



ZYNGA Q1 2020

FINANCIAL RESULTS

May 6, 2020

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MANAGEMENT TEAM



CHIEF EXECUTIVE OFFICER
Frank Gibeau



CHIEF FINANCIAL OFFICER
Gerard Griffin

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements, including those statements relating to our outlook for the full year and second quarter of 2020 under the headings “Q2 2020 Financial Guidance,” “Revised FY 2020 Financial Guidance,” “Q2 2020 Financial Guidance: GAAP to Non-GAAP Reconciliation” and “Revised FY 2020 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 live services, growth projections relating to our forever franchises and the expected impact from the issuance and eventual lifting of shelter-in-place orders; expectation to both launch and receive initial contributions from new titles in the second half of 2020; potential to accelerate growth through existing efforts and investments in new platforms and other initiatives, markets and technology; our ability to navigate the current environment; our plans to enhance existing games with new events, features and updates, scale existing games and increase marketing investments for both our live services portfolio and new game launches; our performance expectations regarding our live services, advertising business, forever franchises and our older mobile and web titles; our opportunities to further scale the business through acquisitions; and our ability to achieve and expectations related to financial projections, including revenue, deferred revenue, bookings, income, adjusted EBITDA, contingent consideration accruals, operating expenses, operating leverage, operating results, operating cash flow and margins.

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.

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 March 31, 2020. We assume no obligation and do not intend to update these estimates prior to filing our Quarterly Report on Form 10-Q.



OVERVIEW OF Q1 2020 PERFORMANCE

Q1 2020 PERFORMANCE OVERVIEW

Q1 HIGHLIGHTS

- Highest first quarter revenue and bookings performances in Zynga history
- Revenue of \$404 million, up 52% year-over-year, and bookings of \$425 million, up 18% year-over-year
- Online game – or user pay – revenue of \$344 million, up 72% year-over-year, and user pay bookings of \$366 million, up 24% year-over-year
- *Empires & Puzzles, Merge Magic!, Game of Thrones™ Slots Casino* and *Merge Dragons!* were the primary drivers of year-over-year topline growth
- *Empires & Puzzles* and our Social Slots portfolio achieved record revenue and bookings quarters
- Our Small Giant Games and Gram Games acquisitions continue to perform ahead of expectations driven by strong engagement and monetization in *Empires & Puzzles, Merge Dragons!* and *Merge Magic!*
- In March, *Harry Potter: Puzzles & Spells* joined *Puzzle Combat* and *FarmVille 3* in soft launch, and all three titles are progressing well in test markets
- Successfully transitioned all Zynga employees to work from home without material disruptions to our operations
- Cash and investments of approximately \$1.43 billion as of March 31, 2020

Q1 2020 FINANCIAL GUIDANCE VS. ACTUALS

(in thousands, except per share data)

GAAP	Q1 2020 Guidance ⁽²⁾	Actuals
Revenue	\$ 385,000	\$ 403,767
(B) Net increase in deferred revenue ⁽¹⁾	\$ (15,000)	\$ (21,108)
Net loss	\$ (26,000)	\$ (103,925)
Basic and diluted net loss per share	\$ (0.03)	\$ (0.11)
Basic and diluted share count	950,000	952,502
Non-GAAP		
Bookings	\$ 400,000	\$ 424,875
(A) Adjusted EBITDA	\$ 57,000	\$ 68,460

Management Reporting = (A) - (B)

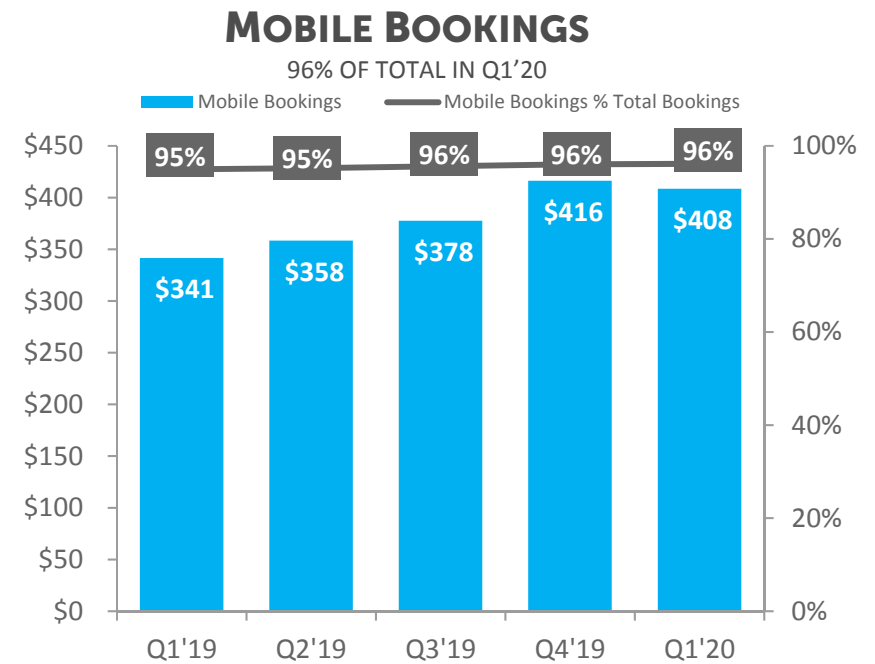
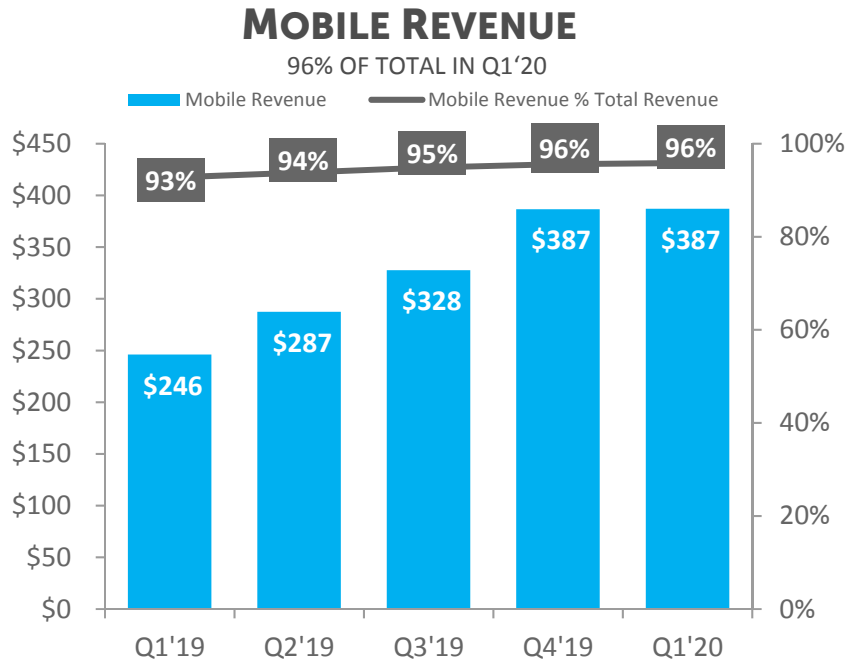
Footnotes:

⁽¹⁾ 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.

⁽²⁾ Q1 2020 guidance as communicated in Q4 2019 earnings letter and slides.

MOBILE: REVENUE AND BOOKINGS

IN MILLIONS



Increase in Deferred Revenue ⁽¹⁾	(\$95)	(\$71)	(\$50)	(\$30)	(\$22)
Mobile Bookings	\$341	\$358	\$378	\$416 ⁽²⁾	\$408 ⁽²⁾

Footnotes:

- 8 (1) Refer to footnote (1) on slide 7 for additional clarity on this financial measure
 (2) This measure, as presented, differs due to the impact of rounding

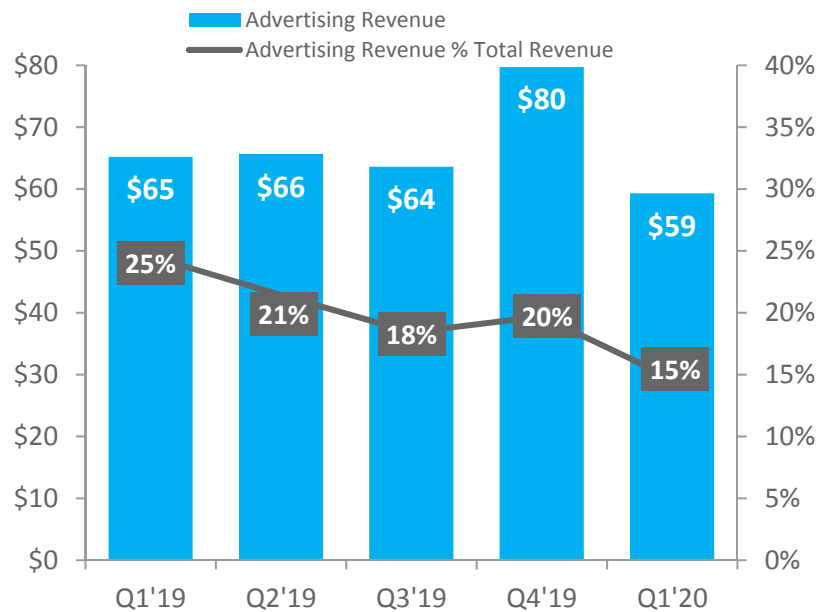


ADVERTISING: REVENUE AND BOOKINGS

IN MILLIONS

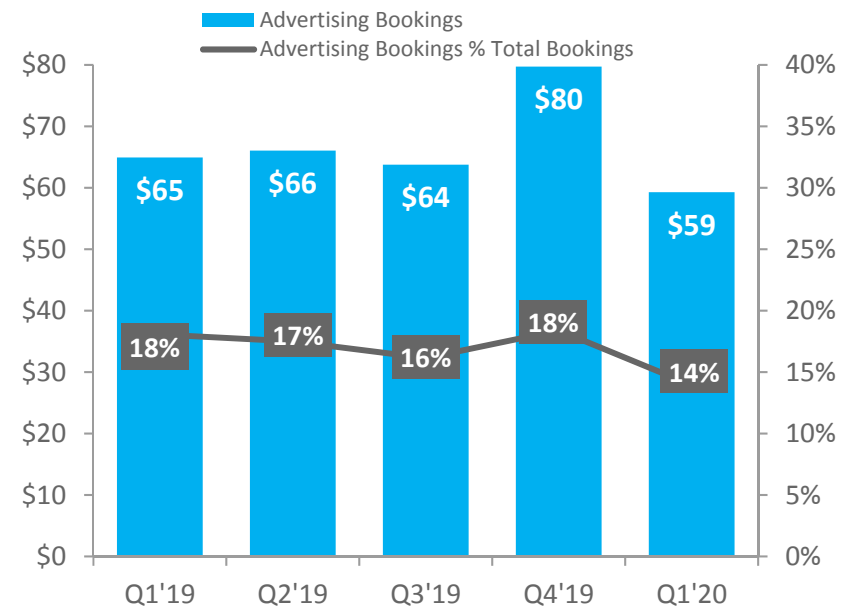
ADVERTISING REVENUE

15% OF TOTAL IN Q1'20



ADVERTISING BOOKINGS

14% OF TOTAL IN Q1'20



Net Change in Deferred Revenue ⁽¹⁾	\$0	\$0	\$0	\$0	\$0
Advertising Bookings	\$65	\$66	\$64	\$80	\$59

Footnotes:

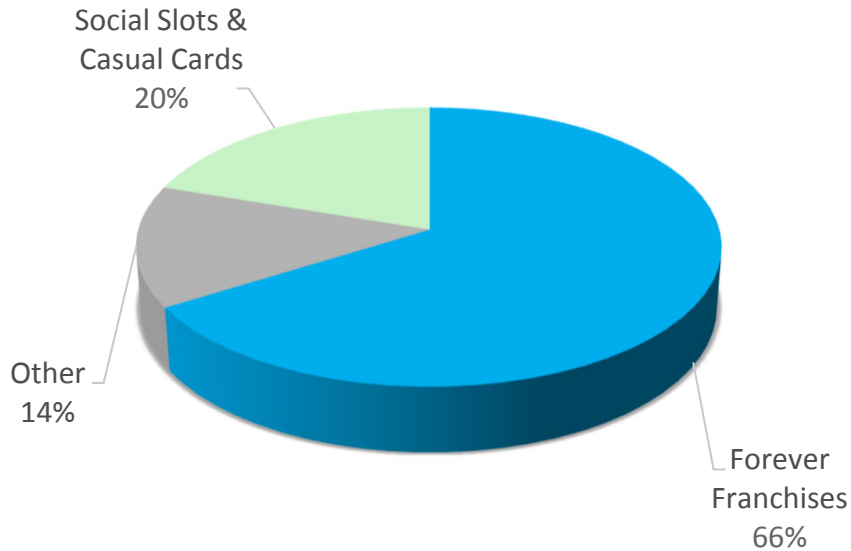
9 (1) Refer to footnote (1) on slide 7 for additional clarity on this financial measure



Q1 2020 TOTAL REVENUE AND BOOKINGS

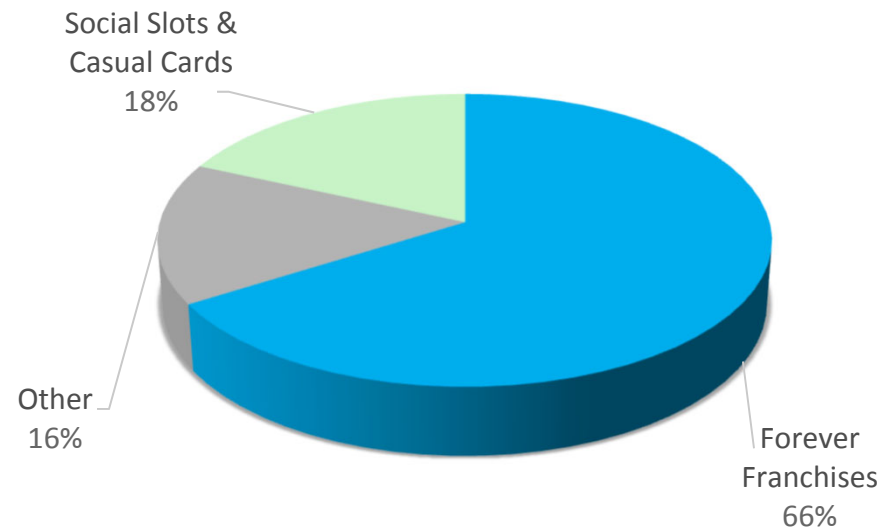
Q1 2020 TOTAL REVENUE

Total Amount: \$404 million



Q1 2020 TOTAL BOOKINGS

Total Amount: \$425 million



Note:

"Forever Franchises" includes *CSR Racing*, *Empires & Puzzles*, *Merge Dragons!*, *Words With Friends* and *Zynga Poker*.

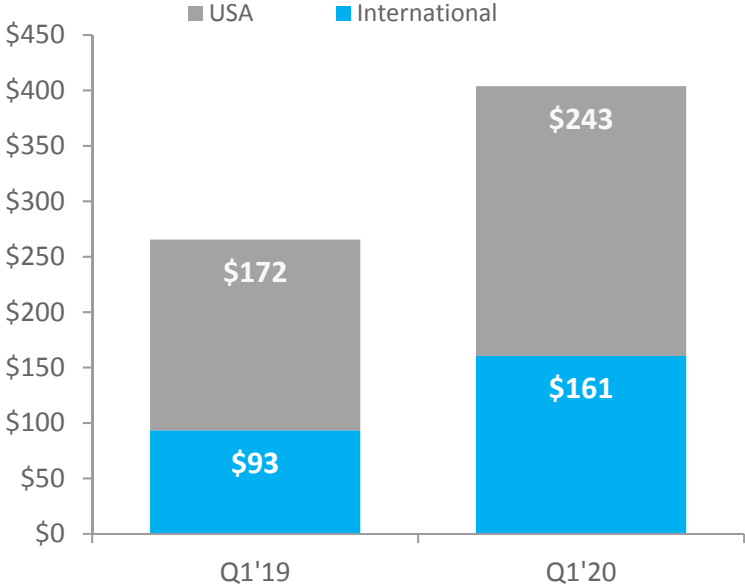
"Social Slots & Casual Cards" includes *Black Diamond Casino*, *Game of Thrones Slots Casino*, *Hit It Rich! Slots*, *Willy Wonka Slots*, *Wizard of Oz Slots*, *Casual Card Games* acquired in December 2017 and *Solitaire*.

BY GEOGRAPHY: REVENUE AND BOOKINGS

IN MILLIONS

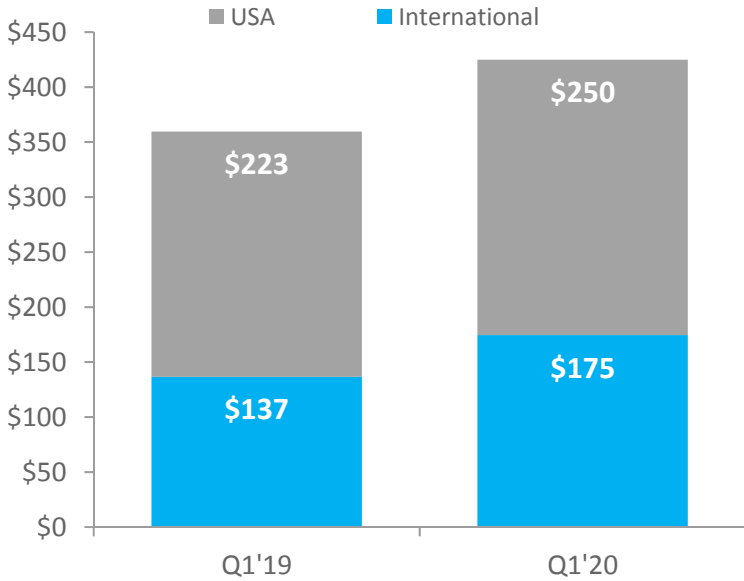
TOTAL REVENUE

USA UP 41% Y/Y
INTERNATIONAL UP 72% Y/Y



TOTAL BOOKINGS

USA UP 12% Y/Y
INTERNATIONAL UP 28% Y/Y



USA % of Total	65%	60%
International % of Total	35%	40%

USA % of Total	62%	59%
International % of Total	38%	41%



NET INCOME (LOSS) AND CASH FLOW

(in millions, except per share data)

	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19
Net income (loss)	\$ (104)	\$ (4)	\$ 230	\$ (56)	\$ (129)
Diluted net income (loss) per share	\$ (0.11)	\$ (0.00)	\$ 0.24	\$ (0.06)	\$ (0.14)
Operating cash flow	\$ (35)	\$ 94	\$ 69	\$ 99	\$ 2
Free cash flow (non-GAAP)	\$ (44)	\$ 89	\$ 60	\$ 94	\$ (4)
Cash, cash equivalents and investments	\$ 1,434	\$ 1,537	\$ 1,446	\$ 831	\$ 252

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, beginning with the first quarter of 2019, we now 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.

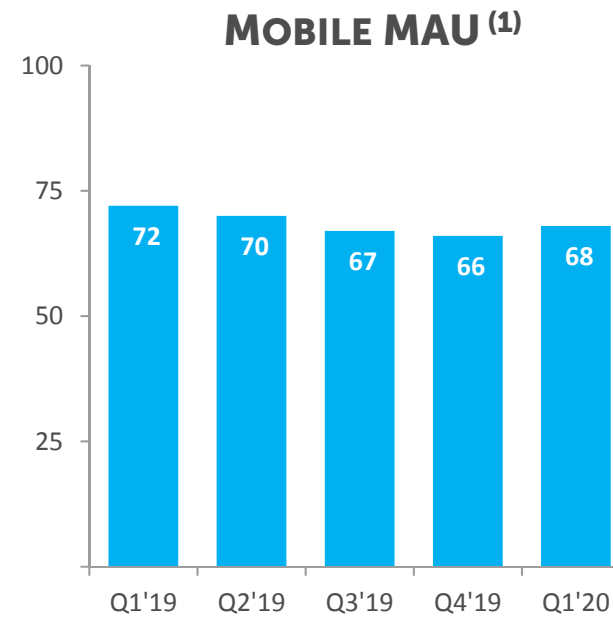
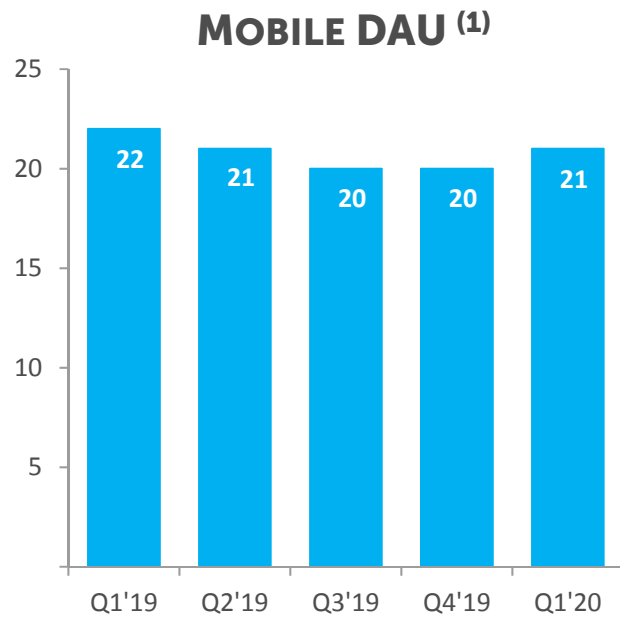
Mobile DAUs. We define Mobile Daily Active Users (DAUs) as the number of individuals who played one of our mobile games during a particular day. Under this metric, an individual who plays two different mobile games on the same day is counted as two Mobile DAUs. We use information provided by third parties 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

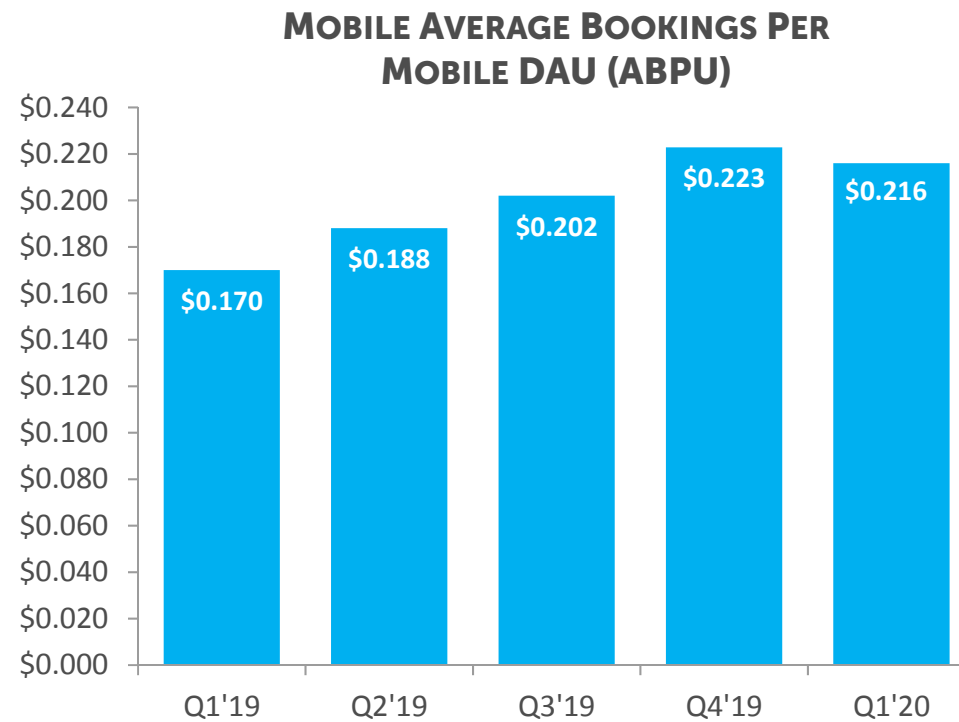
IN MILLIONS



Footnote:

(1) We do not have the third party network login data to link an individual who has played under multiple user accounts and accordingly, actual Mobile DAU and Mobile MAU may be lower than reported due to the potential duplication of these individuals. Specifically, Mobile DAUs and Mobile MAUs incrementally include *Merge Magic!* and the games acquired from Gram Games in May 2018 and Small Giant Games in January 2019.

MOBILE MONETIZATION



Please refer to Slide 13 – “Key Operating Metrics” for further discussion on the uses, limitations and comparability of the operating metrics presented.



Q2 AND REVISED FY 2020 FINANCIAL GUIDANCE

Q2 2020 FINANCIAL GUIDANCE

(in thousands, except per share data)

GAAP	Q2'20 Guidance	Q2'19 Actual	Variance
Revenue	\$ 400,000	\$ 306,500	\$ 93,500
(B) Net increase in deferred revenue ⁽¹⁾	\$ (60,000)	\$ (69,873)	\$ 9,873
Net loss	\$ (60,000)	\$ (55,830)	\$ (4,170)
Basic and diluted net loss per share	\$ (0.06)	\$ (0.06)	\$ -
Basic and diluted share count	960,000	937,334	22,666
Non-GAAP			
Bookings	\$ 460,000	\$ 376,373	\$ 83,627
(A) Adjusted EBITDA	\$ 32,000	\$ 2,885	\$ 29,115

Management Reporting = (A) - (B)

Footnote:

(1) 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.

REVISED FY 2020 FINANCIAL GUIDANCE

(in thousands, except per share data)

GAAP	Revised FY'20		
	Guidance	FY'19 Actual	Variance
Revenue	\$ 1,650,000	\$ 1,321,659	\$ 328,341
(B) Net increase in deferred revenue ⁽¹⁾	\$ (150,000)	\$ (242,402)	\$ 92,402
Net income (loss)	\$ (245,000)	\$ 41,925	\$ (286,925)
Basic net income (loss) per share	\$ (0.25)	\$ 0.04	\$ (0.29)
Diluted net income (loss) per share	\$ (0.25)	\$ 0.04	\$ (0.29)
Basic share count	965,000	938,709	26,291
Diluted share count	965,000	974,020	(9,020)
Non-GAAP			
Bookings	\$ 1,800,000	\$ 1,564,061	\$ 235,939
(A) Adjusted EBITDA	\$ 210,000	\$ 87,215	\$ 122,785

Management Reporting = (A) - (B)

Footnote:

(1) 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, as applicable, the impact of stock-based compensation expense, acquisition-related transaction expenses, contingent consideration fair value adjustments and/or legal settlements and related legal expense;
- 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 operating activities less cash spent on capital expenditures; and
- Non-GAAP operating expenses do not include the impact of stock-based expense, acquisition-related transaction expenses, contingent consideration fair value adjustments, legal settlements and related legal expense or amortization of intangible assets from acquisitions.

REVENUE TO BOOKINGS: TOTAL

<i>(in thousands, unaudited)</i>	3 months ended	
	3/31/2020	3/31/2019
Reconciliation of Revenue to Bookings: Total		
Revenue	\$ 403,767	\$ 265,403
Change in deferred revenue	21,108	94,082
Bookings: Total	<u>\$ 424,875</u>	<u>\$ 359,485</u>

REVENUE TO BOOKINGS: MOBILE

<i>(in thousands, unaudited)</i>	3 months ended	
	3/31/2020	3/31/2019
Reconciliation of Revenue to Bookings: Mobile		
Revenue	\$ 386,989	\$ 246,093
Change in deferred revenue	21,510	95,305
Bookings: Mobile	<u>\$ 408,499</u>	<u>\$ 341,398</u>

REVENUE TO BOOKINGS: ADVERTISING

<i>(in thousands, unaudited)</i>	3 months ended	
	3/31/2020	3/31/2019
Reconciliation of Revenue to Bookings: Advertising		
Revenue	\$ 59,290	\$ 65,195
Change in deferred revenue	(30)	(266)
Bookings: Advertising	<u>\$ 59,260</u>	<u>\$ 64,929</u>

REVENUE TO BOOKINGS: BY GEOGRAPHY

(in thousands, unaudited)

	3 months ended <i>USA</i>		3 months ended <i>International</i>	
	3/31/2020	3/31/2019	3/31/2020	3/31/2019
Reconciliation of Revenue to Bookings: By Geography				
Revenue	\$ 243,250	\$ 172,061	\$ 160,517	\$ 93,342
Change in deferred revenue	7,119	50,906	13,988	43,175
Bookings: By Geography	\$ 250,369	\$ 222,967	\$ 174,505	\$ 136,517

REVENUE TO BOOKINGS: BY PLATFORM

(in thousands, unaudited)

	3 months ended			3 months ended		
	3/31/2020			3/31/2019		
Reconciliation of Revenue to Bookings: Online Game	Mobile	Other ⁽¹⁾	Total	Mobile	Other ⁽¹⁾	Total
Revenue	\$ 328,671	\$ 15,689	\$ 344,360	\$ 182,833	\$ 17,331	\$ 200,164
Change in deferred revenue	21,540	(363)	21,177	95,571	(1,183)	94,388
Bookings: Online Game	<u>\$ 350,211</u>	<u>\$ 15,326</u>	<u>\$ 365,537</u>	<u>\$ 278,404</u>	<u>\$ 16,148</u>	<u>\$ 294,552</u>

(in thousands, unaudited)

	3 months ended			3 months ended		
	3/31/2020			3/31/2019		
Reconciliation of Revenue to Bookings: Advertising & Other	Mobile	Other ⁽¹⁾	Total	Mobile	Other ⁽¹⁾	Total
Revenue	\$ 58,318	\$ 1,089	\$ 59,407	\$ 63,260	\$ 1,979	\$ 65,239
Change in deferred revenue	(30)	(39)	(69)	(266)	(40)	(306)
Bookings: Advertising & Other	<u>\$ 58,288</u>	<u>\$ 1,050</u>	<u>\$ 59,338</u>	<u>\$ 62,994</u>	<u>\$ 1,939</u>	<u>\$ 64,933</u>

Footnote:

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



NET INCOME (LOSS) TO ADJUSTED EBITDA

<i>(in thousands, unaudited)</i>	3 months ended	
	3/31/2020	3/31/2019
Reconciliation of Net Income (Loss) to Adjusted EBITDA		
Net income (loss)	\$ (103,925)	\$ (128,828)
Provision for (benefit from) income taxes	8,511	(10,252)
Other expense (income), net	2,330	(3,375)
Interest income	(5,525)	(443)
Interest expense	6,955	1,263
Depreciation and amortization	18,862	21,080
Acquisition-related transaction expenses	787	7,356
Contingent consideration fair value adjustment	120,000	85,500
Gain on legal settlement and related legal expense	-	(9,627)
Stock-based compensation expense	20,465	18,773
Adjusted EBITDA	<u>\$ 68,460</u>	<u>\$ (18,553)</u>

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES TO FREE CASH FLOW

<i>(in thousands, unaudited)</i>	3 months ended	
	3/31/2020	3/31/2019
Reconciliation of net cash provided by (used in) operating activities to free cash flow		
Net cash provided by (used in) operating activities	\$ (35,186)	\$ 1,547
Acquisition of property and equipment	(8,546)	(5,058)
Free cash flow	<u>\$ (43,732)</u>	<u>\$ (3,511)</u>

GAAP TO NON-GAAP COSTS AND EXPENSES

	Adjustments to GAAP to arrive at non-GAAP measures						Non-GAAP measure
	GAAP measure	Amortization of intangible assets from acquisitions	Contingent consideration fair value adjustment	Acquisition-related expenses	Gain (loss) from legal settlements and related expense	Stock-based compensation expense	
Three months ended March 31, 2020							
	<i>(in thousands, unaudited)</i>						
Cost of revenue	\$ 146,202	\$ (16,380)	\$ -	\$ -	\$ -	\$ (438)	\$ 129,384
Operating expenses							
Research and development	197,845	-	(120,000)	-	-	(10,703)	67,142
Sales and marketing	123,171	-	-	-	-	(3,063)	120,108
General and administrative	28,203	-	-	(787)	-	(6,261)	21,155
Total operating expenses	349,219	-	(120,000)	(787)	-	(20,027)	208,405
Total costs and expenses	\$ 495,421	\$ (16,380)	\$ (120,000)	\$ (787)	\$ -	\$ (20,465)	\$ 337,789

	Adjustments to GAAP to arrive at non-GAAP measures						Non-GAAP measure
	GAAP measure	Amortization of intangible assets from acquisitions	Contingent consideration fair value adjustment	Acquisition-related expenses	Gain (loss) from legal settlements and related expense	Stock-based compensation expense	
Three months ended March 31, 2019							
	<i>(in thousands, unaudited)</i>						
Cost of revenue	\$ 121,643	\$ (17,273)	\$ -	\$ -	\$ -	\$ (284)	\$ 104,086
Operating expenses							
Research and development	161,880	-	(85,500)	-	-	(11,715)	64,665
Sales and marketing	102,011	(291)	-	-	-	(2,487)	99,233
General and administrative	21,504	-	-	(7,356)	9,627	(4,287)	19,488
Total operating expenses	285,395	(291)	(85,500)	(7,356)	9,627	(18,489)	183,386
Total costs and expenses	\$ 407,038	\$ (17,564)	\$ (85,500)	\$ (7,356)	\$ 9,627	\$ (18,773)	\$ 287,472

Q2 2020 FINANCIAL GUIDANCE: GAAP TO NON-GAAP RECONCILIATION

(in thousands, except per share data)

	Q2'20 Guidance	Q2'19 Actual	Variance
Reconciliation of Revenue to Bookings			
Revenue	\$ 400,000	\$ 306,500	\$ 93,500
Change in deferred revenue	60,000	69,873	(9,873)
Bookings	<u>\$ 460,000</u>	<u>\$ 376,373</u>	<u>\$ 83,627</u>
Reconciliation of Net (Loss) Income to Adjusted EBITDA			
Net (loss) income	\$ (60,000)	\$ (55,830)	\$ (4,170)
Provision for (benefit from) income taxes	10,000	(2,805)	12,805
Other income, net	-	(3,877)	3,877
Interest income	(2,000)	(889)	(1,111)
Interest expense	8,000	2,167	5,833
Depreciation and amortization	20,000	19,669	331
Acquisition-related transaction expenses	1,000	232	768
Contingent consideration fair value adjustment	25,000	23,900	1,100
Gain on legal settlement and related expense	-	(1,037)	1,037
Stock-based compensation expense	30,000	21,355	8,645
Adjusted EBITDA	<u>\$ 32,000</u>	<u>\$ 2,885</u>	<u>\$ 29,115</u>
Basic and diluted net loss per share	\$ (0.06)	\$ (0.06)	\$ -
GAAP basic and diluted shares	960,000	937,334	22,666

REVISED FY 2020 FINANCIAL GUIDANCE: GAAP TO NON-GAAP RECONCILIATION

(in thousands, except per share data)

	Revised FY'20 Guidance	FY'19 Actual	Variance
Reconciliation of Revenue to Bookings			
Revenue	\$ 1,650,000	\$ 1,321,659	\$ 328,341
Change in deferred revenue	150,000	242,402	(92,402)
Bookings	<u>\$ 1,800,000</u>	<u>\$ 1,564,061</u>	<u>\$ 235,939</u>
Reconciliation of Net (Loss) Income to Adjusted EBITDA			
Net (loss) income	\$ (245,000)	\$ 41,925	\$ (286,925)
Provision for income taxes	40,000	5,410	34,590
Other expense (income), net	2,000	(8,220)	10,220
Interest income	(10,000)	(14,039)	4,039
Interest expense	30,000	16,971	13,029
Depreciation and amortization	80,000	79,445	555
Acquisition-related transaction expenses	3,000	7,588	(4,588)
Contingent consideration fair value adjustment	200,000	201,564	(1,564)
Gain on legal settlement and related expense	-	(10,664)	10,664
Gain on sale of building, net of transfer tax ⁽¹⁾	-	(314,247)	314,247
Stock-based compensation expense	110,000	81,482	28,518
Adjusted EBITDA	<u>\$ 210,000</u>	<u>\$ 87,215</u>	<u>\$ 122,785</u>
Basic net (loss) income per share	\$ (0.25)	\$ 0.04	\$ (0.29)
Diluted net (loss) income per share	\$ (0.25)	\$ 0.04	\$ (0.29)
GAAP basic shares	965,000	938,709	26,291
GAAP diluted shares	965,000	974,020	(9,020)

Footnote:

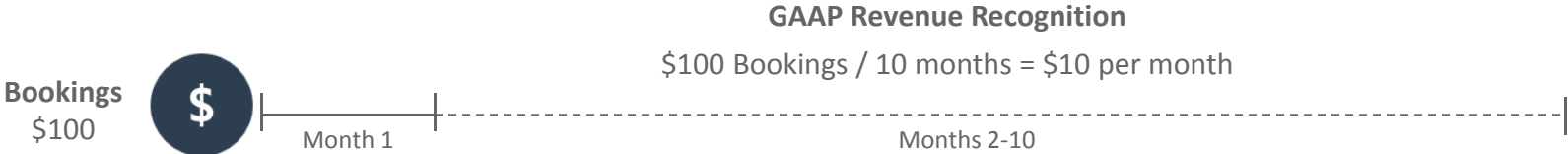
(1) The gain on the sale of the building, net of transfer tax, was recorded within "Other income (expense), net" in our consolidated statement of operations for the year ended December 31, 2019



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)

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

