

LETTER TO SHAREHOLDERS

Fellow shareholders

It has been a busy and eventful first few weeks of my tenure as CEO of PlaySide Studios, and I wanted to update you on how the business is going.

Our Company restructure

The announcement of the restructure in April 2025 was painful, but a necessity. As Work for Hire projects rolled off from October last year and were not replaced by anticipated new work, latent staff were put onto existing projects as we elected to absorb the costs of keeping extra personnel in the business for as long as we could. This acknowledged that: i) our people are our most valuable asset and holding onto staff we didn't technically need for a time is a demonstration of commitment to our people and our culture, and ii) we have a long history of consistently winning regular contract work, and some patience was considered sensible albeit that would risk impacting our financial guidance for the year.

The restructuring process is now complete, and has resulted in a reduction in headcount at PlaySide from 334 on the day we announced the restructure, to 265 at the time of writing. Resourcing on all of our smaller Original IP projects was reduced and clear gates (criteria for ongoing investment) were placed on projects that we have no contractual obligations to continue so that we can internally resource new contract work opportunities where possible or move staff onto our most promising projects.

That said, all new Original IP projects burn cash during their development phase. We have committed to substantial investments in the Game of Thrones RTS (Real Time Strategy game) and MOUSE in particular, and these are the best opportunities we've ever had as a studio. Despite this, we were continuing work on many other projects when we only needed to execute well on these two major titles to deliver growth in revenue and earnings for shareholders. Unfortunately even a moderately soft patch in Work for Hire demand quickly highlighted the risk of investing in too many things at once with limited flexibility in our cost base, and returning to a more focused approach has been costly in the short-term.

The day after our restructure was initiated I conducted a Town Hall with remaining employees to give them a forum to address the many questions they had as to the circumstances that had given rise to this situation, and what we would do to provide more stability in the business going forward. It is motivating to receive feedback that many staff appreciated this transparency and openness albeit at a difficult time, and I think it's important that I continue to operate that way with the support of other leaders in the Company.

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Our leadership team held a three-day workshop away from the studio, and we focused on the critical elements that would help us get better at the process of making good games, winning new contract work, and improving studio culture. As a group we have shared the news of several changes (processes, team structures, Company values) with staff at a number of follow-up meetings. I am confident that our staff acknowledge these changes are positive, and am cautiously optimistic that each change will contribute to a meaningful improvement in morale and performance.

Resignation of co-founder

The decision of co-founder Gerry Sakkas to resign from PlaySide was unexpected, but ultimately one we can confidently absorb as a studio. Gerry spent many years at PlaySide helping to build the business and, although his absence will be felt, he has personally reiterated his belief in me to lead the Company going forward and continues to be a supportive major shareholder.

As someone who has played video games all their life but is not a game developer by trade, I believe part of my job as CEO is to shine a light on the tremendous amount of talent we have at PlaySide and empower them to fully realise their potential. Our Vice President (VP), General Manager (GM) and Director layers are a mix of industry veterans who came to PlaySide with an understanding of the value of the processes and knowledge it takes to deliver premium titles, and “OGs” - PlaySide veterans who shine at switching priorities quickly and selflessly trading their resources with each other when the business needs it. These are not discrete camps at PlaySide; on average these leaders have spent 6 years here, all are experts in their respective fields, and have absorbed and grown from the variety of skills displayed by others in the team. They work well with and respect each other, and are ultimately the right people to deliver on the opportunities we have in front of us. I'm excited to work with them.

What to expect as a PlaySide shareholder going forward

As a Company we have taken feedback from frustrated shareholders in the last few weeks. While institutional shareholders are often afforded several opportunities to meet with us at various forums through the year, I acknowledge that we have several thousand retail shareholders on our register and typically their main opportunity to engage with us is at the Annual General Meeting and the handful of Investor Webinars we conduct every year. If you are a retail shareholder, we will make sure that we engage with you more meaningfully at these times, particularly in respect of providing more detail during Q&A. You are also encouraged to come up and say hi to me and our staff when we present at industry events like Melbourne International Games Week and PAX Aus (which, if you're a shareholder or interested in our sector, you should absolutely attend this year).

Transparency in investor communications is always a tricky thing to balance for a business like ours. We have tight Non Disclosure Agreements (NDAs) regarding the nature of the work we do with several of our counterparties, we try to avoid leaks of our Original IP projects to maximise the effectiveness of our marketing campaigns, and given our games compete with a variety of other entertainment products, there is often merit in having flexibility around launch windows which makes it hard for us to guarantee exactly when a game will be released.

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That said, we will provide clearer updates on what we are making and why. We can better acknowledge when things don't go well and what we have learnt from these. We can help you better understand how our industry works, noting that there aren't many publicly listed comparables in Australia. And we can do better with our balance sheet so that, even though our business can be hit-driven in any given year, we can set the Company up for sustainable growth in revenue and earnings.

Final comments

Our near-term challenges remain, but we are working hard to address them. We have won some small expansions of work from existing Work for Hire clients; nothing individually material enough to announce, but continuing to help us meet our objectives. We have resourced these internally to maximise the profit we can generate off our post-restructure cost base. We have also set the business up to achieve some solid cost savings in FY26, and that should ensure that the successful execution of our game launches will result in a much stronger balance sheet to work with.

The near-term opportunity remains the successful delivery of MOUSE. We have three main criteria to ensure that game is as successful as possible - wishlisting well in excess of 1M prior to launch (we are just shy of 900k at the moment), a strong velocity of wishlist growth in the weeks immediately before launch (driven by greater investment in marketing campaigns), and delivering on a great experience for gamers. We continue to target a launch in the December half of 2025, and the recent delay by Rockstar Games of Grand Theft Auto VI from calendar 2025 to May 2026 provides us with a bit more flexibility to find the right time within that window to launch.

Very shortly, we will commence our marketing campaign for the Game of Thrones RTS as well as further initiatives for MOUSE, and as we strive to maximise our opportunities in Original IP, Publishing and Work for Hire going forward, there is an acknowledgement that we will also need to invest more in our brand and public-facing efforts as a studio. The recent appointment of Guy Costantini to the Board has been tremendously instructive in this respect, and indeed all of the board members have uniquely contributed to support me in what I hope I look back on as the most challenging month of my time here at PlaySide ahead of a sustained improvement in our business.



Benn Skender
CEO, PlaySide Studios

PlaySide Studios

AUSTRALIA'S LARGEST VIDEO GAME DEVELOPER AND PUBLISHER

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.

Release approved by the Chairman on behalf of the board.

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

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