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, 2025

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	**88-1802794**
(State or other jurisdiction of incorporation or organization)	(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:

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

Indicate by check mark whether the Registrant (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, 2025, there were108,888,036 shares of Class A common stock, $0.0001 par value per share, and16,457,769 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”). We have based these forward-looking statements on our current expectations and projections about future events. All statements, other than statements of present or historical fact included in this Quarterly Report, about our future financial performance, strategy, expansion plans, future operations, future operating results, estimated revenues, losses, projected costs, prospects, plans and objectives of management are forward-looking statements. Any statements that refer to projections, forecasts 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 and market opportunity;
- our future financial performance, including our expectations regarding our revenue, cost of revenue, gross profit, or gross margin, operating expenses (including changes in sales and marketing, research and development, and general and administrative expenses), and profitability;
- market acceptance of our games;
- our ability to raise financing in the future and the global credit and financial markets;
- factors relating to our business, operations, financial performance, and our subsidiaries, including:
  - changes in the competitive and regulated industries in which we operate, variations in operating performance across competitors, and changes in laws and regulations affecting our business,
  - our ability to implement business plans, forecasts, and other expectations, and identify and realize additional opportunities, and
  - general economic conditions and their impact on levels of spending by players, our awards partners, and our advertisers, including risks of inflation and recession and other macroeconomic conditions;
- our ability to maintain relationships with our platforms, such as the Apple App Store, Google Play Store, Amazon Appstore, and Facebook;
- the accounting for our outstanding warrants to purchase shares of Class A common stock;
- our ability to develop, maintain, and improve our internal control over financial reporting;
- our ability to maintain, protect, and enhance our intellectual property rights;
- our ability to successfully defend litigation brought against us;
- our ability to identify, close, and integrate acquisitions to contribute to our growth objectives;
- our success in retaining or recruiting, or changes required in, our officers, key employees or directors;
- the impact of geopolitical conditions, including the wars between Ukraine and Russia and between the State of Israel and Hamas, as well as evolving conflicts in surrounding areas; and
- the impact of legal and regulatory factors on our current and planned business operations, including the enactment, amendment, interpretation, or enforcement of laws or regulations, including those governing gaming, advertising, data privacy, consumer protection, sweepstakes promotions, virtual currencies or digital platforms, 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 about us, including those described under the heading “Risk Factors” in this Quarterly Report on Form 10-Q, and in other filings that we make with the

Securities and Exchange Commission (the "SEC") from time to time, that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In addition, the risks described under the heading "Risk Factors" are not exhaustive. New risk factors emerge from time to time, and it is not possible to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any risk factor or combination of risk factors may cause actual results to differ materially from those contained in any forward-looking statements. Forward-looking statements are also not guarantees of performance. You should not put undue reliance on any forward-looking statements, which speak only as of the date hereof. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, 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 intend to announce material information to the public through our Investor Relations website ir.playstudios.com, SEC filings, press releases, public conference calls and public webcasts. We use these channels, as well as social media, to communicate with our investors, customers, and the public about our company, our offerings, and other issues. It is possible that the information we post on our website or social media could be deemed to be material information. As such, we encourage investors, the media, and others to follow the channels listed above, including our website and the social media channels listed on our Investor Relations website, and to review the information disclosed through such channels. Any updates to the list of disclosure channels through which we will announce information will be posted on the investor relations page on our website.

PART I. Financial Information

Item 1. Financial Statements

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

	June 30, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 112,860	$ 109,179
Receivables, net	28,700	30,767
Prepaid expenses and other current assets	9,544	7,156
Total current assets	151,104	147,102
Property and equipment, net	14,647	16,118
Operating lease right-of-use assets	9,110	9,703
Intangible assets and internal-use software, net	83,371	90,996
Goodwill	52,222	52,222
Deferred income taxes	3,683	3,399
Other long-term assets	2,096	3,415
Total non-current assets	165,129	175,853
Total assets	$ 316,233	$ 322,955
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	3,688	1,518
Operating lease liabilities, current	3,586	3,405
Accrued and other current liabilities	34,162	44,495
Total current liabilities	41,436	49,418
Minimum guarantee liability	19,735	18,000
Contingent consideration	2,996	3,340
Deferred income taxes	531	381
Operating lease liabilities, non-current	5,793	6,659
Other long-term liabilities	451	442
Total non-current liabilities	29,506	28,822
Total liabilities	$ 70,942	$ 78,240
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Preferred stock, $0.0001 par value (100,000 shares authorized, no shares issued and outstanding as of June 30, 2025 and December 31, 2024)	—	—
Class A common stock, $0.0001 par value (2,000,000 shares authorized, 130,523 and 127,734 shares issued, and 108,784 and 108,287 shares outstanding as of June 30, 2025 and December 31, 2024, 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, 2025 and December 31, 2024, respectively).	2	2
Additional paid-in capital	335,674	327,951
Accumulated deficit	(37,152)	(31,324)
Accumulated other comprehensive income (loss)	1,548	(632)
Treasury stock, at cost, 21,739 and 19,450 shares at June 30, 2025 and December 31, 2024, respectively	(54,792)	(51,293)
Total stockholders' equity	245,291	244,715
Total liabilities and stockholders' equity	$ 316,233	$ 322,955

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,	
	2025	2024	2025	2024
Net revenue	$ 59,338	$ 72,590	$ 122,047	$ 150,418
Operating expenses:				
Cost of revenue(1)	14,563	18,068	30,342	37,019
Selling and marketing	13,108	17,064	26,277	35,640
Research and development	14,214	16,743	27,888	34,764
General and administrative	11,345	11,645	23,206	23,424
Depreciation and amortization	9,535	11,654	19,167	23,220
Restructuring and related	60	1,379	1,395	2,017
Total operating costs and expenses	62,825	76,553	128,275	156,084
Loss from operations	(3,487)	(3,963)	(6,228)	(5,666)
Other income (expense), net:				
Change in fair value of warrant liabilities	9	717	110	653
Interest income, net	946	1,374	1,852	2,794
Other loss, net	(207)	(264)	(1,005)	(370)
Total other income, net	748	1,827	957	3,077
Loss before income taxes	(2,739)	(2,136)	(5,271)	(2,589)
Income tax expense	(209)	(475)	(557)	(589)
Net loss	$ (2,948)	$ (2,611)	$ (5,828)	$ (3,178)
Net loss per share attributable to Class A and Class B common stockholders:				
Basic	$ (0.02)	$ (0.02)	$ (0.05)	$ (0.02)
Diluted	$ (0.02)	$ (0.02)	$ (0.05)	$ (0.02)
Weighted average shares of common stock outstanding:				
Basic	125,448	132,475	125,351	134,025
Diluted	125,448	132,475	125,351	134,025

(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,	
	2025	2024	2025	2024
Net loss	$ (2,948)	$ (2,611)	$ (5,828)	$ (3,178)
Other comprehensive income (loss):				
Change in foreign currency translation adjustment[1]	1,611	(247)	1,619	(688)
Unrealized gain (loss) from derivative financial instruments[1]	758	(522)	808	(1,021)
Reclassification of loss/(gain) from settlement of derivative financial instruments included in net loss[1]	(235)	199	(247)	31
Total other comprehensive income (loss)	2,134	(570)	2,180	(1,678)
Comprehensive loss	$ (814)	$ (3,181)	$ (3,648)	$ (4,856)

(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	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance as of March 31, 2024	118,705	$ 12	16,457	$ 2	$ 315,526	$ (984)	$ (3,204)	$ (22,930)	$ 288,422
Net loss	—	—	—	—	—	—	(2,611)	—	(2,611)
Exercise of stock options	40	—	—	—	38	—	—	—	38
Restricted stock vesting, net of shares withheld	1,479	—	—	—	(1,183)	—	—	—	(1,183)
Stock-based compensation	—	—	—	—	5,301	—	—	—	5,301
Repurchase of common stock	(12,092)	(1)	—	—	—	—	—	(25,833)	(25,834)
Other comprehensive loss	—	—	—	—	—	(570)	—	—	(570)
Balance as of June 30, 2024	108,132	$ 11	16,457	$ 2	$ 319,682	$ (1,554)	$ (5,815)	$ (48,763)	$ 263,563

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance as of December 31, 2023	118,200	$ 12	16,457	$ 2	$ 310,944	$ 124	$ (2,637)	$ (20,094)	$ 288,351
Net loss	—	—	—	—	—	—	(3,178)	—	(3,178)
Exercise of stock options	117	—	—	—	115	—	—	—	115
Restricted stock vesting, net of shares withheld	3,030	—	—	—	(1,869)	—	—	—	(1,869)
Stock-based compensation	—	—	—	—	10,492	—	—	—	10,492
Repurchase of common stock	(13,215)	(1)	—	—	—	—	—	(28,669)	(28,670)
Other comprehensive loss	—	—	—	—	—	(1,678)	—	—	(1,678)
Balance as of June 30, 2024	108,132	$ 11	16,457	$ 2	$ 319,682	$ (1,554)	$ (5,815)	$ (48,763)	$ 263,563

	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 (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

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,	
	2025	2024
Cash flows from operating activities:		
Net loss	$ (5,828)	$ (3,178)
Adjustments:		
Depreciation and amortization	19,167	23,220
Amortization of loan costs	87	77
Stock-based compensation expense	8,866	9,724
Change in fair value of warrant liabilities	(110)	(653)
Change in fair value of contingent consideration	156	—
Asset impairments	—	91
Deferred income tax expense (benefit)	(125)	246
Other	979	324
Changes in operating assets and liabilities		
Receivables, net	1,603	1,161
Prepaid expenses and other current assets	(2,181)	(808)
Income tax receivable	234	(1,513)
Accounts payable & accrued liabilities	(6,387)	(9,240)
Other	481	80
Net cash provided by operating activities	16,942	19,531
Cash flows from investing activities:		
Purchase of property and equipment	(530)	(3,181)
Additions to internal-use software	(7,459)	(9,875)
Other	(41)	(4)
Net cash used in investing activities	(8,030)	(13,060)
Cash flows from financing activities:		
Proceeds from stock option exercises	122	115
Payments for tax withholding of stock-based compensation	(1,553)	(1,868)
Payment of minimum guarantee liabilities	(2,080)	(2,022)
Repurchases of treasury stock	(3,450)	(28,669)
Net cash used in financing activities	(6,961)	(32,444)
Foreign currency translation	1,136	(612)
Net change in cash, cash equivalents, and restricted cash	3,087	(26,585)
Cash, cash equivalents, and restricted cash at beginning of period	110,386	132,889
Cash, cash equivalents, and restricted cash at end of period	$ 113,473	$ 106,304
Supplemental cash flow disclosures:		
Interest paid	$ 82	$ 82
Income taxes paid, net of refunds	526	1,906
Non-cash investing and financing activities:		
Capitalization of stock-based compensation	$ 286	$ 768
Additions to property and equipment included in accounts payable and other long-term liabilities	52	359
Additions to intangible assets related to licensing agreements	1,735	3,815
Right-of-use assets acquired under operating leases	654	3,727

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

On June 21, 2021 (the “Closing Date”), Acies Acquisition Corp., a Cayman Islands exempted company (prior to the Closing Date, “Acies”), consummated a business combination (“Acies Merger”) with PlayStudios, Inc., a Delaware corporation (“Old PLAYSTUDIOS”) pursuant to the Agreement and Plan of Merger, dated as of February 1, 2021 (the “Merger Agreement”), by and among Acies, Old PLAYSTUDIOS, Catalyst Merger Sub I, Inc., a Delaware corporation and a direct wholly owned subsidiary of Acies, and Catalyst Merger Sub II, LLC, a Delaware limited liability company and a direct wholly owned subsidiary of Acies.

PLAYSTUDIOS, Inc., formerly known as Acies Acquisition Corp. (the "Company" or "PLAYSTUDIOS"), was incorporated on August 14, 2020 as a Cayman Islands exempted company, and domesticated into a Delaware corporation on the Closing Date. The Company's legal name became PLAYSTUDIOS, Inc. following the closing of the Acies Merger.

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

Unless the context indicates otherwise, all references herein to “PLAYSTUDIOS,” the “Company,” “we,” “us,” and “our” are used to 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, 2024 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, 2025, its results of operations for the three and six months ended June 30, 2025, and 2024, and cash flows for the six months ended June 30, 2025, and 2024. The Condensed Consolidated Balance Sheet as of December 31, 2024 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.

Emerging Growth Company ("EGC")

At June 30, 2025, the Company qualified as an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and the Company has taken and may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has opted to take advantage of such extended transition period available to emerging growth companies which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company can adopt the new or revised standard at the time private companies adopt the new or revised standard. As a result, the Company of the Company's qualifications as an emerging growth company, the Company does not expect to adopt any accounting pronouncements currently deferred based on private company standards. The Company expects to no longer qualify as an emerging growth company on December 31, 2025, the end of the fiscal year following the fifth year of the Company's initial public offering.

Smaller Reporting Company

As of June 30, 2025, 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 2026, and otherwise as required.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Our significant accounting policies and estimates remained unchanged from our 2024 Annual Report on Form 10-K filed on March 14, 2025 and amended on Form 10-K/A filed on April 4, 2025.

Recently Adopted Accounting Standards

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07,*Segment Reporting (Topic 280)*: Improvements to Reportable Segment Disclosures, which requires public entities to disclose information about their reportable segments’ significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. The Company adopted the new accounting standard for the year ended December 31, 2024. The adoption of this guidance did not have an effect on the Company’s financial position, results of operations, or cash flows. See Note 3—*Segment Reporting* for additional disclosures.

Recently Issued Accounting Standards Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09,*Income Taxes (Topic 740).* ASU 2023-09 requires that public business entities expand their annual disclosures related to rate reconciliation and income taxes paid, and provide a disaggregated presentation between domestic and foreign income or loss from continuing operations before income tax expense and income tax expense or benefit from continuing operations. This guidance is effective for annual periods beginning after December 15, 2024. The Company is currently evaluating the impact of adopting ASU 2023-09.

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.

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 2024 Annual Report on Form 10-K filed on March 14, 2025 and amended on Form 10-K/A filed on April 4, 2025.

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, 2025			Three Months Ended June 30, 2024		
	playGAMES	playAWARDS	Total	playGAMES	playAWARDS	Total
Net revenue						
Virtual currency	$ 47,981	$ 227	$ 48,208	$ 56,477	$ —	$ 56,477
Advertising	11,128	—	11,128	16,006	—	16,006
Other	—	2	2	105	2	107
	59,109	229	59,338	72,588	2	72,590
Segment expenses						
Cost of sales	14,539	24	14,563	18,068	—	18,068
Payroll & related	9,079	1,453	10,532	9,783	2,798	12,581
User acquisition	9,066	—	9,066	13,122	—	13,122
Other[(1)]	9,950	1,138	11,088	9,695	680	10,375
	42,634	2,615	45,249	50,668	3,478	54,146
Reportable segment AEBITDA	16,475	(2,386)	14,089	21,920	(3,476)	18,444
Other operating expense						
Corporate and other			$ 3,375			$ 4,306
Restructuring expenses			60			1,379
Other reconciling items			(2)			138
Stock based compensation			4,608			4,930
Depreciation and amortization			9,535			11,654
			17,576			22,407
Non-operating income (expense)						
Change in fair value of warrant liabilities			9			717
Interest income, net			946			1,374
Other expense			(207)			(264)
			748			1,827
Loss before income taxes			(2,739)			(2,136)
Income tax expense			(209)			(475)
Net loss			$ (2,948)			$ (2,611)

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

	Six Months Ended June 30, 2025			Six Months Ended June 30, 2024		
	playGAMES	playAWARDS	Total	playGAMES	playAWARDS	Total
Net revenue						
Virtual currency	$ 98,673	$ 375	$ 99,048	$ 116,724	$ —	$ 116,724
Advertising	22,991	—	22,991	33,448	—	33,448
Other	—	8	8	244	2	246
	121,664	383	122,047	150,416	2	150,418
Segment expenses						
Cost of sales	30,302	40	30,342	37,019	—	37,019
Payroll & related	18,254	3,020	21,274	19,906	5,849	25,755
User acquisition	19,223	—	19,223	27,876	—	27,876
Other[(1)]	19,101	1,998	21,099	20,244	1,251	21,495
	86,880	5,058	91,938	105,045	7,100	112,145
Reportable segment AEBITDA	34,784	(4,675)	30,109	45,371	(7,098)	38,273
Other operating expense						
Corporate and other			$ 6,908			$ 8,821
Restructuring expenses			1,395			2,017
Other reconciling items			1			157
Stock based compensation			8,866			9,724
Depreciation and amortization			19,167			23,220
			36,337			43,939
Non-operating income (expense)						
Change in fair value of warrant liabilities			110			653
Interest income, net			1,852			2,794
Other expense			(1,005)			(370)
			957			3,077
Loss before income taxes			(5,271)			(2,589)
Income tax expense			(557)			(589)
Net loss			$ (5,828)			$ (3,178)

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

Reorganization

On October 29, 2024, the Company initiated an internal reorganization plan (the “2024 Reorganization Plan”) which is intended to enhance efficiency and reduce operating expenses. The 2024 Reorganization Plan included a reduction of the Company’s total global workforce by approximately 30 percent, which was substantially completed by the end of the 2024 fiscal year.

As of December 31, 2024, the Company had $2.2 million, $0.2 million and $0.4 million of liabilities associated with the Company's reorganization plan in the playGAMES, playAWARDS, and Corporate and other reportable segments, respectively. As of June 30, 2025, the Company paid most of these liabilities with an immaterial amount remaining unpaid as of June 30, 2025.

NOTE 4—BUSINESS COMBINATIONS

Pixode Games Limited ("Pixode Acquisition")

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. The Company expects this acquisition to further diversify revenues into the casual genre, and with a successful relaunch of the product with the Tetris brand, the acquisition will deepen the Company's portfolio of Tetris products.

The purchase price for the Pixode assets was $3.5 million at closing, and the Company agreed to pay additional consideration, contingent upon the satisfaction of certain product and financial milestones, up to a maximum amount of $13.5 million. Subject to meeting certain financial minimum milestones, the Company will pay the sellers of the Pixode assets 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 Company recorded the excess of the fair value of the consideration transferred in the acquisition over the fair value of net assets acquired as goodwill. The goodwill reflects our expectations of favorable future growth opportunities and anticipated synergies through the scale of our operations. The Company expects that substantially all of the goodwill will be deductible for federal income tax purposes. The following table summarizes the consideration paid for Pixode and the assets acquired as of the acquisition date:

Consideration:		July 1, 2024
Cash consideration	$	3,500
Contingent consideration		3,255
Total consideration transferred	$	6,755
Identifiable assets acquired:		
Developed technology (weighted-average useful life of 5 years)	$	1,650
Property and equipment, net		16
Total identifiable net assets	$	1,666
Goodwill	$	5,089

As of June 30, 2025, the fair value of the contingent consideration was $3.5 million.

NOTE 5—RELATED-PARTY TRANSACTIONS

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

		June 30, 2025		December 31, 2024	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, 2025 and 2024.

MGM Resorts International (“MGM”)

MGM is a stockholder and the President of MGM Resorts Operations also serves on the Company’s Board of Directors. MGM owned approximately 16.6 million and 16.6 million shares of the Company's outstanding Class A common stock as of June 30, 2025 and December 31, 2024, 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. 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. Subsequent to June 30, 2025, the Company made an additional charitable contribution of $1.25 million to the Fund.

NOTE 6—RECEIVABLES, NET

Receivables, net consist of the following:

	June 30, 2025	December 31, 2024
Trade receivables	$ 24,662	$ 26,264
Insurance receivable	3,750	3,750
Other receivables	313	770
Allowance for uncollectible amounts	(25)	(17)
Total receivables, net	$ 28,700	$ 30,767

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.

Insurance receivable is related to the legal proceedings discussed in Note 11—*Accrued and Other Current Liabilities.*

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, 2025	December 31, 2024
Apple, Inc.	40.7 %	47.9 %
Google, LLC	16.3 %	19.6 %
Xsolla (USA), Inc.	18.8 %	6.2 %

As of June 30, 2025 and December 31, 2024, the Company did not have any additional counterparties that exceeded 10% of the Company's total trade receivables.

NOTE 7—PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	June 30, 2025	December 31, 2024
Prepaid expenses	$ 6,532	4,513
Income tax receivable	1,916	2,316
Other current assets	1,096	327
Total prepaid expenses other current assets	$ 9,544	$ 7,156

NOTE 8—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.

The following tables present the assets and liabilities measured at fair value on a recurring basis, by input level, in the Condensed Consolidated Balance Sheets at June 30, 2025 and December 31, 2024:

	June 30, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments	—	523	—	523
Total financial assets	$ —	$ 523	$ —	$ 523

	June 30, 2025			
	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Public Warrants	$ 70	—	—	70
Private Warrants	—	50	—	50
Contingent consideration	—	—	3,496	3,496
Total financial liabilities	$ 70	$ 50	$ 3,496	$ 3,616

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Public Warrants	$ 134	—	—	134
Private Warrants	—	96	—	96
Derivative financial instruments	—	38	—	38
Contingent consideration	—	—	3,340	3,340
Total financial liabilities	$ 134	$ 134	$ 3,340	$ 3,608

The fair value of our Level 3 contingent consideration liabilities relate 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. Significant unobservable inputs include a discount rate of approximately 13.0% and the probability of revenue growth over the same three year period. See Note 4—*Business Combinations* for more information on the Pixode Acquisition.

NOTE 9—PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	June 30, 2025	December 31, 2024
Land and land improvements	$ 1,892	1,680
Building and building improvements	5,903	5,890
Computer equipment	9,557	9,288
Leasehold improvements	11,296	10,964
Purchased software	579	704
Furniture and fixtures	3,671	3,812
Total property and equipment	32,898	32,338
Less: accumulated depreciation	(18,251)	(16,220)
Total property and equipment, net	$ 14,647	$ 16,118

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, 2025 and 2024, depreciation expense was $1.0 million and $1.3 million, respectively. During the six months ended June 30, 2025 and 2024, depreciation expense was $2.0 million and $2.4 million, respectively. There were no material impairment charges or material write-offs recorded for the three and six months ended June 30, 2025 and 2024.

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

	June 30, 2025	December 31, 2024
United States	$ 10,024	$ 10,947
Europe, Middle East, and Africa	3,672	4,059
All other countries	951	1,112
Total property and equipment, net	$ 14,647	$ 16,118

NOTE 10—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, 2025			December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable intangible assets:						
Licenses	$ 81,836	$ (39,247)	$ 42,589	$ 80,101	$ (33,424)	$ 46,677
Acquired technology	16,653	(9,663)	6,990	16,653	(8,238)	8,415
Customer relationships	12,000	(6,600)	5,400	12,000	(5,400)	6,600
Trade names	2,740	(1,653)	1,087	2,740	(1,578)	1,162
Internal-use software	195,909	(169,844)	26,065	188,164	(161,228)	26,936
Other	261	(21)	240	220	(14)	206
	309,399	(227,028)	82,371	299,878	(209,882)	89,996
Nonamortizable intangible assets:						
Marketing Agreement with a related party	1,000	—	1,000	1,000	—	1,000
Total intangible assets	$ 310,399	$ (227,028)	$ 83,371	$ 300,878	$ (209,882)	$ 90,996

During the three months ended June 30, 2025 and 2024, intangible asset and internal-use software amortization was $8.5 million and $10.4 million, respectively. During the six months ended June 30, 2025 and 2024, intangible asset and internal-use software amortization was $17.2 million and $20.8 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, 2025 and 2024, there were no impairment charges for intangible assets or internal-use software.

As of June 30, 2025, the estimated annual amortization expense is as follows:

		Projected Amortization Expense
Remaining 2025	$	16,356
2026		28,794
2027		19,105
2028		11,070
2029		6,465
Thereafter		581
Total	$	82,371

NOTE 11—ACCRUED AND OTHER CURRENT LIABILITIES

Accrued liabilities consist of the following:

		June 30, 2025		December 31, 2024
Accrued payroll and related		7,409		11,824
Accrued user acquisition		3,469		3,609
Income taxes payable		1,303		1,468
Minimum guarantee liability		7,442		9,610
Accrued litigation		9,827		9,827
Other licensing agreements		—		2,431
Warrant liabilities		120		230
Other accruals		4,592		5,496
Total accrued liabilities	$	34,162	$	44,495

Accrued Litigation

On April 6, 2022, a class action lawsuit was filed in the United States District Court, Northern District of California, by a purported Company shareholder in connection with alleged federal securities law violations: Christian A. Felipe et. al. v. PLAYSTUDIOS, Inc. (the "Felipe Complaint"). On July 15, 2022, the Felipe Complaint was transferred to the United States District Court for the District of Nevada, Southern Division. On October 4, 2022, the plaintiffs filed an amendment to the Felipe Complaint. The Felipe Complaint names the Company, several current and former board members of the Company, board members and officers of Acies Acquisition Corp., and Andrew Pascal, the Company's Chairman and CEO, as defendants. The Felipe Complaint alleges misrepresentations and omissions regarding the state of the Company's development of the Kingdom Boss game and its financial projections and future prospects in the S-4 Registration Statement filed by Acies that was declared effective on May 25, 2021, the Proxy Statement filed by Acies on May 25, 2021, and other public statements that touted Old PLAYSTUDIOS' and the Company's financial performance and operations, including statements made on earnings calls and the Amended S-1 Registration Statement filed by the Company that was declared effective on July 30, 2021. The Felipe Complaint alleges that the misrepresentations and omissions resulted in stock price drops of 13% on August 12, 2021, and 5% on February 25, 2022, following (i) the Company's release of financial results for the second quarter of 2021, ended on June 30, 2021, and (ii) the filing of the Company's Annual Report on Form 10-K for the year ended December 31, 2021 and issuance of a press release summarizing financial results for the fourth quarter and year ended December 31, 2021, respectively. The Felipe Complaint seeks an award of damages for an unspecified amount. On January 20, 2025, the parties reached an agreement in principle to settle the matter. The settlement is subject to the parties' negotiation of a formal stipulation of settlement and all related documentation, which is currently in process. The settlement also will be subject to preliminary and final approval by the federal district court in which the case is pending. The matter will not be fully resolved until such approvals are issued, the case is dismissed, and judgment is entered by the court.

On March 8, 2023, Angel Deann Pilati, a purported adult resident citizen of Franklin County, Alabama, filed a civil lawsuit against PLAYSTUDIOS US, LLC in the Circuit Court of Franklin County Alabama (the "Pilati Lawsuit"), alleging that PLAYSTUDIOS US, LLC makes available online games and applications across multiple platforms that are games of chance and thus illegal gambling under Alabama law and seeking to recover, under Alabama's loss recovery act, all sums paid by Alabama residents to PLAYSTUDIOS US, LLC in its online gambling games during the period beginning one year before the filing of the complaint until the case is resolved. On August 23, 2023, the plaintiff amended the complaint to exclude recovery for Alabama residents who lost $75,000 or more during the statute of limitations period. The plaintiff claims to seek this recovery "to go to the benefit of the families" of players who paid money to play the games. 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.

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. 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.

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. 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 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, 2025, three of the demands for arbitration remained active (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 the Company intends to vigorously defend against them; however, there can be no assurance that the Company will 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. 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, 2025 and December 31, 2024 the Company accrued $9.8 million in connection with the Felipe Complaint, Pilati Lawsuit, Duckworth Lawsuit, Tipmore Lawsuit, and State Arbitration Demands. The Company recorded an insurance receivable of $3.75 million representing estimated recoveries from insurance coverage applicable to certain of the matters. Subsequent to June 30, 2025, the Company paid $2.75 million in connection with the Felipe Complaint and an insurer contributed an additional $3.75 million toward the settlement, resulting in a total settlement of $6.5 million. The Company does not have any additional accruals related to the Felipe Complaint.

Warrant Liabilities

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 entitles 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 as discussed below, as of October 27, 2021. Pursuant to the Warrant Agreement, a holder of Public Warrants may exercise the Public Warrants only for a whole number of shares of Class A common stock. The Public Warrants will expire 5 years after the completion of the Acies Merger, or earlier upon redemption or liquidation. The Private Warrants are identical to the Public Warrants, except that the Private Warrants and the shares of Class A common stock issuable upon exercise of the Private Warrants were not transferable until after the completion of the Acies Merger, subject to certain limited exceptions. Additionally, the Private Warrants are non-redeemable so long as they are held by the initial holder or any of its permitted transferees. If the Private Warrants are held by someone other than the initial holder or its permitted transferees, the Private Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants. The Private Warrants may be exercised on a cashless basis so long as held by the Sponsor or certain permitted transferees.

The Company may redeem the outstanding Public Warrants in whole, but not in part, at a price of $0.01 per Public Warrant upon a minimum of 30 days' prior written notice of redemption, if and only if the last sale price of the Company's Class A common stock equals or exceeds $18.00 per share for any 20-trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the holders of the Public Warrants. If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a cashless basis. In no event will the Company be required to net cash settle the exercise of Public Warrants.

At June 30, 2025, there were approximately 5.4 million Public Warrants and 3.8 million Private Warrants outstanding. Refer to Note 8—*Fair Value Measurement* for further information. The warrant liabilities are classified within "Accrued and other current liabilities" on the Condensed Consolidated Balance Sheets.

NOTE 12—LEASES

The Company's operating leases primarily consist of real estate leases such as offices. During the three months ended June 30, 2025 and 2024, operating lease expense was $1.0 million and $1.2 million, respectively, and during the six months ended June 30, 2025 and 2024, operating lease expense was $2.1 million and $2.3 million, respectively. The Company does not have any finance leases. Total variable and short-term lease payments were immaterial for all periods presented.

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

	June 30, 2025	December 31, 2024
Operating lease right-of-use assets	$ 9,110	$ 9,703
Operating lease liabilities, current	3,586	3,405
Operating lease liabilities, noncurrent	5,793	6,659
Operating lease liabilities, total	$ 9,379	$ 10,064
Weighted average remaining lease term, years	2.5	2.9
Weighted average discount rate	6.3 %	6.1 %

Operating lease liability maturities:

Year ending December 31,	Operating Leases
Remaining 2025	$ 1,990
2026	4,033
2027	3,491
2028	620
Total undiscounted cash flows	$ 10,134
Less: imputed interest	$ (755)
Lease liabilities, total	$ 9,379

As of June 30, 2025, the Company did not have any material additional operating leases that have not yet commenced.

NOTE 13—LONG-TERM DEBT

Credit Agreement

On June 24, 2021, in connection with the closing of the Acies Merger, the Company terminated and replaced its previous credit facility. The Company, a subsidiary of the Company, JPMorgan Chase Bank, N.A., as administrative agent and JPMorgan Chase Bank, N.A., Silicon Valley Bank and Wells Fargo Securities, LLC, as joint bookrunners and joint lead arrangers entered into a credit agreement (the "Credit Agreement") which provides for a five-year revolving credit facility in an aggregate principal amount of $75.0 million. Borrowings under the Credit Agreement may be borrowed, repaid and re-borrowed by the Company, and are available for working capital, general corporate purposes and permitted acquisitions.

Commitment fees and interest rates are determined on the basis of either a Eurodollar rate or an Alternate Base Rate plus an applicable margin. The applicable margins are initially 2.50%, in the case of Eurodollar loans, and 1.50%, in the case of Alternate Base Rate loans. The applicable margin is subject to adjustment based upon the Company's Total Net Leverage Ratio (as defined in the Credit Agreement). Eurodollar rates and the Alternate Base Rate are subject to floors of 0.00% and 1.00%, respectively. The Credit Agreement contains various affirmative and negative financial and operational covenants applicable to the Company and its subsidiaries.

The Credit Agreement includes customary reporting requirements, conditions precedent to borrowing and affirmative, negative and financial covenants. Specific financial covenants include the following, commencing with the quarter ended September 30, 2021:

- Total Net Leverage Ratio of 3.50:1.00 (subject to increase to 4.00:1.00 following consummation of certain material acquisitions)
- Fixed Charge Coverage Ratio of 1.25:1.00.

On May 13, 2022, the Company entered into the Amendment No. 1 to the Credit Agreement, which amended the Credit Agreement to, among other things, exclude from the definition of Fixed Charge Coverage Ratio certain funds, up to $5.0 million, expended or to be expended by the Company in connection with the Tender Offer.

On August 9, 2022, the Company entered into the Amendment No. 2 to the Credit Agreement, which further amended the Credit Agreement (as amended by Amendment No. 1 to the Credit Agreement) to, among other things, (i) increase the total current available line of credit from $75.0 million to $81.0 million, (ii) change the basis for calculation of interest under the facility from LIBOR to SOFR, and (iii) exclude from the calculation of the Fixed Charge Coverage Ratio (A) up to $6.0 million for the acquisition of, and improvements to, the real property located at 10150 Covington Cross Drive, Las Vegas, Nevada 89144 incurred on or prior to the first anniversary of the effective date of Amendment No. 2 to the Credit Agreement, and (B) up to $ 20.0 million for the redemption or repurchase of up to 11.0 million warrants to purchase shares of Class A common stock of the Company, and shares of Class A common stock of the Company, on or before December 31, 2023, of which as of the date of Amendment No. 2 to the Credit Agreement the Company had used $ 1.8 million to redeem outstanding warrants to purchase Class A common stock in connection with the Tender Offer.

On August 16, 2023, the Company, a subsidiary of the Company, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, entered into an Amendment No. 3 to Credit Agreement (the “Amendment No. 3”), among other things, exclude from the Restricted Payments covenant certain repurchases of Equity Interests of the Company deemed to occur upon the exercise, settlement or vesting of stock options, warrants or other equity-based awards if and to the extent such Equity Interests represent a portion of the exercise price of, or satisfy any tax withholding obligations with respect to, such options, warrants or other equity-based awards.

On June 7, 2024, the Company, a subsidiary of the Company, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, entered into an Amendment No. 4 to Credit Agreement (the “Amendment No. 4”) to, among other things, (i) modify the definition of “Fixed Charge Coverage Ratio” to exclude from the calculation of Restricted Payments amounts paid for the repurchase, prior to June 30, 2024, of approximately 11.7 million shares of Class A common stock of the Company, and (ii) modify the definition of “Consolidated Fixed Charges” to take into account any tax refunds received in the applicable measurement period.

On July 1, 2024, the Company, a subsidiary of the Company, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent, entered into the Amendment No. 5 to Credit Agreement (the “Amendment No. 5”) to, among other things, exclude from the covenant set forth in Section 6.01 of the Credit Agreement regarding the incurrence of Indebtedness (as defined therein) the contingent consideration obligations payable pursuant to the Pixode acquisition.

The Company capitalized a total of $0.8 million in debt issuance costs related to the Credit Agreement and subsequent amendments. As of June 30, 2025, the Company is in compliance with and does not have any balances outstanding under the Credit Agreement.

NOTE 14—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,	
	2025	2024	2025	2024
Virtual currency (over time)	$ 48,208	$ 56,477	$ 99,049	$ 116,724
Advertising (point in time)	11,128	16,006	22,991	33,448
Other revenue (point in time or over time)	2	107	7	246
Total net revenue	$ 59,338	$ 72,590	$ 122,047	$ 150,418

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Third-party platforms	41,525	53,245	87,395	111,168
Direct-to-consumer platforms	6,683	3,232	11,654	5,556
Total virtual currency	$ 48,208	$ 56,477	$ 99,049	$ 116,724

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
United States	$ 49,936	$ 61,494	$ 102,996	$ 126,858
All other countries	9,402	11,096	19,051	23,560
Total net revenue	$ 59,338	$ 72,590	$ 122,047	$ 150,418

Contract Balances

Contract assets represent the Company's ability to bill customers for performance obligations completed under a contract. As of June 30, 2025 and December 31, 2024, 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 immaterial as of June 30, 2025 and December 31, 2024. Trade receivables are described in Note 6—*Receivables, net.*

NOTE 15—INCOME TAXES

The Company recorded an income tax expense of $0.2 million and an income tax expense of $0.5 million for the three months ended June 30, 2025 and 2024, respectively, and the Company recorded an income tax expense of $0.6 million and an income tax expense of $0.6 million for the six months ended June 30, 2025 and 2024, respectively. Our effective tax rate was (7.6)% for the three months ended June 30, 2025 compared to (22.2)% for the three months ended June 30, 2024. Our effective tax rate was (0.6)% for the six months ended June 30, 2025 compared to (22.8)% for the six months ended June 30, 2024.

Income tax expense for the three and six months ended months ended June 30, 2025 and 2024 is primarily related to non-US based income taxes and nondeductible items.

New Tax Legislation

On July 4, 2025, new federal tax legislation was signed into law. The legislation includes a range of tax reform measures, including the extension and modification of certain provisions originally enacted under the Tax Cuts and Jobs Act. Key changes include the restoration of 100% bonus depreciation, immediate expensing for domestic research and development expenditures, and modifications to international tax rules. Because the legislation was enacted after the end of the second quarter, its effects are not reflected in the accompanying condensed consolidated financial statements. The Company is evaluating the potential impacts of the new legislation on its consolidated financial statements.

NOTE 16—COMMITMENTS AND CONTINGENCIES

Minimum Guarantee Liability

The following are the Company's total minimum guaranteed royalty payment obligations related to licensing agreements as of:

	June 30, 2025	December 31, 2024
Minimum guarantee liability - current	$ 7,442	$ 9,610
Minimum guarantee liability - noncurrent	19,735	18,000
Total minimum guarantee obligations	$ 27,177	$ 27,610
Weighted-average remaining contractual term (in years)	1.6	2.0

The following are the Company's remaining expected future payments of minimum guaranteed royalty payment obligations related to licensing agreements as of June 30, 2025:

Year Ending December 31,	Minimum Guarantee Obligations
Remaining 2025	$ 7,442
2026	7,735
2027	6,000
2028	6,000
Total	$ 27,177

Pixode

In connection with the Pixode Acquisition, in addition to the $3.5 million paid at closing, and the Company agreed to pay a percentage of an adjusted net revenue for athree 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, 2025 was $3.5 million. Refer to *Note 8—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 represent5,264 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 represent2,697 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 andtwo 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.

NOTE 17—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 totwenty 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.

Accumulated Other Comprehensive Income (Loss)

The following tables shows a summary of changes in accumulated other comprehensive income (loss):

	Foreign Currency Derivative Contracts	Currency Translation Adjustment	Total Accumulated Other Comprehensive (Loss) Income
Balance as of December 31, 2024	$ (38)	$ (594)	$ (632)
Net gains 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

	Foreign Currency Derivative Contracts	Currency Translation Adjustment	Total Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2023	$ 286	$ (162)	$ 124
Net losses recognized in other comprehensive income before reclassifications	(990)	—	(990)
Foreign currency translation	—	(688)	(688)
Balance as of June 30, 2024	$ (704)	$ (850)	$ (1,554)

Foreign Currency Derivative Contracts

At December 31, 2024, the Company had outstanding foreign currency derivative contracts to purchase certain foreign currencies at future dates. The amount of future operating expenses the Company had hedged was approximately $1.5 million, and all contracts matured during the three months ended March 31, 2025. The aggregate fair value of the Company's derivative contracts was a net liability of less than $0.1 million as of December 31, 2024 and was recorded in "Accrued and other liabilities" in the accompanying Condensed Consolidated Balance Sheet.

During the three months ended June 30, 2025, the Company entered into foreign currency derivative contracts to purchase certain foreign currencies at future dates. The amount of future operating expenses the Company had hedged was approximately NIS 30.0 million, and all contracts are expected to mature within 12 months of the purchase date. The aggregate fair value of the Company's derivative contracts was a net asset of $0.5 million as of June 30, 2025 and was recorded in "Prepaid expenses and other current assets" in the accompanying Condensed Consolidated Balance Sheet.

Subsequent to June 30, 2025, the Company entered into additional foreign currency derivative contracts to purchase certain foreign currencies at future dates. The amount of future operating expenses the Company had hedged was approximately NIS 19.0 million, and all contracts are expected to mature within 12 months of the purchase date.

Treasury Stock

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

	Treasury shares	Treasury stock, at cost
Balance as of December 31, 2024	19,450	$ 51,293
Class A common stock repurchased through the Stock Repurchase Program	2,289	3,499
Balance as of June 30, 2025	21,739	$ 54,792

Stock Repurchase Program

On November 1, 2024, 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 $40.0 million as of June 30, 2025 and $43.5 million as of December 31, 2024. 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.

NOTE 18—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,	
	2025	2024	2025	2024
Selling and marketing	$ 79	$ 344	$ 238	$ 617
General and administrative	3,317	2,824	6,205	5,379
Research and development	1,212	1,762	2,423	3,728
Stock-based compensation expense	$ 4,608	$ 4,930	$ 8,866	$ 9,724
Capitalized stock-based compensation	$ 170	$ 371	$ 286	$ 768

As of June 30, 2025, there was approximately $23.3 million and $2.2 million in unrecognized stock-based compensation expense related to restricted stock units and performance stock units that are expected to be recognized over a weighted-average expected vesting period of 2.1 years and 0.7 years, respectively. The Company granted 0.7 million and 5.8

million restricted stock units during the three and six months ended June 30, 2025, respectively. The Company granted0.1 million and 2.7 million performance stock units during the three and six months ended June 30, 2025, respectively.

NOTE 19—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, 2025		Three Months Ended June 30, 2024	
	Class A	Class B	Class A	Class B
Numerator				
Net loss attributable to common stockholders – basic	$ (2,561)	$ (387)	$ (2,288)	$ (323)
Potential dilutive effect of derivative instruments	—	—	—	—
Net loss attributable to common stockholders – diluted	$ (2,561)	$ (387)	$ (2,288)	$ (323)
Denominator				
Weighted average shares of common stock outstanding - basic	108,990	16,458	116,017	16,458
Potential dilutive effect of derivative instruments	—	—	—	—
Weighted average shares of common stock outstanding - diluted	108,990	16,458	116,017	16,458
Net loss attributable to common stockholders per share				
Basic	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.02)
Diluted	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.02)

	Six Months Ended June 30, 2025		Six Months Ended June 30, 2024	
	Class A	Class B	Class A	Class B
Numerator				
Net loss attributable to common stockholders – basic	$ (5,063)	$ (765)	$ (2,788)	$ (390)
Potential dilutive effect of derivative instruments	—	—	—	—
Net loss attributable to common stockholders – diluted	$ (5,063)	$ (765)	$ (2,788)	$ (390)
Denominator				
Weighted average shares of common stock outstanding - basic	108,893	16,458	117,567	16,458
Potential dilutive effect of derivative instruments	—	—	—	—
Weighted average shares of common stock outstanding - diluted	108,893	16,458	117,567	16,458
Net loss attributable to common stockholders per share				
Basic	$ (0.05)	$ (0.05)	$ (0.02)	$ (0.02)
Diluted	$ (0.05)	$ (0.05)	$ (0.02)	$ (0.02)

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,	
	2025	2024	2025	2024
Stock options	4,711	5,257	4,711	5,257
Restricted stock units	13,422	11,865	13,422	11,865
Performance stock units	2,704	86	2,704	86
Public Warrants	5,382	5,382	5,382	5,382
Private Warrants	3,822	3,822	3,822	3,822
Earnout Shares	15,000	15,000	15,000	15,000
	45,041	41,412	45,041	41,412

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

The following discussion and analysis provides information which our management believes is relevant to an assessment and understanding of our condensed consolidated results of operations and financial condition. The discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto contained in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of this Quarterly Report on Form 10-Q. Actual results may differ materially from those contained in any forward-looking statements. Unless the context otherwise requires, references to "we", "us", "our", and "the Company" are intended to mean the business and operations of PLAYSTUDIOS, Inc. and its consolidated subsidiaries.

Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a discrepancy include, but are not limited to, those discussed elsewhere in this Quarterly Report on Form 10-Q, particularly in the section titled "Risk Factors" set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q. All forward-looking statements in this report are based on information available to us as of the date hereof, and we assume no obligation to update any such forward-looking statements to reflect future events or circumstances, except as required by law.

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, Jumbline 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 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

Daily Active Users ("DAU")

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.

Monthly Active Users ("MAU")

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 day 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.

Daily Paying Users ("DPU")

DPU is defined as the number of individuals who made a purchase in 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. This focus directs our strategic goals in setting player acquisition and pricing strategy.

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 and advertising revenue for the 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.

Key Performance Indicators - playAWARDS

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 a measure of the value and potential impact of the program for an interested player. It is assumed that the greater the variety and breadth of rewards offered, the more likely players will be to ascribe value to the program.

Purchases

Purchases is defined as the total number of rewards purchased for the period identified 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. The Company does not receive any compensation or revenue from Purchases. We use Purchases as a measure of audience interest and engagement with our playAWARDS platform.

Retail Value of Purchases

Retail Value of Purchases is defined as the cumulative retail value of all rewards listed as Purchases for the period identified. The retail value of each reward listed as Purchases is the retail value as determined by the partner upon creation of the reward. In the case where the retail value of a reward adjusts depending on time of redemption, the average retail value is used. Retail Value of Purchases only include the retail value of real-world partner rewards and exclude the cost of any PLAYSTUDIOS branded merchandise. We use Retail Value of Purchases to help us understand the real-world value of the rewards that are purchased by our players.

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 for the period divided by the number days in the period. For rewards with unlimited inventory, the maximum of 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.

Results of Operations

Comparison of the three and six months ended June 30, 2025 versus the three and six months ended June 30, 2024

The following table summarizes our consolidated results of operations for the three and six months ended June 30, 2025 and 2024 (in thousands, except percentages):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2025	2024	$ Change	% Change	2025	2024	$ Change	% Change
Net revenue	$ 59,338	$ 72,590	$ (13,252)	(18.3)%	$ 122,047	$ 150,418	$ (28,371)	(18.9)%
Operating expenses	62,825	76,553	(13,728)	(17.9)%	128,275	156,084	(27,809)	(17.8)%
Operating loss	(3,487)	(3,963)	476	(12.0)%	(6,228)	(5,666)	(562)	9.9 %
Net loss	(2,948)	(2,611)	(337)	12.9 %	(5,828)	(3,178)	(2,650)	83.4 %
Net loss margin	(5.0)%	(3.6)%	(1.4)pp	38.9 %	(4.8)%	(2.1)%	(2.7)	128.6 %

pp = percentage points

Net Revenue by Reportable Segment

	Three Months Ended June 30,				Six Months Ended June 30,			
	2025	2024	Change	% Change	2025	2024	Change	% Change
Net revenue								
playGAMES	$ 59,109	$ 72,588	$ (13,479)	(18.6)%	$ 121,664	$ 150,416	$ (28,752)	(19.1)%
playAWARDS	229	2	227	nm	383	2	381	19050.0 %
Net revenue	$ 59,338	$ 72,590	$ (13,252)	(18.3)%	$ 122,047	$ 150,418	$ (28,371)	(18.9)%

nm = not meaningful

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2025	2024	Change	% Change	2025	2024	Change	% Change
United States	$ 49,936	$ 61,494	$ (11,558)	(18.8)%	$ 102,996	$ 126,858	$ (23,862)	(18.8)%
All other countries	9,402	11,096	(1,694)	(15.3)%	19,051	23,560	(4,509)	(19.1)%
Net revenue	$ 59,338	$ 72,590	$ (13,252)	(18.3)%	$ 122,047	$ 150,418	$ (28,371)	(18.9)%

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,		
	2025	2024	Change	% Change	2025	2024	Change
Virtual currency	$ 47,981	$ 56,477	$ (8,496)	(15.0) %	$ 98,673	$ 116,724	$ (18,051)
Advertising	11,128	16,006	(4,878)	(30.5) %	22,991	33,448	(10,457)
Other revenue	—	105	(105)	(100.0) %	—	244	(244)
Net revenue	$ 59,109	$ 72,588	$ (13,479)	(18.6) %	$ 121,664	$ 150,416	$ (28,752)
Average DAU	2,347	3,220	(873)	(27.1) %	2,489	3,357	(868)
Average MAU	10,046	13,597	(3,551)	(26.1) %	10,730	14,174	(3,444)
Average DPU	19	24	(5)	(20.8) %	20	26	(6)
Average Daily Payer Conversion	0.8 %	0.8 %	— pp	— %	0.8 %	0.8 %	—
ARPDAU (in dollars)	$ 0.28	$ 0.25	$ 0.03	12.0 %	$ 0.27	$ 0.25	$ 0.02

pp = percentage points

Net revenue decreased $13.5 million, or (18.6)%, to $59.1 million during the three months ended June 30, 2025 compared to $72.6 million during the three months ended June 30, 2024. The decrease was due to a $8.5 million decrease in virtual currency revenue primarily driven by decreases in DPU and a $4.9 million decrease in advertising revenue mainly driven by decreases in DAU.

Net revenue decreased $28.8 million, or (19.1)%, to $121.7 million during the six months ended June 30, 2025 compared to $150.4 million during the six months ended June 30, 2024. The decrease was due to a $18.1 million decrease in virtual currency revenue primarily driven by decreases in DPU and a $10.5 million decrease in advertising revenue mainly driven by decreases in DAU.

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,			
	2025	2024	Change	% Change	2025	2024	Change	% Change
Virtual currency	$ 227	$ —	$ 227	nm	$ 375	$ —	$ 375	nm
Other	2	2	—	nm	8	2	6	nm
Net revenue	$ 229	$ 2	$ 227	nm	$ 383	$ 2	$ 381	nm
Available Rewards (in units)	331	561	(230)	(41.0)%	349	541	(192)	(35.5)%
Purchases (in units)	199	520	(321)	(61.6)%	480	1,020	(540)	(52.9)%
Retail Value of Purchases	$ 12,662	$ 31,405	$ (18,743)	(59.7)%	$ 29,647	$ 71,997	$ (42,350)	(58.8)%
Retail Value of Daily Rewards Inventory	$ 3,060	$ 1,775	$ 1,285	72.4 %	$ 2,532	$ 1,838	$ 694	37.8 %

nm = not meaningful

Net revenue remained flat during the three months ended June 30, 2025 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 remained flat during the six months ended June 30, 2025 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,				% of Revenue	
	2025	2024	$ Change	% Change	2025	2024
Operating expenses:						
Cost of revenue	$ 14,563	$ 18,068	$ (3,505)	(19.4)%	24.5 %	24.9 %
Selling and marketing	13,108	17,064	(3,956)	(23.2)%	22.1 %	23.5 %
Research and development	14,214	16,743	(2,529)	(15.1)%	24.0 %	23.1 %
General and administrative	11,345	11,645	(300)	(2.6)%	19.1 %	16.0 %
Depreciation and amortization	9,535	11,654	(2,119)	(18.2)%	16.1 %	16.1 %
Restructuring expenses	60	1,379	(1,319)	(95.6)%	0.1 %	1.9 %
Total operating expenses	$ 62,825	$ 76,553	$ (13,728)	(17.9)%	105.9 %	105.5 %

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024	$ Change	% Change	% of Revenue 2025	% of Revenue 2024
Operating expenses:						
Cost of revenue	$ 30,342	$ 37,019	$ (6,677)	(18.0)%	24.9 %	24.6 %
Selling and marketing	26,277	35,640	(9,363)	(26.3)%	21.5 %	23.7 %
Research and development	27,888	34,764	(6,876)	(19.8)%	22.9 %	23.1 %
General and administrative	23,206	23,424	(218)	(0.9)%	19.0 %	15.6 %
Depreciation and amortization	19,167	23,220	(4,053)	(17.5)%	15.7 %	15.4 %
Restructuring expenses	1,395	2,017	(622)	(30.8)%	1.1 %	1.3 %
Total operating expenses	$ 128,275	$ 156,084	$ (27,809)	(17.8)%	105.1 %	103.8 %

Cost of Revenue

Cost of revenue decreased by $3.5 million to $14.6 million during the three months ended June 30, 2025 compared to $18.1 million during the three months ended June 30, 2024. 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 three months ended June 30, 2024 to 24.5% for the three months ended June 30, 2025.

Cost of revenue decreased by $6.7 million to $30.3 million during the six months ended June 30, 2025 compared to $37.0 million during the six months ended June 30, 2024. The decrease was primarily related to a decrease in virtual currency revenue. As a percentage of revenue, cost of revenue increased from 24.6% for the six months ended June 30, 2024 to 24.9% for the six months ended June 30, 2025.

Selling and Marketing

Selling and marketing expenses decreased by $4.0 million to $13.1 million during the three months ended June 30, 2025 compared to $17.1 million during the three months ended June 30, 2024. The decrease was primarily due to a decrease in user acquisition expense of $4.1 million. This was offset by an increase of other selling and marketing expense of $0.1 million.

Selling and marketing expenses decreased by $9.4 million to $26.3 million during the six months ended June 30, 2025 compared to $35.6 million during the six months ended June 30, 2024. The decrease was primarily due to decreases in user acquisition expense of $8.7 million, outside service costs of $0.6 million, and stock compensation of $0.4 million. This was offset by an increase of other selling and marketing expense of $0.3 million.

Research and Development

Research and development expenses decreased by $2.5 million to $14.2 million during the three months ended June 30, 2025 compared to $16.7 million during the three months ended June 30, 2024. The decrease was primarily due to decreases in employee costs of $2.2 million and stock compensation of $0.6 million as a result of the 2024 Reorganization Plan. This was offset by an increase of other research and development expense of $0.3 million.

Research and development expenses decreased by $6.9 million to $27.9 million during the six months ended June 30, 2025 compared to $34.8 million during the six months ended June 30, 2024. The decrease was primarily due to decreases in employee costs of $5.2 million, stock compensation of $1.3 million, and other research and development expense of $0.4 million as a result of the 2024 Reorganization Plan.

General and Administrative

General and administrative expenses decreased by $0.3 million to $11.3 million during the three months ended June 30, 2025 compared to $11.6 million during the three months ended June 30, 2024. The decrease is primarily due to decreases to facilities cost of $0.4 million and other general and administrative cost of $0.4 million. This was offset by an increase to stock compensation of $0.5 million.

General and administrative expenses decreased by $0.2 million to $23.2 million during the six months ended June 30, 2025 compared to $23.4 million during the six months ended June 30, 2024. The decrease is primarily due to decreases in employee costs of $0.4 million and other general and administrative costs of $0.6 million. This was offset by an increase to stock compensation of $0.8 million as a result of the 2024 Reorganization Plan.

Depreciation and Amortization

Depreciation and amortization expenses decreased by $2.1 million to $9.5 million during the three months ended June 30, 2025 compared to $11.7 million during the three months ended June 30, 2024. The decrease was primarily due to decreases of internal-use software amortization in connection with write-downs of certain assets during the second half of the year ended December 31, 2024 as a result of the 2024 Reorganization Plan, as well as the renewal of a licensing agreement.

Depreciation and amortization expenses decreased by $4.1 million to $19.2 million during the six months ended June 30, 2025 compared to $23.2 million during the six months ended June 30, 2024. The decrease was primarily due to decreases of internal-use software amortization in connection with write-downs of certain assets during the second half of the year ended December 31, 2024 as a result of the 2024 Reorganization Plan, as well as the renewal of a licensing agreement.

Restructuring Expenses

Restructuring expenses decreased by $1.3 million to $0.1 million during the three months ended June 30, 2025 compared to $1.4 million during the three months ended June 30, 2024. The decrease was primarily due to decreases to non-recurring legal expense of $0.5 million, costs related to various merger and acquisition opportunities of $0.3 million, internal reorganization costs of $0.3 million, and other restructuring and related costs of $0.2 million.

Restructuring expenses decreased by $0.6 million to $1.4 million during the six months ended June 30, 2025 compared to $2.0 million during the six months ended June 30, 2024. The decrease was primarily due to decreases to internal reorganization costs of $0.3 million and other restructuring and related costs of $0.3 million.

Other Income, Net

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

	Three Months Ended June 30,			
	2025	2024	$ Change	% Change
Change in fair value of warrant liabilities	$ 9	$ 717	$ (708)	(98.7)%
Interest income, net	946	1,374	(428)	(31.1)%
Other expense, net	(207)	(264)	57	(21.6)%
Total other income, net	$ 748	$ 1,827	$ (1,079)	(59.1)%

	Six Months Ended June 30,			
	2025	2024	$ Change	% Change
Change in fair value of warrant liabilities	$ 110	$ 653	$ (543)	(83.2)%
Interest income, net	1,852	2,794	(942)	(33.7)%
Other expense, net	(1,005)	(370)	(635)	171.6 %
Total other income, net	$ 957	$ 3,077	$ (2,120)	(68.9)%

The change in fair value of warrant liabilities is related to the warrants discussed in Note 11—*Accrued and Other Current Liabilities* to our condensed consolidated financial statements herein. 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 13—*Long-Term Debt* to our condensed consolidated financial statements herein. Other income primarily relates to gains or (losses) from equity investments and gains or (losses) from foreign currency transactions with our foreign subsidiaries.

Provision for Income Taxes

Provision for income taxes resulted in a tax expense of $0.2 million for the three months ended June 30, 2025, compared to a tax expense of $0.5 million for the three months ended June 30, 2024.

Provision for income taxes resulted in a tax expense of $0.6 million for the six months ended June 30, 2025, compared to a tax expense of $0.6 million for the six months ended June 30, 2024.

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, 2025 versus the three and six months ended June 30, 2024

	Three Months Ended June 30,			
	2025	2024	Change	% Change
AEBITDA				
playGAMES	$ 16,475	$ 21,920	$ (5,445)	(24.8)%
playAWARDS	(2,386)	(3,476)	1,090	(31.4)%
Corporate and other	(3,375)	(4,306)	931	(21.6)%
Consolidated AEBITDA	$ 10,714	$ 14,138	$ (3,424)	(24.2)%
Segment AEBITDA Margin:				
playGAMES	27.9 %	30.2 %	(2.3)%	(7.6)%
playAWARDS	nm	nm	nm	nm

nm - not meaningful

	Six Months Ended June 30,			
	2025	2024	Change	% Change
AEBITDA				
playGAMES	$ 34,784	$ 45,371	$ (10,587)	(23.3)%
playAWARDS	(4,675)	(7,098)	2,423	(34.1)%
Corporate and other	(6,908)	(8,821)	1,913	(21.7)%
Consolidated AEBITDA	$ 23,201	$ 29,452	$ (6,251)	(21.2)%
Segment AEBITDA Margin:				
playGAMES	28.6 %	30.2 %	(1.6)%	(5.3)%
playAWARDS	nm	nm	nm	nm

nm - not meaningful

playGAMES

playGAMES AEBITDA was $16.5 million for the three months ended June 30, 2025 compared to $21.9 million for the three months ended June 30, 2024, a decrease of $5.4 million. playGAMES AEBITDA margin was 27.9% for the three months ended June 30, 2025 compared to 30.2% for the three months ended June 30, 2024. The decrease to playGAMES AEBITDA was a result of decreased virtual currency revenue primarily driven by decreases in DPU. This was offset by an increase in direct-to-consumer sales which incurs lower processing fees, driving a reduction in cost of sales, as well as a reduction of user acquisition costs.

playGAMES AEBITDA was $34.8 million for the six months ended June 30, 2025 compared to $45.4 million for the six months ended June 30, 2024, a decrease of $10.6 million. playGAMES AEBITDA margin was 28.6% for the six months ended June 30, 2025 compared to 30.2% for the six months ended June 30, 2024. The decrease to playGAMES AEBITDA was a result of decreased virtual currency revenue primarily driven by decreases in DPU. This was offset by an increase in direct-to-consumer sales which incurs lower processing fees, driving a reduction in cost of sales, as well as a reduction of user acquisition costs.

playAWARDS

playAWARDS AEBITDA was $(2.4) million for the three months ended June 30, 2025 compared to $(3.5) million for the three months ended June 30, 2024. The increase in AEBITDA can be attributed to a decrease in employee costs as a result of the 2024 Reorganization Plan.

playAWARDS AEBITDA was $(4.7) million for the six months ended June 30, 2025 compared to $(7.1) million for the six months ended June 30, 2024. The increase in AEBITDA can be attributed to a decrease in employee costs as a result of the 2024 Reorganization Plan.

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,	
	2025	2024	2025	2024
Revenue	$ 59,338	$ 72,590	$ 122,047	$ 150,418
Net loss	$ (2,948)	$ (2,611)	$ (5,828)	$ (3,178)
Net loss margin	(5.0)%	(3.6)%	(4.8)%	(2.1)%
Adjustments:				
Depreciation & amortization	9,535	11,654	19,167	23,220
Income tax expense	209	475	557	589
Stock-based compensation expense	4,608	4,930	8,866	9,724
Change in fair value of warrant liability	(9)	(717)	(110)	(653)
Change in fair value of contingent consideration	(169)	—	156	—
Restructuring and related[1]	60	1,378	1,395	2,016
Other, net[2]	(572)	(971)	(1,002)	(2,266)
Consolidated AEBITDA	10,714	14,138	23,201	29,452
Consolidated AEBITDA Margin	18.1 %	19.5 %	19.0 %	19.6 %

(1) Amounts reported during the three and six months ended June 30, 2024 relate to internal reorganization costs, including severance-related costs, fees related to evaluating various merger, acquisition and restructuring opportunities, and legal fees and others costs incurred in connection with litigation arising out of the Acies Merger transaction. Amounts reported during the three and six months ended 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 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, 2025, we had cash and cash equivalents of $112.9 million, which consisted of cash on hand and money market mutual funds. As of June 30, 2025 we had restricted cash of $0.6 millionHistorically, we have funded our operations, including capital expenditures, primarily through cash flow from operating activities. We believe that our existing cash and cash equivalents, the cash generated from operations, and the borrowing capacity under our Credit Agreement as described below 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 13—*Long-Term Debt* in our Condensed Consolidated Financial Statements and *Liquidity and Capital Resources* in our 2024 Annual Report on Form 10-K filed on March 14, 2025 and amended on Form 10-K/A filed on April 4, 2025.

As of June 30, 2025, we do not have any outstanding amounts under the Credit Agreement.

Cash Flows

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

	Six Months Ended June 30,	
	2025	2024
Net cash provided by operating activities	$ 16,942	$ 19,531
Net cash used in investing activities	(8,030)	(13,060)
Net cash used in financing activities	(6,961)	(32,444)
Effect of exchange rate on cash and cash equivalents	1,136	(612)
Increase (decrease) in cash and cash equivalents	3,087	(26,585)

Operating Activities

During the six months ended June 30, 2025, operating activities provided $16.9 million of net cash as compared to $19.5 million during the six months ended June 30, 2024. The decrease in cash provided from operating activities was primarily due to a decrease in net revenue, which was offset by a reduction in cost of sales, less employee costs due to a reduced headcount, and a favorable change in operating assets and liabilities due to timing fluctuations in receivables being collected.

Investing Activities

During the six months ended June 30, 2025, investing activities used $8.0 million of net cash as compared to $13.1 million during the six months ended June 30, 2024. The change in cash used in investing activities was due to less additions to internal-use software and property and equipment during the six months ended June 30, 2025.

Financing Activities

During the six months ended June 30, 2025, financing activities used $7.0 million of net cash as compared to $32.4 million during the six months ended June 30, 2024. The change in cash used in financing activities was due to $25.2 million less in share repurchases and $0.2 million less in payments made for tax withholding on stock-based compensation.

Contractual Obligations, Commitments, and Contingencies

As of June 30, 2025, there had been no material changes to our aggregated indebtedness and other contractual obligations previously reported in our Annual Report on Form 10-K for the year ended December 31, 2024.

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 2024 Annual Report on Form 10-K filed on March 14, 2025 and amended on Form 10-K/A filed on April 4, 2025.

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 principal executive officer and principal financial officer, 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 the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide 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 such evaluation, the Company's CEO and CFO have concluded that, as of the period covered by this report, the Company's disclosure controls and procedures were effective, at the reasonable assurance level, in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and were effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

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, 2025 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 11—*Accrued and Other Current Liabilities* and Note 16—*Commitments and Contingencies.*

Item 1A. Risk Factors

A description of certain factors that may affect our future results and risk factors is set forth in our 2024 Annual Report on Form 10-K filed on March 14, 2025 as amended by our Form 10-K/A (Amendment No. 1) filed on April 4, 2025. There have been no material changes to those factors previously disclosed.

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, 2025:

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, 2025 - April 30, 2025	450,080	$ 1.27	435,099	$ 41,394
May 1, 2025 - May 31, 2025	839,019	$ 1.51	324,127	$ 40,920
June 1, 2025 - June 30, 2025	621,824	$ 1.43	620,525	$ 40,031

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, and excludes costs associated with the repurchases. Average price paid per share purchased as part of the publicly announced program was $1.39 from April 1, 2025 to June 30, 2025.
3. The repurchases are being 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 November 1, 2024, 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 $40.0 million as of June 30, 2025 and $43.5 million as of December 31, 2024. 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 17—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

No officers or directors of the Company adopted, modified or terminated a a “Rule 10b5-1 trading arrangement” (as defined in Item 408 of Regulation S-K of the Exchange Act) during the fiscal quarter ended June 30, 2025.

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 8, 2025	By:	/s/ Andrew Pascal
		Name:	Andrew Pascal
		Title:	Chairman and Chief Executive Officer (Principal Executive Officer)
Date:	August 8, 2025	By:	/s/ Scott Peterson
		Name:	Scott Peterson
		Title:	Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

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 8, 2025

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

Exhibit 31.2

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 8, 2025

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

Exhibit 32.1

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, 2025 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 8, 2025

/s/ Scott Peterson

Name:	Scott Peterson
Title:	Chief Financial Officer
	(Principal Financial and Accounting Officer)
Date:	August 8, 2025

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.