



Q3  
2021

FINANCIAL RESULTS

NOVEMBER 8, 2021

# Table of Contents



Overview of Q3 2021 Performance

---

Q4 and Updated FY 2021 Financial Guidance

---

GAAP to Non-GAAP Reconciliations

---

Appendix

# Management Team



**Frank Gibeau**  
CHIEF EXECUTIVE OFFICER



**Gerard Griffin**  
CHIEF FINANCIAL OFFICER





**BossAlien**  
ENTERTAINMENT GROUP



**GRAM GAMES**



**peak**

**follic**

**ECHTRA**

**Chartboost**

**STARLARK**



# Forward-Looking Statements



This presentation contains forward-looking statements, including those statements relating to our outlook for the full year and third quarter of 2021 under the headings “Q4 2021 Financial Guidance,” “Updated FY 2021 Financial Guidance,” “Q4 2021 Financial Guidance: GAAP To Non-GAAP Reconciliation” and “Updated FY 2021 Financial Guidance: GAAP To Non-GAAP Reconciliation” and our related estimates and assumptions including, among other things: our operational performance and strategy, including our focus on, and expansion of, our live services portfolio and new game pipeline, including the ongoing execution of our bold beat strategy in existing games, growing the newly acquired *Golf Rival* title, and ramping investment in growth initiatives including marketing, our growth and launch expectations of new titles from our new game pipeline, our continued execution of our multi-year growth strategy and its expected impact on full year 2021 and future performance and mobile audience numbers; continued growth in Rollic’s hyper-casual portfolio and investment to both further expand Rollic’s developer network and build out new tools and technologies; our performance expectations regarding our live services, older mobile and web titles, new game launches and advertising business, including contributions from *Golf Rival*, *FarmVille 3*, Rollic’s hyper-casual portfolio, and the business of Chartboost, Inc. (“Chartboost”); the impacts of our execution across our growth initiatives; our ability to achieve the intended benefits of acquiring Chartboost; our ability to achieve the intended benefits of acquiring Beijing StarLark Technology Co., Ltd.; and our ability to achieve and expectations related to financial projections, including revenue, deferred revenue, bookings, income, adjusted EBITDA, and contingent consideration expense.

Forward-looking statements often include words such as “guidance,” “outlook,” “projected,” “intends,” “will,” “anticipate,” “believe,” “target,” “expect,” “positioned,” and statements in the future tense are generally forward-looking. The achievement or success of the matters covered by such forward-looking statements involves significant risks, uncertainties and assumptions, including risks, uncertainty and assumptions relating to the COVID-19 pandemic, shelter-in-place rules and effects on business and economic conditions. Our actual results could differ materially from those predicted or implied and reported results should not be considered as an indication of our future performance. Undue reliance should not be placed on such forward-looking statements, which are based on information available to us on the date hereof. We assume no obligation to update such statements. More information about factors that could affect our operating results are described in greater detail in our public filings with the Securities and Exchange Commission (the “SEC”), copies of which may be obtained by visiting our Investor Relations web site at <http://investor.zynga.com> or the SEC's web site at [www.sec.gov](http://www.sec.gov).

In addition, the preliminary financial results set forth in this letter are estimates based on information currently available to us. While we believe these estimates are meaningful, they could differ from the actual amounts that we ultimately report in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2021. We assume no obligation and do not intend to update these estimates prior to filing our Quarterly Report on Form 10-Q.



# OVERVIEW OF Q3 2021 PERFORMANCE

# Q3 2021 Financial Guidance vs. Actuals



(in millions, except per share data)

<b>GAAP</b>	<b>Q3 2021 Guidance</b>	<b>Q3 2021 Actuals</b>
Revenue	\$ 665	\$ 705
(B) Net release of (increase in) deferred revenue <sup>(1)</sup>	\$ 5	\$ 37
Net income (loss)	\$ (110)	\$ (42)
Basic and diluted net income (loss) per share	\$ (0.10)	\$ (0.04)
Basic and diluted share count	1,095	1,097
<b>Non-GAAP</b>		
Bookings	\$ 660	\$ 668
(A) Adjusted EBITDA	\$ 150	\$ 197

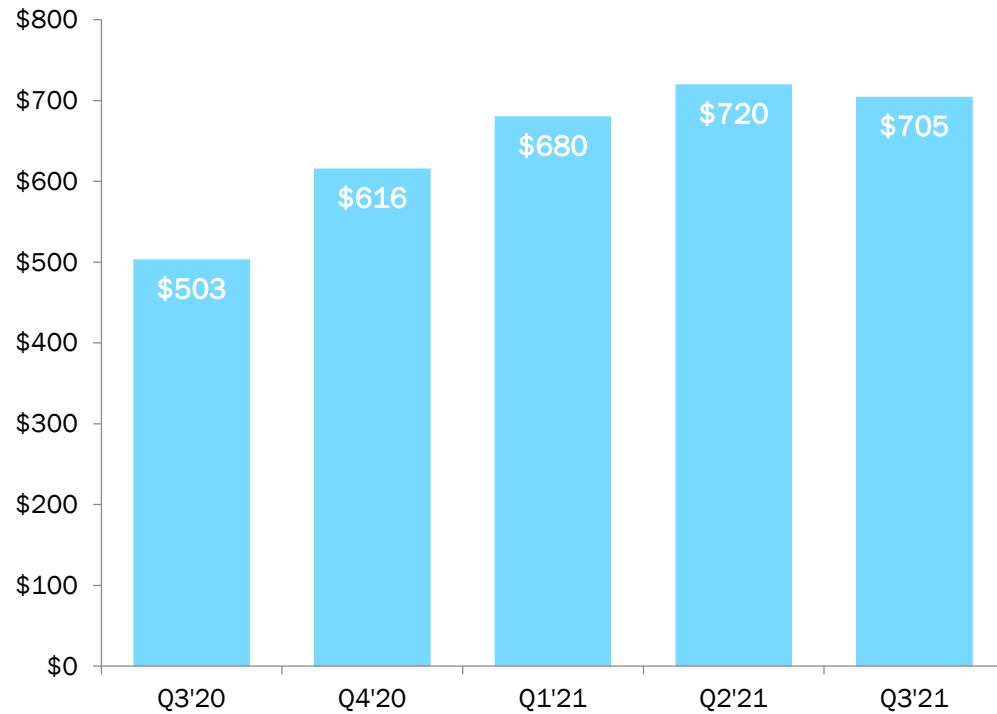
Management Reporting = (A) - (B)

Footnotes:

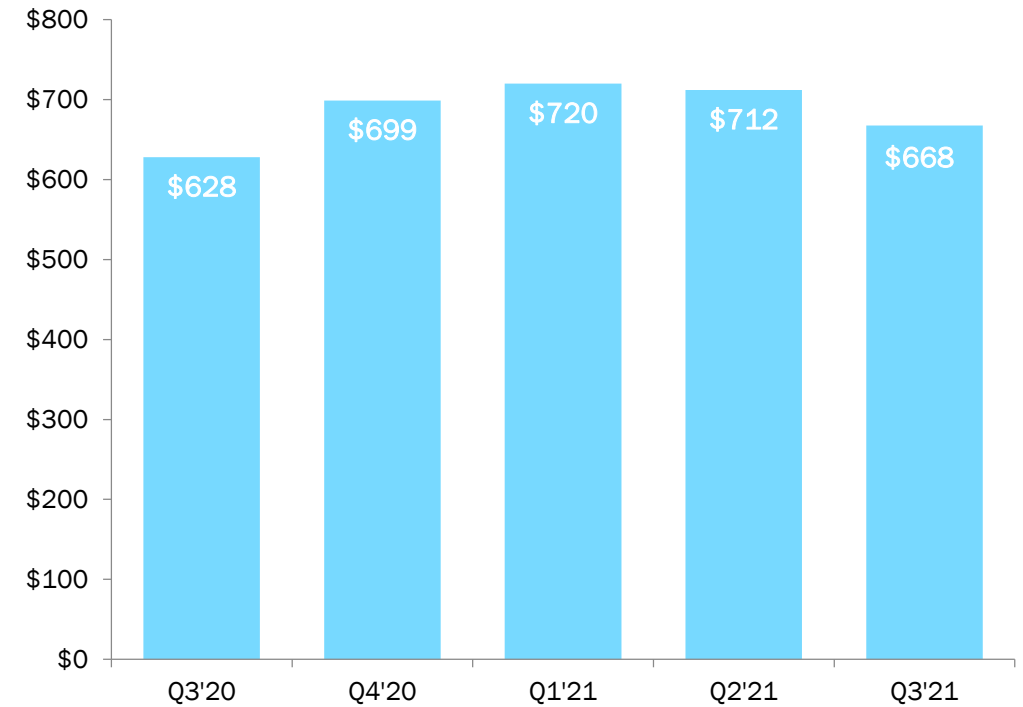
<sup>(1)</sup> For clarity, a net release of deferred revenue results in revenue being higher than bookings and is a positive impact to Adjusted EBITDA as reported; a net increase in deferred revenue results in revenue being lower than bookings and is a negative impact to Adjusted EBITDA as reported.

# Revenue & Bookings: Total

**TOTAL REVENUE**  
UP 40% Y/Y IN Q3'21



**TOTAL BOOKINGS**  
UP 6% Y/Y IN Q3'21

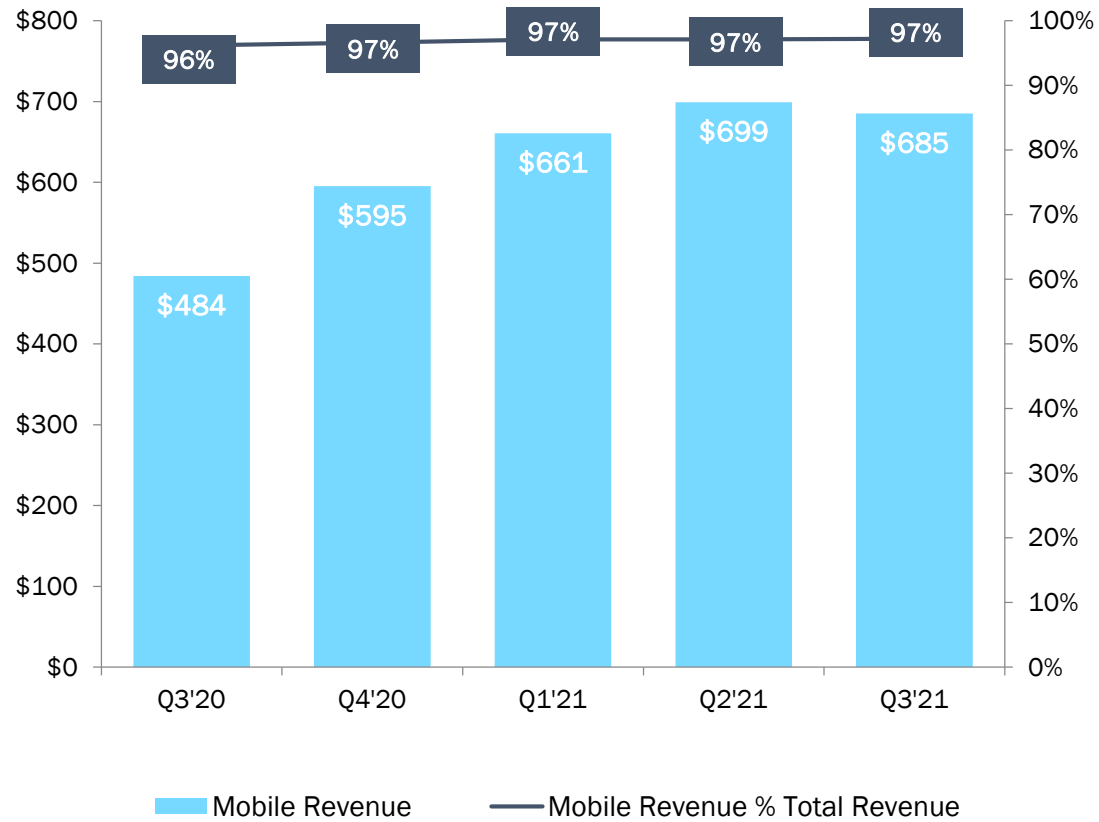




# Revenue & Bookings: Mobile

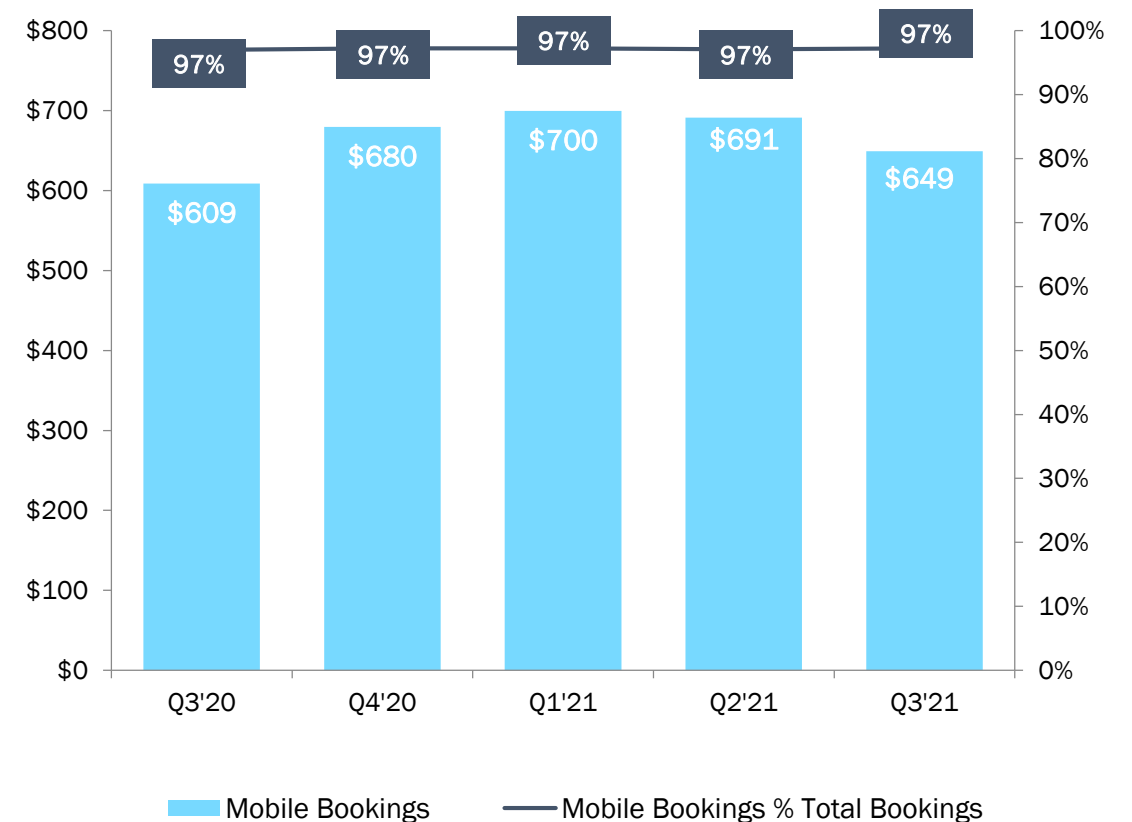
## MOBILE REVENUE

97% OF TOTAL IN Q3'21



## MOBILE BOOKINGS

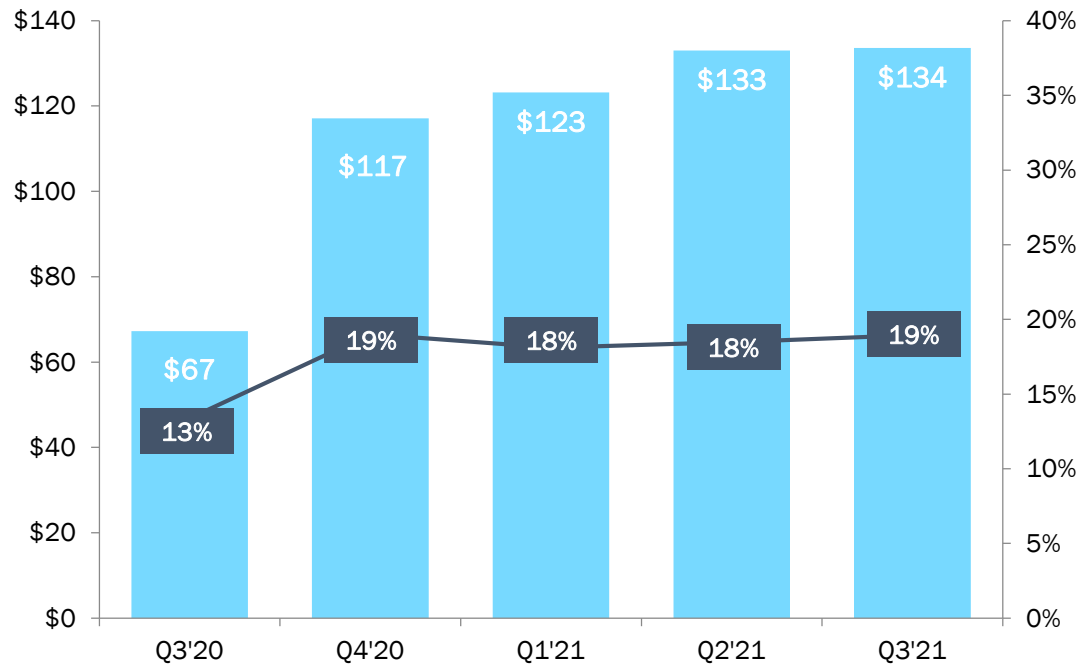
97% OF TOTAL IN Q3'21



# Revenue & Bookings: Advertising

## ADVERTISING REVENUE

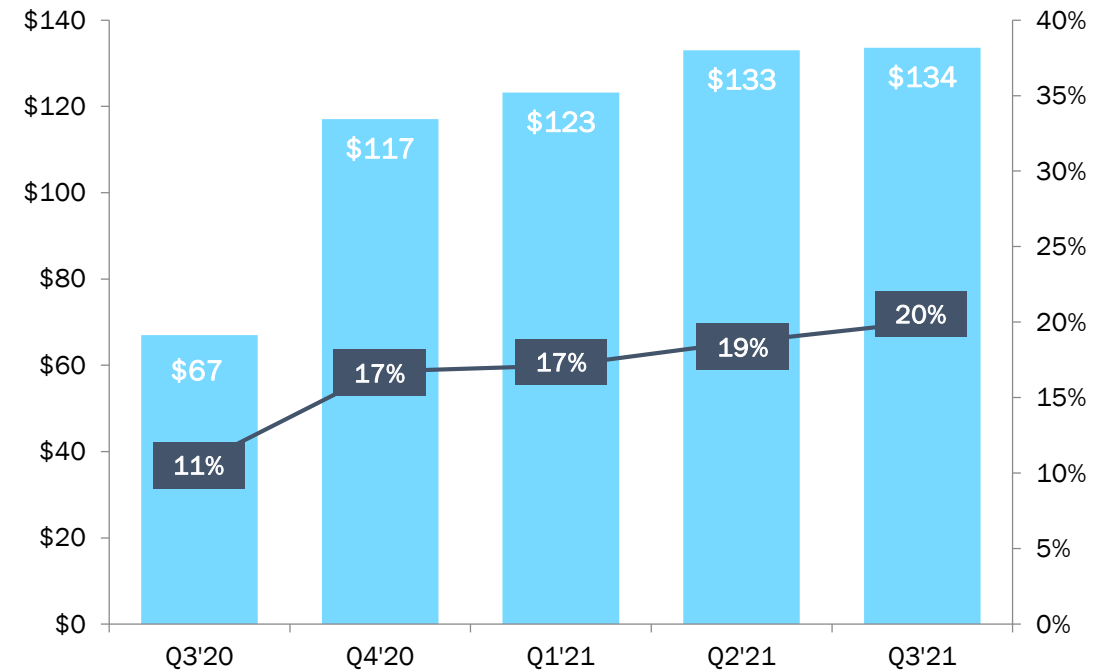
19% OF TOTAL IN Q3'21



Advertising Revenue — Advertising Revenue % Total Revenue

## ADVERTISING BOOKINGS

20% OF TOTAL IN Q3'21



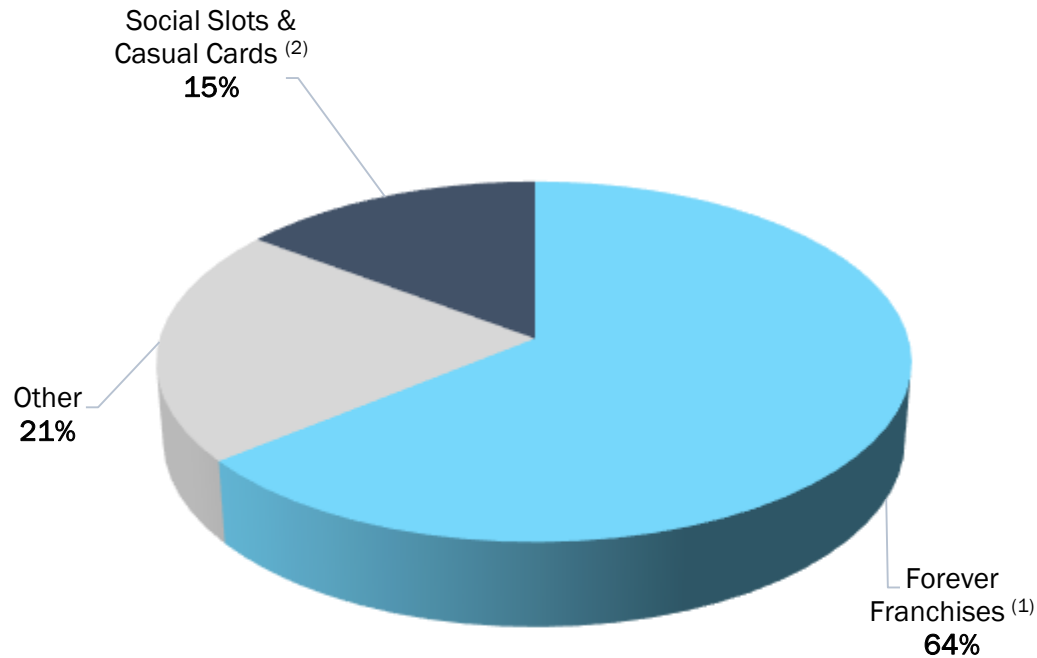
Advertising Bookings — Advertising Bookings % Total Bookings

# Q3 2021 Total Revenue & Bookings



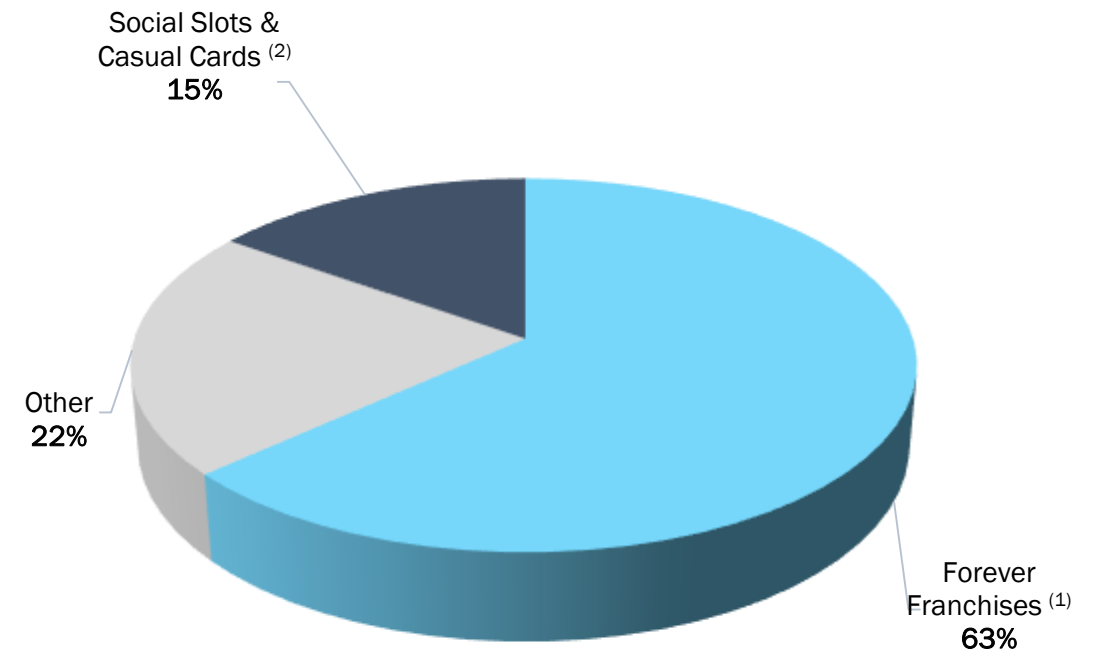
## TOTAL REVENUE

TOTAL: \$705 million



## TOTAL BOOKINGS

TOTAL: \$668 million



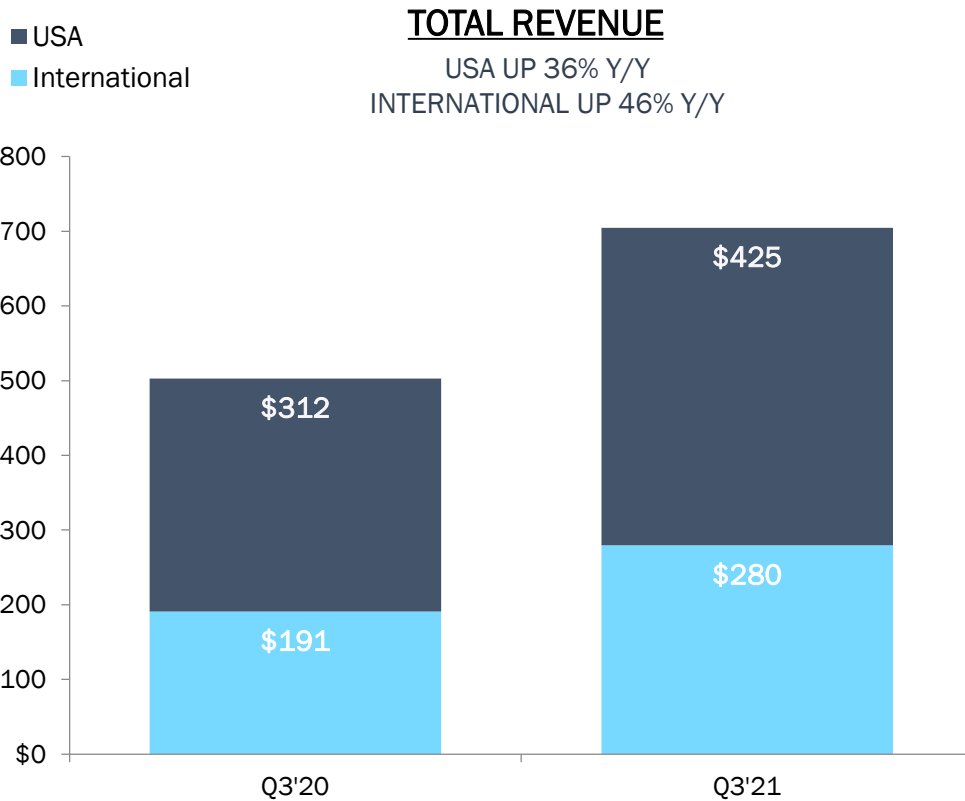
Footnotes:

(1) "Forever Franchises" includes *CSR Racing*, *Empires & Puzzles*, *Merge Dragons!*, *Merge Magic!*, *Toon Blast*, *Toy Blast*, *Words With Friends* and *Zynga Poker*.

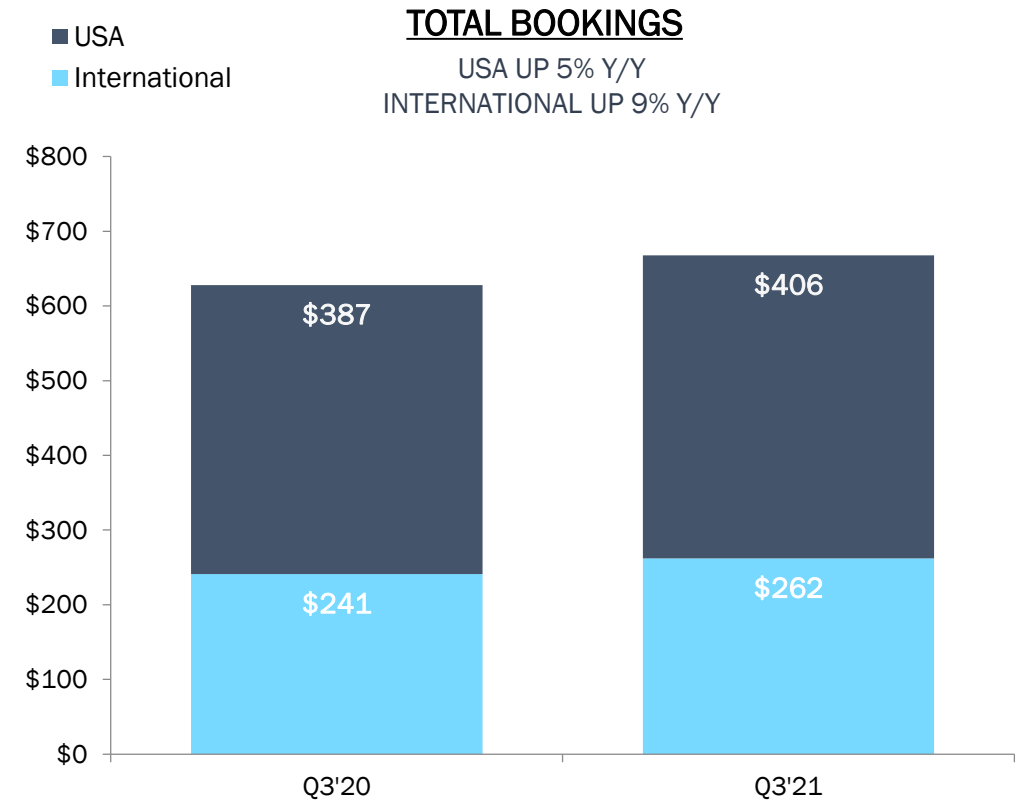
(2) "Social Slots & Casual Cards" includes *Black Diamond Casino*, *Game of Thrones Slots Casino*, *Hit It Rich! Slots*, *Willy Wonka Slots*, *Wizard of Oz Slots*, the Casual Card Games acquired in December 2017, *Bluff Plus* and *Solitaire*.

# By Geography: Revenue & Bookings

IN MILLIONS



USA % Total	62%	60%
International % Total	38%	40%



USA % Total	62%	61%
International % Total	38%	39%

# Net Income (Loss) & Cash Flow



*(in millions, except per share data)*

	Q3'21	Q2'21	Q1'21	Q4'20	Q3'20
Net income (loss)	\$ (42)	\$ 28	\$ (23)	\$ (53)	\$ (122)
Diluted net income (loss) per share	\$ (0.04)	\$ 0.02	\$ (0.02)	\$ (0.05)	\$ (0.11)
Operating cash flow	\$ 99	\$ 161	\$ (164)	\$ 206	\$ 113
Free cash flow (non-GAAP)	\$ 96	\$ 158	\$ (165)	\$ 203	\$ 109
Cash, cash equivalents and investments	\$ 1,340	\$ 1,502	\$ 1,362	\$ 1,575	\$ 758



# Key Operating Metrics



The company tracks operating metrics using internal systems which rely on internal company data and third party data. We rely on the veracity of data provided by individuals and reported by third parties to estimate our metrics. We believe that the amounts are reasonable estimates of our user base for the applicable period of measurement that the methodologies we employ and update from time-to-time are reasonably based on our efforts to identify trends in player behavior; however, factors relating to user activity and systems and our ability to identify and detect attempts to replicate legitimate player activity may impact these numbers.

Further, consistent with our operational focus on mobile gaming platforms, we report these audience-related metrics based only on mobile platforms. We have ceased including our web-based games in these audience metrics as a result of their decreasing significance as part of our overall financial and operating results and the technical challenges resulting from increased volumes of apparent player activity that we are unable to reliably validate and de-duplicate, as these web-based games are generally more susceptible than mobile platforms in attempts to replicate legitimate player activity.

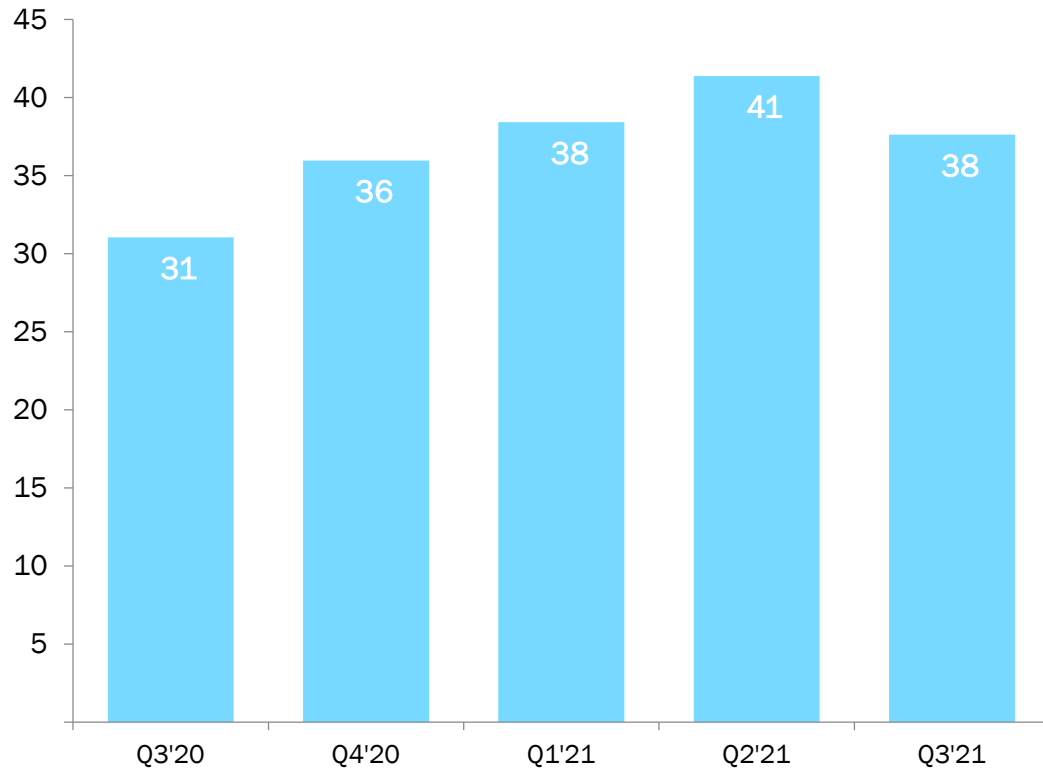
**Mobile DAUs.** We define Mobile Daily Active Users (DAUs) as the number of individuals who played one of our mobile games during a particular day. Under this metric, an individual who plays two different mobile games on the same day is counted as two Mobile DAUs. We use information provided by third parties to help us identify individuals who play the same mobile game to reduce this duplication. However, because we do not always have the third party network login data to link an individual who has played under multiple user accounts, a player may be counted as multiple Mobile DAUs. Average Mobile DAUs for a particular period is the average of the Mobile DAUs for each day during that period. We use Mobile DAUs as a measure of audience engagement.

**Mobile MAUs.** We define Mobile Monthly Active Users (MAUs) as the number of individuals who played one of our mobile games in the 30-day period ending with the measurement date. Under this metric, an individual who plays two different mobile games in the same 30-day period is counted as two Mobile MAUs. We use information provided by third parties to help us identify individuals who play the same mobile game to reduce this duplication. However, because we do not always have the third party network login data to link an individual who has played under multiple user accounts, a player may be counted as multiple Mobile MAUs. Average Mobile MAUs for a particular period is the average of the Mobile MAUs at each month-end during that period. We use Mobile MAUs as a measure of total game audience size.

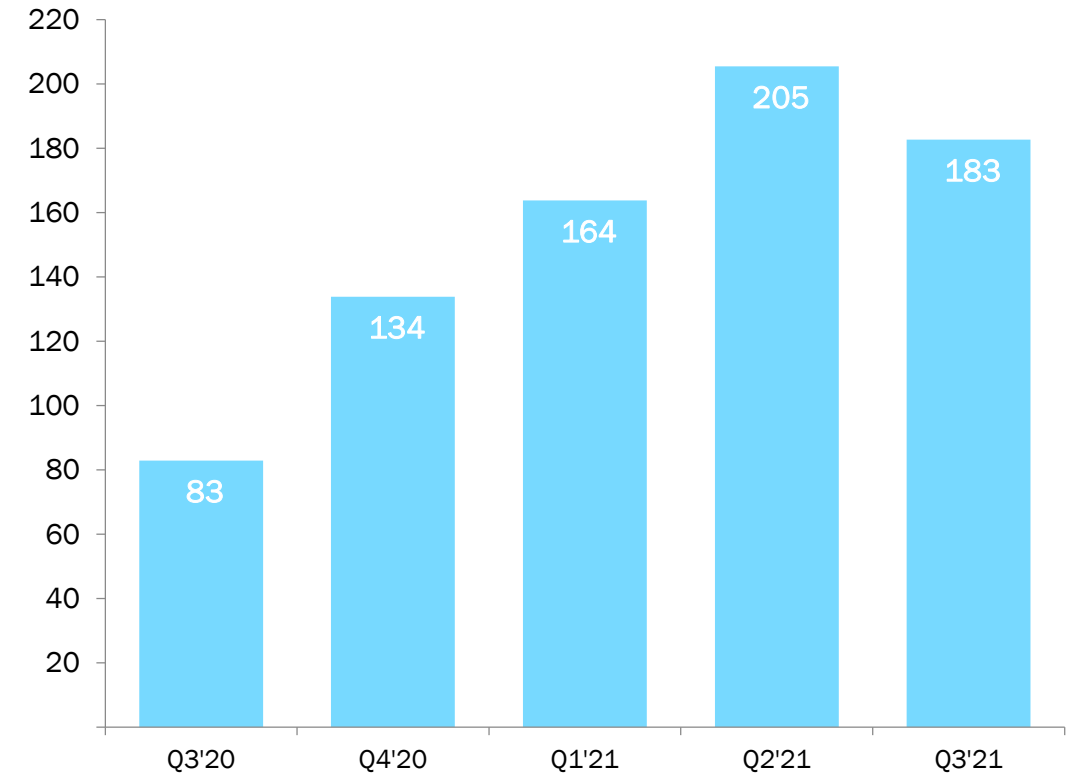
**Mobile ABPU.** We define Mobile Average Daily Bookings per Average Mobile DAU (ABPU) as our total mobile bookings in a given period, divided by the number of days in that period, divided by, the average Mobile DAUs during the period. We believe that Mobile ABPU provides useful information to investors and others in understanding and evaluating our results in the same manner as our management and Board of Directors. We use Mobile ABPU as a measure of overall monetization across all of our players through the sale of virtual items and advertising.

# Mobile Audience Metrics

**MOBILE DAUs<sup>(1)</sup>**



**MOBILE MAUs<sup>(1)</sup>**

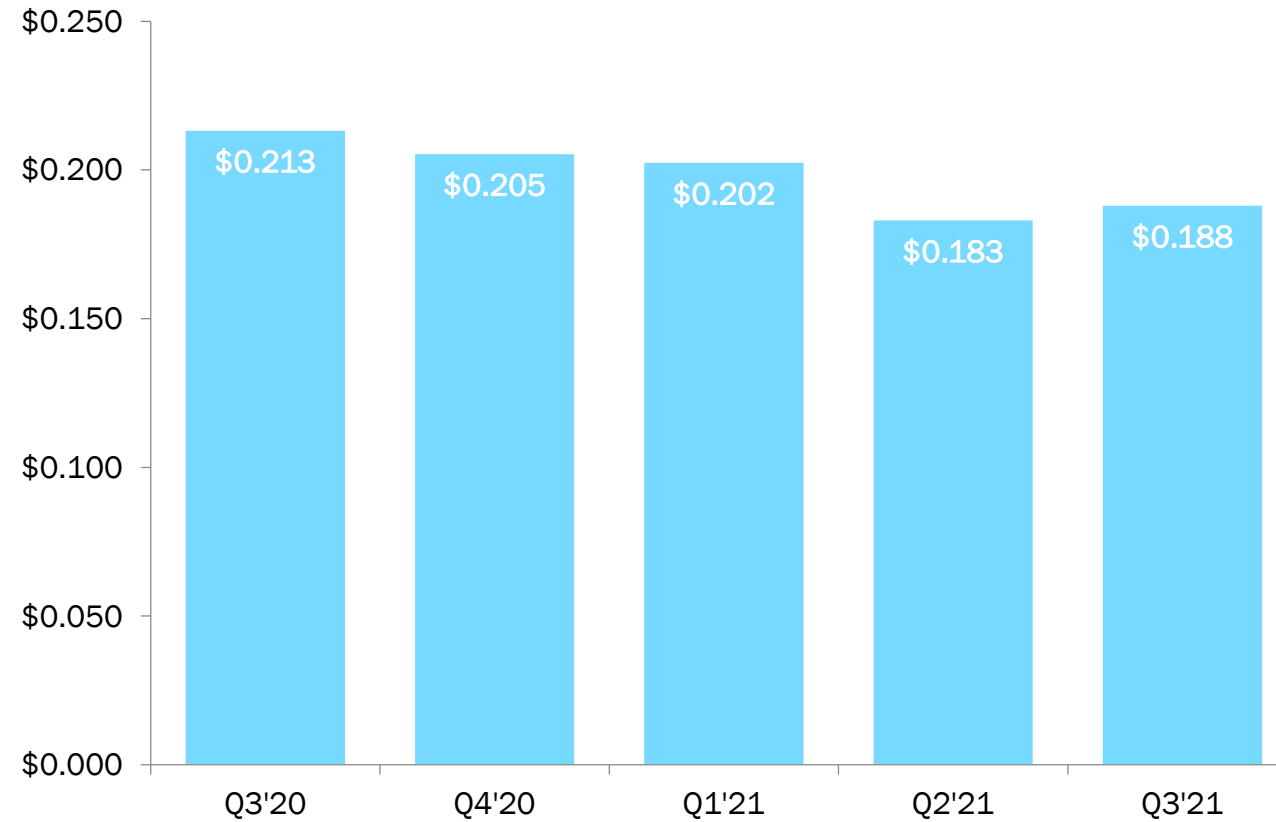


Footnote:

(1) We do not have the third party network login data to link an individual who has played under multiple user accounts for our hyper-casual games (which includes the games acquired from Rollic), mobile messenger games (prior to the third quarter of 2021), *Puzzle Combat*, *Merge Magic!* and games acquired from Gram Games, Small Giant and Peak and accordingly, actual Mobile DAUs and Mobile MAUs may be lower than reported due to the potential duplication of these individuals. Please refer to Slide 14 – “Key Operating Metrics” for further discussion on the uses, limitations and comparability of the operating metrics presented.

# Mobile Monetization Metrics

MOBILE AVERAGE BOOKINGS PER  
MOBILE DAU (ABPU)



Please refer to Slide 14 – “Key Operating Metrics” for further discussion on the uses, limitations and comparability of the operating metrics presented.



# Q4 AND UPDATED FY 2021 FINANCIAL GUIDANCE

# Q4 2021 Financial Guidance



(in millions, except per share data)

	Q4'21 Guidance	Q4'20 Actual	Variance
<b>GAAP</b>			
Revenue	\$ 675	\$ 616	\$ 59
(B) Net release of (increase in) deferred revenue <sup>(1)</sup>	\$ (40)	\$ (83)	\$ 43
Net loss	\$ (60)	\$ (53)	\$ (7)
Basic and diluted net loss per share	\$ (0.05)	\$ (0.05)	\$ -
Basic and diluted share count	1,120	1,080	40
<b>Non-GAAP</b>			
Bookings	\$ 715	\$ 699	\$ 16
(A) Adjusted EBITDA	\$ 122	\$ 90	\$ 32

Management Reporting = (A) - (B)

Footnotes:

<sup>(1)</sup> For clarity, a net release of deferred revenue results in revenue being higher than bookings and is a positive impact to Adjusted EBITDA as reported; a net increase in deferred revenue results in revenue being lower than bookings and is a negative impact to Adjusted EBITDA as reported.



# Updated FY 2021 Financial Guidance



(in millions, except per share data)

	Updated FY'21 Guidance	FY'20 Actual	Variance
<b>GAAP</b>			
Revenue	\$ 2,780	\$ 1,975	\$ 805
(B) Net release of (increase in) deferred revenue <sup>(1)</sup>	\$ (34)	\$ (295)	\$ 261
Net loss	\$ (97)	\$ (429)	\$ 332
Basic and diluted net loss per share	\$ (0.09)	\$ (0.42)	\$ 0.33
Basic and diluted share count	1,100	1,017	83
<b>Non-GAAP</b>			
Bookings	\$ 2,814	\$ 2,270	\$ 544
(A) Adjusted EBITDA	\$ 616	\$ 266	\$ 350

Management Reporting = (A) - (B)

Footnotes:

<sup>(1)</sup> For clarity, a net release of deferred revenue results in revenue being higher than bookings and is a positive impact to Adjusted EBITDA as reported; a net increase in deferred revenue results in revenue being lower than bookings and is a negative impact to Adjusted EBITDA as reported.



## GAAP TO NON-GAAP RECONCILIATIONS

# Non-GAAP Financial Measures



We have provided in this presentation certain non-GAAP financial measures to supplement our consolidated financial statements prepared in accordance with U.S. GAAP (our “GAAP financial statements”). Management uses non-GAAP financial measures internally in analyzing our financial results to assess operational performance and liquidity. Our non-GAAP financial measures may be different from non-GAAP financial measures used by other companies.

The presentation of our non-GAAP financial measures is not intended to be considered in isolation or as a substitute for, or superior to, our GAAP financial statements. We believe that both management and investors benefit from referring to our non-GAAP financial measures in assessing our performance and when planning, forecasting and analyzing future periods. We believe our non-GAAP financial measures are useful to investors because they allow for greater transparency with respect to key financial measures we use in making operating decisions and because our investors and analysts use them to help assess the health of our business.

We have provided reconciliations of our non-GAAP financial measures used in this presentation to the most directly comparable GAAP financial measures in the following tables and elsewhere in this presentation.

Because of the following limitations of our non-GAAP financial measures, you should consider the non-GAAP financial measures presented in this presentation with our GAAP financial statements. Key limitations of our non-GAAP financial measures include:

- Bookings does not reflect that we defer and recognize online game revenue and revenue from certain advertising transactions over the estimated average playing period of payers for durable virtual items or as consumed for consumable virtual items;
- Adjusted EBITDA does not include the impact of stock-based compensation expense, acquisition-related transaction expenses, contingent consideration fair value adjustments and expenses incurred from vacated leases (which includes impairment charges recognized);
- Adjusted EBITDA does not reflect provisions for or benefits from income taxes and does not include other income (expense) net, which includes foreign exchange and asset disposition gains and losses, interest expense and interest income;
- Adjusted EBITDA excludes depreciation and amortization of tangible and intangible assets. Although depreciation and amortization are non-cash charges, the assets being depreciated or amortized may have to be replaced in the future;
- Free cash flow is derived from net cash provided by (used in) operating activities less cash spent on capital expenditures; and
- Non-GAAP operating expenses do not include the impact of stock-based compensation expense, acquisition-related transaction expenses, expenses incurred from vacated lease and contingent consideration fair value adjustments.

Finally, certain measures as presented throughout this presentation differ due to the impact of rounding.

# Revenue To Bookings: Total



*(in millions, unaudited)*

	3 months ended				
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
<b>Reconciliation of Revenue to Bookings: Total</b>					
Revenue	\$ 705	\$ 720	\$ 680	\$ 616	\$ 503
Change in deferred revenue	(37)	(8)	39	83	125
<b>Bookings: Total</b>	<b>\$ 668</b>	<b>\$ 712</b>	<b>\$ 720</b>	<b>\$ 699</b>	<b>\$ 628</b>

*(in millions, unaudited)*

	9 months ended	
	9/30/2021	9/30/2020
<b>Reconciliation of Revenue to Bookings: Total</b>		
Revenue	\$ 2,105	\$ 1,359
Change in deferred revenue	(6)	212
<b>Bookings: Total</b>	<b>\$ 2,099</b>	<b>\$ 1,571</b>

# Revenue To Bookings: Mobile



*(in millions, unaudited)*

	3 months ended				
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
<b>Reconciliation of Revenue to Bookings: Mobile</b>					
Revenue	\$ 685	\$ 699	\$ 661	\$ 595	\$ 484
Change in deferred revenue	(36)	(8)	39	84	125
Bookings: Mobile	\$ 649	\$ 691	\$ 700	\$ 680	\$ 609

*(in millions, unaudited)*

	9 months ended	
	9/30/2021	9/30/2020
<b>Reconciliation of Revenue to Bookings: Mobile</b>		
Revenue	\$ 2,045	\$ 1,304
Change in deferred revenue	(5)	212
Bookings: Mobile	\$ 2,040	\$ 1,516



# Revenue To Bookings: Advertising



*(in millions, unaudited)*

	3 months ended				
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
<b>Reconciliation of Revenue to Bookings: Advertising</b>					
Revenue	\$ 134	\$ 133	\$ 123	\$ 117	\$ 67
Change in deferred revenue	-	-	-	-	-
Bookings: Advertising	\$ 134	\$ 133	\$ 123	\$ 117	\$ 67

*(in millions, unaudited)*

	9 months ended	
	9/30/2021	9/30/2020
<b>Reconciliation of Revenue to Bookings: Advertising</b>		
Revenue	\$ 390	\$ 190
Change in deferred revenue	-	(1)
Bookings: Advertising	\$ 390	\$ 189

# Revenue To Bookings: By Platform (3 months)



(in millions, unaudited)

	3 months ended			3 months ended		
	9/30/2021			9/30/2020		
<b>Reconciliation of Revenue to Bookings: Online Game</b>	Mobile	Other <sup>(1)</sup>	Total	Mobile	Other <sup>(1)</sup>	Total
Revenue	\$ 553	\$ 18	\$ 571	\$ 418	\$ 18	\$ 436
Change in deferred revenue	(36)	(1)	(37)	125	-	125
<b>Bookings: Online Game</b>	<b>\$ 517</b>	<b>\$ 17</b>	<b>\$ 534</b>	<b>\$ 543</b>	<b>\$ 18</b>	<b>\$ 561</b>

(in millions, unaudited)

	3 months ended			3 months ended		
	9/30/2021			9/30/2020		
<b>Reconciliation of Revenue to Bookings: Advertising &amp; Other</b>	Mobile	Other <sup>(1)</sup>	Total	Mobile	Other <sup>(1)</sup>	Total
Revenue	\$ 132	\$ 1	\$ 134	\$ 66	\$ 1	\$ 67
Change in deferred revenue	-	-	-	-	-	-
<b>Bookings: Advertising &amp; Other</b>	<b>\$ 132</b>	<b>\$ 1</b>	<b>\$ 134</b>	<b>\$ 66</b>	<b>\$ 1</b>	<b>\$ 67</b>

Footnote:

(1) Includes web for "Online Game" and web advertising and other revenue for "Advertising and Other"

# Revenue To Bookings: By Platform (9 months)



	9 months ended			9 months ended		
	9/30/2021			9/30/2020		
	Mobile	Other <sup>(1)</sup>	Total	Mobile	Other <sup>(1)</sup>	Total
<i>(in millions, unaudited)</i>						
<b>Reconciliation of Revenue to Bookings: Online Game</b>						
Revenue	\$ 1,659	\$ 56	\$ 1,715	\$ 1,117	\$ 52	\$ 1,169
Change in deferred revenue	(5)	(1)	(6)	213	-	213
<b>Bookings: Online Game</b>	<b>\$ 1,654</b>	<b>\$ 55</b>	<b>\$ 1,709</b>	<b>\$ 1,330</b>	<b>\$ 52</b>	<b>\$ 1,382</b>

	9 months ended			9 months ended		
	9/30/2021			9/30/2020		
	Mobile	Other <sup>(1)</sup>	Total	Mobile	Other <sup>(1)</sup>	Total
<i>(in millions, unaudited)</i>						
<b>Reconciliation of Revenue to Bookings: Advertising &amp; Other</b>						
Revenue	\$ 386	\$ 4	\$ 390	\$ 187	\$ 3	\$ 190
Change in deferred revenue	-	-	-	(1)	-	(1)
<b>Bookings: Advertising &amp; Other</b>	<b>\$ 386</b>	<b>\$ 4</b>	<b>\$ 390</b>	<b>\$ 186</b>	<b>\$ 3</b>	<b>\$ 189</b>

Footnote:

(1) Includes web for "Online Game" and web advertising and other revenue for "Advertising and Other"

# Revenue To Bookings: By Geography



*(in millions, unaudited)*

	3 months ended <i>USA</i>		3 months ended <i>International</i>	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020
<b>Reconciliation of Revenue to Bookings: By Geography</b>				
Revenue	\$ 425	\$ 312	\$ 280	\$ 191
Change in deferred revenue	(19)	75	(18)	50
Bookings: By Geography	<u>\$ 406</u>	<u>\$ 387</u>	<u>\$ 262</u>	<u>\$ 241</u>

# Net Income (Loss) To Adjusted EBITDA



	3 months ended		9 months ended	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020
<i>(in millions, unaudited)</i>				
<b>Reconciliation of Net Income (Loss) to Adjusted EBITDA</b>				
Net income (loss)	\$ (42)	\$ (122)	\$ (37)	\$ (376)
Provision for (benefit from) income taxes	16	(9)	54	18
Other expense (income), net	1	3	1	5
Interest income	(2)	(1)	(5)	(10)
Interest expense	15	7	44	21
Depreciation and amortization	58	49	170	87
Acquisition-related transaction expenses	16	5	21	11
Contingent consideration fair value adjustment	22	67	51	336
Expenses incurred from vacated lease <sup>(1)</sup>	70	-	70	-
Stock-based compensation expense	45	39	125	85
Adjusted EBITDA	\$ 197	\$ 38	\$ 494	\$ 176

Footnote:

<sup>(1)</sup> Amount includes \$67 million non-cash impairment charge related to our San Francisco office building and related leasehold improvements, property and equipment incurred in August 2021, as well as subsequent rent and other expenses (including depreciation) associated with the office building

# Net Cash Provided By (Used In) Operating Activities To Free Cash Flow



*(in millions, unaudited)*

	3 months ended		9 months ended	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020
<b>Reconciliation of net cash provided by (used in) operating activities to free cash flow</b>				
Net cash provided by (used in) operating activities	\$ 99	\$ 113	\$ 96	\$ 223
Acquisition of property and equipment	(3)	(5)	(7)	(16)
Free cash flow	<u>\$ 96</u>	<u>\$ 109</u>	<u>\$ 89</u>	<u>\$ 207</u>

# GAAP To Non-GAAP Costs & Expenses (3 months)



## 3 months ended September 30, 2021

(in millions, unaudited)

GAAP measure	Adjustments to GAAP to arrive at non-GAAP measures						Non-GAAP measure
	Amortization of intangible assets from acquisitions	Contingent consideration fair value adjustment	Acquisition-related expenses	Expenses incurred from vacated lease	Stock-based compensation expense		
Cost of revenue	\$ 241	\$ (55)	\$ -	\$ -	\$ -	\$ (1)	\$ 185
Operating expenses							
Research and development	144	-	(22)	(4)	-	(30)	88
Sales and marketing	217	-	-	(3)	-	(4)	210
General and administrative	49	-	-	(9)	(3)	(10)	28
Impairment related to real estate assets	67	-	-	-	(67)	-	-
Total operating expenses	476	-	(22)	(16)	(70)	(44)	325
Total costs and expenses	\$ 717	\$ (55)	\$ (22)	\$ (16)	\$ (70)	\$ (45)	\$ 511

## 3 months ended September 30, 2020

(in millions, unaudited)

GAAP measure	Adjustments to GAAP to arrive at non-GAAP measures						Non-GAAP measure
	Amortization of intangible assets from acquisitions	Contingent consideration fair value adjustment	Acquisition-related expenses	Expenses incurred from vacant lease	Stock-based compensation expense		
Cost of revenue	\$ 236	\$ (46)	\$ -	\$ -	\$ -	\$ (1)	\$ 189
Operating expenses							
Research and development	166	-	(67)	-	-	(25)	74
Sales and marketing	187	-	-	-	-	(4)	183
General and administrative	36	-	-	(5)	-	(9)	23
Total operating expenses	389	-	(67)	(5)	-	(38)	279
Total costs and expenses	\$ 625	\$ (46)	\$ (67)	\$ (5)	\$ -	\$ (39)	\$ 469

# GAAP To Non-GAAP Costs & Expenses (9 months)



## 9 months ended September 30, 2021

(in millions, unaudited)

GAAP measure	Adjustments to GAAP to arrive at non-GAAP measures						Non-GAAP measure
	Amortization of intangible assets from acquisitions	Contingent consideration fair value adjustment	Acquisition-related expenses	Expenses incurred from vacant lease	Stock-based compensation expense		
Cost of revenue	\$ 755	\$ (160)	\$ -	\$ -	\$ -	\$ (2)	\$ 593
Operating expenses							
Research and development	394	-	(51)	(4)	-	(83)	256
Sales and marketing	710	-	-	(3)	-	(13)	694
General and administrative	123	-	-	(14)	(3)	(27)	79
Impairment related to real estate assets	67	-	-	-	(67)	-	-
Total operating expenses	1,293	-	(51)	(21)	(70)	(123)	1,029
Total costs and expenses	\$ 2,048	\$ (160)	\$ (51)	\$ (21)	\$ (70)	\$ (125)	\$ 1,622

## 9 months ended September 30, 2020

(in millions, unaudited)

GAAP measure	Adjustments to GAAP to arrive at non-GAAP measures						Non-GAAP measure
	Amortization of intangible assets from acquisitions	Contingent consideration fair value adjustment	Acquisition-related expenses	Expenses incurred from vacant lease	Stock-based compensation expense		
Cost of revenue	\$ 561	\$ (79)	\$ -	\$ -	\$ -	\$ (2)	\$ 481
Operating expenses							
Research and development	592	-	(336)	-	-	(49)	207
Sales and marketing	445	-	-	-	-	(11)	434
General and administrative	103	-	-	(11)	-	(24)	69
Total operating expenses	1,140	-	(336)	(11)	-	(84)	710
Total costs and expenses	\$ 1,701	\$ (79)	\$ (336)	\$ (11)	\$ -	\$ (85)	\$ 1,191



# Q4 2021 Financial Guidance: GAAP To Non-GAAP Reconciliation



(in millions, except per share data)

	Q4'21 Guidance	Q4'20 Actual	Variance
<b>Reconciliation of Revenue to Bookings</b>			
Revenue	\$ 675	\$ 616	\$ 59
Change in deferred revenue	40	83	(43)
Bookings	\$ 715	\$ 699	\$ 16
<b>Reconciliation of Net (Loss) Income to Adjusted EBITDA</b>			
Net (loss) income	\$ (60)	\$ (53)	\$ (7)
Provision for (benefit from) income taxes	18	6	12
Other expense, net	-	12	(12)
Interest income	(1)	(1)	-
Interest expense	16	9	7
Depreciation and amortization	65	55	10
Acquisition-related transaction expenses	4	1	3
Contingent consideration fair value adjustment	25	24	1
Expenses incurred from vacated lease <sup>(1)</sup>	5	-	5
Stock-based compensation expense	50	38	12
Adjusted EBITDA	\$ 122	\$ 90	\$ 32
<b>Basic and diluted net loss per share</b>	\$ (0.05)	\$ (0.05)	\$ -
<b>GAAP basic and diluted shares</b>	1,120	1,080	40

Footnotes:

<sup>(1)</sup> Amount includes rent and other expenses (including depreciation expense) associated with our San Francisco office building, subsequent to the Q3 2021 impairment charge recognized

# Updated FY 2021 Financial Guidance: GAAP To Non-GAAP Reconciliation



(in millions, except per share data)

	Updated FY'21 Guidance	FY'20 Actual	Variance
<b>Reconciliation of Revenue to Bookings</b>			
Revenue	\$ 2,780	\$ 1,975	\$ 805
Change in deferred revenue	34	295	(261)
Bookings	<u>\$ 2,814</u>	<u>\$ 2,270</u>	<u>\$ 544</u>
<b>Reconciliation of Net (Loss) Income to Adjusted EBITDA</b>			
Net (loss) income	\$ (97)	\$ (429)	\$ 332
Provision for income taxes	72	24	48
Other expense, net	1	17	(16)
Interest income	(6)	(12)	6
Interest expense	60	30	30
Depreciation and amortization	235	142	93
Acquisition-related transaction expenses	25	13	12
Contingent consideration fair value adjustment	76	359	(283)
Expenses incurred from vacated lease <sup>(1)</sup>	75	-	75
Stock-based compensation expense	175	123	52
Adjusted EBITDA	<u>\$ 616</u>	<u>\$ 266</u>	<u>\$ 350</u>
<b>Basic and diluted net loss per share</b>	\$ (0.09)	\$ (0.42)	\$ 0.33
<b>GAAP basic and diluted shares</b>	1,100	1,017	83

Footnotes:

<sup>(1)</sup> Amount includes \$67 million non-cash impairment charge related to our San Francisco office building and related property and equipment incurred in August 2021, as well as subsequent rent and other expenses (including depreciation) associated with the office building

WHAT WILL  
OUR PLAYERS  
THANK US FOR?



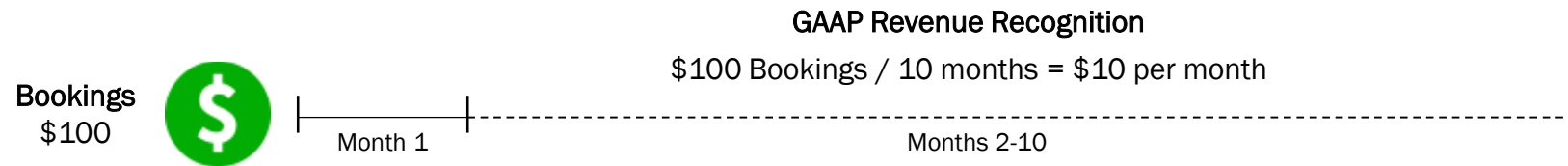
## APPENDIX - REVENUE TO BOOKINGS ILLUSTRATION

# Revenue, Deferred Revenue And Bookings Illustration

The following example illustrates GAAP revenue recognition for online game bookings in a Zynga mobile game:

*Example: Assume that a player purchases \$100 of virtual currency in a Zynga mobile game*

- The player uses the virtual currency to purchase a durable virtual good
- For the purpose of this example, the estimated average playing period of payers for this mobile game is 10 months



Bookings recognized in month 1 = **\$100**

Revenue recognized in month 1 = **\$10**

Deferred Revenue at end of month 1 = **\$90** (to be recognized as revenue in months 2-10)

$$\text{Revenue } (\$10) + \text{Deferred Revenue } (\$90) = \text{Bookings } (\$100)$$



Q3  
2021