a major in Finance as well as a Bachelor of Business with a major in Business Law, both from Monash University.

The Board considers that Mr Pasias is not an independent Director.

(e) Gerrit Johan Ten Cate – Non-Executive Director

Currently the COO of Tilt Five, a new and emerging technologies firm focusing on Augmented Reality, Hans is a long-time game industry executive, and has produced and designed AAA games for PC, console and mobile platforms, led large teams developing online gaming technology and services, and negotiated business and technology partnerships for large publishers and startups.

After a number of years managing online services for Sony PlayStation, Hans spent a decade at EA as an Executive Producer creating award-winning games and later as Sr. Director of Business Development for EA Partners. He has contributed to franchises including The Sims, The Simpsons, and Dante's Inferno and built relationships with hundreds of game development studios and partners.

Hans has experience in start-ups and grew the team at MaxPlay, a cloud-based game engine technology. Hans was also pivotal in raising MaxPlay's $20mm Series A funding round with Silicon Valley investors. Hans has strong business relations in the San Francisco, Los Angeles, and Silicon Valley tech sector landscapes and collectively, the projects that Hans was part of account for more than $550 million in sales. He is Chair of the Board of Directors of the International Game Developers Association (IGDA).

The Board considers that Mr Ten Cate is an independent Director.

The Board has considered the Company's immediate requirements as it transitions to an ASX-listed company and is satisfied that the composition of the Board represents an appropriate range of experience, qualifications and skills at this time.

Each Director has confirmed that they anticipate they will have sufficient time to fulfil their respective responsibilities as a Director of PlaySide.

Each Non-Executive Director has advised the Company that they do not consider that any other commitment will interfere with their availability to perform their duties as a Non-Executive Director of PlaySide.

9.2 Key Management

The Company's key management team includes:

(a) Darren Briggs – Chief Financial Officer and Company Secretary

Darren commenced his career working within the Audit Division of International accounting firm Deloitte where he worked in both Australia and the USA for ten years. Darren then spent his next 13 years working at large companies, including a ten-year stint at Skilled Group Limited (previously an ASX Listed entity), where he worked in Senior Finance roles both at Head Office and within their business units.

More recently he worked for over 12 years at the ASX Listed retailer The Reject Shop Limited (ASX: TRS), most of which he spent acting as both CFO and Company Secretary. During his time at The Reject Shop Limited he was involved in two significant capital raises, the most recent being a $25 million raise completed in February 2020, undertaken to re-capitalise the business.

Darren is a member of the Institute of Chartered Accountants ANZ and a member of the Governance Institute of Australia.

(b) Paul Fouracre – Chief Operating Officer

Paul is the Chief Operating Officer with broad cross functional expertise in both strategy and operations across sales, marketing, finance, operations, technology and product management.

Paul has significant end to end operational leadership expertise across Australia and New Zealand, Asia Pacific and exposure to US, LA, Europe, Africa and Middle East markets with responsibility for teams ranging in size from 8 to more than 100.

Paul has spent most of his career with IBM which included over 10 years in finance and accounting roles, 7 years leading Asia Pacific acquisition integration and divestitures with over 30 projects delivered. In the last 4 years of his IBM tenure, Paul led operations across Asia Pacific Analytics and then Asia Pacific Cloud Unit where he created the integrated end to end revenue, pipeline, signings metrics based management system for sales execution and performance, deployed numerous tactical sales plays, prepared the annual strategic business plan and led AP-wide transformation programs reducing operating costs by more than $5 million during this time.

Most recently Paul was COO of AV Technology Pty Ltd responsible for the end to end P&L operations of a $35 million valued add agile distributor of Analytics SaaS, distributed software and hardware solutions across 6 offices in Australia, New Zealand and Asia. This included an overall responsibility for 60 employees across all business functions.

Paul has a Bachelor of Commerce Major in Accounting from the University of Western Sydney that was completed in 1998.

Each key manager has a full time employment agreement with the Company and has confirmed that they anticipate that they will have sufficient time to fulfill their respective roles without constraint of other commitments.

The Company is aware of the need to have sufficient management to properly supervise its operations and the Board will continually monitor the management roles in the Company. As the Company's development activities and overall operations require an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate.

9.3 Directors' Disclosures

No Director has been the subject of (or was a director of a company that has been subject to) any legal or disciplinary action in Australia or elsewhere in the last ten years which is relevant or material to the performance of their role with the Company or which is relevant to an investor's decision as to whether to subscribe for Shares under the Offer.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

9.4 Directors' Remuneration and interests in Securities

Remuneration

Details of the Directors' remuneration for the previous two completed financial years and the current financial year (on an annualised basis) are set out in the table below:

Director	Remuneration for the year ended 30 June 2019[3]	Remuneration for the year ended 30 June 2020[3]	Proposed remuneration for the year ending 30 June 2021[3]
Cristiano Nicolli[1]	Nil	Nil	$70,000
Gerry Sakkas	$248,461	$250,000	$300,000
Mark Goulopoulos	$60,000	$60,000	$50,000
Aaron Pasias	$84,000	$84,000	$50,000
Gerrit Ten Cate[2]	Nil	Nil	$54,750

Notes:

1. Appointed as Non-Executive Chairman of PlaySide on 1 November 2020.
2. Appointed as Non-Executive Director of PlaySide on 1 November 2020.
3. All figures above exclude statutory superannuation paid to Australian based Directors. Mr Ten Cate is a US based Director and is not paid statutory superannuation.

The Company's constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for non-executive Directors is $500,000 per annum although may be varied by ordinary resolution of the Shareholders in general meeting.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fees.

Interests in Securities

Directors are not required under the Constitution to hold any Shares.

The table below sets out the direct and indirect interests of the Directors in the securities of the Company both as at the date of this Prospectus and following completion of the Offer.

	Date of Prospectus				Completion of Offer		
Director	Shares	Convertible Notes	Performance Rights	% of Shares (undiluted)	Shares	Performance Rights	% of Shares (undiluted)
Cristiano Nicolli[1]	Nil	21,250	Nil	Nil	139,019	Nil	0.04%
Gerry Sakkas[2]	82,333,334	Nil	2,053,125	30.25%	79,166,667	2,053,125	21.60%
Mark Goulopoulos[3]	82,333,334	Nil	Nil	30.25%	79,166,667	Nil	21.60%
Aaron Pasias[4]	82,333,334	Nil	Nil	30.25%	79,166,667	Nil	21.60%
Gerrit Ten Cate	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

1. Indirect interest in Convertible Notes at the date of this Prospectus (and indirect interest in Shares on completion of the Offer, resulting from conversion of the Convertible Notes) held by Nicolli Holdings Pty Ltd, an entity controlled by Mr Nicolli.
2. Mr Sakkas participated in the pre-initial public offering Sell Down. Mr Sakkas' interest in Performance Rights consists of 492,750 Class A Performance Rights, 328,500 Class B Performance Rights, 410,625 Class C Performance Rights, 246,375 Class D Performance Rights, 164,250 Class E Performance Rights and 410,625 Class F Performance Rights. Please refer to Section 6.10 for details of the Performance Rights (including the performance period and vesting conditions) that have been granted to Mr Sakkas.
3. Indirect interest in Shares held by Atlantis MG Pty Ltd as trustee for the MG Family Trust, an entity controlled by Mr Goulopoulos. This entity participated in the pre-initial public offering Sell Down.
4. Indirect interest in Shares held by Yondro Pty Ltd as trustee for the Pasias Family Trust, an entity controlled by Mr Pasias. This entity participated in the pre-initial public offering Sell Down.

In addition, Mr Nicolli and Mr Ten Cate (and their spouses and associates) may apply for Shares under the Offer. If Mr Nicolli or Mr Ten Cate (or their spouses or associates) do apply for, and are allocated, Shares under the Offer, the figures in the above table will be affected.

The Company will notify ASX of the Directors' interests in the securities of the Company at the time of listing on the ASX in accordance with the ASX Listing Rules.

9.5 Selling Fee – Cumulus Wealth Pty Ltd

The Lead Manager has agreed to pay a selling fee of 5% plus GST to Cumulus Wealth Pty Ltd (ACN 634 297 279) (**Cumulus Wealth**) on the total commitments secured by Cumulus Wealth under the Offer up to a maximum of $4,000,000 of the total gross proceeds raised.

Cumulus Wealth is an entity associated with Mark Goulopoulos, a Non-Executive Director of PlaySide. Mr Goulopoulos is a director of Cumulus Wealth and Ignition MG Pty Ltd (ACN 634 283 060), an entity controlled by Mr Goulopoulos, holds a 33.33% interest in Cumulus Wealth.

Cumulus Wealth (AFS Authorised Representative Number 127964) is a Corporate Authorised Representative of Viriathus Capital Pty Ltd (ACN 113 959 596) (AFSL 297 950).

9.6 Agreements with Directors and Related Parties

The Company's policy in respect of related party arrangements is:

(a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and

(b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

The agreements between the Company and related parties are summarised in Section 10.4.

9.7 Corporate Governance

(a) ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted ***The Corporate Governance Principles and Recommendations (4th Edition)*** as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan will be available in a dedicated corporate governance information section of the Company's website **www.PlaySidestudios.com**.

(b) Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

(i) maintain and increase Shareholder value;

(ii) ensure a prudential and ethical basis for the Company's conduct and activities consistent with the Company's stated values; and

(iii) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

(i) leading and setting the strategic direction, values and objectives of the Company;

(ii) appointing the Chairman of the Board, Managing Director or Chief Executive Officer and approving the appointment of senior executives and the Company Secretary;

(iii) overseeing the implementation of the Company's strategic objectives, values, code of conduct and performance generally;

(iv) approving operating budgets, major capital expenditure and significant acquisitions and divestitures;

(v) overseeing the integrity of the Company's accounting and corporate reporting systems, including any external audit (satisfying itself financial statements released to the market fairly and accurately reflect the Company's financial position and performance);

(vi) establishing procedures for verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor, to ensure that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions;

(vii) overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;

(viii) reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and

(ix) approving the Company's remuneration framework.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

(c) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting, subject to the following:

(i) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and

(ii) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent Shareholders and fulfil the business objectives and values of the Company as well as to deal with new and emerging business and governance issues.

The Board currently consists of five directors (a Non-Executive Chairman, three Non-Executive Directors and an Executive Director) of whom Mr Nicolli and Mr Ten Cate are considered independent. The Board considers the current balance of skills and expertise to be appropriate given the Company for its currently planned level of activity.

To assist in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board intends to maintain a Board Skills Matrix to ensure that the Board has the skills to discharge its obligations effectively and to add value.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director or senior executive.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors, which is tailored to their existing skills, knowledge and experience. The purpose of this program is to allow new directors to participate fully and actively in Board decision-making at the earliest opportunity, and to enable new directors to gain an understanding of the Company's policies and procedures.

The Board maintains oversight and responsibility for the Company's continual monitoring of its diversity practices. The Company's Diversity Policy provides a framework for the Company to achieve enhanced recruitment practices whereby the best person for the job is employed, which requires the consideration of a broad and diverse pool of talent.

(d) Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(e) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards and to conducting all of the Company's business activities fairly, honestly with integrity, and in compliance with all applicable laws, rules and regulations. In particular, the Company and the Board are committed to preventing any form of bribery or corruption and to upholding all laws relevant to these issues as set out in in the Company's Anti-Bribery and Anti-Corruption Policy. In addition, the Company encourages reporting of actual and suspected violations of the Company's Code of Conduct or other instances of illegal, unethical or improper conduct. The Company and the Board provide effective protection from victimisation or dismissal to those reporting such conduct as set out in its Whistleblower Protection Policy.

(f) Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(g) Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

In accordance with the Constitution, the total maximum remuneration of non-executive Directors is initially set by the Board and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed $500,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having regard to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(h) Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that, the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

(i) External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company. From time to time, the Board will review the scope, performance and fees of those external auditors.

(j) Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to:

(i) monitoring and reviewing any matters of significance affecting financial reporting and compliance;

(ii) verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor;

(iii) monitoring and reviewing the Company's internal audit and financial control system, risk management systems; and

(iv) management of the Company's relationships with external auditors.

(k) Diversity policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

(l) Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's compliance and departures from the Recommendations will also be announced prior to admission to the Official List of the ASX.

MATERIAL CONTRACTS

10. MATERIAL CONTRACTS

The Directors consider that the material contracts described below are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Offer.

This Section contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

10.1 Convertible Note Agreements

In October 2020, the Company entered into a number of convertible note agreements with various sophisticated, professional and institutional investors (**Convertible Noteholders**) pursuant to which the Company raised $3,050,000 (before associated costs) (**Convertible Note Agreements**) through the issue of convertible notes with a face value of $1 each (**Convertible Notes**).

The Convertible Notes are unsecured.

Interest accrues at a rate of 8% per annum from the subscription date until the Convertible Notes are either redeemed or converted into Shares.

As at the date of this Prospectus, the aggregate face value of the Convertible Notes on issue is $3,050,000 (**Principal Amount**).

In accordance with the terms of the Convertible Note Agreements, upon PlaySide receiving conditional approval from ASX for PlaySide to be admitted to the Official List in a form (and on terms and conditions) acceptable to PlaySide, the Principal Amount is to convert into 19,378,224 Shares as follows:.

Portion of Principal Amount	Conversion Price[1]	Number of Shares[2]
$1,969,000	$0.160	12,306,250
$1,081,000	$0.1528569	7,071,974

Notes:

1. **Conversion Price:** The difference in conversion price results from a pre-money market capitalisation imposed on the Convertible Notes converting at the conversion price of $0.1528569.
2. **Number of Shares:** These figures are subject to rounding. Accordingly, the actual number of Shares to be issued on conversion of the Convertible Notes may differ due to rounding when converting individual holdings of Convertible Noteholders.

The total amount of interest payable is estimated to be $55,000 based on Convertible Notes with a total face value of $3,050,000 on issue for approximately 3 months.

10.2 Lead Manager Mandate

The Company has entered into a lead manager mandate with Canaccord Genuity (Australia) Limited (AFSL 234666) (**Canaccord**), the Lead Manager, dated 6 August 2020 pursuant to which Canaccord agreed to be engaged to act as lead manager to the Offer (as varied) (**Lead Manager Mandate**).

The Company has agreed to pay the following fees to Canaccord:

(a) a management fee of $40,000 plus GST; and

(b) a capital raising fee of 6% plus GST of the total gross amount raised under the Offer.

Canaccord will be responsible for paying any fees to be paid to other participating brokers under the Offer. Specifically, Canaccord is to pay a selling fee to Cumulus Wealth on allocated amounts under the Offer for commitments secured by Cumulus Wealth as detailed in Section 9.5.

The Company has agreed to reimburse Canaccord for all reasonable out-of-pocket and travel expenses (including any applicable GST) incurred by Canaccord in connection with the Offer and performance of its role under the Lead Manager Mandate. Canaccord is to obtain the Company's approval for any one-off out-of-pocket or travel expense that exceeds $2,000.

In addition, the Company is to pay the reasonable fees and disbursements of Canaccord's legal advisers, resulting from or arising out of the Lead Manager Mandate, up to a maximum of $20,000 (including any applicable GST), unless otherwise approved in advance by the Company in writing.

In the event that the Company terminates the Lead Manager Mandate (other than as a result of any material negligence, recklessness, wilful misconduct or fraud on part of Canaccord or due to any material breach by Canaccord) or during the term of the Lead Manager Mandate or during the period of 90 days following termination of the Lead Manager Mandate, the Company:

(a) undertakes any alternative form of equity or hybrid capital raising other than the Offer and other than from any existing Shareholders or their related bodies corporate or affiliates;

(b) licences any of its technology or intellectual property to another party and either terminates the Lead Manager Mandate or desists from actively pursuing the Offer; or

(c) enters into an agreement with a third party pursuant to which the third party agrees to acquire an interest of 50% or more in the Company (whether by way of an acquisition of the Shares or the Company's business or assets), the Company will be liable to pay Canaccord a withdrawal fee.

The quantum of the withdrawal fee is to be determined based on the progress of the Company's initial public offering at the time the relevant withdrawal event occurs. The maximum withdrawal fee payable is equal to the full amount of the fees that would have been payable to Canaccord had the Offer been completed.

The Lead Manager Mandate may be terminated by PlaySide or Canaccord by written notice at any time with or without cause upon 7 days written notice to the other party. Canaccord will be entitled to payment of any fees and expenses accrued to the date of termination.

The Lead Manager Mandate otherwise contains terms and conditions, including representations and warranties, indemnities and confidentiality provisions, considered standard for an agreement of this nature.

10.3 Go-Live Support, Maintenance and Development Services

As set out in Section 6.4.1, PlaySide generates revenue under work for hire agreements for development works and post launch support, maintenance and development services. These agreements vary in terms depending on the client, jurisdiction and services being provided by PlaySide however, they are considered to be on industry standard terms.

Below is a summary of the key terms of two work for hire arrangements that PlaySide has in place which the Board consider are material to the Company's operations. PlaySide is currently party to a number of other work for hire arrangements however, the Board does not consider any of these arrangements individually to be material to PlaySide's operations or integral to generating revenue based primarily on the value of those arrangements or percentage completion.

10.3.1 Software App Design and Development Agreement

PlaySide has developed a number of games under the Dumb Ways to Die brand (**DWTD**) for Metro Trains Melbourne Pty Ltd (**MTM**) as set out in Section 6.3.2.

PlaySide and MTM have entered into a Software App Design and Development Agreement dated 23 July 2020 pursuant to which PlaySide has been engaged to provide MTM services for the design, development and distribution of monthly updates to existing DWTD games to be completed and launched between January 2021 and June 2021.

Term: The agreement operates from 30 July 2020 to 30 June 2021, unless terminated earlier.

Fees: MTM is to pay PlaySide total fees of $360,000 (exclusive of GST) over the term.

Acceptance Testing: Services and deliverables of PlaySide are subject to acceptance testing by MTM.

Ownership of IP: Ownership of all developed intellectual property rights vest in MTM from the time of creation. MTM grants PlaySide a limited, royalty-free, non-exclusive, non-transferable licence (without any right to grant sub-licences) during the term to use and reproduce DWTD intellectual property rights for the purpose of performing the services under the agreement.

Indemnity: PlaySide indemnifies MTM against any loss, liability, cost or expense suffered or incurred in connection with:

(a) any use by PlaySide's of any DWTD intellectual property rights in a manner not permitted by the licence granted to PlaySide under the agreement; and

(b) any claim alleging that the receipt and use of the mobile software applications developed by PlaySide and other developed materials in accordance with the agreement infringes the intellectual property rights, moral rights or any other rights of any other person.

Termination: Either party may terminate the agreement by giving written notice to the other party if:

(a) the other party becomes subject to an insolvency event; or

(b) the other party commits a material breach of the agreement and either the breach is not capable of being remedied or the other party fails to remedy the beach within 30 days of receiving notice of the breach.

MTM may also terminate the agreement:

(a) by giving written notice to PlaySide if PlaySide disposes of any property or part of its business which ordinarily plays a substantial part in performing its obligations under the agreement or in the reasonable opinion of MTM, there is a material adverse change in control or management of PlaySide or the capability of PlaySide to perform its obligations under the agreement; or

(b) at any time by giving no less than 30 days' written notice to PlaySide.

PlaySide gives representations and warranties to MTM in relation to performance of its obligations, the standard to which it will perform its obligations and ownership and use of intellectual property rights and non-infringement.

10.3.2 Master Services Agreement

As set out at Section 6.3.2(c), PlaySide partnered with GoGallop Studios Pty Ltd (**GoGallop**) to develop and deliver the Equestriad World Tour title which has recently been launched on the App Store for iOS devices and early access launch on the Google Store for Android devices.

PlaySide and GoGallop have entered into a Master Services Agreement dated 30 October 2020 pursuant to which PlaySide has been engaged to provide go-live support services and content updates, additional game content creation services and native advertising placement services for the Equestriad World Tour game.

Term: The agreement operates for a period of 12 months commencing on 6 November 2020, unless terminated earlier. On completion of the initial 12 month term the agreement may be renewed for a further 12 month term.

Fees and Expenses: GoGallop is to pay PlaySide a fixed fee of $70,000 (exclusive of GST) per month comprised of $12,500 (exclusive of GST) per month for the provision of go-live support services and $57,500 (exclusive of GST) per month for the creation of additional game content and features.

In addition, GoGallop is to pay Playside a management fee of $3,840 (exclusive of GST) to assist with advertising and user acquisition strategy.

GoGallop has agreed to reimburse PlaySide for reasonable expenses incurred by PlaySide in connection with the provision of the services and deliverables provided that GoGallop's prior written approval has been obtained.

Acceptance Testing: Services and deliverables of PlaySide are subject to acceptance testing by GoGallop.

Ownership of IP: GoGallop retains ownership of all its intellectual property. GoGallop grants PlaySide a non-exclusive, non-transferable royalty free licence (with no right of sub-licence) to use GoGallop's intellectual property for the purpose of providing the services and deliverables under the agreement.

Ownership of all developed intellectual property vests in GoGallop from the time of creation. GoGallop grants PlaySide a non-exclusive, non-transferable, royalty free licence (with no right of sublicence) to use the developed intellectual property for the purpose of providing the services and deliverables under the agreement.

PlaySide retains ownership of all its intellectual property owned prior to commencement of the agreement. PlaySide grants GoGallop a perpetual, irrevocable, non-exclusive, royalty free licence throughout the world to use, maintain, modify and enhance, to the extent necessary to enable GoGallop to use, operate, maintain, modify and enhance the services provided by PlaySide, such components of PlaySide's intellectual property as are incorporated in the developed intellectual property.

Indemnity: Each party indemnifies the other party and its related persons from and against all claims, actions, losses, costs, damages, expenses and other liability that may be incurred or sustained directly or indirectly including, but not limited to, arising from any breach by the indemnifying party's obligations under the agreement (including breach of any warranty), any negligent, unlawful, wilful or fraudulent act or omission of the indemnifying party or its related persons in connection with the agreement, any claim that the provision of the services or PlaySide's possession or use of any deliverables infringes the intellectual property rights or other rights of any third party, any use or disclosure by the indemnifying party of any of GoGallop's confidential information other than in accordance with the agreement or any obligations of the indemnifying party under applicable privacy laws.

Termination: Either party may terminate the agreement:

(a) following the two month anniversary of the agreement, for convenience by giving 45 days written notice; or

(b) immediately, if the other party fails to comply with any material term or condition of the agreement and the other party fails to cure the default within 30 business days of receiving notice of the breach.

In addition, either party may terminate the agreement immediately by written notice to the other party in the event that it reasonably determines that the actions or inactions of the other party may bring it or its members in disrepute, provided that it has first endeavoured to settle the matter in good faith through a meeting between senior representatives.

PlaySide gives representations and warranties to GoGallop in relation to the performance of its obligations under the agreement, compliance with laws and regulations (including relevant privacy and anti-spam laws) and ownership and use of intellectual property rights and non-infringement.

10.4 Agreements with Directors

10.4.1 Executive Services Agreement

Gerry Sakkas is employed by the Company and serves as Chief Executive Officer and Managing Director.

Mr Sakkas' fixed annual remuneration is $300,000 (subject to annual review).

Mr Sakkas will be eligible to receive a discretionary performance-based bonus based on the performance of the Company and achievement of specified key performance indicators in addition to any other matters that the Board deems appropriate. If Mr Sakkas becomes entitled to a performance-based bonus this will be delivered in cash unless otherwise determined.

Mr Sakkas is also entitled to participate in the Company's Performance Rights Plan and has been granted 2,053,125 Performance Rights, representing a combination of short term and long term incentives. Please refer to Section 6.10 for details of the Performance Rights (including the performance period and vesting conditions) that have been granted to Mr Sakkas.

Mr Sakkas is provided with a mobile phone and a company laptop for the purpose of conducting business. Certain other benefits are available to Mr Sakkas such as reimbursement of reasonable business expenses incurred in performing duties (such as travel expenses).

Mr Sakkas is subject to confidentiality and non-disclosure and discovery provisions.

The Company may terminate Mr Sakkas' employment:

(a) by giving not less than one months' written notice where Mr Sakkas becomes unable to perform duties in specified circumstances;

(b) by giving one months' written notice for any serious or persistent breach which is not remedied within the prescribed period, performance reasons following a process of warnings, gross misconduct or failure to comply with lawful directions or orders of the Company; or

(c) summarily without notice if Mr Sakkas is convicted of any major criminal offence which brings the Company or any of its related bodies corporate into lasting disrepute or for breach of any key policies relating to use of internet, email and price sensitive information.

The Company may also terminate Mr Sakkas' employment without reason by giving three months' written notice and at the end of that notice period making a payment to Mr Sakkas equal to the salary payable over a three month period.

Mr Sakkas may terminate his employment at any time by giving three months' written notice or by giving notice effective immediately if the Company commits any serious or persistent breach which is not remedied within the prescribed period.

Following termination, Mr Sakkas is subject to a six month global restraint against competing activities. The enforceability of the restraint clause is subject to all usual legal considerations.

10.4.2 Non-Executive Director Appointments

Cristiano Nicolli has entered into an appointment letter with the Company to act in the capacity of Non-Executive Chairman.

Mark Goulopoulos, Aaron Pasias and Gerrit Johan Ten Cate have entered into appointment letters with the Company to act in the capacity of Non-Executive Directors.

These Directors will receive the remuneration set out in Section 9.4.

10.4.3 Deeds of indemnity, insurance and access

The Company has entered into a deed of indemnity, insurance and access with each of the Directors. Pursuant to each of these deeds, the Company has agreed to indemnify the Director, to the extent permitted by law, against certain liabilities arising as a result of the Director acting as an officer of the Company. In addition, the Company is also required to maintain insurance policies for the benefit of the Director against certain risks to which the Director is exposed as an officer of the Company and grant the Director the right to access certain books and records of the Company in permitted circumstances.

ADDITIONAL INFORMATION

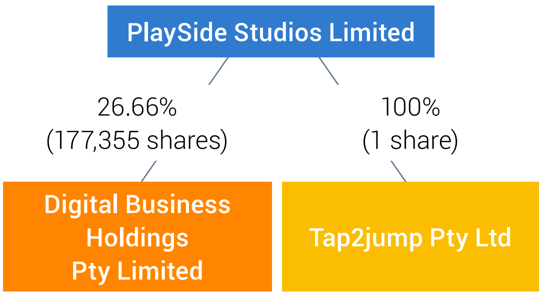
11. ADDITIONAL INFORMATION

11.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

11.2 Corporate Structure

The corporate structure of the Company is set out below:



The nature of the activities of the entities identified above are as follows:

(a) Digital Business Holdings Pty Ltd (trading as BIG Esports) provides the Company with insights into current and future trends within the Esports gaming space as detailed at Section 6.3.2(d).

(b) Tap2Jump Pty Ltd is used as a sandbox testing entity for mobile game prototypes prior to a decision being made whether to publish the game under PlaySide.

In addition to the above, the Company holds:

(a) a 14.23% interest in the B class shares of Gogallop Studios Pty Ltd. Gogallop Studios Pty Ltd is a mobile publisher of licensed equestrian sport games PlaySide has partnered with Gogallop to develop Equestriad World Tour as at Section 6.3.2(c).

(b) a 10.00% interest in Bantaa Pty Ltd, a non-operating entity.

(c) a 33.33% interest in AR IT Pty Ltd, a non-operating entity.

11.3 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

(i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call are ignored when calculation the proportion.

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid or credited as paid is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they believe to be justified subject to the requirements of the Corporations Act. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement on such terms and conditions as the Directors think fit, (a) a dividend reinvestment plan which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares and (b) a dividend election plan permitting holders of Shares to the extent that the Shares are fully paid, to have the option to elect to forego the right to share in any dividends (whether interim or otherwise) payable in respect of such Shares and to receive instead an issue of Shares credited as fully paid up to the extent as determined by the Directors.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) Variation of rights

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

11.4 Incentive Performance Rights Plan

The Company has adopted a Performance Rights Plan (**Performance Rights Plan**) to allow eligible participants to be granted Performance Rights in the Company. The principle terms of the Performance Rights Plan are summarised below:

(a) **Eligibility**: Participants in the Performance Rights Plan may be:

   (i) a Director (whether executive or non-executive) of the Company or any associated body corporate of the Company (each, a Group Company);

   (ii) a full or part time employee of any Group Company;

   (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (Class Order); or

   (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,

who is declared by the Board to be eligible to receive grants of Performance Rights under the Performance Rights Plan (**Eligible Participant**).

(b) **Offer**: The Board may, from time to time, at its absolute discretion, make a written offer to any Eligible Participant to apply for Performance Rights, upon the terms set out in the Performance Rights Plan and upon such additional terms and conditions as the Board determines.

(c) **Plan limit**: The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Performance Rights offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

(d) **Consideration**: Performance Rights granted under the Performance Rights Plan will be issued for nil cash consideration.

(e) **Vesting conditions**: A Performance Right may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Performance Right (**Vesting Conditions**).

(f) **Vesting**: The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived, unless an offer provides otherwise) by written notice to a participant (being an Eligible Participant to whom Performance Rights have been granted under the Performance Rights Plan or their nominee where the Performance Rights have been granted to the nominee of the Eligible Participant (**Relevant**

Person)), resolve to waive any of the Vesting Conditions applying to Performance Rights due to:

(i) special circumstances arising in relation to a Relevant Person in respect of those Performance Rights, being:

(A) a Relevant Person ceasing to be an Eligible Participant due to:

(I) death or total or permanent disability of a Relevant Person; or

(II) retirement or redundancy of a Relevant Person;

(B) a Relevant Person suffering severe financial hardship;

(C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant offer made to and accepted by the participant; or

(D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant participant which circumstances may relate to the participant, a class of participant, including the participant or particular circumstances or class of circumstances applying to the participant,

(**Special Circumstances**), or

(ii) a change of control occurring; or

(iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

(g) **Lapse of a Performance Right**: A Performance Right will lapse upon the earlier to occur of:

(i) an unauthorised dealing in, or hedging of, the Performance Right occurring;

(ii) a Vesting Condition in relation to the Performance Right is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Condition and vest the Performance Right in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Performance Rights to remain unvested after the Relevant Person ceases to be an Eligible Participant;

(iii) in respect of unvested Performance Right only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Performance Right in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Performance Rights to remain unvested after the Relevant Person ceases to be an Eligible Participant;

(iv) in respect of vested Performance Rights only, a Relevant Person ceases to be an Eligible Participant and the Performance Rights granted in respect of that Relevant Person are not exercised within one (1) month (or such later date as the Board determines) of the date that Relevant Person ceases to be an Eligible Participant;

(v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;

(vi) the Company undergoes a change of control or a winding up resolution or order is made, and the Board does not exercise its discretion to vest the Performance Right; and

(vii) the expiry date of the Performance Rights.

(h) **Not transferrable**: Subject to the ASX Listing Rules, and except as otherwise provided for by an offer, Performance Rights are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.

(i) **Shares**: Shares resulting from the vesting of the Performance Rights shall, subject to any sale restrictions (refer to paragraph (j)) from the date of issue, rank on equal terms with all other Shares on issue.

(j) **Sale restrictions**: The Board may, in its discretion, determine at any time up until exercise of Performance Rights, that a restriction period will apply to some or all of the Shares issued to a participant on exercise of those Performance Rights (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.

(k) **Quotation of Shares**: If Shares of the same class as those issued under the Performance Rights Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 5 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends. The Company will not apply for quotation of any Performance Rights on the ASX.

(l) **No participation rights**: There are no participation rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights without exercising the Performance Right.

(m) **No change**: A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can be exercised.

(n) **Reorganisation**: If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

(o) **Amendments**: Subject to express restrictions set out in the Performance Rights Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Performance Rights Plan, or the terms or conditions of any Performance Rights granted under the Performance Rights Plan including giving any amendment retrospective effect.

The maximum number of equity securities proposed to be issued under the Performance Rights Plan over the next 3 years from the date of this Prospectus will not exceed 5% of the total number of Shares on issue at the date of this Prospectus (inclusive of the 4,284,190 Performance Rights granted). It is not anticipated that the maximum number of Performance Rights will be issued immediately.

11.5 ASIC relief and ASX waivers and confirmations

ASIC Class Order [CO 13/520] provides the Company relief from section 606 of the Corporations Act so that the takeovers provisions of the Corporations Act will not apply to certain relevant interests that the Company would otherwise acquire in escrowed Shares by reason of the escrow arrangements described in Section 6.12.

The Company has not obtained any waivers or confirmations from the ASX in relation to the Offer.

11.6 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(d) as an inducement to become, or to qualify as, a Director; or

(e) for services provided in connection with:

(i) the formation or promotion of the Company; or

(ii) the Offer.

11.7 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

(a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(b) promoter of the Company; or

(c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(d) the formation or promotion of the Company;

(e) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offer; or

(f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(g) the formation or promotion of the Company; or

(h) the Offer.

BDO Corporate Finance (East Coast) Pty Ltd has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included in Annexure A of this Prospectus. The Company estimates it will pay BDO Corporate Finance (East Coast) Pty Ltd a total of $45,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Corporate Finance (East Coast) Pty Ltd has not received any other fees from the Company.

BDO Audit Pty Ltd is acting as the Company's Auditor and has completed the audit of the Company's financial statements for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020. During the 24 months preceding lodgement of this Prospectus with the ASIC, the Company has paid BDO Audit Pty Ltd $40,000 (excluding GST) for the provision of audit services.

Canaccord Genuity (Australia) Limited has acted as Lead Manager to the Offer. The Company will pay Canaccord Genuity (Australia) Limited a capital raising fee of 6% plus GST of the total funds raised under the Offer in addition to a management fee of $40,000 plus GST. Further details in relation to the Lead Manager Mandate with Canaccord Genuity (Australia) Limited are summarised in Section 10.2. During the 24 months preceding lodgement of this Prospectus with the ASIC, the Company has paid Canaccord Genuity (Australia) Limited $203,000 (excluding GST) for the provision of lead manager and advisory services. These fees were associated with the pre-IPO capital raising completed by the issue of the Convertible Notes.

Steinepreis Paganin has acted as the Australian legal advisers to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin $100,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received fees from the Company for any other services.

11.8 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offer or of the Shares), the Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;

(b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and

(c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

BDO Corporate Finance (East Coast) Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Independent Limited Assurance Report in Annexure A of this Prospectus in the form and context in which the information and report is included.

BDO Audit Pty Ltd has given its written consent to being named as auditor of the Company in this Prospectus.

Steinepreis Paganin has given its written consent to being named as the Australian legal advisers to the Company in relation to the Offer in this Prospectus.

Canaccord Genuity (Australia) Limited has given its written consent to being named as the Lead Manager to the Company in this Prospectus.

Link Market Services Limited has given its written consent to being named as the share registry to the Company in this Prospectus.

Newzoo International B.V. has given its written consent to being named in this Prospectus and the inclusion of statements contained in Section 5 that are attributed to Newzoo International B.V. in the form and context in which they are included.

11.9 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately $1,350,000 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription ($)
ASIC fees	3,206
ASX fees	138,664
Lead Manager Fees[1]	940,000
Legal Fees	100,000
Investigating Accountant's Fees	45,000
Auditor's Fees	40,000
Accounting Fees	45,000
Printing and Distribution	13,000
Miscellaneous	25,130
TOTAL	**$1,350,000**

Notes:

1. Refer to Section 10.2 for a summary of the Lead Manager Mandate.

DIRECTORS' AUTHORISATION

12. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Cristiano Nicolli
Non-Executive Chairman
For and on behalf of PlaySide Studios Limited

GLOSSARY

13. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

$ means an Australian dollar.

AEDT means Australian Eastern Daylight Time as observed in Melbourne, Victoria.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

AR means augmented reality.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Australian Accounting Standards Board or **AASB** means an Australian Government agency under the *Australian Securities and Investments Commission Act 2001.*

Board means the board of Directors as constituted from time to time.

Broker means any ASX participating organisation selected by the Lead Manager and PlaySide to act as a broker to the Offer.

Business Days means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement.

Cleansing Offer means the offer of Shares pursuant to this Prospectus as set out in Section 4.10.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Key Offer Information Section (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company or **PlaySide** means PlaySide Studios Limited (ACN 154 789 554).

Conditions has the meaning set out in Section 4.8.

Constitution means the constitution of the Company.

Convertible Note Agreements means the convertible note agreements pursuant to which the Convertible Notes were issued by the Company to Convertible Noteholders as summarised in Section 10.1.

Convertible Noteholder means a holder of a Convertible Note.

Convertible Notes means the convertible notes issued by the Company pursuant to the Convertible Note Agreements.

Corporations Act means *the Corporations Act 2001* (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Existing Shareholders means the Shareholders at the date of this Prospectus.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

IP means intellectual property.

Lead Manager or **Canaccord** means Canaccord Genuity (Australia) Limited (ABN 19 075 071 466) (AFSL 234666).

Lead Manager Mandate means the agreement with the Lead Manager summarised in Section 10.2.

Minimum Subscription means the minimum amount to be raised under the Offer, being $15,000,000.

Offer means the offer of Shares pursuant to this Prospectus as set out in Section 4.1.

Offer Price means $0.20 per Share.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Performance Right means a performance right convertible into a Share.

Performance Rights Plan has the meaning set out in Section 11.4.

Prospectus means this prospectus.

Recommendations has the meaning set out in Section 9.7.

Section means a section of this Prospectus.

Sell Down means the sale of a nominated number of Shares held by certain Existing Shareholders as described in Section 6.9.

Sell Down Participant means an investor who participated in the Sell Down.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

US means the United States of America.

VR means Virtual Reality.

ANNEXURE A – INDEPENDENT LIMITED ASSURANCE REPORT

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AUSTRALIA

The Directors
Playside Studios Limited
Level 1, 75 Crockford Street
Port Melbourne
VIC 3207

19 November 2020

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT

Introduction

BDO Corporate Finance (East Coast) Pty Ltd (**"BDO"**) has been engaged by Playside Studios Limited (**"Playside" or "the Company"**) to prepare this Independent Limited Assurance Report (**"Report"**) for inclusion in a prospectus proposed to be issued, in relation to the Initial Public Offering of shares in the Company, on or about 19 November 2020 (**"Prospectus"**) and listing on the Australian Securities Exchange (**"the Offer"**).

Unless stated otherwise in this Report, expressions defined in the Prospectus have the same meaning in this Report.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the financial information to which it relates for any purpose other than that for which it was prepared.

Scope

You have requested BDO to perform a limited assurance engagement in relation to the financial information described below and disclosed in the Prospectus.

The financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by International Financial Reporting Standards (**"IFRS"**) or Australian equivalents to International Financial Reporting Standards (**"AIFRS"**) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Scope of Review of the Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the **"Pro Forma Historical Financial Information"**) included in the Prospectus:

- the pro forma historical income statements for the financial periods ended 30 June 2018 (**"FY18"**), 30 June 2019 (**"FY19"**), and 30 June 2020 (**"FY20"**);
- the pro forma historical statements of cash flow for FY18, FY19, and FY20; and
- the pro forma historical statement of financial position as at 30 June 2020.

The Pro Forma Historical Financial Information has been derived from the statutory historical financial information of Playside, after adjusting for the effects of pro forma adjustments described in section 7 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in AIFRS applied to the statutory historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 7 of the Prospectus, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance and / or cash flow.

The statutory historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in AIFRS and the Company's adopted accounting policies. The statutory historical financial information has been extracted from the financial statements of Playside for the financial periods ended 30 June 2018, 30 June 2019 and 30 June 2020 which were audited by BDO Audit Pty Ltd (BDO Audit).

BDO Audit issued an unqualified audit opinion on the FY20, FY19 and FY18 financial reports.

Directors' Responsibility

The directors of Playside are responsible for the preparation and presentation of the Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the statutory historical financial information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of the statutory historical financial information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the financial information, based on our limited assurance engagement. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating, re-issuing any previously issued audit, or limited assurance reports on any financial information used as a source of the financial information.

Review Statement on the Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in section 7 of the Prospectus, and comprising:

- the pro forma historical income statements for FY18, FY19, and FY20;
- the pro forma historical statements of cash flow for FY18, FY19 and FY20; and
- the pro forma historical statement of financial position of the Company as at 30 June 2020;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 7 of the Prospectus.

Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no material transaction or event outside of the ordinary business of the Company not described in the Prospectus, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

General Advice Warning

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Financial Services Guide

Our Financial Services Guide follows this Report. This guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

Mark Schiavello

Authorised Representative

BDO

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Australia

FINANCIAL SERVICES GUIDE

Dated: 19 November 2020

This Financial Services Guide ('**FSG**') helps you decide whether to use any of the financial services offered by BDO Corporate Finance (East Coast) Pty Ltd (**'BDO Corporate Finance, we, us, our').**

The FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No: 247420
- Remuneration that we and/or our staff and any associates receive in connection with the financial services
- Any relevant associations or relationships we have
- Our complaints handling procedures and how you may access them.

FINANCIAL SERVICES WE ARE LICENSED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice to retail and wholesale clients about securities and certain derivatives (limited to old law securities, options contracts and warrants). We can also arrange for customers to deal in securities, in some circumstances. Whilst we are authorised to provide personal and general advice to retail and wholesale clients, we only provide *general* advice to retail clients.

Any general advice we provide is provided on our own behalf, as a financial services licensee.

GENERAL FINANCIAL PRODUCT ADVICE

Our general advice is typically included in written reports. In those reports, we provide general financial product advice that is prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

FEES, COMMISSIONS AND OTHER BENEFITS THAT WE MAY RECEIVE

We charge fees for providing reports. These fees are negotiated and agreed to with the person who engages us to provide the report. Fees will be agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. In this instance, the Company has agreed to pay us $45,000 for preparing the Report.

Except for the fees referred to above, neither BDO Corporate Finance, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of general advice.

All our employees receive a salary. Our employees are eligible for bonuses based on overall company performance but not directly in connection with any engagement for the provision of a report.

REFERRALS

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

ASSOCIATIONS AND RELATIONSHIPS

BDO Corporate Finance is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The general financial product advice in our report is provided by BDO Corporate Finance and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

COMPLAINTS RESOLUTION

Internal Complaints Resolution Process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints can be in writing, addressed to the Complaints Officer, BDO Corporate Finance, Level 11, 1 Margaret St, Sydney NSW 2001 or by telephone or email, using the contact details at the top of this FSG.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

If a complaint relating to general advice to a retail client is not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority (**AFCA**). AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

BDO Corporate Finance is a member of AFCA (Member Number 11843).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority
GPO Box 3
MELBOURNE VIC 3001
Toll free: 1800 931 678
Email: info@afca.org

COMPENSATION ARRANGEMENTS

BDO Corporate Finance and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDO Corporate Finance or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDO Corporate Finance satisfy the requirements of section 912B of the Corporations Act 2001.

CONTACT DETAILS

You may provide us with instructions using the details set out at the top of this FSG or by emailing - cf.ecp@bdo.com.au

ANNEXURE B – SUMMARY OF KEY ACCOUNTING POLICIES

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1. New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that were early adopted are disclosed below.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

(a) AASB 9 Financial Instruments

The consolidated entity has early adopted AASB 9 from 1 July 2017. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

(b) AASB 15 Revenue from Contracts with Customers

The consolidated entity has early adopted AASB 15 from 1 July 2017. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

(c) AASB 16 Leases

The consolidated entity has early adopted AASB 16 from 1 July 2017. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

2. Basis of preparation

The general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

(a) Historical cost convention

The financial statements are prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

(b) Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are discussed below:

(i) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates.

(ii) Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(iii) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

(iv) Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(iv) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(vi) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(vii) Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

3. Parent entity information

The Company's financial statements present the results of the consolidated entity only.

4. Principles of Consolidation

PlaySide Studios Pty Ltd and its subsidiaries together are referred to in this Annexure B as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

5. Foreign currency translation

The Historical Financial Information is presented in Australian dollars, which is PlaySide Studios Pty Ltd's functional and presentation currency.

(a) Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

6. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

7. Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

8. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

(a) Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

(b) Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

(c) Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the consolidated entity has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

(d) Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

9. Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

10. Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

11. Revenue

11.1 Accounting policy for revenue recognition

The consolidated entity recognises revenue as follows:

(a) Revenue from contracts with customers – General principles

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised, using the input method where the goods or services are transferred over time.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

(b) Revenue from contracts – Work for hire

Revenue is brought into account on a percentage completion basis as performance obligations identified in the sales contract are performed. Revenue invoiced for incomplete performance obligations is recognised as a liability in deferred revenue.

(c) Revenue from contracts – Original IP

Revenue is derived from the placement of advertisements on PlaySide's original game platforms and is recognised when a client's advertisement has been published on the agreed platform.

12. Other income

(a) Government grants

Grant revenue is recognised in profit or loss when the Company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the Company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

(b) Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(c) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

13. Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

(a) When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

(b) When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

14. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

15. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

16. Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	10%
Furniture & fixtures	10%
Computer equipment	20%-50%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

17. Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

18. Intangibles

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period

19. Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

20. Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

21. Provisions

(a) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

(b) Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

22. Issued capital

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

23. Reserves

(a) Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

24. Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

25. Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

26. Share based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

(a) during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.

(b) from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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