

PLAYSIDE REPORTS STRONG Q4 REVENUE OF \$3.13M AND RECORD FY21 REVENUE OF \$10.88M

PlaySide Studios Limited (ASX: PLY) ("PLY" or "PlaySide"), Australia's largest publicly listed video game developer, is pleased to provide its Q4 FY21 Quarterly Activities Report and Appendix 4C.

QUARTERLY HIGHLIGHTS

- ✘ 33% increase in Q4 FY21 commercial revenue (excl. R&D Tax Incentives and Government Grants) over pcp to \$3.13 million (unaudited)
- ✘ Major mobile platform games license agreement signed with ViacomCBS on behalf of Paramount Pictures Corporation to develop and publish a mobile video game based on the feature film *The Godfather*.
- ✘ *Animal Warfare* surpassed 10.8 million downloads, growing 16% over Q3 FY21 and has exceeded PlaySide's previous highest downloaded Original IP title by 2.6m downloads.
- ✘ Innovative work-for-hire development agreement signed with Facebook Technologies for release of multiple titles on the Facebook Horizon VR platform throughout FY22.
- ✘ *Age of Darkness: Final Stand*, an Original IP title for PC, has progressed strongly towards an early access release planned for September 2021.
- ✘ Original IP title *Battle Simulator: Warfare* was launched globally on both the Apple App Store and Google Play Store across more than 170 countries.

FULL YEAR HIGHLIGHTS

- ✘ PlaySide successfully listed in December 2020.
- ✘ FY21 full year unaudited commercial revenue (excl. R&D Tax Incentives and Government Grants) was \$10.88 million, an increase of 55% on FY20.
- ✘ FY21 full year unaudited total revenue of \$11.53 million including R&D Tax Incentives and Government Grants.
- ✘ PlaySide launched a record eight titles in FY21 across its Original IP and Partnerships divisions.
- ✘ Seven new titles have been announced and are concurrently under development, with most planned for launch in FY22.
- ✘ The new titles are appreciably higher profile in nature with significant global partners, licensors and include the Company's first console title.

1. Strategy & Operations

In line with PlaySide's growth plans, the Company has invested in its games development roadmap. There are seven titles under concurrent development with the majority planned to be launched in FY22 adding to the eight active titles launched to market in FY21. This strong plan of investment in development of Original IP titles across mobile, PC & console will provide the Company with the opportunity to capitalise on this work in FY22 and beyond.



In addition to roadmap investments the Company has undertaken key investments in tools and technologies to support the businesses scalability into the future. These investments include:

- A new Match 3 engine which is the core of the gameplay used in the *Legally Blonde* mobile title. This technology provides the Company with rapid deployment capabilities for future Match 3 titles.
- New animation and two-dimensional art customisation tools which will benefit all new mobile titles by accelerating the creation time for new characters and their customisations.
- Refinement of WARKit, which allows the Company to rapidly design, develop and deploy additional warfare casual titles. This includes new animation systems to improve the visual appearance of characters which can help to facilitate future options for different themed WARKit based titles.
- Improvements in our Idle game toolset most recently used in *Idle Area 51* and to be leveraged in *The Godfather* title has provided PlaySide with the ability to accelerate the initial development phase of *The Godfather* as well as benefit future Idle mobile titles.
- Investment to strengthen our Corporate IT Governance position by engaging one of Australia's leading Managed Services Providers to perform ongoing IT security detection monitoring and maintenance services across our PC and server fleet.

2. iOS 14.5 Adoption

The Company has actively managed the industry wide change surrounding Apple's implementation of iOS 14.5. The changes to iOS 14.5 permitted users to opt out of advertisement tracking from providers such as Facebook, Applovin, and Google. Given the industry challenges leading into the release of iOS 14.5, PlaySide has committed resources over the last six months in predictive algorithms and tools to mitigate the revenue impact. The Company has successfully mitigated these risks over the last three months and is now operating effectively under the new advertisement attribution models.

3. International Success

PlaySide's international presence has long been its strategic and operational strength. Since IPO, this global positioning has accelerated further, as opportunities to penetrate more deeply in much larger international markets have materialised. PlaySide's Original IP revenue and downloads contained in the tables below further illustrate the success of our international user acquisition marketing strategy.

US revenue has increased 483% in Q4 FY21 from the corresponding quarter last year and 326% for the full year. US downloads have followed a similar trend having increased by 366% for Q4 FY21 over the corresponding period from last year and 143% for the full year. Even larger positive trends have been experienced across many of the other major international markets for PlaySide.

Major Markets: Original IP Revenue (\$m)

Original IP Revenue						
Market	Q4 FY20	Q4 FY21	Change	FY20	FY21	Change
US	\$0.26	\$1.50	483%	\$1.14	\$4.85	326%
UK	\$0.02	\$0.15	878%	\$0.07	\$0.44	493%
CAN	\$0.01	\$0.08	1159%	\$0.04	\$0.27	607%
JAP	\$0.00	\$0.10	10960%	\$0.01	\$0.27	3451%
RoW	\$0.03	\$0.31	887%	\$0.16	\$1.27	703%
Total	\$0.32	\$2.22	600%	\$1.44	\$7.32	407%

Major Markets: Original IP Downloads (m)

Original IP Installs						
Market	Q4 FY20	Q4 FY21	Change	FY20	FY21	Change
US	0.28	1.29	366%	2.31	5.61	143%
UK	0.04	0.25	606%	0.27	0.86	219%
CAN	0.01	0.10	705%	0.14	0.44	212%
JAP	0.01	0.05	784%	0.04	0.16	328%
RoW	0.32	1.60	404%	1.94	7.71	297%
Total	0.67	3.42	414%	4.74	15.15	219%

As part of its growth strategy, PlaySide continues to build scale into its business to support the increased pipeline of projects. During the quarter, PlaySide expanded the capacity and capability of its team including games specific resources such as Programmers, Designers, Audio Specialist, Producer, Artists, and a Data Scientist. In addition, PlaySide invested in gaming hardware, software infrastructure and brand licensing.

In line with the significant year-on-year growth in revenue in its Original IP, PlaySide has maintained a strong level of user acquisition spend, predominantly on *Animal Warfare* as well as *Idle Area 51*, *Toy Warfare* and *Garbage Truck 3D!*.

These ongoing investments position PlaySide to be able to scale its growth aspirations, while ensuring the processes and systems to support staff and ensure quality delivery are in place.

PlaySide operates across three divisions (key pillars) that diversify its revenue stream while allowing the business synergies across the pillars that help it to scale and achieve efficiency and effectiveness in its operations. The three key pillars are Original IP, Partnerships, and Brands and Licensing.

4. Original IP Division

PlaySide Studios announced its PC-based dark fantasy survival Real Time Strategy (RTS) title *Age of Darkness: Final Stand* post the end of the quarter, which is planned to be available in Early Access via Steam in late September. *Age of Darkness: Final Stand* presents a modern, darker version of the survival RTS genre that will challenge new players, and strategy experts alike. The initial story driven trailer is now live on [YouTube](#) providing players with a sneak peek into the title and unique gameplay.

The marketing for this title is initially focused on promotion of the trailer through various global media agencies. More than 35 global agencies have featured *Age of Darkness: Final Stand*. The public response to the trailer has been exceptional. The next steps are to release a game play trailer and additional assets to the market over the next two weeks to continue the initial momentum.

PlaySide launched its next mobile casual title *Battle Simulator: Warfare* late in Q4 FY21. This is the third title which is based on the phenomenally successful WARKit engine. WARKit allows the Company to rapidly design, develop and deploy additional warfare casual titles.

The title has received an exceptionally positive response from players thus far, scoring an average rating of 4.7 out of 5 on Apple App Store. Early gameplay metrics are extremely positive for the title with Average Revenue Per Daily Active User (ARPDau) 95% higher and Purchaser Percentage 67% higher than *Animal Warfare* during the initial launch months of both titles on US Apple App Store. The Company is extremely pleased with the monetisation metrics achieved since launch which indicate that the title will have significant longevity and commercial success.

Animal Warfare, launched in August 2020, has now achieved more than 10.8 million downloads, – up 16.3% on Q3 FY21 – making it the highest downloaded Original IP game in the Company's history. The title continues to receive an exceptionally positive response from players, scoring an average rating of 4.8 out of 5 from over 57,000 reviews on the Apple App Store and 4.4 out of 5 from over 88,000 reviews on Google Play Store. The Company is in the process of incorporating Player versus Player ("PVP") technology to the title to further improve user Life Time Value (LTV) which is planned to launch in early August 2021. The title continues to generate pleasing daily downloads and is achieving target Daily Active Users ("DAU") and strong monetisation metrics.

Garbage Truck 3D! was launched during the quarter on the Google Play Store and has already received a 4.3 star rating following its 4.6 stars on the Apple App Store. This Hyper Casual title was developed in just seven

weeks. Since launch the title has exceeded internal expectations with over 1,000,000 downloads across both platforms.

Idle Area 51, a mobile casual title, was launched on the Google Play Store in late June following its Apple App Store launch in Q3 FY21. Recent updates have seen a 12% improvement in Player Revenue by Day 7 using new data, live operations, and analytics systems.

5. Partnerships Division

The co-development with Click, and key influencers LazarBeam and Fresh continues to progress positively. LazarBeam (Lannan Eacott) is one of the world's largest gaming personalities with a YouTube channel ranked in the top 20 globally for gaming channels. He has over 19 million YouTube subscribers and 2.4 million Instagram followers. Fresh (Harley Fresh) is the largest Twitch streamer in the Oceanic region. Fresh has 7.1m YouTube subscribers and 4.4m Twitch followers.

The development team is currently concluding the final phase of the custom multiplayer first person shooter engine for this PC title. The art style is also progressing strongly, and the title is expected to launch during Q2 FY22.

6. Brands and Licensing Division

PlaySide entered into an innovative 6-month professional services agreement with Facebook Technologies during the quarter relating to the conceptualization, creation and development of prototype explorations and games services on Facebook Technologies VR platform. The games will be consumable on Oculus Quest, Rift as well as mobile applications. There are two games already developed for Facebook Technologies which are expected to be live in Q1 FY22. Three further games that are in production and several other games have been prototyped. PlaySide is delighted to be working with Facebook Technologies on this exciting project.

PlaySide signed a multi-year agreement with ViacomCBS on behalf of Paramount Pictures Corporation during the quarter to develop and publish a mobile video game based on the feature film *The Godfather*. The agreement provides PlaySide with a license to incorporate the movie themes and branding from *The Godfather* into a mobile title that PlaySide will develop. Under the multiyear agreement, PlaySide is responsible for development of the title that will incorporate *The Godfather* intellectual property and is responsible for publishing the title globally on both Apple and Android mobile platforms. In addition, PlaySide has limited exclusive rights on the genre of game for mobile platforms during the term of the agreement. The game will be free-to-play on iOS and Android mobile devices and will combine idle game play mechanics with themes and messaging from *The Godfather* brand.

Development has commenced on the title focused on the game design and technical pre-production components. The initial idle game toolset workstream has commenced based on experiences gained from developing *Idle Area 51*. The art style is currently being developed to ensure it caters for both new and old *Godfather* fans alike.

Legally Blonde, a licensed arrangement with MGM to develop and publish a first-of-its-kind puzzle and choice-based narrative mechanics title based on the studio's feature films, *Legally Blonde* and *Legally Blonde 2: Red, White & Blonde* is progressing extremely well.

PlaySide has created its own innovative and reusable match 3 engine and toolset for this title which is nearing completion. The Company is currently focusing on incorporating third party machine learning technology to

create automated game levels. In addition, the Company is currently integrating art with the match 3 engine. A new 2D animation customisation tool has been developed internally to allow custom player visuals (eyes, face, and skin tones) as well as clothing. This will permit low-cost content to be continually added to the title with minimal ongoing resources.

7. Work For Hire

The Company continues to take a balanced approach in development of Original IP as well as pursuing premium Brands and Licensing work-for-hire contracts. These contracts provide a vehicle to showcase the world class development capabilities of the studio and provide cash flow to further grow Original IP investments. There are several material work-for-hire Request for Proposal (RFP's) for which PlaySide has been shortlisted. The Company looks forward to providing an update on these in due course.

PlaySide's CEO, Gerry Sakkas said:

"It was a really strong performance for PlaySide growing revenue for the quarter 33% on pcp and growing 55% year on year for FY21. The list of major achievements during the year was particularly pleasing. From taking the Company public in December, to launching eight titles including an MMO, commencing development on our first major PC and console titles and signing two major Hollywood franchise licenses. We have grown our talented team over the year while maintaining our family-based culture, which I am truly proud of. We have created our plan for FY22 with an exceptional pipeline of new titles, and I look forward to building on the momentum of the achievements this past year for an even bigger and better FY22".

8. Quarterly Cashflow

As detailed in the Appendix 4C below, PlaySide finished the June quarter with \$11.23 million in cash reserves, down by \$2.1 million for the quarter.

The main components of this negative movement were:

(i) Net Cash Used in Operating Activities of \$1.22m

The figure above includes spending on games already in LiveOps during the quarter such as Equestrian and World of Pets.

All Games Development costs for games not yet launched are classified as Investments in Intangible Assets – see Investing Activities below.

PlaySide continued to invest in its user acquisition activities during the June quarter. This is an integral component of both launching and sustaining mobile titles and a key competitive advantage that the Company possesses and is building further capabilities in. This Investment included spending on the appropriate Data Science and User Acquisition Tools required to navigate through the transition to Apple iOS 14.5. The Company is pleased to report the effect of such changes has now been stabilized, though we remain vigilant to any further changes that may occur in this space.

In addition, PlaySide continued to invest in its technology and tools in several key areas:

- A new Match 3 engine which is the core of the gameplay used in the Legally Blonde mobile title. This technology provides the Company with rapid deployment capabilities for future Match 3 titles.
- Further work on the WARKit engine to allow PlaySide to create new titles based on the Warfare franchise with minimal resources. These efforts have increased automation of development processes and the ability to create new art styles cost effectively.
- Further expansion in the Idle toolset has provided PlaySide with the ability to rapidly develop further titles in this genre. This toolset will also allow the Company to model player activity and progression through server-based game data.

(ii) Net Cash Used in Investing Activities of \$0.96 million;

As discussed in the Key Highlights above, PlaySide continued to heavily invest in its games' development roadmap during the June quarter. There is a record seven titles under concurrent development with the majority planned to be launched in FY22, with the cash investment in these titles during the quarter coming to \$1.06 million with approximately 50% of that spend being on Age of Darkness.

In addition, the Company spent \$0.1m in general capital expenditure in the quarter, mainly relating to Computer hardware and software.

(iii) Net Cash from Financing Activities \$0.05 million

IPO Use of Funds Reconciliation

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

Use of Funds under Prospectus (\$'000)	Note	Funds allocated under the Prospectus	Funds Spent June 2021 Qtr.	Funds Spent Since Listing
Expand Data & Analytics Team		1,000	95	180
Sales and Marketing (including User Acquisition)	2	4,000	734	2,409
Brand Licensing		3,000	129	262
Additional resources, licensing and technology for development of new and existing titles	3	1,500	425	762
Future growth opportunities, including potential acquisitions	1	2,000	-	-
Interest Accrued on Convertible Notes		55	-	42
Expenses of the Offer		1,350	46	1,741
Corporate and Administrative Costs	4	800	370	620
Working Capital	5	1,814	201	93
Total		15,519	1,908	6,109

Notes per Above:

1. Company listed on 17th December, 2020; funds yet to be directly attributed to these Uses.
2. Increased user Acquisition spend on original IP games Animal Warfare, Idle Area, Toy Warfare and Garbage Truck.
3. Hired additional heads and internally promoted current staff members
4. Costs incurred as a result of increased recruitment, software purchases and consultant fees.
5. Net movement in trade debtors, payables and employee provisions.

Release approved by the Chairman on behalf of the board.

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

<https://playside.investorportal.com.au>

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Gerry Sakkas
Managing Director & CEO



Cris Nicolli
Chairman

About PlaySide Studios

PlaySide Studios Limited is Australia's largest publicly listed video game developer. It provides titles in a range of categories, including self-published games based on original intellectual property and games developed in collaboration with studios, such as Disney, Pixar, Warner Bros, and Nickelodeon. The company's portfolio consists of 57 titles that are delivered across 4 platforms, which include mobile, virtual reality, augmented reality, and PC. The company was incorporated in 2011 and is headquartered in Port Melbourne, Australia.

Appendix 4C

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

Name of entity

PLAYSIDE STUDIOS LIMITED

ABN

73154789554

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows

Current quarter \$A'000

Year to date (nine months)
\$A'000

1. Cash flows from operating activities

1.1 Receipts from customers	3,622	10,532
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1.2 Payments for		
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(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(3,049)	(6,728)
(d) leased assets	-	-
(e) staff costs	(1,142)	(5,587)
(f) administration and corporate costs	(713)	(2,277)

1.3 Dividends received (see note 3)	-	-
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1.4 Interest received	6	24
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1.5 Interest and other costs of finance paid	(12)	(32)
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1.6 Income taxes paid	70	(397)
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1.7 Government grants and tax incentives	-	887
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1.8 Other (provide details if material)	-	-
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1.9 Net cash from / (used in) operating activities	(1,217)	(3,579)
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2. Cash flows from investing activities

2.1 Payments to acquire or for:		
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(a)	entities	-	-
(b)	businesses	-	-
(c)	property, plant and equipment	(106)	(330)
(d)	investments	-	-
(e)	intellectual property	(854)	(1,743)
(f)	other non-current assets	-	-
2.2 Proceeds from disposal of:			
(g)	entities	-	-
(h)	businesses	-	-
(i)	property, plant and equipment	-	-
(j)	investments	-	-
(k)	intellectual property	-	-
(l)	other non-current assets	-	-
2.3 Cash flows from loans to other entities		-	-
2.4 Dividends received (see note 3)		-	-
2.5 Other (provide details if material)		-	-
2.6 Net cash from / (used in) investing activities		(960)	(2,073)
3. Cash flows from investing activities			
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		-	15,000
3.2 Proceeds from issue of convertible debt securities		-	3,050
3.3 Proceeds from exercise of options		-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities		46	(1,740)
3.5 Proceeds from borrowings		-	-
3.6 Repayment of borrowings		1	(76)
3.7 Transaction costs related to loans and borrowings		-	-
3.8 Dividends paid		-	-

3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	47	16,234
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	13,333	520
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,217)	(3,579)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(960)	(2,073)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	47	16,234
4.5 Effect of movement in exchange rates on cash held	32	132
4.6 Cash and cash equivalents at end of period	11,235	11,235
5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
	Current quarter \$A'000	Previous Quarter \$A'000
5.1 Bank balances	3,330	2,427
5.2 Call deposits	7,900	10,901
5.3 Bank overdrafts	-	-
5.4 Other (Cash on Hand)	5	5
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,235	13,333
6. Payments to related parties of the entity and their associates		
		Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1		-
6.2 Aggregate amount of payments to related parties and their associates included in item 2		-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Answer: N/A		
8. Estimated cash available for future operating activities		Amount drawn at quarter end \$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)		(1,217)
8.2 Cash and cash equivalents at quarter end (item 4.6)		11,235
8.3 Unused finance facilities available at quarter end (item 7.5)		-
8.4 Total available funding (item 8.2 + item 8.3)		11,235
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)		(9.23)
Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.		
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:		
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the tir being and, if not, why not?		
Answer: N/A		
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?		
Answer: N/A		
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if s on what basis?		
Answer: N/A		

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

Compliance statement

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

Date: 29th July 2021

Authorised by: By the board

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

Notes

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