PREPARED REMARKS

FY2024 Q2

TAE LEE: SVP, CORPORATE FINANCE & INVESTOR RELATIONS

Welcome everyone and thank you for joining us today for the second quarter 2024 earnings call for Playtika Holding Corp. Joining me on the call today are Robert Antokol, co-founder, and CEO of Playtika and Craig Abrahams, Playtika's President, and Chief Financial Officer.

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

We have posted an accompanying slide deck to our investor relations website which contains information on forward-looking statements and non-GAAP measures, and we will also post our prepared remarks immediately following the call.

For a more complete discussion of the risks and uncertainties, please see our filings with the SEC. With that, I will now turn the call over to Robert.

ROBERT ANTOKOL: FOUNDER & CHIEF EXECUTIVE OFFICER

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

As we review our second quarter results, it is important to note that this quarter aligns with our historical seasonality and the roadmaps we have set forth. While our overall revenue for the quarter reflects some roadmap challenges, we are focusing on the resilience and potential of our top games, and our strategic initiatives aimed at boosting our portfolio.

Our strategic focus on our direct-to-consumer business and our disciplined approach to headcount and other operating expense categories has led to an improvement in our margins on a quarter over quarter basis.

Starting with our largest franchise titles:

Bingo Blitz performed solidly, with consistent performance year over year, and a slight quarter over quarter decline. We observed strength in direct-to-consumer revenue, and we believe there is still upside remaining. We continue to enhance the game with new features and content to keep our players engaged and excited.

Stopping the decline in Slotomania has been a major focus of the company. Our team is dedicated to bringing features and partnerships that will enrich the player experience and drive future growth.

June's Journey experienced some feature delays in the first half, but we remain optimistic about the second half of the year as these new roadmap features are planned to launch this summer. I am excited to announce that we plan to launch our latest new game Claire's Chronicles in Q2 of 2025, which is another story driven title from our Wooga Studio. Our team at Wooga is committed to delivering high-quality, engaging content that resonates with our players, and we are confident in the studio's ability to rebound and perform strongly.

Additionally, I would like to highlight the performance of our recent acquisitions, Animals & Coins and Governor of Poker 3. We are pleased with the progress of both studios. Governor of Poker 3 has shown consistent growth, increasing quarter over quarter since the acquisition. We continue to invest for growth in Animals & Coins and we are optimistic about the potential.

We are actively looking for opportunities to broaden our game offerings and to improve our market position. Our focus is to find acquisitions that complement our existing games and drive long-term value.

We are taking strategic steps to ensure sustained growth and profitability. We remain committed to delivering value to our players and shareholders, and our focus on execution remains strong. We are confident in our path forward and we believe that our strategic initiatives will position us for success in the coming quarters.

Thank you for your continued support. I will hand over to Craig for a more detailed review of our performance this past quarter.

CRAIG ABRAHAMS: PRESIDENT & CHIEF FINANCIAL OFFICER.

Thank you, Robert, and good morning, everyone.

Before we dive into the financial results, I would like to provide further insights into some of our recent initiatives in Slotomania, our oldest and one of our largest games. Third-party research consistently positions Slotomania as the number one grossing social casino themed game in the industry. However, we have faced challenges in recent years as we have lost market share in a highly competitive category.

To counter this decline, we have increased our performance marketing spend and restructured our executive leadership team to provide more direct CEO oversight. As part of our ongoing initiatives, I am pleased to announce a new licensing deal with IGT. This agreement will allow us to integrate compelling real-world content into our slot-themed games, enhancing our content portfolio across Slotomania, House of Fun, and Caesars Casino.

These strategic moves reflect our commitment to stabilizing and growing Slotomania as well as supporting our other slot-themed franchises.

Next, I would like to address the performance of our acquired titles from last year.

Governor of Poker 3 continues to perform in-line with our expectations, and we are pleased with the performance from the game. We experienced some game economy challenges in Animals & Coins in the second quarter, which have since been corrected. We are pleased to see positive month-over-month trends within the quarter, and this positive momentum has continued into Q3. To best position the studio for long-term growth, we amended the terms of the earnout to spend incremental marketing dollars this year on the game, while lowering the maximum cap of the earn-out.

Turning to our financial results.

For the quarter, we generated $627.0 million of revenue, down (3.7)% sequentially and (2.5)% year over year. The sequential decline in sales and marketing spend as well as the growth in our direct-to-consumer business had a positive impact on Credit Adj. EBITDA margins this past quarter, as we generated Credit Adj. EBITDA of $191.0 million, up 2.9% sequentially and down (11.2)% year over year. Net income was $86.6 million, up 63.4% sequentially and 14.4% year over year.

We are pleased with the continued strength in our Direct-to-Consumer Platforms, as we generated $173.7 million, up 1.3% sequentially and 5.1% year over year. DTC growth this past quarter was led by Bingo Blitz and we expect to see ramp-up from June's Journey and Solitaire Grand Harvest in the second half of the year.

Turning now to our business results from the quarter.

Revenue across our casual games declined (4.3)% sequentially and (1.7)% year over year.

Bingo Blitz revenue was $155.7 million, down (1.2)% sequentially and (0.4)% year over year. Our Direct-to-Consumer revenue from Bingo Blitz once again grew double digits year over year. As the number one Bingo game in the world, we strongly believe in the growth potential for this industry leading franchise.

June's Journey revenue was $74.6 million, down (2.6)% sequentially and up 1.9% year over year. June's Journey revenue performance in the last few quarters has been negatively impacted by some challenges the studio faced with feature development timelines, which pushed out feature launches and directly impacted revenue performance. The studio is on track for its second half roadmap, and we remain optimistic about the outlook for the rest of the year for this title.

Our Social-Casino themed games declined (2.9)% sequentially and (3.4)% year over year.

Slotomania revenue was $133.8 million, down (1.2)% sequentially and (7.5)% year over year. We are focused on reengaging dormant players through targeted initiatives and are also pursuing strategic opportunities, such as our new licensing agreement.

Turning now to specific line items in our P&L for the second quarter. Cost of revenue decreased by (5.7)% year over year, driven by a change in revenue mix between direct-to-consumer platforms revenue and third-party platforms revenue, as well as the decline in overall revenue.

R&D increased slightly by 0.3% year over year.

Sales & Marketing increased by 20.0% year over year. The increase in sales & marketing expenses was primarily due to the increase in performance marketing spend this year. Majority of the growth in sales & marketing spend year over year was related to our newly acquired studios and incremental spend in our largest titles, such as Bingo Blitz and Slotomania. On a sequential basis, sales & marketing expenses declined by (11.0)%.

G&A expenses declined by (35.1)% year over year. The decline in G&A expenses were due to lower accrued expenses related to our long-term cash compensation program and a favorable adjustment of payable contingent considerations.

As of June 30th, we had approximately $1.1 billion in cash, cash equivalents, and short-term investments.

Looking at our operating metrics, Average DPU declined (3.6)% sequentially and (2.9)% year over year to 298K. Average DAU decreased (8.0)% sequentially and (5.8)% year over year to 8.1 million. ARPDAU increased 4.9% sequentially and 2.4% year over year to $0.85 cents.

Finally, we expect revenue to be within the bottom end of the range for revenue guidance and middle of the range for Credit Adj. EBITDA guidance. We are revising our capital expenditure range to $95M to $100M for the year.

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