PREPARED REMARKS

Q2 FISCAL 2022

DAVID NIEDERMAN: VICE PRESIDENT OF INVESTOR RELATIONS

Welcome everyone and thank you for joining us today for the second quarter 2022 earnings call for Playtika Holding Corp. Joining me on the call today are Robert Antokol, co-founder and CEO of Playtika and Craig Abrahams, Playtika's President and Chief Financial Officer.

I'd like to remind you that today's discussion may contain forward-looking statements including, but not limited to, the Company's anticipated future revenue and operating performance. These statements and other comments are not a guarantee of future performance, but rather are subject to risks and uncertainties, some of which are beyond our control. These forward-looking statements apply as of today, and you should not rely on them as representing our views in the future. We undertake no obligation to update these statements after this call. For a more complete discussion of the risks and uncertainties, please see our filings with the SEC.

We have posted an accompanying slide deck to our investor relations website and will also post our prepared remarks immediately following the call.

With that, I will now turn the call over to Robert.

ROBERT ANTOKOL: FOUNDER & CHIEF EXECUTIVE OFFICER

Thank you everyone for joining our call today.

In the second quarter we continued to execute on our strategy:

- Enhancing even further our content offerings,
- Implementing strategic decisions across our studios to further streamline our new game development strategy,
- and optimizing even further our resources and operations– while generating strong operating cash flow.

We are proud of this execution during the quarter, at a time when mobile consumer spending seemed to have weakened. Playtika, is well positioned in the industry, and we are confident in our team's ability to win in this market. I have spoken of this before, but let me remind you that:

- We have a diversified portfolio of top-ranked games, and we have demonstrated the ability to manage our games for the long term.
- We own leading games across 5 different categories, and we have 9 of the top 100 highest grossing mobile games.

- We pride ourselves in having long-term player loyalty and strong engagement and continue to drive strong conversion, which was over 3% in the second quarter.

Our proven business model and DNA of our unique approach to game ops is at our core and very much suited for this environment and for the long term. This leads to the stickiness of our player base and results in the majority of our revenue coming from players from previous year's cohorts, some as early as the year of launch.

Our technology and in-house capabilities are robust:

- We have our own in-house ad tech platform with an AI-driven algorithm for ad-spend optimization.
- We have our Direct-To-Consumer platform that has a strong positive impact on our margins. We’re seeing continued D2C platform momentum, with 23.3% of total revenues now coming from this platform, up from 20.4% in the second quarter of 2021.
- And we have our proven monetization strategy enabled by our powerful Live-Ops platform.

We continue to execute our strategy of growing our casual portfolio. These games grew 10% year-over-year, offsetting declines in our casino-themed portfolio. Our adjusted EBITDA margin improved by 360 basis points sequentially. Total Adjusted EBITDA was up 8.3% from last quarter and down 9.6% versus a year ago.

As we look to the remainder of the year, I am confident in our business and our position in the market. The skills and technology we have built over the past 10 years gives us an upper hand, and the capabilities to win in the market. In order to compete and win, we will continue to optimize our resources with a strong focus on adjusted EBITDA.

- We are very calculated and strategic on our investment decisions as we focus on long-term growth. A recent example is relocating Best Fiends to Israel and Poland, where we believe teams are better positioned to drive future growth,
- Developing 3 new games in our pipeline with 1 set to launch this year,
- Continuing to grow our ongoing core franchises,
- Making smarter investments in marketing and R&D,
- And finally, making Playtika an amazing place to work and to build a career while employing the most talented and best of the best.

I'll now turn it over to Craig who will provide more detail on these initiatives and our second-quarter financials.

CRAIG ABRAHAMS: PRESIDENT AND CHIEF FINANCIAL OFFICER

Thank you, Robert. Revenue was $659.6 million, up 0.1% year-over-year. Adjusted EBITDA was $238.9 million, down 9.6% year-over-year, while up 8.3% versus the prior quarter, as margins improved 360 basis points sequentially. This sequential improvement was supported by our broad-based focus on cost across the company. I'll provide some specific details on our efforts when we discuss our income statement.

During the quarter, revenue across our Casual games portfolio grew 10.0% versus a year ago. This was led by solid performances by June's Journey, Solitaire Grand Harvest, and Bingo Blitz,. Junes Journey, from our Wooga studio, enjoyed its best ever quarter, growing 34.2% versus last year, driven by strong performance from the rollout of the albums feature, as well as enhanced LiveOps throughout the quarter. In addition, Solitaire Grand Harvest was up 6.3% versus a year ago and had record number of installs during the quarter following the Mega trail enhancement, running of tournaments with the new monuments feature, and offline campaigns including television with Dr. Phil as well as billboards. Additionally, the game's Grand Album feature launched in July, and we're excited about the momentum in this title. Bingo Blitz grew 2.3% versus a year ago, driven by a successful roadmap of activity in the quarter including the April Fool's Day mini celebration, Bingo 90 and the dynamic quest rewards system enhancement, along with several offline campaigns.

Casino portfolio revenue for the second quarter was down 9.5% versus a year ago. Caesars Casino grew 1.5% versus last year with successful feature rollouts throughout the quarter. While World Series of Poker was flat versus last year, we are excited for the future of WSOP, on the heels of our first partnership campaign with the UFC. Together, we will be teaming up for a series of online and in-person fan-focused campaigns aimed at merging the worlds of poker and UFC.

House of Fun was down 22.0% versus a year ago. To improve return on investment, we made changes in the structure of the studio and personnel, revised its marketing strategy with reduced UA spend and reassessed new feature rollouts.

Lastly, Slotomania was down year-over-year consistent with the overall Casino portfolio versus a year ago due to a product roadmap that was less impactful than expected, along with additional impact from current market conditions.

Turning to operational metrics, Average Daily Payer Conversion increased 28 basis points year-over-year to 3.2%, ARPDAU increased 5.9% year-over-year to $0.74 cents and average DPU increased 3.5% year-over-year to 310k average daily paying users.

Turning now to some updates across our portfolio of games, we're excited to start marketing Merge Stories in the fall. Merge Stories is an innovative hybrid game that combines the core merge game mechanic with casual build and battle elements and was built by our Jelly Button studio, creators of Board Kings. In addition, we also have two titles in soft launch testing through the back half of the year.

Regarding marketing, we focused on efficiency and ROI in the second quarter, shifting more of our online spending to our casual portfolio, and moderating offline expenditures at the margin. This resulted in a decline in CPI sequentially while maintaining eROI levels compared to Q1. This is a great example of how our marketing teams combine technology, process and experience to achieve results.

Now I will provide some more color on our offline campaigns…In our Casual portfolio in Q2, we launched the second wave of our Meghan Trainor campaign for

Bingo Blitz, and continued to work with Dr. Phil on promoting Solitaire Grand Harvest while further integrating across print, broadcast and outdoor. Looking ahead, in the third quarter, we are excited about our campaign launches with new celebrity partners to promote Bingo Blitz and Jane Seymour for Solitaire Grand Harvest, in addition to several other campaigns across multiple channels.

In our Casino-themed portfolio, we continued to partner with Sharon Stone for Slotomania, Ty Pennington for Caesars Casino and Laurence Fishburne for World Series of Poker.

As we mentioned last quarter, investing for growth remains a top priority for us in 2022. We are strategically investing where we see strong returns and pulling back where we don't, shifting resources to better growth opportunities. We will remain nimble and continue to focus on games where we see potential to become a $100 million franchise or greater. With the challenging economic environment, we will be opportunistic with potential acquisitions where we can leverage our live operations know-how given our strong balance sheet and consistent strong cash flow generation.

Financials

Turning to our P&L, Gross margin decreased 32 basis points year-over-year to 71.8% from 72.1%. This shift was driven by increased amortization expenses primarily related to capitalized software costs and newly acquired intangible assets. Helping to offset this impact, the percentage of revenue flowing through our own Direct-to-Consumer platforms increased to 23.3%, up from 20.4% in the second quarter of 2021. Our Direct-to-Consumer platforms continue to be a competitive advantage and strong source of margin.

Turning to our operating expenses, I'd like to provide some insight into some specific drivers of our sequential adjusted EBITDA margin improvement. In the second quarter, spending on Sales and Marketing was lower compared to Q1, driven by lower spending on both offline marketing and also User Acquisition. Additionally, in Q2 we started to execute against closing operations in Montreal and London, and shifting our operations in Los Angeles and Helsinki to Israel and Poland. These actions did not have an impact in Q2 but will drive savings in the second half of the year. As a reminder, the Montreal and London closures are directly related to our decision to prioritize new game development in our high performing studios in Berlin and Tel Aviv, and those studios have three exciting titles in the pipeline.

Finally, in Q2 we started to slow the pace of new hiring across the organization. While we will continue to limit hiring to key positions, we are being measured in our approach and are closely managing overall personnel growth. R&D expenses increased by 36.4% year-over-year, driven primarily by increases in labor costs. This increase is due to both growth in headcount and increases in compensation expenses for our employees as we discussed on our Q1 call.

Regarding Sales & Marketing, expenses increased by 3.6% year-over-year. As I detailed earlier, we were pleased with the efficiencies we achieved in the second quarter.

G&A expenses increased by 46.9% year-over-year. When compared to the same period last year for the first six months of the year, G&A expenses increased by 6.1% year-over-year. The increase in G&A expenses for the quarter are driven by increase in labor costs due to higher headcount and employee compensation costs, as well as an increase in contingent consideration that did not exist in the same period last year. GAAP net income was $36.4 million compared to $90.0 million in the prior year quarter. Adjusted EBITDA was $238.9 million, representing a margin of 36.2%. This compares to $264.4 million and 40.1% in the second quarter of 2021.

As of June 30th we had approximately $1.2 billion in cash and cash equivalents and over $1.8 billion in available liquidity to fund growth opportunities. Our effective tax rate for the first half of the year was 26.2%.

Looking out to the remainder of the year**,** for the full year 2022 we expect a revenue range of $2.60-2.66 billion and adjusted EBITDA of $900-940 million. We are moving towards a range for guidance given the challenging economic backdrop. We continue to expect FY2022 capital expenditures of $140 million.

In closing, we continue to make investments in our future including new content and features in our existing games and across our new game development pipeline. We will continue to remain nimble and strategic with our investments and believe we are well positioned with a resilient business model in this environment. We are actively managing costs, becoming a more efficient and streamlined organization with a continued focus on generating strong EBITDA margins and robust and sustainable cash flow. All of this is made possible by the power of the Playtika team, and we would like to thank our employees across the globe for their continued efforts to bring mobile entertainment to the masses. With that, we would be happy to take your questions.