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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

\_\_\_\_\_, and on Behalf of Similarly  
Situated Persons,

Plaintiff,

v.

PLAYSTUDIOS, INC., a Delaware  
corporation; ANDREW PASCAL, an  
individual; and DOES 1 through 100,  
inclusive,

Defendants.

Case No.:

CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS

DEMAND FOR JURY TRIAL



1 thereunder; or (3) purchased or otherwise acquired Playstudios common stock pursuant to or  
2 traceable to the Acies' Registration Statement and Proxy Statement issued in connection with the  
3 June 2021 merger, seeking to pursue remedies under Sections 11 of the Securities Act of 1933  
4 (the "Securities Act").

5 4. Acies is a "blank check" special purpose acquisition company ("SPAC") formed  
6 in October 2020 for the purpose of entering a merger, share exchange, asset acquisition, stock  
7 purchase, recapitalization, reorganization or other similar business combination with one or more  
8 business entities or entities in the media, entertainment, or marketing services industries.

9 5. On February 1, 2021, Acies announced that it had reached a merger agreement  
10 with Playstudios ("Old Playstudios"), a privately-held gaming company incorporated under the  
11 laws of Delaware (the "Merger" or "Merger Agreement"). In the press release announcing the  
12 Merger, Playstudios announced that the transaction implied an enterprise valuation for  
13 Playstudios of \$1.1 billion and that the consideration to Old Playstudios shareholders for the  
14 Merger would comprise at least 89.1 million shares Acies common stock, worth \$10 per share,  
15 up to \$150 million in cash, and a \$250 million investment PIPE of common stock of Acies.

16 6. As alleged below, Playstudios and Andrew Pascal, Old Playstudios CEO, solicited  
17 votes from stockholders necessary to complete the business combination by means of: (1) the  
18 Acies Registration Statement ("Registration Statement"), which was declared effective on May  
19 25, 2021; (2) the Acies Proxy Statement ("Proxy"), which was filed with the SEC on May 25,  
20 2021; and (3) by other public statements that touted Old Playstudios' financial performance and  
21 operations, including statements on earnings calls and the Amended Acies Registration Statement,  
22 which was declared effective on July 30, 2021. While the Registration Statement and Proxy  
23 Statement recited in general terms potential risks that could arise in connection with the Merger  
24 with Old Playstudios, they provided no reason to suspect that many of these potential risks had  
25 already materialized. In short, Acies' shareholders had no reason to doubt the Proxy Statement's  
26 characterization of Old Playstudios as a profitable, rapidly growing, and valuable business with  
27 strong future potential.

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1           7. Defendants made misleading statements and omissions regarding the true state of  
2 Playstudios' development of *Kingdom Boss* and about its financial projections and future  
3 prospects in the Registration Statement and Proxy Statement and subsequent statements. The  
4 projections were expressly premised on a successful and timely launch of Playstudios' highly  
5 anticipated flagship game, *Kingdom Boss*. In the Registration Statement and Proxy Statement,  
6 Playstudios told investors that "Kingdom Boss, which began development in 2020, will launch as  
7 expected in the second half of 2021" (emphasis added). However, at the same time that the  
8 projections of revenue and profits were being publicly made in SEC filings, defendants knew that  
9 *Kingdom Boss* had encountered difficulties in its design and implementation that would cause the  
10 launch to be substantially delayed. In fact, these difficulties resulted only a few months later in  
11 the public admission that *Kingdom Boss* would never be launched. Consequently, the 2021 and  
12 2022 projected revenues and profits were inflated and unreliable. During the Class Period, the  
13 price of Playstudios stock was artificially inflated because it was trading at prices affected by  
14 those financial projections being accurate and the representation that *Kingdom Boss* would be  
15 launched soon.

16           8. Playstudios announced the completion of the Merger in a press release that same  
17 day that stated, in relevant part: "As PLAYSTUDIOS enters this exciting new chapter in our  
18 history, we are uniquely positioned to accelerate our growth within the robust games market,' Mr.  
19 Pascal said. 'Our listing on Nasdaq is a testament to the enormous opportunity ahead of us as we  
20 leverage our strengthened capital position and institutional support to launch new products, pursue  
21 new acquisition opportunities, and scale up our unique playAWARDS loyalty program.'"

22           9. The truth began to come to light after Playstudios released its financial results for  
23 the second quarter of 2021, ended on June 30, 2021, on August 11, 2021. The financial results  
24 reported for the quarter were finalized on June 30, 2021, just *nine days* after the Merger closed.  
25 At that time, Playstudios revealed for the first time that the *Kingdom Boss* launch was being  
26 delayed until later in the year and investors should expect decreased revenues and profits during  
27 the year as a result.

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1 **PARTIES**

2 19. Plaintiff, \_\_\_\_\_, as set forth in the accompanying Certification,  
3 purchased Playstudios' securities at artificially inflated prices during the Class Period and  
4 was damaged upon the revelation of the alleged corrective disclosure. Plaintiff is a citizen of  
5 Wyoming.

6 20. Defendant Playstudios is a developer and publisher of free-to-play casual games  
7 for mobile and social platforms. Playstudios is incorporated in the state of Delaware and  
8 maintains its principal place of business in Las Vegas, Nevada. Playstudios has offices and  
9 design studios in Burlingame, California. Playstudios' shares are traded on the NASDAQ  
10 stock exchange under the ticker symbol "MYPS."

11 21. Defendant Andrew Pascal is a founder of Playstudios and is, and was at all  
12 pertinent times, the Chief Executive Officer, Chairman of the Board, and founder of Playstudios.  
13 Plaintiff is informed and believes that Pascal resides in Burlingame, California. Pascal:

- 14 a. Directly participated in and oversaw the management of Playstudios;
- 15 b. Was directly involved in the day-to-day operations of Playstudios at the  
16 highest levels;
- 17 c. Was privy to confidential information concerning Playstudios and its  
18 business and operations;
- 19 d. Was directly or indirectly involved in drafting, producing, reviewing and  
20 disseminating the false and misleading statements and information  
21 alleged herein;
- 22 e. Was directly or indirectly involved in the oversight or implementation of  
23 Playstudios' internal controls;
- 24 f. Was aware of or recklessly disregarded the fact that false and misleading  
25 statements were being made concerning Playstudios as alleged herein;  
26 and
- 27 g. Approved or ratified these statements in violation of the federal securities  
28 laws.



1 gaming, destination hospitality, sports, sports betting and iGaming, and  
2 social and casual mobile games.

3 b. Acies was led by Jim Murren, former MGM Resorts International CEO,  
4 who had known Pascal for more than 25 years, both having been involved  
5 with Las Vegas-based casino operating companies.

6 c. Pascal has referred to Mr. Murren as a mentor and friend.

7 d. Pascal was also a co-founder of Acies and an advisor to the Acies Board of  
8 Directors.

9 28. On October 27, 2020, Acies consummated its initial public offering of its units,  
10 with each unit consisting of one Acies Class A ordinary share and one-third of one public warrant.  
11 Simultaneously with the closing of its initial public offering, Acies completed the private sale of  
12 4,333,333 private placement warrants at a purchase price of \$1.50 per warrant to the Sponsor  
13 generating gross proceeds of \$6,500,000. On November 9, 2020, in connection with the  
14 underwriters' election to partially exercise their over-allotment option, Acies consummated the  
15 sale of an additional 1,525,000 Acies units, at \$10.00 per unit, generating gross proceeds of  
16 \$15,250,000. Simultaneously with the partial exercise of the over-allotment option, Acies  
17 consummated the sale of an additional 203,334 private placement warrants, at \$1.50 per warrant,  
18 generating gross proceeds of \$305,000.

19 29. On or about February 1, 2021, Old Playstudios and Acies entered into a merger  
20 agreement to form Playstudios. The definitive merger proxy statement ("Proxy Statement") was  
21 filed with the SEC on May 25, 2021.

22 30. The vote at the General Meeting, where Acies shareholders were asked to approve  
23 the merger, took place on June 17, 2021. The merger agreement between Acies and Old  
24 Playstudios closed on or about June 21, 2021. On June 22, 2021, Playstudios stock and warrants  
25 began publicly trading on NASDAQ under the ticker MYPS and MYPSW.

26 31. As part of that merger, Pascal had the option to exchange a portion of his Old  
27 Playstudios stock for cash instead of for Playstudios stock. Plaintiff is informed and believes that  
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1 Pascal exercised his option to exchange the maximum amount of his Old Playstudios shares for  
2 cash. This belief is based on Pascal’s representations made to plaintiff.

3 **C. Defendants Make Misleading Public Disclosures Prior to the Merger.**

4 32. Prior to the merger, defendants touted the prospects for Playstudios’ games,  
5 including *Kingdom Boss*. On February 16, 2021, Playstudios filed a registration statement, which  
6 was subsequently amended on March 26, 2021, May 10, 2021, May 18, 2021, and May 20, 2021.  
7 The SEC qualified the Registration Statement on May 25, 2021. The May 25, 2021 Registration  
8 Statement contained numerous misrepresentations and omissions of material fact.

9 33. In the May 25, 2021 Registration Statement and Proxy Statement, Playstudios  
10 described *Kingdom Boss* as follows: “We expect to launch our first idle RPG game, Kingdom  
11 Boss, in the second half of 2021, moving beyond casino-style content and into another rapidly  
12 expanding game category.” Proxy Statement at 240. Playstudios also told investors that “a  
13 new game, Kingdom Boss, which began development in 2020, will launch as expected in the  
14 second half of 2021,” and referred to the “soon to be released Kingdom Boss.” Proxy Statement  
15 at 132, 228, 240, 255. The Proxy Statement claimed that the new game would “diversify our  
16 portfolio beyond the social casino genre.” Proxy Statement at 248.

17 34. Playstudios described *Kingdom Boss* as its first foray into the role-playing game  
18 (“RPG”) category, Proxy Statement at 234, and said the game represented “an extension of our  
19 addressable market and growth opportunity.” Proxy Statement at 132. Playstudios said it  
20 expected to “turn our attention to the massive RPG market in 2021, as we launch Kingdom Boss  
21 with the category’s only real-world loyalty program” and went on to describe “the market  
22 opportunity for Kingdom Boss, according to Sensor Tower Game Intelligence,” noting that “the  
23 Squad RPG genre is among the fastest-growing gaming segments, with over 296 million  
24 downloads in 2020, a market size of \$5.9 billion and year-over-year market growth of 50%.”  
25 Proxy Statement at 132, 234, 240, 241.

26 35. Playstudios emphasized the tremendous market opportunity for *Kingdom Boss*:  
27 “With respect to the market opportunity for Kingdom Boss, the Squad RPG genre is among the  
28 fastest-growing gaming segments, with over 296 million downloads in 2020. According to Sensor

1 Tower Game Intelligence, the total Squad RPG market size was \$5.9 billion and it grew at a rate  
2 of 50% year-over-year. We intend to leverage our entry into this new category to attract both new  
3 awards partners and RPG players, expanding our reward offerings across sports, live  
4 entertainment, concerts, amusement and theme parks and other attractions. We believe this will  
5 further differentiate our game and enable us to attract, retain and monetize our players.” Proxy  
6 Statement at 234.

7 36. Playstudios projected that 2021 revenues would be approximately \$328 million,  
8 with a \$21.8 adjusted EBITDA per share,<sup>1</sup> and that 2022 revenues would be approximately \$435.2  
9 million with an adjusted EBITDA of \$89.9 per share. Proxy Statement at 133. These financial  
10 projections were expressly based on what Playstudios described as a “material assumption” that  
11 “a new game, Kingdom Boss, which began development in 2020, will launch as expected in the  
12 second half of 2021.”

13 37. The Proxy Statement stated that “the financial projections do not take into account  
14 any circumstances or events occurring after the date on which the financial projections were  
15 finalized, which was November 13, 2020.” See Proxy Statement at 133.

16 **D. Defendants Make Misleading Public Disclosures After the Merger.**

17 38. On July 19, 2021, Playstudios filed a Registration Statement with the SEC on Form  
18 S-1. Playstudios filed an amended Registration Statement under Form S-1/A on July 28, 2021.  
19 Amendment No. 1, filed with the SEC on Form S-1/A on July 28, 2021, which the SEC declared  
20 effective on July 30, 2021.

21 39. In the Amended Registration Statement, Playstudios stated that in 2020, it entered  
22 into development agreements with Boss Fight Entertainment for two games, including *Kingdom*  
23 *Boss*, “which we expect will diversify our portfolio beyond the casino genre.” July 30 Registration  
24 Statement at 61. Playstudios also referred to its expectation that *Kingdom Boss* would launch in  
25 the second half of 2021 and the “soon to be released Kingdom Boss.” July 30 Registration  
26 Statement at 66, 68, 82, 88, 95. It called *Kingdom Boss* an “extension of our addressable market  
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28 <sup>1</sup> “EBITDA” stands for earnings before interest, taxes, depreciation, and amortization.

1 and growth opportunity” and highlighted how the Squad RPG genre “is among the fastest-  
2 growing game segments” and how Playstudios would “turn our attention to the massive RPG  
3 market in 2021, as we launch Kingdom Boss.” July 30 Registration Statement at 88.

4 **E. Playstudios Partially Discloses the Truth**

5 40. On August 11, 2021, Playstudios announced its results for the second quarter and  
6 first half of 2021 ended June 30, 2021(for the quarter ending just *nine days* after the merger  
7 closed). As part of Playstudios’ announcement, it was stated that “Playstudios expects its full-  
8 year 2021 revenue to be in the range of \$290 million to \$300 million,” which was \$28–38  
9 million *less* than what was projected and reflected in the May 25, 2021 Prospectus and  
10 Registration Statement and Proxy Statement for a merger that had just closed nine days before.  
11 And the revenues for 2022 were estimated to be around \$374 million, which was \$61 million *less*  
12 than what was projected and reflected in the May 25, 2021 Prospectus and Registration and Proxy  
13 Statement.

14 41. This was just twelve days after the SEC qualified Playstudios’ July 30 Registration  
15 Statement.

16 42. On an earnings call later that day, Pascal explained that these massive misses were  
17 due to technical and rollout issues concerning two of its games, *myVEGAS Bingo* and  
18 (primarily) *Kingdom Boss*:

19 [Andrew Pascal] I also want to highlight that creating a great game is an organic, and at  
20 times a less predictable exercise. While the production and execution can be tightly  
21 managed, getting the core experience and play value right is less deterministic ... This was  
22 the case with some of our other products, and is proving to be the case with Kingdom Boss  
as well. As a result, the timeline for its launch and resulting revenue contributions have  
shifted out, impacting our expectations for the balance of this year.

23 \*\*\*

24 with that said, we currently expect 2021 revenues to now be between \$290 million and  
\$300 million dollars. Additionally, we currently expect 2021 adjusted EBITDA to be  
between 35 and 40 million dollars.

25 \*\*\*

26 [Caller] previous expectation for Kingdom Boss was second half launch, I guess can you  
27 clarify when you’re expecting to now (*sic*) and what the previous expectation was?

28 [Pascal] previous expectation was that it was going to launch in the summer, we indicated  
that it was likely to move until sometime in the late fall, um, and so we are continuing to  
work on the product but, as I just shared, until we feel really confident about all of the

1 metrics, we have very specific criteria that we hold a product to before we launch it –  
2 we’re going to continue to invest in getting it right, and so we’re in that cycle. We still  
3 have a deep belief in that product and we don’t want to compromise it by launching it too  
4 early. So it’ll be the very later part of this year ... so the contributions we now expect from  
5 Kingdom Boss are really quite marginal.

6 \*\*\*

7 [Caller] you cut, relative to your financial revenue targets, as part of the SPAC process,  
8 you cut revenue by 33 million, sounds like a few months up to half a year. Seems like  
9 there’s more, what was the Kingdom Boss expectation this year? I see 60 million but that’s  
10 full run rate ramped up into 2022 with a full year. So seems like there’s more coming out,  
11 anyway you can bridge that?

12 [Pascal] well like we talked about, Kingdom Boss shifts out six months, and like we said  
13 hopefully we’re going to get it launched before the year is out, but what’s shifting out of  
14 this year is its most productive months, so substantial amount, a majority of adjustments  
15 of shifting out Kingdom Boss, what we had shared previously is that Bingo had launched  
16 about six weeks later than what we had originally anticipated.

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18 [Pascal] so between the more modest delay in Bingo, the environment that we are seeing  
19 as we continue to scale and grow it, and then of course as we just talked about the shifting  
20 out of Kingdom Boss, those are the principal reasons for the adjustments that we made.

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22 [Caller] just to be clear, revenue pushed down 33 million, I guess from pushing out  
23 Kingdom Boss, and Bingo six weeks later than expected, wanted to ask I guess, are there  
24 any other factors/assumptions for any other games in the portfolio which are changing, or  
25 have those assumptions mostly remained unchanged?

26 [Pascal] we believe we will see growth from our portfolio, but modest growth, which was  
27 generally what we had always forecasted. The growth drivers were more attributed to the  
28 new products we were launching, but as we just highlighted, we believe there’s a lot of  
opportunity in our core portfolio and the teams are working hard and there’s some exciting  
stuff that will be coming to market from each of the products between now and the end of  
the year so, generally speaking, the performance of the core offering through the first half  
of the year is generally in line with what we expected.

43. As Pascal explained in the earnings call, the prior financial projections were based  
on the assumption that *Kingdom Boss*, which began development in 2020, would launch in the  
summer of 2021: “Yes, I mean, what our previous expectation was it was going to launch in the  
summer, we indicated that it was likely to move into the sometime in the late fall . . . So it’ll be  
very later part of this year. So the contributions that we now expect from Kingdom Boss are really  
quite marginal.” He went on to explain: “a substantial amount, a majority of the adjustments of  
shifting out Kingdom Boss.”

1           44.     In a November 11, 2021, earnings call for the third quarter of 2021, ended on  
2 September 30, 2021, Pascal stated that the launch was supposed to take place in *early* summer  
3 2021: “So look, Kingdom Boss originally was expected to launch sometime in the early summer.  
4 And we were then going to scale it throughout the summer into fall, and hit a pace kind of exiting  
5 the year. So, as we rolled into the next year, we could achieve what we thought would be the kind  
6 of revenue rate that we had forecasted for that product at maturity. And we've been clear that that  
7 was a \$60 million revenue contribution. And so obviously, that's shifted out now, nearly six  
8 months. And as a result, it's impacted what we had originally anticipated for this year, we've been  
9 pretty open about that.”

10           45.     On that call, Playstudios and Pascal continued to paint a rosy picture regarding the  
11 status of *Kingdom Boss*' development and launch:

12           Next up is Kingdom Boss, our first published game in the RPG category, also from Boss  
13 Fight Entertainment. The game is a stunningly rich and immersive role playing game with  
14 an art style derivative of their popular dungeon boss aesthetic, and gameplay modeled  
15 after the category leading AFK arena. The product was originally expected to launch in  
16 early summer, but as conveyed during our last earnings call, we push the targeted launch  
to the fourth quarter to allow for more refinements and performance optimizations. There's  
still work to be done, and our partners now hopeful that the game will be ready to launch  
by the end of the year.

17           46.     But contrary to the statements made in November 2021, on a February 24, 2021,  
18 earnings call for the fourth quarter ended December 31, 2021, Pascal, much to plaintiff's and other  
19 investors' surprise, disclosed that *Kingdom Boss* would not be launched at all:

20           As I've shared, [Kingdom Boss] struggled to achieve all the criteria that were established  
21 for a full-scale launch even after making the game available in North America late in the  
22 fourth quarter. And while Boss Fight (the developer) has consistently assured us that  
based on their experience, the product is on a constructive path, currently, we've elected  
to suspend development and reevaluate our options.

23           47.     Given the timing of the closing of the merger and release of the second quarter and  
24 first half of 2021 results for months ended June 30, 2021, defendants must have known or  
25 recklessly disregarded the fact that the statements about *Kingdom Boss* and financial projections  
26 in the Proxy Statement were materially false and misleading.

27           48.     Defendants knew that those projections were based on the assumption that  
28 *Kingdom Boss* would be launched in the early summer of 2021.

1           49. Defendants knew or recklessly disregarded prior to the merger close (June 21,  
2 2021) and prior to the merger vote by the Acies shareholders (June 17, 2021), that *Kingdom Boss*  
3 would not be ready to launch within just a matter of weeks. *Kingdom Boss* was so delayed in the  
4 launch process that it not only failed to launch in the same projected year, it was completely  
5 discontinued. This is further supported by Pascal’s admission on August 11, 2021 that the  
6 *Kingdom Boss* release had been delayed by *six months*. Given that *Kingdom Boss* was initially  
7 supposed to launch no later than the early summer of 2021, defendants knew or recklessly  
8 disregarded the delay would take place by the time of the merger vote and merger close.

9           50. Defendants nonetheless did not inform investors that the flagship game would not  
10 launch consistent with the anticipated schedule.

11           51. Defendants’ other SEC filings also failed to disclose the fact that they knew or  
12 recklessly disregarded that there would be substantial delays associated in launching *Kingdom*  
13 *Boss*. In the February 16, 2021 Registration Statement, defendants represented that *Kingdom Boss*  
14 would launch in “mid-2021” (consistent with the “early Summer of 2021” expectation):



*Kingdom Boss (Coming Soon)*

We expect to launch our first idle RPG game, Kingdom Boss, in mid-2021, moving beyond casino-style content and into another rapidly expanding game category. With respect to the market opportunity for Kingdom Boss, according to Sensor Tower Game Intelligence, the Squad RPG genre is among the fastest-growing gaming segments, with over 296 million downloads in 2020, a market size of \$5.9 billion and year-over-year market growth of 50%. Players of Kingdom Boss will be immersed in an epic role-playing game as they build their empire, forge alliances, command an army of epic heroes, and rescue their subjects from the shadowlands of exiled kingdoms. While we firmly believe in the strong appeal of the core game experience, Kingdom Boss will enjoy additional lift from our loyalty program and a new collection of real-world benefits that will be carefully tailored to this new audience.

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25           52. However, in the Registration Statement filed on March 26, 2021 (and in  
26 subsequent SEC filings thereafter), defendants modified the language to say that the launch would  
27 be sometime in “the second half of 2021.”  
28

*Kingdom Boss (Coming Soon)*



We expect to launch our first idle RPG game, Kingdom Boss, in the second half of 2021, moving beyond casino-style content and into another rapidly expanding game category. With respect to the market opportunity for Kingdom Boss, according to Sensor Tower Game Intelligence, the Squad RPG genre is among the fastest-growing gaming segments, with over 296 million downloads in 2020, a market size of \$5.9 billion and year-over-year market growth of 50%. Players of Kingdom Boss will be immersed in an epic role-playing game as they build their empire, forge alliances, command an army of epic heroes, and rescue their subjects from the shadowlands of exiled kingdoms. While we firmly believe in the strong appeal of the core game experience, Kingdom Boss will enjoy additional lift from our loyalty program and a new collection of real-world benefits that will be carefully tailored to this new audience.

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9       53.     This change in language reflects defendants’ knowledge that an early summer  
10 2021 launch was not possible, otherwise they would have kept the “mid-2021” verbiage. Despite  
11 the knowledge that *Kingdom Boss* would be delayed, and despite the knowledge the financial  
12 projections were based on an early summer *Kingdom Boss* release, the financial projections were  
13 not updated.

14       54.     Defendants knew that if the delays associated with *Kingdom Boss* were disclosed,  
15 the merger deal would not close and/or the Playstudios stock (opening at approximately \$10 per  
16 share) would be deemed to be substantially overvalued.

17       55.     Defendants would have been correct that the stock was substantially overvalued  
18 because immediately after announcement in Playstudios’ Q2 earnings report (released on August  
19 11, 2021) of the new 2021 and 2022 projections based on the *myVEGAS Bingo* and *Kingdom Boss*  
20 delays, the price of the Playstudios stock dropped dramatically. And, then again, following the  
21 disclosure on February 24, 2022, that *Kingdom Boss* will be discontinued, the price of Playstudios  
22 stock dropped even more.

23       56.     Pascal knew that disclosure of the delays and cancellation of *Kingdom Boss* (and  
24 thus the disclosure of the unreliability of the financial projections) would have a substantial effect  
25 on the price of the Playstudios stock, and consequently, as part of the merger transaction, he opted  
26 to exchange the maximum amount of Old Playstudios shares that he was permitted to for cash,  
27 rather than for shares in New Playstudios.

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1           **F. Defendants’ Materially False and/or Misleading Statements and Omissions**  
2           **During the Class Period**

3           57. In the Registration Statement, which was declared effective on May 25, 2021,  
4 defendants made a number of misleading statements and omissions of material fact.

5           58. Defendants claimed, “a new game, Kingdom Boss, which began development in  
6 2020, will launch as expected in the second half of 2021,” said they “intend to complete the  
7 development and launch of Kingdom Boss, our Idle RPG game, in the second half of 2021” and  
8 represented that “[t]hese games represent an extension of our addressable market and growth  
9 opportunity.” May 25, 2021 Registration Statement at 132, 234. Defendants also claimed: “We  
10 also expect to expand our portfolio as we enter the RPG category with our Kingdom Boss product  
11 in 2021” and said, “[w]e expect to turn our attention to the massive RPG market in 2021, as we  
12 launch Kingdom Boss with the category’s only real-world loyalty program. Soon players of the  
13 fastest growing game genre will be able to play for free and earn for real.” May 25, 2021  
14 Registration Statement at 234, 241.

15           59. Defendants also said: “We expect to launch our first idle RPG game, Kingdom  
16 Boss, in the second half of 2021, moving beyond casino-style content and into another rapidly  
17 expanding game category. With respect to the market opportunity for Kingdom Boss, according  
18 to Sensor Tower Game Intelligence, the Squad RPG genre is among the fastest-growing gaming  
19 segments, with over 296 million downloads in 2020, a market size of \$5.9 billion and year-over-  
20 year market growth of 50%. Players of Kingdom Boss will be immersed in an epic role-playing  
21 game as they build their empire, forge alliances, command an army of epic heroes, and rescue  
22 their subjects from the shadowlands of exiled kingdoms. While we firmly believe in the strong  
23 appeal of the core game experience, Kingdom Boss will enjoy additional lift from our loyalty  
24 program and a new collection of real-world benefits that will be carefully tailored to this new  
25 audience.” May 25, 2021 Registration Statement at 240.

26           60. They continued: “We expect selling and marketing expense to increase during the  
27 remainder of 2021 as we promote myVEGAS Bingo and Kingdom Boss. myVEGAS Bingo was  
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1 launched in March 2021 and Kingdom Boss is currently under development and expected to  
2 launch in the second half of 2021.” May 25, 2021 Registration Statement at 255.

3 61. Playstudios stated that it projected that 2021 revenues would be approximately  
4 \$328 million, with a 21.8 adjusted EBITDA, and that 2022 revenues would be approximately  
5 \$435.2 million with an adjusted EBITDA of 89.9. May 25, 2021 Registration Statement at 133.  
6 These financial projections were expressly based on what Playstudios described as a “material  
7 assumption” that “a new game, Kingdom Boss, which began development in 2020, will launch as  
8 expected in the second half of 2021.” May 25, 2021 Registration Statement at 132.

9 62. The foregoing statements were materially false and misleading, lacked a  
10 reasonable basis, and failed to disclose material adverse facts pertaining to the Company’s  
11 business, operations, and prospects, because Playstudios did not disclose that it was having  
12 significant problems with *Kingdom Boss*, would not be releasing *Kingdom Boss* as expected, and  
13 had not revised its financial projections to account for the problems it had encountered with  
14 *Kingdom Boss*.

15 63. In the Proxy Statement, defendants made identical misleading statements and  
16 omissions.

17 64. Defendants claimed, “a new game, Kingdom Boss, which began development in  
18 2020, will launch as expected in the second half of 2021,” said they “intend to complete the  
19 development and launch of Kingdom Boss, our Idle RPG game, in the second half of 2021” and  
20 represented that “[t]hese games represent an extension of our addressable market and growth  
21 opportunity.” Proxy Statement at Statement at 132, 234. Defendants also claimed: “We also  
22 expect to expand our portfolio as we enter the RPG category with our Kingdom Boss product in  
23 2021” and said, “[we expect to turn our attention to the massive RPG market in 2021, as we launch  
24 Kingdom Boss with the category’s only real-world loyalty program. Soon players of the fastest  
25 growing game genre will be able to play for free and earn for real.” Proxy Statement at 234, 241.

26 65. Defendants also said: “We expect to launch our first idle RPG game, Kingdom  
27 Boss, in the second half of 2021, moving beyond casino-style content and into another rapidly  
28 expanding game category. With respect to the market opportunity for Kingdom Boss, according

1 to Sensor Tower Game Intelligence, the Squad RPG genre is among the fastest-growing gaming  
2 segments, with over 296 million downloads in 2020, a market size of \$5.9 billion and year-over-  
3 year market growth of 50%. Players of Kingdom Boss will be immersed in an epic role-playing  
4 game as they build their empire, forge alliances, command an army of epic heroes, and rescue  
5 their subjects from the shadowlands of exiled kingdoms. While we firmly believe in the strong  
6 appeal of the core game experience, Kingdom Boss will enjoy additional lift from our loyalty  
7 program and a new collection of real-world benefits that will be carefully tailored to this new  
8 audience.” Proxy Statement at 240.

9 66. They continued: “We expect selling and marketing expense to increase during the  
10 remainder of 2021 as we promote myVEGAS Bingo and Kingdom Boss. myVEGAS Bingo was  
11 launched in March 2021 and Kingdom Boss is currently under development and expected to  
12 launch in the second half of 2021.” Proxy Statement at 255.

13 67. Playstudios projected that 2021 revenues would be approximately \$328 million,  
14 with a 21.8 adjusted EBITDA, and that 2022 revenues would be approximately \$435.2 million  
15 with an adjusted EBITDA of 89.9. May 25, 2021 Registration Statement at 133. These financial  
16 projections were expressly based on what Playstudios described as a “material assumption” that  
17 “a new game, Kingdom Boss, which began development in 2020, will launch as expected in the  
18 second half of 2021.” Proxy Statement at 132.

19 68. The foregoing statements were materially false and misleading, lacked a  
20 reasonable basis, and failed to disclose material adverse facts pertaining to the Company’s  
21 business, operations, and prospects, because Playstudios did not disclose that it was having  
22 significant problems with *Kingdom Boss*, would not be releasing *Kingdom Boss* as expected, and  
23 had not revised its financial projections to account for the issues with *Kingdom Boss*.

24 69. In its February 2021 Investor Presentation made to prospective investors and  
25 investors in the PIPEs, Playstudios also represented that it had “developed a portfolio of award-  
26 winning games,” including *Kingdom Boss*.

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## A FAMILY OF TOP-RANKED GAMES

We've developed a portfolio of award-winning games.

My Vegas Slots, Konami Slots, Pop Slots, My Vegas Blackjack, My Vegas Bingo, Kingdom Boss

BEST MARKETING CAMPAIGN EGR 2019  
The EKG Slot Awards Show  
BEST SOCIAL GAMING OPERATOR 2017  
BEST NEW GAME EGR 2017  
BEST SOCIAL SLOTS OPERATOR EGR 2016

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70. It highlighted the “RPG Strategy,” fueled by *Kingdom Boss*, as “a next-level opportunity” and touted its plans to “exploit the RPG Category:”

## A NEXT-LEVEL OPPORTUNITY

We're applying our proven model to complementary genres.

Genre	Market Size
CASINO	\$5.5 Billion
BRAIN & PUZZLE	\$8.3 Billion
ADVENTURE & SIM	\$12.4 Billion
ARCADE & ACTION	\$15.0 Billion
RPG & STRATEGY	\$30.3 Billion

Casino genre embodies the simplicity and nuance of **casual** games and the monetization sophistication of **core** games.

Source: App Annie, 2020 Worldwide data for all supported devices

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# EXPLOIT THE RPG CATEGORY

Leverage playAWARDS, partner integrations and creative execution

### Market Opportunity

- Among top growth categories
- Market – \$5.2B
- YoY Growth – 47%
- '20 Downloads – 272M
- Limited western-oriented games

### Key Features

- AAA Western Fantasy
- Deep Roster of Heroes & Enemies
- Guilds & Competitions
- Narrative Campaigns with Epic Battles
- 3D Combat
- Social End-game
- Rich Replay
- playAWARDS Loyalty Integration

### playAWARDS Offering

- Amusement & Theme Parks
- Sports Events
- eSPORTS Events
- Concerts & Festivals
- Regional Attractions

### Competition



DAU – 1.4M  
REV. – \$757M

Source: For market and competitive metrics - Sensor Tower Squad RPG Gross Revenue and average DAU as of Q3 2020

71. And it conveyed to investors that the “Idle RPG Category,” *i.e.*, *Kingdom Boss*, was part of its “clear and actionable plan to achieve results.”

# SUMMARY

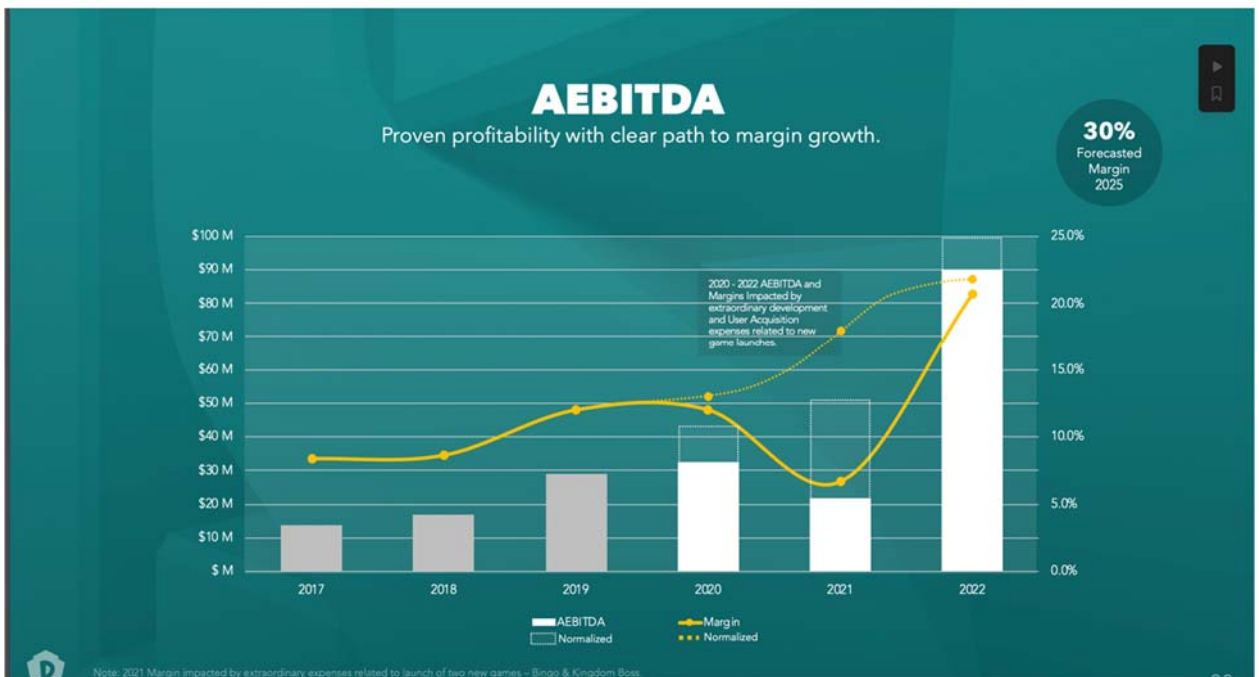
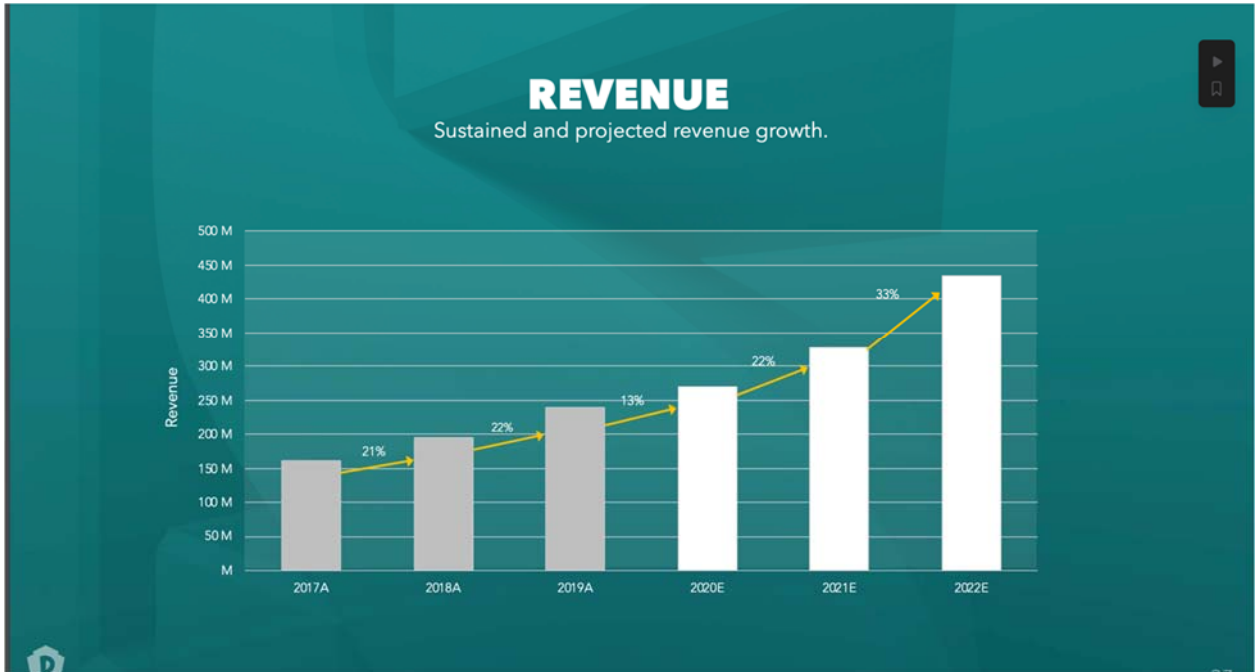
Clear and actionable plan to achieve business results.



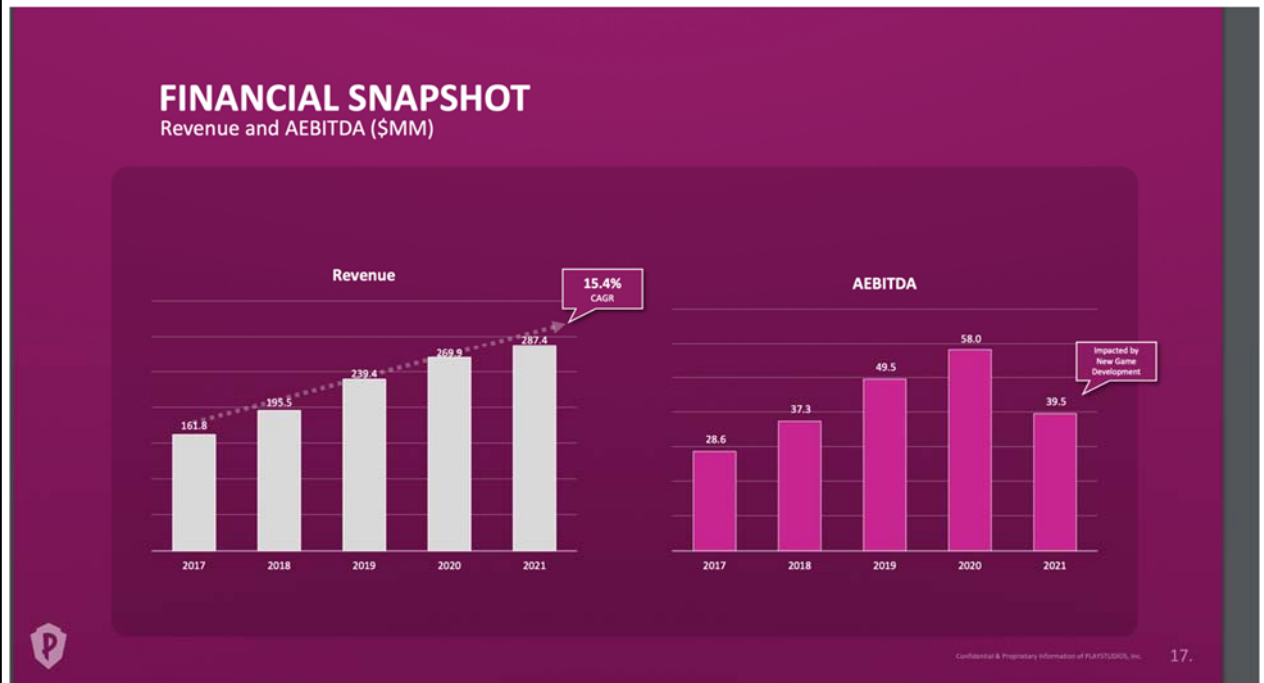
Category	Revenue	Key Metrics
2020E Revenue	\$270M	
myVIP	\$45M	Loyalty Lift, 10% Market Growth, Network Cross-Marketing
Bingo Category	\$45M	200K DAU, \$0.40 ARPDAU
Idle RPG Category	\$105M	370K DAU, \$0.50 ARPDAU
Other	\$130M	Ad Monetization, Player Commerce
2022E Base Forecast	\$435M	
MMA	\$15M	New Game Genres, Player Networks
LAAS	\$15M	Loyalty-as-a-Service

**OPTIMIZE**      **EXPAND**      **ACQUIRE | DIVERSIFY**

1           72.    The February 2021 presentation regarding financial projections is also telling.  
 2 Playstudios projected a 33% increase in revenue and 30% forecasted margin for 2022,  
 3 highlighting *Kingdom Boss* as part of its “clear path to margin growth.”



1 73. In the fourth quarter 2021 investor presentation, Playstudios attributed the  
2 AEBITDA decline to the *Kingdom Boss* failure, noting that the miss was “impacted by New Game  
3 Development.”



74. In fact, the February 2021 investor presentation was so inaccurate that Playstudios has removed it from the investor tab of its website.

75. The statements in the February 2021 investor presentation were materially false and/or misleading, lacked a reasonable basis, and/or failed to disclose material adverse facts pertaining to Playstudios’ business, operations, and prospects, because Playstudios did not disclose that it was having significant problems with *Kingdom Boss*, would not be releasing *Kingdom Boss* as expected, and had not revised its financial projections to account for the issues with *Kingdom Boss*.

76. In the July 30, 2021 Registration Statement, Playstudios disclosed that in 2020, it entered into development agreements with Boss Fight Entertainment for two games, including *Kingdom Boss*, “which we expect will diversify our portfolio beyond the casino genre.” July 30 Registration Statement at 61. Playstudios also referred to its expectation that *Kingdom Boss* would launch in the second half of 2021 and the “soon to be released *Kingdom Boss*.” July 30

1 Registration Statement at 66, 68, 82, 88, 95. It called *Kingdom Boss* an “extension of our  
2 addressable market and growth opportunity” and highlighted how the Squad RPG genre “is  
3 among the fastest-growing game segments” and how Playstudios would “turn our attention to the  
4 massive RPG market in 2021, as we launch Kingdom Boss.” July 30 Registration Statement at  
5 88.

6 77. The statements in the July 30, 2021 Registration Statement were materially false  
7 and/or misleading, lacked a reasonable basis, and/or failed to disclose material adverse facts  
8 pertaining to Playstudios’ business, operations, and prospects, because Playstudios did not  
9 disclose that it was having significant problems with *Kingdom Boss*, would not be releasing  
10 *Kingdom Boss* as expected, and had not revised its financial projections to account for the issues  
11 with *Kingdom Boss*. This was the case even though Playstudios had *finalized* its second quarter  
12 2021 financial results before publishing the July 30, 2021 Registration Statement.

13 78. On February 28, 2022, a securities analyst published an article entitled “Getting  
14 Played by Playstudios” where he wrote: “I feel lied to. Or they were disastrously wrong about  
15 the prospects for their own company. Either way, it’s not good.” Finally, on March 3, 2022,  
16 Playstudios filed its 10-K, which confirmed the extent of costs attributable to Kingdom Boss’  
17 failed launch.

18 **G. Additional Scierer Allegations**

19 79. Playstudios had one core product: video games. As alleged herein, upon the merger  
20 and after, defendants repeatedly told investors that *Kingdom Boss* would launch as expected and  
21 generate substantial revenue and profits in 2021. But as Playstudios eventually admitted, *Kingdom*  
22 *Boss* had problems that delayed – and ultimately suspended – its launch. Further, Pascal, as CEO  
23 of Playstudios, was privy to material, non-public information and responsible for the accuracy of  
24 the information provided to investors. Each of the forms filed with the SEC upon completion of  
25 the merger was signed by Pascal.

26 80. In Playstudios Form 10-Q, for the quarterly period ending June 30, 2021, *i.e., nine*  
27 *days after the merger was finalized*, Playstudios made statements demonstrating that defendants  
28 acted with scierer.

1           81.     The 10-Q says: “Selling and marketing expenses increased by \$10.0 million, or  
2 70.0%, during the three months ended June 30, 2021 compared to the three months ended June 30,  
3 2020. The increase was primarily due to increased user acquisition costs, \$9.4 million related to  
4 the global launch of myVEGAS Bingo, soft launch of *Kingdom Boss* and increases  
5 for myVEGAS Mobile and my KONAMI.” But the fact that *Kingdom Boss* had a “soft launch”  
6 was never revealed to investors in connection with the merger. And even in the 10-Q, Playstudios  
7 continued to represent: “Kingdom Boss is currently under development and expected to launch in  
8 the second half of 2021.”

9           82.     In the earnings call summarizing Playstudios’ financial results for the period  
10 ending June 30, 2021, Pascal acknowledged that Playstudios’ poor financial performance was due  
11 to the delayed launch of *Kingdom Boss*. Pascal and Playstudios knew *Kingdom Boss* was not  
12 going to launch “as expected.”

13           83.     In fact, Pascal admitted that the *Kingdom Boss* launch had been delayed six  
14 months. As of August 11, 2021, defendants were telling investors that *Kingdom Boss* would  
15 launch in the second half of 2021. This means that the original “expected” launch date had to be  
16 no later than June 2021 and that at the time of the merger, defendants knew the game would be  
17 delayed at least six months.

18           84.     Given the amount of time required to finalize financial statements, Playstudios  
19 knew of or recklessly disregarded the problems with *Kingdom Boss* at the time of the merger.

20           85.     The facts alleged herein raise a strong inference of corporate scienter as to  
21 Playstudios. Corporate scienter may be alleged independent of individual defendants where a  
22 statement would have been approved by corporate officials sufficiently knowledgeable about the  
23 company to know the statement was false. Here, the statements alleged were made to the investing  
24 public regarding the Playstudios’ operations, finances, business practices—all important topics  
25 that would necessarily require approval by appropriate corporate officers who, as alleged, had  
26 very different information in their hands at the time from what was disclosed to investors.

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1           **H.     Loss Causation**

2           86.     Defendants’ wrongful conduct, as alleged herein, directly and proximately caused  
3 the economic loss suffered by plaintiff and the Class.

4           87.     Throughout the Class Period, as detailed herein, defendants made materially false  
5 and/or misleading statements and/or omissions. This course of wrongful conduct caused the price  
6 of Playstudios securities to be artificially inflated. But for defendants’ misrepresentations and/or  
7 omissions, plaintiff and the other members of the Class would not have purchased Playstudios  
8 securities or would not have purchased such securities at artificially inflated prices. Later, when  
9 defendants’ prior misrepresentations and/or omissions were disclosed to the market, the price of  
10 Playstudios shares fell significantly as the prior artificial price inflation was dissipated. As a result  
11 of their purchases and/or acquisition of Playstudios securities during the Class Period, plaintiff  
12 and other members of the Class suffered economic loss, *i.e.* damages, under the Exchange Act.  
13 The timing and magnitude of the decline in the prices of the Company’s shares negates any  
14 inference that the economic losses and damages suffered by plaintiff and other members of the  
15 Class were caused by changed market conditions, macroeconomic factors, or Company-specific  
16 facts unrelated to defendants’ wrongful conduct.

17           88.     The truth about the material misrepresentations and/or omissions was partially  
18 revealed to the public on or around: (i) August 12, 2021; and (ii) February 25, 2022.

19           89.     The price declines on August 12, 2021 and February 25, 2022 were the result of  
20 the partial disclosures of defendants’ overstatement of Playstudios’ projected revenues and  
21 earnings.

22           90.     The Proxy Statement was a “necessary link” in the merger transaction. As a result,  
23 Acies shareholders gave up shares worth \$10 per share.

24           91.     As a result, defendants’ conduct proximately caused foreseeable losses to members  
25 of the Class.

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1           96. Plaintiff's claims are typical of the claims of the members of the Class as all  
2 members of the Class are similarly affected by defendants' wrongful conduct in violation of  
3 federal law that is complained of herein.

4           97. Plaintiff will fairly and adequately protect the interests of the members of the Class  
5 and has retained counsel competent and experienced in class and securities litigation. Plaintiff has  
6 no interests antagonistic to or in conflict with those of the Class.

7           98. Common questions of law and fact exist as to all members of the Class and  
8 predominate over any questions solely affecting individual members of the Class. Among the  
9 questions of law and fact common to the Class are:

- 10           a. Whether defendants violated the federal securities laws;
- 11           b. Whether defendants' statements to the investing public misrepresented  
12 material facts about the financial condition, business, operations, and  
13 management of Playstudios, including, but not limited to the status of  
14 *Kingdom Boss* and expected revenues;
- 15           c. Whether defendants' statements to the investing public omitted material  
16 facts necessary to make the statements made, in light of the circumstances  
17 under which they were made, not misleading;
- 18           d. Whether the defendant Andrew Pascal caused Playstudios to issue false  
19 and misleading SEC filings and public statements;
- 20           e. Whether defendants acted knowingly or recklessly in issuing false and  
21 misleading SEC filings and public statements;
- 22           f. Whether the prices of Playstudios' securities were artificially inflated  
23 because of the defendants' conduct complained of herein; and
- 24           g. Whether the members of the Class have sustained damages and, if so, what  
25 is the proper measure of damages.

26           99. A class action is superior to all other available methods for the fair and efficient  
27 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as  
28 the damages suffered by individual Class members may be relatively small, the expense and

1 burden of individual litigation make it impossible for members of the Class to individually redress  
2 the wrongs done to them. There will be no difficulty in the management of this action as a class  
3 action.

4 100. Plaintiff will rely, in part, upon the presumption of reliance established by the  
5 fraud-on-the-market doctrine in that:

- 6 a. defendants made public misrepresentations or failed to disclose material  
7 facts during the Class Period;
- 8 b. The omissions and misrepresentations were material;
- 9 c. Playstudios' securities traded in efficient markets; and
- 10 d. Playstudios traded on the NASDAQ, and was covered by market analysts.

11 101. The market for Playstudios' securities was open, well-developed and efficient at  
12 all relevant times. As a result of the materially false and/or misleading statements and/or failures  
13 to disclose, Playstudios' securities traded at artificially inflated prices during the Class Period. On  
14 June 22, 2021, the Company's share price closed at a Class Period high of \$10 per share. Plaintiff  
15 and other members of the Class purchased or otherwise acquired the Company's securities relying  
16 upon the integrity of the market price of Playstudios' securities and market information relating  
17 to Playstudios, and have been damaged thereby.

18 102. During the Class Period, the artificial inflation of Playstudios' shares was caused  
19 by the material misrepresentations and/or omissions particularized in this Complaint causing the  
20 damages sustained by plaintiff and other members of the Class. As described herein, during the  
21 Class Period, defendants made or caused to be made a series of materially false and/or misleading  
22 statements about *Kingdom Boss*' launch. These material misstatements and/or omissions created  
23 an unrealistically positive assessment of Playstudios and its business, operations, and prospects,  
24 thus causing the price of Playstudios' securities to be artificially inflated at all relevant times, and  
25 when disclosed, negatively affected the value of Playstudios' shares. defendants' materially false  
26 and/or misleading statements during the Class Period resulted in plaintiff and other members of  
27 the Class purchasing Playstudios' securities at such artificially inflated prices, and each of them  
28 has been damaged as a result.

1           103. At all relevant times, the market for Playstudios' securities was an efficient market  
2 for the following reasons, among others: (a) Playstudios shares met the requirements for listing,  
3 and were listed and actively traded on the NASDAQ, a highly efficient and automated market;  
4 (b) As a regulated issuer, Playstudios filed periodic public reports with the SEC and/or the  
5 NASDAQ; and (c) Playstudios regularly communicated with public investors via established  
6 market communication mechanisms, including through regular dissemination of press releases on  
7 the national circuits of major newswire services and through other wide-ranging public  
8 disclosures, such as communications with the financial press and other similar reporting services.

9           104. Playstudios was followed by securities analysts employed by brokerage firms who  
10 wrote reports about Playstudios, and these reports were distributed to the sales force and certain  
11 customers of their respective brokerage firms. Each of these reports was publicly available and  
12 entered the public marketplace.

13           105. As a result of the foregoing, the market for Playstudios' securities promptly  
14 digested current information regarding Playstudios from all publicly available sources and  
15 reflected such information in Playstudios' share price. Under these circumstances, all purchasers  
16 of Playstudios' securities during the Class Period suffered similar injury through their purchase  
17 of Playstudios' securities at artificially inflated prices and a presumption of reliance applies.

18           106. A Class-wide presumption of reliance is also appropriate in this action under the  
19 Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972),  
20 because the Class's claims are, in large part, grounded on defendants' material misstatements  
21 and/or omissions. Because this action involves defendants' failure to disclose material adverse  
22 information regarding the Company's business operations and financial prospects—information  
23 that defendants were obligated to disclose—positive proof of reliance is not a prerequisite to  
24 recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable  
25 investor might have considered them important in making investment decisions. Given the  
26 importance of the material misstatements and omissions set forth above, that requirement is  
27 satisfied here.

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1 Statement were true and without omissions of any material facts and were not misleading  
2 information contained therein.

3 134. By reasons of the conduct herein alleged, each Section 11 Defendant violated,  
4 and/or controlled a person who violated Section 11 of the Securities Act.

5 135. Class members acquired Playstudios shares pursuant and/or traceable to the  
6 Registration Statement for the Merger.

7 136. Plaintiff and the Class have sustained damages. The value of Playstudios common  
8 stock has declined substantially subsequent to and due to Section 11 Defendants violations.

9  
10 **PRAYER FOR RELIEF**

11 WHEREFORE, plaintiff demand judgment against defendants as follows:

- 12 A. Determine that this action is a proper class action under Federal Rule Civil  
13 Procedure 23;
- 14 B. Declare that defendants have violated the Securities Act and the Exchange  
15 Act;
- 16 C. Award damages in favor of plaintiff and the Class against all defendants,  
17 jointly and severally, for all damages sustained as a result of defendants'  
18 wrongdoing, in an amount to be proven at trial, and prejudgment interest  
19 thereon;
- 20 D. Award restitution and equitable relief to plaintiff and the Class;
- 21 E. Award plaintiff and the Class their reasonable attorneys' fees, costs and  
22 expenses incurred in this action, including expert fees;
- 23 F. Awarding such other relief as the Court deems just and proper.

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