PREPARED REMARKS

FY2024 Q1

TAE LEE: SVP, CORPORATE FINANCE & INVESTOR RELATIONS

Welcome everyone and thank you for joining us today for the first 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.

Last year, I said that 2023 was our year of efficiency, and I am pleased to report that we have made steps in optimizing our operations and our resource allocations. Our efforts last year have established a solid foundation, and I am pleased to note that 2024 is our year of execution.

As part of this new phase, we have made some changes to our executive leadership team to better align with our strategic goals. We recognize the evolving landscape of our industry and the importance to act swiftly, and we have decided to reorganize our leadership team.

Our goal with this reorg is to better align our management structure with our strategic priority of growing our leadership position in mobile gaming. We have decided to streamline our executive leadership team by eliminating the roles of Chief Revenue Officer and Chief Operating Officer. This adjustment is designed to flatten our leadership and bring the studios under my direct oversight. In addition, all shared services operations will now report directly to me, which includes our talented Technology and HR teams. This change simplifies our reporting structure but also enhances my direct involvement in both our revenuegeneration strategies and operational management. This ensures we are as agile and effective as possible.

Additionally, Nir Korczak, our Chief Marketing Officer, who previously reported to our CRO, will now report directly to me. We are pushing to enhance the synergy between our marketing efforts and studio operations. By more closely integrating marketing directly within our studios, we are paving the way for more tactical and cohesive campaigns.

I also want to extend my heartfelt gratitude to our departing executives, who have played critical roles in our journey. Their contributions have been invaluable, and they leave behind a strong legacy of having helped build Playtika into an industry leading mobile gaming company. As we move forward, we are excited about the opportunities that these changes bring. Our streamlined and flatter structure will enhance decision-making and accelerate our plans, allowing us to better serve our community of players, and create value for our shareholders.

I am confident in our direction and the steps we are taking, and I look forward to updating you on our continued progress throughout the year.

I will now turn it over to Craig to talk in more detail about the business and financial results.

CRAIG ABRAHAMS: PRESIDENT & CHIEF FINANCIAL OFFICER.

Thank you, Robert.

I'd like to start by emphasizing the importance of our capital allocation principles, which we introduced last quarter. Our strategy focuses on balancing capital returns to shareholders and capital deployment for M&A. This approach helps ensure that every dollar invested is maximized for shareholder value.

I'm pleased to announce that our Board of Directors has authorized a new share repurchase program of $150 million. This initiative highlights our financial stability and our ongoing commitment to delivering long-term value to our shareholders. Together with our quarterly dividends, this share repurchase program is a key component of our strategy to systematically return capital to our shareholders.

Additionally, I want to update you on the performance of our recently acquired studios. Over the past two quarters, we have successfully added these new games into our overall operations. I am pleased to report that they have continued to demonstrate strong performance. This performance reaffirms our confidence in the value creation potential of our M&A strategy and our capability to replicate this success in future acquisitions.

Turning to our financial results.

For the quarter, we generated $651.2 million of revenue, up 2.1% sequentially and down (0.8)% year over year. Our increased investment in performance marketing had an impact on our Credit Adj. EBITDA margins this past quarter as we generated Credit Adj. EBITDA of $185.6 million, down (1.7)% sequentially and down (16.7)% year over year. Net Income was $53.0 million.

We saw strong results from our Direct-to-Consumer Platforms, as we generated $171.5 million, up 6.1% sequentially and 13.2% year over year. The strength in DTC was led by existing games on our platforms, as we experienced sequential growth in our DTC business across Bingo Blitz, Slotomania, Caesars Casino, House of Fun, and WSOP. We are in the early innings of our DTC business in Solitaire Grand Harvest and June’s Journey, and we expect to start to see incremental revenue contribution from DTC in the coming quarters.

Turning now to our business results from the quarter. Revenue across our casual games grew 2.9% sequentially and 1.3% year over year. The sequential growth in our casual games was led by Bingo Blitz, Solitaire Grand Harvest, and Animals & Coins.

Bingo Blitz revenue was $157.5 million, up 4.8% sequentially and down (1.0)% year over year. Following sequential revenue stability in Q4 of last year, I am pleased to report the strong sequential growth in Bingo, as this is a significant indicator of the resilience and growth potential of the Bingo Blitz franchise. While our revenue was down slightly year-over-year, the comparison is against the highest revenue quarter in Bingo's history. In addition, we are very proud of our Bingo Blitz team for their continued success in growing our DTC business. I am happy to report that Bingo Blitz's DTC revenues grew double-digits year over year.

Solitaire Grand Harvest revenue was $77.8 million, up 2.7% sequentially and down (8.9)% year over year. Solitaire Grand Harvest saw its revenue decrease over several quarters last year, following an exceptionally strong Q1. However, we are now seeing signs of positive momentum in this studio, and we remain optimistic about our roadmap this year.

Our Social-Casino themed games grew 1.4% sequentially and declined (3.5)% year over year. The sequential growth in Social-Casino themed games was led by WSOP, Governor of Poker 3, and Caesars Casino.

Slotomania revenue was $135.4 million, down (1.1)% sequentially and (7.6)% year over year. In response to the competitive landscape for Slotomania, we have increased our performance marketing investments. Our efforts are aimed at increasing installs and engagement and solidifying our position in a competitive market. In addition, we are making other strategic and tactical adjustments as we prioritize this franchise. We remain optimistic about our ability to stabilize and grow Slotomania over time and believe that our ongoing efforts will gradually reflect in improved revenue performance.

Turning now to specific line items in our P&L for the first quarter. Cost of revenue decreased (4.7)% year over year, driven primarily by growth in our DTC business, and operating expenses increased by 16.0%, driven primarily by increased performance marketing spending.

R&D increased by 4.4% year over year. Higher R&D expenses were primarily due to a shift in our workforce composition towards higher-cost locations, combined with merit-based compensation increases. These factors contributed to the rise in expenses, despite a decrease in overall headcount.

Sales & Marketing increased by 32.5% year over year. Growth in sales & marketing expenses were a result of the increase in performance marketing spend that we guided to on our last earnings call. Majority of the growth in performance marketing spend year over year was related to our newly acquired studios. We typically spend more in the first quarter than any other quarter, and so we expect the year over year growth in spending to taper off in the coming quarters.

G&A expenses declined slightly by (0.3)% year over year.

As of March 31st, we had approximately $1.0 billion in cash and cash equivalents.

Looking at our operating metrics, Average DPU increased 1.0% sequentially and decreased (5.2)% year over year to 309K. Average DAU increased 2.3% sequentially and decreased (3.3)% year over year to 8.8 million. ARPDAU increased 1.3% sequentially and year over year to $0.81 cents.

Finally, we expect revenue to be within the previously provided range of $2.52 to $2.62 billion and Credit Adjusted EBITDA in the range of $730 million to $770 million. Our outlook on capital expenditures remains unchanged.

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