

# PLAYSIDE REPORTS \$8M EBITDA AND \$20M REVENUE FOR THE DECEMBER QUARTER



**PlaySide Studios Limited** (ASX: PLY) ("PLY" or "PlaySide"), Australia's largest video game developer and publishing studio, is pleased to provide its 2QFY24 Quarterly Activities Report and Appendix 4C.

FY24

## Highlights

### DECEMBER QUARTER IN REVIEW

#### FINANCIAL HIGHLIGHTS

- Record quarterly revenue of \$20.7m (SeptQ: \$15.5m, pcp: \$10.0m, +106%)
- Record Original IP revenue of \$11.1m (SeptQ: \$6.6m, pcp: \$3.2m, +245%)
- Record Work for Hire revenue of \$9.6m (SeptQ: \$8.9m, pcp: \$6.8m, +41%)
- Positive EBITDA (unaudited) of \$8.0m (SeptQ: \$4.2m)
- Cash receipts of \$23.0m
- Net operating cash inflow of \$11.2m
- Record net cash balance of \$38.3m (SeptQ: \$31.7m)

#### OPERATIONAL HIGHLIGHTS

- Signs multi-game licence deal with Warner Bros. Interactive utilising globally recognisable IP^
- Signs extensions of Work for Hire development agreements with 2K and Meta Platforms, Inc.
- Second Port Melbourne studio (PlaySide 508) opened
- Appointment of Sophie Karzis as Non-Executive Director^^

#### UPGRADED OUTLOOK

- FY24 revenue guidance upgraded to \$60-65m (prev: \$55-60m)
- FY24 EBITDA expected to be between \$11-13m (unaudited 1H24: \$12.2m)



*We are very proud of the quarter we have been able to deliver for shareholders, with record levels of revenue, earnings and cash. This has been achieved despite the backdrop of widespread industry layoffs, which prompted us to tread carefully when considering expansion plans and forming expectations regarding our financial outlook.*

*This calendar year marks the start of the next phase of our expansion, with work commencing on a new PC/Console title for Warner Bros. Interactive using one of its premier IPs. Our teams are absolutely thrilled about the slate of titles we are working on across PC/Console, mobile and VR and I look forward to sharing more with you as the year progresses.*

**GERRY SAKKAS, PLAYSIDE CEO**

<sup>^</sup> Refer ASX announcement dated 14 December 2023

<sup>^^</sup> Refer ASX announcement dated 21 December 2023

FY24

# Operating update

## MANAGEMENT COMMENTARY

### ORIGINAL IP (\$11.1M REVENUE)

Original IP game revenues were at record levels for the second quarter in a row, and are running at roughly 50% of group revenues on a year-to-date basis, which is consistent with our prior guidance. Our Dumb Ways to Die portfolio of mobile titles continues to perform strongly, and recent licensing deals with Meta and Netflix also contributed to its momentum.

Development on Project Phoenix is progressing well and we are pleased to reveal its title, *Kill Knight*. In the next few weeks we will release an official announcement trailer, and the game will have a dedicated page on the Steam store. We continue to target a launch date later this calendar year.

The external studios working on our Publishing investments in PC titles *Thrive: Heavy Lies the Crown* and *Dynasty of the Sands* continue to track in line with their agreed development milestones.

A demo for medieval city-builder *Thrive: Heavy Lies the Crown* is expected to feature in Steam's Next Fest in February. This is an important catalyst in building consumer anticipation and wish lists for the game, as well as providing useful feedback in the final stages of its development.



An announcement trailer for our indie PC/Console title *Kill Knight* will be released shortly, with a targeted launch date later this calendar year

### WARNER BROS. DEAL MARKS THE NEXT PHASE OF OUR GROWTH PLANS

In December 2023 we signed a multi-game license agreement with Warner Bros. Interactive, which has provided PlaySide with a highly recognisable intellectual property under license for the purpose of developing two PC/Console game titles. Development on the first title has commenced.

This deal was more than a year in the making, and plans for elevating our presence in the PC/Console space stretch back even further than that. Given the multi-year commitment that game development requires, one of the things we have been constantly challenged by is ensuring that our aspirations are sufficiently large enough that they continue to 'make sense' for the business by the time the games are launched.

For example, licensing deals to make mobile titles using established movie franchise IP, the reliance on a publisher to part-fund development of our first PC title, and an influencer-marketing led approach to driving interest in our second PC title made a lot of sense back in 2021 when the business had less than 100 staff and annual revenue of \$10m. Today PlaySide has record levels of cash, more than 300 staff and significantly enhanced capabilities in PC/Console that require us to aim higher in terms of the scope and revenue potential of the games we make.

## Operating update (cont.)

### MANAGEMENT COMMENTARY

Having seriously considered a number of opportunities to mark our expansion into larger PC/Console titles over the last eighteen months, another challenge has been to ensure that the business was sufficiently resourced to give us the freedom to commit to the best projects we could identify. From a cash perspective, the success of the Dumb Ways franchise has been a meaningful contributor to this, as has a growing pipeline of Work for Hire projects. From an operating perspective, we have made some strong senior hires in our Original IP teams as well as promoting several long-standing employees in the business into positions that will see them play a major role in the delivery of the next slate of titles.

The initial term of the agreement with Warner Bros. Interactive expires five years after the release of the second title, which means that we will be involved with this IP for much of the next decade. We look forward to being able to announce specifics regarding the IP and the first title in a joint marketing statement later in the June half this year.

### WORK FOR HIRE (\$9.6M REVENUE)

Work for Hire activity continued at record levels during the quarter. Group cash receipts were \$2.3m higher than reported revenue, which reflects the receipt of outstanding milestones billed in the prior quarter. In recent weeks we secured another extension of our development work for Meta Platforms as well as an extension of our work with 2K. Partly offsetting this, Skydance has elected not to continue with a project that we were awarded a co-development role on in April 2023. Pleasingly, PlaySide staff were able to be reallocated to other active projects and the net effect is an upgrade to our FY24 revenue guide. Work for Hire personnel remain fully utilised.

In the next couple of months our Business Development team will be travelling to the DICE Summit in Las Vegas and Game Developers Conference in San Francisco to pursue further opportunities for Work for Hire, Publishing and Original IP.

### OUTLOOK

A major focus in the second half is the ramp-up of development activity on the first title using Warner Bros. Interactive IP. While most of the staff required for a project of this nature are already 'in the building' prior to signing, we believe the nature of the project (once made public) will enable us to selectively add more talent to the business.

As a studio we are also mindful of the need to complement our aspirations for developing larger game titles with a regular cadence of new releases across PC/Console, mobile and VR. Our Dumb Ways, Mobile and Publishing teams remain active in this regard.

### GUIDANCE

We now expect **FY24 revenues of \$60-65m compared to our prior guide of \$55-60m**, which reflects recent increases to our Work for Hire pipeline. At the midpoint, this implies 63% growth on pcp and a 58/42 half-on-half revenue split.

Given the likelihood of a first half revenue skew and higher average headcount in the second half, we expect 2HFY24 EBITDA to be roughly breakeven and guide for **FY24 EBITDA to be in the range of \$11-13m**.

# PlaySide Studios

**AUSTRALIA'S LARGEST VIDEO GAME DEVELOPER AND PUBLISHING STUDIO**

PlaySide Studios Limited ("PlaySide") develops video games for multiple platforms including mobile, PC/Console, virtual reality and mixed reality, with a portfolio of approximately 60 titles. The Company publishes its own games based on original intellectual property, as well as providing end-to-end game development services in collaboration with AAA game studios and major technology and entertainment companies such as Activision Blizzard, Meta, Netflix Games and Take Two Interactive. It also has a Publishing arm which provides funding, development support, marketing and publishing of third-party games from smaller independent studios.

PlaySide was incorporated in 2011 and is headquartered in Port Melbourne, Australia. Its shares are publicly traded on the Australian Securities Exchange under the code PLY.

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**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](http://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 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	23,001	35,433
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(728)	(1,557)
(c) advertising and marketing	(1,475)	(2,710)
(d) leased assets	-	-
(e) staff costs	(8,901)	(16,966)
(f) administration and corporate costs	(868)	(1,844)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	207	442
1.5 Interest and other costs of finance paid	(24)	(47)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	36	36
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>11,248</b>	<b>12,787</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(529)	(559)
(d) investments	-	-
(e) intellectual property	(3,656)	(5,551)
(f) other non-current assets	-	-

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 (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(4,185)</b>	<b>(6,110)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	(223)	(405)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(223)</b>	<b>(405)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	31,700	32,200
4.2	Net cash from / (used in) operating activities (item 1.9 above)	11,248	12,787
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,185)	(6,110)

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)	(223)	(405)
4.5	Effect of movement in exchange rates on cash held	(244)	(176)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>38,296</b>	<b>38,296</b>

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	12,761	8,031
5.2	Call deposits	25,532	23,661
5.3	Bank overdrafts		
5.4	Other (cash on hand)	3	8
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>38,296</b>	<b>31,700</b>

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 & Other Services from a director related entity)	311
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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>		

**Appendix 4C**

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

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>		
7.5	<b>Unused financing facilities available at quarter end</b>		
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.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	11,248
8.2	Cash and cash equivalents at quarter end (item 4.6)	38,296
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	38,296
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<div style="border: 1px solid black; padding: 5px; display: inline-block;">N/A</div>
<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?	
<div style="border: 1px solid black; padding: 5px;">Answer: N/A</div>		
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?	
<div style="border: 1px solid black; padding: 5px;">Answer: N/A</div>		
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?	
<div style="border: 1px solid black; padding: 5px;">Answer: N/A</div>		
<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: 31<sup>st</sup> January 2024

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.