
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For transition period from to
Commission File Number 001-39652

PLAYSTUDIOS, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

88-1802794

(I.R.S. Employer
Identification Number)

**10150 Covington Cross Drive
Las Vegas, NV 89144
(725) 877-7000**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Class A common stock	MYPS	The Nasdaq Capital Market

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

As of July 31, 2026, there were 103,663,613 shares of Class A common stock, \$0.0001 par value per share, and 16,457,769 shares of Class B common stock, \$0.0001 par value per share, outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements are based on our current expectations, estimates, forecasts, and projections about future events and operating performance. All statements, other than statements of present or historical fact included in this Quarterly Report, about our strategy, business model, competitive position, operations, financial performance, liquidity, profitability, cost structure, emerging technologies (including artificial intelligence), market opportunities, regulatory environment, and management’s plans and objectives are forward-looking statements. Any statements that refer to forecasts, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “continue,” “goal,” “project” or the negative of such terms or other similar expressions.

Forward-looking statements contained in this Quarterly Report on Form 10-Q may include, but are not limited to, statements about:

- our business strategy, operating priorities, competitive positioning, and market opportunities;
- our future financial performance, including revenue, profitability, liquidity, cash flows and operating results;
- market acceptance, player engagement, monetization and retention relating to our games, promotional offerings and new products;
- our capital resources, capital allocation priorities, access to financing and conditions in the global capital markets;
- factors relating to our business, operations, financial performance, and subsidiaries, including competitive dynamics, changes in laws and regulations affecting our business, our ability to implement business plans and forecasts, identify and realize opportunities, and general macroeconomic conditions affecting discretionary consumer spending, awards partners, and advertisers;
- our reliance on, and ability to maintain relationships with, third-party platforms, payment providers, and other key partners, including the Apple App Store, Google Play Store, Amazon Appstore, Meta Platforms (Facebook), and Appcharge;
- our ability to maintain and improve effective internal control over financial reporting;
- our ability to maintain, protect, enforce, license, and enhance our intellectual property rights;
- the impact of litigation, regulatory inquiries, investigations, enforcement actions, and our ability to successfully defend or resolve such matters;
- our ability to identify, evaluate, pursue, complete and successfully integrate, separate or otherwise execute strategic transactions consistent with our business objectives;
- our success in attracting, retaining, and motivating employees and other key talent;
- our ability to develop, deploy and adapt to emerging technologies, including artificial intelligence, and their impact on our products, operations and competitive position;
- the impact of geopolitical conditions, including international conflicts, regional instability, trade tensions, sanctions, export controls, terrorism, cyber threats, disruptions to global markets or supply chains, and related economic or operational uncertainty; and
- the impact of existing and future legal and regulatory requirements on our current and planned business operations, including our ability to comply with, and adapt to, the enactment, amendment, interpretation, or enforcement of laws and regulations governing gaming, gambling, promotional sweepstakes, advertising, data privacy, consumer protection, virtual currencies, payment systems, digital platforms, and other aspects of our business that may affect how we operate, where we operate, or the products and services we offer.

These forward-looking statements are based on our current plans, estimates, and projections in light of information currently available to us and are subject to known and unknown risks, uncertainties, and assumptions, including those described

under the heading “Risk Factors” in this Quarterly Report on Form 10-Q, under “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, and in our other filings with the Securities and Exchange Commission (the “SEC”) from time to time, that could cause our actual results, performance, or achievements to differ materially from those expressed or implied by these forward-looking statements. The risks described under the heading “Risk Factors” are not exhaustive. New risks emerge from time to time, and it is not possible for us to predict all risks or assess the impact of all such risks on our business or the extent to which any risk or combination of risks may cause actual results to differ materially from those contained in any forward-looking statements.

Forward-looking statements are not guarantees of future performance, and you should not place undue reliance on them. These statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q, whether as a result of new information, future events, or otherwise.

We use our Investor Relations website, ir.playstudios.com, SEC filings, press releases, public conference calls, and webcasts as means of disclosing material information and complying with our disclosure obligations under Regulation FD. Information posted on or accessible through our website, social media channels or other digital platforms is not incorporated by reference into this Quarterly Report on Form 10-Q, and you should not consider such information to be part of this Quarterly Report.

PART I. Financial Information**Item 1. Financial Statements**

PLAYSTUDIOS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands, except par value amounts)

	June 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 102,669	\$ 104,935
Receivables, net	21,938	22,818
Prepaid expenses and other current assets	5,744	7,018
Total current assets	130,351	134,771
Property and equipment, net	11,655	13,426
Operating lease right-of-use assets	4,616	7,533
Intangible assets and internal-use software, net	66,393	76,430
Goodwill	52,222	52,222
Deferred income taxes	4,115	4,140
Other long-term assets	1,787	2,096
Total non-current assets	140,788	155,847
Total assets	\$ 271,139	\$ 290,618
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	8,121	7,808
Operating lease liabilities, current	3,196	3,656
Minimum guarantee liability, current	7,425	9,469
Contingent consideration, current	3,062	5,561
Accrued and other current liabilities	21,737	16,684
Total current liabilities	43,541	43,178
Operating lease liabilities, noncurrent	2,255	4,070
Minimum guarantee liability, noncurrent	12,000	12,000
Contingent consideration, noncurrent	4,946	2,747
Deferred income taxes	701	617
Other long-term liabilities	—	140
Total non-current liabilities	19,902	19,574
Total liabilities	\$ 63,443	\$ 62,752
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value (100,000 shares authorized, no shares issued and outstanding as of June 30, 2026 and December 31, 2025)	—	—
Class A common stock, \$0.0001 par value (2,000,000 shares authorized, 133,834 and 131,823 shares issued, and 109,244 and 110,084 shares outstanding as of June 30, 2026 and December 31, 2025, respectively)	11	11
Class B common stock, \$0.0001 par value (25,000 shares authorized, 16,457 and 16,457 shares issued and outstanding as of June 30, 2026 and December 31, 2025, respectively).	2	2
Additional paid-in capital	345,250	340,802
Accumulated deficit	(83,913)	(59,963)
Accumulated other comprehensive income	2,695	1,806
Treasury stock, at cost, 24,590 and 21,739 shares at June 30, 2026 and December 31, 2025, respectively	(56,349)	(54,792)
Total stockholders' equity	207,696	227,866
Total liabilities and stockholders' equity	\$ 271,139	\$ 290,618

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

PLAYSTUDIOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net revenue	\$ 54,992	\$ 59,338	\$ 113,402	\$ 122,047
Operating expenses:				
Cost of revenue ⁽¹⁾	10,821	14,563	22,866	30,342
Selling and marketing	15,323	13,108	36,348	26,277
Research and development	15,145	14,214	29,869	27,888
General and administrative	8,754	11,345	18,190	23,206
Depreciation and amortization	9,709	9,535	19,542	19,167
Restructuring and related	4,789	60	9,441	1,395
Total operating costs and expenses	64,541	62,825	136,256	128,275
Loss from operations	(9,549)	(3,487)	(22,854)	(6,228)
Other income (expense), net:				
Change in fair value of contingent consideration	(2,480)	169	300	(156)
Interest income, net	634	946	1,356	1,852
Other loss, net	(397)	(367)	(660)	(739)
Total other (loss) income, net	(2,243)	748	996	957
Loss before income taxes	(11,792)	(2,739)	(21,858)	(5,271)
Income tax expense	(1,482)	(209)	(2,092)	(557)
Net loss	\$ (13,274)	\$ (2,948)	\$ (23,950)	\$ (5,828)
Net loss per share attributable to Class A and Class B common stockholders:				
Basic	\$ (0.10)	\$ (0.02)	\$ (0.19)	\$ (0.05)
Diluted	\$ (0.10)	\$ (0.02)	\$ (0.19)	\$ (0.05)
Weighted average shares of common stock outstanding:				
Basic	127,617	125,448	127,638	125,351
Diluted	127,617	125,448	127,638	125,351

(1) Amounts exclude depreciation and amortization.

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

PLAYSTUDIOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net loss	\$ (13,274)	\$ (2,948)	\$ (23,950)	\$ (5,828)
Other comprehensive income:				
Change in foreign currency translation adjustment ⁽¹⁾	896	1,611	889	1,619
Unrealized gain from derivative financial instruments ⁽¹⁾	—	758	—	808
Reclassification of loss/(gain) from settlement of derivative financial instruments included in net loss ⁽¹⁾	—	(235)	—	(247)
Total other comprehensive income	896	2,134	889	2,180
Comprehensive loss	\$ (12,378)	\$ (814)	\$ (23,061)	\$ (3,648)

(1) These amounts are presented gross of the effect of income taxes. The corresponding effects of income taxes are immaterial.

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

PLAYSTUDIOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited, in thousands)

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance as of March 31, 2025	109,048	\$ 11	16,457	\$ 2	\$ 331,706	\$ (586)	\$ (34,204)	\$ (52,847)	\$ 244,082
Net loss	—	—	—	—	—	—	(2,948)	—	(2,948)
Exercise of stock options	—	—	—	—	—	—	—	—	—
Restricted stock vesting, net of shares withheld	1,116	—	—	—	(810)	—	—	—	(810)
Stock-based compensation	—	—	—	—	4,778	—	—	—	4,778
Repurchase of common stock	(1,380)	—	—	—	—	—	—	(1,945)	(1,945)
Other comprehensive income	—	—	—	—	—	2,134	—	—	2,134
Balance as of June 30, 2025	108,784	\$ 11	16,457	\$ 2	\$ 335,674	\$ 1,548	\$ (37,152)	\$ (54,792)	\$ 245,291

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance as of March 31, 2026	111,857	\$ 11	16,457	\$ 2	\$ 342,945	\$ 1,799	\$ (70,639)	\$ (54,792)	\$ 219,326
Net loss	—	—	—	—	—	—	(13,274)	—	(13,274)
Exercise of stock options	—	—	—	—	—	—	—	—	—
Restricted stock vesting, net of shares withheld	1,138	—	—	—	(154)	—	—	—	(154)
Stock-based compensation	—	—	—	—	2,459	—	—	—	2,459
Repurchase of common stock	(2,851)	—	—	—	—	—	—	(1,557)	(1,557)
Forfeiture of common stock	(900)	—	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	—	896	—	—	896
Balance as of June 30, 2026	109,244	\$ 11	16,457	\$ 2	\$ 345,250	\$ 2,695	\$ (83,913)	\$ (56,349)	\$ 207,696

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance as of December 31, 2024	108,287	11	16,457	2	327,951	(632)	(31,324)	(51,293)	244,715
Net loss	—	—	—	—	—	—	(5,828)	—	(5,828)
Exercise of stock options	110	—	—	—	122	—	—	—	122
Restricted stock vesting, net of shares withheld	2,677	—	—	—	(1,551)	—	—	—	(1,551)
Stock-based compensation	—	—	—	—	9,152	—	—	—	9,152
Repurchase of common stock	(2,290)	—	—	—	—	—	—	(3,499)	(3,499)
Other comprehensive income	—	—	—	—	—	2,180	—	—	2,180
Balance as of June 30, 2025	108,784	11	16,457	2	335,674	1,548	(37,152)	(54,792)	245,291

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance as of December 31, 2025	110,084	\$ 11	16,457	\$ 2	\$ 340,802	\$ 1,806	\$ (59,963)	\$ (54,792)	\$ 227,866
Net loss	—	—	—	—	—	—	(23,950)	—	(23,950)
Exercise of stock options	17	—	—	—	—	—	—	—	—
Restricted stock vesting, net of shares withheld	2,894	—	—	—	(532)	—	—	—	(532)
Stock-based compensation	—	—	—	—	4,980	—	—	—	4,980
Repurchase of common stock	(2,851)	—	—	—	—	—	—	(1,557)	(1,557)
Forfeiture of common stock	(900)	—	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	—	889	—	—	889
Balance as of June 30, 2026	109,244	\$ 11	16,457	\$ 2	\$ 345,250	\$ 2,695	\$ (83,913)	\$ (56,349)	\$ 207,696

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

PLAYSTUDIOS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net loss	\$ (23,950)	\$ (5,828)
Adjustments:		
Depreciation and amortization	19,542	19,167
Stock-based compensation expense	4,738	8,866
Change in fair value of contingent consideration	(300)	156
Asset impairments	133	—
Deferred income tax benefit	109	(125)
Other	2,178	956
Changes in operating assets and liabilities		
Receivables, net	1,696	1,603
Prepaid expenses and other current assets	(581)	(2,181)
Income tax receivable	1,638	234
Accounts payable & accrued liabilities	3,952	(6,387)
Other	201	481
Net cash provided by operating activities	9,356	16,942
Cash flows from investing activities:		
Purchase of property and equipment	(271)	(530)
Additions to internal-use software	(7,624)	(7,459)
Other	(70)	(41)
Net cash used in investing activities	(7,965)	(8,030)
Cash flows from financing activities:		
Proceeds from stock option exercises	—	122
Payments for tax withholding of stock-based compensation	(533)	(1,553)
Payment of minimum guarantee liabilities	(1,397)	(2,080)
Repurchases of treasury stock	(1,557)	(3,450)
Net cash used in financing activities	(3,487)	(6,961)
Foreign currency translation	(164)	1,136
Net change in cash, cash equivalents, and restricted cash	(2,260)	3,087
Cash, cash equivalents, and restricted cash at beginning of period	105,555	110,386
Cash, cash equivalents, and restricted cash at end of period	\$ 103,295	\$ 113,473
Supplemental cash flow disclosures:		
Interest paid	\$ 82	\$ 82
Income taxes paid, net of refunds	884	526
Non-cash investing and financing activities:		
Capitalization of stock-based compensation	\$ 242	\$ 286
Additions to property and equipment included in accounts payable and other long-term liabilities	—	52
Additions to intangible assets related to licensing agreements	—	1,735
Right-of-use assets acquired under operating leases	—	654

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, in thousands, unless otherwise noted)

NOTE 1—BACKGROUND AND BASIS OF PRESENTATION***Organization and Description of Business***

PLAYSTUDIOS, Inc. (the "Company" or "PLAYSTUDIOS"), formerly known as Acies Acquisition Corp. ("Acies"), consummated its business combination with PlayStudios, Inc. ("Old PLAYSTUDIOS") on June 21, 2021 (the "Closing Date") pursuant to the Agreement and Plan of Merger, dated February 1, 2021 (the "Merger Agreement") (the "Acies Merger"). In connection with the Acies Merger, Acies changed its name to PLAYSTUDIOS, Inc. and domesticated from the Cayman Islands to the State of Delaware.

The Company develops and operates mobile and online social gaming applications ("games" or "game"), most of which incorporate a loyalty program offering "real world" rewards provided by a network of rewards partners. The Company's games are free-to-play and available through major digital platforms, including the Apple App Store, Google Play Store, Amazon Appstore and Facebook (collectively, the "platforms" or "platform operators"). The Company creates games based on its own original content as well as licensed third-party brands. The Company primarily generates revenue from in-game purchases of virtual currency and in-game advertising.

Unless the context otherwise requires, all references herein to "PLAYSTUDIOS," the "Company," "we," "us," and "our" refer collectively to PLAYSTUDIOS, Inc. and its subsidiaries.

Basis of Presentation and Consolidation

The accompanying condensed consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The condensed consolidated financial statements include the accounts of PLAYSTUDIOS, Inc. and its consolidated subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation. Certain reclassifications in these financial statements have been made to comply with US GAAP applicable to public companies and SEC Regulation S-X.

The significant accounting policies referenced in the annual consolidated financial statements of the Company as of December 31, 2025 have been applied consistently in these unaudited interim condensed consolidated financial statements. In the opinion of the Company, the accompanying unaudited financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of its financial position as of June 30, 2026, its results of operations for the three and six months ended June 30, 2026, and 2025, and cash flows for the six months ended June 30, 2026, and 2025. The Condensed Consolidated Balance Sheet as of December 31, 2025 was derived from the audited annual financial statements but does not contain all of the footnote disclosures from the annual financial statements.

Use of Estimates

The preparation of condensed 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 condensed 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 and definite-lived intangible assets, the expensing and capitalization of research and development costs for internal-use software, assumptions used in accounting for income taxes, stock-based compensation, the fair value of derivative financial instruments, the fair value of contingent consideration, and the evaluation of goodwill and long-lived assets for impairment. 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.

Smaller Reporting Company

As of June 30, 2026, the Company qualified as a Smaller Reporting Company ("SRC") as defined under Rule 12b-2 of the Securities Exchange Act of 1934. As an SRC, we are eligible for and have elected to provide scaled disclosure accommodations in this Quarterly Report on Form 10-Q. These accommodations allow us to provide reduced executive compensation disclosures, fewer years of audited financial statements, and less extensive narrative disclosures compared to

larger reporting companies. The Company will reevaluate its eligibility to qualify as an SRC at the end of its second quarter of 2027, and otherwise as required.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. Specifically, \$6.3 million previously classified within accrued and other current liabilities as of December 31, 2025 has been reclassified to accounts payable to better reflect the nature of those obligations as amounts owed to vendors and suppliers in the ordinary course of business. These reclassifications had no effect on previously reported total current liabilities, total liabilities, or net loss.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Our significant accounting policies and estimates remained unchanged from our 2025 Annual Report on Form 10-K filed on March 16, 2026 and amended on Form 10-K/A filed on April 3, 2026.

Recently Issued Accounting Standards Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40)*. Additionally, in January 2025, the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03. The standard provides guidance to expand disclosures related to the disaggregation of income statement expenses. The standard requires, in the notes to the financial statements, disclosure of specified information about certain costs and expenses, which includes purchases of inventory, employee compensation, depreciation, and intangible asset amortization included in each relevant expense caption. This guidance is effective for fiscal years beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, on a retrospective or prospective basis, with early adoption permitted. The Company is assessing the guidance, noting the adoption impacts disclosure only.

In September 2025, the FASB issued ASU 2025-06, *Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40)* (“ASU 2025-06”), which revises the approach to accounting for internal-use software costs by eliminating all references to the stages of software development projects, thereby making the guidance adaptable to a variety of software development methodologies. ASU 2025-06 will be effective for annual periods beginning after December 15, 2027, and interim periods within those annual reporting periods, on a prospective, modified or retrospective basis, with early adoption permitted. The Company is currently assessing the effect the guidance will have on the Company's financial condition, results of operations and cash flows.

NOTE 3—SEGMENT REPORTING

The Company has aggregated its operating segments into the following reportable segments: playGAMES and playAWARDS, which represent our different products and services. A detailed discussion regarding the products and services from which each reportable segment derives its revenue is included in our 2025 Annual Report on Form 10-K filed on March 16, 2026 and amended on Form 10-K/A filed on April 3, 2026.

Adjusted EBITDA (“AEBITDA”) is the Company’s reportable segment GAAP measure, which management utilizes as the primary profit measure for its reportable segments and underlying operating segments. AEBITDA is a measure defined as net income (loss) before interest, income taxes, depreciation and amortization, restructuring and related costs (consisting primarily of severance and other restructuring related costs), stock-based compensation expense, and other income and expense items (including special infrequent items, foreign currency gains and losses, and other non-cash items).

Expenses include indirect costs that are allocated to operating segments based on a reasonable allocation methodology, which are generally related to sales and marketing activities, general and administrative overhead, and costs associated with administering the playAWARDS myVIP program in the playGAMES applications. Net revenue excludes transactions between the Company's operating segments. Certain expenses incurred by playAWARDS have been allocated to playGAMES at cost. The chief operating decision maker does not evaluate operating segments using asset information.

The following table presents the Company’s segment information:

	Three Months Ended June 30, 2026			Three Months Ended June 30, 2025		
	playGAMES	playAWARDS	Total	playGAMES	playAWARDS	Total
Net revenue						
Virtual currency	\$ 41,886	\$ 781	\$ 42,667	\$ 47,981	\$ 227	\$ 48,208
Advertising	12,316	—	12,316	11,128	—	11,128
Other	—	9	9	—	2	2
	<u>54,202</u>	<u>790</u>	<u>54,992</u>	<u>59,109</u>	<u>229</u>	<u>59,338</u>
Segment expenses						
Cost of sales	10,743	78	10,821	14,539	24	14,563
Payroll & related	10,071	1,279	11,350	9,079	1,453	10,532
User acquisition	11,806	—	11,806	9,066	—	9,066
Other ⁽¹⁾	10,109	362	10,471	9,950	1,138	11,088
	<u>42,729</u>	<u>1,719</u>	<u>44,448</u>	<u>42,634</u>	<u>2,615</u>	<u>45,249</u>
Reportable segment AEBITDA	\$ 11,473	\$ (929)	\$ 10,544	\$ 16,475	\$ (2,386)	\$ 14,089
Other operating expense						
Corporate and other			\$ 3,241			\$ 3,375
Restructuring expenses			4,789			60
Other reconciling items			—			(2)
Stock-based compensation			2,354			4,608
Depreciation and amortization			9,709			9,535
			<u>20,093</u>			<u>17,576</u>
Non-operating income (expense)						
Change in fair value of contingent consideration			(2,480)			169
Interest income, net			634			946
Other expense			(397)			(367)
			<u>(2,243)</u>			<u>748</u>
Loss before income taxes			(11,792)			(2,739)
Income tax expense			(1,482)			(209)
Net loss			<u>\$ (13,274)</u>			<u>\$ (2,948)</u>

(1) Consists of legal, rent, information technology, outside services, marketing, and other general and administrative expenses.

	Six Months Ended June 30, 2026			Six Months Ended June 30, 2025		
	playGAMES	playAWARDS	Total	playGAMES	playAWARDS	Total
Net revenue						
Virtual currency	\$ 86,591	\$ 1,324	\$ 87,915	\$ 98,673	\$ 375	\$ 99,048
Advertising	25,473	—	25,473	22,991	—	22,991
Other	—	14	14	—	8	8
	112,064	1,338	113,402	121,664	383	122,047
Segment expenses						
Cost of sales	22,734	132	22,866	30,302	40	30,342
Payroll & related	20,082	2,767	22,849	18,254	3,020	21,274
User acquisition	28,499	—	28,499	19,223	—	19,223
Other ⁽¹⁾	20,603	860	21,463	19,101	1,998	21,099
	91,918	3,759	95,677	86,880	5,058	91,938
Reportable segment AEBITDA	20,146	(2,421)	17,725	34,784	(4,675)	30,109
Other operating expense						
Corporate and other			\$ 6,851			\$ 6,908
Restructuring expenses			9,441			1,395
Other reconciling items			7			1
Stock-based compensation			4,738			8,866
Depreciation and amortization			19,542			19,167
			40,579			36,337
Non-operating income (expense)						
Change in fair value of contingent consideration			300			(156)
Interest income, net			1,356			1,852
Other expense			(660)			(739)
			996			957
Loss before income taxes			(21,858)			(5,271)
Income tax expense			(2,092)			(557)
Net loss			\$ (23,950)			\$ (5,828)

(1) Consists of legal, rent, information technology, outside services, marketing, and other general and administrative expenses.

Reorganization

On March 10, 2026, the Company initiated an internal reorganization plan (the “2026 Reorganization Plan”) which is intended to enhance efficiency and reduce operating expenses. The 2026 Reorganization Plan includes a reduction of the Company’s current total global workforce by approximately 27%. The Company expects to incur aggregate charges of approximately \$4.5 million to \$7.0 million in connection with the 2026 Reorganization Plan, consisting primarily of employee transition costs, severance payments, employee benefits, stock-based compensation, and lease termination and other facility-related costs, substantially all of which are expected to be recognized during 2026.

The following table presents the charges for the 2026 Reorganization Plan, which is reflected in “Restructuring and related” in the Condensed Consolidated Statements of Operations:

	playGAMES	playAWARDS	Corporate and Other	Total
Employee termination benefits	\$ 1,461	\$ 261	\$ 565	\$ 2,287
Lease-related charges ⁽¹⁾	121	68	149	338
Asset-related charges ⁽²⁾	191	3	6	200
Other	14	7	31	52
Three months ended March 31, 2026	\$ 1,787	\$ 339	\$ 751	\$ 2,877
Employee termination benefits	1,741	—	93	1,834
Lease-related charges ⁽¹⁾	635	(24)	(62)	549
Asset-related charges ⁽²⁾	302	11	27	340
Other	120	6	15	141
Three months ended June 30, 2026	2,798	(7)	73	2,864
Six months ended June 30, 2026	\$ 4,585	\$ 332	\$ 824	\$ 5,741

(1) Lease-related charges primarily represent accelerated amortization of operating lease right of use (“ROU”) assets due to a change in useful life. See Note 11—*Leases* for further discussion.

(2) Asset-related charges primarily represent impairment and loss on disposal of property and equipment.

The following table summarizes the activity related to the liabilities associated with the Company's reorganization plan:

	Employee Termination Benefits	Lease-Related Charges	Asset-Related Charges	Other	Total
Balance as of December 31, 2025	\$ —	\$ —	\$ —	\$ —	\$ —
Reorganization charges and adjustments	4,122	887	540	192	5,741
Non-cash charges	(138)	(837)	(540)	(30)	(1,545)
Payments	(1,703)	(37)	—	(130)	(1,870)
Balance as of June 30, 2026	\$ 2,281	\$ 13	\$ —	\$ 32	\$ 2,326

playGAMES Goodwill

The Company monitors its playGAMES reporting unit for potential indicators of impairment on an ongoing basis. During the three months ended June 30, 2026, the Company considered various qualitative and quantitative factors, including trends in operating performance and broader market conditions affecting the playGAMES segment.

As of the Company's most recent annual impairment test performed on October 1, 2025, the estimated fair values of the reporting units exceeded their respective carrying values by a relatively narrow amount. While the Company continues to monitor the performance of these reporting units in light of recent operating trends and market conditions, management determined that no impairment charge was required as of June 30, 2026.

If actual results differ from current expectations, or if management updates its assumptions or projections for these reporting units, including those related to future cash flows, the estimated fair values of the reporting units may change, which could result in impairment charges in future periods.

NOTE 4—RELATED-PARTY TRANSACTIONS

The following table is a summary of balance sheet assets and liabilities from related parties:

	June 30, 2026	December 31, 2025	Financial Statement Line Item
Marketing Agreement	\$ 1,000	\$ 1,000	Intangible assets and internal-use software, net

The Company's revenues and expenses recognized from related parties were immaterial during the three and six months ended June 30, 2026 and 2025.

MGM Resorts International ("MGM")

MGM is a stockholder and owned approximately 16.6 million and 16.6 million shares of the Company's outstanding Class A common stock as of June 30, 2026 and December 31, 2025, respectively.

In April 2011, the Company entered into a joint marketing agreement with MGM (as amended, the "Marketing Agreement") in exchange for assistance with marketing campaigns and the certain rights to utilize MGM's licensed marks and licensed copyrights for the development of certain of the Company's social casino games. The initial term of the Marketing Agreement was for one year from the go-live date of the first such game in July 2012, with automatic renewal provisions based on the games achieving specified performance criteria. The Marketing Agreement was recorded as an indefinite-lived intangible asset.

PLAYSTUDIOS Impact Fund

During the six months ended June 30, 2025, the Company made charitable contributions of \$0.3 million to the PLAYSTUDIOS Impact Fund (the "Fund"), a tax-exempt private foundation established by the Company and administered by certain members of the Company's management team. No contributions were made during the three and six months ended June 30, 2026. These individuals serve as officers and directors of the Fund but receive no compensation in such capacities. The Fund supports charitable causes selected based on input from Company employees and customers. The contributions were recorded in "General and administrative" in the accompanying Condensed Consolidated Statements of Operations.

NOTE 5—RECEIVABLES, NET

Receivables, net consist of the following:

	June 30, 2026	December 31, 2025
Trade receivables	\$ 20,301	\$ 22,029
Other receivables	1,676	821
Allowance for uncollectible amounts	(39)	(32)
Total receivables, net	<u>\$ 21,938</u>	<u>\$ 22,818</u>

Trade receivables generally represent amounts due to the Company from social and mobile platform operators, including Apple, Google, and direct-to-consumer ("DTC") payment processors, including Xsolla. Trade receivables are recorded when the right to consideration becomes unconditional.

Concentration of Credit Risk

The following table summarizes the major receivables of the Company as a percentage of the total trade receivables as of the dates indicated:

	June 30, 2026	December 31, 2025
Apple, Inc.	30.1 %	41.1 %
Google, LLC	15.4 %	17.8 %
Xsolla (USA), Inc.	20.7 %	13.6 %
AppLovin Corp	10.1 %	9.9 %

As of June 30, 2026 and December 31, 2025, the Company did not have any additional counterparties that exceeded 10% of the Company's total trade receivables.

NOTE 6—PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	June 30, 2026	December 31, 2025
Prepaid expenses	\$ 4,906	5,160
Income tax receivable	755	1,632
Other current assets	83	226
Total prepaid expenses other current assets	<u>\$ 5,744</u>	<u>\$ 7,018</u>

NOTE 7—FAIR VALUE MEASUREMENT

The carrying values of the Company's cash and cash equivalents, receivables, net, prepaid expenses and other current assets, and accounts payable approximate fair value due to their short maturities.

	June 30, 2026			
	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Contingent consideration	—	—	8,008	8,008
Total financial liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,008</u>	<u>\$ 8,008</u>

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Public Warrants	\$ 43	—	—	43
Private Warrants	—	31	—	31
Contingent consideration	—	—	8,308	8,308
Total financial liabilities	<u>\$ 43</u>	<u>\$ 31</u>	<u>\$ 8,308</u>	<u>\$ 8,382</u>

On July 1, 2024, PLAYSTUDIOS US, LLC, a direct wholly-owned subsidiary of the Company entered into an asset purchase agreement to acquire certain tangible and intangible assets and assumed certain liabilities from Pixode Games Limited ("Pixode"), a mobile casual games publisher ("Pixode Acquisition"). The fair value of our Level 3 contingent consideration liabilities relates to the Pixode Acquisition. This contingent consideration is primarily based on expected payments arising from a percentage of an adjusted net revenue for a three year period commencing on the re-launch date of the rebranded Pixode assets, payable at the end of each fiscal year. The value of these payments are subject to various market and operational risks. As of June 30, 2026 and December 31, 2025, significant unobservable inputs include a discount rate of approximately 14.1% and 12.1%, respectively, and the probability of revenue growth over the same three year period.

NOTE 8—PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	June 30, 2026	December 31, 2025
Land and land improvements	\$ 1,928	1,923
Building and building improvements	5,932	5,932
Computer equipment	9,251	9,986
Leasehold improvements	10,476	11,628
Purchased software	544	586
Furniture and fixtures	3,300	3,681
Construction in progress	107	—
Total property and equipment	31,538	33,736
Less: accumulated depreciation	(19,883)	(20,310)
Total property and equipment, net	<u>\$ 11,655</u>	<u>\$ 13,426</u>

The aggregate depreciation expense for property and equipment, net is reflected in “Depreciation and amortization” in the Condensed Consolidated Statements of Operations. During the three months ended June 30, 2026 and 2025, depreciation expense was \$0.8 million and \$1.0 million, respectively. During the six months ended June 30, 2026 and 2025, depreciation expense was \$1.6 million and \$2.0 million, respectively. There were no material impairment charges or material write-offs recorded for the three and six months ended June 30, 2026 and 2025.

Property and equipment, net by region consists of the following:

	June 30, 2026	December 31, 2025
United States	\$ 8,337	\$ 9,246
Europe, Middle East, and Africa	2,938	3,425
All other countries	380	755
Total property and equipment, net	<u>\$ 11,655</u>	<u>\$ 13,426</u>

NOTE 9—INTANGIBLE ASSETS AND INTERNAL-USE SOFTWARE, NET*Intangible Assets*

The following table provides the gross carrying value and accumulated amortization for each major class of intangible asset other than goodwill:

	June 30, 2026			December 31, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable intangible assets:						
Licenses	\$ 83,820	\$ (52,538)	\$ 31,282	\$ 83,820	\$ (45,670)	\$ 38,150
Acquired technology	16,653	(12,513)	4,140	16,653	(11,088)	5,565
Customer relationships	12,000	(9,000)	3,000	12,000	(7,800)	4,200
Trade names	2,740	(1,803)	937	2,741	(1,728)	1,013
Internal-use software	212,119	(186,436)	25,683	204,254	(178,101)	26,153
Other	392	(41)	351	379	(30)	349
	327,724	(262,331)	65,393	319,847	(244,417)	75,430
Nonamortizable intangible assets:						
Marketing Agreement with a related party	1,000	—	1,000	1,000	—	1,000
Total intangible assets	\$ 328,724	\$ (262,331)	\$ 66,393	\$ 320,847	\$ (244,417)	\$ 76,430

During the three months ended June 30, 2026 and 2025, intangible asset and internal-use software amortization was \$8.9 million and \$8.5 million, respectively. During the six months ended June 30, 2026 and 2025, intangible asset and internal-use software amortization was \$17.9 million and \$17.2 million, respectively. The aggregate amortization expense for amortizable intangible assets and internal-use software is reflected in “Depreciation and amortization” in the Condensed Consolidated Statements of Operations.

During the three and six months ended June 30, 2026 and 2025, there were no impairment charges for intangible assets or internal-use software.

As of June 30, 2026, the estimated annual amortization expense is as follows:

	Projected Amortization Expense
Remaining 2026	\$ 17,127
2027	24,515
2028	15,854
2029	7,213
2030	172
Thereafter	512
Total	\$ 65,393

NOTE 10—ACCRUED AND OTHER CURRENT LIABILITIES

Accrued liabilities consist of the following:

	June 30, 2026	December 31, 2025
Accrued payroll and related	9,228	9,143
Income taxes payable	2,236	1,476
Accrued litigation	4,696	3,245
Accrued restructuring	2,326	—
Warrant liabilities	—	74
Other accruals	3,251	2,746
Total accrued liabilities	<u>\$ 21,737</u>	<u>\$ 16,684</u>

Accrued Litigation

On November 13, 2023, Sandra Tucker Duckworth, a purported citizen of Tennessee, filed a civil lawsuit against PLAYSTUDIOS US, LLC in the Circuit Court for the 14th Judicial District of Tennessee (the "Duckworth Lawsuit") alleging that PLAYSTUDIOS US, LLC makes available online games of chance that constitute illegal gambling under Tennessee law and seeking to recover, under Tennessee's loss recovery act, all sums paid by Tennessee residents to PLAYSTUDIOS US, LLC in its online gambling games during the period beginning one year before the filing of the lawsuit until the case is resolved, excluding recovery of money lost by a Tennessee resident who lost \$75,000 or more during the statute of limitations period. The plaintiff claims to seek this recovery for the benefit of each individual player's spouse, or if not spouse, child or children, and if not child or children, the next of kin. As of June 30, 2026, the Duckworth Lawsuit is stayed pending the "Settlement" described below. The Company believes the claims are without merit and if the Settlement is not completed, intends to vigorously defend against them; however, there can be no assurance that the Company would be successful in the defense of this litigation.

On August 22, 2024, James Scott Tipmore, a purported citizen of Kentucky, filed a civil lawsuit against PLAYSTUDIOS US, LLC in the United States District Court for the Western District of Kentucky (the "Tipmore Lawsuit"), alleging that PLAYSTUDIOS US, LLC makes available online games of chance that constitute illegal gambling under Kentucky law and seeking to recover, under Kentucky's loss recovery act, treble the sums paid by Kentucky residents to PLAYSTUDIOS US, LLC in its online gambling games during the period beginning five years before the filing of the lawsuit until the case is resolved. As of June 30, 2026, the Tipmore Lawsuit is stayed pending the "Settlement" described below. The Company believes the claims are without merit and if the Settlement is not completed, intends to vigorously defend against them; however, there can be no assurance that the Company would be successful in the defense of this litigation.

The Company received four demands for arbitration during 2023 claiming that the games operated by PLAYSTUDIOS US, LLC constitute illegal gambling under the laws of various states. As of June 30, 2026, three of the demands for arbitration have been stayed pending the "Settlement" described below (the "State Arbitration Demands"). These demands generally attempt to recover amounts spent by third parties on the Company's games by relying on state gambling loss recovery statutes and/or by seeking to have the applicable Terms of Service declared invalid. The Company believes that the claims are without merit and if the Settlement is not completed, the Company intends to vigorously defend against them; however, there can be no assurance that the Company would be successful in the arbitration proceedings.

In January 2025, the Company reached an agreement in principle to settle the Pilati Lawsuit, Duckworth Lawsuit, Tipmore Lawsuit, and State Arbitration Demands in the form of a six-state class action (the "Settlement"). As of February 17, 2025, the Pilati Lawsuit, Duckworth Lawsuit, Tipmore Lawsuit, and State Arbitration Demands had been stayed. The parties are currently in the process of drafting settlement documentation and related court filings. The settlement will be subject to approval by the court in which the class action case is filed. It is not currently known when the settlement will be finalized.

As of June 30, 2026 and December 31, 2025 the Company accrued \$4.7 million and \$3.2 million, respectively, in connection with the Pilati Lawsuit, Duckworth Lawsuit, Tipmore Lawsuit, and State Arbitration Demands.

Warrants

Upon the closing of the Acies Merger, there were approximately 7.2 million publicly-traded redeemable warrants to purchase shares of Class A common stock (the "Public Warrants") and 3.8 million redeemable warrants to purchase shares of Class A common stock initially issued to Acies Acquisition, LLC (the "Sponsor") in a private placement (the "Private

Warrants") by Acies. Each whole Public Warrant entitled the registered holder to purchase one whole share of the Company's Class A common stock at a price of \$11.50 in cash per share, subject to adjustment.

All outstanding Public Warrants and Private Warrants ("Warrants") expired in accordance with their terms on June 21, 2026. No shares of Class A common stock were issued in connection with the Warrants. Upon expiration, all outstanding Warrants were automatically cancelled, and the Company derecognized the related warrant liability. The resulting gain recognized upon derecognition of the warrant liability was immaterial.

Prior to expiration, the Warrants were classified as liabilities and remeasured to fair value at each reporting date, with changes in fair value recognized in other income (expense), net. As of June 30, 2026, there were no Warrants outstanding and no warrant liability recorded on the condensed consolidated balance sheet.

NOTE 11—LEASES

During the three months ended March 31, 2026, the Company committed to a plan to vacate three leased facilities in connection with the 2026 Reorganization Plan discussed in Note 3—*Segment Reporting*. Upon approval of the 2026 Reorganization Plan, the Company determined that the remaining useful lives of the related ROU assets were shortened to reflect the revised period over which the assets are expected to provide economic benefit. Accordingly, the Company revised the amortization period of the ROU assets to end on the expected vacate dates. Although the Company intends to cease use of the leased properties as of those dates, the Company remains contractually obligated for lease payments through the end of the respective lease terms, unless and until a replacement tenant is identified.

During the three months ended June 30, 2026, the Company terminated two of the three facilities, effective April 30, 2026 and June 30, 2026. In connection with the terminations, the Company derecognized the remaining lease liabilities and right-of-use assets associated with the premises and settled its remaining obligations under the leases. As a result of these transactions, the Company recognized a net gain of \$0.6 million during the six months ended June 30, 2026, which is reflected in "Restructuring and related" in the Condensed Consolidated Statements of Operations, and in "Other" adjustments within the operating activities in the Condensed Consolidated Statements of Cash Flows. The Company vacated the remaining facility during the three months ended June 30, 2026, and the Company remains contractually obligated for lease payments at that location through the end of the lease term unless replacement tenants are identified or the agreement is terminated.

Subsequent to June 30, 2026, the Company entered into an agreement to terminate the third facility, effective August 31, 2026, resulting in an expected reduction in remaining lease liability of \$0.6 million.

The Company's operating leases primarily consist of real estate leases such as offices. During the three months ended June 30, 2026 and 2025, operating lease expense was \$2.0 million and \$1.0 million, respectively. During the six months ended June 30, 2026 and 2025, operating lease expense was \$3.5 million and \$2.1 million, respectively. Included in operating lease expense for the three and six months ended June 30, 2026 is approximately \$1.0 million and \$1.3 million, respectively, of accelerated amortization of ROU assets related to the three facilities identified to be vacated under the 2026 Reorganization Plan. This accelerated amortization is non-cash and is reflected in "Restructuring and related" in the Condensed Consolidated Statements of Operations.

The Company does not have any finance leases. Total variable and short-term lease payments were immaterial for all periods presented. As of June 30, 2026, the Company did not have any material additional operating leases that have not yet commenced.

Supplemental balance sheet information related to operating leases are as follows:

	June 30, 2026	December 31, 2025
Operating lease right-of-use assets	\$ 4,616	\$ 7,533
Operating lease liabilities, current	3,196	3,656
Operating lease liabilities, noncurrent	2,255	4,070
Operating lease liabilities, total	<u>\$ 5,451</u>	<u>\$ 7,726</u>
Weighted average remaining lease term, years	1.6	2.1
Weighted average discount rate	6.2 %	6.3 %

Operating lease liability maturities:

Year ending December 31,	Operating Leases
Remaining 2026	\$ 1,841
2027	3,411
2028	449
Total undiscounted cash flows	\$ 5,701
Less: imputed interest	\$ (250)
Lease liabilities, total	<u>\$ 5,451</u>

NOTE 12—LONG-TERM DEBT

Credit Agreement

On June 24, 2021, the Company entered into a credit agreement (the “Credit Agreement”) providing for a five-year revolving credit facility with an aggregate commitment of \$75.0 million, which was subsequently increased to \$81.0 million. Borrowings under the Credit Agreement were available for working capital, general corporate purposes and permitted acquisitions.

The Credit Agreement was amended from time to time to, among other things, replace the LIBOR interest rate benchmark with SOFR and make certain covenant and other technical modifications.

The Credit Agreement matured in accordance with its terms on June 24, 2026. No borrowings were outstanding at maturity, and the facility expired without being renewed or replaced. The Company had capitalized approximately \$0.8 million of debt issuance costs related to the Credit Agreement and its amendments, all of which had been fully amortized as of the maturity date.

NOTE 13—REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

The following table summarizes the Company’s revenue disaggregated by type, and by over time or point in time recognition:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Virtual currency (point in time or over time)	\$ 42,667	\$ 48,208	\$ 87,915	\$ 99,049
Advertising (point in time)	12,316	11,128	25,474	22,991
Other revenue (point in time or over time)	9	2	13	7
Total net revenue	<u>\$ 54,992</u>	<u>\$ 59,338</u>	<u>\$ 113,402</u>	<u>\$ 122,047</u>

The following table summarizes the Company's virtual currency revenue disaggregated by platform:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Third-party platforms	27,976	41,525	60,821	87,395
Direct-to-consumer platforms	14,691	6,683	27,094	11,654
Total virtual currency	\$ 42,667	\$ 48,208	\$ 87,915	\$ 99,049

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
United States	\$ 44,839	\$ 49,936	\$ 92,632	\$ 102,996
All other countries	10,153	9,402	20,770	19,051
Total net revenue	\$ 54,992	\$ 59,338	\$ 113,402	\$ 122,047

Contract Balances

Contract assets represent the Company's ability to bill customers for performance obligations completed under a contract. As of June 30, 2026 and December 31, 2025, there were no contract assets recorded in the Company's Condensed Consolidated Balance Sheets. The deferred revenue balance related to the purchase of virtual currencies was \$0.4 million and \$0.4 million as of June 30, 2026 and December 31, 2025, respectively. Trade receivables are described in Note 5—*Receivables, net*.

NOTE 14—INCOME TAXES

The Company recorded an income tax expense of \$1.5 million and an income tax expense of \$0.2 million for the three months ended June 30, 2026 and 2025, respectively. Our effective tax rate was (12.6)% for the three months ended June 30, 2026 compared to (7.6)% for the three months ended June 30, 2025.

The Company recorded an income tax expense of \$2.1 million and an income tax expense of \$0.6 million for the six months ended June 30, 2026 and 2025, respectively. Our effective tax rate was (9.6)% for the six months ended June 30, 2026 compared to (10.6)% for the six months ended June 30, 2025.

The effective tax rate for the three and six months ended June 30, 2026 and 2025 differed from the U.S. statutory rate of 21% primarily due to the valuation allowance on deferred tax assets, U.S. state taxes, non-US based income taxes, nondeductible items and includes specific costs associated with shortfalls in tax-deductible equity compensation compared to amounts recognized in the financial statements.

In July 2025, the U.S. Congress enacted the One Big Beautiful Bill Act ("OBBBA"), which included a range of tax reform measures, including modifications effective in 2026 to certain international tax provisions originally enacted under the Tax Cuts and Jobs Act. The Company does not expect the changes enacted under OBBBA to materially affect its effective tax rate or cash flows in the current fiscal year.

NOTE 15—COMMITMENTS AND CONTINGENCIES***Minimum Guarantee Liability***

The Company is subject to minimum guarantee royalty payments associated under certain content license agreements. The following are the Company's total minimum guaranteed royalty payment obligations related to licensing agreements as of:

	June 30, 2026	December 31, 2025
Minimum guarantee liability - current	\$ 7,425	\$ 9,469
Minimum guarantee liability - noncurrent	12,000	12,000
Total minimum guarantee obligations	\$ 19,425	\$ 21,469
Weighted-average remaining contractual term (in years)	1.1	1.6

The following are the Company's remaining expected future payments of minimum guaranteed royalty payment obligations related to licensing agreements as of June 30, 2026:

Year Ending December 31,	Minimum Guarantee Obligations
Remaining 2026	\$ 7,425
2027	6,000
2028	6,000
Total	\$ 19,425

Contingent Consideration

In connection with the Pixode Acquisition, in addition to the \$3.5 million paid at closing, the Company agreed to pay a percentage of an adjusted net revenue for a three-year period commencing on the re-launch date of the rebranded Pixode assets, payable at the end of each fiscal year, contingent upon the satisfaction of certain product and financial milestones, up to a maximum amount of \$113.5 million. The fair value of the contingent consideration is reassessed at each reporting date, with changes recognized in earnings. The fair value of the contingent consideration as of June 30, 2026 was \$8.0 million. Refer to *Note 7—Fair Value Measurement* for more information.

Legal Proceedings

The Company is party to ordinary and routine litigation incidental to its business. On a case-by-case basis, the Company engages inside and outside counsel to assess the probability of potential liability resulting from such litigation. After making such assessments, the Company makes an accrual for the estimated loss only when the loss is reasonably probable and an amount can be reasonably estimated. The Company does not expect the outcome of any of the below pending litigation to have a material effect on the Company's Consolidated Balance Sheets, Consolidated Statements of Operations, or Consolidated Statements of Cash Flows.

On February 20, 2024, Tyler Kuhk, a purported citizen of Washington, filed a class action lawsuit against PLAYSTUDIOS US, LLC in the Superior Court of the State of Washington for the County of King, alleging that PLAYSTUDIOS US, LLC makes available online games of chance that constitute illegal gambling under Washington law, that PLAYSTUDIOS US, LLC engaged in unfair and deceptive practices by advertising to and soliciting the general public in Washington state to play its unlawful online casino games of chance, and that PLAYSTUDIOS US, LLC was unjustly enriched by this conduct. The plaintiff seeks to recover all sums paid by Washington residents to PLAYSTUDIOS US, LLC in its online gambling games during an unspecified period of time under Washington's "Recovery of money lost gambling" statute, for treble damages under Washington's Consumer Protection Act, and for disgorgement and restitution of any money PLAYSTUDIOS US, LLC has retained through unlawful and/or wrongful conduct alleged in the lawsuit. The Company believes the claims are without merit and intends to vigorously defend against them; however, there can be no assurance that the Company will be successful in the defense of this litigation. The Company is not able to reasonably estimate the probability or amount of loss relating to this litigation and therefore has not made any accruals.

On May 24, 2024, the Company received multiple substantively identical pre-arbitration notices from a single law firm purporting to represent 5,264 players, alleging the games operated by the Company violate state gambling statutes, along with various other claims. The Company believes that the claims are without merit and the Company intends to vigorously

defend against them; however, there can be no assurance that the Company will be successful in the defense of these demands. The Company is not able to reasonably estimate the probability or amount of loss and therefore has not made any accruals.

On September 27, 2024, the Company received multiple substantively identical pre-arbitration notices from a single law firm purporting to represent 2,697 players, alleging the games operated by the Company violate state gambling statutes, along with various other claims. The Company believes that the claims are without merit and the Company intends to vigorously defend against them; however, there can be no assurance that the Company will be successful in the defense of these demands. The Company is not able to reasonably estimate the probability or amount of loss and therefore has not made any accruals.

On February 10, 2025, Britt Englund and Brett Chapin, purported citizens of California and two of the named claimants in the May 24, 2024 pre-arbitration notices referenced above, filed a civil lawsuit against PLAYSTUDIOS US, LLC in the Superior Court of the State of California for the County of Los Angeles, alleging that PLAYSTUDIOS US, LLC breached an agreement to arbitrate a dispute arising out of plaintiffs' engagement with games operated by the Company, and seeking an order to compel the Company to arbitrate. The complaint was dismissed by the plaintiffs on April 25, 2025 as part of an agreement to arbitrate the matter. The claimants filed arbitration proceedings in August of 2025. The Company believes that the claims are without merit and the Company intends to vigorously defend against them; however, there can be no assurance that the Company will be successful in the defense of these demands. The Company is not able to reasonably estimate the probability or amount of loss and therefore has not made any accruals.

On March 18, 2026, the Company received multiple substantively identical pre-arbitration notices from a single law firm purporting to represent several hundred players, alleging the games operated by the Company violate state gambling statutes, along with various other claims. On June 25, 2026, the single law firm filed a Mass Arbitration with the American Arbitration Association ("AAA"), on behalf of 400 individual claimants purporting to be players of PLAYSTUDIOS social casino mobile apps, alleging the games operated by the Company violate state gambling statutes, along with various other claims. The Company believes that the claims are without merit and the Company intends to vigorously defend against them; however, there can be no assurance that the Company will be successful in the defense of these demands. The Company is not able to reasonably estimate the probability or amount of loss and therefore has not made any accruals.

On July 9, 2026, Steven Horn (the "Plaintiff"), individually and on behalf of all others similarly situated, filed an Unopposed Motion for Preliminary Approval of Class Action Settlement against Amazon, Inc. in the United States District Court Western District of Washington at Seattle, Case No.2: 23-cv-01727-RSL (the "Proposed Settlement"). Under the initial Complaint filed in the lawsuit, Horn alleges that Amazon conspired with social casino app developers and violated Washington State's gambling laws and Consumer Protection Act and asserts claims for violations of RCW 4.24.070 (the "Recovery of Money Lost at Gambling Act" or "RMLGA"), violations of RCW 19.86.010 et seq. (the "Washington Consumer Protection Act" or "CPA"), violations of 18 U.S.C. Sections 1962(c) and (d) for conspiring to engage in racketeering activities and collection of unlawful debts, and unjust enrichment. Under the Proposed Settlement, Amazon agreed to (i) the filing of a Covenant Judgment in the amount of \$201.4 million, (ii) to pay \$2.5 million to be used for settlement administration expenses, and (iii) to assign to the Edelson PC Amazon Social Casino Litigation Trust all of its rights to indemnification by certain named app developers under the Amazon Developer Services Agreement (available at <https://developer.amazon.com/support/legal/da>). In exchange, Mr. Horn, as a Class Representative, agreed to execute a Covenant Not to Execute against Amazon's assets. The Proposed Settlement identifies PLAYSTUDIOS US, LLC as a named app developer and attributes to it a pro rata sub-judgment amount of approximately \$4.3 million based on an allocation methodology agreed to by Amazon and the settling plaintiffs. The Company was not a party to the Proposed Settlement, does not agree with the allocation methodology or the resulting amount, and disputes any liability relating to the claims asserted. The Company intends to vigorously defend its interests, including by seeking to intervene in the underlying litigation, if appropriate. However, there can be no assurance that the Company will be successful in the defense of these demands. The Company is not able to reasonably estimate the probability or amount of loss and therefore has not made any accruals as of June 30, 2026.

NOTE 16—STOCKHOLDERS' EQUITY

Common Stock

Subject to the prior rights of the holders of any preferred stock, the holders of common stock 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 Class A common stock is entitled to one vote for each share of Class A common stock held and each holder of Class B common stock is entitled to twenty votes for each share of Class B common stock held. After the full preferential amounts due to preferred stockholders have been paid or set aside, the remaining assets of the Company available for distribution to its stockholders, if any, are distributed to the holders of common stock ratably in proportion to the number of shares of common stock then held by each such holder. None of the Company's common stock is entitled to preemptive rights

or subject to redemption. With the exception of the conversion of the Class B common stock into Class A common stock as described below, the Company's common stock is not convertible into any other shares of the Company's capital stock.

The shares of Class B common stock are subject to a "sunset" provision if any member of the Founder Group transfers shares of Class B common stock outside the Founder Group (except for certain permitted transfers). In the event of such non-permitted transfers, any share transferred will automatically convert into shares of Class A common stock. In addition, the outstanding shares of Class B common stock will be subject to a "sunset" provision by which all outstanding shares of Class B common stock will automatically convert into shares of Class A common stock (i) if holders representing a majority of the Class B common stock vote to convert the Class B common stock into Class A common stock, (ii) if the Founder Group and its permitted transferees collectively no longer beneficially own at least 20% of the number of shares of Class B common stock collectively held by the Founder Group as of the closing of the Acies Merger, or (iii) on the nine-month anniversary of the Founder's death or disability, unless such date is extended by a majority of independent directors of the Company.

In connection with the Acies Merger, 0.9 million shares of Class A common stock issued to the Sponsor were subject to forfeiture unless specified stock price targets were achieved within five years following the closing of the Acies Merger. The earnout period expired on June 21, 2026 without the applicable stock price targets being achieved, and the 0.9 million unvested shares were automatically forfeited, cancelled and returned to the Company's authorized but unissued shares. No compensation expense was recognized in connection with the forfeiture, and the cancellation had no effect on the Company's results of operations.

Accumulated Other Comprehensive Income (Loss)

The following tables show a summary of changes in accumulated other comprehensive income (loss), which is attributable only to currency translation adjustments during the current period:

	Total Accumulated Other Comprehensive Income
Balance as of December 31, 2025	\$ 1,806
Foreign currency translation	889
Balance as of June 30, 2026	\$ 2,695

	Foreign Currency Derivative Contracts	Currency Translation Adjustment	Total Accumulated Other Comprehensive (Loss) Income
Balance as of December 31, 2024	\$ (38)	\$ (594)	\$ (632)
Net losses recognized in other comprehensive income before reclassifications	561	—	561
Foreign currency translation	—	1,619	1,619
Balance as of June 30, 2025	\$ 523	\$ 1,025	\$ 1,548

Treasury Stock

On October 31, 2025, the Company's Board of Directors approved a one-year extension of the Company's existing stock repurchase program. The remaining amount authorized under the program was \$38.5 million as of June 30, 2026 and \$40.0 million as of December 31, 2025. Subject to applicable rules and regulations, the shares may be purchased from time to time in the open market or in privately negotiated transactions. Such purchases will be at times and in amounts as the Company deems appropriate, based on factors such as market conditions, legal requirements and other business considerations.

The following table shows a summary of changes in treasury stock:

	Treasury Stock	Treasury Stock at Cost
Balance as of December 31, 2025	21,739	\$ 54,792
Class A common stock repurchased through the Stock Repurchase Program	2,851	1,557
Class A common stock repurchased outside of the Stock Repurchase Program	—	—
Balance as of June 30, 2026	24,590	\$ 56,349

Subsequent to June 30, 2026, the Company acquired 4.1 million additional shares of its Class A common stock under this program at an aggregate value of \$3.0 million and an average price of \$0.73 per share. Repurchased shares were held in treasury. The remaining availability under the stock repurchase program was \$35.5 million after the subsequent purchases.

Subsequent to June 30, 2026, the Company entered into an agreement to repurchase 2.1 million shares of its Class A common stock for \$2.4 million. Of the total consideration, \$1.3 million was allocated to the fair value of certain contractual rights, and will be expensed immediately. The remaining \$1.1 million will be recorded as treasury stock.

NOTE 17—STOCK-BASED COMPENSATION

The following table summarizes stock-based compensation expense for the periods shown:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Selling and marketing	\$ 239	\$ 79	\$ 530	\$ 238
General and administrative	1,467	3,317	3,044	6,205
Research and development	648	1,212	1,164	2,423
Stock-based compensation expense	\$ 2,354	\$ 4,608	\$ 4,738	\$ 8,866
Capitalized stock-based compensation	\$ 105	\$ 170	\$ 242	\$ 286

The following is a summary of outstanding stock-based compensation as of June 30, 2026 (in thousands, except weighted-average vesting period):

	Unrecognized Stock-Based Compensation Expense	Weighted-Average Remaining Vesting Period (in years)
Restricted stock units	\$ 8,665	1.7
Performance stock units	818	0.8
Total	\$ 9,484	

The following is a summary of awards granted for the periods shown:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Restricted stock units	827	702	1,631	5,827
Performance stock units	69	50	2,593	2,704
Total	896	752	4,224	8,531

NOTE 18—NET LOSS PER SHARE

The following table sets forth the computation of basic and diluted net loss attributable to Class A and Class B common stockholders per share (in thousands except per share data):

	Three Months Ended June 30, 2026		Three Months Ended June 30, 2025	
	Class A	Class B	Class A	Class B
Numerator				
Net loss attributable to common stockholders – basic	\$ (11,562)	\$ (1,712)	\$ (2,561)	\$ (387)
Potential dilutive effect of derivative instruments	—	—	—	—
Net loss attributable to common stockholders – diluted	\$ (11,562)	\$ (1,712)	\$ (2,561)	\$ (387)
Denominator				
Weighted average shares of common stock outstanding - basic	111,159	16,458	108,990	16,458
Potential dilutive effect of derivative instruments	—	—	—	—
Weighted average shares of common stock outstanding - diluted	111,159	16,458	108,990	16,458
Net loss attributable to common stockholders per share				
Basic	\$ (0.10)	\$ (0.10)	\$ (0.02)	\$ (0.02)
Diluted	\$ (0.10)	\$ (0.10)	\$ (0.02)	\$ (0.02)

	Six Months Ended June 30, 2026		Six Months Ended June 30, 2025	
	Class A	Class B	Class A	Class B
Numerator				
Net loss attributable to common stockholders – basic	\$ (20,863)	\$ (3,087)	\$ (5,063)	\$ (765)
Potential dilutive effect of derivative instruments	—	—	—	—
Net loss attributable to common stockholders – diluted	\$ (20,863)	\$ (3,087)	\$ (5,063)	\$ (765)
Denominator				
Weighted average shares of common stock outstanding - basic	111,180	16,458	108,893	16,458
Potential dilutive effect of derivative instruments	—	—	—	—
Weighted average shares of common stock outstanding - diluted	111,180	16,458	108,893	16,458
Net loss attributable to common stockholders per share				
Basic	\$ (0.19)	\$ (0.19)	\$ (0.05)	\$ (0.05)
Diluted	\$ (0.19)	\$ (0.19)	\$ (0.05)	\$ (0.05)

For the periods presented above, the net loss per share amounts are the same for Class A and Class B common stock because the holders of each class are entitled to equal per share dividends or distributions in liquidation in accordance with the Certificate of Incorporation. The undistributed losses for each period are allocated based on the contractual participation rights of the Class A and Class B common stock as if the losses for the period had been distributed. As the liquidation and dividend rights are identical, the undistributed losses are allocated on a proportionate basis.

The following equity awards outstanding at the end of each period presented have been excluded from the computation of diluted net loss per share of common stock for the periods presented due to their anti-dilutive effect:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Stock options	4,458	4,711	4,458	4,711
Restricted stock units	8,244	13,422	8,244	13,422
Performance stock units	2,250	2,704	2,250	2,704
Public Warrants	—	5,382	—	5,382
Private Warrants	—	3,822	—	3,822
Earnout Shares	—	15,000	—	15,000
	<u>14,952</u>	<u>45,041</u>	<u>14,952</u>	<u>45,041</u>

On June 21, 2026, all outstanding Warrants expired in accordance with their terms and were automatically cancelled. See Note 10—*Accrued and Other Current Liabilities* for additional information.

In connection with the Acies Merger, the Company could have been required to issue up to 15 million shares of Class A common stock as earnout consideration to former stockholders of PlayStudios, Inc. (the "Earnout Shares") upon the achievement of certain stock price targets. The earnout period expired on June 21, 2026, five years after the closing of the Acies Merger, without the applicable stock price targets being achieved. As a result, the Company's contingent obligation to issue the Earnout Shares was extinguished, and no shares of Class A common stock were issued in connection with the earnout. The expiration of the Earnout Shares had no impact on the Company's results of operations, financial position, or total stockholders' equity.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is intended to assist readers in understanding of our results of operations, financial condition and liquidity and should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements that involve risks and uncertainties. See "Cautionary Note Regarding Forward-Looking Statements" and Part II, Item 1A, "Risk Factors," for a discussion of important factors that could cause actual results to differ materially from those anticipated in these forward-looking statements. Unless the context otherwise requires, references to "we," "us," "our," and "the Company" refer to PLAYSTUDIOS, Inc. and its consolidated subsidiaries.

Overview

We are a developer and publisher of free-to-play casual games for mobile and social platforms. Over our 13-year history, we developed a portfolio of free-to-play social casino games that are considered to be among the most innovative and unique in the genre. In 2021, we added our Tetris®-branded mobile game and in late 2022 we acquired Brainium, a developer and publisher of free-to-play casual games. Our games include the award-winning *POP! Slots*, *myVEGAS Slots*, *my KONAMI Slots*, *MGM Slots Live*, *myVEGAS Blackjack*, *myVEGAS Bingo*, *Tetris®*, *Solitaire*, *Spider Solitaire*, *Jumblin 2*, *Sudoku*, and *Mahjong*. Our games are based on original content as well as third-party licensed brands and are downloadable and playable for free on multiple social and mobile-based platforms, including the Apple App Store, Google Play Store, Amazon Appstore, and Facebook.

Each of our legacy social casino games and our Tetris®-branded mobile games are powered by our proprietary *playAWARDS* program and incorporates loyalty points that are earned by players as they engage with our games. The rewards are provided by our collection of rewards partners, with the majority of rewards partners providing their rewards at no cost to us, in exchange for product integration, marketing support, and participation in our loyalty program. The program is enabled by our *playAWARDS* platform which consists of a robust suite of tools that enable our rewards partners to manage their rewards in real time, measure the value of our players' engagement, and gain insight into the effectiveness and value they derive from the program. Through our self-service platform, rewards partners can launch new rewards, make changes to existing rewards, and in real time see how players are engaging with their brands. The platform tools also provide rewards partners with the ability to measure the off-line value our players generate as consumers and patrons of their real-world establishments.

Our *playAWARDS* platform embodies all of the features, tools, and capabilities needed to deliver loyalty programs tailored for the games industry. Our consumer-facing brand for our loyalty program is myVIP. The myVIP program is an aspirational benefits framework, with in-game mechanics and rewards features, along with a player development and hosting program. The program dynamically ranks and assigns players to tiers based on their accumulation of tier points, which are a proxy for their overall engagement with our games. The tier points are separate from and are not interchangeable with the loyalty points earned in the *playAWARDS* program. Qualified players are provided access to enhanced benefits that increase with each tier. Higher tiers provide access to a myVIP player portal where players can view and purchase special chip bundles, redeem loyalty points for a curated set of rewards, and communicate directly with a dedicated personal host. The myVIP player portal, concierge, and host programs, enhance the in-game and real-world reward experience with both in-game and in-person, invitation-only special events. We believe that the myVIP program drives increased player engagement and retention, and therefore extends each game's life cycle and revenue potential.

We have primarily generated our revenue from the sale of in-game virtual currencies, which players can choose to purchase at any time to enhance their playing experience. Once purchased, our virtual currency cannot be withdrawn from the game, transferred from one game to another or from one player to another, or be redeemed for monetary value. Players who install our games receive free virtual currencies upon the initial launch of the game, and they may also collect virtual currencies free of charge at periodic intervals or through targeted marketing promotions. Players may exhaust the free virtual currencies and may choose to purchase additional virtual currencies. Additionally, players can send free "gifts" of virtual currencies to their friends on Facebook. Our revenue from virtual currencies has been generated world-wide, but is largely concentrated in North America.

We also generate revenue from in-game advertising. Advertisements can be in the form of an impression, click-throughs, banner ads, or offers, where players are rewarded with virtual currency or loyalty points for watching a short video.

Smaller Reporting Company ("SRC") Accommodations

As an SRC, we have elected to use scaled disclosure accommodations permitted by the SEC, which means that this section does not include all disclosures required for larger reporting companies. Specifically, we are not required to include the contractual obligations table that larger companies must disclose.

Key Factors Affecting Our Performance

There are a number of factors that affect the performance of our business, and the comparability of our results from period to period, including:

- *Third-Party Platform Agreements*—Historically we derived substantially all of our revenue from in-game purchases of virtual currencies that are processed by platform providers such as the Apple App Store, Google Store, Amazon Appstore, and on Facebook. The platform providers charge us a transaction fee to process payments from our players for their purchase of in-game virtual currency. These platform fees are generally set at 30% of the in-game purchase. Each platform provider has broad discretion to set its platform fees and to change and interpret its terms of service and other policies with respect to us and other developers in its sole discretion, and those changes may be unfavorable to us.
- *User Acquisition*—Establishing and maintaining a loyal network of players and paying players is vital for our success. As such, we spend a significant amount on advertising and other forms of player acquisition, such as traditional marketing and advertising, email and push notifications, and cross promoting between our games in order to grow our player base. These expenditures are generally related to new content launches, game enhancements, and ongoing programs to drive new player acquisition and the reactivation of lapsed player engagement. Our player acquisition strategy is centered on a payback period methodology, and we strive to optimize spend between the acquisition of new players and the reactivation of inactive players.
- *Player Monetization*—Our revenue to date has been primarily driven through the sale of virtual currencies. Paying players purchase virtual currencies in our games because of the perceived value, which is dependent on the relative ease of obtaining equivalent virtual currency by simply playing our game. The perceived value of our virtual currency can be impacted by various actions that we take in our games including offering discounts for virtual currencies or giving away virtual currencies in promotions. Managing game economies is difficult and relies on our assumptions and judgment. If we fail to manage our virtual economies properly or fail to promptly and successfully respond to any such disruption, our reputation may suffer and our players may be less likely to play our games and to purchase virtual currencies from us in the future, which would cause our business, financial condition, and results of operations to suffer.
- *Investment in Game Development*—In order to maintain interest from existing players and add new players and achieve our desired revenue growth, we must continually improve the content, offers, and features in our existing games and the release of new games. As a result, we invest a significant amount of our technological and creative resources to ensure that we support an appropriate cadence of innovative content that our players will find appealing. These expenditures generally occur in advance of the release of new content or the launch of a new game, and the resulting revenue may not exceed the development costs, or the game or feature may be abandoned in its entirety.
- *Investment in our playAWARDS and myVIP programs*—In order to drive player engagement and retention we invest a significant amount of resources to enhance the playAWARDS and myVIP programs. We continually evaluate these programs through an iterative feedback process with our players and rewards partners and update them so that both our players and rewards partners are able to optimize their personalized experience. As a result, we continuously incur expenses to enhance and update these programs. However, the results may not generate revenue and the enhancements may require additional significant modifications or be abandoned in their entirety.
- *Real-World Rewards*—We currently offer real-world rewards relating to, among other things, dining, live entertainment shows, and hotel rooms, and we plan to continue to expand and diversify our rewards loyalty program in order to maintain and enhance the perceived value offering to our players. Our players' willingness to make in-game purchases is directly impacted by our ability to provide desirable rewards. The real-world rewards we offer to our players are provided at no cost to us by our rewards partners, and there is no obligation for us to pay or otherwise compensate either our rewards partners or players for any player redemptions under our rewards partner agreements.

Key Performance Indicators

We manage our business by regularly reviewing several key operating metrics to track historical performance, identify trends in player activity, and set strategic goals for the future. Our key performance metrics are impacted by several factors that could cause them to fluctuate on a quarterly basis, such as platform providers' policies, seasonality, player connectivity, and the addition of new content to games. We believe these measures are useful to investors for the same reasons. In addition, we also present certain non-GAAP performance measures. These performance measures are presented as supplemental disclosure and should not be considered superior to or as a substitute for the consolidated financial statements prepared under U.S. GAAP. The non-GAAP measures presented in this Quarterly Report on Form 10-Q should be read together with the unaudited condensed consolidated financial statements and the respective related notes thereto included elsewhere in this Quarterly Report on Form 10-Q. The key performance indicators and non-GAAP measures presented in this Quarterly Report on Form 10-Q may differ from similarly titled measures presented by other companies and are not a substitute for financial statements prepared in accordance with U.S. GAAP.

Key Performance Indicators - playGAMES

Average Daily Active Users ("Average DAU")

Daily Active Users ("DAU") is defined as the number of individuals who played a game on a particular day. For Tetris and our free-to-play social casino games, we track DAU by the player ID, which is assigned for each game installed by an individual. As such, an individual who plays two of these games on the same day is counted as two DAU while an individual who plays the same game on two different devices is counted as one DAU. For our Brainium suite of casual games, we track DAU by app instance ID, which is assigned to each installation of a game on a particular device. As such, an individual who plays two different Brainium games on the same day is counted as two DAU and an individual who plays the same Brainium game on two different devices is also counted as two DAU. The term "Average DAU" is defined as the average of the DAU, determined as described above, for each day during the period presented. We use DAU and Average DAU as measures of audience engagement to help us understand the size of the active player base engaged with our games on a daily basis.

Average Monthly Active Users ("Average MAU")

Monthly Active Users ("MAU") is defined as the number of individuals who played a game in a particular month. As with DAU, an individual who plays two different non-Brainium games in the same month is counted as two MAU while an individual who plays the same non-Brainium game on two different devices is counted as one MAU, and an individual who plays two different Brainium games on the same month is counted as two MAU while an individual who plays the same Brainium game on two different devices is also counted as two MAU. The term "Average MAU" is defined as the average of the MAU, determined as described above, for each calendar month during the period presented. We use MAU and Average MAU as measures of audience engagement to help us understand the size of the active player base engaged with our games on a monthly basis.

Because DAU and MAU are calculated at the game or app-instance level, they reflect engagement at the title level rather than unique individuals across our entire portfolio, and a single individual may be counted multiple times if they engage with multiple games. In addition, these metrics are derived from a combination of internal tracking systems and third-party platform data, which may be subject to technical limitations, data discrepancies, or changes in platform reporting methodologies.

Average Daily Paying Users ("Average DPU")

Daily Paying Users ("DPU") is defined as the number of individuals who made a purchase of virtual currency or digital items within a game during a particular day. As with DAU and MAU, we track DPU based on account activity. As such, an individual who makes a purchase in two different games in a particular day is counted as two DPU while an individual who makes purchases in the same game on two different devices is counted as one DPU. The term "Average DPU" is defined as the average of the DPU, determined as described above, for each day during the period presented. We use DPU and Average DPU to help us understand the size of our active player base that makes in-game purchases and to assess monetization trends within our active player base. Consistent with DAU and MAU, DPU is calculated at the game level and may reflect multiple purchases by a single individual across different titles.

Average Daily Payer Conversion

Daily Payer Conversion is defined as DPU as a percentage of DAU on a particular day. Daily Payer Conversion is also sometimes referred to as "Percentage of Paying Users" or "PPU". The term "Average Daily Payer Conversion" is defined as the

Average DPU divided by Average DAU for a given period. We use Daily Payer Conversion and Average Daily Payer Conversion to help us understand the monetization of our active players.

Average Daily Revenue Per DAU ("ARPDau")

ARPDau is defined for a given period as the average daily revenue per Average DAU, and is calculated as game-related revenue and advertising revenue attributable to the applicable period, divided by the number of days in the period, divided by the Average DAU during the period. We use ARPDau as a measure of overall monetization of our active players. ARPDau may fluctuate based on changes in pricing, player mix, advertising demand, and promotional activity.

Key Performance Indicators - playAWARDS

The following metrics relate specifically to our playAWARDS loyalty platform and are intended to provide insight into engagement with that program.

Available Rewards

Available Rewards is defined as the monthly average number of unique rewards available in our applications' rewards stores. A reward appearing in more than one application's reward store is counted only once. A reward is counted only once irrespective of the inventory available through that reward. For example, one reward for a free night in a hotel room with ten rooms available for such free night is counted as one reward. Available Rewards only include real-world partner rewards and exclude PLAYSTUDIOS digital rewards. We use Available Rewards as one indicator of the breadth, value proposition, and potential player appeal of our loyalty offering.

Purchases

Purchases is defined as the total number of rewards purchased during the period presented in which a player exchanges loyalty points for a reward. Purchases are net of refunds. Purchases only include purchases of real-world partner rewards and exclude any PLAYSTUDIOS digital rewards. Purchases are redeemed by the player directly with the rewards partner within the specified terms and conditions of the reward. We do not recognize revenue from Purchases, as players redeem loyalty points rather than making cash payments. We use Purchases as an indicator of player interest and engagement with our playAWARDS platform.

Retail Value of Daily Rewards Inventory

Retail Value of Daily Rewards Inventory is defined as the cumulative retail value of all rewards listed as available during the period divided by the number of days in the period. For rewards with unlimited inventory, the maximum number of rewards used in the calculation is 50. The retail value of each reward listed as available is the retail value as specified by the rewards partner upon creation of the reward. Retail Value of Daily Rewards Inventory only includes the retail value of real-world partner rewards and excludes the cost of any PLAYSTUDIOS branded merchandise. We use Retail Value of Daily Rewards Inventory to help us understand the real-world value of the rewards within our playAWARDS platform.

Retail value metrics are presented solely to illustrate the scale and scope of rewards available through our loyalty program and should not be interpreted as revenue, gross merchandise value, transaction volume, or economic benefit realized by the Company.

Results of Operations

Comparison of the three and six months ended June 30, 2026 versus the three and six months ended June 30, 2025

The following table summarizes our consolidated results of operations for the three and six months ended June 30, 2026 and 2025 (in thousands, except percentages):

	Three Months Ended June 30,		\$ Change	% Change	Six Months Ended June 30,		\$ Change	% Change
	2026	2025			2026	2025		
Net revenue	\$ 54,992	\$ 59,338	\$ (4,346)	(7.3)%	\$ 113,402	\$ 122,047	\$ (8,645)	(7.1)%
Operating expenses	64,541	62,825	1,716	2.7 %	136,256	128,275	7,981	6.2 %
Operating loss	(9,549)	(3,487)	(6,062)	173.8 %	(22,854)	(6,228)	(16,626)	267.0 %
Net loss	(13,274)	(2,948)	(10,326)	350.3 %	(23,950)	(5,828)	(18,122)	310.9 %
Net loss margin	(24.1)%	(5.0)%	(19.1)pp	382.0 %	(21.1)%	(4.8)%	(16.3)	339.6 %

pp = percentage points

Net Revenue by Reportable Segment

	Three Months Ended June 30,		Change	% Change	Six Months Ended June 30,		Change	% Change
	2026	2025			2026	2025		
Net revenue								
playGAMES	\$ 54,202	\$ 59,109	\$ (4,907)	(8.3)%	\$ 112,064	\$ 121,664	\$ (9,600)	(7.9)%
playAWARDS	790	229	561	245.0 %	1,338	383	955	249.3 %
Net revenue	<u>\$ 54,992</u>	<u>\$ 59,338</u>	<u>\$ (4,346)</u>	<u>(7.3)%</u>	<u>\$ 113,402</u>	<u>\$ 122,047</u>	<u>\$ (8,645)</u>	<u>(7.1)%</u>

nm = not meaningful

Revenue information by geography is summarized as follows (in thousands, except percentages):

	Three Months Ended June 30,		Change	% Change	Six Months Ended June 30,		Change	% Change
	2026	2025			2026	2025		
United States	\$ 44,839	\$ 49,936	\$ (5,097)	(10.2)%	\$ 92,632	\$ 102,996	\$ (10,364)	(10.1)%
All other countries	10,153	9,402	751	8.0 %	20,770	19,051	1,719	9.0 %
Net revenue	<u>\$ 54,992</u>	<u>\$ 59,338</u>	<u>\$ (4,346)</u>	<u>(7.3)%</u>	<u>\$ 113,402</u>	<u>\$ 122,047</u>	<u>\$ (8,645)</u>	<u>(7.1)%</u>

playGAMES

The following table shows net revenues and key performance indicators for our playGAMES division (in thousands, except percentages and ARPDau):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026	2025	Change	% Change	2026	2025	Change	% Change
Virtual currency	\$ 41,886	\$ 47,981	\$ (6,095)	(12.7)%	\$ 86,591	\$ 98,673	\$ (12,082)	(12.2)%
Advertising	12,316	11,128	1,188	10.7 %	25,473	22,991	2,482	10.8 %
Net revenue	\$ 54,202	\$ 59,109	\$ (4,907)	(8.3)%	\$ 112,064	\$ 121,664	\$ (9,600)	(7.9)%
Average DAU	1,903	2,347	(444)	(18.9)%	1,997	2,489	(492)	(19.8)%
Average MAU	7,796	10,046	(2,250)	(22.4)%	8,458	10,730	(2,272)	(21.2)%
Average DPU	19	19	—	— %	20	20	—	— %
Average Daily Payer Conversion	1.0 %	0.8 %	0.2 pp	25.0 %	1.0 %	0.8 %	0.2 pp	25.0 %
ARPDau (in dollars)	\$ 0.32	\$ 0.28	\$ 0.04	14.3 %	\$ 0.31	\$ 0.27	\$ 0.04	14.8 %

pp = percentage points

Net revenue decreased \$4.9 million, or (8.3)%, to \$54.2 million during the three months ended June 30, 2026 compared to \$59.1 million during the three months ended June 30, 2025. The decrease was due to a \$6.1 million decrease in virtual currency revenue primarily driven by decreases in DPU within certain games, which was partially offset by increased revenue due to our new growth initiatives and a \$1.2 million increase in advertising revenue.

Net revenue decreased \$9.6 million, or (7.9)%, to \$112.1 million during the six months ended June 30, 2026 compared to \$121.7 million during the six months ended June 30, 2025. The decrease was due to a \$12.1 million decrease in virtual currency revenue primarily driven by decreases in DPU within certain games, which was partially offset by increased revenue due to our new growth initiatives and a \$2.5 million increase in advertising revenue.

playAWARDS

The following table shows net revenues and key performance indicators for our playAWARDS division (in thousands, except for available rewards):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026	2025	Change	% Change	2026	2025	Change	% Change
Virtual currency	\$ 781	\$ 227	\$ 554	244.1 %	\$ 1,324	\$ 375	\$ 949	253.1 %
Other	9	2	7	350.0 %	14	8	6	75.0 %
Net revenue	\$ 790	\$ 229	\$ 561	245.0 %	\$ 1,338	\$ 383	\$ 955	249.3 %
Available Rewards (in units)	353	331	22	6.6 %	340	349	(9)	(2.6)%
Purchases (in units)	168	199	(31)	(15.6)%	337	480	(143)	(29.8)%
Retail Value of Daily Rewards Inventory	\$ 2,255	\$ 3,060	\$ (805)	(26.3)%	\$ 2,214	\$ 2,532	\$ (318)	(12.6)%

nm = not meaningful

Net revenue increased \$0.6 million during the three months ended June 30, 2026 compared to the same period in prior year. The key performance indicators presented above are used by management to assess the playAWARDS segment's operating performance, however, are not indicative revenue metrics.

Net revenue increased \$1.0 million during the six months ended June 30, 2026 compared to the same period in prior year. The key performance indicators presented above are used by management to assess the playAWARDS segment's operating performance, however, are not indicative revenue metrics.

Operating Expenses

The following table summarizes our consolidated operating expenses for each applicable period (in thousands, except percentages):

	Three Months Ended June 30,		\$ Change	% Change	% of Revenue	
	2026	2025			2026	2025
Operating expenses:						
Cost of revenue	\$ 10,821	\$ 14,563	\$ (3,742)	(25.7)%	19.7 %	24.5 %
Selling and marketing	15,323	13,108	2,215	16.9 %	27.9 %	22.1 %
Research and development	15,145	14,214	931	6.5 %	27.5 %	24.0 %
General and administrative	8,754	11,345	(2,591)	(22.8)%	15.9 %	19.1 %
Depreciation and amortization	9,709	9,535	174	1.8 %	17.7 %	16.1 %
Restructuring expenses	4,789	60	4,729	7881.7 %	8.7 %	0.1 %
Total operating expenses	<u>\$ 64,541</u>	<u>\$ 62,825</u>	\$ 1,716	2.7 %	117.4 %	105.9 %

	Six Months Ended June 30,		\$ Change	% Change	% of Revenue	
	2026	2025			2026	2025
Operating expenses:						
Cost of revenue	\$ 22,866	\$ 30,342	\$ (7,476)	(24.6)%	20.2 %	24.9 %
Selling and marketing	36,348	26,277	10,071	38.3 %	32.1 %	21.5 %
Research and development	29,869	27,888	1,981	7.1 %	26.3 %	22.9 %
General and administrative	18,190	23,206	(5,016)	(21.6)%	16.0 %	19.0 %
Depreciation and amortization	19,542	19,167	375	2.0 %	17.2 %	15.7 %
Restructuring expenses	9,441	1,395	8,046	576.8 %	8.3 %	1.1 %
Total operating expenses	<u>\$ 136,256</u>	<u>\$ 128,275</u>	\$ 7,981	6.2 %	120.2 %	105.1 %

Cost of Revenue

Cost of revenue decreased by \$3.7 million to \$10.8 million during the three months ended June 30, 2026 compared to \$14.6 million during the three months ended June 30, 2025. The decrease was primarily related to a decrease in virtual currency revenue. As a percentage of revenue, cost of revenue decreased from 24.5% for the three months ended June 30, 2025 to 19.7% for the three months ended June 30, 2026 due to an increase in direct to consumer revenue, which incur lower processing fees.

Cost of revenue decreased by \$7.5 million to \$22.9 million during the six months ended June 30, 2026 compared to \$30.3 million during the six months ended June 30, 2025. The decrease was primarily related to a decrease in virtual currency revenue. As a percentage of revenue, cost of revenue decreased from 24.9% for the six months ended June 30, 2025 to 20.2% for the six months ended June 30, 2026 due to an increase in direct to consumer revenue, which incur lower processing fees.

Selling and Marketing

Selling and marketing expenses increased by \$2.2 million to \$15.3 million during the three months ended June 30, 2026 compared to \$13.1 million during the three months ended June 30, 2025. The increase was primarily due to increases in user acquisition expense of \$2.7 million, which is attributable to the Company's investment in our growth initiatives, and stock compensation of \$0.2 million. This was offset by a decrease of brand and other marketing expense of \$0.7 million.

Selling and marketing expenses increased by \$10.1 million to \$36.3 million during the six months ended June 30, 2026 compared to \$26.3 million during the six months ended June 30, 2025. The increase was primarily due to increases in user acquisition expense of \$9.3 million, which is attributable to the Company's investment in our growth initiatives, stock compensation of \$0.3 million, outside services of \$0.3 million, and brand and other marketing expense of \$0.2 million.

Research and Development

Research and development expenses increased by \$0.9 million to \$15.1 million during the three months ended June 30, 2026 compared to \$14.2 million during the three months ended June 30, 2025. The increase was primarily due to increases in employee costs of \$0.9 million and other research and development expense of \$0.6 million. This was offset by a decrease of stock compensation of \$0.6 million.

Research and development expenses increased by \$2.0 million to \$29.9 million during the six months ended June 30, 2026 compared to \$27.9 million during the six months ended June 30, 2025. The increase was primarily due to increases in employee costs of \$2.0 million, information technology expense of \$0.6 million, facilities expense of \$0.5 million, and other research and development expense of \$0.2 million. This was offset by a decrease of stock compensation of \$1.3 million.

General and Administrative

General and administrative expenses decreased by \$2.6 million to \$8.8 million during the three months ended June 30, 2026 compared to \$11.3 million during the three months ended June 30, 2025. The decrease is primarily due to decreases in stock compensation of \$1.9 million and other general and administrative cost of \$0.7 million.

General and administrative expenses decreased by \$5.0 million to \$18.2 million during the six months ended June 30, 2026 compared to \$23.2 million during the six months ended June 30, 2025. The decrease is primarily due to decreases in stock compensation of \$3.2 million, a charitable donation of \$0.3 million, information technology expense of \$0.3 million, facilities expense of \$0.3 million, and other general and administrative costs of \$0.9 million.

Depreciation and Amortization

Depreciation and amortization expenses increased by \$0.2 million to \$9.7 million during the three months ended June 30, 2026 compared to \$9.5 million during the three months ended June 30, 2025.

Depreciation and amortization expenses increased by \$0.4 million to \$19.5 million during the six months ended June 30, 2026 compared to \$19.2 million during the six months ended June 30, 2025.

Restructuring Expenses

Restructuring expenses increased by \$4.7 million to \$4.8 million during the three months ended June 30, 2026 compared to \$0.1 million during the three months ended June 30, 2025. The increase was primarily due to increases in internal reorganization costs of \$3.0 million, non-recurring legal expense of \$1.6 million, and costs related to various merger and acquisition opportunities of \$0.1 million.

Restructuring expenses increased by \$8.0 million to \$9.4 million during the six months ended June 30, 2026 compared to \$1.4 million during the six months ended June 30, 2025. The increase was primarily due to increases in internal reorganization costs of \$5.3 million, costs related to various merger and acquisition opportunities of \$1.4 million, non-recurring legal expense of \$1.2 million, and other restructuring activities of \$0.1 million.

Other (Loss) Income, Net

The following table summarizes our consolidated non-operating expense for each applicable period (in thousands, except percentages):

	Three Months Ended June 30,		\$ Change	% Change
	2026	2025		
Change in fair value of contingent consideration	(2,480)	169	(2,649)	(1567.5)%
Interest income, net	634	946	(312)	(33.0)%
Other expense, net	(397)	(367)	(30)	8.2 %
Total other (expense) income, net	<u>\$ (2,243)</u>	<u>\$ 748</u>	<u>\$ (2,991)</u>	<u>(399.9)%</u>

	Six Months Ended June 30,		\$ Change	% Change
	2026	2025		
Change in fair value of contingent consideration	300	(156)	456	(292.3)%
Interest income, net	1,356	1,852	(496)	(26.8)%
Other expense, net	(660)	(739)	79	(10.7)%
Total other income, net	<u>\$ 996</u>	<u>\$ 957</u>	<u>\$ 39</u>	<u>4.1 %</u>

The change in fair value of contingent consideration is related to the Pixode Acquisition discussed in Note 7—*Fair Value Measurement*. Interest income, net is related to interest earned on cash and cash equivalents offset by fees and expenses associated with the Credit Agreement as discussed in Note 12—*Long-Term Debt* to our condensed consolidated financial statements herein. Other (loss) income primarily relates to gains or (losses) from equity investments, gains or (losses) from foreign currency transactions with our foreign subsidiaries, and the change in fair value of warrant liabilities is related to the warrants discussed in Note 10—*Accrued and Other Current Liabilities* to our condensed consolidated financial statements herein.

Provision for Income Taxes

Provision for income taxes resulted in a tax expense of \$1.5 million for the three months ended June 30, 2026, compared to a tax expense of \$0.2 million for the three months ended June 30, 2025.

Provision for income taxes resulted in a tax expense of \$2.1 million for the six months ended June 30, 2026, compared to a tax expense of \$0.6 million for the six months ended June 30, 2025.

Comparison of our Segment Results of Operations

The following table presents adjusted earnings before interest, taxes, depreciation, and amortization ("AEBITDA"). AEBITDA is our reportable segment GAAP measure, which we utilize as the primary profit measure for our reportable segments. See Note 3—*Segment Reporting* in the accompanying condensed consolidated financial statements for additional information. Consolidated AEBITDA is a non-GAAP measure, discussed within "Non-GAAP Measures" below.

Comparison of the three and six months ended June 30, 2026 versus the three and six months ended June 30, 2025

	Three Months Ended June 30,		Change	% Change
	2026	2025		
AEBITDA				
playGAMES	\$ 11,473	\$ 16,475	\$ (5,002)	(30.4)%
playAWARDS	(929)	(2,386)	1,457	(61.1)%
Corporate and other	(3,241)	(3,375)	134	(4.0)%
Consolidated AEBITDA	<u>\$ 7,303</u>	<u>\$ 10,714</u>	<u>\$ (3,411)</u>	<u>(31.8)%</u>

Segment AEBITDA Margin:

playGAMES	21.2 %	27.9 %	(6.7)%	(24.0)%
playAWARDS	nm	nm	nm	nm

nm - not meaningful

	Six Months Ended June 30,		Change	% Change
	2026	2025		
AEBITDA				
playGAMES	\$ 20,146	\$ 34,784	\$ (14,638)	(42.1)%
playAWARDS	(2,421)	(4,675)	2,254	(48.2)%
Corporate and other	(6,851)	(6,908)	57	(0.8)%
Consolidated AEBITDA	<u>\$ 10,874</u>	<u>\$ 23,201</u>	<u>\$ (12,327)</u>	<u>(53.1)%</u>

Segment AEBITDA Margin:

playGAMES	18.0 %	28.6 %	(10.6)%	(37.1)%
playAWARDS	nm	nm	nm	nm

nm - not meaningful

playGAMES

playGAMES AEBITDA was \$11.5 million for the three months ended June 30, 2026 compared to \$16.5 million for the three months ended June 30, 2025, a decrease of \$5.0 million. playGAMES AEBITDA margin was 21.2% for the three months ended June 30, 2026 compared to 27.9% for the three months ended June 30, 2025. The decrease to playGAMES AEBITDA was a result of decreased virtual currency revenue, primarily driven by decreases in DPU, and an increase of user acquisition expense. This was partially offset by an increase in direct-to-consumer sales which incurs lower processing fees, driving a reduction in cost of sales.

playGAMES AEBITDA was \$20.1 million for the six months ended June 30, 2026 compared to \$34.8 million for the six months ended June 30, 2025, a decrease of \$14.6 million. playGAMES AEBITDA margin was 18.0% for the six months ended June 30, 2026 compared to 28.6% for the six months ended June 30, 2025. The decrease to playGAMES AEBITDA was a result of decreased virtual currency revenue, primarily driven by decreases in DPU, and an increase of user acquisition expense. This was partially offset by an increase in direct-to-consumer sales which incurs lower processing fees, driving a reduction in cost of sales.

playAWARDS

playAWARDS AEBITDA was \$(0.9) million for the three months ended June 30, 2026 compared to \$(2.4) million for the three months ended June 30, 2025. The increase in AEBITDA can be attributed to an increase in revenue and a decrease in employee and other costs.

playAWARDS AEBITDA was \$(2.4) million for the six months ended June 30, 2026 compared to \$(4.7) million for the six months ended June 30, 2025. The increase in AEBITDA can be attributed to an increase in revenue and a decrease in employee and other costs.

Non-GAAP Measures

Consolidated Adjusted EBITDA and Consolidated AEBITDA Margin

Consolidated Adjusted EBITDA, or Consolidated AEBITDA, as used herein, is a non-GAAP financial performance measure that is presented as a supplemental disclosure and is reconciled to net loss and net loss margin as the most directly comparable GAAP measures. We define Consolidated AEBITDA as net income before interest, income taxes, depreciation and amortization, restructuring and related costs (consisting primarily of severance and other restructuring related costs), stock-based compensation expense, changes in fair value of warrant liabilities, and other income and expense items (including special infrequent items, foreign currency gains and losses, and other non-cash items). We also use Consolidated AEBITDA Margin, another non-GAAP measure, which we calculate as the percentage of Consolidated AEBITDA to revenue.

We use Consolidated AEBITDA and Consolidated AEBITDA Margin to monitor and evaluate the performance of our business operations, facilitate internal comparisons of our operating performance, and to analyze and evaluate decisions regarding future budgets and initiatives. We believe that both measures are useful because they provide investors with information regarding our operating performance that is used by our management in its reporting and planning processes. Consolidated AEBITDA and Consolidated AEBITDA Margin as calculated herein may not be comparable to similarly titled measures and disclosures reported by other companies.

The following table sets forth the reconciliation of Consolidated AEBITDA and Consolidated AEBITDA Margin to net loss and net loss margin, the most directly comparable GAAP measure (in thousands, except percentages).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	\$ 54,992	\$ 59,338	\$ 113,402	\$ 122,047
Net loss	\$ (13,274)	\$ (2,948)	\$ (23,950)	\$ (5,828)
Net loss margin	(24.1)%	(5.0)%	(21.1)%	(4.8)%
Adjustments:				
Depreciation & amortization	9,709	9,535	19,542	19,167
Income tax expense	1,482	209	2,092	557
Stock-based compensation expense	2,354	4,608	4,738	8,866
Change in fair value of contingent consideration	2,480	(169)	(300)	156
Restructuring and related ⁽¹⁾	4,789	60	9,441	1,395
Other, net ⁽²⁾	(237)	(581)	(689)	(1,112)
Consolidated AEBITDA	7,303	10,714	10,874	23,201
Consolidated AEBITDA Margin	13.3 %	18.1 %	9.6 %	19.0 %

(1) Amounts reported during the three and six months ended June 30, 2026 and June 30, 2025 relate to internal reorganization costs, including severance-related costs, fees related to evaluating various merger and acquisition opportunities, and non-recurring legal costs.

(2) Amounts reported in "Other, net" include the change in fair value of the Warrants, interest expense, interest income, gains/losses from equity investments, foreign currency gains/losses, and non-cash gains/losses on the disposal of assets.

Liquidity and Capital Resources

As of June 30, 2026, we had cash and cash equivalents of \$102.7 million, which consisted of cash on hand and money market mutual funds. As of June 30, 2026 we had restricted cash of \$0.6 million. Historically, we have funded our operations, including capital expenditures, primarily through cash flow from operating activities. We believe that our existing cash and cash equivalents, and cash generated from operations, will be sufficient to fund our operations and capital expenditures for at least the next twelve (12) months. However, we intend to continue to make significant investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new games and features or enhance our existing games, improve our operating infrastructure, or acquire complementary businesses, personnel

and technologies. Accordingly, we may need to engage in equity or debt financing to secure additional funds or we may decide to do so opportunistically.

Debt

For a description of the Credit Agreement, see *Note 14 - Long-Term Debt* in our Consolidated Financial Statements and *Liquidity and Capital Resources* in our 2025 Annual Report on Form 10-K filed on March 16, 2026 and amended on Form 10-K/A filed on April 3, 2026.

As of June 30, 2026, we were not a party to any revolving credit facility or other committed long-term borrowing arrangement.

Cash Flows

The following tables present a summary of our cash flows for the periods indicated (in thousands):

	Six Months Ended June 30,	
	2026	2025
Net cash provided by operating activities	\$ 9,356	\$ 16,942
Net cash used in investing activities	(7,965)	(8,030)
Net cash used in financing activities	(3,487)	(6,961)
Effect of exchange rate on cash and cash equivalents	(164)	1,136
(Decrease) increase in cash and cash equivalents	(2,260)	3,087

Operating Activities

During the six months ended June 30, 2026, operating activities provided \$9.4 million of net cash as compared to \$16.9 million during the six months ended June 30, 2025. The decrease in cash provided from operating activities was primarily due to a decrease in revenue, primarily driven by decreases in DPU.

Investing Activities

During the six months ended June 30, 2026, investing activities used \$8.0 million of net cash as compared to \$8.0 million during the six months ended June 30, 2025.

Financing Activities

During the six months ended June 30, 2026, financing activities used \$3.5 million of net cash as compared to \$7.0 million during the six months ended June 30, 2025. The change in cash used in financing activities was due to \$1.9 million less in share repurchases, \$1.0 million less in payments made for tax withholding on stock-based compensation, and \$0.7 million less in payments for minimum guarantee liabilities.

Contractual Obligations, Commitments, and Contingencies

As of June 30, 2026, there had been no material changes to our aggregated indebtedness and other contractual obligations previously reported in our 2025 Annual Report on Form 10-K filed on March 16, 2026 and amended on Form 10-K/A filed on April 3, 2026.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, as well as the reported revenue generated and expenses incurred during the reporting periods. Our estimates are based on our historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about items that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates disclosed in our 2025 Annual Report on Form 10-K filed on March 16, 2026 and amended on Form 10-K/A filed on April 3, 2026.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Pursuant to Item 305(e) of Regulation of S-K (§229.305(e)), the Company is not required to provide the information required by this Item as it is a “smaller reporting company,” as defined by Rule 229.10(f)(1).

Item 4. Controls and Procedures**Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, who serve as our principal executive officer and principal financial officer, respectively, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. In designing and evaluating our disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2026, our disclosure controls and procedures were effective at the reasonable assurance level to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to management, including those officers, as appropriate, to allow timely decisions regarding disclosure required to be made under the Exchange Act.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION**Item 1. Legal Proceedings**

From time to time, we are a party to litigation and subject to claims incident to the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these matters will not have a material adverse effect on our business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors. For information regarding legal proceedings and other claims in which we are involved, see Note 10—*Accrued and Other Current Liabilities* and Note 15—*Commitments and Contingencies*.

Item 1A. Risk Factors

Our business faces significant risks and uncertainties. In evaluating our business, in addition to the matters discussed above under “Cautionary Note Regarding Forward-Looking Statements,” you should carefully consider the specific risks described below. If any of these risks actually occur, it could materially harm our business, financial condition, liquidity and results of operations. These risks may arise individually or in combination, and the occurrence of one risk could exacerbate the effects of others. As a result, the market price of our securities could decline. The risks and uncertainties described in this Quarterly Report on Form 10-Q are not the only risks we face. Additional risks and uncertainties that are not presently known to us, or that we currently believe to be immaterial, could also materially and adversely affect our business. The risks described below are not presented in order of importance.

Risks Related to Our Business and Industry

Our business will suffer if we are unable to entertain our players, develop new games, and improve the experience within our existing games.

Our business depends on developing, publishing, and continuing to service casual, “free-to-play” games that players will download and spend time and money playing. We are currently focused on social casino, casual, and puzzle games, offering our games on mobile devices, including smartphones and tablets on Apple’s iOS and Google’s Android operating systems, on social networking platforms such as Facebook, and on our websites. We have devoted and we expect to continue to devote substantial resources to the research, development, analytics, and marketing of our games. Our development and marketing efforts are focused on both improving the experience within our existing games (frequently through new content and feature releases for our live services) and developing new games. We generate revenue primarily through the sale of in-game virtual currency. Our monetization model depends on players’ willingness to make discretionary purchases of virtual currency and other in-game items, and is subject to evolving regulatory scrutiny, platform policies, and consumer protection standards applicable to in-game purchases and virtual currency mechanics. For games distributed through third-party platforms, we are required to share a portion of our revenue from in-game sales with the platform providers. As a result of our focus on mobile gaming and third-party distribution platforms, platform fees and revenue share arrangements are expected to remain a significant operating expense and may increase over time. See “*Risk Factors—We rely on third-party platforms such as the Apple App Store, Google Play Store, Amazon Appstore, and Facebook to make our games available to players and collect revenues generated on such platforms, and we rely on third-party payment service providers to collect revenues generated on our own platforms.*” In order to achieve and maintain profitability, we need to generate sufficient revenue from our existing and new game offerings to offset our ongoing development, marketing, and operating costs.

Successfully monetizing “free-to-play” games is difficult, highly competitive, and increasingly subject to regulatory, platform, and consumer scrutiny. The success of our games depends, in part, on unpredictable and volatile factors beyond our control including player preferences and spending habits, competing games, and the availability of other entertainment experiences. If our games do not meet player expectations, or if new games are not brought to market in a timely and effective manner, our ability to grow revenue and our financial performance will be negatively affected. In addition, a relatively small percentage of our players account for a disproportionate amount of our revenue, and any reduction in engagement or spending by these players could materially affect our operating results.

Our ability to successfully develop games for mobile and web platforms and their ability to achieve commercial success will depend on our ability to:

- effectively monetize our games;
- effectively market our games to existing and new players;
- achieve benefits from our player acquisition costs;
- manage player acquisition costs in an environment of increasing competition and advertising platform changes;
- achieve organic growth and gain player interest in our games through free or more efficient channels;
- adapt to changing player preferences and spending habits;
- adapt to regulatory developments, platform requirements, and consumer protection expectations affecting in-game monetization and virtual currency;
- negotiate with third parties to provide our players with a diverse inventory of real-world loyalty rewards;
- achieve and maintain player engagement within our games;
- manage portfolio dynamics, including potential cannibalization among our own titles;
- expand and enhance games after their initial release;
- manage the lifecycle of our portfolio, including sustaining mature titles while introducing new content and features;
- attract, retain, and motivate talented and experienced game designers, product managers, engineers, digital marketing managers, and user acquisition experts;
- negotiate and manage relationships with third-party platforms;
- continue to adapt to new technologies and game feature sets for an increasingly diverse set of mobile devices, including various operating systems and specifications, limited bandwidth, and varying processing power and screen sizes;
- efficiently manage the development of new games and features to increase the cadence of introductions without incurring excessive costs;
- maintain a quality gaming experience and retain our players;
- compete successfully against a large and growing number of existing market participants;
- respond effectively to emerging business models, including sweepstakes-based casino-style games and other alternative monetization formats;
- accurately forecast the timing and expense of our operations, including game and feature development, marketing and player acquisition, player adoption, and revenue growth;
- maintain effective data analytics capabilities in light of evolving privacy laws and platform data limitations;
- minimize and quickly resolve bugs or outages; and
- acquire and successfully integrate high quality mobile game assets, personnel, or companies.

These and other uncertainties make it difficult to know whether we will succeed in continuing to develop successful games and live operations services and launch new games and features in accordance with our operating plan. If we are unable to successfully develop, launch, and operate engaging and compliant games on a sustained basis, our business, financial condition, results of operations, cash flows, and reputation could be materially adversely affected.

If we successfully develop new games and features, they may cannibalize engagement or revenue from our existing games without expanding our overall player base or increasing total revenue.

Although the development and launch of new games and features is important to our long-term growth strategy, new releases may draw player engagement, time, and spending away from our existing games. In addition, the introduction of new games or major feature updates may accelerate the lifecycle decline of certain mature titles, particularly if player migration is not offset by incremental monetization or acquisition of new users. We intend to leverage our existing player base and portfolio to cross-promote new games and features, which may shift player activity and spending within our portfolio rather than expanding overall engagement. If new games and game features do not grow our player base, increase the overall amount of time our players spend with our games, or generate sufficient new revenue to offset any declines from our other games, or if new games have different monetization characteristics, lower margins, or higher marketing requirements than our existing portfolio, our revenue, profitability, and operating results could be adversely affected. In addition, internal competition for development resources, marketing spend, and management focus among our titles could limit our ability to optimize performance across our portfolio.

We believe that our players' level of engagement with our games is partly based on playAWARDS, our real-world rewards loyalty program. If we are unable to maintain, expand or diversify our playAWARDS program, or if external factors reduce the perceived value or usability of real-world rewards, our business may suffer.

Players accumulate loyalty points by engaging with our games, and players can exchange their loyalty points for real-world rewards through our playAWARDS program. We believe that our players' level of engagement with our games is partly based on the perceived value of earning loyalty points and exchanging those loyalty points for real-world rewards that they can redeem at our rewards partners' establishments. We currently offer real-world rewards relating to, among other things, dining, live entertainment shows, and hotel rooms. For example, through an agreement with MGM Resorts International, or MGM, our players are able to exchange loyalty points for, among other things, free hotel rooms, meals and show tickets for various Las Vegas properties, including ARIA, Bellagio, and MGM Grand. A meaningful portion of the perceived value of our playAWARDS program depends on a limited number of significant rewards partners, including MGM. As a result, changes in the availability, pricing, terms, or perceived attractiveness of rewards offered by one or more key partners could disproportionately affect player engagement and monetization.

While we offer some digital rewards, many of our real-world rewards are destination based. During the COVID-19 pandemic, we observed a lower level of rewards redemption due to restrictions on the operations of rewards partners and on the ability for players to travel or attend public events, and while such restrictions have been lifted, we could experience a reduced level of rewards redemption as a result of unanticipated future circumstances that have the effect of restricting travel or the in-person attendance of public events. Similar effects could result from economic downturns, changes in consumer discretionary spending, labor disruptions at partner venues, supply constraints, geopolitical events, natural disasters, or other circumstances that reduce travel, entertainment attendance, or hospitality activity. If we are unable to expand and diversify our playAWARDS program, the perceived value of exchanging loyalty points for the real-world rewards we offer will diminish and our players may be less likely to play our games or may reduce their level of engagement with our games. Such loss of, or reduction in, players or their level of engagement with our games would cause our business, financial condition, and results of operations to suffer. The loss of MGM or other major rewards partners, a decrease in the quantity or quality of available rewards, or a significant change in the terms of our reward partner agreements, could materially diminish the appeal of our playAWARDS program to players, which could in turn reduce player engagement and monetization across our portfolio. While we offer some digital or non-destination-based rewards, expanding or shifting our rewards mix toward alternative reward types may not fully offset reduced demand for destination-based rewards or may not be perceived by players as having comparable value. If we are unable to maintain or enhance our rewards inventory, the differentiation provided by our playAWARDS program could be diminished, potentially resulting in reduced revenue and profitability.

Our industry is highly competitive, and if we are unable to compete effectively, our business, financial condition and results of operations could be adversely affected.

Competition in the gaming industry, especially the mobile gaming segment, is intense and subject to rapid changes, including changes from evolving player preferences and emerging technologies, including advances in artificial intelligence and machine learning. Many new games are introduced in each major industry segment (mobile, web, PC, and console) each year, but only a relatively small number of titles account for a significant portion of total revenue in each segment. While we historically competed primarily in the social casino gaming category, we now compete across multiple categories of mobile and online gaming, including social casino, promotional sweepstakes casino and casual games. Our competitors that develop mobile and web games in the social casino gaming category vary in size and offerings and include companies such as Aristocrat (including Product Madness), DoubleU, Huuuge Games, Moon Active, Playtika, SciPlay, a subsidiary of Light & Wonder, Scopely, Zynga (a subsidiary of Take-Two Interactive), and others. We also compete with operators of promotional sweepstakes casino offerings, including VGW (Chumba Casino, LuckyLand Slots and Global Poker), McLuck, WOW Vegas, High 5 Casino, CrownCoins Casino, Fortune Coins, Pulsz, Stake.us and other similar offerings, as well as new entrants to the category. In addition, there are competitors that develop mobile and web games that are not currently focused on the social casino gaming category but may move into that space and that may also impede our diversification efforts, including companies such as Activision Blizzard (owned by Microsoft Corporation and the parent company of King Digital), Electronic Arts (EA Mobile), Epic Games, Netmarble (the parent company of Jam City and Kabam), NetEase (NetEase Games), Roblox, Supercell, Take-Two Interactive Software, Vivendi (the parent company of Gameloft), and others. In addition, online game developers and distributors that are primarily focused on specific international markets, such as Tencent in Asia, and high-profile companies with significant online presences that to date have not actively focused on social games, such as Apple, Alphabet (Google), Amazon, Meta Platforms and Netflix, may decide to develop social games including social casino games which may compete with our games. Some of these current and potential competitors have significant resources for developing, enhancing or acquiring additional games or gaming companies, may be able to incorporate their own strong brands and assets into their games, may have a more diversified set of revenue sources than we do and may be less severely affected by changes in player preferences, regulations or other developments that may impact our industry. In addition, platform operators and app stores, including Apple and Google, control distribution, promotion, ranking algorithms, and payment processing for mobile games. Changes to platform policies, discovery algorithms, fee structures, privacy rules, or monetization restrictions may disproportionately benefit larger competitors or negatively impact our ability to attract and retain players on cost-effective terms. Furthermore, certain competitors of our social casino games may provide real-money gambling offerings, which could negatively impact demand for our social casino games.

There are relatively low barriers to entry to develop a mobile or online game and we expect new game competitors to enter the market and existing competitors to allocate more resources to develop and market competing games and applications. We also compete or will likely compete with a vast number of small companies and individuals who are able to create and launch games and other content for devices and platforms using relatively limited resources and with relatively limited start-up time or expertise. The proliferation of titles in these open developer channels makes it difficult for us to compete for players without substantially increasing our marketing expenses. In addition, increased competition for user acquisition channels, changes in digital advertising policies (including privacy-related restrictions), increased competition for advertising inventory, privacy-related restrictions, and the concentration of performance marketing inventory among a limited number of large technology platforms may increase our player acquisition costs and reduce the effectiveness of our marketing spend. We also face competition for the leisure time, attention, and discretionary spending of our players from other non-gaming activities, such as social media and messaging applications, personal computer and console games, virtual reality and augmented reality games, video streaming services, television, movies, sports, and the Internet. Increasing competition could result in loss of players, increasing player acquisition and retention costs, and loss of talent, all of which could harm our business, financial condition, or results of operations.

The market for our games is characterized by rapid technological developments, frequent launches of new games and enhancements to current games, changes in player needs and behavior, disruption by innovative entrants and evolving business models and industry standards. As a result, our industry is constantly changing games and business models in order to adopt and optimize new technologies, increase cost efficiency and adapt to player preferences. Our competitors may adapt to an emerging technology or business model more quickly or effectively, developing products and games or business models that are more technologically advanced, more appealing to consumers, or both, including the use of artificial intelligence to accelerate game development, live operations, personalization, marketing or customer support. Competitors also may experiment with alternative monetization models, including hybrid real-money gaming, skill-based wagering, or reward-based structures, which could alter player expectations and reduce engagement with traditional social casino formats. The rapid growth of promotional sweepstakes casino offerings has intensified competition within the broader social casino ecosystem. These offerings may attract players through alternative promotional structures, prize redemption opportunities or other features that differ from traditional social casino games, which could reduce player engagement, monetization or user acquisition efficiency for our games. To the extent such offerings attract players seeking alternative monetization structures or prize opportunities, demand for our traditional social casino games could be adversely affected.

Current and future competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with others, including our current or future business partners or third-party software providers. By doing so, including through vertical integration of development, marketing, analytics, and platform capabilities, these competitors may increase their scale, their access to proprietary content, intellectual property, data assets or distribution channels, their ability to meet the needs of existing or prospective players, and their ability to compete for similar human resources. If we are unable to compete effectively and efficiently against our existing and future competitors, our results of operations, cash flows and financial condition would be adversely impacted.

Our traditional social casino business has experienced declining performance, which we believe has been driven in significant part by increased competition from sweepstakes-based casino offerings, and this trend may continue or accelerate.

The U.S. social casino market has experienced increasing competitive pressure in recent years, including a material shift in player engagement and spending toward games that incorporate sweepstakes-based promotional mechanics. Our traditional social casino games, which do not include sweepstakes-based features, have experienced declining performance over the past several years, consistent with broader market trends. We believe this decline has been driven in significant part by increased competition from sweepstakes-based casino offerings, together with other factors affecting the social casino market, including changing player preferences and broader competitive dynamics.

Sweepstakes-based casino offerings have gained traction with players by providing gameplay mechanics that resemble traditional social casino games while offering differentiated value propositions, including the opportunity to obtain real-world prizes through promotional sweepstakes structures, alternative monetization dynamics, and different player acquisition and retention economics. As these offerings have proliferated, players may increasingly migrate away from traditional social casino games toward sweepstakes-based alternatives. This migration may reduce player engagement, monetization, and lifetime value within our traditional social casino portfolio, even if overall interest in casino-style gameplay remains strong.

The competitive impact of sweepstakes-based offerings may be particularly pronounced because these products can attract players who previously engaged with traditional social casino games, including high-value and repeat players. In addition, marketing expenditures, affiliate marketing programs and digital advertising inventory across the broader social casino ecosystem has increasingly been directed toward sweepstakes-based products, which may further disadvantage traditional social casino games by increasing player acquisition costs, reducing organic discovery, and compressing returns on advertising spend. As more marketing resources are directed toward sweepstakes-based offerings, competition for digital advertising inventory and player acquisition channels may increase, making it more difficult or costly for us to attract new players to our traditional social casino games. As a result, even if we maintain or increase marketing investment in our traditional social casino games, we may be unable to offset declining demand or achieve historical levels of growth or profitability.

If the shift in player preferences toward sweepstakes-based casino offerings continues or accelerates, our traditional social casino business could experience further revenue declines, reduced margins, and impairment of long-lived assets or game-related intangible assets. In addition, declining performance in our traditional social casino portfolio could limit our ability to reinvest in live operations, content updates, and marketing for those games, which could further reduce player engagement and monetization over time. While we are taking steps to respond to these market dynamics, including by developing and evaluating new products, promotional offerings and monetization strategies designed to respond to changing market conditions, there can be no assurance that these efforts will fully offset declines in our traditional social casino business or that such offerings will be successful, sustainable, or economically comparable to historical monetization models. Moreover, regulatory developments, litigation, platform policies, payment processing requirements, or other third-party restrictions applicable to sweepstakes-based mechanics could limit our ability to deploy or scale such features in ways that meaningfully mitigate the decline in traditional social casino performance.

If we are unable to adapt effectively to the evolving competitive landscape or if player demand continues to shift away from traditional social casino games, our business, financial condition, results of operations, and long-term growth prospects could be materially adversely affected.

We rely on a small portion of our total players for a substantial portion of our revenue and fluctuations in player engagement or spending could materially harm our revenue and operating results.

Compared to all players who play our games in any period, only a small portion are paying players. As a result, a meaningful portion of our revenue is derived from a relatively small number of highly engaged players. In order to sustain and grow our revenue levels, we must attract, retain, and increase the number of paying players or more effectively monetize our players through advertising and other strategies. Spending patterns of paying players, particularly our most highly engaged players, can fluctuate significantly from period to period and are difficult to predict. To retain players, we must devote significant resources so that the games they play retain their interest and attract them to our other games. Players can easily reduce their spending or cease playing our games altogether in favor of competing entertainment options, including other social games, mobile games, or alternative forms of digital entertainment. We also organize periodic in-person events for our players and provide personal hosting services to our most engaged players. However, these initiatives involve significant costs, and there can be no assurance that they will result in increased engagement or monetization, particularly if we are unable to retain our paying players. If we fail to grow or sustain the number of our paying players, if player engagement levels decline, if the rates at which we attract and retain paying players declines, if the average amount our players pay declines, including due to changes in game mechanics, competitive dynamics, or regulatory or platform constraints, or if we fail to retain and effectively monetize the relatively small number of players that comprise our most highly engaged player tiers, our business may be negatively impacted and our financial results may suffer. Because a substantial portion of our revenue is derived from a relatively small number of highly engaged players, the loss or reduced spending of any of these players could have a disproportionate adverse effect on our business and results of operations.

A substantial portion of our loyalty rewards and certain key intellectual property are obtained from MGM, and changes in that relationship could materially and adversely affect our business and financial results.

Although we have a portfolio of entertainment, retail, technology, travel, leisure, and gaming brands across the globe providing rewards through our playAWARDS program, MGM historically has provided a substantial amount of such rewards, and the majority of the rewards redeemed through our playAWARDS program in recent periods (including the year ended December 31, 2025) have been offered by MGM. Under the terms of our marketing agreement and rewards agreement with MGM, MGM has discretion over the types, quantities, timing and availability of rewards and whether to make any rewards available for a particular game, and MGM may discontinue any rewards previously made available. The marketing agreement with MGM is subject to automatic renewal only if we meet specified performance criteria, and if we fail to meet those performance criteria, MGM could terminate both the marketing agreement and the rewards agreement. If we fail to meet our required performance criteria under the marketing agreement, we could also lose certain licensed intellectual property rights under the marketing agreement that are used as creative assets in certain of our games. Even absent termination or non-renewal, reductions in the scope, attractiveness, or economics of the rewards or licensed intellectual property made available by MGM could diminish the appeal of our games and loyalty offerings. We may not be able to replace MGM-provided rewards or licensed intellectual property with alternatives on comparable terms, or at all, within a reasonable timeframe. In the event that MGM offers fewer or less attractive rewards for our games or if we fail to achieve the required performance milestones and MGM decides not to renew our agreements, our business, player engagement, and financial results could be materially and adversely affected.

We rely on third-party platforms such as the Apple App Store, Google Play Store, Amazon Appstore, and Facebook to make our games available to players and collect revenues generated on such platforms, and we rely on third-party payment service providers to collect revenues generated on our own platforms.

We derive a significant portion of our revenue from the distribution of our games on the Apple App Store, Google Play Store, Amazon Appstore, and Facebook, and the virtual items we sell in our games are purchased using the payment processing systems of these third-party platform providers. Additionally, we have historically acquired a significant number of our players through Facebook. If we are unable to maintain a good relationship with such platform providers, if their terms and conditions or pricing change to our detriment, if we violate, or if a platform provider believes that we have violated, the terms and conditions of its platform, or if any of these platforms loses market share or falls out of favor, or is unavailable for a prolonged period of time, our business will suffer. Because a substantial portion of our revenue and player acquisition is dependent on a limited number of platform providers, any adverse action, policy change, technical disruption, or enforcement decision affecting one or more of these platforms could have a disproportionate adverse impact on our business, financial condition, and results of operations.

We are subject to the standard and non-negotiated policies and terms of service/publisher agreements of third-party platforms, which govern the promotion, distribution, content, and operation generally of games on the platform. Each platform provider has broad discretion to unilaterally change and interpret its terms of service and other policies with respect to us and other developers, and those changes may be unfavorable to us. Platform providers may suspend, remove, or restrict our games or features, temporarily or permanently, with little or no advance notice, including based on their unilateral interpretation of their policies. A platform provider may also change its fee structure, add fees associated with access to and use of its platform, alter how we are able to advertise on the platform, change how the personal information of its users is made available to application developers on the platform, limit the use of personal information for advertising purposes, or restrict how players can share information with their friends on the platform or across platforms. Platform providers may enforce their policies selectively, inconsistently, or retroactively, and we may have limited or no meaningful ability to challenge or appeal such enforcement decisions. Any platform level changes could be implemented with little or no advance notice, and we may be unable to take action avert or reduce the negative impacts such changes could impose on our business. In many cases, the terms, policies, and enforcement practices of these platform providers are non-negotiable, and we have limited ability to influence their interpretation, application, or modification. As a result, we may be required to comply with changes to platform rules, technical requirements, or business practices even if such changes adversely affect our games, monetization strategies, or operating results.

Our business could be harmed if:

- the platform providers discontinue or limit our access to their platforms;
- the platform providers suspend, delist, or remove our games or developer accounts, whether temporarily or permanently;

- governments or private parties, such as Internet providers, impose bandwidth restrictions, increase charges, or restrict or prohibit access to those platforms;
- the platforms increase the fees they charge us or change the ways in which their fees are determined;
- the platforms modify their algorithms, discovery mechanisms, communication channels available to developers, respective terms of service, or other policies;
- the platforms decline in popularity;
- the platforms adopt changes or updates to their operating systems, APIs, SDKs, privacy frameworks, or technical requirements that impede integration with other software systems or otherwise require us to modify our technology or update our games in order to ensure players can continue to access our games and content with ease;
- the platforms elect or are required to change how they label free-to-play games or take payment for in-game purchases;
- the platforms block or limit access to the genres of games that we provide in any jurisdiction;
- the platforms impose restrictions or spending caps or make it more difficult for players to make in-game purchases of virtual items;
- the platforms change how the personal information of players is made available to developers or develop or expand their own competitive offerings;
- the platforms apply their policies, guidelines, or enforcement practices in a non-transparent, inconsistent, or discretionary manner, including without meaningful advance notice or effective appeal rights;
- the platforms impose penalties, warnings, blocks, or other sanctions that impair distribution or monetization without providing clear standards or appeal rights;
- the platforms modify how applications are discovered, ranked, featured, or recommended to users, which could reduce the visibility of our games, increase player acquisition costs, or negatively impact player engagement;
- the platforms adopt or enforce policies more restrictively than required by applicable law, including in response to perceived or anticipated regulatory risk;
- the platforms restrict, discourage, or disadvantage applications that promote or facilitate purchases outside of the platform's proprietary payment systems, including through direct-to-consumer channels; or
- we are unable to comply with the platform providers' terms of service.

Platform providers increasingly act as de facto regulators of digital content and monetization practices and may adopt policies or enforcement positions that go beyond or precede applicable legal requirements. In response to actual or perceived regulatory risk, platform providers may impose restrictions, remove content, or require changes to our games or business practices even where such actions are not legally mandated. Such measures could materially limit our ability to operate or monetize our games in certain jurisdictions.

In addition, third-party platforms also impose certain file size limitations, which limits our ability to create software with additional features that would result in a larger size than the platform providers would support. Aside from these file size limitations, a larger game file size could cause players to delete our games once the file size grows beyond the capacity of their devices' storage limitations or could reduce the number of downloads of these games. Larger file sizes may also negatively affect player discovery, conversion rates, and organic installs.

Changes in the respective terms of service or policy changes of third-party platforms may decrease the visibility or availability of our games, limit our distribution capabilities, prevent access to our existing games, reduce the amount of revenue we may recognize from in-game purchases, increase our costs to operate on these platforms, or result in the exclusion or limitation of our games or certain in-game features on such platforms. Any such changes could adversely affect our business, financial condition, or results of operations. Platform providers may take action with respect to specific titles, genres, features, or jurisdictions, including blocking or restricting access in certain regions while allowing continued operation elsewhere. Even if such actions affect only a subset of our games or markets, they could materially harm player engagement, revenue, and growth prospects.

Obtaining and maintaining high ratings of our games on the platforms on which we operate are important as they help drive users to find our games. If the ratings of any of our games decline or if we receive significant negative reviews that result in a decrease in our ratings, our games could be more difficult for players to find or recommend. In addition, we may be subject to negative review campaigns or defamation campaigns intended to harm our ratings. Any such decline may lead to loss of users and revenues, additional advertising and marketing costs, and reputation harm. Platform providers may also remove, modify, or deprioritize ratings or reviews, or change how ratings are calculated or displayed, in ways that could adversely affect visibility and player acquisition.

We are also dependent on these platforms for user discovery, distribution, and ongoing access to our player base, and adverse changes to platform algorithms, promotional practices, or technical standards may materially reduce organic installs or engagement even if our games remain available on the platforms. If our platform providers do not perform their obligations in accordance with our platform agreements, we could be adversely impacted. For example, in the past, some of these platform providers have been unavailable for short periods of time, unexpectedly changed their terms or conditions or experienced issues with their features that permit our players to purchase virtual items. If any of our third-party service providers is unable to process payments, even for a short period of time, our business could be harmed. Any actions by platform providers that limit our ability to communicate with players about alternative purchasing options, impose technical or policy restrictions on direct-to-consumer offerings, or otherwise disadvantage off-platform transactions, including through technical, contractual, disclosure, or user-interface restrictions, differential fees, or enforcement actions, could reduce the effectiveness of our direct-to-consumer initiatives and adversely affect our revenue mix and margins. These platforms and our third-party online payment service providers may also experience security breaches or other issues with their functionalities. In addition, if we violate, or a platform provider believes we have violated, its terms of service, policies, or standard publisher agreements (or if there is any change or deterioration in our relationship with any of these platform providers), that platform provider could limit or discontinue our access to the platform or we may be exposed to liability or litigation. As jurisdictions in which we operate and their regulatory bodies adopt or modify laws and regulations, our platform providers may adopt restrictive policies or take other adverse action against the Company and its games in connection with their interpretation and implementation of such laws and regulations. Similar actions could be taken by platform providers in other jurisdictions or with respect to other titles, including jurisdictions or platforms that are more significant to our business, which could have a material adverse effect on our business, financial condition, and results of operations.

Additionally, if our platform providers were to develop competitive offerings, either on their own or in cooperation with one or more competitors, our growth prospects could be negatively impacted. For example, Apple developed its own video game subscription service, Apple Arcade, which may compete further with our games. Netflix, a relatively new entrant in the gaming market, has expanded its offerings by including a growing library of mobile games as part of its subscription service. With its expansive customer base and vast resources, Netflix could pose a material competitive threat to the Company's business. Platform providers may also use non-public data, platform insights, or preferential placement to advantage their own offerings or those of select partners. Increased competition and success of other brands, genres, business models and games could result in, among other things, a loss of players, or negatively impact our ability to acquire new players cost-effectively, which could have a material adverse effect on our business, financial condition and results of operations.

Because a substantial portion of our revenue is generated through a limited number of platform providers, any adverse change affecting one or more of these platforms could have a disproportionate impact on our business. If any such events described above occur on a short-term or long-term basis, or if these third-party platforms and online payment service providers otherwise experience issues that impact the ability of players to download or access our games, access social features, or make in-game purchases, it could materially and adversely affect our brands and reputation, as well as our business, financial condition, and results of operations.

We rely on third-party hosting and cloud computing providers, including Amazon Web Services, and any failure, disruption, or significant interruption in these services could adversely impact our operations and harm our business.

Our technology infrastructure is critical to the performance of our games, the satisfaction of our players, and our corporate functions. Our games and company systems run on a complex distributed system, or what is commonly known as cloud computing. We own, operate, and maintain elements of this system, but significant elements of this system are operated by third parties that we do not control and which would require significant time and expense to replace. In addition to hosting and compute services, we rely on third-party providers for data storage, content delivery, monitoring, and other infrastructure services, further increasing our dependence on external systems that we do not control. We expect this dependence on third parties to continue. A significant portion of our game traffic and computing infrastructure is hosted by a single cloud services provider, Amazon Web Services, or AWS. AWS provides us with computing and storage capacity pursuant to an agreement that continues until terminated by either party. The agreement provides access to AWS's standard computing and storage services, subject to AWS's then-current terms, service levels, and availability. Any disruptions, delays, outages and other

performance problems caused by AWS could significantly impact our business due to our many services and systems relying on the AWS services.

We have experienced, and may in the future experience, disruptions, outages, and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, and capacity constraints. If any such interruption is significant or prolonged, if a particular game is unavailable when players attempt to access it or navigation through a game is slower than they expect, players may reduce engagement, stop playing the game, or be less likely to return, which could adversely affect monetization and retention. A failure or significant interruption in our game service would harm our reputation and operations. We expect to continue to make significant investments in our technology infrastructure to maintain and improve all aspects of player experience and game performance. To the extent that our disaster recovery systems are not adequate or do not perform as expected in the event of a major outage, or we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate increasing traffic, our business and results of operations may suffer. We do not maintain insurance coverage for all losses relating to our network or information technology systems, other than limited cybersecurity insurance, which may increase any potential harms that the business may suffer from systems failure or resulting business interruptions.

In addition, any changes in these third parties' service levels may adversely affect our ability to meet the requirements of our players. As our platform's continuing and uninterrupted performance is critical to our success, sustained or repeated system failures would reduce the attractiveness of our offerings. It may become increasingly difficult to maintain and improve our performance, particularly during peak usage times or periods of rapid change in player activity, demand, or game usage patterns. Cloud service providers may also be affected by regulatory actions, geopolitical events, widespread cyber incidents, or systemic outages that are outside of our control and could impair their ability to provide services reliably. Any negative publicity arising from these interruptions, delays, outages, or other performance problems could adversely affect our business, financial condition, results of operations, or reputation. Furthermore, in the event that any of our agreements with these third-party providers are terminated, we may experience significant costs or downtime in connection with the transfer to, or the addition of, new hosting or cloud computing providers. Although alternative providers may be able to host our platform on a substantially similar basis, we may not be able to transition services without significant disruption, delay, or increased cost.

We have engaged, and expect to engage, third-party game development companies to develop and operate certain of our mobile games, and if they fail to perform as expected, our business may suffer.

We currently, have in the past, and expect in the future to, engage third-party game development companies to develop and operate certain mobile games on our behalf. Currently, we rely on third-party game development companies to provide operation and development services for our myVEGAS Bingo, POP! Slots, MGM Slots Live, and my KONAMI Slots games. In each instance, we have been, and in the future intend to be, the publisher of our existing games as well as third-party developed or co-developed games when they are available to players through platforms such as the Apple App Store, Google Play Store, Amazon Appstore, and Facebook. In some cases, a substantial portion of the responsibility to develop, operate, and maintain a game is undertaken by the third-party development company. Typically when we engage a third-party game development company, we will enter into a contract with them that defines their and our duties and responsibilities. With a third-party game development company, we have limited control over the work performed by the development company and are therefore subject to risks that differ from, and might be greater than, those we are subject to when our own employees are developing and operating our games. For example, limited control over work being performed could materially and adversely impact the timely development and completion of our games, and their publication could be delayed due to the development company's failure to adhere to our milestones and roadmaps. We have experienced instances in the past in which third-party development companies failed to complete development milestones in accordance with agreed timelines. If our third-party game development companies do not perform in accordance with our agreements with them, it could adversely affect the development of our games that are the subject of that agreement, including delaying their availability for launch and their performance once launched, which could materially and adversely affect our operating results and our ability to achieve anticipated performance.

Once a co-developed game is launched, or in the event we engage a third party to operate an existing game, we will be reliant on the development company's ability to maintain an adequate number of knowledgeable and experienced personnel to operate and maintain the co-developed game or existing game successfully and to develop and implement future game updates, patches and bug fixes, as well as provide ongoing support services. If a development company fails to operate and maintain the co-developed game or existing game, including through inadequate staffing, loss of key personnel, or competing priorities, it could adversely affect that game's performance and player satisfaction, and our business might suffer as a result. Further, if the game development companies breached our agreements with them, or unilaterally elected to discontinue providing services, we would have to find a substitute provider or replace the lost services internally, which could disrupt the operation of the games and result in dissatisfied players, increased expenses, lost revenues, and other adverse effects. We may not be able to identify or

transition to a substitute provider, or internalize development and operational responsibilities, on commercially reasonable terms or without material disruption.

We do not own or have direct control of the source code of the third-party developed games, but we endeavor to have source code escrow agreements in place under which the source code and operation documentation of such co-developed games will be held in escrow. If the source code escrow release conditions are triggered under the applicable source code escrow agreement, while we may be able to obtain access to and use the source code and operation documentation to operate the relevant co-developed game, it would take significant time for our employees to learn how to manage the operation of the co-developed game or develop future game updates, patches, or bug fixes for the co-developed game, which could adversely affect the co-developed game's performance and player satisfaction, and our business may suffer as a result.

In addition, a co-developed game may incorporate intellectual property owned by the applicable development company. In such cases, we will seek to obtain licenses to use the intellectual property as integrated with and into the co-developed game in order to continue operating the game if our agreement with the co-developer terminates or expires and we wish to continue publishing the co-developed game. If we are unable to obtain such a license, or if a third-party developer were to challenge our rights to use its intellectual property, or assert claims regarding the scope or manner of such use, it could materially and adversely affect our ability to continue to publish the co-developed game.

If we are unable to effectively invest in, maintain, and enhance awareness of our brands and games, or if our brand-related marketing expenditures are inefficient or excessive, our business, financial condition, results of operations, or reputation could be harmed.

We believe that establishing and maintaining our brands is critical to maintaining and creating favorable relationships with players, rewards partners, content licensors, and advertisers, as well as competing for key talent. Maintaining awareness of our brands and recognition of our games is particularly important to supporting engagement across our portfolio and enabling effective cross-promotion among our games. In addition, maintaining and, where appropriate, extending recognition of our brands and games across markets requires significant investment and extensive management time to execute successfully. Although we make significant sales and marketing expenditures, the effectiveness of such expenditures may diminish over time, including due to increased competition for player attention, changes in advertising platforms or algorithms, privacy restrictions, or rising player acquisition costs. Sales and marketing expenditures in connection with the launch of our games may not succeed in increasing awareness of our brands or the new games. In addition, negative publicity, player dissatisfaction, platform actions, or regulatory scrutiny could harm our brands or reputation, even if unrelated to the quality of our games. If we fail to increase and maintain brand awareness and consumer recognition of our games, our potential revenue could be limited, our costs could increase, and our business, financial condition, results of operations, or reputation could suffer.

We strive to establish and maintain our brands by obtaining trademark rights, including for our games. Protecting and enforcing our intellectual property rights can be costly and time-consuming, and we may be unable to prevent third parties from using similar marks or engaging in conduct that dilutes or harms our brands. However, if our trademarks and trade names are not adequately protected, enforced or recognized in relevant jurisdictions, we may not be able to build name recognition in our markets of interest and our competitive position, business, financial condition, or results of operations may be harmed.

Our ability to acquire and maintain licenses to third-party intellectual property may affect our revenue, profitability, and competitive position.

Much of the intellectual property we use in our games is created by us, but we also rely on licenses or rights we receive to third-party intellectual property for use in our games or platform to enhance the experience of our players or otherwise operate our business. For example, we use licensed intellectual property from third parties in certain of our games and for marketing and promotional purposes, including well-known entertainment and gaming brands such as MGM, Tetris®, and Konami Gaming. Such licenses often involve significant upfront payments, ongoing royalties, minimum guarantees, or other financial commitments that can increase our operating costs and reduce margins. These licenses typically limit our use of intellectual property to specific uses and for specific time periods, and include other contractual obligations, including performance, distribution, or operational milestones with which we must comply to maintain the license. Moreover, certain intellectual property rights may be licensed to us on a non-exclusive basis, and accordingly, the owners of such intellectual property are free to license such rights to third parties, including our competitors, on terms that may be superior to those offered to us or on a more favorable timeline, which could place us at a competitive disadvantage. Competition for high-quality or well-known intellectual property licenses can be intense, and often results in one or more of increased advances, minimum payment guarantees, and royalties that we must pay to the licensor, which decreases our profitability. In the future, we may identify additional third-party intellectual property we may need or desire to license in order to engage in our business, including to support existing games or potential future offerings. However, such licenses may not be available on acceptable terms or at all. If we are unable to obtain and remain in compliance with the terms of these licenses or obtain additional licenses

on reasonable economic terms, we may be required to discontinue, modify, or limit certain games or features that include or incorporate the licensed intellectual property, and our revenue and profitability may be adversely impacted.

We also cannot be certain that our licensors are not infringing, misappropriating, or otherwise violating the intellectual property rights of others or that our licensors have sufficient rights to the intellectual property to grant us the applicable licenses. In some cases, our agreements with licensors may provide limited or no indemnification for such claims. If we are unable to obtain or maintain rights to any of such in-licensed intellectual property because of claims of intellectual property infringement, misappropriation, or other violation claims brought by third parties against our licensors or against us, our ability to develop, operate, or market games containing such intellectual property could be limited or delayed and our business could be harmed.

The perceived value of our virtual currency and the effectiveness of our pricing and monetization models are highly dependent on how we manage the economies in our games. If we fail to manage our game economies properly, our business may suffer.

Our games are available to players for free, and historically we have derived substantially all of our revenues from the sale of in-game virtual currency when players make voluntary in-game purchases. Paying players choose to purchase virtual currency in our games because of its perceived value, which is dependent on the relative ease of obtaining equivalent virtual currency by simply playing our games. A substantial portion of our revenue depends on maintaining this perceived value among a relatively small number of highly engaged paying players. The perceived value of our virtual currency can be impacted by various actions that we take in our games, including offering discounts for virtual currency, giving away virtual currency in promotions, or providing other non-paid methods of obtaining virtual currency. Managing game economies is difficult, and relies on our assumptions and judgment. Imbalances in our virtual economies, including excessive inflation or deflation of virtual currency or rewards, may reduce player engagement, undermine monetization, or create perceptions of unfairness among players. Once changes to a game economy are implemented, it may be difficult or impossible to fully reverse their effects or restore prior player behavior or spending patterns. If we fail to manage our virtual economies properly or fail to promptly and successfully respond to any such disruption, our reputation may suffer, players may reduce spending or cease playing our games, and negative player sentiment could spread rapidly through social media, reviews, or community channels, which would cause our business, financial condition, and results of operations to suffer. The effectiveness of our virtual economies is closely linked to player engagement and, in certain games, advertising monetization. Changes that negatively affect engagement or perceptions of value may also reduce advertising impressions or rates, further amplifying the adverse impact on our revenue.

We regularly test and adjust pricing, offers, promotions, and reward structures in our games in an effort to optimize engagement and monetization. These changes may not have the intended effect and could lead to reduced spending, increased player churn, or volatility in our revenue. Player responses to pricing and monetization changes can be unpredictable, and negative reactions may occur even when changes are intended to improve the overall game experience. Our pricing, promotional practices, and virtual currency mechanics are also subject to scrutiny by regulators and platform providers, including with respect to consumer protection, transparency, and fairness. Regulatory or platform actions that restrict or require changes to pricing, promotions, or virtual currency mechanics could limit our ability to manage game economies effectively and adversely affect our revenue and results of operations.

Our ability to successfully attract in-game advertisers depends on the effectiveness of our advertising models and our ability to maintain player engagement.

While historically we have derived substantially all of our revenues from the sale of in-game virtual currency, certain of our games derive a significant portion of their revenues from in-game advertising. If we are unable to attract and maintain a sufficient player base or otherwise fail to offer attractive in-game advertising models, advertisers may not be interested in purchasing such advertisements in our games, which could adversely affect our revenues from in-game advertising. We rely on third-party advertising networks, exchanges, and mediation platforms to source, serve, and optimize in-game advertisements, and changes to their terms, algorithms, pricing, or technical requirements could reduce fill rates, effective pricing, or advertiser demand. Demand for in-game advertising is also subject to factors outside of our control, including changes in advertiser budgets, shifts in advertising spend across channels, macroeconomic conditions, and the performance or pricing models of advertising networks and exchanges. In addition, advertising revenue is typically priced on a cost-per-impression or similar basis, and fluctuations in effective cost per mille (“eCPM”), including seasonal variations and changes in advertiser demand, inventory mix, or targeting limitations, can cause significant volatility in our advertising revenue from period to period, independent of player engagement levels. Advertising practices also are subject to evolving platform policies, privacy regulations, and consumer protection standards, which may limit the types of ads we can display, how ads are targeted, or the data that can be used for advertising purposes, potentially reducing advertising effectiveness or revenue. Advertising revenue may be more volatile and less predictable than revenue from in-game purchases, and a relatively small number of advertisers or

advertising partners may account for a meaningful portion of our advertising revenue in certain periods. If we include in-game advertising in our games that players view as excessive, intrusive, repetitive, or poorly integrated, such advertising may materially detract from players' gaming experiences, thereby creating player dissatisfaction, which may cause us to lose players and revenues, and negatively affect the experience for players who make, or may otherwise make, purchases of virtual currency or engage with other monetization features.

Our games and other software applications, and our and our vendors' and other partners' information technology and other systems and platforms, have, on occasion, experienced failures, errors, defects, or disruptions. Such events could disrupt our business, impact our games and related software applications, affect our ability to scale our technical infrastructure, diminish our brand and reputation, subject us to liability, and adversely affect our operating results and growth prospects.

Our games may contain errors, bugs, flaws, corrupted data, defects, and other vulnerabilities, some of which may only become apparent after their launch, particularly as we launch new games and release new features to existing games under tight time constraints. Furthermore, our development and testing processes may not detect errors and vulnerabilities in our games prior to their release. These defects may only become apparent after we launch a new game or publish an update to an existing game, particularly as we launch new games or updates and rapidly release new features to existing games under tight time constraints. For example, these errors could prevent a player from making in-game purchases or disrupt advertising delivery, reward fulfillment, or other promotional or monetization features, which could harm our business. These errors could also be exploited by cheating programs and other forms of misappropriation, be leveraged by nefarious actors to expose personal data, or create other issues or problems harming the overall game-playing experience for our players. This could cause players to reduce their playing time or in-game purchases, discontinue playing our games altogether, or not recommend our games to other players, which could result in further harm to our business. Such errors could also result in our games being non-compliant with applicable laws or create legal liability for us. Resolving such errors could disrupt our operations, cause us to divert resources from other projects, or harm our results of operations. Accordingly, any such errors, flaws, defects, and vulnerabilities may disrupt our operations, violate applicable security standards, adversely affect the game experience of our players, harm our reputation, cause our players to stop playing our games, divert our resources, and delay market acceptance of our games, any of which could result in harm to our business, financial condition, or results of operations.

Our technology infrastructure is critical to the performance of our games and satisfaction of our players and to the general operation of our business. We devote significant resources to network and data security to protect our systems and data. However, our systems may not be adequately designed with the necessary reliability and redundancy to avoid performance delays or outages that could be harmful to our business. We cannot assure you that the measures we take to detect and prevent or hinder cybersecurity attacks or other security or data breaches, to protect our systems, data and player information, and to prevent outages, data loss, and fraud, including a disaster recovery strategy for server, equipment, or systems failure and the use of third parties for certain cybersecurity services, will provide sufficient security or be adequate for our operations. Our vendors and other partners, including cloud hosting providers, data center operators, content delivery networks, and other infrastructure or service providers on which our games and platforms depend, are also subject to the foregoing risks, and we do not have any control over them. We have experienced, and may in the future experience, system disruptions, outages, and other performance problems, including when releasing new software versions or bug fixes, due to a variety of factors, including infrastructure changes, human or software errors, and capacity constraints. Such disruptions have not had a material impact to date; however, future disruptions from unauthorized access to, fraudulent manipulation of, or tampering with our or third parties' computer systems and technological infrastructure, including the data contained therein or transmitted thereby, could result in a wide range of negative outcomes, including loss of data integrity, system availability, or operational continuity, which could indirectly expose us to regulatory scrutiny, governmental investigations and enforcement actions, legal and financial exposure, contractual liability, and damage to our reputation, each of which could materially adversely affect our business, financial condition, results of operations, and prospects.

Programming errors, defects, and data corruption could also disrupt our operations, cause us to violate applicable data privacy laws, adversely affect the experience of our players, harm our reputation, cause our players to stop playing our games, divert our resources, and delay market acceptance of our games, any of which could result in legal liability to us or harm our business, financial condition, results of operations, and prospects.

Any significant interruption in the availability of our games or platforms, whether due to internal system failures, third-party outages, or external events, could prevent players from accessing our games, making in-game purchases, or participating in live or time-sensitive features. Even short-term disruptions may negatively affect player trust, engagement, and spending behavior.

We rely on a limited number of third-party infrastructure providers for hosting, data storage, and content delivery. Disruptions, outages, or capacity constraints affecting these providers could impair our ability to operate our games at scale, and we may have limited ability to quickly transition to alternative providers without service degradation or increased cost.

Because our games operate in real time and serve a large number of players simultaneously, technical failures or disruptions may escalate rapidly and have a disproportionate impact on our operations, financial performance, and reputation. The frequent deployment of software updates, patches, and new features inherent in live game operations increases the risk of introducing unintended errors or performance issues. Even updates intended to improve stability or security could negatively affect game performance, player experience, or monetization if not implemented successfully.

If our player base and engagement continue to grow, and the number and types of games and features we offer continue to grow and evolve, we will need an increasing amount of technical infrastructure, including network capacity and computing power, to continue to satisfy our players' needs and operate our business. Such infrastructure expansion may be complex, and unanticipated delays in completing these projects or availability of components may lead to increased project costs, operational inefficiencies, or interruptions in the delivery or degradation of the quality of our games or other operations. These efforts may require significant capital expenditures or operating expense increases and may not yield the anticipated performance or reliability benefits. In addition, there may be issues related to this infrastructure that are not identified during the testing phases of design and implementation, which may only become evident after we have started to fully use the underlying equipment or software, which could further degrade the player experience or increase our costs. As such, we could fail to continue to effectively scale and grow our technical infrastructure to accommodate increased demands. In addition, our business may be subject to interruptions, delays or failures resulting from adverse weather conditions, other natural disasters, power loss, terrorism, cybersecurity attacks, public health emergencies, or other catastrophic events.

We believe that if our players have a negative experience with our games, or if our brand or reputation is negatively affected, players may be less inclined to continue or to engage with us. As such, a failure or significant interruption in our service could harm our reputation, reduce player engagement and monetization, and materially adversely affect our business and operating results.

Our success depends on the security and integrity of the games we offer, and security breaches or other disruptions could compromise our information or the information of our players and expose us to liability, which would cause our business and reputation to suffer.

We believe that our success depends in large part on providing secure, reliable and continuously available games to our players. Our business sometimes involves the collection, storage, processing and transmission of players' proprietary, confidential and personal information. We also maintain certain other proprietary and confidential information relating to our business and personal information of our personnel. Despite our security measures, our games may be vulnerable to attacks by hackers, fraudsters, players, vendors, or others, including through ransomware, distributed denial-of-service attacks, social engineering, credential-stuffing, or other techniques, or to breaches due to malfeasance or other disruptions. Any such security breach or incident could result in unauthorized access to, misuse of, or unauthorized acquisition of, our or our players' data, the loss, corruption or alteration of this data, interruptions in our operations, or damage to our equipment or systems or those of our players or third-party platforms. We rely on third-party service providers, including cloud hosting providers, analytics providers, and platform partners, and any security failure or disruption involving these third parties could adversely affect our systems and data. Any such occurrence could expose us to claims, regulatory investigations, litigation (including class actions), fines and potential liability, negative reputational impacts, loss of player trust or engagement, diversion of management attention, and increased operating costs, including potentially significant costs relating to incident response, system restoration or remediation, or future compliance. Any or all of the foregoing could materially adversely affect our business, operating results, and financial condition.

The threat landscape for cybersecurity attacks is rapidly evolving, and the techniques used by attackers are becoming increasingly sophisticated. Our security measures may be insufficient to prevent all incidents, and we may not be able to anticipate or respond effectively to all emerging threats. Security incidents, system failures, or other disruptions could impair our ability to operate our games, process in-game transactions, or provide customer support. Even temporary interruptions in service availability could negatively affect player engagement, monetization, and brand perception, and could result in lost revenue or contractual penalties. Security vulnerabilities may also be exploited to engage in fraud, cheating, or manipulation of game mechanics or virtual economies. Such activities could undermine the integrity of our games, result in unfair player experiences, reduce engagement, and require significant resources to detect and remediate.

An increasing number of online services have disclosed security breaches, some of which have involved sophisticated and highly targeted attacks on portions of their services. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not foreseeable or recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, public perception of the effectiveness of our security measures and brand could be

harmful, and we could lose players. Data security breaches and other data security incidents may also result from non-technical means, such as actions by employees, contractors, or other service providers. Regulators or other third parties may initiate investigations or enforcement actions based on suspected or alleged security weaknesses, even if no actual breach is ultimately confirmed. Any compromise of our security could result in a violation of applicable privacy laws and regulations and could result in governmental investigations, enforcement actions, and legal and financial exposure, including potential costs or liabilities that may not be covered by our insurance or that exceed available coverage limits. Any such security compromise could also result in damage to our reputation and a loss of confidence in our security measures. Any of these effects could have a material adverse impact on our business or results of operations,

Responding to actual or perceived security incidents may require us to devote significant resources to investigation, remediation, system upgrades, customer communications, legal compliance, and coordination with regulators and platform partners. These efforts could be costly and disruptive and may divert management attention from strategic initiatives.

If the use of mobile devices as game platforms does not continue to grow or if player engagement on mobile devices declines or shifts to other platforms, our business could be adversely affected.

The number of people using mobile Internet-enabled devices has increased dramatically over time and although this trend has continued in recent years, it may not persist or may evolve in ways that are unfavorable to us. In addition, even if mobile device usage continues to grow, players may spend less time playing mobile games due to increased competition for attention from other forms of digital entertainment, social media, streaming services, or other mobile applications. Our future success is substantially dependent upon the continued growth of the market for mobile games. In addition, we do not currently offer our games on all mobile devices and we may be required to devote significant development resources to support new operating systems, device specifications, screen formats, or technical standards introduced by device manufacturers or platform providers. Because a substantial portion of our revenue is generated through mobile platforms, any adverse trend affecting mobile gaming could have a disproportionate impact on our business. If the mobile devices on which our games are available decline in popularity or become obsolete faster than anticipated, we could experience a decline in revenue, including through reduced in-game purchases, advertising demand, or changes in player spending behavior on mobile devices, and may not achieve the anticipated return on our development efforts. Any such declines in the growth of the mobile market or in the use of mobile devices for games could harm our business, financial condition, or results of operations.

Players may increasingly engage with games through alternative platforms, including consoles, PCs, cloud-based gaming services, or subscription-based offerings, which could reduce demand for mobile games and adversely affect our growth prospects. In addition, rapid changes in mobile device hardware, form factors, or operating systems could require us to redesign or re-optimize our games, increase development costs, or limit compatibility with certain devices, which could delay launches or reduce player engagement. Changes in mobile advertising ecosystems, including tracking limitations, changes in ad formats, or reduced advertiser demand for mobile inventory, could reduce our ability to monetize mobile gameplay through advertising even if overall mobile usage remains strong.

While we have achieved profitability in the past, our revenue and operating margins may decline, and we may not be able to sustain profitability.

Our operating and net income have historically fluctuated, and our operating margins may decline in future periods as a result of declining revenue and/or increasing costs resulting from the risks discussed in this Annual Report on Form 10-K or in connection with any merger and acquisition activity, including integration costs or performance shortfalls associated with acquired businesses. We expect to continue to expend substantial financial and other resources on game development, our technology stack, game engines, game technology and tools, player acquisition, the expansion and maintenance of our network, live operations, and marketing initiatives. Our operating costs will increase and our operating margins may decline if we do not effectively manage costs, launch new products on schedule that monetize successfully or if changes in player behavior, competitive dynamics, or platform policies adversely affect monetization performance, or if we fail to enhance our games so that these games continue to monetize successfully. In addition, weak economic conditions or other factors could cause our revenues to contract, which could require us to implement additional cost containment or restructuring measures, including reductions in sales and marketing or paid player acquisition, which could harm our long-term prospects. If our revenue does not increase to offset any additional expenses, if we fail to manage or experience unexpected increases in operating expenses, or if we are required to take additional charges related to impairments, restructurings, asset write-downs, or other non-cash or cash

charges, our financial condition, results of operations, and cash flows could be adversely affected, and we may not achieve or sustain profitability.

We may pursue strategic transactions, including acquisitions, investments, joint ventures, divestitures, or other portfolio optimization initiatives, which involve numerous risks and uncertainties.

From time to time, we evaluate strategic transactions, including acquisitions, investments, joint ventures, divestitures, business combinations, dispositions of assets or businesses, and other portfolio optimization initiatives. Many of these processes do not result in completed transactions and may require substantial management time and professional fees without resulting in a completed transaction. We have previously completed strategic transactions, including the acquisitions of Brainium and Pixode and the acquisition of the license rights for Tetris®-branded mobile games, and we expect to continue evaluating strategic opportunities in the United States and internationally. Strategic transactions may require significant management attention, involve complex operational, legal, financial, accounting and regulatory considerations, and divert resources from our core business. If we are unable to realize the anticipated benefits of any strategic transaction, or if we

encounter unexpected difficulties in completing, integrating, operating, separating or otherwise managing such transactions, our business, financial condition and results of operations could be materially adversely affected.

Challenges and risks from such acquisitions, investments, and joint ventures include:

- our ability to identify, compete effectively for, or complete suitable acquisitions and investments at prices we consider attractive;
- our ability to estimate accurately the financial effect of acquisitions and investments on our business, including anticipated synergies and the impact on our results of operations;
- acquired products, technologies or capabilities, particularly those still in development when acquired, may not perform as expected, may contain defects or may not be successfully integrated into our business;
- acquired entities or joint ventures may not achieve expected business growth or operate profitably, and we may be unable to recover our investment;
- our assumption of legal or regulatory risks, particularly with respect to businesses that have less mature compliance programs, or litigation involving acquired companies, including claims by former employees, players, stockholders or other third parties;
- disruption to our existing business initiatives and strategies;
- diversion of management attention;
- substantial internal and external costs associated with evaluating transactions that are not completed, including legal, accounting, financial advisory and diligence expenses, without any corresponding operational or financial benefit;
- declining employee morale and retention issues;
- difficulties integrating operations, systems, technologies, products and personnel;
- overpayment for acquisitions and potential impairment of goodwill or intangible assets;
- difficulties in evaluating and utilizing acquired products, technology or personnel;
- the use of significant cash resources, the incurrence of indebtedness or the issuance of equity securities, which could increase our financial obligations, subject us to restrictive covenants or dilute existing stockholders;
- the need to implement controls, procedures and policies appropriate for a U.S. public company at acquired businesses;
- complexities associated with forecasting and accounting for acquisition transactions;
- contingent consideration obligations that may exceed initial estimates or become payable when we have limited available cash;
- significant legal, accounting and other professional fees;
- purchase accounting adjustments, including write-offs of deferred revenue;
- risks associated with international operations and foreign acquisitions;
- the potential loss of, or harm to, relationships with employees, players, rewards partners, licensors and other suppliers;
- our reliance on the accuracy and completeness of information provided by acquisition targets during due diligence;
- liabilities arising from pre-acquisition conduct of acquired businesses, including intellectual property claims, cybersecurity incidents, regulatory violations, tax liabilities and other known or unknown liabilities; and
- our inability to effectively influence the operations of joint ventures or exposure to liabilities arising from the actions of our joint venture partners.

If we divest businesses or other assets, such transactions may be complex to execute, may take longer than anticipated, may not be completed on favorable terms or at all, and may disrupt our operations by reducing economies of scale, eliminating shared services or technology platforms, reducing revenue streams, or resulting in stranded costs or other dis-synergies. Divestitures may also require us to provide transition services, indemnification, guarantees or other continuing financial or

operational support following closing, and may result in accounting charges, including impairment losses, restructuring charges or discontinued operations accounting, any of which could adversely affect our business, financial condition, results of operations and the comparability of our financial results between reporting periods.

Strategic transactions may not be completed despite significant expenditures of management time and transaction costs, and unsuccessful transaction processes may divert management's attention, disrupt our business, adversely affect relationships with employees, players, licensors, suppliers or other business partners, or damage our reputation. The anticipated benefits of any acquisition, investment, joint venture or divestiture may take longer than expected to realize or may never be achieved. Our ability to pursue strategic transactions will depend on the availability of suitable opportunities, our ability to negotiate acceptable terms, the availability of financing where applicable, regulatory and contractual approvals, and other factors beyond our control. Strategic transactions may also result in the use of significant cash resources, the incurrence of indebtedness, the issuance of equity securities, contingent liabilities, integration or separation costs, amortization or impairment of goodwill or intangible assets, restructuring charges or other accounting impacts, any of which could materially adversely affect our business, financial condition, results of operations and the value of our securities.

Our international operations are subject to increased challenges and risks.

Our international operations subject us to a variety of risks and challenges that could adversely affect our business, financial condition, and results of operations. We currently operate game studios and conduct business activities across multiple countries outside the United States, which requires us to manage operations in diverse regulatory, legal, cultural, economic, and labor environments. Operating internationally increases the complexity of our business and exposes us to risks associated with differing local laws and regulations, employment practices, tax regimes, currencies, political and economic conditions, and business customs, as well as challenges related to managing a geographically dispersed workforce. These factors can require significant management attention and resources and may increase our operating costs or limit our ability to operate efficiently and effectively across our international footprint.

Operating and managing our business across multiple foreign jurisdictions subjects us to a variety of risks, including risks associated with:

- recruiting, retaining, and managing skilled management and employees in foreign jurisdictions, including compliance with local employment laws and practices;
- challenges arising from geographic distance, time zone differences, language barriers, and cultural differences;
- localizing game content, live operations, and player engagement strategies to reflect differing player preferences and market dynamics;
- competition from local and regional game developers that may have stronger brand recognition, established intellectual property rights, or a greater understanding of local player behavior;
- obtaining, protecting, defending, and enforcing our intellectual property rights in foreign jurisdictions;
- negotiating and maintaining agreements with local distribution platforms and service providers on terms that are economically favorable to us and adequately protect our rights;
- limitations on our ability to obtain or enforce proprietary rights in our brands, content, or technology in certain jurisdictions;
- implementing and supporting payment methods that comply with local laws and commercial practices while managing fraud risk and credit exposure;
- compliance with foreign laws and regulations, including those relating to data privacy and protection, cybersecurity, content standards, consumer protection, and advertising;
- compliance with anti-bribery and anti-corruption laws, including the U.S. Foreign Corrupt Practices Act ("FCPA") and similar laws in other jurisdictions;
- higher levels of payment fraud, chargebacks, or credit risk in certain markets;

- fluctuations in foreign currency exchange rates, which may adversely affect our reported results of operations and cash flows;
- protectionist laws, regulations, or business practices that favor local competitors;
- potential double taxation of international earnings and adverse tax consequences resulting from changes in U.S. or foreign tax laws;
- political, economic, or social instability in countries where we operate;
- higher costs associated with operating internationally, including audit, legal, compliance, labor, and infrastructure costs;
- restrictions on, or increased costs associated with, the repatriation of funds;
- compliance with applicable sanctions regimes, export and import controls, and trade or tariff restrictions; and
- limitations on our ability to offer certain games or features in particular countries due to local laws, regulations, or platform requirements;.

Certain of these laws and regulations require accurate recordkeeping and the maintenance of adequate internal accounting controls. While we have implemented policies, procedures, and controls designed to promote compliance with applicable laws and regulations, including the FCPA, these controls may not be effective in all circumstances. If an employee, contractor, intermediary, or business partner fails to comply with applicable laws or our internal policies, or if our controls are inadequate or improperly designed, we could be subject to civil or criminal penalties, fines, sanctions, or reputational harm, any of which could adversely affect our business, results of operations, cash flows, and financial condition.

In addition, managing international operations involves operational and organizational complexity, including coordinating activities across multiple jurisdictions and regulatory regimes and overseeing a geographically dispersed workforce. We may not achieve the efficiencies, cost savings, or operating performance improvements we expect from our international operations. Our international business could also be disrupted by political unrest, terrorism, economic instability, or other geopolitical events, as well as by the imposition of tariffs, quotas, trade barriers, or similar restrictions by foreign governments.

If we are unable to manage the complexity, cost structure, and compliance requirements of our international operations effectively, our business, financial condition, and results of operations could be adversely affected.

Our business is subject to a variety of U.S. and foreign laws, many of which are unsettled and still developing, and which could subject us to claims or otherwise harm our business.

We are subject to a variety of U.S. and foreign laws that affect our business, including laws relating to gambling and gaming, consumer protection, unfair or deceptive trade practices, electronic marketing, data protection and privacy, competition, taxation, intellectual property, export controls, and national security. Many of these laws are evolving, subject to differing interpretations, and in certain jurisdictions remain unsettled as applied to social casino-style games and virtual currency models. The scope and interpretation of the laws that are or may be applicable to us are often uncertain and may be conflicting, particularly laws outside the U.S. There is a risk that existing or future laws may be interpreted in a manner that is not consistent with our current practices and could have an adverse effect on our business. It is also likely that as our business grows and evolves and our games are played in a greater number of countries, we will become subject to laws and regulations in additional jurisdictions or other jurisdictions may claim that we are required to comply with their laws and regulations. A substantial portion of our revenue is derived from social casino-themed games, and adverse interpretations or enforcement actions relating to such games could disproportionately impact our business.

Regulatory scrutiny of social casino-style games has increased in recent years amid ongoing academic, political, and regulatory discussions in the United States, Europe, Australia, and other jurisdictions regarding whether such applications should be subject to a higher level or different type of regulation than other social game applications, particularly to address concerns relating to consumer protection, minors, and individuals susceptible to addiction. Certain plaintiffs and regulators have asserted that social casino games involving the purchase of virtual currency used to participate in games of chance may constitute illegal gambling under certain state laws, particularly in Washington State. Courts have previously held that virtual

currency in certain social casino games may constitute a “thing of value” under Washington law, and there have been numerous private lawsuits filed since 2020 against social casino developers and, in some cases, third-party platform providers alleging violations of state gambling loss recovery statutes. For example, in 2020, Big Fish Games, Inc. settled a Washington class action alleging violations of state anti-gambling laws for \$155.0 million, and in 2024 a Washington court ruled that certain slot-themed games operated by High Five Games constituted illegal gambling under Washington law, resulting in a monetary award in 2025. In addition, in January 2025, the Washington State Gambling Commission issued a public memorandum asserting that games of chance involving virtual currency are likely to be classified as illegal gambling under Washington law and encouraging companies offering virtual casino-style games to Washington residents to review their offerings for compliance. More recently, in February 2026, the Washington State Attorney General filed a lawsuit against certain social casino operators alleging violations of Washington’s Gambling Act and Consumer Protection Act based on their operation of virtual casino-style games involving virtual currency and seeking injunctive relief and recovery of amounts allegedly lost by Washington residents. These developments reflect an evolving and increasingly active enforcement environment and may increase the likelihood of regulatory investigations, enforcement actions, or additional civil litigation against companies operating social casino-style games, including us. In certain jurisdictions, gambling loss recovery statutes permit private plaintiffs to seek recovery of amounts lost in connection with alleged illegal gambling activities, which can create exposure based on historical operations, even where no prior regulatory action has been taken.

We have been, and may in the future be, subject to lawsuits, arbitrations, or regulatory inquiries alleging that our social casino-themed games violate state gambling or consumer protection laws and seeking restitution, damages, penalties, or injunctive relief. For example, we have been subject to lawsuits in Alabama, Tennessee, Kentucky and Washington, alleging that our social casino-themed games constitute illegal gambling under applicable state laws. In addition, we have received various demands for arbitration alleging that our games constitute illegal gambling under applicable state law. These demands generally attempt to recover amounts spent by third parties on the Company’s games by relying on state gambling loss recovery statutes and/or by seeking to have the applicable Terms of Service declared invalid. See a full description of Legal Proceedings in Note 17—*Commitments and Contingencies* of the Financial Statements.

We cannot predict the likelihood, timing, scope, or outcome of any regulatory investigation, enforcement action, or private litigation. If courts or regulators were to determine that our games violate applicable gambling or consumer protection laws, we could be required to modify or discontinue certain games in particular jurisdictions, obtain licenses or regulatory approvals, pay restitution, civil penalties, damages, or enter into settlements, including amounts calculated based on historical player spending, which could be significant. Any such outcome could materially and adversely affect our business, financial condition, results of operations, or cash flows.

Because gambling and consumer protection laws vary significantly by jurisdiction and are often interpreted by courts on a state-by-state basis, it is possible that certain jurisdictions may determine that our games are permissible while others may not, resulting in a patchwork of regulatory outcomes that could require us to tailor, restrict, or discontinue our offerings in particular markets. New or expanded laws and regulations, or new interpretations of existing laws, may be adopted in the U.S. or abroad that restrict or regulate social casino-style games, virtual currency models, in-game purchases, marketing practices, age-gating, responsible gaming disclosures, or consumer protection practices. Such laws could require us to obtain licenses, implement additional compliance controls, modify our monetization mechanics, restrict access in certain jurisdictions, or incur additional compliance costs. Increased regulation could reduce player engagement, increase operating costs, or limit our ability to operate in certain markets.

Furthermore, the growth and development of electronic commerce may prompt calls for more stringent consumer protection laws that may impose additional burdens on companies such as ours conducting business through the Internet and mobile devices. Existing laws or new laws regarding the marketing of in-game purchases, labeling of free-to-play games, regulation of currency, banking institutions, unclaimed property, or money transmission may be interpreted to cover our games and the virtual currency, goods, or payments that we receive. If that were to occur, we may be required to seek licenses, authorizations, or approvals from relevant regulators, the granting of which may be dependent on us meeting certain capital and other requirements and we may be subject to additional regulation and oversight, all of which could significantly increase our operating costs. Changes in current laws or regulations or the imposition of new laws and regulations in the U.S. or elsewhere regarding these activities may lessen the growth of social game services and impair our business, financial condition, or results of operations.

We are subject to claims, investigations, and litigation that could adversely affect our business.

We may be involved in claims, suits, arbitrations, and government investigations arising in the ordinary course of our business, including matters relating to gambling and gaming laws, consumer protection, intellectual property, privacy and data protection, employment, tax, commercial disputes, and other matters. Such proceedings are inherently uncertain and may result

in significant legal costs, diversion of management time, monetary damages, penalties, injunctive relief, or changes to our business practices. Even if we ultimately prevail, the defense of such matters may be costly and time-consuming and could adversely affect our reputation and business.

The legal and regulatory treatment of games that incorporate sweepstakes-based promotional mechanics is evolving, uncertain, and increasingly restrictive in certain jurisdictions, which could materially and adversely affect our business.

We operate games that incorporate sweepstakes-based promotional mechanics, including casino-style gameplay paired with promotional sweepstakes structures. The legal and regulatory framework governing sweepstakes promotions in the United States is complex, varies significantly by state, and is often unsettled as applied to modern digital and mobile gaming products. State laws, regulations, and judicial interpretations governing sweepstakes, lotteries, and gambling frequently overlap and may be applied inconsistently or unpredictably. As a result, regulators, legislators, courts, or other authorities may determine that certain sweepstakes-based promotional mechanics constitute illegal gambling, an unlawful lottery, or otherwise violate applicable law, even if those mechanics are designed to comply with existing sweepstakes exemptions. In particular, regulators or courts could determine that the manner in which sweepstakes-based promotional mechanics are integrated into casino-style gameplay changes the legal characterization of those offerings, including by recharacterizing them as gambling or lottery activities rather than lawful promotional sweepstakes.

State attorneys general, gaming regulators, and other enforcement authorities have increasingly scrutinized online sweepstakes casino-style offerings and similar products, and in some cases have taken enforcement action, initiated investigations, or asserted that such offerings violate state law. In addition, legislatures in certain states have enacted, or considered enacting, laws that specifically restrict or prohibit sweepstakes casino-style mechanics or digital promotions that simulate gambling, including legislation enacted or enforcement actions announced in states such as California and New York, as well as proposed or pending bills and policy initiatives in a number of other states. These developments reflect a broader trend toward heightened regulatory and legislative attention to sweepstakes-based gaming models and create increased legal uncertainty for our business. If any state, regulator, or court were to determine that our sweepstakes-based promotional mechanics, or any aspect of their structure, marketing, or implementation, violate applicable law, we could be required to modify, suspend, or discontinue affected games or features in that jurisdiction, potentially on short notice. We could also be subject to civil or criminal penalties, fines, injunctions, disgorgement or restitution demands, consumer claims, reputational harm, or limitations on our ability to offer similar promotional mechanics in other jurisdictions. Even where we believe our offerings comply with applicable law, responding to regulatory inquiries, investigations, or enforcement actions could require substantial management attention and expense and could materially adversely affect our business, financial condition, and results of operations. In addition, third-party platform providers, payment processors, advertising networks, or other business partners may independently determine that sweepstakes-based promotional mechanics are inconsistent with their policies or risk tolerance, which could result in the suspension, removal, or restriction of our games or related payment processing capabilities.

In addition, some proposed or enacted legislation targeting sweepstakes-based gaming models has been drafted broadly to address “dual-currency,” “multi-currency,” or similar promotional mechanics involving virtual currencies or digital points that may be redeemed or exchanged for items of value. While such measures are often directed at sweepstakes-style casino offerings, the scope of certain legislative proposals could be interpreted to apply to other gaming products that utilize loyalty points, virtual currencies, or promotional reward systems. As a result, features of our games or loyalty programs that involve the accumulation or redemption of digital points for real-world rewards could potentially be affected by legislation or regulatory interpretations intended to address other business models. If laws or regulations governing dual-currency or similar promotional mechanics were interpreted broadly or enacted in forms that capture aspects of our products or loyalty programs, we could be required to modify, suspend, or discontinue certain features or offerings in affected jurisdictions.

The evolving regulatory environment also creates the risk of abrupt, unanticipated, and potentially uneconomic market exits or product modifications. We may deploy marketing and advertising spend to acquire players in a particular jurisdiction, only to later determine, or be required, to suspend or terminate sweepstakes-based promotional features in that jurisdiction due to changes in law, regulatory interpretation, or enforcement posture. In such circumstances, we may be unable to recoup our player acquisition investments, and the loss of access to acquired players could negatively impact revenue, lifetime value assumptions, and return on advertising spend.

Because the regulatory and legislative landscape governing sweepstakes-based promotional mechanics is rapidly evolving, we may be required to continually adjust the design, terms, disclosures, eligibility requirements, or geographic availability of these features and may be required to implement enhanced compliance measures, including age verification, geolocation controls, identity verification, anti-money laundering monitoring, and state-specific rule variations. Any such

changes could reduce player engagement, increase compliance and development costs, limit growth opportunities, or materially adversely affect our business, financial condition, and results of operations. If we are required to segregate sweepstakes-based offerings from our traditional social casino games, modify our virtual currency systems, or materially alter player flows, such changes could adversely affect player experience, monetization, and overall portfolio performance.

Our reliance on third-party platforms, payment providers, and other service partners exposes us to additional risks related to sweepstakes-based promotional mechanics that could materially adversely affect our business.

We rely on a variety of third-party platforms and service providers to distribute, operate, monetize, and support games that incorporate sweepstakes-based promotional mechanics. These third parties include app distribution platforms, payment processors, banking partners, hosting providers, game content providers, geolocation and identity service providers, advertising networks, and other commercial partners. Many of these third parties maintain their own policies, risk tolerance frameworks, and compliance standards regarding sweepstakes, gambling, and gambling-adjacent products, which may be more restrictive than applicable law or may change over time. In some cases, these third parties may classify sweepstakes-based promotional mechanics as gambling or gambling-adjacent activity for purposes of their internal compliance frameworks, regardless of the legal characterization of such mechanics under applicable law.

As regulatory scrutiny of sweepstakes-based gaming models increases, these third parties may independently decide to restrict services, impose additional requirements, limit supported jurisdictions, increase fees, delay approvals, or exit sweepstakes-related activity altogether. Banking partners, card networks, and payment processors may also impose enhanced underwriting standards, monitoring requirements, reserve requirements, or transaction restrictions in connection with sweepstakes-based activity, which could increase our costs, delay product rollouts, or limit our ability to process player transactions. Such actions may be taken based on perceived regulatory risk, evolving internal policies, or anticipated changes in law, even if our sweepstakes-based promotional mechanics are lawful in the relevant jurisdiction. We typically have limited ability to influence these decisions, which may be implemented with limited advance notice and without a formal regulatory determination of non-compliance. If app distribution platforms, payment providers, or other key service partners were to restrict or discontinue support for sweepstakes-based promotional mechanics, or impose materially more burdensome terms, our ability to operate, scale, or monetize affected games could be significantly impaired. These actions could require us to suspend or modify sweepstakes-based features in certain jurisdictions, disrupt player access, delay product updates, or reduce monetization opportunities, even absent any formal determination that our offerings violate applicable law. In addition, adverse policy decisions by third parties relating to sweepstakes-based mechanics could affect our broader portfolio if such partners apply restrictive interpretations across all of our titles, including those that do not incorporate sweepstakes-based features.

In addition, actions taken by third parties may exacerbate the risk of abrupt and uneconomic market exits. For example, we may invest in player acquisition, product localization, and marketing in a particular jurisdiction, only to later lose access to payment processing, distribution channels, or critical compliance-related services necessary to support sweepstakes-based promotional mechanics in that jurisdiction. In such cases, we may be unable to recover marketing investments or retain acquired players, which could adversely affect revenue, margins, and return on advertising spend.

Because our business model depends in part on the continued willingness of third-party platforms and service providers to support sweepstakes-based promotional mechanics, adverse changes in their policies, practices, underwriting standards, or risk assessments, whether driven by regulation, enforcement trends, or internal considerations, could materially adversely affect our business, financial condition, and results of operations.

Failure to obtain, maintain, protect, or enforce our intellectual property rights could harm our business, results of operations, and financial condition.

We regard the protection of our trade secrets, software, trademarks, service marks, trade dress, domain names, patents, and other intellectual property rights as critical to our success. Our intellectual property includes not only registered rights, but also proprietary game mechanics, progression systems, balancing algorithms, live-operations tools, analytics models, and data-driven methodologies that are difficult to protect through registration and may be particularly susceptible to misappropriation or independent development by competitors. We strive to protect our intellectual property rights by relying on a combination of federal, state, and common law trademark, copyright, patent, and trade secret protection laws, as well as contractual restrictions and business practices. We enter into proprietary information and invention assignment agreements with our employees and contractors and confidentiality agreements with parties with whom we conduct business in order to limit access to, and disclosure and use of, our proprietary information. While these agreements will give us contractual remedies upon any unauthorized use or disclosure of our proprietary business information or intellectual property, we may not always be able to effectively monitor or prevent such unauthorized use or disclosure or misappropriation of our proprietary information or

intellectual property or deter independent development of similar technologies by others. Our reliance on employees, contractors, and third-party development partners increases the risk that confidential information, trade secrets, or know-how may be inadvertently disclosed, intentionally misappropriated, or independently recreated following personnel turnover or termination of commercial relationships. In the highly competitive mobile and social gaming industry, competitors may be able to quickly replicate gameplay features, monetization mechanics, or user experience elements without violating our intellectual property rights, which could erode our competitive advantage even if no infringement has occurred. Enforcing a claim that a party illegally disclosed or misappropriated our proprietary information is difficult, expensive, and time-consuming, and the outcome is unpredictable, and therefore, we may not be able to obtain adequate remedies. In addition, the laws and enforcement mechanisms relating to intellectual property protection vary significantly by jurisdiction, and some courts inside and outside the United States may be less willing or able to protect trade secrets, proprietary technology, or other intellectual property rights. Because our games and software are distributed through third-party platforms and operate in client-server environments, portions of our code, assets, and game logic may be more susceptible to reverse engineering, unauthorized copying, or exploitation than proprietary software that is not publicly distributed. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us, which could harm our competitive position, business, financial condition, results of operations, and prospects. These risks relate primarily to our ability to protect and enforce our own intellectual property rights; separate risks relating to allegations that we infringe the intellectual property rights of others are discussed below.

We own registered trademarks and issued patents, and have filed, and may continue in the future to file trademark and patent applications to protect certain of our innovations and intellectual property. This process can be expensive and time-consuming, may not always be successful depending on the intellectual property laws of the applicable jurisdiction in which we seek protection or other circumstances, in which case we may be unable to secure intellectual property protection for all of our technology and methodologies. We also may choose not to pursue registrations in every jurisdiction depending on the nature of the project to which the intellectual property rights pertain. We may, over time, increase our investments in protecting our innovations and other technology. Even if we are successful in obtaining effective intellectual property protection, it is expensive to maintain these rights and the costs of defending our rights could be substantial. Moreover, our failure to develop and properly manage new innovations and other technology could hurt our market position and business opportunities.

While our software and other proprietary technology may be protected under copyright law, we have historically chosen not to register copyrights for certain works and instead primarily rely on trade secret protection and contractual safeguards. As a result, in some circumstances, the remedies and damages available to us for unauthorized use of our software may be limited.

Furthermore, our intellectual property and other proprietary rights may be challenged, knowingly or unknowingly infringed, misappropriated, circumvented, declared generic, or determined to be infringing on or dilutive of third-party intellectual property rights, and we may not be able to prevent infringement or misappropriation or other violation of our intellectual property and other proprietary rights without incurring substantial expense. Litigation may be necessary to enforce our intellectual property rights, protect our trade secrets, or determine the validity and scope of proprietary rights claimed by others. Monitoring unauthorized use of our intellectual property is difficult and costly, and while it is our policy to protect and defend our rights to our intellectual property, we cannot predict whether steps taken by us to enforce and protect our intellectual property rights will be adequate to prevent infringement, misappropriation, dilution, or other violations of our intellectual property rights.

Litigation or other legal proceedings relating to intellectual property claims, even if resolved in our favor, may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors, particularly larger or better-capitalized gaming companies, may be able to sustain the costs of intellectual property litigation or enforcement efforts more effectively than we can, potentially pressuring us to settle disputes on unfavorable terms or refrain from pursuing meritorious claims. Uncertainties resulting from the initiation and continuation of intellectual property proceedings could harm our ability to compete in the marketplace. In addition, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Any of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects.

Strategic transactions, including acquisitions, divestitures, or licensing arrangements, may increase the complexity of our intellectual property portfolio and expose us to additional risks relating to ownership, scope, enforceability, or infringement

of intellectual property rights, including risks associated with legacy claims, unclear chain of title, or limitations on use following a transaction.

Any failure to meaningfully obtain, maintain, protect, or enforce our intellectual property rights could impair our ability to compete effectively and reduce demand for our games. Moreover, in any lawsuit we bring to enforce our intellectual property rights, a court may refuse to stop the other party from using the technology at issue on grounds that our intellectual property rights do not cover the technology in question. Further, in such proceedings, the defendant could counterclaim that our intellectual property is invalid or unenforceable and the court may agree, in which case we could lose valuable intellectual property rights. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs, adverse publicity, and diversion of management and technical resources, any of which could adversely affect our business, financial condition, or results of operations. If we fail to maintain, protect, and enhance our intellectual property rights, our business, financial condition, or results of operations may be harmed.

We have been in the past, and may be in the future, subject to intellectual property disputes, which are costly to defend and could require us to pay significant damages and could limit our ability to use certain technologies in the future.

Our commercial success depends in part on our ability to operate without infringing, misappropriating, or otherwise violating the intellectual property rights of others. The mobile and social gaming industry is characterized by a high volume of intellectual property claims, including claims involving gameplay mechanics, user interfaces, monetization features, and branded content, and such claims are often asserted by competitors and non-practicing entities. We have faced, and may in the future face, allegations that we have infringed, misappropriated, or otherwise violated the trademarks, copyrights, patents, and other intellectual property rights of third parties, including from our competitors and non-practicing entities. We may also be subject to claims that our employees, consultants, or other advisors have wrongfully used or disclosed alleged trade secrets or confidential information of their former employers, or that such parties assert ownership interests in what we regard as our intellectual property. Intellectual property litigation may be protracted and expensive, and the results are difficult to predict. As the result of any court judgment or settlement, we may be obligated to cancel the launch of a new game, stop offering a game or certain features of a game in a particular geographic region or worldwide, pay significant royalties, settlement costs, or damages (including potential treble damages and attorneys' fees if we are found to have willfully infringed intellectual property rights), obtain licenses (which may not be available on acceptable terms or at all), modify our games and features, or develop substitutes. In addition, we could be required to remove or disable content from third-party platforms, implement geo-blocking measures, or modify distribution of affected games or features in specific jurisdictions, which could materially reduce player engagement and revenue. Even if we were able to obtain a license, it could be non-exclusive or subject to restrictive terms, thereby giving our competitors and other third parties access to the same technologies or content licensed to us. Furthermore, even if intellectual property disputes do not result in litigation, the time and resources necessary to resolve them could harm our business, results of operations, financial condition, and reputation.

Our games utilize third-party open source software components, which may pose particular risks to our proprietary software, technologies, and games and could negatively affect our business, financial condition, or results of operations.

We use open source software in our game development and expect to continue to use open source software in the future. Our use of open source software is often subject to complex and evolving license terms, and our ability to comply with those terms depends on accurate identification, tracking, and management of open source components across our codebase. Use and distribution of open source software may entail greater risks than use of third-party commercial software, because open source licensors generally do not provide support, warranties, indemnification, or other contractual protections, including protections relating to intellectual property infringement, cybersecurity vulnerabilities, or software performance. To the extent that our games depend upon the successful operation of open source software, any undetected errors or defects in this open source software could prevent the deployment or impair the functionality of our games, delay new releases, result in a failure of our games, and injure our reputation. For example, undetected errors or defects in open source software could render it vulnerable to breaches or security attacks and, as a result, make our systems more vulnerable to data breaches. Such vulnerabilities could require us to devote significant resources to investigation, remediation, patching, disclosure, and incident response, and could expose us to regulatory scrutiny, contractual liability, or reputational harm. In addition, the public availability of such software may make it easier for others to compromise our platform and games.

Moreover, some open source software licenses impose obligations that may be triggered by distribution, modification, or combination of open source software with proprietary software to publicly disclose all or part of the source code to such software or make available any derivative works or modifications of the open source code on unfavorable terms or at no cost. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release or license the source code of our proprietary software to the public, and from time to time, we may face claims from third parties (including claims that may be without merit) that incorporate open source software into their

products, claiming ownership of, or demanding release of, the source code of the open source software or derivative works that were developed using such software, or otherwise seeking to enforce the terms of the applicable open source license. The terms of various open source licenses have not been interpreted by courts and interpretations, where they exist, may vary across jurisdictions or change over time, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our use of the open source software. We monitor our use of open source software and seek to use such software in a manner that is intended to avoid obligations to disclose proprietary source code or otherwise limit our ability to commercialize our games; however, such efforts may not be effective in all circumstances. Accordingly, the use of such open source software may result in litigation; require us to pay damages, settlement fees, or royalties; limit or preclude our ability to charge fees for certain proprietary software; require us to replace or modify code used in our games; delay game launches or updates; require the removal of features or content; disrupt live operations; trigger platform enforcement actions; require us to make portions of our source code publicly available; or force us to discontinue certain games. Any of the foregoing could materially adversely affect our business, financial condition, results of operations, or prospects.

We are subject to laws and regulations concerning data privacy, information security, data protection, and consumer protection, and these laws and regulations are continually evolving. Our actual or perceived failure to comply with these laws and regulations could harm our business.

We receive, store, process, use, and share data, some of which contains personal information and other data relating to our players, employees and business contacts, and we enable our players to share their personal information with each other and with third parties, including on the Internet and mobile platforms. There are numerous federal, state, and local laws around the world regarding privacy and the storing, sharing, use, processing, disclosure, and protection of personal information, the scopes of which are changing, subject to differing interpretations, and may be inconsistent between jurisdictions or conflict with other rules. In addition, heightened regulatory scrutiny of digital business models that rely on in-game purchases, targeted advertising, and virtual currency mechanics has increased the likelihood of investigations, enforcement actions, and civil claims in this area.

In the European Economic Area, or EEA, we are subject to the European Union's General Data Protection Regulation, or GDPR, which became effective in May 2018, and from January 1, 2021, we are also subject to the UK GDPR and UK Data Protection Act 2018, which retains the GDPR in UK national law. The GDPR and national implementing legislation in EEA member states and the UK impose a strict data protection compliance regime in relation to our collection, control, processing, sharing, disclosure, and other use of personal data, including providing detailed disclosures about how personal data is collected and processed, granting new rights for data subjects to access, delete, or object to the processing of their data, mandatory breach notification to supervisory authorities (and in certain cases, affected individuals) of certain data breaches, and significant documentary requirements to demonstrate compliance through policies, procedures, training, and audit. In particular, European Union privacy supervisory authorities have focused on compliance with requirements relating to the processing of children's personal data and ensuring that services offered to children are age appropriate, and we may be subject to regulatory scrutiny and subsequent enforcement actions if we are found to be processing children's data given the nature of our services. The GDPR and similar laws require that we establish a valid legal basis for processing personal data, including for targeted advertising, profiling, and analytics activities. Regulatory authorities may disagree with our assessment of the appropriate legal basis for certain processing activities, which could require us to modify our practices or limit certain data uses.

We are subject to European Union rules with respect to cross-border transfers of personal data out of the EEA and the UK. Recent legal developments in Europe have created complexity and uncertainty regarding transfers of personal data from the EEA and the UK to the U.S. We rely on approved transfer mechanisms, including the EU-U.S. Data Privacy Framework and standard contractual clauses, for certain cross-border data transfers. Regulatory guidance and enforcement relating to international data transfers continue to evolve, and supervisory authorities may determine that additional safeguards are required. If we are unable to lawfully transfer personal data across jurisdictions in which we operate, we may be required to implement costly localization measures, modify our service offerings, or suspend certain data flows.

These recent and ongoing developments will require us to continually review and amend the legal mechanisms by which we make and/or receive personal data transfers from the EEA and UK to the U.S. As supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the standard contractual clauses and other mechanisms cannot be used, and/or start taking enforcement action, we could suffer additional costs, complaints, and regulatory investigations or fines, or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results.

In addition, various government and consumer agencies have called for new regulation and changes in industry practices and are continuing to review the need for greater regulation for the collection of information concerning consumer behavior on the Internet, including regulation aimed at restricting certain targeted advertising practices. Regulators in the United States, European Union, and other jurisdictions have increased scrutiny of so-called “dark patterns,” addictive design features, manipulative user interface practices, and the marketing of in-game purchases. Enforcement in this area may require modifications to user flows, monetization mechanics, disclosures, or consent processes, which could impact player engagement or revenue. In addition, certain jurisdictions regulate automated decision-making and profiling activities, which may impact our ability to personalize content, promotions, or pricing.

In the U.S., there are numerous federal and state privacy and data protection laws and regulations governing the collection, use, disclosure, protection, and other processing of personal information, including federal and state data privacy laws, data breach notification laws, and consumer protection laws. For example, the California Consumer Privacy Act of 2018, or CCPA, became effective on January 1, 2020 and created new privacy rights for consumers residing in the state of California. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA allows for the California Attorney General to impose civil penalties for violations and also provides a private right of action for certain data breaches. In November 2020, California voters passed the California Privacy Rights Act, or CPRA, which became effective on January 1, 2023. The CPRA significantly expands the CCPA, including by introducing additional obligations such as data minimization and storage limitations, granting additional rights to consumers, such as correction of personal information and additional opt-out rights, and creates a new entity, the California Privacy Protection Agency, to implement and enforce the law. The CCPA and CPRA could subject us to additional compliance costs as well as potential fines, individual claims and commercial liabilities. In addition, numerous other U.S. states have enacted comprehensive consumer privacy statutes that create additional compliance obligations, including opt-out rights for targeted advertising and profiling, data minimization requirements, and enhanced disclosure obligations. The patchwork of state-level requirements increases compliance complexity and risk of inconsistent interpretations. Certain of these laws also provide for private rights of action, statutory damages, or class action remedies, which may increase litigation risk. Furthermore, certain privacy laws impose data minimization and storage limitation requirements that may restrict the duration or scope of our data retention practices, potentially affecting analytics, personalization, and marketing effectiveness.

There currently are a number of additional proposals related to data privacy or security pending before federal, state, and foreign legislative and regulatory bodies, and a number of U.S. states have adopted consumer protection laws similar to the CCPA. This legislation may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment in resources to compliance programs, and could impact strategies and availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies.

The U.S. Children’s Online Privacy Protection Act (“COPPA”), regulates the collection, use and disclosure of personal information from children under 13 years of age. While our social casino games do not target children under 18 years of age as their primary audience, the Federal Trade Commission (the “FTC”), as well as consumer organizations, may consider whether the characteristics of our games attract children under 13 years of age. The FTC has taken action against other gaming companies relating to children’s privacy, including against Epic Games, the maker of the popular game Fortnite, pursuant to which Epic Games agreed to pay a \$275 million fine for alleged violations of COPPA as well as take other corrective actions. Although our social casino games are not directed at children under 13 years of age, regulators may evaluate whether certain game features, themes, or marketing practices could appeal to minors. If COPPA were to apply to us, failure to comply with COPPA may increase our costs, subject us to expensive and distracting government investigations and could result in substantial fines. Although we have taken measures to identify which of our games are subject to COPPA due to their child-appealing nature and to comply with COPPA with respect to those games, if COPPA were to apply to us in a manner other than we have assessed or prepared for, our actual or alleged failure to comply with COPPA may increase our costs, subject us to expensive and distracting lawsuits or government investigations, could result in substantial fines or civil damages and could cause us to temporarily or permanently discontinue certain games or certain features and functions in games.

While our social casino games do not target children under 18 years of age as their primary audience, the United Kingdom in 2020 enacted the “Age Appropriate Design Code” (commonly referred to as the “Children’s Code”), a statutory code of practice pursuant to the United Kingdom Data Protection Act 2018, which became enforceable on September 2, 2021. The code requires online services, including our games that are likely to be accessed by children under 18, to put the best interests of the child’s privacy first in the design, development and data-related behavior of the game. The UK government is also separately consulting on legislation in relation to user safety online. The Data Protection Commission in Ireland published its Fundamentals for a Child-Oriented Approach to Data Processing, introducing certain child-specific data protection measures. It is possible that other countries within and outside the European Union will

follow with their own codes or guidance documents relating to processing personal information from children or in relation to online harms; currently, other countries are considering or have issued drafts of similar codes, including France, Denmark, and Switzerland. These may result in substantial additional costs and may necessitate changes to our business practices which may compromise our growth strategy, adversely affect our ability to attract, monetize or retain players, and otherwise adversely affect our business, reputation, legal exposures, financial condition and results of operations. Failure to comply with child-specific data protection or online safety requirements could result in regulatory investigations, significant fines, mandated product changes, or restrictions on our ability to offer certain features in affected jurisdictions.

In addition, in some cases, we are dependent upon our platform providers to solicit, collect and provide us with information regarding our players that is necessary for compliance with these various types of regulations. Our business, including our ability to operate and expand internationally, could be adversely affected if laws or regulations are adopted, interpreted or implemented in a manner that is inconsistent with our current business practices and that require changes to these practices, the design of our games, game features, or our privacy policy. These platform providers may dictate rules, conduct or technical features that do not properly comply with federal, state, local and foreign laws, regulations and regulatory codes and guidelines governing data privacy, data protection and security, including with respect to the collection, storage, use, processing, transmission, sharing and protection of personal information and other consumer data. We remain responsible for our compliance obligations even where platform providers control certain data flows or user interface elements. If platform practices are inconsistent with applicable laws, or if we are unable to obtain necessary information from such platforms to meet regulatory requirements, we may be exposed to enforcement risk. Any failure or perceived failure to comply with these platform-dictated rules, conduct or technical features may result in platform-led investigations or enforcement actions, litigation, or public statements against us, which in turn could result in significant liability, suspension of our business activities on such platforms, reputational harm, and adverse effects on our business, financial condition, and results of operations.

Player interaction with our games is subject to our privacy policy and terms of service. If we fail to comply with our posted privacy policy or terms of service or if we fail to comply with existing privacy-related or data protection laws and regulations, it could result in proceedings or litigation against us by governmental authorities or others, which could result in fines or judgments against us, damage our reputation, impact our financial condition and harm our business. If regulators, the media or consumers raise any concerns about our privacy and data protection or consumer protection practices, even if unfounded, this could also result in fines or judgments against us, damage our reputation, and negatively impact our financial condition and damage our business.

In the area of information security and data protection, many jurisdictions have passed laws requiring notification when there is a security breach involving personal data or requiring the adoption of minimum information security standards that are often vaguely defined and difficult to implement. Our security measures and standards may not be sufficient to protect personal information and we cannot guarantee that our security measures will prevent security breaches. Sophisticated threat actors, ransomware groups, and nation-state affiliated actors continue to target digital entertainment and consumer technology companies. A significant cybersecurity incident could result in regulatory reporting obligations, contractual liabilities, and litigation in multiple jurisdictions. A security breach that compromises personal information could harm our reputation and result in a loss of player and/or employee confidence in our games and ultimately in a loss of players, which could adversely affect our business and impact our financial condition. A security breach could also involve loss or unavailability of business-critical data and could require us to spend significant resources to mitigate and repair the breach, which in turn could compromise our growth and adversely affect our ability to attract, monetize or retain players. These risks could also subject us to liability under applicable security breach-related laws and regulations and could result in additional compliance costs, costs related to regulatory inquiries and investigations, and an inability to conduct our business.

Other jurisdictions, including Brazil (LGPD), Canada, India, and certain Asia-Pacific countries, have adopted or proposed comprehensive data protection laws, further increasing global compliance complexity.

Compliance with the GDPR, LGPD, CCPA, CPRA, and similar legal requirements has required us to devote significant operational resources and incur significant expenses. We expect the number of jurisdictions adopting their own data privacy laws to increase, which will require us to devote additional significant operational resources and incur additional significant expenses and will also increase our exposure to risks of claims by our players that we have not complied with all applicable data privacy laws.

All of our games are subject to our online privacy policy and our terms of service accessible through our platform providers' storefronts, from our games, and on our corporate website. While we strive to comply with such policies and all applicable laws, regulations, other legal and contractual obligations, and certain industry standards and codes of conduct relating to data privacy and data protection, these obligations may be interpreted and applied in a manner that is inconsistent

from one jurisdiction to another and may conflict with other rules or our practices. It is also possible that new laws, regulations, other legal obligations or industry codes of conduct may be adopted, or existing laws, regulations, other legal obligations or industry codes of conduct may be interpreted in such a way that results in us having to take further compliance steps and/or could prevent us from being able to offer services to citizens of a certain jurisdiction or makes it costlier or more difficult for us to do so.

Any failure or perceived failure by us to comply with our privacy policy and terms of service, or our data privacy-related legal obligations including those to our players or other third parties, or any compromise of security that results in the unauthorized release or transfer of personal information, including personal information about our players, may result in regulatory investigations, governmental enforcement actions, and significant fines, which, as an example, can be up to 20 million euros or up to 4% of the annual global revenue of the noncompliant undertaking, whichever is greater, for violations of certain requirements of the GDPR. The UK GDPR mirrors the fines under the GDPR. In addition to the foregoing, we may suffer reputational damage, orders to cease or change our processing of our data, civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, or public statements against us by consumer advocacy groups or others which could cause our players to lose trust in us, any of which could have an adverse effect on our business, financial condition, or results of operations. Additionally, if third parties we work with such as our players or vendors violate applicable laws or our policies, such violations may also put personal information at risk and expose us to potential liability and reputational harm. Regulatory investigations or enforcement actions may also result in mandated audits, monitoring obligations, or restrictions on future data processing activities. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations, cash flows, or reputation.

Our business depends on our ability to collect, use, and share data to deliver relevant content, marketing, and analytics, and limitations on data collection or use could reduce our revenue and impair our business.

When our players use our games, we may collect both personal and non-personal data about our players, including gameplay behavior, device identifiers, attribution data, and engagement metrics that we use to support game design, personalization, live operations, fraud prevention, analytics, and marketing. We use some of this data to provide a better experience for our players by delivering relevant content and marketing materials. Our players may decide not to allow us to collect some or all of this data or may limit our use of this data. Any limitation on our ability to collect, use, or share data about our players and game interactions would likely make it more difficult to personalize gameplay experiences, optimize live operations, measure marketing effectiveness, deliver targeted content or advertising, and efficiently acquire or retain players. We also rely on third-party platforms, analytics providers, attribution vendors, advertising networks, and mediation partners to collect, process, and interpret certain player data, and any limitations, changes, or inaccuracies in these third-party tools or data flows could impair our decision-making and monetization effectiveness. Interruptions, failures or defects in our data collection, analysis and storage systems, as well as privacy concerns, increasing public scrutiny, and regulatory restrictions regarding the collection of data, could also limit our ability to aggregate and analyze player data. If that happens, we may not be able to successfully adapt to player preferences to improve and enhance our games, retain existing players, and maintain the popularity of our games, which could cause our business, financial condition, or results of operations to suffer.

We are also subject to evolving EU and UK privacy laws on cookies and similar technologies and eMarketing. In the EU and the UK, regulators are increasingly focusing on compliance with requirements in the online behavioral advertising ecosystem, and the regulatory framework governing cookies, tracking technologies, and electronic marketing in the European Union and the United Kingdom remains complex, fragmented across jurisdictions, and subject to evolving regulatory guidance, court decisions, and enforcement practices. In the EU and the UK, informed consent is required for the placement of a cookie or similar technologies on a user's device and for direct electronic marketing. The GDPR also imposes conditions on obtaining valid consent, such as a prohibition on pre-checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. Recent European court decisions and regulators' recent guidance are driving increased attention to cookies and tracking technologies. If regulators start to enforce the strict approach endorsed in recent guidance, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs, and subject us to additional liabilities. Regulation of cookies and similar technologies, and any decline in the use of cookies or similar online tracking technologies as a means to identify and potentially target players, may lead to broader restrictions and impairments on our marketing and personalization activities and may negatively impact our efforts to understand our players. Increased enforcement activity, divergent interpretations across jurisdictions, or changes in regulatory expectations could require us to redesign consent mechanisms, limit data collection, restrict personalization or targeting, or materially reduce the effectiveness of our marketing and analytics activities.

Additionally, Internet-connected devices and operating systems controlled by third parties increasingly contain features that allow device users to disable functionality that allows for the delivery of advertising on their devices, including through Apple's Identifier for Advertising, or IDFA, or Google's Advertising ID, or AAID, for Android devices. Device and browser manufacturers may include or expand these features as part of their standard device specifications. Advertising identifiers and similar device-level signals are frequently used to support targeted advertising, attribution, fraud detection, frequency capping, and measurement of player acquisition and engagement. If players elect to utilize the opt-out mechanisms in greater numbers, our ability to deliver effective advertisements would suffer, which could adversely affect our revenues from in-game advertising. Platform providers may further restrict access to, or eliminate, advertising identifiers or similar tracking technologies, or impose additional consent, disclosure, or technical requirements, in each case at their sole discretion and with limited notice, which could further reduce data availability and impair our ability to monetize, analyze, and grow our player base. Any sustained reduction in the availability, accuracy, or usefulness of player data could increase player acquisition costs, reduce advertising revenue, impair our ability to optimize game economies and live operations, and negatively affect our revenue growth, margins, and operating results.

We rely on assumptions and estimates to calculate certain of our key operating and engagement metrics, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

Certain of our key metrics, including Daily Active Users, or DAU, Monthly Active Users, or MAU, Average Daily Revenue per DAU, or ARPDau, Daily Paying Users, or DPU, and Daily Payer Conversion, as well as metrics relating to our playAWARDS loyalty program, are calculated using data tracked by our internal analytics systems based on tracking activity of player accounts. The analytics systems and the resulting data have not been independently verified. These metrics are not based on standardized industry methodologies, and our definitions, assumptions, and calculation methods may differ from those used by other companies, which may limit comparability across the industry. While these numbers are based on what we believe to be reasonable calculations for the applicable period of measurement, there are inherent challenges in accurately measuring usage and player engagement across our player base and operations, including the use of multiple devices or accounts by individual players, changes in platform policies or tracking capabilities, system limitations, data latency, fraud or bot activity, and differences in how activity is recorded across games, platforms, or third-party tools. In addition, portions of the data used to calculate our metrics are derived from, or influenced by, third-party platforms, analytics providers, attribution vendors, advertising networks, and operating systems, over which we have limited control, and changes or inaccuracies in such third-party data sources could adversely affect the accuracy or consistency of our metrics.

Our rewards partners, content licensors, advertisers, and investors rely on our key metrics as a representation of our performance. Analysts, investors, and regulators may also rely on these metrics in evaluating our business, growth prospects, and operating performance. We regularly review and may adjust our processes for calculating our internal metrics to improve their accuracy. If we determine that we can no longer calculate any of our key metrics with a sufficient degree of accuracy, if we revise or restate previously reported metrics, or if we cannot find an adequate replacement metric, our business, financial condition, or results of operations may be harmed. In addition, if rewards partners, content licensors, or advertisers do not perceive our player metrics to be accurate representations of our user base or player engagement, or if we discover material inaccuracies in our user metrics, our reputation may be harmed and rewards partners, content licensors, or advertisers may be less willing to allocate their resources, intellectual property, or budgets to our games, which could negatively affect our business, financial condition, results of operations, and our ability to attract and retain partners, advertisers, and players. Any failure to maintain effective internal controls, systems, or processes related to the collection, validation, and reporting of player data could further increase the risk of inaccuracies in our metrics.

Companies and governmental agencies may restrict access to platforms, our website, mobile applications, or the Internet generally, which could lead to the loss or slower growth of our player base.

Our players generally need to access the Internet and, in particular, platforms and services such as those operated by Facebook, Apple, Google, Amazon, and our website to play our games. Substantially all of our games rely on data transferred over the Internet, including wireless Internet, and accordingly stable and timely Internet access is necessary to provide a satisfactory player experience to the players of our games. Companies and governmental agencies could block access to any platform, our website, mobile applications, or the Internet generally, or could limit the speed of data transmissions, for a number of reasons, including security, content, privacy, commercial, or regulatory concerns, or they may adopt policies that prohibit employees or users from accessing Facebook, Apple, Google, Amazon, our website, or other online platforms. In addition, telecommunications companies may implement certain measures, such as increased costs, data caps, throttling or restrictions based on the type or amount of data transmitted that would impact players' ability to access our games. If companies or governmental entities block or limit such access or otherwise adopt policies restricting players from playing our games, our business could be negatively impacted, including through reduced player engagement, loss of players, or slower growth of our player base.

Our business depends on the growth and maintenance of wireless communications infrastructure.

Our success depends on the continued growth and maintenance of wireless communications infrastructure in the United States and internationally. This includes deployment and maintenance of reliable digital and next-generation networks with the speed, data capacity, latency and security necessary to provide reliable wireless communications services. Wireless communications infrastructure may be unable to support the demands placed on it if the increases, if usage patterns change, or if existing or future subscribers increase their bandwidth or performance requirements. Wireless communications have experienced a variety of outages and other delays as a result of infrastructure, software, or equipment failures, network congestion, or maintenance activities and could face outages and delays in the future. These outages and delays could reduce the level of wireless communications usage as well as our ability to distribute our games successfully. In addition, changes by a wireless carrier to network infrastructure may interfere with downloads, updates, or live features of our games and may cause players to lose functionality in games they have already downloaded. This could harm our reputation, business, financial condition and results of operations.

Despite our security measures, we have been subject to attacks by hackers, and our information technology and infrastructure may in the future be vulnerable to attacks by hackers or breached due to employee error, malfeasance, or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost, or stolen. Any such access, disclosure, or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption of our operations and the services we provide to players, damage to our reputation, and a loss of confidence in our products and services, which could adversely affect our business.

Cybersecurity attacks and malicious activity, including breaches, malware, ransomware, hacking, insider threats, or other malicious activity, have become prevalent in our industry and could adversely affect our business, financial condition, results of operations, or reputation. Any cybersecurity breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions, loss or corruption of data, software, hardware, or other computer equipment, or the inadvertent transmission of computer viruses or other unauthorized access to our systems caused by employee error, malfeasance, or other disruptions could adversely affect our business, financial condition, results of operations, or reputation.

While to date we have not experienced a cybersecurity incident that has had a material impact on our operations or financial results, we cannot guarantee that material incidents will not occur in the future. Hackers and data thieves, state-sponsored threat actors, criminal organizations, hacktivists, and other malicious actors are increasingly sophisticated and operate large-scale and complex automated attacks through a variety of vectors such as social engineering/phishing, company insiders, suppliers or providers, and as a result of human or technological errors, including misconfigurations, bugs, or other vulnerabilities in software and hardware. Experienced computer programmers and hackers may be able to penetrate our security controls and misappropriate or compromise sensitive personal, proprietary or confidential information, create system disruptions or cause shutdowns. They also may be able to develop and deploy malicious software programs that attack our systems or otherwise exploit any security vulnerabilities. Our systems and the data stored on those systems may also be vulnerable to security incidents or security attacks, acts of vandalism or theft, coordinated attacks by activist entities, misplaced or lost data, human errors, or other similar events that could negatively affect our systems and the data stored on those systems, and the data of our business partners. Further, third parties, such as hosted solution providers, that provide services to us could also be a source of security risks in the event of a failure of their own security systems and infrastructure, and we may have limited visibility into, or control over, their security controls and incident response practices.

Cybersecurity attacks are expected to accelerate on a global basis in frequency and magnitude as threat actors are becoming increasingly sophisticated in using techniques and tools – including artificial intelligence and automation – that circumvent security controls, evade detection and remove forensic evidence. As a result, we may be unable to detect, investigate, remediate or recover from future attacks or incidents, or to avoid a material adverse impact to our security systems and infrastructure and the protection of our confidential information and our business.

The costs to eliminate or address the foregoing security threats and vulnerabilities before or after a cybersecurity incident could be significant. Our remediation efforts may not be successful and could result in interruptions, delays or cessation of service, and loss of existing or potential suppliers or players. As threats related to cybersecurity attacks develop and grow, we may also find it necessary to make further investments to protect our data and infrastructure, which may impact our results of operations. Although we have insurance coverage for protecting against cybersecurity attacks, it may not be sufficient to cover all losses, claims, or liabilities arising from cybersecurity incidents, or any resulting disruptions from such events, and we may suffer losses that could have a material adverse effect on our business. We could also be negatively impacted by existing and proposed laws and regulations in the United States, Israel, the European Union, and other jurisdictions in which we operate, as well as government policies and practices related to cybersecurity, data privacy, data

localization and data protection. Furthermore, the platforms on which we distribute our games may encourage or require compliance with certain security standards, such as voluntary or industry-recognized cybersecurity frameworks released by the National Institute of Standards and Technology (“NIST”), which include controls designed to identify and manage cybersecurity risks. To the extent we are unable to comply with such standards or similar requirements imposed by platform providers, our ability to distribute or maintain our games on those platforms could be adversely affected.

In addition, we store sensitive information, including personal information about our employees, and our games involve the storage and transmission of players’ personal information on equipment, networks, and corporate systems run by us or managed by third parties, including Apple, Alphabet (Google), Amazon, Meta Platforms and Microsoft. We are subject to a number of laws, rules, and regulations requiring us to provide notification to players, investors, regulators, and other affected parties in the event of a security breach of certain personal data, or requiring the adoption of minimum information security standards that are often vaguely defined and difficult to practically implement. The costs of compliance with these laws and regulations, including the GDPR, the CCPA, and the CPRA, have increased and may increase in the future. Our corporate systems, third-party systems, and security measures may be breached in the future due to the actions of outside parties, employee error, malfeasance, a combination of these, or otherwise, and, as a result, an unauthorized party may obtain access to, or compromise the integrity of, our data, our employees’ data, our players’ data, or any third-party data we may possess. Any such data security breach could require us to comply with breach notification laws and other regulatory obligations, expose us to significant liability under applicable data privacy laws and regulations (including the GDPR, the CCPA, and the CPRA), particularly if we are found to have failed to implement appropriate security measures, and result in litigation, investigation and remediation costs, increased security expenditures, loss of revenue, operational disruption, and reputational harm. Significant cybersecurity incidents could also impair our ability to operate our games, disrupt live operations, delay game launches or updates, or require us to temporarily suspend certain features or services. Any of the foregoing could be material and adversely affect our business, financial condition, or results of operations.

Changes in tax laws or tax rulings could materially affect our effective tax rates, financial position, and results of operations.

The tax regimes to which we are subject in the United States and internationally are complex, evolving, and subject to significant change and interpretation. Changes in tax laws or changes in interpretations of existing laws could cause us to be subject to additional income-based taxes and non-income based taxes (such as payroll, sales, use, value-added, digital services, excise, net worth, property, and goods and services taxes), which in turn could materially affect our financial position and results of operations. The U.S. Tax Cuts and Jobs Act of 2017 (“TCJA”) significantly revised U.S. corporate income tax laws, including through the adoption of a partially territorial tax system and the introduction of provisions affecting the taxation of foreign earnings. Certain provisions of the TCJA are scheduled to expire, phase out, or otherwise change beginning in 2025, and Congress may enact additional tax legislation that could increase U.S. corporate tax rates or otherwise materially alter the taxation of domestic and foreign income. The interpretation and implementation of existing U.S. tax law, including provisions enacted under the TCJA, remain subject to administrative guidance and judicial interpretation. Any changes to U.S. federal tax law or its interpretation could adversely affect our effective tax rate, cash flows, and financial results. In addition, many countries in the EU and other jurisdictions have enacted or are in the process of implementing new tax regimes, including the Organization for Economic Cooperation and Development’s (“OECD”) global minimum tax framework (commonly referred to as “Pillar Two”), which is intended to impose a minimum effective tax rate on multinational enterprises. The adoption and implementation of such rules, including related domestic legislation, could increase our effective tax rate, impose additional compliance burdens, or otherwise adversely affect our financial position and results of operations. Certain jurisdictions have also enacted or proposed digital services taxes, gross receipts taxes, or similar measures that target revenues derived from digital platforms, online advertising, or cross-border digital activities. The application of such taxes to our business, including potential retroactive application or overlapping taxation across jurisdictions, could increase our tax liabilities and compliance costs. Any significant changes to applicable tax laws, interpretations, or enforcement practices, or to our future effective tax rate, could materially and adversely affect our business, financial condition, results of operations, or cash flows.

We could be required to collect additional sales, value-added, or similar taxes or be subject to other tax liabilities that may increase the costs of our players to engage with our games and adversely affect our results of operations.

One or more U.S. states or foreign jurisdictions may seek to impose incremental or new sales, value-added, use, or other tax collection obligations on us. While we generally are not responsible for taxes generated on games accessed and operated through third-party platforms, we are responsible for collecting and remitting applicable sales, value-added, or other similar taxes for revenue generated on games accessed and operated on our own platforms. Historically, sales and similar indirect tax obligations in the United States were generally tied to physical presence or “nexus” within a state. However, U.S. states have increasingly adopted economic nexus standards and marketplace facilitator rules that require remote sellers and digital businesses to collect and remit sales and use taxes based on revenue thresholds or transaction volume, regardless of physical presence. As a result, we are required to collect and remit sales and use taxes in a growing number of jurisdictions,

and similar standards may be adopted or expanded in additional jurisdictions in the future. Similarly, in the European Union and other international jurisdictions, value-added tax (“VAT”), goods and services tax (“GST”), digital services tax, and similar indirect tax regimes have been expanded to apply to non-resident digital service providers, including businesses offering downloadable content, in-game purchases, or advertising services to consumers within those jurisdictions. In addition, many foreign jurisdictions have considered or adopted laws that impose value-added, digital services, or similar indirect taxes on companies despite not having a physical presence in the foreign jurisdiction.

Tax authorities may assert that we have additional tax collection or remittance obligations in jurisdictions where we have not historically collected indirect taxes, including on a retroactive basis. A successful assertion by one or more states, countries, or other jurisdictions requiring us to collect taxes where we presently do not do so, or to collect additional taxes in jurisdictions in which we already collect some taxes, could result in substantial liabilities, including taxes on past sales, as well as penalties and interest. We continually monitor the ever-evolving tax landscape in the jurisdictions in which we operate and those jurisdictions where our players reside. The imposition of new or increased indirect taxes could increase the cost to players of engaging with our games or purchasing virtual goods, which may reduce player spending, negatively impact demand for our offerings, or require us to adjust pricing in ways that adversely affect our margins. The requirement to collect and remit sales, VAT, GST, digital services, or similar indirect taxes may create significant administrative burdens, increase compliance costs, require systems modifications, expose us to audit risk, and potentially place us at a competitive disadvantage if similar obligations are not imposed consistently across our industry. Any of the foregoing could materially and adversely affect our business, financial condition, or results of operations.

We may have exposure to greater than anticipated tax liabilities.

Our income tax obligations are based, in part, on our corporate operating structure, intercompany arrangements, and the allocation of income and expenses among jurisdictions. The tax laws applicable to our business, including the laws of the U.S. and other jurisdictions, are subject to interpretation, and certain jurisdictions may interpret or apply their tax laws in new or more expansive ways in an effort to raise additional tax revenue. Our existing corporate structure and intercompany arrangements have been implemented in a manner we believe is in compliance with current prevailing tax laws. However, the taxing authorities of the jurisdictions in which we operate may challenge our transfer pricing policies, intercompany arrangements, or allocation methodologies, which could result in additional tax liabilities, penalties, and interest, increase our worldwide effective tax rate, and adversely affect our financial position and results of operations. In addition, changes to our corporate structure or intercompany agreements, including as a result of acquisitions, divestitures, or internal reorganizations, could increase our worldwide effective tax rate and adversely affect our financial position and results of operation.

Our ability to utilize our research credit carryforwards and certain other tax attributes may have been limited by “ownership changes” and may be further limited.

Our ability to utilize our research credit carryforwards to offset future income taxes depends on our ability to generate sufficient taxable income before the expiration of such credits, and we cannot predict with certainty when, or whether, we will generate sufficient taxable income to fully utilize these carryforwards. Under Section 383 of the Internal Revenue Code of 1986, as amended, and similar state law provisions, if a corporation undergoes an “ownership change” (generally defined as a greater than 50 percentage point change in equity ownership, by value, over a rolling three-year period), its ability to use research credit carryforwards and other pre-change tax attributes to offset its post-change income may be limited. We may have experienced, and may in the future experience, ownership changes, including as a result of the Acies Merger or other changes in our stock ownership (some of which outside our control). As a result, if we generate taxable income, our ability to use pre-change research credit carryforwards to offset U.S. federal income taxes may be subject to limitations under Section 383, which could result in increased future tax liabilities. In addition, at the state level, the use of research credit carryforwards may be suspended or otherwise limited in certain jurisdictions or periods, which could accelerate or permanently increase state income tax liabilities.

Risks Related to Managing Our Business Operations in Israel

Potential political, economic, and military instability in Israel and the surrounding region may adversely affect our results of operations.

We maintain a significant game development studio in Tel Aviv, Israel, where a substantial number of our employees are based. Accordingly, geopolitical developments in Israel and the surrounding region could directly affect our business and operations. Israel and the surrounding region have experienced heightened geopolitical tensions and periods of armed conflict, and the security environment may continue to evolve, including through broader regional escalation. Such developments may include armed conflict, missile and drone attacks, terrorism, civil unrest, cyberattacks, and other hostilities involving Israel and neighboring countries or non-state actors. These events could adversely affect our business and operations, including through

disruptions to our Israel-based studio operations, employee availability and productivity, communications, utilities, or other critical infrastructure interruptions, constraints on travel, supply chain disruptions, temporary closure of airspace, limitations on commercial flights, disruptions to public transportation, or increased security and business continuity costs. Cyberattacks associated with regional conflicts could disrupt our operations, compromise our information technology systems, or impair communications with employees, players, vendors or business partners.

Regional instability could adversely affect Israel's economy and business environment, including through volatility in local financial markets, disruptions in banking operations, limitations on capital flows, or other adverse economic conditions. In addition, political developments within Israel, including changes in domestic political conditions, legislation, governmental policies or regulatory requirements, could adversely affect our operations, employees, business environment or assets. Such developments could also increase regulatory uncertainty, disrupt commercial activity, impair access to financing or government services, or otherwise adversely affect our ability to conduct our business efficiently.

Geopolitical developments could affect Israel's relationships with the United States and other countries, including through changes in diplomatic relations, travel advisories, export controls, sanctions, trade restrictions, or other governmental actions. Changes in political conditions in Israel and changes in the state of U.S. relations with Israel are difficult to predict and could adversely affect our operations. Parties with whom we do business may be disinclined to travel to Israel during periods of heightened security risk or regional instability, forcing us to make alternative arrangements when necessary to meet with our business partners. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements or other doctrines or contractual provisions relating to impossibility, impracticability, or frustration of purpose.

Our insurance may not cover losses that we incur as a result of the armed conflict, terrorism, cyberattacks, or other hostilities involving or affecting Israel or for any resulting disruption in our business operations. Although the Israeli government has historically provided certain compensation or other relief for specified direct damages arising from hostilities, we cannot assure you that such programs will continue, will apply to us, or will be sufficient to cover our losses. In addition, the Israeli government may cease providing such coverage in the future, or it may limit the amount or scope of coverage provided, and as a result any such coverage may be insufficient to cover potential damages we may incur. Any losses or damages incurred by us could have a material adverse effect on our business.

Our operations could be disrupted if our employees or service providers in Israel are called to military service.

Many Israeli citizens, including certain of our employees, are subject to compulsory military reserve service and, in certain circumstances, may be called to active duty. In periods of heightened regional conflict or security risk, Israeli authorities may call up reservists for military service, potentially on short notice and for extended periods. If such call-ups occur, a portion of our employees and service providers in Israel may be required to perform military service, which could reduce staffing levels, delay product development, impair live game operations, require redistribution of responsibilities among remaining personnel, increase reliance on remote work arrangements under challenging conditions, and otherwise reduce our operational capacity. Any major escalation in hostilities in the region could result in a portion of our employees and service providers in Israel being called up to perform military duty for an extended period. Although we have implemented business continuity measures designed to mitigate the effects of employee absences and other disruptions, these measures may not be sufficient, and any resulting disruption could materially adversely affect our business operations, financial condition, and results of operations.

We incur operating expenses that are denominated in currencies other than the US Dollar, including expenses denominated in New Israeli Shekels, and as a result our financial condition and results of operations may be harmed by currency exchange rate fluctuations.

We are exposed to currency fluctuation risks. Although our functional currency is the U.S. Dollar and our revenues and expenses are reported in U.S. Dollars, we regularly incur operating expenses that are denominated in other currencies. A significant portion of our headcount-related expenses, principally salaries and related personnel expenses, as well as leases and certain other operating expenses, are denominated in New Israeli Shekels, or NIS. We also incur operating expenses denominated in the Hong Kong Dollar, Euro, Serbian Dinar, Vietnamese Dong, Singaporean Dollar, Mexican Peso, and Chilean Peso.

As a result, fluctuations in the exchange rates of the NIS, including fluctuations resulting from geopolitical instability, armed conflict, or economic disruption in Israel, and other foreign currencies relative to the U.S. Dollar affect our operating expenses, which are reported in U.S. Dollars regardless of the currency in which they are incurred. From time to time, we may

enter into currency hedging arrangements to reduce our exposure to exchange rate fluctuations. Such arrangements may not be sufficient to protect us, and our operating results and financial condition may be adversely affected by currency exchange rate fluctuations notwithstanding any mitigation measures we employ. Significant or sustained devaluation of the NIS relative to the U.S. Dollar could increase our operating costs when translated into U.S. Dollars and adversely affect our results of operations.

General Risk Factors

Economic downturns and political and market conditions beyond our control could adversely affect our business, financial condition, results of operations, or prospects.

Our financial performance is subject to global and regional economic conditions and their impact on levels of spending by players, our rewards partners, and our advertisers. Economic recessions have had, and may continue to have, far-reaching adverse consequences across many industries, including the interactive entertainment industry. If the U.S. economy experiences a recession or any of the relevant regional or local economies suffers a prolonged downturn, including through reductions in discretionary consumer spending on in-game purchases or digital entertainment, our business, financial condition, results of operations, or prospects may be adversely affected.

In addition, changes in general market, economic and political conditions in domestic and foreign economies or financial markets, including volatility in financial markets, trends in the economy as a whole, inflation, unemployment, consumer debt levels, geopolitical events, and other challenges impacting the global economy, including pandemics or other public health crises, disruption of supply chains, and military hostilities, may adversely affect consumer confidence or reduce our players' disposable income, our rewards partners' budgets, or advertisers' spending, resulting in fewer or less desirable rewards to be offered to our players. In addition, inflationary pressures may increase our operating expenses and reduce profitability. Rising interest rates or constrained capital markets could also limit our access to financing on favorable terms. Any one of these changes could materially and adversely affect our business, financial condition, results of operations, or prospects.

Our results of operations may fluctuate due to various factors and, accordingly, our periodic operating results should not be relied upon as indicative of future performance.

Our financial results and operating metrics have fluctuated in the past and we expect such results to fluctuate in the future, particularly on a quarterly basis. These fluctuations may be due to a variety of factors, many of which are outside of our control and may not fully reflect the underlying performance or long-term prospects of our business.

Our financial results in any given period may be influenced by numerous factors, many of which are difficult to predict or outside of our control. Player engagement with our games may decline or fluctuate as a result of a number of factors, including the popularity of the underlying games, the players' level of satisfaction with our games, our ability to improve and innovate games and to attract new rewards partners, outages and disruptions of online services, the services offered by our competitors, our marketing and advertising efforts, the timing and success of new game launches, content updates, or feature releases, seasonality, or declines in player activity generally as a result of economic downturns, among others. Any decline or volatility in the recurring portion of our business could adversely affect our business, financial condition, results of operations, or prospects.

Our reported financial results may be affected by changes in accounting principles generally accepted in the U.S.

Generally accepted accounting principles in the U.S., or GAAP, are subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC and other regulatory bodies. Changes in these principles or interpretations, including the issuance of new accounting standards or guidance, could have a significant effect on our reported financial results and may require retrospective application to prior periods. Difficulties in implementing any future changes to accounting principles could cause us to fail to meet our financial reporting obligations, which could result in regulatory scrutiny or enforcement actions and adversely affect investor confidence.

Securities analysts may not publish favorable research or reports about our business or may publish no information at all, or may provide limited or inconsistent coverage, which could cause our stock price or trading volume to decline.

Our stock price and trading volume may be heavily influenced by the way analysts and investors interpret our financial information and other disclosures. We currently have limited analyst coverage, and there can be no assurance that additional analysts will initiate coverage of our company. If securities or industry analysts do not publish research or reports

about our business, delay publishing reports about our business, or publish negative reports about our business, regardless of accuracy, the trading price and trading volume of our Class A common stock could decline.

The trading market for shares of our Class A common stock is influenced in part by research and reports that industry or financial analysts publish about us and our business. We do not control these analysts. The analysts who publish information about us may have limited experience covering our company or our industry, which could affect their ability to accurately forecast our results and which could increase the likelihood that our reported results differ from their estimates. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us provide inaccurate or unfavorable research or issue an adverse opinion regarding our stock price, the trading price of our Class A common stock could decline. If one or more of these analysts cease coverage of us or fail to publish reports covering us regularly, we could lose visibility in the market, which in turn could reduce investor awareness of, or liquidity in, our stock and cause our stock price or trading volume to decline.

Even if we are actively covered by analysts, we do not control the assumptions, models or metrics that analysts or investors may rely upon to forecast our future results. Overreliance by analysts or investors on any particular metric or assumptions may result in forecasts that differ significantly from our internal expectations, which could contribute to stock price volatility following earnings announcements or other disclosures.

We may require additional capital to support our business and growth strategy, and we may be unable to obtain such capital on acceptable terms, or at all.

We intend to continue making significant investments to support our business and growth strategy. These investments may require additional capital to fund our operations, execute our growth strategy, and respond to business challenges, including by developing new games and features, enhancing existing games, improving our operating infrastructure, or acquiring complementary businesses, personnel, or technologies. Accordingly, we may need to engage in equity or debt financings to obtain additional capital. To the extent we enter into future debt arrangements, their terms may limit our ability to incur additional indebtedness or engage in certain financing transactions. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Class A common stock.

Any future debt financing could require us to grant security interests in our assets or agree to restrictive covenants governing our financing activities and other financial and operational matters, which may make it more difficult for us to obtain capital and to pursue business opportunities, including potential acquisitions. Additionally, market conditions, including inflation, changes in interest rates, geopolitical developments, volatility in the capital markets, or disruptions in the banking sector, could adversely affect our ability to obtain financing, and if we seek to raise additional capital or incur indebtedness, there can be no assurance that debt or equity financing would be available to us on favorable terms, or at all. If we are unable to obtain adequate financing, or financing on terms satisfactory to us, when needed, our ability to fund our operations, execute our growth strategy, pursue acquisitions and other strategic opportunities, and respond to business challenges could be significantly impaired, and our business, financial condition, or results of operations may be harmed.

The expiration of our revolving credit facility may reduce our financial flexibility if we require additional capital in the future.

During the quarter ended June 30, 2026, our revolving credit facility expired in accordance with its terms. Although we did not borrow under the facility during its term and believe our existing cash balances and cash generated from operations are sufficient to support our current operating plans, we no longer have access to committed revolving credit financing. If our liquidity needs increase due to changes in business conditions, strategic initiatives, acquisitions, capital expenditures or other factors, we may need to obtain additional debt or equity financing. Such financing may not be available when needed or on favorable terms, and any equity financing could be dilutive to our stockholders. If we are unable to obtain additional capital when needed, our business, financial condition, results of operations and growth prospects could be adversely affected.

Our investments may become impaired by deterioration of the financial markets.

Our investment portfolio consists primarily of short-term investments of our available cash. These funds have been invested with the objective of preserving capital and maintaining liquidity, and the investments generally consist of highly liquid, short-term instruments such as money market funds, corporate debt securities, U.S. government and government agency debt securities, mutual funds, certificates of deposit, and time deposits. We follow an investment policy and set of guidelines to monitor and help mitigate our exposure to interest rate and credit risk, which guidelines include credit quality and concentration standards to help manage investment risk. Volatility in the global financial markets, including changes in interest rates, credit spreads, and market liquidity, can negatively impact the value of our investments. Declines in the fair value of our

investments could result in unrealized losses recorded in accumulated other comprehensive income or, if determined to be other-than-temporary, charges to earnings. Although we intend to manage our investment portfolio to limit exposure to material impairment and losses, we cannot predict future market conditions, market liquidity or credit availability, including risk of issuer default or counterparty failure, and can provide no assurance that our investment portfolio will not experience material impairment or realized losses.

The requirements of being a public company may strain our resources and divert management's attention, and the increases in legal, accounting and compliance expenses may be greater than we anticipate.

We are a public company, and as such we incur significant legal, accounting, and other expenses associated with operated as a public company. We are subject to the reporting requirements of the Exchange Act, and are required to comply with the applicable requirements of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as the rules and regulations of the SEC and the listing standards of Nasdaq, including changes in corporate governance practices and the establishment and maintenance of effective disclosure and financial controls. Compliance with these rules and regulations can be burdensome. Our management and other personnel need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased and will continue to increase our legal, accounting, and compliance costs. In particular, we incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act, including management's assessment and independent auditor's attestation. We may need to hire additional accounting and financial staff, and engage outside consultants, all with appropriate public company experience and technical accounting knowledge and, where appropriate, maintain and enhance an internal audit function, which could increase our operating expenses. Moreover, we may be required to incur additional compensation costs to attract and retain qualified personnel with appropriate public company experience, which would increase our general and administrative expenses and could materially and adversely affect our profitability. While we continue to assess and manage these obligations, we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

As our business evolves, we may not always have adequate personnel with the appropriate level of knowledge, experience, and training in the accounting policies, practices, or internal control over financial reporting required of public companies. Our management will need to continually assess our staffing and training procedures to improve our internal control over financial reporting. Further, the development, implementation, documentation, and assessment of appropriate processes, in addition to the need to remediate any potential deficiencies, will require substantial time and attention from management. The development and implementation of the standards and controls necessary for us to achieve the level of accounting standards required of a public company may require costs greater than expected. We may be required to expand our employee base to support our ongoing public company reporting, compliance, and internal control obligations, which would increase our operating costs in future periods.

We qualify as a smaller reporting company and are subject to accelerated filer requirements, which may affect investor perceptions and increase our compliance costs.

We qualify as a "smaller reporting company" as defined under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. As a smaller reporting company, we are eligible to take advantage of certain reduced disclosure requirements applicable to public companies, including scaled disclosure in our annual and quarterly reports and reduced disclosure regarding executive compensation and certain other information in our proxy statements. As a result, our stockholders may not have access to the same level of information that is available to stockholders of companies that do not qualify as smaller reporting companies, which may make our securities less attractive to investors, potentially resulting in increased stock price volatility or reduced trading liquidity, and may make it more difficult to compare our performance to that of other public companies.

Although we ceased to qualify as an "emerging growth company" as of December 31, 2025, we remain subject to the reporting and compliance requirements applicable to accelerated filers. As an accelerated filer, we are required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, which requires our independent registered public accounting firm to attest to and report on the effectiveness of our internal control over financial reporting. Compliance with these requirements increases our costs, requires significant management time and attention, and places additional demands on our internal control environment.

Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. However, internal controls can only provide reasonable assurance and may not prevent or detect all errors or misstatements. If we are unable to maintain effective internal control over financial reporting, or if one or more material weaknesses are

identified in the future, management may be unable to conclude that our internal controls are effective, and our independent registered public accounting firm may be unable to issue an unqualified attestation report. Any such circumstances could result in material misstatements in our financial statements, subject us to regulatory scrutiny, damage investor confidence, and adversely affect the trading price of our Class A common stock.

In addition, if our public float, revenues, or other circumstances change such that we no longer qualify as a smaller reporting company or our filer status otherwise changes under SEC rules, the scope and nature of our disclosure, reporting, and compliance obligations could change. Any such changes could further increase our compliance costs, affect investor perceptions, and impact the comparability of our financial statements to those of other public companies.

If we are unable to effectively manage our workforce and organizational structure, including changes to our operations, our financial performance and future prospects could be adversely affected.

Our operations in the U.S. and internationally increase the complexity of our business. This operational complexity has placed, and will continue to place, significant strain on our management, personnel, operations, systems, technical performance, financial resources, and internal financial control and reporting functions. We may not be able to manage our business operations effectively, which could damage our reputation and negatively affect our operating results.

Properly managing our workforce requires us to effectively hire, train, retain, redeploy, and, where appropriate, reduce our employee and contractor base, including engineers, operations personnel, finance and accounting staff, and sales and marketing staff, and to improve and maintain our technology. If our new hires perform poorly, if we are unsuccessful in integrating and supporting our employees effectively, our business may be harmed. From time to time, in order to align our cost structure with our strategic priorities, we may implement workforce reductions, reorganizations, or other operational changes. Any reduction in force may yield unintended consequences and costs, including delays in product development, disruption of live game operations, loss of institutional knowledge, reduced operational efficiency, and increased execution risk. Any reduction in force also could adversely affect our reputation as an employer, which could make it more difficult for us to hire new employees in the future and increase the risk that we may not achieve the anticipated benefits from the reduction in force. Properly managing our workforce may require us to establish consistent policies across regions and functions, and a failure to do so could harm our business.

Our failure to upgrade our technology or network infrastructure effectively to support our business operations could result in unanticipated disruptions. To manage changes in our operations and personnel and to maintain and enhance the technology that supports our business operations, as well as our financial and management systems, disclosure controls and procedures, and internal control over financial reporting, we will be required to commit substantial financial, operational, and technical resources.

Our current and planned personnel, systems, procedures, and controls may not be adequate to support our future operations. If we are unable to appropriately scale, restructure, or support our operations and personnel in an efficient manner, or if our operational technology is insufficient to reliably service our games, we could potentially face difficulties in retaining players, which would adversely affect our business, financial condition, and operating results.

Our organizational structure is complex and may change over time as we adjust our workforce and operational footprint. We will need to maintain and, where appropriate, adjust our operational, financial, and management controls as well as our reporting systems and procedures to support our organizational structure, including changes thereto. We will require capital and management resources to support and strengthen these areas. If we are unable to effectively manage changes to our business and organizational structure, including workforce transitions and operational realignment, the quality of our games may suffer, and we may be unable to address competitive challenges, which would adversely affect our business, operations, and financial condition.

Our success depends on the performance and retention of our employees, including certain key employees. The loss of key executives or other key employees could harm our business.

Our ability to compete and grow depends in large part on the efforts and talents of our employees and executives. Our success depends in a large part upon the continued service of our senior management team, including Andrew Pascal, our Co-Founder and Chief Executive Officer. Mr. Pascal is critical to our vision, strategic direction, culture, products, and technology, and the continued retention of our entire senior management team is important to the success of our operating plan. We do not have long-term employment agreements with members of our senior management team, all of whom are "at-will" employees,

and we do not maintain key man insurance for members of our senior management team. The loss of any member of our senior management team could cause disruption and harm our business, financial condition, results of operations, or reputation.

In addition, our ability to execute our strategy depends on our continued ability to identify, hire, develop, motivate, and retain highly skilled employees, particularly in the competitive fields of game design, product management, engineering, and data science. These employees are in high demand, and we devote significant resources to identifying, recruiting, hiring, training, and successfully integrating and retaining them. Furthermore, we have observed labor shortages, increased competition for talent, and a rise in employee attrition. We must continue to maintain effective communication, collaboration, and alignment across our domestic and international teams, including during periods of organizational change, to preserve employee morale, productivity, and operational continuity.

We believe that two critical components of our success and our ability to retain our best people are our culture and our competitive compensation practices. Operating as a public company and managing organizational change may make it more difficult to maintain our entrepreneurial, execution-focused culture. In addition, any volatility in our operating results and the trading price of our Class A common stock may increase the likelihood that our employees are targeted for recruitment by competitors. While we believe we compete favorably, competition for highly skilled employees is intense. If we are unable to identify, hire, and retain our senior management team and our key employees, our business, financial condition, or results of operations could be harmed. Moreover, if our teams fail to work together effectively to execute our strategic initiatives in a timely manner, our business, financial condition, or results of operations could be harmed.

Any restructuring actions and cost reduction initiatives that we have undertaken or may undertake in the future may not deliver the expected results and these actions may adversely affect our business.

We have implemented restructurings in the past and may implement additional restructurings in the future to reduce costs, streamline operations, and align our operating expenses with our revenue and strategic priorities. Such restructurings may include reducing our headcount, rationalizing our product pipeline, reducing marketing and technology expenditures, downsizing or closing certain game studios, consolidating functions, exiting certain markets, or divesting non-core assets. Restructuring actions may result in disruptions to our operations, including delays in product development, disruption of live game operations, loss of key personnel or institutional knowledge, reduced operational flexibility, and increased execution risk, any of which could adversely affect our business, financial condition, or results of operations.

If we do not fully realize or sustain the anticipated benefits of any restructuring actions and cost reduction initiatives, our business, financial condition, or results of operations could be adversely affected, and we may need to undertake additional restructuring measures. In addition, the anticipated cost savings may be offset by restructuring charges, transition costs, retention payments, consulting expenses, facility exit costs, or other unforeseen expenses. If our operating costs are higher than we expect or if we do not maintain adequate control of our costs and expenses, our operating results will suffer. In addition, cost reduction measures could negatively impact our business by delaying the introduction of new games, features, or content, impairing our ability to invest in technology, reducing our ability to respond quickly to game performance or technology issues, or adversely affecting employee retention and morale.

In addition, the anticipated cost savings from any restructuring actions may not directly or fully translate into a corresponding reduction in our overall operating expenses. A portion of any expected savings may be redeployed to fund strategic initiatives, invest in product development, support core franchises, or enhance technology and infrastructure. As a result, our overall operating expenses may not decline by the full amount of any announced cost reductions. Furthermore, restructuring initiatives typically require time to implement, and any associated cost savings may be realized gradually over several quarters. Our estimates of anticipated savings and timing are subject to assumptions and execution risks, and actual results may differ materially from our expectations.

Our systems and operations are vulnerable to damage or interruption from natural disasters, power losses, telecommunications failures, cybersecurity attacks, terrorist attacks, acts of war, civil unrest, geopolitical instability, pandemics or other public health crises, supply chain disruptions, human errors, break-ins and similar events.

We have in the past and may in the future experience disruption as a result of catastrophic events. The occurrence of a catastrophic event could impair our ability to operate our business and may result in system interruptions, reputational harm, delays in game development, prolonged service outages, disruption of live operations, breaches of data security, or loss of critical data, including player, customer, billing, and proprietary information. Our operations depend on cloud-based infrastructure and third-party service providers, and any disruption to their systems could adversely affect our ability to deliver our games and services. Although we maintain business continuity and disaster recovery plans and insurance coverage, such measures may not be sufficient to prevent material disruption or fully offset resulting losses. Certain of our development and operational personnel are located in regions that have experienced military conflict or geopolitical instability, which may increase the risk of disruption to our business.

Our insurance may not provide adequate levels of coverage against claims.

We maintain insurance coverage that we believe is customary for businesses of our size and industry. However, certain types of losses, including losses arising from cybersecurity incidents, intellectual property disputes, employment-related claims, regulatory investigations, business interruption, or geopolitical events, may be uninsured, uninsurable, or not economically reasonable to insure. In addition, any loss we incur could exceed applicable policy limits, may be subject to significant deductibles or exclusions, or may not be covered due to disputes over policy interpretation, and insurance proceeds may not be recovered in a timely manner, if at all. Any underinsured losses could adversely affect our business, financial condition, results of operations, cash flows, or reputation.

Because we are a “controlled company” within the meaning of the Nasdaq rules, our stockholders may not have certain corporate governance protections that are available to stockholders of companies that are not controlled companies.

So long as more than 50% of the voting power for the election of directors is held by a group, we qualify as a “controlled company” within the meaning of the Nasdaq corporate governance standards. As of December 31, 2025, the Founder Group controlled more than 70% of the combined voting power of our outstanding capital stock. As a result, the Founder Group has the ability to control the outcome of matters submitted to our stockholders for approval, including the election of directors, amendments to our certificate of incorporation and bylaws, and the approval of significant corporate transactions. Accordingly, we are a “controlled company” within the meaning of the Nasdaq corporate governance standards and are not subject to the requirements that would otherwise require us to have: (i) a majority of independent directors; (ii) a nominating committee comprised solely of independent directors; (iii) compensation of our executive officers determined by a majority of the independent directors or a compensation committee comprised solely of independent directors; and (iv) director nominees selected, or recommended for the Board of Directors selection, either by a majority of the independent directors or a nominating committee comprised solely of independent directors. As of the date of this Annual Report on Form 10-K, we do not rely on any of these exemptions. However, we may elect to rely on one or more of these exemptions in the future, in which case our stockholders may not have the same corporate governance protections afforded to stockholders of companies that are subject to all of these requirements.

The Founder Group's ownership interest could be diluted as a result of future equity issuances or sales of shares of our Class B common stock, which could cause us to cease to qualify as a “controlled company” under the Nasdaq listing rules. If we cease to qualify as a controlled company, we would be required to comply with the applicable Nasdaq corporate governance requirements within the prescribed transition periods.

If we fail to regain and maintain compliance with Nasdaq's continued listing requirements, our Class A common stock could be delisted, which could materially adversely affect the market price and liquidity of our Class A common stock.

Our Class A common stock is currently listed on the Nasdaq Capital Market, which requires us to satisfy certain continued listing standards, including a minimum bid price of \$1.00 per share. On November 5, 2025, we received a notice from the Listing Qualifications Department of Nasdaq indicating that we were not in compliance with the minimum bid price requirement under Nasdaq Listing Rule 5550(a)(2) because the closing bid price of our Class A common stock had been below \$1.00 per share for 30 consecutive business days. Following our transfer to the Nasdaq Capital Market on May 6, 2026, Nasdaq granted us an additional 180-calendar-day compliance period, expiring on November 2, 2026, to regain compliance with the minimum bid price requirement.

To regain compliance, the closing bid price of our Class A common stock must equal or exceed \$1.00 per share for a minimum of ten consecutive business days on or before November 2, 2026. At our 2026 Annual Meeting of Stockholders held on July 10, 2026, our stockholders approved an amendment to our Certificate of Incorporation authorizing our Board of Directors, in its discretion, to effect a reverse stock split of our outstanding Class A common stock and Class B common stock at a ratio ranging from 1-for-10 to 1-for-30 at any time within 12 months following the annual meeting, without further stockholder approval. Our Board is not required to implement a reverse stock split, and there can be no assurance that it will do so or that, if implemented, a reverse stock split would enable us to regain or maintain compliance with Nasdaq's continued listing requirements.

If we do not regain compliance with the minimum bid price requirement by November 2, 2026, or otherwise fail to satisfy the conditions of Nasdaq's extension, Nasdaq staff would issue a notice that our securities are subject to delisting. Although we would have the right to appeal such determination to a Nasdaq Hearings Panel, there can be no assurance that any such appeal would be successful. Even if a reverse stock split is implemented and enables us to regain compliance with the minimum bid price requirement, there can be no assurance that the market price of our Class A common stock will remain at or above the required level or that we will continue to satisfy Nasdaq's other continued listing requirements.

If our Class A common stock is delisted from Nasdaq, it would likely result in a significant decline in the market price of our Class A common stock, substantially reduce its liquidity, and impair investors' ability to buy or sell our shares. Delisting could also negatively affect our ability to raise additional capital, limit analyst coverage of our company, reduce our visibility in the public markets, and cause certain institutional investors or stockholders to reduce or eliminate their holdings of our securities. If we were unable to list our securities on another national securities exchange, our securities could instead be quoted on an over-the-counter market, where trading could become more limited, less efficient, and more volatile. In addition, our Class A common stock could be deemed a "penny stock" under applicable SEC rules, which would subject broker-dealers to more stringent regulatory requirements and could further reduce trading activity, market liquidity, and investor interest. Any of these events could materially adversely affect the market price of our securities and the ability of investors to realize value from their investment.

The dual class structure of our common stock has the effect of concentrating voting power with Andrew Pascal, our Chairman and Chief Executive Officer, which limits investors' ability to influence the outcome of important matters, including a change in control.

Shares of our Class B common stock are entitled to twenty (20) votes per share, while shares of our Class A common stock are entitled to one (1) vote per share. Mr. Pascal and his affiliated entities included in the Founder Group hold all of the issued and outstanding shares of our Class B common stock. Accordingly, as of December 31, 2025, the Founder Group, including Mr. Pascal, beneficially owned or controlled more than 70% of the combined voting power of our outstanding common stock and has the ability to control the outcome of matters submitted to our stockholders for approval, including the election of directors, amendments to our organizational documents, and approval of any merger, consolidation, sale of all or substantially all of our assets, or other significant corporate transactions. Mr. Pascal may have interests that differ from those of other stockholders and may vote in a manner that other stockholders do not support or that may be adverse to their interests. This concentrated control may have the effect of discouraging, delaying, preventing, or deterring a merger, acquisition, or other change in control of our company that other stockholders may consider favorable, may deprive stockholders of an opportunity to receive a premium for their capital stock as part of a sale of our company, and may adversely affect the market price, liquidity or valuation of shares of our Class A common stock.

We cannot predict the impact our dual class structure may have on the stock price of our Class A common stock.

We cannot predict whether our dual class structure will result in a lower or more volatile market price of our Class A common stock, reduced liquidity, negative publicity, or other adverse consequences. Certain index providers have adopted policies that restrict or prohibit the inclusion of companies with multiple-class share structures in certain of their indexes. Under these policies, our dual class capital structure may make us ineligible for inclusion in certain indices, and mutual funds, exchange-traded funds, and other investment vehicles that seek to track those indices may be precluded from investing in our stock. These policies may reduce demand for our Class A common stock relative to comparable companies that are included in such indices and could adversely affect the market price, trading volume, or valuation of our Class A common stock.

We may issue preferred stock or additional common stock, including under the 2021 Plan and 2021 Employee Stock Purchase Plan. Any such issuances would dilute the interest of our stockholders and likely present other risks.

We may issue shares of preferred stock (which may be convertible into a substantial number of shares of common stock) or additional shares of common stock, including under the 2021 Plan and 2021 Employee Stock Purchase Plan. Any such issuances of shares of preferred stock or additional shares of common stock:

- may significantly dilute the equity interests of our stockholders;
- may subordinate the rights of holders of common stock if preferred stock is issued with rights senior to those afforded our common stock;
- could cause a change in control if a substantial number of shares of our common stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and could result in the resignation or removal of our present officers and directors; and
- may adversely affect prevailing market prices for our Class A common stock.

Regulatory and licensing requirements may limit the ability of third parties seeking to make investments in us or acquire us.

Certain state and other regulatory authorities require prior approval of acquisitions of "control," as defined under applicable laws and regulations, which may apply to an investment regardless of the investor's intent. In some states, the obligation to obtain approval is imposed on the licensee, and in other states, the prospective investor bears the statutory

obligation. Depending on the form of entity, the threshold trigger may be limited to voting stock. In some jurisdictions, control determinations may be based on relatively low ownership thresholds or other indicia of influence. A failure to make required filings or obtain requisite approvals could result in administrative sanctions against the prospective investor or us as the licensee, including fines, conditions on licensure, suspension, or revocation of licenses in applicable jurisdictions. These regulatory requirements may discourage, delay, or prevent potential acquisition proposals or investments that would result in a change of control of us, may impose significant time and expense on prospective investors, and could adversely impact the marketability, liquidity, or trading price of our Class A common stock. These regulatory approval requirements, together with our dual-class capital structure and controlled company status, may further limit the ability of third parties to acquire control of us.

Additional Risks Related to Ownership of Our Class A Common Stock and Our Operation as a Public Company

The price of our Class A common stock may be volatile.

The price of our Class A common stock may fluctuate due to a variety of factors, including:

- changes in the industries in which we and our vendors operate;
- developments involving our competitors;
- changes in laws and regulations affecting our business;
- variations in our operating performance and the performance of our competitors in general;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- the public's reaction to our press releases, our other public announcements, and our filings with the SEC;
- additions and departures of key personnel;
- commencement of, or involvement in, litigation against us;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our Class A common stock available for public sale; and
- geopolitical instability, including armed conflicts, terrorism, trade disputes, sanctions, or other international events that disrupt global financial markets or adversely affect economic conditions.

These market and industry factors may materially reduce the market price of our Class A common stock regardless of our operating performance. Our relatively limited analyst coverage, trading volume and public float may also contribute to volatility in the trading price of our Class A common stock.

Fluctuations in the trading price of our securities could contribute to the loss of all or part of an investment in our securities. Our securities may trade at prices significantly below the price paid by investors, and the market price may not recover or may experience further declines, regardless of our operating performance. These market and industry factors may materially and adversely affect the market price or trading volume of our Class A common stock regardless of our operating performance.

We do not currently pay dividends on our common stock, and as a result capital appreciation, if any, may be the sole source of gain for our stockholders.

We currently do not pay dividends on our common stock, and we have no current plans to pay cash dividends in the foreseeable future. Any future determination to declare and pay dividends will be at the discretion of the Board of Directors and will depend on our financial condition, results of operations, capital requirements, contractual restrictions, business prospects, and such other factors that our Board of Directors deems relevant. If we continue our current policy of not paying dividends, capital appreciation, if any, would be the sole source of potential gain for our stockholders.

We have been, and in the future may be, subject to securities litigation, which could be costly and divert management's attention.

The market price of our Class A common stock has been and may continue to be volatile, and companies that experience stock price volatility are often subject to securities class action litigation. Securities litigation, whether meritorious or not, could result in substantial legal expenses, settlement or judgment costs, increased insurance premiums, diversion of management's time and attention, and reputational harm. Any such litigation could materially and adversely affect our business, financial condition, or results of operations.

Delaware law and our organizational documents contain certain provisions, including anti-takeover provisions, that limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts that stockholders may consider favorable.

Our organizational documents, and the Delaware General Corporation Law ("DGCL"), contain provisions that could have the effect of rendering more difficult, delaying or preventing an acquisition that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our Class A common stock, and therefore depress the trading price of our Class A common stock. These provisions could also make it difficult for stockholders to take certain actions, including electing directors who are not nominated by the current members of the Board of Directors or taking other corporate actions, including effecting changes in our management. Among other things, the organizational documents include provisions regarding:

- the ability of the Board of Directors to issue shares of preferred stock, including "blank check" preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the Certificate of Incorporation prohibits cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the limitation of the liability of, and the indemnification of, our directors and officers;
- the ability of the Board of Directors to amend the Bylaws, which may allow the Board of Directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the Bylaws to facilitate an unsolicited takeover attempt;
- advance notice procedures with which stockholders must comply to nominate candidates to the Board of Directors or to propose matters to be acted upon at a stockholders' meeting, which could preclude stockholders from bringing matters before annual or special meetings of stockholders and delay changes in the Board of Directors and also may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company;
- supermajority voting requirements to amend certain provisions of our Certificate of Incorporation and Bylaws;
- limitations on the ability of stockholders to call special meetings of stockholders; and
- restrictions on stockholder action by written consent following the Voting Threshold Date (as defined in our Certificate of Incorporation).

These provisions, individually or collectively, could delay, discourage, or prevent a change in control of the Company, even if such a transaction might otherwise benefit our stockholders.

In addition, we are subject to Section 203 of the DGCL, which, subject to certain exceptions, restricts business combinations between a Delaware corporation and an "interested stockholder" for a period of three years following the date such stockholder becomes an interested stockholder. This provision may have the effect of delaying or preventing a change of control transaction.

The provisions of our Certificate of Incorporation requiring exclusive forum in the Court of Chancery of the State of Delaware for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers.

Our Certificate of Incorporation provides that, to the fullest extent permitted by law, and unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, in the event the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware)

will be the sole and exclusive forum for: (i) any derivative action, suit, or proceeding brought on our behalf; (ii) any action, suit, or proceeding asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or stockholders to us or our stockholders; (iii) any action, suit, or proceeding arising pursuant to any provision of the DGCL or our Bylaws or our Certificate of Incorporation (as either may be amended from time to time); (iv) any action, suit, or proceeding as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware; or (v) any action, suit, or proceeding asserting a claim against us or any of our current or former directors, officers, or stockholders governed by the internal affairs doctrine. Notwithstanding the foregoing, our Certificate of Incorporation provides that the exclusive forum provision will not apply to suits brought to enforce a duty or liability created by the Securities Act or the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction. Although Section 22 of the Securities Act provides for concurrent jurisdiction in state and federal courts for Securities Act claims, our Certificate of Incorporation includes a federal forum provision designating the U.S. federal district courts as the exclusive forum for Securities Act claims to the fullest extent permitted by law. Similarly, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. The organizational documents also provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the U.S. federal district courts shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.

These provisions may have the effect of discouraging lawsuits against our directors and officers. These provisions may also limit a stockholder's ability to bring a claim in a judicial forum that the stockholder finds favorable or convenient, may increase the costs associated with pursuing such claims, and may result in less favorable outcomes for stockholders than if such claims were heard in a different forum. The enforceability of similar choice of forum provisions in other companies' organizational documents has been challenged in legal proceedings. While the Delaware courts have upheld certain such provisions, it is possible that, in connection with any applicable action brought against us, a court could determine that our forum selection provisions are inapplicable or unenforceable, in whole or in part. If a court were to find our forum selection provisions unenforceable, we could incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about share repurchases made by us of our Class A common stock during the quarter ended June 30, 2026:

Period	Total Number of Shares Purchased ¹	Average Price Paid per Share ²	Total Number of Shares Purchased as Part of a Publicly Announced Program	Dollar Value of Shares that May Yet be Purchased Under the Program ³ (In thousands)
April 1, 2026 - April 30, 2026	16,692	\$ 0.46	—	\$ 40,046
May 1, 2026 - May 31, 2026	1,902,004	\$ 0.49	1,616,469	\$ 39,260
June 1, 2026 - June 30, 2026	1,247,254	\$ 0.58	1,234,935	\$ 38,546

1. These amounts include shares surrendered to satisfy tax withholding obligations upon the vesting of equity awards under our 2021 Equity Incentive Plan (as amended, the “Plan”). Under the Plan and applicable award agreements, the Company has the discretionary right to collect payment of mandatory tax withholding obligations by deducting from the shares otherwise deliverable to a participant upon vesting and settlement of an award under the Plan a number of shares having a fair market value equal or less than such participant’s tax withholding obligations. All shares so deducted from shares that otherwise would be deliverable to participants under the Plan are considered repurchased pursuant to the terms of the Plan and applicable award agreements and not pursuant to any publicly announced share repurchase program.
2. Average price paid per share includes shares surrendered to satisfy tax withholding obligations.
3. Repurchases may be executed from time to time, subject to general business and market conditions, through open market purchases or privately negotiated transactions, including through Rule 10b5-1 trading plans, pursuant to a stock repurchase program. On October 31, 2025, the Company’s Board of Directors approved a one-year extension of the Company’s existing stock repurchase program. The remaining amount authorized under the program was \$38.5 million as of June 30, 2026 and \$40.0 million as of December 31, 2025, which excludes any commissions or transaction costs paid in connection with such repurchases. Subject to applicable rules and regulations, the shares may be purchased from time to time in the open market or in privately negotiated transactions. Such purchases will be at times and in amounts as the Company deems appropriate, based on factors such as market conditions, legal requirements and other business considerations. See *Note 16—Stockholders’ Equity* of the notes to condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q for additional information relating to share repurchases.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information**Trading Plans**

During the three months ended June 30, 2026, Scott Peterson, the Company's Chief Financial Officer, terminated a Rule 10b5-1 trading arrangement, effective May 13, 2026, and adopted a new Rule 10b5-1 trading arrangement, effective May 20, 2026. The new trading arrangement expires on March 31, 2027 and provides for the potential sale of up to 250,000 shares of the Company's Class A common stock that may be acquired upon the future vesting and settlement of certain previously granted performance stock units, subject to the terms and conditions of the arrangement.

Other than the foregoing, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified, or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K, during the three months ended June 30, 2026.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Exhibit Number	Description
3.1	Certificate of Incorporation of PLAYSTUDIOS, Inc. (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed June 25, 2021).
3.2	Bylaws of PLAYSTUDIOS, Inc., effective as of June 21, 2021 (incorporated by reference to Exhibit 3.2 to Current Report on Form 8-K filed June 25, 2021).
3.3	Certificate of Amendment of Certificate of Incorporation of PLAYSTUDIOS, Inc. dated June 5, 2024 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed June 5, 2024).
31.1*	Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a – 14(a) and Rule 15d – 14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a – 14(a) and Rule 15d – 14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
104	Cover Page Interactive Data File formatted in Inline XBRL and contained in Exhibit 101.

* Filed herewith

** The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.

SIGNATURES

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

PLAYSTUDIOS, Inc.

Date: August 11, 2026

By: /s/ Andrew Pascal
Name: Andrew Pascal
Title: Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: August 11, 2026

By: /s/ Scott Peterson
Name: Scott Peterson
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Certification of the Chief Executive Officer
Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Andrew Pascal, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PLAYSTUDIOS, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2026

/s/ Andrew Pascal

Andrew Pascal
Director, Chief Executive Officer
(Principal Executive Officer)

Certification of the Chief Financial Officer
Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Scott Peterson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PLAYSTUDIOS, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2026

/s/ Scott Peterson

 Scott Peterson
 Chief Financial Officer
 (Principal Financial and Accounting Officer)

**Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of PLAYSTUDIOS, Inc. (the “Company”) for the quarter ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Andrew Pascal, as Chief Executive Officer of the Company, and Scott Peterson, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Andrew Pascal

Name: Andrew Pascal
Title: Director, Chief Executive Officer
(Principal Executive Officer)
Date: August 11, 2026

/s/ Scott Peterson

Name: Scott Peterson
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)
Date: August 11, 2026

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to PLAYSTUDIOS, Inc. and will be retained by PLAYSTUDIOS, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.