

PLAYSIDE REPORTS RECORD ORIGINAL IP REVENUE AND POSITIVE OPERATING CASH FLOW FOR THE MARCH QUARTER



PlaySide Studios Limited (ASX: PLY) ("PLY" or "PlaySide"), Australia's largest publicly listed video game developer, is pleased to provide its 3QFY23 Quarterly Activities Report and Appendix 4C.

FY23

Highlights

MARCH QUARTER IN REVIEW

FINANCIAL HIGHLIGHTS

- Revenue of \$9.3m (DecQ: \$10.0m, pcp: \$5.4m*, +73%)
- Record Original IP revenue of \$5.0m (DecQ: \$3.1m, pcp: \$2.6m*, +95%)
- Work for Hire revenue of \$4.3m (DecQ: \$6.9m, pcp: \$2.8m, +53%)
- Cash receipts of \$11.5m
- Net operating cash inflow of \$1.7m
- Net cash increased to \$31.2m (DecQ: \$29.8m)
- FY23 revenue guidance \$35m+

OPERATIONAL HIGHLIGHTS

- Dumb Ways to Die was the #1 downloaded mobile game in the US for two months
- 15m+ downloads across the Dumb Ways to Die mobile game portfolio during the quarter
- Legally Blonde retention and The Godfather monetisation metrics continue to improve
- World Boss content update 0.2.0 released on 28 March
- VR co-development partnership signed with Skydance Interactive subsequent to period end

"The quarter finished strongly as the viral success of Dumb Ways to Die persisted through to the end of the period, contributing to record Original IP revenue and our best operating cash flow quarter to date. We are very pleased to provide revenue guidance that implies underlying growth of at least 70% for this financial year.



This year has seen our Work for Hire pipeline grow much larger than we could've anticipated at the start of the year, including a new VR co-development partnership with Skydance this week. Our decision to commit to this volume of work reflects our desire to internally fund a portfolio of Original IP projects with even greater potential than the slate of titles we announced at the time of our IPO two years ago. At the half year result we began to outline our plans to work on new PC/Console titles that meet this criteria. We currently have a team working on a new indie title and look forward to sharing more details as the calendar year progresses.

GERRY SAKKAS, PLAYSIDE CEO

* excluding \$8.4m NFT revenue

Operating update

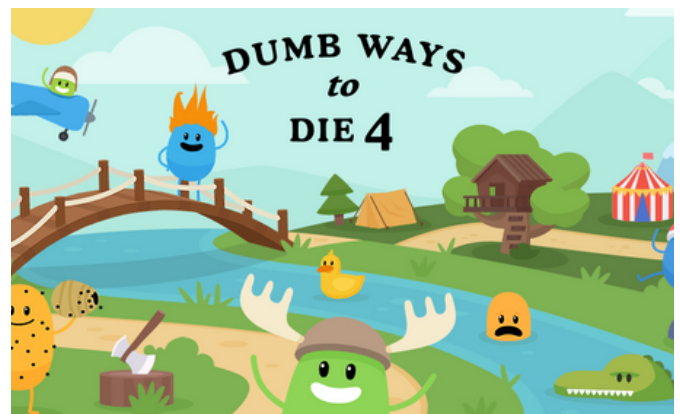
MANAGEMENT COMMENTARY

ORIGINAL IP (\$5.0M REVENUE)

Original IP revenues increased by \$1.9m on the December quarter, contributing a little over half of quarterly revenue. The main driver was a spike in downloads and ad revenues in our Dumb Ways to Die portfolio of mobile games, which was \$1.9m ahead of expectations. This was the result of a viral resurgence in brand activity, initially on TikTok but eventually spreading to other social media platforms. The Original Dumb Ways to Die game was the #1 downloaded mobile game on the US App Store charts for February and March, and more than 15m mobile games across our Dumb Ways portfolio were downloaded globally during the quarter. Dumb Ways to Die 4 is now available to pre-order, and work on the development of Dumb Ways to Survive (to be launched on the Netflix Games platform) has commenced.



15m+ Dumb Ways game downloads during the quarter



Dumb Ways to Die 4 is now available for pre-order

As discussed at our half year result, work continues on improving the monetisation and retention metrics of Legally Blonde and The Godfather on mobile. Following a recent build update in early March we have seen average revenue per daily active user in The Godfather increase by 30% and session playing times increase by 25%. In Legally Blonde, recent changes have driven a 15% increase in users that progress through the first 20 levels in the title. Work continues on improving the gameplay and features in both titles.

Our back catalogue of mobile titles continues to deliver steady revenues, assisted by the recent launch of Jurassic Warfare: Dino Battle - the latest re-skin of the successful ...Warfare franchise.

In late March we released the v0.2.0 content update for World Boss on PC. The update includes a more challenging dynamic for high-level players within the game by introducing a Lives System that provides a limited number of lives at each level before a player is demoted. We have also added full controller support, a major facelift to the main menu, and a new weapon - the LazarBeam.

We have also been working on the first two acts of a three-act campaign mode for Age of Darkness: Final Stand, which was released subsequent to period end.

Operating update (cont.)

MANAGEMENT COMMENTARY



The recent World Boss content update is feature-packed, with specific enhancements to high-level gameplay



Acts I and II of the campaign mode for Age of Darkness: Final Stand was released worldwide on 19 April

WORK FOR HIRE (\$4.3M REVENUE)

Work for Hire revenues were \$2.6m lower than the December quarter, with billing milestones on several ongoing projects landing in late December. As the average size of projects that we work on increases, the timing of milestones will occasionally create some lumpiness in reported revenue. We have since received payments relating to these milestones, which explains why cash receipts for this quarter are \$2.2m ahead of revenue. To confirm, despite the quarterly revenue decline there has been no change in the number of projects or scope of projects we worked on during the period, and the overall trajectory for this division remains positive.

VIRTUAL REALITY GAME DEVELOPMENT PARTNERSHIP WITH SKYDANCE INTERACTIVE

As previously indicated, our VR client base has continued to diversify as intensifying headset competition drives demand for new gaming content. Subsequent to period end, we signed a 30-month deal with Skydance Interactive to co-develop a new VR title based on highly recognisable IP.

Skydance Interactive is a leading video game studio that creates and publishes original and IP-based virtual reality, PC and console titles, having been responsible for games including the award-winning Archangel series and The Walking Dead: Saints & Sinners. We are excited to be partnering with Skydance again, having worked together on several titles in the past. This gives us confidence that we can take valuable, globally recognised IP and deliver an immersive, engaging experience for VR gamers, and speaks to the trust Skydance has in PlaySide as a co-development partner.

PlaySide will receive monthly payments for development of the game, with agreed milestones that are consistent with industry benchmark requirements for progressing the game to launch. The agreement is effective immediately and work on the title is expected to commence in the current financial year.

Virtual reality and augmented reality remain areas of strategic focus for our business. As major technology firms continue to invest in the next evolution of consumer VR devices we expect that the demand for VR/AR gaming titles will present further opportunities for us across both Work for Hire and Original IP.

Operating update (cont.)

MANAGEMENT COMMENTARY

OUTLOOK AND FY23 GUIDANCE

We expect FY23 revenue to be in excess of \$35m (70%+ growth on pcp), and reiterate our previous guidance that Work For Hire revenue is expected to be in the low \$20m range for the full year.

We anticipate that revenues from the Dumb Ways mobile portfolio will remain elevated in the June quarter, albeit to a lesser extent. The team continues to enhance the life and value of the Dumb Ways brand, and its performance in the App Store charts has opened up a number of opportunities to potentially collaborate with other leading free-to-play game brands. Dumb Ways to Die 4 is expected to launch in May, and pre-order interest has been strong.

We expect the performance of Legally Blonde and The Godfather will continue to improve during the June quarter, and we look forward to reporting details at the full year result.

At the half year we began to outline our plans to work on PC/Console titles with longer lead times to development, but potentially greater revenues. In line with this strategy, we are commencing development of an indie title in the June quarter, with resource requirements within the parameters outlined on Page 10 of our 1H23 Investor Presentation (A\$1-5m spend, 12-18 months development).

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 APRIL 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 MARCH 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	11,540	25,365
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(2,337)	(6,951)
(d) leased assets	-	-
(e) staff costs	(5,988)	(16,418)
(f) administration and corporate costs	(1,665)	(5,933)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	196	429
1.5 Interest and other costs of finance paid	(18)	(66)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	36
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,728	(3,538)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(235)	(601)
(d) investments	-	-
(e) intellectual property	(211)	(2,621)
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	--
(c) property, plant and equipment	-	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	(446)	(3,218)

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	(90)	(301)
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	(90)	(301)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	29,846	37,908
4.2 Net cash from / (used in) operating activities (item 1.9 above)	1,728	(3,538)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(446)	(3,218)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(90)	(301)
4.5	Effect of movement in exchange rates on cash held	148	335
4.6	Cash and cash equivalents at end of period	31,186	31,186

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	4,451	3,305
5.2	Call deposits	26,732	26,538
5.3	Bank overdrafts		
5.4	Other (cash on hand)	3	3
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	31,186	29,846

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)	-
<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 <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>	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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	1,728
8.2 Cash and cash equivalents at quarter end (item 4.6)	31,186
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	31,186
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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: 27th April 2023

Authorised by: 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.