UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

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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 March 31, 2024

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 May 6, 2024 the registrant had 371,128,120 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,” “future,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “present,” “preserve,” “project,” “pursue,” “should,” “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 26, 2024. 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:

- actions of our majority shareholder or other third parties that influence us;
- 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 identify acquisition targets that fit our strategy or complete acquisitions and integrate any acquired businesses successfully or realize the anticipated benefits of such acquisitions could limit our growth, disrupt our plans and operations or impact the amount of capital allocated to mergers and acquisitions;
- our ability to compete in a highly competitive industry with low barriers to entry;
- our ability to retain existing players, attract new players and increase the monetization of our player base;
- we have significant indebtedness and are subject to the obligations and restrictive covenants under our debt instruments;
- the impact of the COVID-19 pandemic or other health epidemics 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, Ukraine and Belarus and the fact that our controlling stockholder is a Chinese-owned company;
- geopolitical events, such as the Wars in Israel and Ukraine;
- our reliance on key personnel;
- market conditions or other factors affecting the payment of dividends, including the decision whether or not to pay a dividend;
- uncertainties regarding the amount and timing of repurchases under our stock repurchase program;
- 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 26, 2024. 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)

	March 31, 2024	December 31, 2023
ASSETS	**(Unaudited)**	
Current assets		
Cash and cash equivalents	$ 1,015.5	$ 1,029.7
Restricted cash	2.0	2.0
Accounts receivable	172.0	171.5
Prepaid expenses and other current assets	153.2	147.9
Total current assets	1,342.7	1,351.1
Property and equipment, net	120.8	119.9
Operating lease right-of-use assets	95.4	100.3
Intangible assets other than goodwill, net	295.8	311.2
Goodwill	984.9	987.2
Deferred tax assets, net	100.4	99.3
Investments in unconsolidated entities	48.4	54.4
Other non-current assets	156.3	151.6
Total assets	$ 3,144.7	$ 3,175.0
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Current maturities of long-term debt	$ 16.2	$ 16.8
Accounts payable	57.4	65.0
Operating lease liabilities, current	26.0	19.5
Accrued expenses and other current liabilities	392.5	438.3
Total current liabilities	492.1	539.6
Long-term debt	2,397.2	2,399.6
Contingent consideration	20.1	20.8
Other long-term liabilities, including employee related benefits	311.3	318.7
Operating lease liabilities, long-term	75.4	88.2
Deferred tax liabilities	29.0	29.6
Total liabilities	3,325.1	3,396.5
Commitments and contingencies (Note 7)		
Stockholders' equity (deficit)		
Common stock of $0.01 par value; 1,600.0 shares authorized; 371.0 and 370.0 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	4.1	4.1
Treasury stock at cost (51.8 shares at both March 31, 2024 and December 31, 2023)	(603.5)	(603.5)
Additional paid-in capital	1,288.4	1,264.9
Accumulated other comprehensive income	22.3	20.6
Accumulated deficit	(891.7)	(907.6)
Total stockholders' deficit	(180.4)	(221.5)
Total liabilities and stockholders' deficit	$ 3,144.7	$ 3,175.0

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 March 31, 2024	Three months ended March 31, 2023
Revenues	$ 651.2	$ 656.2
Costs and expenses		
Cost of revenue	177.0	185.7
Research and development	106.9	102.4
Sales and marketing	190.4	143.7
General and administrative	71.8	72.0
Impairment charge	7.0	—
Total costs and expenses	553.1	503.8
Income from operations	98.1	152.4
Interest and other, net	23.2	28.6
Income before income taxes	74.9	123.8
Provision for income taxes	21.9	39.7
Net income	53.0	84.1
Other comprehensive income (loss)		
Foreign currency translation	(4.0)	3.1
Change in fair value of derivatives	5.7	(7.8)
Total other comprehensive income (loss)	1.7	(4.7)
Comprehensive income	$ 54.7	$ 79.4
Net income per share attributable to common stockholders, basic	$ 0.14	$ 0.23
Net income per share attributable to common stockholders, diluted	$ 0.14	$ 0.23
Weighted-average shares used in computing net income per share attributable to common stockholders, basic	370.5	364.6
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	370.8	365.1

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	Retained earnings (Accumulated deficit)	Total stockholders' equity (deficit)
Balances at January 1, 2024	370.0	$ 4.1	$ (603.5)	$ 1,264.9	$ 20.6	$ (907.6)	$ (221.5)
Net income	—	—	—	—	—	53.0	53.0
Cash dividend declared ($0.10 per share)	—	—	—	—	—	(37.1)	(37.1)
Stock-based compensation	—	—	—	24.2	—	—	24.2
Issuance of shares upon vesting of RSUs and PSUs	1.0	*	—	(*)	—	—	—
Income tax withholding related to vesting of restricted stock units and other	—	—	—	(0.7)	—	—	(0.7)
Other comprehensive income	—	—	—	—	1.7	—	1.7
Balances at March 31, 2024	371.0	$ 4.1	$ (603.5)	$ 1,288.4	$ 22.3	$ (891.7)	$ (180.4)

	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)

* 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)

	Three months ended March 31,	
	2024	**2023**
Cash flows from operating activities		
Net income	$ 53.0	$ 84.1
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	12.3	11.6
Amortization of intangible assets	26.9	27.5
Impairment charges	7.0	—
Stock-based compensation	23.7	29.2
Amortization of loan discount	1.8	1.7
Change in contingent consideration	2.8	—
Change in deferred taxes, net	(3.6)	(3.5)
Loss from foreign currency	1.0	0.9
Non-cash lease expenses (income)	(1.5)	1.4
Changes in operating assets and liabilities:		
Accounts receivable	(1.1)	(35.0)
Prepaid expenses and other current and non-current assets	(6.3)	16.5
Accounts payable	2.5	(11.9)
Accrued expenses and other current and non-current liabilities	(88.9)	(102.0)
Net cash provided by operating activities	29.6	20.5
Cash flows from investing activities		
Purchase of property and equipment	(14.0)	(5.0)
Capitalization of internal use software costs	(10.6)	(8.1)
Purchase of software for internal use	(10.3)	(2.1)
Other investing activities	(1.0)	(0.2)
Net cash used in investing activities	(35.9)	(15.4)
Cash flows from financing activities		
Repayments on bank borrowings	(4.8)	(4.8)
Payment of tax withholdings on stock-based payments	(0.7)	(1.3)
Net cash used in financing activities	(5.5)	(6.1)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(2.4)	(0.4)
Net change in cash, cash equivalents and restricted cash	(14.2)	(1.4)
Cash, cash equivalents and restricted cash at the beginning of the period	1,031.7	770.4
Cash, cash equivalents and restricted cash at the end of the period	$ 1,017.5	$ 769.0

	Three months ended March 31,	
	2024	2023
Supplemental cash flow disclosures		
Cash paid for income taxes	$ 33.2	$ 39.9
Cash paid for interest	$ 43.3	$ 41.6
Cash received for interest	$ 15.0	$ 6.9
Non-cash financing and investing activities		
Accrued dividend	$ 37.1	$ —
Right-of-use assets acquired under operating leases	$ 0.1	$ 3.7
Accrued purchases of property and equipment and intangible assets	$ 7.0	$ —
Capitalization of stock-based compensation costs	$ 0.5	$ 0.6

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 at 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, 2023 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 months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. 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, 2023, as filed with the SEC on February 26, 2024.

Use of estimates

The preparation of the interim 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 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. 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:

	March 31, 2024	December 31, 2023
Apple	57%	56%
Google	27%	28%
Facebook	4%	4%

Accounts receivable are recorded at their transaction amounts and do not bear interest. The Company bases its allowance for credit losses on management's best estimate of the amount of probable credit losses in the Company's existing accounts receivable based on historical collection experience and current and expected future economic and market conditions.

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 units 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.

The Company recognized compensation expenses in respect of retention bonus and appreciation unit awards under its appreciation and retention plans of $22.9 million and $29.8 million during the three months ended March 31, 2024 and 2023, respectively.

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 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 based on 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 Euros (“EUR”), 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").

Investment in unconsolidated entities

The Company holds certain equity investments in various unconsolidated entities that, based upon the structure of the investment, are not within the scope of equity investment accounting that would lead to the consolidation conclusions above. Instead, these investments fall within the scope of ASC 321, *Investments - Equity Securities.* As permitted within that guidance, the Company has elected to account for these investments at cost less impairment, adjusted for changes in fair value from observable transactions for identical or similar investments of the same issuer as of the respective transaction dates. During the three months ended March 31, 2024, the Company recorded an impairment of $7.0 million related to one of its investments in an unconsolidated entity. No change to the carrying amounts were recorded in the three month ended March 31, 2023.

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.

NOTE 2. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities at March 31, 2024 and December 31, 2023 were as follows (in millions):

	March 31, 2024	December 31, 2023
Employees and related expenses	$ 88.6	$ 162.5
Accrued expenses	76.3	93.9
Media buy	61.7	54.5
Contingent consideration	49.5	46.0
Deferred revenues	43.9	46.0
Dividend payable	37.1	—
Tax accruals	35.4	35.4
Total accrued expenses and other current liabilities	$ 392.5	$ 438.3

NOTE 3. DEBT

(in millions, except interest rates)	March 31, 2024				December 31, 2023
	Maturity	Interest rate	Book value	Face value	Book value
Term Loan	2028	8.190%	$ 1,819.6	$ 1,847.8	$ 1,822.8
Senior Notes	2029	4.250%	593.8	600.0	593.6
Revolving Credit Facility	2026	n/a	—	—	—
Total debt			2,413.4	2,447.8	2,416.4
Less: Current portion of long-term debt			(16.2)	(23.8)	(16.8)
Long-term debt			$ 2,397.2	$ 2,424.0	$ 2,399.6

Book value of debt in the table above is reported net of deferred financing costs and original issue discount of $34.4 million and $36.1 million at March 31, 2024 and December 31, 2023, 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 March 31, 2024, the Company's first-priority net senior secured leverage ratio was 1.05 to 1.0.

The Company was in compliance with its financial and other covenants under the Credit Agreement as of March 31, 2024.

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 26, 2024.

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.

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 26, 2024.

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 March 31, 2024, a total of 48,726,990 shares of the Company's common stock had been allocated to awards granted under the Plan and 14,674,667 shares remained available for future grants.

Cash Dividend

The Board of Directors of the Company declared a cash dividend of $0.10 per share of the Company's outstanding common stock, payable on April 5, 2024 to stockholders of record as of the close of business on March 22, 2024. The dividend amount of $37.1 million is recorded in accrued expenses and other current liabilities at March 31, 2024.

Stock Options

The following table summarizes the Company's stock option activity during the three months ended March 31, 2024:

	Stock Options Outstanding (in millions)	Weighted Average Remaining Term (in years)	Weighted Average Exercise Price	Intrinsic Value (in millions)
Outstanding at January 1, 2024	1.7	7.6	$ 17.72	
Granted	—		$ —	
Exercised	—			
Cancelled	(0.1)		$ 17.89	
Expired	—		$ —	
Outstanding at March 31, 2024	1.6	7.4	$ 17.71	$ —
Exercisable at March 31, 2024	1.0	7.2	$ 19.47	$ —

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 the first quarter of 2023. There were no options granted in the first quarter of 2024.

	Three months ended March 31, 2023
Risk-free interest rate	3.79%
Expected dividend yield	—
Expected term in years	6.1
Expected volatility	52.79%

RSUs

The following table summarizes the Company's RSU activity during the three months ended March 31, 2024:

	Shares (in millions)	Weighted Average Grant Date Fair Value	Total Fair Value of Shares Vested (in millions)
Outstanding at January 1, 2024	21.3	$ 12.24	
Granted	0.2	$ 7.26	
Vested	(1.1)	$ 16.04	$ 8.0
Cancelled	(1.0)	$ 13.10	
Outstanding at March 31, 2024	19.4	$ 11.93	

PSUs

As of March 31, 2024, the Company estimated achievement of a target less than 100% for the PSUs associated with the 2024 tranche, consistent with the Company's current forecasted performance for 2024, and a target of 50% for the PSUs associated with the 2025 tranche.

The following table summarizes the Company's PSU activity during the three months ended March 31, 2024:

	Shares[(1)] (in millions)	Weighted Average Grant Date Fair Value	Total Fair Value of Shares Vested (in millions)
Outstanding at January 1, 2024	2.2	$ 9.72	
Granted	—	$ —	
Vested	*	$ 9.72	*
Cancelled	(0.7)	$ 9.72	
Outstanding at March 31, 2024	1.5	$ 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.

* Represents an amount less than 0.1 or $0.1

Stock-Based Compensation

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Stock options	$ 0.8	$ 0.3
RSUs	25.9	27.1
PSUs	(2.5)	2.4
Total stock-based compensation costs	$ 24.2	$ 29.8

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 March 31,	
	2024	2023
Research and development expenses	$ 8.1	$ 9.5
Sales and marketing expenses	1.8	2.4
General and administrative expenses	13.8	17.3
Total stock-based compensation costs, net of amounts capitalized	$ 23.7	$ 29.2

During the three months ended March 31, 2024 and 2023, the Company capitalized $0.5 million and $0.6 million of stock-based compensation cost, respectively.

As of March 31, 2024, the Company's total unrecognized stock-based compensation expenses related to stock options, RSUs and PSUs was approximately $4.1 million, $209.3 million and $2.0 million, respectively. The expense related to stock options, RSUs and PSUs are expected to be recognized over a weighted average period of 1.6 years, 2.9 years and 1.8 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 $47.0 million as of March 31, 2024 and was recorded in prepaid expenses and other current assets and other non-current assets in the accompanying consolidated balance sheets based upon the timing of the underlying expected cash flows.

Foreign currency hedge agreements

At March 31, 2024, the Company had outstanding derivative contracts to purchase certain foreign currencies, including EUR, ILS, RON, and PLN at future dates. The amount of future salary expenses the Company had hedged was approximately $192.9 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 $0.3 million as of March 31, 2024 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 March 31, 2024	Three months ended March 31, 2023
Derivative instruments - foreign currency derivative contracts	$ 39.1	$ 38.7
Derivative instruments - interest rate swaps	—	500.0
Derivative instruments - others (non-hedging)	—	1.9

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):

	March 31, 2024		
	Face Value	**Fair Value**	**Fair Value Hierarchy**
Term Loan	$ 1,847.8	$ 1,847.8	Level 2
Senior Notes	600.0	519.0	Level 2
Total debt	$ 2,447.8	$ 2,366.8	

	December 31, 2023		
	Face Value	**Fair Value**	**Fair Value Hierarchy**
Term Loan	$ 1,852.5	$ 1,847.9	Level 2
Senior Notes	600.0	525.8	Level 2
Total debt	$ 2,452.5	$ 2,373.7	

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 March 31, 2024 and December 31, 2023 (in millions):

	Fair Value Hierarchy	Fair Value at March 31, 2024		Fair Value at December 31, 2023	
Cash equivalents					
Money market funds	Level 1	$	491.5	$	524.4
Term deposits	Level 1		199.6		290.3
Commercial papers	Level 2		203.9		104.8
Prepaid expenses and other current assets					
Derivative instruments - interest rate swaps	Level 2	$	27.8	$	25.3
Derivative instruments - foreign currency derivative contracts	Level 2		2.0		4.3
Other non-current assets					
Derivative instruments - interest rate swaps	Level 2	$	19.2	$	15.2
Accrued expenses and other current liabilities					
Derivative instruments - foreign currency derivative contracts	Level 2	$	1.7	$	0.9
Other long-term liabilities, including employee related benefits					
Derivative instruments - interest rate swaps	Level 2	$	—	$	4.4

The change in fair value of contingent consideration payable was valued using significant unobservable inputs (Level 3), was included in the general and administrative expenses in the Company's consolidated statements of comprehensive income and consisted of the following (in millions):

Balance as of January 1, 2024	$	66.8
Fair value adjustments based upon post-acquisition performance		2.8
Balance as of March 31, 2024[(1)]	$	69.6

(1) Amount comprised of $67.2 million and $2.4 million for InnPlay and Youda Games acquisitions, respectively.

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 estimated the fair value of its contingent consideration liabilities using probability-weighted discounted cash flow analyses. These fair value measurements are based on significant inputs not observable in the market and thus represent Level 3 measurements as defined in ASC 820. The extent to which the actual results differ from assumptions made within the probability-weighted analyses will result in adjustments to this liability in future periods.

NOTE 7. COMMITMENTS AND CONTINGENCIES

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 documentary discovery completed. 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. The Company's motion to dismiss was granted with prejudice on March 18, 2024. However, on April 15, the plaintiffs filed a notice of appeal. As the appeals process has just begun, 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 November 4, 2022, the Company and certain of its directors were named in a derivative action lawsuit filed in the United States District Court for the Eastern District of New York (Bushansky v. Antokol., et al.). The complaint was brought on behalf of the Company by a putative stockholder alleging that the named directors were negligent in their oversight of the preparation of the Company's Proxy Statement in alleged violation of federal securities laws and that those directors breached their fiduciary duties upon related allegations. The complaint also asserts claims for contribution and indemnification, and aiding and abetting. The complaint seeks, among other things, damages, disgorgement and restitution by the director defendants, and attorneys' fees and costs. Based upon an agreement of plaintiff, the Company, and the other defendants, on February 13, 2023, the Court stayed this action until the resolution of the motion to dismiss in the class action case of Bar-Asher v. Playtika Holding Corp. When the motion to dismiss in the class action case of Bar-Asher v. Playtika Holding Corp. was granted as discussed above, this action was administratively closed. The Company does not expect this action to move forward until after the appeal of the class action case of Bar-Asher v. Playtika Holding Corp. has been decided. As this stage, 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 vigorously defend this case.

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. A pre-trial hearing was held on May 4, 2023. The parties agreed to appoint a mediator to try and resolve the dispute. The first mediation meeting was held on August 16, 2023 and the second mediation meeting was held on January 7, 2024. The parties have agreed upon a settlement which is currently pending review by certain third parties and the expected range of loss is not material to the Company's financial statements as a whole. If a mediated resolution is not reached the Company will continue defending this case vigorously.

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 August 18, 2023, defendants filed with the Court motions to dismiss the claims. A hearing on the motions to dismiss was held on November 21, 2023. On January 18, 2024, the court denied Playtika Holding UK II Limited's motion to dismiss in an oral ruling. The court issued a written opinion on May 3, 2024 granting the motion to dismiss the claims against the Company's officers. 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 13, 2023, plaintiff Gina v. Burt filed a lawsuit against the Company and its subsidiary, Playtika Ltd., in the Circuit Court of Coffee County, Tennessee, alleging that the Company's social casino-themed games are unlawful gambling under Tennessee law. The lawsuit seeks to recover all amounts paid by Tennessee residents to the Company in connection with its games during the period beginning one year before the filing of the lawsuit until the case is resolved but excluding any residents who spent $75,000 or more during such time period. After the Company removed the case to the U.S. District Court for the Eastern District of Tennessee, plaintiff filed a motion to remand the case back to the Coffee County Circuit Court which the Company opposed. The Company also filed a motion to dismiss and a motion to compel arbitration. These motions have been briefed and are currently pending. 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 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 in connection with its games during the period beginning one year before the filing of the lawsuit until the case is resolved. After the Company removed the case to the U.S. District Court for the Northern District of Alabama, plaintiff dismissed the complaint and filed a very similar new complaint in the Circuit Court of Franklin County, Alabama on August 25, 2023. The new complaint asserted the same cause of action and bases for relief, but limited the requested recovery to the amounts paid to the Company in connection with its games only by those Alabama residents who spent less than $75,000 during the one year before the filing of the lawsuit until the case is resolved. The Company timely removed the new complaint to the same U.S. district court on September 28, 2023. On October 20, 2023, the plaintiff filed a motion to remand the case back to the Franklin County Circuit Court which the Company opposed. A hearing on the motion to remand was held on March 20, 2024 and the parties are awaiting a ruling. 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 paid the deficit notice under protest and filed a claim with the district court on December 12, 2023. The Customs House submitted its statement of defense on April 17, 2024. The Company intends to pursue this case vigorously.

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 attempted to recover amounts spent by third parties on the Company's games by relying on state gambling loss recovery statutes. All of these demands have either been dismissed or resolved, on an individual basis, at an immaterial value.

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 March 31, 2024	Three months ended March 31, 2023
Geographic location		
USA	$ 440.2	$ 461.3
EMEA	121.6	105.0
APAC	44.2	46.1
Other	45.2	43.8
Total	$ 651.2	$ 656.2

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Third-party platforms	$ 479.7	$ 504.7
Direct-to-consumer platforms	171.5	151.5
Total revenues	$ 651.2	$ 656.2

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 30 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):

	March 31, 2024	December 31, 2023
Accounts receivable	$ 172.0	$ 171.5
Contract assets [(1)]	11.9	12.5
Contract liabilities [(2)]	43.9	46.0

(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 months ended March 31, 2024, the Company recognized $23.4 million of its contract liabilities that were outstanding as of December 31, 2023.

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):

	March 31, 2024	December 31, 2023
Israel	$ 89.9	$ 94.0
USA	69.4	64.8
Ukraine	20.1	21.8
Other	36.8	39.6
Total long-lived assets, net	$ 216.2	$ 220.2

NOTE 10. INTEREST AND OTHER, NET

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

	Three months ended March 31,	
	2024	**2023**
Interest expense	$ 39.0	$ 38.0
Interest income	(13.0)	(7.8)
Foreign currency translation differences, net	(2.8)	(1.8)
Other	—	0.2
Total interest and other, net	$ 23.2	$ 28.6

NOTE 11. INCOME TAXES

	Three months ended March 31,	
(in millions, except tax rate)	**2024**	**2023**
Income before income taxes	$ 74.9	$ 123.8
Provision for income taxes	$ 21.9	$ 39.7
Effective tax rate	29.2 %	32.1 %

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 months ended March 31, 2024 was primarily due to tax positions that do not meet the more likely than not standard, the inclusion of Global Intangible Low-Taxed Income, and non-deductible stock-based compensation expense. The difference between the effective tax rate and the 21% U.S. federal statutory rate for the three months ended March 31, 2023 was primarily due to tax provisions that do not meet the more likely than not standard and the inclusion of Global Intangible Low-Taxed Income.

NOTE 12. 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 three months ended March 31, 2024 and 2023 (in millions):

	Foreign Currency Translation	Interest Rate Swaps	Foreign Currency Derivative Contracts	Total
Balance as of January 1, 2024	$ (10.0)	$ 27.8	$ 2.8	$ 20.6
Other comprehensive income (loss) before reclassifications	(4.0)	14.5	(2.5)	8.0
Amounts reclassified from accumulated other comprehensive income (loss)	—	(6.2)	(0.1)	(6.3)
Balance as of March 31, 2024	$ (14.0)	$ 36.1	$ 0.2	$ 22.3

	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

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 March 31,	
	2024	**2023**
Interest rate swaps	$ 2.5	$ (2.5)
Foreign currency derivative contracts	(0.5)	(0.1)

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 months ended March 31, 2024 and 2023.

NOTE 13. 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 March 31,	
	2024	2023
Numerator:		
Net income	$ 53.0	$ 84.1
Denominator:		
Weighted-average shares used in computing net income per share attributable to common stockholders, basic	370.5	364.6
Stock-based compensation awards	0.3	0.5
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	370.8	365.1
Net income per share, basic	$ 0.14	$ 0.23
Net income per share, diluted	$ 0.14	$ 0.23

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 March 31,	
	2024	2023
Stock options	1.6	3.2
RSUs	19.9	12.9
Total	21.5	16.1

In addition, 1.5 million and 2.2 million PSUs were excluded from the calculation of diluted net income per share for each of the three months ended March 31, 2024 and 2023, respectively, because the minimum performance measures were not yet met.

NOTE 14. SUBSEQUENT EVENTS

The Company performed a review for subsequent events through the date of these financial statements.

On April 14, 2024, Iran launched a missile and drone attack at Israel, and on April 19, 2024, Israel launched a response attack on Iran. While this conflict has not had a direct material financial impact on the Company as of the date of this filing, the Company employs approximately 1,060 professionals in Israel which represents approximately 33% of our global workforce. The Company is actively monitoring the developments in this conflict. See further discussion in Risk Factors in Part II. Item 1A of this quarterly report on Form 10-Q.

No other 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.

Recent Events

On October 7, 2023, the State of Israel was attacked by Hamas, and the State of Israel subsequently declared war on Hamas. On April 14, 2024, Iran launched a missile and drone attack at Israel, and on April 19, 2024, Israel launched a response attack on Iran. While this war and conflict have not had a direct material financial impact on the Company as of the date of this filing, the Company employs approximately 1,060 professionals in Israel. The Company is actively monitoring the developments in this war.

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 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.

Impairment charge

Impairment charge reflects an impairment related to one of our investments in an unconsolidated entity. We hold certain equity investments in various unconsolidated entities that fall within the scope of ASC 321, *Investments - Equity Securities.* As permitted within that guidance, we have elected to account for these investments at cost less impairment, adjusted for changes in fair value from observable transactions for identical or similar investments of the same issuer as of the respective transaction dates.

Interest and other, net

Our interest expense includes interest incurred under our December 2019 Credit Agreement and amortization of deferred financing costs. 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.

Foreign currency translation adjustments, net, include gains and losses resulting from remeasurement of certain non-USD denominated balance sheet times.

Provision for income taxes

The provision for income taxes consists of current income taxes in the various jurisdictions where we are subject to taxation, primarily the United States, the United Kingdom, Israel, Germany, and Austria, as well as deferred income taxes reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities in each of these jurisdictions 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 DAUs. Average DAUs 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 MAUs for a particular period is the average of the MAUs for each month during that period. We believe that MAUs 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 March 31,	
	2024	2023
(in millions, except percentages, Average DPUs and ARPDAU)	(Unaudited)	
Revenues	$ 651.2	$ 656.2
Total cost and expenses	$ 553.1	$ 503.8
Operating income	$ 98.1	$ 152.4
Net income	$ 53.0	$ 84.1
Credit Adjusted EBITDA	$ 185.6	$ 222.7
Non-financial performance metrics		
Average DAUs	8.8	9.1
Average DPUs (in thousands)	309	326
Average Daily Payer Conversion	3.5 %	3.6 %
ARPDAU	$ 0.81	$ 0.80
Average MAUs	32.8	30.2

Comparison of the three months ended March 31, 2024 versus the three months ended March 31, 2023

	Three months ended March 31,	
	2024	2023
(in millions)	(Unaudited)	
Revenues	$ 651.2	$ 656.2
Cost of revenue	$ 177.0	$ 185.7
Research and development	106.9	102.4
Sales and marketing	190.4	143.7
General and administrative	71.8	72.0
Impairment of intangible assets	7.0	—
Total costs and expenses	$ 553.1	$ 503.8

Revenues

Revenues for the three months ended March 31, 2024 decreased by $5.0 million when compared with the comparable period of 2023. The net decrease in revenues for the three month period is primarily derived from the combination of growth in select casual game titles and the acquisition of Youda Games and InnPlay in August and September of 2023, respectively, which were more than offset by revenue declines in other casual titles and certain of our slot-themed games. Within our casual games portfolio, higher proportion of our revenues was derived from the sale of consumable goods as opposed to durable goods in Q1 2024 when compared to 2023, resulting in a lower amount of deferred revenue in the current quarter. 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 months ended March 31, 2024 decreased by $8.7 million when compared with the comparable period of 2023. The decrease in cost of revenue includes an approximate $7.7 million decrease in platform fees associated with reduced revenues and a greater percentage of revenue generated from our Direct-To-Consumer platforms, as well as a $2.2 million decrease in depreciation and amortization expenses.

Research and development expenses

Research and development expenses for the three months ended March 31, 2024 increased by $4.5 million when compared with the comparable period of 2023. The increase in research and development 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 and marketing expenses

Sales and marketing expenses for the three months ended March 31, 2024 increased by $46.7 million when compared with the comparable period of 2023. The increase in sales and marketing expenses was due almost entirely to increased media buy expenses driven by the acquisitions of InnPlay and Youda that were not present in the first quarter of 2023, and higher spending across the Company.

General and administrative expenses

General and administrative expenses for the three months ended March 31, 2024, decreased $0.2 million when compared with the comparable period of 2023. The decrease in general and administrative expenses includes an approximate $11.0 million impact by recent headcount reductions that reduced employee compensation costs, including decreased stock-based compensation expense, as well as a $0.9 million decrease in depreciation and amortization. These amounts were largely offset by an increase of $7.7 million to severance expense and adjustments of $2.8 million to the fair value of contingent considerations.

Impairment charge

During the three months ended March 31, 2024, we recorded an impairment charge of $7.0 million related to one of our investments in an unconsolidated affiliate.

Other Factors Affecting Net Income

	Three months ended March 31,	
	2024	**2023**
(in millions)	**(Unaudited)**	
Interest expense	$ 39.0	$ 38.0
Interest income	(13.0)	(7.8)
Foreign currency exchange, net	(2.8)	(1.8)
Other	—	0.2
Provision for income taxes	21.9	39.7

Interest

Interest expense for the three months ended March 31, 2024 increased by $1.0 million when compared with the same period of 2023 as a result of higher average interest rates on our variable rate debt.

Interest income for the three months ended March 31, 2024 increased by $5.2 million when compared with the same period of 2023 as a result of higher average interest rates earned on our cash and cash equivalents.

Provision for income taxes

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 months ended March 31, 2024 was primarily due to tax positions that do not meet the more likely than not standard, the inclusion of Global Intangible Low-Taxed Income, and non-deductible stock-based compensation expense. The difference between the effective tax rate and the 21% U.S. federal statutory rate for the three months ended March 31, 2023 was primarily due to tax provisions that do not meet the more likely than not standard and the inclusion of Global Intangible Low-Taxed Income.

Net income

Upon aggregating all of the components of our results of operations above, net income for the three months ended March 31, 2024, decreased $31.1 million when compared with the same periods of 2023.

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) impairment charges, (vi) stock-based compensation, (vii) contingent consideration, (viii) acquisition and related expenses, and (ix) 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.

	Three months ended March 31,	
(in millions)	**2024**	**2023**
Net income	$ 53.0	$ 84.1
Provision for income taxes	21.9	39.7
Interest expense and other, net	23.2	28.6
Depreciation and amortization	39.2	39.1
EBITDA	137.3	191.5
Stock-based compensation[1]	23.7	29.2
Impairment charges	7.0	—
Contingent consideration	2.9	—
Acquisition and related expenses[2]	2.2	1.2
Other items[3]	12.5	0.8
Credit Adjusted EBITDA	$ 185.6	$ 222.7
Net income margin	8.1 %	12.8 %
Credit Adjusted EBITDA margin	28.5 %	33.9 %

(1) Reflects, for all periods, stock-based compensation expense related to the issuance of equity awards to our employees.
(2) Amounts for all periods primarily relate to expenses incurred by the Company in connection with the evaluation of strategic alternatives for the Company.
(3) The amount for the three months ended March 31, 2024 consists primarily of $12.1 million incurred by the Company for severance. The amount for the three months ended March 31, 2023 consists primarily of $0.6 million incurred by the Company for severance.

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 $1,015.5 million and $1,029.7 million at March 31, 2024 and December 31, 2023, respectively. As of both March 31, 2024 and December 31, 2023, 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):

	Three months ended March 31,	
	2024	2023
Net cash flows provided by operating activities	$ 29.6	$ 20.5
Net cash flows used in investing activities	(35.9)	(15.4)
Net cash flows used in financing activities	(5.5)	(6.1)
Effect of foreign exchange rate changes on cash and cash equivalents	(2.4)	(0.4)
Net change in cash, cash equivalents and restricted cash	$ (14.2)	$ (1.4)

Operating activities

Net cash flows provided by operating activities for the three months ended March 31, 2024 was $29.6 million compared with cash flows provided by operating activities of $20.5 million for the same period of 2023. 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 three months ended March 31, 2024 was $35.9 million when compared with $15.4 million for the same period of 2023. 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 three months ended March 31, 2024 was $5.5 million, compared with $6.1 million for the same period of 2023. Financing activity cash flows for the three months ended March 31, 2024 and 2023 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.

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.

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 26, 2024.

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 $1,819.6 million and $1,822.8 million at March 31, 2024 and December 31, 2023, respectively, which were subject to a weighted average interest rate of 8.20% and 7.84% for the three months ended March 31, 2024 and the year ended December 31, 2023, respectively. There were no borrowings against our Revolving Credit Facility at March 31, 2024 or December 31, 2023.

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 $8.5 million over a twelve-month period, including 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 $1,017.5 million and $1,031.7 million as of March 31, 2024 and December 31, 2023, 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. A hypothetical 100 bps increase or decrease in interest rates would have increased or decreased the fair value as of March 31, 2024 by $0.2 million.

Foreign currency risk

Our functional currency is the U.S. Dollar and most of our revenues are denominated in U.S. Dollars. However, we have foreign currency risks related to a significant portion of our operating expenses, consisting of headcount related expenses as well as leases and certain other operating expenses, denominated in currencies other than the U.S. Dollar, primarily the Euro (“EUR”), Israeli Shekel (“ILS”), 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 March 31, 2024, we had entered into derivative contracts to purchase certain foreign currencies, including EUR, ILS, RON, and PLN, at future dates. The approximate amount of hedges was equal to $192.9 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 March 31, 2024, 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 March 31, 2024.

For the quarter ended March 31, 2024, 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

We have offices and other significant operations located in Israel, and, therefore, our results may be adversely affected by political, economic and military instability in Israel, including the ongoing War in Israel.

While we maintain offices in the United States, we maintain offices and conduct significant operations in Israel, and most of our senior management is based in Israel. In addition, many of our employees and officers are residents of Israel. Accordingly, political, economic and military conditions in Israel directly affect our business. For example, the current political situation in Israel where the ruling parties are attempting to implement laws that essentially allow the parliament to enact laws that are preemptively immune to judicial review could adversely affect our business and results of operations. In addition, any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect our business and results of operations. Since the establishment of the State of Israel, a number of armed conflicts have taken place between Israel and its neighboring countries, as well as terrorist acts committed within Israel by hostile elements. In addition, recent political uprisings and conflicts in various countries in the Middle East, including Syria, are affecting the political stability of those countries. In addition, the tensions between Israel and Iran and certain extremist groups in the region may escalate in the future and turn violent, which could affect the Israeli economy in general and us in particular. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions, could harm our results of operations and could make it more difficult for us to raise capital. Parties with whom we do business may sometimes decline to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary in order to meet our business partners face to face. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements. Our commercial insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East, with limited exceptions. Although the Israeli government has in the past covered the reinstatement value of certain damages that were caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained or, if maintained, will be sufficient to compensate us fully for damages incurred. Any losses or damages incurred by us could cause a significant disruption in our employees' lives and possibly put their lives at risk, which would have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions generally and could harm our results of operations. Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our results of operations, financial conditions or the expansion of our business. A campaign of boycotts, divestment and sanctions has been undertaken against Israel, which could also adversely impact our business.

On October 7, 2023, the State of Israel was attacked by Hamas, a group designated as a terrorist organization by the United States, and the State of Israel subsequently declared war on Hamas. Casualties have been sustained by both sides and the State of Israel has called a percentage of the population into active duty including employees of the Company. We cannot predict the outcome of developments in the War in Israel or the reaction to such developments by other countries or international authorities particularly as the conflict has triggered diplomatic rifts and protests around the world. Hezbollah, a group designated as a terrorist organization by the United States which controls land in Southern Lebanon that borders Israel, and Israeli forces have clashed since the October 7, 2023 attacks by Hamas. On April 14, 2024, Iran launched a missile and drone attack at Israel, and on April 19, 2024, Israel launched a response attack on Iran. An escalation or continuation of the conflict could result in additional military reserve duty call-ups, damage to infrastructure in Israel and other ramifications that could have a material adverse effect on our operations.

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, 2023, 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, 2023. 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 March 31, 2024, 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
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)	

# 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 May 9, 2024

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.

May 9, 2024

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.

May 9, 2024

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 March 31, 2024 (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.

May 9, 2024

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 March 31, 2024 (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.

May 9, 2024

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