

PLAYSIDE REPORTS RECORD QUARTERLY REVENUE OF \$5.36M

PlaySide Studios Limited (ASX: PLY) ("PLY" or "PlaySide"), Australia's largest publicly listed video game developer, is pleased to provide its Q2 FY22 Quarterly Activities Report and Appendix 4C.

QUARTERLY HIGHLIGHTS

- Record quarterly unaudited commercial revenue of \$5.36 million, a strong increase of 71% on previous corresponding period ("pcp") and 33% quarter-on-quarter ("QoQ").
- First-time milestone development revenue for *Age of Darkness: Final Stand* and games revenue from the recently acquired *Dumb Ways to Die* portfolio.
- Signed the largest work-for-hire development agreement since listing with 2K Games, a label of leading global publisher Take-Two Interactive Software.
- Signed a strategic, fixed price, milestone-based work-for-hire contract with Shiba Inu Games.
- Raised a total of \$28 million through a \$25 million Placement and a Share Purchase Plan of \$3 million.
- Generated \$5.5 million cash from customers during the quarter, a strong increase of 74% on pcp and 60% QoQ, with a strong cash position of \$33.01 million as of 31 December 2021.

PlaySide's CEO, Gerry Sakkas said:

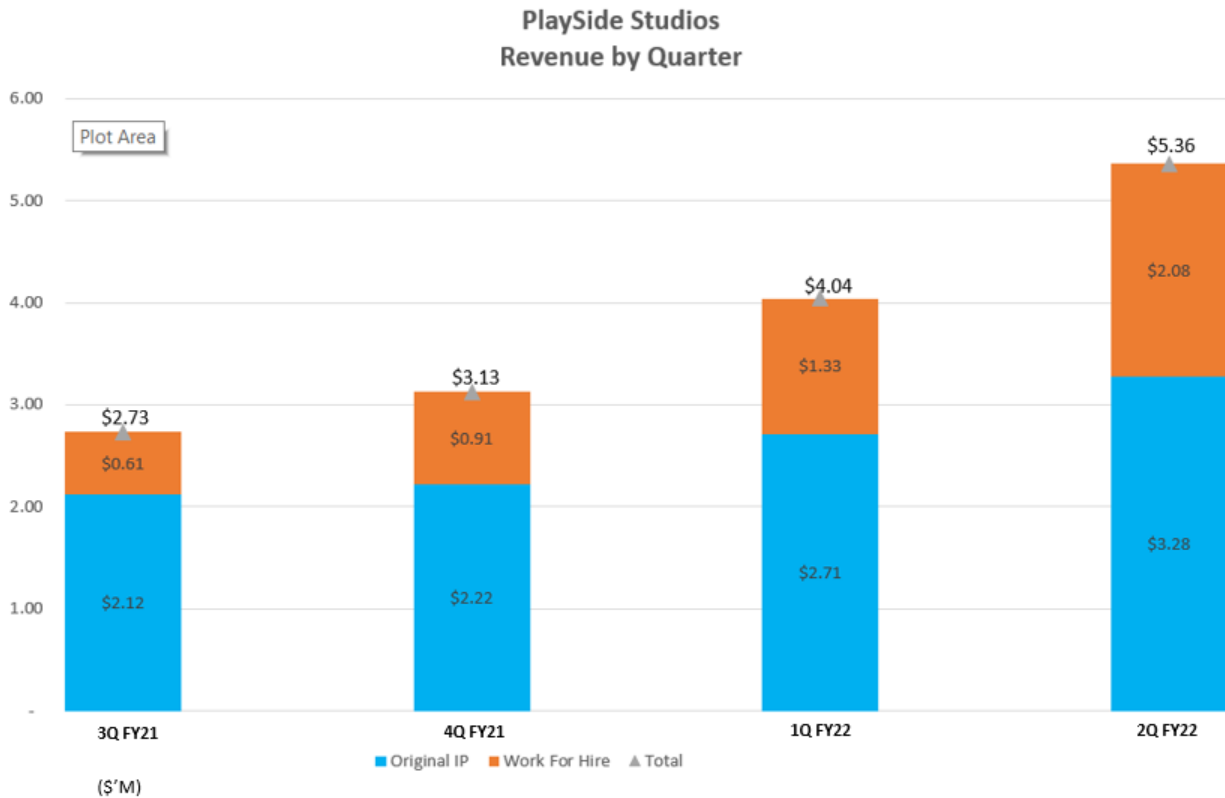
"PlaySide continues to deliver strong results with another record quarter of revenue, building on a strong start to FY22. Our Original IP business continued to track extremely well with development revenue generated from Age of Darkness: Final Stand and games revenue from our Dumb Ways to Die acquired portfolio being recorded for the first time. Additionally, highly anticipated title Legally Blonde entered soft launch during the quarter and is tracking strongly towards commercial launch in Q4 FY22.

"We also signed our largest work-for-hire agreement since listing with 2K Games in November and followed this up with a work-for-hire development agreement with Shiba Inu Games in December. These two signings further demonstrate the depth of our capabilities and recognition of our business as an emerging leader in the game development sector.

"The Company also completed a \$28 million capital raising that will allow us to invest further in our business, through Original IP, new license opportunities and continuing to grow our in-demand work-for-hire capabilities. We also plan to establish a dedicated Metaverse research and development team that can pursue opportunities as this sector rapidly evolves, allowing us to build a leading position. I thank our new and existing shareholders for their support as we continue to build our business as Australia's number one publicly listed independent games developer."

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1. Quarterly Key Achievements



Original IP

It has been an exceptionally strong quarter for the Company's Original IP business achieving \$3.3 million in revenue and growing at 53% on pcp and 21% quarter-on-quarter. This result included first development revenue for *Age of Darkness: Final Stand* from the recently signed Publishing agreement with Team 17 and initial revenue from the *Dumb Ways to Die* portfolio acquired by PlaySide at the end of Q1 FY22.

Work for Hire

The work for hire business continued its growth trajectory recording revenue of \$2.08m, up 112% on pcp and 57% quarter-on-quarter. The key achievements included signing a major strategic agreement with 2K Games and a material new contract with Shiba Inu Games. Further details on these achievements are contained below:

2K Games

PlaySide entered into a significant work-for-hire development agreement with 2K Games, a label owned by global developer, publisher, and marketer of interactive entertainment Take-Two Interactive Software (NASDAQ: TTWO, US\$19b market cap). 2K Games is developing a forthcoming franchise with PlaySide acting as a key partner. The development cycle will be over 23 months, with a 12-month maintenance period post-launch. It is the largest work-for-hire agreement PlaySide has signed since listing.

Shiba Inu Games

PlaySide signed a material work-for-hire contract with Shiba Inu Games, a derivative entity formed from the globally recognised Ethereum-based token and decentralised cryptocurrency Shiba Inu. The strategic agreement with Shiba Inu Games is a fixed-price, milestone-based agreement to develop a multiplayer Collectable Card Game which is planned to be released on multiple platforms. The development term will be 8 months.

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OTK Partnership

PlaySide and OTK have mutually agreed to terminate their Partnership Agreement. Since signing the agreement both parties have come to the realisation that the timing for the project is not right and felt it was in the best interests of both parties to amicably and mutually terminate the agreement.

2. Games Update

In line with PlaySide's growth plans, the Company continues to invest in its game development roadmap in addition to its work-for-hire portfolio. This strong investment in Original IP titles across mobile, PC & console will provide the Company with a deep pipeline of releases in FY22 and beyond. Below is a brief update on the key titles recently launched and currently in development.

Original IP Key Titles Launched in FY21 & FY22 YTD:

Age of Darkness: Final Stand

- Launched several new content releases including a new hero, enemy unit, and new buildings with positive community response and pleasing performance data.
- Completed localisation across key Real Time Strategy priority languages Simplified Chinese, German, Polish, French and Russian with positive responses received from the community in these markets.
- Deployed various sales and marketing tactics for Mid-Week Madness, and Winter Sales via Steam which saw a positive increase in unit sales and wish lists during these initiatives.
- Continued development on multiplayer and campaign modes towards planned full release in 1Q FY23.

Animal Warfare

- Implemented multiplayer (PvP) on both Android and Apple with increased revenue and retention for users who use the feature.
- Ongoing minor game modifications to improve the user experience as well as ongoing user acquisition to monetise the title and maximise performance metrics.

Battle Simulator: Warfare

- Implemented an Offer Wall to drive improved ad monetisation which has been successful.
- Implemented Quality of Life changes to improve the overall player experience.
- User acquisition continuing to further monetise the title.

Dumb Ways to Die Portfolio

- PlaySide has implemented a new ad monetisation platform on two of the main titles which has resulted in a positive increase in revenue per user.
- The Company continues to maintain the key titles in a live operations model via seasonal content updates.
- PlaySide is planning to develop additional titles to increase the games portfolio.

Original IP Key Titles in Development: For Launch in FY22:

Legally Blonde

- The initial build is currently live in limited country soft launch phase. Currently testing analytics events and will commence user acquisition strategy to measure results in expanded soft launch countries during Q3 FY22.
- Art, narrative, and level design continuing in preparation for global launch in Q4 FY22.

The Godfather

- Continue to refine aspects of the title relating to buildings, cars, weapons, and narrative elements.
- The project is on track for soft launch in Q3 FY22 and global launch in Q4 FY22.

World Boss co-development with key influencers LazarBeam & Fresh

- Collaboration with Australian influencers LazarBeam and Fresh, who have a combined YouTube following of over 27 million subscribers was announced on January 14th, 2021.
- The World Boss Steam page, Twitter, YouTube, and Discord were launched with an initial announcement from LazarBeam and Fresh on their social platforms. This included a YouTube launch video by Fresh which has amassed over 1.2m views and 51,000 likes.
- Strong social media traction and both local, and international press coverage of the announcement.
- Steam Wishlist numbers provide early stage positive indications.
- Planned Early Access launch in Q3 FY22 contingent on successful Beta tests.

Co-development with Thomas Middleditch (Project Medieval)

- Thomas Middleditch collaboration continues to progress positively.
- Further production planning has occurred for increased levels, characters, and game play modes.
- Pursuing commercial publishing opportunities which are planned to include expansion of content and the current development roadmap.

Metaverse & Web 3.0

PlaySide has commenced its R&D efforts for the Metaverse and Web 3.0 initiatives. During the last two months, the Company has leveraged its Original IP technology and expertise to develop a non-fungible token ("NFT") based project that will link to multiple products and environments over the coming years creating a unique experience for its member base. One of the first launches is planned for early February and will be based on the Dumb Ways to Die brand with the launch of a new series called BEANS.

PlaySide is engaging an independent third-party to issue and mint the NFT collections as well as manage the sale, conversion into Australian dollars, and remittance to PlaySide.

The BEANS social media Discord channel has amassed a free-member community in excess of 58,000 followers since its launch on January 6th, 2022, validating the very strong interest in the brand among the community.

Capital Raise

The Company successfully completed a capital raise of \$28 million during Q2 FY22, comprising a \$25 million Placement and a subsequent Share Purchase Plan to raise \$3 million. Under the Placement, PlaySide issued 33,333,334 shares at a price of A\$0.75 per share ("Placement Shares").

The SPP of \$3 million provided each of the Eligible Shareholders with the opportunity to apply for up to \$30,000 of SPP Shares at \$0.75 being the price payable per Placement Share.

The Company was extremely pleased with the strong interest in the capital raise and overall positive result.

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3. Quarterly Cashflow

As detailed in the Appendix 4C below, PlaySide finished the December quarter with \$33.01 million in cash reserves, representing an increase by \$23.67 million for the quarter.

The main components of this positive movement were:

- (i) The net \$26.7 million raised via the Placement and Share Purchase Plan;
- (ii) The \$2.25m paid to acquire the Dumb Ways to Die franchise; and
- (iii) The \$0.8m invested in Games under Development during the period.

Pleasingly, the net cash generated from operating activities was \$313k, the first time since listing that the Company has reported a positive operating cashflow.

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 Dec 2021 Qtr.	Funds Spent Since Listing
Expand Data & Analytics Team		1,000	95	370
Sales and Marketing (including User Acquisition)	2	4,000	599	3,311
Brand Licensing		3,000	-	262
Additional resources, licensing and technology for development of new and existing titles	3	1,500	736	2,230
Future growth opportunities, including potential acquisitions	1	2,000	2,250	2,250
Interest Accrued on Convertible Notes		55	-	42
Expenses of the Offer		1,350	-	1,741
Corporate and Administrative Costs	4	800	692	1,667
Working Capital		1,814	-	369
Total		15,519	4,372	12,242

Notes per Above:

1. Dumb Ways to Die Acquisition of \$2.25m paid 1st October, 2021
2. Increased user Acquisition spend on original IP games Animal Warfare, Age of Warfare, Idle Area, Toy Warfare and Garbage Truck.
3. Hired additional heads and internally promoted current staff members
4. Costs incurred as a result of increased recruitment, software purchases and consultant fees.

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>

Investor Enquiries

Simon Hinsley
 simon@nwrcommunications.com.au
 0401 809 653

For more information contact info@playsidestudios.com

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Gerry Sakkas
Managing Director & CEO



Cris Nicolli
Chairman

About PlaySide Studios

PlaySide Studios Limited is Australia's largest publicly listed video game developer. 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 50+ 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.

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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 December 2021

Consolidated statement of cash flows

Current quarter \$A'000

Year to date (six months)
\$A'000

1. Cash flows from operating activities

1.1 Receipts from customers

5,539

9,014

1.2 Payments for

(a) research and development

-

-

(b) product manufacturing and operating costs

-

-

(c) advertising and marketing

(2,419)

(4,103)

(d) leased assets

-

-

(e) staff costs

(1,849)

(2,940)

(f) administration and corporate costs

(947)

(2,029)

1.3 Dividends received (see note 3)

-

-

1.4 Interest received

2

26

1.5 Interest and other costs of finance paid

(14)

(46)

1.6 Income taxes paid

-

-

1.7 Government grants and tax incentives

-

-

1.8 Other (provide details if material)

-

-

1.9 Net cash from / (used in) operating activities

313

(78)

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2. Cash flows from investing activities	Current quarter \$A'000	Year to date (six months) \$A'000
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(127)	(580)
(d) investments	-	-
(e) intellectual property	(3,050)	(4,061)
(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	(3,178)	(4,640)

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3. Cash flows from investing activities	Current quarter \$A'000	Year to date (six months) \$A'000
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	28,000	28,000
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(1,299)	(1,299)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(62)	(99)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	26,639	26,602
4. Net increase / (decrease) in cash and cash equivalents for the period	Current quarter \$A'000	Year to date (six months) \$A'000
4.1 Cash and cash equivalents at beginning of period	9,344	11,235
4.2 Net cash from / (used in) operating activities (item 1.9 above)	313	(78)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(3,178)	(4,640)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	26,639	26,602
4.5 Effect of movement in exchange rates on cash held	(107)	(108)
4.6 Cash and cash equivalents at end of period	33,011	33,011

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5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous Quarter \$A'000
5.1 Bank balances	8,607	4,941
5.2 Call deposits	24,402	4,401
5.3 Bank overdrafts	-	-
5.4 Other (Cash on Hand)	2	2
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	33,011	9,344

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	167
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.

7. Financing facilities 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.	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.

Answer: N/A

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8. Estimated cash available for future operating activities	Amount drawn at quarter end \$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	313
8.2 Cash and cash equivalents at quarter end (item 4.6)	33,011
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	33,011
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.	N/A
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 tir 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 s 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.

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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: 31st January 2022

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 – e.g., 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.

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