PlaySide™

Appendix 4E

For the year ended 30 June 2023

PlaySide Studios Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	PlaySide Studios Limited
ABN:	73 154 789 554
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	31%	to	38,445
Profit/(loss) from ordinary activities after tax attributable to the owners of PlaySide Studios Limited	down	244%	to	(6,970)
Profit/(loss) for the year attributable to the owners of PlaySide Studios Limited	down	244%	to	(6,970)

3. Dividend Information

PlaySide Studios Limited has not paid, and does not propose to pay dividends, for the year ended 30 June 2023 (2022: $nil).

4. Net tangible assets

	Reporting period $	Previous period $
Net tangible assets per ordinary security (i)	0.083	0.094

(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 2023 Audited Accounts.

5. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding Reporting period %	Reporting entity's percentage holding Previous period %	Contribution to profit/(loss) Reporting period $'000	Contribution to profit/(loss) Previous period $'000
Digital Business Holdings Pty Ltd	0.00%	26.66%	(93)	76
Profit/(loss) from ordinary activities after income tax			(93)	76

PlaySide Studios acquired a 26.66% share in Digital Business Holdings Pty Ltd on 30 June 2020 for a nominal fee of $173.00. The shares were sold for nil consideration to a non-related party on 24 February 2023. Please refer to Note 33 of the financial statements for additional information.

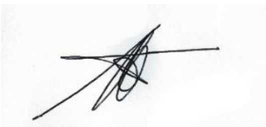
6. Audit qualification or review

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 2023 is attached.

8. Signed



Signed ____________________________ Date: 24 August 2023

Cristiano Nicolli
Director
Melbourne, Australia

PlaySide Studios Limited

ABN 73 154 789 554

Financial Report for the Year ended 30 June 2023

PlaySide Studios Limited
Corporate directory
30 June 2023

Directors	Cristiano Nicolli Gerry Sakkas Mark Goulopoulos Aaron Pasias Hans ten Cate (resigned 5 October 2022)
Company secretary	Darren Briggs
Notice of annual general meeting	The details of the annual general meeting of PlaySide Studios Limited are as follows: BDO Collins Square I Tower Four, Level 18, 727 Collins Street, Melbourne VIC, 3008 Wednesday 22nd of November 2023 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

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 24 August 2023.

PlaySide Studios Limited
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on the Consolidated entity (referred to hereafter as the 'Consolidated entity' or the 'Group') consisting of PlaySide Studios Limited (referred to hereafter as "PlaySide", the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

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
Hans ten Cate – Independent Non-Executive Director (resigned 5 October 2022)

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; and
- Development and monetisation of PlaySide original games.

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 2023 and the prior corresponding year is set out below:

	Year ended 30 Jun 2023 $'000	Year ended 30 Jun 2022 $'000	Increase (Decrease) $'000
Statutory Results			
Revenue - Sales	38,445	29,242	9,203
Revenue - Other	588	531	57
Revenue - Total	39,033	29,773	9,260
EBITDA	(3,446)	5,901	(9,347)
NPAT	(6,970)	4,850	(11,820)
Net cash	32,200	37,908	(5,708)
Underlying Results			
Revenue – Sales	38,445	20,194	18,251
EBITDA	(1,725)	(1,672)	(73)

Revenue Growth

Total Revenue grew 31% to $39.03m in the period, up from $29.77m in the prior corresponding period (“pcp”).

This increase was the combination of:

Revenue – Sales, up $9.2m (31%) on pcp.

This increased Revenue came from the combination of:

- PlaySide Original IP Revenue which at $14.9m was $4.2m down on PCP, where growth in Dumb Ways revenue was offset by the absence of revenue from NFT sales (FY23: Nil; FY22: $9.0m); and
- Work for Hire Revenue of $23.5m which is $13.4m up on PCP, where the Company performs contract-related development work for several AAA game studios, technology, and entertainment companies.

When the NFT revenue earned in FY22 is excluded, underlying Sales Revenue rose by $18.3m (90%) on the PCP.

Revenue – Other, up $0.06m to $0.6m (pcp: $0.5m).

Increase reflects Interest revenue (up $0.5m) due to excess cash being invested throughout FY23 at rising interest rates.

EBITDA

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Statutory Reported EBITDA	(3,446)	5,901
Add (Subtract): Non-Recurring Items		
Impairment of capitalised development costs	1,721	840
Beans NFT Issue	-	(8,413)
Underlying EBITDA	(1,725)	(1,672)

Reported Earnings before interest, tax, depreciation, and amortization amounted to a loss of $3.4m for the period.

However, when the impact of non-recurring items is removed from the FY23 and PCP results, namely:

- Impairment of Capitalised Development Costs (FY23: $1.7m; PCP: $0.8m) – these write-downs were deemed appropriate after the Company ceased development on a number of titles and others were assessed for characteristics of impairment; and
- Net earnings from the Beans NFT issue in the PCP, which added $8.4m to EBITDA (FY23: NIL),

the underlying EBITDA loss for FY23 is $1.73m, compared to an underlying EBITDA loss of $1.67m in the PCP.

This relatively flat underlying EBITDA mainly represents the net effect of:

- Total underlying Sales Revenue increase of $18.3m or 90% increase to $38.4m;
- An increase in Employee Benefits expenses of $14.1m to $24.0m which represents the significant increase in full time employees now working throughout the business, mainly as part of the operational Games Development team; and
- General Administrative Expenses, which at $8.6m were $3.8m up on the PCP, reflecting increases across expense categories including consulting fees, software purchases and recruitment costs.

NPAT

The Company reported a statutory Net Loss after Tax of $7.0m, representing an $11.8m profit decrease on the $4.8m NPAT reported in FY22.

This result was the net result of:

- Reported EBITDA Loss of $3.4m;
- Depreciation and Amortization expense of $4.4m;
- Net Interest revenue of $0.4m; and
- Income Tax Credit of $0.4m, which was immaterial as there was no tax benefit booked on the $5.2 million in tax losses incurred during FY23.

Financial Position and Capital Investment

The Company finished the year in a net cash position of $32.2m, after commencing the financial period with net cash of $37.9m, a decrease of $5.7m.

This net $5.7m decrease in cash was a net direct result of the following movements:

- Net cash used in Operating Activities of $1.6m;
- Cash spent on Investing Activities of $3.6m, namely $2.9m invested in Intangible Assets (games launched and under development) and $0.7m spent on Property, Plant and Equipment and
- Cash used in financing activities of $0.4m.

Notwithstanding the Company plans to significantly invest in Original IP Games during FY2024, it still expects to finish the financial year with a healthy net cash balance given the significant level of work for hire contract milestones committed for delivery during that period.

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 will continue to monitor and actively manage.

Some of these **key risks** are outlined below:

Technology systems and software failure

PlaySide is highly dependent on the effective operation of its technology systems and software given the nature of its operations.

There is a risk that PlaySide's technology systems and software (including those provided by third-party providers) may be adversely impacted by damaged or faulty equipment, human error, disruption, failure, service outages, data corruption or breaches which could occur as a result of computer viruses, malware, hacking or cyber-attacks, or other disruptions including natural disasters, power surges or outages or other similar events.

This may result in the loss, theft, corruption or unauthorised disclosure of confidential information and data, reputational damage, damage to or loss of customer relationships, and substantial costs may be incurred in identifying, investigating, mitigating, and remediating such an event which may or may not be recoverable or addressed by insurance.

PlaySide has put in place business continuity and disaster recovery procedures in the event of failure of, or disruption or damage to, PlaySide's network or technology systems. However, such procedures may not be sufficient to ensure that PlaySide is able to carry on its business in the ordinary course in the event of such a failure, disruption or damage.

Any major technology systems or software failure, disruption or damage, including failures relating to PlaySide's network, software, internet, remote servers it utilises or hardware, which causes material delay or interruption to PlaySide's operations and development activities, could have a material adverse effect on PlaySide's operating and financial performance and may also result in damage to PlaySide's relationships and reputation with customers and end-users.

Distribution of games by third parties on virtual platforms

PlaySide relies on distributing its mobile and PC games through virtual platforms, with the dominant platforms being the Google Play Store, the Apple App Store, and the Steam platform.

PlaySide is subject to the distributors' standard terms and conditions, infrastructure and operating systems for application and software developers, which govern the promotion, distribution and operation of games on the relevant platform. PlaySide's business and operations could be materially disrupted or harmed if a distributor discontinues or limits the access to its platform, modifies its terms of service or other policies, including the provisions on share of net sales. Each distributor has broad discretion to unilaterally change its standard terms and conditions and any such changes may be unfavourable to PlaySide and could have a material adverse effect on PlaySide's operating and financial performance.

Launch delays and cost overruns

PlaySide develops games both internally using original IP and in collaborations and partnerships with third parties.

Delays in bringing ongoing and future game projects from concept to launch may result from a number of factors including hiring suitably skilled resources for new projects and resolving complex design and/or technical issues that may arise during the development cycle. Any delays experienced during the development cycle could impact the timing and/or quantum of costs, milestone payments, future sales proceeds and operating margins. PlaySide attempts to mitigate these risks by having explicit processes and procedures governing the budgeting, resourcing, concepting, project greenlighting, and delivery of development milestones in all of its projects.

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 lower-than-expected revenue, which may have a material adverse impact on PlaySide's operating and financial performance including the potential requirement to book impairment charges against related capitalised development expenditure.

Failure to effectively manage growth

PlaySide has experienced considerable growth in revenue, employee numbers and customer base since commencing operations. Based on PlaySide's projections, PlaySide expects further growth in the future which could place significant strain on current management, operational and financial resources as well as the infrastructure supporting PlaySide's technology and development activities. PlaySide's future success depends on its ability to effectively manage this growth. Failure to appropriately manage growth could be detrimental to PlaySide's development activities and could adversely affect PlaySide's operating and financial performance.

Ability to attract and retain qualified personnel

The nature of PlaySide's operations requires its employees in the technical and development teams to be highly skilled and experienced in their respective fields. Accordingly, PlaySide's performance largely depends on its ability to identify, attract and retain qualified personnel.

The departure of key personnel, or a shortage of qualified employees with the appropriate technical expertise, may significantly delay or prevent the achievement of development objectives or result in loss of know-how, which could adversely affect PlaySide's operations and its future ability to implement its growth strategies.

Competition for qualified employees in PlaySide's industry is intense. In addition, PlaySide's ability to attract and retain qualified personnel is affected by PlaySide's prospects and its capacity to maintain competitive remuneration packages and incentives.

There is a risk that PlaySide may not be able to attract and retain qualified personnel or be able to find effective replacements where departures occur in a timely or cost-effective manner. Any inability to attract or retain qualified personnel may be detrimental to PlaySide's operations and financial performance.

Litigation and other proceedings

The Group is exposed to potential legal and other claims or disputes in the course of its business, including intellectual property infringement disputes, contractual disputes and employee disputes.

Any costs involved in defending or settling legal and other claims or disputes that may arise could be costly and may impact adversely on the Group's operations and financial position or cause damage to its reputation.

The Group is not a party to any ongoing litigation matters as at year-end.

Foreign exchange risk

PlaySide's financial reports are prepared in Australian dollars. However, a large proportion of PlaySide's revenue, expenditures and cash flows are generated in US dollars. In addition, PlaySide may in the future generate revenues, expenditures and cash flows in various other currencies other than Australian dollars.

Any adverse movements of these currencies against the Australian dollar, as well as volatility, could have an adverse effect on PlaySide's future financial performance and position and may result in lower than anticipated revenue, profit and earnings, albeit this risk is mitigated by PlaySide's Board Approved hedging policy, whereby it holds foreign exchange forward contracts hedging of approximately 80% of its US dollar receivables exposure on a rolling ten-month basis. No hedge accounting is applied as at 30 June 2023

Some of these **key opportunities** are outlined below:

Original IP projects

The company has several Original IP projects either in the concepting stage or being currently developed across mobile, PC/Console and virtual reality platforms. Management has explicitly outlined a strategy to develop more titles in the PC/Console space, which typically involve longer development lead times and potentially greater revenue opportunities. This strategy has been reinforced by recent Work-for-Hire projects that have demonstrated its capabilities on larger game projects.

Commercialisation of the Dumb Ways to Die brand

The company purchased the *Dumb Ways to Die* franchise for $2.25 million (plus GST) on 30 September 2021, and immediately focused on building brand awareness and investing in additional mobile game content. The brand's social media presence has elevated significantly, and management has secured several third-party license and game development opportunities with major technology and entertainment companies that have succeed in taking the brand beyond mobile games and social media to other entertainment mediums. The company continues to pursue opportunities to extend the reach and value of this intellectual property.

Large scale Work-for-Hire contracts

The company has over the last 12-18 months signed several long-term material Work for Hire and Original IP development contracts, some of which have a future revenue share component and/or license fees. This has enabled the company to maintain a solid level of cash during the FY23 year and provides high levels of revenue and cash flow visibility into FY24.

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

Publishing

The company launched its Publishing Division early in FY23 and after a detailed assessment of several potential game titles signed its first publishing contract in late FY23, which involves the company agreeing to fund further development of the title in return for a revenue share arrangement after the title has been launched.

The company expects to sign at least one additional publishing contract in the near-term, and it is anticipated that its current portfolio of signed titles will be launched during the 2024 calendar year and start contributing to revenue at that time.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2023	2022
	$	$
Final dividend for the year ended 30 June 2023 of nil dollars (2022: nil dollars) per ordinary share	-	-

Significant changes in the state of affairs

The main changes that occurred in the business during FY23 were:

a) The company completed the development of several Original IP projects that were announced at or around the time of the IPO, namely *World Boss* (PC), *Legally Blonde* (mobile) and *The Godfather: City Wars* (mobile);

b) The company signed several long-term material Work for Hire and Original IP development contracts, some of which have a revenue share component. This enabled the company to maintain solid levels of cash during the year and provides high levels of revenue and cash flow visibility into FY24;

c) The *Dumb Ways to Die* brand went viral on social media platform TikTok, which lead to increased downloads of its mobile games as well as other revenue-generating business opportunities;

d) The company launched its Publishing division and signed its first title late in FY23; and

e) The company did not launch any NFT projects.

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 have been two matters since year-end that will significantly affect the Group's operations for FY2024 and beyond:

a) As announced to the Australian Stock Exchange on 26 July, 2023, the company signed a game license and publishing agreement with Meta Platforms Technologies, LLV to bring its Dumb Ways to Die original IP to Meta Quest devices via the development of a new VR title. The company will receive a license fee, material software development payments as well as a share of net revenue from the game in perpetuity; and

b) The company has taken out a lease of new office lease in Melbourne nearby its Head Office to accommodate its growing staff numbers. The lease is for three years, commencing 10 August 2023, and will have a commencing annual rent of $375,000 plus GST, annual fixed increases of 4%, and has a renewal option for 3 years.

Other than the above, there has been no matter or circumstance that has arisen since 30 June 2023 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 game development contracts in both its Work for Hire and Original IP business segments, which will provide tailwinds to both operating cashflow, profitability and revenue growth during FY24, as well as allowing the company to invest in new Original IP projects primarily in the PC/console space. On 26 July 2023 the company provided FY24 revenue guidance of $50-55 million which will likely be first half weighted, the extent to which is dependent on the timing of contract milestones.

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:	Nil

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 14 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 10 years Gerry has been responsible for leading and growing PlaySide to a team of approximately 200 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:	Nil

Name:	**Aaron Pasias**
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:	Nil

Name:	**Hans ten Cate**
Title:	Non-Executive Director
Independent Director:	Yes
Date Appointed:	31 October 2020
Date Resigned:	5 October 2022
Experience and expertise:	Currently the Chief Business Officer of Tilt Five, a technologies firm focusing on Augmented Reality; Hans is a long-time game industry executive, and has produced and designed AAA games for PC, console and mobile platforms, led large teams developing online gaming technology and services, and negotiated business and technology partnerships for large publishers and start-ups. After a number of years managing online services for Sony PlayStation, Hans spent a decade at EA as an Executive Producer and later as Sr. Director of Business Development for EA Partners. Hans has experience in start-ups and grew the team at MaxPlay, a cloud-based game engine technology and was also pivotal in raising MaxPlay's $20m Series A funding round with Silicon Valley investors. He is the former Chair of the Board of Directors of the International Game Developers Association (IGDA).
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil

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

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, 14 meetings of directors were held.

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

	Directors' Meetings	
Director	Number eligible to attend	Number attended
Cristiano Nicolli	14	14
Gerry Sakkas	14	14
Mark Goulopoulos	14	14
Aaron Pasias	14	14
Hans ten Cate (resigned 5 October 2022)	3	3

Due to the size and nature of the existing Board and the magnitude of the Group's operations, the Company does not have a:

- Board nomination committee;
- Audit and risk committee; or
- Remuneration committee.

Pursuant to the Board Charter, the full Board carries out the duties that would ordinarily be assigned to the above Committees under the written terms of reference for those committees. The Company's Corporate Governance Statement can be found at: https://investor.playsidestudios.com.

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 objective of the Group's executive reward framework is 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 have considered that it should seek to enhance shareholders' interests by:

- having both revenue growth 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 and experience
- 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 Board has periodically received advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. 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.

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 targets of the Group with the performance hurdles of executives. STI payments are granted to executives based on the Group achieving a combination of annual revenue targets, earnings (EBITDA) targets, and for select individuals specific key performance indicators (KPI's). 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 LTI's or not.

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 four years.

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 2023, 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
- Hans ten Cate – Non-Executive Director (resigned 5 October 2022)

And the following persons:

- Benn Skender – Chief Strategy Officer (appointed 16 September 2022)
- Paul Fouracre – Chief Operating Officer
- 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	Share-based payments	
2023	**Note**	**Cash salary and fees $**	**Cash bonus $**	**Super-annuation $**	**Equity-settled shares $**	**Total $**
Non-Executive Directors:						
Cristiano Nicolli		120,000	-	12,600	-	132,600
Mark Goulopoulos	(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	222,934	674,978
Other Key Management Personnel:						
Benn Skender	(iii)	198,076		20,798	281,967	500,841
Paul Fouracre		236,363	-	24,818	102,672	363,853
Darren Briggs		181,818	-	19,091	78,963	279,872
Total		**1,385,109**	**-**	**119,399**	**686,536**	**2,191,044**

(i) The Group paid Mr Goulopoulos $10,000 in consulting fees per quarter to an entity controlled by Mr Goulopoulos (**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.

		Short-term benefits		Post-employment benefits	Share-based payments	
2022	Note	Cash salary and fees $	Cash bonus $	Super-annuation $	Equity-settled shares $	Total $
Non-Executive Directors:						
Cristiano Nicolli		103,333	-	10,333	-	113,666
Mark Goulopoulos	(i)	100,000	-	7,000	-	107,000
Aaron Pasias		70,000	-	7,000	-	77,000
Hans ten Cate		77,000	-	-	-	77,000
Executive Director:						
Gerry Sakkas		354,545	165,000	35,454	248,066	803,065
Other Key Management Personnel:						
Paul Fouracre		221,682	79,695	22,168	117,379	440,924
Darren Briggs		170,909	61,600	17,091	89,136	338,736
Total		**1,097,469**	**306,295**	**99,046**	**454,581**	**1,957,391**

(iv) From 1st September 2021 onwards, the Group paid Mr Goulopoulos $10,000 in consulting fees per quarter to an entity controlled by Mr Goulopoulos (**MG Capital Trust)**, for additional activities approved by the Board and the Managing Director.

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

	Fixed Remuneration		At risk - STI		At risk - LTI	
Name	2023	2022	2023	2022	2023	2022
Non-Executive Directors:						
Cristiano Nicolli	100%	100%	-	-	-	-
Mark Goulopoulos	100%	100%	-	-	-	-
Aaron Pasias	100%	100%	-	-	-	-
Hans ten Cate	100%	100%	-	-	-	-
Executive Director:						
Gerry Sakkas	67.0%	48.6%	0.0%	20.5%	33.0%	30.9%
Other Key Management Personnel:						
Benn Skender	43.7%	0.0%	0.0%	0.0%	56.3%	0.0%
Paul Fouracre	71.8%	55.3%	0.0%	18.1%	28.2%	26.6%
Darren Briggs	71.8%	55.5%	0.0%	18.2%	28.2%	26.3%

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings 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 financial year. 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 2023	Cash bonus paid/payable 2022	Cash bonus forfeited 2023	Cash bonus forfeited 2022
Non-Executive Directors:				
Cristiano Nicolli	-	-	-	-
Mark Goulopoulos	-	-	-	-
Aaron Pasias	-	-	-	-
Hans ten Cate	-	-	-	-
Executive Director:				
Gerry Sakkas	-	100.0%	100.0%	-
Other Key Management Personnel:				
Benn Skender	-	-	100.0%	-
Paul Fouracre	-	100.0%	100.0%	-
Darren Briggs	-	100.0%	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:	1st November, 2020
Term of agreement:	Continuous until validly terminated in accordance with its terms
Details:	Base salary for the year ending 30 June 2023 was $409,090 plus superannuation (total package $452,044). Three-month termination notice period by either party. Cash bonus of up to 50% of fixed remuneration 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 since commencement through to 30 June 2023 has been $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:	10th August, 2020
Term of agreement:	Continuous until validly terminated in accordance with its terms
Details:	Base salary for the year ending 30 June 2023 was $236,363 plus superannuation. Three-month termination notice period by either party. Cash bonus of up to 35% of fixed remuneration subject to Board approval and achievement of agreed key performance indicators of the executive and the Group, non-solicitation and non-compete clauses.

Name:	Darren Briggs
Title:	Chief Financial Officer & Company Secretary
Agreement commenced:	10th August, 2020
Term of agreement:	Continuous until validly terminated in accordance with its terms
Details:	Base salary for the year ending 30 June 2023 was $181,818 plus superannuation. Three-month termination notice period by either party. Cash bonus of up to 35% of fixed remuneration 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 1,491,938 (2022: 895,163) shares were issued to key management personnel during the year-ended 30 June 2023. These shares relate to the exercise of performance rights issued in the year ended 30 June 2021. These performance rights were included in remuneration in 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-22	821,250	Nil
P. Fouracre	6-Sep-22	383,250	Nil
D. Briggs	6-Sep-22	287,438	Nil
Total		**1,491,938**	

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	410,625	16-Nov-20	31-Aug-23	16-Nov-25	100%	31-Aug-24	Nil	$0.20
	297,850	27-Oct-21	31-Aug-23	27-Oct-26	100%	31-Aug-24	Nil	$0.72
	178,710	27-Oct-21	31-Aug-23	27-Oct-26	100%	31-Aug-24	Nil	$0.72
	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
P. Fouracre	191,625	16-Nov-20	31-Aug-23	16-Nov-25	100%	31-Aug-23	Nil	$0.20
	143,850	27-Oct-21	31-Aug-23	27-Oct-26	100%	31-Aug-24	Nil	$0.72
	86,310	27-Oct-21	31-Aug-23	27-Oct-26	100%	31-Aug-24	Nil	$0.72
	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
	29,965	27-Oct-22	31-Aug-25	27-Oct-27	100%	31-Aug-26	Nil	$0.61
D. Briggs	143,719	16-Nov-20	31-Aug-23	16-Nov-25	100%	31-Aug-23	Nil	$0.20
	111,200	27-Oct-21	31-Aug-23	27-Oct-26	100%	31-Aug-24	Nil	$0.72
	66,720	27-Oct-21	31-Aug-23	27-Oct-26	100%	31-Aug-24	Nil	$0.72
	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

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 2022 and 2023 are set out below:

Year ended 30 June 2023 Name	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 %
Gerry Sakkas	222,934	-	-	33%
Benn Skender	281,967	-	-	56%
Paul Fouracre	102,672	-	-	28%
Darren Briggs	78,963	-	-	28%

Year ended 30 June 2022 Name	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 %
Gerry Sakkas	248,066	-	-	31%
Paul Fouracre	117,379	-	-	27%
Darren Briggs	89,136	-	-	26%

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:
   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.

PlaySide Studios Limited
Directors' report (continued)
30 June 2023

Additional information

The earnings of the Group for the four years to 30 June 2023 are summarised below:

	2023 $'000	2022 $'000	2021 $'000	2020 $'000	2019 $'000
Sales revenue	38,445	29,242	10,883	7,008	4,313
Profit/(loss) after income tax	(6,970)	4,850	(5,879)	196	(52)
Income tax (benefit)/expense	(411)	29	227	583	329
Profit/(loss) before tax	(7,381)	4,879	(5,652)	779	277
Net Interest (received)/paid	(430)	33	8	13	14
EBIT*	(7,811)	4,912	(5,644)	792	291
Depreciation and amortisation	4,365	989	238	186	189
EBITDA*	(3,446)	5,901	(5,406)	978	480

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

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

	2023	2022	2021	2020	2019
Share price at financial year-end ($)	0.36	0.54	0.26	N/A	N/A
Total dividends declared (cents per share)**	-	-	-	0.27	0.32
Basic earnings per share (cents per share)**	(1.72)	1.25	(1.83)	0.08	(0.02)

** Dividends per share and basic earnings per share for FY20 and FY19 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	Note	Balance at start of Year	Received as part of Remuneration	Additions	Disposals	Balance at end of Year
Cristiano Nicolli		679,019	-	-	-	679,019
Mark Goulopoulos		79,166,667	-	133,333	-	79,300,000
Aaron Pasias		79,190,777	-	59,223	-	79,250,000
Gerry Sakkas		79,659,417	821,250	-	-	80,480,667
Benn Skender		-	-	650,000	-	650,000

Paul Fouracre		371,950	383,250	-	-	755,200
Darren Briggs		234,963	287,438	-	(62,500)	459,901
Total		**239,302,793**	**1,491,938**	**842,556**	**(62,500)**	**241,574,787**

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	1,827,575	370,446	(821,250)	-	1,376,771
B. Skender	-	409,744	-	-	409,744
P. Fouracre	862,575	149,824	(383,250)	-	629,149
D. Briggs	653,557	115,250	(287,438)	-	481,369
Total	**3,343,707**	**1,045,264**	**(1,491,938)**	**-**	**2,897,033**

There were no performance rights that had vested or were exercisable as at 30 June, 2023 or at the date of this report.

Related party disclosures
During FY2023, there were a number of related party transactions, as detailed in Note 30 and summarised as follows:

- Fees totalling $40,000 (2022: $30,000) plus GST were charged by a Director-related entity, MG Capital Trust, for consulting services provided, of which $11,000 (2022: $11,000) including GST was owing at 30 June 2023; and
- Intellectual property and software development services were charged by a Director-related entity, Applantis Pty. Ltd., totalling $143,500 (2022: $262,500) plus GST, of which $50,600 (2022: $96,250) including GST was owing as at 30 June 2023. Applantis Pty. Ltd. is an entity associated with Mr. Gerry Sakkas, Mr. Mark Goulopoulos 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	Number of Rights Granted
16-Nov-20	16-Nov-25	$ 0.20	856,838
27-Oct-21	27-Oct-26	$ 0.72	642,200
27-Oct-21	27-Oct-26	$ 0.72	385,320
27-Oct-21	27-Oct-26	$ 0.72	256,880
7-Dec-21	7-Dec-26	$ 0.82	41,700
7-Dec-21	7-Dec-26	$ 0.82	25,020
9-Dec-21	7-Dec-26	$ 0.82	16,680
27-Oct-22	27-Oct-27	$ 0.61	636,729
27-Oct-22	27-Oct-27	$ 0.61	382,037
27-Oct-22	27-Oct-27	$ 0.61	254,692
			3,498,096

Shares issued on the exercise of options

There were 1,713,676 shares issued on the exercise of options at nil exercise price during the year ended 30 June 2023.

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

24 August 2023
Melbourne, Australia

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DECLARATION OF INDEPENDENCE BY SALIM BISKRI TO PLAYSIDE STUDIOS LIMITED

As lead auditor of PlaySide Studios Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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, 24 August 2023

PlaySide Studios Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 $ '000	2022 $ '000
Revenue	4	38,445	29,242
Other income	5	588	455
Expenses			
Employee benefits expense	6	(24,012)	(9,875)
General and administrative expenses	6	(8,572)	(4,785)
Selling expenses	6	(7,567)	(8,344)
Impairment of Capitalised Development Costs	6, 15	(1,721)	(840)
Share of (losses)/profits of associates accounted for using the equity method	33	(93)	76
Depreciation and amortisation expense	6	(4,365)	(989)
Finance costs	6	(84)	(61)
Profit/(Loss) before income tax expense		(7,381)	4,879
Income tax benefit/(expense)	7	411	(29)
Profit/(Loss) after income tax expense for the year attributable to the owners of PlaySide Studios Limited		(6,970)	4,850
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	21	14	1
Other comprehensive income for the year, net of tax		14	1
Total comprehensive income for the year attributable to the owners of PlaySide Studios Limited		**(6,956)**	**4,851**
		Cents	**Cents**
Basic earnings/(losses) per share	36	(1.72)	1.25
Diluted earnings/(losses) per share	36	(1.72)	1.23

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 2023

	Note	Consolidated 2023 $ '000	2022 $ '000
Assets			
Current assets			
Cash and cash equivalents	8	32,200	37,908
Trade and other receivables	9	6,008	5,027
Other financial assets	10	144	144
Other current assets	11	689	482
Total current assets		39,041	43,561
Non-current assets			
Investments accounted for using the equity method	12	-	93
Property, plant and equipment	13	1,695	1,310
Right-of-use assets	14	1,510	1,962
Intangibles	15	5,029	7,040
Deferred tax asset	16	944	635
Total non-current assets		9,178	11,040
Total assets		48,219	54,601
Liabilities			
Current liabilities			
Trade and other payables	17	5,593	6,111
Lease liabilities	18	462	429
Current tax liability	7	39	10
Employee benefits	19	1,888	1,305
Total current liabilities		7,982	7,855
Non-current liabilities			
Lease liabilities	18	1,215	1,676
Employee benefits	19	213	101
Total non-current liabilities		1,428	1,777
Total liabilities		9,410	9,632
Net assets		38,809	44,969
Equity			
Issued capital	20	45,429	45,084
Reserves	21	1,136	671
Accumulated losses	22	(7,756)	(786)
Total equity		38,809	44,969

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 2023

Consolidated	Issued capital $ '000	Reserves $ '000	Retained profits $ '000	Total equity $ '000
Balance at 1 July 2021	17,995	337	(5,636)	12,696
Profit after income tax	-	-	4,850	4,850
Other comprehensive income, net of tax	-	1	-	1
Total comprehensive income	-	1	4,850	4,851
Transactions with owners in their capacity as owners:				
Private Placement (Note 20)	25,000	-	-	25,000
Share Purchase Plan (Note 20)	3,000	-	-	3,000
Capital raising costs (Note 20)	(1,299)	-	-	(1,299)
Tax credit associated with capital raising costs	182	-	-	182
Other transactions:				
Share-based payments (note 21)				
- Expense incurred during the year	-	539	-	539
- Transfer to Issued Capital on Exercise of Employee Share Options	206	(206)	-	-
Balance at 30 June 2022	45,084	671	(786)	44,969

Consolidated	Issued capital $ '000	Reserves $ '000	Retained profits $ '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)
Transactions with owners in their capacity as owners:				
Tax charge associated with capital raising costs	(132)	-	-	(132)
Other transactions:				
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

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 2023

	Note	Consolidated 2023 $ '000	Consolidated 2022 $ '000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		36,962	26,615
Payments to suppliers and employees (inclusive of GST)		(39,032)	(19,200)
Government grants received		36	416
Interest received		516	28
Interest paid		(11)	-
Interest paid on lease liabilities		(73)	(61)
Income taxes paid		-	(182)
Net cash provided by / (used in) operating activities		(1,602)	7,616
Cash flows from investing activities			
Payments for property, plant and equipment		(735)	(887)
Proceeds on disposal of property, plant and equipment		4	-
Payments for security deposits		-	(60)
Payments for intangibles		(2,909)	(6,187)
Net cash used in by investing activities		(3,640)	(7,134)
Cash flows from financing activities			
Proceeds from issues of equity securities	20	-	28,000
Transaction costs related to issues of equity securities (net of tax)	20	-	(1,299)
Repayment of lease liabilities		(429)	(233)
Net cash provided / (used in) by financing activities		(429)	26,468
Net increase/(decrease) in cash and cash equivalents		(5,671)	26,950
Cash and cash equivalents at the beginning of the financial year		37,908	11,235
Effects of exchange rate changes on cash and cash equivalents		(37)	(277)
Cash and cash equivalents at the end of the financial year		32,200	37,908

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

Note 1. Significant accounting policies

The principal 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.

New standards and interpretations not yet adopted
The following new/amended accounting standards and interpretations have been issued but are not mandatory for financial years ended 30 June 2023. They have not been adopted in preparing the financial statements for the year ended 30 June 2023 and are expected to impact the Group in the period of initial application. In all cases the Group intends to apply these standards from application date as indicated in the tables below:

ASB reference	Title and Affected Standard(s):	Nature of Change	Application date:
AASB 2021-2 (issued March 2021)	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	Only 'material' accounting policy information must be disclosed in the financial statements, i.e. if it relates to material transactions, other events or conditions and: • The entity has changed its accounting policy during the period • There are one or more accounting policy options in Accounting Standards • The accounting policy was developed applying the hierarchy in AASB 108 because there is no specific IFRS dealing with the transaction • Significant judgement was required in applying the accounting policy The accounting is complex, e.g. more than one IFRS applies to the transaction.	Annual reporting periods beginning on or after 1 January 2023

ASB reference	Title and Affected Standard(s):	Nature of Change	Application date:
AASB 2023-1 (issued June 2023)	Amendments to Australian Accounting Standards - Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	The changes increase the level of disclosure and transparency about companies' supplier finance arrangements.	Annual reporting periods beginning on or after 1 January 2024

ASB reference	Title and Affected Standard(s):	Nature of Change	Application date:
AASB 2021-2 (issued March 2021)	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	Introduces a definition of 'accounting estimate', i.e. monetary amounts in financial statements that are subject to estimation uncertainty, such as estimating expected credit losses for receivables, or estimating the fair value of an item recognised in the financial statements at fair value. Accounting estimates are developed using measurement techniques and inputs. Measurement techniques comprise *estimation techniques* (such as used to determine expected credit losses or value in use) and *valuation techniques* (such as the income approach to determine fair value). The amendments clarify that a change in an estimate occurs when there is either a change in a measurement technique or a change in an input.	Annual reporting periods beginning on or after 1 January 2023

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 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 significant 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 2023 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.

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.

Associates
Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

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, 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.

Revenue from Non Fungible Tokens (NFT’s)
The Group acted as a principal in the transactions for sale of NFT’s in the prior year ended 30 June 2022. NFT revenue has been recognised at point in time, when the sale occurs. No revenue from NFT’s was recognised in 2023.

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 *Government Grants* 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 2023 financial year, the Company is entitled to an R&D tax offset.

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 us on a straight-line basis 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.

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 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.

Note 2. Critical 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. 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.

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 $38.445m (2022: $29.242m) 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	
	2023 $ '000	2022 $ '000
Revenue from contracts with customers		
Work for hire	23,538	10,163
Original intellectual property (i)	14,907	19,079
Total Revenue	38,445	29,242

(i) Revenue from original intellectual property includes NFT revenue of $Nil in 2023 (2022: $9.05m)

Note 5. Other Income

	Consolidated	
	2023 $ '000	2022 $ '000
Net foreign exchange gain	32	11
Government grants	36	416
Interest revenue	516	28
Other	4	-
Total other income	588	455

PlaySide Studios Limited
Notes to the consolidated financial statements
30 June 2022

Note 6. Expenses

	Consolidated	
	2023	2022
	$ '000	$ '000
Profit before income tax includes the following specific expenses:		
Depreciation:		
Leasehold improvements	91	52
Fixtures and fittings	42	33
Buildings right-of-use assets	452	320
Computer equipment	333	140
Total depreciation	918	545
Amortisation:		
Computer software	4	2
Games	3,443	442
Total amortisation	3,447	444
Total depreciation and amortisation	4,365	989
Selling expenses		
User acquisition advertising costs	6,503	7,419
Other selling expenses	1,064	925
Total selling expenses	7,567	8,344
General and administration expenses		
Consultant’s and contractor’s fees	3,930	1,646
Accounting and audit fees	308	262
Software purchases	1,792	855
Other general and administrative expenses	2,542	2,022
Total general and administrative expenses	8,572	4,785
Finance costs		
Interest and finance charges paid/payable on lease liabilities	73	61
Other interest paid/payable	11	-
Total finance cost expenses	84	61
Impairment costs		
Impairment of WIP	248	-
Impairment of capitalised development costs	1,473	840
Total impairment costs	1,721	840
Foreign exchange loss		
Foreign exchange loss	(36)	(277)
Employee benefits expense		
Defined contribution superannuation expense	2,048	909
Share-based payments expense	928	539
Employee benefits expense excluding superannuation	21,036	8,427
Total employee benefits expenses	24,012	9,875

Note 7. Income tax

	Consolidated 2023 $ '000	2022 $ '000
Income tax expense		
Current tax	30	17
Deferred tax - origination and reversal of temporary differences	(441)	2
Restatement of Deferred Tax Balances: (2022: 26% to 25%)	-	18
Adjustment recognised for prior periods	-	(8)
Aggregate income tax (benefit)/expense	(411)	29
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 16)	(441)	20
Deferred tax - origination and reversal of temporary differences	(441)	20
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	(7,381)	4,879
Tax at the statutory rate of 25% (2022: 25%)	(1,845)	1,220
Tax effect amounts that are not deductible/(taxable) in calculating taxable income:		
Expenses not deductible for tax purposes	232	135
Adjustment for R&D incentive benefit recorded as income	-	(87)
Deferred tax not recognised	1,307	-
Prior year tax losses recouped in the current year	-	(1,124)
Adjustments in respect of prior year	27	25
Deferred income tax related to items charged directly to equity	(132)	(132)
Under/(over) provision for tax	-	(8)
Income tax (benefit)/expense	(411)	29
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 16)	132	(182)
Deferred tax liabilities		-
	132	(182)
Provision for Income tax		
Current provision for income tax	39	10
	39	10

Unused tax loss as at 30 June 2023 carried forward are $5.2m (2022: $Nil).

Note 8. Cash and cash equivalents

	Consolidated	
	2023 $ '000	2022 $ '000
Current assets		
Cash on hand	2	13
Cash at bank	7,768	16,984
Cash on deposit	24,430	20,911
	32,200	37,908

Note 9. Trade and other receivables

	Consolidated	
	2023 $ '000	2022 $ '000
Current assets		
Trade receivables	5,811	4,866
Less: Allowance for expected credit losses	-	-
	5,811	4,866
GST receivable	197	161
	6,008	5,027

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 2023 (30 June 2022: $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	
Consolidated	2023 %	2022 %	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Not overdue	-	-	5,648	3,451	-	-
0 to 3 months overdue	-	-	163	1,270	-	-
3 to 6 months overdue	-	-	-	63	-	-
Over 6 months overdue	-	-	-	82	-	-
	-	-	5,811	4,866	-	-

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Opening balance	-	53
Additional provisions recognised/(written back)	-	(28)
Receivables written off during the year as uncollectable	-	(25)
Closing balance	-	-

Note 10. Other financial assets

	Consolidated 2023 $ '000	Consolidated 2022 $ '000
Current assets		
Bonds and deposits	144	144
	144	144

Note 11. Other current assets

	Consolidated 2023 $ '000	Consolidated 2022 $ '000
Current assets		
Work in progress	-	111
Prepayments	689	371
	689	482

Note 12. Investments

	Consolidated 2023 $ '000	Consolidated 2022 $ '000
Share of profits of associates accounted for using the equity method		
Share of profits/(losses) of associate – Digital Holdings Pty. Ltd.	(93)	76
	(93)	76
Non-current assets		
Digital Holdings Pty. Ltd. - Investment	-	93
	-	93

Refer to Note 33 for further information on investment in associates

Note 13. Property, plant and equipment

	Consolidated	
	2023 $ '000	2022 $ '000
Non-current assets		
Leasehold improvements – at cost	888	655
Less: Accumulated depreciation	(278)	(187)
	610	468
Furniture and fixtures – at cost	404	387
Less: Accumulated depreciation	(122)	(80)
	282	307
Computer equipment – at cost	1,448	846
Less: Accumulated depreciation	(645)	(311)
	803	535
	1,695	1,310

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

Consolidated	Improve-ments $ '000	Furniture and fixtures $ '000	Computer equipment $ '000	Total $ '000
Balance at 1 July 2021	206	262	180	648
Additions	314	78	495	887
Depreciation expense	(52)	(33)	(140)	(225)
Balance at 30 June 2022	468	307	535	1,310
Additions	233	17	601	851
Depreciation expense	(91)	(42)	(333)	(466)
Balance at 30 June 2023	610	282	803	1,695

Note 14. Right of use assets

	Consolidated 2023 $ '000	2022 $ '000
Non-current assets		
Land and buildings – right-of-use	3,173	3,173
Less: Accumulated depreciation	(1,663)	(1,211)
	1,510	1,962
Land and buildings – right-of-use		
Opening balance	1,962	1,404
Additions	-	878
Depreciation	(452)	(320)
Closing balance	1,510	1,962

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

Note 15. Intangibles

	Consolidated 2023 $ '000	2022 $ '000
Non-current assets		
Brand names, patents, licences and trademarks – infinite life	2,082	2,054
Software – finite life	6	10
Original IP Work in Progress – finite life (i)	156	3,683
Original IP Post Launch – finite life (ii)	2,785	1,293
	5,029	7,040

(i) Not ready for use
(ii) Costs ceased to be capitalised post launch.

Reconciliations

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

Consolidated	Brand names, patents, licences and trademarks $'000	Software $'000	Original IP Work in Progress $'000	Original IP Post Launch $'000	Total $'000
Balance at 1 July 2021	661	4	1,472	-	2,137
Additions – internally generated	-	-	3,897	-	3,897
Additions – brand names (i)	2,048	-	-	234	2,282
Additions – licences purchased	-	8	-	-	8
Transfer from WIP to Production	-	-	(1,501)	1,501	-
Reclassification of licences	(655)	-	655	-	-
Amortisation	-	(2)	-	(442)	(444)
Impairment	-	-	(840)	-	(840)
Balance at 30 June 2022	2,054	10	3,683	1,293	7,040
Additions – internally generated	-	-	2,8881	-	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	2,082	6	156	2,785	5,029

(i) Relates to acquisition of the Dumb-Ways-To-Die brand name and game asset

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 group has applied a discount rate 13.3% (post tax, 2022: 10% post tax) in it's value in use models.

Note 16. Deferred tax asset

	Consolidated	
	2023	2022
	$ '000	$ '000
Non-current assets		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	(425)	(331)
Employee benefits	677	434
Leases	41	36
Accrued expenses	23	20
Unrealised FX gains	(56)	61
WIP movements	(205)	(477)
Income in advance	498	362
Software license fees	15	-
DTA re Black hole expenses	376	530
Deferred tax asset	944	635
Movements:		
Opening balance	635	473
(Charged)/Credited to profit or loss (note 7)	441	(20)
Credited to equity (note 7)	(132)	182
Closing balance	944	635

Note 17. Trade and other payables

	Consolidated	
	2023	2022
	$ '000	$ '000
Current liabilities		
Trade payables	1,120	1,259
Deferred revenue	2,190	1,646
Other payables	2,283	3,206
	5,593	6,111
Movements in Deferred revenue:		
Opening balance	1,646	-
Debited to profit or loss	544	1,646
Closing balance	2,190	1,646

Refer to note 24 for further information on financial instruments.

Note 18. Lease liabilities

	Consolidated 2023 $ '000	2022 $ '000
Current liabilities		
Lease liability	462	429
Non-current liabilities		
Lease liability	1,215	1,676

Refer to note 24 for further information on financial instruments.

Note 19. Employee benefits

	Consolidated 2023 $ '000	2022 $ '000
Current liabilities		
Employee benefits	1,888	1,305
Non-current liabilities		
Employee benefits	213	101

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

	Consolidated			
	2023 Shares	2022 Shares	2023 $ '000	2022 $ '000
Shares issued and fully paid for:	**406,806,727**	**404,889,741**	**45,429**	**45,084**
Beginning of the year	**404,889,741**	**366,528,201**	**45,084**	**17,995**
Exercise of performance options	1,713,676	1,028,206	342	206
Issued under employee share plan	203,310	-	135	-
Private Placement – 33.33m shares @ 75cps	-	33,333,334	-	25,000
Share Purchase Plan – 4m shares @ 75cps	-	4,000,000	-	3,000
Total Contributed equity at the end of the reporting period, pre listing costs.	**406,806,727**	**404,889,741**	**45,561**	**46,201**
Share issue/IPO Listing Costs	-	-	-	(1,299)
Tax credit/(charge) associated with Share issue/IPO listing costs	-	-	(132)	182
Total Contributed equity at the end of the reporting period	**406,806,727**	**404,889,741**	**45,429**	**45,084**

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 2023.

Note 21. Reserves

	Consolidated 2023 $ '000	Consolidated 2022 $ '000
Share-based payments reserve	1,121	670
Foreign currency translation reserve	15	1
	1,136	671

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:

	2023 $ '000	2022 $ '000
Share-based payments reserve		
Opening balance	670	337
Expense incurred during the year	928	539
Transfer to Issued Capital on Exercise of Employee Share Options	(342)	(206)
Transfer to Issued Capital Under Employee Share Scheme	(135)	-
Closing balance	1,121	670
Foreign currency translation reserve		
Opening balance	1	-
Foreign currency translation during the year	14	1
Closing balance	15	1

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

	Consolidated 2023 $ '000	Consolidated 2022 $ '000
Retained profits at the beginning of the financial year	(786)	(5,636)
Profit/(loss) after income tax expense for the year	(6,970)	4,850
	(7,756)	(786)

Note 23. Dividends

	Consolidated	
	2023	2022
	$ '000	$ '000
Dividends Paid during the financial year were as follows:		
Final dividend for the year ended 30 June 2023 of nil dollars (2022: nil dollars) per ordinary share	-	-

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 25% (2022: 25%)	-	-

The Company has a debit franking account balance of $0.54m as at end June 2023 (2022: $0.54m). This accumulated debit balance has been built up due to the amounts received under the Research and Development Incentive Scheme being greater than the level of Company Tax paid. There is 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.

Risk management has historically been carried out by the Board of Directors and the Senior Management Team, with the Chief Financial Officer in particular responsible for managing foreign currency and credit risk with support of the Senior Management Team. The Senior Management Team also report its financial results to the Board of Directors on a monthly basis.

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		Liabilities	
	2023	2022	2023	2022
	$ '000	$ '000	$ '000	$ '000
US Dollars	6,967	5,586	1,745	3,933
NZ Dollars	-	-	3	-
Euro	-	-	15	-
Total in AUD	6,967	5,586	1,763	3,933

The Group had net assets denominated in foreign currencies of $5,203,531 (assets of $6,966,701 less liabilities of $1,763,170) as at 30 June 2023 (2022: $1,653,578 net assets (assets of $5,586,361 less liabilities of $3,932,783)).

Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% (2022: 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 $520,353 higher/$260,177 lower (2022: $165,358 higher/$82,679 lower) and equity would have been $520,353 higher/$260,177 lower (2022: $165,358 higher/$82,679 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 2023 was $36,567 (2022: loss of $277,487).

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 FY2023 and FY2022.

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 counterpartie s. 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.

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

Consolidated - 2022	Weighted average interest rate %	1 year or less $ '000	Between 1 and 2 years $ '000	Between 2 and 5 years $ '000	Over 5 years $ '000	Remaining contractual maturities $ '000
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,259	-	-	-	1,259
Deferred revenue	-	1,646	-	-	-	1,646
Other payables	-	3,206	-	-	-	3,206
Interest-bearing - fixed						
Lease liability	4.00%	429	462	1,214	-	2,105
Total non-derivatives		6,540	462	1,214	-	8,216

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 liability totals $16,305 as at 30 June 2023 (2022: $163,449). This liability is classed as being Level 2 in the Fair value hierarchy, meaning that the inputs are observable for the liability, either directly or indirectly. There were no transfers between levels in FY23 or FY22.

Note 26. Key management personnel disclosures

Non-Executive Directors
Cristiano Nicolli Chairman
Aaron Pasias
Mark Goulopoulos
Hans ten Cate (resigned 5 October 2022)

All of the above persons were directors of PlaySide Studios Limited for the entire year-ended 30 June 2023, 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 2023:

Gerry Sakkas	Chief Executive Officer and Managing Director
Paul Fouracre	Chief Operating Officer
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 2023 unless otherwise stated.

	Consolidated 2023 $	2022 $
Short-term employee benefits	1,385,109	1,403,764
Post-employment benefits	119,399	99,046
Share-based payments	686,536	454,582
	2,191,044	1,957,392

Note 27. Remuneration of auditors

	Consolidated 2023 $	2022 $
Audit services – BDO Audit Pty Ltd		
Audit or review of the financial statements -		
Current year	145,000	131,546
	145,000	131,546
Other services – BDO Services Pty Ltd		
Taxation compliance services	19,000	8,000
Advice on employee ESOP	-	2,000
	19,000	10,000
	164,000	141,546

Note 28. Contingent assets and liabilities

The Group has no contingent asset or liabilities as at 30 June 2023 or 30 June 2022.

Note 29. Commitments

The Group had capital commitments for games development (intangibles), property, plant and equipment as at 30 June 2023 of $2,250,525 (30 June 2022: $438,550).

Note 30. Related party transactions

Parent entity
PlaySide Studios Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

Associates
Interests in associates are set out in note 33.

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

Transactions with related parties
During FY2023, there were a number of related party transactions, which have been transacted on normal commercial terms, as detailed in Note 30 and summarised as follows:

- Fees totalling $40,000 (2022: $30,000) plus GST were charged by a Director-related entity, MG Capital Trust, for consulting services provided, of which $11,000 (2022: $11,000) including GST was owing as at 30 June 2023; and
- Intellectual property and software development services were charged by a Director-related entity, Applantis Pty. Ltd., totalling $143,500 (2022: $262,500) plus GST, of which $50,600 (2022: $96,250) including GST was owing as at 30 June 2023. 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 2023 $	Consolidated 2022 $
Payment for other expenses:		
• Consulting fees charged by a Director-related entity	40,000	30,000
• Intellectual property and software development services charged by a Director-related entity	143,500	262,500
Total expenses charged by director related entities	183,500	292,500
Consulting fees paid to equity accounted associate:		
• Digital Business Holdings Pty. Ltd.	-	62,000
Amounts owing to director related entities:		
• MG Capital Trust	11,000	11,000
• Applantis Pty. Ltd.	50,600	96,250
Total owing to Director-related entities	61,600	107,250

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	
	2023 $ '000	2022 $ '000
Profit/(loss) after income tax	(7,002)	4,841
Total comprehensive income	(7,002)	4,841

Statement of financial position

	Parent	
	2023 $ '000	2022 $ '000
Total current assets	38,926	43,473
Total assets	48,104	54,513
Total current liabilities	7,909	7,777
Total liabilities	9,337	9,554
Equity		
Issued capital	45,429	45,084
Share-based payments reserve	1,135	670
Retained profits	(7,797)	(795)
Total equity	38,767	44,959

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 2023 and 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had capital commitments for property, plant and equipment as at 30 June 2023 of $2,250,525 (30 June 2022: $438,550).

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 2023 %	Ownership interest 2022 %
Tap2Jump Pty Ltd	Australia	100.00%	100.00%
PlaySide Studios NZ Limited	New Zealand	100.00%	100.00%

Note 33. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Digital Business Holdings Pty Ltd	Australia	0.00%	26.66%

PlaySide Studios Limited acquired a 26.66% share Digital Business Solutions Pty Ltd for a nominal fee ($173.00) on 30 June 2020.

Since that time, PlaySide has equity accounted for its 26.66% share of the after-tax net profits of the associate company at each balance date, with the last entry being in the half year end December 2022 accounts, where the carrying value of PlaySide's Investment in Digital Business Solutions was written down to $nil as the associate had moved into a cumulative loss position since PlaySide's acquisition date.

On 24th of February, 2023, PlaySide agreed to transfer its share in Digital Business Solutions to another non-related party, where the transfer consideration was $nil. From this date, Digital Business Solutions ceased being an associate company of PlaySide.

For the reporting period, the Group recorded a decrease in the value of the investment of $0.093 million (2022: increase of $0.076 million) attributable to its share of the losses.

	2023 $ '000	2022 $ '000
Summarised financial information - Digital Business Holdings Pty Ltd		
Summarised statement of financial position		
Current assets	-	622
Non-current assets	-	-
Total assets	-	622

Current liabilities	-	127
Non-current liabilities	-	259
Total liabilities	-	386
Net assets/(liabilities)	-	236
Summarised statement of profit or loss and other comprehensive income		
Revenue	-	1,213
Expenses	-	(839)
Other income	-	-
Profit before income tax	-	374
Income tax	-	(88)
Total comprehensive income		286
PlaySide share of profits of associates accounted for using the equity method	(93)	76

Note 34. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	Consolidated 2023 $'000	2022 $'000
Profit/(loss) after income tax expense for the year	(6,970)	4,850
Adjustments for:		
Depreciation and amortisation	4,366	989
Share-based payments	928	539
Foreign exchange differences	50	277
Share of (profit)/loss in associate	93	(76)
Impairment of Capitalised Development Costs	1,473	840
Impairment of Work In Progress	248	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(979)	(3,491)
(Increase)/decrease in deferred tax assets	(441)	20
Increase in prepayments	(319)	(268)
(Increase)/decrease in other operating assets	(137)	(85)
Increase in trade and other payables	(638)	3,427
Increase in provision for income tax	29	10
Increase in employee benefits	695	584
Net cash provided by/(used in) operating activities	(1,602)	7,616

Note 35. 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 2023 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-22	$ 0.20	856,838	-	(856,838)	-	-
16-Nov-20	16-Nov-25	31-Aug-22	$ 0.20	514,102	-	(514,102)	-	-
16-Nov-20	16-Nov-25	31-Aug-22	$ 0.20	342,736	-	(342,736)	-	-
16-Nov-20	16-Nov-25	31-Aug-23	$ 0.20	856,838	-	-	-	856,838
27-Oct-21	27-Oct-26	31-Aug-23	$ 0.72	642,200	-	-	-	642,200
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	-	-	636,729
22-Oct-22	27-Oct-27	31-Aug-24	$ 0.61	-	382,037	-	-	382,037
22-Oct-22	27-Oct-27	31-Aug-25	$ 0.61	-	254,692	-	-	254,692
Total				**3,938,314**	**1,273,458**	**(1,713,676)**	**-**	**3,498,096**

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 2023 or at the date of this report.

Share Options

As part of his employment agreement, 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 2023. There were no options issued or exercisable as at 30 June 2022.

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 was $0.52 (2022: $0.84).

Note 36. Earnings per share

	Consolidated	
	2023 $ '000	2022 $ '000
Profit/(loss) after income tax attributable to the owners of PlaySide Studios Limited	(6,970)	4,850

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	406,396,912	389,550,300
Adjustments for calculation of diluted earnings per share:		
Adjustment for Employee Options & Performance Rights	-	3,938,314
Weighted average number of ordinary shares used in calculating diluted earnings per share	406,396,912	393,488,614

	Cents	Cents
Basic earnings per share	(1.72)	1.25
Diluted earnings per share*	(1.72)	1.23

* On the basis of the Group's losses, 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.

Note 37. Events after the reporting period

There have been two matters since year-end that will significantly affect the Group's operations for FY2024 and beyond:

c) As announced to the Australian Stock Exchange on 26 July, 2023, the company signed a game license and publishing agreement with Meta Platforms Technologies, LLV to bring its Dumb Ways to Die original IP to Meta Quest devices via the development of a new VR title. The company will receive a license fee, material software development payments as well as a share of net revenue from the game in perpetuity; and

d) The company has taken out a lease of new office lease in Melbourne nearby its Head Office to accommodate its growing staff numbers. The lease is for three years, commencing 10 August 2023, and will have a commencing annual rent of $375,000 plus GST, annual fixed increases of 4%, and has a renewal option for 3 years.

Other than the above, there has been no matter or circumstance that has arisen since 30 June 2023 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.

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 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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
Director

24 August 2023
Melbourne, Australia

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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 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies 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 2023 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 internally generated development costs

Key audit matter	*How the matter was addressed in our audit*
During the year, the Group has capitalised development costs of $2.9 million (2022: $3.9 million) in relation to various game development projects. AASB 138 *Intangible Assets* requires development costs to be capitalised only under specific circumstances including: • 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. 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. There is a risk that the costs capitalised do not meet the criteria for capitalisation in accordance with Australian Accounting Standards.	Our procedures included, but were not limited to: • 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, we agreed a sample of items to purchase invoice 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 that amortisation commenced from the date of the game launch; and • We assessed the appropriateness of the disclosures included in the financial statements with reference to the requirements of the Australian Accounting Standards.

Impairment assessment of intangible assets

Key audit matter	*How the matter was addressed in our audit*
The Group has material indefinite and finite life intangible assets which are primarily made up of capitalised game development costs and brand names as disclosed in Note 15. Risk exists that an impairment adjustment is required where the carrying value of these assets exceeds the net realisable value. This is a key audit matter because significant judgment is required in determining the key inputs to the impairment models, including future revenues and costs, growth assumptions and discount rate.	Our procedures included, but were not limited to: • We performed walkthrough procedures to understand the process that management undertook to perform their impairment assessment; • For a sample of games, we tested the underlying cashflows used in the value-in-use calculations 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 established by management; • We engaged our valuation specialists to review the integrity, mathematical accuracy of the value-in-use calculations and the appropriateness of the discount rate applied; • We performed sensitivity analysis on growth and discount rate; • We assessed the appropriateness of the disclosures included in the financial statements with reference to the requirements of the Australian Accounting Standards.

Revenue recognition

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>As disclosed in Note 4, at 30 June 2023 the Group generates revenue from two distinct streams (work for hire and original intellectual property).

Each revenue stream has unique contracts with performance obligations and recognition criteria that require assessment under the relevant accounting standards.

This is a key audit matter due to:
• 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.</td><td>Our procedures included, but were not limited to:
• 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 the Australian Accounting Standards;
• For the original intellectual property revenue stream, we tested a sample of transactions to third-party only gaming platforms;
• For a sample of contracts associated with the work for hire revenue stream, we:
- 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 projects status.
• We performed cut-off testing procedures to verify that revenue has been recognised in the right period;
• We assessed the appropriateness of the disclosures included in the financial statements with reference to the requirements of the Australian Accounting Standards.</td></tr>
</table>

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 2023, 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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material 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 16 to 25 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of PlaySide Studios Limited, for the year ended 30 June 2023, 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

BDO

Salim Biskri
Director

Melbourne, 24 August 2023

PlaySide Studios Limited
Shareholder information
30 June 2023

The shareholder information set out below was applicable as at 8 August 2023.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	938	0.2%
1,001 to 5,000	2,450	1.6%
5,001 to 10,000	860	1.6%
10,001 to 100,000	1,421	10.8%
100,001 and over	235	85.8%
Total	5,904	100%
Holding less than a marketable parcel	739	0.1%

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
GERRY SAKKAS	80,480,667	19.78
ATLANTIS MG PTY LTD	79,300,000	19.49
YONDRO PTY LTD	79,225,890	19.48
TEJESH MUNUSAMY	12,242,001	3.01
NATIONAL NOMINEES LIMITED	11,391,132	2.8
RETZOS EXECUTIVE PTY LTD	4,260,000	1.05
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,601,628	0.64
MR DANIEL JOSEPH ARMSTRONG	2,450,954	0.6
CITICORP NOMINEES PTY LIMITED	2,050,057	0.5
SANDHURST TRUSTEES LTD	1,979,167	0.49
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,860,418	0.46
RETZOS FAMILY PTY LTD	1,595,000	0.39
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	1,442,652	0.35
SHAYDEN NOMINEES PTY LTD	1,378,750	0.34
BNP PARIBAS NOMS PTY LTD	1,219,486	0.3
NICHOLAS MERRETT	1,214,995	0.3
ERIN HALPENNY	1,214,995	0.3
MR RHYL MAYES	1,206,995	0.3
SAM GOULOPOULOS PTY LTD	1,200,000	0.29
ADAM BAX	1,200,000	0.29
	289,514,787	71.16

Unquoted equity securities

	Number on issue	Number of holders
PlaySide Studios Limited Performance Rights Plan	3,498,096	9
PlaySide Studios Limited Unlisted Options	5,000,000	1

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
GERRY SAKKAS	80,480,667	19.78
ATLANTIS MG PTY LTD	79,300,000	19.49
YONDRO PTY LTD	79,225,890	19.48

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.