

PLAYSIDE REPORTS 403% INCREASE IN QUARTERLY REVENUE TO \$13.76M

PlaySide Studios Limited (ASX: PLY) ("PLY" or "PlaySide"), Australia's largest publicly listed video game developer, is pleased to provide its Q3 FY22 Quarterly Activities Report and Appendix 4C.

QUARTERLY HIGHLIGHTS

- Record quarterly unaudited commercial revenue of \$13.76m, a very strong increase of 403% on previous corresponding period ("pcp") and 157% quarter-on quarter ("QoQ").
- Unaudited commercial revenue for the nine months through March 2022 grew rapidly to \$23.16m, compared to \$7.76m for the nine months through March 2021, an increase of 199%.
- Generated a record \$14.77m cash from customers during the quarter, a strong increase of 642% on pcp and 167% QoQ.
- Strong cash position of \$40.13m as of 31 March 2022.
- Successfully launched the BEANS Web 3.0 project based on the highly reputable DWTD brand, which generated considerable revenue of \$8.4m for the quarter.
- Material fixed price work-for-hire co-development services agreement signed with Activision Blizzard, one of the world's largest and most successful interactive entertainment companies (NASDAQ: ATVI, US\$60.2b market cap).
- Signed lease for a new studio on the Gold Coast with a planned opening in early May.

PlaySide's CEO, Gerry Sakkas said:

"This was a milestone quarter as PlaySide made its first foray into the Web 3.0 space with the launch of BEANS. This was a highly successful launch with the significant net revenue of \$8.4m being a key contributor to the overall quarter's revenue.

We plan to launch additional products within the BEANS universe in FY22 and FY23 and are continuing our Web 3.0 R&D which will lead to further new product launches in FY23.

In addition, we achieved a key work-for-hire agreement with NASDAQ-listed Activision Blizzard, one of the world's largest and most successful interactive entertainment companies, which is another validation of PlaySide's capabilities by the biggest players in the industry.

We have added amazing new talent to our team during the quarter to now be in excess of 150 people and look forward to further expansion to deliver new and exciting original IP products and titles to meet the needs of our growing list of clients. We are also extremely excited to announce that our new studio on Queensland's Gold Coast is in the final stages of fit out and on track to open early next month."

1. Quarterly Key Achievements

Original IP

It was another record quarter for the Company's Original IP business, achieving \$10.98 million in revenue and growing at 417% on pcp and 235% QoQ. This result included the launch of the Company's first Web 3.0 project titled "BEANS" as well as development revenue for *Age of Darkness: Final Stand*. The Company continues to earn strong revenue from PlaySide's existing casual mobile title portfolio which includes the Warfare franchise, and Dumb Ways to Die ("DWTD").

Web 3.0 Project "Beans"

As part of its research and development (R&D) for the Metaverse and Web 3.0 initiatives, PlaySide launched the BEANS project based on the highly successful DWTD brand.

PlaySide utilised the base DWTD character assets, designed additional artistic layers and then leveraged innovative code to generate over 10,000 unique 2D art assets. As part of PlaySide's technology expertise, the Company developed the BEANS web portal, Web 3.0 smart contract, and whitelist functionality code for use by an independent third-party to mint the BEANS.

The Company earned \$8.4m in net revenue which included commissions on secondary Web 3.0 sales and was after all costs and third-party charges incurred. This was a major driver of Q3 revenue and, whilst the BEANS universe will continue to grow with new Web 3.0 based products and ongoing commissions earned on secondary Web 3.0 sales, revenue from Web 3.0 initiatives is expected to exhibit a nonlinear growth path.



Work for Hire

The work for hire business continued its strong growth trajectory, recording revenue of \$2.78m, up 355% on pcp and 33% QoQ. The key achievements included signing a strategic agreement with Activision Blizzard.

Activision Blizzard

PlaySide signed a material fixed price work-for-hire co-development services agreement with Activision Blizzard, one of the world's most successful standalone interactive entertainment companies (NASDAQ: ATVI,

US\$61.7b market cap). Under the agreement, Playside will be providing Production, Engineering and User Interface development services to Activision Blizzard during the 10-month term of the agreement.

2. Games Update

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

Original IP Key Titles Launched in FY21 & FY22 YTD:

1) Age of Darkness: Final Stand

- Launched several new content releases including new buildings and units, and also in-game quality of life improvements with positive community response and pleasing performance data.
- Launched a new hero in early April called "Vizago," The Consumed Hand. Launched a trailer for this Hero launch and conducted a digital marketing campaign during the launch week which demonstrated positive results.
- Continued positive development progress on multiplayer and campaign modes.
- Planned global launch in Q2 FY23.



2) Animal Warfare

- Ongoing minor game modifications to improve the user experience as well as user acquisition to monetise the title and maximise performance metrics.

3) Battle Simulator: Warfare

- Ongoing minor user experience improvements as well as user acquisition to monetise the title and maximise performance metrics.

Original IP Key Titles in Development: For Launch in FY22 & FY23:

1) Legally Blonde

- The soft launch phase 2 is nearing completion in Australia, New Zealand, and the United Kingdom.
- Currently measuring user acquisition costs, Average Revenue Per User, and overall retention data.
- Continue to refine the first-time user experience, onboarding process, narrative, and level design.
- Planned global launch in Q4 FY22.

2) The Godfather

- The development has progressed strongly during the quarter, and we are now entering final phase prior to soft launch.
- The Narrative has progressed positively and is planned to complete by the end of April.
- The project is on track for soft launch in early May.
- Planned global launch in Q1 FY23.

3) Dumb Ways to Die (DWTG)

- PlaySide has commenced development on its DWTG4 title which is planned to soft launch in Q3 FY23.
- The teaser trailer went live on Feb 11th and has received in excess of 200,000 views and more than 5,000 likes.
- Development has commenced on a DWTG Casual puzzle title with planned soft launch in Q1 FY23.
- The Company has commenced development of a new subscription-based app that will target new audiences with a planned soft launch in Q1 FY23.
- The Company has completed concept and pre-production work for a new casual Match 3 title with a planned soft launch in Q2 FY23.

4) World Boss co-development with key influencers LazarBeam & Fresh

- Collaboration with Australian influencers LazarBeam and Fresh, who have a combined YouTube following of over 29 million subscribers continues to progress positively.
- Core game play functionality is nearing feature complete and will start playtesting shortly.
- Commenced dedicated server testing and optimization for Multiplayer.
- Currently deep in retention and monetisation planning for Early Access (EA) launch.
- Planned EA launch in Q1 FY23 contingent on successful Beta tests.

5) Pillage Party co-development with Thomas Middleditch

- Thomas Middleditch collaboration continues to progress.
- Further detailed planning on the Multiplayer and Network Transport solution has occurred which will be implemented into the game in Q1 FY23.
- The title is planned to be launched on PC via Steam and subsequently on multiple consoles including Nintendo Switch, PlayStation 5, and Microsoft Xbox.
- Planned global launch on Steam in Q4 FY23 and consoles in Q1 FY24.

6) New Idle Title under development

- PlaySide has an additional Casual title under development which is based on the Idle franchise.
- Planned soft launch in Q1 FY23.

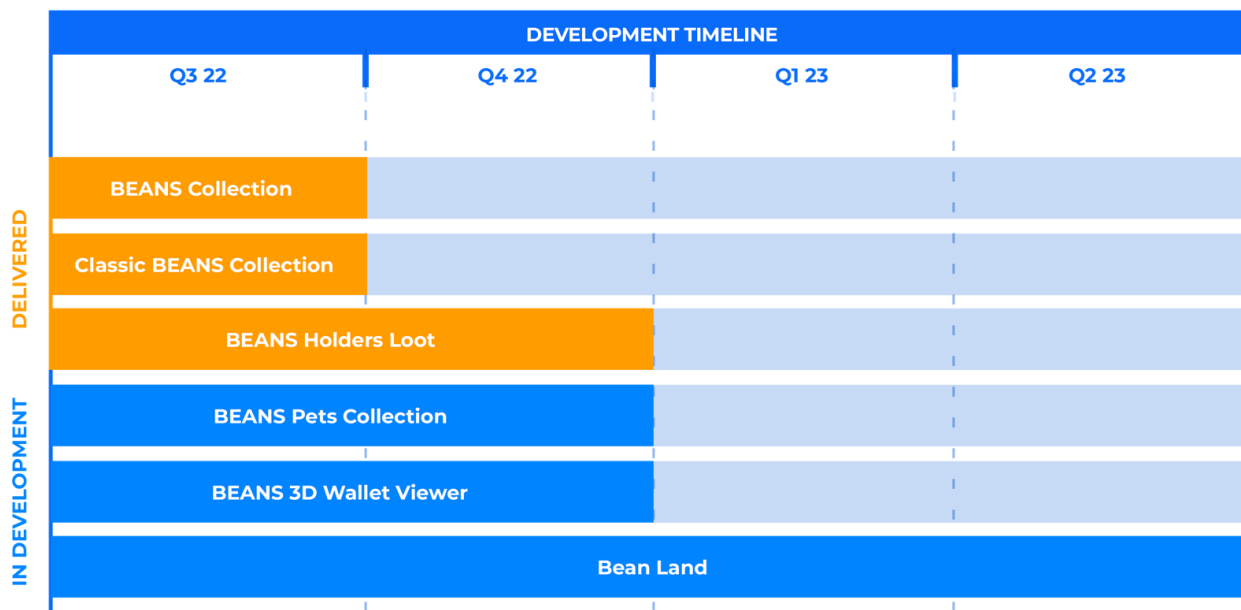
7) New Warfare Title under development

- PlaySide has an additional Casual title under development which is based on the Warfare franchise.
- Planned soft launch in Q1 FY23.

3. Business Update

Metaverse & Web 3.0

PlaySide’s launch of its first initiative into Web 3.0 is part of its rapidly evolving Metaverse strategy where the Company has commenced release of products as part of its planned initiatives over the next 12 to 18 months:



- **Classic BEANS:** The Company released the Classic BEANS in Q3 FY22. These are 20 free unique digital collectibles based on the BEANS from the original games that starred in the 2012 global safety campaign that went viral on YouTube.
- **BEANS Loot:** Loot are free items that you can add to your BEANS. They come in the form of accessories, weapons, and clothing. BEANS Loot was released in Q4 FY22.
- **BEANS Pets:** BEANS Pets are characters which will accompany their BEAN in “Bean Land” and follow them around for all the excitement. The launch of BEANS Pets Gen 1 will be a reward to BEANS holders with one free Pet being air-dropped for every two BEANS held. These will be launched in April.
- **3D Wallet Viewer:** A web-based wallet viewer that will showcase owners NFT’s in a hand-crafted way that is fully animated to provide owners a more enjoyable viewing experience of their NFT’s in different customisable environments. Initially this will be launched for BEANS only but has the potential to be licensed to other NFT projects and platforms to allow owners to not only view but experience their NFT’s in a new and exciting way. This is planned to be launched for BEANS in Q4 FY22.
- **Web 3.0 driven MMO:** Code-named “Bean Land”. Bean Land will bring the Dumb Ways to Die universe to life with BEANS as the central characters. Development has commenced on the MMO which is planned to be initially launched on the PC platform in H2 FY23.

Operations

As part of its growth strategy, PlaySide increased the scale of its workforce to 152 with 60 people added during this period. This included specific resources such as Producers, Programmers, Artists, QA, Design & Community Management. The Company is planning to continue to grow the workforce in line with increased business levels over the coming quarters.

As part of the expansion plans for PlaySide, the Company has created three new divisions across its Original IP business being Mobile, Console/PC, and Metaverse/Web 3.0 with General Managers appointed to each division. The divisional focus allows the company to align specialist platform skills to position the Original IP business for future growth. In addition, due to the global demand from leading brands, the Company appointed a Work for Hire General Manager to manage current and future Work for Hire clients within this division.

During the quarter, PlaySide signed a lease for its new studio on the Gold Coast. Fit out has commenced and is planned to be completed by the end of April for an early May opening.

PlaySide has also invested in hardware and software infrastructure to support its business growth. The Company has further invested in network and applications security as well as backup and restoration infrastructure solutions to improve its overall IT risk and compliance governance model.

4. Quarterly Cashflow

As detailed in the Appendix 4C below, PlaySide ended the March quarter with \$40.03m in cash reserves, representing an increase by \$7.02 million for the quarter.

The main components of this positive movement were:

- (i) Net Cashflow from operating activities, which was a record +\$8.53 million for the quarter; driven by the record receipts from customers of \$14.77m, which was buoyed by the \$8.4m in BEANS net revenue. Importantly from an ongoing disclosure perspective, this is the Company's second consecutive quarter where it has achieved a positive net operating cashflow; and
- (ii) Net cash outflows from investing activities were \$1.38m, which included \$1.03m invested in intellectual property and \$0.35m invested in capital expenditure.

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 Mar 2021 Qtr.	Funds Spent Since Listing
Expand Data & Analytics Team		1,000	145	515
Sales and Marketing (including User Acquisition)	2	4,000	408	3,719
Brand Licensing	5	3,000	105	367
Additional resources, licensing and technology for development of new and existing titles	3	1,500	1,533	3,763
Future growth opportunities, including potential acquisitions	1	2,000	-	2,250
Interest Accrued on Convertible Notes		55	-	42
Expenses of the Offer		1,350	-	1,741
Corporate and Administrative Costs	4	800	1,099	2,766
Working Capital		1,814	-	369
Total		15,519	3,290	15,532

Notes per Above:

1. Dumb Ways to Die Acquisition of \$2.25m paid 1st October, 2021.
2. Increased user Acquisition spend on original IP games Animal Warfare, Battle Simulator, Idle Area, Toy Warfare 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. Licence Fee paid in the quarter.

Release approved by the Chairman on behalf of the board.

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

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

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Gerry Sakkas
 Managing Director & CEO



Cris Nicolli
 Chairman

About PlaySide Studios

PlaySide Studios Limited is Australia's largest publicly listed video game developer. It provides titles in a range of categories, including self-published games based on original intellectual property and games developed in collaboration with studios, such as Disney, Pixar, Warner Bros, and Nickelodeon. The company's portfolio consists of 50+ titles that are delivered across 4 platforms, which include mobile, virtual reality, augmented reality, and PC. The company was incorporated in 2011 and is headquartered in Port Melbourne, Australia.

Appendix 4C

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

Name of entity		
PLAYSIDE STUDIOS LIMITED		
ABN	Quarter ended ("current quarter")	
73154789554	31 March 2022	
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	14,768	23,275
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(2,751)	(6,854)
(d) leased assets	-	-
(e) staff costs	(2,287)	(5,417)
(f) administration and corporate costs	(1,224)	(2,939)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	20
1.5 Interest and other costs of finance paid	(13)	(41)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	30	30
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	8,535	8,074

2. Cash flows from investing activities	Current quarter \$A'000	Year to date (nine months) \$A'000
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(347)	(808)
(d) investments	-	-
(e) intellectual property	(1,034)	(4,830)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	-	-
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(1,380)	(5,637)

3. Cash flows from investing activities	Current quarter \$A'000	Year to date (nine months) \$A'000
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	28,000
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(1,299)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(63)	(162)
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	(63)	26,539
4. Net increase / (decrease) in cash and cash equivalents for the period	Current quarter \$A'000	Year to date (nine months) \$A'000
4.1 Cash and cash equivalents at beginning of period	33,011	11,235
4.2 Net cash from / (used in) operating activities (item 1.9 above)	8,535	8,074
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,380)	(5,637)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(63)	26,539
4.5 Effect of movement in exchange rates on cash held	(71)	(179)
4.6 Cash and cash equivalents at end of period	40,031	40,031

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	19,110	8,607
5.2 Call deposits	20,910	24,402
5.3 Bank overdrafts	-	-
5.4 Other (Cash on Hand)	11	2
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	40,031	33,011

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 (Remuneration Payments to Directors)	220
6.2 Aggregate amount of payments to related parties and their associates included in item 2 (Software Development payment to Director Related Entity)	88

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)	8,535
8.2 Cash and cash equivalents at quarter end (item 4.6)	40,031
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	40,031
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) 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.	N/A
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	

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: 28th April 2022

Authorised by: By the Board

Notes

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