



Q4
2 0 2 0

FINANCIAL RESULTS

FEBRUARY 10, 2021

Table of Contents



Overview of Q4 and FY 2020 Performance

Q1 and FY 2021 Financial Guidance

GAAP to Non-GAAP Reconciliations

Appendix

Management Team



Frank Gibeau
CHIEF EXECUTIVE OFFICER



Gerard Griffin
CHIEF FINANCIAL OFFICER



zynga



Forward-Looking Statements

This presentation contains forward-looking statements, including those statements relating to our outlook for the full year and first quarter of 2021 under the headings “Q1 2021 Financial Guidance,” “FY 2021 Financial Guidance,” “Q1 2021 Financial Guidance: GAAP To Non-GAAP Reconciliation” and “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 live services, growth contributions from recent and future titles from our new game pipeline, continued execution of our multi-year growth strategy which includes investing in new markets, categories, platforms and technologies to expand our capabilities and total addressable market such as hyper-casual games, cross-platform play, international expansion and advertising technologies, and our plans to enhance existing games, scale existing games, ramp investment in our key growth initiatives and increase marketing investments for both our live services portfolio and new game launches; our performance expectations regarding our live services, Forever Franchises, older mobile and web titles, Rollic’s hyper-casual portfolio, recent and future new game launches and advertising business; our opportunity to build new advertising technologies and solutions to further expand our position in the mobile advertising ecosystem and unlock more value; opportunities to expand our capabilities and accelerate growth through additional acquisitions of teams, technologies and franchises; and our ability to achieve and expectations related to financial projections, including revenue, deferred revenue, bookings, income, adjusted EBITDA, contingent consideration expense, amortization of acquired intangibles, user pay mix, stock-based compensation, marketing investments, income taxes, 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 Annual Report on Form 10-K for the quarter and fiscal year ended December 31, 2020. We assume no obligation and do not intend to update these estimates prior to filing our Annual Report on Form 10-K.



OVERVIEW OF Q4 and FY 2020 PERFORMANCE

Q4 2020 Highlights



- Highest revenue and bookings performances in Zynga history with revenue of \$616 million, up 52% year-over-year, and bookings of \$699 million, up 61% year-over-year.
- Record online game – or user pay – revenue of \$499 million, up 54% year-over-year, and user pay bookings of \$582 million, up 64% year-over-year.
- All-time best advertising revenue and bookings of \$117 million, up 47% year-over-year.
- Record international revenue of \$236 million, up 50% year-over-year, and international bookings of \$280 million, up 57% year-over-year.
- All-time best revenue and bookings quarter for *Words With Friends*, in addition to record Q4 performances by *Empires & Puzzles* and *CSR2* as well as our Social Slots and Casual Cards portfolios.
- Record average mobile daily active users (DAUs) of 36 million, up 77% year-over-year, and best average mobile monthly active users (MAUs) of 134 million, up 103% year-over-year.
- Issued \$875 million of convertible notes to strong investor demand, providing net cash proceeds of \$794 million after the cost of the capped call transactions and associated issuance fees.
- Generated record quarterly operating cash flow of \$206 million, up 119% year-over-year.

FY 2020 Highlights

- Highest revenue and bookings performances in Zynga history with revenue of \$1.97 billion, up 49% year-over-year, and bookings of \$2.27 billion, up 45% year-over-year.
 - Record user pay revenue of \$1.67 billion, up 59% year-over-year, and user pay bookings of \$1.96 billion, up 52% year-over-year.
 - Record advertising revenue of \$307 million, up 12% year-over-year, and advertising bookings of \$306 million, also up 12% year-over-year.
 - Record international revenue of \$763 million, up 54% year-over-year, and international bookings of \$897 million, up 43% year-over-year.
 - Launched *Harry Potter: Puzzles and Spells* to positive player reception with 4.7 average star ratings on both the Apple App Store and Google Play and received the Apple App Store Editors' Choice award and Google Play 2020 Award for Best Casual Game.
 - Announced our commitment to contribute \$25 million over the next five years toward diversity, equity and inclusion initiatives at Zynga and in the games industry.
- Executed two transformational acquisitions – adding significant live services scale, expanding our international audience base and establishing Zynga in one of the fastest growing mobile gaming categories, hyper-casual.
 - Peak – Zynga's largest acquisition, adding two at-scale Forever Franchises – *Toon Blast* and *Toy Blast*.
 - Rollic – One of the fastest growing hyper-casual gaming companies with three of the top 50 downloaded U.S. iPhone games in 2020.
 - Generated our highest annual operating cash flow of \$429 million, up 63% year-over-year.
 - Finished the year with cash and investments of approximately \$1.57 billion.
 - Created #PlayApartTogether, an award-winning initiative with the World Health Organization and more than 80 games industry peers, to promote social distancing and distribute public health information to help educate players about how to slow the spread of COVID-19.

Q4 2020 Financial Guidance vs. Actuals



(in millions, except per share data)

GAAP	Q4 2020 Guidance⁽²⁾	Q4 2020 Actuals
Revenue	\$ 570	\$ 616
(B) Net increase in deferred revenue ⁽¹⁾	\$ (100)	\$ (83)
Net loss	\$ (92)	\$ (53)
Basic and diluted net loss per share	\$ (0.09)	\$ (0.05)
Basic and diluted share count	1,080	1,080
Non-GAAP		
Bookings	\$ 670	\$ 699
(A) Adjusted EBITDA	\$ 35	\$ 90

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⁾ Q4 2020 guidance as communicated in our Q3 2020 earnings letter and slides.

FY 2020 Financial Guidance vs. Actuals



(in millions, except per share data)

GAAP	FY 2020 Guidance⁽²⁾	FY 2020 Actuals
Revenue	\$ 1,929	\$ 1,975
(B) Net increase in deferred revenue ⁽¹⁾	\$ (312)	\$ (295)
Net loss	\$ (468)	\$ (429)
Basic and diluted net loss per share	\$ (0.46)	\$ (0.42)
Basic and diluted share count	1,020	1,017
Non-GAAP		
Bookings	\$ 2,241	\$ 2,270
(A) Adjusted EBITDA	\$ 211	\$ 266

Management Reporting = (A) - (B)

Footnotes:

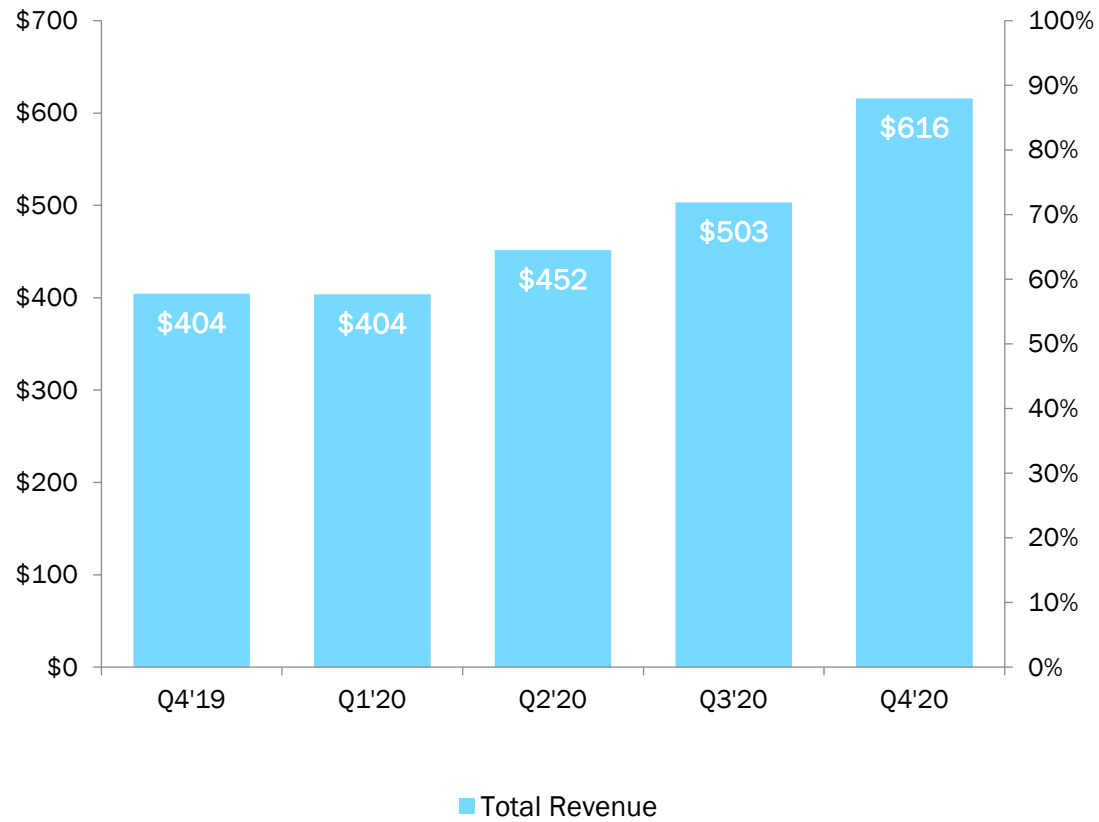
⁽¹⁾ For clarity, a net release of deferred revenue results in revenue being higher than bookings and is a positive impact to Adjusted EBITDA as reported; a net increase in deferred revenue results in revenue being lower than bookings and is a negative impact to Adjusted EBITDA as reported.

⁽²⁾ FY 2020 guidance as communicated in our Q3 2020 earnings letter and slides.

Revenue & Bookings: Total

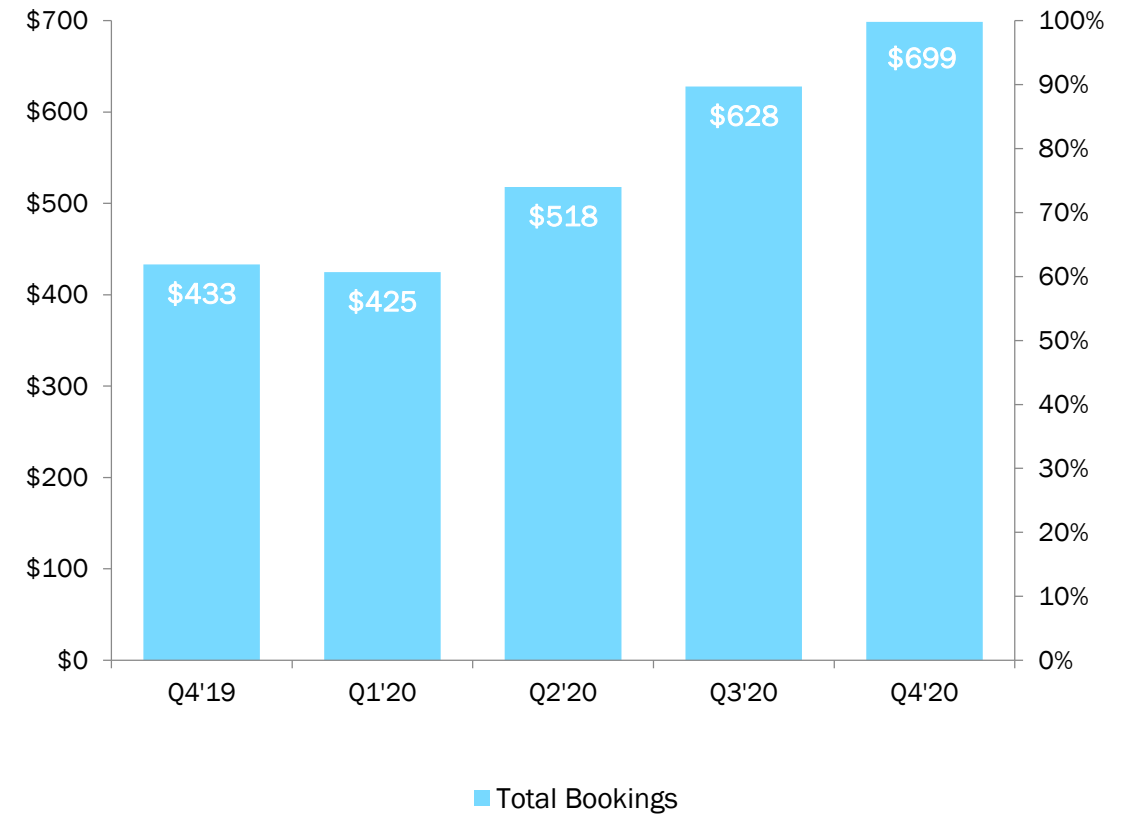
TOTAL REVENUE

UP 52% Y/Y



TOTAL BOOKINGS

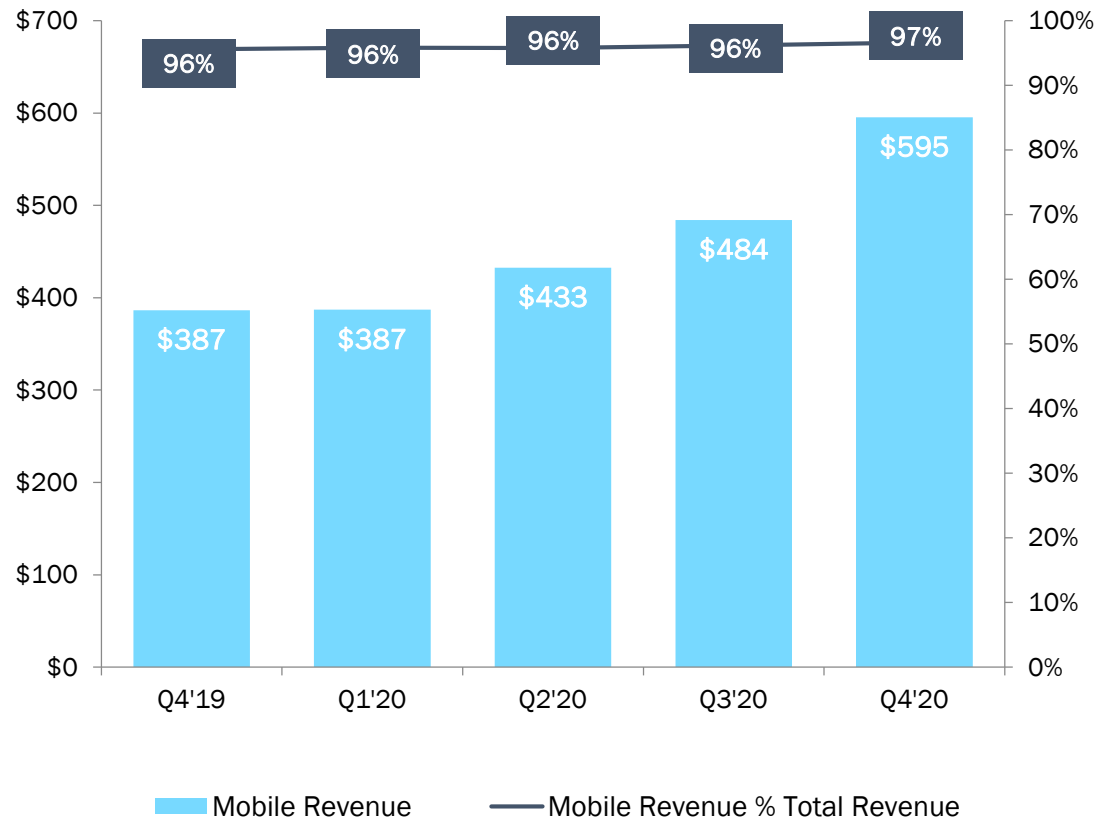
UP 61% Y/Y



Revenue & Bookings: Mobile

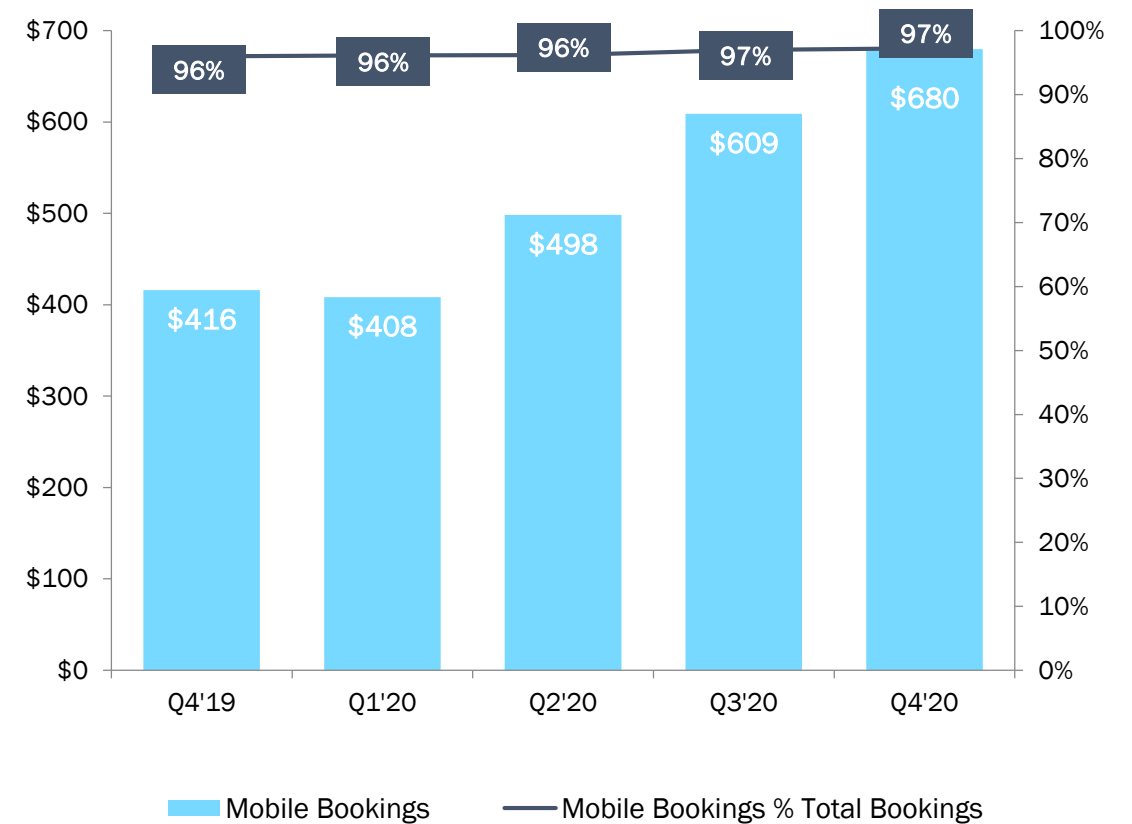
MOBILE REVENUE

97% OF TOTAL IN Q4'20



MOBILE BOOKINGS

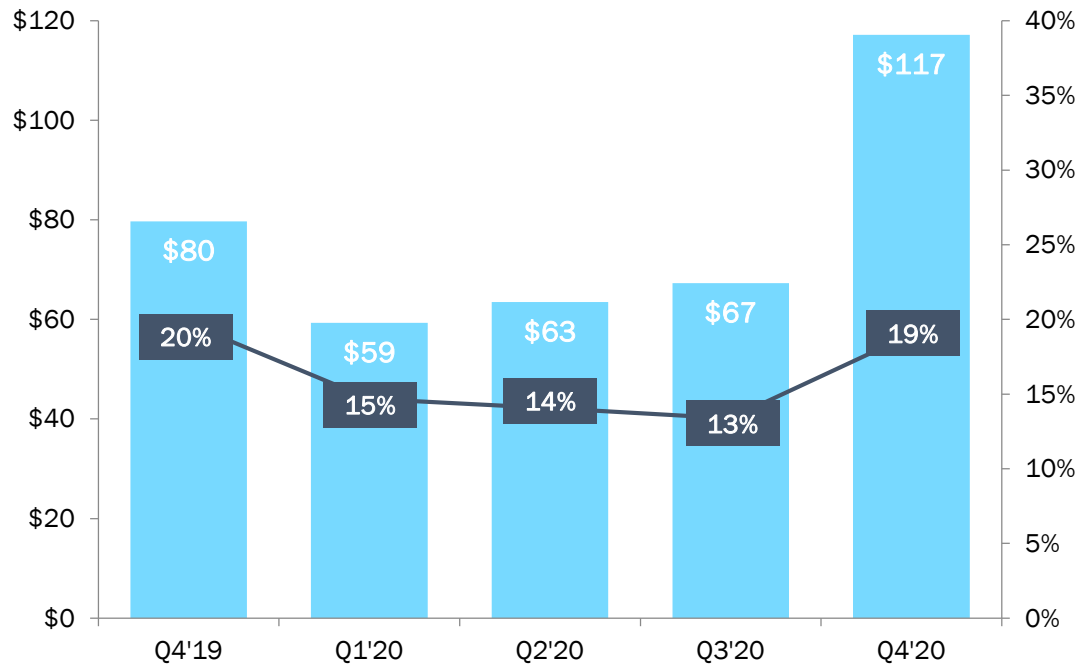
97% OF TOTAL IN Q4'20



Revenue & Bookings: Advertising

ADVERTISING REVENUE

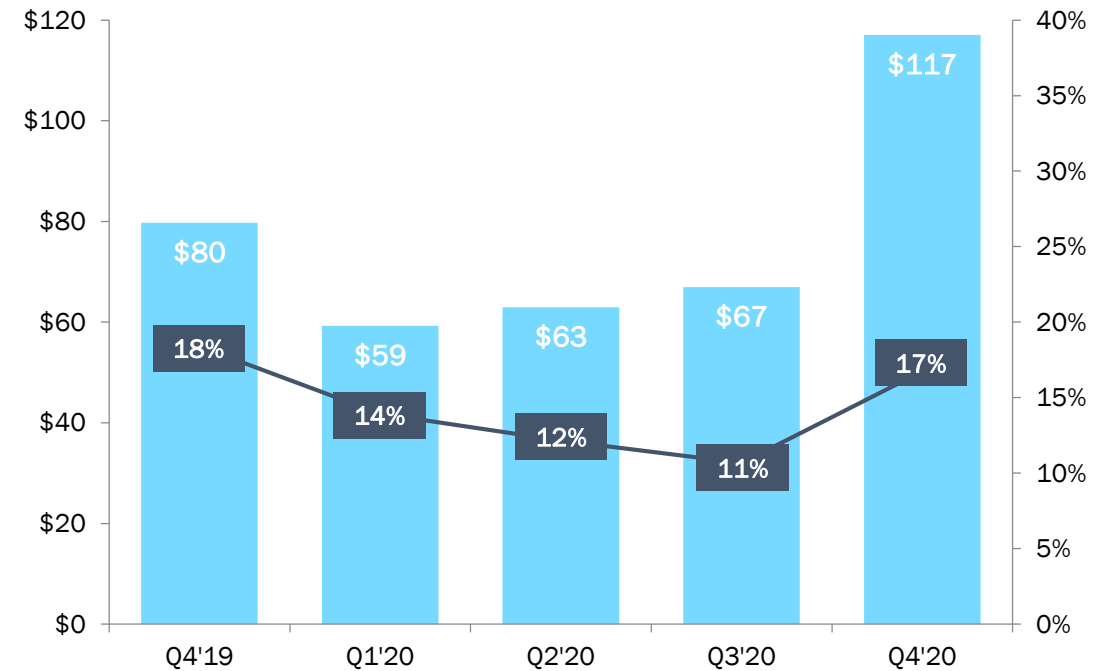
19% OF TOTAL IN Q4'20



Advertising Revenue — Advertising Revenue % Total Revenue

ADVERTISING BOOKINGS

17% OF TOTAL IN Q4'20

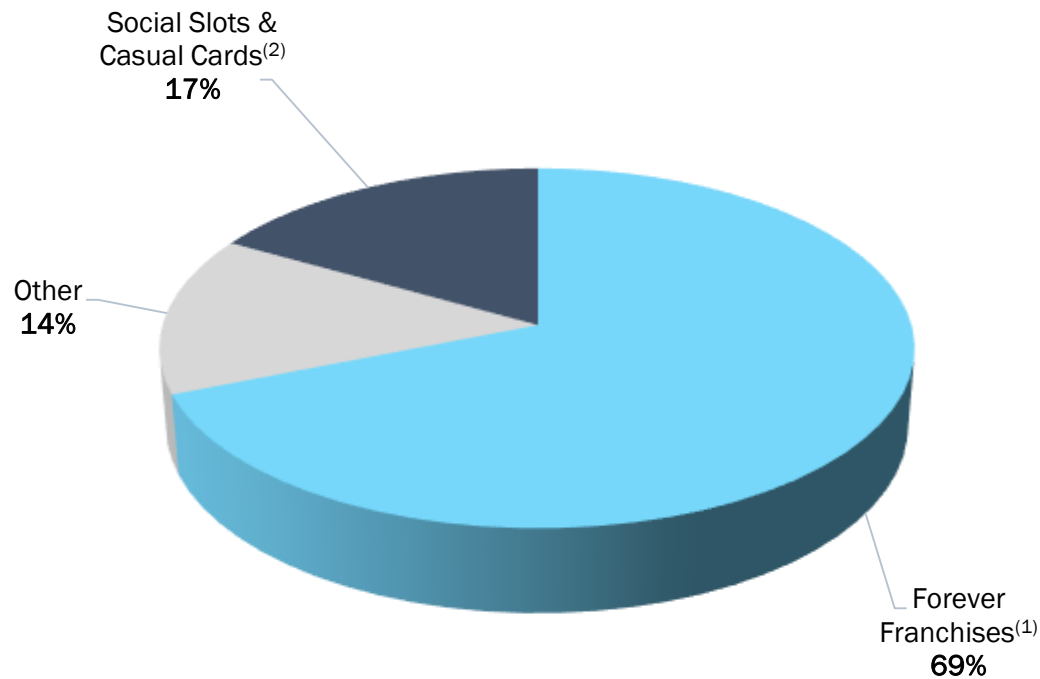


Advertising Bookings — Advertising Bookings % Total Bookings

Q4 2020 Total Revenue & Bookings

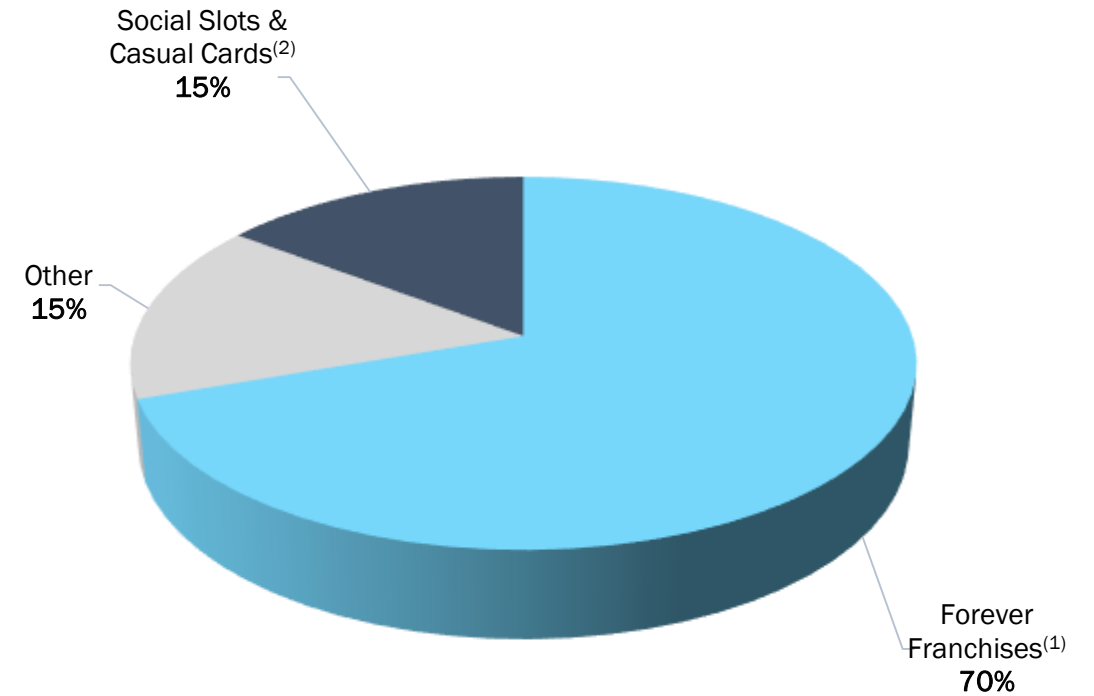
TOTAL REVENUE

TOTAL: \$616 million



TOTAL BOOKINGS

TOTAL: \$699 million



Footnotes:

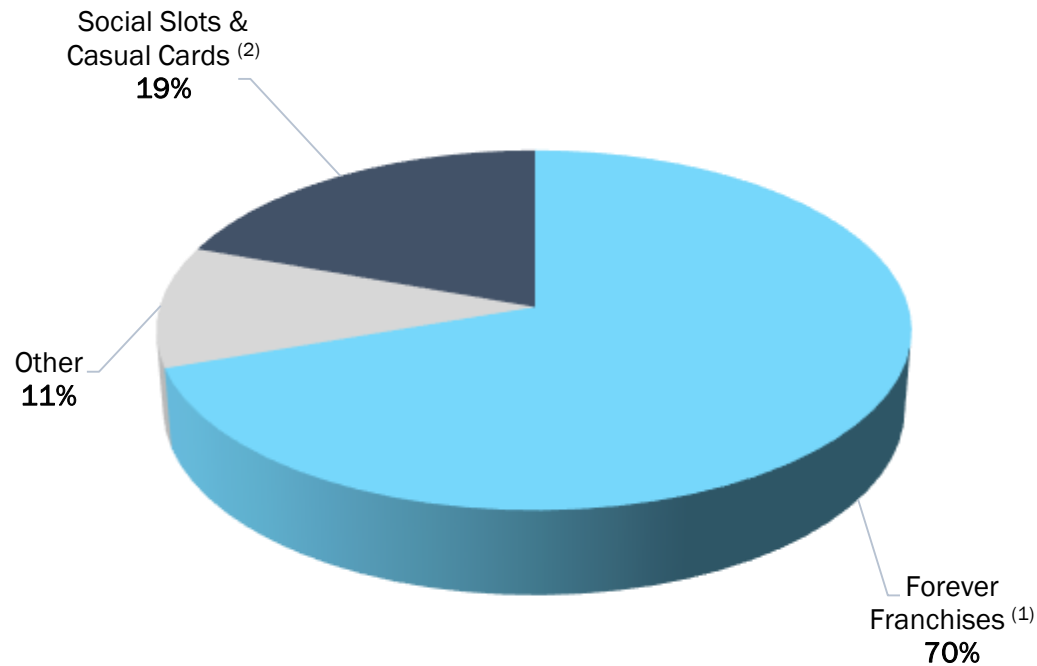
(1) "Forever Franchises" includes *CSR Racing*, *Empires & Puzzles*, *Merge Dragons!*, *Merge Magic!*, *Toon Blast*, *Toy Blast*, *Words With Friends* and *Zynga Poker*.

(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*.

FY 2020 Total Revenue & Bookings

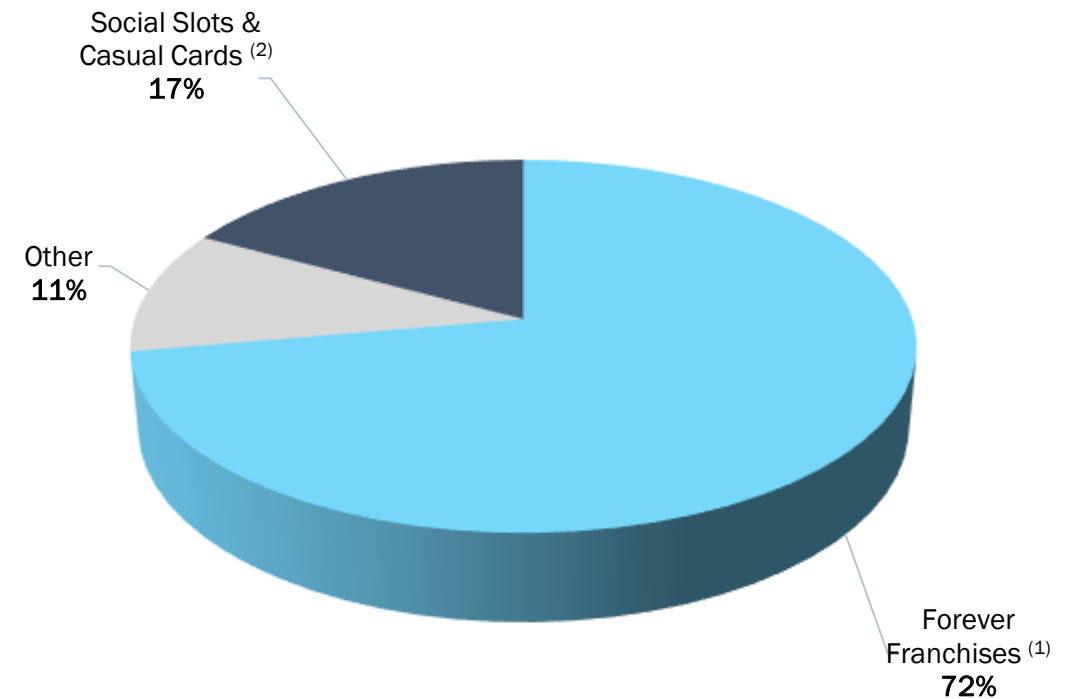
TOTAL REVENUE

TOTAL: \$1.97 billion



TOTAL BOOKINGS

TOTAL: \$2.27 billion

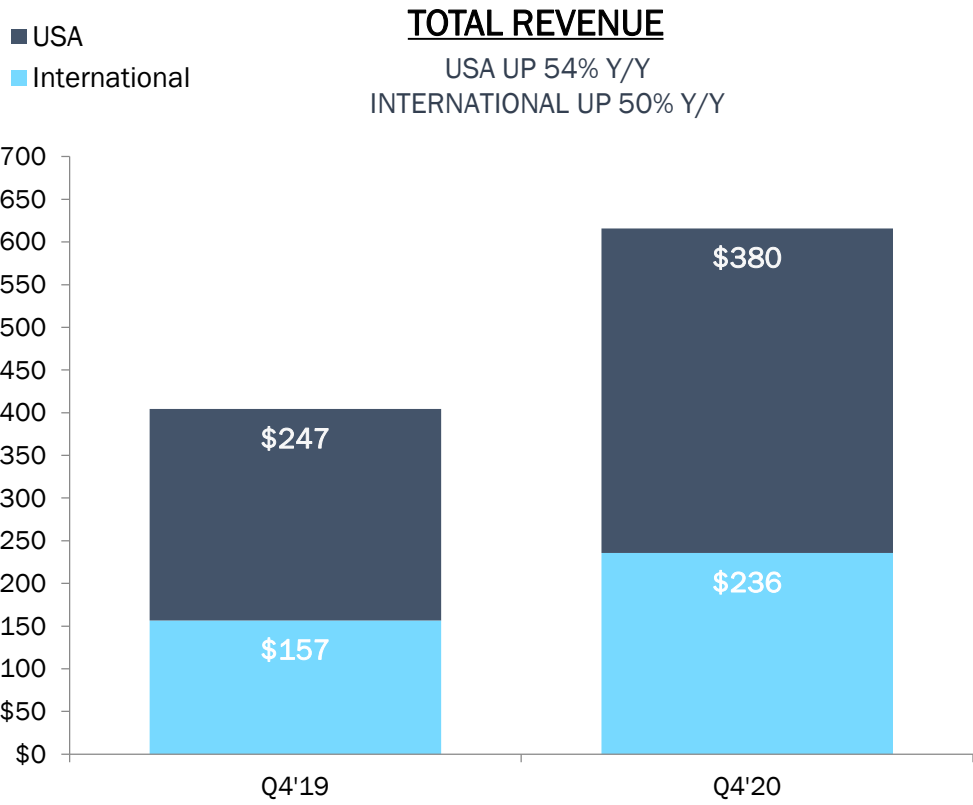


Footnotes:

(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



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



USA % Total	59%	60%
International % Total	41%	40%

Net Income (Loss) & Cash Flow



(in millions, except per share data)

	Q4'20	Q3'20	Q2'20	Q1'20	Q4'19
Net income (loss)	\$ (53)	\$ (122)	\$ (150)	\$ (104)	\$ (4)
Diluted net income (loss) per share	\$ (0.05)	\$ (0.11)	\$ (0.16)	\$ (0.11)	\$ (0.00)
Operating cash flow	\$ 206	\$ 113	\$ 145	\$ (35)	\$ 94
Free cash flow (non-GAAP)	\$ 203	\$ 109	\$ 142	\$ (44)	\$ 89
Cash, cash equivalents and investments	\$ 1,575	\$ 758	\$ 1,572	\$ 1,434	\$ 1,537

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.

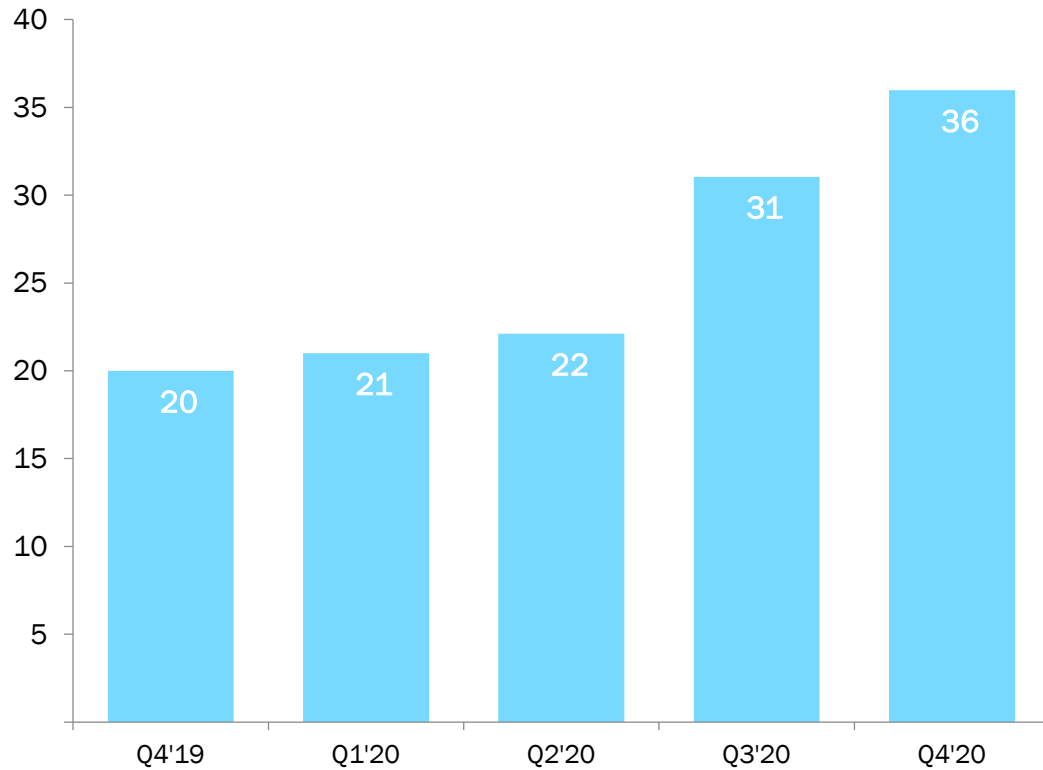
Mobile DAUs. We define Mobile Daily Active Users (DAUs) as the number of individuals who played one of our mobile games during a particular day. Under this metric, an individual who plays two different mobile games on the same day is counted as two Mobile DAUs. We use information provided by third parties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

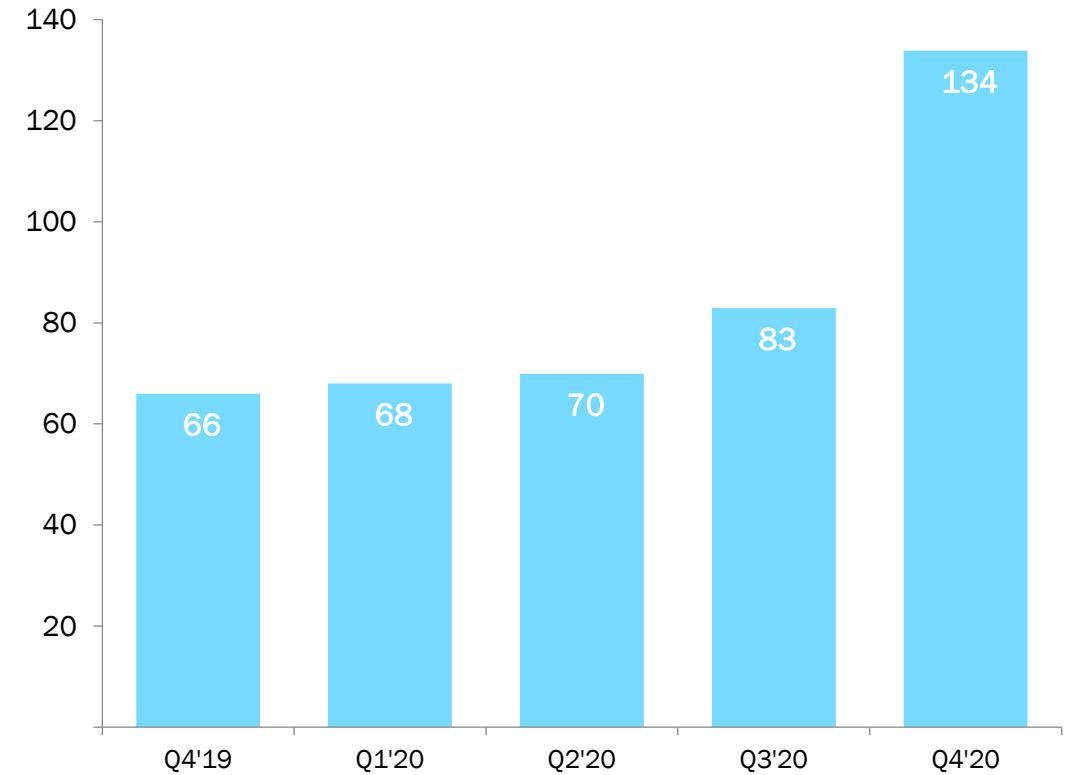
Mobile ABPU. We define Mobile Average Daily Bookings per Average Mobile DAU (ABPU) as our total mobile bookings in a given period, divided by the number of days in that period, divided by, the average Mobile DAUs during the period. We believe that Mobile ABPU provides useful information to investors 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

MOBILE DAUs⁽¹⁾



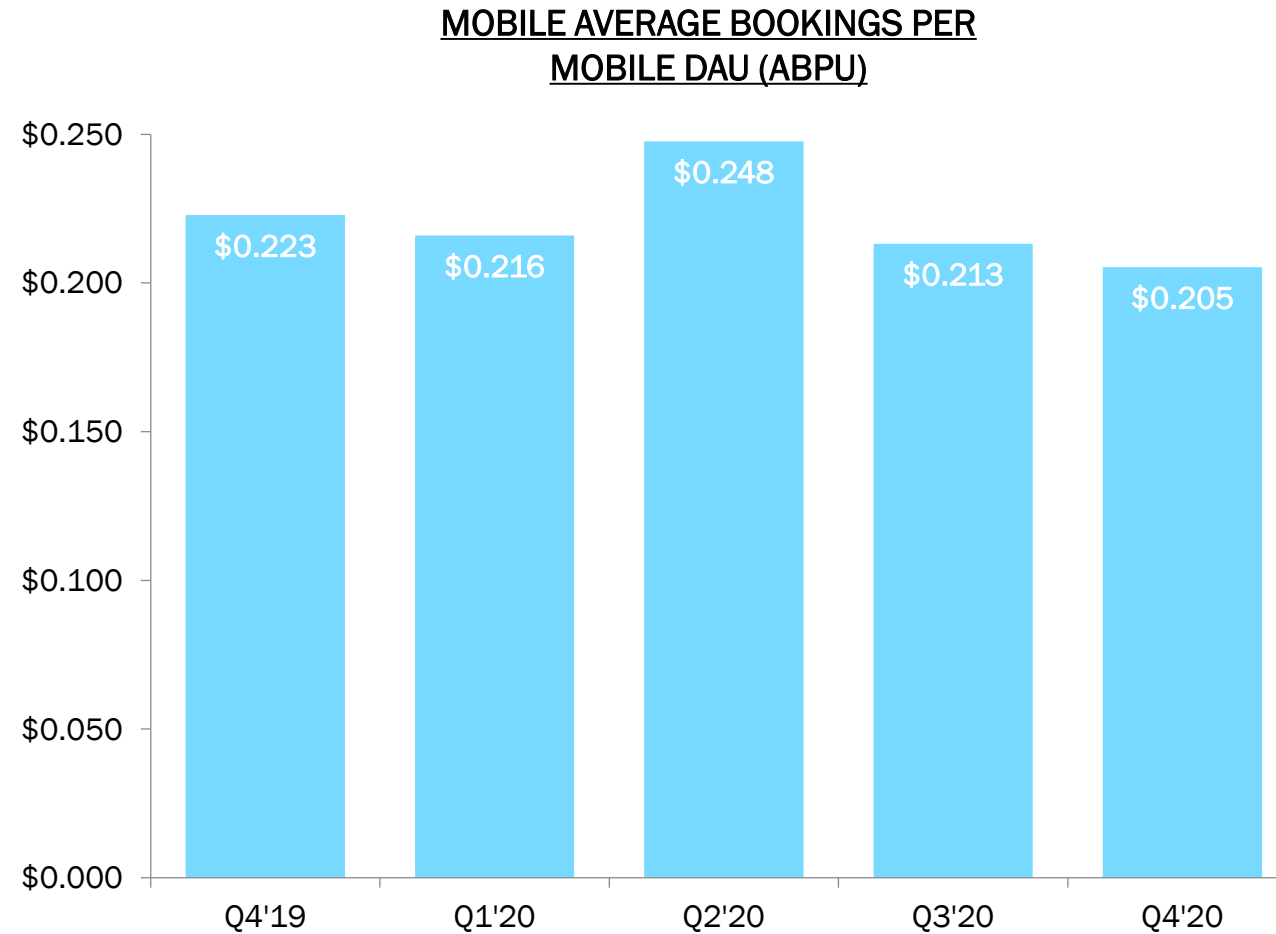
MOBILE MAUs⁽¹⁾



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 mobile messenger games, *Merge Magic!* and games acquired from Gram Games, Small Giant, Peak and Rollic and accordingly, actual Mobile DAUs and Mobile MAUs may be lower than reported due to the potential duplication of these individuals.

Mobile Audience Metrics



Please refer to Slide 18 – “Key Operating Metrics” for further discussion on the uses, limitations and comparability of the operating metrics presented.



Q1 AND FY 2021 FINANCIAL GUIDANCE

Q1 2021 Financial Guidance



(in millions, except per share data)

GAAP	Q1'21 Guidance	Q1'20 Actual	Variance
Revenue	\$ 635	\$ 404	\$ 231
(B) Net increase in deferred revenue ⁽¹⁾	\$ (45)	\$ (21)	\$ (24)
Net loss	\$ (50)	\$ (104)	\$ 54
Basic and diluted net loss per share	\$ (0.05)	\$ (0.11)	\$ 0.06
Basic and diluted share count	1,090	953	137
Non-GAAP			
Bookings	\$ 680	\$ 425	\$ 255
(A) Adjusted EBITDA	\$ 100	\$ 69	\$ 31

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.

FY 2021 Financial Guidance

(in millions, except per share data)

GAAP	FY'21 Guidance	FY'20 Actual	Variance
Revenue	\$ 2,600	\$ 1,975	\$ 625
(B) Net increase in deferred revenue ⁽¹⁾	\$ (200)	\$ (295)	\$ 95
Net loss	\$ (150)	\$ (429)	\$ 279
Basic and diluted net loss per share	\$ (0.14)	\$ (0.42)	\$ 0.28
Basic and diluted share count	1,100	1,017	83
Non-GAAP			
Bookings	\$ 2,800	\$ 2,270	\$ 530
(A) Adjusted EBITDA	\$ 450	\$ 266	\$ 184

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 the impact of stock-based compensation expense, acquisition-related transaction expenses, contingent consideration fair value adjustments and 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 compensation expense, acquisition-related transaction expenses, contingent consideration fair value adjustments, legal settlements and related legal expense or amortization of intangible assets from acquisitions.

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				
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Reconciliation of Revenue to Bookings: Total					
Revenue	\$ 616	\$ 503	\$ 452	\$ 404	\$ 404
Change in deferred revenue	83	125	66	21	29
Bookings: Total	<u>\$ 699</u>	<u>\$ 628</u>	<u>\$ 518</u>	<u>\$ 425</u>	<u>\$ 433</u>

(in millions, unaudited)

	12 months ended	
	12/31/2020	12/31/2019
Reconciliation of Revenue to Bookings: Total		
Revenue	\$ 1,975	\$ 1,322
Change in deferred revenue	295	242
Bookings: Total	<u>\$ 2,270</u>	<u>\$ 1,564</u>

Revenue To Bookings: Mobile



(in millions, unaudited)

	3 months ended				
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Reconciliation of Revenue to Bookings: Mobile					
Revenue	\$ 595	\$ 484	\$ 433	\$ 387	\$ 387
Change in deferred revenue	84	125	66	22	30
Bookings: Mobile	\$ 680	\$ 609	\$ 498	\$ 408	\$ 416

(in millions, unaudited)

	12 months ended	
	12/31/2020	12/31/2019
Reconciliation of Revenue to Bookings: Mobile		
Revenue	\$ 1,899	\$ 1,248
Change in deferred revenue	296	246
Bookings: Mobile	\$ 2,195	\$ 1,493

Revenue To Bookings: Advertising

(in millions, unaudited)

	3 months ended				
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Reconciliation of Revenue to Bookings: Advertising					
Revenue	\$ 117	\$ 67	\$ 63	\$ 59	\$ 80
Change in deferred revenue	-	-	-	-	-
Bookings: Advertising	\$ 117	\$ 67	\$ 63	\$ 59	\$ 80

(in millions, unaudited)

	12 months ended	
	12/31/2020	12/31/2019
Reconciliation of Revenue to Bookings: Advertising		
Revenue	\$ 307	\$ 274
Change in deferred revenue	(1)	-
Bookings: Advertising	\$ 306	\$ 274

Revenue To Bookings: By Platform (3 months)



(in millions, unaudited)

	3 months ended			3 months ended		
	12/31/2020			12/31/2019		
	Mobile	Other ⁽¹⁾	Total	Mobile	Other ⁽¹⁾	Total
Reconciliation of Revenue to Bookings: Online Game						
Revenue	\$ 480	\$ 19	\$ 499	\$ 309	\$ 16	\$ 325
Change in deferred revenue	85	(1)	83	29	(1)	29
Bookings: Online Game	\$ 564	\$ 18	\$ 582	\$ 338	\$ 15	\$ 354

(in millions, unaudited)

	3 months ended			3 months ended		
	12/31/2020			12/31/2019		
	Mobile	Other ⁽¹⁾	Total	Mobile	Other ⁽¹⁾	Total
Reconciliation of Revenue to Bookings: Advertising & Other						
Revenue	\$ 116	\$ 2	\$ 117	\$ 78	\$ 2	\$ 80
Change in deferred revenue	-	-	-	-	-	-
Bookings: Advertising & Other	\$ 116	\$ 2	\$ 117	\$ 78	\$ 2	\$ 80

Footnote:

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

Revenue To Bookings: By Platform (12 months)



(in millions, unaudited)

	12 months ended			12 months ended		
	12/31/2020			12/31/2019		
Reconciliation of Revenue to Bookings: Online Game	Mobile	Other ⁽¹⁾	Total	Mobile	Other ⁽¹⁾	Total
Revenue	\$ 1,597	\$ 71	\$ 1,667	\$ 981	\$ 66	\$ 1,047
Change in deferred revenue	297	(1)	296	245	(3)	242
Bookings: Online Game	\$ 1,894	\$ 69	\$ 1,963	\$ 1,227	\$ 63	\$ 1,290

(in millions, unaudited)

	12 months ended			12 months ended		
	12/31/2020			12/31/2019		
Reconciliation of Revenue to Bookings: Advertising & Other	Mobile	Other ⁽¹⁾	Total	Mobile	Other ⁽¹⁾	Total
Revenue	\$ 303	\$ 5	\$ 308	\$ 267	\$ 8	\$ 274
Change in deferred revenue	(1)	-	(1)	-	-	-
Bookings: Advertising & Other	\$ 302	\$ 5	\$ 307	\$ 267	\$ 8	\$ 275

Footnote:

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

Revenue To Bookings: By Geography

	3 months ended <i>USA</i>		3 months ended <i>International</i>	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
<i>(in millions, unaudited)</i>				
Reconciliation of Revenue to Bookings: By Geography				
Revenue	\$ 380	\$ 248	\$ 236	\$ 157
Change in deferred revenue	38	7	45	22
Bookings: By Geography	\$ 418	\$ 255	\$ 280	\$ 179

Net Income (Loss) To Adjusted EBITDA



<i>(in millions, unaudited)</i>	3 months ended		12 months ended	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Reconciliation of Net Income (Loss) to Adjusted EBITDA				
Net income (loss)	\$ (53)	\$ (4)	\$ (429)	\$ 42
Provision for (benefit from) income taxes	6	9	24	5
Other expense (income), net	12	(2)	16	(8)
Interest income	(1)	(6)	(12)	(14)
Interest expense	9	7	30	17
Depreciation and amortization	55	20	142	79
Acquisition-related transaction expenses	1	-	12	8
Contingent consideration fair value adjustment	24	31	359	202
Gain on legal settlement and related legal expense	-	-	-	(11)
Gain on sale of building, net of transfer tax ⁽¹⁾	-	-	-	(314)
Stock-based compensation expense	38	20	123	81
Adjusted EBITDA	\$ 90	\$ 75	\$ 266	\$ 87

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

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



(in millions, unaudited)

	3 months ended		12 months ended	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Reconciliation of net cash provided by (used in) operating activities to free cash flow				
Net cash provided by (used in) operating activities	\$ 206	\$ 94	\$ 429	\$ 263
Acquisition of property and equipment	(3)	(5)	(19)	(24)
Free cash flow	<u>\$ 203</u>	<u>\$ 89</u>	<u>\$ 410</u>	<u>\$ 239</u>

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



3 months ended December 31, 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	Stock-based compensation expense		
Cost of revenue	\$ 250	\$ (51)	\$ -	\$ -	\$ (1)	\$ 199
Operating expenses						
Research and development	122	-	(24)	-	(25)	74
Sales and marketing	239	-	-	-	(4)	235
General and administrative	33	-	-	(1)	(9)	23
Total operating expenses	393	-	(24)	(1)	(37)	331
Total costs and expenses	\$ 644	\$ (51)	\$ (24)	\$ (1)	\$ (38)	\$ 530

3 months ended December 31, 2019

(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	Stock-based compensation expense		
Cost of revenue	\$ 142	\$ (16)	\$ -	\$ -	\$ -	\$ 125
Operating expenses						
Research and development	104	-	(31)	-	(11)	62
Sales and marketing	128	-	-	-	(3)	125
General and administrative	26	-	-	-	(6)	21
Total operating expenses	258	-	(31)	-	(20)	207
Total costs and expenses	\$ 400	\$ (16)	\$ (31)	\$ -	\$ (20)	\$ 332

GAAP To Non-GAAP Costs & Expenses (12 months)



12 months ended December 31, 2020

(in millions, unaudited)

	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 from legal settlements and related expense	Stock-based compensation expense	
Cost of revenue	\$ 812	\$ (130)	\$ -	\$ -	\$ -	\$ (2)	\$ 680
Operating expenses							
Research and development	714	-	(359)	-	-	(73)	281
Sales and marketing	683	-	-	-	-	(15)	669
General and administrative	136	-	-	(12)	-	(32)	91
Total operating expenses	1,533	-	(359)	(12)	-	(121)	1,041
Total costs and expenses	\$ 2,345	\$ (130)	\$ (359)	\$ (12)	\$ -	\$ (123)	\$ 1,721

12 months ended December 31, 2019

(in millions unaudited)

	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 from legal settlements and related expense	Stock-based compensation expense	
Cost of revenue	\$ 524	\$ (67)	\$ -	\$ -	\$ -	\$ (1)	\$ 456
Operating expenses							
Research and development	506	-	(202)	-	-	(47)	257
Sales and marketing	464	-	-	-	-	(11)	452
General and administrative	100	-	-	(8)	11	(22)	81
Total operating expenses	1,070	-	(202)	(8)	11	(80)	791
Total costs and expenses	\$ 1,594	\$ (67)	\$ (202)	\$ (8)	\$ 11	\$ (81)	\$ 1,247

Q1 2021 Financial Guidance: GAAP To Non-GAAP Reconciliation



(in millions, except per share data)

	Q1'21 Guidance	Q1'20 Actual	Variance
Reconciliation of Revenue to Bookings			
Revenue	\$ 635	\$ 404	\$ 231
Change in deferred revenue	45	21	24
Bookings	<u>\$ 680</u>	<u>\$ 425</u>	<u>\$ 255</u>
Reconciliation of Net (Loss) Income to Adjusted EBITDA			
Net (loss) income	\$ (50)	\$ (104)	\$ 54
Provision for (benefit from) income taxes	12	9	3
Other income, net	-	2	(2)
Interest income	(2)	(6)	4
Interest expense	15	7	8
Depreciation and amortization	56	19	37
Acquisition-related transaction expenses	1	1	-
Contingent consideration fair value adjustment	25	120	(95)
Stock-based compensation expense	43	20	23
Adjusted EBITDA	<u>\$ 100</u>	<u>\$ 68</u>	<u>\$ 32</u>
Basic and diluted net loss per share	\$ (0.05)	\$ (0.11)	\$ 0.06
GAAP basic and diluted shares	1,090	953	137

FY 2021 Financial Guidance: GAAP To Non-GAAP Reconciliation

(in millions, except per share data)

	FY'21 Guidance	FY'20 Actual	Variance
Reconciliation of Revenue to Bookings			
Revenue	\$ 2,600	\$ 1,975	\$ 625
Change in deferred revenue	200	295	(95)
Bookings	<u>\$ 2,800</u>	<u>\$ 2,270</u>	<u>\$ 530</u>
Reconciliation of Net (Loss) Income to Adjusted EBITDA			
Net (loss) income	\$ (150)	\$ (429)	\$ 279
Provision for income taxes	44	24	20
Other expense (income), net	-	16	(16)
Interest income	(10)	(12)	2
Interest expense	60	30	30
Depreciation and amortization	220	142	78
Acquisition-related transaction expenses	5	12	(7)
Contingent consideration fair value adjustment	100	359	(259)
Stock-based compensation expense	181	123	58
Adjusted EBITDA	<u>\$ 450</u>	<u>\$ 266</u>	<u>\$ 184</u>
Basic and diluted net (loss) income per share	\$ (0.14)	\$ (0.42)	\$ 0.28
GAAP basic and diluted shares	1,100	1,017	83

WHAT WILL
OUR PLAYERS
THANK US FOR?



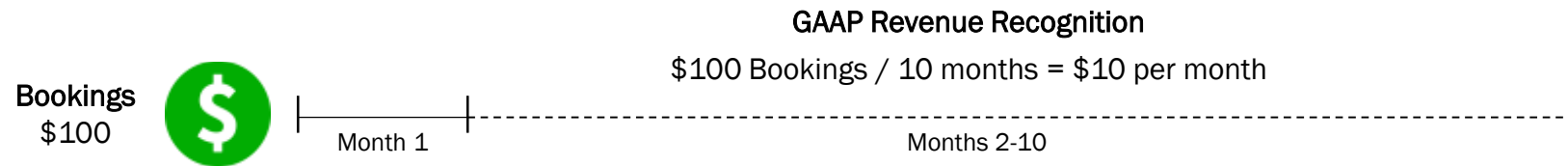
APPENDIX - REVENUE TO BOOKINGS ILLUSTRATION

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)

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



Q4
2020