PREPARED REMARKS

Q2 FISCAL 2023

TAE LEE: SVP, CORPORATE FINANCE & INVESTOR RELATIONS

Welcome everyone and thank you for joining us today for the second quarter 2023 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

Good morning and thank you everyone for joining our call today.

Before we dive into the business and financial results for the quarter, I would like to highlight our recent announcement to acquire the Governor of Poker franchise.

Over our history, we have successfully executed various acquisitions that have played an important role in establishing Playtika as an industry leader in mobile gaming.

We are constantly searching for promising game franchises that we can optimize and monetize, using our operational excellence and best-in-class LiveOps.

Governor of Poker is a well-established franchise with a loyal player base, generating most of its revenue from Europe. When combined with our unique expertise and tools in game operations, we see it as a good opportunity to further expand our leadership in the social Poker market.

Turning to our quarterly results, this quarter, we generated Net Income of $75.7 million, and Credit Adjusted EBITDA of $215.0 million, which marks 6.7% growth year over year.

This demonstrates our focus on running more efficiently while continuing to invest in developing better tools and technology.

As a result of our early investments in AI and the efforts of our teams, we are now strategically integrating these AI-driven tools into our studios, which should provide opportunities to support our margins in the future.

In addition, we are seeing how our internally developed tools, combined with our industry leading expertise in LiveOps is creating new opportunities of growth for our games, while providing a platform to support any future M&A.

I will now turn it over to Craig who will walk through the financials and discuss the quarter in greater detail.

CRAIG ABRAHAMS: PRESIDENT AND CHIEF FINANCIAL OFFICER

Thank you, Robert.

Our performance in the quarter was consistent with our outlook from the beginning of the year where we expected the industry to be flat to slightly down. Throughout the quarter, we saw positive year-over-year revenue trends for our casual portfolio, whereas our social casino portfolio fell slightly below our expectations. Our Casual portfolio now represents 56.8% of revenue, a new record for the Company.

Coming off strong sequential growth to start the year, we saw normalization in Q2. For the quarter, we generated $642.8 million of revenue, down (2.0)% sequentially and (2.5)% year over year. Net Income was $75.7 million, compared to $36.4 million in Q2 of 2022. Credit Adjusted EBITDA was $215.0 million, down (3.5)% sequentially and up 6.7% year over year. Our Credit Adjusted EBITDA margin was 33.4% in the quarter, compared to 33.9% in Q1 and 30.5% in Q2 2022.

We generated record revenues of $165.3 million from our Direct-to-Consumer Platform, up 9.1% sequentially and 7.6% year over year. Our Direct-to-Consumer business now makes up 25.7% of overall revenues.

Turning now to our business results for the quarter.

Revenue across our casual-themed games declined (1.4)% sequentially and increased 3.7% year over year. This year-over-year growth was driven by strength in Bingo Blitz, Solitaire Grand Harvest, and June's Journey.

Bingo Blitz revenue was $156.3 million, down (1.8)% sequentially and up 6.3% year over year. In the quarter, we saw positive results from the "Gems" and "Cannon" features released in May. This is a significant economy change for the game as the focus of "Gems" is to generate revenue through gameplay "enhancers", and the "Cannon" feature is also an example of a gameplay enhancer that has resonated well with our players. As part of our global growth plans for

Bingo Blitz, the studio achieved a significant milestone by successfully launching its market penetration campaign in Germany. The success of this launch can be attributed to its focus on in-game localization and a well-executed marketing initiative featuring Drew Barrymore. Bingo Blitz is the largest title in our portfolio and the number one game in its category with a strong community of dedicated and loyal players, and we are looking forward to the content release slate throughout the back half of the year.

Solitaire Grand Harvest revenue was $81.8 million, down (4.2)% sequentially, off a record Q1, and up 26.2% year over year. While we experienced some normalization quarter over quarter, we saw sequential stability in the studio's most loyal players. The studio experienced successful feature launches including new seasons of My Farm 2.0, strong Easter collection monetization, and the "Special Set" campaign addition.

Shifting to our Social Casino-themed games. Social Casino-themed games revenue declined (3.0)% sequentially and (9.9)% year-over-year.

Slotomania revenue was $144.7 million, down (1.3)% sequentially and (9.9)% year-over-year. We are encouraged to see Slotomania revenue stabilizing for the third consecutive quarter.

Turning to marketing, as part of our Digital Studio initiative, we also introduced an innovative AI-based solution, scaling up user acquisition for WSOP on iOS. This new capability uses the new attribution framework of Apple's ATT and allows campaign optimization amid the challenging marketing environment. After seeing strong initial success for WSOP, we plan to roll out this new User Acquisition solution to additional studios by the end of 2023.

Turning now to specific line items in our P&L for the second quarter. Cost of revenue increased 1.0% year over year and operating expenses decreased (17.4)% year over year. Profitable performance remains a core tenant for us. As a company, we prioritize profitability and operational efficiencies, resulting in industry-leading margins and robust free cash flow.

R&D decreased by (19.9)% year over year. The lower R&D expenses were largely driven by the reduction in force that we announced at the end of the fourth quarter as well as provisions for certain retention bonuses that we had in Q2 2022.

Sales & marketing decreased by (7.0)% year over year. Savings in Sales & Marketing expenses were largely driven by the reduction of user acquisition expenses in Redecor and New Games. As we noted last quarter, we started to pull back on some of our UA spending in Redecor during the second half of 2022.

G&A expenses decreased by (29.6)% year over year. This was partly due to savings from the reduction in force and primarily from certain provisions for contingent considerations that we had in Q2 of FY2022.

As of June 30th, we had approximately $955.1 million in cash and cash equivalents.

Looking at our operational metrics, Average DPU declined (1.0)% year over year to 307K. As we continue to focus our marketing efforts in Tier-1 markets, average DAU declined by (12.2)% year over year to 8.6 million. ARPDAU increased 12.2% year-over-year to $0.83 cents.

As for our Financial Guidance for 2023, we expect to end the year at the low-end of our full-year guidance of revenue and towards the higher-end of our guidance for Credit Adj. EBITDA. We are revising our capital expenditures guidance and we now expect capital expenditures between $100 and $105 million, down from $115 to $120 million, previously.

In terms of the M&A landscape going forward, we are witnessing an increasingly favorable market. With a strong track record of generating substantial free cash flow, we have the financial capacity to pursue value-enhancing deals. As Robert mentioned, we are committed to focusing on our core strengths and executing value accretive transactions that will drive long-term value for our shareholders.

With that, we would be happy to take your questions.