



Appendix 4E

For the year ended 30 June 2024

1. Company details

Name of entity:	PlaySide Studios Limited
ABN:	73 154 789 554
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	up	68%	to	64,637
Profit/(loss) from ordinary activities after tax attributable to the owners of PlaySide Studios Limited	up	262%	to	11,314
Profit/(loss) for the year attributable to the owners of PlaySide Studios Limited	up	263%	to	11,311

3. Dividend Information

PlaySide Studios Limited has not paid, and does not propose to pay dividends, for the year ended 30 June 2024 (2023: \$nil).

4. Net tangible assets

	Reporting period \$	Previous period \$
Net tangible assets per ordinary security (i)	0.081	0.083
(i) Net tangible asset backing per ordinary share includes right-of-use assets.		

The commentary on the results for the period is contained in the PlaySide Studios review of operations and financial results in the Directors’ Report contained within the attached PlaySide Studios 30 June 2024 Audited Accounts.

5. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
Digital Business Holdings Pty Ltd	0.00%	0.00%	-	(93)
Profit/(loss) from ordinary activities after income tax			-	(93)


6. Audit qualification or review

The financial statements have been audited and an unmodified opinion has been issued.

7. Attachments

The Annual Report of PlaySide Studios Limited for the year ended 30 June 2024 is attached.

8. Signed

Signed 

Date: 23 August 2024

Cristiano Nicolli
Chairman
Melbourne, Australia

PlaySide Studios Limited

ABN 73 154 789 554

Financial Report for the Year ended 30 June 2024

PlaySide Studios Limited
Corporate directory
30 June 2024

Directors	Cristiano Nicolli, Chairman Gerry Sakkas, Chief Executive Officer and Managing Director Mark Goulopoulos, Non-Executive Director Aaron Parias, Non-Executive Director Sophie Karzis, Non-Executive Director (appointed 21 December 2023)
Company secretary	Darren Briggs
Notice of annual general meeting	The time of the virtual annual general meeting of PlaySide Studios Limited is as follows: Wednesday 23rd of October 2024 at 2:30pm
Registered office	Level 1 75 Crockford Street, Port Melbourne VIC 3207
Principal place of business	Level 1 75 Crockford Street, Port Melbourne VIC 3207
Share register	Link Market Services Collins Square I Tower Four, 727 Collins Street, Melbourne VIC 3008 Phone: 1300 554 474
Auditor	BDO Audit Pty Ltd Collins Square I Tower Four, Level 18, 727 Collins Street, Melbourne VIC, 3008
Solicitors	Harris Carlson Lawyers Level 14, 350 Queen Street Melbourne VIC 3000
Bankers	National Australia Bank Limited 330 Collins Street Melbourne VIC 3000
Stock exchange listing	PlaySide Studios Limited shares are listed on the Australian Securities Exchange (ASX code: PLY)
Website	www.playsidestudios.com
Corporate Governance Statement	https://investor.playsidestudios.com

PlaySide Studios Limited

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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 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:

Level 1
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 23 August 2024.

PlaySide Studios Limited
Directors' report
30 June 2024

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 "PlaySide", the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Director Details

The following persons were directors of PlaySide Studios Limited during the whole of the 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 year, the principal continuing activities of the Group 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 and underlying financial results from operations for the year ended 30 June 2024 and the prior corresponding year is set out below:

	Year ended 30 Jun 2024 \$'000	Year ended 30 Jun 2023 \$'000	Increase (Decrease) \$'000
Statutory Results			
Revenue - Sales	64,637	38,445	26,192
Revenue - Other	3,700	588	3,112
Revenue - Total	68,337	39,033	29,304
EBITDA	17,465	(3,446)	20,911
NPAT	11,314	(6,970)	18,284
Net cash	37,111	32,200	4,911

Revenue Growth

Total Revenue grew 75% to \$68.3m in the period, up from \$39.0m in the prior corresponding period ("pcp").

This increase was the combination of:

Revenue – Sales, up \$26.2m (68%) on pcp.

This increased Revenue came from the combination of:

- PlaySide Original IP Revenue at \$30.3m was \$15.4m up on pcp, mainly reflecting the performance of the Dumb Ways to Die franchise, including revenue from titles being developed for Meta and Netflix; and
- Work for Hire Revenue of \$34.3m is \$10.8m up on pcp, reflecting the impact of several material contracts either signed in the prior or current year, or extended during FY24 with customers such as Meta, 2K Games and Skydance.

Revenue – Other, up \$3.1m to \$3.7m (pcp: \$0.6m).

Increase primarily reflects:

- Government grants and rebates up \$1.9m, mainly due to the Digital Games Tax Offset rebate claim of \$1.5m, and
- Interest revenue (up \$0.9m) due to excess cash being invested throughout FY24 at rising interest rates.

EBITDA

Reported Earnings before interest, tax, depreciation, and amortisation amounted to a profit of \$17.5m for the period, which was \$20.9m up on pcp.

This significant \$20.9m increase in the reported EBITDA mainly represents the net effect of:

- Total underlying Sales Revenue and Other Income increase of \$29.3m or 75% increase to \$68.3m;
- Increased Employee Benefits expenses of \$8.4m to \$32.4m, which primarily represents the significant growth in the number of employees, mainly working in operational areas such as engineering, art, production and design, necessary to service the increasing volume of work-for-hire and original IP projects;
- Increased General and administrative expenses of \$3.1m to \$11.6m, reflecting increases across expense categories including software purchases, recruitment costs and consulting fees; and
- Reduction in Selling Expenses of \$2.3m, reflecting a reduced level of user acquisition advertising spend on mobile titles.

NPAT

The Company reported a statutory Net Profit after Tax of \$11.3m, representing an \$18.3m profit increase on the \$7.0m NPAT Loss reported in FY23.

This result was the net result of:

- Reported EBITDA improvement of \$20.9m;
- Depreciation and Amortisation expense of \$5.9m (up \$1.5m on pcp);
- Income Tax expense which at \$1.6m is \$2.0m up on last year's net benefit(\$0.4m) – where the FY24 effective tax rate of 12.6% has been achieved due to:
 - Recoupment of prior year tax losses of \$4.9m; and
 - Tax free status of the Digital Games Tax offset rebate income of \$1.5m; and
- Net Interest revenue of \$1.4m (up \$0.9m on pcp).

Financial Position and Capital Investment

The Company finished the year in a net cash position of \$37.1m, after commencing the financial period with net cash of \$32.2m, an increase of \$4.9m.

This net \$4.9m increase in cash was a net direct result of the following movements:

- Net cash generated by Operating Activities of \$18.1m;
- Cash spent on Investing Activities of \$11.8m, namely \$10.3m invested in Intangible Assets (games launched and under development) and \$1.3m spent on Property, Plant and Equipment and
- Cash used in financing activities of \$0.8m.

Business Risks and Opportunities

In executing its growth plans, the Group is subject to a number of company-specific, industry-specific and general risks and opportunities, which the Board and its senior executives continuously monitor and actively manage.

Business risks

Some of these key business risks are outlined below:

Performance of new title releases

There is a risk that new title releases are not received in a positive manner by the market or generate the anticipated level of player engagement. This can lead to reduced revenue and cash flow. In addition, capitalised development expenses may need to be impaired. If a game's launch results in lower revenues than estimated, this may have a material adverse impact on PlaySide's operating and financial performance.

Launch delays and cost overruns

Delays in developing game projects from idea generation to launch may result from a number of factors both within and outside of the Company's control. Any delays experienced during the development cycle may have a material adverse impact on PlaySide's operating and financial performance.

Third-party service providers

PlaySide may occasionally require the involvement of a number of third-party providers to undertake development activities and deliver services to its customers. There is a risk that a third party may deliver a service below the expected standard, or there may be a disruption to the services provided by a third-party provider to PlaySide. Any such failure to deliver services to an expected standard or financial failure, default or contractual non-compliance on the part of a third-party provider could adversely affect PlaySide's reputation with customers and could have a material adverse effect on PlaySide's operating and financial performance.

Work for Hire contract risk

PlaySide performs Work for Hire under contract whereby it is paid a fixed price to deliver development outcomes on a milestone basis. Any failure to perform its obligations under milestone schedules within a timely fashion could result in cost overruns or contract termination, both of which could have a material adverse effect on PlaySide's operating and financial performance and business reputation.

Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of PlaySide depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on PlaySide if one or more of these employees cease their employment.

Competitors

PlaySide competes against other game developers globally in an industry which is fragmented, rapidly evolving and subject to constant advancements in technology and product innovation. There is a risk that PlaySide may experience increased

competition from existing competitors and new entrants to the market, particularly those who compete across the same gaming categories, game genres and platforms as PlaySide. If these risks materialised, PlaySide may compete less effectively which would have an adverse impact on PlaySide's operating and financial performance and PlaySide's competitive position.

Data loss, theft or corruption

PlaySide stores data in its own systems and networks and with a variety of third-party service providers. Corruption, theft or loss of the data because of the misuse, exploitation or hacking of any of these systems or networks could have a material adverse effect on PlaySide's business and operating and financial performance. Further, if PlaySide's systems, networks or technology are subject to any type of cybercrime, its technology may be perceived as not secure, which may lead to a decrease in the number of customers and partners.

Intellectual property rights

PlaySide's intellectual property rights are an essential element of its business. PlaySide's intellectual property rights are predominantly protected by copyrights, trademarks, laws for the protection of trade secrets, non-disclosure and other contractual agreements and/or other technical measures. If PlaySide fails to protect and retain its intellectual property rights, it could have a material adverse impact on PlaySide's operating and financial performance and PlaySide's business and reputation.

There is also a risk that third parties may allege that PlaySide has infringed on their intellectual property rights without their consent or permission. Any claims, regardless of the merits, could result in dispute or litigation which may be protracted and expensive to defend. Should PlaySide be regarded as infringing intellectual property rights of third parties, it could have a material adverse impact on PlaySide's operating and financial performance and PlaySide's business and reputation.

Litigation risks

PlaySide may be exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims, employee claims and customer complaints. Further, PlaySide may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on PlaySide's operations, financial performance and financial position. PlaySide is not currently engaged in any litigation.

Business opportunities

Some of these key business opportunities are outlined below:

Original IP projects

The Company has several major opportunities in development across owned IP, licensed IP and its Publishing division. These include:

- A long-term licence deal with Warner Bros. Interactive to develop two PC/Console titles using the *Game of Thrones* IP, with development on the first title already underway;
- A Publishing deal with Fumi Games for the PC/Console title *MOUSE*; and
- A multiplayer console title using the Company's owned *Dumb Ways to Die* IP.

Commercial success of one or more of these titles has the potential to create a significant change in the Company's revenue and earnings.

Large scale Work-for-Hire contracts

The Company has several long-term material Work for Hire and Original IP development contracts. This has enabled the Company to maintain a strong cash balance during FY24 and provides high levels of revenue and cash flow visibility into FY25.

The Company continues to explore opportunities and qualify active leads for future Work for Hire projects.

Publishing

The Company has several contracts in place to publish games developed by third-party studios. Notably, the signing of the highly anticipated title *MOUSE* has created opportunities to pitch for Publishing deals which are larger in size and revenue potential. The Company continues to assess these opportunities.

Dividends

There were no dividends paid during the financial year.

	Consolidated	
	2024	2023
	\$	\$

Final dividend for the year ended 30 June 2024 of nil dollars (2023: nil dollars) per ordinary share

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Significant changes in the state of affairs

The main changes that occurred in the business during FY24 were:

- a) The Company signed, extended and continued to work on a number of material Work for Hire and Original IP development contracts. This enabled the Company to maintain strong levels of cash throughout the financial year and as at 30 June 2024;
- b) The Company signed a multi-game license agreement with Warner Bros (WB) to develop two PC/Console games leveraging the 'Game of Thrones' IP (WB Agreement). Under this Agreement the Company will pay WB an agreed amount of guaranteed consideration in the form of license fees in return for an agreed net revenue sharing arrangement post launch of each game;
- c) The Company's publishing division signed its second and third titles with all three existing titles now expected to be launched during calendar 2025 and 2026; and
- d) The Company in August 2023 signed a new three-year office lease in Melbourne nearby its Head Office which has helped accommodate the Company's growing staff numbers.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

There has been no matter or circumstance that has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

The Company signed several material Original IP contracts during FY24, notably a License agreement with Warner Bros. Interactive to develop two PC/Console titles relating to the Game of Thrones IP, and a Publishing agreement with Fumi Games relating to the title *MOUSE*. These along with the development of a console title for the Company's Dumb Ways to Die franchise represent significant investments in the Company's Original IP pipeline, with proposed launch dates commencing from CY25. Commercial success of one or more titles has the potential to create a step change in the Company's revenue base.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Cristiano Nicolli
Title:	Non-Executive Chairman
Independent Director:	Yes
Date Appointed:	31 October, 2020
Qualifications:	Fellow of Australian Institute of Company Directors (FAICD); Bachelor of Management and Business Studies
Experience and expertise:	Mr Nicolli has an extensive career as an influential leader and highly successful businessman in the technology sector. From 2010 to 2016, Mr Nicolli was the Group Managing Director and CEO of ASX-listed IT services company UXC Limited. During his 13 years with UXC, Mr Nicolli was instrumental in leading the growth of UXC's IT-services business from \$60 million annual revenue to \$750 million (via both organic growth and acquisitions) and employing 3,000 staff. Under Mr Nicolli's leadership, UXC became widely recognised as the largest and one of the most respected ASX-listed IT companies in Australia. Mr Nicolli oversaw the acquisition of UXC by global IT firm CSC in late 2016 for in excess of \$400 million.
Other current directorships:	Non-Executive Director Vista Group International Limited (VGL) and Chairman of ReadCloud Limited (RCL).
Former directorships (last 3 years):	Other Levels Pty Ltd (OLV) and Empired Limited (EPD)
Special responsibilities:	Chair of the Audit and Risk Committee; Member of the Remuneration and Nomination Committee

Name:	Gerry Sakkas
Title:	Managing Director and Chief Executive Officer
Independent Director:	No
Date Appointed:	14 December 2011
Qualifications:	Bachelor of Arts (Digital Arts and Games)
Experience and expertise:	Gerry is the CEO and co-founder of PlaySide and has spent over 17 years in the games industry. Gerry started his professional career at EA Games as a tester, and over the next 4 years made his way to lead designer of the Melbourne studio. Gerry's strong entrepreneurial drive saw him leave EA and co-found PlaySide in 2011. For the past 13 years Gerry has been responsible for leading and growing PlaySide to a team of approximately 360 staff, with his creative drive a key focus for growth.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil

Name:	Mark Goulopoulos
Title:	Non-Executive Director
Independent Director:	No
Date Appointed:	14 December 2011
Qualifications:	Bachelor of Commerce; Graduate Diploma in Applied Finance and Investment; Master Practitioner of the Stockbrokers and Financial Advisers Association.
Experience and expertise:	Mark is an experienced investment advisor and one of the co-founders of PlaySide. As Director of Corporate Strategy since PlaySide's inception, Mark has led and set corporate strategy for the business including the business model of utilising cash

flow from fixed priced contracts to finance original IP development. Mark has over 20 years' experience in equities markets and investment banking. He has originated, led, and advised on numerous financing transactions for both ASX listed and pre-IPO businesses across various industries. Mark is a founding partner of Cumulus Wealth, a boutique wealth management firm founded in 2019. He was previously a Director of Wealth Management at Patersons Securities for over 10 years.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Member of the Remuneration and Nomination Committee

Name: **Aaron Parias**
Title: Non-Executive Director
Independent Director: No
Date Appointed: 14 December 2011
Qualifications: Bachelor of Commerce; Bachelor of Business
Experience and expertise: Aaron is a professional investor in early stage companies, equities and property and is one of the co-founders of PlaySide, having worked for over 8 years as the Group's Finance Director and Company Secretary. In addition, Aaron has over 15 years' experience in both the financial markets and property industries. He has evaluated and invested in various opportunities across a range of ASX listed and pre-IPO companies and has had active involvement with Boards of companies where he has been a major shareholder. In addition to his equity investments Aaron has also driven a variety of commercial, retail, and residential property developments.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Member of the Audit and Risk Committee

Name: **Sophie Karzis**
Title: Non-Executive Director
Independent Director: Yes
Date Appointed: 21 December 2023
Experience and expertise: Sophie is a qualified lawyer specialising in the ASX Listing Rules and Corporations Law and has practised as a corporate and commercial lawyer in the areas of equity capital markets, mergers and acquisitions, and corporate governance for ASX listed entities for over twenty years. Sophie holds a Bachelor of Jurisprudence and a Bachelor of Laws degree from Monash University and is a member of the Law Institute of Victoria and the Governance Institute of Australia.

Other current directorships: Non-Executive Director Touch Ventures Limited (TVL), RAS Technology Holdings (RTH) and PRT Company Limited (PRT)
Former directorships (last 3 years): Nil
Special responsibilities: Chair of the Remuneration and Nomination Committee; Member of the Audit and Risk Committee

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Board Skills and Experience Matrix

To assist identifying areas of focus and maintaining an appropriate and diverse mix of skills, the Board has developed a 'Board Skills and Experience Matrix' ('Board Matrix') which is represented in the table below. The Company's Board Matrix

sets out the mix of skills, experience and expertise that the Board currently has. The Board benefits from the combination of directors' individual skills, experience and expertise in the areas identified below:

Board Skills and Experience Matrix (out of 5 directors)	No. of Directors
<u>Legal, Governance & Compliance</u>	
Legal	2
Corporate Governance	3
Compliance	3
<u>Operations</u>	
Games Development	1
Sales and Marketing	1
Business Development	3
General Management Experience	4
CEO Experience	2
Strategy	4
<u>Finance & Risk</u>	
Accounting	3
Finance	3
OH&S / Risk Management	3
<u>People</u>	
Human Resources	3
Remuneration	3
<u>Technology</u>	
Technology	5
Digital	5

Company secretary

Darren Briggs (BCom; ACIS) has held the role of Company Secretary since 24 September, 2020. He was previously the Company Secretary of the ASX Listed The Reject Shop Limited for ten years. Mr Briggs is a member of Chartered Accountants Australia and New Zealand and the Governance Institute of Australia.

Meetings of Directors

During the financial year, 10 meetings of directors were held.

The number of meetings attended by each director during the year was as follows:

Director	Directors' Meetings	
	Number eligible to attend	Number attended
Cristiano Nicolli	10	10
Gerry Sakkas	10	10
Mark Goulopoulos	10	10
Aaron Pasias	10	10
Sophie Karzis	6	6

At the Board meeting held 21st February 2024, the Board agreed to form its inaugural Audit and Risk Committee and Remuneration and Nomination Committee.

Neither of these Committees formally met during FY2024, but the Remuneration and Nomination Committee did hold its first meeting on 25th July 2024, and the Audit and Risk Committee did hold its first meeting on 16th August 2024. Going forward these Committees are likely to meet at least two times per year.

Prior to these Committees being formed, due to the size and nature of the existing Board and the magnitude of the Group's operations, the Company did not have either a Remuneration and Nomination Committee or an Audit and Risk Committee. During that period, the full Board carried out the duties that would ordinarily be assigned to the above Committees under the written terms of reference for those committees, led by its independent Chairman, Mr Cristiano Nicolli.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objectives of the Group's executive reward framework are to incentivise and reward the executive team as well as to provide a retention mechanism. The framework aims to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board considers that it should seek to enhance shareholders' interests by:

- having both revenue growth, cash management and earnings growth as a core component of plan design; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability, experience and outcomes
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

The Company's constitution provides that the total aggregate fixed sum to be paid to non-executive directors shall initially be no more than \$500,000 and may be varied by ordinary resolution at a general meeting. This aggregated fixed sum has not varied in the current financial year.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary and superannuation, is reviewed annually by the Board based on individual performance, the overall performance of the Group and comparable market remunerations.

The short-term incentives ('STI') program, in the form of cash bonuses, is designed to align the performance hurdles of the executives with the targets of the Group. STI payments are granted to executives based on the Group achieving a combination of annual revenue targets, earnings (EBITDA) targets, cash balance management, and for select individuals' specific key performance indicators (KPI's). The sales and EBITDA targets are based on Board approved budget and stretch targets. The Chief Financial Officer, Chief Operating Officer and Chief Strategy Officer also have individual business targets set by the Board. These additional KPI's include business development sales targets, profitable revenue generation and successful launch of key game titles. These targets are not publicly disclosed as they are commercially sensitive in nature. The Board retains the right to exercise its discretion on whether to award STI's or not.

The long-term incentives ('LTI') include share-based payments. Shares are awarded to executives over a vesting period of between two and three years based on a combination of long-term measures. These measures include achieving revenue and earnings (EBITDA) targets. In addition, for some LTI benefits, a specified length of tenure is required from the executive. Furthermore, for a number of these LTI benefits, a 12-month escrow period will apply post the vesting date. The Board retains the right to exercise its discretion on whether to award LTIs or not. LTIs are typically awarded in shares but may also be awarded in cash from time to time.

Group performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined revenue and earnings targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

PlaySide Studios Limited
Directors' report (continued)
30 June 2024

The Board is of the opinion that the continued improved results expected of the Group can be achieved in part due to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants

During the financial year ended 30 June 2024, the Board did not seek any independent advice with regard to the appropriateness of the Group's remuneration practices or its executive's remuneration packages. The Board reserves the right to engage remuneration consultants periodically to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

Details of remuneration

Amounts of remuneration

The key management personnel of the Group consisted of the following directors of PlaySide Studios Limited:

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

And the following persons:

- Benn Skender – Chief Strategy Officer (appointed 16 September 2022)
- Paul Fouracre – Chief Operating Officer (terminated 1 July 2024)
- Darren Briggs – Chief Financial Officer and Company Secretary

Details of the remuneration of key management personnel of the Group are set out in the following tables.

		Short-term benefits		Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments	Total
		Cash salary and fees	Cash bonus	Super-annuation			Equity-settled shares	
2024	Note	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:								
Cristiano Nicolli		120,000	-	13,200	-	-	-	133,200
Mark Goulopoulos	(i)	120,000	-	8,800	-	-	-	128,800
Aaron Pasias		80,000	-	8,800	-	-	-	88,800
Sophie Karzis	(ii)	40,000	-	4,400	-	-	-	44,400
Executive Director:								
Gerry Sakkas		472,000	129,500	27,500	17,954	-	168,694	815,648

PlaySide Studios Limited
Directors' report (continued)
30 June 2024

Other Key Management Personnel:								
Benn Skender		250,000	87,500	27,500	718	-	583,246	948,964
Paul Fouracre	(iii)	236,363	63,989	37,142	(2,264)	249,170	(30,880)	553,520
Darren Briggs		189,818	49,223	20,880	1,735	-	64,518	326,174
Total		1,508,181	330,212	148,222	18,143	249,170	785,578	3,039,506

- (i) The Group paid Mr Gouloupoulos \$10,000 in consulting fees per quarter to an entity controlled by Mr Gouloupoulos (**MG Capital Trust**), for additional activities approved by the Board and the Managing Director
- (ii) Ms Karzis joined the Company as a non-executive director on 21 December 2023.
- (iii) Mr Fouracre's employment was concluded on the 1st July 2024. He was paid a total of \$249,170 in termination benefits, which included an amount of \$156,998 in lieu of long-term incentives which were due to vest on 31 August 2024 as well as an amount of \$19,445 for the payout of his accrued annual leave entitlements as at the termination date.

		Short-term benefits		Post-employment benefits	Long-Term benefits	Share-based payments	Total
		Cash salary and fees	Cash bonus	Super-annuation		Equity-settled shares	
2023	Note	\$	\$	\$	\$	\$	\$
Non-Executive Directors:							
Cristiano Nicolli		120,000	-	12,600	-	-	132,600
Mark Gouloupoulos	(i)	120,000	-	8,400	-	-	128,400
Aaron Pasias		80,000	-	8,400	-	-	88,400
Hans ten Cate	(ii)	22,100	-	-	-	-	22,100
Executive Director:							
Gerry Sakkas		426,752	-	25,292	2,449	222,934	677,427
Other Key Management Personnel:							
Benn Skender	(iii)	198,076		20,798	329	281,967	501,170
Paul Fouracre		236,363	-	24,818	1,219	102,672	365,072
Darren Briggs		181,818	-	19,091	937	78,963	280,809
Total		1,385,109	-	119,399	4,934	686,536	2,195,978

- (i) The Group paid Mr Gouloupoulos \$10,000 in consulting fees per quarter to an entity controlled by Mr Gouloupoulos (**MG Capital Trust**), for additional activities approved by the Board and the Managing Director
- (ii) Mr Hans ten Cate resigned as a Director on 5 October 2022
- (iii) Mr Skender joined the Group as Chief Strategy Officer on 16th September 2022.

PlaySide Studios Limited
Directors' report (continued)
30 June 2024

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed Remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
Non-Executive Directors:						
Cristiano Nicolli	100%	100%	-	-	-	-
Mark Gouloupoulos	100%	100%	-	-	-	-
Aaron Pasias	100%	100%	-	-	-	-
Sophie Karzis	100%	n/a	-	n/a	-	n/a
Executive Director:						
Gerry Sakkas	63.4%	67.1%	15.9%	0.0%	20.8%	32.9%
Other Key Management Personnel:						
Benn Skender	29.3%	43.7%	9.2%	0.0%	61.5%	56.3%
Paul Fouracre	94.0%	71.9%	11.6%	0.0%	(5.6%)	28.1%
Darren Briggs	65.1%	71.9%	15.1%	0.0%	19.8%	28.1%

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures as described above in the section 'Group performance and link to remuneration'. The maximum bonus values are established at the start of each financial year and amounts payable are determined in the final month of the financial year by the Board. No discretionary cash bonuses were paid in the 2023 and 2024 financial years. These targets are not publicly disclosed as they are commercially sensitive in nature.

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2024	2023	2024	2023
Non-Executive Directors:				
Cristiano Nicolli	-	-	-	-
Mark Gouloupoulos	-	-	-	-
Aaron Pasias	-	-	-	-
Hans ten Cate	-	-	-	-
Sophie Karzis	-	-	-	-
Executive Director:				
Gerry Sakkas	70%	-	30%	100.0%
Other Key Management Personnel:				
Benn Skender	70%	-	30%	100.0%
Paul Fouracre	70%	-	30%	100.0%
Darren Briggs	70%	-	30%	100.0%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Gerry Sakkas
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	1 st November, 2020
Term of agreement:	Continuous until validly terminated in accordance with its terms
Details:	Base salary for the year ending 30 June 2024 was \$450,000 plus superannuation (total package \$499,500). Three-month termination notice period by either party. Cash bonus of up to \$185,000 subject to Board approval and achievement of agreed key performance indicators of the executive and the Group, non-solicitation and non-compete clauses.
Name:	Benn Skender
Title:	Chief Strategy Officer
Agreement commenced:	16th September 2022
Term of agreement:	Continuous until validly terminated in accordance with its terms
Details:	Base salary for the year ending 30 June 2024 was \$250,000 plus superannuation. Three-month notice period by either party. Cash bonus of up to \$125,000 per annum subject to Board approval and achievement of agreed key performance indicators of the executive and the Group, non-solicitation and non-compete clauses.
Name:	Paul Fouracre
Title:	Chief Operating Officer
Agreement commenced:	10 th August, 2020
Term of agreement:	Continuous until validly terminated in accordance with its terms
Details:	Base salary for the year ending 30 June 2024 was \$236,363 plus superannuation. Three-month termination notice period by either party. Cash bonus of up to \$91,413 subject to Board approval and achievement of agreed key performance indicators of the executive and the Group, non-solicitation and non-compete clauses. Mr. Fouracre's employment with the Company concluded on 1 st July 2024
Name:	Darren Briggs
Title:	Chief Financial Officer & Company Secretary
Agreement commenced:	10 th August, 2020
Term of agreement:	Continuous until validly terminated in accordance with its terms
Details:	Base salary for the year ending 30 June 2024 was \$189,818 plus superannuation. Three-month termination notice period by either party. Cash bonus of up to \$70,318 subject to Board approval and achievement of agreed key performance indicators of the executive and the Group, non-solicitation and non-compete clauses.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

A total of 1,298,869 (2023: 1,491,938) shares were issued to key management personnel during the year-ended 30 June 2024. These shares relate to the exercise of performance rights issued in the year ended 30 June 2021 and the year ended 30 June 2022. These performance rights were included in remuneration commencing from the 30 June 2022 financial year. The number of shares issued were as follows:

Name	Issue Date	Number of Shares	Issue Price
G. Sakkas	6-Sep-23	708,475	Nil
P. Fouracre	6-Dec-23	335,475	Nil
D. Briggs	6-Dec-23	254,919	Nil
Total		1,298,869	

Performance Rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of Rights Granted	Grant Date	Vesting and Exercisable Date	Expiry Date	% Rights Subject to Escrow	Escrow Expiry Date	Exercise Price	Fair value per Right at Grant Date
G. Sakkas	119,140	27-Oct-21	31-Aug-24	27-Oct-26	100%	31-Aug-25	Nil	\$0.72
	185,223	27-Oct-22	31-Aug-24	27-Oct-27	100%	31-Aug-25	Nil	\$0.61
	111,134	27-Oct-22	31-Aug-24	27-Oct-27	100%	31-Aug-25	Nil	\$0.61
	74,089	27-Oct-22	31-Aug-25	27-Oct-27	100%	31-Aug-26	Nil	\$0.61
B. Skender	204,872	27-Oct-22	31-Aug-24	27-Oct-27	100%	31-Aug-25	Nil	\$0.61
	122,923	27-Oct-22	31-Aug-24	27-Oct-27	100%	31-Aug-25	Nil	\$0.61
	81,949	27-Oct-22	31-Aug-25	27-Oct-27	100%	31-Aug-26	Nil	\$0.61
	1,000,000	17-Oct-23	31-Aug-25	17-Oct-28	100%	31-Aug-26	Nil	\$0.28
P. Fouracre (i)	57,540	27-Oct-21	31-Aug-24	27-Oct-26	100%	31-Aug-25	Nil	\$0.72
	74,912	27-Oct-22	31-Aug-24	27-Oct-27	100%	31-Aug-25	Nil	\$0.61
	44,947	27-Oct-22	31-Aug-24	27-Oct-27	100%	31-Aug-25	Nil	\$0.61
D. Briggs	44,480	27-Oct-21	31-Aug-24	27-Oct-26	100%	31-Aug-25	Nil	\$0.72
	57,625	27-Oct-22	31-Aug-24	27-Oct-27	100%	31-Aug-25	Nil	\$0.61
	34,575	27-Oct-22	31-Aug-24	27-Oct-27	100%	31-Aug-25	Nil	\$0.61
	23,050	27-Oct-22	31-Aug-25	27-Oct-27	100%	31-Aug-26	Nil	\$0.61
	65,911	17-Oct-23	31-Aug-25	17-Oct-28	100%	31-Aug-26	Nil	\$0.23
	49,433	17-Oct-23	31-Aug-25	17-Oct-28	100%	31-Aug-26	Nil	\$0.43
	49,433	17-Oct-23	31-Aug-25	17-Oct-28	100%	31-Aug-26	Nil	\$0.43

- (i) Mr Fouracre's employment was concluded on 1st July 2024. As part of his termination benefits, he was paid a cash amount of \$156,998 in lieu of 177,399 performance rights that were due to vest on 31 August 2024.

PlaySide Studios Limited
Directors' report (continued)
30 June 2024

Performance rights granted carry no dividend or voting rights. The fair value of performance rights issued during the year was based on the share price at the date of issue. All performance rights have no exercise price at either grant or vesting date.

All performance rights were granted over unissued fully paid ordinary shares in the Company. The number of performance rights issued in each tranche is determined by dividing a percentage (35%-50%) of the fixed remuneration of the executive by the fair value of the shares at the time rights are issued. Performance rights are exercisable on the vesting date and vest into shares based on a combination of the Group meeting the revenue and earnings targets as set by the Board and the executive meeting any service level requirements that are attached to the vesting conditions. There has not been any alteration to the terms or conditions of the grants since the grant date. In addition, on vesting there are additional escrow arrangements that applied to shares issued. There are no amounts paid or payable by the recipient in relation to the granting of such rights or on their potential exercise.

Values of performance rights over ordinary shares granted to key management personnel as part of compensation during the years ended 30 June 2023 and 2024 are set out below:

Year ended 30 June 2024	Value of rights granted during the year	Value of rights exercised during the year	Value of rights lapsed during the year	Remuneration consisting of grants for the year
Name	\$	\$	\$	%
Gerry Sakkas	168,694	-	-	21%
Benn Skender	583,246	-	-	62%
Paul Fouracre (i)	(30,880)	-	-	(6%)
Darren Briggs	64,518	-	-	20%

(i) Mr. Fouracre's balance relates to the reversal of the share-based payment expense previously recognised for invested performance rights

Year ended 30 June 2023	Value of rights granted during the year	Value of rights exercised during the year	Value of rights lapsed during the year	Remuneration consisting of grants for the year
Name	\$	\$	\$	%
Gerry Sakkas	222,934	-	-	33%
Benn Skender	281,967	-	-	56%
Paul Fouracre	102,672	-	-	28%
Darren Briggs	78,963	-	-	28%

Share options

As part of his employment agreement, Mr Skender was granted five million options over ordinary shares of the Company.

The key terms relating to these options are as follows:

- a) Issue Date: 16 November 2022
- b) Exercise Price: \$0.8917 per option
- c) Vesting Conditions: Earlier of:

PlaySide Studios Limited
Directors' report (continued)
30 June 2024

- i. 16 November 2025; or
 - ii. Option holder's employment is terminated without cause or as a result of a redundancy; or
 - iii. The occurrence of a change of control event
- d) Expiry Date: 16 November 2027.

Additional information

The earnings of the Group for the five years to 30 June 2024 are summarised below:

	2024 \$'000	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000
Sales revenue	64,637	38,445	29,242	10,883	7,008
Profit/(loss) after income tax	11,314	(6,970)	4,850	(5,879)	196
Income tax (benefit)/expense	1,635	(411)	29	227	583
Profit/(loss) before tax	12,949	(7,381)	4,879	(5,652)	779
Net Interest (received)/paid	(1,352)	(430)	33	8	13
EBIT*	11,597	(7,811)	4,912	(5,644)	792
Depreciation and amortisation	5,868	4,365	989	238	186
EBITDA*	17,465	(3,446)	5,901	(5,406)	978

*EBIT and EBITDA are non-IFRS measures (unaudited)

Additional factors that are considered to affect total shareholder wealth are summarised below:

	2024	2023	2022	2021	2020
Share price at financial year-end (\$)	0.82	0.36	0.54	0.26	N/A
Total dividends declared (cents per share)**	-	-	-	-	0.27
Basic earnings per share (cents per share)**	2.77	(1.72)	1.25	(1.83)	0.08

** Dividends per share and basic earnings per share for FY20 have been calculated using 260 million shares; this reflects the 180,000 shares issued in those periods adjusted for the sub-division of capital (1,444.44 securities for every 1 security held) which occurred prior to listing on the Australian Securities Exchange.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group is set out below:

Name	Balance at start of Year	Received as part of Remuneration	Additions	Disposals	Balance at end of Year
Cristiano Nicolli	679,019	-	-	-	679,019
Mark Gouloupoulos	79,300,000	-	-	(13,000,000)	66,300,000
Aaron Pasias	79,250,000	-	-	(13,000,000)	66,250,000
Sophie Karzis	-	-	100,000	-	100,000
Gerry Sakkas	80,480,667	708,475	-	(14,000,000)	67,189,142
Benn Skender	650,000	-	75,000	(350,000)	375,000
Paul Fouracre	755,200	335,475	-	(446,950)	643,725
Darren Briggs	459,901	254,919	-	(459,901)	254,919
Total	241,574,787	1,298,869	175,000	(41,256,851)	201,791,805

Performance Rights

The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group is set out below:

Name	Balance at the start of the year	Granted	Exercised	Lapsed / Expired	Balance at the end of the year
G. Sakkas	1,376,771	-	(708,475)	(178,710)	489,586
B. Skender	409,744	1,000,000	-	-	1,409,744
P. Fouracre	629,149	214,209	(335,475)	(330,484)	177,399
D. Briggs	481,369	164,777	(254,919)	(66,720)	324,507
Total	2,897,033	1,378,986	(1,298,869)	(575,914)	2,401,236

There were no performance rights that had vested or were exercisable as at 30 June, 2024 or at the date of this report.

Related party disclosures

During FY2024, there were a number of related party transactions, as detailed in Note 30 and summarised as follows:

- Fees totalling \$40,000 (2023: \$40,000) plus GST were charged by a Director-related entity, MG Capital Trust, for consulting services provided, of which \$11,000 (2023: \$11,000) including GST was owing at 30 June 2024; and
- Intellectual property and software development services were charged by a Director-related entity, Applantis Pty. Ltd., totalling \$360,500 (2023: \$143,500) plus GST, of which \$28,500 (2023: \$50,600) including GST was owing as at 30 June 2024. Applantis Pty. Ltd. is an entity associated with Mr. Gerry Sakkas, Mr. Mark Gouloupoulos and Mr. Aaron Pasias.

This concludes the remuneration report, which has been audited.

Performance Rights on Issue

The table below contains a listing of all performance rights on issue as at the date of this report:

Grant Date	Expiry Date	Exercise Price	Fair value Per right At Grant Date	Number of Rights Granted
16-Nov-20	16-Nov-25	Nil	\$ 0.20	61,594
27-Oct-21	27-Oct-26	Nil	\$ 0.72	44,650
27-Oct-21	27-Oct-26	Nil	\$ 0.72	256,880
7-Dec-21	7-Dec-26	Nil	\$ 0.82	16,680
27-Oct-22	27-Oct-27	Nil	\$ 0.61	613,638
27-Oct-22	27-Oct-27	Nil	\$ 0.61	368,182
27-Oct-22	27-Oct-27	Nil	\$ 0.61	215,491
17-Oct-23	17-Oct-28	Nil	\$ 0.23	65,911
17-Oct-23	17-Oct-28	Nil	\$ 0.43	49,433
17-Oct-23	17-Oct-28	Nil	\$ 0.43	49,433
17-Oct-23	17-Oct-28	Nil	\$ 0.28	1,000,000
				2,741,892

Shares issued on the exercise of options

There were 1,434,494 shares issued on the exercise of options at nil exercise price during the year ended 30 June 2024.

Indemnity and insurance of officers

The Group has indemnified the directors and executives of the Group for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to insure the directors and executives of the Group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

Proceedings on behalf of the Group

No person has applied to the Court for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

Officers of the Group who are former partners of BDO Audit Pty. Ltd.

There are no officers of the Group who are former partners of BDO Audit Pty. Ltd.

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.

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.



Cristiano Nicolli

Chairman

23 August 2024
Melbourne, Australia

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

As lead auditor of PlaySide Studios Limited for the year ended 30 June 2024, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 23 August 2024

PlaySide Studios Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	Consolidated 2024 \$ '000	2023 \$ '000
Revenue	4	64,637	38,445
Other income	5	3,700	588
Expenses			
Employee benefits expense	6	(32,387)	(24,012)
General and administrative expenses	6	(11,648)	(8,572)
Selling expenses	6	(5,223)	(7,567)
Impairment of Capitalised Development Costs	6, 15	(169)	(1,721)
Share of (losses)/profits of associates accounted for using the equity method	12	-	(93)
Depreciation and amortisation expense	6	(5,868)	(4,365)
Finance costs	6	(93)	(84)
Profit/(Loss) before income tax expense		12,949	(7,381)
Income tax (expense)/benefit	7	(1,635)	411
Profit/(Loss) after income tax expense for the year attributable to the owners of PlaySide Studios Limited		11,314	(6,970)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	21	(3)	14
Other comprehensive income/(loss) for the year, net of tax		(3)	14
Total comprehensive income/(loss) for the year attributable to the owners of PlaySide Studios Limited		11,311	(6,956)
		Cents	Cents
Basic earnings/(losses) per share	35	2.77	(1.72)
Diluted earnings/(losses) per share	35	2.72	(1.72)

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 30 June 2024

		Consolidated	
	Note	2024	2023
		\$ '000	\$ '000
Assets			
Current assets			
Cash and cash equivalents	8	37,111	32,200
Trade and other receivables	9	7,512	6,008
Other financial assets	10	331	144
Other current assets	11	1,789	689
Total current assets		<u>46,743</u>	<u>39,041</u>
Non-current assets			
Property, plant and equipment	13	2,310	1,695
Right-of-use assets	14	1,836	1,510
Intangibles	15	18,097	5,029
Deferred tax asset	16	160	944
Total non-current assets		<u>22,403</u>	<u>9,178</u>
Total assets		<u>69,146</u>	<u>48,219</u>
Liabilities			
Current liabilities			
Trade and other payables	17	10,096	5,593
Lease liabilities	18	872	462
Current tax liability	7	905	39
Employee benefits	19	2,624	1,888
Total current liabilities		<u>14,497</u>	<u>7,982</u>
Non-current liabilities			
Trade and other payables	17	2,068	-
Lease liabilities	18	1,172	1,215
Employee benefits	19	215	213
Total non-current liabilities		<u>3,455</u>	<u>1,428</u>
Total liabilities		<u>17,952</u>	<u>9,410</u>
Net assets		<u>51,194</u>	<u>38,809</u>
Equity			
Issued capital	20	46,192	45,429
Reserves	21	1,444	1,136
Retained profits/(accumulated losses)	22	3,558	(7,756)
Total equity		<u>51,194</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 year ended 30 June 2024

Consolidated	Issued capital \$ '000	Reserves \$ '000	Accumulated Losses \$ '000	Total equity \$ '000
Balance at 1 July 2022	45,084	671	(786)	44,969
Loss after income tax	-	-	(6,970)	(6,970)
Other comprehensive income, net of tax	-	14	-	14
Total comprehensive income	-	14	(6,970)	(6,956)
<i>Transactions with owners in their capacity as owners:</i>				
Tax charge associated with capital raising costs	(132)	-	-	(132)
<i>Other transactions:</i>				
Share-based payments (note 21)				
Expense incurred during the year	-	928	-	928
- Transfer to Issued Capital on Exercise of Employee Share Options	342	(342)	-	-
- Transfer to Issued Capital on issue of shares under Employee Share Plan	135	(135)	-	-
Balance at 30 June 2023	45,429	1,136	(7,756)	38,809

Consolidated	Issued capital \$ '000	Reserves \$ '000	Retained profits \$ '000	Total equity \$ '000
Balance at 1 July 2023	45,429	1,136	(7,756)	38,809
Profit after income tax	-	-	11,314	11,314
Other comprehensive income, net of tax	-	(3)	-	(3)
Total comprehensive income	-	(3)	11,314	11,311
<i>Transactions with owners in their capacity as owners:</i>				
Tax charge associated with capital raising costs	(93)	-	-	(93)
<i>Other transactions:</i>				
Share-based payments (note 21)				
- Expense incurred during the year	-	1,167	-	1,167
- Transfer to Issued Capital on Exercise of Employee Share Options	624	(624)	-	-
- Transfer to Issued Capital on issue of shares under Employee Share Plan	232	(232)	-	-
Balance at 30 June 2024	46,192	1,444	3,558	51,194

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 year ended 30 June 2024

	Note	Consolidated 2024 \$ '000	2023 \$ '000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		65,495	36,962
Payments to suppliers and employees (inclusive of GST)		(48,933)	(39,032)
Government grants received		168	36
Interest received		1,445	516
Interest paid		-	(11)
Interest paid on lease liabilities		(93)	(73)
Net cash provided by / (used in) operating activities		18,082	(1,602)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,264)	(735)
Proceeds on disposal of property, plant and equipment		-	4
Payments for security deposits		(188)	-
Payments for intangibles		(10,335)	(2,909)
Net cash used in by investing activities		(11,787)	(3,640)
Cash flows from financing activities			
Repayment of lease liabilities		(763)	(429)
Net cash used in by financing activities		(763)	(429)
Net increase/(decrease) in cash and cash equivalents		5,532	(5,671)
Cash and cash equivalents at the beginning of the financial year		32,200	37,908
Effects of exchange rate changes on cash and cash equivalents		(621)	(37)
Cash and cash equivalents at the end of the financial year		37,111	32,200

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

Note 1. Material accounting policies

The material accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group 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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Going concern

The financial statements have been prepared on a going concern basis, which assumes the Group will have sufficient cash to pay its debts, as and when they become payable, for a period of at least 12 months from the date the financial report is authorised for issue.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the financial statements, are disclosed in Note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of PlaySide Studios Limited ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. PlaySide Studios Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is the Chief Executive Officer. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is PlaySide Studios Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Investments in associates

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Group has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

For trade receivables, the group applies the simplified approach permitted by AASB 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables. These allowances are considered representative across all customers based on recent sales experience, historical collection rates and forward-looking information that is available. The amount of the loss allowance is recognised in profit or loss. Where a debt is known to be uncollectable, it is considered a bad debt and is written off.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers - General principles

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised, using the input method where the goods or services are transferred over time.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Revenue from contracts - Work for hire Games

Revenue is brought into account at a point of time or on a percentage completion basis as services are provided, depending on the performance obligations identified in the sales contract. Contracts can be either time-and-materials based or milestone-based. Time-and-materials based contract revenue is recognised as the related services are rendered. Revenue invoiced for incomplete performance obligations is recognised on a percentage of completion basis, and is recognised as a liability in deferred revenue.

Revenue from contracts - Original IP Games

Revenue generated from Game titles published by the Group on platforms such as 'Apple App Store' and 'Google Play Store' includes revenue derived by in game advertising, in app purchases and subscriptions fees. Revenue from games titles published is recognised at a point in time.

Other income

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. R&D tax incentives received or receivable are accounted for under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* as other income, unless related to capitalised expenditure in which case it is offset against the original asset and realised through a lower amortisation charge across that asset's useful life.

In the 2024 financial year, the Company prepared and lodged a claim with the Office of the Arts for a refundable tax offset under the Digital Games Tax Offset (DGTO) legislation. This claim has been audited by the Office of the Arts external auditor and has been accounted for as Government Grant income in the FY2024 year

If conditions are attached to the grant which must be satisfied before the Group is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Interest

Interest revenue is recognised as interest accrues using the effective interest method.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	10%
Furniture & fixtures	10%
Computer equipment	20%-50%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

Intangible assets

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Games under development

Games under development costs mainly relate to payment of licence fees, third party developer expenses and employee benefit related expenditure that has been directly incurred in developing a game prior to its launch and the point which it commences to earn revenue for the Group. Games under development and not ready for use at balance date is subject to impairment testing.

Development costs are recognised as assets where it is probable that the use of the asset will generate future economic benefits and where the costs of the asset can be determined reliably.

Development costs are capitalised as an intangible asset if all of the following criteria are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- The asset will generate probable future economic benefits and demonstrate the existence of a market of the usefulness of the intangible asset if it is to be used internally;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell it; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised games post launch

These Games are generally expected to have a finite life and hence will be measured subsequent to launch at cost less amortisation and any impairment. Capitalised games post launch are amortised from the date they are available for use on either a straight-line basis (Mobile Games) or a reducing balance basis (PC/Console Games) over their useful lives, being the estimated period over which the Group will use the assets. The initial amortisation period involves a degree of judgement but will not generally be greater than 2-3 years and will be re-assessed each balance date based on the performance of the game, in particular its progressive number of downloads and the impact this has on the Games revenue projections and useful life post balance date. There will likely be instances where the initial amortization period needs to be reduced where the game performance does not match initial management expectations. Subsequent expenditures on capitalised games post launch are capitalised only when they increase the future economic benefits embodied in the specific assets to which they relate. All other expenditure is expensed as incurred. Capitalised costs relating to post launch games are assessed for indicators of impairment. If impairment indicators exist the capitalised costs are subject to impairment testing.

Games under Publishing Arrangements

In late FY2023, the Group formed a publishing division which enters into agreements with third-party developers and intellectual property (IP) owners to secure IP rights to support the development and publication of certain games or game content. These agreements typically contain a combination of:

- Milestone payments to assist the third-party completing the development of the Game – these payments are capitalised as Intangible Assets (development costs) in accordance with the principles of AASB 38;
- An agreed royalty stream post launch, normally payable at a set fixed percentage of net revenues after the recovery of recoupable costs, which are expensed as incurred; and
- Guaranteed minimum amounts payable to the IP owner – these amounts are typically treated as license costs and capitalised as intangible assets in accordance with the principles of IAS 38.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be wholly settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be wholly settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of PlaySide Studios Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Rounding of amounts

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand (\$000), except when otherwise indicated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

Note 2. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. In the future, actual experience may differ from these estimates and assumptions. The Directors consider that no reasonably possible changes to any of the assumptions used in the estimates would in the view of the Directors give rise to significant risk of a material adjustment to the carrying value of the associated balances in the subsequent financial year.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Capitalisation of development costs

The identification of development costs that meet the criteria for capitalisation is dependent on management's judgement and knowledge of the work done. Judgements around capitalisation are based on the information available at initial recognition. Economic success of any development is based upon expected future cashflows, where this can be measured reliably, but remains uncertain at the time of recognition as it may be subject to future technical problems and therefore a review for indicators of impairment is completed by game at each period-end date.

Impairment of capitalised development costs

Intangible assets are subject to amortisation and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Judgement around amortisation periods is needed to ensure the useful economic life of a game is relevant to the expected period of customer demand. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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For the purposes of assessing impairment, assets are reviewed by project for which there are separately identifiable cashflows. Estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in note 19, the liability for employee benefits expected to be wholly settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Revenue recognition over time

Revenue recognition relating to work for hire performance obligations where revenue is recognised over time using the percentage of completion method is a key accounting judgement. This measurement is an accounting judgment as management uses judgement to estimate costs incurred to date as a percentage of total estimated costs.

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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 \$64.637m (2023: \$38.445m) in Operating Revenue from this segment and is not reliant on any one single customer or contract.

The Group does not provide any information on the geographical location of sales generated through Original IP revenue stream as the majority of revenue is through third-party distribution platforms which are responsible for the sales data of consumers.

The revenue generated from the Work for Hire revenue stream is from customers located in the United States of America.

All of the Group's non-current assets are held within Australia.

Note 4. Revenue

	Consolidated	
	2024	2023
	\$ '000	\$ '000
<i>Revenue from contracts with customers</i>		
Work for hire	34,338	23,538
Original intellectual property	30,299	14,907
Total Revenue	<u>64,637</u>	<u>38,445</u>

Note 5. Other Income

	Consolidated	
	2024	2023
	\$ '000	\$ '000
Net foreign exchange gain	-	32
Government grants	1,946	36
Interest revenue	1,445	516
Other	309	4
Total other income	<u>3,700</u>	<u>588</u>

Note 6. Expenses

	Consolidated	
	2024	2023
	\$ '000	\$ '000
Profit before income tax includes the following specific expenses:		
<i>Depreciation:</i>		
Leasehold improvements	87	91
Fixtures and fittings	48	42
Buildings right-of-use assets	805	452
Computer equipment	514	333
Total depreciation	1,454	918
<i>Amortisation:</i>		
Computer software	6	4
Games	4,408	3,443
Total amortisation	4,414	3,447
Total depreciation and amortisation	5,868	4,365
<i>Selling expenses</i>		
User acquisition advertising costs	3,743	6,503
Other selling expenses	1,480	1,064
Total selling expenses	5,223	7,567
<i>General and administration expenses</i>		
Contractor and publishing fees	4,675	3,930
Accounting and audit fees	211	308
Software purchases	2,357	1,792
Other general and administrative expenses	4,405	2,542
Total general and administrative expenses	11,648	8,572
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	93	73
Other interest paid/payable	-	11
Total finance cost expenses	93	84
<i>Impairment costs</i>		
Impairment of WIP	-	248
Impairment of capitalised development costs	169	1,473
Total impairment costs	169	1,721
Foreign exchange loss	(620)	(36)
<i>Employee benefits expense</i>		
Defined contribution superannuation expense	3,011	2,048
Share-based payments expense	1,167	928
Employee benefits expense excluding superannuation	28,209	21,036
Total employee benefits expenses	32,387	24,012

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Note 7. Income tax

	Consolidated	
	2024	2023
	\$ '000	\$ '000
<i>Income tax expense</i>		
Current tax	1,424	30
Deferred tax - origination and reversal of temporary differences	691	(441)
Restatement of Deferred Tax Balances from 25% to 30%: (2023: 25%)	(189)	-
Adjustment recognised for prior periods	(291)	-
Aggregate income tax (benefit)/expense	<u>1,635</u>	<u>(411)</u>
<i>Deferred tax included in income tax expense comprises:</i>		
Increase/(decrease) in deferred tax assets (note 16)	691	(441)
Deferred tax - origination and reversal of temporary differences	<u>691</u>	<u>(441)</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	<u>12,949</u>	<u>(7,381)</u>
Tax at the statutory rate of 30% (2023: 25%)	3,885	(1,845)
Tax effect amounts that are not deductible/(taxable) in calculating taxable income:		
Expenses not deductible for tax purposes	350	232
Adjustment for R&D incentive benefit recorded as income	(53)	-
Digital games tax rebate	(441)	-
Deferred tax not recognised	-	1,307
Prior year tax losses recouped in the current year	(1,468)	-
Restatement of Deferred Tax Balances from 25% to 30% (2023: 25%)	(189)	-
Deferred income tax related to items charged directly to equity	(158)	(132)
Prior non-refundable R&D offset not recognised	(392)	-
Under/(over) provision for tax	101	27
Income tax (benefit)/expense	<u>1,635</u>	<u>(411)</u>
<i>Amounts charged/(credited) directly to equity</i>		
Deferred tax assets (note 16)	93	132
Deferred tax liabilities	<u>-</u>	<u>-</u>
	<u>93</u>	<u>132</u>
<i>Provision for Income tax</i>		
Current provision for income tax	<u>905</u>	<u>39</u>
	<u>905</u>	<u>39</u>

Unused tax losses as at 30 June 2024 carried forward are \$nil (2023: \$4.9m).

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Note 8. Cash and cash equivalents

	Consolidated	
	2024	2023
	\$ '000	\$ '000
<i>Current assets</i>		
Cash on hand	8	2
Cash at bank	6,564	7,768
Cash on deposit	30,539	24,430
	<u>37,111</u>	<u>32,200</u>

Note 9. Trade and other receivables

	Consolidated	
	2024	2023
	\$ '000	\$ '000
<i>Current assets</i>		
Trade receivables	5,550	5,811
Less: Allowance for expected credit losses	-	-
	<u>5,550</u>	<u>5,811</u>
Government grants receivable	1,646	-
GST receivable	316	197
	<u>7,512</u>	<u>6,008</u>

Allowance for expected credit losses

The Group has recognised an expense of \$nil in the profit or loss in respect of the expected credit losses for the year ended 30 June 2024 (30 June 2023: \$nil).

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2024	2023	2024	2023	2024	2023
Consolidated	%	%	\$'000	\$'000	\$'000	\$'000
Not overdue	-	-	5,314	5,648	-	-
0 to 3 months overdue	-	-	236	163	-	-
3 to 6 months overdue	-	-	-	-	-	-
Over 6 months overdue	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>5,550</u>	<u>5,811</u>	<u>-</u>	<u>-</u>

No receivables have been written off at 30 June 2024 (30 June 2023: nil)

Note 10. Other financial assets

	Consolidated	
	2024	2023
	\$ '000	\$ '000
<i>Current assets</i>		
Bonds and deposits	331	144
	<u>331</u>	<u>144</u>

Note 11. Other current assets

	Consolidated	
	2024	2023
	\$ '000	\$ '000
<i>Current assets</i>		
Prepayments	1,789	689
	<u>1,789</u>	<u>689</u>

Note 12. Investments

	Consolidated	
	2024	2023
	\$ '000	\$ '000
<i>Share of profits of associates accounted for using the equity method</i>		
Share of profits/(losses) of associate – Digital Holdings Pty. Ltd.	-	(93)
	<u>-</u>	<u>(93)</u>

Note 13. Property, plant and equipment

	Consolidated	
	2024	2023
	\$ '000	\$ '000
<i>Non-current assets</i>		
Leasehold improvements – at cost	1,357	888
Less: Accumulated depreciation	<u>(365)</u>	<u>(278)</u>
	992	610
 Furniture and fixtures – at cost	 572	 404
Less: Accumulated depreciation	<u>(170)</u>	<u>(122)</u>
	402	282
 Computer equipment – at cost	 2,075	 1,448
Less: Accumulated depreciation	<u>(1,159)</u>	<u>(645)</u>
	<u>916</u>	<u>803</u>
	<u>2,310</u>	<u>1,695</u>

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

Consolidated	Leasehold improve- ments \$ '000	Furniture and fixtures \$ '000	Computer equipment \$ '000	Total \$ '000
Balance at 1 July 2022	468	307	535	1,310
Additions	233	17	601	851
Depreciation expense	<u>(91)</u>	<u>(42)</u>	<u>(333)</u>	<u>(466)</u>
Balance at 30 June 2023	610	282	803	1,695
Additions	469	168	627	1,264
Depreciation expense	<u>(87)</u>	<u>(48)</u>	<u>(514)</u>	<u>(649)</u>
Balance at 30 June 2024	<u>992</u>	<u>402</u>	<u>916</u>	<u>2,310</u>

Note 14. Right of use assets

	Consolidated	
	2024	2023
	\$ '000	\$ '000
<i>Non-current assets</i>		
Land and buildings – right-of-use	4,304	3,173
Less: Accumulated depreciation	(2,468)	(1,663)
	<u>1,836</u>	<u>1,510</u>
<i>Land and buildings – right-of-use</i>		
Opening balance	1,510	1,962
Additions	1,131	-
Depreciation	(805)	(452)
Closing balance	<u>1,836</u>	<u>1,510</u>

Details of lease liability obligations are disclosed in Notes 18 and 24.

Note 15. Intangibles

	Consolidated	
	2024	2023
	\$ '000	\$ '000
<i>Non-current assets</i>		
Brand names, licences and trademarks	10,885	2,082
Software – finite life	-	6
Original IP Work in Progress – finite life (i)	6,989	156
Original IP Post Launch – finite life (ii)	223	2,785
	<u>18,097</u>	<u>5,029</u>
(i) Not ready for use		
(ii) Costs ceased to be capitalised post launch.		

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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, 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	-	-	8,848	-	8,848
Additions – licences purchased	8,803	-	-	-	8,803
Transfer from WIP to Production	-	-	(1,846)	1,846	-
Amortisation	-	(6)	-	(4,408)	(4,414)
Impairment	-	-	(169)	-	(169)
Balance at 30 June 2024	<u>10,885</u>	<u>-</u>	<u>6,989</u>	<u>223</u>	<u>18,097</u>

Intangible assets are subject to amortisation and reviewed for impairment both annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Judgement around amortisation periods is needed to ensure the useful economic life of a game is relevant to the expected period of customer demand. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of impairment, assets are reviewed by project for which there are separately identifiable cash flows. The recoverable amount of each of the assets at 30 June 2024 is determined from the value in use. The key assumption in calculating the value in use was the expected future cashflows. Cashflows forecast have been created up to three year as a basis of the expected future cashflows with a post-tax discount rate of 13.3% (30 June 2023: 10.0%) being applied to the future cashflows. The directors have assessed the sensitivity of the impairment test to incorporate reasonable possible changes in the key assumptions and noted that no material impairment exists in any cases. The group has applied a discount rate 13.3% (post tax, 2023: 10.03% post tax) in its value in use models.

Note 16. Deferred tax asset

	Consolidated	
	2024	2023
	\$ '000	\$ '000
<i>Non-current assets</i>		
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
<i>Amounts recognised in profit or loss:</i>		
Property, plant and equipment	(381)	(425)
Employee benefits	1,106	677
Leases	62	41
Accrued expenses	30	23
Unrealised FX gains	46	(56)
WIP movements	(1,049)	(205)
Income in advance	65	498
Software license fees	15	15
DTA re Black hole expenses	266	376
Deferred tax asset	160	944
<i>Movements:</i>		
Opening balance	944	635
(Charged)/Credited to profit or loss (note 7)	(691)	441
Credited to equity (note 7)	(93)	(132)
Closing balance	160	944

Note 17. Trade and other payables

	Consolidated	
	2024	2023
	\$ '000	\$ '000
<i>Current liabilities</i>		
Trade payables	2,008	1,120
Deferred revenue	239	2,190
Deferred consideration (i)	5,248	-
Other payables	2,601	2,283
	10,096	5,593
<i>Non-current liabilities</i>		
Deferred consideration	2,068	-
	2,068	-
<i>Movements in Deferred revenue:</i>		
Opening balance	2,190	1,646
(Credited)/Debited to profit or loss	(1,951)	544
Closing balance	239	2,190

- i. The deferred consideration relates to future payment of guarantee license for a publishing contract entered into during the year.

Refer to note 24 for further information on financial instruments.

Note 18. Lease liabilities

	Consolidated	
	2024	2023
	\$ '000	\$ '000
<i>Current liabilities</i>		
Lease liability	<u>872</u>	<u>462</u>
<i>Non-current liabilities</i>		
Lease liability	<u>1,172</u>	<u>1,215</u>
Refer to note 24 for leases maturity analysis.		

Note 19. Employee benefits

	Consolidated	
	2024	2023
	\$ '000	\$ '000
<i>Current liabilities</i>		
Employee benefits	<u>2,624</u>	<u>1,888</u>
<i>Non-current liabilities</i>		
Employee benefits	<u>215</u>	<u>213</u>

Amounts not expected to be settled within the next 12 months.

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 20. Issued Capital

	2024 Shares	Consolidated 2023 Shares	2024 \$ '000	2023 \$ '000
Shares issued and fully paid for:	408,651,861	406,806,727	46,192	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 credit/(charge) associated with Share issue	-	-	(93)	(132)
Total Contributed equity at the end of the reporting period	408,651,861	406,806,727	46,192	45,429

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the prior year.

The Group does not at present have any external financing arrangements as it is in a net cash position as at 30 June 2024.

Note 21. Reserves

	Consolidated	
	2024	2023
	\$ '000	\$ '000
Share-based payments reserve	1,432	1,121
Foreign currency translation reserve	12	15
	<u>1,444</u>	<u>1,136</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Share-based payments reserve

Opening balance	1,121	670
Expense incurred during the year	1,167	928
Transfer to Issued Capital on Exercise of Employee Share Options	(624)	(342)
Transfer to Issued Capital Under Employee Share Scheme	(232)	(135)
Closing balance	<u>1,432</u>	<u>1,121</u>

Foreign currency translation reserve

Opening balance	15	1
Foreign currency translation during the year	(3)	14
Closing balance	<u>12</u>	<u>15</u>

The Foreign currency translation arises from the differences in the translation of certain intercompany balances in the balance sheet, arising from the consolidation of the Company's New Zealand subsidiary. The balance may be reclassified subsequently to profit and loss if the subsidiary was sold.

Note 22. Retained profits/(Accumulated losses)

	Consolidated	
	2024	2023
	\$ '000	\$ '000
Retained losses at the beginning of the financial year	(7,756)	(786)
Profit/(loss) after income tax expense for the year	<u>11,314</u>	<u>(6,970)</u>
	<u>3,558</u>	<u>(7,756)</u>

Note 23. Dividends

	Consolidated	
	2024	2023
	\$ '000	\$ '000

Dividends Paid during the financial year were as follows:

Final dividend for the year ended 30 June 2024 of nil dollars (2023: nil dollars) per ordinary share	-	-
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Accounting policy for dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Group.

Franking credits:

Franking credits available for subsequent financial years based on a tax rate of 30% (2023: 25%)	-	-
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The Company has a debit franking account balance of \$nil as at end June 2024 (2023: \$0.54m). The accumulated debit balance at 30 June 2023 had been built up due to the amounts received under the Research and Development Incentive Scheme being greater than the level of Company Tax paid, a position reversed during the current financial year. There was no franking deficit tax payable on this debit balance as at 30 June 2023.

Note 24. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange and ageing analysis.

The Company's Board has overall responsibility for the establishment and oversight of the consolidated entity's risk management framework. During FY2024, the Board established the Audit & Risk Committee, which is responsible for developing and monitoring the consolidated entity's risk management policies. The consolidated entity's risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities. The consolidated entity, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit & Risk Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Consolidated entity.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Consolidated			
	Assets	2023	Liabilities	2023
	2024		2024	
	\$ '000	\$ '000	\$ '000	\$ '000
US Dollars	6,936	6,967	6,000	1,745
NZ Dollars	-	-	3	3
Euro	-	-	-	15
Total in AUD	<u>6,936</u>	<u>6,967</u>	<u>6,003</u>	<u>1,763</u>

The Group had net assets denominated in foreign currencies of \$932,620 (assets of \$6,935,661 less liabilities of \$6,003,041) as at 30 June 2024 (2023: \$5,203,531 net assets (assets of \$6,966,701 less liabilities of \$1,763,170)).

Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% (2023: weakened by 10%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been \$93,262 higher/\$46,631 lower (2023: \$520,353 higher/\$260,177 lower) and equity would have been \$93,262 higher/\$46,631 lower (2023: \$520,353 higher/\$260,177 lower).

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last six months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2024 was \$621,008 (2023: loss of \$36,567).

Price risk

Price risk can impact a company's revenue where the price of a company's goods or services can be materially influenced by the actions of competitors operating in the same market.

The Group has not observed any changes in the behaviour of its competitors that would result in any exposure to any significant price risk.

Interest rate risk

Interest rate risk arises when a company has debt that is subject to a variable or floating rate of interest.

The Group is not exposed to any significant interest rate risk on the basis it has no borrowings and has been in a net cash position throughout FY2024 and FY2023.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The Group deals with a low number of counterparties, which are all deemed to be quality counterparties. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any loss allowance for those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than six months.

Liquidity risk

Liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

The Group does not have any borrowing facilities in place at the reporting date. This does not present a financing risk as the Group has sufficient cash reserves in place to fund the business for the foreseeable future.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

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	Consolidated - 2024					Remaining contractual maturities \$ '000
	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
	%	\$ '000	\$ '000	\$ '000	\$ '000	
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	2,008	-	-	-	2,008
Deferred revenue	-	239	-	-	-	239
Deferred consideration	-	2,195	2,926	2,195	-	7,316
Other payables	-	2,601	-	-	-	2,601
<i>Interest-bearing - fixed</i>						
Lease liability	4.00%	872	941	231	-	2,044
Total non-derivatives		7,915	3,867	2,426	-	14,208

	Consolidated - 2023					Remaining contractual maturities \$ '000
	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
	%	\$ '000	\$ '000	\$ '000	\$ '000	
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,120	-	-	-	1,120
Deferred revenue	-	2,190	-	-	-	2,190
Other payables	-	2,283	-	-	-	2,283
<i>Interest-bearing - fixed</i>						
Lease liability	4.00%	462	496	719	-	1,677
Total non-derivatives		6,055	496	719	-	7,270

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 25. Fair value measurement

Fair value hierarchy

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group holds forex forward contracts to sell USD. The receivable totals \$76,925 as at 30 June 2024 (2023: receivable of \$16,305). This receivable is classed as being Level 2 in the Fair value hierarchy, meaning that the inputs are observable for the receivable, either directly or indirectly. There were no transfers between levels in FY24 or FY23.

Note 26. Key management personnel disclosures

Non-Executive Directors

Cristiano Nicolli	Independent Chairman
Aaron Parias	Non-independent Director
Mark Goulopoulos	Non-independent Director
Sophie Karzis	Independent Director (appointed 21 December 2023)

All of the above persons were directors of PlaySide Studios Limited for the entire year-ended 30 June 2024, unless otherwise stated.

Other Key Management Personnel

The following persons had authority and responsibility for planning, directing, and controlling the activities of the Group directly or indirectly during the year-ended 30 June 2024:

Gerry Sakkas	Chief Executive Officer and Managing Director
Benn Spender	Chief Strategy Officer
Paul Fouracre	Chief Operating Officer (terminated 1 July 2024)
Darren Briggs	Chief Financial Officer and Company Secretary

All of the above persons were employed by PlaySide Studios Limited and were key management personnel for the entire period ended 30 June 2024 unless otherwise stated.

	Consolidated 2024 \$	2023 \$
Short-term employee benefits	1,838,393	1,385,109
Post-employment benefits	148,222	119,399
Long-term employment benefits	18,143	4,934
Other benefits (i)	249,170	-
Share-based payments	785,578	686,536
	<u>3,039,506</u>	<u>2,195,978</u>

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(i) Mr Fouracre left the Company on the 1st July 2024. He was paid a total of \$249,170 in termination benefits, which included an amount of \$156,998 in lieu of long-term incentives which was due to vest on 31 August 2024 as well as an amount of \$19,445 for the payout of his accrued annual leave entitlements as at termination date.

Note 27. Remuneration of auditors

	Consolidated 2024 \$	2023 \$
<i>Audit services – BDO Audit Pty Ltd</i>		
<i>Audit or review of the financial statements -</i>		
Current year	157,000	145,000
<i>Other services – BDO Services Pty Ltd</i>		
Taxation compliance services	14,945	19,000
	<u>171,945</u>	<u>164,000</u>

Note 28. Contingent assets and liabilities

The Group has no contingent assets or liabilities as at 30 June 2024 or 30 June 2023.

Note 29. Commitments

The Group had capital commitments for games development (intangibles) as at 30 June 2024 of \$2,968,634 (30 June 2023: \$2,250,525).

In addition, the Group had marketing and advertising commitments under one of the Group's licensed gaming contracts totalling \$4 million USD (AUD: \$5,997,270) as at 30 June 2024 (30 June 2023: Nil). These marketing commitments are likely to be met relatively evenly over the four years ending 30 June 2028.

Note 30. Related party transactions

Parent entity
PlaySide Studios Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

Key management personnel
Disclosures relating to key management personnel are set out in note 26.

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Transactions with related parties

During FY2024, there were a number of related party transactions, which have been transacted on normal commercial terms, and summarised as follows:

- Fees totalling \$40,000 (2023: \$40,000) plus GST were charged by a Director-related entity, MG Capital Trust, for consulting services provided, of which \$11,000 (2023: \$11,000) including GST was owing at 30 June 2024; and
- Intellectual property and software development services were charged by a Director-related entity, Applantis Pty. Ltd., totalling \$360,500 (2023: \$143,500) plus GST, of which \$28,500 (2023: \$50,600) including GST was owing as at 30 June 2024. Applantis Pty. Ltd. is an entity associated with Mr. Gerry Sakkas, Mr. Mark Goulopoulos and Mr. Aaron Pasias.

The following transactions occurred with related parties:

	Consolidated	
	2024	2023
	\$	\$
<i>Payment for other expenses:</i>		
• Consulting fees charged by a Director-related entity	40,000	40,000
• Intellectual property and software development services charged by a Director-related entity	360,500	143,500
Total expenses charged by Director-related entities	<u>400,500</u>	<u>183,500</u>
<i>Amounts owing to Director-related entities:</i>		
• MG Capital Trust	11,000	11,000
• Applantis Pty. Ltd.	28,500	50,600
Total owing to Director-related entities	<u>39,500</u>	<u>61,600</u>

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2024	2023
	\$ '000	\$ '000
Profit/(loss) after income tax	11,148	(7,002)
Total comprehensive income	11,148	(7,002)

Statement of financial position

	Parent	
	2024	2023
	\$ '000	\$ '000
Total current assets	46,420	38,926
Total assets	68,821	48,104
Total current liabilities	14,380	7,909
Total liabilities	17,835	9,337
Equity		
Issued capital	46,192	45,429
Share-based payments reserve	1,445	1,135
Retained profits	3,349	(7,797)
Total equity	50,986	38,767

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Commitments

The Parent entity had capital commitments for games development (intangibles) as at 30 June 2024 of \$2,968,634 (30 June 2023: \$2,250,525).

In addition, the Parent entity had marketing and advertising commitments under one of the Parent entity's licensed gaming contracts totalling \$4 million USD (AUD: \$5,997,270) as at 30 June 2024 (30 June 2023: Nil). These marketing commitments are likely to be met relatively evenly over the four years ending 30 June 2028.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in the financial statements, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2024 %	2023 %
Tap2Jump Pty Ltd	Australia	100.00%	100.00%
PlaySide Studios NZ Limited	New Zealand	100.00%	100.00%
PlaySide Studios LLC	USA	100.00%	Nil
Dumbways Games Pty. Ltd.	Australia	100.00%	Nil

Note 33. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	Consolidated	
	2024	2023
	\$'000	\$'000
Profit/(loss) after income tax expense for the year	11,314	(6,970)
Adjustments for:		
Depreciation and amortisation	5,868	4,366
Share-based payments	1,167	928
Foreign exchange differences	618	50
Share of (profit)/loss in associate	-	93
Impairment of Capitalised Development Costs	169	1,473
Impairment of Work In Progress	-	248
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,504)	(979)
(Increase)/decrease in deferred tax assets	691	(441)
Increase in prepayments	(1,098)	(319)
(Increase)/decrease in other operating assets	-	(137)
Increase in trade and other payables	(746)	(638)
Increase in provision for income tax	866	29
Increase in employee benefits	737	695
Net cash provided by/(used in) operating activities	<u>18,082</u>	<u>(1,602)</u>

Note 34. Share-based payments

Performance Rights Plan (PRP)

The PRP is the basis of PlaySide Studios Limited's long-term reward scheme for selected senior employees and was implemented as part of the Company's listing on the Australian Securities Exchange in December 2020.

In summary, eligible employees identified by the Board may be granted performance rights, which is an entitlement to a share subject to the satisfaction of exercise conditions on terms determined by the Board.

The details of the grants made and outstanding during the year-ended 30 June 2024 is detailed in the table below:

Grant date	Expiry date	Date Exercisable	Fair Value At Grant Date	Balance at Start of Period	Granted During Period	Exercised During Period	Lapsed, forfeited or cancelled During Period	Balance at End of Period
16-Nov-20	16-Nov-25	31-Aug-23	\$ 0.20	856,838	-	(795,244)	-	61,594
27-Oct-21	27-Oct-26	31-Aug-23	\$ 0.72	642,200	-	(597,550)	-	44,650
27-Oct-21	27-Oct-26	31-Aug-23	\$ 0.72	385,320	-	-	(385,320)	-
27-Oct-21	27-Oct-26	31-Aug-24	\$ 0.72	256,880	-	-	-	256,880
7-Dec-21	7-Dec-26	31-Aug-23	\$ 0.82	41,700	-	(41,700)	-	-
7-Dec-21	7-Dec-26	31-Aug-23	\$ 0.82	25,020	-	-	(25,020)	-
7-Dec-21	7-Dec-26	31-Aug-24	\$ 0.82	16,680	-	-	-	16,680
22-Oct-22	27-Oct-27	31-Aug-24	\$ 0.61	636,729	-	-	(23,091)	613,638
22-Oct-22	27-Oct-27	31-Aug-24	\$ 0.61	382,037	-	-	(13,855)	368,182
22-Oct-22	27-Oct-27	31-Aug-25	\$ 0.61	254,692	-	-	(39,201)	215,491
17-Oct-23	17-Oct-28	31-Aug-25	\$ 0.23	-	151,594	-	(85,683)	65,911
17-Oct-23	17-Oct-28	31-Aug-25	\$ 0.43	-	113,696	-	(64,263)	49,433
17-Oct-23	17-Oct-28	31-Aug-25	\$ 0.43	-	113,696	-	(64,263)	49,433
17-Oct-23	17-Oct-28	31-Aug-25	\$ 0.28	-	1,000,000	-	-	1,000,000
Total				3,498,096	1,378,986	(1,434,494)	(700,696)	2,741,892

Performance rights do not carry voting or dividend entitlements. The fair value of performance rights issued during the year was based on the share price at the date of issue. All performance rights have no exercise price at either grant or vesting date.

There were no performance rights that had vested or were exercisable as at 30 June 2024 or at the date of this report.

PlaySide Studios Limited
Notes to the consolidated financial statements
30 June 2024

The following table provides details of the four tranches of performance rights that were issued in FY2024 and included in the table above:

	Tranche M	Tranche N	Tranche O	Tranche P
Number Granted	151,594	113,696	113,696	1,000,000
Grant Date	17-Oct-23	17-Oct-23	17-Oct-23	17-Oct-23
Expiry Date	17-Oct-28	17-Oct-28	17-Oct-28	17-Oct-28
Share Price at grant date	\$0.3950	\$0.3950	\$0.3950	\$0.3950
Exercise Price	NIL	NIL	NIL	NIL
Expected Volatility	66.76%	N/A	N/A	66.76%
Expected dividend yield	0.00%	N/A	N/A	0.00%
Risk-free interest rate	4.123%	N/A	N/A	4.123%
Fair value at grant date	\$0.2254	\$0.4270	\$0.4270	\$0.2762

Share Options

As part of his employment agreement, in the year ended June 2023 Mr Skender was granted 5,000,000 options over ordinary shares of the Company. These options are still on issue as at the end of June 2024.

For the above options, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date:	16 November 2022
Expiry date:	16 November 2027
Share price at grant date:	\$0.5750
Exercise price:	\$0.8917 per option
Expected volatility:	60.00%
Expected dividend yield:	0.00%
Risk-free interest rate:	3.29%
Fair value at grant date:	\$0.2118 per option

The weighted average share price during the financial year ended 30 June 2024 was \$0.64 (2023: \$0.52).

Note 35. Earnings per share

	Consolidated	
	2024	2023
	\$ '000	\$ '000
Profit/(loss) after income tax attributable to the owners of PlaySide Studios Limited	<u>11,314</u>	<u>(6,970)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	408,037,902	406,396,912
Adjustments for calculation of diluted earnings per share:		
Adjustment for Employee Options & Performance Rights*	<u>8,119,857</u>	<u>-</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>416,157,759</u>	<u>406,396,912</u>
	Cents	Cents
Basic earnings per share	2.77	(1.72)
Diluted earnings per share*	2.72	(1.72)

* On the basis of the Group's losses for the year ended 30 June 2023, the outstanding performance rights and options amounting to 8,498,096 at 30 June 2023 were considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation in that year.

Note 36. Events after the reporting period

There has been no matter or circumstance that has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Playside Studios Limited
Consolidated entity disclosure statement
30 June 2024

The list below relates to entities that are consolidated in the consolidated financial statements at 30 June 2024, as required by the Corporations Act 2001 (s.295(3A)(a)).

Name of entity	Body corporate, partnership or trust	% share capital held by the Company	Country of Incorporation	Australian resident or foreign tax resident	Jurisdiction of foreign tax resident
Playside Studios Limited	Body Corporate	N/A	Australia	Australia	N/A
Playside Studios NZ Limited	Body Corporate	100%	New Zealand	Foreign	New Zealand
PlaySide Studios LLC	Body Corporate	100%	USA	Foreign	USA
Tap2Jump Pty. Ltd	Body Corporate	100%	Australia	Australia	N/A
Dumbways Games Pty. Ltd.	Body Corporate	100%	Australia	Australia	N/A

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis, so there is no need for a general residence test. Some provisions treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

PlaySide Studios Limited
Director's declaration
30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- The consolidated entity disclosure statement in Page 67 is true and correct and is in accordance with the Corporations Act 2001 (Cth) as at 30 June 2024; 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Cristiano Nicolli
Chairman

23 August 2024
Melbourne, Australia

INDEPENDENT AUDITOR'S REPORT

To the members of PlaySide Studios Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of PlaySide Studios Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Capitalisation of game development costs

Key audit matter	How the matter was addressed in our audit
<p>During the year, the Group has capitalised development costs in relation to various game development projects.</p> <p>AASB 138 <i>Intangible Assets</i> requires development costs to be capitalised only under specific circumstances including:</p> <ul style="list-style-type: none"> • It is technically feasible to complete the intangible asset; • There is clear intention to complete; • Ability to use or sell the intangible asset exists; • There are adequate technical, financial, and other resources to complete the asset; • Future economic benefits are probable; and • Expenditure can be measured reliably. <p>This is a key audit matter because judgement is required to establish the point at which capitalisation should commence, the nature of costs to be capitalised, the point at which capitalisation should cease and amortisation should commence.</p> <p>There is a risk that the costs capitalised do not meet the criteria for capitalisation in accordance with Australian Accounting Standards.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We performed walkthrough procedures to understand the process of capitalisation and the nature of the costs incurred; • For a sample of projects, we tested whether the costs relate to a technologically feasible project, assessed the future economic benefit to be generated by the game and the useful economic life assigned; • For salary costs capitalised, we agreed a sample of costs back to underlying payroll records and obtained a sample of timesheet confirmations from employees to verify that the time charged to individual projects is accurate; • For non-salary costs capitalised (including licenses), we agreed a sample of items to purchase invoice or contracts to determine whether they relate to a valid addition and have been correctly recorded; • We recalculated the amortisation charge on a sample basis, to verify whether it was in accordance with the useful economic life assigned by management; and • We assessed the appropriateness of the disclosures included in the financial statements with reference to the requirements of Australian Accounting Standards.

Impairment assessment of intangible assets

Key audit matter	How the matter was addressed in our audit
<p>The Group carries intangible assets which are primarily made up of capitalised game development costs, licenses and brand names as disclosed in the financial statements.</p> <p>There is a risk that an impairment adjustment is required where the carrying value of these assets exceeds their recoverable amount.</p> <p>This is a key audit matter because significant judgment is required in determining the key inputs and assumptions to the impairment models, including future revenues and costs, growth assumptions and discount rate.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We performed walkthrough procedures to understand the process that management undertook to perform their impairment assessment; • For a sample of games and projects, we tested the underlying cashflows used in the and assessing the feasibility of meeting the forecasts; • We recalculated the carrying value of the games that we tested and compared those to the recoverable amounts assessed by management; • We performed sensitivity analysis on growth and discount rates; and • We assessed the appropriateness of the disclosures included in the financial statements with reference to the requirements of Australian Accounting Standards.

Revenue recognition

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in the financial statements, at 30 June 2024 the Group generated revenue from two distinct streams (work for hire and original intellectual property).</p> <p>Each revenue stream has unique contracts with performance obligations and recognition criteria that require assessment under AASB 15 <i>Revenue from contracts with customers</i>.</p> <p>This is a key audit matter due to:</p> <ul style="list-style-type: none"> • The complexity associated with accounting for individual contract terms and conditions and the timing of revenue recognition. • The degree of estimation and judgment required to determine the timing of revenue recognition. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We performed walkthrough procedures to understand the process undertaken by management to account for the recognition of revenue for each revenue stream; • For a sample of contracts, we assessed the reasonableness of the revenue recognition applied with reference to the requirements of Australian Accounting Standards; • For the original intellectual property revenue stream, we tested a sample of transactions to third-party gaming platforms; • For a sample of contracts associated with the work for hire revenue stream, we: <ul style="list-style-type: none"> • Recalculated the percentage of completion established by management; • Agreed a sample of actual costs incurred to payroll reports and timesheet confirmations from employees; and • Assessed management's assumptions in relation to the forecasted costs to complete, including enquiring of the development team to gain an understanding of the project's status. • We performed cut-off testing procedures to verify that revenue has been recognised in the right period; and • We assessed the appropriateness of the disclosures included in the financial statements with reference to the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 24 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of PlaySide Studios Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

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

Salim Biskri
Director

Melbourne 23 August 2024

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Additional Securities Exchange Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 8 August 2024.

Corporate Governance Statement

The Company's directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year, identifies any recommendations that have not been followed, and provides reasons for not following such recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company's website (<https://investor.playsidestudios.com>) and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX. The Appendix 4G will particularise each recommendation that needs to be reported against by the Company, and will provide shareholders with information as to where relevant governance disclosures can be found. The Company's corporate governance policies and charters are all available on its website (<https://investor.playsidestudios.com>).

Distribution of equitable securities

The distribution of holder of equity securities on issue in the Company as at the Report Date is as follows:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	1,001	0.2%
1,001 to 5,000	2,205	1.4%
5,001 to 10,000	776	1.4%
10,001 to 100,000	1,308	10.1%
100,001 and over	218	86.9%
Total	5,508	100.0%
Holding less than a marketable parcel as at the Report Date:	640	0.1%

PlaySide Studios Limited
Shareholder information
30 June 2024

Equity security holders

Twenty largest quoted equity security holders

The Company only has one class of quoted securities, being ordinary shares. The names of the twenty largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder as at the Report Date is as follows:

	Ordinary shares	
	Number held	% of total shares issued
GERRY SAKKAS	66,480,667	16.27
ATLANTIS MG PTY LTD	66,300,000	16.22
YONDRO PTY LTD	66,250,000	16.21
CITICORP NOMINEES PTY LIMITED	33,934,229	8.30
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	18,879,820	4.62
TEJESH MUNUSAMY	12,036,608	2.95
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,427,675	1.33
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,879,970	1.19
UBS NOMINEES PTY LTD	4,557,916	1.12
RETZOS EXECUTIVE PTY LTD	3,272,000	0.80
WARBONT NOMINEES PTY LTD	2,813,837	0.69
BNP PARIBAS NOMS PTY LTD	2,604,729	0.64
PACIFIC CUSTODIANS PTY LIMITED	2,071,629	0.51
RETZOS FAMILY PTY LTD	1,459,000	0.36
BNP PARIBAS NOMINEES PTY LTD	1,386,332	0.34
SHAYDEN NOMINEES PTY LTD	1,378,750	0.34
MR NICHOLAS MERRETT	1,214,995	0.30
ERIN HALPENNY	1,214,995	0.30
MR EDWARD JOHN CHARLES BOOTH	1,105,959	0.27
MS KRISTEL LIZETTE VILLEGAS	1,071,624	0.26
	298,340,735	73.02

Unquoted equity securities

The number of each class of unquoted equity securities on issue, and the number of their holders, are as follows:

	Number on issue	Number of holders
PlaySide Studios Limited Performance Rights Plan	2,741,892	9
PlaySide Studios Limited Unlisted Options	5,000,000	1

There are no persons who hold 20% or more of equity securities in each unquoted class other than under an employee incentive scheme.

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
GERRY SAKKAS	66,480,667	16.27
ATLANTIS MG PTY LTD	66,300,000	16.22
YONDRO PTY LTD	66,250,000	16.21

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

On Market Buyback

There is no current on-market buy-back program in place.

Issues of Securities

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

Securities purchased on-market

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.