

PLAYSIDE ACHIEVES STRONG Q3 & RECORD YTD REVENUES OF \$7.76M

PlaySide Studios Limited (ASX: PLY) ("PLY" or "PlaySide"), Australia's largest publicly listed video game developer, is pleased to provide its Q3 FY21 Quarterly Activities Report and Appendix 4C.

KEY HIGHLIGHTS

- PlaySide reported a 71% increase in Q3 revenues over pcp to \$2.73 million (unaudited).
- This brings the Company's YTD FY21 (unaudited) revenue to \$7.76 million, exceeding full year FY20 revenue by \$749k (+10.7%) and up 66% on the pcp YTD FY20.
- Game development agreement for a major PC gaming title signed with Click Management and leading influencers LazarBeam and Fresh to launch in FY22.
- First ever licensing agreement signed with MGM to develop and publish a Legally Blonde free-to-play mobile puzzle game.
- In line with PlaySide's growth plans, the Company continues to heavily invest in its games' development roadmap. There is a record eight titles under concurrent development with the majority planned to be launched in FY22 adding to the eight active titles launched to market thus far.
- The Company has signed a fixed-price milestone-based agreement with Nitro Games, a company listed on the Nasdaq First North Growth Market (Nasdaq FNG: "NITRO"), for Nitro to develop a new casual free-to-play mobile title set to be released in FY22.
- Animal Warfare surpassed 9.3 million downloads, making it the most downloaded Original IP title in the Company's history.
- Successful launch of World of Pets, a Massive Multiplayer Online ("MMO") title, achieving a peak ranking of #1 on the Australian & UK Apple App Store games charts.
- As a result of the highly successful launch, PlaySide entered into an expanded Live Operations agreement for World of Pets with our valued partner Norris Nuts.
- Two casual titles, Toy Warfare and Idle Area 51, as well as a Hyper Casual title, Garbage Truck 3D! launched across more than 170 countries on Apple iOS.

Original IP Division

PlaySide built on its strong momentum since listing in the Original IP Division with a record number of titles being launched during the quarter along with a record pipeline of new titles in development for release in FY22.

Animal Warfare, launched in August 2020, has now achieved more than 9.3 million downloads, making it the highest downloaded Original IP game in the Company's history. The title has received an exceptionally positive response from players, scoring an average rating of 4.8 out of 5 on Apple App Store and 4.5 out of 5 from over 77,000 reviews on Google Play Store. A resurgence in the game during the quarter saw Animal Warfare reach #3 in the US Apple App Store Strategy game charts. The title continues to generate solid daily downloads and is achieving target Daily Active Users ("DAU") and monetisation metrics.

In a first for PlaySide, the Company has signed a fixed-price milestone-based agreement with Nitro Games, a company listed on the Nasdaq First North Growth Market (Nasdaq FNG: "NITRO"), to develop a new, unannounced casual game, whereby PlaySide will be the IP owner and publisher of the title. Nitro Games was

selected based on a multi-vendor request for proposal (“RFP”) process that commenced and closed during the quarter. The game is planned to be launched in Q2 FY22.

Leveraging world-class developers such as Nitro Games – who have worked with several global gaming companies such as Rovio (publisher of the Angry Birds Franchise), Netmarble, and Wargaming – provides PlaySide with a model to leverage its significant skills and expertise in publishing as well as providing a more flexible resourcing model that allows the Company to scale development without adding fixed costs beyond the engagement.

Garbage Truck 3D! was launched during the quarter. This Hyper Casual title was developed in just seven weeks. Since launch the title has exceeded internal expectations with over 770,000 downloads, has achieved a peak ranking of #11 on the US Apple App Store overall games charts and has achieved a rating of 4.6 out of 5.

Idle Area 51, a mobile casual title, was launched during March. Since launch the game has reached a peak ranking of #3 in the UK Apple App Store Strategy game charts and achieved a rating of 4.8 out of 5 from over 4,500 reviews on the Apple App Store.

PlaySide is pleased to announce it is currently developing its next Warfare title, leveraging our development system titled WARkit, which allows the Company to rapidly design, develop and deploy additional warfare casual titles. This title is planned for release in Q4 FY21.

The Legally Blonde development is progressing extremely well. The development team is currently working towards achieving the technical alpha milestone which is on schedule.

Age of Darkness, the real-time strategy (“RTS”) PC title is in the latter stages of development towards its early access launch in Q1 FY22. The Company is excited to showcase our unique game-play concepts in this real-time strategy title.

Our next generation console title is also progressing extremely well towards its technical alpha milestone. This is a significant step in the company’s history, and we are genuinely excited about its planned release in Q3 FY22.

Partnerships Division

World of Pets (“WOP”), a game in partnership with Norris Nuts (more than 11.6 million YouTube subscribers across all channels), was officially launched post quarter end (early April). WOP is a Massive Multiplayer Online (“MMO”) adventure game. The game currently has over 408,000 registrations and since launch has achieved the following peak rankings on Apple iOS stores globally:

Country	Device	Games Ranking
Australia	iPhone	#1
UK	iPhone	#1
Canada	iPhone	#4
	iPad	#1
US	iPhone	#16
	iPad	#3

WOP has also achieved exceedingly high game ratings of 4.8 out of 5 from over 60,000 reviews on Apple App Store.

Post quarter end, PlaySide expanded its Live Operations services for WOP. The Company also has a minority profit share arrangement for this title.

Brands & Licensing Division

PlaySide completed its first-ever brands licensing arrangement with MGM for the Legally Blonde mobile title during the quarter. Under the arrangement PlaySide will develop and publish a first-of-its-kind video game based on the studio's feature films, Legally Blonde and Legally Blonde 2: Red White & Blonde. The game will be free-to-play on iOS and Android mobile devices and will combine puzzle and choice-based narrative mechanics with the empowering themes and positive messaging of the Legally Blonde brand. Development has commenced and is progressing well with the title planned to be launched in Q3 FY22.

PlaySide has observed an optimistic outlook from its network of clients this quarter on potential work-for-hire projects. PlaySide anticipates that this optimism will translate into an expanded work-for-hire pipeline over the next few quarters.

Operations

PlaySide reported strong growth in Q3 FY21 unaudited customer revenues of \$2.73 million (+71% over Q3FY20). The main contributors to Q3 FY21 original IP revenue were Animal Warfare, Garbage Truck 3D! and Idle Area 51.

PlaySide's international presence has long been its strategic and operational strength. Since IPO, this global positioning has accelerated further, as opportunities to penetrate more deeply in much larger international markets have materialised.

- The Company has invested 70% of its YTD FY21 marketing budget in the US. The US based Applovin' Max mediation platform has been implemented to enhance user acquisition strategies in the key US market. Other key partners such as Facebook, Google, IronSource and Unity Ads also have considerable traffic reach in the region providing the opportunity for PlaySide to scale while maximising revenue and profit potential. PlaySide will continue to work with these key partners in the future.
- PlaySide's Original IP revenue and downloads contained in the tables below further illustrate the success of our user acquisition marketing strategy. US revenue has increased 508% in Q3 FY21 from the prior corresponding quarter last year and 460% YTD. US downloads have followed a similar trend having increased by 243% for Q3 FY21 over the corresponding period from last year and 213% YTD. Even larger positive trends have also been experienced across the other major markets for PlaySide.

Major Markets: Original IP Revenue (\$m)

Market	Q3 2020			Q3 FY21		
US	\$0.31	\$1.40	508%	\$0.89	\$3.35	460%
UK	\$0.02	\$0.14	827%	\$0.06	\$0.29	603%
CAN	\$0.01	\$0.09	936%	\$0.03	\$0.19	753%
JAP	\$0.00	\$0.08	5713%	\$0.01	\$0.17	3257%



Major Markets: Original IP Downloads (m)

Market	Q3 2020					
US	0.75	1.83	243%	2.03	4.32	213%
UK	0.09	0.28	323%	0.23	0.61	259%
CAN	0.05	0.15	297%	0.13	0.33	262%
JAP	0.01	0.05	749%	0.03	0.11	347%

- PlaySide has predominantly focused on mobile platform titles, however as the Company continues to target the PC market, the focus will increasingly be US led. Age of Darkness: Final Stand, a real-time strategy (“RTS”) PC title, is set to be released in Q1 FY22. This title will target international audiences across new platforms with strong revenue potential for PlaySide. Further validation of this US-led strategy is supported by the Newzoo “2020 Global Games Market Report” whereby US 2020 estimated average revenue per user (“ARPU”) across all users and platforms is the largest globally at \$190, 251% greater than the next largest market being Asia Pacific at \$54.

As part of its growth strategy, PlaySide continues to build scale into its business to support the increased pipeline of projects. During the quarter, PlaySide expanded the capacity and capability of its team including games specific resources such as Producers, Programmers, Artists, Quality Assurance, User Acquisition, and other administration support staff. In addition, PlaySide further invested in gaming hardware, software infrastructure and brand licensing.

In line with the significant year-on-year growth in revenue in its Original IP, PlaySide has scaled its user acquisition spend, predominantly on Animal Warfare as well as the three new mobile titles Idle Area 51, Toy Warfare and Garbage Truck 3D!

These ongoing investments position PlaySide to be able to scale its growth aspirations, while ensuring the processes and systems to support staff and ensure quality delivery are in place.

PlaySide’s CEO, Gerry Sakkas said: ***“It was a quarter underpinned by more first of a kind achievements for PlaySide. To launch our first ever MMO title in partnership with Norris Nuts on PC, Mac & Mobile concurrently is a fantastic technical achievement. MMO’s are one of the most complex games to develop, and it speaks volumes for PlaySide’s technical and production proficiency to accomplish this feat. In addition, signing our first-ever brands licensing title for Legally Blonde with MGM and shipping three mobile titles in the same quarter is also something we have never achieved before. All of this occurred while we grew our revenue by 71% over the same period last year. I am truly proud of our teams’ achievements, but as usual we don’t stand still at PlaySide. Our lens quickly shifts to the growing portfolio of titles in development, which I am genuinely excited about bringing to market.”***

Mobile Games Industry Update

During the quarter App Annie released its highly anticipated annual “State of Mobile Gaming 2021” report, which demonstrated that consumers spent a massive US\$100 billion on mobile games, growing an impressive 20% over 2020. Other key data points were:

- Mobile games spending is estimated to exceed US\$120 billion this year (up 20% from 2020) making the

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mobile market 50% larger than the console, PC, Mac, and handheld sectors combined.

- Gaming dominated in terms of mobile downloads representing 37% of all mobile app downloads in 2020 (80 billion, up 18% YoY) out of a total of 218 billion downloads.
- In 2020, users spent 296 billion hours playing mobile games, a 33% increase on 2019's 222 billion hours.
- Daily time spent on mobile devices in 2020: 4.2 hours (+20% YoY).
- Mobile Advertising spending in 2020: \$240 billion (+26% YoY).

PlaySide's strategy continues to be focused on developing games aligned to these industry growth trends, particularly mobile platforms.

Quarterly Cashflow

As detailed in the Appendix 4C below, PlaySide experienced a decrease in its Cash Reserves by \$2.74 million to \$13.33 million during the March quarter.

The main components of this negative movement were:

- (i) Net Cash Used in Operating Activities of \$2.33m

As discussed in the Key Highlights above, PlaySide continues to heavily invest in its games' development roadmap during the March quarter. There is a record eight titles under concurrent development with the majority planned to be launched in FY22 adding to the eight active titles launched to market thus far.

Casual Games such as Toy Warfare, Idle Area 51 and Garbage Truck 3D! were launched towards the end of the quarter, and were the subject of cash investment by way of software development activities.

PlaySide continued to invest in its user acquisition activities during the March quarter. This is an integral component of both launching and sustaining mobile titles and a key competitive advantage that the Company possesses and is building further capabilities into.

Significant operational labour was also invested in the development of longer-term, larger games such as Age of Darkness, Legally Blonde and PlaySide's next generation console title, all of which have yet to be launched and hence have no contribution to current revenue.

This ramp-up of games development saw the number of full-time employees (incl. contractors) continue to grow and end the quarter at 90, while the cash invested in Work-In-Progress grew \$0.9m from the end of Q2.

In addition, PlaySide continued to invest in its technology and tools in several key areas:

- A variety of tools have been created for the World of Pets title to develop and maintain large multiplayer games with large player bases. These tools will be utilised in future PlaySide MMO titles resulting in lower development costs.
- Further work on the WarKit engine to allow PlaySide to create new titles based on the Warfare franchise with minimal resources. These efforts have increased automation of development processes and the ability to create new art styles cost effectively.
- Investment has been made to assist with the transition to Apple iOS 14.5 marketing changes which are currently underway. These efforts have been made around the Data Science and User Acquisition tools to ensure accurate modelling of our User Acquisition spend and revenue.

Further expansion in the Idle toolset has provided PlaySide with the ability to rapidly develop further titles in this

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genre. This toolset will also allow the Company to model player activity and progression through server-based game data.

- (ii) Net Cash Used in Investing Activities of \$0.25 million; and
- (iii) Net Cash Used in Financing Activities \$0.15 million.

IPO Use of Funds Reconciliation

Pursuant to Listing Rule 4.7C2, the Company confirms that during the period since listing on the ASX on 17 December 2020, its expenditure incurred is in line with the Use of Funds as set out in its prospectus, with a summary as shown in the table below:

Use of Funds under Prospectus (\$'000)	Note	Funds allocated under the Prospectus	Funds Spent March 2021 Qtr.	Funds Spent Since Listing
Expand Data & Analytics Team		1,000	85	85
Sales and Marketing (including User Acquisition)	2	4,000	1,675	1,675
Brand Licensing		3,000	133	133
Additional resources, licensing and technology for development of new and existing titles	3	1,500	337	337
Future growth opportunities, including potential acquisitions	1	2,000	-	-
Interest Accrued on Convertible Notes		55	-	42
Expenses of the Offer	4	1,350	165	1,787
Corporate and Administrative Costs	5	800	250	250
Working Capital	6	1,814	291	108
Total		15,519	2,354	4,201

Notes per Above:

1. Company listed on 17th December, 2020; funds yet to be directly attributed to these Uses.
2. Increased user Acquisition spend on original IP games Animal Warfare, Idle Area, Toy Warfare and Garbage Truck.
3. Hired additional heads and internally promoted current staff members
4. Expenses of the Initial Public Offering now fully recognised, incl. additional legal fees.
5. Costs incurred as a result of increased recruitment, software purchases and consultant fees.
6. Net in trade debtors and other payables.

Release approved by the Chairman on behalf of the board.

To receive business updates and investor information from PlaySide register your details here: <https://playside.investorportal.com.au>

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Gerry Sakkas



Managing Director & CEO

Cris Nicolli



Chairman

About PlaySide Studios

PlaySide Studios Limited
ACN 154 789 554

PlaySide Studios Limited is one of the leading video games developers in Australia. It provides titles in a range of categories, including self-published games based on original intellectual property and games developed in collaboration with studios, such as Disney, Pixar, Warner Bros, and Nickelodeon. The company's portfolio consists of 55 titles that are delivered across 4 platforms, which include mobile, virtual reality, augmented reality, and PC. The company was incorporated in 2011 and is headquartered in Port Melbourne, Australia.



APPENDIX 4C

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

Name of entity

PLAYSIDE STUDIOS LIMITED

ABN

73154789554

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (nine months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,991	6,910
1.2	Payments for		
	(a) research and development	(345)	(1,034)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(1,860)	(3,679)
	(d) leased assets	-	-
	(e) staff costs	(1,594)	(4,068)
	(f) administration and corporate costs	(531)	(1,462)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	17	18
1.5	Interest and other costs of finance paid	(7)	(21)
1.6	Income taxes paid	-	(467)
1.7	Government grants and tax incentives	-	887
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(2,329)	(2,916)

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2. Cash flows from investing activities		
2.1	Payments to acquire or for:	
	(a) entities	-
	(b) businesses	-
	(c) property, plant and equipment	(122)
	(d) investments	-
	(e) intellectual property	(133)
	(f) other non-current assets	-
2.2	Proceeds from disposal of:	-
	(g) entities	-
	(h) businesses	-
	(i) property, plant and equipment	-
	(j) investments	-
	(k) intellectual property	-
	(l) other non-current assets	-
2.3	Cash flows from loans to other entities	-
2.4	Dividends received (see note 3)	-
2.5	Other (provide details if material)	-
2.6	Net cash from / (used in) investing activities	(255)

3. Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	15,000
3.2	Proceeds from issue of convertible debt securities	3,050
3.3	Proceeds from exercise of options	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,787)
3.5	Proceeds from borrowings	-
3.6	Repayment of borrowings	(76)
3.7	Transaction costs related to loans and borrowings	-
3.8	Dividends paid	-
3.9	Other (provide details if material)	-

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3.10	Net cash from / (used in) financing activities	(149)	16,187
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4. Net increase / (decrease) in cash and cash equivalents for the period

4.1	Cash and cash equivalents at beginning of period	16,073	520
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,329)	(2,916)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(255)	(357)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(149)	16,187
4.5	Effect of movement in exchange rates on cash held	(7)	(101)
4.6	Cash and cash equivalents at end of period	13,333	13,333

5. Reconciliation of cash and cash equivalents at the end of the quarter

	Current quarter \$A'000	Previous quarter \$A'000	
(as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	3,328	5,572
5.2	Call deposits	10,000	10,500
5.3	Bank overdrafts	-	-
5.4	Other (Cash on Hand)	5	1
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,333	16,073

6. Payments to related parties of the entity and their associates

	Current quarter \$A'000	
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.-

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Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.	Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.)		
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		
8.	Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)		(2,329)
8.2	Cash and cash equivalents at quarter end (item 4.6)		13,333
8.3	Unused finance facilities available at quarter end (item 7.5)		-
8.4	Total available funding (item 8.2 + item 8.3)		13,333
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.		5.7
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:		
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?		
	Answer: N/A		
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?		
	Answer: N/A		
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?		
	Answer: N/A		

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance Statement

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.

Date: 30th April 2021

Authorised by: By the board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

