



**PREPARED REMARKS**

**Q3 FISCAL 2021**

**DAVID NIEDERMAN: VICE PRESIDENT OF INVESTOR RELATIONS**

Welcome to everyone and thank you for joining us today for the third quarter 2021 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, David, and thank you to everyone joining us today.

We have recently had many exciting developments and made good progress in terms of setting the stage for growth in 2022. We are building momentum across all areas of our business, including game operations, technology, and importantly, new game development and M&A. I will discuss all these in more detail and then Craig will review our Q3 results. We recently acquired an incredible new studio, launched a new game in October and soft launched *another* new game last week, and also continued to drive innovation and product improvements across our existing portfolio. We believe all these achievements will give us a strong foundation for future growth.

***Reworks***

Let's start with Reworks, and their hit app Redecor. We were delighted to welcome the team to the Playtika family in August. Redecor is an exciting mobile app where users create their own interior designs, which are then voted on and rated by other members of the app's community, making it a highly creative, engaging and social experience.

This represents Playtika's first move into areas beyond traditional games, and we are optimistic that it is the beginning of a powerful long-term growth driver. At Playtika, we believe that the world of games and apps are increasingly converging. The product mechanics and the operational skills needed to succeed in both categories have meaningful overlap. This is evident in not just Redecor, but also in a number of other prominent non-gaming apps across Ecommerce, Dating, Educational Tech and more. Redecor is an exciting first step to further expand in this direction and gain access to bigger new TAMs.

In the 2 months since closing the deal, we have been primarily focused on setting the infrastructure needed to scale operations and compliment the Redecor teams incredible creativity with seasoned talent from some of Playtika's most successful studios bringing expertise in data analytics, technology, and monetization. Early results from Redecor have been very encouraging. We are thrilled about the potential for Redecor, and very happy to further expand our existing footprint in the mobile hub of Helsinki. As we continue to look to areas beyond games, we believe our unparalleled expertise in data analytics, gamification, monetization, technology and integration with our Boost platform will give us a distinct advantage.

*Switchcraft*

Let's turn to Switchcraft – the new game from our Wooga studio that we launched globally last month. We are very encouraged from the early feedback from the first few weeks since our global launch. We had originally planned Switchcraft's global launch for 2022, but the game was performing beyond expectations in early testing which enabled us to accelerate the launch timeline. Switchcraft offers a unique combination of classic match 3 gameplay with a compelling story of mystery and magic topped off with top of the line production value that can provide endless hours of fun and excitement to players. Additionally, the characters in the game are highly diverse, and we believe this represents important progress for the mobile game industry. We are really proud of our Wooga studio for creating such an amazing game and hope everyone on the call takes some time to play it.

### *New Games*

In terms of our new games strategy, we have a deep bench of game developer talent at Playtika that we have built up as we acquired studios. This has provided us with a solid pipeline of new games which will serve as another growth driver. Today, I am pleased to announce that our game, Merge Stories, went into soft launch last week. This game was built by our Jelly Button studio, creators of Board Kings. Merge Stories has been in development for two years, and offers a unique and innovative take on the Merge category. We've received excellent initial

feedback from players and the platforms. Merge Stories is a hybrid game that combines the core merge game mechanic with casual build/battle elements. The metrics we are seeing so far are very positive, putting us on track for a global launch in Q2 of next year. Additionally, we will soft launch another game next year as well. If both games perform well during soft launch, we may globally launch two new games next year. This would put us well ahead of the new game launch timing we discussed at our IPO in January. We will provide more details at our Analyst Day now in March 2022.

### ***Conclusion***

In conclusion, we are very proud of our progress across these different areas and are confident that we are setting up Playtika for long term growth and success. Our focus is on the long-term health of our business and the steps we have taken this year put us on firm footing to win over the long term. Additionally, as we survey the landscape of opportunities and new business models emerging, we are really excited about what we see both in Israel and beyond, particularly in businesses adjacent to mobile games. We are excited to share more details about the work we are doing in this area in coming quarters.

With that I will turn the call over to Craig to review the third quarter.

**CRAIG ABRAHAMS: PRESIDENT AND CHIEF FINANCIAL OFFICER**

Thanks Robert and thank you to everyone joining our call today.

In Q3, we grew revenue 4% year over year to \$635.9 million, beating a difficult comparison due to the COVID lockdowns in Q3 2020. This will be the last quarter of this phenomenon and we anticipate year over year comparisons will be more typical going forward.

Let's take a closer look at our results for the third quarter. Last quarter, we reiterated our full year 2021 revenue guidance of \$2.6 billion dollars. This implied a relatively flat second half, which is what we anticipated at that time. Our actual Q3 results were down 3.6% sequentially. While there were many areas of success within the quarter, a few of which Robert highlighted, there were also a few areas that impacted our results. First, we had lower than expected revenues for both Board Kings and World Series of Poker. Starting with Board Kings, we have made recent management changes, which we believe will set the business back to growth. We are also encouraged that the upcoming World Series of Poker Main Event and collaboration with the World Series of Poker land based tournaments and upcoming product roadmap will spur growth in our WSOP game. In addition,

product and platform investments that will help our growth in the future resulted in comparatively fewer new product features for Slotomania and Bingo Blitz.

Let me spend some time reviewing our Casual and Casino-themed portfolios.

Our Casual portfolio continues to perform, growing 12% year-over-year and now accounting for approximately 49% of revenue as we continue to diversify and earn more revenue from casual games. This does include approximately 1 month of contribution from Redecor.

Solitaire Grand Harvest was our fastest growing game, increasing 45% year-over-year. For Solitaire, we launched an ambitious project in Q3 – rebuilding the game on the Unity platform. By shifting to Unity, we will enable the game to scale more efficiently and position it for continued growth. The project will extend through Q2 next year and is going well.

Bingo Blitz had a solid quarter, growing 15% year-over-year. Another strategic initiative in the quarter included a total revamping of the Bingo engine, the first step in preparing Bingo Blitz for the next decade. Looking ahead, we are working on a complete brand facelift, including refreshing the lobby, map, logo, payment page and many other aspects of the game. Additionally, we are planning features



that will enhance the social experience even further, and provide our players with even more reasons to play.

Finally, we saw good results from June's Journey, with this game seeing success with the launch of a collectible album in September, utilizing our Boost platform.

This is a great example of how we can apply our technology and capabilities across our portfolio, and highlights our potential to replicate this going forward.

### *Casino*

Turning to our Casino-themed portfolio, revenues were down 4% year-over-year, we were highly focused on developing several campaigns, both for product and marketing. We are optimistic these campaigns will drive performance starting in Q1 2022.

### *Slotomania*

Starting with Slotomania, the team is working on many exciting projects that will extend through Q4 and beyond. We are very excited to announce that we have developed new localization capabilities for Slotomania that will allow us to operate the game not just in different languages, but also from a LiveOps perspective that includes local holidays and regional-focused marketing. This was an ambitious project that will allow us to bring this capability to other games in our portfolio via the Boost platform. This gives us the ability to tap two new growth vectors:

further expanding into markets outside the US, and also targeting people within the US and current players for whom English is not their primary language.

Additionally, we also rewrote the client from the ground up moving Slotomania from C Sharp to Java Script. This was the culmination of an 18 month project that will allow us to develop features more quickly and efficiently, and also gives us access to a wider pool of R&D talent.

### *Caesars*

For Caesars Slots, we have substantially revised the game experience with an overall rebranding and look and feel of the game. Our new theme is ‘The Caesar’s Way’ which comes with a new set of features and design to give our players more control within the game, making them feel like a true Caesar. Player feedback has been overwhelmingly positive. Additionally, we launched a marketing campaign with Ty Pennington from Extreme Makeover and this drove excellent performance, with installs of the game, up 94% year-over-year in Q3.

These are just a few of the many technological advancements, new features and marketing campaigns we worked on in the third quarter. These upgrades and enhancements to our games showcase our strategy to keep our games fresh and appealing to our loyal customers that have been playing our games for many years, and attracting new players that love the genre but may not yet play our games. We

are very proud of the work we've done and believe these investments will position Playtika for long-term growth.

### ***Marketing/UA***

Let me switch topics now to Marketing and User Acquisition. Our effective CPIs were stable in the third quarter and game installations were strong overall. This further highlights our ability to navigate a changing landscape. We were able to manage the decline in iOS installs by moving resources from social networks to other digital advertising networks, and also investing in offline activity, which has increased organic installs. We also shifted budgets towards Android. As we've mentioned, we believe Playtika is well positioned to weather changes in the user acquisition environment due to our overall diversification of UA sources, abilities in data analytics, and Artificial Intelligence that allows us to evaluate the performance of marketing investments very quickly and direct dollars to areas that yield the best results.

### ***Financials***

Turning to our P&L, cost of goods as a percentage of revenue declined year-over-year from 29.4% to 28.2%. This shift was primarily driven by the percentage of revenue flowing through our proprietary platforms to 21.7%, up from 14.5% in the third quarter of 2020. Our proprietary platforms continue to be strong source of

margin for Playtika. This strength reduced the impact to our adjusted EBITDA from lower than expected revenues in the quarter.

Regarding operating expenses, our R&D, Sales and Marketing and G&A were all essentially in-line with our expectations as we continue to add team members to support our future growth plans.

GAAP net income was \$80.5 million compared to \$119.9 million in the prior year quarter. Adjusted EBITDA was \$247.8 million, representing a margin of 39.0%. This compares to \$261.4 million and 42.6% in the third quarter of 2020.

As of September 30<sup>th</sup>, we had approximately \$1 billion in cash and cash equivalents. Following our acquisition of Reworks, we now have over \$1.5 billion in available liquidity to pursue M&A and fund growth opportunities.

Turning to guidance, with our continued investment in future growth this year, we are revising our full year financial guidance to revenue of \$2.57 billion and adjusted EBITDA of \$980 million. We expect Q4 to be at consistent topline levels as Q3, but as we look at Q1 2022, the content roadmap for our entire portfolio is stacked with a compelling set of new features, and we believe these investments will drive growth into next year.

We are highly focused on our long-term potential and are making the appropriate investments to position the company for continued organic growth in 2022 and beyond.

As Robert referenced, and also from our press release earlier today, I also want to make sure that everyone knows that we are moving our analyst day to early March in New York City. We have several exciting projects underway, and combined with what we hope is an improving situation with COVID, we believed it best to wait a few more months to meet as many people as possible in-person and share our long-term vision and plans then.

In summary, we had a quarter with several bright spots, exciting investments in new initiatives and also a few challenges. When we survey our business from a high-level perspective, we are confident that the roadmaps we have planned for our games and the exciting growth drivers that we've spoken to here and on prior calls will allow us to achieve strong growth over the long term. With additional product investments planned through the rest of 2021, we are confident that we will finish the year with over 8% growth, and set us up for strong top-line growth in 2022. The key differentiators that set us apart, and that we believe give us the ability to outperform, are all in place and in fact, stronger than ever. Our technology,

creativity and desire to win are core parts of Playtika's DNA that we have built over a decade of working together. We remain focused on the long-term opportunity to leverage our strengths and expand our leadership in new categories and business verticals in the process.

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

AFTER Q&A –

Thank you to everybody for joining us on the call. We look forward to speaking with and meeting with many of you over the next few weeks.