



Appendix 4D

For the half-year ended 31 December 2023

1. Company details

Name of entity:	PlaySide Studios Limited
ABN:	73 154 789 554
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities for the half-year	up	119%	to	36,201
Profit from ordinary activities after tax for the half-year attributable to the owners of PlaySide Studios Limited	up	263%	to	8,965
Profit for the half-year attributable to the owners of PlaySide Studios Limited	up	264%	to	8,967

3. Dividend Information

PlaySide Studios Limited has not paid, and does not propose to pay dividends, for the half-year ended 31 December 2023 (half year ended 31 December 2022: \$nil).

4. Net tangible assets

	Reporting period \$	Previous period \$
Net tangible assets per ordinary security (i)	0.098	0.081
(i) Net tangible asset backing per ordinary share (including right-of-use assets).		

The commentary on the results for the period is contained in this PlaySide Studios market disclosure announcing half-year financial results and the review of operations and financial results in the Directors' Report accompanying the attached half-year Financial Report for the half-year ended 31 December 2023.

Information should be read in conjunction with PlaySide Studios 30 June 2023 Audited Accounts and the attached half-year Financial Report. This report is based on the consolidated half-year financial report for the half-year ended 31 December 2023 which has been reviewed by BDO Audit Pty Ltd with the Independent Auditor's Report included in the half-year Financial Report.

PlaySide Studios Limited

ABN 73 154 789 554

Interim Report – Half-Year ended 31 December 2023

PlaySide Studios Limited
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31 December 2023

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General information

The financial statements cover PlaySide Studios Limited as a consolidated entity consisting of PlaySide Studios Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is PlaySide Studios Limited's functional and presentation currency.

PlaySide Studios Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

75 Crockford Street
PORT MELBOURNE VIC 3207

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2024.

PlaySide Studios Limited
Directors' Report
31 December 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group') consisting of PlaySide Studios Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Director Details

The following persons were directors of PlaySide Studios Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Cristiano Nicolli – Independent Non-Executive Chairman
Gerry Sakkas – Managing Director & Chief Executive Officer
Aaron Pasias – Non-Executive Director
Mark Goulopoulos – Non-Executive Director
Sophie Karzis – Non-Executive Director (appointed 21 December 2023)

Principal activities

During the financial half-year, the principal continuing activities of the consolidated entity consisted of:

- Development of games on a Work-for-Hire basis for external IP Owners;
- Development of games using PlaySide-owned IP, both for its own monetization and for third-parties under license; and
- Investment in titles being developed by other studios under a publishing contract structure.

Review of operations and financial results

A summary of the Group's statutory financial results from operations for H1 FY24 and the prior corresponding six-month period is set out below:

	Half-year ended 31 Dec 2023 \$'000	Half-year ended 31 Dec 2022 \$'000	Increase (Decrease) \$'000
Statutory Results			
Revenue - Sales	36,201	16,509	19,692
Revenue - Other	610	682	(72)
Revenue and Other Income	36,811	17,191	19,620
EBITDA	12,179	(4,407)	16,586
NPAT	8,965	(5,489)	14,454

Revenue Growth

Total Revenue and Other Income grew 114% to \$36.81m in the period, up from \$17.19m in the prior corresponding period ("PCP").

This increase was the combination of:

- Revenue – Sales, up \$19.69m (119%) on PCP.

Work for Hire Revenue at \$18.54m was \$7.59m up on the PCP, which reflects the impact of several material contracts either signed in the prior year or current half or extended in the current half with customers such as Meta, 2K Games and Skydance.

Original IP Revenue at \$17.66m was \$12.10m up on the PCP, which mainly reflects the performance of the Dumb Ways to Die franchise including revenue from titles being developed for Meta and Netflix.

- Revenue – Other, down \$72k (-11%) to \$610k.

Reduction of \$72k represents net of net foreign exchange gains (down \$409k), interest revenue (up \$209k) and government grants revenue (up \$132k).

EBITDA

Reported Earnings before interest, tax, depreciation and amortisation amounted to a Profit of \$12.18m for the half, which was \$16.59m up on the PCP.

This statutory reported EBITDA was mainly the net effect of:

- Total Revenue and Other Income increase of \$19.62m or 119% to \$36.81m;
- Increased Employee Benefits Expenses of \$6.42m, which primarily reflects the significant growth in the number of employees, mainly in operational areas such as engineering, art, production and design, necessary to service the increasing volume of work-for-hire and original IP projects;
- Reduction in Selling Expenses of \$1.87m, reflecting a reduced level of user acquisition advertising spend on mobile titles; and
- The absence of impairments to capitalized development costs (PCP: \$1.72m).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the half-year

On 2nd February 2024, the Group announced that its publishing division had signed Fumi Games' forthcoming PC/Console title *MOUSE*.

The Group will provide Fumi Games with development advances in accordance with agreed milestones as well as provide marketing services in return for a revenue sharing arrangement post the launch of the title, which is expected to occur in calendar 2025.

There has been no other matter or circumstance that has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

PlaySide Studios Limited
Directors' Report
31 December 2023

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors.

A handwritten signature in black ink, appearing to be 'Cristiano Nicolli', is written over a horizontal line.

Cristiano Nicolli

Chairman

22 February 2024
Melbourne, Australia

DECLARATION OF INDEPENDENCE BY SALIM BISKRI TO THE DIRECTORS OF PLAYSIDE STUDIOS LIMITED

As lead auditor for the review of PlaySide Studios Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of PlaySide Studios Limited and the entities it controlled during the period.



Salim Biskri
Director

BDO Audit Pty Ltd

Melbourne, 22 February 2024

PlaySide Studios Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	Consolidated Dec-23 \$ '000	Dec-22 \$ '000
Revenue	2	36,201	16,509
Other income	4	610	682
Expenses			
Employee benefits expense	5	(16,665)	(10,249)
General and administrative expenses		(4,676)	(4,583)
Selling expenses	5	(2,849)	(4,719)
Impairment of capitalised development costs	5	-	(1,721)
Share of losses of associates accounted for using the equity method		-	(93)
Finance costs	5	(47)	(47)
Depreciation and amortisation expense	5	(2,552)	(1,373)
Profit/(Loss) before income tax expense		10,022	(5,594)
Income tax (expense)/benefit		(1,057)	105
Profit/(Loss) after income tax expense for the half-year attributable to the owners of PlaySide Studios Limited		8,965	(5,489)
Other comprehensive income for the half-year, net of tax		2	6
Total comprehensive income / (loss) for the half-year attributable to the owners of PlaySide Studios Limited		8,967	(5,483)
		Cents	Cents
Basic earnings (losses) per share	8	2.20	(1.35)
Diluted earnings/(losses) per share	8	2.16	(1.35)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

PlaySide Studios Limited
Consolidated statement of financial position
As at 31 December 2023

		Consolidated	
	Note	Dec-23 \$ '000	Jun-23 \$ '000
Assets			
Current assets			
Cash and cash equivalents		38,297	32,200
Trade and other receivables		7,737	6,008
Other financial assets		331	144
Other current assets		829	689
Total current assets		<u>47,194</u>	<u>39,041</u>
Non-current assets			
Property, plant and equipment		1,932	1,695
Right-of-use assets		2,229	1,510
Intangibles	6	8,615	5,029
Deferred tax asset		1,666	944
Total non-current assets		<u>14,442</u>	<u>9,178</u>
Total assets		<u>61,636</u>	<u>48,219</u>
Liabilities			
Current liabilities			
Trade and other payables		5,960	5,593
Lease liabilities		830	462
Current tax liability		1,910	39
Employee benefits		2,654	1,888
Total current liabilities		<u>11,354</u>	<u>7,982</u>
Non-current liabilities			
Lease liabilities		1,585	1,215
Employee benefits		166	213
Total non-current liabilities		<u>1,751</u>	<u>1,428</u>
Total liabilities		<u>13,105</u>	<u>9,410</u>
Net assets		<u>48,531</u>	<u>38,809</u>
Equity			
Issued capital	7	46,192	45,429
Reserves		1,130	1,136
Retained profits / (Accumulated losses)		1,209	(7,756)
Total equity		<u>48,531</u>	<u>38,809</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

PlaySide Studios Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued capital \$ '000	Reserves \$ '000	Retained profits/ (Accumulated losses) \$ '000	Total equity \$ '000
Balance at 1 July 2022	45,084	671	(786)	44,969
Loss after income tax	-	-	(5,489)	(5,490)
Other comprehensive income, net of tax	-	6	-	7
Total comprehensive income	-	6	(5,489)	(5,483)
<i>Transactions with owners in their capacity as owners:</i>				
Tax debit associated with capital raising costs	(132)	-	-	(132)
<i>Other transactions:</i>				
Share-based payments (note 5)				
- Expense incurred during the year	-	443	-	443
- Transfer to Issued Capital on Exercise of Employee Share Options	342	(342)	-	-
Transfer to Issued Capital on issue of shares under Employee Share Scheme	135	(135)	-	-
Balance at 31 December 2022	45,429	643	(6,275)	39,797

Consolidated	Issued capital \$ '000	Reserves \$ '000	Retained profits / (Accumulated losses) \$ '000	Total equity \$ '000
Balance at 1 July 2023	45,429	1,136	(7,756)	38,809
Profit after income tax expense for the half year	-	-	8,965	8,965
Other comprehensive income for the half year, net of tax	-	2	-	2
Total comprehensive income for the half year	-	2	8,965	8,967
<i>Transactions with owners in their capacity as owners:</i>				
Tax debit associated with capital raising costs	(93)	-	-	(93)
<i>Other transactions:</i>				
Share-based payments (note 5)				
- Expense incurred during the year	-	848	-	848
- Transfer to Issued Capital on Exercise of Employee Share Options	624	(624)	-	-
- Transfer to Issued Capital on issue of shares under Employee Share Scheme	232	(232)	-	-
Balance at 31 December 2023	46,192	1,130	1,209	48,531

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

PlaySide Studios Limited
Consolidated statement of cash flows
For the half year ended 31 December 2023

	Note	Consolidated Dec-23 \$ '000	Dec-22 \$ '000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		35,286	13,825
Payments to suppliers and employees (inclusive of GST)		(22,902)	(19,313)
Government grants received		36	36
Interest received		442	233
Interest paid		-	(8)
Interest paid on lease liabilities		(47)	(39)
Net cash from/(used in) operating activities		12,815	(5,266)
Cash flows from investing activities			
Payments for security deposits		(188)	-
Payments for property, plant and equipment		(527)	(366)
Proceeds on disposal of property, plant and equipment		-	4
Payments for intellectual property		(5,468)	(2,410)
Net cash used in investing activities		(6,183)	(2,772)
Cash flows from financing activities			
Repayment of lease liabilities		(358)	(211)
Net cash used in financing activities		(358)	(211)
Net increase/(decrease) in cash and cash equivalents		6,274	(8,249)
Cash and cash equivalents at the beginning of the half-year		32,200	37,908
Effects of exchange rate changes on cash and cash equivalents		(177)	187
Cash and cash equivalents at the end of the half-year		38,297	29,846

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Revenue

	Consolidated	
	Dec-23	Dec-22
	\$ '000	\$ '000
<i>Revenue from contracts with customers</i>		
Work for hire services	18,543	10,953
Revenue from original intellectual property	17,658	5,556
Revenue	<u>36,201</u>	<u>16,509</u>

Note 3. Segment Information

PlaySide Studios Limited operates within the one reportable segment (development and monetization of mobile, PC and console video games).

The Group generated \$36,201k (1H 2022: \$16,509k) in Operating Revenue from its only reportable segment and is not reliant on any one single customer or contract.

Note 4. Other Income

	Consolidated	
	Dec-23	Dec-22
	\$ '000	\$ '000
Net foreign exchange gain	-	409
Government grants	168	36
Interest received	442	233
Other	-	4
Other income	<u>610</u>	<u>682</u>

Note 5. Expenses

	Consolidated	
	Dec-23	Dec-22
	\$ '000	\$ '000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	31	39
Fixtures and fittings	22	20
Buildings right-of-use assets	378	226
Computer equipment	239	144
Total depreciation	670	429
<i>Amortisation</i>		
Computer software	2	2
Games	1,775	942
Patents, licences & trademarks	105	-
Total amortisation	1,882	944
Total depreciation and amortisation	2,552	1,373
<i>Selling expenses</i>		
User acquisition advertising costs	2,255	4,239
Other selling expenses	594	480
Total selling expenses	2,849	4,719
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	47	39
Other interest paid/payable	-	8
Finance cost expensed	47	47
Net Foreign Exchange (loss)/gain	(177)	188
Impairment of capitalised development costs	-	1,721
<i>Employee benefits expense</i>		
Defined contribution superannuation expense	1,418	927
Share-based payments expense	848	443
Employee benefits expense excluding superannuation	14,399	8,879
Total employee benefits	16,665	10,249

Note 6. Intangibles

	Consolidated	
	Dec-23	Jun-23
	\$ '000	\$ '000
<i>Non-current assets</i>		
Brand names, patents, licences and trademarks – finite life	3,460	2,082
Software – finite life	4	6
Original IP Work in Progress – finite life (i)	3,886	156
Original IP Post Launch – finite life (ii)	1,265	2,785
	<u>8,615</u>	<u>5,029</u>
(i) Not ready for use		
(ii) Costs ceased to be capitalised post launch. Amortisation period ranges from one to four years.		

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Brand names, patents, licences and trademarks \$'000	Software \$'000	Original IP Work in Progress \$'000	Original IP Post Launch \$'000	Total \$'000
Balance at 1 July 2022	2,054	10	3,683	1,293	7,040
Additions – internally generated	-	-	2,881	-	2,881
Additions – trade marks	28	-	-	-	28
Transfer from WIP to Production	-	-	(4,935)	4,935	-
Amortisation	-	(4)	-	(3,443)	(3,447)
Impairment	-	-	(1,473)	-	(1,473)
Balance at 30 June 2023	<u>2,082</u>	<u>6</u>	<u>156</u>	<u>2,785</u>	<u>5,029</u>
Additions – internally generated	-	-	3,952	33	3,985
Additions – licenses purchased	1,480	-	-	-	1,480
Additions – trademarks	3	-	-	-	3
Transfer from WIP to Production	-	-	(222)	222	-
Amortisation	(105)	(2)	-	(1,775)	(1,882)
Impairment	-	-	-	-	-
Balance at 31 December 2023	<u>3,460</u>	<u>4</u>	<u>3,886</u>	<u>1,265</u>	<u>8,615</u>

Note 7. Issued Capital

	Dec-23 Shares	Consolidated Jun-23 Shares	Dec-23 \$ '000	Jun-23 \$ '000
Shares issued and fully paid for:	408,651,861	406,806,727	45,429	45,429
Beginning of the year	406,806,727	404,889,741	45,429	45,084
Exercise of performance options	1,434,494	1,713,676	624	342
Issued under employee share plan	410,640	203,310	232	135
Total Contributed equity at the end of the reporting period, pre listing costs.	408,651,861	406,806,727	46,285	45,561
Tax (debit)/credit associated with capital raising costs	-	-	(93)	(132)
Total Contributed equity at the end of the reporting period	408,651,861	406,806,727	46,192	45,429

Note 8. Earnings per share

	Consolidated	
	Dec-23	Dec-22
	\$ '000	\$ '000
Profit/(Loss) after income tax attributable to the owners of PlaySide Studios Limited	8,965	(5,489)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	407,427,297	405,989,337
Adjustments for calculation of diluted earnings per share:		
Adjustment for Employee Options & Performance Rights	8,211,747	5,471,888
Weighted average number of ordinary shares used in calculating diluted earnings per share	415,639,044	411,461,225
	Cents	Cents
Basic earnings/(losses) per share	2.20	(1.35)
Diluted earnings/(losses) per share	2.16	(1.35)

Note 9. Contingent assets and liabilities

The Group has no contingent assets or liabilities as at 31 December 2023.

Note 10. Commitments

The Group had capital commitments for games development (intangibles), property, plant and equipment as at 31 December 2023 of \$2,219,335.

Note 11. Events after the reporting period

On 2nd February 2024, the Group announced that its publishing division had signed Fumi Games' forthcoming PC/Console title *MOUSE*.

The Group will provide Fumi Games with development advances in accordance with agreed milestones as well as provide marketing services in return for a revenue sharing arrangement post the launch of the title, which is expected to occur in calendar 2025.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods.

PlaySide Studios Limited
Directors' declaration
31 December 2023

In the directors' opinion

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Cristiano Nicolli
Director

22 February 2024
Melbourne, Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of PlaySide Studios Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of PlaySide Studios Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

A handwritten signature in blue ink, appearing to read 'Biskri', is written over the BDO logo.

Salim Biskri
Director

Melbourne, 22 February 2024