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 June 30, 2023

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	**81-3634591**
(State of other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

c/o Playtika Ltd.
HaChoshlim St 8
Herzliya Pituach, 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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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 August 3, 2023, the registrant had 366,495,560 shares of common stock, $0.01 par value per share, outstanding.

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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 II, Item 1A, “Risk Factors” in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 28, 2023. 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;
- the impact of an economic recession or periods of increased inflation, and any reductions to household spending on the types of discretionary entertainment we offer;
- 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, the Ukraine 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 on Form 10-K filed with the SEC on February 28, 2023. 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.

Part I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
(In millions, except par value)

	June 30, 2023	December 31, 2022
ASSETS	**(Unaudited)**	
Current assets		
Cash and cash equivalents	$ 955.1	$ 768.7
Restricted cash	2.0	1.7
Accounts receivable	159.8	141.1
Prepaid expenses and other current assets	108.1	113.4
Total current assets	1,225.0	1,024.9
Property and equipment, net	112.9	125.7
Operating lease right-of-use assets	108.2	104.2
Intangible assets other than goodwill, net	313.6	354.0
Goodwill	813.2	811.2
Deferred tax assets, net	60.8	68.3
Investments in unconsolidated entities	54.1	52.6
Other non-current assets	157.4	156.7
Total assets	$ 2,845.2	$ 2,697.6
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Current maturities of long-term debt	$ 11.7	$ 12.4
Accounts payable	41.3	50.7
Operating lease liabilities, current	17.3	13.5
Accrued expenses and other current liabilities	340.3	385.2
Total current liabilities	410.6	461.8
Long-term debt	2,405.8	2,411.2
Other long-term liabilities, including employee related benefits	245.4	252.1
Operating lease liabilities, long-term	94.9	94.5
Deferred tax liabilities	33.4	46.6
Total liabilities	3,190.1	3,266.2
Commitments and contingencies (Note 7)		
Stockholders' equity (deficit)		
Common stock of $0.01 par value; 1,600.0 shares authorized; 366.3 and 363.6 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	4.1	4.1
Treasury stock at cost (51.8 shares at both June 30, 2023 and December 31, 2022)	(603.5)	(603.5)
Additional paid-in capital	1,209.8	1,155.8
Accumulated other comprehensive income	27.5	17.6
Accumulated deficit	(982.8)	(1,142.6)
Total stockholders' deficit	(344.9)	(568.6)
Total liabilities and stockholders' deficit	$ 2,845.2	$ 2,697.6

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 June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Revenues	$ 642.8	$ 659.6	$ 1,299.0	$ 1,336.5
Costs and expenses				
Cost of revenue	188.0	186.1	373.7	373.0
Research and development	100.3	125.2	202.7	237.9
Sales and marketing	141.2	151.8	284.9	331.5
General and administrative	74.1	105.2	146.1	182.4
Total costs and expenses	503.6	568.3	1,007.4	1,124.8
Income from operations	139.2	91.3	291.6	211.7
Interest and other, net	23.1	22.4	51.7	49.9
Income before income taxes	116.1	68.9	239.9	161.8
Provision for income taxes	40.4	32.5	80.1	42.2
Net income	75.7	36.4	159.8	119.6
Other comprehensive income (loss)				
Foreign currency translation	(0.2)	(10.0)	2.9	(13.3)
Change in fair value of derivatives	14.8	(5.9)	7.0	12.8
Total other comprehensive income (loss)	14.6	(15.9)	9.9	(0.5)
Comprehensive income	$ 90.3	$ 20.5	$ 169.7	$ 119.1
Net income per share attributable to common stockholders, basic	$ 0.21	$ 0.09	$ 0.44	$ 0.29
Net income per share attributable to common stockholders, diluted	$ 0.21	$ 0.09	$ 0.44	$ 0.29
Weighted-average shares used in computing net income per share attributable to common stockholders, basic	365.9	412.4	365.3	412.2
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	366.4	412.8	365.8	412.8

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(In millions)
(Unaudited)

	Share capital						
	Shares	Amount	Treasury stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings (Accumulated deficit)	Total stockholders' equity (deficit)
Balances at January 1, 2023	363.6	$ 4.1	$ (603.5)	$ 1,155.8	$ 17.6	$ (1,142.6)	$ (568.6)
Net income	—	—	—	—	—	84.1	84.1
Stock-based compensation	—	—	—	29.8	—	—	29.8
Issuance of shares upon vesting of RSUs and PSUs	2.0	*	—	(*)	—	—	—
Income tax withholding related to vesting of restricted stock units and other	—	—	—	(1.3)	—	—	(1.3)
Other comprehensive loss	—	—	—	—	(4.7)	—	(4.7)
Balances at March 31, 2023	365.6	4.1	(603.5)	1,184.3	12.9	(1,058.5)	(460.7)
Net income	—	—	—	—	—	75.7	75.7
Stock-based compensation	—	—	—	26.1	—	—	26.1
Issuance of shares upon vesting of RSUs	0.7	*	—	(*)	—	—	—
Income tax withholding related to vesting of restricted stock units and other	—	—	—	(0.6)	—	—	(0.6)
Other comprehensive loss	—	—	—	—	14.6	—	14.6
Balances at June 30, 2023	366.3	$ 4.1	$ (603.5)	$ 1,209.8	$ 27.5	$ (982.8)	$ (344.9)

	Share capital					
	Shares	Amount	Additional paid-in capital	Accumulated other comprehensive income	Retained earnings (Accumulated deficit)	Total stockholders' equity (deficit)
Balances at January 1, 2022	411.1	$ 4.1	$ 1,032.9	$ 3.2	$ (1,417.9)	$ (377.7)
Net income	—	—	—	—	83.2	83.2
Stock-based compensation	—	—	40.5	—	—	40.5
Issuance of shares upon vesting of RSUs	1.1	*	(*)	—	—	—
Income tax withholding related to vesting of restricted stock units and other	—	—	(1.4)	—	—	(1.4)
Other comprehensive income	—	—	—	15.4	—	15.4
Balances at March 31, 2022	412.2	4.1	1,072.0	18.6	(1,334.7)	(240.0)
Net income	—	—	—	—	36.4	36.4
Share-based compensation	—	—	36.1	—	—	36.1
Issuance of shares upon vesting of RSUs	0.2	*	(*)	—	—	—
Income tax withholding related to vesting of restricted stock units and other	—	—	(0.7)	—	—	(0.7)
Other comprehensive income	—	—	—	(15.9)	—	(15.9)
Balances at June 30, 2022	412.4	$ 4.1	$ 1,107.4	$ 2.7	$ (1,298.3)	$ (184.1)

* Represents an amount less than 0.1 or $0.1

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Six months ended June 30,	
	2023	2022
Cash flows from operating activities		
Net income	$ 159.8	$ 119.6
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	22.1	22.0
Amortization and impairment of intangible assets	65.2	60.1
Stock-based compensation	54.5	75.2
Amortization of loan discount	3.4	3.9
Change in contingent consideration	—	(9.0)
Change in deferred taxes, net	(7.8)	(8.3)
Loss from foreign currency	(3.1)	9.4
Non-cash lease expenses (income)	—	(6.8)
Changes in operating assets and liabilities:		
Accounts receivable	(18.4)	13.5
Prepaid expenses and other current and non-current assets	16.2	(32.6)
Accounts payable	(9.4)	4.1
Accrued expenses and other current and non-current liabilities	(55.0)	(10.0)
Net cash provided by operating activities	227.5	241.1
Cash flows from investing activities		
Purchase of property and equipment	(9.2)	(29.5)
Capitalization of internal use software costs	(18.6)	(23.7)
Purchase of software for internal use	(4.1)	(4.0)
Short-term bank deposits	—	24.8
Payments for business combination, net of cash acquired	—	(29.9)
Other investing activities	(1.1)	(5.0)
Net cash used in investing activities	(33.0)	(67.3)
Cash flows from financing activities		
Repayments on bank borrowings	(9.5)	(9.5)
Payment of tax withholdings on stock-based payments	(1.9)	(2.1)
Net cash used in financing activities	(11.4)	(11.6)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	3.6	(13.6)
Net change in cash, cash equivalents and restricted cash	186.7	148.6
Cash, cash equivalents and restricted cash at the beginning of the period	770.4	1,019.0
Cash, cash equivalents and restricted cash at the end of the period	$ 957.1	$ 1,167.6

	Six months ended June 30,	
	2023	2022
Supplemental cash flow disclosures		
Cash paid for income taxes	$ 90.8	$ 78.7
Cash paid for interest	$ 73.4	$ 45.0
Cash received for interest	$ 9.7	$ 2.6
Non-cash financing and investing activities		
Right-of-use assets acquired under operating leases	$ 13.1	$ 30.8
Contingent consideration related to business acquisition	$ —	$ 11.4
Capitalization of stock-based compensation costs	$ 1.4	$ 1.4

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 Corp. (“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 to drive user engagement and monetization.

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, 2022 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 six months ended June 30, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. For further information, reference is made to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on February 28, 2023.

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 periods. Actual results could differ from those estimates.

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, restricted cash, accounts receivable and derivative contracts. The Company’s investment policy imposes certain maturity limits on the Company’s portfolio and restricts the permitted investments to the purchase of bank deposits and highly rated fixed income securities.

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:

	June 30, 2023	**December 31, 2022**
Apple	58%	43%
Google	28%	35%
Facebook	5%	7%

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.

The value of each unit of the 2021-2024 Retention Plan 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. See *Note 10, Appreciation and Retention Plan,* for additional discussion.

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, *Derivatives and Hedging* ("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 of the Company's 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 the 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 historical swap rates. The Company believes that the hedging instruments are 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 foreign currency derivative contracts to reduce its exposure to fluctuating exchange rates between the United States dollar (as the Company's functional currency) and certain expense lines denominated in Israeli Shekels ("ILS"), Polish Zloty ("PLN") and Romanian Leu ("RON"). 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. See *Note 5, Derivative Instruments,* for additional discussion.

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. The fair value 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 interest rate swap agreements and foreign currency derivative contracts are categorized as Level 2 in the fair value hierarchy as established by ASC 820, *Fair Value Measurement* ("ASC 820").

Impairment of long-lived assets

The Company's long-lived assets to be held or used, including right-of-use ("ROU") assets, and identifiable intangible assets that are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, in accordance with ASC 360, *Accounting for the Impairment or Disposal of Long-Lived Assets.* Impairment indicators include any significant changes in the manner of the Company's use of the assets and significant negative industry or economic trends. The Company recognizes impairment based on the difference between the fair value of the asset and its carrying value. Fair value is generally measured based on either quoted market prices, if available, or a discounted cash flow analysis. In the second quarter of 2023, the Company recorded an intangible asset impairment of $9.7 million related to JustPlay.LOL Ltd.

Net income per share attributable to common stockholders

For all periods presented herein, basic net income per share is calculated by dividing net income by the weighted-average common shares outstanding. Diluted net income per share 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. Performance Stock Units ("PSUs") are considered potentially dilutive as of the first day of the reporting period in which the underlying performance metric is achieved. In the event of a loss, diluted shares are not considered because of their anti-dilutive effect. The Company uses the treasury stock method on a grant-by-grant basis as the method for determining the dilutive effect of options, RSUs and PSUs. Under this method, it is assumed that the hypothetical proceeds received upon settlement are used to repurchase common shares at the average market price during the period.

Accounting standards recently adopted by the Company

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805)*("ASU 2021-08"). ASU 2021-08 requires that an acquiring entity recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC 606, *Revenue from Contracts with Customers* ("ASC 606") and that at the acquisition date, the acquirer accounts for related revenue contracts in accordance with ASC 606 as if it had originated the contracts. The Company adopted this standard on January 1, 2023, and the adoption did not have an impact on the Company's consolidated financial statements.

In December 2022, the FASB issued ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 484* ("ASU 2022-06"). The amendments of ASU No. 2020-06 apply only to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The Company will continue to monitor the effects of rate reform, if any, on its contracts. The Company adopted this standard on January 1, 2023, and the adoption did not have an impact on the Company's consolidated financial statements.

NOTE 2. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities at June 30, 2023 and December 31, 2022 were as follows (in millions):

	June 30, 2023	December 31, 2022
Employees and related expenses	$ 130.1	$ 170.3
Accrued expenses	93.2	110.1
Media buy	56.0	41.3
Deferred revenues	44.6	38.6
Tax accruals	16.4	24.9
Total accrued expenses and other current liabilities	$ 340.3	$ 385.2

NOTE 3. DEBT

	June 30, 2023				December 31, 2022
(in millions, except interest rates)	**Maturity**	**Interest rate**	**Book value**	**Face value**	**Book value**
Term Loan	2028	7.900%	$ 1,824.6	$ 1,857.3	$ 1,831.2
Senior Notes	2029	4.250%	592.9	600.0	592.4
Revolving Credit Facility	2026	n/a	—	—	—
Total debt			2,417.5	2,457.3	2,423.6
Less: Current portion of long-term debt			(11.7)	(19.0)	(12.4)
Long-term debt			$ 2,405.8	$ 2,438.3	$ 2,411.2

Book value of debt in the table above is reported net of deferred financing costs and original issue discount of $39.8 million and $43.2 million at June 30, 2023 and December 31, 2022, respectively.

Credit Agreement

The Company has a $1.9 billion senior secured first lien term loan (the "Term Loan") and a $600 million revolving credit facility (the "Revolving Credit Facility") (together, the "Credit Agreement"), maturing on March 11, 2028 and March 11, 2026, respectively. The Term Loan requires quarterly principal payments equal to 0.25% of the original aggregate principal amount of the Term Loan with balance due at maturity.

The Revolving Credit Facility includes a maximum first-priority net senior secured leverage ratio financial maintenance covenant of 6.25 to 1.0. At June 30, 2023, the Company's first-priority net senior secured leverage ratio was 1.07 to 1.0.

The Company was in compliance with its financial and other covenants under the Credit Agreement as of June 30, 2023.

On June 19, 2023, the Company amended the Credit Agreement pursuant to a Third Amendment to Credit Agreement (the "Third Amendment"). The Third Amendment amended the Credit Agreement to bear interest or incur fees and other amounts denominated in Dollars to be based on the Adjusted Term Secured Overnight Financing Rate ("SOFR") plus an applicable spread adjustment, rather than the previously permitted Adjusted Eurocurrency Rate, starting in the third quarter of 2023. The amendment did not have an impact on the Company's consolidated financial statements or the effectiveness of the Company's interest rate swap agreements.

The other significant terms and conditions of the Credit Agreement have not changed from what was disclosed in *Note 12, Debt* in our Annual Report on Form 10-K filed with the SEC on February 28, 2023.

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 is payable semi-annually in cash in arrears on March 15 and September 15 of each year.

Other than the Third Amendment, the significant terms and conditions of the Notes have not changed from what was disclosed in *Note 12, Debt* in our Annual Report on Form 10-K filed with the SEC on February 28, 2023.

NOTE 4. EQUITY TRANSACTIONS AND STOCK INCENTIVE PLAN

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”).

As of June 30, 2023, a total of 39,235,665 shares of the Company’s common stock had been allocated to awards granted under the Plan and 16,996,563 shares remained available for future grants.

Stock Options

The following table summarizes the Company's stock option activity during the six months ended June 30, 2023:

	Stock Options Outstanding (in millions)	Weighted Average Remaining Term (in years)	Weighted Average Exercise Price	Intrinsic Value (in millions)
Outstanding at January 1, 2023	3.4	8.2	$ 19.08	
Granted	0.1		$ 10.29	
Exercised	—			
Cancelled	(1.7)		$ 20.27	
Expired	—		$ —	
Outstanding at June 30, 2023	1.8	8.1	$ 17.76	$ 0.5
Exercisable at June 30, 2023	0.7	7.8	$ 21.19	$ —

The Company used the Black-Scholes option pricing model for determining the estimated fair value of stock-based compensation related to stock options. The table below summarizes the assumptions used for the options granted in each respective period, as well as for options repriced during the first quarter of 2022:

	Six months ended June 30,	
	2023	**2022**
Risk-free interest rate	3.34% - 3.79%	0.67% - 2.82%
Expected dividend yield	—	—
Expected term in years	6.1	6.1
Expected volatility	52.13% - 52.79%	37.91% - 38.60%

RSUs

The following table summarizes the Company's RSU activity during the six months ended June 30, 2023:

	Shares (in millions)	Weighted Average Grant Date Fair Value	Total Fair Value of Shares Vested (in millions)
Outstanding at January 1, 2023	14.9	$ 18.69	
Granted	1.8	$ 10.26	
Vested	(2.6)	$ 17.76	$ 27.0
Cancelled	(0.5)	$ 19.86	
Outstanding at June 30, 2023	13.6	$ 17.70	

PSUs

As of June 30, 2023, the Company does not expect any PSUs associated with the 2023 tranche to vest. Consistent with the Company's current forecasted performance for 2024 and 2025, a target of 50% for the PSUs associated with the 2024 and 2025 tranches is expected.

The following table summarizes the Company's PSU activity during the six months ended June 30, 2023:

	Shares[(1)] (in millions)	Weighted Average Grant Date Fair Value	Total Fair Value of Shares Vested (in millions)
Outstanding at January 1, 2023	3.2	$ 9.72	
Granted	—	$ —	
Vested	(0.4)	$ 9.72	$ 4.2
Cancelled	(0.6)	$ 9.72	
Outstanding at June 30, 2023	2.2	$ 9.72	

(1) The number of PSUs outstanding represent the total number of PSUs granted to each recipient eligible to vest if the Company meets its highest specified performance goals for the applicable period.

Stock-Based Compensation

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Stock options	$ 1.1	$ 9.5	$ 1.4	$ 20.8
RSUs	26.9	24.9	54.0	49.7
PSUs	(1.9)	1.7	0.5	6.1
Total stock-based compensation costs	$ 26.1	$ 36.1	$ 55.9	$ 76.6

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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Research and development expenses	$ 9.5	$ 13.2	$ 19.0	$ 27.0
Sales and marketing expenses	2.4	2.8	4.8	5.7
General and administrative expenses	13.4	19.4	30.7	42.5
Total stock-based compensation costs, net of amounts capitalized	$ 25.3	$ 35.4	$ 54.5	$ 75.2

During the three months ended June 30, 2023 and 2022, the Company capitalized $0.8 million and $0.7 million of stock-based compensation cost, respectively. During the six months ended June 30, 2023 and 2022, the Company capitalized $1.4 million and $1.4 million of stock-based compensation cost, respectively.

As of June 30, 2023, the Company's total unrecognized stock-based compensation expenses related to stock options, RSUs and PSUs was approximately $8.2 million, $205.0 million and $5.3 million, respectively. The expense related to stock options, RSUs and PSUs are expected to be recognized over a weighted average period of 2.1 years, 2.2 years and 2.0 years, respectively.

NOTE 5. 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. In June 2023 these two interest rate swap agreements were amended so that effective July 31, 2023, the Company will pay a fixed interest rate of 0.85% in exchange for receiving one-month Term SOFR. The amendment did not impact the hedge effectiveness.

In January 2023, 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, and each swap requires the Company to pay a fixed interest rate of 3.435% in exchange for receiving one-month LIBOR for six months and one-month Term SOFR afterwards. The interest rate swap agreements settle monthly commencing in February 2023 through their termination dates on February 28, 2028. 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 an asset of $57.7 million as of June 30, 2023 and was recorded in prepaid expenses and other current assets, other non-current assets and other long-term liabilities in the accompanying consolidated balance sheets based upon the timing of the underlying expected cash flows.

Foreign currency hedge agreements

At June 30, 2023, the Company had outstanding derivative contracts to purchase certain foreign currencies, including ILS, RON, and PLN at future dates. The amount of future salary expenses the Company had hedged was approximately $183.0 million, and all contracts are expected to mature during the upcoming 12 months. The aggregate fair value of the Company’s derivative contracts was a net liability of $4.9 million as of June 30, 2023 and was recorded in prepaid expenses and other current assets and accrued expenses and other current liabilities in the accompanying consolidated balance sheets.

The following table summarizes the volume of derivative instrument activity (in millions):

	Three months ended June 30,		**Six months ended June 30,**	
	2023	**2022**	**2023**	**2022**
Derivative instruments - foreign currency derivative contracts	$ 54.3	$ 38.7	$ 92.7	$ 198.0
Derivative instruments - interest rate swaps	—	—	500.0	—
Derivative instruments - others (non-hedging)	—	—	1.6	—

NOTE 6. FAIR VALUE MEASUREMENTS

The Company accounts for fair value in accordance with 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 carrying value of accounts receivable and payables and the Company's cash and cash equivalents 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 (in millions):

	June 30, 2023		
	Face Value	Fair Value	Fair Value Hierarchy
Term Loan	$ 1,857.3	$ 1,852.7	Level 2
Senior Notes	600.0	531.0	Level 2
Total debt	$ 2,457.3	$ 2,383.7	

	December 31, 2022		
	Face Value	Fair Value	Fair Value Hierarchy
Term Loan	$ 1,866.8	$ 1,794.5	Level 2
Senior Notes	600.0	468.0	Level 2
Total debt	$ 2,466.8	$ 2,262.5	

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 June 30, 2023 and December 31, 2022 (in millions):

		Fair Value at	
	Fair Value Hierarchy	June 30, 2023	December 31, 2022
Cash and cash equivalents			
Cash	Level 1	$ 63.1	$ 150.7
Money market funds	Level 1	453.8	294.8
Term deposits	Level 1	333.4	243.3
Commercial papers	Level 2	104.8	79.9
Prepaid expenses and other current assets			
Derivative instruments - foreign currency derivative contracts	Level 2	$ 3.0	$ 2.2
Derivative instruments - interest rate swaps	Level 2	30.6	19.5
Other non-current assets			
Derivative instruments - interest rate swaps	Level 2	$ 29.1	$ 29.3
Accrued expenses and other current liabilities			
Derivative instruments - foreign currency derivative contracts	Level 2	$ 7.9	$ 7.5
Other long-term liabilities, including employee related benefits			
Derivative instruments - interest rate swaps	Level 2	$ 2.0	$ —

The carrying values of the Company's cash equivalents approximate fair value because of the short duration of these financial instruments.

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 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 these criteria.

NOTE 7. 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. A court hearing is scheduled for September 27, 2023. As of June 30, 2023, 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. The Company has defended this case vigorously and will continue to do so.

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 upon 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. A hearing for summary trial was conducted between June 27-29, 2023. 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 November 23, 2021, the Company, its directors and certain of its officers were named in a putative class action lawsuit filed in the United States District Court for the Eastern District of New York (Bar-Asher v. Playtika Holding Corp. et al.). The complaint is allegedly brought on behalf of a class of purchasers of the Company’s securities between January 15, 2021 and November 2, 2021, and alleges violations of federal securities laws arising out of alleged misstatements or omissions by the defendants during the alleged class period. On March 10, 2022, the court appointed LBMotion Ltd as lead plaintiff, and the plaintiff filed an amended complaint on May 6, 2022. The amended complaint alleges violations of Section 11 and 15 of the Securities Act of 1933 and seeks, among other things, damages and attorneys’ fees and costs on behalf of the putative class. The amended complaint also added the companies that served as underwriters for the Company’s IPO as defendants in the lawsuit. On September 15, 2022, in accordance with local rules of the Court, the Company and other defendants in the case filed a letter notifying the Court of defendants’ service upon plaintiffs of, among other things, a notice of motion to dismiss plaintiffs’ amended complaint and a memorandum of law in support of the defendants’ motion to dismiss plaintiffs’ amended complaint. On November 30, 2022, the Company filed with the Court a motion to dismiss. 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. The Company has defended this case vigorously and will continue to do so.

On May 17, 2022, Guy David Ben Yosef filed a Motion for Approval of a class action lawsuit in district court in Tel Aviv-Jaffa Israel against Playtika Group Israel Ltd. (“PGI”), on behalf of all of PGI’s customers who made game token purchases in Israel as part of games marketed by PGI during the seven years preceding the filing of the motion and for all subsequent customers of such games who purchase tokens until the resolution of the claim. The Motion alleges that certain of the Company’s slot, poker and solitaire-themed games, including Slotomania, Caesars Slots, Solitaire Grand Harvest, House of

Fun and Poker Heat, constitute illegal gambling and are prohibited under Israeli law and are misleading under Israeli consumer protection laws and alleges unjust enrichment. The Motion asserts damages of NIS 50 million. On January 12, 2023, PGI filed its response to the Motion for Approval. On March 5, 2023, the applicant submitted his reply to PGI's response. 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. If a mediated resolution will not be reached the Company will continue defending this case vigorously.

The Company has received a number of demand letters pursuant to Section 220 of the Delaware General Corporation Law ("DGCL"), seeking disclosure of certain of the Company's books and records. The Company has responded to those demands, stating its belief that the demand letters fail to fully comply with the requirements of Section 220 of the DGCL. However, in the interest of resolution and while preserving all rights, the Company has engaged in negotiations with certain of the shareholders and has produced materials in relation to the demands.

On April 10, 2023, Playtika Holding UK II Limited, the Company's controlling shareholder, and certain officers of the Company were sued (Kormos v Playtika Holding UK II Limited, et al.) in the Delaware Chancery Court. The lawsuit alleges generally that the defendants breached fiduciary duties owed to the Company and its stockholders with respect to the controlling shareholder's indication of an interest in selling some or all of its shares, and the resulting strategic review process and self-tender offer.

On March 8, 2023, plaintiff Gayla Hamilton Mills filed a lawsuit against the Company and its subsidiary, Playtika Ltd., in the Circuit Court of Franklin County, Alabama, alleging that the Company's casino-themed social games are unlawful gambling under Alabama law. The lawsuit seeks to recover all amounts paid by Alabama residents to the Company from its games during the period beginning one year before the filing of the lawsuit until the case is resolved. On April 11, 2023, the Company removed the case to the U.S. District Court for the Northern District of Alabama. On April 27, 2023, the plaintiff filed a motion to remand the case back to the Franklin County Circuit Court. On May 19, 2023, the Company filed its opposition to the motion to remand asserting that the requirements for diversity jurisdiction are met. On May 30, 2023, the plaintiff filed a reply in support of her motion to remand. 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. The Company intends to defend this case vigorously.

On February 27, 2023, the company received a deficit notice from the Ben Gurion Airport Customs House concerning the purchase of a private aircraft. The deficit notice claims that the company's acquisition of the aircraft is an import into Israel, and, as a result, it was obliged to pay purchase tax and VAT for the acquisition. The company disputes that any tax or VAT is owed. On July 26, 2023, the Customs House's definitive response was received, with the deficit notice still intact. The current claimed amount of the deficit notice is approximately $3.6 million. The company intends to pay the deficit notice under protest and file a claim with the district court. The Company intends to defend this case vigorously. As the case is in preliminary stages, the Company cannot estimate what impact, if any, this matter may have on its results of operations, financial condition or cash flows.

The Company received seven demands for arbitration in late 2022 and early 2023 alleging that its games constitute illegal gambling under applicable state law. These demands generally attempt to recover amounts spent by third parties on the Company's games by relying on state gambling loss recovery statutes and/or by seeking to have the applicable terms of use declared invalid so that the claimant may pursue a class action. One of the claimants withdrew her arbitration demand on July 20, 2023 and the parties requested that the arbitration be closed. In another claim, the arbitrator granted the Company's motion to preclude the claimant from seeking to recover amounts spent by third parties. As the other arbitrations are in preliminary stages, the Company cannot estimate what impact, if any, the arbitrations may have on its results of operations, financial condition or cash flows. The Company will continue to defend these matters vigorously.

NOTE 8. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Geographic location				
USA	$ 452.9	$ 466.8	$ 914.2	$ 941.2
EMEA	102.1	94.5	207.1	198.7
APAC	44.8	52.2	90.9	104.5
Other	43.0	46.1	86.8	92.1
Total	$ 642.8	$ 659.6	$ 1,299.0	$ 1,336.5

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

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Third-party platforms	$ 477.5	$ 506.0	$ 982.2	$ 1,030.5
Direct-to-consumer platforms	165.3	153.6	316.8	306.0
Total revenues	$ 642.8	$ 659.6	$ 1,299.0	$ 1,336.5

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):

	June 30, 2023	December 31, 2022
Accounts receivable	$ 159.8	$ 141.1
Contract assets (1)	12.3	10.8
Contract liabilities (2)	44.6	38.6

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

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

During the three and six months ended June 30, 2023, the Company recognized $9.6 million and $31.4 million, respectively, of its contract liabilities that were outstanding as of December 31, 2022.

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 9. SEGMENT INFORMATION

The Company operates its business as one operating segment and one reportable segment.

The Company's long-lived assets, net, by country of domicile are as follows (in millions):

	June 30, 2023	December 31, 2022
Israel	$ 92.9	$ 100.9
USA	62.4	62.0
Ukraine	24.9	26.1
Other	40.9	40.9
Total long-lived assets, net	$ 221.1	$ 229.9

NOTE 10. APPRECIATION AND RETENTION PLAN

The Company recognized compensation expenses in respect of retention bonus and appreciation unit awards under its appreciation and retention plans of $29.1 million and $28.0 million during the three months ended June 30, 2023 and 2022, respectively, and $58.9 million and $52.9 million during the six months ended June 30, 2023 and 2022, 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 $9.4 million and $7.5 million during the three and six months ended June 30, 2022, respectively. There were no such expenses in the three and six months ended June 30, 2023.

NOTE 11. INTEREST AND OTHER, NET

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Interest expense	$ 35.8	$ 25.9	$ 73.8	$ 49.6
Interest income	(10.3)	(2.5)	(18.1)	(3.3)
Foreign currency translation differences, net	(2.4)	(1.1)	(4.2)	2.4
Other	—	0.1	0.2	1.2
Total interest and other, net	$ 23.1	$ 22.4	$ 51.7	$ 49.9

NOTE 12. INCOME TAXES

	Three months ended June 30,		Six months ended June 30,	
(in millions, except tax rate)	2023	2022	2023	2022
Income before income taxes	$ 116.1	$ 68.9	$ 239.9	$ 161.8
Provision for income taxes	$ 40.4	$ 32.5	$ 80.1	$ 42.2
Effective tax rate	34.8 %	47.2 %	33.4 %	26.1 %

The effective tax rates were determined using a worldwide estimated annual effective tax rate and took discrete items into consideration. The difference between the effective tax rate and the 21% U.S. federal statutory rate for the three and six months ended June 30, 2023 was primarily due to tax positions that do not meet the more likely than not standard and the inclusion of Global Intangible Low-Taxed Income. The difference between the effective tax rate and the 21% U.S. federal statutory rate for the three and six months ended June 30, 2022 was primarily due to tax provisions that do not meet the more likely than not standard, the inclusion of Global Intangible Low-Taxed Income, nondeductible stock-based compensation, and the tax impact of acquisition-related liabilities.

NOTE 13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables show a summary of changes in accumulated other comprehensive income (loss), net of tax, by component for the three and six months ended June 30, 2023 and 2022 (in millions):

	Foreign Currency Translation	Interest Rate Swaps	Foreign Currency Derivative Contracts	Total
Balance as of January 1, 2023	$ (15.6)	$ 37.7	$ (4.5)	$ 17.6
Other comprehensive income (loss) before reclassifications	3.1	(4.0)	(2.0)	(2.9)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(4.2)	2.4	(1.8)
Balance as of March 31, 2023	(12.5)	29.5	(4.1)	12.9
Other comprehensive income (loss) before reclassifications	(0.2)	20.5	(2.4)	17.9
Amounts reclassified from accumulated other comprehensive income	—	(5.5)	2.2	(3.3)
Balance as of June 30, 2023	$ (12.7)	$ 44.5	$ (4.3)	$ 27.5

	Foreign Currency Translation	Interest Rate Swaps	Foreign Currency Derivative Contracts	Total
Balance as of January 1, 2022	$ (1.9)	$ 4.2	$ 0.9	$ 3.2
Other comprehensive income (loss) before reclassifications	(3.3)	17.7	0.3	14.7
Amounts reclassified from accumulated other comprehensive income (loss)	—	0.8	(0.1)	0.7
Balance as of March 31, 2022	(5.2)	22.7	1.1	18.6
Other comprehensive income (loss) before reclassifications	(10.0)	5.2	(12.3)	(17.1)
Amounts reclassified from accumulated other comprehensive income	—	0.1	1.1	1.2
Balance as of June 30, 2022	$ (15.2)	$ 28.0	$ (10.1)	$ 2.7

The amounts in the summary of changes in accumulated other comprehensive income (loss) tables, above, are net of tax expense/(benefits) as follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Interest rate swaps	$ 4.5	$ 1.6	$ 2.0	$ 7.1
Foreign currency derivative contracts	0.1	(2.1)	—	(2.1)

Amounts reclassified from accumulated other comprehensive income for interest rate swaps and foreign currency derivative contracts were reclassified to interest expense and operating expenses, respectively, in the Company's consolidated statements of comprehensive income during the three and six months ended June 30, 2023 and 2022.

NOTE 14. 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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Numerator:				
Net income	$ 75.7	$ 36.4	$ 159.8	$ 119.6
Denominator:				
Weighted-average shares used in computing net income per share attributable to common stockholders, basic	365.9	412.4	365.3	412.2
Stock-based compensation awards	0.5	0.4	0.5	0.6
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	366.4	412.8	365.8	412.8
Net income per share, basic	$ 0.21	$ 0.09	$ 0.44	$ 0.29
Net income per share, diluted	$ 0.21	$ 0.09	$ 0.44	$ 0.29

The Company uses the treasury stock method on a grant-by-grant basis as the method for determining the dilutive effect of options, RSUs and PSUs. Under this method, it is assumed that the hypothetical proceeds received upon settlement are used to repurchase common shares at the average market price during the period. 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 (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Stock options	2.1	17.2	2.6	17.0
RSUs	10.9	7.6	12.2	9.7
Total	13.0	24.8	14.8	26.7

In addition, 2.2 million PSUs were excluded from the calculation of diluted net income per share for the three and six months ended June 30, 2023 because the minimum performance measures were not yet met.

NOTE 15. SUBSEQUENT EVENTS

On August 1, 2023, the Company announced that it entered into a definitive agreement to acquire Youda Games from Azerion Group N.V. for an initial cash consideration of EUR 81.3 million, with an earnout based on the performance of the acquired business for a total maximum consideration of EUR 150 million, subject to customary adjustments. The transaction is expected to close in the third quarter of 2023 subject to the satisfaction of customary closing condition.

The Company performed a review for subsequent events through the date of these financial statements. Other than the announcement of the acquisition of Youda Games, no material items were noted 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 release of new features that are customized for different player segments. As a result, we have retained paying users over long periods of time.

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 direct-to-consumer 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 on various third-party platforms for which the platform providers collect proceeds from our customers and pay us an amount after deducting platform fees. For purchases made through both the third-party and Direct-to-Consumer platforms, 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, including servers and internal use software. 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 Direct-to-Consumer 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. We also expect that research and development expenses specifically associated with new game development will fluctuate over time.

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. We expect general and administrative expenses will fluctuate in absolute dollars in line with business needs.

Interest and other, net

Our interest expense includes interest incurred under our December 2019 Credit Agreement and amortization of deferred financing costs, both of which are partially offset by interest income earned on cash and cash equivalents. 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. We entered into multiple interest rate swap agreements in March 2021 and in January 2023, accumulating to a total notional amount of $1.0 billion, reducing our overall exposure to variable interest rates.

Interest income consists of interest earned on cash and cash equivalents.

Provision for income taxes

The provision for income taxes consists of current income taxes in the various jurisdictions where we are subject to taxation, as well as deferred income taxes reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. 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 uncertain tax positions, and changes in tax law.

Net Income

We calculate net income as revenue minus cost of revenues, research and development, sales and marketing and general and administrative expenses, interest and taxes.

Consolidated Operating Results of Playtika Holding Corp

We measure the performance of our business by using several key financial metrics, including revenue and operating income, and operating metrics, including Daily Active Users, Average Revenue per Daily Active User, Paying Users, and Average Revenue per Paying User. These operating metrics help our management to understand and measure the engagement levels of our players, the size of our audience and our reach. See “Basis of Presentation” and “Summary Consolidated Financial and Other Data” for additional information of these measures.

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 on a particular platform. Under this metric, an individual who plays two different games on the same day is counted as two DAUs. Similarly, an individual who plays the same game on two different platforms (e.g., web and mobile) or on two different social networks on the same day would be counted as two Daily Active Users. Average Daily Active Users for a particular period is the average of the DAUs for each day during that period. 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 could 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 the total number of DPUs 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 on a particular platform. 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.

	Three months ended June 30,		Six months ended June 30,	
(in millions, except percentages, Average DPUs and ARPDAU)	**2023**	**2022**	**2023**	**2022**
Revenues	$ 642.8	$ 659.6	$ 1,299.0	$ 1,336.5
Total cost and expenses	503.6	568.3	1,007.4	1,124.8
Operating income	139.2	91.3	291.6	211.7
Net income	75.7	36.4	159.8	119.6
Credit Adjusted EBITDA	215.0	201.5	437.7	399.0
Non-financial performance metrics				
Average DAUs	8.6	9.8	8.8	10.0
Average DPUs (in thousands)	307	310	317	317
Average Daily Payer Conversion	3.6 %	3.2 %	3.6 %	3.2 %
ARPDAU	$ 0.83	$ 0.74	$ 0.81	$ 0.74
Average MAUs	28.3	35.3	29.2	33.5

Comparison of the three and six months ended June 30, 2023 versus the three and six months ended June 30, 2022

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
(in millions)	**(Unaudited)**			
Revenues	$ 642.8	$ 659.6	$ 1,299.0	$ 1,336.5
Cost of revenue	$ 188.0	$ 186.1	$ 373.7	$ 373.0
Research and development	100.3	125.2	202.7	237.9
Sales and marketing	141.2	151.8	284.9	331.5
General and administrative	74.1	105.2	146.1	182.4
Total costs and expenses	$ 503.6	$ 568.3	$ 1,007.4	$ 1,124.8

Revenues

Revenues for the three and six months ended June 30, 2023 decreased by $16.8 million and $37.5 million, respectively, when compared with the comparable periods of 2022. The net decrease in revenues for both the three and six month periods is primarily derived from the combination of growth in select casual game titles which were more than offset by declines in other casual titles and certain of our slot-themed games. We continue to see favorable impacts on revenues in certain of our games from our ongoing improvements to monetization, new content and product features.

Cost of revenue

Cost of revenue for the three and six months ended June 30, 2023 increased by $1.9 million and $0.7 million, respectively, when compared with the comparable periods of 2022. The favorable impacts of reduced platform fees associated with reduced revenues and associated with a higher percentage of our revenues being derived through our direct-to-consumer platforms were partially offset by the $9.7 million write-off of JustPlay.LOL Ltd, increased hosting fees and an increase in amortization expense associated with recently capitalized software development costs.

Research and development expenses

Research and development expenses for the three and six months ended June 30, 2023 decreased by $24.9 million and $35.2 million, respectively, when compared with the comparable periods of 2022. Included in research and development expenses for the three and six months ended June 30, 2022, with no comparable amounts in 2023, is a reduction of expense related to the reduced compensation associated with the acquisition of the Reworks work force. Aside from this discrete item, recent headcount reductions have reduced employee compensation costs, including decreased stock-based compensation expense, for both the three and six months ended June 30, 2023.

Sales and marketing expenses

Sales and marketing expenses for the three and six months ended June 30, 2023 decreased by $10.6 million and $46.6 million, respectively, when compared with the comparable periods of 2022. The decrease in sales and marketing expenses was primarily due to decreased media buy expenses, certain recently acquired assets that became fully amortized in 2022, reducing the total recorded depreciation and amortization expense in 2023, and, to a lesser extent, due to recent headcount reductions.

General and administrative expenses

General and administrative expenses for the three and six months ended June 30, 2023 decreased by $31.1 million and $36.3 million, respectively, when compared with the comparable periods of 2022. Included in general and administrative expenses for the three and six months ended June 30, 2022, with no comparable amounts for the respective periods in 2023, are adjustments to the contingent consideration liability of $20.3 million in expense and $2.7 million of income, respectively. Also included in general and administrative expenses in 2022 are expenses incurred in connection with the Company's evaluation of strategic alternatives, certain severance expenses, and expenses incurred by the Company for relocation and support provided to employees due to the war in the Ukraine. Excluding these specific discrete items, general and administrative expenses would have decreased during the three and six month periods ending June 30, 2023, when compared with the respective periods of 2022, by $8.2 million and $21.1 million, respectively. These year-over-year decreases are primarily a result of decreased headcount and employee compensation costs, including stock based compensation costs.

Other Factors Affecting Net Income

	Three months ended June 30,		**Six months ended June 30,**	
	2023	**2022**	**2023**	**2022**
(in millions)	**(Unaudited)**			
Interest expense	$ 35.8	$ 25.9	$ 73.8	$ 49.6
Interest income	(10.3)	(2.5)	(18.1)	(3.3)
Foreign currency exchange, net	(2.4)	(1.1)	(4.2)	2.4
Other	—	0.1	0.2	1.2
Provision for income taxes	40.4	32.5	80.1	42.2

Interest

Interest expense for the three and six months ended June 30, 2023 increased by $9.9 million and $24.2 million, respectively, when compared with the same periods of 2022 as a result of higher average interest rates on our variable rate debt.

Interest income for the three and six months ended June 30, 2023 increased by $7.8 million and $14.8 million, respectively, when compared with the same periods of 2022 as a result of higher average interest rates earned on our cash and cash equivalents.

Provision for income taxes

The effective income tax rate for the three months ended June 30, 2023 was 34.8% compared to 47.2% for the three months ended June 30, 2022. The effective income tax rate for the six months ended June 30, 2023 was 33.4% compared to 26.1% for the six months ended June 30, 2022. The effective tax rates were determined using a worldwide estimated annual effective tax rate and took discrete items into consideration. The difference between the effective tax rate and the 21% U.S. federal statutory rate for the three and six months ended June 30, 2023 was primarily due to tax positions that do not meet the more likely than not standard and the inclusion of Global Intangible Low-Taxed Income. The difference between the effective tax rate and the 21% U.S. federal statutory rate for the three and six months ended June 30, 2022 was primarily due to tax positions that do not meet the more likely than not standard, the inclusion of Global Intangible Low-Taxed Income, nondeductible stock-based compensation, and the tax impact of acquisition-related liabilities.

Net income

Upon aggregating all of the components of our results of operations above, net income for the three and six months ended June 30, 2023 increased by $39.3 million and $40.2 million, respectively, when compared with the same periods of 2022.

Reconciliation of Credit Adjusted EBITDA to Net Income

Credit 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 Credit Adjusted EBITDA to net income, the closest GAAP financial measure. Our Credit Agreement defines Adjusted EBITDA (which we call “Credit Adjusted EBITDA”) as net income before (i) interest expense, (ii) interest income, (iii) provision for income taxes, (iv) depreciation and amortization expense, (v) stock-based compensation, (vi) contingent consideration, (vii) acquisition and related expenses, and (viii) certain other items. We calculate Credit Adjusted EBITDA Margin as Credit Adjusted EBITDA divided by revenues.

Credit Adjusted EBITDA and Credit 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 Credit Adjusted EBITDA and Credit Adjusted EBITDA Margin should not be construed as an inference that our future results will be unaffected by unusual or unexpected items.

(in millions)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Net income	$ 75.7	$ 36.4	$ 159.8	$ 119.6
Provision for income taxes	40.4	32.5	80.1	42.2
Interest expense and other, net	23.1	22.4	51.7	49.9
Depreciation and amortization	48.2	42.6	87.3	82.1
EBITDA	187.4	133.9	378.9	293.8
Stock-based compensation[1]	25.3	35.4	54.5	75.2
Contingent consideration	—	20.3	—	(2.7)
Acquisition and related expenses[2]	1.9	4.6	3.1	13.6
Other items[3]	0.4	7.3	1.2	19.1
Credit Adjusted EBITDA	$ 215.0	$ 201.5	$ 437.7	$ 399.0
Net income margin	11.8 %	5.5 %	12.3 %	8.9 %
Credit Adjusted EBITDA margin	33.4 %	30.5 %	33.7 %	29.9 %

(1) Reflects, for the three and six months ended June 30, 2023 and 2022, stock-based compensation expense related to the issuance of equity awards to certain of our employees.

(2) Amounts for the three and six months ended June 30, 2023 and 2022 primarily relate to expenses incurred by the Company in connection with the evaluation of strategic alternatives for the Company.

(3) Amounts for the three and six months ended June 30, 2023 consist primarily of $0.1 million and $0.7 million, respectively, incurred by the Company for severance and, for the three month ended June 30, 2023, $0.2 million for relocation and support provided to employees due to the war in Ukraine. Amounts for the three and six months ended June 30, 2022 consist of $1.5 million and $10.3 million, respectively, incurred by the Company severance and $1.0 million and $4.0 million, respectively, incurred by the Company for relocation and support provided to employees due to the war in Ukraine. Amounts for the three and six months ended June 30, 2022 also include $3.4 million incurred in the second quarter of 2022 related to the recently announced restructuring activities.

Liquidity and Capital Resources

Capital spending

We incur capital expenditures in the normal course of business and perform 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 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, and borrowings under our Credit Facility and Revolver. Our cash and cash equivalents totaled $955.1 million and $768.7 million at June 30, 2023 and December 31, 2022, respectively. As of both June 30, 2023 and December 31, 2022, we had $600 million in additional borrowing capacity pursuant to our Revolving Credit Facility. Payments of short-term debt obligations and other commitments are expected to be made from cash on the balance sheet 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, if necessary, additional term loans or issuances of equity.

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 and 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 (in millions):

	Six months ended June 30,	
	2023	2022
Net cash flows provided by operating activities	$ 227.5	$ 241.1
Net cash flows used in investing activities	(33.0)	(67.3)
Net cash flows used in financing activities	(11.4)	(11.6)
Effect of foreign exchange rate changes on cash and cash equivalents	3.6	(13.6)
Net change in cash, cash equivalents and restricted cash	$ 186.7	$ 148.6

Operating activities

Net cash flows provided by operating activities for the six months ended June 30, 2023 was $227.5 million compared with cash flows provided by operating activities of $241.1 million for the same period of 2022. 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, stock-based compensation and changes in the fair value of contingent consideration payable, with changes in working capital impacted by the payment of annual and incentive bonuses and payment of long-term cash compensation during the first quarter and other normal working-capital timing differences.

Investing activities

Net cash flow used in investing activities for the six months ended June 30, 2023 was $33.0 million when compared with $67.3 million for the same period of 2022. Cash flows used in investing activities generally includes outflows related to the purchase and capitalization of assets.

Financing activities

Net cash flows used in financing activities for the six months ended June 30, 2023 was $11.4 million, compared with $11.6 million for the same period of 2022. Financing activity cash flows for the six months ended June 30, 2023 and 2022 primarily relate to repayments on our 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, the Credit Agreement was amended 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 is 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 3, Debt*, to the accompanying consolidated financial statements and in *Note 12, Debt,* in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 28, 2023.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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 us 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. In June 2023 these two interest rate swap agreements were amended, so that effective July 31, 2023 the Company will pay a fixed interest rate of 0.85% in exchange for receiving one-month Term SOFR.

In January 2023, 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, and each swap requires us to pay a fixed interest rate of 3.435% in exchange for receiving one-month LIBOR for six months and one-month Term SOFR afterwards. The interest rate swap agreements settle monthly commencing in February 2023 through their termination dates on February 28, 2028. The estimated fair value of the our interest rate swap agreements is derived from a discounted cash flow analysis.

We had borrowings outstanding under our Term Loan with book values of $1,824.6 million and $1,831.2 million at June 30, 2023 and December 31, 2022, respectively, which were subject to a weighted average interest rate of 7.52% and 4.44% for the six months ended June 30, 2023 and the year ended December 31, 2022, respectively. There were no borrowings against our Revolving Credit Facility at June 30, 2023 or December 31, 2022.

A hypothetical 100 basis point increase or decrease in weighted average interest rates under our Term Loan and Revolving Credit Facility would have increased or decreased our interest expense by $8.6 million over a twelve-month period, prior to consideration of the impact the hypothetical basis point change would have had on our interest rate swap agreements.

The fair value of our Credit Facilities will generally fluctuate with movements of interest rates, increasing in periods of declining rates of interest and declining in periods of increasing rates of interest. We are unable to estimate the impact on the fair value of our debt of a hypothetical 100 basis point increase or decrease in weighted average interest rates.

Investment risk

We had cash and cash equivalents including restricted cash totaling $957.1 million and $770.4 million as of June 30, 2023 and December 31, 2022, respectively. Our investment policy and strategy primarily attempts to preserve capital and meet liquidity requirements without significantly increasing risk. Our cash and cash equivalents primarily consist of commercial papers, bank 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. Due to the short-term nature of these instruments, a hypothetical 100 bps increase in interest rates would not have a material impact on their fair value as of December 31, 2022.

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 ("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, British Pound, Euro, Polish Zloty ("PLN") and Romanian Leu ("RON"). 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 June 30, 2023, we had outstanding derivative contracts to purchase certain foreign currencies, including ILS, RON, and PLN at future dates. The notional value of amounts hedged was approximately $183.0 million, and all contracts are expected to mature during the upcoming 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 June 30, 2023, 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 June 30, 2023.

For the quarter ended June 30, 2023, there were no changes in internal control 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 7, Commitments and Contingencies*, included in Part I. Item I of this quarterly report on Form 10-Q.

Item 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022, which factors could materially affect our business, financial condition, liquidity or future results. There have been no material changes to the risk factors described in the “Risk Factors” section in our Annual Report on Form 10-K for the year ended December 31, 2022. The risks described in our Annual Report on Form 10-K are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, liquidity, results of operations, prospects or stock price.

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

During the three months ended June 30, 2023, none of our officers or directors adopted or terminated any “Rule 10b5-1 trading arrangement” or any “non-Rule 10b5-1 trading arrangement,” in each case, as such terms are defined in Item 408 of Regulation S-K.

Item 6. EXHIBITS

Exhibit Number	Exhibit Description	Filed or Furnished Herewith
10.1	Third Amendment to Credit Agreement, dated as of June 19, 2023, among Playtika Holding Corp., the lenders party thereto and Credit Suisse AG, Cayman Islands Branch, as administrative agent and collateral agent and the other parties thereto.	X
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
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 August 8, 2023

THIRD AMENDMENT TO CREDIT AGREEMENT

THIRD AMENDMENT TO CREDIT AGREEMENT, dated as of June 19, 2023 (this "Amendment"), by and between PLAYTIKA HOLDING CORP., a Delaware corporation, as borrower (the "Borrower"), and the Administrative Agent (as defined below), relating to that certain Credit Agreement, dated as of December 10, 2019 (as modified by that certain Incremental Assumption Agreement No. 1, dated as of June 15, 2020, as amended by that certain First Amendment to Credit Agreement, dated as of October 23, 2020, as modified by that certain Incremental Assumption Agreement No. 2, dated as of January 15, 2021 and as amended and modified by that certain Incremental Assumption Agreement No. 3 and Second Amendment to Credit Agreement, dated as of March 11, 2021, the "Existing Credit Agreement," and as so amended by this Amendment, and as it may be further amended, restated, supplemented, waived or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders party thereto from time to time and CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as administrative agent for the Lenders (together with its successors and assigns in such capacity, the "Administrative Agent") and collateral agent for the Secured Parties.

RECITALS:

WHEREAS, certain Loans or other extensions of credit under the Existing Credit Agreement that are denominated in Dollars and Sterling (the "Affected Currencies") bear or are permitted to bear interest, or incur or are permitted to incur fees or other amounts, based on the Adjusted Eurocurrency Rate (as defined in the Existing Credit Agreement) in accordance with the terms of the Existing Credit Agreement; and

WHEREAS, a Benchmark Transition Event has occurred with respect to the Affected Currencies and, pursuant to Section 2.23 of the Existing Credit Agreement, (a) the Adjusted Eurocurrency Rate with respect to amounts denominated in Dollars will be replaced with Adjusted Term SOFR and (b) the Administrative Agent and the Borrower have determined in accordance with the Existing Credit Agreement that the Adjusted Eurocurrency Rate with respect to amounts denominated in Sterling should be replaced with Adjusted Daily Simple RFR, in each case, for all purposes under the Existing Credit Agreement and any other Loan Document, and such changes (which shall include Benchmark Replacement Conforming Changes (as defined in the Existing Credit Agreement) as permitted by Section 2.23(b) of the Existing Credit Agreement) shall become effective at 5:00 p.m. (New York City time) on the fifth (5th) Business Day (as defined in the Existing Credit Agreement) after the Administrative Agent has posted a proposed version of this Amendment to all Lenders (such time, the "Objection Deadline") (it being understood that such proposed version of this Amendment was posted to all Lenders on June 1, 2023), so long as the Administrative Agent has not received, by the Objection Deadline, written notice of objection to this Amendment from Lenders comprising the Required Lenders.

NOW, THEREFORE, in consideration of the premises and agreements, provisions and covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT:

SECTION 1. Defined Terms; References. Capitalized terms used in this Amendment and not otherwise defined herein have the respective meanings assigned thereto in the Credit Agreement. The rules of construction specified in Section 1.02 of the Credit Agreement also apply to this Amendment.

SECTION 2. Amendments to the Existing Credit Agreement and Exhibits. Pursuant to Section 2.23(a) of the Existing Credit Agreement and subject to the conditions and upon the terms set forth in this Amendment, (a) the Existing Credit Agreement shall be amended as set forth in Exhibit A attached hereto (**double underlining** indicates new language and ~~**strikethrough**~~ indicates language that has been deleted) and (b) Exhibit B (*Form of Borrowing Request*) and Exhibit C (*Form of Interest Election Request*) to the Existing Credit Agreement shall be amended and restated in their entirety as set forth in Exhibit B attached hereto; provided that if any Borrowing (as defined in the Existing Credit Agreement) of Eurocurrency Loans denominated in Dollars or Sterling (as defined in the Existing Credit

Agreement) is outstanding on the Effective Date, such Borrowing shall continue to accrue interest based on the Adjusted Eurocurrency Rate (as defined in the Existing Credit Agreement) until the end of the Interest Period (as defined in the Existing Credit Agreement) applicable to such Borrowing (and references to "Adjusted Eurocurrency Rate" and "Eurocurrency Loans" in the Existing Credit Agreement shall continue to apply to such Borrowing until the end of such Interest Period); provided, further, that on and after the Effective Date, Borrower shall not be entitled to request any new Borrowing of Eurocurrency Loans denominated in Dollars or Sterling, or the continuation of any existing Borrowing (as defined in the Existing Credit Agreement) of Eurocurrency Loans denominated in Dollars or Sterling.

SECTION 3. Notice. To the extent that the Administrative Agent is required (pursuant to the Existing Credit Agreement) to provide notice to the Borrower, the Subsidiary Loan Parties party to the Existing Credit Agreement, the Lenders party thereto or any other party thereto of (i). a Benchmark Transition Event (or other analogous or similar event) or an Early Opt-In Election (or other analogous or similar election) with respect to ICE LIBOR, (ii) a Benchmark Replacement Date (or other analogous or similar date), (ii) the implementation of Adjusted Term SOFR as a Benchmark Replacement (or other analogous or similar term) or (iv) any Benchmark Replacement Conforming Changes in connection with the adoption and implementation of Adjusted Term SOFR or the use and administration thereof, this Amendment shall constitute such notice.

SECTION 4. Representations and Warranties. The Borrower represents and warrants that:

(a) the representations and warranties set forth in the Loan Documents are true and correct in all material respects on and as of the Effective Date after giving effect hereto, in each case, with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties are true and correct in all material respects as of such earlier date);

(b) this Amendment has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), (iii) implied covenants of good faith and fair dealing and (iv) any foreign laws, rules and regulations as they relate to pledges of Equity Interests in, and Indebtedness issued by, Foreign Subsidiaries that are not Loan Parties; and

(c) no Event of Default has occurred or is continuing on and as of the Effective Date after giving effect hereto.

SECTION 5. Conditions. Notwithstanding anything to the contrary contained in the Existing Credit Agreement, this Amendment and the provisions set forth on Exhibit A hereto shall become effective on July 1, 2023 (the "Effective Date"), provided that each of the following conditions shall also have been satisfied on such date:

(a) the Administrative Agent (or its counsel) shall have received from the Borrower and the Administrative Agent (i) a counterpart of this Amendment signed on behalf of such party or (ii) written evidence reasonably satisfactory to the Administrative Agent (which may include facsimile or electronic transmission of a signed signature page of this Amendment) that such party has signed a counterpart of this Amendment;

(b) the Administrative Agent has not received, by the Objection Deadline, written notice of objection to this Amendment as provided herein from Lenders comprising the Required Lenders;

(c) the representations and warranties set forth in Section 3 above shall be true and correct as of the Effective Date; and

(d) the Administrative Agent shall have received, to the extent invoiced at least three (3) Business Days prior to the Effective Date, reimbursement or payment of all reasonable and documented out-of-pocket expenses (including reasonable fees, charges and disbursements of Davis Polk & Wardwell LLP) required to be reimbursed or paid by the Loan Parties under this Amendment or under the Existing Credit Agreement.

SECTION 6. Governing Law; Etc.

(a) THIS AMENDMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY PRINCIPLE OF CONFLICTS OF LAW THAT COULD REQUIRE THE APPLICATION OF ANY OTHER LAW.

(b) EACH PARTY HERETO HEREBY AGREES AS SET FORTH IN SECTIONS 9.11 AND 9.15 OF THE CREDIT AGREEMENT AS IF SUCH SECTIONS WERE SET FORTH IN FULL HEREIN.

SECTION 7. Confirmation of Guaranties and Security Interests. By signing this Amendment, the Borrower (on behalf of itself and each of the Subsidiary Loan Parties) hereby confirms that (a) the obligations of the Loan Parties under the Credit Agreement as amended hereby and the other Loan Documents (i) are entitled to the benefits of the guarantees and the security interests set forth or created in the Collateral Agreement and the other Loan Documents and (ii) constitute Loan Obligations and (b) notwithstanding the effectiveness of the terms hereof, the Collateral Agreement and the other Loan Documents are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects after giving effect to the amendments contemplated herein. The Borrower (on behalf of itself and each of the Subsidiary Loan Parties) ratifies and confirms its prior grant and the validity of all Liens granted, conveyed, or assigned to any Agent by such Person pursuant to each Loan Document to which it is a party with all such Liens continuing in full force and effect after giving effect to this Amendment, and such Liens are not released or reduced hereby, and continue to secure full payment and performance of the Loan Obligations. The execution of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, constitute a waiver of any provision of any of the Loan Documents or serve to effect a novation of the Obligations.

SECTION 8. Reference to and Effect on the Loan Documents.

(a) On and after the Effective Date, each reference in the Credit Agreement to "*hereunder*", "*hereof*" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to the "*Credit Agreement*", "*thereunder*", "*thereof*" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(b) From and after the Effective Date, this Amendment shall be a Loan Document under the Credit Agreement for all purposes of the Credit Agreement.

SECTION 9. Counterparts. This Amendment may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. Delivery of an executed counterpart to this Amendment by facsimile transmission or electronic mail (or other electronic transmission pursuant to procedures approved by the Administrative Agent) shall be as effective as delivery of a manually signed original. The words "execution," "execute," "signed," "signature," and words of like import in or related to any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National

Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it. Each of the parties represents and warrants to the other parties that it has the corporate capacity and authority to execute this Amendment through electronic means and there are no restrictions for doing so in that party's constitutive documents.

SECTION 10. Miscellaneous. The Borrower shall pay all reasonable fees, costs and expenses of the Administrative Agent as agreed to between the parties incurred in connection with the negotiation, preparation and execution of this Amendment and the transactions contemplated hereby. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

[*Remainder of Page Intentionally Left Blank*]

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

PLAYTIKA HOLDING CORP.,
as Borrower

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

[Signature Page to Third Amendment to Credit Agreement]

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as Administrative Agent

By: /s/ Komal Shah
Name: Komal Shah
Title: Authorized Signatory

By: /s/ Cassandra Droogan
Name: Cassandra Droogan
Title: Authorized Signatory

Exhibit A

CREDIT AGREEMENT

[See Attached]

Exhibit B

EXHBIITS TO CREDIT AGREEMENT

[See Attached]

[FORM OF]
BORROWING REQUEST

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as Administrative Agent for
the Lenders referred to below
Eleven Madison Avenue
New York, NY 10010
Attention: Loan Operations – Agency Manager
Email: agency.loanops@credit-suisse.com
Telephone: (919) 994-6369
Facsimile: (212) 322-2291

[DATE]

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of December 10, 2019 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "***Credit Agreement***"), among Playtika Holding Corp., a Delaware corporation (the "***Borrower***"), the Lenders party thereto from time to time and Credit Suisse AG, Cayman Islands Branch, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "***Administrative Agent***") and as collateral agent for the Secured Parties. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Borrower hereby gives you notice pursuant to Section 2.03 of the Credit Agreement that it requests a Borrowing of Loans under the Credit Agreement, and in that connection sets forth below the terms on which such Borrowing is requested to be made:

(A) Date of Borrowing:[1] __

(B) Principal Amount of Borrowing: __

(C) Class:[2] __

(D) Type of Borrowing:[3] __

(E) Interest Period and the last day thereof:[4] __
(in the case of a Term Benchmark Borrowing)

[1] The date of Borrowing must be a Business Day.

[2] Specify whether such Borrowing is to be a Borrowing of Revolving Facility Loans (and, if so, specifying the Class of Commitments under which such Borrowing is being made), Term B Loans, Term B-1 Loans, Other Term Loans, Refinancing Term Loans, Other Revolving Loans or Replacement Revolving Loans, as applicable.

[3] Specify whether such Borrowing is to be an ABR Borrowing, a Term Benchmark Borrowing or an RFR Borrowing.

[4] Specify the initial Interest Period applicable to a Term Benchmark Borrowing, which shall be one, three or six months and shall be subject to the definition of "Interest Period" in the Credit Agreement.

(F) Currency:[5]
(In the case of a Revolving Facility Borrowing)

(G) Account Number and Location:

[Remainder of page intentionally left blank]

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[5] In the case of a Revolving Facility Borrowing only, specify the currency in which such Borrowing is to be denominated (which shall be Dollars, Euros, Sterling or any other currency that is approved in accordance with Section 1.08 of the Credit Agreement).

IN WITNESS WHEREOF, the undersigned has executed this Borrowing Request as of the date first above written.

PLAYTIKA HOLDING CORP.

By:
Name:
Title:

[FORM OF]
INTEREST ELECTION REQUEST

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as Administrative Agent for
the Lenders referred to below
Eleven Madison Avenue
New York, NY 10010
Attention: Loan Operations – Agency Manager
Email: agency.loanops@credit-suisse.com
Telephone: (919) 994-6369
Facsimile: (212) 322-2291

[DATE]

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of December 10, 2019 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "***Credit Agreement***"), among Playtika Holding Corp., a Delaware corporation (the "***Borrower***"), the Lenders party thereto from time to time and Credit Suisse AG, Cayman Islands Branch, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "***Administrative Agent***") and the collateral agent for the Secured Parties. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

This notice constitutes a notice of conversion or notice of continuation, as applicable (an "***Election***"), under Section 2.07 of the Credit Agreement, and the Borrower hereby irrevocably notifies the Administrative Agent of the following information with respect to the conversion or continuation requested hereby:

(i) Borrowing to which Interest Election Request applies:

Principal Amount: __

Class: __

Type of Borrowing:[6] __

Interest Period: __
(in the case of a Term Benchmark Borrowing)

Currency:[7] __
(In the case of a Revolving Facility Borrowing)

(ii) Effective Date of Election: __
(which shall be a Business Day)

(iii) Resulting Borrowing No. 1:[8]

Principal Amount of Borrowing: __
(or % of Borrowing in (i))

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[6] Specify whether such Borrowing is an ABR Borrowing, a Term Benchmark Borrowing or an RFR Borrowing.

[7] In the case of a Revolving Facility Borrowing only, specify the currency in which such Borrowing is to be denominated (which shall be Dollars, Euros, Sterling or any other currency that is approved in accordance with Section 1.08 of the Credit Agreement).

[8] Add as many resulting Borrowings as applicable.

Type of Borrowing:[9] __
Interest Period: [10]
(in the case of a Term Benchmark Borrowing)
Currency: [11]
(in the case of a Revolving Facility Borrowing)

[Remainder of page intentionally left blank]

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[9] Specify whether such Borrowing is to be an ABR Borrowing, a Term Benchmark Borrowing or an RFR Borrowing.

[10] Specify the initial Interest Period applicable to a Term Benchmark Borrowing, which shall be one, three or six months and shall be subject to the definition of "Interest Period" in the Credit Agreement.

[11] In the case of a Revolving Facility Borrowing only, specify the currency in which such Borrowing is to be denominated (which shall be Dollars, Euros, Sterling or any other currency that is approved in accordance with Section 1.08 of the Credit Agreement).

IN WITNESS WHEREOF, the undersigned has executed this Interest Election Request as of the date first above written.

PLAYTIKA HOLDING CORP.

By:__
Name:
Title:

Exhibit 31.1

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.

August 8, 2023

By: /s/ Robert Antokol
Robert Antokol
Chief Executive Officer and Chairperson of the Board
(principal executive officer)

Exhibit 31.2

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.

August 8, 2023

By: /s/ Craig Abrahams
Craig Abrahams
President and Chief Financial Officer
(principal financial officer)

Exhibit 32.1

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 June 30, 2023 (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.

August 8, 2023

By: /s/ Robert Antokol
Robert Antokol
Chief Executive Officer and Chairperson of the Board
(principal executive officer)

Exhibit 32.2

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 June 30, 2023 (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.

August 8, 2023

By: /s/ Craig Abrahams
Craig Abrahams
President and Chief Financial Officer
(principal financial officer)