

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-39896

**PLAYTIKA HOLDING CORP.**

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State of other jurisdiction  
of incorporation or organization)

81-3634591  
(I.R.S. Employer  
Identification No.)

c/o Playtika Ltd.  
HaChoshlim St 8  
Herzliya Pituarch, Israel  
972-73-316-3251

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	PLTK	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of November 1, 2021, the registrant had 409,634,218 shares of common stock, \$0.01 par value per share, outstanding.

**PLAYTIKA HOLDING CORP.**  
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## CAUTIONARY NOTE ABOUT FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains or may contain forward-looking statements within the meaning of the 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 quarterly report, 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,” “intend,” “may,” “might,” “plan,” “potential,” “present,” “preserve,” “project,” “pursue,” “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 important factors discussed in Part I, Item 1A, “Risk Factors” in this Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q 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:

- 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 make acquisitions and integrate any acquired businesses successfully could limit our growth or disrupt our plans and operations;
- we may be unable to successfully develop new games;
- our ability to compete in a highly competitive industry with low barriers to entry;
- we have significant indebtedness and are subject to the obligations and restrictive covenants under our debt instruments;
- the impact of the COVID-19 pandemic 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 and Belarus and the fact that our controlling stockholder is a Chinese-owned company;
- our reliance on key personnel;
- 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.

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 the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of

Operations” in this Quarterly Report on Form 10-Q and our Annual Report of Form 10-K filed with the SEC on February 26, 2021. 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.

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.

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**Part I. FINANCIAL INFORMATION**

**Item 1. FINANCIAL STATEMENTS**

**CONSOLIDATED BALANCE SHEETS**  
(In millions, except for per share data)

	September 30, 2021	December 31, 2020
	(Unaudited)	
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 894.1	\$ 520.1
Short-term bank deposits	100.1	—
Restricted cash	2.1	3.5
Accounts receivable	135.4	129.3
Prepaid expenses and other current assets	145.5	101.6
<b>Total current assets</b>	<u>1,277.2</u>	<u>754.5</u>
Property and equipment, net	98.6	98.5
Operating lease right-of-use assets	86.4	73.4
Intangible assets other than goodwill, net	437.7	327.7
Goodwill	794.1	484.8
Deferred tax assets, net	27.6	28.5
Other non-current assets	5.8	8.8
<b>Total assets</b>	<u>\$ 2,727.4</u>	<u>\$ 1,776.2</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>Current liabilities</b>		
Current maturities of long-term debt	\$ 12.3	\$ 104.6
Accounts payable	36.6	34.6
Operating lease liabilities, current	18.8	16.4
Accrued expenses and other current liabilities	512.9	484.8
<b>Total current liabilities</b>	<u>580.6</u>	<u>640.4</u>
Long-term debt	2,425.8	2,209.8
Contingent consideration	32.2	—
Employee related benefits	23.3	16.1
Operating lease liabilities, long-term	75.6	67.0
Deferred tax liabilities	97.9	86.4
<b>Total liabilities</b>	<u>3,235.4</u>	<u>3,019.7</u>
<b>Commitments and contingencies (Note 11)</b>		
<b>Stockholders' equity (deficit)</b>		
Common stock of US \$0.01 par value; 1,600.0 shares authorized and 409.6 issued and outstanding at September 30, 2021; 400.0 shares authorized and 391.1 shares issued and outstanding at December 31, 2020 <sup>(1)</sup>	4.1	3.9
Additional paid-in capital	1,005.0	462.3
Accumulated other comprehensive income	3.1	16.7
Accumulated deficit	(1,520.2)	(1,726.4)
<b>Total stockholders' deficit</b>	<u>(508.0)</u>	<u>(1,243.5)</u>
<b>Total liabilities and stockholders' deficit</b>	<u>\$ 2,727.4</u>	<u>\$ 1,776.2</u>

<sup>(1)</sup> Prior period results have been adjusted to reflect the 400-for-1 stock split effected in January 2021. See Note 8, *Equity Transactions and Stock Incentive Plan*, for details.

*The accompanying notes are an integral part of these consolidated financial statements.*

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In millions, except for per share data)  
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<b>Revenues</b>	\$ 635.9	\$ 613.3	\$ 1,934.0	\$ 1,798.0
<b>Costs and expenses</b>				
Cost of revenue	179.2	180.2	546.1	538.7
Research and development	91.5	65.5	268.5	192.1
Sales and marketing	141.1	116.7	427.7	367.8
General and administrative	69.6	47.2	241.5	454.5
<b>Total costs and expenses</b>	<u>481.4</u>	<u>409.6</u>	<u>1,483.8</u>	<u>1,553.1</u>
<b>Income from operations</b>	154.5	203.7	450.2	244.9
Interest expense and other, net	24.9	44.8	124.6	149.1
<b>Income before income taxes</b>	129.6	158.9	325.6	95.8
Provision for income taxes	49.1	39.0	119.4	79.7
<b>Net income</b>	<u>80.5</u>	<u>119.9</u>	<u>206.2</u>	<u>16.1</u>
<b>Other comprehensive income (loss)</b>				
Foreign currency translation	(5.6)	8.9	(12.7)	8.9
Change in fair value of derivatives	0.8	—	(0.9)	—
<b>Total other comprehensive income (loss)</b>	<u>(4.8)</u>	<u>8.9</u>	<u>(13.6)</u>	<u>8.9</u>
<b>Comprehensive income</b>	<u>\$ 75.7</u>	<u>\$ 128.8</u>	<u>\$ 192.6</u>	<u>\$ 25.0</u>
<b>Net income per share attributable to common stockholders, basic</b>	<u>\$ 0.20</u>	<u>\$ 0.31</u>	<u>\$ 0.50</u>	<u>\$ 0.04</u>
<b>Net income per share attributable to common stockholders, diluted</b>	<u>\$ 0.20</u>	<u>\$ 0.31</u>	<u>\$ 0.50</u>	<u>\$ 0.04</u>
<b>Weighted-average shares used in computing net income per share attributable to common stockholders, basic</b>	<u>409.6</u>	<u>391.1</u>	<u>408.6</u>	<u>382.6</u>
<b>Weighted-average shares used in computing net income per share attributable to common stockholders, diluted</b>	<u>411.6</u>	<u>391.1</u>	<u>410.9</u>	<u>382.6</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT**  
(In millions)  
(Unaudited)

	Share capital		Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings (Accumulated deficit)	Total stockholders' equity (deficit)
	Shares	Amount				
<b>Balances at January 1, 2021</b>	391.1	\$ 3.9	\$ 462.3	\$ 16.7	\$ (1,726.4)	\$ (1,243.5)
Net income	—	—	—	—	35.7	35.7
Issuance of common stock in the IPO, net of underwriting commission and offering costs	18.5	0.2	467.5	—	—	467.7
Stock-based compensation	—	—	24.3	—	—	24.3
Issuance of shares upon vesting of RSUs	*	*	—	—	—	*
Other comprehensive loss	—	—	—	(10.0)	—	(10.0)
<b>Balances at March 31, 2021</b>	409.6	4.1	954.1	6.7	(1,690.7)	(725.8)
Net income	—	—	—	—	90.0	90.0
Stock-based compensation	—	—	25.5	—	—	25.5
Issuance of shares upon vesting of RSUs	*	*	—	—	—	*
Other comprehensive income	—	—	—	1.2	—	1.2
<b>Balances at June 30, 2021</b>	409.6	4.1	979.6	7.9	(1,600.7)	(609.1)
Net income	—	—	—	—	80.5	80.5
Stock-based compensation	—	—	25.4	—	—	25.4
Other comprehensive loss	—	—	—	(4.8)	—	(4.8)
<b>Balances at September 30, 2021</b>	409.6	\$ 4.1	\$ 1,005.0	\$ 3.1	\$ (1,520.2)	\$ (508.0)

	Share capital <sup>(1)</sup>		Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings (Accumulated deficit)	Total stockholders' equity (deficit)
	Shares	Amount				
<b>Balances at January 1, 2020</b>	378.0	\$ 3.8	\$ 202.1	\$ (2.9)	\$ (1,818.5)	\$ (1,615.5)
Net income	—	—	—	—	35.8	35.8
Other comprehensive loss	—	—	—	(2.3)	—	(2.3)
<b>Balances at March 31, 2020</b>	378.0	\$ 3.8	\$ 202.1	\$ (5.2)	\$ (1,782.7)	\$ (1,582.0)
Net loss	—	—	—	—	(139.6)	(139.6)
Share-based compensation	—	—	260.3	—	—	260.3
Issuance of shares upon vesting of RSUs	13.1	0.1	(0.1)	—	—	—
Shares held for tax withholdings	—	—	(15.7)	—	—	(15.7)
Other comprehensive income	—	—	—	2.3	—	2.3
<b>Balances at June 30, 2020</b>	391.1	\$ 3.9	\$ 446.6	\$ (2.9)	\$ (1,922.3)	\$ (1,474.7)
Net income	—	—	—	—	119.9	119.9
Share-based compensation	—	—	4.5	—	—	4.5
Other comprehensive income	—	—	—	8.9	—	8.9
<b>Balances at September 30, 2020</b>	391.1	\$ 3.9	\$ 451.1	\$ 6.0	\$ (1,802.4)	\$ (1,341.4)

<sup>(1)</sup> Prior period results have been adjusted to reflect the 400-for-1 stock split effected in January 2021. See Note 8, *Equity Transactions and Stock Incentive Plan*, for details.

\* Represents an amount less than 0.1 or \$0.1

*The accompanying notes are an integral part of these consolidated financial statements.*

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(In millions)  
(Unaudited)

	Nine months ended September 30,	
	2021	2020
<b>Cash flows from operating activities</b>		
Net income	\$ 206.2	\$ 16.1
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	31.4	26.7
Amortization of intangible assets	71.6	58.3
Stock-based compensation	72.8	264.8
Amortization of loan discount	29.7	11.5
Change in deferred tax, net	(14.7)	(4.4)
Loss from foreign currency	2.0	2.0
Non-cash lease expenses	(1.9)	1.4
Capital gain from sale of investment	(1.2)	—
Changes in operating assets and liabilities:		
Accounts receivable	1.5	(46.4)
Prepaid expenses and other current assets	(41.7)	(0.4)
Accounts payable	(3.3)	(18.3)
Accrued expenses and other current liabilities	31.4	22.2
Net cash provided by operating activities	<u>383.8</u>	<u>333.5</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(31.5)	(41.7)
Capitalization of internal use software costs	(33.6)	(22.0)
Purchase of intangible assets	(8.7)	(6.3)
Short-term bank deposits	(100.0)	—
Payments for business combination, net of cash acquired	(397.7)	—
Other investing activities	2.1	—
Net cash used in investing activities	<u>(569.4)</u>	<u>(70.0)</u>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings, net	887.7	—
Repayments on bank borrowings	(960.5)	—
Proceeds from issuance of unsecured notes	178.9	—
Proceeds from issuance of common stock, net	470.4	—
Payment of debt issuance costs	(12.0)	—
Borrowings under revolving credit facility	—	250.0
Repayment of term loan and revolving credit facility	—	(377.1)
Payment of tax withholdings on stock-based payments	—	(15.7)
Payment of deferred offering costs	—	(0.6)
Net cash out flow for business acquisitions and other	—	(4.9)
Net cash provided by (used in) financing activities	<u>564.5</u>	<u>(148.3)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(6.3)	(3.6)
<b>Net change in cash, cash equivalents and restricted cash</b>	<u>372.6</u>	<u>111.6</u>
<b>Cash, cash equivalents and restricted cash at the beginning of the period</b>	523.6	272.0
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<u>\$ 896.2</u>	<u>\$ 383.6</u>



	Nine months ended September 30,	
	2021	2020
<b>Supplemental cash flow disclosures</b>		
Cash paid for income taxes	\$ 79.8	\$ 54.6
Cash paid for interest	\$ 78.7	\$ 139.2
Cash received for interest	\$ 0.4	\$ —
<b>Non-cash financing and investing activities</b>		
Lease asset additions	\$ 32.9	\$ 17.0
Capitalization of stock-based compensation costs	\$ 2.4	\$ —
Accrued offering costs	\$ —	\$ 1.5

*The accompanying notes are an integral part of these consolidated financial statements.*

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**(In millions, unless specified otherwise)**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of business and organization***

Playtika Holding Corporation (“Playtika”) and its subsidiaries (together with Playtika, the “Company”) is one of the world’s leading developers of mobile games creating fun, innovative experiences that entertain and engage its users. It has built best-in-class live game operations services and a proprietary technology platform to support its portfolio of games which enable it to drive strong user engagement and monetization. The Company’s games are free-to-play, and the Company seeks to provide novel, curated in-game content and offers to its users, at optimal points in their game journeys. The Company’s players love the games because they are fun, creative, engaging, and kept fresh through a steady release of new features that are customized for different player segments.

***Basis of presentation and consolidation***

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) and include Playtika and all subsidiaries in which the Company has a controlling financial interest. Control generally equates to ownership percentage, whereby (i) affiliates that are more than 50% owned are consolidated; (ii) investments in affiliates of 50% or less but greater than 20% are generally accounted for using the equity method where the Company has determined that it has significant influence over the entities; and (iii) investments in affiliates of 20% or less are generally accounted for using cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

The significant accounting policies referenced in the annual consolidated financial statements of the Company as of December 31, 2020 have been applied consistently in these unaudited interim consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been recorded within the accompanying financial statements, consisting of normal, recurring adjustments, and all intercompany balances and transactions have been eliminated in the consolidation. Operating results for the three and nine months ended September 30, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021. For further information, reference is made to the consolidated financial statements and footnotes thereto included in the Company’s financial statements for the year ended December 31, 2020.

***Use of estimates***

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions. The Company’s management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Significant factors, assumptions, and methodologies used in estimating fair value of equity***

Prior to its initial public offering of equity in January 2021, the Company, with the assistance of third-party valuation experts, used a combination of the income approach (the discounted cash flow method) and the market approach (a combination of the guideline public company method and the guideline transaction method) to estimate its equity value in connection with its stock-based compensation program discussed below. The income approach involves applying an appropriate risk-adjusted discount rate to projected cash flows based on forecasted revenue and costs. The guideline public company method estimates the value of a company by applying market multiples of publicly traded companies in the same or similar lines of business to the results and projected results of the company being valued. The guideline transaction method estimates the value of a company by applying valuation multiples paid in actual transactions for comparable public and private companies.

The valuation of the Company's equity considers a number of objective and subjective factors that it believes market participants would consider, including (a) the Company's business, financial condition, and results of operations, including related industry trends affecting its operations; (b) its forecasted operating performance and projected future cash flows; (c) the liquid or illiquid nature of its common stock; (d) the rights and privileges of its common stock; (e) market multiples of its most comparable public peers; and (f) market conditions affecting its industry.

As of each valuation date, financial forecasts were prepared and used in the computation of the estimated fair value of the Company's equity using both the market and income approaches. The financial forecasts were based on assumed revenue growth rates and operating margin levels that considered past experience and future expectations. The assumed risks associated with achieving these forecasts were assessed in selecting the appropriate cost of capital rates.

The values derived under the market and income approaches were used to determine an initial estimated fair market value of the Company's equity. The initial estimated value was then subjected to a discount for the lack of marketability based on the impediments to liquidity as a result of the Company's previous status as a private company, including the lack of publicly available information and the lack of a trading market.

Subsequent to the Company's initial public offering of equity in January 2021, the Company uses the public trading price of its common stock on the Nasdaq stock exchange as the basis for determining the fair market value for its common stock for purposes of its stock based compensation expense.

There is inherent uncertainty in the Company's forecasts and projections, and if different assumptions and estimates had been made than those described previously, the amount of the equity valuation and stock-based compensation expense could have been materially different.

#### ***Concentration of credit risk and significant customers***

Financial instruments, which potentially expose the Company to concentrations of credit risk, consist primarily of cash and cash equivalents, short-term bank deposits, restricted cash, accounts receivable and derivative contracts. A large percentage of the Company's cash is maintained with three financial institutions with high credit standings. The Company performs periodic evaluations of the relative credit standing of these institutions.

Apple, Facebook and Google are significant distribution, marketing, promotion and payment platforms for the Company's games. A significant portion of the Company's revenues has been generated from players who accessed the Company's games through these platforms. Therefore, the Company's accounts receivable are derived mainly from sales through these three platforms. Accounts receivable are recorded at their transaction amounts and do not bear interest. The Company performs ongoing credit evaluations of its customers.

The following table summarizes the major accounts receivable of the Company as a percentage of the total accounts receivable as of the dates indicated:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Apple	42%	38%
Google	34%	35%
Facebook	8%	11%

#### ***Cash and cash equivalents***

Cash and cash equivalents consist of cash and highly liquid investments with maturities of three months or less from the date of purchase and are stated at the lower of cost or market value. Cash equivalents include investments in money market funds that can be redeemed immediately at the current net asset value per share.

**Restricted cash**

Restricted cash primarily consists of deposits to secure obligations under the Company's operating lease agreements and to secure company-issued credit cards.

**Short-term bank deposits**

Bank deposits with maturities of more than three months but less than one year are included in short-term bank deposits. Such short-term bank deposits are stated at cost which approximates fair market value.

**Stock-based compensation expense**

The Company has a stock-based compensation program which provides for equity awards including time-based stock options and restricted stock units ("RSUs"). Stock-based compensation expense is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the requisite service period for the award. The Company records forfeitures as a reduction of stock-based compensation expense as those forfeitures occur.

The Company used the Black-Scholes option pricing model to estimate the fair value and compensation cost associated with stock options. As it does not have a history of market prices for its common stock because the stock was not publicly traded prior to January 2021, the Company used observable data for a group of peer companies that grant options with substantially similar terms to assist in developing its volatility assumption. The expected volatility of the stock was determined using weighted average measures of the implied volatility and the historical volatility for the Company's peer group of companies for a period equal to the expected life of the option. The expected term assumption was derived using the simplified method, which is based on an average between the vesting date and the expiration date of an option. This method was chosen because there was no historical option exercise experience due to the Company being privately held. The weighted-average risk-free interest rate was based on the interest rate for U.S. Treasury bonds. The Company does not anticipate paying cash dividends on its shares of common stock in the future. The stock options have a contractual term of 10 years. Except as provided in an option agreement between the Company and the employee, if an employee is terminated (voluntarily or involuntarily), any unvested awards as of the date of termination will be forfeited.

If factors change and the Company employs different assumptions, stock-based compensation cost on future awards may differ significantly from what the Company has recorded in the past. Higher volatility and longer expected terms result in an increase to stock-based compensation determined at the date of grant. Future stock-based compensation cost and unrecognized stock-based compensation will increase to the extent that the Company grants additional equity awards to employees or assumes unvested equity awards in connection with acquisitions. If there are any modifications or cancellations of the underlying unvested securities, the Company may be required to accelerate any remaining unearned stock-based compensation cost or incur incremental cost.

The Company's stock-based compensation expense is recorded in the financial statement line item relevant to each of the award recipients. See Note 8, *Equity Transactions and Stock Incentive Plan*, for additional discussion.

**Employee related benefits****Appreciation and retention plan**

In August 2019, the Company adopted the Playtika Holding Corp. Retention Plan (the "2021-2024 Retention Plan") in order to retain key employees and reward them for contributing to the success of the Company. Under the 2021-2024 Retention Plan, eligible employees may be granted retention awards that let them receive their pro rata portion of a retention pool of \$25 million per year for each of the plan years, and may also be granted appreciation units which allow the employee to receive their pro-rata portion of an appreciation pool calculated as a specified percentage of Adjusted EBITDA for each of the plan years as described further in Note 13, *Appreciation and Retention Plan*.

The value of each unit has been amortized into compensation expense using the straight-line method, which will result in the recognition of compensation costs in the same years as the underlying EBITDA used in the plan measurement is earned.

#### ***Derivative Instruments***

The Company uses interest rate swap contracts to reduce its exposure to fluctuating interest rates associated with the Company's variable rate debt, and to effectively increase the portion of debt upon which the Company pays a fixed interest rate. The Company's interest rate swap agreements are designated as cash flow hedges under ASC 815 involving the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreement, without the exchange of the underlying notional amount. These hedges are highly effective in offsetting changes in the Company's future expected cash flows due to the fluctuation on the one-month LIBOR rate associated with its variable rate debt.

The Company monitors the effectiveness of its hedges on a quarterly basis, both qualitatively and quantitatively. The Company performed a regression analysis at inception of the hedging relationship and at period end in which it compared the change in the fair value of the swap transaction and the change in fair value of a hypothetical interest rate swap having terms that identically match the terms of the debt's interest rate payments based on 30 observations that are based on historical swap rates. Based on the regression results, the Company believes that, at inception and at period end, the hedging instrument is expected to be highly effective at offsetting changes in the hedged transactions attributable to the risk being hedged. For each future reporting period, the Company will continue performing retrospective and prospective assessments of hedge effectiveness in a single regression analysis by updating the regression analysis that was prepared at inception of the hedging relationship.

The Company uses forward currency derivatives (forward and option contracts) to reduce its exposure to fluctuating exchange rates between the United States dollar (as the Company's functional currency) and the Company's local payroll expense incurred in Israel and denominated in Israeli Shekels ("ILS"). The Company's derivative contracts are designated as cash flow hedges under ASC 815. The Company monitors the effectiveness of its hedges on a quarterly basis, both qualitatively and quantitatively, and expects these hedges to remain highly effective at offsetting fluctuations in exchange rates through their respective maturity dates.

The fair value of derivative financial instruments is recognized as an asset or liability at each balance sheet date, with changes in fair value recorded in other comprehensive income on the consolidated statements of comprehensive income until the future underlying transactions occur.

#### ***Net income (loss) per share***

For all periods, basic net income (loss) per share is calculated by dividing net income by the weighted-average common shares outstanding. Diluted net income (loss) per share in profitable periods reflects the effect of all potentially dilutive common shares outstanding by dividing net income by the weighted-average of all common and potentially dilutive shares outstanding. In the event of a loss, diluted shares are not considered because of their anti-dilutive effect.

#### ***Accounting standards recently adopted by the Company***

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes*. ASU 2019-12 eliminates certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. This guidance is effective for public business entities for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company adopted this standard as of January 1, 2021. The adoption of this standard did not have a significant impact on the Company's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform*, which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by the discontinuation of LIBOR or by another reference rate expected to be discontinued. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. During the nine months ended September 30, 2021, the Company has elected to

apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. The Company continues to evaluate the potential impacts of ASU 2020-04 and may apply other elections as applicable as additional changes in the market occur.

## **NOTE 2. ACQUISITION**

### ***Acquisition of Reworks OY***

On August 31, 2021, the Company entered into a Share Sale and Purchase Agreement (“SPA”) pursuant to which the Company (i) acquired 80% of all issued and registered shares and issued and registered options (“Share Capital”) of Reworks Oy, a limited liability company incorporated under the laws of Finland (“Reworks”) in exchange for cash consideration of \$400 million, subject to customary closing adjustments, and (ii) will acquire the remaining 20% of the Share Capital for additional cash consideration (“Earnout Payment”) in an amount to be determined based on certain performance metrics during the calendar year 2022. The Earnout Payment will be calculated based on the amount of “Company EBITDA” (as defined in the SPA) in calendar year 2022 in excess of \$10.3 million multiplied by 6.0, not to exceed \$200 million, as further described in the SPA. In the event “Company EBITDA” (as defined in the SPA) is \$10.3 million or less, the Earnout Payment will be \$1.

The acquisition was accounted for as a business combination with the Company consolidating Reworks subsequent to the August 31, 2021 closing date. The assets acquired and liabilities assumed have been recognized at their estimated fair values at the acquisition date. The goodwill, which is non-deductible for tax purposes, is generally attributable to synergies between the Company's and Reworks' respective studio operations and games. The purchase price allocation is based upon a preliminary valuation, completed by management with the assistance of a third-party valuation firm. Although the Company does not expect material changes to this preliminary valuation, the valuation is not complete, and the review and finalization of this valuation and the associated accounting applied to the acquisition transaction could result in changes to the values assigned to the acquired assets and liabilities based on additional information about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date.

The selling shareholders of Reworks include both third-party investors and certain historical employees of Reworks that will continue as employees of Playtika post-acquisition. As the SPA includes certain forfeiture provisions for selling employee shareholders that will remain as employees of Playtika, the earnout obligation payable to these employee shareholders will be recorded as compensation expense over the period that such payment is earned. The earnout obligation payable to the third-party sellers represents an unconditional obligation of the Company to purchase the remaining Share Capital of Reworks at an agreed upon future date. Therefore, this portion of the total Earnout Payment has been classified as a liability on the Company's consolidated balance sheet, rather than non-controlling interest. In accordance with ASC 480, this liability has been measured at fair value as of the acquisition date, and will be remeasured to fair value on each subsequent reporting date until the contingency is resolved. The acquisition date fair value of the third-party seller portion of the Earnout Payment was estimated by management, with the assistance of third-party valuation specialists, based upon the probability-weighted fair values of multiple discounted cash flow analyses. The extent to which the actual EBITDA differs from the probability-weighted analysis will result in adjustments to this liability in future periods.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed (in millions):

<b>Consideration</b>	
Consideration transferred to Reworks	\$ 408.6
Acquisition date fair value of Earnout Payment	32.2
Total consideration	440.8
Less: Cash acquired	(10.9)
<b>Consideration paid as of August 31, 2021</b>	<b>\$ 429.9</b>
<b>Identifiable assets acquired and liabilities assumed</b>	
Accounts receivable	\$ 9.7
Property and equipment	0.1
Intangible assets other than goodwill	141.0
Goodwill	315.9
Deferred tax liabilities	(28.2)
Liabilities assumed	(8.6)
<b>Total identifiable assets acquired and liabilities assumed</b>	<b>\$ 429.9</b>

The developed game and user base intangible assets acquired and included in the above table are being amortized on a straight-line basis over their estimated useful life of six years and one year, respectively, which approximates the pattern in which the economic benefits of the intangible assets are expected to be realized.

Transaction costs incurred by the Company in connection with Reworks acquisition, were approximately \$0.9 million for both the three and nine months ended September 30, 2021, and were recorded within general and administrative expenses in the consolidated statements of comprehensive income. Pro forma results of operations for this acquisition subsequent to the August 31, 2021 acquisition date have not been presented because the incremental results from Reworks are not material to the consolidated statements of comprehensive income presented herein.

### NOTE 3. GOODWILL

Changes in goodwill for the nine months ended September 30, 2021 were as follows (in millions):

	<b>Nine months ended September 30, 2021</b>
<b>Balance at beginning of period</b>	<b>\$ 484.8</b>
Goodwill acquired during the period	315.9
Foreign currency translation adjustments	(6.6)
<b>Balance at end of period</b>	<b>\$ 794.1</b>

**NOTE 4. INTANGIBLE ASSETS OTHER THAN GOODWILL, NET**

The carrying amounts and accumulated amortization expenses of the acquired intangible assets other than goodwill, net, including the impact of foreign currency exchange translation, at September 30, 2021 and December 31, 2020, were as follows (in millions):

	<b>September 30, 2021</b>		<b>December 31, 2020</b>
	<b>Weighted average remaining useful life (in years)</b>	<b>Balance</b>	
<b>Historical cost basis</b>			
Developed games and acquired technology	5.4	\$ 611.4	\$ 481.5
Trademarks and user base	0.9	34.1	19.1
Internal use software	2.8	97.3	61.5
		<u>742.8</u>	<u>562.1</u>
<b>Accumulated amortization</b>			
Developed games and acquired technology		(259.8)	(206.2)
Trademarks and user base		(20.2)	(19.0)
Internal use software		(25.1)	(9.2)
		<u>(305.1)</u>	<u>(234.4)</u>
<b>Intangible assets other than goodwill, net</b>		<u>\$ 437.7</u>	<u>\$ 327.7</u>

During the three months ended September 30, 2021 and 2020, the Company recorded amortization expense in the amounts of \$25.6 million and \$18.6 million, respectively. During the nine months ended September 30, 2021 and 2020, the Company recorded amortization expense in the amounts of \$71.6 million and \$58.3 million, respectively.

As of September 30, 2021, the total expected future amortization related to intangible assets was as follows (in millions):

Remaining 2021	\$ 28.1
2022	107.4
2023	92.7
2024	68.6
2025 and thereafter	140.9
<b>Total</b>	<u>\$ 437.7</u>

**NOTE 5. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

Accrued expenses and other current liabilities at September 30, 2021 and December 31, 2020 were as follows (in millions):

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Tax accruals	\$ 228.0	\$ 130.5
Accrued expenses	128.5	121.6
Employees and related expenses	127.9	173.8
Deferred revenues	28.5	21.3
Accrued litigation	—	37.6
<b>Total accrued expenses and other current liabilities</b>	<u>\$ 512.9</u>	<u>\$ 484.8</u>



## NOTE 6. LEASES

The Company's leases include office real estate and data center leases for its facilities worldwide, which are all classified as operating leases, and which expire on various dates, the latest of which is April 2031. Certain lease agreements include rental payments that are adjusted periodically for the consumer price index ("CPI"). The ROU and lease liability were calculated using the initial CPI and will not be subsequently adjusted. Certain leases include renewal options that are reasonably certain to be exercised.

Supplemental balance sheet information related to leases is as follows (in millions):

	September 30, 2021
<b>Operating lease right-of-use assets, gross</b>	\$ 126.0
Accumulated amortization	(39.6)
<b>Operating lease right-of-use assets, net</b>	<u>\$ 86.4</u>

The following is a summary of weighted average remaining lease terms and discount rates for all of the Company's operating leases:

	September 30, 2021
Weighted average remaining lease term (years)	6.13
Weighted average discount rates	3.5 %

Total operating lease cost was and \$5.8 million and \$4.2 million during the three months ended September 30, 2021 and 2020, respectively and \$16.4 million and \$11.8 million during the nine months ended September 30, 2021 and 2020, respectively.

Cash paid for amounts included in the measurement of operating lease liabilities was \$5.5 million and \$3.7 million during the three months ended September 30, 2021 and 2020, respectively and \$16.0 million and \$10.1 million during the nine months ended September 30, 2021 and 2020, respectively.

Maturities of lease liabilities are as follows as of September 30, 2021 (in millions):

Remaining 2021	\$ 5.5
2022	22.1
2023	19.8
2024	17.0
2025 and thereafter	39.6
<b>Total undiscounted cash flows</b>	<u>104.0</u>
Less: imputed interest	(9.6)
<b>Present value of lease liabilities</b>	<u>\$ 94.4</u>

The table above excludes approximately \$15 million in lease obligations associated with leases that are currently under negotiation or that start after October 1, 2021.

**NOTE 7. DEBT**

<i>(in millions, except interest rates)</i>	September 30, 2021				December 31, 2020
	Maturity	Interest rate	Book value	Face value	Book value
Term Loan	2028	2.835%	\$ 1,846.9	\$ 1,890.5	\$ 2,314.4
Senior Notes	2029	4.250%	591.2	600.0	—
Revolving Credit Facility	2026	n/a	—	—	—
<b>Total debt</b>			2,438.1	2,490.5	2,314.4
Less: Current portion of long-term debt			(12.3)	(19.0)	(104.6)
<b>Long-term debt</b>			<u>\$ 2,425.8</u>	<u>\$ 2,471.5</u>	<u>\$ 2,209.8</u>

Book value of debt in the table above is reported net of deferred financing costs and original issue discount of \$52.5 million at September 30, 2021 and deferred financing costs of \$60.6 million at December 31, 2020, respectively.

**Credit Agreement**

On December 10, 2019, the Company entered into \$2,750 million of senior secured credit facilities (the "Credit Facilities"), consisting of a \$250 million revolving credit facility (the "Revolving Credit Facility"), and a \$2,500 million first lien term loan (the "Old Term Loan"). The Credit Facilities were provided pursuant to a Credit Agreement, dated as of December 10, 2019 (the "Credit Agreement"), by and among Playtika, the lenders party thereto, and Credit Suisse, AG, Cayman Islands Branch, as administrative agent (in such capacity, the "Administrative Agent") and collateral agent (in such capacity, the "Collateral Agent"). Proceeds borrowed under the Credit Facilities on the closing date were used to pay off the outstanding balance on the Company's prior debt facility. On June 15, 2020, the Company increased the capacity of the Revolving Credit Facility to \$350 million. On January 15, 2021, the Company increased the borrowing capacity of the Revolving Credit Facility from \$350 million to \$550 million.

On March 11, 2021, the Company amended the Credit Agreement pursuant to an Incremental Assumption Agreement No. 3 and Second Amendment to Credit Agreement (the "Second Amendment"). The Second Amendment, among other things, effected a refinancing of the Old Term Loan with a new \$1.9 billion senior secured first lien term loan borrowed under the Credit Agreement (the "New Term Loan"), increased the Revolving Credit Facility to \$600 million and extended the maturity of the Revolving Credit Facility to March 11, 2026. The New Term Loan matures on March 11, 2028 and requires scheduled quarterly principal payments in amounts equal to 0.25% of the original aggregate principal amount of the New Term Loan, with the balance due at maturity.

The Credit Agreement allows the Company to request one or more incremental term loan facilities, incremental revolving credit facilities and/or increases to the New Term Loan or the Revolving Credit Facility in an aggregate amount of up to the sum of (x) the greater of (1) \$800 million and (2) 1.00 times EBITDA (as defined in the Credit Agreement) plus (y) the amount of certain voluntary prepayments of indebtedness plus (z) such additional amount so long as, (i) in the case of loans under additional credit facilities that are secured by liens on the collateral securing the Credit Agreement, the Company's net total secured leverage ratio on a pro forma basis would not exceed 3.50 to 1.00 (or in the case of incremental facilities to fund certain investments and acquisitions, the net total secured leverage ratio immediately prior to such incurrence) and (iii) in the case of any other loans under additional credit facilities, the Company's fixed charge coverage ratio on a pro forma basis would not be less than 2.00 to 1.00 (or in the case of incremental facilities to fund certain investments and acquisitions, the fixed charge coverage ratio immediately prior to such incurrence), in each case, subject to certain conditions and receipt of commitments by existing or additional financial institutions or institutional lenders.

All future borrowings under the Credit Agreement are subject to the satisfaction of customary conditions, including the absence of a default and the accuracy of representations and warranties, subject to certain exceptions.

### *Interest and Fees*

Borrowings under the Credit Agreement bear interest at a rate equal to, at the Company's option, either (a) LIBOR determined by reference to the cost of funds for Eurodollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs, subject to a floor of 0% or (b) a base rate determined by reference to the highest of (i) the federal funds rate plus 0.50%, (ii) the prime rate as determined by the administrative agent and (iii) the one-month adjusted LIBOR rate plus 1.00%, in each case plus an applicable margin. Such applicable margin is (x) with respect to the New Term Loan, 2.75% per annum in the case of any LIBOR loan or 1.75% per annum in the case of any base rate loan, subject to one 0.25% step-down based on the Company's credit ratings and (y) in the case of the Revolving Credit Facility, a range from 2.25% to 3.00% per annum in the case of any LIBOR loan and a range from 1.25% to 2.00% per annum in the case of any base rate loan, based on the Company's net senior secured leverage ratio.

In addition, on a quarterly basis, the Company is required to pay each lender under the Revolving Credit Facility a commitment fee in respect of any unused commitments under the Revolving Credit Facility in the amount of 0.50% of the principal amount of the daily unused commitments of such lender, subject to step-downs to 0.375% and 0.25% based upon the Company's net senior secured leverage ratio. The Company is also required to pay customary agency fees as well as letter of credit participation fees on outstanding letters of credit.

The Credit Agreement permits voluntary prepayments and requires mandatory prepayments in certain events including, among others, 50% (subject to step-downs to 25% and 0% based upon the Company's net total secured leverage ratio) of the Company's excess cash flow to the extent such amount exceeds \$10 million, certain net cash proceeds from non-ordinary assets sale transactions (subject to reinvestment rights), and 100% of net proceeds of any issuance of debt (except for debt permitted to be incurred by the Credit Agreement).

### *Collateral and Guarantors*

The borrowings under the Credit Agreement are guaranteed by certain material, wholly-owned restricted subsidiaries of the Company, and are secured by a pledge of substantially all of the existing and future property and assets of the Company and the guarantors (subject to exceptions), including a pledge of the capital stock of the domestic subsidiaries held by the Company and the domestic guarantors and 65% (or 100% in the case of certain of the guarantors) of the capital stock of the first-tier foreign subsidiaries held by the Company and the domestic guarantors, in each case subject to exceptions.

The Credit Agreement requires that the Company and the guarantors (a) generate at least 80.0% of the EBITDA of the Company and its restricted subsidiaries for the four fiscal quarters most recently ended prior to the end of each fiscal quarter and (b) own all "Material Intellectual Property" (defined as any intellectual property rights consisting of registered trademarks or copyrights subsisting in the name or logo of any game that generates more than 5% of the EBITDA of the Company and its restricted subsidiaries for the then most recently ended four fiscal quarters) on the last day of the four fiscal quarters most recently ended prior to the end of each fiscal quarter. If the Company and the guarantors do not satisfy such requirement, then the Company must cause sufficient additional subsidiaries (which, subject to certain limitations, may include guarantors located in jurisdictions other than the United States, England and Wales and the State of Israel) to become guarantors in order to satisfy such requirement. During the quarter ended September 30, 2021, the Company voluntarily designated certain subsidiaries in Germany, Austria and Finland as additional guarantors. As of September 30, 2021, the Company was in compliance with these requirements.

### *Restrictive Covenants*

The Revolving Credit Facility includes a maximum first-priority net senior secured leverage ratio financial maintenance covenant of 6.25 to 1.0. At September 30, 2021, the Company's first-priority net senior secured leverage ratio was 1.04 to 1.0.

In addition, the Credit Agreement includes negative covenants, subject to certain exceptions, restricting or limiting the Company's ability and the ability of its restricted subsidiaries to, among other things: (i) make non-ordinary course dispositions of assets; (ii) make certain mergers and acquisitions; (iii) complete dividends and stock repurchases and optional redemptions (and optional prepayments) of subordinated debt; (iv) incur indebtedness; (v) make certain loans and

investments; (vi) incur liens and certain fixed charges; (vii) transact with affiliates; (viii) change the business of the Company and its restricted subsidiaries; (ix) enter into sale/leaseback transactions; (x) allow limitations on negative pledges and the ability of restricted subsidiaries to pay dividends or make distributions; (xi) change the fiscal year and (xii) modify subordinated debt documents. Under the Credit Agreement, the Company may be required to meet specified leverage ratios or fixed charge coverage ratios in order to take certain actions, such as incurring certain debt or liens or making certain investments.

#### *Expenses Related to Modification of Debt*

The Company accounts for the restructuring of its debt agreements in accordance with the accounting standards applicable to troubled debt restructuring, debt modification and debt extinguishment. Under the applicable accounting standards, the Company determined that the March 2021 financing transactions qualified for modification accounting. As a result, the Company expensed \$14.5 million related to the debt modification, wrote off \$22.9 million of previously deferred financing costs related to the modification of debt related to the Company's Old Term Loan and carried over \$34.9 million of deferred financing costs to the New Term Loan.

#### **Offering of 4.250% Senior Notes due 2029**

##### *Indenture*

On March 11, 2021, the Company issued \$600.0 million aggregate principal amount of its 4.250% senior notes due 2029 (the "Notes") under an indenture, dated March 11, 2021 (the "Indenture"), among the Company, the subsidiary guarantors party thereto and Wilmington Trust, National Association, as trustee (the "Trustee").

##### *Maturity and Interest*

The Notes mature on March 15, 2029. Interest on the Notes will accrue at a rate of 4.250% per annum. Interest on the Notes payable semi-annually in cash in arrears on March 15 and September 15 of each year, commenced on September 15, 2021.

##### *Guarantees*

The Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by the Company's existing and future restricted subsidiaries that guarantee the obligations under the Credit Agreement (the "subsidiary guarantors").

##### *Ranking*

The Notes and the note guarantees rank equally in right of payment to all of the Company's and the subsidiary guarantors' existing and future senior indebtedness and senior in right of payment to all of the Company's and the subsidiary guarantors' future subordinated indebtedness. The Notes and the note guarantees are effectively subordinated to any of the Company's and the subsidiary guarantors' existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness, including indebtedness outstanding under the Credit Agreement. In addition, the Notes and the note guarantees are structurally subordinated to the existing and future liabilities of the Company's non-guarantor subsidiaries.

##### *Redemption*

The Company may redeem the Notes at any time prior to March 15, 2024, in whole or in part, at a redemption price equal to 100% of the accrued principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus a make-whole premium.

The Company may redeem the Notes at any time on or after March 15, 2024, in whole or in part, at a redemption price equal to (i) 102.125% of the principal amount thereof, should such redemption occur before March 15, 2025, (ii) 101.063% of the principal amount thereof, should such redemption occur before March 15, 2026, and (iii) 100.000% of the principal amount

thereof, should such redemption occur on or after March 15, 2026, in each case plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

In addition, at any time prior to March 15, 2024, the Company may redeem up to 40% of the original aggregate principal amount of all Notes issued with the net cash proceeds from certain equity offerings at a redemption price of 104.250% of the principal amount redeemed plus accrued and unpaid interest, if any, to, but excluding, the redemption date, so long as at least 50% of the aggregate principal amount of the Notes remains outstanding immediately after the occurrence of such redemption, and the redemption date is within 90 days of the consummation of any such equity offering.

#### *Covenants*

The Indenture contains customary covenants that limit the Company's ability and, in certain instances, the ability of the Company's subsidiaries, to borrow money, create liens on assets, make distributions and pay dividends on or redeem or repurchase stock, make certain types of investments, sell stock in certain subsidiaries, enter into agreements that restrict dividends or other payments from subsidiaries, enter into transactions with affiliates, issue guarantees of indebtedness, and sell assets or merge with other companies. These limitations are subject to a number of important exceptions and qualifications set forth in the Indenture.

#### *Change of Control*

In the event of a change of control, the Company must offer to repurchase the Notes at a repurchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the repurchase date.

#### *Events of Default*

Events of default under the Indenture include, among others, the following with respect to the Notes: default which continues for 30 days in the payment of interest on the Notes; default in payment of the principal of, or premium, if any, on the Notes; failure to comply with certain covenants in the Indenture for 60 days (or 120 days with respect to the covenant relating to the provision of financial reports) upon the receipt of notice from the Trustee or holders of at least 25% in aggregate principal amount of the Notes; acceleration or payment default of indebtedness of the Company or certain of its subsidiaries in excess of a specified amount that remains uncured following the applicable grace period provided in such indebtedness; final judgments against the Company or certain of its subsidiaries in excess of a specified amount that remains unpaid for 45 days; and certain events of bankruptcy or insolvency with respect to the Company or certain of its subsidiaries. In the case of an event of default arising from certain events of bankruptcy or insolvency with respect to the Company or certain of its subsidiaries, all Notes then outstanding will become due and payable immediately without further action or notice. If any other event of default occurs with respect to the Notes, the Trustee or holders of at least 25% in aggregate principal amount of the Notes may declare all Notes then outstanding to be due and payable immediately.

#### **Scheduled Principal Payments of Long-Term Debt**

The scheduled principal payments due on long-term debt are as follows (in millions):

Remaining 2021	\$	4.8
2022		19.0
2023		19.0
2024		19.0
2025 and thereafter		2,428.7
<b>Total</b>	<b>\$</b>	<b>2,490.5</b>

## NOTE 8. EQUITY TRANSACTIONS AND STOCK INCENTIVE PLAN

### *Equity Transactions*

On May 26, 2020, the Board of Directors of the Company approved an amendment to the Certificate of Incorporation of the Company (the “Stock Split”) to increase the authorized number of shares of the Company’s common stock from ten (10) shares to one million (1,000,000) shares, to decrease the par value of each share of common stock of the Company from \$1.00 per share to \$0.01 per share, and to reclassify each share of common stock issued and outstanding immediately prior to the Stock Split into 94,500 shares of common stock.

On January 5, 2021, the Company’s Board of Directors approved an amended and restated certificate of incorporation of the Company effecting an additional 400-for-1 stock split of the Company’s issued and outstanding shares of common stock and an increase to the authorized shares of our common stock and preferred stock to 1.6 billion shares and 100 million shares, respectively. The split and the increase in authorized shares of the Company’s common stock was effected on January 6, 2021 without any change in the par value per shares.

All information herein related to the Company’s common stock and stock awards has been retroactively adjusted to give effect to both the May 26, 2020 stock split and the January 5, 2021 stock split.

### *Overview of Stock Incentive Plan*

On May 26, 2020, the Board of Directors of the Company approved the Playtika Holding Corp. 2020 Incentive Award Plan (the “Plan”). The Plan authorizes the issuance of stock options, restricted stock, restricted stock units (“RSUs”), dividend equivalents, stock appreciation rights, performance bonus awards and other incentive awards. The Plan authorizes the grant of awards to employees, non-employee directors and consultants of the Company.

The maximum number of shares of the Company’s common stock for which grants may be made under the Plan was 42,190,299 shares as of September 30, 2021. As of September 30, 2021, a total of 1,854,200 shares of the Company’s common stock remained available for grants of awards under the Plan.

### *Stock Options*

The following table summarizes the Company’s stock option activity during the nine months ended September 30, 2021:

	Stock Options Outstanding	Weighted Average Remaining Term (in years)	Weighted Average Exercise Price	Intrinsic Value (in millions)
<b>Outstanding at January 1, 2021</b>	8,000,000	9.5	\$ 18.71	
Granted	8,857,172		\$ 26.77	
Exercised	—			
Cancelled	(697,359)		\$ 26.95	
Expired	—			
<b>Outstanding at September 30, 2021</b>	<u>16,159,813</u>	9.04	\$ 22.77	\$ 78.5
<b>Exercisable at September 30, 2021</b>	<u>2,000,000</u>	8.73	\$ 18.71	\$ 17.8

The Company will issue new shares of common stock upon exercise of stock options.

The Company used the Black-Scholes option pricing model to estimate the fair value and compensation cost associated with employee stock options, which is affected by the following assumptions regarding complex and subjective variables. Any changes in these assumptions may materially affect the estimated fair value of the stock-based award.

- Fair value of common stock - Prior to the Company's initial public offering of equity in January 2021, as the Company's common stock was not publicly traded, the fair value of common stock was estimated by valuation reports prepared by third-party valuation specialists using multiple methods, as more fully discussed in Note 1, *Organization and Summary of Significant Accounting Policies*. Subsequent to the Company's initial public offering, the Company uses the public trading price of its common stock on the Nasdaq stock market to determine the fair value of its common stock.
- Expected volatility – Prior to the Company's initial public offering of equity in January 2021, as the Company was a private company at the time of valuation, the Company estimated volatility based on the volatilities exhibited by comparable public companies and the Company's capital structure and utilized the observable data for a group of peer companies that grant options with substantially similar terms to assist in developing its volatility assumption. Subsequent to the Company's initial public offering, the Company continues to estimate volatility in the same manner as it has not yet established sufficient history to estimate volatility of its own.
- Risk-free interest rate - The risk-free interest rate was estimated based on the U.S. Treasury yield curve in effect at the time of grant and with maturities consistent with the expected term of the respective equity option award.
- Expected term - The Company estimated the expected term based on the average time between the vesting date and expiration date, ten years after the grant date, of the respective equity option award.
- Expected dividend yield - The Company does not anticipate paying cash dividends on its shares of common stock; therefore, the expected dividend yield was assumed to be zero.

The options granted during 2020 vest over four years, with 25% vesting on each of the four anniversaries of the grant date. For options granted during 2021, 25% of the options generally vest on the first anniversary of the grant date, and the remaining 75% of the options vest in equal quarterly installments during the three years following the first anniversary of the grant date. The stock options have a contractual term of ten years. Except as provided in an option agreement between the Company and the employee, if an employee is terminated (voluntarily or involuntarily), any unvested awards as of the date of termination will be forfeited.

#### **RSUs**

The majority of RSUs granted on June 26, 2020 vested immediately, while the remaining RSUs granted on June 26, 2020 vested 25% immediately, and 25% vest on each of the first three anniversaries of the grant date.

In October 2020, the Company's board of directors approved the issuance of 5,854,800 RSUs. The RSUs vest over four years, with 25% of the RSUs vesting on each of December 31, 2021, 2022, 2023 and 2024, subject to continued service on the applicable vesting date.

For RSUs granted during 2021, 25% of the RSUs generally vest on the first anniversary of the grant date, and the remaining 75% of the RSUs vest in equal quarterly installments during the three years following the first anniversary of the grant date. Except as provided in an award agreement between the Company and the employee, if an employee is terminated (voluntarily or involuntarily), any unvested awards as of the date of termination will be forfeited. RSUs settle for outstanding shares of the Company's common stock upon vesting.

The following table summarizes the Company's RSU activity during the nine months ended September 30, 2021:

	Shares	Weighted Average Grant Date Fair Value	Total Fair Value of Shares Vested (in millions)
<b>Outstanding at January 1, 2021</b>	5,944,800	\$ 21.04	
Granted	5,539,800	\$ 31.00	
Vested	(48,518)	\$ 23.90	\$ 1.3
Cancelled	(375,514)	\$ 31.47	
<b>Outstanding at September 30, 2021</b>	<u>11,060,568</u>	<u>\$ 25.66</u>	

#### Stock-Based Compensation

The following table summarizes stock-based compensation costs by award type (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Stock options	\$ 8.9	\$ 4.3	\$ 26.3	\$ 4.5
RSUs	16.5	0.2	48.9	260.3
<b>Total stock-based compensation costs</b>	<u>\$ 25.4</u>	<u>\$ 4.5</u>	<u>\$ 75.2</u>	<u>\$ 264.8</u>

The following table summarizes stock-based compensation costs, net of amounts capitalized, as reported on the Company's consolidated statement of comprehensive income (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Research and development expenses	\$ 4.8	\$ 0.3	\$ 18.3	\$ 0.3
Sales and marketing expenses	2.4	0.2	8.4	0.2
General and administrative expenses	15.8	4.0	46.1	264.3
<b>Total stock-based compensation costs, net of amounts capitalized</b>	<u>\$ 23.0</u>	<u>\$ 4.5</u>	<u>\$ 72.8</u>	<u>\$ 264.8</u>

During each of three and nine months ended September 30, 2021, the Company capitalized \$2.4 million of stock-based compensation cost.

As of September 30, 2021, the Company's unrecognized stock-based compensation expenses related to stock options was approximately \$116.0 million, which are expected to be recognized over a period of 3.1 years. As of September 30, 2021, the Company's unrecognized stock-based compensation expenses related to unvested restricted stock units was approximately \$229.1 million, which are expected to be recognized over a period of 3.3 years.

#### NOTE 9. DERIVATIVE INSTRUMENTS

##### Interest Rate Swap Agreements

In March 2021, the Company entered into two interest rate swap agreements, each with a notional value of \$250 million. Each of these swap agreements is with a different financial institution as the counterparty to reduce the Company's counterparty risk. Each swap requires the Company to pay a fixed interest rate of 0.9275% in exchange for receiving one-month LIBOR. The interest rate swap agreements settle monthly commencing in April 2021 through their termination dates on April 30, 2026. The estimated fair value of the Company's interest rate swap agreements is derived from a discounted cash



flow analysis. The aggregate fair value of the Company's interest rate swap agreements was a liability of \$1.5 million as of September 30, 2021 and was recorded between accrued expenses and other current liabilities and other non-current assets in the accompanying consolidated balance sheets based upon the timing of the underlying expected cash flows.

#### *Foreign currency hedge agreements*

The Company has also entered into multiple derivative contracts for the future purchase of ILS. At September 30, 2021, the Company had derivative contracts outstanding for an aggregate purchase of 243.5 million ILS, all which mature within the following 12 months. The aggregate fair value of the Company's derivative contracts was \$0.5 million as of September 30, 2021 and was recorded in accrued expenses and other current liabilities and other non-current assets in the accompanying consolidated balance sheets.

#### **NOTE 10. FAIR VALUE MEASUREMENTS**

The Company accounts for fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"). Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The Company uses a three-tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

*Level 1* - Quoted prices in active markets for identical assets or liabilities.

*Level 2* - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The first two levels in the hierarchy are considered observable inputs and the last is considered unobservable. The carrying value of accounts receivable and payables and the Company's cash and cash equivalents, short-term bank deposits and restricted cash, approximates fair value due to the short time to expected payment or receipt of cash.

The following table summarizes the fair value measurement of the Company's long-term debt at September 30, 2021 (in millions):

	<b>September 30, 2021</b>		
	<b>Face Value</b>	<b>Fair Value</b>	<b>Fair Value Hierarchy</b>
Term Loan	\$ 1,890.5	\$ 1,890.5	Level 2
Senior Notes	600.0	609.8	Level 2
<b>Total debt</b>	<b>\$ 2,490.5</b>	<b>\$ 2,500.3</b>	

The estimated fair value of the Company's term loan is based upon the prices at which the Company's debt traded in the days immediately preceding the balance sheet date. As the trading volume of the Company's debt is low relative to the overall debt balance, the Company does not believe that the associated transactions represent an active market, and therefore this indication of value represents a level 2 fair value input.

The following table sets forth the assets and liabilities measured at fair value on a recurring basis in the Company's consolidated balance sheets at September 30, 2021 (in millions):

	<b>Pricing Category</b>	<b>Fair Value at September 30, 2021</b>
<b>Cash and cash equivalents</b>		
Money market funds	Level 1	\$ 240.0
<b>Prepaid expenses and other current assets</b>		
Derivative instruments - foreign currency derivative contracts	Level 2	\$ 0.6
<b>Other non-current assets:</b>		
Derivative instruments - interest rate swaps	Level 2	\$ 2.6
<b>Accrued expenses and other current liabilities:</b>		
Derivative instruments - interest rate swaps	Level 2	\$ 4.1
Derivative instruments - foreign currency derivative contracts	Level 2	0.1

The fair value of contingent consideration payable was valued using significant unobservable inputs (Level 3) and consisted of the following (in millions):

<b>Balance as of January 1, 2021</b>	<b>\$ —</b>
Recorded in connection with acquisition transaction	32.2
<b>Balance as of September 30, 2021</b>	<b>\$ 32.2</b>

The Company estimates the fair value of interest rate swap contracts by discounting the future cash flows of both the fixed rate and variable rate interest payments based on market yield curves. The inputs used to measure the fair value of the Company's interest rate swap contracts are categorized as Level 2 in the fair value hierarchy as established by ASC 820.

The fair value of the Company's foreign currency contracts approximates the amount the Company would pay or receive if these contracts were settled at the respective valuation dates. The inputs used to measure the fair value of the Company's foreign currency contracts are categorized as Level 2 in the fair value hierarchy as established by ASC 820.

The Company estimated the fair value of the contingent consideration using a probability-weighted discounted cash flow model. This fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in ASC 820.

The Company had no financial assets or liabilities measured at fair value as of December 31, 2020.

The Company has not elected the fair value measurement option available under U.S. GAAP for any of its assets or liabilities that meet the option for this criteria.

#### **NOTE 11. COMMITMENTS AND CONTINGENCIES**

In December 2016, a copywriter lawsuit was filed against Wooga GmbH (a subsidiary of the Company) in the regional court of Berlin, Germany. The Plaintiff is suing for additional remuneration to his contributions for a storyline provided for one of Wooga's games and alleged reuse of parts of that storyline in one of Wooga's other games. As of September 30, 2021, the Company has recorded in its financial statements a reserve based upon its best estimate outcome. It is possible that any final amounts payable in connection with this lawsuit could exceed the Company's currently reserved best estimate.

In November 2013, the Company's subsidiary, Playtika, Ltd., sent an initial demand letter to Enigmatus s.r.o., a game developer in the Czech Republic, which owns various U.S. trademark registrations that resemble the Company's Sloto-formative trademark names, demanding that it cease use of the trademark Slotopoly. In response, Enigmatus s.r.o. asserted that it was the owner of the Sloto-formative trademarks and denied that its game title infringed the Company's trademarks. Enigmatus s.r.o. applied to register one of the Company's trademarks in the United Kingdom and European Union, and the Company successfully opposed its applications. In December 2016, Enigmatus s.r.o., filed a trademark infringement lawsuit, Enigmatus, s.r.o. v. Playtika LTD and Caesars Interactive Entertainment, Inc., against Playtika, Ltd. and Caesars Interactive Entertainment LLC in the Federal Court of Canada asserting that the Company's use of the Slotomania trademarks violates its proprietary and trademark rights. The plaintiff sought injunctive relief and monetary damages. Pleadings have been exchanged and the lawsuit is in the discovery stage. No trial date has been scheduled. The Company has defended this case vigorously and will continue to do so. As the case is in preliminary stages, the Company cannot estimate what impact, if any, the litigation may have on its results of operations, financial condition or cash flows.

On October 26, 2020, a patent infringement claim was filed against Playtika Holding Corp., Playtika Ltd. and Caesars Interactive Entertainment LLC in U.S. District Court, District of Nevada. The Plaintiff alleged that the defendants are infringing certain patents in the field of communication and the transferring of images between the gaming server and the end device on certain of its social casino games. The Plaintiff is seeking monetary damages. On April 7, 2021, following the Company's preliminary motions for dismissal and stay, the Company's motion for stay was approved by the court pending ruling on motions to dismiss. On July 7, 2021, the Court issued an order finding each of the Plaintiff's asserted patents invalid as failing to comply with certain legal requirements and dismissing the lawsuit as to all parties. On October 18, 2021, the Plaintiff filed an appeal. Playtika Holding Corp. and Playtika Ltd. intend to defend the case vigorously.

#### NOTE 12. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following tables provide information about disaggregated revenue by geographic location of the Company's players and by type of platform (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<b>Geographic location</b>				
USA	\$ 443.5	\$ 428.7	\$ 1,366.9	\$ 1,274.5
EMEA	94.6	85.1	281.1	251.1
APAC	55.5	58.0	155.1	151.1
Other	42.3	41.5	130.9	121.3
<b>Total</b>	<b>\$ 635.9</b>	<b>\$ 613.3</b>	<b>\$ 1,934.0</b>	<b>\$ 1,798.0</b>
<b>Platform type</b>				
Mobile	\$ 507.5	\$ 494.0	\$ 1,546.3	\$ 1,446.1
Web	128.4	119.3	387.7	351.9
<b>Total</b>	<b>\$ 635.9</b>	<b>\$ 613.3</b>	<b>\$ 1,934.0</b>	<b>\$ 1,798.0</b>

Revenues through third-party platforms and through the Company's own proprietary platforms were as follows (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<b>Revenues</b>				
Third-party platforms	\$ 498.2	\$ 524.6	\$ 1,545.9	\$ 1,563.8
Internal proprietary platforms	137.7	88.7	388.1	234.2
<b>Total</b>	<u>\$ 635.9</u>	<u>\$ 613.3</u>	<u>\$ 1,934.0</u>	<u>\$ 1,798.0</u>

#### Contract balances

Payments from players for virtual items are collected by platform providers or payment processors and remitted to the Company (net of the platform or clearing fees) generally within 45 days after the player transaction. The Company's right to receive the payments collected by the platform providers or payment processors is recorded as an accounts receivable as the right to receive payment is unconditional. Deferred revenues, which represent a contract liability, represent mostly unrecognized fees billed for virtual items which have not yet been consumed at the balance sheet date. Platform fees paid to platform providers or payment processors and associated with deferred revenues represent a contract asset.

Balances of the Company's contract assets and liabilities are as follows (in millions):

	September 30, 2021	December 31, 2020
Accounts receivable	\$ 135.4	\$ 129.3
Contract assets <sup>(1)</sup>	7.0	5.8
Contract liabilities <sup>(2)</sup>	28.5	21.3

<sup>(1)</sup> Contract assets are included within prepaid expenses and other current assets in the Company's consolidated balance sheets.

<sup>(2)</sup> Contract liabilities are included within accrued expenses and other current liabilities as "deferred revenues" in the Company's consolidated balance sheets.

During the nine months ended September 30, 2021, the Company recognized all of its contract liabilities that were outstanding as of December 31, 2020.

#### Unsatisfied performance obligations

Substantially all of the Company's unsatisfied performance obligations relate to contracts with an original expected length of one year or less.

#### NOTE 13. APPRECIATION AND RETENTION PLAN

In August 2019, the Board approved the 2021-2024 Retention Plan. Under the 2021-2024 Retention Plan, eligible employees may be granted retention units that let them receive their pro rata portion of a retention pool of \$25 million per year for each of the plan years, and may also be granted appreciation units which allow the employee to receive their pro-rata portion of an appreciation pool calculated as a specified percentage of Adjusted EBITDA in each of the plan years, determined as follows:

For 2021, (A) 14% of the 2021-2024 Retention Plan Adjusted EBITDA for such calendar year, less (B) \$25,000,000.

For 2022, (A) 14.5% of the 2021-2024 Retention Plan Adjusted EBITDA for such calendar year, less (B) \$25,000,000.

For each of 2023 and 2024, (A) 15.0% of the 2021-2024 Retention Plan Adjusted EBITDA for such calendar year, less (B) \$25,000,000.

Initial awards were granted under the 2021-2024 Retention Plan in August 2019, with subsequent awards to employees or consultants hired or retained after such date granted at the discretion of the administrator.

For certain participants, in the event of the participant's termination without cause or resignation for good reason, or termination by reason of death or disability, he or she will be eligible to receive a lump sum cash payment equal to his or her proportionate share (based on the number of retention units outstanding and eligible for payment as of such date) of the unpaid portion of the total retention pool for the remaining term of the 2021-2024 Retention Plan as of the date of termination, which amount shall be paid in cash within 60 days following the date of termination. In the event of such a termination, such participant will also remain eligible to receive payments in respect of his or her appreciation units for all vesting dates that have not yet occurred prior to the date of such termination, which payments will be made as and when such payments are made to other appreciation unit holders.

For all other participants, in the event of termination due to death or disability on or after January 1, 2021, but prior to December 31, 2024, the participant will receive a payment in respect of his or her proportionate share (based on the number of retention units outstanding and eligible for payment as of such date) of the unpaid portion of the total retention pool for the remaining term of the 2021-2024 Retention Plan as of the date of termination, pro-rated for the portion of the period between January 1, 2021 and December 31, 2024 that has elapsed prior to termination, payable within 60 days following termination. In addition, the participant will retain the right to receive payments for a pro-rated portion of his or her appreciation units for all vesting dates that have not yet occurred prior to the date of such termination, which payments will be made as and when such payments are made to other appreciation unit holders.

All payments triggered by a termination of employment or service will be subject to the execution of a general release of claims in favor of the Company. If a participant terminates service for any reason other than as described above, the participant will immediately forfeit all unvested retention units and appreciation units.

In October 2020, 43,000 appreciation units under the 2021-2024 Retention Plan were cancelled. Pursuant to an amendment to the 2021-2024 Retention Plan adopted in October 2020, these cancelled appreciation units are considered "retired units" for purposes of the plan, and will be deemed to be outstanding and eligible for payment solely for purposes of determining the per unit value to be paid to participants, but no amounts will be paid with respect to such retired units.

The Company recognized compensation expenses in respect of retention bonus and appreciation unit awards under its appreciation and retention plans of \$28.5 million and \$19.1 million during the three months ended September 30, 2021 and 2020, respectively, and \$88.5 million and \$51.3 million during the nine months ended September 30, 2021 and 2020, respectively.

The Company has also granted retention awards to key individuals associated with acquired companies as an incentive to retain those individuals on a long-term basis. The Company recognized compensation expenses associated with these development-related retention payments of \$2.3 million and \$4.2 million during the three months ended September 30, 2021 and 2020, respectively, and \$9.1 million and \$13.7 million during the nine months ended September 30, 2021 and 2020, respectively.

**NOTE 14. INTEREST EXPENSE AND OTHER, NET**

Interest expense and other, net are as follows (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Interest expense	\$ 23.7	\$ 48.9	\$ 124.8	\$ 150.5
Interest income	(0.2)	—	(0.5)	(0.1)
Foreign currency exchange, net	0.8	(4.4)	0.6	(2.0)
Other	0.6	0.3	(0.3)	0.7
<b>Total interest expense and other, net</b>	<b>\$ 24.9</b>	<b>\$ 44.8</b>	<b>\$ 124.6</b>	<b>\$ 149.1</b>

**NOTE 15. INCOME TAXES**

<i>(in millions, except tax rate)</i>	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Income before income taxes	\$ 129.6	\$ 158.9	\$ 325.6	\$ 95.8
Provision for income taxes	\$ 49.1	\$ 39.0	\$ 119.4	\$ 79.7
Effective tax rate	37.9 %	24.5 %	36.7 %	83.2 %

The effective income tax rate for the three months ended September 30, 2021 was 37.9% compared to 24.5% for the three months ended September 30, 2020. The effective income tax rate for the nine months ended September 30, 2021 was 36.7% compared to 83.2% for the nine months ended September 30, 2020. The effective tax rates were determined using a worldwide estimated annual effective tax rate and took discrete items into consideration. The primary differences between the effective tax rate and the 21% federal statutory rate for the three and nine months ended September 30, 2021 include tax positions that do not meet the more likely than not standard and tax rates in foreign jurisdictions & the relative amounts of income earned in those jurisdictions. The primary differences between the effective tax rate and the 21% federal statutory rate for the three months ended September 30, 2020 were tax rates in foreign jurisdictions & the relative amounts of income earned in those jurisdictions and the inclusion of Global Intangible Low-Taxed Income. The primary differences between the effective tax rate and the 21% federal statutory rate for the nine months ended September 30, 2020 were tax rates in foreign jurisdictions & the relative amounts of income earned in those jurisdictions and significant non-deductible stock-based compensation expense for certain restricted stock units granted during the period.

The Company continues to monitor tax implications resulting from new legislation passed in response to the COVID-19 pandemic in the federal, state and foreign jurisdictions where it has an income tax expense. The impact of COVID-19 pandemic related tax-measures recently enacted were not material for the three and nine months ended September 30, 2021.

**NOTE 16. ACCUMULATED OTHER COMPREHENSIVE INCOME**

The following table shows a summary of changes in accumulated other comprehensive income (loss), net of tax, by component for the three and nine months ended September 30, 2021 (in millions):

	Foreign Currency Translation	Interest Rate Swaps	Foreign Currency Derivative Contracts	Total
<b>Balance as of January 1, 2021</b>	\$ 16.7	\$ —	\$ —	\$ 16.7
Other comprehensive income (loss) before reclassifications	(9.9)	0.7	(1.1)	(10.3)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	0.3	0.3
<b>Balance as of March 31, 2021</b>	6.8	0.7	(0.8)	6.7
Other comprehensive income (loss) before reclassifications	2.8	(3.2)	1.1	0.7
Amounts reclassified from accumulated other comprehensive income (loss)	—	0.5	—	0.5
<b>Balance as of June 30, 2021</b>	9.6	(2.0)	0.3	7.9
Other comprehensive income (loss) before reclassifications	(5.7)	—	0.4	(5.3)
Amounts reclassified from accumulated other comprehensive income (loss)	—	0.9	(0.4)	0.5
<b>Balance as of September 30, 2021</b>	<u>\$ 3.9</u>	<u>\$ (1.1)</u>	<u>\$ 0.3</u>	<u>\$ 3.1</u>

**NOTE 17. NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS**

The following table sets forth the computation of basic and diluted net income per share attributable to common stockholders (in millions, except per share data):

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<b>Numerator:</b>				
Net income	\$ 80.5	\$ 119.9	\$ 206.2	\$ 16.1
<b>Denominator:</b>				
Weighted-average shares used in computing net income per share attributable to common stockholders, basic	409.6	391.1	408.6	382.6
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	411.6	391.1	410.9	382.6
Net income per share, basic	<u>\$ 0.20</u>	<u>\$ 0.31</u>	<u>\$ 0.50</u>	<u>\$ 0.04</u>
Net income per share, diluted	<u>\$ 0.20</u>	<u>\$ 0.31</u>	<u>\$ 0.50</u>	<u>\$ 0.04</u>

The following outstanding employee equity awards were excluded from the calculation of diluted net income per share because their effect would have been anti-dilutive for the periods presented:

	<b>Nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
Stock options	8,159,813	8,000,000
RSUs	4,597,947	—
<b>Total</b>	<b>12,757,760</b>	<b>8,000,000</b>

**NOTE 18. SUBSEQUENT EVENTS**

The Company performed a review for subsequent events through the date of these financial statements and noted no other material items for disclosure.



## **Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **Overview**

We are one of the world's leading developers of mobile games creating fun, innovative experiences that entertain and engage our users. We have built best-in-class live game operations services and a proprietary technology platform to support our portfolio of games which enable us to drive strong user engagement and monetization. Our games are free-to-play, and we are experts in providing novel, curated in-game content and offers to our users, at optimal points in their game journeys. Our players love our games because they are fun, creative, engaging, and kept fresh through a steady release of new features that are customized for different player segments.

### **Components of our Results of Operations**

#### ***Revenues***

We primarily derive revenue from the sale of virtual items associated with online games.

We distribute our games to the end customer through various web and mobile platforms, such as Apple, Facebook, Google and other web and mobile platforms plus our own proprietary platforms. Through these platforms, users can download our free-to-play games and can purchase virtual items to enhance their game-playing experience. Players can purchase virtual items through various widely accepted payment methods offered in the games. Payments from players for virtual items are non-refundable and relate to non-cancellable contracts that specify our obligations and cannot be redeemed for cash nor exchanged for anything other than virtual items within our games.

Our games are played primarily on various third-party platforms for which the platform providers collect proceeds from our customers and pay us an amount after deducting platform fees. We are primarily responsible for fulfilling the virtual items, have the control over the content and functionality of games and have the discretion to establish the virtual items' prices. Therefore, we are the principal and, accordingly revenues are recorded on a gross basis. Payment processing fees paid to platform providers are recorded within cost of revenue.

#### ***Cost of revenue***

Cost of revenue includes payment processing fees, customer support, hosting fees and depreciation and amortization expenses associated with assets directly involved in the generation of revenues, primarily servers. Platform providers (such as Apple, Facebook and Google) charge a transactional payment processing fee to accept payments from our players for the purchase of in-app virtual goods. Payment processing fees and other related expenses for in-app purchases made through our proprietary platforms are typically 3-4%, compared to a 30% platform fee for third party platforms. We generally expect cost of revenue to fluctuate proportionately with revenues.

#### ***Research and development***

Research and development consists of salaries, bonuses, benefits, other compensation, including stock-based compensation, and allocated overhead, related to engineering, research, and development. In addition, research and development expenses include depreciation and amortization expenses associated with assets associated with our research and development efforts. We expect research and development expenses will increase in absolute dollars as our business expands and as we increase our personnel headcount to support the expected growth in our technical development and operating activities.

#### ***Sales and marketing***

Sales and marketing consists of costs related to advertising and user acquisition, including costs related to salaries, bonuses, benefits, and other compensation, including stock-based compensation and allocated overhead. In addition, sales and marketing expenses include depreciation and amortization expenses associated with assets related to our sales and marketing

efforts. We plan to continue to invest in sales and marketing to retain and acquire users. However, sales and marketing expenses may fluctuate as a percentage of revenues depending on the timing and efficiency of our marketing efforts.

#### ***General and administrative***

General and administrative expenses consist of salaries, bonuses, benefits, and other compensation, including stock-based compensation, for all our corporate support functional areas, including our senior leadership. In addition, general and administrative expenses include outsourced professional services such as consulting, legal and accounting services, taxes and dues, insurance premiums, and costs associated with maintaining our property and infrastructure. General and administrative expenses also include depreciation and amortization expenses associated with assets not directly attributable to any of the expense categories above. We also record adjustments to contingent consideration payable recorded after the acquisition date, and legal settlement expenses, as components of general and administrative expense.

#### ***Interest expense and other, net***

Interest expense is primarily related to borrowings under our Credit Agreement dated as of December 10, 2019 (the "Credit Agreement"). We amended our Credit Agreement in March 2021, including amending the interest rates thereunder. Our interest expense includes amortization of deferred financing costs and is offset by interest income earned on the investment of excess cash and cash equivalents and short-term bank deposits. We expect to continue to incur interest expense under our Credit Agreement, although such interest expense will fluctuate based upon the underlying variable interest rates.

#### ***Provision for income taxes***

The provision for income taxes consists of income taxes in the various jurisdictions where we are subject to taxation, primarily the United States, the United Kingdom and Israel and was determined using a worldwide estimated annual effective tax rate and took discrete items into consideration. Under current U.S. tax law, the federal statutory tax rate applicable to corporations is 21%. Our effective tax rate can fluctuate based on various factors, including our financial results and the geographic mix to which they relate, the applicability of special tax regimes, changes in our business or operations, examination-related developments and changes in tax law.

#### **Consolidated Operating Results of Playtika Holding Corp**

We measure the performance of our business by using several key financial metrics, including revenue, and operating metrics, including Daily Paying Users, Daily Active Users, Daily Payer Conversion, Average Revenue per Daily Active User, and Monthly Active Users. These operating metrics help our management to understand and measure the engagement levels of the our players, the size of our audience and our reach.

##### *Daily Active Users*

We define Daily Active Users, or DAUs, as the number of individuals who played one of our games during a particular day. 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. We believe that Daily Active Users is a useful metric to measure the scale and usage of our game platform.

##### *Daily Paying Users*

We define Daily Paying Users, or DPUs, as 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 would be counted as two DPUs. Average DPUs for a particular period is the

average of the DPUs for each day during that period. We believe that Daily Paying Users is a useful metric to measure game monetization.

#### Daily Payer Conversion

We define Daily Payer Conversion as (i) the total number of DPUs, (ii) divided by the number of DAUs 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. We believe that Daily Payer Conversion is a useful metric to describe the monetization of our users.

#### Average Revenue per Daily Active User

We define Average Revenue per Daily Active User, or ARPDau, as (i) the total revenue in a given period, (ii) divided by the number of days in that period, (iii) divided by the average DAUs during the period. We believe that ARPDau is a useful metric to describe monetization.

#### Monthly Active Users

We define Monthly Active Users, or MAUs, as the number of individuals who played one of our games during a calendar month. Under this metric, an individual who plays two different games in the same calendar month is counted as two MAUs. Similarly, an individual who plays the same game on two different platforms (e.g., web and mobile) or on two different social networks during the same month would be counted as two MAUs. Average Monthly Active Users for a particular period is the average of the MAUs for each month during that period. We believe that Monthly Active Users is a useful metric to measure the scale and reach of our platform, but we base our business decisions primarily on daily performance metrics, which we believe more accurately reflect user engagement with our games.

### Results of Operations

The table below shows the results of our key financial and operating metrics for the periods indicated. Unless otherwise indicated, financial metrics are presented in millions of U.S. Dollars, user statistics are presented in millions of users, and ARPDau is presented in U.S. Dollars.

<i>(in millions, except percentages, Average DPUs and ARPDau)</i>	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>	\$ 635.9	\$ 613.3	\$ 1,934.0	\$ 1,798.0
Total cost and expenses	481.4	409.6	1,483.8	1,553.1
<b>Operating income</b>	154.5	203.7	450.2	244.9
<b>Adjusted EBITDA</b>	247.8	261.4	770.2	730.8
<b>Non-financial performance metrics</b>				
Average DAUs	10.4	10.9	10.4	11.4
Average DPUs (in thousands)	293	283	296	290
Average Daily Payer Conversion	2.8 %	2.6 %	2.8 %	2.5 %
ARPDau	\$ 0.67	\$ 0.61	\$ 0.68	\$ 0.57
Average MAUs	35.4	32.4	34.3	35.2

**Comparison of the three and nine months ended September 30, 2021 versus the three and nine months ended September 30, 2020**

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<i>(in millions)</i>	<b>(Unaudited)</b>			
<b>Revenues</b>	<b>\$ 635.9</b>	<b>\$ 613.3</b>	<b>\$ 1,934.0</b>	<b>\$ 1,798.0</b>
Cost of revenue	\$ 179.2	\$ 180.2	\$ 546.1	\$ 538.7
Research and development	91.5	65.5	268.5	192.1
Sales and marketing	141.1	116.7	427.7	367.8
General and administrative	69.6	47.2	241.5	454.5
<b>Total costs and expenses</b>	<b>\$ 481.4</b>	<b>\$ 409.6</b>	<b>\$ 1,483.8</b>	<b>\$ 1,553.1</b>

On August 31, 2021, we entered into a Share Sale and Purchase Agreement (“SPA”) pursuant to which we (i) acquired 80% of all issued and registered shares and issued and registered options (“Share Capital”) of Reworks Oy (“Reworks”) in exchange for cash consideration of \$400 million, subject to customary closing adjustments, and (ii) will acquire the remaining 20% of the Share Capital for additional cash consideration in an amount to be determined based on certain performance metrics during the calendar year 2022. The acquisition was accounted for as a business combination and we consolidated Reworks subsequent to the August 31, 2021 closing date. Due to the short period of consolidation between August 31, 2021 and September 30, 2021, the consolidation of Reworks did not have a material impact on the our income statement.

**Revenues**

Revenues for the three months ended September 30, 2021 increased by \$22.6 million when compared with the same period of 2020. Revenues for the nine months ended September 30, 2021 increased by \$136.0 million when compared with the same period of 2020. The increase in revenues was primarily due to the acquisition of Reworks, our ongoing improvements to monetization, new content and product features, and increased engagement across our broader portfolio of games.

**Cost of revenue**

Cost of revenue for the three month ended September 30, 2021 decreased by \$1.0 million when compared with the same period of 2020, primarily as a result of a larger percentage of our revenues being derived through our proprietary platforms where we pay lower fees to facilitate the revenue transactions. This favorable impact on cost of revenue was partially offset by increased amortization expense for recently capitalized software development costs.

Cost of revenue for the nine months ended September 30, 2021 increased by \$7.4 million when compared with the same period of 2020. The favorable impact of reduced platform fees associated with a higher percentage of our revenues being derived through our proprietary platforms was more than offset by an increase in amortization expense for recently capitalized software development costs.

**Research and development expenses**

Research and development expenses for the three and nine months ended September 30, 2021 increased by \$26.0 million and \$76.4 million, respectively, when compared with the same periods of 2020. The formula for determining the payment amounts under the 2017-2020 retention plan resulted in expense under that plan being recognized on an accelerated basis, with higher expense recognized in the earlier years of the plan. Based upon a change to the structure of how award payments are determined within the terms of the Playtika Holding Corp. Retention Plan (the “2021-2024 Retention Plan”) as compared to the 2017-2020 plan, expense under the current plan is required to be recognized ratably over the term of the plan. As a result, when comparing the three and nine month periods ended September 30, 2021 with the same periods of 2020, long-

term compensation expense under the respective retention plan included within research and development expenses has increased by approximately \$1.6 million and \$4.7 million, respectively. In addition, the introduction of stock-based compensation plans has resulted in approximately \$4.8 million and \$18.3 million, respectively, in research and development expense for the three and nine month periods ended September 30, 2021, compared to \$0.3 million and \$0.3 million for the comparable periods of 2020, respectively. The remaining increase in research and development expenses was primarily due to increased headcount and payroll costs, and increased facilities costs associated with additional leased premises, both of which were partially offset by a reduction in our third-party hosting costs.

#### ***Sales and marketing expenses***

Sales and marketing expenses for the three and nine months ended September 30, 2021 increased by \$24.4 million and \$59.9 million, respectively, when compared with the same period of 2020. As discussed above, the accelerated recognition of long-term compensation expense under the 2017-2020 retention plan as opposed to the ratable recognition of such expense under the 2021-2024 Retention Plan resulted in an increase in expense within sales and marketing expenses of approximately \$2.8 million and \$8.9 million, respectively, when comparing the three and nine month periods ended September 30, 2021 with the prior year periods. In addition, our stock-based compensation plans resulted in approximately \$2.2 million and \$8.2 million, respectively, in additional sales and marketing expense for the three and nine month periods ended September 30, 2021, when compared with the prior year periods. The remaining increases in sales and marketing expenses for both the three and nine month periods ending September 30, 2021 were primarily due to increased media buy expenses, increased headcount and payroll costs, and increased facilities costs associated with additional leased premises.

#### ***General and administrative expenses***

General and administrative expenses for the three months ended September 30, 2021 increased by \$22.4 million and for the nine months ended September 30, 2021 decreased by \$213.0 million, respectively, when compared with the same periods of 2020. General and Administrative expense includes \$15.8 million and \$46.1 million, respectively, of stock-based compensation expense for the three and nine months ended September 30, 2021, as compared with \$4.0 million and \$264.3 million, respectively, for the comparable periods of 2020. Also included in general and administrative expenses for the nine months ended September 30, 2020 are expenses for contingent consideration and merger and acquisition related activity of approximately \$30.0 million, compared with \$7.8 million for the nine months ended September 30, 2021. Also included in general and administrative expenses for the nine months ended September 30, 2020, with no comparable amount for the same period of 2021, are expenses associated with a legal settlement of approximately \$37.6 million. Included in general and administrative expenses for the nine months ended September 30, 2021, with no comparable amounts for the nine months ended September 30, 2020, are bonus expenses of approximately \$35.4 million paid as a result of the successful initial public offering of the Company's stock in January 2021. Adjusting for these items, general and administrative expenses for the three and nine months ended September 30, 2021 would have increased by \$10.6 million and \$29.7 million, respectively, when compared to the same periods of 2020. These increases were primarily a result of an increase in long-term compensation expense under the retention plan, increased costs associated with becoming a public company, and increased facilities costs associated with additional leased premises.

## Other Factors Affecting Net Income

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<i>(in millions)</i>	<b>(Unaudited)</b>			
Interest expense	\$ 23.7	\$ 48.9	\$ 124.8	\$ 150.5
Interest income	(0.2)	—	(0.5)	(0.1)
Foreign currency exchange, net	0.8	(4.4)	0.6	(2.0)
Other	0.6	0.3	(0.3)	0.7
Provision for income taxes	49.1	39.0	119.4	79.7

### *Interest expense*

In March 2021, the Company refinanced its existing term loan with a combination of a new term loan and fixed-rate senior notes. The refinancing transaction was considered a debt-modification for accounting purposes. As a result, a portion of the original issue discount incurred when the original term loan was entered into has been carried over to the new term loan, and approximately \$22.9 million of this original issue discount was written off as interest expense during the first quarter 2021. In addition, the Company recorded approximately \$14.5 million in expense associated with the Refinancing Transaction. Prior to these one-time charges to interest expense, interest expense for the nine months ended September 30, 2021 was lower than interest expense in the same period of 2020 due to lower interest rates.

### *Provision for income taxes*

The effective income tax rate for the three months ended September 30, 2021 was 37.9% compared to 24.5% for the three months ended September 30, 2020. The effective income tax rate for the nine months ended September 30, 2021 was 36.7% compared to 83.2% for the nine months ended September 30, 2020. The effective tax rates were determined using a worldwide estimated annual effective tax rate and took discrete items into consideration. The primary differences between the effective tax rate and the 21% federal statutory rate for the three and nine months ended September 30, 2021 include tax positions that do not meet the more likely than not standard and tax rates in foreign jurisdictions & the relative amounts of income earned in those jurisdictions. The primary differences between the effective tax rate and the 21% federal statutory rate for the three months ended September 30, 2020 were tax rates in foreign jurisdictions & the relative amounts of income earned in those jurisdictions and the inclusion of Global Intangible Low-Taxed Income. The primary differences between the effective tax rate and the 21% federal statutory rate for the nine months ended September 30, 2020 were tax rates in foreign jurisdictions & the relative amounts of income earned in those jurisdictions and significant non-deductible stock-based compensation expense for certain restricted stock units granted during the period.

### **Reconciliation of Adjusted EBITDA to Net Income**

Adjusted EBITDA is a non-GAAP financial measure and should not be construed as an alternative to net income as an indicator of operating performance, nor as an alternative to cash flow provided by operating activities as a measure of liquidity, or any other performance measure in each case as determined in accordance with GAAP.

Below is a reconciliation of Adjusted EBITDA to net income, the closest GAAP financial measure. We define 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) legal settlements, (vii) contingent consideration, (viii) acquisition and related expenses, (ix) expense under our long-term compensation plans, (x) M&A-related retention payments, and (xi) certain other items, including impairments. We calculate Adjusted EBITDA Margin as Adjusted EBITDA divided by revenues.

We supplementally present Adjusted EBITDA and Adjusted EBITDA Margin because these are key operating measures used by our management to assess our financial performance. 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 Adjusted

EBITDA and Adjusted EBITDA Margin are 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 Adjusted EBITDA and Adjusted EBITDA Margin 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 Adjusted EBITDA and Adjusted EBITDA Margin in conjunction with our results according to GAAP because we believe they provide investors and analysts a more complete understanding of factors and trends affecting our business than GAAP measures alone.

Adjusted EBITDA and Adjusted EBITDA Margin as calculated herein may not be comparable to similarly titled measures reported by other companies within the industry and are not determined in accordance with GAAP. Our presentation of Adjusted EBITDA and Adjusted EBITDA Margin should not be construed as an inference that our future results will be unaffected by unusual or unexpected items.

<i>(in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<b>Net income</b>	\$ 80.5	\$ 119.9	\$ 206.2	\$ 16.1
Provision for income taxes	49.1	39.0	119.4	79.7
Interest expense and other, net	24.9	44.8	124.6	149.1
Depreciation and amortization	36.5	28.3	103.0	85.0
<b>EBITDA</b>	191.0	232.0	553.2	329.9
Stock-based compensation <sup>(1)</sup>	23.0	4.5	72.8	264.8
Acquisition and related expenses <sup>(2)</sup>	1.2	0.1	43.2	30.0
Legal settlement <sup>(3)</sup>	—	—	—	37.6
Long-term cash compensation <sup>(4)</sup>	28.5	19.1	88.5	51.3
M&A related retention payments <sup>(5)</sup>	2.3	4.2	9.1	13.7
Other one-time items	1.8	1.5	3.4	3.5
<b>Adjusted EBITDA</b>	\$ 247.8	\$ 261.4	\$ 770.2	\$ 730.8
<b>Net income margin</b>	12.7 %	19.5 %	10.7 %	0.9 %
<b>Adjusted EBITDA margin</b>	39.0 %	42.6 %	39.8 %	40.6 %

<sup>(1)</sup> Reflects, for the three and nine months ended September 30, 2021 and 2020, stock-based compensation expense related to the issuance of equity awards to certain of our employees.

<sup>(2)</sup> Amounts for the nine months ended September 30, 2021 primarily relate to bonus expenses paid as a result of the successful initial public offering of the Company's stock in January 2021. Amounts for the three and nine months ended September 30, 2020 include (i) contingent consideration expense with respect to our acquisitions of Seriously and Supertreat, and (ii) third-party fees for actual or planned acquisitions, including related legal, consulting and other expenditures.

<sup>(3)</sup> Reflects a legal settlement expense of \$37.6 million for the nine months ended September 30, 2020.

<sup>(4)</sup> Includes expenses recognized for grants of annual cash awards to employees pursuant to our Retention Plans, which awards are incremental to salary and bonus payments, and which plans expire in 2024. For more information, see Note 13, *Appreciation and Retention Plan*, of our consolidated financial statements included in this document.

<sup>(5)</sup> Includes retention awards to key individuals associated with acquired companies as an incentive to retain those individuals on a long-term basis. For more information, see Note 13, *Appreciation and Retention Plan*, of our consolidated financial statements included in this document.

## Liquidity and Capital Resources

### Capital Spending

We incur capital expenditures in the normal course of business and performs ongoing enhancements and updates to our social and mobile games to maintain our quality standards. Cash used for capital expenditures in the normal course of business is typically made available from cash flows generated by operating activities. We may also pursue acquisition opportunities for additional businesses or social or mobile games that meet our strategic and return on investment criteria. Capital needs for investment opportunities are evaluated on an individual opportunity basis and may require significant capital commitments.

### Liquidity

Our primary sources of liquidity are the cash flows generated from our operations, currently available unrestricted cash and cash equivalents, short-term bank deposits, and borrowings pursuant to the Credit Agreement. Our cash and cash equivalents and short-term bank deposits totaled \$994.2 million and \$520.1 million at September 30, 2021 and December 31, 2020, respectively. As of September 30, 2021 and December 31, 2020, we had \$600 million and \$350 million in additional borrowing capacity pursuant to our Revolving Credit Facility (as defined below), respectively. Payments of short-term debt obligations and other commitments are expected to be made from cash on hand and operating cash flows. Long-term obligations are expected to be paid through operating cash flows, or, if necessary, borrowings under our Revolving Credit Facility or additional term loans or issuances of equity.

Our restricted cash totaled \$2.1 million at September 30, 2021 and \$3.5 million at December 31, 2020. Restricted cash primarily consists of deposits to secure obligations under our operating lease agreements and to secure company-issued credit cards.

Our ability to fund our operations, pay our debt obligations and fund planned capital expenditures depends, in part, upon economic and other factors that are beyond our control, and disruptions in capital markets could impact our ability to secure additional funds through financing activities. We believe that our cash and cash equivalents balance, short-term bank deposits, restricted cash, borrowing capacity under our Revolving Credit Facility and our cash flows from operations will be sufficient to meet our normal operating requirements during the next 12 months and the foreseeable future and to fund capital expenditures.

### Cash Flows

The following tables present a summary of our cash flows for the periods indicated:

<i>(in millions)</i>	Nine months ended September 30,	
	2021	2020
Net cash flows provided by operating activities	\$ 383.8	\$ 333.5
Net cash flows used in investing activities	(569.4)	(70.0)
Net cash flows provided by (used in) financing activities	564.5	(148.3)
Effect of foreign exchange rate changes on cash and cash equivalents	(6.3)	(3.6)
Net change in cash, cash equivalents and restricted cash	<u>\$ 372.6</u>	<u>\$ 111.6</u>

### Operating Activities

Net cash flows provided by operating activities for the nine months ended September 30, 2021 was \$383.8 million when compared with \$333.5 million for the same period of 2020. Net cash flows provided by operating activities for each period primarily consisted of net income generated during the period, exclusive of non-cash expenses such as depreciation, amortization and stock-based compensation, with changes in working capital impacted by the payment of annual and



incentive bonuses, the payment of our prior-year legal settlement, and payment of long-term cash compensation during the first half of 2021, combined with other normal working-capital timing differences.

### **Investing Activities**

Net cash flow used in investing activities for the nine months ended September 30, 2021 was \$569.4 million when compared with \$70.0 million for the same period of 2020. Cash flows used in investing activities generally includes outflows related to business combinations and the purchase and capitalization of assets. Investing activities for the nine months ended September 30, 2021, included \$397.7 million of cash paid for the acquisition of Reworks. In addition, cash outflows for the nine months ended September 30, 2021 includes \$100.0 million for amounts placed into short-term bank deposits.

### **Financing Activities**

Net cash flows provided by financing activities for the nine months ended September 30, 2021 was \$564.5 million, compared to cash flows used in financing activities of \$148.3 million for the same period of 2020. Financing activity cash flows for the nine months ended September 30, 2021 primarily relate to the Company's initial public offering of its equity in January 2021, and the refinancing of its Old Term Loan (as defined below) in March 2021. Financing activity cash flows for the nine months ended September 30, 2020 primarily relate to repayments on the Company's bank borrowings.

### **Capital Resources**

On December 10, 2019, we entered into \$2,750 million of senior secured credit facilities (the "Credit Facilities"), consisting of a \$250 million revolving credit facility (the "Revolving Credit Facility"), and a \$2,500 million first lien term loan (the "Old Term Loan"). The Credit Facilities were provided pursuant to the Credit Agreement, dated as of December 10, 2019, by and among Playtika, the lenders party thereto, and Credit Suisse, AG, Cayman Islands Branch, as administrative agent (in such capacity, the "Administrative Agent") and collateral agent (in such capacity, the "Collateral Agent"). Proceeds borrowed under the Credit Facilities on the closing date were used to pay off the outstanding balance on our prior debt facility. On June 15, 2020, we increased the capacity of the Revolving Credit Facility to \$350 million. On January 15, 2021, we increased the borrowing capacity of the Revolving Credit Facility from \$350 million to \$550 million.

On March 11, 2021, amended the Credit Agreement pursuant to an Incremental Assumption Agreement No. 3 and Second Amendment to Credit Agreement (the "Second Amendment").

The Second Amendment, among other things, effected a refinancing of Old Term Loan with a new \$1.9 billion senior secured first lien term loan borrowed under the Credit Agreement (the "New Term Loan"), increased the Revolving Credit Facility to \$600 million and extended the maturity of the Revolving Credit Facility to March 11, 2026. The New Term Loan matures on March 11, 2028 and requires scheduled quarterly principal payments in amounts equal to 0.25% of the original aggregate principal amount of the New Term Loan, with the balance due at maturity.

Also on March 11, 2021, we issued \$600.0 million aggregate principal amount of our 4.250% senior notes due 2029 (the "Notes"). The Notes mature on March 15, 2029. Interest on the Notes will accrue at a rate of 4.250% per annum. Interest on the Notes will be payable semi-annually in cash in arrears on March 15 and September 15 of each year, commencing on September 15, 2021.

Significant terms of the Credit Facilities, the New Term Loan and the Notes, including balances outstanding, interest and fees, mandatory and voluntary prepayment requirements, collateral and guarantors and restrictive covenants are detailed in Note 7, *Debt*, to the accompanying consolidated financial statements.

### **COVID-19**

The global pandemic associated with COVID-19 has caused major disruption to all aspects of the global economy and daily life in recent months, particularly as quarantine and stay-at-home orders have been imposed by all levels of government. We have followed guidance by the United States, Israeli and other applicable foreign and local governments to protect our employees and operations during the pandemic and have implemented a remote environment for our business. We cannot

predict the potential impacts of the COVID-19 pandemic on our business or operations, but we continuously monitor performance and other industry reports to assess the risk of future negative impacts as the disruptions of the COVID-19 pandemic continue to evolve.

### **Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates. We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate risk, investment risk, and foreign currency risk as follows:

#### ***Interest Rate Risk***

Our exposures to market risk for changes in interest rates relate primarily to our Term Loan and our Revolving Credit Facility. The Term Loan and our Revolving Credit Facility are floating rate facilities. Therefore, fluctuations in interest rates will impact the amount of interest expense we incur and have to pay.

In March 2021, we entered into two interest rate swap agreements, each with a notional value of \$250 million. Each of these swap agreements is with a different financial institution as the counterparty to reduce our counterparty risk. Each swap requires the Company to pay a fixed interest rate of 0.9275% in exchange for receiving one-month LIBOR. The interest rate swap agreements settle monthly commencing in April 2021 through their termination dates on April 30, 2026.

We had borrowings outstanding under our Term Loan with book values of \$1,846.9 million and \$2,314.4 million at September 30, 2021 and December 31, 2020, respectively, which were subject to a weighted average interest rate of 2.85% and 7.207% for the nine months ended September 30, 2021 and the year ended December 31, 2020, respectively. There were no borrowings against our Revolving Credit Facility at September 30, 2021 or December 31, 2020.

A hypothetical 100 basis point increase or decrease in weighted average interest rates under our Term Loan and Revolving Credit Facility, based upon the face value of such instruments and after consideration of the Company's interest rate swap agreements, would increase our interest expense by \$13.9 million over a twelve-month period.

We do not purchase or hold any derivative financial instruments for trading purposes.

#### ***Investment Risk***

We had cash and cash equivalents including restricted cash and cash equivalents totaling \$896.2 million and \$523.6 million as of September 30, 2021 and December 31, 2020, respectively. We also had short-term bank deposits of \$100.1 million as of September 30, 2021. Our investment policy and strategy primarily attempts to preserve capital and meet liquidity requirements without significantly increasing risk. Our cash and cash equivalents and short-term deposits primarily consist of cash deposits and money market funds. We do not enter into investments for trading or speculative purposes. Changes in rates would primarily impact interest income due to the relatively short-term nature of our investments. A hypothetical 100 basis point change in interest rates would have increased or decreased our interest income for a twelve-month period by an immaterial amount.

#### ***Foreign Currency Risk***

Our functional currency is the U.S. Dollar and our revenues and expenses are primarily denominated in U.S. Dollars. However, a significant portion of our headcount related expenses, consisting principally of salaries and related personnel expenses as well as leases and certain other operating expenses, are denominated in Israeli Shekels, or ILS. We also have foreign currency risks related to our revenues and operating expenses denominated in currencies other than the U.S. Dollar, including the Australian Dollar, Canadian Dollar, British Pound, Euro, Polish Zloty and Romanian Leu. Accordingly, changes in exchange rates in the future may negatively affect our future revenues and other operating results as expressed in U.S. Dollars. Our foreign currency risk is partially mitigated as our revenues recognized in currencies other than the U.S. Dollar is diversified across geographic regions and we incur expenses in the same currencies in these regions.

We have experienced and will continue to experience fluctuations in our net income as a result of transaction gains or losses related to remeasurement of our asset and liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded.

As of September 30, 2021, we had foreign currency derivative contracts outstanding for an aggregate purchase of 243.5 million ILS, all which mature during the following 12 months.

#### **Item 4. CONTROLS AND PROCEDURES**

We maintain disclosure controls and procedures designed to provide reasonable assurance of achieving the objective that information in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified and pursuant to the requirements of the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), we carried out an evaluation, with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of September 30, 2021, the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2021.

There have been no changes in our internal control over financial reporting during the quarter ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **Part II. OTHER INFORMATION**

### **Item 1. LEGAL PROCEEDINGS**

For a description of our legal proceedings, see Note 11, *Commitments and Contingencies*, included in Part I. Item I of this quarterly report on Form 10-Q.

### **Item 1A. RISK FACTORS**

Our business faces significant risks and uncertainties. Certain important factors may have a material adverse effect on our business, prospects, financial condition and results of operations, any of which could subsequently have an adverse effect on the trading price of our common stock, and you should carefully consider them. Accordingly, in evaluating our business, we encourage you to consider the following discussion of risk factors in its entirety, in addition to other information contained in or incorporated by reference into this Quarterly Report on Form 10-Q and our other public filings with the SEC. Additional risks not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and results of operations in future periods.

#### **Summary of Risk Factors**

The risks more fully described below that relate to our business include, but are not limited to, the following important risks:

- we rely on third-party platforms, such as the iOS App Store, Facebook, and Google Play Store, to distribute our games and collect revenues, and such platforms may adversely change their policies;
- a limited number of games generate a majority of our revenues;
- a small percentage of total users generate a majority of our revenues;
- 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 make acquisitions and/or integrate acquired businesses successfully could limit our growth or disrupt our plans and operations;
- we may be unable to successfully develop new games;
- our new games may not be successful after launch;
- we operate in a highly competitive industry with low barriers to entry;
- we have significant indebtedness and are subject to obligations and restrictive covenants under our debt instruments;
- we are controlled by Yuzhu Shi, whose economic and other interests in our business may differ from yours;
- legal or regulatory restrictions or proceedings could adversely impact our business and limit the growth of our operations;
- 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;
- security breaches or other disruptions could compromise our information or the information of our players and expose us to liability; and

- our inability to protect our intellectual property and proprietary information could adversely impact our business.

## **Risks Related to Our Business**

***We rely on third-party platforms, such as the iOS App Store, Facebook, and Google Play Store, to distribute our games and collect revenues generated on such platforms and rely on third-party payment service providers to collect revenues generated on our own platforms.***

Our games are primarily accessed and operated through platforms operated by Apple, Facebook and Google. A significant number of the virtual items that we sell to paying players are purchased using the payment processing systems of these platforms and, for the nine months ended September 30, 2021, 73.6% of our revenues were generated through the iOS App Store, Facebook, and Google Play Store. Consequently, our expansion and prospects depend on our continued relationships with these providers, and any other emerging platform providers that are widely adopted by our target players. We are subject to the standard terms and conditions that these platform providers have for application developers, which govern the content, promotion, distribution, operation of games and other applications on their platforms, as well as the terms of the payment processing services provided by the platforms, and which the platform providers can change unilaterally on short or without notice. Our business would be harmed if:

- the platform providers discontinue or limit our access to their platforms;
- governments or private parties, such as internet providers, impose bandwidth restrictions or increase charges or restrict or prohibit access to those platforms;
- the platforms increase the fees they charge us;
- the platforms modify their algorithms, communication channels available to developers, respective terms of service or other policies;
- the platforms decline in popularity;
- the platforms adopt changes or updates to their technology that impede integration with other software systems or otherwise require us to modify our technology or update our games in order to ensure players can continue to access our games and content with ease;
- the platforms elect or are required to change how they label free-to-play games or take payment for in-game purchases;
- the platforms block or limit access to the genres of games that we provide in any jurisdiction;
- the platforms impose restrictions or spending caps or make it more difficult for players to make in-game purchases of virtual items;
- the platforms change how the personal information of players is made available to developers or develop or expand their own competitive offerings; or
- we are unable to comply with the platform providers' terms of service.

If our platform providers do not perform their obligations in accordance with our platform agreements, we could be adversely impacted. For example, in the past, some of these platform providers have been unavailable for short periods of time, unexpectedly changed their terms or conditions, or experienced issues with their features that permit our players to purchase virtual items. Additionally, we rely on two separate third-party online payment service providers to process any payments generated on games accessed and operated on our own proprietary platforms. If either of these third-party service providers is unable to process payments, even for a short period of time, our business would be harmed. These platforms and our third-

party online payment service providers may also experience security breaches or other issues with their functionalities. In addition, if we do not adhere to the terms and conditions of our platform providers, the platform providers may take actions to limit the operations of, suspend or remove our games from the platform, and/or we may be exposed to liability or litigation. For example, in August 2020, Epic Games, Inc., or Epic Games, attempted to bypass Apple and Google's payment systems for in-game purchases with an update that allowed users to make purchases directly through Epic Games in its game, Fortnite. Apple and Google promptly removed Fortnite from their respective app stores, and Apple filed a lawsuit seeking injunctive relief to block the use of Epic Games' payment system and seeking monetary damages to recover funds made while the updated version of Fortnite was active. In September 2021, the district court judge in the case entered a judgment, which included an order awarding monetary damages to Apple. The judgment in the case is currently under appeal.

If any such events described above occur on a short-term or long-term basis, or if these third-party platforms and online payment service providers otherwise experience issues that impact the ability of players to download or access our games, access social features, or make in-game purchases, it would have a material adverse effect on our brands and reputation, as well as our business, financial condition and results of operations.

***A limited number of games have generated a majority of our revenues, and we may be unable to offset any declines in revenues from our top games.***

Our business is dependent on the success of a limited number of games and on our ability to consistently enhance and improve upon games that achieve significant popularity. Historically, we have depended on such games for a majority of our revenues and we expect that this dependency will continue for the foreseeable future. For example, for the years ended December 31, 2019 and 2020, our top two games by revenue, *Slotomania* and *Bingo Blitz*, collectively generated approximately half of our revenues for each period. For a game to remain popular and to retain players, we must constantly enhance, expand and upgrade the game with new features, offers, and content that players find attractive. As a result, each of our games requires significant product development, marketing and other resources to develop, launch and sustain popularity through regular upgrades, expansions and new content, and such costs on average have increased over time. Even with these investments, we may experience sudden declines in the popularity of any of our games and fluctuations in the number of daily average users and monthly average users.

If we fail to attract and retain a significant number of new and existing players to our games or if we experience a reduction in the number of players of our most popular games or any other adverse developments relating to our most popular games occur, our market share and reputation could be harmed and there could be a material adverse effect on our business, financial condition and results of operations.

***A small percentage of total users have generated a majority of our revenues, and we may be unable to attract new paying or retain existing paying users and maintain their spending levels.***

Revenues of free-to-play games typically rely on a small percentage of players who spend moderate or large amounts of money in games to receive special advantages, levels, access and other features, offers, or content. The vast majority of users play for free or only occasionally spend money in games. As a result, compared to all users who play our games in any period, only a small percentage of such users were paying users. For example, for the nine months ended September 30, 2021, our average Daily Payer Conversion was 2.8%. In addition, a large percentage of our revenues comes from a small subset of these paying users. Because many users do not generate revenues, and each paying user does not generate an equal amount of revenues, it is particularly important for us to retain the small percentage of paying users and to maintain or increase their spending levels. There can be no assurance that we will be able to continue to retain paying users or that paying users will maintain or increase their spending. It is possible that we could lose more paying users than we gain in the future, which would cause a decrease in the monetization of our games and could have a material adverse effect on our business, financial condition and results of operations.

We invest in new user acquisition and on monetization strategies to convert users to paying users, retain our existing paying users and maintain or increase the spending levels of our paying users. If our investments on new user acquisition and monetization strategies do not produce the desired results, we may fail to attract, retain or monetize users and may experience a decrease in spending levels of existing paying users, any of which would result in lower revenues for our games and could have a material adverse effect on our business, financial condition and results of operations.

We believe that the key factors in attracting and retaining paying users include our ability to enhance existing games and game experiences in ways which are specifically appealing to paying users. These abilities are subject to various uncertainties, including but not limited to:

- our ability to provide an enhanced experience for paying users without adversely affecting the gameplay experience for non-paying users;
- our ability to continually anticipate and respond to changing user interests and preferences generally and to changes in the gaming industry;
- our ability to compete successfully against a large and growing number of industry participants with essentially no barriers to entry;
- our ability to hire, integrate and retain skilled personnel;
- our ability to increase penetration in, and enter into new, demographic markets;
- our ability to achieve a positive return on our user acquisition and other marketing investments and to drive organic growth; and
- our ability to minimize and quickly resolve bugs or outages.

Some of our users also depend on our customer support organization to answer questions relating to our games. Our ability to provide high-quality effective customer support is largely dependent on our ability to attract, resource, and retain employees who are not only qualified to support our users, but are also well versed in our games. Any failure to maintain high-quality customer support, or a market perception that we do not maintain high-quality customer support, could harm our reputation and adversely affect our ability to sell virtual items within our games to existing and prospective users.

If we are unable to attract and retain users, especially paying users, it would have a material adverse effect on our business, financial condition and results of operations.

***We utilize a free-to-play business model, which depends on players making optional in-game purchases, and the value of the virtual items sold in our games is highly dependent on how we manage the game revenues and pricing models.***

Our games are available to players for free, and we generate nearly all of our revenues from the sale of virtual items when players make voluntary in-game purchases. For example, in both of the nine months ended September 30, 2020 and 2021, we derived 97.2% and 97.1%, respectively of our revenues from in-game purchases.

Paying users usually spend money in our games because of the perceived value of the virtual items that we offer for purchase. The perceived value of these virtual items can be impacted by various actions that we take in the games, such as offering discounts, giving away virtual items in promotions or providing easier non-paid means to secure such virtual items. If we fail to manage our game economies properly, players may be less likely to spend money in the games, which could have a material adverse effect on our business, financial condition and results of operations.

Unrelated third parties have developed, and may continue to develop, “cheats” or guides that enable players to advance in our games or result in other types of malfunction, which could reduce the demand for in-game virtual items. In particular, for our games where players play against each other, such as our *World Series of Poker* game, there is a higher risk that these “cheats” will enable players to obtain unfair advantages over those players who play fairly, and harm the experience of those players. Additionally, these unrelated third parties may attempt to scam our players with fake offers for virtual items or other game benefits. These scams may harm the experience of our players, disrupt the economies of our games and reduce the demand for our virtual items, which may result in increased costs to combat such programs and scams, a loss of revenues from the sale of virtual items and a loss of players. As a result, players may have a negative gaming experience and be less

likely to spend money in the games, which could have a material adverse effect on our business, financial condition and results of operations.

***Our inability to make acquisitions and integrate any acquired businesses successfully could limit our growth or disrupt our plans and operations.***

Historically, a significant portion of our growth has been as a result of our acquisition of complementary studios and games, rather than in-house development, including our acquisition of Wooga GmbH, or Wooga, in 2018, Supertreat GmbH, or Supertreat, in 2019, Seriously Holding Corp., or Seriously, in 2019 and Reworks Oy, or Reworks, in 2021, and we anticipate that acquisitions will continue to be an important source of growth in the near future. Our ability to succeed in implementing our strategy will depend to some degree upon our ability to identify quality games, applications and businesses and complete commercially viable acquisitions. We cannot assure you that acquisition opportunities will be available on acceptable terms or at all, or that we will be able to obtain necessary financing or regulatory approvals to complete potential acquisitions. Our ability to successfully grow through these types of transactions also depends upon our ability to identify, negotiate, complete and integrate suitable target businesses, technologies and products and to obtain any necessary financing, and is subject to numerous risks, including:

- failure to identify acquisition, investment or other strategic alliance opportunities that we deem suitable or available on favorable terms;
- problems integrating acquired businesses, technologies or products, including issues maintaining uniform standards, procedures, controls and policies;
- unsuccessful efforts to expand and unanticipated challenges in entering into new categories of games and applications, including design entertainment and home design;
- problems properly valuing prospective acquisitions, particularly those with limited operating histories;
- failure to fully identify potential risks and liabilities associated with acquired businesses;
- unanticipated costs associated with acquisitions, investments or strategic alliances;
- adverse impacts on our overall margins;
- diversion of management's attention from the day-to-day operations of our existing business;
- potential loss of key employees of acquired businesses; and
- increased legal and accounting compliance costs.

In addition, the expected cost synergies associated with such acquisitions may not be fully realized in the anticipated amounts or within the contemplated timeframes, which could result in increased costs and have an adverse effect on our prospects, results of operations, cash flows and financial condition. We would expect to incur incremental costs and capital expenditures related to integration activities. Acquisition transactions may also disrupt our ongoing business, as the integration of acquisitions would require significant time and focus from management and might delay the achievement of our strategic objectives.

If we are unable to identify suitable target businesses, technologies or products, or if we are unable to integrate any acquired businesses, technologies and products effectively, our business, financial condition and results of operations could be materially and adversely affected, and we can provide no assurances that we will be able to adequately supplement any such inability to successfully acquire and integrate with organic growth. Also, while we employ several different methodologies to assess potential business opportunities, the businesses we may acquire may not meet or exceed our expectations.



***If we fail to develop or acquire new games that achieve broad popularity, we may be unable to attract new players or retain existing players, which could negatively impact our business.***

Developing or acquiring new games that achieve broad popularity is vital to our continued growth and success.

Our ability to successfully develop or acquire new games and their ability to achieve broad popularity and commercial success depends on a number of factors, including our ability to:

- attract, retain and motivate talented game designers, product managers and engineers;
- identify, acquire or develop, sustain and expand games that are fun, interesting and compelling to play over long periods of time;
- effectively market new games and enhancements to our new and existing players;
- achieve viral organic growth and gain customer interest in our games;
- minimize launch delays and cost overruns on new games and game expansions;
- minimize downtime and other technical difficulties;
- adapt to player preferences;
- expand and enhance games after their initial release;
- partner with mobile platforms;
- maintain a quality social game experience; and
- accurately forecast the timing and expense of our operations.

These and other uncertainties make it difficult to know whether we will succeed in continuing to develop or acquire successful games and launch new games that achieve broad popularity. If we are unable to successfully acquire new games or develop new games in-house, it could have a material effect on our pipeline and negatively affect our growth and results of operations.

***We operate in a highly competitive industry with low barriers to entry, and our success depends on our ability to effectively compete.***

The mobile gaming industry is a rapidly evolving industry with low barriers to entry, and we expect more companies to enter the industry and a wider range of competing games to be introduced. As a result, we are dependent on our ability to successfully compete against a large and growing number of industry participants. In addition, the market for our games is characterized by rapid technological developments, frequent launches of new games and enhancements to current games, changes in player needs and behavior, disruption by innovative entrants and evolving business models and industry standards. As a result, our industry is constantly changing games and business models in order to adopt and optimize new technologies, increase cost efficiency and adapt to player preferences. Our competitors may adapt to an emerging technology or business model more quickly or effectively, developing products and games or business models that are technologically superior to ours, more appealing to consumers, or both. Potential new competitors could have significant resources for developing, enhancing or acquiring games and gaming companies, and may also be able to incorporate their own strong brands and assets into their games or distribution of their games. We also face competition from a vast number of small companies and individuals who may be successful in creating and launching games and other content for these devices and platforms using relatively limited resources and with relatively limited start-up time or expertise. New game developers enter the gaming market continuously, some of which experience significant success in a short period of time. A significant number of new titles are introduced each day.

In addition, the high ratings of our games on the platforms on which we operate are important as they help drive users to find our games. If the ratings of any of our games decline or if we receive significant negative reviews that result in a decrease in our ratings, our games could be more difficult for players to find or recommend. In addition, we may be subject to negative review campaigns or defamation campaigns intended to harm our ratings. Any such decline may lead to loss of users and revenues, additional advertising and marketing costs, and reputation harm.

Additionally, if our platform providers were to develop competitive offerings, either on their own or in cooperation with one or more competitors, our growth prospects could be negatively impacted. For example, Apple recently developed its own video game subscription service, Apple Arcade, which may compete further with our games. Increased competition and success of other brands, genres, business models and games could result in, among other things, a loss of players, or negatively impact our ability to acquire new players cost-effectively, which could have a material adverse effect on our business, financial condition and results of operations.

Moreover, current and future competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with others, including our current or future business partners or third-party software providers. By doing so, these competitors may increase their scale, their ability to meet the needs of existing or prospective players and compete for similar human resources. If we are unable to compete effectively, successfully and at a reasonable cost against our existing and future competitors, our results of operations, cash flows and financial condition would be adversely impacted.

***Our substantial indebtedness could adversely affect our ability to raise additional capital or to fund our operations, expose us to interest rate risk, limit our ability to react to changes in the economy, and prevent us from making debt service payments. In addition, we are subject to obligations and restrictive covenants under our debt instruments that may impair our ability to operate or with which we may not be able to maintain compliance.***

We are a highly leveraged company. In March 2021, we issued \$600.0 million aggregate principal amount of our 4.250% senior notes due 2029 (our “Notes”) in a private offering pursuant to an indenture dated March 11, 2021 (the “Indenture”). As of September 30, 2021, we had \$2,490.5 million aggregate principal amount of outstanding indebtedness, in addition to \$600.0 million available for borrowing under our Revolving Credit Facility at that date. Our indebtedness also may include senior secured credit facilities if drawn upon, which we refer to herein as the Credit Facilities, consisting of a \$600.0 million senior secured revolving credit facility, which we refer to herein as the Revolving Credit Facility, and a \$1,900 million senior secured first lien term loan, which we refer to herein as the Term Loan. The Credit Facilities were provided pursuant to a credit agreement, which we refer to herein as the Credit Agreement, dated as of December 10, 2019, by and among us, the lenders party thereto and Credit Suisse AG, Cayman Islands Branch, as administrative agent and collateral agent, and the other parties thereto, as amended.

Our substantial indebtedness could have important consequences for us, including, but not limited to, the following:

- limit our ability to borrow money for our working capital, capital expenditures, debt service requirements, acquisitions, research and development, strategic initiatives or other purposes;
- make it more difficult for us to satisfy our obligations, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants, financial covenants and borrowing conditions, could result in an event of default under the agreements governing our indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of interest and the repayment of our indebtedness, thereby reducing funds available to us for other purposes;
- limit our flexibility in planning for, or reacting to, changes in our operations or business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that are less leveraged and that, therefore, may be able to take advantage of opportunities that our leverage prevents us from exploring;

- increase our vulnerability to general adverse economic industry and competitive conditions;
- restrict us from making strategic acquisitions, engaging in development activities, introducing new technologies, or exploiting business opportunities;
- potentially limit the amount of net interest expense that we and our subsidiaries can use in the future as a deduction against taxable income under applicable tax laws;
- cause us to make non-strategic divestitures;
- limit, along with the financial and other restrictive covenants in the agreements governing our indebtedness, among other things, our ability to borrow additional funds, make investments or dispose of assets;
- limit our ability to repurchase shares and pay cash dividends; and
- expose us to the risk of increased interest rates.

In addition, our Credit Agreement contains a financial covenant applicable to the Revolving Credit Facility thereunder, and our Credit Agreement and the Indenture each contain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest, including our ability to, among other things:

- incur additional debt under certain circumstances;
- create or incur certain liens or permit them to exist;
- enter into certain sale and lease-back transactions;
- make certain investments and acquisitions;
- consolidate, merge or otherwise transfer, sell or dispose of our assets;
- pay dividends, repurchase stock and make other certain restricted payments; or
- enter into certain types of transactions with affiliates.

Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of substantially all of our indebtedness. In the event of such default, the lenders under our Credit Agreement could elect to terminate their commitments thereunder and cease making further loans, and both the lenders under our Credit Agreement and the trustee under the Notes could institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation.

We may be able to incur substantial additional indebtedness in the future, subject to the restrictions contained in the Credit Agreement and the Indenture. If new indebtedness is added to our current debt levels, the related risks described above could intensify. Additionally, the Term Loan matures in March 2028, the Revolving Credit Facility matures in March 2026 and the Notes mature in March 2029. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our Credit Agreement or from new indebtedness in an amount sufficient to enable us to pay or refinance our indebtedness or to fund our other liquidity needs.

We expect that we will need to refinance all or a portion of our indebtedness on or before maturity. We may not be able to refinance any of our indebtedness at comparable interest rates, on commercially reasonable terms or at all. If such refinancing indebtedness is not available at interest rates comparable to our existing indebtedness our interest expense could materially increase, which would have a negative impact on our results of operations. If we cannot timely refinance our indebtedness, we may have to take actions such as issuing additional equity and reducing, delaying or foregoing capital expenditures,

strategic acquisitions and investments. We cannot assure you that any such actions, if necessary, could be implemented on commercially reasonable terms or at all.

***Our ability to successfully attract in-game advertisers depends on our ability to design an attractive advertising model that retains players.***

While the vast majority of our revenues are generated by in-game purchases, a growing portion of our revenues are generated from the sale of in-game advertisements. For example, in each of the nine months ended September 30, 2020 and 2021, we derived 2.8% and 2.9%, respectively, of our revenues from in-game advertising. If we are unable to attract and maintain a sufficient player base or otherwise fail to offer attractive in-game advertising models, advertisers may not be interested in purchasing such advertisements in our games, which could adversely affect our revenues from in-game advertising. Alternatively, if our advertising inventory is unavailable and the demand exceeds the supply, this limits our ability to generate further revenues from in-game advertising, particularly during peak hours and in key geographies. Further, a full inventory may divert advertisers from seeking to obtain advertising inventory from us in the future, and thus deprive us of potential future in-game advertising revenues. This could have a material adverse effect on our reputation and our business, financial condition and results of operations.

In addition, if we include in-game advertising in our games that players view as excessive, such advertising may materially detract from players' gaming experiences, thereby creating player dissatisfaction, which may cause us to lose players and revenues, and negatively affect the in-game experience for players making purchases of virtual items in our games.

***If we develop new games that achieve success, it is possible that these games could divert players of our other games without growing the overall size of our network, which could harm our results of operations.***

As we develop new games, it is possible that these games could cause players to reduce their playing time and purchases in our other existing games without increasing their overall playing time or purchases. In addition, we also may cross-promote our new games in our other games, which could further encourage players of existing games to divert some of their playing time and spending on existing games. If new games do not grow or generate sufficient additional revenues to offset any declines in purchases from our other games, our revenues could be materially and adversely affected. For example, on October 11, 2021, we announced the global launch of our new game Switchcraft, which may have the effect of diverting players of our other games and may not generate sufficient additional revenues to offset any decline in purchases from our other games.

***Yuzhu Shi controls us through his indirect interest in Playtika Holding UK II Limited and its ownership of our common stock will prevent you and other stockholders from influencing significant decisions.***

Yuzhu Shi controls shares representing a majority of our combined voting power through his indirect interest in Playtika Holding UK II Limited, or Playtika Holding UK, and its affiliates. As long as Yuzhu Shi continues to control shares representing a majority of our voting power, he will generally be able to determine the outcome of all corporate actions requiring stockholder approval, including the election and removal of directors (unless supermajority approval of such matter is required by applicable law and our amended and restated certificate of incorporation). In the ordinary course of his business activities, Yuzhu Shi may engage in activities where his interests may not be the same as, or may conflict with, the interests of our other stockholders. Even if Yuzhu Shi were to control less than a majority of our voting power, he may be able to influence the outcome of corporate actions so long as he controls a significant portion of our voting power. For example, as we previously disclosed in June 2021, Yuzhu Shi and certain affiliates of Yuzhu Shi entered into an agreement that, if consummated, would have entitled Giant Network Group Co. Ltd., or Giant, a publicly traded company on the Shenzhen Stock Exchange, to be transferred beneficial ownership of certain shares of ours currently owned by Mr. Shi and his affiliates, the result of which would have been that Giant would control the voting power of the shares of our common stock and would permit Giant to consolidate us for accounting purposes. Had that transaction been consummated, Giant informed us that they would have been required to obtain the approval of its board of directors for substantially all potential acquisitions by it or its consolidated subsidiaries, including acquisitions by us, and, in certain cases, approval from Giant's stockholders, which could have created potential conflicts between Yuzhu Shi's affiliates and us on our acquisitions strategies. Further, Giant informed us that had the transaction been consummated, substantially all derivative transactions and other extraordinary transactions undertaken by Playtika would need to be approved by Giant's board of directors. While that

transaction was abandoned, Mr. Shi and his affiliates may, in his and their discretion, seek to consummate similar transactions in the future, and we would not be able to prevent such transactions from being consummated.

Our stockholders are not able to affect the outcome of any stockholder vote while Yuzhu Shi controls the majority of our voting power (or, in the case of removal of directors, two-thirds of our voting power). Due to his ownership and rights under our amended and restated certificate of incorporation and our amended and restated bylaws, Yuzhu Shi controls, subject to applicable law, the composition of our board of directors, which in turn controls all matters affecting us, including, among other things:

- any determination with respect to our business direction and policies, including the appointment and removal of officers and, in the event of a vacancy on our board of directors, additional or replacement directors;
- any determinations with respect to mergers, business combinations or disposition of assets;
- determination of our management policies;
- determination of the composition of the committees on our board of directors;
- our financing policy;
- our compensation and benefit programs and other human resources policy decisions;
- changes to any other agreements that may adversely affect us;
- the payment of dividends on our common stock; and
- determinations with respect to our tax returns.

In addition, the concentration of Yuzhu Shi's ownership could also discourage others from making tender offers, which could prevent holders from receiving a premium for their common stock. Because Yuzhu Shi's interests may differ from ours or from those of our other stockholders, actions that he takes with respect to us, as our controlling stockholder, may not be favorable to us or to you or our other stockholders.

***Changes to digital platforms' rules, including those relating to "loot boxes," or the potential adoption of regulations or legislation impacting loot boxes, could require us to make changes to some of our games' economies or design, which could negatively impact the monetization of these games reducing our revenues.***

In December 2017, Apple updated its terms of service to require publishers of applications that include "loot boxes" to disclose the odds of receiving each type of item within each loot box to customers prior to purchase. Google similarly updated its terms of service in May 2019. Loot boxes are a commonly used monetization technique in free-to-play mobile games in which a player can acquire a virtual loot box, but the player does not know which virtual item(s) he or she will receive (which may be a common, rare or extremely rare item, and may be a duplicate of an item the player already has in his or her inventory) until the loot box is opened. The player will always receive one or more virtual items when he or she opens the loot box. In the event that Apple, Google, or any of our other platform providers changes its developer terms of service to include more onerous requirements or if any of our platform providers were to prohibit the use of loot boxes in games distributed on its digital platform, we would be required to redesign the economies of the affected games in order to continue distribution on the impacted platforms, which would likely cause a decline in the revenues generated from these games and require us to incur additional costs.

In addition, there are numerous ongoing academic, political and regulatory discussions in the United States, Europe, Australia and other jurisdictions regarding whether certain game mechanics, such as loot boxes, should be subject to a higher level or different type of regulation than other game genres or mechanics to protect consumers, in particular minors and persons susceptible to addiction, and, if so, what such regulation should include. Additionally, loot box game mechanics have been

the subject of increased public discussion – for example, the Federal Trade Commission, or FTC, released a staff perspective in August 2020 highlighting issues raised at an August 2019 public workshop on loot boxes, which encouraged the industry to continue efforts to provide clear and meaningful information to consumers about in-game loot box and related microtransactions. The FTC will continue to monitor developments surrounding loot boxes and take appropriate steps to prevent unfair or deceptive practices. At least one bill has been introduced in the U.S. Senate that would regulate loot boxes in games marketed toward players under the age of 18. The United Kingdom’s Department for Digital, Culture, Media and Sport launched a call for evidence in September 2020 into the impact of loot boxes on in-game spending and gambling-like behavior in connection with the UK government’s review of the 2005 Gambling Act (the principal gambling regulation in the United Kingdom), and politicians have cited loot boxes as an example of recent technology innovation where government regulation is needed. A conclusion to the call for evidence has not yet been released. In October 2020, a Netherlands district administrative court upheld an administrative order by the Dutch gambling authority demanding that Electronic Arts remove certain loots boxes from one of its games because they violated Dutch gambling laws and recommended a maximum fine of 10 million euros for non-compliance with the administrative order. For the first time, the Dutch district administrative court ruled that virtual items can constitute a prize for purposes of gambling legislation. EA requested relief from the Dutch Council of State, and that relief was granted by the Council of State on February 5, 2021. However, the Gaming Authority has appealed, and this is pending before the Council of State. It is possible that other courts or regulatory agencies could adopt similarly broad definitions of prize. Additionally, after being restricted in Belgium and the Netherlands, the United Kingdom House of Lords has issued a report recommending that loot boxes be regulated within the remit of gambling legislation and regulation. See “Business—Government Regulation.” In Australia, there is a proposed Classification Amendment (Loot Boxes) Bill focused on banning loot boxes for minors and preventing the access of loot boxes by minors through classification guidelines. In Spain, the national gambling regulator launched a consultation on the regulation of loot boxes, which ran until March 31, 2021, and asked, among other things, whether loot boxes should come under the remit of Spain’s existing gambling legislation or should be regulated under an additional gambling or consumer protection-led regulatory framework, and whether the government should promote self-regulation. As a result, there may be new measures and decisions on the regulation of loot boxes in Spain. In Brazil, class action lawsuits, including lawsuits against Garena, Activision Blizzard, EA Games, Nintendo, Riot Games, Ubisoft and Valve, Apple, Microsoft, Google and Sony, around loot boxes may result in new loot box standards and could result in debate and new legislation. For legislation regarding protection of particular minors, See “Risk Factors—Risks Related to Our Information Technology and Data Security—Data privacy and security laws and regulations in the jurisdictions in which we do business could increase the cost of our operations and subject us to possible sanctions, civil lawsuits (including class action or similar representative lawsuits) and other penalties; such laws and regulations are continually evolving. Our or our platform and service providers’ actual or perceived failure to comply with these laws and regulations could harm our business.”

In some of our games, certain mechanics may be deemed to be loot boxes. New regulations by the FTC, U.S. states or other international jurisdictions, which may vary significantly across jurisdictions and which we may be required to comply with, could require that these game mechanics be modified or removed from games, increase the costs of operating our games due to disclosure or other regulatory requirements, impact player engagement and monetization, or otherwise harm our business performance. It is difficult to predict how existing or new laws may be applied to these or similar game mechanics. If we become liable under these laws or regulations, we could be directly harmed, and we may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to modify our games, which would harm our business, financial condition and results of operations. In addition, the increased attention focused upon liability issues as a result of lawsuits and legislative proposals could harm our reputation or otherwise impact the growth of our business. Any costs incurred as a result of this potential liability could harm our business, financial condition or results of operations.

***Legal or regulatory restrictions could adversely impact our business and limit the growth of our operations.***

There is significant opposition in some jurisdictions to social gaming, including social casino games. In September 2018, the World Health Organization added “gaming disorder” to the International Classification of Diseases, defining the disorder as a pattern of behavior characterized by impaired control over gaming and an increase in the priority of gaming over other interests and daily activities. Additionally, the public has become increasingly concerned with the amount of time spent using phones, tablets and computers per day, and these concerns have increased as people spend more time at home and on their devices over the course of the stay-at-home orders caused by the COVID-19 pandemic. Some states or countries have anti-gaming groups that specifically target social casino games. Such opposition could lead these jurisdictions to adopt legislation

or impose a regulatory framework to govern interactive social gaming or social casino games specifically. These could result in a prohibition on interactive social gaming or social casino games altogether, restrict our ability to advertise our games, or substantially increase our costs to comply with these regulations, all of which could have an adverse effect on our results of operations, cash flows and financial condition. We cannot predict the likelihood, timing, scope or terms of any such legislation or regulation or the extent to which they may affect our business.

In a recent case, the U.S. Court of Appeals for the Ninth Circuit decided that a social casino game produced by one of our competitors should be considered illegal gambling under Washington state law. Similar lawsuits have been filed against other defendants, including us. For example, in April 2018, a putative class action lawsuit was filed in federal district court alleging substantially the same causes of action against our social casino games. See “—Legal proceedings may materially adversely affect our business and our results of operations, cash flows and financial condition” and “Item 1—Legal Proceedings.”

In September 2018, sixteen gambling regulators signed a declaration expressing concern over the blurring of lines between gambling and video game products, including social casino gaming. The regulators committed to work together to analyze the characteristics of video games and social gaming, and to engage in an informed dialogue with the video game and social gaming industries to ensure the appropriate and efficient implementation of applicable laws and regulations. The regulators also indicated they would work closely with their consumer protection enforcement agencies. In May 2019, the regulators presented their conclusions and encouraged national consumer protection authorities to continue to be involved in the debate over the blurring of lines between gambling and video game products, while recognizing that ultimately whether these activities trigger the implementation of gambling regulation would depend on each nation’s gambling definition. Many other similar cases have been filed in the United States related to allegations regarding legality of loot boxes and purported gambling within video games products. For example, since 2020, there have been many cases filed against social casino game developers, and our third-party platform providers, alleging that social casino games violate various state’s gambling laws, including cases in California, Washington, Mississippi, Alabama, Connecticut, Georgia, New York, Ohio and New Mexico. In addition, four cases have been filed in California since 2020 alleging that loot boxes contained in games constitute gambling in violation of California law. We cannot predict the likelihood, timing, scope or terms of any actions taken, nor can we predict the outcome of any litigation arising, as a result of the declaration, the gambling regulators’ resulting conclusions or any future declarations.

Consumer protection concerns regarding games such as ours have been raised in the past and may again be raised in the future. These concerns include: (i) whether social casino games may be shown to serve as a gateway for adolescents to real money gambling; (ii) methods to limit the ability of children to make in-game purchases, and (iii) a concern that mobile game companies are using big data and advanced technology to predict and target “vulnerable” users who may spend significant time and money on mobile games in lieu of other activities. Such concerns could lead to increased scrutiny over the manner in which our games are designed, developed, distributed and presented. We cannot predict the likelihood, timing or scope of any concern reaching a level that will impact our business, or whether we would suffer any adverse impacts to our results of operations, cash flows and financial condition.

***Legal proceedings may materially adversely affect our business and our results of operations, cash flows and financial condition.***

We have been party to, are currently party to, and in the future may become subject to additional legal proceedings in the operation of our business, including, but not limited to, with respect to consumer protection, gambling-related matters, employee matters, alleged service and system malfunctions, alleged intellectual property infringement and claims relating to our contracts, licenses and strategic investments.

For example, in April 2018, a putative class action lawsuit, *Sean Wilson, et al. v. Playtika LTD, Playtika Holding Corp. and Caesars Interactive Entertainment, Inc.*, was filed against us in federal district court directed against certain of our social casino games, including *Caesars Slots, Slotomania, House of Fun* and *Vegas Downtown Slots*. The plaintiff alleged that our social casino games violate Washington State gambling laws and consumer protection laws. In August 2020, we entered into a settlement agreement, which was approved by the court in February 2021, to settle the *Sean Wilson* litigation. In addition, in December 2016, both a trademark infringement lawsuit was filed in Canadian court by Enigmatus, s.r.o. against Playtika Ltd., our subsidiary, and CIE regarding our use of the *Slotomania* trademarks, and a copyright lawsuit was filed against Wooga in a German court by a former freelance writer for additional remuneration. In October 2020, a patent infringement claim,



*NEXRF Corp. v. Playtika Ltd., Playtika Holding Corp. and Caesars Interactive Entertainment LLC*, was filed against Playtika Holding Corp., Playtika Ltd., our subsidiary, and CIE in U.S. District Court, District of Nevada. The plaintiff alleges that we and CIE are infringing certain patents related to plaintiff's games and is seeking monetary damages. See "Item 1—Legal Proceedings."

Furthermore, our games may be implicated in lawsuits where we are not the named defendants. For example, in October 2020 and January 2021 plaintiffs in several U.S. states sued Apple and/or Google alleging that the platforms violated state gambling laws by allowing the plaintiffs to download and play social casino games, including certain of our social casino games. These lawsuits, or similar suits in the future, could cause Google, Apple, or other third-party platform providers to deny our social casino games access to their platforms or the platforms could seek to pass on liability, including defense costs, for these suits to us under the indemnity provisions in our agreements with such platforms, which could have a material adverse effect on our results of operations, cash flows, or financial condition.

Additional legal proceedings targeting our games and claiming violations of state or federal laws could occur, based on the unique and particular laws of each jurisdiction, particularly as litigation claims and regulations continue to evolve. We cannot predict the outcome of any legal proceedings to which we may be a party, any of which could have a material adverse effect on our results of operations, cash flows or financial condition.

***We rely on a limited number of geographies for a significant portion of our revenues.***

Although we have players across the globe, we derive a significant portion of our revenues from a limited number of countries and are dependent on access to those markets. For example, for the nine months ended September 30, 2021, 70.7% of our revenues were derived from users located in the United States and 92.4% from users located in the United States, Canada, Europe and Australia. Our ability to retain paying players depends on our success in these geographies, and if we were to lose access to these markets or experience a decline in players in these geographies for any reason, it would have a material adverse effect on our business, financial condition and results of operations.

***The recent COVID-19 pandemic and similar health epidemics, contagious disease outbreaks and public perception thereof, could significantly disrupt our operations and adversely affect our business, results of operations, cash flows or financial condition.***

The recent COVID-19 pandemic, epidemics, medical emergencies and other public health crises outside of our control could have a negative impact on our business. Large-scale medical emergencies can take many forms and can cause widespread illness and death. For example, in December 2019, a strain of coronavirus surfaced in Wuhan, China, and although there are multiple vaccines approved in various jurisdictions, the demand for the vaccines currently may exceed the supply in many jurisdictions in which we operate, and cases continue to exist across the globe, regardless of vaccine availability and rates of vaccination, including as a result of new variants, such as the Delta variant. Although the full extent of the impact from the COVID-19 pandemic on our business is unknown at this time, it could affect the health of our employees, or otherwise impact the productivity of our employees, third-party organizations with which we partner, or regulatory agencies we rely on, which may prevent us from delivering content in a timely manner or otherwise executing our business strategies. We have followed guidance by the U.S. and Israeli governments and the other local governments in which we operate to protect our employees and our operations during the pandemic and have implemented a remote environment for certain of our employees, and, as a result, may experience inefficiencies in our employees' ability to collaborate. We have also experienced difficulty in our efforts to recruit and hire qualified personnel during this time. The COVID-19 pandemic could also affect the health of our consumers, which may affect sales of our virtual items in our games or result in lower-than-expected attendance at, or the cancellation of, events hosted by us (as has already occurred for a number of scheduled events). In addition, the COVID-19 pandemic has caused economic hardship, high unemployment rates and other disruptions, both in the United States and the rest of the world. Any of these impacts, including the prolonged continuation of these impacts, could adversely affect our business.

We cannot predict the other potential impacts of the COVID-19 pandemic on our business or operations, and there is no guarantee that any near-term trends in our results of operations will continue, particularly if the COVID-19 pandemic and the adverse consequences thereof continue for a long period of time. Another wave of infections, a continuation of the current environment, or any further adverse impacts caused by the COVID-19 pandemic could further deteriorate employment rates



and the economy, detrimentally affecting our consumer base and divert player discretionary income to other uses, including for essential items. These events could adversely impact our cash flows, results of operations and financial conditions and heighten many of the other risks described in these “Risk Factors.” In addition, we could experience a decrease in user activity or spending after the COVID-19 pandemic subsides, which could adversely impact our cash flows, operating results, and financial condition.

***If general economic conditions decline, demand for our games could decline. In addition, our business is vulnerable to changing economic conditions and to other factors that adversely affect the gaming industry, which could negatively impact our business.***

In-game purchases involve discretionary spending on the part of consumers. Consumers are generally more willing to make discretionary purchases, including purchases of games and services like ours, during periods in which favorable economic conditions prevail. As a result, our games may be sensitive to general economic conditions and economic cycles. A reduction or shift in domestic or international consumer spending could result in an increase in our marketing and promotional expenses, in an effort to offset that reduction, and could negatively impact our business. Discretionary spending on entertainment activities could further decline for reasons beyond our control, such as natural disasters, acts of war, pandemics, terrorism, transportation disruptions, climate change or the results of adverse weather conditions. Additionally, disposable income available for discretionary spending may be reduced by unemployment, higher housing, energy, interest, or other costs, or where the actual or perceived wealth of customers has decreased because of circumstances such as lower residential real estate values, increased foreclosure rates, inflation, increased tax rates, or other economic disruptions. Any prolonged or significant decrease in consumer spending on entertainment activities could result in reduced play levels in decreased spending on our games, and could adversely impact our results of operations, cash flows and financial condition.

***Our systems and operations are vulnerable to damage or interruption from natural disasters, power losses, telecommunications failures, cyber-attacks, terrorist attacks, acts of war, human errors, break-ins and similar events.***

We have in the past and may continue to experience disruption as a result of catastrophic events. For example, we previously maintained an office in Crimea, but were forced to close and relocate our personnel as a result of Crimea’s annexation by Russia in 2014. Additionally, our primary offices are located in Israel and we have a large office in Belarus, and are therefore subject to a heightened risk of military and political instability. For more information on risks related to our operations in Israel, see “—We have offices and other significant operations located in Israel, and, therefore, our results may be adversely affected by political, economic and military instability in Israel.” For more information on risks related to our operations in Belarus, see “—Our operations may be adversely affected by ongoing developments in Belarus, Ukraine or Romania.”

In the occurrence of a catastrophic event, including a global pandemic like the ongoing COVID-19 pandemic or the consequences of climate change, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in application development, lengthy interruptions in our services, breaches of data security and loss of critical data, such as player, customer and billing data as well as intellectual property rights, software versions or other relevant data regarding operations, and there can be no assurances that our insurance policies will be sufficient to compensate us for any resulting losses, which could have a material adverse effect on our business, financial condition and results of operations.

***We primarily rely on skilled employees with creative and technical backgrounds. The loss of one or more of our key employees, or our failure to attract and retain other highly qualified employees in the future, could significantly harm our business.***

We primarily rely on our highly skilled, technically trained and creative employees to develop new technologies and create innovative games. Such employees, particularly game designers, engineers and project managers with desirable skill sets are in high demand, and we devote significant resources to identifying, hiring, training, successfully integrating and retaining these employees. We have historically hired a number of key personnel through acquisitions, and as competition with several other game companies increases, we may incur significant expenses in continuing this practice. The loss of employees or the inability to hire additional skilled employees as necessary could result in significant disruptions to our business, and the

integration of replacement personnel could be time-consuming and expensive and cause additional disruptions to our business.

We are highly dependent on the continued services and performance of our key personnel, including, in particular Robert Antokol, our co-founder, Chief Executive Officer and Chairperson of our board of directors, and our other executive officers and senior management team. In particular, Mr. Antokol oversees our company and provides leadership for our growth and business strategy. Moreover, our success is highly dependent on the abilities of Mr. Antokol's decision making process with regards to the day-to-day and ongoing needs of our business, as well as his understanding of our company as the co-founder of Playtika. Although we have entered into an employment agreement with Mr. Antokol, the agreement has no specific duration and he can terminate his employment at any time, subject to certain agreed notice periods and post-termination restrictive covenants. We do not maintain key-man insurance for Mr. Antokol or any other executive officer or member of our senior management team.

In addition, our games are created, developed, enhanced and supported in our in-house game studios. The loss of key game studio personnel, including members of management as well as key engineering, game development, artists, product, marketing and sales personnel, could disrupt our current games, delay new game development or game enhancements, and decrease player retention, which would have an adverse effect on our business.

As we continue to grow, we cannot guarantee we will continue to attract the personnel we need to maintain our competitive position. In particular, we expect to face significant competition from other companies in hiring such personnel as well as recruiting well-qualified staff in multiple international jurisdictions. Furthermore, our competitors may lure away our existing personnel by offering them employment terms that our personnel view as more favorable. As we mature, the incentives to attract, retain and motivate our staff provided by our equity awards or by future arrangements, such as through cash bonuses, may not be as effective as in the past. If we do not succeed in attracting, hiring and integrating excellent personnel, or retaining and motivating existing personnel, we may be unable to grow effectively.

***We track certain performance metrics with internal and third-party tools and do not independently verify such metrics. Certain of our performance metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and adversely affect our business.***

We track certain performance metrics, including the number of active and paying players of our games using a combination of internal and third-party analytics tools, including such tools provided by Apple, Facebook and Google. Our performance metrics tools have a number of limitations (including limitations placed on third-party tools, which are subject to change unilaterally by the relevant third parties) and our methodologies for tracking these metrics or access to these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we report. If the internal or external tools we use to track these metrics undercount or over-count performance or contain technical errors, the data we report may not be accurate, and we may not be able to detect such inaccuracies, particularly with respect to third-party analytics tools. In addition, limitations or errors with respect to how we measure data (or how third parties present that data to us) may affect our understanding of certain details of our business, which could affect our long-term strategies. We also may not have access to comparable quality data for games we acquire with respect to periods before integration, which may impact our ability to rely on such data. Furthermore, such limitations or errors could cause players, analysts or business partners to view our performance metrics as unreliable or inaccurate. If our performance metrics are not accurate representations of our business, player base or traffic levels, if we discover material inaccuracies in our metrics or if the metrics we rely on to track our performance do not provide an accurate measurement of our business or otherwise change, our reputation may be harmed and our business, prospects, financial condition and results of operations could be materially and adversely affected.

***Our business depends on our ability to collect and use data to deliver relevant content and advertisements, and any limitation on the collection and use of this data could cause us to lose revenues.***

When our players use our games, we may collect both personally identifiable and non-personally identifiable data about the player. Often we use some of this data to provide a better experience for the player by delivering relevant content and advertisements. Our players may decide not to allow us to collect some or all of this data or may limit our use of this

data. Any limitation on our ability to collect data about players and game interactions would likely make it more difficult for us to deliver targeted content and advertisements to our players. Interruptions, failures or defects in our data collection, mining, analysis and storage systems, as well as privacy concerns and regulatory restrictions regarding the collection of data, could also limit our ability to aggregate and analyze player data. If that happens, we may not be able to successfully adapt to player preferences to improve and enhance our games, retain existing players and maintain the popularity of our games, which could cause our business, financial condition, or results of operations to suffer.

Additionally, Internet-connected devices and operating systems controlled by third parties increasingly contain features that allow device users to disable functionality that allows for the delivery of advertising on their devices, including through Apple's Identifier for Advertising, or IDFA, or Google's Advertising ID, or AAID, for Android devices. Device and browser manufacturers may include or expand these features as part of their standard device specifications. For example, when Apple announced that UDID, a standard device identifier used in some applications, was being superseded and would no longer be supported, application developers were required to update their apps to utilize alternative device identifiers such as universally unique identifier, or, more recently, IDFA, which simplifies the process for Apple users to opt out of behavioral targeting. If players elect to utilize the opt-out mechanisms in greater numbers, our ability to deliver effective advertisements would suffer, which could adversely affect our revenues from in-game advertising.

***We compete with other forms of leisure activities, and a failure to successfully compete with such activities could have a material adverse effect on our business, financial condition and results of operations.***

We face competition for leisure time, attention and discretionary spending of our players. Other forms of entertainment, such as offline, traditional online, personal computer and console games, television, movies, sports and the internet, together represent much larger or more well-established markets and may be perceived by our players to offer greater variety, affordability, interactivity and enjoyment. Consumer tastes and preferences for leisure time activities are also subject to sudden or unpredictable change on account of new innovations, developments or product launches. If consumers do not find our games to be compelling or if other existing or new leisure time activities are perceived by our players to offer greater variety, affordability, interactivity and overall enjoyment, our business could be materially and adversely affected.

***Our revenue growth rate and financial performance in recent periods may not be indicative of future performance, and our revenue growth rates may decline in the future compared to prior periods.***

We have experienced rapid revenue growth in recent periods, with revenue of \$2,371.5 million, \$1,887.6 million and \$1,490.7 million, for the years ended December 31, 2020, 2019 and 2018. As we continue to grow our business, our revenue growth rates may decline compared to prior fiscal years due to a number of reasons, which may include more challenging comparisons to prior periods, a decrease in the growth of our overall market or market saturation, slowing demand for our games, our inability to continue to acquire games or game studios, and our inability to capitalize on growth opportunities. In addition, our growth rates may experience increased volatility due to global societal and economic disruption, such as those related to the COVID-19 pandemic and related government responses thereto.

***Our business may suffer if we do not successfully manage our current and potential future growth.***

We have grown significantly in recent years and we intend to continue to expand the scope of the games we provide. Our revenues increased to \$2,371.5 million in 2020 from \$1,887.6 million in 2019 and \$1,490.7 million in 2018. Our anticipated future growth, particularly to the extent that we experience rapid growth, will likely place significant demands on our management and operations. Our success in managing our growth will depend, to a significant degree, on the ability of our executive officers and other members of senior management to operate effectively, and on our ability to improve and develop our financial and management information systems, controls and procedures. In addition, we will likely have to successfully adapt our existing systems and introduce new systems, expand, train and manage our employees and improve and expand our marketing capabilities. Further, we have grown our business in part by acquiring and integrating complementary businesses and our continued growth will depend to some degree on our continuing ability to find additional commercially viable strategic acquisitions or expanding our internal development.

If we are unable to properly and prudently manage our operations as and to the extent they continue to grow, or if the quality of our games deteriorates due to mismanagement, our brand name and reputation could be severely harmed, and our business, prospects, financial condition and results of operations could be adversely affected.

***If we fail to maintain an effective system of internal controls, we might not be able to report our financial results accurately or prevent fraud; in that case, our stockholders could lose confidence in our financial reporting, which could negatively impact the price of our stock.***

We are subject to the periodic reporting requirements of the Exchange Act. Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. We believe that any disclosure controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

In addition, Section 404 of the Sarbanes-Oxley Act of 2002 will require us to evaluate the report on our internal control over financial reporting beginning with our Annual Report of Form 10-K for the year ended December 31, 2021. Section 404 of the Sarbanes-Oxley Act of 2002 also requires our independent registered public accounting firm to attest to our evaluation of internal control over financial reporting beginning with our Annual Report on Form 10-K for the year ended December 31, 2022. We are in the process of preparing and implementing an internal plan of action for compliance with Section 404 and strengthening and testing our system of internal controls to provide the basis for our report. The process of implementing our internal controls and complying with Section 404 will be expensive and time consuming and will require significant attention of management. We cannot be certain that these measures will ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. Even if we conclude, and our independent registered public accounting firm concurs, that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm discover a material weakness in our internal control, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in our financial statements and harm our stock price. In addition, a delay in compliance with Section 404 could subject us to a variety of administrative sanctions, including ineligibility for short form resale registration, action by the SEC, the suspension or delisting of our common stock from and the inability of registered broker-dealers to make a market in our common stock, which would further reduce our stock price and could harm our business.

***We may require additional capital to meet our financial obligations and support business growth, and this capital may not be available on acceptable terms or at all.***

Based on our current plans and market conditions, we believe that cash flows generated from our operations, the proceeds from our January 2021 initial public offering, the issuance and sale of our Notes, and borrowing capacity under our Revolving Credit Facility will be sufficient to satisfy our anticipated cash requirements in the ordinary course of business for the foreseeable future. However, we intend to continue to make significant investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new games and features or enhance our existing games, improve our operating infrastructure or acquire complementary businesses, personnel and technologies. Accordingly, we may need to engage in equity or debt financings in addition to our Revolving Credit Facility to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing we secure in the future could include restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing

or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be harmed.

***Our insurance may not provide adequate levels of coverage against claims.***

We believe that we maintain insurance customary for businesses of our size and type. However, there are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure. Moreover, any loss incurred could exceed policy limits and policy payments made to us may not be made on a timely basis. Such losses could adversely affect our business prospects, results of operations, cash flows and financial condition.

***Changes in tax laws, tax rates or tax rulings, or the examination of our tax positions, could materially affect our financial condition, effective tax rate, future profitability and results of operations.***

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. Our existing corporate structure and intercompany arrangements have been implemented in a manner we believe is in compliance with current prevailing tax laws. However, the tax benefits that we intend to eventually take advantage of could be undermined due to changing tax laws, both in the United States and in other applicable jurisdictions, including Israel. In addition, the taxing authorities in the United States and other jurisdictions where we do business regularly examine income and other tax returns and we expect that they may examine our income and other tax returns. The ultimate outcome of these examinations cannot be predicted with certainty.

Our effective tax rate for 2020 was 52.6% compared with 33.8% for 2019. In general, changes in applicable U.S. federal, state and foreign tax laws and regulations, or their interpretation and application, including the possibility of retroactive effect, could affect our tax expense. In addition, and in response to significant market volatility and disruptions to business operations resulting from the global spread of COVID-19, taxing authorities in many jurisdictions in which we operate may propose changes to their tax laws and regulations. These potential changes could have a material impact on our effective tax rate, long-term tax planning and financial results.

***Certain tax benefits that are available to us require us to continue to meet various conditions and may be terminated or reduced in the future, which could increase our costs and taxes.***

We believe that our Israeli subsidiaries are eligible for certain tax benefits provided to a “Preferred Technology Enterprise” under the Israeli Law for the Encouragement of Capital Investments, 1959, or the Investment Law, including, *inter alia*, a reduced corporate tax rate on Israeli preferred technology taxable income, as defined in the Investment Law and its regulations. In order to remain eligible for the tax benefits for a Preferred Technology Enterprise our Israeli subsidiaries must continue to meet certain conditions stipulated in the Investment Law and its regulations, as amended. If our Israeli subsidiaries were to fail to continue to meet such conditions, then our Israeli subsidiaries would not be eligible for such tax benefits and our Israeli taxable income would be subject to regular Israeli corporate tax rates. Additionally, if our Israeli subsidiaries increase their activities outside of Israel through acquisitions, their expanded activities might not be eligible for inclusion in future Israeli tax benefit programs.

***We could be required to collect additional sales taxes or be subject to other tax liabilities on past sales.***

One or more U.S. states or countries may seek to impose incremental or new sales, value added taxes or use or other tax collection obligations on us. While we generally are not responsible for taxes generated on games accessed and operated through third-party platforms, we are responsible for collecting and remitting applicable sales, value added or other similar taxes for revenue generated on games accessed and operated on our own platforms. Historically, we paid taxes on revenue generated from games accessed on our own platforms in U.S. states where we had a sufficient physical presence or “nexus” based on the location of our U.S. offices and servers. However, there is uncertainty as to what constitutes sufficient physical presence or nexus for a U.S. state to levy taxes, fees and surcharges for sales made over the internet. Furthermore, an increasing number of U.S. states have considered or adopted laws that attempt to impose tax collection obligations on out-of-state companies. This is also the case in respect of the European Union, where value added taxes may be imposed on non-European Union companies making digital sales to consumers within the European Union. Additionally, the Supreme Court of the United States ruled in *South Dakota v. Wayfair, Inc. et al.*, or *Wayfair*, that online sellers can be required to

collect sales and use tax despite not having a physical presence in the state of the customer. In response to *Wayfair*, or otherwise, U.S. states or local governments may adopt, or begin to enforce, laws requiring us to calculate, collect and remit taxes on sales in their jurisdictions. As a result of the above, we are in the process of evaluating whether our activities give rise to sales, use, value added taxes and any other taxes in additional states or jurisdictions in which we historically have not registered to collect and remit taxes. A successful assertion by one or more U.S. states or other countries or jurisdictions requiring us to collect taxes where we presently do not do so, or to collect more taxes in a jurisdiction in which we currently collect some taxes, could result in substantial liabilities, including taxes on past sales, as well as interest and penalties, and could create significant administrative burdens for us or otherwise harm our business.

***If certain U.S. federal income tax rules under Section 7874 of the Internal Revenue Code apply to us, such rules could result in adverse U.S. federal income tax consequences.***

Generally, Section 7874 of the U.S. Internal Revenue Code of 1986, as amended, or the Code, will apply if (i) a foreign corporation (or pursuant to a plan or a series of related transactions, two or more foreign corporations in the aggregate) directly or indirectly acquires, within the meaning of Section 7874 of the Code, substantially all of the properties of a U.S. corporation, (ii) the former stockholders of the acquired U.S. corporation hold, by vote or value, at least 60% of the shares of the foreign acquiring corporation after the acquisition by reason of holding shares in the United States acquired corporation and (iii) the foreign corporation's "expanded affiliated group" does not have substantial business activities in the foreign corporation's country of tax residency relative to such expanded affiliated group's worldwide activities. If Section 7874 of the Code were to apply to such acquired U.S. corporation, then it would be treated as an "expatriated entity" for the purposes of these rules. As a consequence, Section 7874 of the Code would limit the ability of such acquired U.S. corporation and its U.S. affiliates to use U.S. federal income tax attributes (including net operating losses and certain tax credits) to offset U.S. taxable income resulting from certain transactions, as well as result in certain other potentially adverse tax consequences (including the potential increase in the transition tax on overseas earnings imposed as a result of U.S. tax reform in 2017).

We and our affiliates have engaged in certain transactions involving transfers of property and shares to foreign corporations prior to our initial public offering in January 2021, or the Pre-IPO Transactions. Depending upon various factual and legal issues concerning the Pre-IPO Transactions and our initial public offering, as well as subsequent sales of shares by our existing stockholders, Section 7874 of the Code may apply to cause us to be an "expatriated entity" for U.S. federal income tax purposes. If we were treated as an expatriated entity, there could be significant adverse tax consequences to us. The rules under Section 7874 of the Code are complex and subject to detailed regulations (the application of which is uncertain in various respects and would be impacted by changes in such U.S. Treasury regulations with possible retroactive effect) and factual uncertainties. Accordingly, there can be no assurance that the IRS will not assert that Section 7874 of the Code applies to us or that such assertion would not be sustained by a court.

***We may be limited in our ability to utilize, or may not be able to utilize, net operating loss carryforwards to reduce our future tax liability.***

As of December 31, 2020, we have net operating loss carryforwards in certain jurisdictions, including Israel, Germany and U.S. of \$31.1 million, \$16.4 million, and \$5.3 million, respectively. The net operating losses in Israel and Germany are carried forward indefinitely. A portion of the net operating losses in the U.S. expire from 2034 through 2038. If an ownership change were to occur under Sections 382 and 383 of the Code, the use of our U.S. federal and state net operating loss carryforwards could be limited and/or otherwise expired unused. An "ownership change" is generally defined as a greater than 50 percentage point change by value in a company's equity ownership by certain stockholders over a rolling three-year period. Any such limitation or expiration could materially affect our ability to offset future taxable income with pre-change net operating losses.

***We are a "controlled company" under the corporate governance rules of Nasdaq and, as a result, qualify for, and may rely on, exemptions from certain corporate governance requirements. If we rely on the exemptions available to a "controlled company" you will not have the same protections afforded to stockholders of companies that are subject to such corporate governance requirements.***

Our controlling stockholder, Playtika Holding UK, which is, in turn, indirectly controlled by Yuzhu Shi and his affiliates, continues to control a majority of our outstanding common stock. As a result, we are a “controlled company” within the meaning of the corporate governance standards of the Nasdaq rules. Under these rules, a listed company of which more than 50% of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of its board of directors consist of independent directors;
- the requirement that its director nominations be made, or recommended to the full board of directors, by its independent directors or by a nominations committee that is comprised entirely of independent directors and that it adopts a written charter or board resolution addressing the nominations process; and
- the requirement that it have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities.

While we do not currently rely on the exemptions available to a “controlled company,” we may elect to rely on these exemptions in the future. As a result, our board of directors may not have a majority of independent directors, our compensation committee may not consist entirely of independent directors and/or our directors may not be nominated or selected by independent directors. Accordingly, if we elect to rely on these exemptions in the future, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the Nasdaq rules.

### **Risks Related to Our International Operations and Ownership**

*We face added business, political, regulatory, operational, financial and economic risks as a result of our operations and distribution in a variety of countries, any of which could increase our costs and hinder our growth.*

A significant portion of our operations are outside of the United States, including our principal executive offices in Israel, and we generate a significant portion of our revenues from operations outside of the United States. For each of the nine months ended September 30, 2020 and 2021, we derived approximately 29.1% and 29.3%, respectively, of our revenues from sales to players outside of the United States. Our operations in foreign jurisdictions may subject us to additional risks customarily associated with such operations, including:

- challenges caused by distance, language and cultural differences;
- the complexity of foreign laws, regulations and markets;
- the uncertainty of enforcement of remedies in foreign jurisdictions;
- higher costs associated with doing business internationally;
- the effect of currency exchange rate fluctuations;
- difficulties in staffing and managing international operations;
- the impact of foreign labor laws and disputes;
- the ability to attract and retain key personnel in foreign jurisdictions;
- protectionist laws and business practices that favor local businesses in some countries;
- the economic, tax and regulatory policies of local governments;



- compliance with applicable anti-money laundering, anti-bribery and anti-corruption laws, including the U.S. Foreign Corrupt Practices Act, or the FCPA, and other anti-corruption laws that generally prohibit U.S. persons and companies and their agents from offering, promising, authorizing or making improper payments to foreign government officials for the purpose of obtaining or retaining business;
- limitations on and costs related to the repatriation of funds;
- compliance with applicable sanctions regimes regarding dealings with certain persons or countries;
- restrictions on the export or import of technology;
- trade and tariff restrictions;
- variations in tariffs, quotas, taxes and other market barriers; and
- difficulties in enforcing intellectual property rights in countries other than the United States.

Certain of these laws also contain provisions that require accurate record keeping and further require companies to devise and maintain an adequate system of internal accounting controls. Although we have policies and controls in place that are designed to ensure compliance with these laws, if those controls are ineffective or an employee or intermediary fails to comply with the applicable regulations and policies or if the design of those policies and controls is incomplete or inadequate, we may be subject to criminal and civil sanctions and other penalties. Any such violation could disrupt our business and adversely affect our reputation, results of operations, cash flows and financial condition. In addition, as we operate and sell internationally, we are subject to the FCPA, and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by the United States and other business entities for the purpose of obtaining or retaining business. While we have attempted to implement safeguards to discourage these practices by our employees, consultants and agents, violations of the FCPA may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which would negatively affect our business, results of operations and financial condition.

Further, our ability to expand successfully in foreign jurisdictions involves other risks, including difficulties in integrating foreign operations, risks associated with entering jurisdictions in which we may have little experience and the day-to-day management of a growing and increasingly geographically diverse company. We may not realize the operating efficiencies, competitive advantages or financial results that we anticipate from our investments in foreign jurisdictions. In addition, our international business operations could be interrupted and negatively affected by terrorist activity, political unrest or other economic or political uncertainties. Moreover, foreign jurisdictions could impose tariffs, quotas, trade barriers and other similar restrictions on our international sales.

Additionally, while we maintain offices in the United States, most of our senior management and employees are located in our international offices, including our offices in Israel, Belarus, Ukraine and Romania, which subject us to added business, political and economic risks. As of September 30, 2021, we had operations in Australia, Austria, Belarus, Canada, Finland, Germany, India, Israel, Poland, Romania, Switzerland, Ukraine, the United Kingdom and the United States. We have in the past and may continue to experience disruption as a result of catastrophic events in the countries in which we operate. For example, we previously maintained a small office in Crimea, but were forced to close and relocate our personnel as a result of Crimea's annexation by Russia in 2014. For more information on risks related to our operations in Israel, see “—We have offices and other significant operations located in Israel, and, therefore, our results may be adversely affected by political, economic and military instability in Israel.” For more information on risks related to our operations in Belarus, Ukraine and Romania, see “—Our operations may be adversely affected by ongoing developments in Belarus, Ukraine or Romania.”

***We have offices and other significant operations located in Israel, and, therefore, our results may be adversely affected by political, economic and military instability in Israel.***

While we maintain offices in the United States, we maintain offices and conduct significant operations in Israel, and most of our senior management is based in Israel. In addition, many of our employees and officers are residents of Israel. Accordingly, political, economic and military conditions in Israel directly affect our business. Any hostilities involving Israel



or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our business and results of operations. Since the establishment of the State of Israel, a number of armed conflicts have taken place between Israel and its neighboring countries, as well as terrorist acts committed within Israel by hostile elements. In addition, recent political uprisings and conflicts in various countries in the Middle East, including Syria, are affecting the political stability of those countries. In addition, the tensions between Israel and Iran and certain extremist groups in the region may escalate in the future and turn violent, which could affect the Israeli economy in general and us in particular. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions, could harm our results of operations and could make it more difficult for us to raise capital. Parties with whom we do business may sometimes decline to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary in order to meet our business partners face to face. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements.

Our commercial insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East, with limited exceptions. Although the Israeli government has in the past covered the reinstatement value of certain damages that were caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained or, if maintained, will be sufficient to compensate us fully for damages incurred. Any losses or damages incurred by us could cause a significant disruption in our employees' lives and possibly put their lives at risk, which would have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions generally and could harm our results of operations.

Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our results of operations, financial conditions or the expansion of our business. A campaign of boycotts, divestment and sanctions has been undertaken against Israel, which could also adversely impact our business.

***It may be difficult to enforce a judgment of a U.S. court against us and our officers and directors, to assert U.S. securities laws claims in Israel or to serve process on our officers and directors.***

We maintain offices in Israel, and many of our employees and officers and directors are residents of Israel. Certain of our assets and the assets of these persons are located in Israel. Additionally, three of our five directors are residents of China. Therefore, a judgment obtained against us, or any of these persons, including a judgment based on the civil liability provisions of the U.S. federal securities laws, may not be collectible in the United States and may not necessarily be enforced by an Israeli or Chinese court. It also may be difficult to affect service of process on these persons in the United States or to assert U.S. securities law claims in original actions instituted in Israel or China, as applicable. Additionally, it may be difficult for an investor, or any other person or entity, to initiate an action with respect to U.S. securities laws in Israel, as applicable. Israeli or Chinese courts may refuse to hear a claim based on an alleged violation of U.S. securities laws reasoning that Israel or China, as applicable, is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli or Chinese court agrees to hear a claim, it may determine that Israeli or Chinese law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Israeli or Chinese law, as applicable. There is little binding case law in Israel that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against us in Israel, you may not be able to collect any damages awarded by either a U.S. or foreign court.

***We may not be able to enforce covenants not-to-compete under current Israeli and California law, which might result in added competition for our products.***

We have non-competition agreements or provisions with most of our Israeli employees and Israeli executive officers, including Robert Antokol, our Chief Executive Officer and Chairperson of our board of directors. These agreements or provisions are governed by Israeli law and prohibit our employees from competing with us or working for our competitors, generally during, and for up to one year after termination of, their employment with us. However, Israeli courts are reluctant to enforce non-compete undertakings of former employees and tend, if at all, to enforce those provisions for only relatively brief periods of time or in restricted geographical areas. In addition, Israeli courts typically require the presence of additional

circumstances, such as a demonstration of an employer's legitimate interest which was damaged; breach of fiduciary duties, loyalty and acting not in good faith; a payment of a special consideration for employee's non-compete obligation; material concern for disclosing employer's trade secrets; or a demonstration that an employee has unique value to the employer specific to that employer's business, before enforcing a non-competition undertaking against such employee.

In addition, post-employment restrictive covenants, barring certain exceptions, are not enforceable in certain U.S. states in which we operate, including California, which may create similar risks of competition. Two of our executive officers, including our President and Chief Financial Officer, are located in California. Although we have non-competition agreements with such officers, they are unlikely to be enforced by California courts or under California law.

***We are subject to certain employee severance obligations, which may result in an increase in our expenditures.***

Under Israel's Severance Pay law, 5723-1963, or the Severance Pay Law, employers are required to make severance payments to dismissed employees and employees leaving employment in certain other circumstances, on the basis of their latest monthly salary for each year of service or a portion thereof. These statutory severance obligations are generally more extensive than under U.S. law, and this obligation may result in significant additional expenses for us, including accrued expenses, if we elect to terminate employees in Israel.

The Company and its Israeli subsidiaries have elected to include their Israeli employees under Section 14 of the Severance Pay Law, or Section 14. Section 14 entitles these employees to monthly deposits with third-party insurance companies and pension funds, at a rate of 8.33% of their monthly salary. These payments release the Company from future obligations under the Israeli Severance Pay Law. Accordingly, any liability for severance pay due to these employees, and the deposits under Section 14 are not recorded as an asset in the Company's consolidated balance sheet.

***Our operations may be disrupted as a result of the obligation of management or key personnel to perform military service.***

Our employees and consultants in Israel, including members of our senior management, may be obligated to perform one month, and in some cases longer periods, of annual military reserve duty until they reach the age of 40 (or older, for citizens who hold certain positions in the Israeli armed forces reserves) and, in the event of a military conflict, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be similar large-scale military reserve duty call-ups in the future. Our operations could be disrupted by the absence of a significant number of our officers, directors, employees and consultants. Such disruption could adversely affect our business and operations in a material manner.

***Our operations may be adversely affected by ongoing developments in Belarus, Ukraine or Romania.***

We have significant operations in central and eastern Europe. Since the early 1990s, Russia, Belarus, Ukraine, Romania and other central and eastern European countries have sought to transform from one-party states with a centrally planned economy to democracies with a market economy to various degrees. Despite various reforms, the political systems of many of these countries remain vulnerable and unstable. In addition, the political and economic situation in these countries is negatively affected by the global economic crisis and the ongoing economic recession in some parts of the world due to the COVID-19 pandemic.

*Belarus*

Belarus has experienced mass protests throughout the country following the August 2020 election in response to allegations against the government of corruption and election fraud. Despite threats from Belarusian authorities of charges and arrests against demonstrators, protestors have continued to demonstrate. In August 2020, Internet access was restricted to Belarusian citizens, which many citizens and experts have attributed to the government, despite its claim that the disruption was caused by cybersecurity attacks. We have a significant research and development center in Belarus and, accordingly, our business, financial condition, results of operations and prospects are affected by economic, political and legal developments in Belarus.

*Ukraine*

The political and civil situation in Ukraine cannot be accurately predicted since the removal of President Yanukovich from power by the Ukrainian parliament in late February 2014, which was followed by reports of Russian military activity in the Crimean region, and the election of Volodymyr Zelensky in May 2019. Ukraine's political activities remain fluid and beyond our control. As a result of the decision of the Russian government to annex the Crimea region of Ukraine, the United States and the European Community have imposed economic sanctions on Russia. We also cannot predict the outcome of developments in Ukraine or the reaction to such developments by the United States, European, U.N. or other international authorities. While we continue to monitor the situation in Ukraine closely, any prolonged or expanded unrest, military activities, or sanctions, should they be implemented, could have a material adverse effect on our operations. We have a significant research and development center in Ukraine and, accordingly, our business, financial condition, results of operations and prospects are affected by economic, political and legal developments in Ukraine.

#### *Romania*

The current political environment in Romania is dynamic and may become unstable. In January 2017, the newly elected coalition government led by the Social Democratic Party passed a decree that would have decriminalized certain major corruption cases, which spurred large public protests throughout Romania. Prime Minister Florin Cîtu took over as prime minister in December 2020 and subsequently lost a parliamentary confidence vote on October 5, 2021. Separately, on-going recent military conflict in Ukraine has resulted in a negative impact in the region, affecting Romania's political and economic outlook. Romania has a significant land border with Ukraine and, as a result, ongoing instability or military conflicts in Ukraine could have a significant and adverse effect on Romania's economic and financial stability either directly or indirectly as a result of sanctions. We have a significant research and development center and a customer service center in Romania and, accordingly, our business, financial condition, results of operations and prospects are affected by economic, political and legal developments in Romania.

Any disruption to our operations in Belarus, Ukraine or Romania may be prolonged and require us to reevaluate our operations in those countries, which may be more expensive and harm our business.

***We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations.***

Our functional currency is the U.S. Dollar and our revenues and expenses are primarily denominated in U.S. Dollars. However, a significant portion of our headcount related expenses, consisting principally of salaries and related personnel expenses as well as leases and certain other operating expenses, are denominated in New Israeli Shekels, or NIS. This foreign currency exposure gives rise to market risk associated with strengthening of the NIS versus the U.S. Dollar. Furthermore, we anticipate that a material portion of our expenses will continue to be denominated in NIS.

In addition, increased international sales in the future may result in greater foreign currency denominated sales, increasing our foreign currency risk. Moreover, operating expenses incurred outside the United States and denominated in foreign currencies are increasing and are subject to fluctuations due to changes in foreign currency exchange rates. If we are not able to successfully hedge against the risks associated with currency fluctuations, our financial condition and results of operations could be adversely affected. To date, we have entered into hedging transactions only with respect to Israeli shekel (ILS) in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into additional hedging transactions in the future, the availability and effectiveness of these hedging transactions may be limited and we may not be able to successfully hedge our exposure, which could adversely affect our financial condition and results of operations.

***Yuzhu Shi is a Chinese national and Giant is a Chinese company that indirectly control our controlling stockholder, Playtika Holding UK. For so long as a Chinese individual or company continues to exercise majority voting control over us, changes in U.S. and Chinese laws in the future may make it more difficult for us to operate as a publicly traded company in the United States.***

Future developments in U.S. and Chinese laws may restrict our ability or willingness to operate as a publicly traded company in the United States for so long as Yuzhu Shi, who is a Chinese national, and Giant, which is a Chinese company, or other

Chinese investors, continue to beneficially own a significant percentage of our outstanding shares of common stock. The relations between China and the United States are constantly changing. During his administration, President Donald J. Trump issued a memorandum directing the President's Working Group on Financial Markets to convene to discuss the risks faced by U.S. investors in Chinese companies and issued several executive orders restricting the operations of Chinese companies, such as the company that owns TikTok, in the United States. Additionally, the federal government has recently passed legislation, such as the Holding Foreign Companies Accountable Act, intended to protect American investments in Chinese companies and has proposed additional legislation intended to enhance the ability of American companies and technology to compete with Chinese technology. Relations between China and the U.S. under President Joseph R. Biden's administration continue to be complex and uncertain. President Biden has issued executive orders barring American investment into certain Chinese companies and initiating national security reviews of software applications linked to foreign adversaries such as China, and the U.S. government has sanctioned numerous Chinese nationals and added Chinese companies to the Department of Commerce Entity List. The Chinese government has taken similar measures, including passing the Anti-Foreign Sanctions Law and imposing sanctions on American nationals and organizations. In addition, various equity-based research organizations have published reports on Chinese companies after examining their corporate governance practices, related party transactions, sales practices and financial statements, and these reports have led to special investigations and listing suspensions on U.S. national exchanges. While we are not a Chinese company, any similar scrutiny of us, regardless of its merit, could have an adverse effect upon our business, including our results of operations, financial condition, cash flows and prospects. Additionally, should we be the subject of or indirectly covered by new legislation or executive orders addressed at protecting American investments in Chinese or Chinese-owned companies, our revenues and profitability would be materially reduced and our business and results of operations would be seriously harmed.

***The Committee on Foreign Investment in the United States may modify, delay or prevent our future acquisition or investment activities.***

For so long as Giant retains a material ownership interest in us, we will be deemed a "foreign person" under the regulations relating to the Committee on Foreign Investment in the United States, or CFIUS. As such, acquisitions of or investments in U.S. businesses or foreign businesses with U.S. subsidiaries that we may wish to pursue may be subject to CFIUS review, the scope of which was recently expanded by the Foreign Investment Risk Review Modernization Act of 2018, or FIRRMA, to include certain non-passive, non-controlling investments (including certain investments in entities that hold or process personal information about U.S. nationals), certain acquisitions of real estate even with no underlying U.S. business, transactions designed or intended to evade or circumvent CFIUS jurisdiction and any transaction resulting in a "change in the rights" of a foreign person in a U.S. business if that change could result in either control of the business or a covered non-controlling investment. FIRRMA also subjects certain categories of investments to mandatory filings. If a particular proposed acquisition or investment in a U.S. business falls within CFIUS's jurisdiction, we may determine that we are required to make a mandatory filing or that we will submit to CFIUS review on a voluntary basis, or to proceed with the transaction without submitting to CFIUS and risk CFIUS intervention, before or after closing the transaction. CFIUS may decide to block or delay an acquisition or investment by us, impose conditions with respect to such acquisition or investment or order us to divest all or a portion of a U.S. business that we acquired without first obtaining CFIUS approval, which may limit the attractiveness of or prevent us from pursuing certain acquisitions or investments that we believe would otherwise be beneficial to us and our stockholders. Our inability to complete acquisitions and integrate those businesses successfully could limit our growth or disrupt our plans and operations. In addition, among other things, FIRRMA authorizes CFIUS to prescribe regulations defining "foreign person" differently in different contexts, which could result in less favorable treatment for investments and acquisitions by companies from countries of "special concern." If such future regulations impose additional burdens on acquisition and investment activities involving China and Chinese investor-controlled entities, our ability to consummate transactions falling within CFIUS's jurisdiction that might otherwise be beneficial to us and our stockholders would be hindered.

#### **Risks Related to Our Information Technology and Data Security**

***Our success depends upon our ability to adapt to, and keep pace with, changes in technology, platforms and devices, and evolving industry standards.***

Our success depends upon our ability to attract and retain players, which is largely driven by maintaining and increasing the quality and content of our games. To satisfy players, we need to continue to improve their experience and innovate and

introduce games that players find useful and that cause them to return to our suite of games more frequently. This includes continuing to improve our technology to tailor our game offerings to the preferences and requirements of additional geographic and market segments, and adapt to the release of new devices and platforms and to improve the user-friendliness and overall availability of our games, all of which can be costly and generate risk. Our ability to anticipate or respond to changing technology and evolving industry standards and to develop and introduce improvements and enhancements to games on a timely basis is a significant factor affecting our ability to remain competitive, expand and attract new players and retain existing players. We cannot assure you that we will achieve the necessary technological advances or have the financial or other resources needed to introduce new games or improvements and enhancements to games on a timely basis or at all. In addition, our ability to increase the number of players of our games will depend on continued player adoption of such games. Accordingly, our failure to develop or adjust to changes in technology, platforms, devices and operating models and evolving industry standards could adversely impact our business. Even where we are able to successfully adapt to changing technology, platforms, devices and operating models and evolving industry standards, we may require substantial expenditures to do so, which could adversely impact our business, financial condition and results of operations.

***Our games and other software applications and systems, and the third-party platforms upon which they are made available, could contain undetected errors.***

Our games and other software applications and systems, as well as the third-party platforms upon which they are made available, could contain undetected errors, bugs, flaws, corrupted data, defects and other vulnerabilities that could adversely affect the performance of our games. These defects may only become apparent after we launch a new game or publish an update to an existing game, particularly as we launch new games or updates and rapidly release new features to existing games under tight time constraints. For example, these errors could prevent a player from making in-game purchases of virtual items, which could harm our reputation or results of operations. These errors could also be exploited by cheating programs and other forms of misappropriation, thus harming the overall game-playing experience for our players. This could cause players to reduce their playing time or in-game purchases, discontinue playing our games altogether, or not recommend our games to other players, which could result in further harm to our reputation or results of operations. Such errors could also result in our games being non-compliant with applicable laws or create legal liability for us. Resolving such errors could disrupt our operations, cause us to divert resources from other projects, or harm our results of operations.

***Any failure or significant interruption in our network could impact our operations and harm our business.***

Our technology infrastructure is critical to the performance of our games and to player satisfaction. Most of our games run on our private cloud computing systems that are run through two primary data centers in the United States and one primary data center in the European Union. Our servers located in these data centers are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break-ins, computer viruses, earthquakes and similar events. The occurrence of any of these events could cause our games to become unavailable for a short or long period of time. We have experienced, and may in the future experience, website disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, malicious attempts to cause platform unavailability, and capacity constraints. If a particular game is unavailable when players attempt to access it or navigation through a game is slower than they expect, players may stop playing the game and may be less likely to return to the game as often, if at all. Similarly, certain games rely on third-party data centers, which may have similar risks over which we would have less control. A failure or significant interruption in our game service would harm our reputation and operations. We expect to continue to make significant investments in our technology infrastructure to maintain and improve all aspects of player experience and game performance. To the extent that our disaster recovery systems are not adequate, or we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate increasing traffic, our business and results of operations may suffer. We do not maintain insurance policies covering losses relating to our systems, other than losses caused by cyber attacks for which we have limited insurance coverage, and we do not have business interruption insurance, which may increase any potential harms that the business may suffer from systems failure or business interruptions.

***Our success depends on the security and integrity of the games we offer, and security breaches or other disruptions could compromise our information or the information of our players and expose us to liability, which would cause our business and reputation to suffer.***

We believe that our success depends in large part on providing secure games to our players. Our business sometimes involves the collection, storage, processing and transmission of players' proprietary, confidential and personal information. We also maintain certain other proprietary and confidential information relating to our business and personal information of our personnel. Despite our security measures, our games may be vulnerable to attacks by hackers, players, vendors or employees or breaches due to malfeasance or other disruptions. Any security breach or incident that we have experienced, or may experience in the future, could result in, and has resulted in, unauthorized access to, misuse of, or unauthorized acquisition of our or our players' data, the loss, corruption or alteration of this data, interruptions in our operations, or damage to our computers or systems or those of our players or third-party platforms. Any of these could expose us to claims, litigation, fines and potential liability.

An increasing number of online services have disclosed security breaches, some of which have involved sophisticated and highly targeted attacks on portions of their services. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not foreseeable or recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, public perception of the effectiveness of our security measures and brand could be harmed, and we could lose players. Data security breaches and other data security incidents may also result from non-technical means, such as actions by employees or contractors. Any compromise of our security could result in a violation of applicable privacy and other laws, regulatory or other governmental investigations, enforcement actions, and legal and financial exposure, including potential contractual liability that is not always limited to the amounts covered by our insurance. Any such compromise could also result in damage to our reputation and a loss of confidence in our security measures. Any of these effects could have a material adverse impact on our results of operations, cash flows and financial condition.

Our ability to prevent anomalies and monitor and ensure the quality and integrity of our games and software is periodically reviewed and enhanced, but may not be sufficient to prevent future attacks, breaches or disruptions. Similarly, we assess the adequacy of our security systems, including the security of our games and software to protect against any material loss to any of our players and the integrity of our games to players. However, we cannot provide assurances that our business will not be affected by a security breach or lapse.

***If we sustain cyber-attacks or other privacy or data security incidents that result in security breaches, we could suffer a loss of sales and increased costs, exposure to significant liability, reputational harm and other negative consequences.***

Our information technology has been, and in the future may be subject to, cyber-attacks, viruses, malicious software, break-ins, theft, computer hacking, employee error or malfeasance or other security breaches. Hackers and data thieves are increasingly sophisticated and operate large-scale and complex automated attacks. Experienced computer programmers and hackers may be able to penetrate our security controls and misappropriate or compromise sensitive personal, proprietary or confidential information, create system disruptions or cause shutdowns. They also may be able to develop and deploy malicious software programs that attack our systems or otherwise exploit any security vulnerabilities. Our systems and the data stored on those systems may also be vulnerable to security incidents or security attacks, acts of vandalism or theft, coordinated attacks by activist entities, misplaced or lost data, human errors, or other similar events that could negatively affect our systems and the data stored on those systems, and the data of our business partners. Further, third parties, such as hosted solution providers, that provide services to us could also be a source of security risks in the event of a failure of their own security systems and infrastructure.

The costs to eliminate or address the foregoing security threats and vulnerabilities before or after a cyber-incident could be significant. Our remediation efforts may not be successful and could result in interruptions, delays or cessation of service, and loss of existing or potential suppliers or players. As threats related to cyberattacks develop and grow, we may also find it necessary to make further investments to protect our data and infrastructure, which may impact our results of operations. Although we have insurance coverage for protecting against cyber-attacks, it may not be sufficient to cover all possible claims stemming from security breaches, cyberattacks and other types of unlawful activity, or any resulting disruptions from such events, and we may suffer losses that could have a material adverse effect on our business. We could also be negatively impacted by existing and proposed laws and regulations in the United States, Israel, the European Union, and other jurisdictions in which we operate, as well as government policies and practices related to cybersecurity, data privacy, data localization and data protection.



In addition, the platforms on which we distribute games may encourage, or require, compliance with certain security standards, such as the voluntary cybersecurity framework released by the National Institute of Standards and Technology, or NIST, which consists of controls designed to identify and manage cyber-security risks, and we could be negatively impacted to the extent we are unable to comply with such standards.

***We rely on information technology and other systems, and any failures in our systems or errors, defects or disruptions in our games could diminish our brand and reputation, subject us to liability and disrupt our business and adversely impact our results of operations.***

We rely on information technology systems that are important to the operation of our business, some of which are managed by third parties. These third parties are typically under no obligation to renew agreements and there is no guarantee that we will be able to renew these agreements on commercially reasonable terms, or at all. These systems are used to process, transmit and store electronic information, to manage and support our business operations and to maintain internal control over our financial reporting. In addition, we collect and store certain data, including proprietary business information, and may have access to confidential or personal information in certain of our businesses that is subject to privacy and security laws and regulations. We could encounter difficulties in developing new systems, maintaining and upgrading current systems and preventing security breaches. Among other things, our systems are susceptible to damage, outages, disruptions or shutdowns due to fire, floods, power loss, break-ins, cyber-attacks, network penetration, denial of service attacks and similar events. Any failures in our computer systems or telecommunications services could affect our ability to operate our games or otherwise conduct business.

Portions of our information technology infrastructure, including those operated by third parties, may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be more expensive, time-consuming, disruptive and resource-intensive. We have no control over third parties that provide services to us and those parties could suffer problems or make decisions adverse to our business. We have contingency plans in place to prevent or mitigate the impact of these events. However, such disruptions could materially and adversely impact our ability to deliver games to players and interrupt other processes. If our information systems do not allow us to transmit accurate information, even for a short period of time, to key decision-makers, the ability to manage our business could be disrupted and our results of operations, cash flows and financial condition could be materially and adversely affected. Failure to properly or adequately address these issues could impact our ability to perform necessary business operations, which could materially and adversely affect our reputation, competitive position, results of operations, cash flows and financial condition.

Substantially all of our games rely on data transferred over the internet, including wireless internet. Access to the internet in a timely fashion is necessary to provide a satisfactory player experience to the players of our games. Third parties, such as telecommunications companies, could prevent access to the internet or limit the speed of our data transmissions, with or without reason, causing an adverse impact on our player experience that may materially and adversely affect our reputation, competitive position, results of operations, cash flows and financial condition. In addition, telecommunications companies may implement certain measures, such as increased cost or restrictions based on the type or amount of data transmitted, that would impact consumers' ability to access our games, which could in turn materially and adversely affect our reputation, competitive position, results of operations, cash flows and financial condition. Furthermore, internet penetration may be adversely affected by difficult global economic conditions or the cancellation of government programs to expand broadband access.

***Our business depends on the growth and maintenance of wireless communications infrastructure.***

Our success depends on the continued growth and maintenance of wireless communications infrastructure in the United States and internationally. This includes deployment and maintenance of reliable next-generation digital networks with the speed, data capacity and security necessary to provide reliable wireless communications services. Wireless communications infrastructure may be unable to support the demands placed on it if the number of subscribers continues to increase, or if existing or future subscribers increase their bandwidth requirements. Wireless communications have experienced a variety of outages and other delays as a result of infrastructure and equipment failures, and could face outages and delays in the future.

These outages and delays could reduce the level of wireless communications usage as well as our ability to distribute our games successfully. In addition, changes by a wireless carrier to network infrastructure may interfere with downloads of our games and may cause players to lose functionality in our games that they have already downloaded. This could harm our reputation, business, financial condition and results of operations.

***Data privacy and security laws and regulations in the jurisdictions in which we do business could increase the cost of our operations and subject us to possible sanctions, civil lawsuits (including class action or similar representative lawsuits) and other penalties; such laws and regulations are continually evolving. Our or our platform and service providers' actual or perceived failure to comply with these laws and regulations could harm our business.***

We collect, process, store, use and share data, some of which contains personal information, including the personal information of our players. Our business is therefore subject to a number of federal, state, local and foreign laws, regulations, regulatory codes and guidelines governing data privacy, data protection and security, including with respect to the collection, storage, use, processing, transmission, sharing and protection of personal information. Such laws, regulations, regulatory codes and guidelines may be inconsistent across jurisdictions or conflict with other rules.

The scope of data privacy and security regulations worldwide continues to evolve, and we believe that the adoption of increasingly restrictive regulations in this area is likely within the United States and other jurisdictions. For example, in 2018, California enacted the California Consumer Privacy Act, or the CCPA, which became effective on January 1, 2020. The CCPA gives California residents new rights to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is collected, used, and shared. The CCPA provides for civil penalties for violations, as well as a private right of action for security breaches that may increase security breach litigation. The effects of the CCPA are significant and have required, and could continue to require, us to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply. Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent state privacy legislation in the U.S., which could increase our potential liability and adversely affect our business. Further, in November 2020, California voters passed the California Privacy Rights Act, or CPRA. The CPRA, which is expected to take effect on January 1, 2023 and to create obligations with respect to certain data relating to consumers as of January 1, 2022, significantly expands the CCPA, including by introducing additional obligations such as data minimization and storage limitations, granting additional rights to consumers, such as correction of personal information and additional opt-out rights, and creates a new entity, the California Privacy Protection Agency, to implement and enforce the law. Further, there currently are a number of additional proposals related to data privacy or security pending before federal, state, and foreign legislative and regulatory bodies, including in a number of U.S. states considering consumer protection laws similar to the CCPA. This legislation may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment in resources to compliance programs, and could impact strategies and availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies.

Further, the European Union has adopted comprehensive data privacy and security regulations. The European Union's Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), or the GDPR, which became effective in May 2018, imposes strict requirements on controllers and processors of personal data in the European Economic Area, or EEA, including, for example, higher standards for obtaining consent from individuals to process their personal data, more robust disclosures to individuals and a strengthened individual data rights regime, and shortened timelines for data breach notifications. The GDPR created new compliance obligations applicable to our business and some of our players, which could require us to self-determine how to interpret and implement these obligations, change our business practices and expose us to lawsuits (including class action or similar representative lawsuits) by consumers or consumer organizations for alleged breach of data protection laws. The GDPR increases financial penalties for noncompliance (including possible fines of up to 4% of global annual revenues for the preceding financial year or €20 million (whichever is higher) for the most serious violations). The United Kingdom operates a separate but similar regime to the European Union that allows for fines of up to the greater of £17.5 million or 4% of the total worldwide annual turnover of the preceding financial year. Further, beginning January 1, 2021, we have to comply with the GDPR and also the United Kingdom GDPR, or the UK GDPR, which, together with the amended United Kingdom Data Protection Act 2018, retains the GDPR in United Kingdom national law. The relationship between the United Kingdom and the European Union in relation to certain aspects of data protection law remains unclear,



and it is unclear how United Kingdom data protection laws and regulations will develop in the medium to longer term, and how data transfers to and from the United Kingdom will be regulated in the long term. With respect to transfers of personal data from the EEA, to the United Kingdom, the European Commission adopted an adequacy decision for the United Kingdom on June 28, 2021, finding the United Kingdom ensures an adequate level of data protection. Following the adoption of the adequacy decision, there will be increasing scope for divergence in application, interpretation and enforcement of the data protection law as between the United Kingdom and EEA. Other countries have also passed or are considering passing laws requiring local data residency or restricting the international transfer of data. These changes may lead to additional costs and increase our overall risk exposure.

In recent years, the United States and European lawmakers and regulators have expressed concern over electronic marketing and the use of third-party cookies, web beacons and similar technology for online behavioral advertising. In the European Union, marketing is defined broadly to include any promotional material and the rules specifically on e-marketing are currently set out in the ePrivacy Directive which will be replaced by a new ePrivacy Regulation. While the ePrivacy Regulation was originally intended to be adopted on 25 May 2018 (alongside the GDPR), it is still going through the European legislative process. The current draft of the ePrivacy Regulation imposes strict opt-in e-marketing rules with limited exceptions for business to business communications and significantly increases fining powers to the same levels as the GDPR. Regulation of cookies and web beacons may lead to broader restrictions on our online activities, including efforts to understand followers' internet usage and promote ourselves to them.

Israel has also implemented data protection laws and regulations, including the *Israeli Protection of Privacy Law*, 5741-1981, or the PPL. The PPL imposes certain obligations on the owners of databases containing personal data, including, e.g., a requirement to register databases with certain characteristics, an obligation to notify data subjects of the purposes for which their personal data is collected and processed and of the disclosure of such data to third parties, a requirement to respond to certain requests from data subjects to access, rectify, and/or delete personal data relating to them and an obligation to maintain the security of personal data. In addition, the Protection of Privacy Regulations (Data Security), 5777-2017, that entered into force in May 2018, impose comprehensive data security requirements on the processing of personal data. The Protection of Privacy Regulations (Transfer of Data to Overseas Databases), 5761-2001, further impose certain conditions on cross-border transfers of personal data from databases in Israel. Moreover, the European Commission is currently reevaluating its adequacy decision with respect to the flow of personal data into Israel. A change in this adequacy decision might affect the conditions in which we will be able to transfer personal data from the European Union (and Norway, Liechtenstein and Iceland) into Israel.

Certain violations of the PPL are considered a criminal and/or a civil offense and could expose the violating entity to criminal, administrative, and financial sanctions, as well as to civil actions. Additionally, the Israel Privacy Protection Authority, or the Privacy Protection Authority, may issue a public statement that an entity violated the PPL, and such a determination could potentially be used against such entity in civil litigation. In July 2020, the Israeli Ministry of Justice indicated that it intends to promote amendments to the PPL designed, among other things, to enhance the Privacy Protection Authority's investigative and enforcement powers (including powers to impose fines) and to broaden data subject rights.

Efforts to comply with these and other data privacy and security restrictions that may be enacted could require us to modify our data processing practices and policies and increase the cost of our operations. Failure to comply with such restrictions could subject us to criminal and civil sanctions and other penalties. In part due to the uncertainty of the legal climate, complying with regulations, and any applicable rules or guidance from regulatory authorities or self-regulatory organizations relating to privacy, data protection, information security and consumer protection, may result in substantial costs and may necessitate changes to our business practices, which may compromise our growth strategy, adversely affect our ability to attract or retain players, and otherwise adversely affect our business, reputation, legal exposure, financial condition and results of operations.

Any failure or perceived failure by us to comply with our posted privacy policies, our privacy-related obligations to players or other third parties, or any other legal obligations or regulatory requirements relating to privacy, data protection, or information security may result in governmental investigations or enforcement actions, litigation, claims (including class actions), or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our players to lose trust in us, and otherwise materially and adversely affect our reputation and business. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, and policies that are applicable to us may limit

the adoption and use of, and reduce the overall demand for, our games. Additionally, if third parties we work with, such as our service providers or data sharing partners, violate applicable laws, regulations, or agreements, such violations may put our players' and/or employees' data at risk, could result in governmental investigations or enforcement actions, fines, litigation, claims (including class action claims) or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our players to lose trust in us and otherwise materially and adversely affect our reputation and business. Further, public scrutiny of, or complaints about, technology companies or their data handling or data protection practices, even if unrelated to our business, industry or operations, may lead to increased scrutiny of technology companies, including us, and may cause government agencies to enact additional regulatory requirements, or to modify their enforcement or investigation activities, which may increase our costs and risks.

While none of our games primarily target children under 13 years of age as their primary audience, the FTC, as well as consumer organizations, may consider that the characteristics of several of our games attract children under 13 years of age. The U.S. Children's Online Privacy Protection Act, or COPPA, regulates the collection, use and disclosure of personal information from children under 13 years of age. While none of our games are directed at children under 13 years of age, if COPPA were to apply to us, failure to comply with COPPA may increase our costs, subject us to expensive and distracting government investigations and could result in substantial fines. Although we have taken measures to identify which of our games are subject to COPPA due to their child-appealing nature and to comply with COPPA with respect to those games, if COPPA were to apply to us in a manner other than we have assessed or prepared for, our actual or alleged failure to comply with COPPA may increase our costs, subject us to expensive and distracting lawsuits or government investigations, could result in substantial fines or civil damages and could cause us to temporarily or permanently discontinue certain games or certain features and functions in games.

The United Kingdom enacted the "Age Appropriate Design Code", a statutory code of practice pursuant to the United Kingdom Data Protection Act 2018. This code came into force on September 2, 2020, and became enforceable on September 2, 2021. The code requires online services, including our games that are likely to be accessed by children under 18, to put the best interests of the child's privacy first in the design, development and data-related behavior of the game. The UK government is also separately consulting on legislation in relation to user safety online. It is possible that other countries within and outside the European Union will follow with their own codes or guidance documents relating to processing personal information from children or in relation to online harms; currently, four other countries are considering or have issued drafts of similar codes: France, Denmark, Ireland, and Switzerland. Additionally, in March 2021, the Centre for Law and Digital Technologies of Leiden University produced a code for children's rights. These may result in substantial costs and may necessitate changes to our business practices which may compromise our growth strategy, adversely affect our ability to attract, monetize or retain players, and otherwise adversely affect our business, reputation, legal exposures, financial condition and results of operations.

In addition, in some cases, we are dependent upon our platform providers to solicit, collect and provide us with information regarding our players that is necessary for compliance with these various types of regulations. Our business, including our ability to operate and expand internationally, could be adversely affected if laws or regulations are adopted, interpreted or implemented in a manner that is inconsistent with our current business practices and that require changes to these practices, the design of our games, features or our privacy policy. These platform providers may dictate rules, conduct or technical features that do not properly comply with federal, state, local and foreign laws, regulations and regulatory codes and guidelines governing data privacy, data protection and security, including with respect to the collection, storage, use, processing, transmission, sharing and protection of personal information and other consumer data. In addition, these platforms may dictate rules, conduct or technical features relating to the collection, storage, use, transmission, sharing and protection of personal information and other consumer data, which may result in substantial costs and may necessitate changes to our business practices, which in turn may compromise our growth strategy, adversely affect our ability to attract, monetize or retain players, and otherwise adversely affect our business, reputation, legal exposures, financial condition and results of operations. Any failure or perceived failure by us to comply with these platform-dictated rules, conduct or technical features may result in platform-led investigations or enforcement actions, litigation, or public statements against us, which in turn could result in significant liability or temporary or permanent suspension of our business activities with these platforms, cause our players to lose trust in us, and otherwise compromise our growth strategy, adversely affect our ability to attract, monetize or retain players, and otherwise adversely affect our business, reputation, legal exposures, financial condition and results of operations.

Player interaction with our games is subject to our privacy policy and terms of service. If we fail to comply with our posted privacy policy or terms of service or if we fail to comply with existing privacy-related or data protection laws and regulations, it could result in proceedings or litigation against us by governmental authorities or others, which could result in fines or judgments against us, damage our reputation, impact our financial condition and harm our business. If regulators, the media or consumers raise any concerns about our privacy and data protection or consumer protection practices, even if unfounded, this could also result in fines or judgments against us, damage our reputation, and negatively impact our financial condition and damage our business.

In the area of information security and data protection, many jurisdictions have passed laws requiring notification when there is a security breach involving personal data or requiring the adoption of minimum information security standards that are often vaguely defined and difficult to implement. Our security measures and standards may not be sufficient to protect personal information and we cannot guarantee that our security measures will prevent security breaches. A security breach that compromises personal information could harm our reputation and result in a loss of player and/or employee confidence in our games and ultimately in a loss of players, which could adversely affect our business and impact our financial condition. A security breach could also involve loss or unavailability of business-critical data, and could require us to spend significant resources to mitigate and repair the breach, which in turn could compromise our growth and adversely affect our ability to attract, monetize or retain players. These risks could also subject us to liability under applicable security breach-related laws and regulations and could result in additional compliance costs, costs related to regulatory inquiries and investigations, and an inability to conduct our business.

### **Risks Related to Intellectual Property**

***Our business depends on the protection of our intellectual property rights and proprietary information. If we are unable to obtain, maintain and enforce intellectual property protection for our games, or if the scope of intellectual property protection is not sufficiently broad, others may be able to develop and commercialize games substantially similar to ours, and our ability to successfully commercialize our games may be compromised.***

We believe that our success depends, in part, on protecting our owned and licensed intellectual property rights in the United States and in foreign countries, and we strive to protect such intellectual property rights by relying on federal, state and common law rights, as well as contractual restrictions. Our intellectual property includes certain trademarks, copyrights, patents, and trade secrets relating to our games or technology we operate, and proprietary or confidential information that is not subject to formal intellectual property protection. Our success may depend, in part, on our and our licensors' ability to protect the trademarks, trade dress, names, logos or symbols under which we market our games and to obtain and maintain patent, copyright, trade secret and other intellectual property protection for the technologies, designs, software and innovations used in our games and our business. Though we own certain patents and patent applications relating to our technology and games, it is possible that third parties, including our competitors, may develop similar technology that is not within the scope of our patents, which would limit the competitive advantage of our patented technology, or obtain patents relating to technologies that overlap or compete with our technology. If third parties obtain patent protection with respect to such technologies, they may assert that our technology infringes their patents and seek to charge us a licensing fee or otherwise preclude the use of our technology. We have pursued and continue to pursue the filing of patents and registration of trademarks in the United States and certain foreign jurisdictions, a process that is expensive and time-consuming and may not be successful. We may not be able to obtain protection for our intellectual property rights and even if we are successful in obtaining effective patent, trademark and copyright protection, it is expensive to maintain these rights and the costs of defending our rights could be substantial. Moreover, our failure to develop and properly manage new intellectual property could hurt our market position and business opportunities. Furthermore, changes to intellectual property laws may jeopardize the enforceability and validity of our intellectual property portfolio and harm our ability to obtain intellectual property protection.

In addition, we cannot assure you that we will be able to maintain consumer value in our trademarks, copyrights or other intellectual property rights in our technologies, designs, software and innovations, and the measures we take to protect our intellectual property rights may not provide us with a competitive advantage. If we are unable to adequately protect our intellectual property and other proprietary rights, our competitive position and our business could be harmed. Any of our owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed, misappropriated or violated, our trade secrets and other confidential information could be disclosed in an unauthorized manner to third

parties, or our intellectual property rights may not be sufficient to permit us to take advantage of current market trends, which could result in competitive harm. For example, in December 2016, a trademark infringement lawsuit was filed in Canadian court by Enigmatus s.r.o. against Playtika Ltd. and CIE regarding our use of the *Slotomania* trademarks. Additionally, in October 2020, a patent infringement claim, *NEXRF Corp. v. Playtika Ltd., Playtika Holding Corp. and Caesars Interactive Entertainment LLC*, was filed against Playtika Holding Corp., Playtika Ltd., our subsidiary, and CIE in U.S. District Court, District of Nevada alleging infringement of certain patents related to the defendant's games. See "Item 1—Legal Proceedings."

***If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.***

We rely on trade secrets and proprietary knowledge to protect our unpatented know-how, technology and other proprietary information and to maintain our competitive position. We enter into confidentiality agreements with our employees and independent contractors regarding our trade secrets and proprietary information in order to limit access to, and disclosure and use of, our proprietary information, but we cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary information. Further, we cannot assure you that the obligation to maintain the confidentiality of our trade secrets and proprietary information will be honored. Any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive, and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us, which could harm our competitive position, business, financial condition, results of operations, and prospects.

***We may be subject to claims that our employees, consultants, or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.***

Many of our employees, consultants, and advisors are currently or were previously employed at other companies in our field, including our competitors or potential competitors. Although we try to ensure that our employees, consultants, and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. Any of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects.

***We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming and unsuccessful.***

Third parties, including our competitors, could be infringing, misappropriating or otherwise violating our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly. The steps we have taken to protect our proprietary rights may not be adequate to enforce our rights against infringement, misappropriation or other violation of our intellectual property. We may not be able to detect unauthorized use of, or take appropriate steps to enforce, our intellectual

property rights. Any inability to meaningfully enforce our intellectual property rights could harm our ability to compete and reduce demand for our games.

In the future, we may make claims of infringement against third parties, or make claims that third-party intellectual property rights are invalid or unenforceable. These claims could:

- cause us to incur greater costs and expenses in the protection of our intellectual property;
- potentially negatively impact our intellectual property rights, for example, by causing one or more of our intellectual property rights to be ruled or rendered unenforceable or invalid; or
- divert management's attention and our resources.

In any lawsuit we bring to enforce our intellectual property rights, a court may refuse to stop the other party from using the technology at issue on grounds that our intellectual property rights do not cover the technology in question. Further, in such proceedings, the defendant could counterclaim that our intellectual property is invalid or unenforceable and the court may agree, in which case we could lose valuable intellectual property rights. The outcome in any such lawsuits are unpredictable.

Litigation or other legal proceedings relating to intellectual property claims, even if resolved in our favor, may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Uncertainties resulting from the initiation and continuation of intellectual property proceedings could harm our ability to compete in the marketplace. In addition, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Any of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects.

***Failure to renew our existing brand and content licenses on favorable terms or at all and to obtain additional licenses would impair our ability to introduce new games, improvements or enhancements or to continue to offer our current games based on third-party content and make their brands and content available.***

We license certain intellectual property rights from third parties, and in the future we may enter into additional agreements that provide us with licenses to valuable intellectual property rights or technology. In particular, we license intellectual property rights related to our *Caesars Slots* and *World Series of Poker* games from CIE. Combined revenues derived from these games accounted for 14.3% and 15.1% of our revenues in each of the nine months ended September 30, 2020 and 2021, respectively. Even if games based on licensed content or brands remain popular, any of our licensors could decide not to renew our existing licenses or not to license additional intellectual property rights to us and instead license to our competitors or develop and publish its own games or other applications, competing with us in the marketplace. Many of these licensors already develop games for other platforms and may have significant experience and development resources available to them should they decide to compete with us rather than license to us.

CIE has granted us an exclusive, worldwide and royalty-bearing license to certain intellectual property associated with *World Series of Poker* through September 23, 2031, and an exclusive, worldwide and royalty-bearing sublicense to certain trademarks and domain names associated with *Caesars Slots* through December 31, 2026. The trademarks and domain names associated with *Caesars Slots* were licensed to CIE from Caesars Entertainment Operating Company, Inc., or CEOC, and certain of its affiliates. These licenses permit the development, design, manufacture, offering for sale, advertising, promotion, distribution, sale, and use of *Caesars Slots* and *World Series of Poker* games for social gaming. The *Caesars Slots* license includes non-competition provisions that prevent us from entering into marketing arrangements with other casino companies. Increased competition for licenses may lead to larger guarantees, advances and royalties that we must pay to our licensors when the terms of such licenses expire, which could significantly increase our cost of revenue and

cash usage. We may be unable to renew these licenses or to renew them on terms favorable to us, and we may be unable to secure alternatives in a timely manner. Failure to maintain or renew our existing licenses or to obtain additional licenses would impair our ability to introduce new games or to continue to offer our current games, which would materially harm our business, results of operations and financial condition. If we breach our obligations under existing or future licenses, we may be required to pay damages and our licensors might have the right to terminate the license or change an exclusive license to a non-exclusive license. Termination by a licensor would cause us to lose valuable rights and could inhibit our ability to commercialize future games, which would harm our business, results of operations and financial condition. In addition, certain intellectual property rights may be licensed to us on a non-exclusive basis. The owners of nonexclusively licensed intellectual property rights are free to license such rights to third parties, including our competitors, on terms that may be superior to those offered to us, which could place us at a competitive disadvantage. Moreover, our licensors may own or control intellectual property rights that have not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor's rights. In addition, the agreements under which we license intellectual property rights or technology from third parties are generally complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology or increase what we believe to be our financial or other obligations under the relevant agreement. Any of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects.

In the future, we may identify additional third-party intellectual property rights we may need to license in order to engage in our business, including to develop or commercialize new games. However, such licenses may not be available on acceptable terms or at all. The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, capital resources and greater development or commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. Even if such licenses are available, we may be required to pay the licensor substantial royalties based on our net sales. Moreover, such licenses may be non-exclusive, which could give our competitors access to the same intellectual property rights licensed to us. If we are unable to enter into the necessary licenses on acceptable terms or at all, if any necessary licenses are subsequently terminated, if our licensors fail to abide by the terms of the licenses, if our licensors fail to prevent infringement by third parties, or if the licensed intellectual property rights are found to be invalid or unenforceable, our business, financial condition, results of operations, and prospects could be materially and adversely affected.

Even if we are successful in gaining new licenses or extending existing licenses, we may fail to anticipate the entertainment preferences of our players when making choices about which brands or other content to license. If the entertainment preferences of players shift to content or brands owned or developed by companies with which we do not have relationships, we may be unable to establish and maintain successful relationships with these developers and owners, which would materially harm our business, results of operations and financial condition. In addition, some rights are licensed from licensors that have or may develop financial difficulties and may enter into bankruptcy protection under U.S. federal law or the laws of other countries. In particular, CEOC operates in an industry that is vulnerable to changing economic conditions. For example, in 2015, CEOC filed for bankruptcy. If CEOC were to file for bankruptcy again or if any of our licensors files for bankruptcy, our licenses might be impaired or voided, which could materially harm our business, results of operations and financial condition.

***We use open source software in connection with certain of our games, which may pose particular risks to our proprietary software, games and services in a manner that could have a negative impact on our business.***

We use open source software in connection with our technology and games. The original developers of the open source code provide no warranties on such code and open source software may have unknown bugs, malfunctions and other security vulnerabilities which could impact the performance and information security of our technology. Some open source software licenses require those who distribute open source software as part of their proprietary software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open source code on unfavorable terms or at no cost. From time to time, we may face claims from the copyright holders of open source software alleging copyright infringement and breach of contract for failure to meet the open source license terms, such as the failure to publicly disclose our proprietary code that is a derivative work of the open source software. Additionally, the copyright holders of



open source software could demand release of the source code of any of our proprietary code that is a derivative work of the open source software, or otherwise seek to enforce, have us specifically perform, or recover damages for the alleged infringement or breach of, the terms of the applicable open source license. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our games. The terms of various open source licenses have been interpreted by courts to a very limited extent, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions, obligations or restrictions on our use of the open source software. We monitor our use of open source software and try to use open source software in a manner that complies with the terms of the open source licenses while at the same time not requiring the disclosure of the source code of our proprietary software. Our failure to comply with the terms of the open source licenses could require us to replace certain code used in our games, pay a royalty or license fee to use some open source code, make the source code of our games publicly available, pay damages for copyright infringement or breach of contract of open source licenses, or temporarily or permanently discontinue certain games. The above risks could have a material adverse effect on our competitive position, business, reputation, legal exposures, financial condition, results of operations, and prospects.

***The intellectual property rights of others may prevent us from developing new games and services or entering new markets or may expose us to liability or costly litigation.***

Our success depends in part on our ability to continually adapt our games to incorporate new technologies, as well as intellectual property related to game mechanics and procedures, and to expand into markets that may be created by these new developments. If technologies are protected by the intellectual property rights of others, including our competitors, we may be prevented from introducing games based on these technologies or expanding into markets created by these technologies.

We cannot assure you that our business activities and games will not infringe upon the proprietary rights of others, or that other parties will not assert infringement claims against us. We have in the past and may in the future be subject to litigation alleging that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, non-practicing entities and former employers of our personnel. For example, in December 2016, a trademark infringement lawsuit was filed in Canadian court by Enigmatus s.r.o. against Playtika Ltd. and CIE regarding our use of the *Slotomania* trademarks. In addition, on October 26, 2020, a patent infringement lawsuit was filed in the U.S. District Court, District of Nevada against Playtika Holding Corp., Playtika Ltd. and CIE regarding our use of certain patents related to certain of the defendant's games. See "Item 1—Legal Proceedings." A successful claim of infringement by a third party against us, our games or one of our licensees in connection with the use of our technologies, game mechanics or procedures, or an unsuccessful claim of infringement made by us against a third party or its products or games, could adversely affect our business or cause us financial harm. Any such claim and any resulting litigation, should it occur, could:

- be expensive and time consuming to defend or require us to pay significant amounts in damages;
- result in invalidation of our proprietary rights or render our proprietary rights unenforceable;
- cause us to cease making, licensing or using games that incorporate the applicable intellectual property;
- require us to redesign, reengineer or rebrand our games or limit our ability to bring new games to the market in the future;
- require us to enter into costly or burdensome royalty, licensing or settlement agreements in order to obtain the right to use a product or process;
- impact the commercial viability of the games that are the subject of the claim during the pendency of such claim; or
- require us to stop selling the infringing games.

If any of our technologies or games are found to infringe, misappropriate or otherwise violate a third party's intellectual property rights, we could be required to obtain a license from such third party to continue commercializing or using such

technology or game. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us, and it could require us to make substantial licensing and royalty payments. We could also be forced, including by court order, to cease the commercialization or use of the violating technology or game. Accordingly, we may be forced to design around such violated intellectual property, which may be expensive, time-consuming or infeasible. In addition, we could be found liable for significant monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent or other intellectual property right. Claims that we have misappropriated the confidential information or trade secrets of third parties could similarly harm our business. If we are required to make substantial payments or undertake any of the other actions noted above as a result of any intellectual property infringement, misappropriation or violation claims against us, such payments, costs or actions could have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

***We may not be able to enforce our intellectual property rights throughout the world.***

We may be required to protect our proprietary technology and content in an increasing number of jurisdictions, a process that is expensive and may not be successful, or which we may not pursue in every location. Filing, prosecuting, maintaining, defending, and enforcing our intellectual property rights in all jurisdictions throughout the world would be prohibitively expensive, and our intellectual property rights in some jurisdictions outside the United States may be less extensive than those in the United States. Competitors may use our technologies in jurisdictions where we have not obtained protection to develop their own games and, further, may export otherwise violating games to territories where we have protection but enforcement is not as strong as that in the United States. These games may compete with our games, and our intellectual property rights may not be effective or sufficient to prevent such competition. In addition, the laws of some foreign jurisdictions do not protect proprietary rights to the same extent as the laws of the United States, and many companies have encountered significant challenges in establishing and enforcing their proprietary rights outside of the United States. These challenges can be caused by the absence or inconsistency of the application of rules and methods for the establishment and enforcement of intellectual property rights outside of the United States. In addition, the legal systems of some jurisdictions, particularly developing countries, do not favor the enforcement of intellectual property protection. This could make it difficult for us to stop the infringement, misappropriation or other violation of our intellectual property rights. Accordingly, we may choose not to seek protection in certain jurisdictions, and we will not have the benefit of protection in such jurisdictions. Proceedings to enforce our intellectual property rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business. Accordingly, our efforts to protect our intellectual property rights in such jurisdictions may be inadequate. In addition, changes in the law and legal decisions by courts in the United States and foreign jurisdictions may affect our ability to obtain adequate protection for our games. Any of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects.

***If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our competitive position may be harmed.***

The registered or unregistered trademarks or trade names that we own may be challenged, infringed, circumvented, declared generic, lapsed or determined to be infringing on or dilutive of other trademarks. We may not be able to protect our rights in these trademarks and trade names, which we need in order to build name recognition. In addition, third parties have filed, and may in the future file, for registration of trademarks similar or identical to our trademarks, thereby impeding our ability to build brand identity and possibly leading to market confusion. If they succeed in registering or developing common law rights in such trademarks, and if we are not successful in challenging such third-party rights, we may not be able to use these trademarks to develop brand recognition of our games. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively, which could harm our competitive position, business, financial condition, results of operations and prospects.



## General Risks

### *The price of our common stock may fluctuate substantially.*

The market price of our common stock has been volatile since our initial public offering. The market price of our common stock may be highly volatile and may fluctuate or decline substantially as a result of a variety of factors, some of which are beyond our control or are related in complex ways, including:

- changes in analysts' estimates, investors' perceptions, recommendations by securities analysts or our failure to achieve analysts' estimates;
- quarterly variations in our or our competitors' results of operations;
- periodic fluctuations in our revenues, which could be due in part to the way in which we recognize revenues;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- future sales of our common stock or other securities, by us or our stockholders, as well as the anticipation of lock-up releases or lock-up waivers;
- the trading volume of our common stock;
- general market conditions and other factors unrelated to our operating performance or the operating performance of our competitors;
- changes in operating performance and stock market valuations of other technology and entertainment companies generally, or those in the games industry in particular;
- actual or anticipated changes in regulatory oversight of our industry;
- the loss of key personnel, including changes in our board of directors and management;
- programming errors or other problems associated with our products;
- legislation or regulation of our market;
- lawsuits threatened or filed against us, including litigation by current or former employees alleging wrongful termination, sexual harassment, whistleblower or other claims;
- the announcement of new games, products or product enhancements by us or our competitors;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- announcements related to patents issued to us or our competitors and related litigation; and
- developments in our industry.

In recent years, the stock markets generally have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of listed companies. Broad market and industry factors may significantly affect the market price of our common stock, regardless of our actual operating performance.

In addition, in the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and harm our business, results of operations, financial condition and reputation. These factors may materially and adversely affect the market price of our common stock.

***Securities analysts may not publish favorable research or reports about our business or may publish no information at all, which could cause our stock price or trading volume to decline.***

Our stock price and trading volume may be heavily influenced by the way analysts and investors interpret our financial information and other disclosures. If securities or industry analysts do not publish research or reports about our business, delay publishing reports about our business, or publish negative reports about our business, regardless of accuracy, our common stock price and trading volume could decline.

The trading market for our common stock is influenced to some extent by the research and reports that industry or financial analysts publish about us and our business. We do not control these analysts. As a newly public company, we may be slow to attract research coverage and the analysts who publish information about our common stock will have had relatively little experience with us or our industry, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us provide inaccurate or unfavorable research or issue an adverse opinion regarding our stock price, our stock price could decline. If one or more of these analysts cease coverage of us or fail to publish reports covering us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

Even if our common stock is actively covered by analysts, we do not have any control over the analysts or the measures that analysts or investors may rely upon to forecast our future results. Over-reliance by analysts or investors on any particular metric to forecast our future results may lead to forecasts that differ significantly from our own.

***If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenues and expenses that are not readily apparent from other sources. If our assumptions change or if actual circumstances differ from our assumptions, our results of operations may be adversely affected and could fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

***A significant portion of our total outstanding shares are restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our common stock to drop significantly, even if our business is doing well.***

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell their shares, could result in a decrease in the market price of our common stock.

***Provisions in our corporate charter documents and under Delaware law could make an acquisition of us more difficult and may prevent attempts by our stockholders to replace or remove our current management.***

Provisions in our amended and restated certificate of incorporation and our amended and restated bylaws may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price

of our common stock. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team. Among others, these provisions include that:

- our board of directors has the exclusive right to expand the size of our board of directors and to elect directors to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- after the date on which Playtika Holding UK and its affiliates cease to beneficially own, in the aggregate, more than 50% in voting power of our stock entitled to vote generally in the election of directors (a “Triggering Event”), our board of directors will be divided into three classes, Class I, Class II and Class III, with each class serving staggered three-year terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- after a Triggering Event, our stockholders may not act by written consent, which will force stockholder action to be taken at an annual or special meeting of our stockholders;
- a special meeting of stockholders may be called only by the board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- our amended and restated certificate of incorporation prohibits cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- our board of directors may alter our bylaws without obtaining stockholder approval;
- the required approval of the holders of at least two-thirds of the shares entitled to vote at an election of directors to adopt, amend or repeal our bylaws or repeal the provisions of our amended and restated certificate of incorporation regarding the election and removal of directors;
- stockholders must provide advance notice and additional disclosures in order to nominate individuals for election to the board of directors or to propose matters that can be acted upon at a stockholders’ meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror’s own slate of directors or otherwise attempting to obtain control of our company; and
- our board of directors is authorized to issue shares of preferred stock and to determine the terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

***Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.***

While we have previously declared or paid cash dividends on our capital stock, we currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. Any determination to pay dividends in the future will be at the discretion of our board of directors and may be restricted by our Credit Agreement or any future debt or

preferred securities or future debt agreements we may enter into. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

***Becoming a public company increases our compliance costs significantly and requires the expansion and enhancement of a variety of financial and management control systems and infrastructure and the hiring of significant additional qualified personnel.***

Prior to January 2021, we were not subject to the reporting requirements of the Exchange Act, or the other rules and regulations of the SEC, or any securities exchange relating to public companies. We have been working with our legal, independent accounting and financial advisors to identify those areas in which changes should be made to our financial and management control systems to manage our growth and our obligations as a public company. These areas include financial planning and analysis, tax, corporate governance, accounting policies and procedures, internal controls, internal audit, disclosure controls and procedures and financial reporting and accounting systems. We have made, and will continue to make, significant changes in these and other areas. However, the expenses that will be required in order to adequately operate as a public company could be material, and have not been reflected in our historical financials prior to January 2021. Compliance with the various reporting and other requirements applicable to public companies will also require considerable time and attention of management and will also require us to successfully hire and integrate a significant number of additional qualified personnel into our existing finance, legal, human resources and operations departments.

***Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another State court in Delaware or the U.S. District Court for the District of Delaware) will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' abilities to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.***

Our amended and restated certificate of incorporation specifies that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for most legal actions involving actions brought against us by stockholders; provided that, the exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction; and provided further that, if and only if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, such action may be brought in another state or federal court sitting in the State of Delaware. Our amended and restated certificate of incorporation also provides that the federal district courts of the United States of America will be the exclusive forum for the resolution of any complaint asserting a cause of action against us or any of our directors, officers, employees or agents and arising under the Securities Act of 1933, as amended, or the Securities Act. We believe these provisions may benefit us by providing increased consistency in the application of Delaware law and federal securities laws by chancellors and judges, as applicable, particularly experienced in resolving corporate disputes, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi-forum litigation. However, these provisions may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in such action.

## **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None.

## **Item 3. Defaults Upon Senior Securities**

None.

## **Item 4. Mine Safety Disclosures**

None.

**Item 5. Other Information**

None.

**Item 6. EXHIBITS**

<b>Exhibits</b>	<b>Description</b>
4.1	<a href="#"><u>First Supplemental Indenture and Subsidiary Guarantee, dated August 26, 2021, among Playtika Holding Corp., Playtika ST Holding GmbH, Seriously Digital Entertainment Oy, Supertreat GmbH, Wooga GmbH, Wooga ParentCo DE GmbH and Wilmington Trust, National Association, as trustee</u></a>
10.1#	<a href="#"><u>Employment Agreement, dated as of August 17, 2016, by and between Playtika Ltd. and Erez Rachmil</u></a>
31.1	<a href="#"><u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
31.2	<a href="#"><u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
32.1	<a href="#"><u>Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>
32.2	<a href="#"><u>Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Calculation Definition Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

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# Indicates management contract or compensatory plan.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

PLAYTIKA HOLDING CORP.  
*Registrant*

By: /s/ Robert Antokol

\_\_\_\_\_  
Robert Antokol  
Chief Executive Officer and Chairperson of the Board

By: /s/ Craig Abrahams

\_\_\_\_\_  
Craig Abrahams  
President and Chief Financial Officer

Dated as of November 3, 2021

**FIRST SUPPLEMENTAL INDENTURE**

This First Supplemental Indenture and Subsidiary Guarantee, dated as of August 26, 2021 (this “*Supplemental Indenture*” or “*Subsidiary Guarantee*”), among Playtika ST Holding GmbH, a limited liability company incorporated under the laws of Austria, Seriously Digital Entertainment Oy, a limited liability company incorporated under the laws of Finland, Supertreat GmbH, a limited liability company incorporated under the laws of Austria, Wooga GmbH, a limited liability company incorporated under the laws of Germany and Wooga ParentCo DE GmbH, a limited liability company incorporated under the laws of Germany (collectively, the “*New Guarantors*” and each, a “*New Guarantor*”), Playtika Holding Corp. (together with its successors and assigns, the “*Company*”) and Wilmington Trust, National Association, as Trustee (in such capacity, the “*Trustee*”), paying agent and registrar under such Indenture.

## WITNESSETH:

WHEREAS, the Company, the Subsidiary Guarantors and the Trustee have heretofore executed and delivered an Indenture, dated as of March 11, 2021 (as amended, supplemented, waived or otherwise modified, the “*Indenture*”), providing for the issuance of an unlimited aggregate principal amount of 4.250% Senior Notes due 2029 of the Company (the “*Notes*”);

WHEREAS, Section 4.15 of the Indenture provides that in certain circumstances the Company may be required to cause certain Restricted Subsidiaries of the Company to execute and deliver a Guarantee with respect to the Notes on the same terms and conditions as those set forth in the Indenture.

WHEREAS, pursuant to Section 9.1 of the Indenture, the Trustee and the Company are authorized to execute and deliver this Supplemental Indenture to amend the Indenture, without the consent of any Holder to add an additional Subsidiary Guarantor.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantors, the Company and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

ARTICLE I  
Definitions

SECTION 1.1 Defined Terms. As used in this Supplemental Indenture, capitalized terms defined in the Indenture or in the preamble or recitals thereto are used herein as therein defined. The words “*herein*,” “*hereof*” and “*hereby*” and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

ARTICLE II  
Agreement to be Bound; Guarantee

SECTION 2.1 Agreement to be Bound. Each New Guarantor hereby becomes a party to the Indenture as a Subsidiary Guarantor and as such shall have all of the rights and be subject to



all of the obligations and agreements of a Subsidiary Guarantor under the Indenture. Each New Guarantor agrees to be bound by all of the provisions of the Indenture applicable to a Subsidiary Guarantor and to perform all of the obligations and agreements of a Subsidiary Guarantor under the Indenture, subject to the release provisions and other limitations set forth in the Indenture.

SECTION 2.2 The obligations under the Indenture and the Subsidiary Guarantee of any New Guarantor incorporated under the laws of Finland shall, in addition to the release provision and other limitations referred to in Section 2.1 above, be limited to (and only to the extent) required by the application of mandatory provisions of the Finnish Companies Act (Fi: *osakeyhtiölaki*, 624/2006, as amended) regulating unlawful distribution of assets (chapter 13, section 1) or prohibited financial assistance (chapter 13, section 10) or any other related mandatory provisions of the Finnish Companies Act.

SECTION 2.3 The provisions of Section 10 (*German Guarantee Limitations*) of Supplement No. 1 to the Guarantee Agreement, dated the date hereof, by and among the New Guarantors and Credit Suisse AG, Cayman Islands Branch, shall apply, *mutatis mutandis*, to the Indenture and the Subsidiary Guarantee with respect to any New Guarantor incorporated under the laws of Germany.

### ARTICLE III Miscellaneous

SECTION 3.1 Governing Law. This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 3.2 Severability Clause. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability.

SECTION 3.3 Ratification of Indenture; Supplemental Indentures Part of Indenture; No Liability of Trustee. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of a Note heretofore or hereafter authenticated and delivered shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture or the New Guarantors' Subsidiary Guarantees. Additionally, the Trustee shall not be responsible in any manner whatsoever for or with respect to any of the recitals or statements contained herein, all of which recitals or statements are made solely by the Company, the New Guarantors and the Subsidiary Guarantors, and the Trustee makes no representation with respect to any such matters.

SECTION 3.4 Counterparts. This Supplemental Indenture may be executed in any number of counterparts, which when so executed each such counterpart shall together constitute one and the same agreement. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or other electronic (i.e., ".pdf" or ".tif") transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in

lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or other electronic (i.e., “.pdf” or “.tif”) transmission shall be deemed to be their original signatures for all purposes.

SECTION 3.5 Headings. The headings of the Articles and the sections in this Subsidiary Guarantee are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

*[Signatures on Following Page]*

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

**PLAYTIKA HOLDING CORP.**

By: /s/ Craig Abrahams Name: Craig Abrahams  
Title: President and Chief Financial  
Officer

**PLAYTIKA ST HOLDING GMBH,**  
as a Guarantor

By: /s/ Craig Abrahams Name: Craig Abrahams  
Title: Director

By: /s/ Amir Asher Yackoby Name: Amir Asher Yackoby  
Title: Director

**SERIOUSLY DIGITAL ENTERTAINMENT OY,**  
as a Guarantor

By: /s/ Petri Järvillehto Name: Petri Järvillehto  
Title: Authorized Signatory

**SUPERTREAT GMBH,**  
as a Guarantor

By: /s/ Craig Abrahams Name: Craig Abrahams  
Title: Director

By: /s/ Amir Asher Yackoby Name: Amir Asher Yackoby  
Title: Director

**WOOGA GMBH,**  
as a Guarantor

By: /s/ Nai Chang Name: Nai Chang  
Title: Managing Director

**WOOGA PARENTCO DE GMBH,**  
as a Guarantor

By: /s/ Nai Chang Name: Nai Chang  
Title: Managing Director

**WILMINGTON TRUST, NATIONAL ASSOCIATION,**  
as Trustee

By: /s/ Michael H. Wass Name: Michael H. Wass  
Title: Vice President

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "**Agreement**") is made and entered into this August 17, 2016 ("**Effective Date**"), by and between Playtika Ltd. (the "**Company**"), and Erez Rachmil (I.D. No. 32357956), an individual residing at \_\_\_\_\_ (the "**Employee**").

**WHEREAS**, the Employee was relocated by the Company to Santa Monica, CA and was employed by Playtika Santa Monica, LLC ("**PSM**") under that certain Offer Letter with PSM, dated December 17, 2015 (the "**Old Agreement**"); and

**WHEREAS**, the relocation and the Old Agreement shall terminate effective as of August 22, 2016, and the Employee has received all compensation due and owing to the Employee in conjunction with his employment, and the Employee has no claims against PSM relating to the Old Agreement and/or his engagement with PSM; and

**WHEREAS**, the Company wishes the Employee to return to Israel and to employ the Employee, and the Employee agrees to be employed by Company, as of the Commencement Date of Employment and throughout the Term (as such terms are defined hereunder); and

**WHEREAS**, the parties wish to regulate their relationship in accordance with the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the mutual promises, covenants and undertakings contained herein, the parties hereto agree as follows:

### 1. **Employment; Position**

- 1.1. The Company desires to employ the Employee and the Employee desires to be employed by the Company, as of August 23, 2016 ("**Commencement Date of Employment**") and until this Agreement shall be terminated in accordance with the provisions of Section 7 below ("**Term**").
- 1.2. The Employee shall be employed, on a full time basis, in the position of VP IT ("**Position**"). The Employee shall have the authority, functions, duties and responsibilities, as may be stipulated from time to time by the CTO of the Company and/or any other person designated from time to time by the Company ("**Direct Supervisor**") and shall report thereto.
- 1.3. The Employee shall perform his duties and obligations hereunder from the Company's offices or from any other place as shall be instructed, from time to time, by the Direct Supervisor.
- 1.4. The Employee is aware and acknowledges that in performing the Employee's obligations under the Position, the Employee may be required to work at Extra Hours as such term is defined in the Work and Rest Hours Law, 1951 (the "**Extra Hours**") and accordingly the Employee undertakes to work Extra Hours pursuant to the provisions of this Agreement. The Employee shall cooperate with the Company in maintaining a record of the number of hours of work performed, including Extra Hours, if applicable, in accordance with the Company's policies and instructions.

### 2. **Duties and Obligations**

The Employee affirms and undertakes, throughout the Term, as follows:

- 2.1. The Employee shall devote the Employee's entire working time, know-how, energy, expertise, talent, experience and best efforts to the business and affairs of the Company and to the performance of the Employee's duties with the Company.
- 2.2. The Employee shall perform and discharge well and faithfully, with devotion, honesty and fidelity, all of the Employee's obligations derived from Employee's Position and from this Agreement.
- 2.3. The Employee shall comply with all the Company's disciplinary regulations, work rules, policies, procedures and objectives, as may be determined by the Company from time to time. The Employee shall travel abroad from time to time if and as may be required pursuant to Employee's Position.
- 2.4. The Employee shall refrain from being involved in, directly or indirectly, and to inform the Direct Supervisor, immediately and without delay, of any affairs and/or matters that might constitute a conflict of interest with Employee's Position and/or employment with the Company.

2.5. The Employee shall not assume, directly or indirectly, whether with or without consideration, any employment obligations unrelated to the Company and shall not be retained as a consultant or advisor or contractor (whether or not compensated therefor) to any other business other than with the prior written approval of the Company and in accordance with the terms of such approval.

3. **Representations and Warranties**

The Employee represents and warrants to the Company as follows:

3.1. The Employee is free to be employed by the Company pursuant to the terms contained in this Agreement and there are no contracts, impediments and/or restrictive covenants preventing full performance of the Employee's duties and obligations hereunder.

3.2. The Employee has the requisite qualifications, experience and knowledge to perform the Employee's obligations under this Agreement.

3.3. The Employee is not involved, directly or indirectly, in any business and/or affairs and/or matters that constitute or may constitute a conflict of interests with Employee's employment with the Company under this Agreement.

4. **Compensation**

4.1. Subject to and in pursuance of the Employee's fulfillment of Employee's obligations under this Agreement, the Company shall pay Employee a monthly gross salary of NIS 41,600 (the "**Basic Salary**").

4.2. In addition to the Basic Salary, the Employee shall be entitled to a monthly gross global compensation of NIS 10,400, as payment for working at Extra Hours as provided in Section 1.4 above, which reflects full compensation for the amount of up to 15 overtime hours per week (the "**Global Compensation**"). The Global Compensation has been determined according to an estimation of the scope of work which the Employee shall be required to perform. The Employee hereby especially acknowledge that in any event, he shall not work over 15 overtime hours per week, without explicit prior approval of the Company.

4.3. The Global Compensation shall be paid to Employee on a monthly basis, whether or not the Employee has actually performed work during Extra Hours at any specific month. It is hereby agreed and acknowledged that the Global Compensation shall constitute the full consideration to which the Employee shall be entitled for the Employee's work during Extra Hours, as provided in Section 1.4 above. The Employee shall not be entitled to any additional payment and/or other compensation, other than the Global Compensation, for any work performed during Extra Hours as provided above.

4.4. Notwithstanding the above, the Employee will report the Company the actual hours of work, as detailed in section 1.4 to this Agreement.

4.5. The Basic Salary together with the Global Compensation (collectively, the "**Salary**") shall be payable by no later than the ninth (9th) day of the consecutive calendar month following the calendar month of employment to which the payment relates.

4.6. Israeli income tax and other applicable withholdings with respect to the Salary shall be deducted from the Salary by the Company at source.

4.7. Unless otherwise specifically set forth herein, the Salary shall serve as the basis for deductions and contributions to the Pension Insurance Policy (as defined hereinafter) and for the calculation of all social benefits to which Employee is entitled hereunder.

4.8. An amount equal to 10% of the Salary shall be considered as a special compensation for the obligations not to compete with the Company, as set forth in **Exhibit B**. For clarification purposes such special consideration is already embedded in the Salary.

4.9. The Employee will be eligible to participate in the Company's bonus plan. The awards under this plan are discretionary and left to the sole judgment of the Company.

5. **Social and Fringe benefits**

5.1. Pension Insurance

5.1.1. The Company shall pay a premium for a Pension Insurance Policy (the "**Pension**")

**Insurance Policy**”) for the Employee, to a Manager’s Insurance policy and/or to a Pension Fund or to a program that combines the two, by the Employee’s choice and subject to the following terms:

- 5.1.1.1. The Company shall contribute as premium for a managers’ insurance policy and/or a Pension Fund an aggregate monthly amount equal to 14.58% of the Salary (or the portion of the Salary insured in the manager’s insurance or Pension fund (- 8.33% of the Salary towards severance pay (“**Severance Pay Component**”) and 6.25% of the Salary towards compensatory payments (“**Compensatory Payments Component**”).
- 5.1.1.2. Employee shall contribute, and for that purpose Employee hereby irrevocably authorizes and instructs the Company to deduct from the Employee’s Salary at source, an aggregate monthly amount equal to 5.75% of the Salary.
- 5.1.1.3. The rates of the Compensatory Payments Component (Employee’s and Company’s parts) shall be updated and amended in accordance with the law and the Extension Order regarding enhancement of pension insurance’s premiums, dated 23.5.2016.
- 5.1.1.4. It is hereby clarified that if the Employee chooses a manager’s insurance policy, the Compensatory Payments Component paid by the Company, shall include the payment by the company for purchase of a long term disability insurance at such amount required to enable the payment of at least 75% of the Salary. In any case, the Compensatory Payments Component itself (excluding the disability insurance premium) paid by the Company, shall not be less than 5% of the Salary.
- 5.1.1.5. It is further clarified, that if there is a need to increase the Compensatory Payments Component paid by the Company in order to obtain the disability insurance as set above (beyond the rate stated in section 5.1.1.1 above as will be updated according to section 5.1.1.3 above) the costs for purchasing the disability insurance by the Company, together with the Compensatory Payments Component paid by the Company, shall not, in any case, exceed 7.5% of the Salary.
- 5.1.2. Employee shall bear any and all taxes applicable to Employee and/or the Company in connection with amounts paid by Employee and/or the Company to the Pension Insurance Policy pursuant to this Section 5.1
- 5.1.3. In the event of termination of Employee’s employment under this Agreement for any reason other than a Termination for Cause (as defined below), the Employee shall be entitled to all sums accumulated in the said policies, including the Severance Pay.
- 5.1.4. The Company and Employee respectively declare and covenant that as evidenced by their respective signatures, they hereby undertake to be bound by the general settlement authorized as of 9.6.1998 pertaining to Company’s payment to the benefit of pension funds and insurance funds, in place of severance payment in pursuance of the Severance Payment Law, 1963, attached hereto as **Exhibit A**. The Company hereby forfeits any right it may have in the reimbursement of sums paid by Company into the above mentioned Pension Insurance Policy, except in the event of: (i) the Employee withdrawing such sums from the Pension Insurance Policy, other than in the event of death, disability or retirement at, or after, the age of 60; and (ii) in the occurrence of any of the events provided for in Section 16 and 17 of the Severance Payment Law, 1963. It is further agreed that such payment contribution made by the Company towards the Pension Insurance Policy as above mentioned, shall be in place of severance payment due to Employee under any circumstances in which Employee shall be deemed entitled to severance payment subject to the applicable law, including but not limited to the Severance Payment Law, 1963 (so that the provisions of Section 14 to the Severance Pay Law - 1963 shall apply with respect to Employee).
- 5.1.5. The parties agree to implement the Extension Order regarding obligatory pension



insurance, dated 3.8.2011. The Company shall inform, in writing, the Pension fund and/or manager's insurance to which it will contribute the Severance Pay Component that the Severance Pay Component sums shall be in place of severance payment in accordance to section 14 of the Severance Pay Law – 1963, by the terms set in the above mentioned Extension Order.

5.2. Advanced Study Fund

5.2.1. Notwithstanding anything herein to the contrary, for the purpose of this Section 5.2, the term “**Salary**” shall mean that portion of the Salary which does not exceed the recognized ceiling for withholdings that are exempted from taxes under the provisions of applicable law in effect from time to time (the “**Advanced Study Fund Ceiling**”). For the removal of any doubt, it is hereby agreed that the Advanced Study Fund Ceiling shall serve as the basis for the calculation of deductions and contributions to the Advanced Study Fund.

5.2.2. Upon completion of 3 months of employment, the Company shall contribute (in a retroactive manner) an aggregate monthly amount equal to 7.5% of the Salary towards an advanced study fund of Company’s choice (*Keren Hishtalmut*) (“**Advanced Study Fund**”).

5.2.3. Employee shall contribute, and for that purpose Employee hereby irrevocably authorizes and instructs Company to deduct from Employee’s Salary at source, an aggregate monthly amount equal to 2.5% of the Salary as Employee’s participation in such Advanced Study Fund.

5.2.4. Employee shall bear any and all taxes applicable in connection with amounts payable by Employee and/or Company to the Advanced Study Fund under this Section 5.2

5.3. Vacation. Employee shall be entitled to an annual leave of 20 working days per year (or more, if required under applicable Israeli law in effect from time to time, with respect of the period of Employee’s employment with the Company). Each leave shall be coordinated with the Direct Supervisor with adequate regard to the needs of the Company. The Employee shall be entitled to cumulative paid vacations according to the applicable laws. Any leave days remaining unexploited at the end of any 12-month period of employment may be accrued for use during the next succeeding 12-month periods of Employee’s employment thereafter, up to an aggregate of Employee’s annual leave quota for two consecutive 12-month periods (but only if and to the extent permitted by applicable law). In the event that prior to the expiration of a two-year period, the Company may, in its sole discretion, require the Employee to exploit any unexploited leave days exceeding such quota.

5.4. Sick Leave; Recreation Pay. Employee shall be entitled to sick leave and to annual recreation pay in accordance with applicable laws and regulations as in effect from time to time.

5.5. Military Reserve Duty. Employee shall inform the Company of any military reserve duty Employee has been ordered to perform, immediately after Employee has been notified of the same. In the absence of Employee due to military reserve duty, Employee shall be entitled to receive Employee’s Salary, including payments for social benefits and other rights to which Employee is entitled pursuant to this Agreement. Employee undertakes to provide the Company with proper confirmation of active military reserve duty so that Company may collect from the National Insurance Institute all amounts to which Employee is entitled in connection with such service.

5.6. Cellular Phone. The Company shall participate in the cellular phone expenses incurred by the Employee up to a limit of NIS 300 per month.

5.7. Equipment. The Company may, from time to time, provide the Employee with other equipment (the “**Equipment**”) for the Employee’s use in the course of performing the Employee’s obligations pursuant to the Position, provided that the Company’s procedures in respect thereof are followed. Employee shall bear and pay all (if any) taxes applicable to him in connection with any such Equipment provided. The Employee shall return any such Equipment to the Company’s principal office immediately following the cessation of the Employee’s employment hereunder, and the Employee shall not have any rights of lien, delay or set-off with respect to the Equipment.

5.8. Transportation Expenses. In addition to the Salary, the Company shall pay the Employee a monthly reimbursement of transportation expenses from Employee’s home to his work and back,

in accordance with applicable laws and regulations as in effect from time to time.

- 5.9. Expenses Reimbursement. The Company shall reimburse Employee for any out-of-pocket expenses from time to time properly incurred by Employee in direct connection with his employment by the Company (including parking expenses), provided, however, that such expenses have been approved in writing and in advance by the Company. As a condition to such reimbursement, Employee shall provide the Company with the original invoices, receipts and other evidence of expenditures.
6. Confidentiality, Inventions, Non-Competition and Non-Solicitation Agreement  
The Employee shall execute the Confidentiality, Inventions, Non-Competition and Non-Solicitation Agreement in the form attached hereto as Exhibit B (the “**Non-compete Agreement**”).
7. Termination
- 7.1. Either party may, at any time during the Term, provide the other party hereto with a written notice that this Agreement is terminated (the “**Termination Notice**”). The Termination Notice must be furnished, in writing, to the other party in accordance with the Prior Notice of Termination of Employment by an Employer and by an Employee Law of 2001 (the “**Prior Notice Law**”; the notice period stipulated in the Prior Notice Law shall be referred to as the “**Notice Period**”). The Termination Notice shall set forth both the date on which said notice is being furnished and the date on which the Termination Notice shall be effective.
- 7.2. In the event that a Termination Notice is delivered by either party hereto, the following shall apply:
- 7.2.1. During the Notice Period, the Employee shall be obligated to continue to discharge and perform all of Employee’s duties and obligations with the Company and to take all steps, satisfactory to the Company, to ensure the orderly transition to any persons designated by the Company of all matters handled by Employee during the course of Employee’s employment with the Company.
- 7.2.2. Notwithstanding the provisions of Section 7.2.1 above to the contrary, by notifying Employee concurrently with or at any time after a Termination Notice is delivered by either party hereto, the Company shall be entitled to either: (i) waive any and/or all of Employee’s services with the Company during the Notice Period or any part thereof or; (ii) terminate the employer-employee relationship prior to the completion of the Notice Period; provided that in any such event, the Company shall pay Employee for the aforesaid Notice Period or any part thereof, a sum equal to the compensatory payment required under applicable laws and in accordance with the Prior Notice Law.  
By the end of the Notice Period or the termination of the employer-employee relationship, whichever comes first, or in the event the Company has waived Employee’s services during the Notice Period, then upon the furnishing of a notice to Employee to that effect, Employee shall return to the Company any equipment provided to him by the Company.
- 7.3. Notwithstanding the provisions of Sections 7.1 and 7.2.2 above, the Company, by furnishing a notice to Employee, shall be entitled to terminate Employee’s employment with the Company with immediate effect in the event that said termination is Termination for Cause (as defined below). In the event of such Termination of Cause, then without derogating from the rights of the Company under this Agreement and/or any applicable law, the Employee shall not be entitled to any of the consideration specified in Section 7.2 above and any and all options granted to the Employee (if any), whether or not such options are vested, shall immediately expire.
- 7.4. As used in this Agreement, the term “**Termination for Cause**” shall mean termination of Employee’s employment with Company as a result of the occurrence of any one of the following: (i) Employee has committed a criminal offense; (ii) Employee is in breach of Employee’s duties of trust or loyalty to the Company; (iii) any material breach of this Agreement which has not been cured by Employee within fifteen (15) days after his receipt of notice from the Company containing a description of such breach, (iv) Employee deliberately causes harm to the Company’s business affairs; (v) Employee breaches any of the provisions of the Non-compete Agreement;

and/or (vi) circumstances that constitute “cause” or do not entitle Employee to severance payments under any applicable law and/or under any judicial decision of a competent tribunal.

- 7.5 Without derogating from the Company’s rights pursuant to any applicable law, in the event that Employee shall terminate Employee’s employment with the Company with immediate effect or upon shorter notice than the Notice Period, the Company shall have the right to offset the amount of compensatory payment to which Employee would otherwise have been entitled under the Prior Notice Law or any part thereof, as the case may be, from any other payments payable to Employee.
- 7.6 Upon termination of Employee’s employment with the Company, and as a condition to the fulfillment of Company’s obligations, if any, towards Employee at such time, Employee affirms and undertakes to transfer Employee’s Position to its replacement, as shall be determined by Company, in an efficient, complete, appropriate and orderly manner, and to fulfill Employee’s obligations under this Agreement.

## **8. General Provisions**

- 8.1 Employee may not assign or transfer any right, claim or obligation provided herein.
- 8.2 Employee shall not be entitled to any additional bonus, payment or other compensation in connection with Employee’s employment with the Company, other than as provided herein.
- 8.3 The Company shall withhold, or charge Employee with, all taxes and other compulsory payments as required under applicable law with respect to all payments, benefits and/or other compensation paid to Employee in connection with Employee’s employment with the Company.
- 8.4 The Company shall be entitled to assign or transfer any right, claim or obligation provided herein.
- 8.5 The Company shall be entitled to offset from any and/or all payments to which Employee shall be entitled thereof, any and/or all amounts to which the Company shall be entitled from Employee at such time; and for that purpose Employee hereby irrevocably authorizes and instructs the Company to offset from any amounts which may be due or owing to Employee from the Company, all amounts to which the Company shall be entitled from Employee at any time.
- 8.6 The Company’s failure or delay in enforcing any of the provisions of this Agreement shall not, in any way, be construed as a waiver of any such provisions, or prevent the Company thereafter from enforcing each and every other provision of this Agreement, including those which were previously not enforced.
- 8.7 This Agreement shall not be amended, modified or varied by any oral agreement or representation other than by a written instrument executed by both parties, or their duly authorized representatives.
- 8.8 This Agreement shall be interpreted and construed in accordance with the laws of the State of Israel. The parties submit to the exclusive jurisdiction of the competent courts of the city of Tel Aviv in any dispute related to this Agreement.
- 8.9 This Agreement and the Non-Compete Agreement constitute the entire agreement of the parties hereto with respect to the subject matters hereof, and supersede all prior agreements and understandings between the parties with respect thereto.
- 8.10 Captions and paragraph headings used in this Agreement are for convenience purposes only and shall not be used for the interpretation thereof.
- 8.11 Notices given hereunder shall be in writing and shall be deemed to have been duly given on the date of personal delivery, on the date of postmark if mailed by certified or registered mail, or on the date sent by facsimile upon transmission and electronic confirmation of receipt or (if transmitted and received on a non-business day) on the first business day following transmission and electronic confirmation of receipt, addressed as set forth above or such other address as either party may designate to the other in accordance with the aforesaid procedure.
- 8.12 The parties agree that this Agreement constitutes, among other things, notification in accordance with the Notice to Employee Law (Terms of Employment), 2002.

THE EMPLOYEE ACKNOWLEDGES THAT HE IS FAMILIAR WITH AND UNDERSTANDS THE ENGLISH LANGUAGE AND DOES NOT REQUIRE TRANSLATION OF THIS AGREEMENT AND ITS EXHIBITS TO ANY OTHER LANGUAGE. THE EMPLOYEE FURTHER ACKNOWLEDGES THAT THE COMPANY HAS ADVISED HIM THAT HE MAY CONSULT AN ATTORNEY BEFORE EXECUTING THIS AGREEMENT AND THAT HE HAS BEEN AFFORDED AN OPPORTUNITY TO DO SO.

העובד מצהיר בזאת כי השפה האנגלית מוכרת ומובנת לו וכי הוא אינו זקוק לתרגום הסכם זה ונספחיו לשפה אחרת. העובד גם מצהיר ומודיע כי הומלץ בפניו על ידי החברה לקבל ייעוץ משפטי בקשר להסכם זה בטרם החתימה עליו וכי ניתנה לו הזדמנות נאותה לעשות כן.

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement on the day and year first set forth above.

**COMPANY:**

PLAYTIKA LTD.

By: /s/ Arik Sandler

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Name: Arik Sandler

Title: CFO

**EMPLOYEE:**

By: /s/ Erez Rachmil

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Erez Rachmil

Exhibit A

## GENERAL APPROVAL REGARDING PAYMENTS BY EMPLOYERS TO A PENSION FUND AND INSURANCE FUND IN LIEU OF SEVERANCE PAY

By virtue of my power under section 14 of the Severance Pay Law, 1963 (hereinafter: the "**Law**"), I certify that payments made by an employer commencing from the date of the publication of this approval publication for his employee to a comprehensive pension benefit fund that is not an insurance fund within the meaning thereof in the Income Tax (Rules for the Approval and Conduct of Benefit Funds) Regulations, 1964 (hereinafter: the "**Pension Fund**") or to managers insurance including the possibility of an insurance pension fund or a combination of payments to an annuity fund and to a non-annuity fund (hereinafter: the "**Insurance Fund**"), including payments made by him by a combination of payments to a Pension Fund and an Insurance Fund, whether or not the Insurance Fund has an annuity fund (hereinafter: the "**Employer's Payments**"), shall be made in lieu of the severance pay due to the said employee in respect of the salary from which the said payments were made and for the period they were paid (hereinafter: the "**Exempt Salary**"), provided that all the following conditions are fulfilled:

- (1) The Employer's Payments -
  - (a) To the Pension Fund are not less than  $14\frac{1}{3}\%$  of the Exempt Salary or 12% of the Exempt Salary if the employer pays for his employee in addition thereto also payments to supplement severance pay to a benefit fund for severance pay or to an Insurance Fund in the employee's name in an amount of  $2\frac{1}{3}\%$  of the Exempt Salary. In the event the employer has not paid an addition to the said 12%, his payments shall be only in lieu of 72% of the employee's severance pay;
  - (b) To the Insurance Fund are not less than one of the following:
    - (2)  $13\frac{1}{3}\%$  of the Exempt Salary, if the employer pays for his employee in addition thereto also payments to secure monthly income in the event of disability, in a plan approved by the Commissioner of the Capital Market, Insurance and Savings Department of the Ministry of Finance, in an amount required to secure at least 75% of the Exempt Salary or in an amount of  $2\frac{1}{2}\%$  of the Exempt Salary, the lower of the two (hereinafter: "**Disability Insurance**");
    - (3) 11% of the Exempt Salary, if the employer paid, in addition, a payment to the Disability Insurance, and in such case the Employer's Payments shall only replace 72% of the Employee's severance pay; In the event the employer has paid in addition to the foregoing payments to supplement severance pay to a benefit fund for severance pay or to an Insurance Fund in the employee's name in an amount of  $2\frac{1}{3}\%$  of the Exempt Salary, the Employer's Payments shall replace 100% of the employee's severance pay.
    - (4) No later than three months from the commencement of the Employer's Payments, a written agreement is executed between the employer and the employee in which -
      - (a) The employee has agreed to the arrangement pursuant to this approval in a text specifying the Employer's Payments, the Pension Fund and Insurance Fund, as the case may be; the said agreement shall also include the text of this approval;
      - (b) The employer waives in advance any right, which it may have to a refund of monies from his payments, unless the employee's right to severance pay has been revoked by a judgment by virtue of Section 16 and 17 of the Law, and to the extent so revoked and/or the employee has withdrawn monies from the Pension Fund or Insurance Fund other than by reason of an entitling event; in such regard "Entitling Event" means death, disability or retirement at after the age of 60.
  - (5) This approval is not such as to derogate from the employee's right to severance pay pursuant to any law, collective agreement, extension order or employment agreement, in respect of salary over and above the Exempt Salary.

**Exhibit B**  
**CONFIDENTIALITY, INVENTIONS AND NON-COMPETITION AGREEMENT**

This Confidentiality and Inventions Agreement (the “**Agreement**”) is entered into this August 17, 2016 by and between Playtika Ltd. (the “**Company**”) and Erez Rachmil (the “**Employee**”). This Agreement sets forth the entire agreement between the parties hereto concerning the subject matter hereof and supersedes all prior agreements and understandings concerning the subject matter hereof. In consideration of employment by the Company of Employee, which Employee acknowledges to be good and valuable consideration for the Employee’s obligations hereunder, the Company and Employee agree as follows:

**1. Proprietary Information and Confidentiality**

- 1.1. Employee is aware that in the course of Employee’s employment with Company and/or in direct connection therewith Employee may have access to, and be entrusted with, technical, proprietary, sales, legal and financial data and information in direct connection with the affairs and business of Company, its affiliates, customers and suppliers, and including information received by Company from any third party subject to obligations of confidentiality towards said third party, all of which such data and information, whether documentary, written, oral or computer generated, shall be deemed to be, and referred to as “**Proprietary Information**”, which, by way of illustration but not limitation, shall include trade and business secrets, trade names (registered or not), processes, patents improvements, ideas, inventions (whether reduced to practice or not), techniques, products, technologies (actual or planned), financial statements, marketing plans, strategies, forecasts, customer and/or suppliers lists and/or relations, research and development activities, formulas, data, know-how, designs, discoveries, models, vendors, computer hardware and computer software and programs (including object code and source code), computer software and database technologies, systems, structures and architectures (and related processes, algorithms, compositions, improvements, know-how, inventions, discoveries, concepts, ideas, designs, methods and information) of Company, drawings, operating procedures, pricing methods, marketing strategies, future plans, dealings and transactions, except for such information which, on the date of disclosure is, or thereafter becomes, available in the public domain through no fault on the part of Employee. For the avoidance of any doubt, Employee may not use Company’s name or trademarks in any activity not made by or for the Company.
- 1.2. Employee agrees and declares that all Proprietary Information, patents and/or patent applications, copyrights and other intellectual property rights in connection therewith, are and shall remain the property of Company and its assigns on sole and exclusive basis. All business records, papers and documents however documented, kept or made by Employee relating to the business and affairs of Company shall be and remain the property of Company.
- 1.3. Employee further recognizes and acknowledges that such Proprietary Information is a valuable and unique asset of Company’s business and affairs, and that its use or disclosure other than in accordance with the provisions of the employment agreement between Employee and the Company (the “**Employment Agreement**”), would cause Company substantial loss and damages. Accordingly, Employee undertakes and agrees that, at all times, during the term of Employee’s employment with the Company (the “**Term**”) and upon its expiration thereafter, Employee shall keep in confidence and trust all Proprietary Information, and any part thereof, and shall not use or disclose and/or make available, directly or indirectly, to any third party any Proprietary Information without the prior written consent of Company, except and to the extent as may be necessary in the ordinary course of performing Employee’s duties pertaining to Company and except and to the extent as may be required under any applicable law, regulation, judicial decision or determination of any governmental entity.
- 1.4. Without derogating from the generality of the foregoing, Employee agrees as follows:
  - 1.4.1. Not to copy, transmit, reproduce, summarize, quote, publish and/or make any commercial or other use whatsoever of the Proprietary Information, or any part thereof, without the prior written consent of Company, except as may be necessary in

the performance of employee's duties pertaining to Company;

- 1.4.2. To exercise the highest degree of care in safeguarding the Proprietary Information against loss, theft or other inadvertent disclosure and to take all reasonable steps necessary to ensure the maintaining of confidentiality;
  - 1.4.3. Not to enter into the data bases of Company for any purpose whatsoever, including, without limitation, review, download, insert, change, delete and/or relocate any information, except as may be necessary in the performance of Employee's duties pertaining to Company;
  - 1.4.4. Upon termination of Employee's employment, and/or as otherwise requested by Company, to promptly deliver to Company all Proprietary Information and any and all copies thereof, in whatever form, that had been furnished to Employee, prepared thereby and/or came to Employee's possession in any manner whatsoever, during and in the course of his/her employment with Company, and shall not retain and/or make copies thereof in whatever form.
  - 1.4.5. To compensate, reimburse and indemnify the Company and/or any third party, including without limitation, Company's clients, for any damage, expense and/or payment incurred by them or demanded of them in consequence of a breach of Employee's aforementioned undertakings.
- 1.5. "**Company**" in this Section 6 and in Sections 2 and 3 below shall also mean the Company and any other legal entity, which directly or indirectly, controls the Company, is controlled by the Company and/or is under common control with the Company. It is clarified that the above definition shall not be construed as creating employee-employer relationship between the Employee and any other entity other than the Company as defined in the preamble to this Agreement.

## 2. Inventions

- 2.1. Employee agrees to promptly and from time to time fully inform and disclose to the Company all derivatives, inventions, designs, improvements and discoveries which Employee now has or may hereafter make and/or conceive during the Term which pertain to or relate to the Company and its business or to any experimental and/or developmental work performed by the Company and/or to the Company's Proprietary Information, whether conceived by Employee alone or with others and whether or not conceived during regular working hours or prior to or after the date of this Agreement ("**Inventions**").
- 2.2. All Inventions, and any and all rights, interests and title therein, shall be the exclusive property of the Company and Employee shall not be entitled to, and hereby waives now and/or in the future, any claim, right, compensation and/or reward in connection therewith, including any right for royalties in Service Inventions, as defined in Section 132 of the Patent Law, 1967 (the "Patent Law"), in accordance with the Patent Law, other than as specifically set forth in this Agreement. This clause constitutes an express agreement between Employee and the Company for the purposes of Section 134 of the Patent Law.
- 2.3. In the event that by operation of law, any Invention shall be deemed Employee's, the Employee hereby assigns and shall in the future take all the requisite steps (including by way of illustration only, signing all appropriate documents) to assign to the Company and/or its designee any and all of his foregoing rights, titles and interests, on a worldwide basis, and hereby further acknowledges and shall in the future acknowledge the Company's full and exclusive ownership in all such Inventions. Employee shall, prior to or following termination of this Agreement, execute all documents and take all steps necessary to effectuate the assignment to the Company or its designee(s) and/or to assist the Company to obtain and/or perfect the exclusive and absolute rights, title and interests in and to all Inventions, whether by the registration of patent, trade mark, trade secret and/or any other applicable legal protection, and to protect same against infringement by any third party.
- 2.4. Without derogating from the generality of the foregoing, the provisions of this Section 2 shall apply with equal force and effect to all items that may be subject to copyright or trademark protection.



### 3. **Non-Competition and Non-Solicitation**

- 3.1. Employee hereby covenants to the Company that throughout the Term and thereafter for a period of six (6) months following the effective date of termination of Employee's employment howsoever arising, Employee shall not:
  - 3.1.1. Engage, directly or indirectly, in any capacity whatsoever, whether independently or as an employee, consultant or otherwise, through any corporate body and/or with or through others, in any activity competing with the actual and/or planned activities of the Company and its affiliates, as same have existed and shall exist from time to time during the Term and as shall exist at the effective date of termination of Employee's employment with the Company.
  - 3.1.2. Accept any position, whether as employee, consultant or otherwise with, or hold any interest in, any corporate body that competes with the actual and/or planned activities of the Company as same shall exist at the termination of his employment under this Agreement; provided, however, that nothing stated herein shall preclude Employee from owning a stock interest not greater than 5% in any publicly traded corporation.
  - 3.1.3. Whether on Employee's own account and/or on behalf of others, in any way interfere with and/or endeavor to entice away, or offer or solicit for the purpose of so interfering and/or enticing away, from the Company and/or any of its affiliates, any person, firm or company with whom the Company and/or any of its affiliates shall have any contractual and/or commercial relationship as an employee, consultant, licensor, joint venture, supplier, customer, distributor, agent or contractor of whatsoever nature, existing or under negotiation on, or within the twelve (12) months prior to, the effective date of termination of Employee's employment with the Company.
- 3.2. Employee acknowledges that the restrictions set forth in this Section 3 are fair and reasonable, and are essential for protection of the Company's business, the Company's proprietary rights and other legitimate interests of the Company, in view of the nature of the business in which the Company is engaged. Employee further acknowledges that the above restrictions are customarily complied with by persons situated in a similar position, correspond with fair dealing requirements and are adequate in light of Employee's usage of the Company resources during Employee's employment hereunder.
- 3.3. Employee is aware of and acknowledges that Employee's obligations under Section 3.1 are derived from Employee's access to the Company's Propriety Information and confidential information and that a portion of the salary paid to the Employee pursuant to the Employment Agreement constitutes a special consideration given to Employee in return for the aforesaid undertakings.
- 3.4. If any one or more of the terms contained in this Section 3 shall, for any reason, be held to be excessively broad with regard to time, geographic scope or activity, the term shall be construed in a manner to enable it to be enforced to the extent compatible with applicable law.

### 4. **Third Party Information**

- 4.1. The Employee represents and undertakes that he will not disclose to the Company any proprietary or confidential information belonging to any third party, including any prior or current employer or contractor, unless the written approval of that third party was received.
- 4.2. The Employee recognizes that the Company may receive in the future from third parties their confidential or proprietary information, subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. The Employee undertakes to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person or entity or to use it except as necessary in carrying out his services for the Company, consistent with the Company's agreement with such third party.

5. **Modification and Waiver.** This Agreement may not be modified or amended or terminated except by an instrument in writing signed by the parties. No term or condition of this Agreement will be deemed to have been waived, except by written instrument of the party charged with such waiver. No such written waiver will be deemed to be a continuing waiver unless specifically stated therein, and each such waiver

will operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived.

6. **Governing Law; Jurisdiction.** This Agreement and its validity, interpretation, performance and enforcement will be governed by the laws of the State of Israel, without regard to conflicts of laws principles. All judicial proceedings with respect to this Agreement or any transactions contemplated hereby or thereby shall be brought exclusively in any court of competent jurisdiction in the city of Tel-Aviv Jaffa.
7. **Binding Effect.** This Agreement will be binding, upon and inure to the benefit of Employee, the Company, and their respective successors and permitted assigns; provided, however, that Employee may not assign this Agreement or any part hereof.
8. **Survival.** The provisions of Section 1, 2 and 3 hereto shall survive termination of the Employment Agreement and shall be and remain in full force and effect at all times thereafter.

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer and Employee has signed this Agreement, as of the date written below.

/s/ Erez Rachmil

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**Employee**

/s/ Arik Sandler

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**Playtika Ltd.**

**Certification of  
Chief Executive Officer Pursuant to Section 302 of  
the Sarbanes-Oxley Act of 2002**

I, Robert Antokol, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Playtika Holding Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 3, 2021

By: /s/ Robert Antokol

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Robert Antokol  
Chief Executive Officer and Chairperson of the Board  
(principal executive officer)

**Certification of  
Chief Financial Officer Pursuant to Section 302 of  
the Sarbanes-Oxley Act of 2002**

I, Craig Abrahams, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Playtika Holding Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 3, 2021

By: /s/ Craig Abrahams

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Craig Abrahams  
President and Chief Financial Officer  
(principal financial officer)

**Certification of  
Chief Executive Officer Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of  
the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Playtika Holding Corp. (the “Company”) hereby certifies, to such officer’s knowledge, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 3, 2021

By: /s/ Robert Antokol

Robert Antokol  
Chief Executive Officer and Chairperson of the Board  
(principal executive officer)

**Certification of  
Chief Financial Officer Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of  
the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Playtika Holding Corp. (the “Company”) hereby certifies, to such officer’s knowledge, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 3, 2021

By: /s/ Craig Abrahams

Craig Abrahams  
President and Chief Financial Officer  
(principal financial officer)