UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

July 1, 2024
Date of Report (date of earliest event reported)

PLAYSTUDIOS, Inc.

(Exact name of registrant as specified in its charter)

Delaware	001-39652	**88-1802794**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

10150 Covington Cross Drive, Las Vegas, Nevada	**89144**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(725) 877-7000**

Not applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock	**MYPS**	**Nasdaq Stock Market LLC**
Redeemable warrants, each whole warrant exercisable for one share of Class A common stock at an exercise price of $11.50 per share	**MYPSW**	**Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Explanatory Note

This Amendment No. 1 on Form 8-K/A amends the Current Report on Form 8-K of PLAYSTUDIOS, Inc. (the “Company”) that was originally filed with the U.S. Securities and Exchange Commission on July 8, 2024 (the “Original Form 8-K”). The Original Form 8-K reported the acquisition by PLAYSTUDIOS US, LLC (“PSUS”), a wholly owned subsidiary of the Company, and PLAYSTUDIOS International Israel Ltd., a wholly owned subsidiary of PSUS, of substantially all of the assets of Pixode Games Limited (“Pixode”). This Amendment No. 1 on Form 8-K/A amends and restates in its entirety Item 9.01 of the Original Form 8-K to include the financial statements of Pixode and pro forma financial information required by Item 9.01. The remainder of the information contained in the Original Form 8-K is not hereby amended.

Item 9.01. Financial Statements and Exhibits

(a) Financial Statements of Business Acquired

In accordance with Item 9.01(a), the audited financial statements of Pixode as of and for the year ended December 31, 2023 are attached hereto as Exhibit 99.1 and are incorporated herein by reference.

The unaudited financial statements of Pixode as of March 31, 2024 and for the three months ended March 31, 2024 are attached hereto as Exhibit 99.2 and are incorporated herein by reference.

(b) Pro Forma Financial Information

In accordance with Item 9.01(b), the unaudited pro forma condensed combined financial information of the Company and Pixode as of March 31, 2024 and for the year ended December 31, 2023 and the three months ended March 31, 2024 are attached hereto as Exhibit 99.3 and are incorporated herein by reference.

(c) Shell Company Transactions

Not applicable.

(d) Exhibits

Exhibit Number	Description
23.1	Consent of Frank, Rimerman + Co. LLP, independent auditor.
99.1 *	Audited financial statements of Pixode Games Limited as of and for the year ended December 31, 2023.
99.2 *	Unaudited financial statements of Pixode Games Limited as of March 31, 2024 and for the three months ended March 31, 2024.
99.3 *	Unaudited Pro Forma Condensed Combined Financial Information of PLAYSTUDIOS, Inc. and Pixode Games Limited as of March 31, 2024 and for the year ended December 31, 2023 and the three months ended March 31, 2024.
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document)

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: September 16, 2024

PLAYSTUDIOS, Inc.

By: /s/ Scott Peterson

Name: Scott Peterson

Title: Chief Financial Officer

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the inclusion of our report dated September 16, 2024, on the consolidated balance sheet of Pixode Games Limited as of December 31, 2023, and the related consolidated statements of operations, comprehensive loss, shareholder's deficit and cash flows for the year then ended, which appears in the Amended Current Report on Form 8-K/A of PLAYSTUDIOS Inc. (Commission File No. 001-39652) dated September 16, 2024.

/s/ Frank, Rimerman + Co. LLP

San Francisco, California
September 16, 2024

PIXODE GAMES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2023

Board of Directors of
Pixode Games Limited
Milton Keynes, United Kingdom

INDEPENDENT AUDITOR’S REPORT

Opinion

We have audited the accompanying consolidated financial statements of Pixode Games Limited (the Company), which comprise the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of operations, comprehensive loss, shareholder’s deficit, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the Company sold substantially all of its tangible and intangible assets on July 1, 2024. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

/s/ Frank, Rimerman + Co. LLP

San Francisco, California
September 16, 2024

PIXODE GAMES LIMITED
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2023
(in U.S. Dollars)

		December 31, 2023
ASSETS		
Current assets:		
Cash	$	261,016
Accounts receivable		20,159
Income tax receivable		55,592
Other current assets		31,957
Total current assets		368,724
Property and equipment, net		17,819
Deferred income tax asset		22,591
Operating lease right-of-use asset		105,517
Total noncurrent assets		145,927
Total assets	$	514,651
LIABILITIES AND SHAREHOLDER'S DEFICIT		
Current liabilities:		
Accounts payable		286,139
Accrued and other current liabilities		566,645
Income tax payable		51,126
Operating lease liability		73,796
Long-term debt		7,829,747
Total current liabilities		8,807,453
Operating lease liability, noncurrent		31,719
Long-term debt, less current portion		150,000
Advance subscription agreement		850,000
Total noncurrent liabilities		1,031,719
Total liabilities	$	9,839,172
Commitments and contingencies (Notes 7 and 12)		
Shareholder's deficit:		
Ordinary share capital, £1.00 par value (1,000 shares authorized, issued, and outstanding		1,332
Additional paid-in capital		1,179,148
Accumulated other comprehensive loss		(145,372)
Accumulated deficit		(10,359,629)
Total shareholder's deficit		(9,324,521)
Total liabilities and shareholder's deficit	$	514,651

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

PIXODE GAMES LIMITED
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(in U.S. Dollars)

	Year ended December 31, 2023
Net revenues	$ 107,544
Operating expenses:	
Cost of revenues[1]	24,440
Selling and marketing	1,449,454
Research and development	1,830,911
General and administrative	796,219
Depreciation	10,067
Total operating expenses	4,111,091
Loss from operations	(4,003,547)
Other expenses, net:	
Interest expense, net	(306,557)
Other income, net	20,286
Total other expenses, net	(286,271)
Loss before income taxes	(4,289,818)
Income tax expense	(30,348)
Net loss	$ (4,320,166)

(1) Amounts exclude depreciation.

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

PIXODE GAMES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31, 2023
(in U.S. Dollars)

		Year ended December 31, 2023
Net loss	$	(4,320,166)
Other comprehensive loss:		
Foreign currency translation adjustment		(307,776)
Comprehensive loss	$	(4,627,942)

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

PIXODE GAMES LIMITED
CONSOLIDATED STATEMENT OF SHAREHOLDER'S DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2023
(in US Dollars)

	Ordinary Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Shareholder's Deficit
	Shares	Amount				
Balance as of January 1, 2023	1,000	$ 1,332	$ 1,179,148	$ 162,404	$ (6,039,463)	$ (4,696,579)
Net loss	—	—	—	—	(4,320,166)	(4,320,166)
Foreign currency translation adjustment	—	—	—	(307,776)	—	(307,776)
Balance as of December 31, 2023	1,000	$ 1,332	$ 1,179,148	$ (145,372)	$ (10,359,629)	$ (9,324,521)

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

PIXODE GAMES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(in US Dollars)

		December 31, 2023
Cash flows from operating activities:		
Net loss	$	(4,320,166)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation		10,067
Deferred income tax expense		11,288
Amortization of operating lease right-of-use asset		70,283
Changes in operating assets and liabilities		
Accounts receivable		(19,345)
Other current assets		7,317
Income tax receivable, net of payable		226,539
Accounts payable		198,863
Accrued and other current liabilities		195,383
Operating lease liability		(70,116)
Net cash used in operating activities		(3,689,887)
Cash flows from investing activities:		
Purchase of property and equipment		(4,045)
Net cash used in investing activities		(4,045)
Cash flows from financing activities:		
Proceeds from long-term debt		3,944,128
Payments on long-term debt		(1,075,013)
Proceeds from advance subscription agreement		850,000
Net cash provided by financing activities		3,719,115
Effect of foreign currency translation adjustment on cash		2,116
Net change in cash		27,299
Cash at beginning of period		233,717
Cash at end of period	$	261,016
Supplemental cash flow disclosure:		
Income tax refunds, net of payments	$	230,445

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

NOTE 1—BACKGROUND AND BASIS OF PRESENTATION

Organization and Description of Business

Pixode Games Limited (the "Company") was incorporated in the United Kingdom on January 21, 2016 as a private company and commenced its operations on the same day. The principal activity of the Company and its wholly-owned subsidiary, Pixode Israel Limited (incorporated in Israel), is the development and publishing of mobile and social games.

The Company’s registered office is 3rd Floor, Norfolk House, 106 Saxon Gate West, Milton Keynes, United Kingdom, MK9 2DN.

The Company’s consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Asset Sale

On July 1, 2024, the Company sold substantially all its tangible and intangible assets to companies affiliated with PLAYSTUDIOS, Inc. (the “Asset Sale”). The Company’s assets were sold for $3.5 million cash paid at closing, and the Company may receive additional consideration, contingent upon the satisfaction of certain product and financial milestones as defined in the sales agreement, up to a maximum amount of $113.5 million.

As a result of the sale, the Company's operations will be significantly reduced. The Company does not expect to incur further research and development or selling and marketing expenses. Moving forward, the Company will focus on its remaining operations, primarily based in the United Kingdom, which will primarily consist of general corporate matters. The Israel entity is expected to become dormant. Proceeds from the sale will support the Company's operations and other general corporate purposes.

Management’s Plans Regarding the Financing of Future Operations

The Company prepares its consolidated financial statements in accordance with Financial Accounting Standards Board (“FASB) Accounting Standards Codification (“ASC”) Topic 205-40, *Presentation of Financial Statements – Going Concern*, which requires management to assess the Company’s ability to continue as a going concern within one year after the date the consolidated financial statements are issued.

The Company has incurred recurring net losses and negative cash flows from operating activities since inception and has an accumulated deficit of $10,359,629 as of December 31, 2023. Management believes with the existing financial resources as of December 31, 2023, the proceeds from the Asset Sale, and proper management of expenditures, the Company will have sufficient resources to sustain operations through September 2025. However, there can be no assurance that management will be successful in these efforts and, if the Company requires additional debt or equity financing, there is no assurance financing will be available at terms acceptable to the Company, if at all.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The accompanying consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All intercompany balances and transactions have been eliminated upon consolidation.

Foreign Currency Translation and Transactions

The functional currency of the Company and its subsidiary is the applicable local currency. The translation of foreign currencies into U.S. dollars is performed for the subsidiary assets and liabilities using current foreign currency exchange rates in effect at the consolidated balance sheet date and for revenue and expense accounts using average foreign currency exchange rates during the year. Capital accounts are translated at historical foreign currency exchange rates. Translation gains and losses are included in shareholder's deficit as a component of accumulated other comprehensive income. Adjustments that arise from foreign currency exchange rate changes on transactions, primarily driven by intercompany transactions, denominated in a currency other than the functional currency are included in "Other income (expense), net" in the Consolidated Statement of Operations.

Comprehensive Loss

The Company reports comprehensive loss, which includes the Company's net loss as well as changes in equity from non-shareholder sources, as a separate component of shareholders' deficit. In the Company's case, the change in shareholder's deficit from non-shareholder sources included in comprehensive loss is the cumulative foreign exchange translation adjustment.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires us to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and notes thereto. Significant estimates and assumptions reflected in the Company's consolidated financial statements include the estimated consumption rate of virtual goods that is used in the determination of revenue recognition, useful lives of property and equipment, the expensing or capitalization of research and development costs for internal-use software, and assumptions used in accounting for income taxes. The Company believes the accounting estimates are appropriate and reasonably determined. Due to the inherent uncertainties in making these estimates, actual amounts could differ materially.

Risks and Uncertainties

The Company is subject to a number of risks associated with companies at a similar stage, including dependence on key individuals, competition from substitute services and larger companies, volatility of the industry, ability to obtain adequate financing to support growth, the ability to attract and retain additional qualified personnel to manage the anticipated growth of the Company, and general economic and political conditions.

Cash

Cash consists of amounts in demand deposits.

Accounts Receivable and Allowance for Credit Losses

The Company's accounts receivable consist primarily of amounts due from social and mobile game platform operators, including Apple Inc. and Alphabet Inc., as well as advertising agencies. Accounts receivable are typically non-interest bearing and are initially recorded at invoiced amounts. The Company regularly reviews accounts receivable by considering current and expected economic conditions and the financial positions its customers. Accounts are written off when the Company deems them to be uncollectible. Recoveries of accounts previously written off are recorded when received. The Company reserves an estimated amount for receivables that may not be collected to reduce receivables to their net carrying amount, which approximates fair value. Methodologies for estimating the allowance for uncollectible amounts range from specific reserves to various percentages applied to aged receivables.

Effective January 1, 2023, the Company adopted FASB ASC 2026-13, *Financial Instruments – Credit Losses.* The standard requires all entities to evaluate, on an ongoing basis, future expected credit losses for financial instruments recorded at amortized cost, including accounts receivable. The standard introduces the "expected credit loss methodology" and creates the current expected loss model ("CECL"), which replaces the "incurred credit loss" model for the measurement of credit losses. Credit losses continue to be measured and recognized based on historical experience and an evaluation of customer creditworthiness, but CECL also requires the use of reasonably supportable forecasted conditions to determine collectability.

The Company adopted ASC 326 using the modified retrospective method. Results of operations for 2023 are presented in accordance with the new standard. The adoption did not have a material impact on the Company's consolidated financial position based on the change in methodology.

Property and Equipment

Items of property and equipment are measured at cost with the addition of direct acquisition costs, less accumulated depreciation. Cost includes amounts paid to acquire or construct the asset as well as any expenditure that substantially adds to the value of or significantly extends the useful life of an existing asset.

Depreciation of property and equipment is calculated by the straight-line method over the useful life of the assets, at the following annual rates:

	Estimated Useful Life
Computer and peripheral equipment	3 years
Office furniture and equipment	6.67 years
Leasehold improvements	Lesser of estimated useful life or remaining lease term

Accounting for Impairment of Long-Lived Assets

Long-lived assets consist of property and equipment and the ROU asset. Long-lived assets are reviewed for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If assets are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds their fair value. If the Company reduces the estimated useful life assumption for any asset, the remaining unamortized balance would be depreciated or amortized over the revised estimated useful life.

Revenue Recognition

The Company determines revenue recognition in accordance with ASC 606, *Revenues from Contracts with Customers*, by:

- identifying the contract, or contracts, with a customer;
- identifying the performance obligations in each contract;
- determining the transaction price;
- allocating the transaction price to the performance obligations in each contract; and
- recognizing revenue when, or as, the Company satisfies performance obligations by transferring the promised goods or services.

Virtual Currency

The Company develops and operates free-to-play games which are downloaded and played on social and mobile platforms. Players may collect virtual currency free of charge through the passage of time or through targeted marketing promotions. Additionally, players can send free “gifts” of virtual currency to their friends through interactions with certain social platforms. Players may also purchase additional virtual currency through accepted payment methods offered by the platform. Once a purchase is completed, the virtual currency is deposited into the player’s account and is not separately identifiable from previously purchased virtual currency or virtual currency obtained by the player for free. Once obtained, virtual currency (either free or purchased) cannot be redeemed for cash nor exchanged for anything other than gameplay. When virtual currency is consumed in the games, the player could “win” and would be awarded additional virtual currency or could “lose” and lose the future use of that virtual currency. As the player does not receive any additional benefit from the games, nor is the player entitled to any additional rights once the player’s virtual currency is substantially consumed, the Company has concluded that the virtual currency represents consumable goods.

Players can earn loyalty points through a variety of activities, including but not limited to playing the Company’s games, engaging with in-game advertising, engaging with marketing emails, and logging into the game. The loyalty points can be redeemed for rewards offered by the Company’s rewards partners. There is no obligation for the Company to pay or otherwise compensate the Company’s rewards partners for any player redemptions under the Company’s rewards partner agreements. In addition, both paying and non-paying players can earn loyalty points. Therefore, the loyalty points earned by players are marketing offers and do not provide players with material rights. Accordingly, the loyalty points do not require any allocation to the transaction price of virtual currency.

Additionally, certain of the Company’s games participate in an additional program that ranks players into different tiers based on tier points earned during a given time frame. Tier points can be earned through a variety of player engagement activities including, but not limited to logging into the games, achieving multi-day log-in streaks, collecting hourly bonuses, and purchasing virtual currency bundles. Depending on the tier, players are granted access to special benefits at the Company’s discretion. Similar to loyalty points that are redeemable for real-world rewards, the tier points are not awarded as a result of a contract with a customer since both paying and non-paying players can earn these tier points. As a result, the tier points earned by players do not provide players with material rights and do not require any allocation to the transaction price of virtual currency.

The Company has the performance obligation to display and provide access to the virtual currency purchased by the Company’s player within the game whenever the player accesses the game until the virtual currency is consumed. Payment is required at the time of purchase and the transaction price is fixed. The transaction price, which is the amount paid for the virtual currency by the player, is allocated entirely to this single performance obligation.

As virtual currency represents consumable goods, the Company recognizes revenues as the virtual currency is consumed over the estimated consumption period. Since the Company is unable to distinguish between the consumption of purchased or free virtual currency, the Company must estimate the amount of outstanding purchased virtual currency at each reporting date based on player behavior. The Company recognizes revenues from in-game purchases of virtual currency over this estimated average period between when the virtual currency is purchased and consumed. If applicable, the Company records the unconsumed virtual currency in “Deferred revenue” and records the prepaid payment processing fees associated with the deferred revenue in “Other current assets”.

The Company continues to gather detailed player behavior and assess this data in relation to its revenue recognition policy. To the extent the player behavior changes, the Company may reassess its estimates and assumptions used for revenue recognition prospectively on the basis that the changes are caused by new factors indicating a change in player behavior patterns.

Advertising Revenue

The Company has contractual relationships with advertising service providers for advertisements within the Company's games. Advertisements can be in the form of an impression, click-throughs, banner ads, or offers. Offers are advertisements where the players are rewarded with virtual currency for watching a short video. The Company has determined the advertising service provider to be its customer and displaying the advertisements within its games is identified as the single performance obligation. Revenues from advertisements and offers are recognized at a point in time when the advertisements are displayed, or when the player has completed the offer as the advertising service provider simultaneously receives and consumes the benefits provided from these services. The price can be determined by the applicable evidence of the arrangement, which may include a master contract or a third-party statement of activity.

The transaction price is generally the product of the advertising units delivered (e.g. impressions, videos viewed) and the contractually agreed upon price per advertising unit. Further, the price per advertising unit can also be based on revenue share percentages stated in the contract. The number of advertising units delivered is determined at the end of each month, so there is no uncertainty about the transaction price. Payment terms are stipulated as a specific number of days subsequent to end of the month, ranging from 45 to 60 days.

Principal Agent Considerations

The Company's games are played on social and mobile third-party platforms for which the third parties collect monies from players and remit net proceeds after deducting payment processing fees. The Company is primarily responsible for providing access to the virtual currency, has control over the content and functionality of games before they are accessed by players, and has the discretion to establish the pricing for the virtual currency. Therefore, the Company concluded that it is the principal in these transactions and, as a result, revenues are reported gross of payment processing fees. Payment processing fees are recorded as a component of "Cost of revenues" in the Consolidated Statement of Operations.

The advertising networks act on the Company's behalf when negotiating the advertising placements in the Company's games and the Company receives a commission from the advertising network for the transaction with the third party. The advertising networks have control of the transaction price with its customers. Therefore, the Company concluded that it is the agent in these transactions and, as a result, reports its advertising revenues net of amounts retained by advertising service providers.

Cost of Revenues

Cost of revenues relates to direct expenses incurred to generate revenue from online and mobile games and is recorded as incurred. The Company's cost of revenue consists primarily of payment processing fees, and hosting and data center costs related to operating its games. Payment processing fees consist of fees paid to third-party social and mobile platform operators. If applicable, other than the deferral of payment processing fees associated with deferred revenue, payment processing fees are expensed as incurred.

Leases

The Company accounts for its leases under FASB ASC Topic 842, *Leases*, which requires all entities that lease assets to capitalize the assets with terms of greater than twelve months and related liabilities on the consolidated balance sheet. . Leases are classified as either an operating or finance lease under ASC 842, with classification affecting the pattern of expense recognition in operations.

An operating lease right-of-use asset ("ROU asset") and operating lease liability are recognized at the lease commencement date and initially measured based on the present value of lease payments and lease incentives received over the defined lease term. The Company's lease terms may include options to extend or terminate the lease. The Company assesses these options using a threshold of whether the Company is reasonably certain to exercise the option to extend or terminate the lease. For leases the Company is reasonably certain to renew, the option periods are included within the lease term and, therefore, the measurement of the ROU asset and lease liability. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company's facility lease agreement does not contain any restrictions or covenants.

The implicit interest rate is used to determine the present value of future lease payments when readily determinable. As most operating leases do not provide an implicit interest rate, the Company uses its estimated incremental borrowing rate based upon the capital structure of the Company and other information available at the lease commencement date in determining the present value of lease payments. The operating lease ROU assets also include any prepaid lease payments made and are net of any lease incentives. The Company does not record an ROU asset or lease liability for operating leases with a term of twelve months or less unless the lease provides an option to purchase the asset at the end of the lease term or an option to extend the lease longer than twelve months that management is reasonably certain to exercise.

Fair Value Measurements

The carrying amounts of the Company's financial instruments, including accounts receivable, accounts payable, and accrued and other current liabilities, approximate fair value because of their short-term maturities.

According to FASB ASC Topic 820, *Fair Value Measurement*, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants as of the measurement date. The fair value hierarchy establishes three tiers, which prioritize the inputs used in measuring fair value as follows:

Level 1—Observable inputs, such as quoted prices in active markets for identical assets or liabilities;

Level 2—Inputs, other than quoted prices in active markets, that are observable either directly or indirectly, for substantially the full term of the financial instrument; and

Level 3—Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Entities are permitted to choose to measure certain financial instruments and other items at fair value. The Company has not elected the fair value measurement option for any of the Company's assets or liabilities that meet the criteria for this election.

Selling and Marketing Expenses

Selling and marketing expenses consist of compensation, employee benefits, and Internet advertising costs. Fees paid to third parties and merchants for new customer referrals are also included in selling and marketing expenses. Costs associated with the Company's advertising are expensed as incurred and are included in selling and marketing expenses.

Advertising expense for our games for the year ended December 31, 2023 was $516,103.

Research and Development Expenses

The Company incurs various direct costs in relation to the development of future social and mobile games along with costs to improve current social and mobile games. Research and development costs consist primarily of consulting fees. The Company evaluates research and development costs incurred to determine whether the costs relate to the development of software and are, therefore, qualified to be capitalized under FASB ASC Topic 350-40, *Intangible - Goodwill and Other, Internal-Use Software*. The Company expenses all research and development costs as incurred.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC Topic 740, *Income Taxes*, which requires recognition of deferred income tax assets and liabilities for the expected future tax consequences of events that have been included in its consolidated financial statements or income tax returns. Under ASC 740, the Company determines deferred income tax assets and liabilities based on the temporary difference between the consolidated financial statements and tax bases of assets and liabilities using the enacted income tax rates in effect for the year in which it expects the differences to be recovered or settled. The Company establishes a valuation allowance based on the weight of the available positive and negative evidence to reduce deferred income tax assets to the amount that is more likely than not to be realized.

The Company accounts for uncertain tax positions in accordance with ASC 740, which requires companies to adjust their consolidated financial statements to reflect only those tax positions that are more likely than not to be sustained upon examination by taxing authorities based on the technical merits of the issue. ASC 740 prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain income tax positions taken or expected to be taken in income tax returns. The Company recognizes interest and penalties related to unrecognized income tax benefits in the provision for income taxes. As of December 31, 2023, there were no uncertain tax positions.

The Company elected to account for the impact of the global intangible low-taxed income ("GILTI") inclusion and base erosion anti-avoidance tax ("BEAT") based on the period cost method.

NOTE 3—RELATED PARTY TRANSACTIONS

As of and for the year ended December 31, 2023 the Company has the following related party transactions:

Related party	Nature of Relationship	Description	Financial statement caption	December 31, 2023
Consolidated Balance Sheet				
Apliko Ltd.	Shareholder	Working capital	Long-term debt	$ 7,829,747
Adept Marketing Ltd.	Entity affiliated with key management	Leased asset	Operating lease right-of-use asset	$ 105,517
			Operating lease liability	$ 105,515
Sandler-Backner Group Ltd.	Entity affiliated with key management	Working capital	Long-term debt, less current portion	$ 150,000
Consolidated Statement of Operations				
Adept Marketing Ltd.	Entity affiliated with key management	Rent and other facilities expenses	Selling & marketing expenses General & administrative expenses	$ 220,066
Or Reznitsky	Key Management	Contractor services	Selling & marketing expenses	$ 69,853
Kinoa Labs Ltd.	Entity affiliated with shareholder	Software development services	Research & development expenses	$ 59,900

NOTE 4—OTHER CURRENT ASSETS

Other current assets consist entirely of value-added tax receivables.

NOTE 5—PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

	December 31, 2023
Computer equipment and peripherals	29,062
Office furniture and equipment	5,717
Leasehold improvements	4,882
	39,661
Less: accumulated depreciation	(21,842)
Total property and equipment, net	$ 17,819

NOTE 6—ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities consist of the following:

	December 31, 2023
Accrued interest	440,121
Accrued payroll and vacation	90,618
Other current liabilities	35,906
Total other current liabilities	$ 566,645

NOTE 7—OPERATING LEASE

The Company leases its office facility under a non-cancelable operating lease agreement expiring on May 31, 2025. Under the terms of the agreement, the Company is responsible for certain insurance, property tax, and maintenance expenses.

The facility lease has been classified as an operating lease under ASC 842. The ROU asset is being amortized ratably over the term of the lease. Lease expense under the operating lease, including interest on the operating lease liability, was $76,355 for the year ended December 31, 2023. The lease liability is collateralized by the leased facility.

Consolidated balance sheet information related to the operating lease is as follows:

	December 31, 2023
Operating lease right-of-use asset, net	$ 105,517
Operating lease liability, current	73,796
Operating lease liability, noncurrent	31,719
Operating lease liability, total	$ 105,515
Remaining lease term, years	1.4
Discount rate	4.5 %

Operating lease liability maturities are as follows:

Year ending December 31,	Operating Lease
2024	$ 78,148
2025	32,562
Thereafter	—
Total undiscounted cash flows	$ 110,710
Less: imputed interest	$ 5,195
Total lease liability	$ 105,515

As of December 31, 2023, the Company did not have any additional operating leases that have not yet commenced.

NOTE 8—DEBT

The Company has the following current and noncurrent borrowings as of December 31, 2023:

	December 31, 2023
Long-term debt, current	7,829,747
Long-term debt, noncurrent	150,000
Total borrowings	$ 7,979,747

Sandler-Backner Loan Agreements

In 2021, the Company's subsidiary entered in loan agreements with Sandler - Backner Group Ltd. (collectively, the "SB Loan Agreements") to provide for funding of working capital of $150,000. The maturity dates of the SB Loan Agreements are January 1, 2025 for $100,000 and September 14, 2025 for $50,000.

The interest rate on the borrowings are the minimum interest required under the Israeli law. As of December 31, 2023, the interest rate was 2.9%. For the year ended December 31, 2023, the Company recorded $5,477 of interest expense related to the SB Loan Agreement.

As of December 31, 2023, the Company had an outstanding balance of $150,000 under the SB Loan Agreements and $11,327 of accrued interest included in accrued and other current liabilities.

Facility Agreement with Apliko Ltd.

On February 22, 2022, the Company and its sole shareholder, Apliko Ltd., entered into an Intra-Group Facility Agreement (the "Facility Agreement"). Borrowings under the Facility Agreement may be borrowed, repaid and re-borrowed, and are available for working capital and other activities in support of the execution of the Company's business plan.

The interest rate on the borrowings under the Facility Agreement are 4.5% per annum. For the year ended December 31, 2023, the Company recorded $301,112 of interest expense related to the Facility Agreement. As of December 31, 2023, the Company recorded $428,794 of accrued interest under the Facility Agreement.

As of December 31, 2023, the Company had an outstanding balance of $7,829,747 under the Facility Agreement.

Subsequent to December 31, 2023, the Company repaid $33,850 of the Facility Agreement. On July 1, 2024, the Company converted the remaining balance of the Facility Agreement into 61,834 ordinary shares of the Company.

NOTE 9—ADVANCE SUBSCRIPTION AGREEMENTS

Commencing on October 2, 2023, the Company initiated an equity financing round of up to $3,000,000, as amended, through the Advance Subscription Agreement ("ASA") program. The funds raised under the ASA were to be used for general working capital or for raising additional capital. The funds raised under the ASA were to be automatically converted into ordinary shares of the Company under certain circumstances, such as a next round financing, sale or initial public offering, or dissolution event, at a predetermined conversion rate.

Subsequent to December 31, 2023, the Company raised an additional $812,000 under the ASA program under the same terms as the previous funds raised.

In connection with the PLAYSTUDIOS, Inc. asset sale on July 1, 2024, all financial interests held by the ASA holders were converted into ordinary shares of the Company.

NOTE 10—NET REVENUES

The following table summarizes the Company's net revenues disaggregated by type, and by over time or point in time recognition:

	Year Ended December 31, 2023
Virtual currency (over time)	$ 64,702
Advertising (point in time)	42,842
Total net revenues	$ 107,544

The following table summarizes the Company's net revenues disaggregated by geography:

	Year Ended December 31, 2023
United States	$ 70,565
United Kingdom	9,976
All other countries	27,003
Total net revenues	$ 107,544

NOTE 11—INCOME TAXES

As of December 31, 2023, unremitted earnings in foreign subsidiaries are indefinitely reinvested. Should these earnings be distributed in the future in the form of dividends or otherwise, the Company would be subject to withholding taxes payable in the tax jurisdictions.

Income (loss) before income taxes by tax jurisdiction is as follows:

	Year Ended December 31, 2023
United Kingdom	$ (4,420,577)
Israel	130,759
Total income (loss)	$ (4,289,818)

Provision for income taxes consists of the following:

	Year Ended December 31, 2023
Current tax expense	$ 19,006
Deferred tax expense	11,342
Income tax expense	$ 30,348

The difference between the actual tax expense and the federal statutory income tax expense is as follows:

	Year Ended December 31, 2023
Expected expense at statutory rate	$ (902,363)
Earnings taxed at different foreign rate	(370,042)
Change in valuation allowance	1,302,753
Total income tax expense	$ 30,348

Deferred income tax assets consist of the following:

	December 31, 2023
Deferred income tax assets:	
Net operating loss carryforwards	$ 2,615,928
Other assets	2,087
Other liabilities	20,504
Total gross deferred income tax assets	2,638,519
Less: valuation allowance	(2,615,928)
Net deferred income tax assets	$ 22,591

Operations under the United Kingdom had a tax effected net operating loss carryforward of $2,615,928 as of December 31, 2023. which is fully offset by a valuation allowance due to lack of realizability. The net operating losses will be carried forward indefinitely. During the year ended December 31, 2023, the Company also claimed a refundable research and development income tax credit of $27,796, however, the refundable credit is not within the scope of ASC 740 due to its ability to be monetized outside of the income tax framework in accordance with the United Kingdom income tax laws.

For the year ended December 31, 2023, the effective tax rate of Pixode Israel is 23%, as there were no material permanent differences between pre-tax book income and estimated taxable income.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of its deferred income tax assets. A significant piece of objective negative evidence evaluated was the historical cumulative loss of the Company. The amount of the deferred income tax assets considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased, or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as future projections for growth.

The Company has analyzed filing positions in all of the jurisdictions where it is required to file income tax returns and for all open tax years. The Company's policy for recording interest and penalties associated with audits and unrecognized tax benefits is to record the items as a component of income tax expense. The Company is subject to examination by the Israel Tax Authority for the years 2021 to present. The Company is subject to examination by His Majesty's Revenue and Customs for the years 2021 to present.

NOTE 12—COMMITMENTS AND CONTINGENCIES

From time to time, the Company may become a party to a variety of claims, lawsuits, and proceedings which arise in the ordinary course of business, including claims of alleged infringement of intellectual property rights. The Company records a liability when it believes it is probable that a loss will be incurred, and the amount of loss or range of loss can be reasonably estimated. Given the unpredictable nature of legal proceedings, the Company bases its estimate on the information available at the time of the assessment. As additional information becomes available, the Company may reassess the potential liability and may revise the estimate. Management believes the Company is not presently a party to any litigation the outcome of which, it believes, if determined adversely to the Company, would individually or in the aggregate have a material adverse effect on its business, operating results, or financial condition. As a result, no liability for potential future claims has been recorded as of December 31, 2023.

From time to time, in the normal course of business, the Company may indemnify other parties, with which it enters into contractual relationships, including customers, lessors and parties to other transactions with the Company. The Company may agree to hold other parties harmless against specific losses, such as those that could arise from a breach of representation, covenant or third-party infringement claims. It may not be possible to determine the maximum potential amount of liability under the indemnification agreements due to the unique facts and circumstances that are likely to be involved in each particular claim and indemnification provision. However, there have been no indemnification claims through December 31, 2023. Management believes potential future liabilities related to indemnification claims, if any, would not be material to the financial statements. As a result, no liability for potential claims has been recorded as of December 31, 2023.

NOTE 13—SHAREHOLDER'S DEFICIT

Ordinary Shares

The holders of ordinary shares are entitled to receive dividends out of the funds legally available at the times and in the amounts determined by the Company's Board of Directors. Each holder of ordinary shares is entitled to one vote for each share of ordinary share held. In the event of a liquidation event and after all creditors debts have been fully satisfied, the remaining assets of the Company available for distribution to its shareholders, if any, will be distributed to the holders of ordinary shares ratably in proportion to the number of ordinary shares then held by each holder. None of the Company's ordinary shares are entitled to preemptive rights and neither are subject to redemption.

NOTE 14—SUBSEQUENT EVENTS

The Company evaluated subsequent events through September 16, 2024, the date the consolidated financial statements were available to be issued.

PIXODE GAMES LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2024

PIXODE GAMES LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2024
(unaudited, in U.S. Dollars)

		March 31, 2024
ASSETS		
Current assets:		
Cash	$	169,883
Accounts receivable		16,501
Income tax receivable		55,122
Other current assets		18,552
Total current assets		260,058
Property and equipment, net		15,281
Deferred income tax asset		22,400
Operating lease right-of-use asset		86,632
Total noncurrent assets		124,313
Total assets	$	384,371
LIABILITIES AND SHAREHOLDER'S DEFICIT		
Current liabilities:		
Accounts payable		228,307
Income tax payable		54,862
Accrued and other current liabilities		623,075
Operating lease liability		73,980
Long-term debt		7,854,677
Total current liabilities		8,834,901
Operating lease liability, noncurrent		12,650
Long-term debt, less current portion		50,000
Advance subscription agreement		1,337,500
Total noncurrent liabilities		1,400,150
Total liabilities	$	10,235,051
Commitments and contingencies (Notes 7 and 12)		
Shareholder's deficit:		
Ordinary share capital, £1.00 par value (1,000 shares authorized, issued, and outstanding		1,332
Additional paid-in capital		1,179,148
Accumulated other comprehensive loss		(82,592)
Accumulated deficit		(10,948,568)
Total shareholder's deficit		(9,850,680)
Total liabilities and shareholder's deficit	$	384,371

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

PIXODE GAMES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(unaudited, in U.S. Dollars)

	Three Months ended March 31, 2024
Net revenues	$ 30,362
Operating expenses:	
Cost of revenues[1]	6,675
Selling and marketing	257,447
Research and development	169,014
General and administrative	84,970
Depreciation	2,387
Total operating expenses	520,493
Loss from operations	(490,131)
Other expenses, net:	
Interest expense, net	(90,203)
Other expenses	(4,436)
Total other expenses, net	(94,639)
Loss before income taxes	(584,770)
Income tax expense	(4,169)
Net loss	$ (588,939)

(1) Amounts exclude depreciation.

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

PIXODE GAMES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(unaudited, in U.S. Dollars)

	Three Months ended March 31, 2024
Net loss	$ (588,939)
Other comprehensive loss:	
Foreign currency translation adjustment	62,780
Comprehensive loss	$ (526,159)

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

PIXODE GAMES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDER'S DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(unaudited, in US Dollars)

	Ordinary Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholder's Deficit
	Shares	Amount				
Balance as of December 31, 2023	1,000	$ 1,332	$ 1,179,148	$ (145,372)	$ (10,359,629)	$ (9,324,521)
Net loss	—	—	—	—	(588,939)	(588,939)
Foreign currency translation adjustment	—	—	—	62,780	—	62,780
Balance as of March 31, 2024	1,000	$ 1,332	$ 1,179,148	$ (82,592)	$ (10,948,568)	$ (9,850,680)

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

PIXODE GAMES LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(unaudited, in US Dollars)

	Three Months ended March 31, 2024
Cash flows from operating activities:	
Net loss	$ (588,939)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	2,387
Deferred income tax expense	—
Amortization of operating lease right-of-use asset	18,180
Changes in operating assets and liabilities:	
Accounts receivable	3,503
Other current assets	13,245
Income tax receivable	4,213
Accounts payable	(55,124)
Accrued and other current liabilities	57,146
Operating lease liability	(18,179)
Net cash used in operating activities	(563,568)
Cash flows from financing activities:	
Payments on long-term debt	(8,848)
Proceeds from advance subscription agreement	487,500
Net cash provided by financing activities	478,652
Effect of foreign currency translation adjustment on cash	(6,217)
Net change in cash	(91,133)
Cash at beginning of period	261,016
Cash at end of period	$ 169,883

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

PIXODE GAMES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(unaudited)

NOTE 1—BACKGROUND AND BASIS OF PRESENTATION

Organization and Description of Business

Pixode Games Limited (the "Company") was incorporated in the United Kingdom on January 21, 2016 as a private company and commenced its operations on the same day. The principal activity of the Company and its wholly-owned subsidiary, Pixode Israel Limited (incorporated in Israel), is the development and publishing of mobile and social games.

The Company's registered office is 3rd Floor, Norfolk House, 106 Saxon Gate West, Milton Keynes, United Kingdom, MK9 2DN.

The Company's condensed consolidated interim financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Asset Sale

On July 1, 2024, the Company sold substantially all its tangible and intangible assets to companies affiliated with PLAYSTUDIOS, Inc. (the "Asset Sale"). The Company's assets were sold for $3.5 million cash paid at closing, and the Company may receive additional consideration, contingent upon the satisfaction of certain product and financial milestones as defined in the sales agreement, up to a maximum amount of $113.5 million.

As a result of the sale, the Company's operations will be significantly reduced. The Company does not expect to incur further research and development or selling and marketing expenses. Moving forward, the Company will focus on its remaining operations, primarily based in the United Kingdom, which will primarily consist of general corporate matters. The Israel entity is expected to become dormant. Proceeds from the sale will support the Company's operations and other general corporate purposes.

Management's Plans Regarding the Financing of Future Operations

The Company prepares its condensed consolidated interim financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 205-40, *Presentation of Financial Statements – Going Concern*, which requires management to assess the Company's ability to continue as a going concern within one year after the date the financial statements are issued.

The Company has incurred recurring net losses and negative cash flows from operating activities since inception and has an accumulated deficit of $10,948,568 as of March 31, 2024. Management believes with the existing financial resources as of March 31, 2024, the proceeds from the Asset Sale, and proper management of expenditures, the Company will have sufficient resources to sustain operations through September 2025. However, there can be no assurance that management will be successful in these efforts and, if the Company requires additional debt or equity financing, there is no assurance financing will be available at terms acceptable to the Company, if at all.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The accompanying condensed consolidated interim financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary. All intercompany balances and transactions have been eliminated upon consolidation.

The accompanying condensed consolidated interim financial statements and all adjustments that management believes are necessary for a fair presentation, as of and for the three months ended March 31, 2024, are in accordance with US GAAP.

Foreign Currency Translation and Transactions

The functional currency of the Company and its subsidiary is the applicable local currency. The translation of foreign currencies into U.S. dollars is performed for the subsidiary assets and liabilities using current foreign currency exchange rates in effect at the condensed consolidated balance sheet date and for revenue and expense accounts using average foreign currency exchange rates during the period. Capital accounts are translated at historical foreign currency exchange rates. Translation gains and losses are included in shareholder's deficit as a component of accumulated other comprehensive loss. Adjustments that arise from foreign currency exchange rate changes on transactions, primarily driven by intercompany transactions, denominated in a currency other than the functional currency are included in "Other income (expense), net" in the Condensed Consolidated Statement of Operations.

Comprehensive Loss

The Company reports comprehensive loss, which includes the Company's net loss as well as changes in equity from non-shareholder sources, as a separate component of shareholders' deficit. In the Company's case, the change in shareholder's deficit from non-shareholder sources included in comprehensive loss is the cumulative foreign exchange translation adjustment.

Use of Estimates

The preparation of condensed consolidated interim financial statements in conformity with US GAAP requires the Company to make estimates and assumptions that affect the reported amounts in the condensed consolidated interim financial statements and notes thereto. Significant estimates and assumptions reflected in the Company's condensed consolidated interim financial statements include the estimated consumption rate of virtual goods that is used in the determination of revenue recognition, useful lives of property and equipment, the expensing or capitalization of research and development costs for internal-use software, and assumptions used in accounting for income taxes. The Company believes the accounting estimates are appropriate and reasonably determined. Due to the inherent uncertainties in making these estimates, actual amounts could differ materially.

Risks and Uncertainties

The Company is subject to a number of risks associated with companies at a similar stage, including dependence on key individuals, competition from substitute services and larger companies, volatility of the industry, ability to obtain adequate financing to support growth, the ability to attract and retain additional qualified personnel to manage the anticipated growth of the Company, and general economic and political conditions.

Cash

Cash consists of amounts in demand deposits.

Accounts Receivable and Allowance for Credit Losses

The Company's accounts receivable consist primarily of amounts due from social and mobile game platform operators, including Apple Inc. and Alphabet Inc., as well as advertising agencies. Accounts receivable are typically non-interest bearing and are initially recorded at invoiced amounts. The Company regularly reviews accounts receivable by considering current and expected economic conditions and the financial positions its customers. Accounts are written off when the Company deems them to be uncollectible. Recoveries of accounts previously written off are recorded when received. The Company reserves an estimated amount for receivables that may not be collected to reduce receivables to their net carrying amount, which approximates fair value. Methodologies for estimating the allowance for uncollectible amounts range from specific reserves to various percentages applied to aged receivables.

The Company accounts for credit losses in accordance with FASB ASC 2026-13, *Financial Instruments – Credit Losses.* The standard requires all entities to evaluate, on an ongoing basis, future expected credit losses for financial instruments recorded at amortized cost, including accounts receivable using the "expected credit loss methodology" under the current expected loss model ("CECL"). CECL requires credit losses to be measured and recognized based on historical experience, an evaluation of customer creditworthiness, and reasonably supportable forecasted conditions to determine collectability.

Property and Equipment

Items of property and equipment are measured at cost with the addition of direct acquisition costs, less accumulated depreciation. Cost includes amounts paid to acquire or construct the asset as well as any expenditure that substantially adds to the value of or significantly extends the useful life of an existing asset.

Depreciation of property and equipment is calculated by the straight-line method over the useful life of the assets, at the following annual rates:

	Estimated Useful Life
Computer and peripheral equipment	3 years
Office furniture and equipment	6.67 years
Leasehold improvements	Lesser of estimated useful life or remaining lease term

Accounting for Impairment of Long-Lived Assets

Long-lived assets consist of property and equipment and the ROU asset. Long-lived assets are reviewed for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If assets are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds their fair value. If the Company reduces the estimated useful life assumption for any asset, the remaining unamortized balance would be depreciated or amortized over the revised estimated useful life.

Revenue Recognition

The Company determines revenue recognition in accordance with FASB ASC Topic 606, *Revenues from Contracts with Customers*, by:

- identifying the contract, or contracts, with a customer;
- identifying the performance obligations in each contract;
- determining the transaction price;
- allocating the transaction price to the performance obligations in each contract; and
- recognizing revenue when, or as, the Company satisfies performance obligations by transferring the promised goods or services.

Virtual Currency

The Company develops and operates free-to-play games which are downloaded and played on social and mobile platforms. Players may collect virtual currency free of charge through the passage of time or through targeted marketing promotions. Additionally, players can send free "gifts" of virtual currency to their friends through interactions with certain social platforms. Players may also purchase additional virtual currency through accepted payment methods offered by the platform. Once a purchase is completed, the virtual currency is deposited into the player's account and is not separately identifiable from previously purchased virtual currency or virtual currency obtained by the player for free. Once obtained, virtual currency (either free or purchased) cannot be redeemed for cash nor exchanged for anything other than gameplay. When virtual currency is consumed in the games, the player could "win" and would be awarded additional virtual currency or could "lose" and lose the future use of that virtual currency. As the player does not receive any additional benefit from the games, nor is the player entitled to any additional rights once the player's virtual currency is substantially consumed, the Company has concluded that the virtual currency represents consumable goods.

Players can earn loyalty points through a variety of activities, including but not limited to playing the Company's games, engaging with in-game advertising, engaging with marketing emails, and logging into the game. The loyalty points can be redeemed for rewards offered by the Company's rewards partners. There is no obligation for the Company to pay or otherwise compensate the Company's rewards partners for any player redemptions under the Company's rewards partner agreements. In addition, both paying and non-paying players can earn loyalty points. Therefore, the loyalty points earned by players are marketing offers and do not provide players with material rights. Accordingly, the loyalty points do not require any allocation to the transaction price of virtual currency.

Additionally, certain of the Company's games participate in an additional program that ranks players into different tiers based on tier points earned during a given time frame. Tier points can be earned through a variety of player engagement activities including, but not limited to logging into the games, achieving multi-day log-in streaks, collecting hourly bonuses, and purchasing virtual currency bundles. Depending on the tier, players are granted access to special benefits at the Company's discretion. Similar to loyalty points that are redeemable for real-world rewards, the tier points are not awarded as a result of a contract with a customer since both paying and non-paying players can earn these tier points. As a result, the tier points earned by players do not provide players with material rights and do not require any allocation to the transaction price of virtual currency.

The Company has the performance obligation to display and provide access to the virtual currency purchased by the Company's player within the game whenever the player accesses the game until the virtual currency is consumed. Payment is required at the time of purchase and the transaction price is fixed. The transaction price, which is the amount paid for the virtual currency by the player, is allocated entirely to this single performance obligation.

As virtual currency represents consumable goods, the Company recognizes revenues as the virtual currency is consumed over the estimated consumption period. Since the Company is unable to distinguish between the consumption of purchased or free virtual currency, the Company must estimate the amount of outstanding purchased virtual currency at each reporting date based on player behavior. The Company recognizes revenues from in-game purchases of virtual currency over this estimated average period between when the virtual currency is purchased and consumed. If applicable, the Company records the unconsumed virtual currency in "Deferred revenue" and records the prepaid payment processing fees associated with the deferred revenue in "Other current assets".

The Company continues to gather detailed player behavior and assess this data in relation to its revenue recognition policy. To the extent the player behavior changes, the Company may reassess its estimates and assumptions used for revenue recognition prospectively on the basis that the changes are caused by new factors indicating a change in player behavior patterns.

Advertising Revenue

The Company has contractual relationships with advertising service providers for advertisements within the Company's games. Advertisements can be in the form of an impression, click-throughs, banner ads, or offers. Offers are advertisements where the players are rewarded with virtual currency for watching a short video. The Company has determined the advertising service provider to be its customer and displaying the advertisements within its games is identified as the single performance obligation. Revenues from advertisements and offers are recognized at a point in time when the advertisements are displayed, or when the player has completed the offer as the advertising service provider simultaneously receives and consumes the benefits provided from these services. The price can be determined by the applicable evidence of the arrangement, which may include a master contract or a third-party statement of activity.

The transaction price is generally the product of the advertising units delivered (e.g. impressions, videos viewed) and the contractually agreed upon price per advertising unit. Further, the price per advertising unit can also be based on revenue share percentages stated in the contract. The number of advertising units delivered is determined at the end of each month, so there is no uncertainty about the transaction price. Payment terms are stipulated as a specific number of days subsequent to end of the month, ranging from 45 to 60 days.

Principal Agent Considerations

The Company's games are played on social and mobile third-party platforms for which the third parties collect monies from players and remit net proceeds after deducting payment processing fees. The Company is primarily responsible for providing access to the virtual currency, has control over the content and functionality of games before they are accessed by players, and has the discretion to establish the pricing for the virtual currency. Therefore, the Company concluded that it is the principal in these transactions and, as a result, revenues are reported gross of payment processing fees. Payment processing fees are recorded as a component of "Cost of revenues" in the Condensed Consolidated Statement of Operations.

The advertising networks act on the Company's behalf when negotiating the advertising placements in the Company's games and the Company receives a commission from the advertising network for the transaction with the third party. The advertising networks have control of the transaction price with its customers. Therefore, the Company concluded that it is the agent in these transactions and, as a result, reports its advertising revenues net of amounts retained by advertising service providers.

Cost of Revenues

Cost of revenues relates to direct expenses incurred to generate revenue from online and mobile games and is recorded as incurred. The Company's cost of revenue consists primarily of payment processing fees, and hosting and data center costs related to operating its games. Payment processing fees consist of fees paid to third-party social and mobile platform operators. If applicable, other than the deferral of payment processing fees associated with deferred revenue, payment processing fees are expensed as incurred.

Leases

The Company accounts for its leases under FASB ASC Topic 842, *Leases*, which requires all entities that lease assets to capitalize the assets with terms of greater than twelve months and related liabilities on the condensed consolidated balance sheet. Leases are classified as either an operating or finance lease under ASC 842, with classification affecting the pattern of expense recognition in operations.

An operating lease right-of-use asset ("ROU asset") and operating lease liability are recognized at the lease commencement date and initially measured based on the present value of lease payments and lease incentives received over the defined lease term. The Company's lease terms may include options to extend or terminate the lease. The Company assesses these options using a threshold of whether the Company is reasonably certain to exercise the option to extend or terminate the lease. For leases the Company is reasonably certain to renew, the option periods are included within the lease term and, therefore, the measurement of the ROU asset and lease liability. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company's facility lease agreement does not contain any restrictions or covenants.

The implicit interest rate is used to determine the present value of future lease payments when readily determinable. As most operating leases do not provide an implicit interest rate, the Company uses its estimated incremental borrowing rate based upon the capital structure of the Company and other information available at the lease commencement date in determining the present value of lease payments. The operating lease ROU assets also include any prepaid lease payments made and are net of any lease incentives. The Company does not record an ROU asset or lease liability for operating leases with a term of twelve months or less unless the lease provides an option to purchase the asset at the end of the lease term or an option to extend the lease longer than twelve months that management is reasonably certain to exercise.

Fair Value Measurements

The carrying amounts of the Company's financial instruments, including accounts receivable, accounts payable, and accrued and other current liabilities, approximate fair value because of their short-term maturities.

According to FASB ASC Topic 820, *Fair Value Measurement*, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants as of the measurement date. The fair value hierarchy establishes three tiers, which prioritize the inputs used in measuring fair value as follows:

Level 1—Observable inputs, such as quoted prices in active markets for identical assets or liabilities;

Level 2—Inputs, other than quoted prices in active markets, that are observable either directly or indirectly, for substantially the full term of the financial instrument; and

Level 3—Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Entities are permitted to choose to measure certain financial instruments and other items at fair value. The Company has not elected the fair value measurement option for any of the Company's assets or liabilities that meet the criteria for this election.

Selling and Marketing Expenses

Selling and marketing expenses consist of compensation, employee benefits, and Internet advertising costs. Fees paid to third parties and merchants for new customer referrals are also included in selling and marketing expenses. Costs associated with the Company's advertising are expensed as incurred, and are included in selling and marketing expenses.

Advertising expense for our games for the three months ended March 31, 2024 was $92,889.

Research and Development Expenses

The Company incurs various direct costs in relation to the development of future social and mobile games along with costs to improve current social and mobile games. Research and development costs consist primarily of consulting fees. The Company evaluates research and development costs incurred to determine whether the costs relate to the development of software and are, therefore, qualified to be capitalized under FASB ASC Topic 350-40, *Intangible - Goodwill and Other, Internal-Use Software*. The Company expenses all research and development costs as incurred.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC Topic 740, *Income Taxes*, which requires recognition of deferred income tax assets and liabilities for the expected future tax consequences of events that have been included in its condensed consolidated interim financial statements or income tax returns. Under ASC 740, the Company determines deferred income tax assets and liabilities based on the temporary difference between the condensed consolidated interim financial statements and tax bases of assets and liabilities using the enacted income tax rates in effect for the year in which it expects the differences to be recovered or settled. The Company establishes a valuation allowance based on the weight of the available positive and negative evidence to reduce deferred income tax assets to the amount that is more likely than not to be realized.

The Company accounts for uncertain tax positions in accordance with ASC 740, which requires companies to adjust their condensed consolidated interim financial statements to reflect only those tax positions that are more likely than not to be sustained upon examination by taxing authorities based on the technical merits of the issue. ASC 740 prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain income tax positions taken or expected to be taken in income tax returns. The Company recognizes interest and penalties related to unrecognized income tax benefits in the provision for income taxes. As of March 31, 2024, there were no uncertain tax positions.

The Company elected to account for the impact of the global intangible low-taxed income ("GILTI") inclusion and base erosion anti-avoidance tax ("BEAT") based on the period cost method.

NOTE 3—RELATED PARTY TRANSACTIONS

As of and for the three months ended March 31, 2024 the Company has the following related party transactions:

Related party	Nature of Relationship	Description	Financial statement caption		March 31, 2024
Condensed Consolidated Balance Sheet					
Apliko Ltd.	Shareholder	Working capital	Long-term debt	$	7,754,677
Adept Marketing Ltd.	Entity affiliated with key management	Leased asset	Operating lease right-of-use asset	$	86,632
			Operating lease liability	$	86,630
Sandler-Backner Group Ltd.	Entity affiliated with key management	Working capital	Long-term debt Long-term debt, less current portion	$	150,000
Condensed Consolidated Statement of Operations					
Adept Marketing Ltd.	Entity affiliated with key management	Rent and other facilities expenses	Sales & marketing expenses General & administrative expenses	$	21,851
Or Reznitsky	Key Management	Contractor services	Selling & marketing expenses	$	51,451
Kinoa Labs Ltd.	Entity affiliated with shareholder	Software development services	Research & development expenses	$	12,310

NOTE 4—OTHER CURRENT ASSETS

Other current assets consist entirely of value-added tax receivables.

NOTE 5—PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

	March 31, 2024
Computer equipment and peripherals	$ 28,816
Office furniture and equipment	5,668
Leasehold improvements	4,841
	39,325
Less: accumulated depreciation	(24,044)
Total property and equipment, net	$ 15,281

NOTE 6—ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities consist of the following:

	March 31, 2024
Accrued interest	$ 533,688
Accrued payroll and vacation	18,659
Other current liabilities	70,728
Total other current liabilities	$ 623,075

NOTE 7—OPERATING LEASE

The Company leases its office facility under a non-cancelable operating lease agreement expiring on May 31, 2025. Under the terms of the agreement, the Company is responsible for certain insurance, property tax, and maintenance expenses.

The facility lease has been classified as an operating lease under ASC 842. The ROU asset is being amortized ratably over the term of the lease. Lease expense under the operating lease, including interest on the operating lease liability, was $19,089 for the three months ended March 31, 2024. The lease liability is collateralized by the leased facility.

Condensed consolidated balance sheet information related the to operating lease is as follows:

	March 31, 2024
Operating lease right-of-use asset, net	$ 86,632
Operating lease liability, current	73,980
Operating lease liability, noncurrent	12,650
Operating lease liability, total	$ 86,630
Remaining lease term, years	1.2
Discount rate	4.5 %

Operating lease liability maturities are as follows:

Year ending December 31,	Operating Lease
Remaining 2024	$ 57,190
2025	31,772
Thereafter	—
Total undiscounted cash flows	$ 88,962
Less: imputed interest	$ 2,332
Total lease liability	$ 86,630

As of March 31, 2024, the Company did not have any additional operating leases that have not yet commenced.

NOTE 8—DEBT

The Company has the following current and noncurrent borrowings as of March 31, 2024:

	March 31, 2024
Long-term debt, current	7,854,677
Long-term debt, noncurrent	50,000
Total borrowings	$ 7,904,677

Sandler-Backner Loan Agreements

In 2021, the Company's subsidiary entered in loan agreements with Sandler - Backner Group Ltd. (collectively, the "SB Loan Agreements") to provide for funding of working capital of $150,000. The maturity dates of the SB Loan Agreements are January 1, 2025 for $100,000 and September 14, 2025 for $50,000.

The interest rate on the borrowings are the minimum interest required under the Israeli law. As of March 31, 2024, the interest rate was 5.18%. For the three months ended March 31, 2024, the Company recorded $1,912 of interest expense related to the SB Loan Agreements.

As of March 31, 2024, the Company had an outstanding balance of $150,000 under the SB Loan Agreements and $13,142 of accrued interest included in accrued and other current liabilities.

Facility Agreement with Apliko Ltd.

On February 22, 2022, the Company and its sole shareholder, Apliko Ltd., entered into an Intra-Group Facility Agreement (the "Facility Agreement"). Borrowings under the Facility Agreement may be borrowed, repaid and re-borrowed, and are available for working capital and other activities in support of the execution of the Company's business plan.

The interest rate on the borrowings under the Facility Agreement are 4.5% per annum. For the three months ended March 31, 2024, the Company recorded $88,291 of interest expense related to the Facility Agreement. As of March 31, 2024, the Company recorded $520,544 of accrued interest under the Facility Agreement.

As of March 31, 2024, the Company had an outstanding balance of $7,754,677 under the Facility Agreement.

Subsequent to March 31, 2024, the Company repaid $25,500 of the Facility Agreement. On July 1, 2024, the Company converted the remaining balance of the Facility Agreement into 61,834 ordinary shares of the Company.

NOTE 9—ADVANCE SUBSCRIPTION AGREEMENTS

Commencing on October 2, 2023, the Company initiated an equity financing round of up to $3,000,000, as amended, through the Advance Subscription Agreement ("ASA") program. The funds raised under the ASA were to be used for general working capital or for raising additional capital. The funds raised under the ASA were to be automatically converted into ordinary shares of the Company under certain circumstances, such as a next round financing, sale or initial public offering, or dissolution event, at a predetermined conversion rate.

Subsequent to March 31, 2024, the Company raised an additional $324,500 under the ASA program under the same terms as the previous funds raised.

In connection with the PLAYSTUDIOS, Inc. asset sale on July 1, 2024, all financial interests held by the ASA holders were converted into ordinary shares of the Company.

NOTE 10—NET REVENUES

The following table summarizes the Company's net revenues disaggregated by type, and by over time or point in time recognition:

	Three Months Ended March 31, 2024
Virtual currency (over time)	$ 23,328
Advertising (point in time)	7,034
Total net revenues	$ 30,362

The following table summarizes the Company's net revenues disaggregated by geography:

	Three Months Ended March 31, 2024
United States	$ 20,936
All other countries	9,426
Total net revenues	$ 30,362

NOTE 11—INCOME TAXES

For the three months ended March 31, 2024, Pixode Israel recorded an income tax expense of $4,169. The effective tax rate of Pixode Israel is 23% due to no material permanent differences between pre-tax book income and estimated taxable income. It is more likely than not that the Company will not realize certain foreign deferred tax assets as of March 31, 2024. As such, the Company continues to maintain a valuation allowance against certain foreign net deferred tax assets as of March 31, 2024.

NOTE 12—COMMITMENTS AND CONTINGENCIES

From time to time, the Company may become a party to a variety of claims, lawsuits, and proceedings which arise in the ordinary course of business, including claims of alleged infringement of intellectual property rights. The Company records a liability when it believes it is probable that a loss will be incurred, and the amount of loss or range of loss can be reasonably estimated. Given the unpredictable nature of legal proceedings, the Company bases its estimate on the information available at the time of the assessment. As additional information becomes available, the Company may reassess the potential liability and may revise the estimate. Management believes the Company is not presently a party to any litigation the outcome of which, it believes, if determined adversely to the Company, would individually or in the aggregate have a material adverse effect on its business, operating results, or financial condition. As a result, no liability for potential future claims has been recorded as of March 31, 2024.

From time to time, in the normal course of business, the Company may indemnify other parties, with which it enters into contractual relationships, including customers, lessors and parties to other transactions with the Company. The Company may agree to hold other parties harmless against specific losses, such as those that could arise from a breach of representation, covenant or third-party infringement claims. It may not be possible to determine the maximum potential amount of liability under the indemnification agreements due to the unique facts and circumstances that are likely to be involved in each particular claim and indemnification provision. However, there have been no indemnification claims through March 31, 2024. Management believes potential future liabilities related to indemnification claims, if any, would not be material to the financial statements. As a result, no liability for potential claims has been recorded as of March 31, 2024.

NOTE 13—SHAREHOLDER’S DEFICIT

Ordinary Shares

The holders of ordinary shares are entitled to receive dividends out of the funds legally available at the times and in the amounts determined by the Company’s Board of Directors. Each holder of ordinary shares is entitled to one vote for each share of ordinary share held. In the event of a liquidation event and after all creditors debts have been fully satisfied, the remaining assets of the Company available for distribution to its shareholders, if any, will be distributed to the holders of ordinary shares ratably in proportion to the number of ordinary shares then held by each holder. None of the Company’s ordinary shares are entitled to preemptive rights and neither are subject to redemption.

NOTE 14—SUBSEQUENT EVENTS

The Company evaluated subsequent events through September 16, 2024, the date the condensed consolidated interim financial statements were available to be issued.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Description of the Business Combination

On July 1, 2024, PLAYSTUDIOS, Inc., a Delaware corporate (“MYPS”), entered into an Asset Purchase Agreement (the “Purchase Agreement”) by and between MYPS and its wholly-owned subsidiary, PLAYSTUDIOS International Israel Limited and Pixode Games Limited, a United Kingdom company (“Pixode”).

Pursuant to the terms and subject to the conditions set forth in the Purchase Agreement, PLAYSTUDIOS agreed to acquire certain tangible and intangible assets associated with mobile games developed and published by Pixode, for upfront cash consideration of $3.5 million and additional consideration, contingent upon the satisfaction of certain product and financial milestones, up to a maximum amount of $113.5 million.

The Purchase Agreement was accounted for as a business combination in accordance with Accounting Standards Codification (“ASC”) 805,*Business Combinations* (“ASC 805”).

The following summarizes the consideration issued at the closing of the Business Combination:

Total Consideration (in thousands, except share data)	Amounts
Cash consideration	$ 3,500
Contingent consideration	3,533
Total consideration	$ 7,033

Unaudited Pro Forma Condensed Combined Financial Information

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 “*Amendments to Financial Disclosures about Acquired and Disposed Businesses*.”

The unaudited pro forma condensed combined balance sheet as of March 31, 2024 combines the historical balance sheet of Pixode and the historical balance sheet of MYPS on a pro forma basis as if the Business Combination and related transactions, summarized below, had been consummated on March 31, 2024. The unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2024 and the year ended December 31, 2023 combine the historical statements of operations of Pixode and PLAYSTUDIOS for such periods on a pro forma basis as if the Business Combination and related transactions, summarized below, had been consummated on January 1, 2023, the beginning of the year presented:

The historical financial information was derived from and should be read in conjunction with the following historical financial statements and accompanying notes:

- the audited financial statements of MYPS contained in its Annual Report on Form 10-K for the year ended December 31, 2023;
- the unaudited financial statements of MYPS as of and for the three months ended March 31, 2024 contained in its Quarterly Report on Form 10-Q for the three months ended March 31, 2024;
- the audited financial statements of Pixode as of December 31, 2023 included as Exhibit 99.1 to MYPS’ Current Report on Form 8-K filed with the SEC on September 16, 2024; and
- the unaudited financial statements of Pixode as of and for the three months ended March 31, 2024 included as Exhibit 99.2 to MYPS’ Current Report on Form 8-K filed with the SEC on September 16, 2024;

The unaudited pro forma adjustments are based on information currently available, and assumptions and estimates underlying the unaudited pro forma adjustments are described in the accompanying notes. Actual results may differ materially from the assumptions used to present the accompanying unaudited pro forma condensed combined financial information.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS
AS OF MARCH 31, 2024
(in thousands)

	As of March 31, 2024 Pixode Games Limited (Historical)	As of March 31, 2024 PLAYSTUDIOS, Inc. (Historical)	Reclassification Adjustments	Transaction Accounting Adjustments		Pro Forma Combined
ASSETS						
Current assets:						
Cash	$ 170		$ (170)			
Cash and cash equivalents		126,980	170	(170)	(A)	$ 122,931
				(3,400)	(B)	
				(649)	(C)	
Accounts receivable	16		(16)			
Receivables		31,944	16	(16)	(A)	31,944
Income tax receivable	55		(55)			
Other current assets	19		(19)			
Prepaid and other current assets		10,730	74	(74)	(A)	10,730
Total current assets	$ 260	169,654	—	(4,309)		165,605
Non-current assets:						
Property and equipment, net	15	17,905				17,920
Operating lease right-of-use assets	87	8,461				8,548
Intangible assets and internal-use software, net		108,386		1,660	(D)	110,046
Goodwill		47,133		5,358	(D)	52,491
Deferred income tax asset	22		(22)			
Deferred income taxes		2,711	22	(22)	(A)	2,711
Other long-term assets		3,224				3,224
Total non-current assets	124	187,820	—	6,996		194,940
Total assets	$ 384	$ 357,474	$ —	$ 2,687		$ 360,545
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:						
Accounts payable	$ 228	$ 3,817		$ (228)	(A)	$ 3,817
Warrant liabilities		1,151				1,151
Operating lease liabilities, current	74	3,461				3,535
Long-term debt, current	7,855			(7,855)	(A)	—
Income tax payable	54		(54)			
Accrued and other current liabilities	623		(623)			
Accrued liabilities		29,029	677	(677)	(A)	29,129

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS
AS OF MARCH 31, 2024
(in thousands)

	As of March 31, 2024	As of March 31, 2024					
	Pixode Games Limited (Historical)	PLAYSTUDIOS, Inc. (Historical)	Reclassification Adjustments	Transaction Accounting Adjustments		Pro Forma Combined
				100	(B)	
Total current liabilities	8,834	37,458	—	(8,660)		37,632
Non-current Liabilities:						
Minimum guarantee liability		24,000				24,000
Deferred income taxes		1,001				1,001
Operating lease liabilities, non-current	13	5,532				5,545
Long-term debt, less current portion	50		(50)			
Other long-term liabilities		1,061	50	(50)	(A)	4,594
				3,533	(B)	
Advance subscription agreement	1,337			(1,337)	(A)	—
Total non-current liabilities	1,400	31,594	—	2,146		35,140
Total liabilities	10,234	69,052	—	(6,514)		72,772
COMMITMENTS AND CONTINGENCIES						
Stockholders' Equity:						
Ordinary shares	1			(1)	(A)	—
Class A Common Stock		12				12
Class B Common Stock		2				2
Additional paid-in capital	1,179	315,526		(1,179)	(A)	315,526
Accumulated deficit	(10,948)	(3,204)		10,948	(A)	(3,853)
				(649)	(C)	
Accumulated other comprehensive loss	(82)	(984)		82	(A)	(984)
Treasury stock		(22,930)		—		(22,930)
Total stockholders' equity (deficit)	(9,850)	288,422	—	9,201		287,773
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	384	357,474	—	2,687		360,545

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(in thousands, except per share data)

	For the three months ended March 31, 2024					
	Pixode Games Limited (Historical)	PLAYSTUDIOS, Inc. (Historical)	Reclassification Adjustments	Transaction Accounting Adjustments		Pro Forma Combined
Net revenues	$ 30	$ 77,828				$ 77,858
Operating expenses:						
Cost of revenue	7	18,951				18,958
Selling and marketing	257	18,576		5	(AA)	18,838
Research and development	169	18,021				18,190
General and administrative	85	11,779		5	(AA)	11,869
Depreciation	2		(2)			
Depreciation and amortization		11,566	2	83	(BB)	11,651
Restructuring and related		638				638
Total operating costs and expenses	520	79,531	—	93		80,144
Income from operations	(490)	(1,703)	—	(93)		(2,286)
Other income (expense), net						
Change in fair value of warrant liability		(64)				(64)
Interest expense	(90)	1,420		90	(CC)	1,420
Other income (expense), net	(5)	(106)				(111)
Total other income (expense), net	(95)	1,250	—	90		1,245
Loss before income taxes	(585)	(453)	—	(3)		(1,041)
Provision for income taxes	(4)	(114)		(4)	(DD)	(122)
Net loss	$ (589)	$ (567)	$ —	$ (7)		$ (1,163)
Class A Common Stock						
Weighted average shares of common stock outstanding:						
Basic and diluted						119,117
Net loss attributable to common stockholders per share:						
Basic and diluted						$ (0.01)
Class B Common Stock						
Weighted average shares of common stock outstanding:						
Basic and diluted						16,458
Net loss attributable to common stockholders per share:						
Basic and diluted						$ (0.01)

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(in thousands, except per share data)

	For the year ended December 31, 2023					
	Pixode Games Limited (Historical)	PLAYSTUDIOS, Inc. (Historical)	Reclassification Adjustments	Transaction Accounting Adjustments		Pro Forma Combined
Net revenues	$ 108	$ 310,886				$ 310,994
Operating expenses:						
Cost of revenue	24	77,800				77,824
Selling and marketing	1,450	74,360		19	(AA)	75,829
Research and development	1,831	70,298				72,129
General and administrative	796	45,072		20	(AA)	45,888
Depreciation	10		(10)			
Depreciation and amortization		45,259	10	332	(BB)	45,601
Restructuring and related		8,584		649	(EE)	9,233
Total operating costs and expenses	4,111	321,373	—	1,020		326,504
Loss from operations	(4,003)	(10,487)	—	(1,020)		(15,510)
Other income (expense), net						
Change in fair value of warrant liabilities		2,596				2,596
Interest expense	(307)	4,858		307	(CC)	4,858
Other income (expense), net	20	513				533
Total other income (expense), net	(287)	7,967	—	307		7,987
Income before income taxes	(4,290)	(2,520)	—	(713)		(7,523)
Provision for income taxes	(30)	(16,873)		(16)	(DD)	(16,919)
Net loss	$ (4,320)	$ (19,393)	$ —	(729)		$ (24,442)
Class A Common Stock						
Weighted average shares of common stock outstanding:						
Basic and diluted						116,520
Net loss attributable to common stockholders per share:						
Basic and diluted						$ (0.18)
Class B Common Stock						
Weighted average shares of common stock outstanding:						
Basic and diluted						16,458
Net loss attributable to common stockholders per share:						
Basic and diluted						$ (0.18)

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. Basis of Presentation

The Purchase Agreement is accounted for as a business combination in accordance with GAAP, (the "Business Combination"). Under this method of accounting, the Pixode assets were treated as a business for financial reporting purposes.

The unaudited pro forma condensed combined balance sheet as of March 31, 2024 assumes that the Business Combination occurred on March 31, 2024. The unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2024 and the year ended December 31, 2023 present pro forma effects to the Business Combination as if it had been completed on January 1, 2023.

The unaudited pro forma condensed combined balance sheet as of March 31, 2024 and the unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2024 have been prepared using, and should be read in conjunction with, the following:

a. the unaudited financial statements of MYPS as of and for the three months ended March 31, 2024 contained in its Quarterly Report on Form 10-Q for the three months ended March 31, 2024; and

b. the unaudited financial statements of Pixode as of and for the three months ended March 31, 2024 included as Exhibit 99.2 to MYPS' Current Report on Form 8-K filed with the SEC on September 16, 2024;

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2023 has been prepared using, and should be read in conjunction with, the following:

a. the audited financial statements of MYPS contained in its Annual Report on Form 10-K for the year ended December 31, 2023; and

b. the audited financial statements of Pixode as of December 31, 2023 included as Exhibit 99.1 to MYPS' Current Report on Form 8-K filed with the SEC on September 16, 2024; and

The pro forma adjustments reflecting the consummation of the Business Combination are based on certain currently available information and certain assumptions and methodologies that MYPS believes are reasonable under the circumstances. The unaudited condensed pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible the difference may be material. MYPS believes that its assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Business Combination based on information available to management at this time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is not necessarily indicative of what the actual results of operations and financial position would have been had the Business Combination taken place on the dates indicated, nor are they indicative of the future consolidated results of operations or financial position of the post-combination company. They should be read in conjunction with the historical financial statements and notes thereto of MYPS and Pixode.

2. Accounting Policies

Upon consummation of the Business Combination, management performed a comprehensive review of the two entities' accounting policies. Based on its initial analysis, management did not identify any differences that would have a material impact on the unaudited pro forma condensed combined financial information. As a result, the unaudited pro forma condensed combined financial information does not assume any differences in accounting policies.

3. Adjustments to Unaudited Pro Forma Condensed Combined Financial Information

The unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the Business Combination and has been prepared for informational purposes only.

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses." Release No. 33-10786 replaces the existing pro forma adjustment criteria with simplified requirements to depict the accounting for the transaction ("Transaction Accounting Adjustments") and present the reasonably estimable synergies and other transaction effects that have occurred or reasonably expected to occur ("Management's Adjustments"). MYPS has elected not to present Management's Adjustments and will only be presenting Transaction Accounting Adjustments in the unaudited pro forma condensed combined financial information.

The pro forma combined provision for income taxes does not necessarily reflect the amounts that would have resulted had the post-combination company filed consolidated income tax returns during the periods presented.

The pro forma basic and diluted net loss attributable to common stockholders per share presented in the unaudited pro forma condensed combined statements of operations are based upon the number of the post-combination company's shares outstanding, assuming the Business Combination occurred on January 1, 2023.

Transaction Accounting Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

The Transaction Accounting Adjustments included in the unaudited pro forma condensed combined balance sheet as of March 31, 2024 are as follows:

(A) Reflects the adjustment for assets, liabilities, and stockholders' equity that were not acquired as part of the Business Combination.

(B) Reflects cash paid at closing, including a holdback of $0.1 million in accordance with the Purchase Agreement. This also includes the recognition of the fair value of contingent consideration, initially valued at $3.5 million.

(C) Reflects recognition of cash paid related to the transaction costs incurred at the close of the Business Combination.

(D) Reflects the recognition of intangible assets acquired as part of the Business Combination.

		July 1, 2024
Cash consideration	$	3,400
Holdback		100
Contingent consideration, non-current		3,533
Total consideration transferred	$	7,033
Identifiable assets acquired and liabilities assumed:		
Property and equipment, net		15
Developed technology		1,660
Total identifiable net assets	$	1,675
Goodwill	$	5,358

Transaction Accounting Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations

The Transaction Accounting Adjustments included in the unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2024 and the year ended December 31, 2023 are as follows:

(AA) Reflects the recognition of expense related to the stock-based compensation. This is a recurring item.

(BB) Reflects the recognition of expense related to amortization of intangible assets that were recognized as part of the business combination. This is a recurring item.

(CC) Reflects the removal of interest associated the current and long-term debt associated with Pixode. The debt was not included as part of the business combination. This is a recurring item.

(DD) Reflects the adjustment to the income tax provision for the combined business. This is a recurring item.

(EE) Reflects the recognition of expense related to the transaction costs incurred at the close of the Business Combination. This is a non-recurring item.

4. Net income (loss) attributable to common stockholders per share

Represents the net loss attributable to common stockholders per share calculated using the historical weighted average shares of common stock outstanding. The unaudited pro forma condensed combined financial information has been prepared based on the following information for the three months ended March 31, 2024 and the year ended December 31, 2023:

(in thousands, except per share data)	For the three months ended March 31, 2024	For the year ended December 31, 2023
Class A Common Stock		
Pro forma net loss attributable to Class A common stockholders	(1,022)	(21,416)
Weighted average shares of common stock outstanding - basic	119	117
Dilutive options	—	—
Weighted average shares of common stock outstanding - diluted	119	117
Net income (loss) attributable to common stockholders per share - basic	(0.01)	(0.18)
Net income (loss) attributable to common stockholders per share - diluted	(0.01)	(0.18)
Class B Common Stock		
Pro forma net loss attributable to Class B common stockholders	(141)	(3,026)
Weighted average shares of common stock outstanding - basic	16	16
Dilutive options	—	—
Weighted average shares of common stock outstanding - diluted	16	16
Net income (loss) attributable to common stockholders per share - basic	(0.01)	(0.18)
Net income (loss) attributable to common stockholders per share - diluted	(0.01)	(0.18)