

2QFY23 Quarterly Activities and Cash Flow Report

PlaySide Studios Limited (ASX: PLY) ("PLY" or "PlaySide"), Australia's largest publicly listed video game developer, is pleased to provide its 2QFY23 Quarterly Activities Report and Appendix 4C.

FY23

Highlights

DECEMBER QUARTER IN REVIEW

FINANCIAL HIGHLIGHTS

- Record quarterly underlying revenue of \$10.0m (SeptQ: \$6.5m, pcp: \$5.4m, +87%)
- Original IP revenue of \$3.1m (SeptQ: \$2.3m, pcp: \$3.3m, -5%)
- Work For Hire revenue of \$6.9m (SeptQ: \$4.1m, pcp: \$2.1m, +233%)
- Cash receipts of \$6.8m
- Net operating cash outflow of \$3.8m
- Net cash \$29.8m
- Updated comment on expected revenue mix (refer overleaf)

OPERATIONAL HIGHLIGHTS

- Early access launch of World Boss on Steam
- Global launch of The Godfather on mobile
- Expansion and extension of Meta Work For Hire agreement
- Signing of development partnership with Meta for a mixed reality game
- Signing of game license and publishing agreement with Netflix for Dumb Ways to Survive



"We are pleased to deliver record underlying revenue for the quarter. Our Work For Hire business continues to outperform our expectations as we expand and extend work with key clients, and successfully pitch a game concept that provides us with future revenue share on an emerging technology platform. PlaySide is already the largest VR/AR game development studio in Australia, and with more hardware products rumoured to be entering the market soon we are well-positioned to capitalise on what we anticipate will be a growing consumer audience."

As our business grows in size so do our aspirations for creating successful titles. In order to ensure that the studio has the capacity to take on projects that serve us best in the medium-term, we need to quickly move on from ideas that do not show immediate promise and double down on those that do. The nature of recent deals we have signed suggest that we can deliver Original IP projects with longer development lead times and greater revenue potential without increasing the risk profile of our business. With a healthy balance sheet and growing pipeline of contracted work we are confident this is the best strategy for our company, staff and shareholders."

GERRY SAKKAS, PLAYSIDE CEO

FY23

Revenue Guidance

MANAGEMENT COMMENT

PlaySide commenced the year with fourteen Original IP titles in varying stages of development. In order to focus resources on the opportunities deemed most attractive from a financial and strategic perspective the company has elected not to proceed with several planned titles, the majority of which were in pre-production status at the release of the September 2022 Quarterly Activities report. This will result in a corresponding write down of project WIP balances at the first half result, a temporary decline in quarter-on-quarter revenue in the March quarter, and changes to the composition of forecast revenue for the year.

At the release of the June 2022 Quarterly Activities report, PlaySide expected Original IP to have the largest contribution to overall revenue in FY23. The company no longer expects this to be the case given: i) the decision to reduce the number of Original IP titles launched this year, ii) a longer life cycle and corresponding longer revenue ramp up of recent major mobile titles, and iii) the signing of contract extensions and new partnerships during the December quarter.

ABOUT

PlaySide Studios

AUSTRALIA'S LARGEST PUBLICLY LISTED VIDEO GAME DEVELOPER

PlaySide Studios Limited provides titles in a range of categories, including self-published games based on original intellectual property and game development services in collaboration with studios such as Take-Two Interactive, Activision Blizzard, Meta, Disney, Pixar, Warner Bros, and Nickelodeon. The company's portfolio consists of approximately 60 titles that are delivered across multiple platforms including mobile, virtual reality, augmented reality, and PC. The company was incorporated in 2011, is listed on the Australian Securities Exchange, and is headquartered in Port Melbourne, Australia.

ASX ANNOUNCEMENT JANUARY 2023

Release approved by the Chairman on behalf of the board.

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

investor.playsidestudios.com

INVESTOR RELATIONS

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FURTHER CONTACT

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Gerry Sakkas
Managing Director & CEO



Cris Nicolli
Chairman

Appendix 4C

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

Name of entity

PLAYSIDE STUDIOS

ABN

73154789554

Quarter ended ("current quarter")

31 DECEMBER 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,796	13,988
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(3,203)	(4,876)
(d) leased assets	-	-
(e) staff costs	(5,306)	(9,351)
(f) administration and corporate costs	(2,245)	(4,693)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	201	234
1.5 Interest and other costs of finance paid	(19)	(39)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,776)	(4,738)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(103)	(365)
(d) investments	-	-
(e) intellectual property	(1,162)	(3,055)
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	--
(c) property, plant and equipment	3	4
(d) investments	-	-
(e) intellectual property	-	-
(f) 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	(1,261)	(3,415)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(88)	(173)
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	(88)	(173)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	34,707	37,908
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,776)	(4,738)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,261)	(3,415)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(88)	(173)
4.5	Effect of movement in exchange rates on cash held	186	186
4.6	Cash and cash equivalents at end of period	29,769	29,769

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	3,228	8,783
5.2	Call deposits	26,538	25,908
5.3	Bank overdrafts		
5.4	Other (cash on hand)	3	16
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	29,769	34,707

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 (Directors Remuneration)	197
6.2	Aggregate amount of payments to related parties and their associates included in item 2 (Software Development payments to a Director Related Entity)	11
<i>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.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>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.</i>		
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,776)
8.2 Cash and cash equivalents at quarter end (item 4.6)	29,769
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	29,769
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.9
<i>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.</i>	
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	
<i>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.</i>	

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: 31st January 2023

Authorised by: The Board of PlaySide Studios Limited

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 – eg 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.