Playtika

PLAYTIKA HOLDING CORP.

First Quarter 2024 Results

May 9, 2024

LEGAL DISCLAIMER

Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Section 21E of the Exchange Act. All statements other than statements of historical facts contained in this presentation, including statements regarding our business strategy, plans and our objectives for future operations, are forward-looking statements. Further, statements that include words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "future," "intend," "intent," "may," "might," "potential," "present," "preserve," "project," "pursue," "should," "will," or "would," or the negative of these words or other words or expressions of similar meaning may identify forward-looking statements.
We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. The achievement or success of the matters covered by such forward-looking statements involves significant risks, uncertainties and assumptions, including, but not limited to, the risks and uncertainties discussed in our filings with the Securities and Exchange Commission. Moreover, we operate in a very competitive and rapidly changing environment and industry. As a result, it is not possible for our management to assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this press release may not occur and actual results could differ materially and adversely from those anticipated, predicted or implied in the forward-looking statements.
Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include without limitation:

- actions of our majority shareholder or other third parties that influence us;
- our reliance on third-party platforms, such as the iOS App Store, Facebook, and Google Play Store, to distribute our games and collect revenues, and the risk that such platforms may adversely change their policies;
- our reliance on a limited number of games to generate the majority of our revenue;
- our reliance on a small percentage of total users to generate a majority of our revenue;
- our free-to-play business model, and the value of virtual items sold in our games, is highly dependent on how we manage the game revenues and pricing models;
- our inability to identify acquisition targets that fit our strategy or complete acquisitions and integrate any acquired businesses successfully or realize the anticipated benefits of such acquisitions could limit our growth, disrupt our plans and operations or impact the amount of capital allocated to mergers and acquisitions;
- our ability to compete in a highly competitive industry with low barriers to entry;
- our ability to retain existing players, attract new players and increase the monetization of our player base;
- we have significant indebtedness and are subject to the obligations and restrictive covenants under our debt instruments;
- the impact of the COVID-19 pandemic or other health epidemics on our business and the economy as a whole;
- our controlled company status;
- legal or regulatory restrictions or proceedings could adversely impact our business and limit the growth of our operations;
- risks related to our international operations and ownership, including our significant operations in Israel, Ukraine and Belarus and the fact that our controlling stockholder is a Chinese-owned company;
- geopolitical events such as the Wars in Israel and Ukraine;
- our reliance on key personnel;
- market conditions or other factors affecting the payment of dividends, including the decision whether or not to pay a dividend;
- uncertainties regarding the amount and timing of repurchases under our stock repurchase program;
- security breaches or other disruptions could compromise our information or our players' information and expose us to liability; and
- our inability to protect our intellectual property and proprietary information could adversely impact our business.

In addition, statements about the impact of the Wars in Israel and Ukraine are subject to the risks that hostilities may escalate and expand and that the actual impact may differ, possibly materially, from what is currently expected. Additional factors that may cause future events and actual results, financial or otherwise, to differ, potentially materially, from those discussed in or implied by the forward-looking statements include the risks and uncertainties discussed in our filings with the Securities and Exchange Commission. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur, and reported results should not be considered as an indication of future performance. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.
The forward-looking statements speak only as of the date they are made. Except as required by law, we undertake no obligation to update any forward-looking statements for any reason to conform these statements to actual results or to changes in our expectations.

Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures of us, including Credit Adjusted EBITDA. A "non-GAAP financial measure" is defined as a numerical measure of a company's financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in the statements of income, balance sheets or statements of cash flow of the company. You should not consider these non-GAAP financial measures in isolation, or as a substitute for analysis of results as reported under GAAP. For information regarding the non-GAAP financial measures used by us, and for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, see the Appendix to this presentation.

Q1 FINANCIAL HIGHLIGHTS

- Revenue of $651.2 million, Net Income of $53.0 million, and Credit Adjusted EBITDA of $185.6 million
  - Revenue increased by 2.1% sequentially and decreased (0.8)% year over year.
  - Net income increased by 42.1% sequentially and decreased by (37.0)% year over year.
  - Credit Adjusted EBITDA decreased (1.7)% sequentially and (16.7)% year over year.
- Direct-to-Consumer Platforms revenue increased 6.1% sequentially and 13.2% year over year.
- Net income margin of 8.1%, compared to 5.8% in Q4 2023 and 12.8% in Q1 2024.
- Credit Adjusted EBITDA margin of 28.5%, compared to 29.6% in Q4 2023 and 33.9% in Q1 2023.
- Cash and cash equivalents totaled $1.0 billion as of March 31, 2024.

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Note: USD in millions.
See appendix for definition of Credit Adjusted EBITDA. Credit Adjusted EBITDA is a non-gaap measure, see reconciliation on slide 12.

Q1 BUSINESS HIGHLIGHTS

- Average Daily Paying Users of 309K increased 1.0% sequentially and decreased (5.2)% year over year.
- Average Payer Conversion of 3.5%, flat vs. prior quarter and down from 3.6% in the prior year period.
- Bingo Blitz revenue of $157.5 million increased 4.8% sequentially and decreased (1.0)% year over year.
  - Second consecutive quarter of sequential growth.
  - Bingo Blitz`s DTC revenue grew double-digits year over year.
- Solitaire Grand Harvest revenue of $77.8 million increased 2.7% sequentially and decreased (8.9)% year over year.
  - Return to sequential growth after several quarters of decline in 2023.
- Slotomania revenue of $135.4 million decreased (1.1)% sequentially and (7.6)% year over year.

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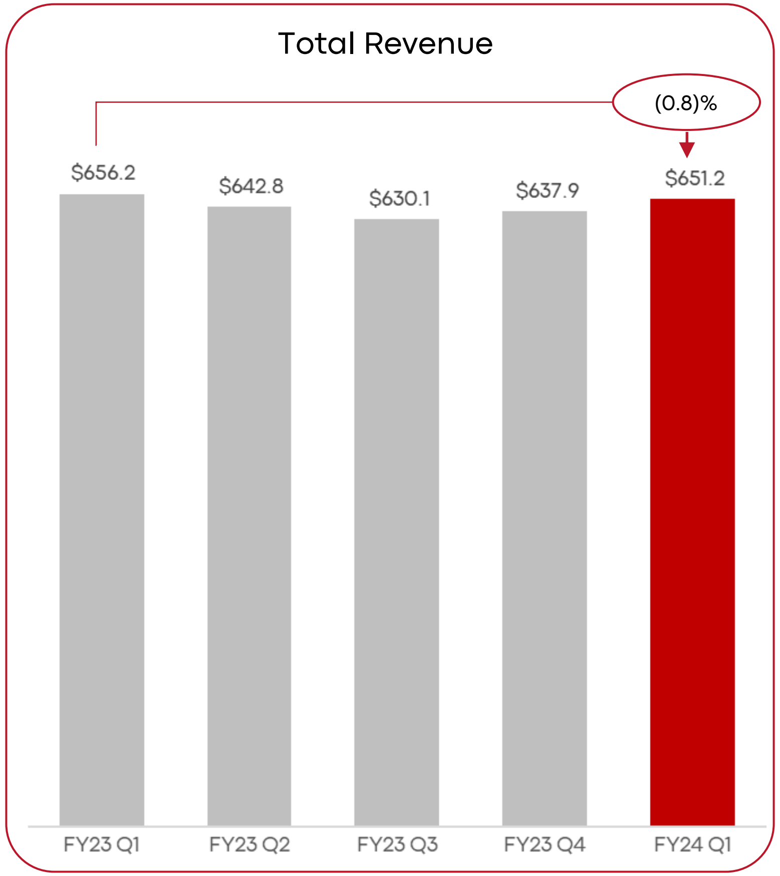
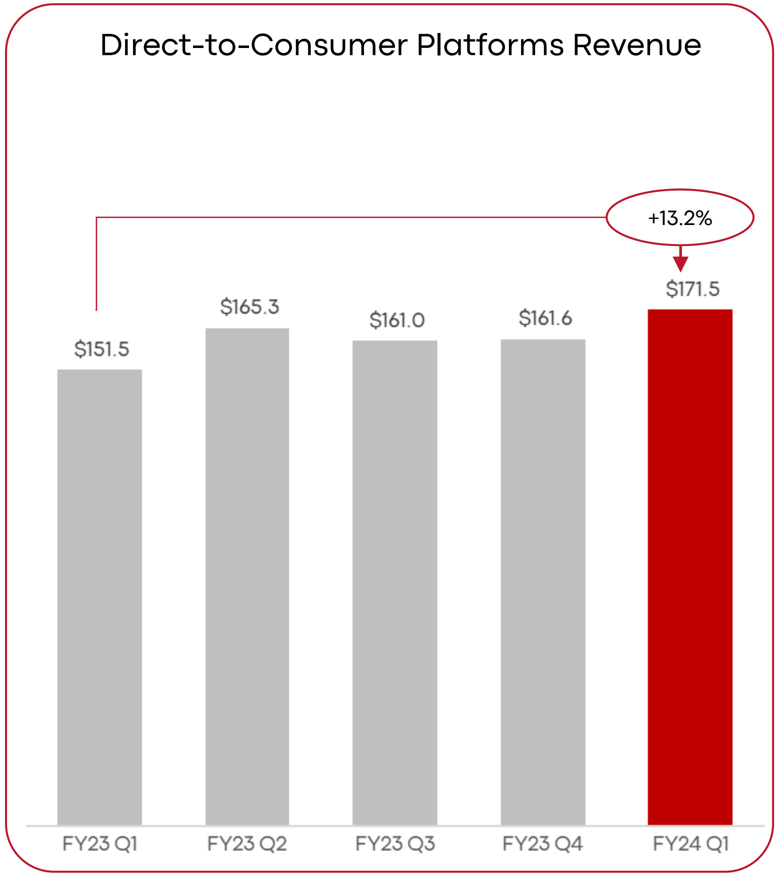
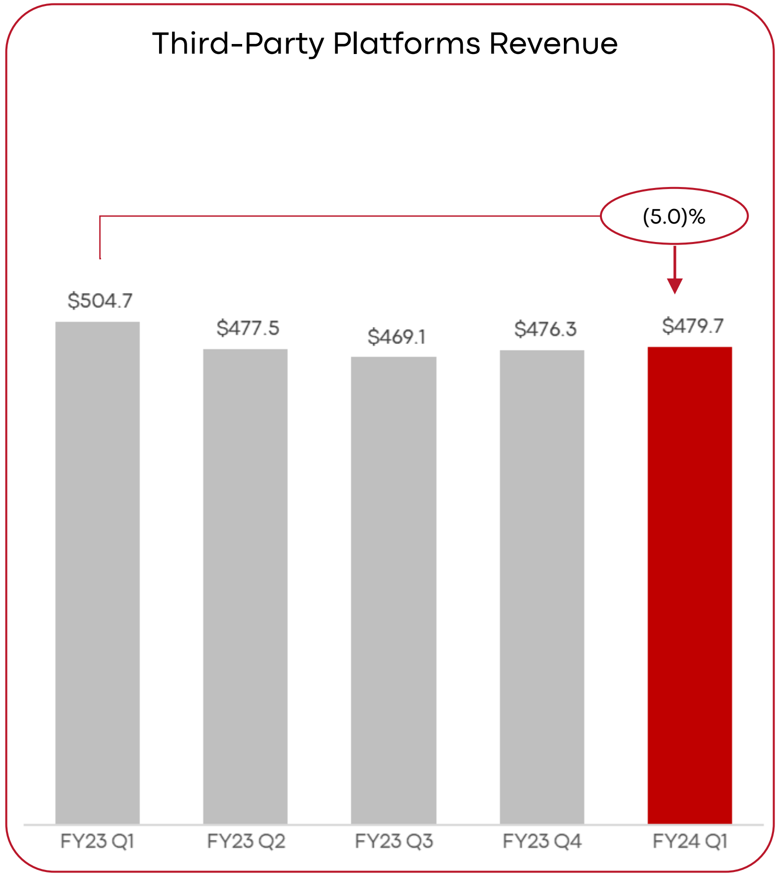
Note: See appendix for definitions of Average Daily Paying Users and Average Payer Conversion.

QUARTERLY REVENUE BY PLATFORM







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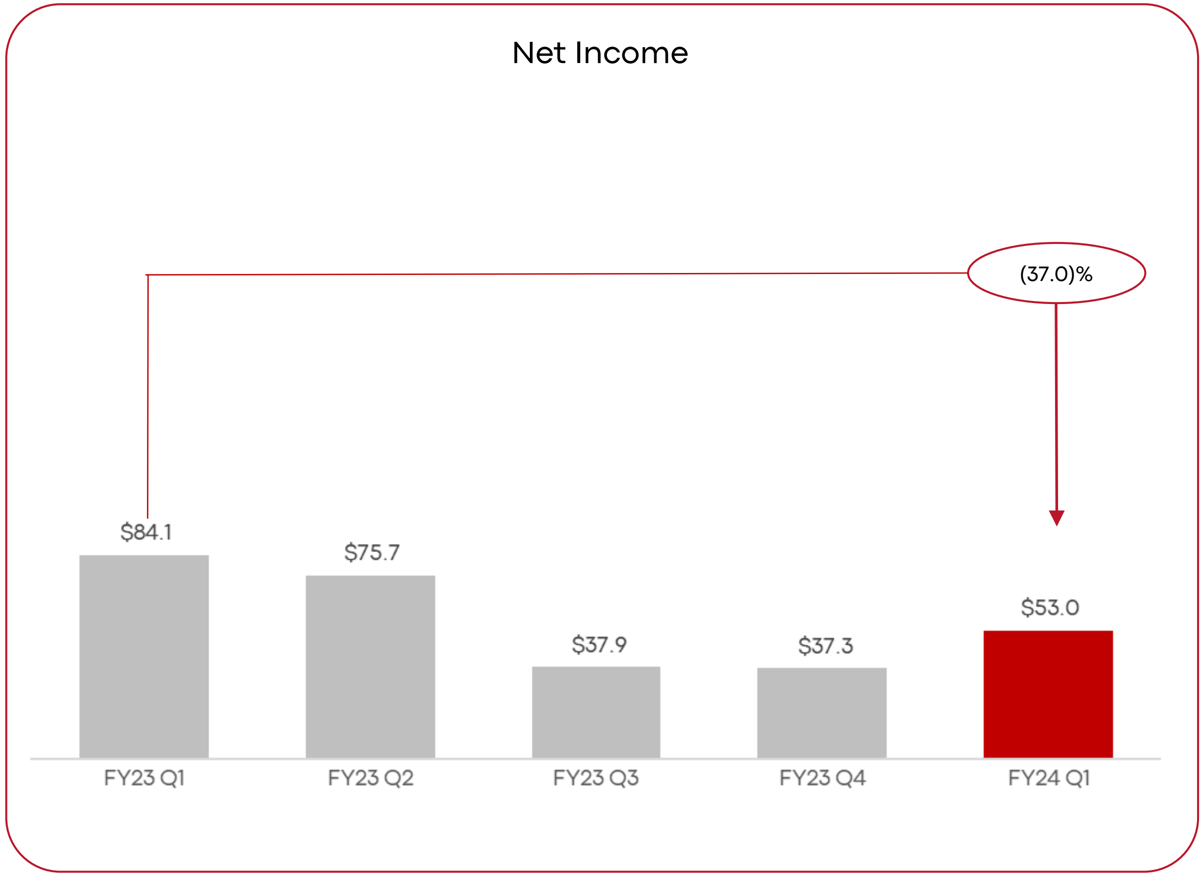
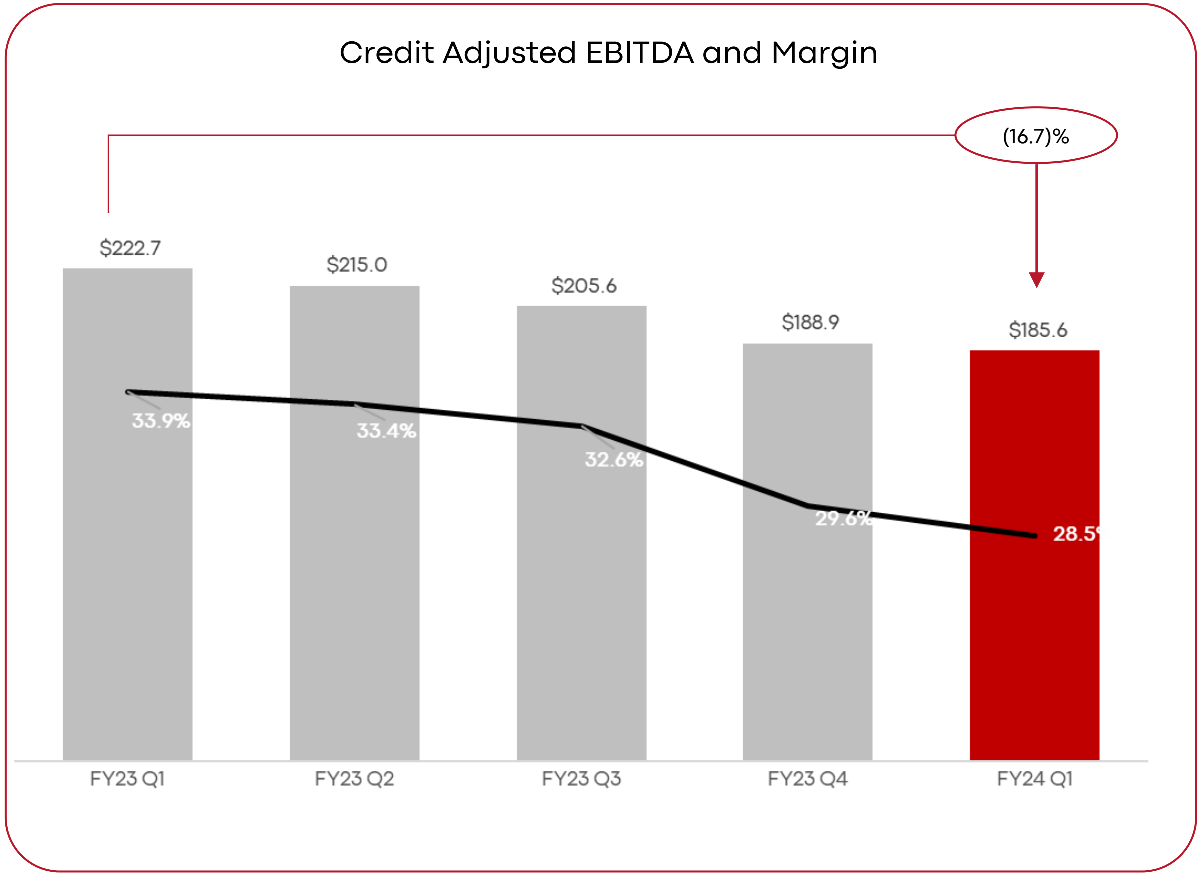
Note: USD in millions.
See appendix for definitions of Direct-to-Consumer Platforms.

SELECTED QUARTERLY FINANCIALS





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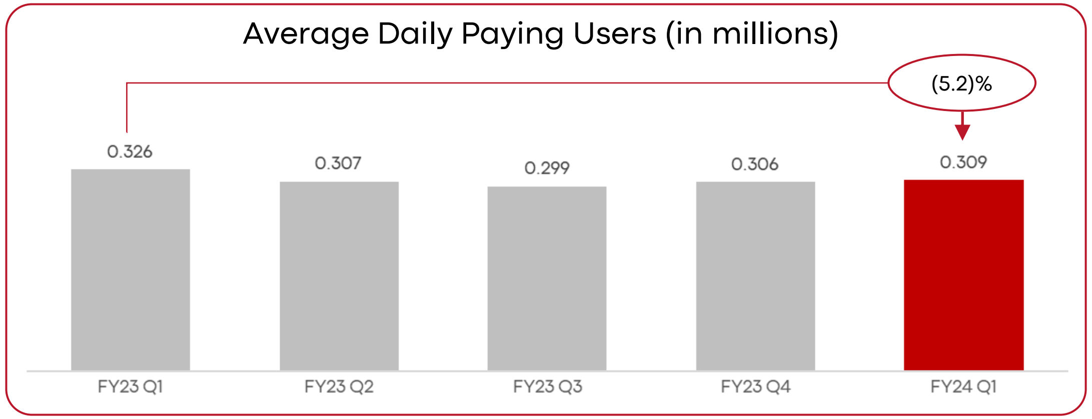
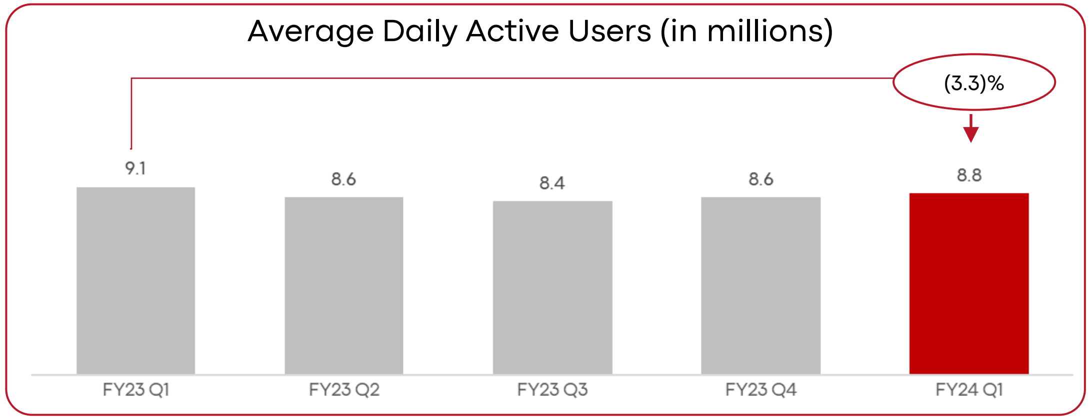
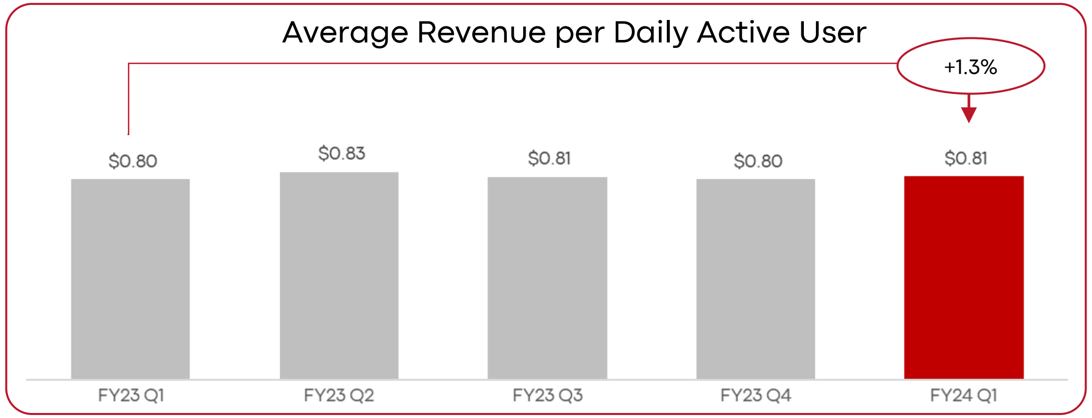
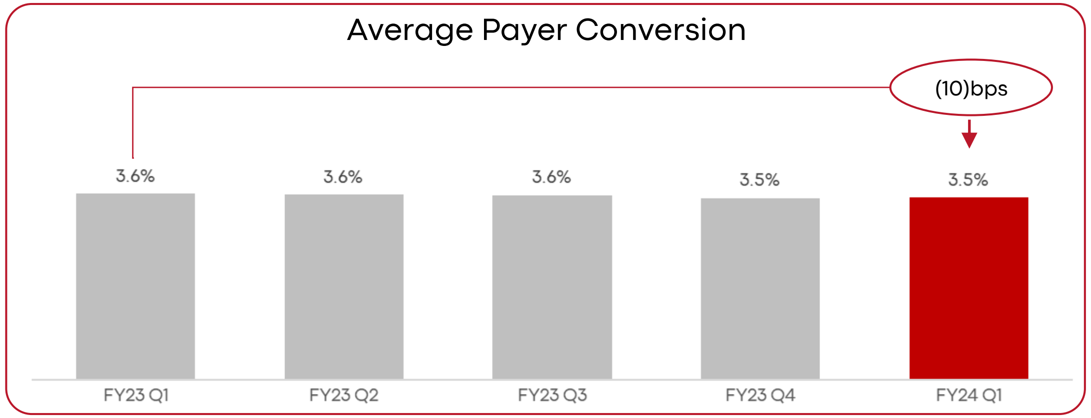
Note: USD in millions.
See appendix for definitions of Credit Adjusted EBITDA. Credit Adjusted EBITDA is a non-gaap measure, see reconciliation on slide 12.

QUARTERLY KPI TRENDS









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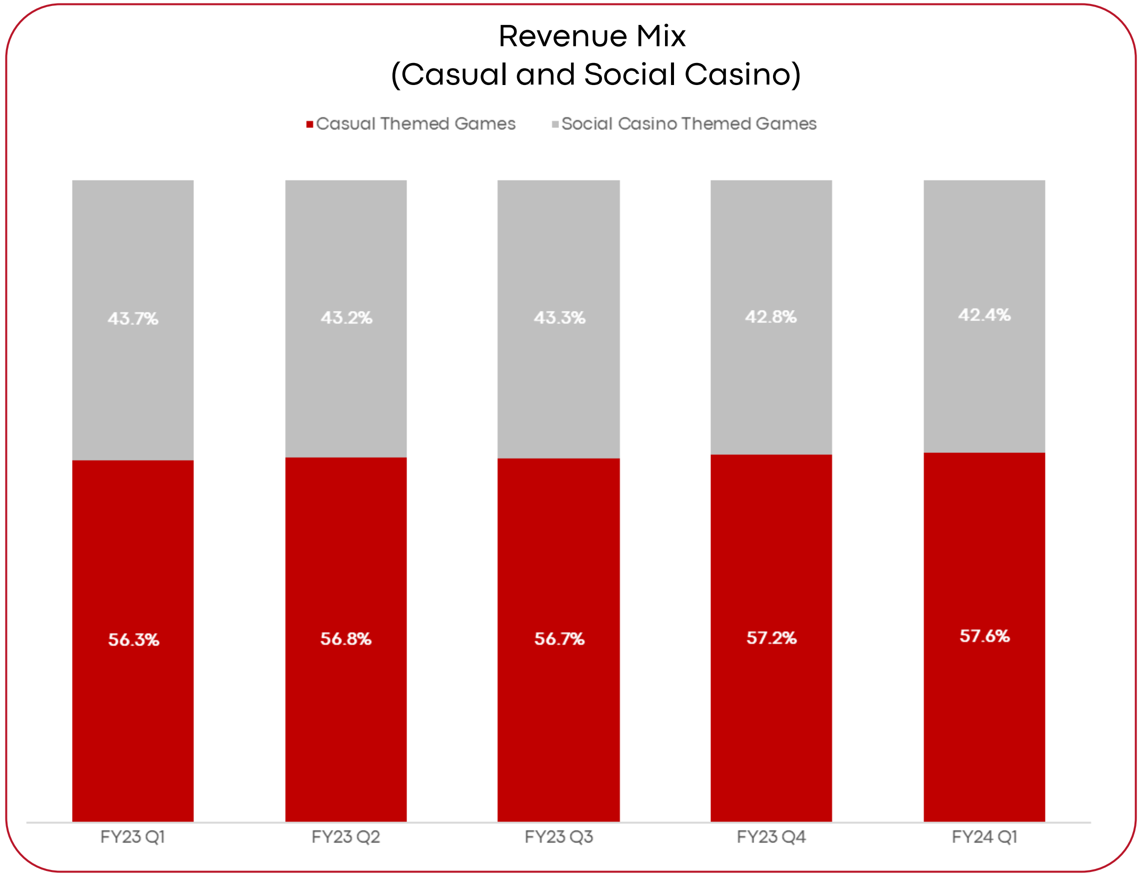
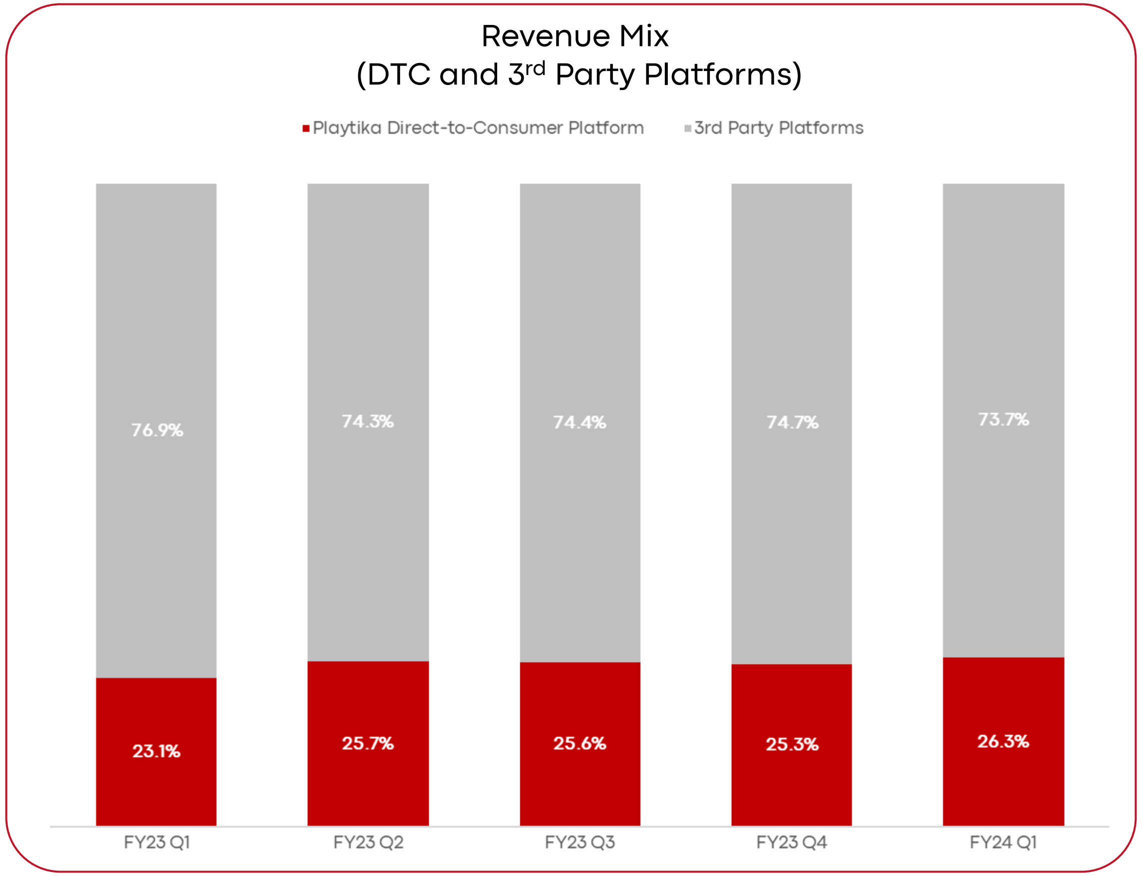
Note: See appendix for definitions of Average Daily Paying Users, Average Daily Active Users, Average Revenue per Daily Active User, and Average Payer Conversion.

REVENUE CONTRIBUTION





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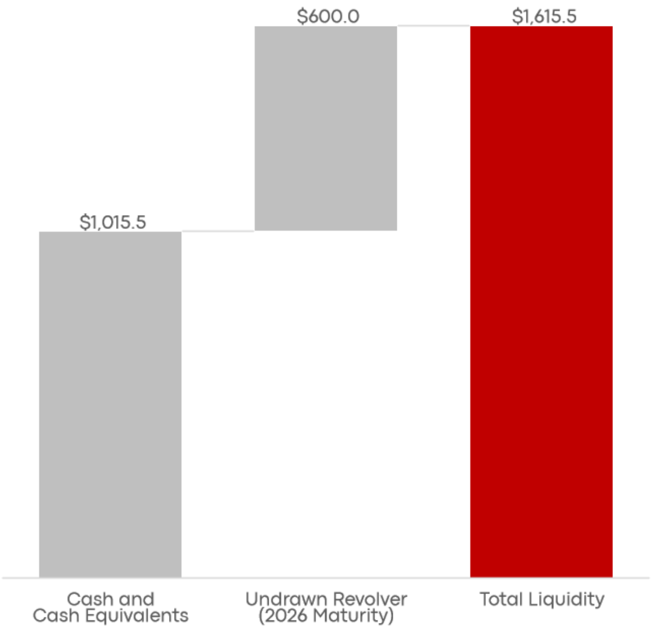
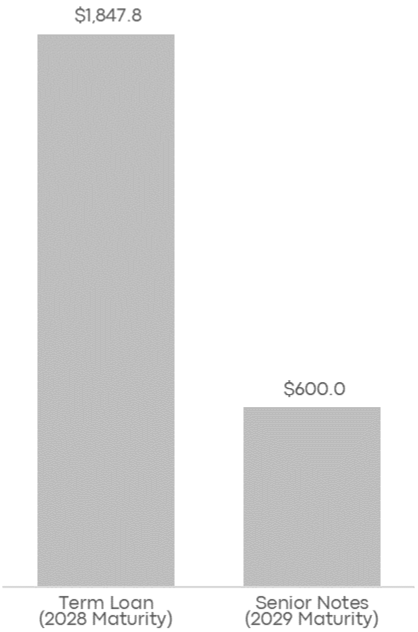
Note: See appendix for definitions of Casual Themed Games, Social Casino Themed Games, and Direct-to-Consumer Platforms.

CAPITAL STRUCTURE OVERVIEW

Available Liquidity
(as of 3/31/24)



Debt Maturity Profile
(as of 3/31/24)



Capital Structure and
Capital Allocation

- Approximately $1.62 billion in available liquidity
- Liquidity is expected to continue to improve with Free Cash Flow generation
- No near-term debt maturities
- Net LTM leverage of approximately 1.8x

Note: USD in millions.

FISCAL YEAR 2024 GUIDANCE

	FY23 Actual	FY24 Guidance
Revenue	$2,567.0 million	$2,520 million to $2,620 million
Credit Adjusted EBITDA	$832.2 million	$730 million to $770 million
Credit Adjusted EBITDA Margin	32.4%	29.0% to 29.4%
Capital Expenditures	$79.2 million (1)	$110 million to $115 million (2)

(1) Does not include $17.0 million of accrued purchase of property and equipment from Q4 of 2023.
(2) Includes $17.0 million of accrued purchase of property and equipment from Q4 of 2023.

Note: USD in millions.
See appendix for definition of Credit Adjusted EBITDA. Credit Adjusted EBITDA is a non-gaap measure, see reconciliation of historical figures on slide 13.

APPENDIX

Non-GAAP Financial Measure

Credit Adjusted EBITDA: Our Credit Agreement defines Adjusted EBITDA (which we call "Credit Adjusted EBITDA") as net income before (i) interest expense, (ii) interest income, (iii) provision for income taxes, (iv) depreciation and amortization expense, (v) impairment of intangible assets, (vi) stock-based compensation, (vii) contingent consideration, (viii) acquisition and related expenses, and (ix) certain other items. We calculate Credit Adjusted EBITDA Margin as Credit Adjusted EBITDA divided by revenues.

We supplementally present Credit Adjusted EBITDA because it is a key operating measure used by our management to assess our financial performance. Credit Adjusted EBITDA adjusts for items that we believe do not reflect the ongoing operating performance of our business, such as certain noncash items, unusual or infrequent items or items that change from period to period without any material relevance to our operating performance. Management believes Credit Adjusted EBITDA is useful to investors and analysts in highlighting trends in our operating performance, while other measures can differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which we operate and capital investments. Management uses Credit Adjusted EBITDA to supplement GAAP measures of performance in the evaluation of the effectiveness of our business strategies, to make budgeting decisions, and to compare our performance against other peer companies using similar measures. We evaluate Credit Adjusted EBITDA in conjunction with our results according to GAAP because we believe it provides investors and analysts a more complete understanding of factors and trends affecting our business than GAAP measures alone. Credit Adjusted EBITDA should not be considered as an alternative to net income (loss) as a measure of financial performance, or any other performance measure derived in accordance with GAAP.

APPENDIX

Reconciliation of GAAP to Non-GAAP Measure

	Three Months Ended,				
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Credit Adjusted EBITDA Reconciliation					
Net Income	$ 84.1	$ 75.7	$ 37.9	$ 37.3	$ 53.0
Provision for income taxes	39.7	40.4	26.9	50.1	21.9
Interest expense and other, net	28.6	23.1	25.2	32.6	23.2
Depreciation and Amortization	39.1	38.5	38.4	42.0	39.2
EBITDA	$ 191.5	$ 177.7	$ 128.4	$ 162.0	$ 137.3
Impairment of intangible assets	-	9.7	41.6	-	7.0
Stock-based compensation (1)	29.2	25.3	28.0	27.5	23.7
Contingent consideration	-	-	-	1.4	2.9
Acquisition and related expenses (2)	1.2	1.9	5.6	(2.2)	2.2
Other items (3)	0.8	0.4	2.0	0.2	12.5
Credit Adjusted EBITDA	$ 222.7	$ 215.0	$ 205.6	$ 188.9	$ 185.6

(1) Reflects, for all periods, stock-based compensation expense related to the issuance of equity awards to our employees.
(2) Amounts for all periods primarily related to expenses incurred by the Company in connection with the evaluation of strategic alternatives for the Company.
(3) The amount for the three months ended March 31, 2024 consists primarily of $12.1 million incurred by the Company for severance. The amounts for the three months ended March 31, 2023 consist primarily of $0.6 million incurred by the Company for severance.

Note: USD in millions.

APPENDIX

Reconciliation of GAAP to Non-GAAP Measure

	Twelve Months Ended,			
	December 31, 2022		December 31, 2023	
Credit Adjusted EBITDA Reconciliation				
Net Income	$	275.3	$	235.0
Provision for income taxes		85.5		157.1
Interest expense and other, net		110.6		109.5
Depreciation and Amortization		162.0		158.0
EBITDA	$	633.4	$	659.6
Impairment of intangible assets		-		51.3
Stock-based compensation (1)		123.5		110.0
Contingent consideration		(14.3)		1.4
Acquisition and related expenses (2)		24.7		6.5
Other items (3)		37.8		3.4
Credit Adjusted EBITDA	$	805.1	$	832.2

(1) Reflects, for the years ended December 31, 2023 and 2022, stock-based compensation expense related to the issuance of equity awards to certain of our employees.
(2) Amounts for the years ended December 31, 2023 and 2022 primarily relate to expenses incurred by the Company in connection with the evaluation of strategic alternatives for the Company.
(3) Amount for the year ended December 31, 2023 consists primarily of $1.8 million incurred by the Company for severance and $1.0 million for tax assessment paid under protest. Amount for the year ended December 31, 2022 consists of $13.2 million incurred by the Company for severance $4.1 million incurred by the Company for relocation and support provided to employees due to the war in Ukraine and $16.4 million incurred related to the announced restructuring activities.

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Note: USD in millions.

APPENDIX

Glossary of Key Terms

- Average Revenue per Daily Active User: or "ARPDAU" means (i) the total revenue in a given period, (ii) divided by the number of days in that period, (iii) divided by the average Daily Active Users during that period.
- Daily Active Users: or "DAUs" means the number of individuals who played one of our games during a particular day on a particular platform. Under this metric, an individual who plays two different games on the same day is counted as two DAUs. Similarly, an individual who plays the same game on two different platforms (e.g., web and mobile) or on two different social networks on the same day would be counted as two Daily Active Users. Average Daily Active Users for a particular period is the average of the DAUs for each day during that period.
- Daily Paying Users: or "DPUs" means the number of individuals who purchased, with real world currency, virtual currency or items in any of our games on a particular day. Under this metric, an individual who makes a purchase of virtual currency or items in two different games on the same day is counted as two DPUs. Similarly, an individual who makes a purchase of virtual currency or items in any of our games on two different platforms (e.g., web and mobile) or on two different social networks on the same day could be counted as two Daily Paying Users. Average Daily Paying Users for a particular period is the average of the DPUs for each day during that period.
- Daily Payer Conversion: means (i) the total number of Daily Paying Users, (ii) divided by the number of Daily Active Users on a particular day. Average Daily Payer Conversion for a particular period is the average of the Daily Payer Conversion rates for each day during that period.
- Casual Themed Games: portfolio of games that include - Bingo Blitz, Solitaire Grand Harvest, June's Journey, Best Fiends, Board Kings, Pirate Kings, Pearl's Peril, Best Fiends Stars, Redecor, Animals & Coins, and Other.
- Social Casino Themed Games: portfolio of games that include - Slotomania, House of Fun, Caesars Slots, World Series of Poker, Governor of Poker 3, and Other.
- Direct-to-Consumer Platforms: Playtika's own internal proprietary platforms where payment processing fees and other related expenses for in-app purchases are typically 3 to 4%, compared to the 30% platform fee for third party platforms.
- Credit Adjusted EBITDA: Our Credit Agreement defines Adjusted EBITDA (which we call "Credit Adjusted EBITDA") as net income before (i) interest expense, (ii) interest income, (iii) provision for income taxes, (iv) depreciation and amortization expense, (v) stock-based compensation, (vi) contingent consideration, (vii) acquisition and related expenses, and (viii) certain other items.
- Free Cash Flow: We defined Free Cash Flow as net cash provided by operating activities minus capital expenditures. Our capital expenditures include purchase of property and equipment, capitalization of internal use software costs, and purchase of software for internal use.