PREPARED REMARKS

Q4 FISCAL 2022

TAE LEE: SVP, CORPORATE FINANCE & INVESTOR RELATIONS

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

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

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

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

ROBERT ANTOKOL: FOUNDER & CHIEF EXECUTIVE OFFICER

Thank you everyone for joining our call today.

- First, I want to thank all our employees globally for their contributions to our success this year.
- I am pleased to report that we ended the year on a strong note, and I am proud of what we achieved in 2022. We met our financial guidance and we remain focused on our mission to deliver the best mobile gaming experience to players worldwide and maximizing value for our shareholders. We believe that we have the best people, technology, and platform for navigating the current macro environment facing mobile gaming. The actions we took in 2022 will allow us to be an even stronger company with solid operating results and Free Cash Flow.

- For the full-year 2022, we maintained our leading position across 5 different game categories. We also had nine of the top 100 highest grossing mobile games in the U.S. And we will continue to be an industry leader while identifying opportunities in every segment of the business.
- I am excited about the next phase of growth for Playtika.

- Our people are our strongest asset, and we pride ourselves in our ability to develop and support them with the best-in-class technology and tools needed to be a leading mobile gaming company.
- Our Digital Studio platform, powered by AI, continues to grow, and take a bigger role across our studios' game operations while optimizing monetization. Our vision to digitalize the gaming operation space, is progressing, across all relevant gaming functions, from user acquisition to content generation, and player experience. We are focused on optimizing the capabilities of our platform with the long-term plan of integrating Digital Studio capabilities across all our games.
- To summarize, I am confident we will strengthen our position in the mobile gaming industry, continue to grow cash flow, while maximizing long-term shareholder value.

- I will now turn it over to Craig who will discuss the quarter and the year in greater detail and provide our guidance for Fiscal Year 2023.

CRAIG ABRAHAMS: PRESIDENT AND CHIEF FINANCIAL OFFICER

Thank you, Robert.

We posted financial results that were better than implied Q4 guidance this past quarter and made significant strategic decisions to position the company for future success.

We made several strategic decisions in 2022 to position the company for continued success after recognizing that the industry landscape was evolving and impacting our portfolio:

We are prioritizing our investment decisions to align the company's expense profile with revenue trends. At every level of the organization, we are actively managing costs, and streamlining the company, while still making key investments such as our Digital Studio initiative, that will support our next phase of growth for Playtika.

We have shifted our strategy for new game development, and we will focus the new game evaluation process out of the creative team in our Wooga studio. While we saw that our new games received positive feedback from our players and achieved strong retention numbers, the marketing environment and increasing CPIs for new games made it challenging for us to scale these games profitably. Based on the current marketing environment, we made the decision to temporarily suspend our new game development pipeline until the ROI for new games is economically viable.

Complementing this strategic shift, we are leveraging our mobile gaming and regional expertise to make strategic investments in high growth potential studios. This past quarter, we announced our investment in Ace Games, the developer of *Fiona's Farm*. Our investment in Ace Games is a great example of how we will continue to seek exposure to games with high-growth potential and access to world-class product teams.

With our existing portfolio of industry leading titles, we continue to focus our marketing efforts on higher quality traffic sources and generating ROI driven by our scale and AI technology. Our marketing strategy of combining our UA efforts with offline campaigns is a competitive advantage for Playtika, and we will continue to maintain our focus on Tier-1 markets, and shifting more of our UA spending to our growth titles.

Turning now to our business results for the quarter.

Going forward, we will be providing revenue detail for our top three highest grossing games.

Revenue across our Casual themed games grew 2.7% versus a year ago.

Bingo Blitz revenue was $155.1 million, up 18.4% year-over-year, driven by several in-game Live Ops celebrations around the game's 12-year anniversary, and other special themes throughout the quarter, including unique minigames. We introduced a new Team gameplay mechanism where our players can now work together to complete missions that earn them virtual rewards in the game. We made technology improvements in the gameplay through our "Play Now" initiative, which significantly decreased the waiting time to start a new Bingo round by 65%, on average. We saw that this not only improved the overall experience for our players but encouraged them to play more.

Solitaire Grand Harvest revenue was $72.8 million, up 18.7% year-over-year. We are excited by the momentum in the studio. The strong combination of Albums and collections events around Halloween, Christmas, and NYE all contributed to the studio's success this quarter. It was a record quarter for Solitaire for both revenue and paying users. In addition, the studio broke the $1 million daily revenue mark for the first time.

Social Casino themed games revenue for the fourth quarter was down (8.6)% versus a year ago. This was driven primarily by lower results in Slotomania.

Slotomania revenue was $149.2 million, down (9.0)% year-over-year. As previously discussed, Slotomania is a strategic priority for the company and we are focused on stabilizing the game. We saw improvements in KPIs in the past quarter driven by the launch of major features such as new Piggy Cards, a new jackpot mechanism, and improvements to Slotomania Clans. We are shifting the focus back to the core of the game with better slot-style content and optimizing the game economy. We will continue to provide updates on our progress.

Before we turn to an overview of our consolidated results I will spend some time talking about the presentation of Adjusted EBITDA going forward.

This will be the last quarter where we discuss Retention Plan Adjusted EBITDA, which we previously referred to as Adjusted EBITDA, with add-backs for our Long-Term Cash Compensation Plan and M&A Related Retention Payments. Going forward, we will refer to our Credit Adjusted EBITDA when discussing historical performance and in giving guidance. As a reminder, the Playtika 2021-2024 Retention Plan ends after 2024.

For the year, we achieved results within our financial guidance range, we generated $2.616 billion of revenue, up 1.3% year-over-year, $275.3 million of Net Income, down (10.8)% year-over-year, and $919.0 million of Retention Plan Adjusted EBITDA, down (6.5)% year-over-year. In the fourth quarter, revenue was $631.2 million, down (2.7)% year-over-year, Net Income was $87.5 million, down (14.5)%, and Retention Plan Adjusted EBITDA was $228.9 million, up 7.7% year-over-year. Our Retention Plan Adjusted EBITDA margin was 35.1% for the year and 36.3% for Q4.

Credit Adjusted EBITDA for the year was $805.1 million, a decrease of (5.1)% year-over-year. For the fourth quarter, Credit Adjusted EBITDA was $202.6 million, an increase of 15.0% from the fourth quarter of 2021. Our Credit Adjusted EBITDA margin was 30.8% for the year and 32.1% for Q4.

For the year, we generated $383.7 million in Free Cash Flow, defined as Cash Flow from Operations minus Capital Expenditures. We spent $110.0 million in Capital Expenditures, which includes purchase of property and equipment, capitalization of internal use software, and purchases of software for internal uses, below our 2022 guidance of $125-130 million.

We successfully executed our tender offer in Q4, returning $600 million to shareholders and retiring over 51.8 million shares.

Recognizing the macro headwinds facing the industry, we slowed the pace of hiring earlier in the year, and we ran the business with a focus on cost discipline across the entire organization. We are highly committed to ensuring that our expense profile is aligned with our growth outlook, and we are starting to see the positive impact of these strategic decisions in our financial results.

Turning now to specific line items for the Fourth Quarter:

Cost of Revenue declined (1.1)% year-over-year and operating expenses declined by (9.1)% year-over-year. Our Credit Adjusted EBITDA margin increased sequentially every quarter this year starting in the first quarter. While we experienced revenue headwinds throughout most of the year, our focus on efficiencies enabled us to achieve these results.

R&D was stable, increasing by 0.9%.

Sales & Marketing declined by (17.7)%. The decline in Sales & Marketing expenses were driven by timing of some of our offline campaigns, the strategic decisions that we made this year regarding our new games pipeline, and the reduction in marketing expenses in Redecor. Q4 of 2021 had outsized spending for offline campaigns.

G&A expenses declined by (7.3)%. This was primarily driven by decreases in share-based compensation and our Long-Term Cash Compensation Plan.

GAAP Net Income was $87.5 million. As of December 31st, we had approximately $768.7 million in Cash and Cash equivalents. Our Effective Tax Rate for the year was 23.7%.

Looking at our operational metrics, Average DPU increased 0.6% year-over-year to 313 thousand. Average DAU declined (14.6)% year-over-year to 8.8 million. ARPDAU increased 14.7% year-over-year to $0.78 cents.

Turning to marketing, as mentioned, we had less production costs this quarter for offline campaigns and production versus the prior year, and less UA spend due to shifts in marketing strategy.

Turning now to more detail behind our efficiency initiatives:

In December, we announced an initiative to reduce our workforce globally. While it was a very difficult decision, it was necessary as we look to operate more efficiently. We expect that all the impacted employees will no longer be on our headcount by the end of the second quarter. We expect the year-over-year impact to Credit Adjusted EBITDA from the reduction in force to be approximately $33 million.

Turning now to our guidance and financial outlook for 2023:

I'll begin with our revenue expectations. We expect to deliver full year revenue between $2.570 billion and $2.620 billion, compared to $2.616 billion in 2022. We expect to generate Credit Adjusted EBITDA between $805 million and $830 million, compared to $805.1M in 2022. We expect to deploy $115 to $120 million in Capital Expenditures.

As we look at the outlook for our business in 2023, we are confident in our roadmap in each of our studios. We will continue to prioritize and invest in our strongest franchises across our full game portfolio to build on the momentum they have achieved. Finally, this year will be another year where we will continue to be focused on cost discipline, prioritizing our investment decisions on high ROI projects, while navigating a difficult macroeconomic environment for mobile gaming that we expect to improve in 2024 and beyond. With that, we would be happy to take your questions.