

# Playtika Holding Corp. Reports Second Quarter 2022 Results

*Adjusted EBITDA improved sequentially to \$238.9 million*

*Average Daily Payer Conversion Increased to 3.2%*

*Casual Portfolio Revenue Grew 10.0% year-over-year and is now 53.3% of Total Revenue*

*Direct-to-Consumer Channel grew 14.2% year-over-year and is now 23.3% of Total Revenue*

**Herzliya, Israel - August 4, 2022** - Playtika Holding Corp. (NASDAQ: PLTK) today released financial results for its second quarter for the period ending June 30, 2022.

## **Second Quarter 2022 Financial Highlights:**

- Second quarter revenue was \$659.6 million<sup>(1)</sup> compared to \$659.2 million in the prior year period.
- Net income was \$36.4 million compared to \$90.0 million in the prior year period.
- Adjusted EBITDA, a non-GAAP financial measure defined below, was \$238.9 million compared to \$264.4 million in the prior year period.
- Our cash and cash equivalents and short-term bank deposits totaled \$1,241.1 million as of June 30, 2022 with \$600 million in additional borrowing capacity pursuant to our Revolving Credit Facility, resulting in over \$1.8 billion of available liquidity.

“We are proud of our performance in the second quarter in a challenging economic environment,” said Robert Antokol, Chief Executive Officer of Playtika. “We maintained growth in key strategic areas including our Casual game portfolio and Direct-To-Consumer platforms, and demonstrated the resiliency of our business. Looking ahead to the second half, we are focused on the continued introduction of exciting new content for our existing portfolio of games and on our new game development initiatives as well”

“We continued to optimize our business during the second quarter as we focus on execution,” said Craig Abrahams, President and Chief Financial Officer. “We took actions to improve our core operations and enhance product roadmaps, while adapting to maintain margin and strong free cash flow generation. We will continue to look for efficiency opportunities across our organization and capitalize on investments that position us for long-term sustainable growth.”

## **Highlights**

- Casual portfolio grew revenue 10.0% year-over-year, comprising 53.3% of total revenue
- Average Daily Payer Conversion increased to 3.2%, up from 2.9% in Q2'21
- Average DPUs increased 3.5% year-over-year
- Direct-to-Consumer channel grew 14.2% year-over-year and is now 23.3% of total revenue
- Junes Journey grew revenue 34.2% year-over-year
- Solitaire Grand Harvest grew revenue 6.3% year-over-year

## **New Game Developments**

- Merge Stories marketing campaign planned for Q3'22
  - Innovative hybrid game that combines the core merge game mechanic with casual build and battle elements
  - Built by our Jelly Button studio, creators of Board Kings
- Two titles in soft-launch testing through the second-half of 2022

<sup>(1)</sup> Comprised of \$351.5 million and \$308.1 million for casual and casino themed games, respectively.

## **Financial Outlook**

For the full year 2022 the company anticipates revenue within a range of \$2.60 - 2.66 billion and Adjusted EBITDA within a range of \$900 - \$940 million.

## **Conference Call**

Playtika management will host a conference call at 5:30 a.m. Pacific Time (8:30 a.m. Eastern Time) today to discuss the company's results. The conference call can be accessed via a webcast accessible at [investors.playtika.com](https://investors.playtika.com). A replay of the call will be available through the website one hour following the call and will be archived for one year.

## Summary Operating Results of Playtika Holding Corp.

| <i>(in millions of dollars, except percentages, Average DPUs, and ARPDAU)</i> | Three months ended June 30, |          | Six months ended June 30, |            |
|---|-----------------------------|----------|---------------------------|------------|
|   | 2022                        | 2021     | 2022                      | 2021       |
| <b>Revenues</b>   | \$ 659.6                    | \$ 659.2 | \$ 1,336.5                | \$ 1,298.1 |
| Total cost and expenses   | \$ 568.3                    | \$ 493.8 | \$ 1,124.8                | \$ 1,002.4 |
| <b>Operating income</b>   | \$ 91.3                     | \$ 165.4 | \$ 211.7                  | \$ 295.7   |
| <b>Net income</b>   | \$ 36.4                     | \$ 90.0  | \$ 119.6                  | \$ 125.7   |
| <b>Adjusted EBITDA</b>  | \$ 238.9                    | \$ 264.4 | \$ 459.4                  | \$ 522.4   |
| <b>Net income margin</b>  | 5.5 %                       | 13.7 %   | 8.9 %                     | 9.7 %      |
| <b>Adjusted EBITDA margin</b>   | 36.2 %                      | 40.1 %   | 34.4 %                    | 40.2 %     |
| <b>Non-financial performance metrics</b>                                      |                             |          |                           |            |
| Average DAUs  | 9.8                         | 10.4     | 10.0                      | 10.4       |
| Average DPUs (in thousands)   | 310                         | 300      | 317                       | 298        |
| Average Daily Payer Conversion  | 3.2 %                       | 2.9 %    | 3.2 %                     | 2.9 %      |
| ARPDAU  | \$ 0.74                     | \$ 0.70  | \$ 0.74                   | \$ 0.69    |
| Average MAUs  | 35.3                        | 36.1     | 33.5                      | 33.7       |

### About Playtika Holding Corp.

Playtika (NASDAQ: PLTK) is a mobile gaming entertainment and technology market leader with a portfolio of multiple game titles. Founded in 2010, Playtika was among the first to offer free-to-play social games on social networks and, shortly after, on mobile platforms. Headquartered in Herzliya, Israel, and guided by a mission to entertain the world through infinite ways to play, Playtika has employees across various offices worldwide.

### Forward Looking Information

In this press release, we make “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Further, statements that include words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "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.

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 complete 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;
- 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, 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 our filings with the Securities and Exchange Commission. 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.

**PLAYTIKA HOLDING CORP.**  
**CONSOLIDATED BALANCE SHEETS**  
(In millions, except for per share data)

|   | June 30,<br>2022  | December 31,<br>2021 |
|---|-------------------|----------------------|
|   | (Unaudited)       |                      |
| <b>ASSETS</b>   |                   |                      |
| <b>Current assets</b>   |                   |                      |
| Cash and cash equivalents   | \$ 1,165.8        | \$ 1,017.0           |
| Short-term bank deposits  | 75.3              | 100.1                |
| Restricted cash   | 1.8               | 2.0                  |
| Accounts receivable   | 128.5             | 143.7                |
| Prepaid expenses and other current assets   | 115.4             | 72.9                 |
| <b>Total current assets</b>   | <b>1,486.8</b>    | <b>1,335.7</b>       |
| Property and equipment, net   | 110.9             | 103.3                |
| Operating lease right-of-use assets   | 108.8             | 89.4                 |
| Intangible assets other than goodwill, net  | 394.9             | 417.3                |
| Goodwill  | 809.8             | 788.1                |
| Deferred tax assets, net  | 42.4              | 38.3                 |
| Investments in unconsolidated entities  | 22.8              | 17.8                 |
| Other non-current assets  | 29.8              | 13.4                 |
| <b>Total assets</b>   | <b>\$ 3,006.2</b> | <b>\$ 2,803.3</b>    |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>   |                   |                      |
| <b>Current liabilities</b>  |                   |                      |
| Current maturities of long-term debt  | \$ 12.4           | \$ 12.2              |
| Accounts payable  | 49.3              | 45.7                 |
| Operating lease liabilities, current  | 24.3              | 17.2                 |
| Accrued expenses and other current liabilities  | 530.4             | 494.6                |
| <b>Total current liabilities</b>  | <b>616.4</b>      | <b>569.7</b>         |
| Long-term debt  | 2,417.3           | 2,422.9              |
| Contingent consideration  | 11.4              | 28.7                 |
| Employee related benefits and other long-term liabilities   | 3.0               | 23.7                 |
| Operating lease liabilities, long-term  | 87.8              | 82.3                 |
| Deferred tax liabilities  | 54.4              | 53.7                 |
| <b>Total liabilities</b>  | <b>3,190.3</b>    | <b>3,181.0</b>       |
| <b>Commitments and contingencies</b>  |                   |                      |
| <b>Stockholders' equity (deficit)</b>   |                   |                      |
| Common stock of \$0.01 par value; 1,600.0 shares authorized; 412.4 and 411.1 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively | 4.1               | 4.1                  |
| Additional paid-in capital  | 1,107.4           | 1,032.9              |
| Accumulated other comprehensive income  | 2.7               | 3.2                  |
| Accumulated deficit   | (1,298.3)         | (1,417.9)            |
| <b>Total stockholders' deficit</b>  | <b>(184.1)</b>    | <b>(377.7)</b>       |
| <b>Total liabilities and stockholders' deficit</b>  | <b>\$ 3,006.2</b> | <b>\$ 2,803.3</b>    |

**PLAYTIKA HOLDING CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In millions, except for per share data)  
(Unaudited)

|  | Three months ended June 30, |                | Six months ended June 30, |                 |
|--|-----------------------------|----------------|---------------------------|-----------------|
|  | 2022                        | 2021           | 2022                      | 2021            |
| <b>Revenues</b>  | \$ 659.6                    | \$ 659.2       | \$ 1,336.5                | \$ 1,298.1      |
| <b>Costs and expenses</b>  |                             |                |                           |                 |
| Cost of revenue  | 186.1                       | 183.9          | 373.0                     | 366.9           |
| Research and development   | 125.2                       | 91.8           | 237.9                     | 177.0           |
| Sales and marketing  | 151.8                       | 146.5          | 331.5                     | 286.6           |
| General and administrative   | 105.2                       | 71.6           | 182.4                     | 171.9           |
| <b>Total costs and expenses</b>  | <b>568.3</b>                | <b>493.8</b>   | <b>1,124.8</b>            | <b>1,002.4</b>  |
| <b>Income from operations</b>  | 91.3                        | 165.4          | 211.7                     | 295.7           |
| Interest expense and other, net  | 22.4                        | 24.0           | 49.9                      | 99.7            |
| <b>Income before income taxes</b>  | 68.9                        | 141.4          | 161.8                     | 196.0           |
| Provision for income taxes   | 32.5                        | 51.4           | 42.2                      | 70.3            |
| <b>Net income</b>  | 36.4                        | 90.0           | 119.6                     | 125.7           |
| <b>Other comprehensive income (loss)</b>   |                             |                |                           |                 |
| Foreign currency translation   | (10.0)                      | 2.8            | (13.3)                    | (7.1)           |
| Change in fair value of derivatives  | (5.9)                       | (1.6)          | 12.8                      | (1.7)           |
| <b>Total other comprehensive income (loss)</b>   | <b>(15.9)</b>               | <b>1.2</b>     | <b>(0.5)</b>              | <b>(8.8)</b>    |
| <b>Comprehensive income</b>  | <b>\$ 20.5</b>              | <b>\$ 91.2</b> | <b>\$ 119.1</b>           | <b>\$ 116.9</b> |
| <b>Net income per share attributable to common stockholders, basic</b>   | <b>\$ 0.09</b>              | <b>\$ 0.22</b> | <b>\$ 0.29</b>            | <b>\$ 0.31</b>  |
| <b>Net income per share attributable to common stockholders, diluted</b>   | <b>\$ 0.09</b>              | <b>\$ 0.22</b> | <b>\$ 0.29</b>            | <b>\$ 0.31</b>  |
| <b>Weighted-average shares used in computing net income per share attributable to common stockholders, basic</b>   | <b>412.4</b>                | <b>409.6</b>   | <b>412.2</b>              | <b>408.1</b>    |
| <b>Weighted-average shares used in computing net income per share attributable to common stockholders, diluted</b> | <b>412.8</b>                | <b>411.7</b>   | <b>412.8</b>              | <b>410.6</b>    |

**PLAYTIKA HOLDING CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)  
(Unaudited)

|  | <b>Six months ended June 30,</b> |                          |
|--|----------------------------------|--------------------------|
|  | <b>2022</b>                      | <b>2021</b>              |
| <b>Cash flows from operating activities</b>                                      | <b>\$ 241.1</b>                  | <b>\$ 189.9</b>          |
| <b>Cash flows from investing activities</b>                                      |                                  |                          |
| Purchase of property and equipment   | (29.5)                           | (20.2)                   |
| Capitalization of internal use software costs                                    | (23.7)                           | (23.9)                   |
| Purchase of intangible assets  | (4.0)                            | (6.6)                    |
| Short-term bank deposits   | 24.8                             | (50.0)                   |
| Payments for business combination, net of cash acquired                          | (29.9)                           | —                        |
| Other investing activities   | (5.0)                            | 2.1                      |
| Net cash used in investing activities  | <u>(67.3)</u>                    | <u>(98.6)</u>            |
| <b>Cash flows from financing activities</b>                                      |                                  |                          |
| Proceeds from bank borrowings, net   | —                                | 887.7                    |
| Repayments on bank borrowings  | (9.5)                            | (955.8)                  |
| Proceeds from issuance of unsecured notes  | —                                | 178.9                    |
| Proceeds from issuance of common stock, net                                      | —                                | 470.4                    |
| Payment of debt issuance costs   | —                                | (10.5)                   |
| Payment of tax withholdings on stock-based payments                              | (2.1)                            | —                        |
| Net cash provided by (used in) financing activities                              | <u>(11.6)</u>                    | <u>570.7</u>             |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>              | <u>(13.6)</u>                    | <u>(3.2)</u>             |
| <b>Net change in cash, cash equivalents and restricted cash</b>                  | <b>148.6</b>                     | <b>658.8</b>             |
| <b>Cash, cash equivalents and restricted cash at the beginning of the period</b> | <u>1,019.0</u>                   | <u>523.6</u>             |
| <b>Cash, cash equivalents and restricted cash at the end of the period</b>       | <u><b>\$ 1,167.6</b></u>         | <u><b>\$ 1,182.4</b></u> |

## **Non-GAAP Financial Measures**

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 Adjusted EBITDA to net income, the closest GAAP financial measure. We define 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, (viii) expense under our long-term compensation plans, (ix) M&A related retention payments, and (x) certain other items, including impairments. We calculate Adjusted EBITDA Margin as Adjusted EBITDA divided by revenues.

We supplementally present Adjusted EBITDA and Adjusted EBITDA Margin because these are key operating measures used by our management to assess our financial performance. Adjusted EBITDA adjusts for items that we believe do not reflect the ongoing operating performance of our business, such as certain noncash items, unusual or infrequent items or items that change from period to period without any material relevance to our operating performance. Management believes Adjusted EBITDA and Adjusted EBITDA Margin are useful to investors and analysts in highlighting trends in our operating performance, while other measures can differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which we operate and capital investments. Management uses Adjusted EBITDA and Adjusted EBITDA Margin to supplement GAAP measures of performance in the evaluation of the effectiveness of our business strategies, to make budgeting decisions, and to compare our performance against other peer companies using similar measures. We evaluate Adjusted EBITDA and Adjusted EBITDA Margin in conjunction with our results according to GAAP because we believe they provide investors and analysts a more complete understanding of factors and trends affecting our business than GAAP measures alone.

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



**RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA**  
(In millions)

|   | Three months ended June 30, |          | Six months ended June 30, |          |
|---|-----------------------------|----------|---------------------------|----------|
|   | 2022                        | 2021     | 2022                      | 2021     |
| <b>Net income</b>                               | \$ 36.4                     | \$ 90.0  | \$ 119.6                  | \$ 125.7 |
| Provision for income taxes                      | 32.5                        | 51.4     | 42.2                      | 70.3     |
| Interest expense and other, net                 | 22.4                        | 24.0     | 49.9                      | 99.7     |
| Depreciation and amortization                   | 42.6                        | 33.3     | 82.1                      | 66.5     |
| <b>EBITDA</b>                                   | 133.9                       | 198.7    | 293.8                     | 362.2    |
| Stock-based compensation <sup>(1)</sup>         | 35.4                        | 25.5     | 75.2                      | 49.8     |
| Contingent consideration                        | 20.3                        | —        | (2.7)                     | —        |
| Long-term cash compensation <sup>(2)</sup>      | 28.0                        | 30.2     | 52.9                      | 60.0     |
| Acquisition and related expenses <sup>(3)</sup> | 4.6                         | 6.3      | 13.6                      | 42.0     |
| M&A related retention payments <sup>(4)</sup>   | 9.4                         | 3.7      | 7.5                       | 6.8      |
| Other one-time items <sup>(5)</sup>             | 7.3                         | —        | 19.1                      | 1.6      |
| <b>Adjusted EBITDA</b>                          | \$ 238.9                    | \$ 264.4 | \$ 459.4                  | \$ 522.4 |
| <b>Net income margin</b>                        | 5.5 %                       | 13.7 %   | 8.9 %                     | 9.7 %    |
| <b>Adjusted EBITDA margin</b>                   | 36.2 %                      | 40.1 %   | 34.4 %                    | 40.2 %   |

- (1) Reflects, for the three and six months ended June 30, 2022 and 2021, stock-based compensation expense related to the issuance of equity awards to certain of our employees.
- (2) Includes expenses recognized for grants of annual cash awards to employees pursuant to our Retention Plans, which awards are incremental to salary and bonus payments, and which plans expire in 2024. For more information, see notes to our consolidated financial statements.
- (3) Amounts for the three and six months ended June 30, 2022 and the three months ended June 30, 2021, primarily relates to expenses incurred by the Company in connection with the evaluation of strategic alternatives for the Company. Amount for the six months ended June 30, 2021 primarily relates to bonus expenses paid as a result of the successful initial public offering of the Company's stock in January 2021.
- (4) Includes retention awards to key individuals associated with acquired companies as an incentive to retain those individuals on a long-term basis. The income amount for the three and six months ended June 30, 2022 primarily relates to the reduction of contingent consideration payable to employees of the Company that were also selling Shareholders of Reworks. This portion of the contingent consideration is being accounted for as an M&A retention payment to these employees, with changes in the amounts recognized as compensation expense.
- (5) Amounts for the three and six months ended June 30, 2022, consists of \$1.5 million and \$10.3 million, respectively, incurred by the Company for 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 also include \$3.4 million incurred in the second quarter of 2022 related to the recently announced restructuring.

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