

# **Playside Studios Pty Ltd**

**ABN 73 154 789 554**

**Annual Report - 30 June 2020**

**Playside Studios Pty Ltd****Contents****30 June 2020**

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**General information**

The financial statements cover Playside Studios Pty Ltd as a consolidated entity consisting of Playside Studios Pty Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Playside Studios Pty Ltd's functional and presentation currency.

Playside Studios Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1  
75 Crockford Street  
PORT MELBOURNE VIC 3207

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 20 October 2020. The directors have the power to amend and reissue the financial statements.

**Playside Studios Pty Ltd**  
**Directors' report**  
**30 June 2020**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Playside Studios Pty Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

**Directors**

The following persons were directors of Playside Studios Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Aaron Parias  
Mark Goulopoulos  
Gerry Sakkas

**Principal activities**

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Development of mobile games on a Work-for-Hire basis for external IP Owners; and
- Development and monetisation of our own IP games.

**Dividends**

Dividends paid during the financial year were as follows:

	Consolidated 2020 \$	2019 \$
Final dividend for the year ended 30 June 2020 of 3.95 dollars (2019: 4.57 dollars) per ordinary share	<u>710,526</u>	<u>822,585</u>

All dividends paid in FY2020 and FY2019 were unfranked and will be fully taxable in the hands of shareholders.

**Review of operations**

The profit for the consolidated entity after providing for income tax amounted to \$196,231 (30 June 2019: loss of \$51,797).

Total revenue growth of \$2,694,857 (up 62.5%) was driven by work for hire, which grew by \$1,976,420, whilst revenue from Original IP and work for hire for the Apps business also grew by \$218,969 and \$499,468 respectively. Another source of Income Growth was Government related grants, with increases in R&D Tax incentives (up \$169,278), and Export Market Development Grants (up \$117,753).

Employee expenses at \$4,926,096 rose \$1,348,235 (38%) on the prior year, a result of the Studio needing to hire more staff required to both service the increased number of Work-for-Hire projects and also to start to test opportunities for Original IP games.

Selling expenses rose \$910,866 on the prior year as during FY2019 Apple made changes to their App Store whereby they no longer prominently featured trending games. As a consequence, the Company needed to increase advertising to grow customer base, which saw the User Acquisition spend increase by \$840,858 on the prior year.

General and Administrative expenses rose \$185,324, with key drivers being recruitment costs (up \$87,305) and External accounting fees (up \$66,216).

Pre-Tax Profit rose \$501,403 to \$778,982 as revenue growth exceeded overall growth in expenses, with both Depreciation and Amortization and Net Interest Expense flat on the prior year.

Despite this, the Company recorded a modest post-tax profit of \$196,231, where the main factor was the Income Tax Expense, which at \$582,751 was 74.8% of the Pre-Tax profit, as the accounts were prepared on the basis that Research & Development benefits can only be recognized when the R&D claim has been lodged, which has not yet occurred for FY2020.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

### **Matters subsequent to the end of the financial year**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. The impact of the pandemic subsequent to the reporting date continues to be monitored, where the positives associated with consumers spending more time at home to play games has to some extent been offset by a slowdown in Work-for-Hire opportunities emanating from some of the larger entertainment companies overseas, particularly in the USA.

Since year-end, the Company has issued a total of 1,800 Options spread across 12 employees, bringing the total number of employee options on issue to 9,000.

Since year-end, the Company has commenced the process of listing on the Australian Stock Exchange (ASX). The Company has engaged a Lead Manager to manage both a pre-IPO (Initial Public Offering) and IPO process with the Company already having raised \$2.8m (net of fees) in the pre-IPO process by way of the Issuance of Convertible Notes to Sophisticated Investors, which will convert to shares as part of the IPO process at a discount of approximately 23.6%.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

### **Likely developments and expected results of operations**

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

### **Environmental regulation**

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

### **Shares under option**

Unissued ordinary shares of Playside Studios Pty Ltd under option at the date of this report are as follows:

<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise price</b>	<b>Number under option</b>
03/04/2017	03/04/2022	\$18.89	2,700
01/10/2017	01/10/2022	\$18.89	2,700
02/12/2019	02/12/2024	\$18.89	1,800
01/07/2020	01/07/2025	\$18.89	900
25/09/2020	25/09/2025	\$18.89	900
			<u>9,000</u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

### **Shares issued on the exercise of options**

There were no ordinary shares of Playside Studios Pty Ltd issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

### **Indemnity and insurance of officers**

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Playside Studios Pty Ltd**  
**Directors' report**  
**30 June 2020**

**Indemnity and insurance of auditor**

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

**Proceedings on behalf of the Company**

No person has applied to the Court for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

This report is made in accordance with a resolution of directors.

On behalf of the directors



Aaron Pasias  
Director

20 October 2020  
Melbourne, Australia

**Playside Studios Pty Ltd**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2020**

	<b>Note</b>	<b>Consolidated 2020 \$</b>	<b>2019 \$</b>
<b>Revenue</b>	3	7,007,584	4,312,727
Other income	4	944,479	630,367
<b>Expenses</b>			
Employee benefits expense	5	(4,926,096)	(3,577,861)
General and administrative expenses		(783,744)	(598,420)
Selling expenses		(1,176,596)	(265,730)
Finance costs	5	(30,898)	(34,490)
<b>Operating profit</b>		1,034,729	466,593
Depreciation expense	5	(185,535)	(189,014)
Unrecoverable loans written off		(70,212)	-
<b>Profit before income tax expense</b>		778,982	277,579
Income tax expense	6	(582,751)	(329,376)
<b>Profit/(loss) after income tax expense for the year attributable to the owners of Playside Studios Pty Ltd</b>	21	196,231	(51,797)
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the owners of Playside Studios Pty Ltd</b>		<u>196,231</u>	<u>(51,797)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	35	109.02	(28.78)
Diluted earnings per share	35	105.25	(28.78)

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Playside Studios Pty Ltd**  
**Consolidated statement of financial position**  
**As at 30 June 2020**

	<b>Note</b>	<b>Consolidated 2020 \$</b>	<b>2019 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	519,502	181,645
Trade and other receivables	8	711,832	291,344
Prepayments		7,599	4,385
Other financial assets	9	31,625	781,625
Income tax refund due		162,404	-
Related party receivables	11	-	283,443
Other current assets	12	76,505	195,849
<b>Total current assets</b>		<u>1,509,467</u>	<u>1,738,291</u>
<b>Non-current assets</b>			
Investments	10	173	-
Property, plant and equipment	13	346,629	400,176
Right-of-use assets	14	649,164	757,358
Intangibles	15	70,083	818
Deferred tax		103,974	73,001
<b>Total non-current assets</b>		<u>1,170,023</u>	<u>1,231,353</u>
<b>Total assets</b>		<u>2,679,490</u>	<u>2,969,644</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	586,630	439,769
Lease liabilities	17	102,433	94,790
Income tax		-	188,679
Provisions	18	376,384	314,105
<b>Total current liabilities</b>		<u>1,065,447</u>	<u>1,037,343</u>
<b>Non-current liabilities</b>			
Lease liabilities	17	642,278	744,711
Provisions	18	166,917	161,925
<b>Total non-current liabilities</b>		<u>809,195</u>	<u>906,636</u>
<b>Total liabilities</b>		<u>1,874,642</u>	<u>1,943,979</u>
<b>Net assets</b>		<u>804,848</u>	<u>1,025,665</u>
<b>Equity</b>			
Issued capital	19	180	180
Reserves	20	561,400	267,922
Retained profits	21	243,268	757,563
<b>Total equity</b>		<u>804,848</u>	<u>1,025,665</u>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

**Playside Studios Pty Ltd**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2020**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2018	180	140,095	1,631,945	1,772,220
Loss after income tax expense for the year	-	-	(51,797)	(51,797)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(51,797)	(51,797)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 34)	-	127,827	-	127,827
Dividends paid (note 22)	-	-	(822,585)	(822,585)
Balance at 30 June 2019	<u>180</u>	<u>267,922</u>	<u>757,563</u>	<u>1,025,665</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2019	180	267,922	757,563	1,025,665
Profit after income tax expense for the year	-	-	196,231	196,231
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	196,231	196,231
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 34)	-	293,478	-	293,478
Dividends paid (note 22)	-	-	(710,526)	(710,526)
Balance at 30 June 2020	<u>180</u>	<u>561,400</u>	<u>243,268</u>	<u>804,848</u>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*



**Playside Studios Pty Ltd**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2020**

	<b>Note</b>	<b>Consolidated 2020 \$</b>	<b>2019 \$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		7,340,616	4,782,716
Payments to suppliers and employees (inclusive of GST)		(6,971,375)	(4,178,796)
Other income received		50,000	-
Government grants received		873,785	586,754
Interest received		17,997	20,773
Interest paid		(24)	(36)
Interest paid on lease liabilities		(30,874)	(34,454)
Income taxes paid		(964,807)	(605,587)
Net cash from operating activities	33	<u>315,318</u>	<u>571,370</u>
<b>Cash flows from investing activities</b>			
Payments for investments		(173)	-
Payments for investments in term deposits classified as other financial assets		-	(250,000)
Payments for property, plant and equipment	13	(23,794)	(71,186)
Proceeds for return of term deposits		250,000	-
Term deposits converted to cash and cash equivalents		<u>500,000</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>726,033</u>	<u>(321,186)</u>
<b>Cash flows from financing activities</b>			
Payment of loans by related parties		213,231	13,668
Dividends paid	22	(710,526)	(822,585)
Repayment of lease liabilities		(94,790)	(87,549)
Payment of loans to related parties		<u>-</u>	<u>(82,483)</u>
Net cash used in financing activities		<u>(592,085)</u>	<u>(978,949)</u>
Net increase/(decrease) in cash and cash equivalents		449,266	(728,765)
Cash and cash equivalents at the beginning of the financial year		181,645	1,027,762
Effects of exchange rate changes on cash and cash equivalents		<u>(111,409)</u>	<u>(117,352)</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>519,502</u></u>	<u><u>181,645</u></u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **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:

#### ***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.

#### ***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.

#### ***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.

**Note 1. Significant accounting policies (continued)**

**Basis of preparation**

These 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').

*Historical cost convention*

The financial statements have been 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.

*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 disclosed in note 2.

**Parent entity information**

These financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Playside Studios Pty Ltd ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Playside Studios Pty Ltd and its subsidiaries together are referred to in these financial statements 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.

**Foreign currency translation**

The financial statements are presented in Australian dollars, which is Playside Studios Pty Ltd's functional and presentation currency.

*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.

**Note 1. Significant accounting policies (continued)**

**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.

**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.

**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, its carrying value is written off.

*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.

*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.

**Note 1. Significant accounting policies (continued)**

*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.

*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.

**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.

**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.

## **Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *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. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### *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.

### *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.

### *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.

### *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.

### *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.

**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*Employee benefits provision*

As discussed in note 18, 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.

**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Revenue from contracts with customers</i>		
Work for hire - Apps*	928,239	428,771
Work for hire	4,635,488	2,659,068
Original intellectual property	1,443,857	1,224,888
Revenue	<u>7,007,584</u>	<u>4,312,727</u>

*Accounting policy for revenue recognition*

The consolidated entity recognises revenue as follows:

*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.

*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.

*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.

- \* This revenue stream related to arrangements whereby the Company has developed and maintained mobile applications for a number of businesses. These business arrangements, have been terminated at or after 30 June 2020, and will not contribute to revenue after the June 2020 financial year.

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**Note 4. Other income**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Net foreign exchange gain	1,457	536
Government grants	873,785	586,754
Interest revenue	17,997	20,773
Other income	51,240	22,304
	<u>944,479</u>	<u>630,367</u>

*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.

*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.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Note 5. Expenses**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	33,167	32,321
Fixtures and fittings	10,196	8,907
Buildings right-of-use assets	108,194	108,194
Computer equipment	33,978	39,592
	<u>185,535</u>	<u>189,014</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	24	36
Interest and finance charges paid/payable on lease liabilities	30,874	34,454
	<u>30,898</u>	<u>34,490</u>
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	111,409	117,352
<i>Employee benefits expense</i>		
Defined contribution superannuation expense	297,771	261,649
Share-based payments expense	293,478	127,827
Employee benefits expense excluding superannuation	4,334,847	3,188,385
	<u>4,926,096</u>	<u>3,577,861</u>



**Note 6. Income tax**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	778,982	277,579
Tax at the statutory tax rate of 27.5%	214,220	76,334
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	80,706	35,152
Adjustment for R&D incentive benefit recorded as income	267,757	207,273
Under/(over) provision for tax	20,068	10,617
Income tax expense	<u>582,751</u>	<u>329,376</u>

*Accounting policy for 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:

- 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
- 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.

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**Note 7. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Cash on hand	1,080	1,080
Cash at bank	18,422	180,565
Cash on deposit	500,000	-
	<u>519,502</u>	<u>181,645</u>

*Accounting policy for 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.

**Note 8. Trade and other receivables**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Trade receivables	708,245	284,192
GST receivable	3,587	7,152
	<u>711,832</u>	<u>291,344</u>

*Accounting policy for 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.

**Note 9. Other financial assets**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Bonds	31,625	31,625
Term deposits	-	750,000
	<u>31,625</u>	<u>781,625</u>

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**Note 10. Investments**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Shares - Digital Business Holdings Pty Ltd	173	-

Refer to note 32 for further information on investment in associates.

**Note 11. Related party receivables**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Loan receivables - Shade Crew Pty Ltd	-	53,276
Loan receivables - 2050 VP (formerly Playside VR Pty Ltd)	-	230,167
	-	283,443

**Note 12. Other current assets**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Work in progress	76,505	195,849

**Note 13. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Leasehold improvements - at cost	331,672	331,672
Less: Accumulated depreciation	(102,006)	(68,839)
	229,666	262,833
 Furniture and fixtures - at cost	 117,174	 93,380
Less: Accumulated depreciation	(30,061)	(19,865)
	87,113	73,515
 Computer equipment - at cost	 150,028	 150,028
Less: Accumulated depreciation	(120,178)	(86,200)
	29,850	63,828
	346,629	400,176

**Note 13. Property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Improve- ments \$</b>	<b>Furniture and fixtures \$</b>	<b>Computer equipment \$</b>	<b>Total \$</b>
Balance at 1 July 2018	273,840	62,818	73,152	409,810
Additions	21,314	19,604	30,268	71,186
Depreciation expense	(32,321)	(8,907)	(39,592)	(80,820)
Balance at 30 June 2019	262,833	73,515	63,828	400,176
Additions	-	23,794	-	23,794
Depreciation expense	(33,167)	(10,196)	(33,978)	(77,341)
Balance at 30 June 2020	<u>229,666</u>	<u>87,113</u>	<u>29,850</u>	<u>346,629</u>

*Accounting policy for 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.

**Note 14. Right-of-use assets**

	<b>Consolidated 2020 \$</b>	<b>2019 \$</b>
<i>Non-current assets</i>		
Land and buildings - right-of-use	973,746	973,746
Less: Accumulated depreciation	<u>(324,582)</u>	<u>(216,388)</u>
	<u>649,164</u>	<u>757,358</u>

*Accounting policy for 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.

**Note 14. Right-of-use assets (continued)**

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.

**Note 15. Intangibles**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Patents and trademarks - at cost	818	818
Software - at cost	69,265	-
	<u>70,083</u>	<u>818</u>

*Accounting policy for intangible assets*

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.

**Note 16. Trade and other payables**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Trade payables	181,795	125,018
Other payables	404,835	314,751
	<u>586,630</u>	<u>439,769</u>

Refer to note 23 for further information on financial instruments.

*Accounting policy for 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.

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**Note 17. Lease liabilities**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Lease liability	<u>102,433</u>	<u>94,790</u>
<i>Non-current liabilities</i>		
Lease liability	<u>642,278</u>	<u>744,711</u>

Refer to note 23 for further information on financial instruments.

*Accounting policy for 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.

**Note 18. Provisions**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Employee benefits	<u>376,384</u>	<u>314,105</u>
<i>Non-current liabilities</i>		
Employee benefits	<u>166,917</u>	<u>161,925</u>

*Accounting policy for employee benefits*

*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.

*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.

**Note 19. Issued capital**

	<b>2020</b>	<b>Consolidated</b>	<b>2020</b>	<b>2019</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>180,000</u>	<u>180,000</u>	<u>180</u>	<u>180</u>

*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.

*Capital risk management*

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, minus net cash. Net cash is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity does not at present have any external financing arrangements as it is in a net cash position as at 30 June 2020.

**Note 20. Reserves**

	<b>Consolidated</b>	<b>2019</b>
	<b>2020</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>
Share-based payments reserve	<u>561,400</u>	<u>267,922</u>

*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.

**Note 21. Retained profits**

	<b>Consolidated</b>	<b>2019</b>
	<b>2020</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>
Retained profits at the beginning of the financial year	757,563	1,631,945
Profit/(loss) after income tax expense for the year	196,231	(51,797)
Dividends paid (note 22)	<u>(710,526)</u>	<u>(822,585)</u>
Retained profits at the end of the financial year	<u>243,268</u>	<u>757,563</u>

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**Note 22. Dividends**

Dividends paid during the financial year were as follows:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Final dividend for the year ended 30 June 2020 of 3.95 dollars (2019: 4.57 dollars) per ordinary share	<u>710,526</u>	<u>822,585</u>

All dividends paid in FY2020 and FY2019 were unfranked and will be fully taxable in the hands of shareholders.

*Accounting policy for dividends*

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

**Note 23. Financial instruments**

***Financial risk management objectives***

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk.

The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange and ageing analysis.

Risk management has historically been carried out by the Board of Directors and the Senior Management Team, with the Finance Director in particular responsible for managing foreign currency and credit risk with support of the Senior Management Team. The Senior Management Team also report its financial results to the Board of Directors on a monthly basis.

***Market risk***

*Foreign currency risk*

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	<b>Assets</b>		<b>Liabilities</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
US dollars	<u>208,991</u>	<u>139,309</u>	<u>86,323</u>	<u>40,929</u>



**Note 23. Financial instruments (continued)**

The consolidated entity had net assets denominated in foreign currencies of \$122,668 (assets of \$208,991 less liabilities of \$86,323) as at 30 June 2020 (2019: \$98,380 net assets (assets of \$139,309 less liabilities of \$40,929)). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% (2019: weakened by 10%/strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been \$12,267 higher/\$6,133 lower (2019: \$9,838 higher/\$4,919 lower) and equity would have been \$12,267 higher/\$6,133 lower (2019: \$9,838 higher/\$4,919 lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last six months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2020 was \$111,409 (2019: loss of \$117,352).

*Price risk*

The consolidated entity is not exposed to any significant price risk.

*Interest rate risk*

The consolidated entity is not exposed to any significant interest rate risk on the basis it has no borrowings and has been in a net cash position right throughout FY2020 and FY2019.

*Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than six months.

*Liquidity risk*

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

*Financing arrangements*

The consolidated entity does not have any borrowing facilities in place at the reporting date. This does not present a financing risk as the Company has sufficient cash reserves in place to fund the business for the foreseeable future.

**Note 23. Financial instruments (continued)**

*Remaining contractual maturities*

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2020</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	181,795	-	-	-	181,795
Other payables	-	404,835	-	-	-	404,835
<i>Interest-bearing - variable</i>						
Lease liability	4.00%	102,433	110,497	384,396	147,385	744,711
Total non-derivatives		<u>689,063</u>	<u>110,497</u>	<u>384,396</u>	<u>147,385</u>	<u>1,331,341</u>
	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2019</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	125,018	-	-	-	125,018
Other payables	-	314,751	-	-	-	314,751
<i>Interest-bearing - variable</i>						
Lease liability	4.00%	94,790	102,433	357,469	284,809	839,501
Total non-derivatives		<u>534,559</u>	<u>102,433</u>	<u>357,469</u>	<u>284,809</u>	<u>1,279,270</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 24. Fair value measurement**

*Accounting policy for 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.

**Playside Studios Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2020**

**Note 25. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	659,619	612,461
Post-employment benefits	60,071	58,183
Share-based payments	122,556	14,791
	<u>842,246</u>	<u>685,435</u>

**Note 26. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Company:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services -</i>		
Audit of the financial statements	<u>13,334</u>	<u>13,333</u>
<i>Other services -</i>		
Preparation of the financial statements	<u>2,500</u>	<u>2,500</u>
	<u>15,834</u>	<u>15,833</u>

**Note 27. Contingent assets and liabilities**

The Company has no contingent asset or liabilities as at 30 June 2020 or 30 June 2019.

**Note 28. Commitments**

The Company had no commitments for capital expenditures as at 30 June 2020 or 30 June 2019.

**Note 29. Related party transactions**

*Parent entity*

Playside Studios Pty Ltd is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 31.

*Associates*

Interests in associates are set out in note 32.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 25.

**Playside Studios Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2020**

**Note 29. Related party transactions (continued)**

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Sale of goods and services:		
Revenue earned from director related entities	335,000	-
Payment for other expenses:		
Other expenses paid to director related entities	781,818	-

*Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Current receivables:		
Trade receivables from director related entities	368,500	-

*Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Current receivables:		
Loan to director related entities	-	283,443

A loan of \$70,212 from a Director related entity was written off and recorded as an expense during the year ended 30 June 2020

**Note 30. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax	196,231	(51,797)
Total comprehensive income	196,231	(51,797)

**Playside Studios Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2020**

**Note 30. Parent entity information (continued)**

*Statement of financial position*

	<b>Parent</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Total current assets	1,509,466	1,738,290
Total assets	2,679,490	2,969,644
Total current liabilities	1,065,447	1,037,343
Total liabilities	1,874,642	1,943,979
Equity		
Issued capital	180	180
Share-based payments reserve	561,400	267,922
Retained profits	243,268	757,563
Total equity	804,848	1,025,665

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in the financial statements, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Note 31. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2020</b>	<b>2019</b>
		<b>%</b>	<b>%</b>
Tap2Jump Pty Ltd	Australia	100.00%	100.00%

**Playside Studios Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2020**

**Note 32. Interests in associates**

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Digital Business Holdings Pty Ltd	Australia	26.66%	-
<i>Summarised financial information</i>			
			<b>2020</b>
			<b>\$</b>
<i>Summarised statement of financial position</i>			
Current assets			104,471
Non-current assets			-
Total assets			<u>104,471</u>
Current liabilities			(11,081)
Non-current liabilities			<u>232,718</u>
Total liabilities			<u>221,637</u>
Net liabilities			<u><u>(117,166)</u></u>
<i>Summarised statement of profit or loss and other comprehensive income</i>			
Revenue			214,457
Expenses			(186,079)
Other income			<u>19,142</u>
Profit before income tax			47,520
Other comprehensive income			<u>-</u>
Total comprehensive income			<u><u>47,520</u></u>

**Note 33. Reconciliation of profit/(loss) after income tax to net cash from operating activities**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax expense for the year	196,231	(51,797)
Adjustments for:		
Depreciation and amortisation	185,535	189,014
Share-based payments	293,478	127,827
Foreign exchange differences	111,409	117,352
Write off of unrecoverable loans	70,212	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(420,488)	203,634
Increase in income tax refund due	(162,404)	-
Increase in deferred tax assets	(30,973)	(45,971)
Increase in prepayments	(3,214)	(4,385)
Decrease/(increase) in other operating assets	50,079	(140,849)
Increase in trade and other payables	146,861	296,171
Decrease in provision for income tax	(188,679)	(230,240)
Increase in employee benefits	67,271	110,614
Net cash from operating activities	<u>315,318</u>	<u>571,370</u>

**Note 34. Share-based payments**

Set out below are summaries of options granted under the plan:

**2020**

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
03/04/2017	03/04/2022	\$18.89	2,700	-	-	-	2,700
01/10/2017	01/10/2022	\$18.89	2,700	-	-	-	2,700
02/12/2019	02/12/2024	\$18.89	-	1,800	-	-	1,800
			<u>5,400</u>	<u>1,800</u>	<u>-</u>	<u>-</u>	<u>7,200</u>

**2019**

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
03/04/2017	03/04/2022	\$18.89	2,700	-	-	-	2,700
01/10/2017	01/10/2022	\$18.89	2,700	-	-	-	2,700
			<u>5,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,400</u>

No options are exercisable at the end of the financial year.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.81 years (2019: 3.62 years).

**Note 34. Share-based payments (continued)**

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
02/12/2019	02/12/2024	\$159.83	\$18.89	85.00%	-	0.85%	\$146.490

*Accounting policy for 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:

- 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.
- 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.



**Note 35. Earnings per share**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax attributable to the owners of Playside Studios Pty Ltd	<u>196,231</u>	<u>(51,797)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	180,000	180,000
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>6,441</u>	<u>-</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>186,441</u>	<u>180,000</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	109.02	(28.78)
Diluted earnings per share	105.25	(28.78)

In the 2021 financial year, Playside Studios Pty Ltd has issued options to employees as part of the Employee Share Option Plan. Had these options been issued prior to 30 June 2020, they would have had an effect on the diluted earnings per share for the current year.

*Accounting policy for earnings per share*

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Playside Studios Pty Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Note 36. Events after the reporting period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. The impact of the pandemic subsequent to the reporting date continues to be monitored, where the positives associated with consumers spending more time at home to play games has to some extent been offset by a slowdown in Work-for-Hire opportunities emanating from some of the larger entertainment companies overseas, particularly in the USA.

Since year-end, the Company has issued a total of 1,800 Options spread across 12 employees, bringing the total number of employee options on issue to 9,000.

Since year-end, the Company has commenced the process of listing on the Australian Stock Exchange (ASX). The Company has engaged a Lead Manager to manage both a pre-IPO (Initial Public Offering) and IPO process with the Company already having raised \$2.8m (net of fees) in the pre-IPO process by way of the Issuance of Convertible Notes to Sophisticated Investors, which will convert to shares as part of the IPO process at a discount of approximately 23.6%.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Playside Studios Pty Ltd**  
**Directors' declaration**  
**30 June 2020**

In the directors' opinion:

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made.

On behalf of the directors



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Aaron Pasiyas  
Director

20 October 2020  
Melbourne, Australia

## INDEPENDENT AUDITOR'S REPORT

To the members of Playside Studios Pty Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Playside Studios Pty Ltd (the Entity) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the declaration by those charged with governance.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Group as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of management and those charged with governance for the Financial Report**

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **Auditor's responsibilities for the audit of the Financial Report**

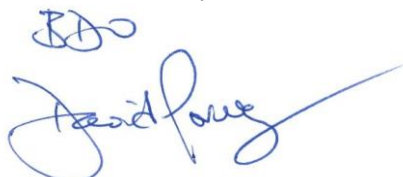
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf)

This description forms part of our auditor's report.

**BDO Audit Pty Ltd**



David Garvey  
Director

Melbourne, 20 October 2020