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Årsredovisning

för

ELKAB Studios AB

556902-6155

Räkenskapsåret

2022–01–01 – 2022–12–31

Fastställelseintyg

Undertecknad verkställande direktör i ELKAB Studios AB intygar, dels att denna kopia av årsredovisningen stämmer överens med originalet, dels att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 9 juni 2023. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Stockholm den 28 juni 2023

Filip Säfbeck

20230630009953

Årsredovisning

för

ELKAB Studios AB

556902-6155

Räkenskapsåret

2022

Innehållsförteckning

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Styrelsen och verkställande direktören för ELKAB Studios AB avger följande årsredovisning för räkenskapsåret 2022.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i hela kronor (kr). Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Information om verksamheten
Bolaget skall bedriva utveckling och försäljning av digitala produkter med fokus på mobila spelapplikationer och darmed förenlig verksamhet. Företaget har sitt säte i Stockholm.

Väsentliga händelser under räkenskapsåret
Under året har ELKAB Studios AB ("ELK Studios")
- Lanserat 14 (14) nya spel
- Investerat i både personal och teknik för att stå väl förberedda för fortsatt expansion under 2023.

Förväntad framtida utveckling samt väsentliga risker och osäkerhetsfaktorer
En växande marknad, nya marknader, ökade marknadsandelar och nya kunder ger ELK Studios goda förutsattningar för tillväxt även under 2023.

Ägarförhållanden
Bolaget ägs till 93,8% av SG Gaming, Inc., Reg. NV19911040511

Flerårsöversikt (Tkr)	**2022**	**2021**	**2020**	**2019**	**2018**
Totala intäkter	272 428	197 412	145 239	115 585	73 848
Resultat efter finansiella poster	114 162	87 217	54 625	52 452	23 765
Soliditet (%)	87	90	85	81	77
Antal anställda	79	66	55	46	34

För definitioner av nyckeltal, se Redovisnings- och värderingsprinciper.

Förändringar i eget kapital

	Aktie-kapital	**Fond för utveck-utgifter**	**Fri överkurs-fond**	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	90 500	70 798 278	17 468 362	-140 130	69 140 155	157 357 165
Disposition enligt beslut av årsstämman:						
Balanseras i ny räkning				69 140 155	-69 140 155	0
Nyemission	1 860		2 044 140			2 046 000
Aktivering av utvecklingsutgifter		9 281 782		-9 281 782		0
Årets resultat					90 402 645	90 402 645
Belopp vid årets utgång	**92 360**	**80 080 060**	**19 512 502**	**59 718 243**	**90 402 645**	**249 805 810**

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Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	59 718 244
överkursfond	19 512 502
årets vinst	90 402 645
	169 633 391
disponeras så att	
till aktieägare utdelas	0
i ny räkning överföres	169 633 391
	169 633 391

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning samt kassaflödesanalys med noter.

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Resultaträkning

	Not	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
	1		
Rörelsens intäkter			
Nettoomsättning		231 736 698	167 082 721
Aktiverat arbete för egen räkning		33 849 569	29 593 895
Övriga rörelseintäkter		6 841 367	735 189
		272 427 633	**197 411 805**
Rörelsens kostnader			
Råvaror och förnödenheter		-7 389 185	-5 591 539
Övriga externa kostnader	2	-31 366 455	-19 973 935
Personalkostnader	3	-89 457 047	-64 476 183
Avskrivningar och nedskrivningar av materiella och immateriella anläggningstillgångar		-25 720 697	-18 559 921
Övriga rörelsekostnader		-4 335 343	-1 592 007
		-158 268 727	**-110 193 585**
Rörelseresultat	4, 5	**114 158 907**	**87 218 220**
Resultat från finansiella poster			
Övriga ränteintäkter och liknande resultatposter		3 472	0
Räntekostnader och liknande resultatposter		0	-1 006
		3 472	**-1 006**
Resultat efter finansiella poster		**114 162 379**	**87 217 214**
Resultat före skatt		**114 162 379**	**87 217 214**
Skatt på årets resultat	6	-23 759 734	-18 077 059
Årets resultat		**90 402 645**	**69 140 155**

Balansräkning

	Not	2022-12-31	2021-12-31
	1		
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Balanserade utgifter för utvecklingsarbeten och liknande arbeten	7	80 080 060	70 798 278
		80 080 060	**70 798 278**
Materiella anläggningstillgångar			
Inventarier, verktyg och installationer	8	4 350 826	4 943 609
		4 350 826	**4 943 609**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	9, 10	52 200	52 200
		52 200	**52 200**
Summa anläggningstillgångar		**84 483 086**	**75 794 087**
Omsättningstillgångar			
Kortfristiga fordringar			
Kundfordringar		4 711 027	6 070 698
Fordringar hos koncernföretag		111 428 199	28 891 785
Övriga fordringar		3 045 988	3 374 230
Förutbetalda kostnader och upplupna intäkter	11	20 744 649	15 843 232
		139 929 863	**54 179 945**
Kassa och bank		62 287 718	45 523 122
Summa omsättningstillgångar		**202 217 581**	**99 703 067**
SUMMA TILLGÅNGAR		**286 700 667**	**175 497 154**

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Balansräkning

	Not	2022-12-31	2021-12-31
	1		
EGET KAPITAL OCH SKULDER			
Eget kapital	12		
Bundet eget kapital			
Aktiekapital		92 360	90 500
Fond för utvecklingsutgifter		80 080 060	70 798 278
		80 172 420	**70 888 778**
Fritt eget kapital			
Fri överkursfond		19 512 502	17 468 362
Balanserad vinst eller förlust		59 718 244	-140 129
Årets resultat		90 402 645	69 140 155
		169 633 391	**86 468 388**
Summa eget kapital		**249 805 811**	**157 357 166**
Kortfristiga skulder			
Leverantörsskulder		2 394 015	1 868 642
Skulder till koncernföretag		2 382 856	1 413 615
Aktuella skatteskulder		11 435 699	4 295 375
Övriga skulder		2 906 481	2 396 912
Upplupna kostnader och förutbetalda intäkter	13	17 775 805	8 165 443
Summa kortfristiga skulder		**36 894 856**	**18 139 988**
SUMMA EGET KAPITAL OCH SKULDER		**286 700 667**	**175 497 154**

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Kassaflödesanalys

	Not	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
	1		
Den löpande verksamheten			
Resultat efter finansiella poster		114 162 379	87 217 214
Justeringar för poster som inte ingår i kassaflödet		25 720 697	18 559 921
Betald skatt		-16 619 410	-19 459 285
Kassaflöde från den löpande verksamheten före förändring av rörelsekapital		**123 263 666**	**86 317 850**
Kassaflöde från förändring av rörelsekapitalet			
Förändring av kortfristiga fordringar		-85 749 918	-6 790 421
Förändring av kortfristiga skulder		11 614 545	530 760
Kassaflöde från den löpande verksamheten		**49 128 293**	**80 058 189**
Investeringsverksamheten			
Investeringar i immateriella anläggningstillgångar		-33 849 569	-29 593 895
Investeringar i materiella anläggningstillgångar		-560 127	-4 714 232
Kassaflöde från investeringsverksamheten		**-34 409 696**	**-34 308 127**
Finansieringsverksamheten			
Nyemission		2 046 000	0
Utbetald utdelning		0	-20 000 000
Kassaflöde från finansieringsverksamheten		**2 046 000**	**-20 000 000**
Årets kassaflöde		**16 764 597**	**25 750 062**
Likvida medel vid årets början			
Likvida medel vid årets början		45 523 122	19 773 059
Likvida medel vid årets slut		**62 287 719**	**45 523 121**

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Noter

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar
Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Fordringar och skulder i utländsk valuta har värderats till balansdagens kur. Kursvinster och kurförluster på räntefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

För säkring av tillgång eller skuld mot valutakursrisk används valutaterminer.

Redovisningsprinciperna är oförändrade jämfört med föregående år.

Intäktsredovisning
Intäkter har tagits upp till verkligt värde av vad som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt.

Immateriella tillgångar
Företaget redovisar internt upparbetade immateriella anläggningstillgångar enligt aktiveringsmodellen. Det innebär att samtliga utgifter som avser framtagandet av en internt upparbetad immateriell anläggningstillgång aktiveras och skrivs av under tillgångens beräknade nyttjandeperiod, under förutsättningarna att kriterierna i BFNAR 2012:1 är uppfyllda.

Anläggningstillgångar
Immateriella och materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar enligt plan och eventuella nedskrivningar.

Avskrivning sker linjärt över den förväntade nyttjandeperioden med hänsyn till väsentligt restvärde. Följande avskrivningsprocent tillämpas:

Balanserade utgifter för utvecklingsarbeten	5 år
Inventarier, verktyg och installationer	5 år

Finansiella anläggningstillgångar
Bolaget värderar de finansiella tillgångarna utifrån anskaffningsvärden. I de fall ett identifierbart marknadsvärde understiger anskaffningsvärdet görs nedskrivningar till marknadsvärdet.

Inkomstskatter
Aktuell skatt
Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån den skattesats som gäller per balansdagen.

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Ersättningar till anställda

Ersättningar till anställda avser alla former av ersättningar som företaget lämnar till de anställda. Kortfristiga ersättningar utgörs av bland annat löner, betald semester, betald frånvaro, bonus och ersättning efter avslutad anställning (pension). Kortfristiga ersättningar redovisas som kostnad och en skuld då det finns en legal eller informell förpliktelse att betala ut en ersättning till följd av en tidigare händelse och en tillförlitlig uppskattning av beloppet kan göras.

Koncernförhållanden

Företaget är ett moderföretag men upprättar ingen koncernredovisning med hänvisning till undantagsregeln i årsredovisningslagen 7 kap. 2 §. Hänvisning till Light & Wonder Inc, USA, Reg. 81-0422894.

Kassaflödesanalys

Kassaflödesanalysen upprättas enligt indirekt metod. Det redovisade kassaflödet omfattar endast transaktioner som medfört in- eller utbetalningar.

Som likvida medel klassificerar företaget, förutom kassamedel, disponibla tillgodohavanden hos banker och andra kreditinstitut samt kortfristiga likvida placeringar som är noterade på en marknadsplats och har en kortare löptid än tre månader från anskaffningstidpunkten. Förändringar i spärrade medel redovisas i investeringsverksamheten.

Nyckeltalsdefinitioner

Totala intäkter
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

Antal anställda
Medelantal anställda under räkenskapsåret.

Not 2 Arvode till revisorer

Med revisionsuppdrag avses granskning av årsredovisningen och bokföringen samt styrelsens och verkställande direktörens förvaltning, övriga arbetsuppgifter som det ankommer på bolagets revisor att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförandet av sådana övriga arbetsuppgifter.

	2022	2021
Öhrlings PricewaterhouseCoopers AB		
Revisionsuppdrag	118 000	94 000
Övriga tjänster	5 000	0
	123 000	**94 000**

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Not 3 Anställda och personalkostnader

	2022	2021
Medelantalet anställda		
Kvinnor	22	13
Män	57	53
	79	**66**
Löner och andra ersättningar		
Övriga anställda	59 805 328	42 728 438
	59 805 328	**42 728 438**
Sociala kostnader		
Sociala avgifter enligt lag och avtal	19 742 508	14 232 629
Pensionskostnader	4 853 553	3 678 369
	24 596 061	**17 910 998**
Totala löner, ersättningar, sociala kostnader och pensionskostnader	**84 401 389**	**60 639 436**
Könsfördelning bland ledande befattningshavare		
Andel kvinnor i styrelsen	100 %	0 %
Andel män i styrelsen	0 %	100 %

Not 4 Inköp och försäljning mellan koncernföretag

	2022	2021
Andel av årets totala inköp som skett från andra företag i koncernen	0,00 %	0,00 %
Andel av årets totala försäljningar som skett till andra företag i koncernen	48,00 %	74,00 %

Not 5 Inköp och försäljning mellan koncernföretag

	2022	2021
Årets totala inköp som skett från andra företag i koncernen		
Content Media Operations Sweden AB	0	0
ELK Studios Malta Limtied	0	0
NYX Interactive Aktiebolag	0	0
	0	**0**
Årets totala försäljning som skett till andra företag i koncernen		
Content Media Operations Sweden AB	1 081 460	37 542 147
ELK Studios Malta Limited	110 034 878	34 118 547
NYX Interactive Aktiebolag	666 865	51 685 802
	111 783 203	**123 346 496**

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Not 6 Aktuell och uppskjuten skatt

	2022	2021
Skatt på årets resultat		
Aktuell skatt	23 759 734	18 077 059
Totalt redovisad skatt	**23 759 734**	**18 077 059**

Avstämning av effektiv skatt

	2022		2021	
	Procent	**Belopp**	**Procent**	**Belopp**
Redovisat resultat före skatt		114 162 379		87 217 214
Skatt enligt gällande skattesats	20,6	-23 517 450	20,6	-17 966 746
Ej avdragsgilla kostnader	0,4	-407 839	0,1	-110 314
Ej skattepliktiga intäkter	0,0	715		
Övrigt		164 840		
Redovisad effektiv skatt	**20,8**	**-23 759 734**	**20,7**	**-18 077 060**

Not 7 Balanserade utgifter för utvecklingsarbeten och liknande arbeten

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	108 392 616	78 798 721
Aktiverade utgifter	33 849 569	29 593 895
Utgående ackumulerade anskaffningsvärden	**142 242 185**	**108 392 616**
Ingående avskrivningar	-37 594 338	-19 297 140
Årets avskrivningar	-24 567 787	-18 297 198
Utgående ackumulerade avskrivningar	**-62 162 125**	**-37 594 338**
Utgående redovisat värde	**80 080 060**	**70 798 278**

Not 8 Inventarier, verktyg och installationer

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	5 937 673	1 223 441
Inköp	560 127	4 714 232
Utgående ackumulerade anskaffningsvärden	**6 497 800**	**5 937 673**
Ingående avskrivningar	-994 064	-731 341
Årets avskrivningar	-1 152 910	-262 723
Utgående ackumulerade avskrivningar	**-2 146 974**	**-994 064**
Utgående redovisat värde	**4 350 826**	**4 943 609**

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Not 9 Andelar i koncernföretag

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	52 200	52 200
Utgående ackumulerade anskaffningsvärden	**52 200**	**52 200**
Utgående redovisat värde	**52 200**	**52 200**

Not 10 Specifikation andelar i koncernföretag

Namn	Kapital-andel	Antal andelar	Bokfört värde
Content Media Operations Sweden AB	100%	1 000	50 000
Content Media Holding Ltd	100%	1 165	2 200
			52 200

	Org.nr	Säte
Content Media Operations Sweden AB	559193-9755	Stockholm
Content Media Holding Ltd	C76328	Malta

Not 11 Förutbetalda kostnader och upplupna intäkter

	2022-12-31	2021-12-31
Förutbetalda hyreskostnader	4 761 952	3 971 296
Upplupna intäkter	13 577 771	10 442 961
Övriga förutbetalda kostnader	2 404 926	1 428 975
	20 744 649	**15 843 232**

Not 12 Antal aktier och kvotvärde

Aktiekapitalet består av 9 236 000 (9 050 000) aktier med ett kvotvärde om 0,01 (0,01) kr per aktie.

Not 13 Upplupna kostnader och förutbetalda intäkter

	2022-12-31	2021-12-31
Upplupna semesterlöner	3 281 069	3 201 871
Upplupna sociala avgifter	1 030 912	1 006 028
Övriga upplupna kostnader	13 463 824	3 957 544
	17 775 805	**8 165 443**

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Not 14 Ställda säkerheter

	2022-12-31	2021-12-31
För egna skulder och avsättningar		
Andra ställda säkerheter	0	2 345 673
	0	**2 345 673**

Stockholm 2023-06-08

Filip Säfbeck
Verkställande direktör

Constance James

Vår revisionsberättelse har lämnats 9/6-2023
Öhrlings PrisewaterhouseCoopers AB

Peter Kangas
Auktoriserad revisor

20230630009966

Revisionsberättelse

Till bolagsstämman i ELKAB Studios AB, org.nr 556902-6155

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för ELKAB Studios AB för år 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av ELKAB Studios ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för ELKAB Studios AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till ELKAB Studios AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för ELKAB Studios AB för år 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamot och verkställande direktören ansvarsfrihet för räkenskapsåret.

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Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till ELKAB Studios AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- *företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet* mot bolaget
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Stockholm den 9/6 2023

Öhrlings PricewaterhouseCoopers AB

Peter Kangas
Auktoriserad revisor

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2022

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001-11693

LIGHT & WONDER™

LIGHT & WONDER, INC.

(Exact name of registrant as specified in its charter)

Nevada	**81-0422894**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6601 Bermuda Road, Las Vegas, Nevada 89119
(Address of principal executive offices) (Zip Code)

(702) 897-7150
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $.001 par value	**LNW**	**The Nasdaq Stock Market**
Preferred Stock Purchase Rights		**The Nasdaq Stock Market**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2022, the market value of voting and non-voting common equity held by non-affiliates of the registrant was $3,951,061,016.

Common stock outstanding as of February 24, 2023 was 90,999,041.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement relating to the 2023 annual meeting of stockholders are incorporated by reference in Part III. The proxy statement will be filed with the Securities and Exchange Commission no later than 120 days after the conclusion of the registrant's fiscal year ended December 31, 2022.

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Glossary of Terms

The following terms or acronyms used in this Form 10-K are defined below:

Term or Acronym	Definition
2025 Secured Notes	5.000% senior secured notes due 2025 issued by LNWI
2026 Secured Euro Notes	3.375% senior secured notes due 2026 issued by LNWI
2026 Unsecured Euro Notes	5.500% senior unsecured notes due 2026 issued by LNWI
2025 Unsecured Notes	8.625% senior unsecured notes due 2025 issued by LNWI
2026 Unsecured Notes	8.250% senior unsecured notes due 2026 issued by LNWI
2028 Unsecured Notes	7.000% senior unsecured notes due 2028 issued by LNWI
2029 Unsecured Notes	7.250% senior unsecured notes due 2029 issued by LNWI
AEBITDA	Adjusted EBITDA, our primary performance measure of profit or loss for our business segments
April 2022 Refinancing	The series of refinancing transactions we completed in April 2022, in which we entered into the LNWI Credit Agreement containing the LNWI Revolver and LNWI Term Loan B, and we redeemed the LNWI Term Loan B-5, 2025 Secured Notes, 2026 Secured Euro Notes, 2026 Unsecured Euro Notes and 2026 Unsecured Notes
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
CMS	casino-management system
Coin-in	the amount wagered
COVID-19	Coronavirus disease first identified in 2019 (declared a pandemic by the World Health Organization on March 11, 2020), the resulting pandemic and the associated impacts on the macroeconomic environment in general and our business environment specifically
D&A	depreciation, amortization and impairments (excluding goodwill)
Divested Businesses or Divestitures	The Lottery Business and Sports Betting Business combined or the sales of these, as appropriate within the context
ETS	electronic table system
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
KPIs	Key Performance Indicators
L&W	Light & Wonder, Inc.
LAP	local-area progressive
LBO	licensed betting office
LIBOR	London Interbank Offered Rate
LNWI	Light and Wonder International, Inc., a wholly-owned subsidiary of L&W and successor to SGI
LNWI Credit Agreement	That certain credit agreement, dated as of April 14, 2022, among SGI, as the borrower, L&W, as a guarantor, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Collateral Agent and Swingline Lender, BofA Securities, Inc., BNP Paribas Securities Corp., Deutsche Bank Securities Inc., Fifth Third Bank, National Association, Barclays Bank PLC, Citizens Bank, N.A., Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc., Royal Bank of Canada, Truist Securities, Inc., Credit Suisse Loan Funding LLC and Macquarie Capital (USA) Inc. as Lead Arrangers and Joint Bookrunners, as amended, restated, amended and restated, supplemented or otherwise modified from time to time
LNWI Revolver	Revolving credit facility with aggregate commitments of $750 million extended pursuant to the LNWI Credit Agreement
LNWI Term Loan B	Term loan facility, issued pursuant to the LNWI Credit Agreement
LNWI Term Loan B-5	Term loan facility, issued pursuant to that certain credit agreement, dated as of October 18, 2013 (and amended, supplemented and modified from time to time), by and among SGI, as the borrower, L&W, as a guarantor, Bank of America, N.A., as administrative agent, and the lenders and other agents party thereto
Lottery Business	Our prior operating business segment that provided instant and draw-based lottery products, lottery systems and lottery content and services to lottery operators wagering solutions to various gaming entities. This business segment was divested during the second quarter of 2022 and is included in discontinued operations in our financial statements
Net win	Coin-in less payouts
Note	a note in the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K, unless otherwise indicated
NOL	net operating loss
Participation	refers to gaming machines provided to customers through service or leasing arrangements in which we earn revenues and are paid based on: (1) a percentage of the amount wagered less payouts; (2) fixed daily-fees; (3) a percentage of the amount wagered; or (4) a combination of (2) and (3)
PTG	proprietary table games
R&D	research and development

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RMG	real-money gaming
RSU	restricted stock unit
SciPlay	SciPlay Corporation, formerly referred to as our Social business segment
SciPlay Revolver	$150 million revolving credit facility agreement entered into by SciPlay Holding Company, LLC, a subsidiary of SciPlay Corporation, that matures in May 2024
SEC	Securities and Exchange Commission
Secured Notes	refers to the 2025 Secured Notes and 2026 Secured Euro Notes, collectively
Securities Act	Securities Act of 1933, as amended
Senior Notes	the Secured Notes and the Unsecured Notes
SG&A	selling, general and administrative
SGI	Scientific Games International, Inc. (predecessor to LNWI, a wholly-owned subsidiary of L&W)
Shufflers	various models of automatic card shufflers, deck checkers and roulette chip sorters
SOFR	Secured Overnight Financing Rate
Sports Betting Business	Our prior line of business that provided sports betting services which enable customers to operate sports books, including betting markets across both fixed-odds and pari-mutual betting styles, a distribution platform, full gaming process support services and brand and player management. This business was divested during the third quarter of 2022 and is included in discontinued operations in our financial statements
Unsecured Notes	refers to the 2026 Unsecured Euro Notes, 2026 Unsecured Notes, 2028 Unsecured Notes and 2029 Unsecured Notes, collectively
U.S. GAAP	accounting principles generally accepted in the U.S.
U.S. jurisdictions	the 50 states in the U.S. plus the District of Columbia, U.S. Virgin Islands and Puerto Rico
VAT	value-added tax
VGT	video gaming terminal
VLT	video lottery terminal
WAP	wide-area progressive

Intellectual Property Rights

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The MONOPOLY name and logo, the distinctive design of the game board, the four corner squares, the MR. MONOPOLY name and character, as well as each of the distinctive elements of the board, cards, and the playing pieces are trademarks of Hasbro for its property trading game and game equipment and are used with permission. © 1935, 2023 Hasbro. All Rights Reserved. Licensed by Hasbro.

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THE FLINTSTONES™ and all related characters and elements © & ™ Hanna-Barbera.

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PART I

FORWARD-LOOKING STATEMENTS

Throughout this Annual Report on Form 10-K, we make "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements describe future expectations, plans, results or strategies and can often be identified by the use of terminology such as "may," "will," "estimate," "intend," "plan," "continue," "believe," "expect," "anticipate," "target," "should," "could," "potential," "opportunity," "goal," or similar terminology. The forward-looking statements contained in this Annual Report on Form 10-K are generally located in the material set forth under the headings "*Business*," "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" but may be found in other locations as well. These statements are based upon management's current expectations, assumptions and estimates and are not guarantees of timing, future results or performance. Therefore, you should not rely on any of these forward-looking statements as predictions of future events. Actual results may differ materially from those contemplated in these statements due to a variety of risks and uncertainties and other factors, including, among other things:

- the effects of the COVID-19 pandemic and any resulting unfavorable social, political, economic and financial conditions;
- our inability to successfully execute our strategy and rebranding initiative;
- slow growth of new gaming jurisdictions, slow addition of casinos in existing jurisdictions and declines in the replacement cycle of gaming machines;
- risks relating to foreign operations, including anti-corruption laws, fluctuations in currency rates, restrictions on the payment of dividends from earnings, restrictions on the import of products and financial instability;
- difficulty predicting what impact, if any, new tariffs imposed by and other trade actions taken by the U.S. and foreign jurisdictions could have on our business;
- U.S. and international economic and industry conditions, including increases in benchmark interest rates and the effects of inflation;
- public perception of our response to environmental, social and governance issues;
- changes in, or the elimination of, our share repurchase program;
- level of our indebtedness, higher interest rates, availability or adequacy of cash flows and liquidity to satisfy indebtedness, other obligations or future cash needs;
- inability to further reduce or refinance our indebtedness;
- restrictions and covenants in debt agreements, including those that could result in acceleration of the maturity of our indebtedness;
- competition;
- inability to win, retain or renew, or unfavorable revisions of, existing contracts, and the inability to enter into new contracts;
- the impact of U.K. legislation approving the reduction of fixed-odds betting terminals maximum stakes limit on LBO operators, including the related closure of certain LBO shops;
- inability to adapt to, and offer products that keep pace with, evolving technology, including any failure of our investment of significant resources in our R&D efforts;
- changes in demand for our products and services;
- inability to achieve some or all of the anticipated benefits of SciPlay being a standalone public company;
- dependence on suppliers and manufacturers;
- SciPlay's dependence on certain key providers;
- ownership changes and consolidation in the gaming industry;
- fluctuations in our results due to seasonality and other factors;
- security and integrity of our products and systems, including the impact of any security breaches or cyber-attacks;
- protection of our intellectual property, inability to license third-party intellectual property and the intellectual property rights of others;
- reliance on or failures in information technology and other systems;
- litigation and other liabilities relating to our business, including litigation and liabilities relating to our contracts and licenses, our products and systems, our employees (including labor disputes), intellectual property, environmental laws and our strategic relationships;
- reliance on technological blocking systems;

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- challenges or disruptions relating to the completion of the domestic migration to our enterprise resource planning system;
- laws and government regulations, both foreign and domestic, including those relating to gaming, data privacy and security, including with respect to the collection, storage, use, transmission and protection of personal information and other consumer data, and environmental laws, and those laws and regulations that affect companies conducting business on the internet, including online gambling;
- legislative interpretation and enforcement, regulatory perception and regulatory risks with respect to gaming, especially internet wagering, social gaming and sports wagering;
- changes in tax laws or tax rulings, or the examination of our tax positions;
- opposition to legalized gaming or the expansion thereof and potential restrictions on internet wagering;
- significant opposition in some jurisdictions to interactive social gaming, including social casino gaming and how such opposition could lead these jurisdictions to adopt legislation or impose a regulatory framework to govern interactive social gaming or social casino gaming specifically, and how this could result in a prohibition on interactive social gaming or social casino gaming altogether, restrict our ability to advertise our games, or substantially increase our costs to comply with these regulations;
- expectations of shift to regulated digital gaming or sports wagering;
- inability to develop successful products and services and capitalize on trends and changes in our industries, including the expansion of internet and other forms of digital gaming;
- the continuing evolution of the scope of data privacy and security regulations, and our belief that the adoption of increasingly restrictive regulations in this area is likely within the U.S. and other jurisdictions;
- incurrence of restructuring costs;
- goodwill impairment charges including changes in estimates or judgments related to our impairment analysis of goodwill or other intangible assets;
- stock price volatility;
- failure to maintain adequate internal control over financial reporting;
- dependence on key executives;
- natural events that disrupt our operations, or those of our customers, suppliers or regulators; and
- expectations of growth in total consumer spending on social casino gaming.

Additional information regarding risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated in forward-looking statements is included from time to time in our filings with the SEC, including under *Part I, Item 1A "Risk Factors"* in this Annual Report on Form 10-K. Forward-looking statements speak only as of the date they are made and, except for our ongoing obligations under the U.S. federal securities laws, we undertake no and expressly disclaim any obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise.

You should also note that this Annual Report on Form 10-K may contain references to industry market data and certain industry forecasts. Industry market data and industry forecasts are obtained from publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of that information is not guaranteed. Although we believe industry information to be accurate, it is not independently verified by us and we do not make any representation as to the accuracy of that information. In general, we believe there is less publicly available information concerning the international gaming, social and digital gaming industries than the same industries in the U.S.

Due to rounding, certain numbers presented herein may not precisely recalculate.

ITEM 1. BUSINESS

Unless otherwise specified or the context otherwise indicates, all references to the words "Light & Wonder," "Light & Wonder, Inc.," "we," "us," "our" and the "Company" refer to L&W and its consolidated subsidiaries.

General

L&W, formerly known as Scientific Games, was incorporated in the state of Delaware on July 2, 1984. On September 18, 2017, L&W entered into an Agreement and Plan of Merger with SG Nevada Merger Company, a Nevada corporation and L&W's wholly owned subsidiary ("Newco"), providing for the merger of L&W with and into Newco with Newco surviving the merger (the "Surviving Corporation"), for the sole purpose of changing L&W's state of incorporation from Delaware to Nevada (the "reincorporation merger"). The reincorporation merger was approved by the affirmative vote of holders of a majority of outstanding shares of Class A common stock of L&W entitled to vote thereon at a special meeting of L&W's stockholders on November 27, 2017. On January 10, 2018, the reincorporation merger was consummated. Following the consummation of the reincorporation merger, each outstanding share of Class A common stock of L&W, par value $0.01 per share, automatically converted into one share of common stock of the Surviving Corporation, par value $0.001 per share. The reincorporation merger did not result in any change in L&W's name, headquarters, business, management, location of offices, assets, liabilities or net worth, other than as a result of the costs incident to the reincorporation merger. Our management, including all directors and officers, immediately prior to the reincorporation merger remained the same immediately following the reincorporation merger and assumed identical positions with the Surviving Corporation.

During the second quarter of 2021, with the support of our Board of Directors, we completed our strategic review and set forth our strategy to become a leading cross-platform global games company with a focus on content and digital markets. As a result of this strategy, during 2022 we completed divestitures of the Lottery Business and Sports Betting Business, which marked a major milestone in transforming and deleveraging our balance sheet.

On April 18, 2022, we changed our name to "Light & Wonder, Inc." In connection therewith, the ticker symbol for the Company's common stock was changed from SGMS to LNW, at the time of the legal name change. The Company's common stock is listed on The Nasdaq Stock Market.

We are a leading cross-platform global games company with a focus on content and digital markets. Our portfolio of revenue-generating activities in our continuing operations primarily includes supplying game content and gaming machines, CMSs and table game products and services to licensed gaming entities; providing social casino and other mobile games, including casual gaming, to retail customers; and providing a comprehensive suite of digital gaming content, distribution platforms, player account management systems, as well as various other iGaming content and services. We report our results of operations in three business segments—Gaming, SciPlay and iGaming—representing our different products and services.

We have reflected the financial results of the Lottery Business and Sports Betting Business as discontinued operations in our consolidated statements of operations for all periods presented and the assets and liabilities of these businesses as held for sale in our consolidated balance sheet as of December 31, 2021. Unless otherwise noted, amounts and disclosures included herein relate to our continuing operations.

Strategy

We strive to provide high quality products and services to our customers across all of our business segments. We reconstituted our Board of Directors in 2020, and during the second quarter of 2021, with the support of our Board of Directors, we completed our strategic review and set forth our strategy to become a leading cross-platform global games company with a focus on content and digital markets. We established a strategic roadmap to drive long-term value that consists of: (i) growing our market share and leveraging our differentiated position; (ii) streamlining our organization; (iii) driving sustainable growth and maintaining a healthy balance sheet; and (iv) disciplined capital allocation strategy. In 2022, we completed the Divestitures, reaching a major milestone in transforming our business, and with our resulting streamlined organization and vision to be the leading cross-platform global games company, we continue to focus on the following, supporting our strategic roadmap:

- *Creating great content and franchises fully cross-platform and enabling a seamless player experience* — We are singularly focused on creating great games and evergreen franchises that can be made available to players on any platform they want to play and enabling systems and technology for our players and customers.
- *Expanding in high-return markets* — We are investing organically and inorganically in our core markets and strategic adjacencies that generate strong long-term cash-based returns.
- *Maximizing cash flow from operations* — With the completion of the Divestitures, we have significantly de-levered our balance sheet, enabling us to invest organically and inorganically in our core growth areas to accelerate our strategies by investing and unlocking shareholder value.

- *Disciplined capital allocation* — We are focused on returning capital to shareholders through our balanced and opportunistic capital allocation management, including, but not limited to, organic investments in R&D and capital expenditures, expanding in high-return markets, and share repurchases, while we maintain financial strength and flexibility.
- *High performing talent and culture* — We are creating an organization and culture of high performance by building a strong and diverse global team that cultivates open minds and focuses on driving innovation and enabling an efficient and flexible operation that is structured to support our business strategies.

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Gaming Segment

The gaming industry is characterized by the continuous development of new technologies, products and game content. Gaming products and services are used by a diverse group of gaming operators and U.S. and international lotteries which may offer VLTs and other forms of gaming, such as bingo and sports wagering.

Our products are installed in all of the major regulated U.S. gaming jurisdictions and in approximately 185 international gaming jurisdictions. Growth of gaming in land-based venues is driven by the opening of new casinos in both new and existing jurisdictions and the expansion of existing casinos. In addition, the land-based gaming business is significantly impacted by the rate at which casinos and other gaming operators replace their gaming machines, which depends on a number of factors, including their capital budgets. Virtually all sectors of the gaming industry are impacted by changes in economic conditions that impact players' disposable incomes.

A substantial portion of our U.K. gaming business benefits from a contract with the large U.K. bookmaker Entain PLC, which represents a significant portion of our U.K. LBO server-based gaming business.

Competition

The gaming machine sector is highly competitive and is characterized by the continuous introduction of new games, gaming machines and related technologies. We compete primarily with Ainsworth Game Technology, Aristocrat Leisure Ltd., ("Aristocrat"), Aruze Gaming America, Inc., Bluberi Gaming USA, Inc., Everi Games, Inc., Incredible Technologies, Inc., International Game Technology ("IGT") (a subsidiary of International Game Technology PLC), Inspired Entertainment Inc., Konami Digital Entertainment, Inc. ("Konami"), the Novomatic Group of Companies, Interblock, and Play*AGS*, Inc. ("AGS").

The CMS business is also highly competitive. Product features and functionality, accuracy, reliability, service level and pricing are among the factors that determine how successful systems providers are in selling their systems. Our principal competitors in CMSs include Aristocrat, IGT and Konami. Competition for these products is intense due to the number of providers and the limited number of casinos and jurisdictions in which they operate.

With respect to our table products, we compete on the basis of the breadth of our Shuffler products and services and PTGs, product reliability, service, the strength of our intellectual property and our extensive sales, regulatory and distribution channels.

Our automated Shufflers also compete against hand shuffling, which remains the most competitive shuffling option for casino card games around the world. Finally, since the need for our Shuffler products depends upon a casino's use of live table games, our Shufflers also compete against any products that live table games compete against.

Competition for PTG content is based on player appeal, brand recognition, price and the strength of the underlying intellectual property. We compete on this basis and on the strength of our extensive sales, service, marketing and distribution channels. We also compete with non-PTGs such as blackjack and baccarat and several companies that primarily develop and license PTGs such as AGS, Galaxy Gaming, Inc. and Masque Publishing, Inc. Finally, some of our product lines may compete against one another for space on the casino floor.

SciPlay Segment

Our SciPlay business segment is a leading developer and publisher of digital games on mobile and web platforms. SciPlay operates primarily in the social gaming market, which is characterized by gameplay online or on mobile devices that is social, competitive and self-directed in pace and session length. SciPlay also operates in the hyper-casual market, which is characterized by simpler core loops and more repetitive gameplay than casual games. *SciPlay generates a substantial portion of its revenue from in-app purchases in the form of virtual coins, chips and cards, which players can use to play slot* games, table games or bingo games. Players who install SciPlay's games typically receive free coins, chips or cards upon the initial launch of the game and additional free coins, chips or cards at specific time intervals. Players may exhaust the coins, chips or cards that they receive for free and may choose to purchase additional coins, chips or cards in order to extend their time of game play. Once obtained, coins, chips and cards (either free or purchased) cannot be redeemed for cash nor exchanged for anything other

than game play within SciPlay's apps. SciPlay generates additional revenue in the hyper-casual market from the receipt of advertising revenue. Players who install SciPlay's hyper-casual games receive free, unlimited gameplay that requires viewing of periodic in-game advertisements.

SciPlay currently offers a variety of social casino games, including *JACKPOT PARTY® Casino*, *GOLD FISH® Casino*, *QUICK HIT® Slots*, *88 FORTUNES® Slots*, *MONOPOLY Slots* and *HOT SHOT CASINO®*. Our SciPlay business segment continues to pursue its strategy of expanding into the casual games market. Current casual game titles include *BINGO SHOWDOWN®*, *SOLITAIRE PETS™ Adventure* and *Backgammon Live* as well as other titles in the hyper-casual market through the acquisition of Alictus Yazilim Anonim Şirketi ("Alictus"), including games such as *CANDY CHALLENGE 3D™*, *BOSS LIFE™* and *DEEP CLEAN INC. 3D™*. During 2022, SciPlay launched seven hyper-casual games, including the top hits Master Doctor 3D™ and Fade Master 3D™, and continued development of *SPELLSPINNER: FANTASY QUEST™*, a casual game. SciPlay's social casino games typically include slots-style game play and occasionally include table games-style game play, while its casual games blend solitaire-style or bingo game play with adventure game features, and its hyper-casual games include many simple core loop mechanics. All of SciPlay's games are offered and played across multiple platforms, including *APPLE*, *GOOGLE*, *FACEBOOK*, *AMAZON*, and *MICROSOFT*. In addition to SciPlay's internally created game content, SciPlay's content library includes recognizable Light & Wonder game content. This content allows players who like playing land-based game content to enjoy some of those same titles in SciPlay's free-to-play games. SciPlay has access to Light & Wonder's library of more than 1,500 iconic casino titles, including titles and content from third-party licensed brands such as *MONOPOLY* and *JAMES BOND™*. SciPlay's access to this content, coupled with its years of experience developing in-house content, uniquely positions SciPlay to create compelling digital games.

A number of trends and opportunities are driving significant changes in digital gaming, which we believe are causing growth in the casual games market and providing opportunities for SciPlay to grow our social casino games and expand into other areas of the casual games market, such as:

- Digital gaming is an engaging form of entertainment;
- Mobile devices are a leading medium to consume content such as games;
- Increasing number of players with the emergence of casual games;
- Scale is increasingly strategic in order to succeed in mobile gaming;
- Social casino gaming is an attractive market within digital gaming; and
- Additional market opportunities within the broader mobile gaming landscape.

Competition

Our SciPlay business segment faces significant competition in all aspects of its business. SciPlay's primary social casino game competitors include Playtika, Playstudios, Product Madness/Big Fish Games (subsidiaries of Aristocrat), DoubleU Games Co., Ltd/Double Down Interactive, GSN Games/Bash Gaming (subsidiaries of Scopely, Inc.), AppLovin Corporation and Huuuge Games. SciPlay's competitors in the broader social game market include Activision Blizzard, Electronic Arts, Kabam, Take-Two Interactive (acquirer of Zynga, Inc.), Tencent Holdings and Rovio. SciPlay also competes with platforms that host real money gambling, including those provided by our iGaming business segment. On the broadest scale, we compete for the leisure time, attention and discretionary spending of our players versus other forms of online entertainment, including social media and other video games, on the basis of a number of factors, including quality of player experience, brand awareness and reputation and access to distribution channels.

iGaming Segment

Our iGaming business segment provides a comprehensive suite of digital gaming content, distribution platforms, player account management systems, as well as various other iGaming content and services. The majority of our revenue is derived from casino-style game content, including a wide variety of internally developed and branded games as well as popular third-party provider games. These games are made available to iGaming operators via content aggregation platforms, including Open Gaming System, remote gaming servers and various other platforms. We also provide our Open Platform System ("OPS"), a player account management system which offers a wide range of reporting and administrative functions and tools providing operators full control over all areas of digital gaming operations. We continue to make progress on the U.S. licensing for launch of live casino and are on track to launch in early 2023. Generally, we host the play of our game content which is integrated with the online casino operators' websites.

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Competition

In our iGaming business, we compete for the discretionary spending of consumers with other digital gaming entertainment companies that offer real-money digital casino games. Our primary real-money online casino games competitors include Evolution Gaming, Games Global, GAN, IGT, and Playtech.

Research and Development

We believe our ability to attract new Gaming, SciPlay and iGaming customers and retain existing customers depends in part on our ability to evolve and continue to develop our product lines and service offerings by continually developing differentiated products, hardware and systems technology and functionality to enhance player entertainment and/or customer profitability. Additionally, our ability to execute on our strategy (see above) is highly dependent on developing great game content and franchises across all three of our segments along with expanding the use of digital technologies to increase cross-platform play. Our gaming machines are usually designed and programmed by our internal engineering staff, and our game content is designed primarily by internal game development studios who consider market trends and customer feedback.

We have Gaming R&D personnel located in our Las Vegas, Nevada and Chicago, Illinois facilities. We have SciPlay personnel located primarily in Austin, Texas; Cedar Falls, Iowa; and Tel Aviv, Israel. We have iGaming R&D personnel based primarily in the United Kingdom, Greece and India. We also have game development studios in Las Vegas; Sydney, Australia; Bristol, England; Montreal, Canada; Stockholm, Sweden and additional R&D staff in Reno, Nevada and Vienna, Austria and in various other smaller locations.

Intellectual Property

Many of our products use intellectual property rights, including trademarks, trade dress, copyrights, patents and trade secrets. We consider our intellectual property rights to be, in the aggregate, material to our business. We protect our investment in R&D by seeking intellectual property protection as appropriate for our technologies and content. We also acquire and license intellectual property from third parties.

The terms of our patents vary based on the type of patent and the date and jurisdiction of filing or grant. The term of U.S. design patents expires 15 years from the date of grant, and the term of utility patents generally expires 20 years from the date of filing of the first non-provisional patent application in a family of patents. The actual protection afforded by a patent depends upon the type of patent, the scope of its coverage and the availability of legal remedies in the applicable country. Certain technologies, which are material to our businesses, are the subject of patents issued and patent applications currently pending in the U.S. and certain other countries. Our Gaming, SciPlay and iGaming businesses use our patented and patent-pending technologies in games and associated platforms and systems. In addition, under a patent cross-licensing agreement with IGT, we can offer games using patented game features from the patent portfolios of other members of IGT's slot game features program.

We market many of our products under trademarks and copyrights that provide product differentiation and recognition and promote our portfolio of product offerings. All of our games feature elements that are subject to copyright rights and protection. In addition, we generally obtain trademark protection and often seek to register trademarks for the names and designs under which we market and license our products and games. Protections for trademarks exist in many countries, including the U.S., for as long as the trademark is registered and/or used. Registrations are generally issued for fixed, but renewable terms, although trademark rights may exist whether or not a mark is registered, and the duration of the registrations varies by country.

We believe that our use of both our own and third-party licensed brand names and related intellectual property contributes to the appeal and success of our products, and that our future ability to license, acquire or develop new brand names is important to our continued success. Therefore, we continue to invest in the recognition of our brands and brands that we license. Certain of our games are based on popular brands licensed from third parties, such as Hasbro, Inc.; Warner Bros. Consumer Products Inc.; Frank Sinatra Enterprises, LLC; ABG EPE IP LLC, Elvis Presley Enterprises, LLC; Danjaq, LLC and Metro-Goldwyn-Mayer; John R. Cash Revocable Trust; and Universal Studios, parent company NBC Universal Film and Entertainment.

From time to time, we become aware of potential infringement of our intellectual property by competitors and other third parties and consider what action, if any, to take in that regard, including litigation where appropriate. We are also subject to threatened or actual intellectual property-related claims by third parties from time to time. See the risk factors captioned "*Our business depends on the protection of our intellectual property and proprietary information*", "*We rely on the ability to use the intellectual property rights of third parties*", and "*The intellectual property rights of others may prevent us from developing new products and services, entering new markets or may expose us to liability or costly litigation*" under the heading "Risk Factors" in *Part I, Item 1A* of this Annual Report on Form 10-K for additional information.

Production Processes, Sources and Availability of Components

We currently produce substantially all of our gaming machines through a mix of our manufacturing facilities and contracted third parties. We have finishing lines in Las Vegas; Sydney, Australia; Barcelona, Spain; Midrand, South Africa; and Manchester, England. These finishing lines allow for the completion and testing of our gaming machine assemblies from our facilities. We also refurbish used gaming machines primarily at our Las Vegas and Manchester facilities.

Manufacturing commitments are generally based on expected quarterly sales orders from customers. Due to uneven order flow from customers, component parts for gaming machines are purchased and assembled into partial products that are scheduled for just in time delivery to allow final assembly lead time to meet agreed customer delivery dates. Our gaming machine manufacturing processes generally consist of assembling component parts and sub-assemblies into a complete gaming machine. The level of completion and assembly varies by product platform and geographic region.

Shufflers are assembled in our Las Vegas facility and by third parties near Salzburg, Austria. The assembly of Shufflers includes various levels of sub-assemblies with completion and testing at one of our finishing lines described above. We do remanufacturing and refurbishment of shufflers in Las Vegas.

Hardware and component parts associated with our CMSs are purchased directly from the contract manufacturers and flow through our facilities, finishing lines as indicated in the above locations, with final assembly, testing and shipment to customers. These parts do not require a significant amount of assembly and are used primarily in systems implementations, which take place at customer locations.

We place advance orders for certain gaming components with long lead times based on projected customer demand through our sales and operations planning process. The purchase horizon of components has increased as a result of the exceeding demand following the COVID-19 pandemic. We expect this to normalize through the end of 2023 and return to normal levels in 2024.

We believe we currently have an adequate supply of component parts and raw materials used in the manufacturing of our gaming machines, shufflers and CMSs. We are continuously assessing any potential supply chain challenges in order to meet customer demand. We actively manage and mitigate supply chain risk in collaboration with engineering to specify and approve alternative components, dual sourcing, safety stock to deal with volatility in supply and demand, and management of the purchase lead time horizon to ensure we have sufficient materials available.

Seasonality

Our results of operations can fluctuate due to seasonal trends and other factors. Sales of our gaming machines to casinos are generally strongest in the second half of the year and slowest in the first half of the year, while revenue from our Participation gaming machines is generally highest in the spring and summer. Player activity for SciPlay is generally slower in the second and third quarters of the year, particularly during the summer months. Player activity for our iGaming business, specifically digital casino operations, is generally slower in the third quarter during the summer months and is generally higher in the fourth quarter. See the risk factor captioned "*Our results of operations fluctuate due to seasonality and other factors, and, therefore, our periodic operating results are not guarantees of future performance*" under the heading "Risk Factors" in *Part I, Item 1A* of this Annual Report on Form 10-K for additional information.

Human Capital

Our global reach is made possible through the expertise, skill and dedicated efforts of our employees who serve customers in more than 100 countries on 6 continents.

As of December 31, 2022, we employed approximately 6,100 persons worldwide, with approximately 2,700 employed domestically and 3,400 employed internationally.

Diversity, Equity and Inclusion

Diversity, equity and inclusion are embedded in our core value of team spirit, by which we collaborate as one diverse and inclusive team with an upbeat, inventive passion for building great entertainment. In support of this core value, we have formulated a diversity, equity and inclusion strategic plan and established a Diversity, Equity and Inclusion Council and task force in 2020 to make key decisions, review progress, communicate results and identify areas that require further development. We have invested in analysis of our diversity, equity and inclusion data and continue to implement hiring, training, recruiting and retention initiatives across our workforce in line with our diversity, equity and inclusion strategic plan.

We are committed to creating an inclusive global gaming industry as a founding member of the All-In Diversity Project, a non-profit organization creating tools to advance the industry's diversity, inclusion and workplace equality. As a

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founding member, we work collaboratively with additional partners to determine diversity, equity and inclusion expectations and standards for the gaming industry, while driving a conversation to establish global standards.

We also help drive diversity across our industry by including minority, women, disabled, and/or veteran-owned businesses in our supply chain and by counting some small businesses and businesses in historically underutilized business zones among our suppliers. As one of the leading global suppliers of products and services to gaming operations and lotteries, we believe that diversity in our supplier base is good business. Our supplier diversity program encourages diverse businesses to provide materials and services that offer value and competitive pricing. We are proud to be a national corporate member of the National Minority Supplier Development Council.

Safety

The health and safety of our employees is a top priority of our leaders. In light of the COVID-19 pandemic, we have implemented work procedures that allow employees to work from home and collaborate remotely. We have also taken measures to keep our workforce safe by monitoring and reducing the impact of the outbreak, including putting in place a global crisis monitoring team, protocols for responding when employees are infected and enhanced cleaning procedures at all sites.

Compensation and Benefits

L&W provides a competitive and comprehensive benefits program that is aligned with our business objectives and attempts to inspire employees to drive innovation and improve Company performance. In addition to cash and equity compensation, L&W offers medical, dental and vision plans; employee stock purchase plans; paid time off and paid holidays; company-paid disability; life insurance; 401(k) plans; flexible spending accounts; and employee assistance programs.

Environmental, Social and Governance ("ESG")

We are committed to serving as responsible corporate stewards for our employees, partners and communities. We believe that our Corporate Social Responsibility ("CSR") initiatives and our ESG priorities are an integral part of shaping our culture and underscore our commitment to be an employer of choice and positive influence in the industry and the communities in which we operate. Our CSR initiatives include the following key pillars:

- Community (Philanthropy);
- People (Diversity, Equity and Inclusion);
- Planet (Environmental Sustainability);
- Players (Responsible Gaming); and
- Corporate Governance (Code of Business Conduct).

All of our employees are expected to adhere to our Code of Business Conduct, which addresses key principles such as conflicts of interest, confidentiality, fiduciary responsibility and legal compliance. More information about our CSR initiatives can be found on our website. Nothing on our website shall be deemed incorporated by reference into this Annual Report on Form 10-K.

Government Regulation

General

Each of our business segments is generally subject to extensive and evolving regulation. For the Gaming business segment, regulation customarily includes some form of licensing or regulatory screening of operators, suppliers, manufacturers and distributors and their applicable affiliates, their major shareholders, officers, directors and key employees. In addition, certain of our gaming products and technologies must be certified or approved in certain jurisdictions in which we operate. Regulators review many facets of an applicant or holder of a license, including its financial stability, integrity and business experience. Any failure to receive a license or the loss of a license that we currently hold could have a material adverse effect on us or on our results of operations, cash flow or financial condition. Each of our business segments is subject to a number of foreign and domestic laws and regulations that affect companies conducting business on the internet and over mobile networks, especially in relation to privacy and security. Furthermore, for the SciPlay business segment, there is also significant opposition in some jurisdictions to interactive social gaming, including social casino gaming. For our iGaming business segment, although some states are expanding the availability of digital gaming, there have also been various state and federal bills proposed recently in the U.S. to restrict or prohibit digital gaming. Significant resources are being devoted to supporting these efforts. Although these efforts have generally not been successful, we cannot assure that laws restricting digital gaming will not be passed at either the federal or state level.

While we believe that we are in compliance with all material laws and regulatory requirements applicable to us, we cannot assure that our activities or the activities of our customers will not become the subject of any regulatory or law enforcement proceeding or that any such proceeding would not have a material adverse impact on us or our results of operations, cash flow or financial condition.

We have developed and implemented a rigorous internal compliance program in an effort to ensure that we comply with legal requirements imposed in connection with our Gaming, SciPlay, and iGaming activities, as well as those generally applicable to all publicly traded companies. The compliance program is run on a day-to-day basis by our Chief Compliance Officer with legal advice provided by attorneys in our legal and compliance departments and outside experts. The compliance program is overseen by the Compliance Committee of our Board of Directors, which is comprised of employee and non-employee directors and a non-employee gaming law expert. While we are firmly committed to full compliance with all applicable laws, we cannot assure that our compliance program will prevent the violation of one or more laws or regulations, or that a violation by us or an employee will not result in the imposition of a monetary fine or suspension or revocation of one or more of our licenses.

In the European Union ("EU"), various judgments by the Court of Justice of the European Union ("CJEU") have addressed the approaches adopted by certain member states to restrict and/or regulate gaming. Topics addressed in those judgments include the ability of member states to grant, or to maintain, monopolies for gaming activities and the power of member states to limit access by gaming providers established elsewhere in the EU. In December 2017, the European Commission dropped all enforcement actions related to gambling in an effort to change the way it enforces EU law, leaving compliance with EU laws to national courts. In September 2021, following a request from the European Commission in April 2018, the European Committee for Standardisation ("CEN") adopted a reporting standard in support of supervision of online gambling services by the gambling regulatory authorities of EU member states. This is a voluntary tool to facilitate the flow of information between regulators and gambling businesses. In January 2023, the members of the CEN voted to create a European standard on markers of harm for online gambling.

While we believe that we have developed appropriate procedures and policies to comply with the requirements of these evolving laws and legal pronouncements, we cannot assure that our activities or the activities of our customers will not become the subject of law enforcement proceedings or that any such proceedings would not have a material adverse impact on us or our business plans. Furthermore, laws and regulations applicable to gaming in U.S. and international jurisdictions are subject to change, and the effect of such changes on our ongoing and potential operations cannot be predicted with certainty.

From time to time, we retain government affairs representatives in various U.S. and international jurisdictions to advise elected and appointed officials and the public concerning our views on gaming legislation, monitor such legislation and advise us in our relations with gaming authorities.

Gaming

We provide our games, gaming machines, gaming systems, table products and related products and services in legal gaming jurisdictions worldwide. The manufacture, distribution, provision and operation of our gaming products and services is subject to regulation and approval by various city, county, state, provincial, federal, tribal and foreign agencies. The primary purposes of these rules are to (1) ensure the responsibility, financial stability and character of the parties involved in these activities through licensing and registration requirements, (2) ensure the integrity and compliance of our gaming products and services and (3) prohibit the use of gaming products and services at unauthorized locations or for the benefit of undesirable parties.

Typically, gaming regulations in the jurisdictions in which we operate are established by statute and are administered by a regulatory agency with broad authority to interpret gaming regulations and to regulate gaming activities. Among other things, gaming authorities in the various jurisdictions in which we are licensed:

- adopt additional rules and regulations under the implementing statutes;
- investigate violations of gaming regulations;
- enforce gaming regulations and impose disciplinary sanctions for violations of such laws, including fines, penalties and revocation of gaming licenses;
- review the character and fitness of manufacturers, distributors and operators of gaming products and services and make determinations regarding their suitability or qualification for licensure;
- grant licenses for the manufacture, distribution and operation of gaming products and services;
- review and approve transactions (such as acquisitions, material commercial transactions, securities offerings and debt transactions); and
- establish and collect related fees and/or taxes.

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We believe we hold all of the licenses and permits necessary to conduct our business. We are authorized to sell, lease or operate our gaming products and services in approximately 468 jurisdictions worldwide (including jurisdictions that do not require licensing), including approximately 185 international gaming jurisdictions.

In addition, a number of U.S. states authorize wagering on VLTs at state regulated and licensed facilities. Although some states restrict VLTs to already existing wagering facilities, others permit these machines to be placed at venues such as bars, restaurants, truck stops and other specifically licensed gaming facilities. In addition, all of the Canadian provinces and various other international jurisdictions have authorized VLTs.

Regulatory requirements vary among jurisdictions, but the majority of jurisdictions require licenses, permits or findings of suitability for our company, individual officers, directors, major stockholders and key employees. Our gaming hardware and software also must be approved either by a gaming authority laboratory or a private laboratory authorized by the gaming authority.

SciPlay

SciPlay is subject to foreign and domestic laws and regulations that affect companies operating online, including over the internet and mobile networks, many of which are still evolving and could be interpreted in ways that could negatively impact business, revenue and results. SciPlay is also subject to federal, state and foreign laws related to the privacy and protection of player data. Such regulations, such as the General Data Protection Regulation ("GDPR") from the EU, the California Consumer Privacy Act and the California Privacy Rights Act are recent, untested laws and regulations that have and could further affect SciPlay's operations and business. The extent of the potential impact is unknown.

There is significant opposition in some jurisdictions to social and social casino gaming. Anti-gaming groups that specifically target social casino games are located in several states and countries. Such opposition could lead these jurisdictions to adopt legislation or impose a regulatory framework to govern social gaming or social casino gaming specifically. These opposition efforts could lead to a prohibition on social gaming or social casino gaming altogether, restrict SciPlay's ability to advertise its games or substantially increase costs to comply with regulations, all of which could have an adverse effect on results of operations, cash flows and financial condition. We cannot predict the likelihood, timing, scope or terms of any such legislation or regulation or the extent to which they may affect SciPlay's business.

iGaming

In the U.S., the Unlawful Internet Gambling Enforcement Act of 2006 ("UIGEA") prohibits among other things, the acceptance by a business of a wager by means of the internet where such wager is prohibited by any federal or state law where initiated, received or otherwise made. Under UIGEA severe criminal and civil sanctions may be imposed on the owners and operators of such systems and on financial institutions that process wagering transactions. The law contains a safe harbor for wagers placed within a single state (disregarding intermediate routing of the transmission) where the method of placing the bet and receiving the bet is authorized by that state's law, provided the underlying regulations establish appropriate age and location verification.

On May 14, 2018, the Supreme Court of the U.S. overturned the Professional and Amateur Sports Protection Act ("PASPA"), a decision that opened up a path to legalization of sports wagering across the country. Following this ruling, at least 30 states and the District of Columbia have legalized some form of sports wagering, with some of those states permitting online sports wagering. Other states are considering legislation that would permit legal sports wagering, both land based and online.

In late 2011, the Office of Legal Counsel of the DOJ (the "OLC") issued an opinion which concluded that the prohibitions of the Federal Wire Act of 1961 (the "Wire Act") were limited to sports gambling and thus did not apply to other forms of wagering (the "2011 DOJ opinion"). In January 2019, the OLC published a legal opinion dated November 2, 2018 (the "2018 DOJ opinion"), which concluded that the 2011 DOJ opinion had incorrectly interpreted the Wire Act and that the restrictions on the transmission in interstate or foreign commerce of bets and wagers in the Wire Act were not limited to sports gambling but instead applied to all bets and wagers. The OLC also found that the enactment of the UIGEA described above did not modify the scope of the Wire Act. The DOJ later issued memoranda directing federal law enforcement agencies to refrain from enforcing the conclusions of the 2018 DOJ opinion for activities other than sports betting until June 30, 2020. No official extension of the forbearance period was ever announced, but on January 20, 2021, the U.S. Court of Appeals for the First Circuit issued an opinion that the Wire Act applies only to the interstate transmission of wire communications related to sports gambling and not to all bets and wagers. With the DOJ's subsequent announcement that it would not seek review by the U.S. Supreme Court, it would seem to be settled that the Wire Act applies to interstate sports wagering only. However, we are unable to determine what future impact the 2018 DOJ opinion, or the impact of any other challenge to the 2018 DOJ opinion, will have on our iGaming business or our customers.

Currently we have launched in six states in the U.S. A number of states in the U.S. are currently considering regulation of iGaming. We cannot assure that laws permitting digital gaming will be enacted.

On December 19, 2019, the U.K. Government confirmed the proposed review of the Gambling Act 2005. The review started on December 8, 2020 with the publication of terms of reference The call for evidence ran for 16 weeks and closed on March 31, 2021. The U.K. Government is currently considering submissions in advance of publishing a White Paper, which has been repeatedly delayed due to the political and economic climate in the U.K. In the likely next stage of the review, the U.K. Government is likely to make recommendations only, setting out options for reform, rather than a clear recommended course of action. To varying degrees, a number of European governments have taken steps to change the regulation of internet wagering (also known as online gambling) through the implementation of new or revised licensing and taxation regimes, with increasingly stringent requirements particularly on business-to-consumer businesses in relation to responsible gambling and affordability checks. Also, some jurisdictions impose sanctions on unlicensed providers. Countries outside Europe and the U.S. have also begun evaluating digital gaming regulation and an increase in regulated markets outside of the U.S. and Europe is likely to continue. We now have 21 operators live in Ontario, Canada, following its change in iGaming regulation in the second quarter of 2022. Some of our competitors may be more willing to provide internet wagering in countries where the relevant laws and regulations are unclear or not uniformly enforced, putting us at a competitive disadvantage if we do not provide services related to internet wagering in such countries.

We continue to devote significant attention to monitoring these developments. However, we cannot predict the timing, scope or terms of any state, federal or foreign regulations relating to digital gaming and sports betting.

Additional Information Regarding Government Regulations

We are subject to specific gaming requirements in the different jurisdictions in which we operate. For additional information, we have filed a summary of the gaming regulations that govern our businesses as an exhibit to this Annual Report on Form 10-K. See Exhibit 99.5 "Gaming Regulations". In addition, see "Risk Factors" in *Part I, Item 1A* of this Annual Report on Form 10-K for a discussion of risk factors related to regulations to which we may be subject.

Executive Officers of the Company

Certain information regarding each of our executive officers is set forth below.

Name	Age	Position
Matthew R. Wilson	41	President and Chief Executive Officer and Director
Constance P. James	41	Executive Vice President, Chief Financial Officer, Treasurer and Corporate Secretary
James Sottile	62	Executive Vice President and Chief Legal Officer
Siobhan Lane	41	Executive Vice President and Group Chief Executive, Gaming

Matthew R. Wilson has served as President and Chief Executive Officer since October 2022. Mr. Wilson joined L&W as Executive Vice President and Group Chief Executive, Gaming, in March 2020. Mr. Wilson has over 17 years of gaming industry experience. Before joining L&W, he was the Managing Director of the Americas at Aristocrat, one of the world's leading providers of gaming solutions, from February 2017 until August 2019. Mr. Wilson began his tenure at Aristocrat in 2004 and held several significant positions in a variety of Aristocrat's markets during his time there, including serving as Senior Vice President, Sales & Marketing for the Americas from September 2014 until October 2015. His other roles at Aristocrat included Regional Sales Manager and Vice President of Marketing for the Americas.

Constance P. James has served as Executive Vice President, Chief Financial Officer, Treasurer and Corporate Secretary for L&W since October 2021. Previously, Ms. James has served as the Company's Chief Financial Officer, Gaming, from January 2020 to October 2021. Ms. James also has served as a member of the board of directors of SciPlay Corporation since May 1, 2022. Most recently before joining L&W, she served as a Corporate Vice President of Finance for Cargill, a global supplier of food, agriculture, nutrition and risk management. Previously, Ms. James was the CFO of the Global Land Based Gaming division at Aristocrat.

James Sottile has served as Executive Vice President and Chief Legal Officer since September 2018. Prior to this role, Mr. Sottile was with Jones Day, where he was a partner in its New York office. Mr. Sottile was named a notable practitioner by Chambers USA: America's Leading Business Lawyers from 2005 to 2018 and was recognized in The Best Lawyers in America from 2011 to 2018.

- *Siobhan Lane* has served as Executive Vice President and Group Chief Executive of Gaming since October 2022. Before this role, Ms. Lane served as Senior Vice President and Chief Commercial Officer of Gaming from February 2020 to October 2022. Prior to joining L&W, she spent 12 years at Aristocrat in roles of increasing responsibility, finishing as Senior

Vice President, Marketing and Gaming Operations, during which time she helped lead the organizational transformation and market turnaround of Aristocrat in the North American region.

Access to Public Filings

We file annual reports, quarterly reports, current reports, proxy statements and other documents with the SEC under the Exchange Act. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov.

We make the following information, among others, available as soon as practically possible free of charge through the Investors link on our website at explore.lnw.com/investors and we use our website as a means of disclosing material information to the public in a broad, non-exclusionary manner for purposes of the SEC's Regulation Fair Disclosure (Reg FD):

- our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after they are filed electronically with or furnished to the SEC;
- Section 16 ownership reports filed by our executive officers, directors and 10% stockholders on Forms 3, 4 and 5 and amendments to those reports as soon as reasonably practicable after they are filed electronically with the SEC; and
- our Code of Business Conduct, which applies to all of our officers, directors and employees (which is also our required code of ethics applicable to our Chief Executive Officer and Chief Financial Officer in keeping with the Sarbanes-Oxley Act of 2002).

The above details about our website and its content are only for information. The contents of our website are not, nor shall they be deemed to be, incorporated by reference in this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

The risks described below are not the only risks facing us. Please be aware that additional risks and uncertainties not currently known to us or that we currently deem to be immaterial could also materially and adversely affect our business operations. You should also refer to the other information contained in our periodic reports, including the Forward-Looking Statements section, our consolidated financial statements and the related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations for a further discussion of the risks, uncertainties and assumptions relating to our business. Except where the context otherwise indicates, references below to the "Company," "we," "our," "ours" and "us" include all of our subsidiaries.

Risk Factors Summary

The following is a summary of some of the risks and uncertainties that could materially adversely affect our business, financial condition and results of operations. You should read this summary together with the more detailed description of each risk factor contained below.

Risks Relating to Economic and Current Conditions Impacting us and our Business

- The effects of the COVID-19 pandemic or similar health epidemics, contagious disease outbreaks and public perception thereof, continue to and, in the future, could impact our operations and, should negative impacts such as significant negative player engagement develop, adversely affect and continue to adversely affect our operations, business, results of operations, cash flows and financial condition.
- Failure to successfully execute on our strategy and rebranding initiative could negatively impact our results of operations, cash flows and financial information.
- Our future results of operations may be negatively impacted by slow growth or declines in the replacement cycle of gaming machines and by the slow growth of new gaming jurisdictions or slow addition of casinos in existing jurisdictions.
- We have foreign operations which expose us to business and legal risks, including compliance with anti-corruption laws, and a portion of our revenue and expenses are denominated in British Pounds Sterling, Australian Dollars and Euros, which subjects us to foreign currency exchange rate fluctuations and other risks.
- Unfavorable U.S. and international economic conditions, or decreased discretionary spending or travel due to other factors such as inflation, rising benchmark interest rates, terrorist activity or threat thereof, civil unrest, health epidemics, contagious disease outbreaks, or public perception thereof or other economic or political uncertainties, have adversely affected and may continue to adversely affect our business, results of operations, cash flows and financial condition.

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- Public perception of the Company's response to ESG issues could adversely affect our reputation, our customer base and business and financial results.

Risks Relating to our Business and our Industries

- We operate in highly competitive industries, and our success depends on our ability to effectively compete with numerous domestic and foreign businesses.
- Our success depends upon our ability to adapt to, and offer products and services that keep pace with, changing technology and evolving industry standards.
- We invest significant resources in our R&D efforts, which may not lead to successful or commercially viable new technologies, services or products.
- Our success depends on our ability to produce new and innovative products and services that respond to customer demand and create strong and sustained player appeal.
- We may not achieve some or all of the anticipated benefits of SciPlay being a standalone public company, which could negatively impact our business, financial condition and results of operation.

Risks Relating to our Capital Structure

- Our level of indebtedness could adversely affect our results of operations, cash flows and financial condition.
- We may not have sufficient cash flows from operating activities to service all of our indebtedness and other obligations, and may be forced to take other actions to satisfy our obligations, which may not be successful.
- Agreements governing our indebtedness impose certain restrictions that may affect our ability to operate our business. Failure to comply with any of these restrictions could result in the acceleration of the maturity of our indebtedness and require us to make payments on our indebtedness. Were this to occur, we would not have sufficient cash to pay our accelerated indebtedness.
- We may not have sufficient cash flows from operating activities, cash on hand and available borrowings under our credit facilities to finance required capital expenditures under new contracts and meet our other cash needs or satisfy our minimum liquidity covenant. These obligations require a significant amount of cash, which would reduce our available liquidity.

Risks Relating to our Technology

- Our success depends on the security and integrity of the systems and products we offer, and security breaches, including cybersecurity breaches, or other disruptions could compromise our information or the information of our customers and expose us to liability, which would cause our business and reputation to suffer.
- Our business depends on the protection of our intellectual property and proprietary information.
- We rely on the ability to use the intellectual property rights of third parties.

Risks Relating to Legal, Political or Other Regulatory Factors

- We and our industries are subject to strict government regulations that may limit our existing operations, have an adverse impact on our ability to grow and affect our license eligibility or expose us to fines or other penalties.
- Legislative interpretation and enforcement of certain gaming activities could adversely affect financial performance and reputation.
- We may not be able to capitalize on the expansion of internet or other forms of digital gaming or other trends and changes in the industries in which we operate, including due to laws and regulations governing these industries.
- Changes in tax laws or tax rulings, or the examination of our tax positions could materially affect our financial condition and results of operations.

General Risks

- We have incurred, and may continue to incur, restructuring costs, the benefits of which are unpredictable and may not be achieved.

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- We may incur additional impairment charges.
- We depend on our key employees and rely on skilled employees with creative and technical backgrounds.

You should carefully consider the following risks and other information in this Annual Report on Form 10-K in evaluating us and our common stock. The risk factors generally are separated into seven groups: risks relating to economic and current conditions impacting us and our business, risks relating to our capital structure, risks relating to our business and our industries, risks relating to our technology, risks relating to legal, political and other regulatory factors, general risk factors and risks relating to discontinued operations.

Risks Relating to Economic and Current Conditions Impacting us and our Business

The effects of the COVID-19 pandemic or similar health epidemics, contagious disease outbreaks and public perception thereof, continue to and, in the future, could impact our operations and, should negative impacts such as significant negative player engagement develop, adversely affect and continue to adversely affect our operations, business, results of operations, cash flows and financial condition.

The outbreak of a novel strain of coronavirus, COVID-19, and public perception thereof, have contributed to consumer unease and may continue to lead to decreased discretionary spending and consumer travel, which have had, and will continue to have, a negative effect on us, especially in our Gaming business. Other future health epidemics or contagious disease outbreaks or variants of COVID-19, such as Delta and Omicron, could do the same. We cannot predict the ultimate effects that the outbreak of COVID-19, any resulting unfavorable social, political and economic conditions and decrease in discretionary spending or travel would have on us, as they would be expected to impact our customers, suppliers and business partners in varied ways in different communities. In our Gaming business, especially our Participation gaming, SciPlay business segment and iGaming business segment, our revenue is largely driven by players' disposable incomes and level of gaming activity. The outbreak of COVID-19 has led to economic and financial uncertainty for many consumers and has reduced, and may continue to reduce or maintain at low amounts, the disposable incomes of players across all of our business units. This resulted in fewer patrons visiting casinos, whether land-based or online, and lower amounts spent per casino visit and may result in, reduced spend on online gambling activities, which negatively impact the results of operations, cash flows and financial condition of our casino customers, their ability to purchase or lease our products and services and revenues to our online casino partners and, therefore, our iGaming business revenue.

The outbreak of COVID-19 and the resulting unfavorable economic conditions have also impacted, and could continue to impact, the ability of our customers to make timely payments to us. These unfavorable conditions have caused, and could continue to or may cause, some of our Gaming customers to temporarily close gaming venues or declare bankruptcy, which would adversely affect our business. In prior years, our Gaming business has expanded the use of extended payment term financing for gaming machine purchases, and we expect to continue to provide a higher level of extended payment term financing in this business until demand from our customers for such financings abates or our business model changes. These arrangements may increase our collection risk, and if customers are not able to pay us, whether as a result of financial difficulties, bankruptcy or otherwise, we may incur provisions for bad debt related to our inability to collect certain receivables. In addition, both extended payment term financing and operating leases result in a delay in our receipt of cash, which reduces our cash balance, liquidity and financial flexibility to respond to changing economic events. In 2020, we saw a negative impact on future demand of certain Gaming products as a result of COVID-19, which has resulted and, depending on the evolving nature of the pandemic, has the potential to later result in material inventory charges, which could increase our cost of products and decrease our gross margin. During the year ended December 31, 2020, we recorded $48 million in charges related to inventory in our Gaming business segment. COVID-19 has also caused significant volatility in both the credit and equity markets, having led to an economic downturn and having the continued potential to lead to further economic downturn. The difficulty or inability of our customers to generate or obtain adequate levels of capital to finance their ongoing operations may reduce their ability to purchase our products and services. Suppliers to our business may suffer financial difficulties and may not be able to offer their services and products, which could restrict the provision of our services and negatively impact our operations, business, results of operations, cash flows or financial condition. We did not have any material charges related to inventory during the year ended December 31, 2022.

Various gambling regulators have implemented additional responsible and safer gambling measures relating to our iGaming casino business including the implementation of bet limits, spin speeds, deposit limits and bonusing, which could negatively impact our operations, business, results of operations, cash flows or financial condition, particularly if additional gambling regulators follow suit.

Furthermore, this outbreak of COVID-19 has caused, and may continue to cause us and certain of our suppliers, to implement temporary adjustment of work schemes allowing employees to work from home and collaborate remotely. In 2020, we took measures to monitor and reduce the impact of the outbreak, including putting in place a global crisis monitoring team,

protocols for responding when employees are infected and enhanced cleaning procedures at all sites, but we cannot assure these will be sufficient to mitigate the risks faced by our and our partners' work forces. We also took measures to reduce operating costs and ensure liquidity given the uncertain impact of COVID-19 on revenue, deferred all non-critical capital expenditures, and implemented a number of employee-related actions. However, we experienced and may still experience lower work efficiency and productivity, which may adversely affect our service quality, and our business operations were and could again be disrupted if and/or when any of our employees has been or is suspected of infection, since this has and may cause our employees to be quarantined and/or our offices to continue operating remotely. We may continue to incur some costs for our operations, and our revenues could be impacted again. As a result of some of the above developments, our business, results of operations, cash flows or financial condition for the full fiscal year of 2020 were adversely affected by the COVID-19 outbreak. The extent to which this outbreak further impacts our results of operations, cash flows and financial condition will depend on future developments, which are highly uncertain and unpredictable, including new information which may emerge concerning the severity and duration of this outbreak and the actions taken by governmental authorities and us to contain it or treat its impact. For more information on the impact of COVID-19 pandemic on each of our business segments and measures taken by us in response to COVID-19, see section captioned *"Business Overview – Trends and Uncertainties – COVID-19"* in *Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations."*

Failure to successfully execute on our strategy and rebranding initiative could negatively impact our results of operations, cash flows and financial information.

We have begun executing our strategy to become the leading, cross-platform global games company (more fully described in in *Part I, Item 1* above). Jointly with our strategy, as of April 2022, we have rebranded our Company and operate under a new name and logo. Successful execution on our strategy may present unexpected challenges and uncertainties. We may incur integration and optimization expenses to execute and facilitate our strategies.

Our business strategy is to invest in great content and franchises across land-based, digital and mobile platforms, expand in high-growth markets, enable a seamless player experience with innovative platforms, deleverage and maximize cash flow to fuel investment and be driven by high-performing talent and culture. Our strategy is focused upon growth including growing our digital revenue mix and pursuit of acquisitions supportive of our strategic goals. For additional information on risks related to our acquisition strategy, see the risk factor captioned *"Our inability to complete acquisitions and integrate those businesses successfully could limit our growth or disrupt our plans and operations."* If we are not successful in accomplishing each component of our new business strategy, we may suffer negative impacts on our results of operations, cash flows and financial condition.

Additionally, the success of our new brand and name will be integral in allowing our new strategy and business focus to be successful. Developing and maintaining awareness of our Company and our brand is important to attracting new and existing customers to our products. The importance of brand recognition will increase as competition in our industry intensifies. Successful promotion of our brand will depend on the effectiveness of our marketing efforts. Although we plan to invest substantial resources to promote our brand, there is no guarantee that we will be able to achieve or maintain brand name recognition or status under the new brand that is comparable to the recognition and status previously enjoyed under our former brand. Even if our brand recognition and loyalty increases, this may not result in increased revenue and profitability. For these reasons, our rebranding initiative may not produce the benefits expected, could adversely affect our ability to retain and attract customers, and may have a material adverse effect on our results of operations, cash flows and financial condition.

Our future results of operations may be negatively impacted by slow growth or declines in the replacement cycle of gaming machines and by the slow growth of new gaming jurisdictions or slow addition of casinos in existing jurisdictions.

Demand for our Gaming products and services is driven by the replacement of existing gaming machines in existing casinos, the establishment of new jurisdictions, the opening of additional casinos in existing jurisdictions and the expansion of existing casinos. Slow growth or declines in the replacement cycle of gaming machines have reduced and will continue to reduce the demand for our products and negatively impact our results of operations, cash flows and financial condition, and have resulted and could continue to result in material inventory charges, which could increase our cost of products and decrease our gross margin. We recorded charges related to inventory of $48 million in the year ended December 31, 2020 in our Gaming business segment primarily due to the COVID-19 disruption impacting future demand combined with a reassessment of our Gaming product strategy. We did not have any material charges related to inventory during the year ended December 31, 2022.

The opening of new casinos, expansion of existing casinos and replacement of existing gaming machines in existing casinos fluctuate with demand, economic conditions, regulatory approvals and the availability of financing. Originally these had been negatively affected by the COVID-19 pandemic. While those negative effects have abated, there is still potential for negative effects if the pandemic worsens. In addition, the expansion of gaming into new jurisdictions can be a protracted process. In the U.S., U.K. and other international jurisdictions in which we operate, governments usually require a public

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referendum and legislative action before establishing or expanding gaming. Any of these factors could delay, restrict or prohibit the expansion of our business and negatively impact our results of operations, cash flows and financial condition.

We have foreign operations which expose us to business and legal risks, including compliance with anti-corruption laws, and a portion of our revenue and expenses are denominated in British Pounds Sterling, Australian Dollars and Euros, which subjects us to foreign currency exchange rate fluctuations and other risks.

We are a global business and derive a substantial portion of our revenue from operations outside of the U.S. For the year ended December 31, 2022, we derived approximately 31% of our revenue from sales to customers outside of the U.S.

Our consolidated financial results are affected by currency exchange rate fluctuations. We are exposed to currency exchange rate fluctuations because portions of our revenue and expenses are denominated in currencies other than the U.S. dollar, particularly the British Pound Sterling, the Euro and the Australian dollar. Such fluctuations may arise from inflation, government debt or other causes. Exchange rate fluctuations have in the past adversely affected our results of operations, cash flows and financial condition and may adversely affect our results of operations, cash flows and financial condition and the value of our assets outside the U.S. in the future. If a foreign currency is devalued in a jurisdiction in which we are paid in such currency, we may require our customers to pay higher amounts for our products, which they may be unable or unwilling to pay. This uncertainty could have a material adverse effect on our foreign operations. In addition, if such events occurred, the financial and capital markets within and outside Europe could constrict and negatively impact our ability to finance our business. Such events could also cause a substantial reduction in consumer confidence and spending that could negatively impact our customers and our business.

Our operations in foreign jurisdictions subject us to additional risks customarily associated with such operations, including: the complexity of foreign laws, regulations and markets; the uncertainty of enforcement of remedies in foreign jurisdictions; the impact of foreign labor laws and disputes; the ability to attract and retain key personnel in foreign jurisdictions; the economic, tax and regulatory policies of local governments; compliance with applicable anti-money laundering, anti-bribery and anti-corruption laws, including the Foreign Corrupt Practices Act, U.K. Bribery Act and other anti-corruption laws that generally prohibit us and our agents from offering, promising, authorizing or making improper payments to foreign government officials for the purpose of obtaining or retaining business; compliance with applicable sanctions regimes regarding dealings with certain persons or countries; import and export restrictions and other trade barriers, including imposition of tariffs; and increased trade tensions between countries or political and economic unions. Certain of these laws also contain provisions that require accurate record keeping and further require companies to devise and maintain an adequate system of internal accounting controls.

Although we have policies and controls in place that are designed to ensure compliance with these laws, if those controls are ineffective or an employee or intermediary fails to comply with the applicable regulations, we may be subject to criminal and civil sanctions and other penalties. Any such violation could disrupt our business and adversely affect our reputation, results of operations, cash flows and financial condition. In addition, our international business operations could be interrupted and negatively affected by terrorist activity, political unrest or other economic or political uncertainties. Moreover, U.S. and foreign jurisdictions could impose tariffs, quotas, trade barriers and other similar restrictions on our international sales.

For example, in 2018 the U.S. announced certain trade actions under Section 232, and Section 301 of the Trade Expansion Act of 1962, including tariff increases on several imported products. These U.S. tariffs, along with other U.S. trade actions, have triggered retaliatory actions by certain affected countries, such as the People's Republic of China ("PRC"). In January 2020, the United States and the PRC signed a limited trade deal in which the PRC agreed to purchase more products from the U.S. in exchange for a reduction in planned and existing tariffs. Given the uncertainty regarding the scope and duration of these trade actions by the U.S. and other countries, and trade negotiations between the U.S. and the PRC, we cannot predict whether, or to what extent, tariffs and other trade restrictions may be imposed on or otherwise become applicable to our product offerings or supply chain, and the impact of these trade actions on our business remains uncertain. While tariffs and other trade actions by the U.S. and other countries have not yet had a significant impact on our business and we are implementing measures to limit the impact of tariffs on our cost structure, we cannot predict further developments. Tariffs and other trade actions could result in increases in our cost of doing business and in the sale prices of certain of our products and could negatively impact demand for our products, which could materially adversely affect our results of operations, cash flows and financial conditions.

Further, our ability to expand successfully in foreign jurisdictions involves other risks, including difficulties in integrating foreign operations, risks associated with entering jurisdictions in which we may have little experience and the day-to-day management of a growing and increasingly geographically diverse company. We may not realize the operating efficiencies, competitive advantages or financial results that we anticipate from our investments in foreign jurisdictions, and our failure to effectively manage the risks associated with our operations in foreign jurisdictions could have a material adverse effect on our business prospects, results of operations, cash flows and financial condition.

Unfavorable U.S. and international economic conditions, or decreased discretionary spending or travel due to other factors such as inflation, rising benchmark interest rates, terrorist activity or threat thereof, civil unrest, health epidemics, contagious disease outbreaks, or public perception thereof or other economic or political uncertainties, have adversely affected and may continue to adversely affect our business, results of operations, cash flows and financial condition.

Unfavorable economic conditions, including recession, inflation, economic slowdown, decreased liquidity in the financial markets, decreased availability of credit, relatively high rates of unemployment and inflation, have had, and may continue to have, a negative effect on our business. Socio-political factors such as terrorist activity or threat thereof, civil unrest or other economic or political uncertainties, or health epidemics, contagious disease outbreaks, or public perception thereof that contribute to consumer unease may also result in decreased discretionary spending or travel by consumers and have a negative effect on our businesses. We cannot fully predict the effects that unfavorable social, political and economic conditions, economic uncertainties and public health crises and any resulting decrease in discretionary spending or travel would have on us, as they would be expected to impact our customers, suppliers and business partners in varied ways. For a description of the impact of the COVID-19 pandemic and other public health crises, see the risk factor captioned *"The effects of the COVID-19 pandemic or similar health epidemics, contagious disease outbreaks and public perception thereof, continue to and, in the future, could impact our operations and, should negative impacts such as significant negative player engagement develop, adversely affect and continue to adversely affect our operations, business, results of operations, cash flows and financial condition."* In our Gaming business, especially our Participation gaming business, our revenue is largely driven by players' disposable incomes and level of gaming activity which may be reduced by unfavorable economic conditions. A further or extended decline in disposable income may result in reduced play levels on our Participation gaming machines, causing our results of operations and cash flows from these products to decline. Additionally, higher travel and other costs may adversely affect the number of players visiting our customers' casinos. Adverse changes in discretionary consumer spending or consumer preferences, resulting in fewer patrons visiting casinos and reduced play levels, could also be driven by factors such as an unstable job market, outbreaks of contagious diseases or public perception thereof or fears of terrorism or other violence. A decline in play levels has negatively impacted the results of operations, cash flows and financial condition of our casino customers and their ability to purchase or lease our products and services.

Unfavorable economic conditions have also impacted, and could continue to impact, the ability of our Gaming customers to make timely payments to us. These conditions, and the concentration of certain outstanding Gaming segment receivables, may increase our collection risks and materially impact our estimate of receivables allowance for credit losses. We increased our allowance for credit losses by $56 million for the year ended December 31, 2020. In addition, unfavorable economic conditions have caused, and may cause in the future, some of our Gaming customers to temporarily close gaming venues or ultimately declare bankruptcy, which adversely affects our business. Consistent with other suppliers in the gaming industry, our Gaming business has recently expanded the use of extended payment term financing for gaming machine purchases, and we expect to continue to provide a higher level of extended payment term financing in this business until demand from our customers for such financings abates or our business model changes. These financing arrangements may increase our collection risk, and if customers are not able to pay us, whether as a result of financial difficulties, bankruptcy or otherwise, we may incur provisions for bad debt related to our inability to collect certain receivables. In addition, both extended payment term financing and operating leases result in a delay in our receipt of cash, which reduces our cash balance, liquidity and financial flexibility to respond to changing economic events. Unfavorable economic conditions may also result in volatility in the credit and equity markets. The difficulty or inability of our customers to generate or obtain adequate levels of capital to finance their ongoing operations may reduce their ability to purchase our products and services. Refer to Note 7 for international locations with significant concentrations of our receivables with terms longer than one year.

In our iGaming business based on a Participation model, our revenue is largely driven by disposable incomes and level of player activity. Unfavorable economic conditions have previously reduced and may later reduce the disposable incomes of end users consuming the services, which could negatively impact revenues for the iGaming business. Suppliers to our iGaming business may suffer financial difficulties and may not be able to offer their services and products, which could restrict the provision of our services and negatively impact our revenues. Various gambling regulators have implemented additional responsible and safer gambling measures relating to online casinos, including the implementation of bet limits, spin speeds, deposit limits and bonusing, which could negatively impact our revenues, particularly if additional gambling regulators follow suit or additional measures are introduced.

There are ongoing concerns regarding the debt burden of certain countries, particularly in Europe and South America, and their ability to meet their future financial obligations, which have resulted in downgrades of the debt ratings for these countries. We currently operate in, and our growth strategy may involve pursuing expansion or business opportunities in certain of these jurisdictions, such as Argentina, Brazil, Greece, Italy, Puerto Rico, Turkey and Ukraine among others. These sovereign debt concerns, whether real or perceived, could result in a recession, prolonged economic slowdown, or otherwise negatively impact the general health and stability of the economies in these countries or more broadly. In more severe cases, this could

result in a limitation on the availability or flow of capital, thereby restricting our liquidity and negatively impacting our results of operations, cash flows and financial condition.

Public perception of the Company's response to ESG issues could adversely affect our reputation, our customer base and business and financial results.

Companies across all industries are facing increasing scrutiny from customers, clients, regulators, investors, and other stakeholders related to their ESG practices and disclosure. Unfavorable perception regarding our environmental policies, social initiatives, governance practices, diversity initiatives, the perceived or actual impacts of our games on user well-being, the actions of companies that provide similar products to ours, or other growing concerns of our stakeholders, could adversely affect our reputation. Any negative effect on our reputation could have an adverse effect on the size, engagement and loyalty of our customer base, which could adversely affect our business and financial results.

Additionally, we are subject to changing rules and regulations promulgated by a number of governmental and self-regulatory organizations, including the SEC, the Nasdaq Stock Market and the FASB. These rules and regulations continue to evolve in scope and complexity, making compliance difficult and uncertain. Additionally, we or our suppliers may become subject to new laws enacted with regards to climate change and other environmental issues. If new laws are enacted, or current laws are modified in countries in which we or our suppliers operate, we could face increased costs to comply with these laws.

Risks Relating to our Business and our Industries

We operate in highly competitive industries, and our success depends on our ability to effectively compete with numerous domestic and foreign businesses.

Gaming

Our Gaming business faces significant competition, not only from traditional gaming suppliers, but also from a number of other domestic and foreign providers, some of which have substantially greater financial resources and/or experience than we do. In some cases, we compete against gaming operators, including illegal or unregulated operators. Additionally, we face competition from smaller gaming companies that have established certain competitive products in recent years and are able to focus their resources on developing a smaller number of high-performing products.

We compete on the basis of the content, features, quality, functionality, accuracy, reliability, price and financing terms of our products and services, and the responsiveness of our services. If we do not consistently deliver popular, high-quality games in a timely manner, or if consumers prefer competing products, our business might suffer. Consumer preferences for games are usually cyclical and difficult to predict, and even the most successful content remains popular for only limited periods of time, unless refreshed with new content or otherwise enhanced. In order to remain competitive, we must continuously develop new products or enhancements to our existing products. These products or enhancements may not be well-received by consumers, even if well-reviewed and of high quality. Further, competitors may develop content that imitates or competes with our best-selling games, potentially taking sales away from them or reducing our ability to charge the same prices we have historically charged for our products. We have experienced pricing pressures in the past, including over the past three years. These competing products may take a larger share of consumer spending than anticipated, which could cause product sales to fall below expectations. We also compete based on the extent of our sales, service, marketing and distribution channels. We on occasion provide extended payment term financing for product purchases, and we expect to continue to provide extended payment term financing until the impacts of COVID-19 and demand for such financing abate. We have also offered customers discounts and other offers and modified pricing and other contractual terms in connection with the sale or placement of our products and services. Our competitors may provide a greater amount of financing or better offers and terms than we do, and this may impact demand for our Gaming products and services. We cannot assure that competitive pressure will not cause us to increase the incentives that we offer to our customers or agree to modify contractual terms in ways that are unfavorable to us, which could adversely impact our results of operations, cash flows and financial condition.

We also compete to obtain space and favorable placement on casino gaming floors, and some of our product lines may compete against each other for this space. Consolidation of casino and other operators, increased competition among operators and reductions in capital expenditures by operators have significantly increased the level of competition among gaming suppliers and may do so in the future. Casino operators focus on performance, longevity, player appeal and price when making their purchasing decisions. Competitors with a larger installed base of gaming machines and more game themes than ours may have an advantage in obtaining and retaining placements in casinos. Our Shufflers also compete against hand shuffling, which remains the most competitive shuffling option for casino card games around the world.

We also face high levels of competition in the supply of products and services for newly legalized gaming jurisdictions and for openings of new or expanded casinos. Our success depends on our ability to successfully enter new markets and

compete successfully for new business, especially in the face of declining demand and lengthened cycles for gaming machine replacements as a result of COVID-19 disruptions.

SciPlay

SciPlay, which includes social casino games and from which we derive substantially all of our SciPlay revenue, is a rapidly evolving industry with low barriers to entry. Businesses can easily launch online or on mobile platforms and applications at nominal cost by using commercially available software or partnering with various established companies in these markets. The market for our games is also characterized by rapid technological developments, frequent launches of new games and features, changes in player needs and behavior, disruption by innovative entrants and evolving business models and industry standards. As a result, our industry is constantly changing games and business models in order to adopt and optimize new technologies, increase cost efficiency and adapt to player preferences.

Successful execution of our strategy depends on our continuous ability to attract and retain players, adapt to the emergence of new mobile hardware or operating systems, expand the market for our games, maintain a technological edge and offer new capabilities to players. We also compete with social gaming companies, including those that offer social casino games such as Playtika, Playstudios, Product Madness/Big Fish Games (subsidiaries of Aristocrat), Take-Two Interactive (acquirer of Zynga, Inc.), DoubleU Games Co., Ltd/Double Down Interactive, GSN Games/Bash Gaming (subsidiaries of Scopely, Inc.), AppLovin Corporation and Huuuge Games, some of which have no connection to regulated real money gaming, and many of those companies have a base of existing players that is larger than ours. In some cases, we compete against real money gaming operators who have expanded their games to include social casino games and have in the past leveraged their land-based gaming relationship with us to license social casino game content from us. In those cases, customers of such real money gaming operators may choose to play our content as it is offered by the operator and not as it is offered by our social casino games, detrimentally impacting our results.

Some of our current and potential competitors enjoy substantial competitive advantages, such as greater name recognition, longer operating histories, local language capabilities, greater financial, technical, and other resources and, in some cases, the ability to rapidly combine online platforms with traditional staffing and contingent worker solutions. These companies may use these advantages to develop different platforms and services to compete with our games, spend more on advertising and brand marketing, invest more in research and development or respond more quickly and effectively than we do to new or changing opportunities, technologies, standards, regulatory conditions or player preferences or requirements. As a result, our players may decide to stop playing our games or switch to our competitors' games.

Moreover, current and future competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with others, including our current or future third-party suppliers. By doing so, these competitors may increase their ability to meet the needs of existing or prospective freelancers and players. These developments could limit our ability to obtain revenue from existing and new buyers. If we are unable to compete effectively, successfully and at reasonable cost against our existing and future competitors, our results of operations, cash flows and financial condition could be adversely impacted.

We offer players regular free play and frequent discounts for purchases of coins, chips or cards to extend play in connection with our social casino gaming business. We cannot assure that competitive pressure will not cause us to increase the incentives that we offer to our players, which could adversely impact our results of operations, cash flows and financial condition.

iGaming

Our iGaming business is also subject to significant competition. Our iGaming business focuses on the supply of game content to online casino operators, and there are a number of competitors in that industry, including from illegal or unregulated operators.

We cannot assure that we will be successful in offering our technology, content and services to digital gaming operators as we expect to face intense competition from our traditional competitors in the iGaming industry and a number of other domestic and foreign providers (or, in some cases, the operators themselves), some of which have substantially greater financial resources and/or experience in this area than we do. In addition, there is a risk that the authorization of the provision of gaming offerings via interactive channels in a particular jurisdiction could, under certain circumstances, adversely impact our Gaming offerings through traditional channels in such jurisdiction. Any such adverse impact would be magnified to the extent we are not involved in, and generating revenue from, the provision of iGaming products or services in such jurisdiction.

In order to stay competitive in our iGaming business, we will need to continue to create, source and market game content that attracts players and invest in new and emerging technologies. Some of our competitors may be more willing to

provide internet wagering in countries where the relevant laws and regulations are unclear or not uniformly enforced, putting us at a competitive disadvantage if we do not provide services related to internet wagering in such countries.

Our success depends upon our ability to adapt to, and offer products and services that keep pace with, changing technology and evolving industry standards.

Our ability to anticipate or respond to changing technology and evolving industry standards and to develop and introduce new and enhanced products and services, including, but not limited to, gaming content, gaming machines, CMSs, table products and digital gaming products and services, on a timely basis or at all is a significant factor affecting our ability to remain competitive, retain existing contracts or business and expand and attract new customers and players. We cannot assure that we will achieve the necessary technological advances or have the financial resources needed to introduce new products or services on a timely basis or at all.

Introducing new and innovative products and services requires us to adapt and refine our manufacturing, operations and delivery capabilities to meet the needs of our product innovation. If we cannot efficiently adapt our manufacturing infrastructure to meet the needs associated with our product innovations, or if we are unable to develop products or upgrade our production capacity in a timely manner, our business could be negatively impacted. In the past, we have experienced delays in launching new products and services due to the complex or innovative technologies embedded in our products and services. Such delays can adversely impact our results of operations, cash flows and financial condition.

We invest significant resources in our R&D efforts, which may not lead to successful or commercially viable new technologies, services or products.

We have invested, and intend to make future investments of, significant resources in R&D efforts. We invest in a number of areas, including product development for game and system-based hardware, software and game content. In addition, because of the sophistication of our newer products and the resources committed to their development, they are generally more expensive to produce and, for SciPlay and iGaming technologies, to maintain. If our new services and products do not gain market acceptance or the increase in the average selling price of these new products is not proportionate to the increase in production cost, in each case as compared to our prior products, or if the average cost of production does not go down over time, whether by reason of long-term customer acceptance, our ability to find greater efficiencies in the manufacturing process as we refine our production capabilities or a general decrease in the cost of the technology, our margins will suffer and could negatively impact our business, results of operations, cash flows and financial condition. We cannot assure that our investment in R&D will lead to successful new technologies or products. If a new service or product is not successful, we may not recover our development, regulatory approval or promotion costs.

Our success depends on our ability to produce new and innovative products and services that respond to customer demand and create strong and sustained player appeal.

Our success depends upon our ability to respond to dynamic customer demand by producing new and innovative products and services. The process of developing new products and services is inherently complex and uncertain. If we fail to accurately anticipate customer needs and end user preferences through the development of new products and services, we could lose business to our competitors, which would adversely affect our results of operations, cash flows and financial condition.

Our businesses develop and source game content both internally and through third-party suppliers. We also seek to secure third-party brands for incorporation into our game content. We believe that creative and appealing game content produces more revenue for our gaming machine customers and provides them with a competitive advantage, which in turn enhances our revenue and our ability to attract new business and to retain existing business. We cannot assure that we will be able to sustain the success of our existing game content or effectively develop or obtain from third parties game content or licensed brands that will be widely accepted both by our customers and players.

Our success also depends on creating products and services with strong and sustained player appeal. We are under continuous pressure to anticipate player reactions to, and acceptance of, our new products, avoid declining play levels on our leased gaming machines and continue to provide successful products that generate a high level of play. In some cases, a new game or gaming machine will only be accepted by our casino or digital gaming customers if we can demonstrate that it is likely to produce more revenue and Net win and/or has more player appeal than our existing products and services or our competitors' products and services. WAP, premium and daily fee Participation gaming machines are replaced on short notice by casino operators if they do not meet and sustain revenue and profitability expectations. Customers may cancel pending orders with us if our products are not performing to expectations at other casinos.

In addition, the social gaming landscape is rapidly evolving and is characterized by major fluctuations in the popularity of social products and platforms, such as the dramatic increase in the popularity of mobile platforms. We may be unable to develop products at a rate necessary to respond to these changes, or at all, or that anticipate the interests of social players.

Likewise, our SciPlay offerings operate largely through *Facebook*, *Google*, *Apple*, *Amazon* and *Microsoft* platforms. If alternative platforms increase in popularity, we could be adversely impacted if we fail to timely create compatible versions of our products.

Competition is intense in the digital and social gaming landscape. The increased importance of digital content delivery in our industry increases the potential competition in our SciPlay and iGaming businesses, as the minimum capital needed to produce and publish a digitally delivered game, particularly a new game for mobile platforms, may be significantly less than that needed to produce and publish one that is purchased through retail distribution. As more competitors enter the market, our operating results may be negatively impacted.

Our inability to complete acquisitions and integrate those businesses successfully could limit our growth or disrupt our plans and operations.

Our growth strategy depends on our pursuit of strategic acquisitions. Our ability to succeed in implementing our acquisition strategy will depend to some degree upon our ability to identify and complete commercially viable acquisitions, including multiple acquisitions carried out simultaneously and in short time frames. We cannot assure that acquisition opportunities will be available on acceptable terms or at all, or that we will be able to obtain necessary financing or regulatory approvals to complete potential acquisitions.

We may not be able to successfully integrate any businesses that we acquire or do so within the intended timeframes. We could face significant challenges in managing and integrating our acquisitions and our combined operations, including acquired assets, operations and personnel. Our recent acquisition of Alictus has required us to take certain actions to appropriately integrate its advertisement revenue model into our operations. In addition, the expected cost synergies or any other anticipated benefits associated with such acquisitions may not be fully realized in the anticipated amounts or within the contemplated timeframes or cost expectations, which could result in increased costs and have an adverse effect on our prospects, results of operations, cash flows and financial condition. We expect to incur incremental costs and capital expenditures related to our contemplated integration activities.

Acquisition transactions may disrupt our ongoing business. The integration of acquisitions requires significant time and focus from management and may divert attention from the day-to-day operations of the combined business or delay the achievement of our strategic objectives.

We may not achieve some or all of the anticipated benefits of SciPlay being a standalone public company, which could negatively impact our business, financial condition and results of operation.

We may not be able to achieve all of the anticipated strategic benefits expected as a result of SciPlay being a standalone public company, or such benefits may be delayed or not occur at all. The anticipated benefits include the following:

- allowing investors to evaluate the distinct merits, performance and future prospects of the SciPlay business, independent of our other businesses;
- improving the SciPlay business's strategic and operational flexibility and increasing management focus as SciPlay continues to implement its strategic plan and allowing the SciPlay business to respond more effectively to different player needs and the competitive environment for its business;
- creating an independent equity structure that will facilitate the SciPlay business's ability to effect future acquisitions utilizing its capital stock; and
- facilitating incentive compensation arrangements for employees more directly tied to the performance of the SciPlay business, and enhancing employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives of the SciPlay business.

We may not achieve the anticipated benefits of SciPlay being a standalone public company for a variety of reasons, and it could adversely affect our operating results and financial condition.

The consummation of the SciPlay initial public offering ("IPO") in 2019 diluted our economic interest in the SciPlay business, and as a result we only benefit from a portion of any profits and growth of that business, and from any dividends and other distributions from that business, if any. We currently do not expect SciPlay to declare or pay any cash dividends, other than tax distributions and certain cash distributions related to the impact of taxes pursuant to the TRA, and therefore its operating cash flows are not available for our use other than within SciPlay. If SciPlay discontinues the payment of, or is unable to pay, such distributions to us, this will further reduce our available liquidity. For the year ended December 31, 2022, SciPlay generated $150 million net cash provided by operating activities. Furthermore, the terms of any indebtedness incurred by

SciPlay business may, and the terms of the SciPlay Revolver will, limit the ability of SciPlay business to pay dividends or make other distributions to us, or to amend the agreements between SciPlay and us and our other subsidiaries.

We depend on our suppliers and contract manufacturers, and any failure of these parties to meet our performance and quality standards or requirements could cause us to incur additional costs or lose customers.

Our operating results could be adversely affected by an interruption or cessation in the supply of these items or a serious quality assurance lapse, including as a result of the insolvency of any of our key suppliers.

Similarly, the manufacture and maintenance of our gaming machines and gaming systems are dependent upon a regular and continuous supply of raw materials and components, many of which are manufactured or produced outside of the U.S. Certain of the components we use are customized for our products. The assembly of certain of our products and other hardware is performed by third parties. Any interruption or cessation in the supply of these items or services or any material quality assurance lapse with respect thereto could materially adversely affect our ability to fulfill customer orders, results of operations, cash flows and financial condition. We may be unable to find adequate replacements for our suppliers within a reasonable time frame, on favorable commercial terms or at all. The impact of the foregoing may be magnified as we continue to seek to streamline our gaming supply chain by reducing the number of our suppliers. Further, manufacturing costs may unexpectedly increase and we may not be able to successfully recover any or all of such cost increases. Additionally, in 2021, we experienced pressures on the supply chain related to parts sourcing, which contributed to approximately $5 million of inventory obsolescence charge. Because of the use of certain shared parts in some of our gaming machines in both old and new cabinets, supply chain pressures on availability of these parts may require us to re-allocate shared parts, rendering further units obsolete if such conditions sustain for an extended period of time.

In all of our businesses, we rely upon a number of significant third-party suppliers and vendors delivering parts, equipment and services on schedule in order for us to meet our contractual commitments. Furthermore, we outsource the manufacturing of certain of our sub-assemblies to third parties in the U.S., Europe, Central America and Asia. The willingness of such third parties to provide their services to us may be affected by various factors. Changes in law or regulation in any jurisdiction in which we operate may make the provision of key services to us unlawful in such jurisdictions. To the extent that third parties are unwilling or unable to provide services to us, this may have an adverse impact on our operations, financial performance and prospects. Failure of these third parties to meet their delivery commitments could result in us being in breach of, and subsequently losing, the affected customer orders, which loss could have a material adverse effect on our results of operations, cash flows and financial condition. We rely on network and/or telecommunications services for certain of our products. For instance, any disruption to our network or telecommunications could impact our linked or networked games, which could reduce our revenue.

In our SciPlay and iGaming businesses, we often rely on third-party data center providers to, among other things, host our remote game servers. Our SciPlay and iGaming businesses could be adversely impacted by breaches of or disruptions to these third-party data centers, including through disruptions in our RMG business, potential service level penalties with respect to our customers, reputational harm, the disclosure of proprietary information or the information of our customers or the theft of our or our customers assets, and to the extent any such data center provider was unable or unwilling to continue to provide services to us.

In certain regions, we enter into agreements with local distributors for the distribution of our land-based gaming products to one or more customers. Changes to these distributor relationships, including modification or termination of our agreements or difficulties with any such distributor could prevent us from delivering products or services to our customers on a timely basis, or at all, and could negatively impact our business. Additionally, the impact of COVID-19 and any resulting unfavorable social, political and economic conditions have negatively impacted our suppliers and contract manufacturers in varied ways in different communities, which could lead to interruption or cessation of services provided to us. For more information on the impact of the outbreak of COVID-19, see the risk factor captioned "*The impact of the COVID-19 pandemic or similar health epidemics, contagious disease outbreaks and public perception thereof, continue to and, in the future, could impact our operations and, should negative impacts such as significant negative player engagement develop, adversely affect and continue to adversely affect our operations, business, results of operations, cash flows and financial condition.*"

Our SciPlay business largely depends upon our relationships with key third-party platform providers, who we rely on to make our games available to players and to collect revenue, and changes in those relationships could negatively impact our SciPlay business.

In our SciPlay business, our social gaming offerings operate through *Apple*, *Google*, *Facebook* and *Amazon*, which also serve as significant online distribution platforms for our games, and some of our games are also available on the *Microsoft* platform. Substantially all of our SciPlay revenue was generated by players using those platforms.

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Consequently, our expansion and prospects of our SciPlay offerings depend on our continued relationships with these providers, and any emerging platform providers that are widely adopted by our target player base. We are subject to the standard terms and conditions that these platform providers have for application developers, which govern the promotion, distribution and operation of games and other applications on their platforms, and which the platform providers can change unilaterally on short or without notice. Version updates, such as Apple's iOS 14.5 update in April 2021, which included changes to its AppTracking Transparency policy, now require user permission before developers can track a user across apps and websites owned by other companies or access a user's device's identifier for advertisers ("IDFA"), which has reduced the quantity and quality of data available to us. This change has particularly impacted SciPlay's strategy for the games produced by its subsidiary Alictus, with Alictus having begun preparing its games primarily for *Google's* Android platform. *Google's* planned *Google* advertising identification deprecation, expected in 2023, may further impact SciPlay strategy. These changes could, among other things, have a detrimental impact on our ability to conduct targeted advertising on platforms, increase the cost to obtain new users and impact the return on investment of advertising spend. The impact of these changes has been a catalyst for SciPlay to explore, and continue to engage with, traditional media, expanded relationships with social media influencers and other innovative marketing solutions. Our SciPlay business will also be adversely impacted if we are unable to continue these relationships in the future or if the terms and conditions offered by these providers are altered to our disadvantage. For instance, if any of these providers were to increase their fees, our results of operations, cash flows and financial condition would suffer. Additionally, our SciPlay business would be harmed if:

- these platform providers discontinue or limit our access to their platforms;
- governments or private parties, such as internet providers, impose bandwidth restrictions or increase charges or restrict or prohibit access to those platforms;
- these platforms decline in popularity;
- these platforms modify their current discovery mechanisms, communication channels available to developers, respective terms of service or other policies, including fees;
- these platforms impose restrictions or make it more difficult for players to buy coins, chips and cards; or
- these platforms change how the personal information of players is made available to developers or develop their own competitive offerings.

If alternative platforms increase in popularity, we could be adversely impacted if we fail to create compatible versions of our games in a timely manner, or if we fail to establish a relationship with such alternative platforms. Likewise, if our platform providers alter their operating platforms, we could be adversely impacted as our offerings may not be compatible with the altered platforms or may require significant and costly modifications in order to become compatible. If our platform providers were to develop competitive offerings, either on their own or in cooperation with one or more competitors, our growth prospects could be negatively impacted. If our platform providers do not perform their obligations in accordance with our platform agreements, we could be adversely impacted.

In the past, some of these platform providers have been unavailable for short periods of time or experienced issues with their features that permit our players to purchase coins, chips and cards. For example, in the second and third quarters of 2018, we were negatively impacted by data privacy protection changes implemented by *Facebook*, which impaired our players' ability to access their previously acquired coins, chips and cards and purchase additional coins, chips and cards. If similar events recur on a prolonged basis or other similar issues arise that impact players' ability to download our games, access social features or purchase coins, chips and cards, it could have a material adverse effect on our revenue, operating results and brand.

Our future results of operations may be negatively impacted by ownership changes and consolidation in the gaming industry, including by casino operators.

As repeat customers represent a substantial part of our Gaming business revenue, our business, results of operations, cash flow and financial condition could be negatively affected if our casino customers are sold to or merge with other entities. Such entities may purchase more products and services from our competitors, reduce spending on our products or cause downward pricing pressures. Consolidation among casino operators could result in order cancellations or a slowing in the replacement cycle for existing gaming machines, or could require our current customers to purchase our competitors' products, any of which could negatively impact our Gaming business.

Our results of operations fluctuate due to seasonality and other factors and, therefore, our periodic operating results are not guarantees of future performance.

Our results of operations can fluctuate due to seasonal trends and other factors. Sales of our gaming machines to casinos are generally strongest in the second half of the year and slowest in the first half of the year, while revenue from our

Participation gaming machines is generally highest in the spring and summer. Player activity for SciPlay is generally slower in the second and third quarters of the year, particularly during the summer months. Player activity for our iGaming business, specifically digital casino operators, is generally slower in the third quarter during the summer months and is generally higher in the fourth quarter. Certain other seasonal trends and factors that may cause our results to fluctuate include: the geographies where we operate; holiday and vacation seasons; climate and weather; economic and political conditions; timing of the release of new products; significant equipment sales or the introduction of gaming activities in new jurisdictions or to new customers; and other factors.

In light of the foregoing, results for any quarter are not necessarily indicative of the results that may be achieved in another quarter or for the full fiscal year. We cannot assure that the seasonal trends and other factors that have impacted our historical results will repeat in future periods as we cannot influence or forecast many of these factors.

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Risks Relating to our Capital Structure

Changes in, or the elimination of, our share repurchase program could have an adverse effect on the price of our common stock.

As part of our capital allocation strategy, our Board of Directors has authorized a share repurchase program under which the Company is authorized to repurchase, from time to time, through February 25, 2025, up to an aggregate amount of $750 million of our outstanding stock. Decisions regarding share repurchases are within the discretion of the Board of Directors and can be influenced by a number of factors, including the price of our common stock, general business and economic conditions and our financial condition and operating results and may be suspended or discontinued at any time. Even if fully implemented, our share repurchase program may not enhance long-term stockholder value. Changes in, or the elimination of, our share repurchase program could have an adverse effect on the price of our common stock. For more information on our share repurchase program, refer to Note 17.

Our level of indebtedness could adversely affect our results of operations, cash flows and financial condition.

We have a history of significant indebtedness. As of December 31, 2022, we had total indebtedness of $3.9 billion, net of unamortized discounts and deferred financing costs, consisting primarily of borrowings under the LNWI Credit Agreement, and Senior Notes. As of December 31, 2022, our total available liquidity (excluding our SciPlay business segment) was $1.3 billion, which included $738 million of undrawn availability under the LNWI Revolver.

Our level of indebtedness could affect our ability to obtain financing or refinance existing indebtedness; require us to dedicate a significant portion of our cash flow from operations to interest and principal payments on our indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures and other general corporate purposes; increase our vulnerability to adverse general economic, industry or competitive developments or conditions; and limit our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate or in pursuing our strategic objectives. In addition, we are exposed to the risk of higher interest rates as a significant portion of our borrowings are at variable rates of interest. If interest rates continue to increase, the interest payment obligations under our non-hedged variable rate indebtedness would increase even if the amount borrowed remained the same, and our results of operations, cash flows and financial condition would be negatively impacted. All of these factors became more severe given the unfavorable economic conditions and uncertainties and decrease in discretionary spending and consumer travel as a result of rising inflation and could place us at a competitive disadvantage compared to competitors that may have less debt than we do.

The SciPlay Revolver relies on LIBOR as a benchmark for establishing the interest rate. The U.K. Financial Conduct Authority mostly phased out LIBOR by the end of 2021, extending to the end of June 2023 for U.S. dollar LIBOR only. In addition, other regulators have suggested reforming or replacing other benchmark rates. In March 2022, the U.S. adopted the Adjustable Interest Rate (LIBOR) Act establishing SOFR as a commercially reasonable substitute for and commercially substantial equivalent to LIBOR. In December 2022, the Board of Governors of the Federal Reserve System adopted a final rule implementing the act. The discontinuation, reform or replacement of LIBOR, such as SOFR, or any other benchmark rates may have an unpredictable impact on contractual mechanics in the credit markets or cause disruption to the broader financial markets. Uncertainty as to the nature of such potential discontinuation, reform or replacement may negatively impact the cost of our variable rate debt. We may in the future pursue additional amendments to the credit agreement governing the SciPlay Revolver to provide for a transition mechanism or other reference rate in anticipation of LIBOR's discontinuation, but we may not be able to reach agreement with our lenders on any such amendments. As a result, additional financing to replace our LIBOR-based debt may be unavailable, more expensive or restricted by the terms of our outstanding indebtedness.

We may not have sufficient cash flows from operating activities, to service all of our indebtedness and other obligations, and may be forced to take other actions to satisfy our obligations, which may not be successful.

Our ability to make payments on and to refinance our indebtedness and other obligations depends on our results of operations, cash flows and financial condition, which in turn are subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness and our other obligations. Our results of operations and general economic and financial conditions have been negatively affected by the COVID-19 pandemic, which made it more difficult for us to meet our debt obligations from cash flows from operating activities.

We are required to make scheduled payments of principal on the term loans borrowed under our credit facilities, and our credit facilities require that a portion of our excess cash flow be applied to prepay amounts borrowed under our credit facilities. We are also required to repay the entire principal amount of our Senior Notes at their maturity (see Note 15). We have also, from time to time, repurchased or otherwise retired or refinanced our debt, through our subsidiaries or otherwise and may continue to do so in the future. Such activities, if any, will depend on prevailing market conditions, contractual restrictions and other factors, and the amounts involved may or may not be material. If we need to refinance all or part of our indebtedness at or before maturity, we cannot assure that we will be able to obtain new financing or to refinance any of our indebtedness on commercially reasonable terms or at all, especially uncertainties as a result of the COVID-19 pandemic.

Our lenders, including the lenders participating in the LNWI Revolver under the LNWI Credit Agreement or in the SciPlay Revolver, may become insolvent or tighten their lending standards, which could make it more difficult for us to borrow under the LNWI Revolver or the SciPlay Revolver or to obtain other financing on favorable terms or at all. Our results of operations, cash flows and financial condition would be adversely affected if we were unable to draw funds under the LNWI Revolver or the SciPlay Revolver because of a lender default or to obtain other cost-effective financing. Any default by a lender in its obligation to fund its commitment under the LNWI Revolver or the SciPlay Revolver (or its participation in letters of credit) could limit our liquidity to the extent of the defaulting lender's commitment. If we are unable to generate sufficient cash flow in the future to meet our commitments, we will be required to adopt one or more alternatives, such as refinancing or restructuring our indebtedness, selling material assets or operations or seeking to raise additional debt or equity capital. We cannot assure that any of these actions could be completed on a timely basis or on satisfactory terms or at all, or that these actions would enable us to continue to satisfy our capital requirements. Moreover, our existing debt agreements contain, and our future debt agreements may contain, restrictive covenants that may prohibit us from adopting these alternatives. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debt.

Agreements governing our indebtedness impose certain restrictions that may affect our ability to operate our business. Failure to comply with any of these restrictions could result in the acceleration of the maturity of our indebtedness and require us to make payments on our indebtedness. Were this to occur, we would not have sufficient cash to pay our accelerated indebtedness.

Agreements governing our indebtedness, including the LNWI Credit Agreement and the SciPlay Revolver and the indentures governing our Senior Notes, impose, and future financing agreements are likely to impose, operating and financial restrictions on our activities that may adversely affect our ability to finance future operations or capital needs or to engage in new business activities. Subject to certain exceptions, our credit facilities and/or indentures restrict our ability to, among other things:

- declare dividends or redeem or repurchase capital stock;
- prepay, redeem or purchase other debt;
- incur liens;
- make loans, guarantees, acquisitions and investments;
- incur additional indebtedness;
- engage in sale and leaseback transactions;
- amend or otherwise alter debt and other material agreements;
- engage in mergers, acquisitions or asset sales;
- engage in transactions with affiliates;

- enter into arrangements that would prohibit us from granting liens or restrict our subsidiaries' ability to pay dividends, make loans or transfer assets; and
- alter the business we conduct.

In connection with the April 2022 Refinancing, we entered into the LNWI Credit Agreement. The LNWI Credit Agreement contains a covenant that is tested at the end of each fiscal quarter and requires us to not exceed a maximum Consolidated Net First Lien Leverage Ratio (as defined in the LNWI Credit Agreement) of 4.50x Consolidated EBITDA (as defined in the LNWI Credit Agreement); provided that such Consolidated Net First Lien Leverage Ratio is only tested if the aggregate revolving extensions of credit (excluding certain letters of credit) exceeds 30% of the aggregate revolving commitments under the LNWI Credit Agreement. Additionally, the SciPlay Revolver requires that SciPlay maintain a maximum total net leverage ratio not to exceed 2.50x and maintain a minimum fixed charge coverage ratio of no less than 4.00x. Future financing arrangements may impose similar requirements.

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Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants. Accordingly, we cannot assure that we will continue to maintain liquidity sufficient to satisfy our current obligations or comply with the Consolidated Net First Lien Leverage Ratio covenant set forth in the LNWI Credit Agreement.

We also cannot assure that we will be granted waivers or amendments to the agreements governing our indebtedness if for any reason we are unable to comply with these obligations or that we will be able to refinance our debt on terms acceptable to us, or at all.

We may not have sufficient cash flows from operating activities, cash on hand and available borrowings under our credit facilities to finance required capital expenditures under new contracts and meet our other cash needs or satisfy our minimum liquidity covenant. These obligations require a significant amount of cash, which would reduce our available liquidity.

Our Gaming operations business generally requires significant upfront capital expenditures for gaming machine, software customization and implementation, systems and equipment installation and telecommunications configuration. In connection with a Gaming operations contract, our customers often obtain new gaming machines, which may require additional capital expenditures in order to fulfill the contract.

Historically, we have funded these upfront cash outflows through cash flows generated from operations, available cash on hand and borrowings under our credit facilities. Our ability to generate revenue and to continue to procure new contracts will depend on, among other things, our then present liquidity levels or our ability to obtain additional financing on commercially reasonable terms, which were negatively affected by the COVID-19 pandemic.

If we do not have adequate liquidity or are unable to obtain financing for these upfront cash outflows and other cash needs on favorable terms or at all, we may not be able to fulfill certain contracts, which could result in our losing business or restrict our ability to grow, which could have a material adverse effect on our results of operations, cash flows and financial condition. Moreover, we may not realize the return on investment that we anticipate on such contracts due to a variety of factors, including lower than anticipated retail sales or amounts wagered, higher than anticipated capital or operating expenses and unanticipated regulatory developments or litigation. We may not have adequate liquidity to pursue other aspects of our strategy, including bringing our products and services to new customers or new or underpenetrated geographies or pursuing strategic acquisitions. In the event we pursue significant acquisitions or other expansion opportunities, conduct significant repurchases of our outstanding securities, or refinance or repay existing debt, we may need to raise additional capital either through the public or private issuance of equity or debt securities or through additional borrowings under our existing financing arrangements, which sources of funds may not necessarily be available on terms acceptable to us, if at all, especially under the current unfavorable economic conditions.

Under LNW's Credit Agreement we currently have restrictions on our ability to incur indebtedness and liens, make restricted payments and investments and prepay junior indebtedness, subject to certain exceptions.

Risks Relating to our Technology

Our success depends on the security and integrity of the systems and products we offer, and security breaches, including cybersecurity breaches, or other disruptions could compromise our information or the information of our customers and expose us to liability, which would cause our business and reputation to suffer.

We believe that our success depends, in large part, on providing secure products, services and systems to our customers, and on our ability to avoid, detect, replicate and correct software and hardware anomalies and fraudulent manipulation of our products and services. Our businesses sometimes involve the storage, processing and transmission of players' proprietary, confidential and personal information. We also maintain certain other proprietary and confidential

information relating to our business and personal information of our personnel. All of our products and services are designed with security features to prevent fraudulent activity. However, we cannot guarantee that these security features will effectively stop all fraudulent activities. Despite our security measures, our products, services and systems are vulnerable to attacks by hackers, customers, retailers, vendors or employees or breached due to malfeasance or other disruptions. Any security breach or incident that we experience could result in unauthorized access to, misuse of, or unauthorized acquisition of our or our players' data, the loss, corruption or alteration of this data, interruptions in our operations, or damage to our computers or systems or those of our players or third-party platforms. Any of these could expose us to claims, litigation, fines and potential liability. Our ability to prevent anomalies and monitor and ensure the quality and integrity of our products and services is periodically reviewed and enhanced, but may not be sufficient to prevent future attacks, breaches or disruptions. Similarly, we regularly assess the adequacy of our security systems, including the security of our games and software, to protect against any material loss to any of our customers and our players, as well as the integrity of our products and services to end users and the integrity of our games to players. Expanded use of the internet and other interactive technologies may result in increased security risks for us and our customers. We cannot assure that our business or a business we acquire will not be or has not been affected by fraudulent activities or a security breach or lapse, which could have a material adverse impact on our results of operations, cash flows and financial condition.

Online transactions may be subject to sophisticated schemes to defraud, launder money or other illegal activities. There is a risk that our products or systems may be used for those purposes by our customers' players. There is also a risk that we will be subject to fraudulent activities by our employees. In addition, our gaming machines have experienced anomalies and fraudulent manipulation in the past. Games and gaming machines may be replaced by casinos and other gaming machine operators if they do not perform according to expectations, or they may be shut down by regulators. The occurrence of anomalies in, or fraudulent manipulation of, our gaming machines or our other products and services (including our SciPlay and iGaming products and services), may give rise to claims from players or customers, may lead to claims for lost revenue and profits and related litigation by our customers and may subject us to investigation or other action by regulatory authorities, including suspension or revocation of our licenses or other disciplinary action. Additionally, in the event of the occurrence of any such issues with our products and services, substantial engineering and marketing resources may be diverted from other projects to correct these issues, which may delay other projects and the achievement of our strategic objectives.

An increasing number of online services have disclosed security breaches, some of which have involved sophisticated and highly targeted attacks on portions of their services. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not foreseeable or recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security, or the security of a business we acquire, occurs, public perception of the effectiveness of our security measures and brand, or the security measures and brand of a business we acquire, could be harmed, and we could lose players. Data security breaches and other data security incidents may also result from non-technical means, for example, actions by employees or contractors. Any compromise of our security, or the security of a business we acquire, could result in a violation of applicable privacy and other laws, regulatory or other governmental investigations, enforcement actions, and legal and financial exposure, including potential contractual liability that is not always limited to the amounts covered by our insurance. Any such compromise could also result in damage to our reputation and a loss of confidence in our security measures. Any of these effects could have a material adverse impact on our results of operations, cash flows and financial condition.

Our business depends on the protection of our intellectual property and proprietary information.

We believe that our success depends, in part, on protecting our intellectual property in the U.S. and in foreign countries. Our intellectual property includes certain patents, trademarks and copyrights relating to our products and services (including gaming machines, digital gaming products, table games, shufflers and accessories, and gaming systems), and proprietary or confidential information that is not subject to patent or similar protection. Our success may depend, in part, on our ability to obtain protection for the trademarks, trade dress, names, logos or symbols under which we market our products and to obtain and maintain copyright and patent protection for our proprietary technologies, designs, software and innovations. We cannot assure that we will be able to build and maintain consumer value in our trademarks, obtain patent, trademark or copyright protection or that any patent, trademark or copyright will provide us with competitive advantages. In particular, the U.S. Supreme Court recently tightened the standard for patent eligibility of software patents. Despite revised U.S. Patent and Trademark Office guidelines in 2019, similar decisions in the future may negatively impact the validity or enforceability of certain of our patents, our ability to protect our inventions, innovations and new technology and the value of our substantial patent portfolio. Under a patent cross-licensing agreement with IGT, which relates to technology that is used in substantially all of our gaming machines, we can offer games using patented game features from the patent portfolios of other members of IGT's slot game features program, and such members can likewise offer games using patented game features from our patent portfolio. This arrangement may diminish the competitive advantage our slot games may derive from our patents.

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Our intellectual property protects the integrity of our games, systems, products and services. Competitors may independently develop similar or superior products, software or systems, which could negatively impact our results of operations, cash flows and financial condition. In cases where our technology or product is not protected by enforceable intellectual property rights, such independent development may result in a significant diminution in the value of such technology or product.

We also rely on trade secrets and proprietary knowledge. We enter into confidentiality agreements with our employees and independent contractors regarding our trade secrets and proprietary information, but we cannot assure that the obligation to maintain the confidentiality of our trade secrets and proprietary information will be honored.

We are currently making, and in the future may make, claims of infringement, invalidity or enforceability against third parties. For example, with the emergence of digital gaming, we have increased enforcement against parties that infringe our intellectual property.

This enforcement could:

- cause us to incur greater costs and expenses in the protection of our intellectual property;
- potentially negatively impact our intellectual property rights;
- cause one or more of our patents, trademarks, copyrights or other intellectual property interests to be ruled or rendered unenforceable or invalid; or
- divert management's attention and our resources.

We rely on the ability to use the intellectual property rights of third parties.

We rely on products, technologies and intellectual property that we license from third parties, including from our competitors, for use in our Gaming, SciPlay and iGaming businesses. Substantially all of our gaming machines and portions of our SciPlay and iGaming offerings and services use intellectual property licensed from third parties. The future success of our business may depend, in part, on our ability to obtain, retain and/or expand licenses for popular technologies and games in a competitive market. We cannot assure that these third-party licenses, or support for such licensed products and technologies, will continue to be available to us on commercially reasonable terms, if at all. In the event that we cannot renew and/or expand existing licenses, we may be required to discontinue or limit our use of the products that include or incorporate the licensed intellectual property.

Some of our license agreements contain minimum guaranteed royalty payments to the third party. If we are unable to generate sufficient revenue to offset the minimum guaranteed royalty payments, it could have a material adverse effect on our results of operations, cash flows and financial condition. Our license agreements typically contain restrictions on our ability to use or transfer the licensed rights in connection with certain strategic transactions. Certain of our license agreements grant the licensor rights to audit our use of the licensor's intellectual property. Disputes with licensors over uses or terms could result in the payment of additional royalties or penalties by us, cancellation or non-renewal of the underlying license or litigation.

The regulatory review process and licensing requirements also may preclude us from using technologies owned or developed by third parties if those parties are unwilling to subject themselves to regulatory review or do not meet regulatory requirements. Some gaming authorities require gaming manufacturers to obtain approval before engaging in certain transactions, such as acquisitions, mergers, reorganizations, financings, stock offerings and share repurchases. Obtaining such approvals can be costly and time consuming, and we cannot assure that such approvals will be granted or that the approval process will not result in delays or disruptions to our strategic objectives.

We rely on information technology and other systems, and any failures in our systems or errors, defects or disruptions in our products and services could diminish our brand and reputation, subject us to liability and have disrupted and could disrupt our business and adversely impact our results.

We rely on information technology systems that are important to the operation of our business, some of which are managed by third parties. These third parties are typically under no obligation to renew agreements and there is no guarantee that we will be able to renew these agreements on commercially reasonable terms, or at all. These systems are used to process, transmit and store electronic information, to manage and support our business operations and to maintain internal control over our financial reporting. In addition, we collect and store certain data, including proprietary business information, and may have access to confidential or personal information in certain of our businesses that is subject to privacy and security laws, regulations and customer-imposed controls. We could encounter difficulties in developing new systems, maintaining and upgrading current systems and preventing security breaches. Among other things, our systems are susceptible to damage, outages, disruptions or shutdowns due to fire, floods, power loss, break-ins, cyber-attacks, network penetration, denial of

service attacks and similar events. While we have and will continue to implement network security measures and data protection safeguards, our servers and other computer systems are vulnerable to any number of threats, including viruses, malicious software, hacking, break-ins or theft, data privacy or security breaches, third-party security breaches, employee error or malfeasance and similar events. Failures in our systems or services or unauthorized access to or tampering with our systems and databases could have a material adverse effect on our business, reputation, results of operations, cash flows and financial condition. Any failures in our computer systems or telecommunications services could affect our ability to operate our linked games or otherwise conduct business.

A meaningful portion of our SciPlay and iGaming gaming traffic is hosted by third-party data centers, such as *Amazon Web Services*, *CONTINENT 8* and *CLARANET*. Such third parties provide us with computing and storage capacity, and are under no obligation to renew the agreements related to these services with us on commercially reasonable terms or at all. If we are unable to renew these agreements on commercially reasonable terms, or if one of our data center operators is acquired, we may be required to transfer our servers and other infrastructure to new data center facilities and we may incur significant costs and possible lengthy service interruptions in connection with doing so, potentially causing harm to our reputation. If a game is unavailable or operates more slowly than anticipated when a player attempts to access it, that player may stop playing the game and be less likely to return to the game.

Portions of our information technology infrastructure, including those operated by third parties, have and may again experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be more expensive, time-consuming, disruptive and resource-intensive. We have no control over third parties that provide services to us and those parties could suffer problems or make decisions adverse to our business. We have contingency plans in place to prevent or mitigate the impact of these events. However, such disruptions could materially and adversely impact our ability to deliver products or services to customers and interrupt other processes. For example, in 2019, *Flash* was removed from the *Google Chrome* browser, resulting in player friction and disruptions in delivering our SciPlay and iGaming services to our customers. If our information systems do not allow us to transmit accurate information, even for a short period of time, to key decision makers, the ability to manage our business could be disrupted and our results of operations, cash flows and financial condition could be materially and adversely affected. Failure to properly or adequately address these issues could impact our ability to perform necessary business operations, which could materially and adversely affect our reputation, competitive position, results of operations, cash flows and financial condition.

Several of our products and services rely on data transferred over the internet. Access to the internet in a timely fashion is necessary to provide a satisfactory user experience to the consumers of our products. Third parties, such as telecommunications companies, could prevent access to the internet or limit the speed of our data transmissions, with or without reason, causing an adverse impact on our user experience that may materially and adversely affect our reputation, competitive position, results of operations, cash flows and financial condition. In addition, telecommunications companies may implement certain measures, such as increased cost or restrictions based on the type or amount of data transmitted, that would impact consumers' ability to access our products, which could materially and adversely affect our reputation, competitive position, results of operations, cash flows and financial condition. Furthermore, internet penetration may be adversely affected by difficult global economic conditions or the cancellation of government programs to expand broadband access.

If we or a company we acquire sustains cyber-attacks or other privacy or data security incidents that result in security breaches, we could suffer a loss of sales and increased costs, exposure to significant liability, reputational harm, regulatory fines or punishment and other negative consequences.

Our information technology systems and infrastructure are subject to cyber-attacks, viruses, malicious software, break-ins, theft, computer hacking, employee error or malfeasance or other security breaches. Hackers and data thieves are increasingly sophisticated and operate large-scale and complex automated attacks. Threats to our information technology systems and infrastructure include:

- experienced computer programmers and hackers who are able to penetrate our security controls and misappropriate or compromise sensitive personal, proprietary or confidential information, create system disruptions or cause shutdowns or who are able to develop and deploy malicious software programs that attack our systems or otherwise exploit any security vulnerabilities;
- security incidents, acts of vandalism or theft, coordinated attacks by activist entities, misplaced or lost data, human errors or other similar events that could negatively affect our systems and the data stored on those systems, and the data of our business partners; and
- third parties, such as hosted solution providers, that provide services to us, are also a source of security risk in the event of a failure of their own security systems and infrastructure.

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The costs to eliminate or address the foregoing security threats and vulnerabilities before or after a cyber incident could be significant. Our remediation efforts may not be successful and could result in interruptions, delays or cessation of service, and loss of existing or potential suppliers or customers. In addition, breaches of our security measures and the unauthorized dissemination of sensitive personal, proprietary or confidential information about us, our business partners or other third parties could expose us to significant potential liability and reputational harm. As threats related to cyber-attacks develop and grow, we may also find it necessary to make further investments to protect our data and infrastructure, which may impact our results of operations. Although we have insurance coverage for protecting against damages resulting from cyber-attacks, it may not be sufficient to cover all possible claims, and we may suffer losses that could have a material adverse effect on our business. Our insurance coverage for protecting against damages resulting from cyber-attacks does not cover incidents which occur at companies we acquire after such cyber-attack. As a global enterprise, we could also be negatively impacted by existing and proposed U.S. and non-U.S. laws and regulations, and government policies and practices related to cybersecurity, data privacy, data localization and data protection.

In addition, our customers may encourage, or require, compliance with certain security standards, such as the voluntary cybersecurity framework released by the National Institute of Standards and Technology (NIST), which consists of controls designed to identify and manage cyber-security risks, and we could be negatively impacted to the extent we are unable to comply with such standards.

The intellectual property rights of others may prevent us from developing new products and services, entering new markets or may expose us to liability or costly litigation.

Our success depends in part on our ability to continually adapt our products and systems to incorporate new technologies and to expand into markets that may be created by new technologies. If technologies are protected by the intellectual property rights of our competitors or other third parties, we may be prevented from introducing products based on these technologies or expanding into markets created by these technologies. If the intellectual property rights of others prevent us from taking advantage of innovative technologies, our prospects, results of operations, cash flows and financial condition may be adversely affected.

We cannot assure that our business activities, games, products, services and systems will not infringe upon the proprietary rights of others, or that other parties will not assert infringement claims against us. In addition to infringement claims, third parties may allege claims of invalidity or unenforceability against us or against our licensees or manufacturers in connection with their use of our technology. A successful challenge to, or invalidation of, one of our intellectual property interests, a successful claim of infringement by a third party against us, our products or services, or one of our licensees in connection with the use of our technologies, or an unsuccessful claim of infringement made by us against a third party or its products or services could adversely affect our business or cause us financial harm. Any such claim and any resulting litigation, should it occur, could:

- be expensive and time-consuming to defend or require us to pay significant amounts in damages;
- invalidate our proprietary rights;
- cause us to cease making, licensing or using products or services that incorporate the challenged intellectual property;
- require us to redesign, reengineer or rebrand our products or services or limit our ability to bring new products and services to the market in the future;
- require us to enter into costly or burdensome royalty, licensing or settlement agreements in order to obtain the right to use a product, process or *component;*
- impact the commercial viability of the products and services that are the subject of the claim during the pendency of such claim; and/or
- require us by way of injunction to remove products or services on lease or stop selling or leasing new products or services.

Failure of our technological blocking systems could result in violations of laws or regulations and have a material adverse effect on our operations, financial performance and prospects.

There is no guarantee that the technical blocks we implement and which our customers implement will be effective. These systems and controls are intended to ensure that our customers do not accept bets from end-users located in those jurisdictions where we have made a decision not to offer all or certain of our products and services. Any failure of such systems and controls may result in violations of applicable laws or regulations. Any claims in respect of any such violations could have

cost, resource, and, in particular if successful, reputational implications, and implications on our ability to retain, renew or expand our portfolio of licenses, and so have a material adverse effect on our operations, financial performance and prospects.

Moreover, there is an additional, ongoing risk that the current list of jurisdictions from which our customers and the Company must block access is enlarged, as there is a possibility that regulators who grant licenses to customers and/or the Company will require the blocking of specific additional jurisdictions. Similarly, jurisdictions may update their laws or regulations in such a way as to render the supply of gaming services into that jurisdiction legally or commercially unsustainable. In all such circumstances, additional blocking activity may have a detrimental effect on our financial position.

If we are unable to successfully implement our global enterprise resource planning system conversion, it could disrupt our business or have a material adverse effect on our results of operations, cash flows and financial condition.

We are engaged in a multi-year conversion from certain legacy enterprise resource planning ("ERP") systems to our primary global ERP system. The ERP system is designed to accurately maintain our books and records and provide information on our operations to management. Our ERP system migration will continue to require significant investment of human and financial resources. There are inherent risks associated with upgrading or changing systems, including inaccurate data or reporting. The process of upgrading and standardizing our ERP system is complex, time-consuming and expensive. Although we believe we are taking appropriate action to mitigate these risks through, among other things, testing, training and staging implementations, we cannot assure that we will not experience data loss, disruptions, delays or negative business impacts from the upgrades. Any operational disruptions during the course of this process and any delays or deficiencies in the design and implementation of the new ERP system or in the performance of our legacy systems could materially and adversely affect our ability to operate our businesses. Additionally, while we have spent considerable efforts to plan and budget for the implementation of the new ERP system, changes in scope, timeline or cost could have a material adverse effect on our results of operations, cash flows and financial condition.

Risks Relating to Legal, Political or Other Regulatory Risks

We and our industries are subject to strict government regulations that may limit our existing operations, have an adverse impact on our ability to grow and affect our license eligibility or expose us to fines or other penalties.

In the U.S. and many other countries, the provision of Gaming, SciPlay and iGaming products and services is subject to extensive and evolving regulation. These regulatory requirements vary from jurisdiction to jurisdiction. Therefore, we are subject to a wide range of complex laws and regulations in the jurisdictions in which we are licensed or operate. Most jurisdictions require that we be licensed, that our key personnel and certain of our security holders be found suitable or be licensed, and that our products be reviewed and approved before placement. Licenses, approvals or findings of suitability may be revoked, suspended or conditioned. If a license, approval or finding of suitability is required by a regulatory authority and we fail to seek or do not receive the necessary approval, license or finding of suitability, or if it is granted and subsequently revoked, then we may be prohibited from providing our products or services for use in the particular jurisdiction. In addition, the loss of a license in one jurisdiction could trigger the loss of a license, or affect our eligibility for a license, in other jurisdictions. We may also become subject to regulation in any new jurisdictions in which we decide to operate in the future, including due to expansion of a customer's operations. Gaming authorities have levied and may levy fines against us or seize certain of our assets if we violate gaming regulations. We cannot assure that we will be able to obtain or maintain the necessary licenses or approvals or that the licensing process will not result in delays or adversely affect our operations. The failure to obtain or retain a required license or approval in any jurisdiction would decrease the geographic areas where we are permitted to operate and generate revenue, may limit our ability to obtain a license in other jurisdictions and may put us at a disadvantage relative to our competitors.

We cannot assure that authorities will not seek to restrict our business in their jurisdictions or institute enforcement proceedings against us. We cannot assure that any instituted enforcement proceedings will be favorably resolved, or that such proceedings will not have a material adverse impact on our ability to retain and renew existing licenses or to obtain new licenses in other jurisdictions. Our reputation may also be damaged by any legal or regulatory investigation, regardless of whether or not we are ultimately accused of, or found to have committed, any violation.

Often, our games, Gaming product hardware and software and our iGaming RMG must be approved in the jurisdictions in which they are operated, and we cannot assure you that such products or services will be approved in any jurisdiction. Our networked gaming technology requires regulatory approval in gaming jurisdictions prior to the shipment or implementation of any gaming machines, products or services and, although we have received approvals from the jurisdictions in which we currently operate this technology, we cannot assure that we will receive the approvals necessary to offer it in additional gaming jurisdictions. Many of our customers are required to be licensed, and delays in approvals of our customers' operations or expansions may adversely affect our results of operations, cash flows and financial condition. In addition, current regulations in a number of jurisdictions where our customers operate, such as Macau SAR and Singapore, limit the amount of

space allocated to our products or limit the amount of new product available to operators to an amount that has been pre-approved by regulators. Substantial changes in any such regulations could adversely affect demand for our products.

A substantial portion of our U.K. Gaming reporting unit revenue is concentrated with Entain, which operates LBOs in the U.K. Effective as of April 1, 2019, fixed-odds betting terminals maximum stakes limit was required to be reduced from £100 to £2. As a result of this change, a number of LBO operators commenced a rationalization of their retail operations, which among other measures has included closure of certain LBO shops. The rationalization is likely to continue for the foreseeable future.

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Effective as of April 14, 2020, the U.K. Gambling Commission banned gambling businesses from allowing consumers in Great Britain to use credit cards to gamble in all online and offline gambling products, with the exception of non-remote lotteries. The U.K. Gambling Commission announced changes to license conditions, effective as of March 31, 2020, which required all online gambling operators to participate in a multi-operator self-exclusion scheme, GAMSTOP, which allowed consumers to self-exclude from online operators with one request. We will continue to monitor the impact of the ban and the changes to license conditions on our iGaming and Gaming business segments and overall business, but believe the impact will continue to be immaterial. The U.K. Government's review of the U.K.'s Gambling Act 2005 and anticipated increased regulatory scrutiny as a result could negatively affect our ability to operate in the U.K.

We and certain of our affiliates, major stockholders (generally persons and entities beneficially owning a specified percentage (typically 5% or more) of our equity securities), directors, officers and key employees are subject to extensive background investigations and suitability standards in our businesses. For additional details regarding the background investigations, the risk of failure of any such individuals or entities to submit to such background investigations, the significant approval and licensing discretion of regulatory authorities, and the authority granted to these regulatory authorities, see "*Government Regulation*" in *Part I, Item 1* of this Annual Report on Form 10-K and Exhibit 99.5 "Gaming Regulations." Our failure, or the failure of any of our major stockholders, directors, officers, key employees, products or technology, to obtain or retain a required license or approval in one jurisdiction could negatively impact our ability (or the ability of any of our major stockholders, directors, officers, key employees, products or technology) to obtain or retain required licenses and approvals in other jurisdictions.

In light of these regulations and the potential impact on our business, our amended and restated articles of incorporation and amended and restated bylaws allow for the restriction of stock ownership by persons or entities who fail to comply with informational or other regulatory requirements under applicable gaming laws, who are found unsuitable to hold our stock by gaming authorities, whose stock ownership adversely affects our ability to obtain, maintain, renew or qualify for a license, contract, franchise or other regulatory approval from a gaming authority or a purported transferee of a stockholder who acquires shares made invalid pursuant to our amended and restated articles of incorporation and amended and restated bylaws. The licensing procedures and background investigations of the authorities that regulate our businesses and the restriction in our amended and restated articles of incorporation and amended and restated bylaws may inhibit potential investors from becoming significant stockholders or inhibit existing stockholders from retaining or increasing their ownership.

There are instances where a state in which a Native American tribe conducts Class III gaming activities disagrees with such tribe regarding the regulation of gaming, including the regulation of gaming suppliers. In those instances, we make every effort to comply with both state and tribal regulation and fulfill our contractual obligations. However, there may be and have been situations where any such disagreement impedes or creates uncertainty with respect to our ability to supply gaming products and services to such tribal customer or otherwise negatively impacts our relationship with such customer or gaming regulators. There are additional complexities that may impact disputes or other interactions with Native American tribe customers. For example, Native American tribes generally enjoy sovereign immunity from lawsuits, similar to the sovereign immunity enjoyed by the individual states and the U.S. In addition, certain commercial agreements with Native American tribes are subject to review by regulatory authorities such as the National Indian Gaming Commission, and, among other things, any such review could require substantial modifications to any such agreement we enter into with a Native American tribe customer.

Our customers are required to comply with all applicable laws. In addition, we maintain and update a list of jurisdictions where we believe there is legal or regulatory risk associated with remote gaming and require that our customers contractually agree not to offer our games or accept wagers from end users in such jurisdictions. Despite our efforts, we cannot assure you that our customers will remain in compliance with laws or with the terms of their contracts with us or that a breach of any of the foregoing will be identified or cured in a timely manner.

We have developed and implemented an internal compliance program in an effort to ensure that we comply with legal requirements imposed in connection with our Gaming, SciPlay and iGaming activities and legal requirements generally applicable to all publicly traded companies. Refer to "*Government Regulation - General*" in *Part I, Item 1* of this Annual Report on Form 10-K, for additional details about the compliance program. We cannot assure that such steps will prevent the

violation of one or more laws or regulations, or that a violation by us or an employee will not result in the imposition of a monetary fine, suspension or revocation of one or more of our licenses or other penalties.

Laws and regulations relating to our SciPlay and iGaming businesses are evolving. For additional discussion regarding risks associated with the evolving regulatory landscape for digital gaming, see the risk factors captioned "*We may not be able to capitalize on the expansion of internet or other forms of digital gaming or other trends and changes in the industries in which we operate, including due to laws and regulations governing these industries*"; "*Legislative interpretation and enforcement of certain gaming activities could adversely affect financial performance and reputation*"; "*Failure of our technological blocking systems could result in violations of laws or regulations and have a material adverse effect on our operations, financial performance and prospects*"; "*Expectations of a shift to regulated digital gaming may not come to fruition*"; "*We may incur additional impairment charges*"; and "*We rely on the ability to use the intellectual property rights of third parties*"; and "*Government Regulation*" in *Part I, Item 1* of this Annual Report on Form 10-K.

See Exhibit 99.5 "Gaming Regulations" for additional information regarding certain of the regulations that govern our Gaming, SciPlay and iGaming businesses.

Legislative interpretation and enforcement of certain gaming activities could adversely affect financial performance and reputation.

Some jurisdictions are seeking to regulate gaming; others are seeking to prohibit it. We generate a portion of our operating results through licensing our proprietary software technology and games to enable gaming operators to provide gaming services to customers where such services are dependent on that software and the functionality it provides. Laws and regulations relating to the supply of such services are complex, inconsistent and evolving, and we may be subject to such laws either directly through explicit service provision or indirectly insofar as we have assisted the supply to customers who are themselves subject to such laws. For example, where supply by the Company to the customer is critical to the gaming transaction, there is a risk that a regulator could take direct enforcement action against us.

Many jurisdictions have not updated their laws to address the supply of remote gaming, which by its nature may be a multi-jurisdictional activity. Moreover, the legality of such activities and related services is subject to uncertainties arising from differing approaches by legislatures, regulators and enforcement agents including in relation to determining in which jurisdiction the gaming takes place and therefore which law applies and in relation to regulations being interpreted in unfavorable or unanticipated ways.

We monitor legal and regulatory developments in all of our material gaming markets and generally seek to keep abreast of legal and regulatory developments affecting our industries. However, we do not necessarily monitor, on a continuous basis, the laws and regulations in every jurisdiction where we or our customers do business and, therefore, we or our customers may operate in jurisdictions where we may be unaware of the full extent of the legal or regulatory risk.

Sometimes we are able to take the additional precautionary step of blocking wagers from jurisdictions where we are aware of material legal or regulatory risk associated with remote gaming. In addition, the Company protects itself through contractual mechanisms with our customers explicitly allowing us to suspend or terminate services if such customers offer our games or accept wagers from end users in certain jurisdictions.

Despite the monitoring we have undertaken and the other precautions we take, it is possible that, due to the above factors, such measures are not sufficient and that criminal or regulatory actions could be brought against us or our employees or directors, any or all of which could have a detrimental effect on the our financial performance and reputation. Furthermore, actions brought against our customers could also have a detrimental effect on our financial performance or reputation, including if such actions prevent or delay the receipt of revenue from such customers.

We may not be able to capitalize on the expansion of internet or other forms of digital gaming or other trends and changes in the industries in which we operate, including due to laws and regulations governing these industries.

We participate in the new and evolving digital gaming industries through our SciPlay and iGaming offerings. Part of our strategy is to take advantage of the liberalization of digital gaming, both within the U.S. and internationally. These industries involve significant risks and uncertainties, including legal, business and financial risks. The success of these industries and of our digital gaming products and services may be affected by future developments in social networks, including *Facebook*, mobile platforms, regulatory developments, data privacy laws and other factors that we are unable to predict and are beyond our control. This fast-changing environment can make it difficult to plan strategically and can provide opportunities for competitors to grow their businesses at our expense. Consequently, our future results of operations, cash flows and financial condition relating to our products and services are difficult to predict and may not grow at the rates we expect, and we cannot assure that these products and services will be successful in the long term.

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There are still significant forces working to limit or prohibit digital gaming in the U.S. For additional information regarding proposed laws at the federal or state level, see "*Government Regulation - iGaming*" in *Part I, Item 1* of this Annual Report on Form 10-K. The enactment of digital gaming legislation that federalizes significant aspects of the regulation of digital gaming and/or limits the forms of internet wagering that are permissible at the state or federal level could have an adverse impact on our ability to pursue our digital gaming strategy in the U.S.

Internationally, laws relating to digital gaming are evolving, particularly in Europe. For additional information, including steps taken by European governments, the European Commission dropping enforcement actions, and regulatory developments in countries outside Europe and the U.S., regarding how laws relating to digital gaming are evolving internationally, see "*Government Regulation - iGaming*" in *Part I, Item 1* of this Annual Report on Form 10-K. We cannot predict the timing, scope or terms of any such state, federal or foreign laws and regulations, or the extent to which any such laws and regulations will facilitate or hinder our interactive strategy.

Our business is subject to a number of foreign and domestic laws and regulations that affect companies conducting business on the internet, and laws and regulations governing data privacy and security, including with respect to the collection, storage, use, transmission and protection of personal information and other consumer data. The scope of data privacy and security regulations continues to evolve, and we believe that the adoption of increasingly restrictive regulations in this area is likely within the U.S. and other jurisdictions. Our SciPlay and iGaming businesses are subject to evolving regulations, and the status of any particular jurisdiction may change at any time. The regulatory structure surrounding certain aspects of these businesses is currently in flux in some jurisdictions. See the risk factor captioned "*Gaming opponents persist in their efforts to curtail the expansion of legalized gaming, which, if successful, could limit the growth of our operations*" and "*Government Regulation - SciPlay*" and "*Government Regulation - iGaming*" in *Part I, Item 1* of this Annual Report on Form 10-K for additional information on evolving regulations applicable to our SciPlay and iGaming businesses.

Know-your-customer and geo-location programs and technologies supplied by third parties are an important aspect of certain internet and mobile gaming products and services because they confirm certain information with respect to players and prospective players, such as age, identity and location. Payment processing programs and technologies, typically provided by third parties, are also a necessary feature of interactive wagering products and services. These programs and technologies are costly and may have an adverse impact on our results of operations, cash flows and financial condition. Additionally, we cannot assure that products containing these programs and technologies will be available to us on commercially reasonable terms, if at all, or that they will perform accurately or otherwise in accordance with our required specifications. See the SciPlay and iGaming sections in the risk factor captioned "*We operate in highly competitive industries, and our success depends on our ability to effectively compete with numerous domestic and foreign businesses*" for additional information on risks regarding internet and mobile gaming products and services.

The provisions of our bylaws requiring exclusive forum in the Eighth Judicial District Court of Clark County, Nevada for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers.

Our bylaws provide that, to the fullest extent permitted by law, and unless we consent in writing to the selection of an alternative forum, the Eighth Judicial District Court of Clark County, Nevada, will be the sole and exclusive forum for any actions, suits or proceedings, whether civil, administrative or investigative or that assert any claim or counterclaim (i) brought in our name or right or on our behalf, (ii) asserting a claim for breach of any fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) arising or asserting a claim arising pursuant to any provision of Nevada Revised Statutes ("NRS"), Chapters 78 or 92A or any provision of our articles of incorporation or our bylaws or (iv) asserting a claim governed by the internal affairs doctrine. Our bylaws further provide that, in the event that the Eighth Judicial District Court of Clark County, Nevada does not have jurisdiction over any such action, suit or proceeding, then any other state district court located in the State of Nevada will be the sole and exclusive forum therefor and in the event that no state district court in the State of Nevada has jurisdiction over any such action, suit or proceeding, then a federal court located within the State of Nevada will be the sole and exclusive forum therefor. Application of the choice of forum provisions may be limited in some instances by law. Section 27 of the Exchange Act establishes exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. In addition, Section 22 of the Securities Act provides that federal and state courts have concurrent jurisdiction over lawsuits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. To the extent our bylaws restrict the courts in which claims arising under the federal securities laws may be brought, there is uncertainty as to whether a court would enforce such a provision and we note that our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

Although we believe these provisions benefit us by providing increased consistency in the application of Nevada law in the types of lawsuits to which they apply, these provisions may have the effect of increasing the costs to bring a claim and limiting a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors and officers, which may discourage lawsuits against us or our directors and officers. The enforceability of similar choice of

forum provisions in other companies' articles of incorporation and bylaws has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our bylaws to be inapplicable or unenforceable in such action. If a court were to find the choice of forum provisions contained in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

Changes in tax laws or tax rulings, or the examination of our tax positions, could materially affect our financial condition and results of operations.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. Our existing corporate structure and intercompany arrangements have been implemented in a manner we believe is in compliance with current prevailing tax laws.

However, the tax benefits that we intend to eventually derive could be undermined due to future changes in tax laws. In addition, the taxing authorities in the U.S. and other jurisdictions where we do business regularly examine income and other tax returns and we expect that they may examine our income and other tax returns. The ultimate outcome of these examinations cannot be predicted with certainty.

Effective January 1, 2022, pursuant to the Tax Cuts and Jobs Act of 2017, our R&D expenses are required to be capitalized and amortized for U.S. tax purposes, which has delayed the ability to deduct these expenses and potentially increased the amount of cash taxes we will pay for the taxable year ended December 31, 2022. We will recover these expenses in subsequent years such that the increased cash outlay is generally expected to be temporary. In the future, the U.S. Congress may consider legislation that would defer the capitalization requirement to later years or eliminate the provision, possibly with a retroactive effect. In the meantime, we expect to continue to make additional federal tax payments based on the current tax law. The impact of this tax legislation on our cash from operations depends on the amount of R&D expenditures incurred by the Company and whether the IRS issues guidance on the legislation which differs from our current interpretation, among other things.

On August 16, 2022, the United States enacted the Inflation Reduction Act of 2022 ("IR Act"), which, among other things, introduces a 15% minimum tax based on adjusted financial statement income of certain large corporations with a three-year average adjusted financial statement income in excess of $1 billion and a 1% excise tax on corporate stock buybacks. Interim guidance on the application of the minimum tax and excise tax was issued on December 27, 2022, but several aspects of the Inflation Reduction Act remain uncertain and the Treasury regulations implementing its provisions are forthcoming. We are continuing to evaluate the IR Act and its potential impact on future periods.

Over the last several years, the Organization for Economic Cooperation and Development ("OECD") has been working on a Base Erosion and Profits Shifting project that, if implemented, would change various aspects of the existing framework under which our tax obligations are determined in many of the countries in which we do business. In October 2021, the OECD/G20 inclusive framework on Base Erosion and Profit Shifting (the "Inclusive Framework") published a statement updating and finalizing the key components of a two-pillar plan on global tax reform which has now been agreed upon by the majority of OECD members. Pillar One allows countries to reallocate a portion of residual profits earned by multinational enterprises ("MNEs"), with an annual global turnover exceeding €20 billion and a profit margin over 10%, to other market jurisdictions. Pillar Two requires MNEs with an annual global turnover exceeding €750 million to pay a global minimum tax of 15%. Additional guidance is expected to be published in 2023. We will continue to monitor the implementation of the Inclusive Framework agreement by the countries in which we operate.

Gaming opponents persist in their efforts to curtail the expansion of legalized gaming, which, if successful, could limit the growth of our operations.

There is significant debate over, and opposition to, land-based and interactive RMG. We cannot assure that this opposition will not succeed in preventing the legalization of gaming in jurisdictions where it is presently prohibited, prohibiting or limiting the expansion of gaming where it is currently permitted or causing the repeal of legalized gaming in any jurisdiction. Any successful effort to curtail the expansion of, or limit or prohibit, legalized gaming could have an adverse effect on our results of operations, cash flows and financial condition.

In addition, there is significant opposition in some jurisdictions to interactive social and digital gaming, including social casino gaming. Some states or countries have anti-gaming groups that specifically target social casino games. Such opposition could lead these jurisdictions to adopt legislation or impose a regulatory framework to govern interactive social gaming, social casino games specifically. These could result in a prohibition on interactive social gaming, or social casino gaming altogether, restrict our ability to advertise our games, or substantially increase our costs to comply with these regulations, all of which could have an adverse effect on our results of operations, cash flows and financial condition. We

continue to devote significant attention to monitoring these developments. However, we cannot predict the likelihood, timing, scope or terms of any state, federal or foreign legislation or regulations relating to our SciPlay and iGaming businesses or the extent to which they may affect our SciPlay and iGaming businesses.

Expectations of a shift to regulated digital gaming may not come to fruition.

Our business strategy includes a gradual shift into new, regulated digital gaming markets. We expect there to be an opportunity to grow revenue by being among the first systems providers to obtain a license to operate digital gaming systems in markets where end-users historically have been reliant on unregulated digital gaming. However, there is no guarantee that end users who are currently engaging in unregulated digital gaming (in the U.S. or elsewhere) will transition away from unregulated gaming to regulated gaming in the wake of regulation, which is itself uncertain as to timing and scope and varies on a jurisdiction by jurisdiction basis. Our ability to influence end-user tastes and habits is limited, and if the introduction of regulation fails to result in a migration of end-users from unregulated gaming to regulated gaming (from which we currently derive and are expected to derive revenue through revenue sharing and fixed fees arrangements with our sports wagering customers), this may have an adverse impact on our operations, financial performance and prospects.

Data privacy and security laws and regulations in the jurisdictions in which we do business could increase the cost of our operations and subject us to possible sanctions and other penalties.

We collect, process, store, use and share data, some of which contains personal information. Our businesses are therefore subject to a number of federal, state, local and foreign laws and regulations governing data privacy and security, including with respect to the collection, storage, use, transmission, sharing and protection of personal information and other consumer and employee data. Such laws and regulations may be inconsistent among states, countries or between states and countries or conflict with other rules. In particular, the EU has adopted strict data privacy and security regulations. Following certain developments in the EU, including the EU's GDPR and proposed Regulation on Privacy and Electronic Communications (the "ePrivacy Regulation"), data privacy and security compliance in the EU are increasingly complex and challenging. The GDPR created new compliance obligations applicable to our business and some of our players and imposed increased financial penalties for noncompliance (including possible fines of up to four percent of global annual revenue for the preceding financial year or €20 million (whichever is higher) for the most serious violations). Compliance with the GDPR and similar regulations increases our operational costs and can impact operational efficiencies.

The scope of data privacy and security regulations worldwide continues to evolve, and we believe that the adoption of increasingly restrictive regulations in this area is likely within the U.S. and other jurisdictions. For example, the California Consumer Privacy Act ("CCPA") went into effect on January 1, 2020. This law, among other things, requires new disclosures to California consumers, imposes new rules for collecting or using information about minors, and affords consumers new abilities to opt out of certain disclosures of personal information. It remains unclear how courts will interpret the CCPA. The U.S. Congress may also pass a law to preempt all or part of the CCPA. Further, California subsequently passed the California Privacy Rights Act ("CPRA"), which became effective January 1, 2023. The CPRA amends the CCPA to provide more comprehensive privacy protections to consumers and established the California Privacy Protection Agency as the primary body responsible for safeguarding digital privacy. The effects of the CCPA and CPRA may be significant, and the CCPA required us to update our policies to include CCPA-specific clauses and procedures. A number of other proposals related to data privacy or security are pending before federal, state, and foreign legislative and regulatory bodies. For example, the EU began final negotiations with the European Commission and European Parliament in 2022 regarding the adoption of the ePrivacy Regulation that would govern data privacy and the protection of personal data in electronic communications, in particular for direct marketing purposes. Efforts to comply with these and other data privacy and security restrictions that may be enacted could require us to modify our data processing practices and policies and increase the cost of our operations. Failure to comply with such restrictions could subject us to criminal and civil sanctions and other penalties. In part due to the uncertainty of the legal climate, complying with regulations, and any applicable rules or guidance from self-regulatory organizations relating to privacy, data protection, information security and consumer protection, may result in substantial costs and may necessitate changes to our businesses practices, which may compromise our growth strategy, adversely affect our ability to attract or retain players, and otherwise adversely affect our businesses, financial condition and operating results.

Any failure or perceived failure by us to comply with our posted privacy policies, our privacy-related obligations to players or other third parties, or any other legal obligations or regulatory requirements relating to privacy, data protection, or information security may result in governmental investigations or enforcement actions, litigation, claims, or public statements against us by consumer advocacy groups or others and could result in significant liability, cause our players to lose trust in us, and otherwise materially and adversely affect our reputation and businesses. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, and policies that are applicable to us may limit the adoption and use of, and reduce the overall demand for, our games. Additionally, if third parties we work with violate applicable laws, regulations, or agreements, such violations may put our players' data at risk, could result in governmental investigations or enforcement actions, fines, litigation, claims or public statements against us by consumer advocacy groups or others and could result in

significant liability, cause our players to lose trust in us and otherwise materially and adversely affect our reputation and businesses. Further, public scrutiny of, or complaints about, technology companies or their data handling or data protection practices, even if unrelated to our businesses, industry or operations, may lead to increased scrutiny of technology companies, including us, and may cause government agencies to enact additional regulatory requirements, or to modify their enforcement or investigation activities, which may increase our costs and risks.

General Risk Factors

We have incurred, and may continue to incur, restructuring costs, the benefits of which are unpredictable and may not be achieved.

In the past, we have implemented various business improvement, optimization and restructuring initiatives in an effort to streamline our organization, leverage our resources more efficiently, and reduce our operating costs. These initiatives encompassed a combination of headcount reductions, facilities streamlining, and reductions in other operating costs. Most recently, we have incurred additional restructuring costs related to our recent strategic review and the Divestitures. We have engaged, and may continue to engage, in similar or additional future restructuring initiatives. Because we are not able to predict with certainty when we will reorganize portions of our business, we cannot predict the extent, timing and magnitude of additional restructuring charges. We may also not realize the anticipated reduction in operating costs.

We may incur additional impairment charges.

We review our amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. We test goodwill assets for impairment at least annually. Factors that may indicate a change in circumstances, such that the carrying value of our goodwill, amortizable intangible assets or other non-amortizing assets may not be recoverable, include a decline in our stock price and market capitalization, reduced future cash flow estimates, and slower growth rates in industry segments in which we participate. We may be required to record a significant charge in our consolidated financial statements during the period in which any impairment of our goodwill or intangible assets is determined, which would negatively affect our results of operations. In light of the COVID-19 pandemic and the resulting unfavorable social, political, economic and financial conditions, during the first quarter of 2020 we performed an interim goodwill impairment assessment, which resulted in a $54 million goodwill impairment charge for our U.K. Gaming reporting unit further discussed below. Based on the results of our annual goodwill impairment test as of October 1, 2022 for our U.K. Gaming reporting unit and all of our other reporting units, we concluded that it is more likely than not that the fair value of each of our reporting units substantially exceeded their respective carrying values (greater than 20%) and there were no reporting units requiring further assessment. However, this could change in the future depending on prevailing conditions that could result in additional impairment charges. For more information on the assessment and the goodwill impairment charge, see section captioned *"Critical Accounting Estimates – Goodwill – Impairment Assessment"* in *Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations"* and Note 11.

As discussed above and further detailed in Note 11, the COVID-19 disruptions resulted in the widespread closures of LBO shops across the U.K., which, along with global economic uncertainty, contributed to further deterioration in business conditions from our 2019 annual goodwill test date, which resulted in a goodwill impairment charge of $54 million during the first quarter of 2020. While our annual goodwill impairment test as of October 1, 2022 indicated that it is more likely than not that the fair value of our U.K. Gaming reporting unit substantially exceeded its carrying value, future adverse changes to our projections, could negatively impact the recoverability of the remaining carrying value of our goodwill and other assets for our U.K. Gaming reporting unit, which might result in additional material impairment charges. The remaining goodwill balance for our U.K. Gaming reporting unit as of December 31, 2022 was $108 million.

Moreover, application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. We cannot predict the occurrence of impairments, and we cannot assure that we will not have to record additional impairment charges in the future.

During the fourth quarter of 2021 and as a result of corporate-wide rebranding, we determined that useful life for certain of our indefinite-lived and finite-lived trade names in our Gaming business segment warrant a change. We first performed an impairment assessment, which indicated that carrying values of these trade names are recoverable (or for our indefinite-lived assets, the estimated fair value was more likely than not in-excess of the carrying value). The change in useful life determination was treated as a change in estimate with a $109 million carrying value of these legacy trade names being amortized on a straight-line basis over a twenty-month period beginning in the fourth quarter of 2021, which materially approximates the expected pattern of use over their remaining useful lives and periods over which these legacy trade names will contribute to the future cash flows of the respective asset groups. The incremental expense of this change for the years ended December 31, 2022 and 2021 was $59 million and $10 million, respectively, and is recorded in D&A. However, this could

change in the future depending on prevailing conditions that could result in impairment charges. Such charges could materially adversely affect our businesses, financial condition and operating results.

We depend on our key employees and rely on skilled employees with creative and technical backgrounds.

We depend on the continued performance of our executive officers and key personnel. If we lose the services of any of our executive officers or key personnel and cannot find suitable replacements for such persons in a timely manner, it could have an adverse impact on our business. Our ability to expand is dependent on our ability to recruit and retain talented employees in the U.S. and internationally who are capable of leading our employees to achieve our strategic objectives.

We also rely on our highly skilled, technically trained and creative employees to develop new technologies and create innovative products. Such employees, particularly game designers, engineers and project managers with desirable skill sets are in high demand, and we devote significant resources to identifying, hiring, training, successfully integrating and retaining these employees. 2021 and 2022, in particular, were marked by a labor shortage that made, and continues to make, hiring and retaining skilled employees to support our products highly competitive. A lack of skilled technical workers could delay or negatively impact our business plans, ability to compete, results of operations, cash flows and financial condition.

If we are not able to maintain adequate internal control over our financial reporting, it could adversely affect our reputation and business.

We are responsible for establishing and maintaining adequate internal control over financial reporting. If we cannot maintain and execute adequate internal control over financial reporting or when necessary implement new or improved controls that provide reasonable assurance of the reliability of the financial reporting and preparation of our financial statements for external use, we may suffer harm to our reputation, fail to meet our public reporting requirements on a timely basis or be unable to properly report on our business and our results of operations, cash flows and financial condition. Additionally, the inherent limitations of internal controls over financial reporting may not prevent or detect all misstatements or fraud, regardless of the adequacy of those controls. We are currently undertaking an ERP system implementation in our largest business segment. In addition, the adoption of any new accounting standards may require us to add new or change existing internal controls, which may not be successful. Each of the preceding changes could materially impact our internal control over financial reporting. As of December 31, 2022, we have concluded that our internal control over financial reporting was effective based on criteria outlined in *Part II, Item 9A "Controls and Procedures"* of this Annual Report on Form 10-K, however, we cannot assure that material weaknesses will not be identified in the future.

Our results of operations, cash flows and financial condition could be affected by severe weather and other geological events in the locations where we or our customers, suppliers or regulators operate.

We may be impacted by severe weather and other geological events, including hurricanes, earthquakes, floods or tsunamis, that could disrupt our operations or the operations of our customers, suppliers, data service providers and regulators. Natural disasters or other disruptions at any of our facilities or our suppliers' facilities, such as *Amazon Web Services, Apple, Google, Facebook, Amazon* and *Microsoft*, may impair or delay the operation, development, provisions or delivery of our products and services. Additionally, disruptions experienced by our regulators due to natural disasters or otherwise could delay our introduction of new products or entry into new jurisdictions where regulatory approval is necessary. While we insure against certain business interruption risks, we cannot assure that such insurance will compensate us for any losses incurred as a result of natural or other disasters. Any serious disruption to our operations, or those of our customers, suppliers, data service providers or regulators could have a material adverse effect on our results of operations, cash flows and financial condition.

We are subject to risks related to corporate and social responsibility and reputation.

Many factors influence our reputation, including the perception held by our customers, business partners and other key stakeholders. Our business faces increasing scrutiny related to ESG activities. We risk damage to our reputation if we fail to act responsibly in a number of areas, such as diversity and inclusion, sustainability and social responsibility. Any harm to our reputation could impact employee engagement and retention, our corporate culture and the willingness of customers and our partners to do business with us, which could have a material adverse effect on our business, results of operations and cash flows.

We could incur costs in the event of violations of, or liabilities under, environmental laws, which may adversely affect our business and our results of operations, cash flows and financial condition.

Our operations and real property are subject to U.S. and foreign environmental laws and regulations, including those relating to air emissions, the management and disposal of hazardous substances and wastes and the cleanup of contaminated sites. We could incur costs, including cleanup costs, fines or penalties, and third-party claims as a result of violations of, or liabilities under, environmental laws, which could negatively impact our business and our results of operations, cash flows and

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financial condition. Some of our operations require environmental permits and controls to prevent or reduce environmental pollution, and these permits are subject to review, renewal and modification by issuing authorities.

Litigation may adversely affect our business and our results of operations, cash flows and financial condition.

We are and may become subject to litigation claims in the operation of our business, including, but not limited to, with respect to employee matters, alleged product and system malfunctions, alleged intellectual property infringement and claims relating to our contracts, licenses and strategic investments. We have incurred and may incur significant expense defending or settling any such litigation. Additionally, adverse judgments that have been and may be decided against us resulted and could result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business and our results of operations, cash flows and financial condition. For example, as described more fully in Note 20 below, on April 17, 2018, a plaintiff, Sheryl Fife, filed a putative class action complaint, Fife v. Scientific Games Corporation (now Light & Wonder, Inc.), against L&W in the United States District Court for the Western District of Washington. On November 23, 2021, we entered into an agreement in principle to settle the lawsuit for the amount of $25 million. On January 18, 2022, the parties executed a settlement agreement, and plaintiff filed an unopposed motion for preliminary approval of the parties' proposed settlement. On January 19, 2022, the district court granted preliminary approval to the parties' proposed settlement, and scheduled a hearing for final approval of the settlement on June 23, 2022. Although the case was brought against Light & Wonder, pursuant to the Intercompany Services Agreement, SciPlay fully paid the settlement amount during the third quarter of 2022 due to the matter arising as a result of their business. For additional information regarding our litigation, see Note 20.

Failure to perform under our contracts may result in substantial monetary liquidated damages and contract termination.

Our contracts, including our Gaming contracts relating to the provision of VLTs, typically permit a counterparty to terminate the contract at any time for a material failure to perform, other specified reasons and, in many cases, for no reason at all. Upon such a termination or failure to perform, we may be required to refund fees paid to us for services performed or allow our customers to return our products to us for a full refund. In the past, we have paid or incurred liquidated damages and have been required to allow the return of VLTs for a full refund under our contracts, and material amounts of liquidated damages could be imposed on us in the future, which could, if imposed, have a material adverse effect on our business prospects, results of operations, cash flows and financial condition.

We may be liable for product defects or other claims relating to our products.

Our products could be defective, fail to perform as designed or otherwise cause harm to our customers, their equipment or their products. If any of our products are defective, we may be required to recall the products and/or repair or replace them, which could result in substantial expenses and affect our profitability. Any problem with the performance of our products, such as a false jackpot or other prize, could harm our reputation, which could result in a loss of sales to customers and/or potential customers. In addition, the occurrence of errors in, or fraudulent manipulation of, our products or software may give rise to claims by our customers or by our customers' patrons, including claims by our customers for lost revenues and related litigation that could result in significant liability. Any claims brought against us by customers may result in diversion of management's time and attention, expenditure of large amounts of cash on legal fees and payment of damages, lower demand for our products or services, or injury to our reputation. Our insurance may not sufficiently cover a judgment against us or a settlement payment and is subject to customary deductibles, limits and exclusions. In addition, a judgment against us or a settlement could make it difficult for us to obtain insurance in the coverage amounts necessary to adequately insure our businesses, or at all, and could materially increase our insurance premiums and deductibles. In addition, software bugs or malfunctions, errors in distribution or installation of our software, failure of our products to perform as approved by the appropriate regulatory bodies or other errors or malfunctions, may subject us to investigation or other action by gaming regulatory authorities, including fines.

Labor disputes and union organizing activities may have an adverse effect on our operations.

Certain of our employees are represented by unions or works councils, including employees in Europe, South America and Canada. In particular, the majority of our employees in Austria and Germany and a small number of employees in the U.S. are represented by unions or work councils. While we believe our relations with our employees are satisfactory, we cannot predict whether we will be successful in negotiating new collective bargaining agreements without any disruptions in our operations or higher labor costs.

We cannot assure that we will not encounter conflicts or strikes with any labor unions that represent our employees or union organizing activities at our non-unionized facilities. Any of the foregoing could adversely impact our results of operations, cash flows and financial condition or our customers' operations, could cause us to lose customers, or could increase our labor costs.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We occupy approximately 561,000 square feet of space in the U.S and approximately 763,000 square feet of space Internationally. We believe that these facilities are adequate for our business as presently conducted. Set forth below is an overview of the principal owned and leased real estate properties that support our corporate headquarters and Gaming, SciPlay and iGaming segments.

Location	Sq. Ft.	Supports	Tenancy
Las Vegas, Nevada	426,986	Corporate Headquarters, Gaming and iGaming	Lease/Own[1]
India (Bangalore and Chennai)	143,604	Corporate, Gaming, SciPlay and iGaming	Lease

(1) Lease 274,986 sq. ft. and own 152,000 sq. ft.

Our owned Las Vegas facilities listed above are encumbered by mortgages securing indebtedness under the LNWI Credit Agreement and Secured Notes. In addition to those listed above, we own and lease a number of additional less significant properties in the U.S. and internationally that also support our operations.

ITEM 3. LEGAL PROCEEDINGS

For discussion of our legal proceedings, see Note 20, which is incorporated by reference into this *Item 3* of this Annual Report on Form 10-K.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for our Common Stock

Our outstanding common stock is listed for trading on the Nasdaq Global Select Market under the symbol "LNW."

On February 24, 2023, the closing sale price for our common stock on the Nasdaq Global Select Market was $60.71 per share. There were 583 holders of record of our common stock as of February 24, 2023. This does not include the number of stockholders who hold shares of our common stock through banks, brokers or other financial institutions.

Dividend Policy

We have never paid any cash dividends on our common stock and do not presently intend to pay cash dividends on common stock in the foreseeable future. Further, under the terms of certain of our debt agreements, we are limited in our ability to pay cash dividends or make certain other restricted payments (other than stock dividends) on our common stock.

Issuer Purchases of Equity Securities

We repurchased 3.4 million shares under the share repurchase program during the three months ended December 31, 2022.

(in millions, except for price per share)

ISSUER PURCHASES OF EQUITY SECURITIES

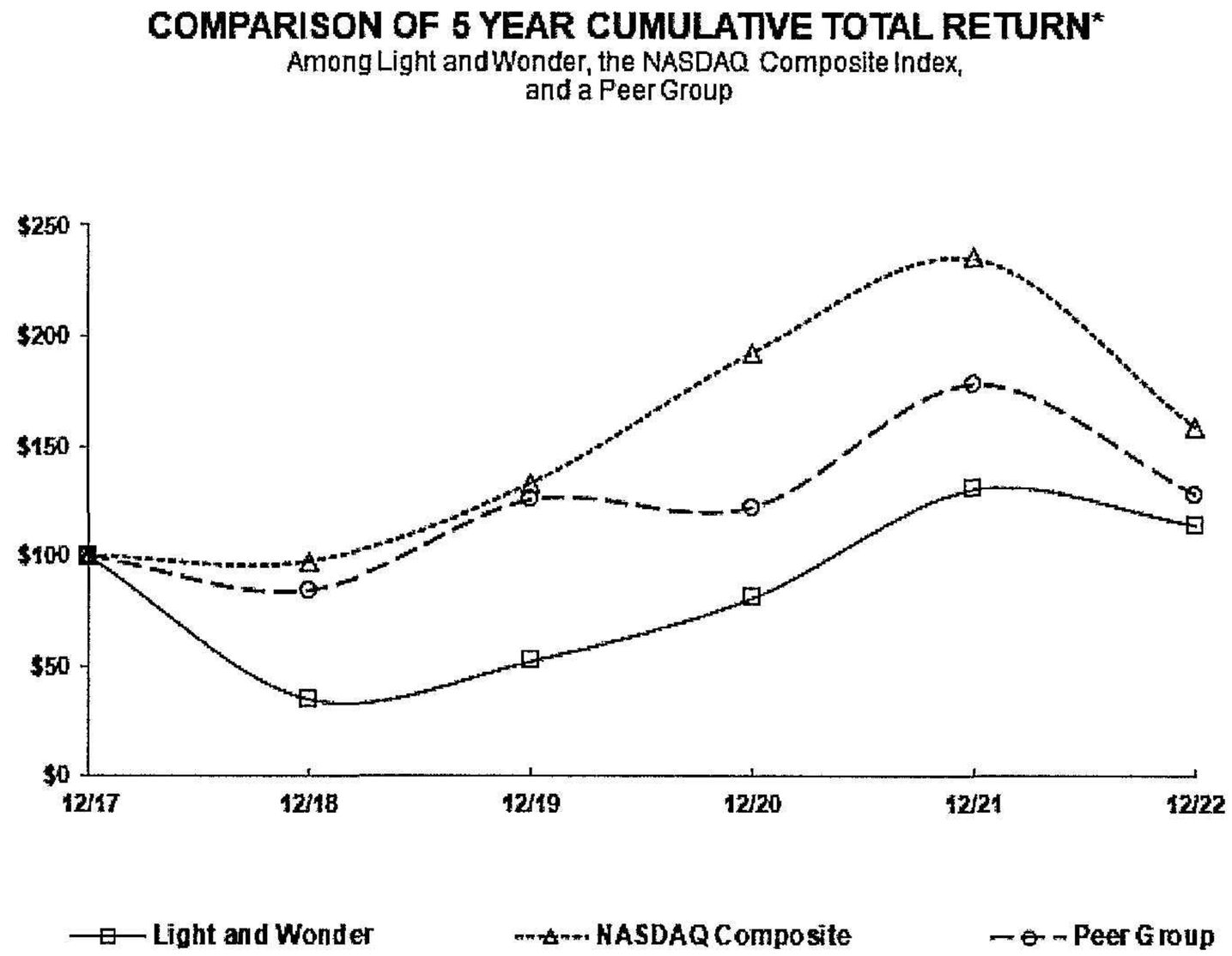
Period	Total Number of Shares Purchased as Part of Publicly Announced Program	Average Price Paid per Share	Total Cost of Repurchase	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
10/1/2022 - 10/31/2022	0.7	$ 48.15	$ 31	$ 516
11/1/2022 - 11/30/2022	1.1	$ 62.76	69	$ 447
12/1/2022 - 12/31/2022	1.6	$ 62.67	102	$ 345
Total	3.4	$ 59.88	$ 202	$ 345

Stockholder Return Performance Graph

The following graph compares the cumulative total stockholder return over the five-year period ended December 31, 2022 of our then outstanding common stock, the Nasdaq Composite Index and indices of our peer group companies that operate in industries or lines of business similar to ours.

Our peer group companies consist of Aristocrat (Australian Securities Exchange: ALL), IGT (New York Stock Exchange: IGT), Intralot, S.A. (Athens Stock Exchange: INLOT), Pollard Banknote Limited (Toronto Stock Exchange: PBL) and Everi Holdings Inc. (New York Stock Exchange: EVRI).

The companies in our peer group have been weighted based on their relative market capitalization each year. The graph assumes that $100 was invested in our then outstanding common stock, the Nasdaq Composite Index and the peer group indices at the beginning of the five-year period and that all dividends were reinvested. The comparisons are not intended to be indicative of future performance of our common stock.



*$100 invested on 12/31/17 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

	12/17	12/18	12/19	12/20	12/21	12/22
Light & Wonder, Inc.	$ 100.00	$ 34.85	$ 52.20	$ 80.88	$ 130.27	$ 114.23
Nasdaq Composite	$ 100.00	$ 97.16	$ 132.81	$ 192.47	$ 235.15	$ 158.65
Peer Group	$ 100.00	$ 84.14	$ 125.32	$ 121.97	$ 178.37	$ 128.22

ITEM 6. [RESERVED]

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to enhance the reader's understanding of our operations and current business environment and should be read in conjunction with the description of our business (see *Part I, Item 1* of this Annual Report on Form 10-K) and our Consolidated Financial Statements and Notes (see *Part IV, Item 15* of this Annual Report on Form 10-K).

This "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and should be read in conjunction with the disclosures and information contained and referenced under "*Forward-Looking Statements*" and "*Risk Factors*" at the beginning and in *Part I, Item 1A*, respectively, of this Annual Report on Form 10-K. As used in this MD&A, the terms "we," "us," "our" and the "Company" mean L&W together with its consolidated subsidiaries. Unless otherwise noted, amounts, percentages and discussion for all periods included below reflect the results of operations and financial condition from our continuing operations, as further discussed below.

BUSINESS OVERVIEW

We are a leading cross-platform global games company with a focus on content and digital markets. Our portfolio of revenue-generating activities in our continuing operations primarily includes supplying game content and gaming machines, CMSs and table game products and services to licensed gaming entities; providing social casino and other mobile games, including casual gaming, to retail customers; and providing a comprehensive suite of digital gaming content, distribution platforms, player account management systems, as well as various other iGaming content and services. We also gain access to technologies and pursue global expansion through strategic acquisitions.

We are incorporated in Nevada. For more information on our corporate history, please see the General introduction to *Part I, Item 1 "Business"* of this Annual Report on Form 10-K above.

During 2022, we completed divestitures of the Lottery Business and Sports Betting Business and have reflected the financial results of the Divested Businesses as discontinued operations in our consolidated statements of operations for all periods presented.

Highlights and Recent Developments

Strategic Update

During the second quarter of 2021, with the support of our Board of Directors, we completed our strategic review and set forth our strategy to become a leading cross-platform global games company with a focus on content and digital markets. We established a strategic roadmap to drive long-term value that consists of: (i) growing our market share and leveraging our differentiated position, (ii) streamlining our organization, (iii) driving sustainable growth and maintaining a healthy balance sheet, and (iv) a disciplined capital allocation strategy. As a result of this strategy, during 2022 we completed divestitures of the Lottery Business and Sports Betting Business, which marked a major milestone in transforming and deleveraging our balance sheet. The Lottery Business was sold during the second quarter of 2022, for which we received approximately $5.7 billion in gross cash proceeds, and the Sports Betting Business was sold during the third quarter of 2022, for which we received approximately $0.8 billion in gross proceeds. Refer to Notes 1 and 2 for further information.

Effective April 28, 2022, we changed our name to "Light & Wonder, Inc." In connection therewith, the ticker symbol for the Company's common stock was changed from SGMS to LNW, at the time of the legal name change. The Company's common stock continues to be listed on The Nasdaq Stock Market.

In October 2022, we completed a leadership transition, with Matt Wilson appointed as President and Chief Executive Officer of Light & Wonder, continuing to execute on the Company's strategic plan.

Acquisitions

During 2022, we acquired the following businesses to expand the portfolio and content for each of our three continuing business segments (see Note 10 for additional information):

- In March of 2022, SciPlay acquired Alictus Yazilim Anonim Şirketi ("Alictus"), a Turkey-based hyper-casual game studio that expands the SciPlay business in the casual gaming market.
- In April of 2022, we acquired Playzido Limited ("Playzido"), a dynamic content creation platform provider and game supplier, which is expected to accelerate the pace at which we can partner with game studios and operators to expand our iGaming content offering.

- In October of 2022, we acquired substantially all of the assets of House Advantage, LLC ("House Advantage"), a leading loyalty and marketing software and technology provider, which expands our Gaming systems offering with enhanced loyalty capabilities.

Financings and Capital Market Transactions

On April 14, 2022, we completed a series of refinancing transactions, which, combined with principal payments on the credit facilities prior to the refinancing transactions, reduced the outstanding face value of our debt by approximately $4.9 billion. This was a major milestone in transforming and deleveraging our balance sheet (see Note 15 for additional information).

On February 25, 2022, our Board of Directors approved a share repurchase program under which the Company is authorized to repurchase, from time to time through February 25, 2025, up to an aggregate amount of $750 million of shares of our outstanding common stock. Repurchases may be made at the discretion of the Transaction Committee of the Board of Directors through one or more open market transactions, privately negotiated transactions, accelerated share repurchases, issuer tender offers or other derivative contracts or instruments, or a combination of the foregoing. Since the initiation of the program on March 3, 2022 and through February 24, 2023, we returned $413 million of capital to shareholders through the repurchase of 7.2 million shares of common stock.

Trends and Uncertainties

We have a number of trends and uncertainties that have impacted and may continue to impact our business and results of operations. Such impacts have in some cases been material and could be material in the future should they continue.

Our ability to execute on our strategic initiatives. We completed our strategic review, set forth our strategy to become a leading cross-platform global games company with a focus on content and digital markets and have established a strategic roadmap to drive long-term value (more fully described in in Part I, Item 1 above). Successful execution on our strategy might present unexpected challenges and uncertainties, including actions that will result in increased restructuring charges as we incur integration and optimization expenses to execute and facilitate our strategies, and it may be impacted by economic cycle uncertainties.

COVID-19. While the COVID-19 pandemic had impacted our operating results during the first half of 2021, the operating results substantially recovered during the second half of 2021 due to the lifting of COVID-19 restrictions, such as social distancing and mask mandates. We continue to see some regulations in various international regions and overall economic and general uncertainty. Additionally, the COVID-19 pandemic has impacted supply chains in numerous industries, causing shortages of inputs/outputs, which in turn put inflationary pressures on the economy as a whole. Inflationary pressures may have an impact on discretionary income as people allocate more of their disposable income toward higher priced necessity goods and services, which could impact our customers. These circumstances may change in the future and such changes could be material.

International operations and foreign currency. We face challenges related to expanding our footprint within international markets and the related process of obtaining regulatory approvals to provide services and products within these new and emerging markets. Our customers in the Latin America region operate in a difficult macroeconomic and political environment that has historically resulted in (a) a material reduction in revenue, (b) a reduction in the cash we have collected from these customers on previous sales and (c) charges for estimated credit losses.

Additionally, our international operations provide a significant portion of our total revenue and expenses. Many of these revenue and expenses are denominated in currencies other than the U.S. Dollar. As a result, changes in foreign exchange rates, including the recent strengthening of the U.S. Dollar, may significantly affect our results of operations.

A high level of competition, with competitor expansion. Our major competitors are expanding their product and service offerings with integrated products and solutions that compete directly with ours. For example, competition in our Gaming business segment is highly competitive and is characterized by the continuous introduction of new games, gaming machines and related technologies. Our iGaming business segment is facing challenges related to expanding our market share within new and emerging markets, while our SciPlay business segment continues to be highly competitive with low barriers to entry, rapid evolution, fragmented market and subject to changing technology, shifting needs and frequent introductions of new games, development platforms and services. See *Part I, Item 1* of this Annual Report on Form 10-K and *Business Segment Results* below describing competition and factors impacting each of our business segments.

Seasonality. Our results of operations fluctuate due to seasonal trends and other factors impacting all of our business segments, particularly Gaming and SciPlay businesses. See *Part I, Item 1 - Seasonality* of this Annual Report on Form 10-K.

For additional trends and uncertainties impacting our business segments, refer below to *Business Segment Results*, specifically the *Current Year Update* section for each business segment.

Reportable Segments

We report our continuing operations in three business segments — Gaming, SciPlay and iGaming — representing our different products and services. See Notes 3 and 4 for additional information.

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CONSOLIDATED RESULTS

The following presents information about our results of operations for the year ended December 31, 2022 compared to 2021. See *Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* of the 2021 Annual Report on Form 10-K for our results of operations for the year ended December 31, 2021 as compared to 2020.

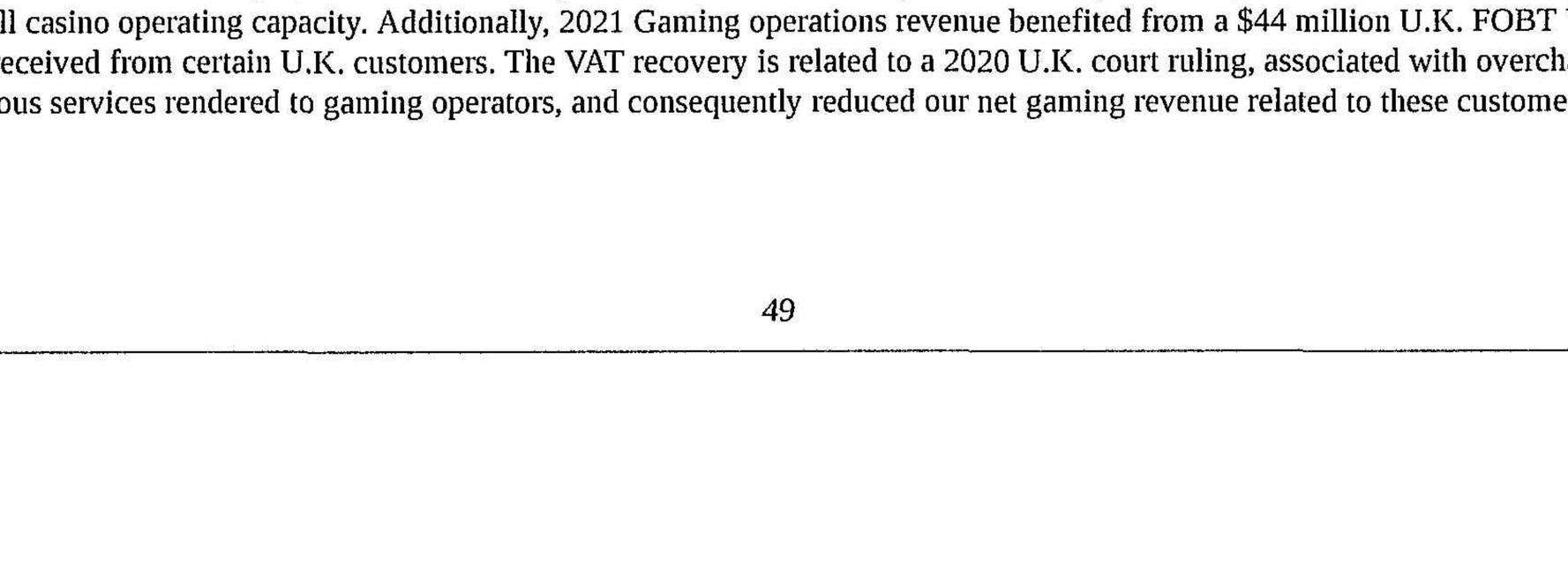
(in millions)	Year Ended December 31,		Variance	
	2022	2021	2022 vs. 2021	
Total revenue	$ 2,512	$ 2,153	$ 359	17 %
Total operating expenses	2,239	2,043	196	10 %
Operating income	273	110	163	148 %
Net loss from continuing operations before income taxes	(163)	(294)	131	45 %
Net (loss) income from continuing operations	(176)	24	(200)	nm
Net income from discontinued operations, net of tax[1]	3,873	366	3,507	nm
Net income attributable to L&W	3,675	371	3,304	nm

nm = not meaningful.

(1) The year ended December 31, 2022 includes a pre-tax gain of $4,927 million on the sale of discontinued operations (see Note 2).

Revenue

Consolidated Revenue by Business Segment
(in millions)



All lines of business within our Gaming business segment continue to experience growth and increased demand, driving double-digit Gaming revenue growth in 2022. The increase in Gaming revenue was also due to the continued rebounding of operations since the COVID-19 pandemic adversely impacted early 2021 results. For example, machine and table product revenues have improved as many casino operators have resumed capital expenditures to accommodate full casino operating capacity. Additionally, 2021 Gaming operations revenue benefited from a $44 million U.K. FOBT VAT recovery ("VAT recovery") received from certain U.K. customers. The VAT recovery is related to a 2020 U.K. court ruling, associated with overcharging of value-added tax for previous services rendered to gaming operators, and consequently reduced our net gaming revenue related to these customers and arrangements.

SciPlay revenue increased by $65 million or 11% primarily due to increased social casino player engagement, average monthly paying users and payer conversion rate, coupled with higher advertising revenue following the Alictus acquisition in the first quarter of 2022.

iGaming revenue increased by $14 million or 6% primarily due to continuing U.S. growth from the strength of our original content and increased player activity, coupled with revenue related to acquisitions completed in the second half of 2021. The growth was partially offset by the negative impact of foreign currency translation due to the strengthening U.S. Dollar, which impacted revenue by $15 million and growth by 7%.

Our 2022 consolidated revenues were impacted by $44 million of unfavorable foreign currency exchange impact compared to $28 million of favorable impact in the prior year.

Operating expenses

(in millions)	Year Ended December 31, 2022	2021	Variance 2022 vs. 2021	
Operating expenses:				
Cost of services[1]	$ 390	$ 365	$ 25	7 %
Cost of product sales[1]	348	244	104	43 %
SG&A	717	679	38	6 %
R&D	218	190	28	15 %
D&A	420	398	22	6 %
Restructuring and other	146	167	(21)	(13)%
Total operating expenses	$ 2,239	$ 2,043	$ 196	10 %

nm = not meaningful.
(1) Excludes D&A.

Cost of revenue

Cost of revenue for the year ended December 31, 2022 increased as a direct result of higher revenue as described above, driven by $104 million in higher cost of product revenue primarily associated with higher gaming machine sales, while increased cost of services was primarily driven by SciPlay, which increased $14 million compared to the prior year due to revenue growth.

SG&A

SG&A increased primarily due to higher SciPlay marketing spend of $37 million, higher salaries, wages and other compensation of $9 million in each of the Gaming and SciPlay segments, increased legal fees of $8 million, and higher other general and administrative expenses, partially offset by lower stock-based compensation expenses of $44 million driven by expense acceleration and new equity awards issued at higher fair values in the prior year.

R&D

R&D increased primarily due to higher salaries and benefits in the Gaming and SciPlay segments coupled with investments supporting ongoing growth.

D&A

D&A increased primarily due to approximately $49 million due to accelerated amortization related to certain of our legacy trade names triggered by ongoing corporate wide re-branding (see Note 11 for additional details), which was partially offset by fully depreciated assets related to prior acquisitions primarily associated with our Gaming segment, net of new acquisitions.

Restructuring and other

The decrease in restructuring and other was primarily due to lower professional service, legal and other costs related to the strategic review and related transactions, partially offset by contingent consideration remeasurement charges of $21 million during 2022.

Other factors affecting net income (loss) attributable to L&W

(in millions)	Year Ended December 31,		Factors Affecting Net Income (Loss) Attributable to L&W
	2022	2021	2022 vs. 2021
Interest expense	$ (327)	$ (478)	The decrease in interest expense reflects the favorable impact of the April 2022 Refinancing resulting in lower outstanding debt.
Loss on debt financing transactions	(147)	—	Loss on debt financing transactions in 2022 includes a $90 million charge associated with premiums paid to redeem the 2025 Secured Notes, 2026 Unsecured Notes, 2026 Secured Euro Notes and 2026 Unsecured Euro Notes (see Note 15).
Gain on remeasurement of debt and other	27	41	Gains are attributable to remeasurement of the 2026 Secured Euro Notes and 2026 Unsecured Euro Notes and reflect changes in the Euro vs. the U.S. Dollar foreign exchange rates. We redeemed our Euro Notes as part of the April 2022 Refinancing.
Other income, net	11	33	The decrease is primarily due to a $16 million gain on sale of certain assets and as a result of acquisitions included in the prior year.
Income tax (expense) benefit	(13)	318	The benefit in 2021 is primarily due to the release of the valuation allowance.

Foreign currency exchange (F/X)

Our results are impacted by changes in foreign currency exchange rates used in the translation of foreign functional currencies into USD and the re-measurement of foreign currency transactions or balances. The impact of foreign currency exchange rate fluctuations represents the difference between current rates and prior-period rates applied to current activity. Our exposure to foreign currency volatility on revenue is as follows:

(in millions)	Year Ended December 31,					
	2022			2021		
	Revenue	% Consolidated Revenue	F/X Impact on Revenue	Revenue	% Consolidated Revenue	F/X Impact on Revenue
Foreign Currency:						
British Pound Sterling	$ 155	6 %	$ (12)	$ 175	8 %	$ 14
Euro	196	8 %	(21)	129	6 %	7

Discontinued operations

As described above, we completed the Divestitures, received a total of approximately $6.5 billion in gross proceeds and recorded a pre-tax gain on sale of discontinued operations of $4.9 billion in 2022. The $786 million or 68% decrease in 2022 revenue is primarily due to lower revenue from the Lottery Business and Sports Betting Business as a result of their sales completed in the second and third quarters of 2022, respectively. The gains on sales of the Divested Businesses drove the increase in net income from discontinued operations, net of tax, to $3,873 million, partially offset by the decrease in revenue. Refer to Note 2 for further information on our discontinued operations.

BUSINESS SEGMENT RESULTS

The following presents information about our business segment results of operations for the year ended December 31, 2022 compared to 2021. See *Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* of the 2021 Annual Report on Form 10-K for our business segment results of operations for the year ended December 31, 2021 as compared to 2020.

The types of products and services from which our segments derive their revenues are further discussed in Notes 3 and 4. Certain financial information relating to our segments, including segment revenue, AEBITDA and total assets and certain financial information relating to our revenue derived from and assets located in the U.S. and other geographic areas is included in Note 3.

GAMING

Our Gaming business segment designs, develops, manufactures, markets and distributes a comprehensive portfolio of gaming content, products and services. We provide our Gaming portfolio of products and services to commercial casinos, Native American casinos, wide-area gaming operators such as LBOs, arcade and bingo operators in the U.K. and continental Europe, and government agencies and their affiliated operators.

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The following table summarizes the primary business activities included in our Gaming business segment.

	Services	Product sales
Gaming operations	Service revenues from gaming operations are derived from WAP, premium and daily-fee Participation gaming machines and other leased gaming machines (including VLTs and ETSs) and licensing arrangements.	N/A
Gaming machine sales	N/A	Sale of new and used gaming machines, ETSs and VLTs, conversion game kits and spare parts.
Gaming systems	We provide services which include installation and support of CMSs, including ongoing hardware and software maintenance and upgrade services of customer CMSs.	We offer CMSs that help our customers improve communication with players, add excitement to the gaming floor and enhance operating efficiencies.
Table products	Revenue is generated from supplied table products and services (including Shufflers) and PTG subscriptions.	Sale of table products (including Shufflers) and PTG licensing.

Gaming Operations

Our services revenue includes revenue earned from Participation games, other gaming machine services and table product service arrangements. We categorize our Participation gaming machines as (1) U.S. and Canada units and (2) International units. The following are different types of Participation games from which we derive our revenue:

- *WAP Participation games:* WAP Participation games are electronically linked gaming machines that are located across multiple casinos within both single and multiple gaming jurisdictions or across Native American gaming jurisdictions. Players across linked gaming machines contribute to and compete for system-wide progressive jackpots that are designed to increase gaming machine play for participating casinos by giving the players the opportunity to win a larger jackpot than on a non-WAP gaming machine. We are responsible for funding WAP jackpots. We create WAP games using our proprietary brands and also using licensed brands. We operate our WAP systems at commercial casinos in states throughout the U.S., where it is approved by the local regulatory bodies and in certain Native American casinos.

- *Premium and daily fee Participation games:* We offer two categories of non-WAP premium and daily fee Participation games: LAP and standalone. LAP games are gaming machines that are located within a single casino and are electronically linked to a progressive jackpot for that specific casino. Our LAP gaming machines feature games including those offered as WAP and our proprietary brands such as *ULTIMATE FIRE LINK®*, *DRAGON SPIN®*, *ULTRA HOT MEGA LINK®*, *88 FORTUNES®*, *INVADERS FROM THE PLANET MOOLAH®*, *5 TREASURES®*, *CASH SPIN®* and *DANCING DRUMS EXPLOSION®*. Our LAP products leverage both exclusive brand names and game play intellectual property, and typically offer players the chance to win multiple progressive jackpots, all of which tend to result in higher play volumes. We also provide certain standalone Participation games that are not linked to other gaming machines. Our standalone games feature titles under both licensed brands and our proprietary brands. Our standalone Participation gaming machines generally feature larger, more elaborate top-boxes and provide game play experiences not possible on a single screen game or on gaming machines that we sell.

- *Server-based gaming*: We provide wide-area gaming operators, such as LBOs, bingo halls and arcades, a comprehensive package of server-based products and services under long term contracts that typically include gaming machines, remote management of game content and management information, central computer systems, secure data communication and field support services. We are typically paid a fee based on the Net win generated by these gaming machines (subject to certain adjustments as may be specified in a particular contract, including adjustments for taxes and other fees). Our business in this category is primarily based in the U.K.

- *VLTs*: For certain customers, we provide our multi-game and single-game VLTs, which include video gaming machines, mechanical reel gaming machines and video poker games. Our VLTs may be operated as standalone units or may interface with central monitoring systems operated by government agencies. Our VLTs are typically located in places where casino-style gaming is not the only attraction, such as racetracks, bars and restaurants.

- *Class II and centrally determined systems:* We offer video and mechanical-reel gaming machines and VLTs for Class II and certain VLT jurisdictions where the game outcome is determined by a central server system that we provide. These Class II and centrally determined systems primarily operate in Native American casinos in Washington, Florida, Alabama and Oklahoma. We receive either a fixed daily fee or a percentage of the Net win generated by the gaming

machines or VLTs connected to the central determination system and a small daily fee for the central determination system.

Gaming Machine Sales

The majority of our product sales are derived from sales of gaming machines and VLTs that use a combination of advanced graphics, mechanical reels, digital music and sounds and secondary bonus games. We also sell ETSs to either meet the needs of particular locations where live tables are not allowed or as productivity-enhancing solutions for other jurisdictions.

Gaming Systems

Our comprehensive suite of technology solutions provides gaming operations of every size with a wide range of marketing, data management and analysis, accounting, player tracking, security, loyalty and other applications and tools to more effectively manage their operations. Gaming systems products include the *iVIEW*® touch screen display, which facilitates the player experience, bonus features, customer service, and employee functions. Gaming systems revenues related to core system solutions are highly dependent on new installations. Gaming system revenues are also generated through ongoing hardware and software maintenance services and upgrades.

Table Products

Our table product sales are generated primarily from the sale of products designed to enhance table game speed, productivity, profitability and security. Our product offerings include various models of Shufflers to suit specific games.

We also offer Shuffler products under month-to-month arrangements that primarily contain fixed monthly rates or to a lesser extent Participation rates. These arrangements include service of the product with back-up and replacement products available at the customer's request.

We license our PTG content to commercial, tribal and governmental casino operators typically under month-to-month arrangements based on fixed monthly rates or subscription arrangements to our PTG content library. PTGs, which are designed to enhance operators' table-game operations, include our internally developed and acquired PTGs, side bets, add-ons and progressive features. Our proprietary content and features are also added to public domain games such as poker, baccarat, pai gow poker, craps and blackjack table games and to electronic platforms.

Current Year Update

During 2022, we experienced an increase in the demand for our Gaming products and services, and Gaming operations have exceeded pre-COVID levels. The increase in Gaming revenue was driven by all lines of our Gaming business year-over-year, including robust gaming machine sales growing 45%, coupled with continued growth momentum in Gaming operations, which benefited from slightly higher installed base for U.S. and Canada and higher average daily revenue per unit. During 2022, we demonstrated a significant breadth and depth of innovative new products that we launched and/or are scheduled to launch during 2023, including titles such as *GOLDEN FIRE LINK*™, *DRAGON UNLEASHED*®, *ULTIMATE FIRE LINK EXPLOSION*™, *HUFF N' MORE PUFF*™, *GOLD FISH FEEDING TIME*®, and *BLAZING 777 TRIPLE DOUBLE JACKPOT WILD*™, as well as platforms such as *KASCADA*® *Dual Screen* and *LANDMARK*™ *7000*. While we continue to see strong and sustained demand entering 2023, we are actively monitoring any impact of inflationary pressures and macroeconomic uncertainty. We also continue to experience and expect supply chain volatility that could impact our ability to meet demand for our products and delay the timing of fulfillment and revenue recognition of these orders.

In October 2022, we acquired substantially all of the assets of House Advantage, a leading loyalty and marketing software and technology provider, which expanded our Gaming systems offering with enhanced loyalty capabilities.

Results of Operations and Key Performance Indicators



(in millions)	Year Ended December 31, 2022	2021	Variance 2022 vs. 2021	
Revenue:				
Gaming operations	$ 635	$ 601	$ 34	6 %
Gaming machine sales	522	360	162	45 %
Gaming systems	255	204	51	25 %
Table products	189	156	33	21 %
Total revenue	$ 1,601	$ 1,321	$ 280	21 %
F/X impact on revenue	$ (27)	$ 15	$ (42)	280 %
KPIs:				
U.S. and Canada units:				
Installed base at period end	30,630	30,514	116	— %
Average daily revenue per unit	$ 44.74	$ 41.72	$ 3.02	7 %
International units[(1)]:				
Installed base at period end	27,126	29,375	(2,249)	(8)%
Average daily revenue per unit	$ 13.51	$ 9.34	$ 4.17	45 %
Gaming machine sales:				
U.S. and Canada new unit shipments	16,890	11,876	5,014	42 %
International new unit shipments	9,913	6,327	3,586	57 %
Total new unit shipments	26,803	18,203	8,600	47 %
Average sales price per new unit	$ 17,462	$ 16,833	$ 629	4 %

(1) Excludes the impact of game content licensing revenue.

Revenue

As noted above, Gaming revenue increased in 2022 as demand for our Gaming products and services increased, and our Gaming operations have exceeded pre-COVID levels. Increase in Gaming revenue was driven by all lines of our Gaming business year-over-year, including robust Gaming machine sales coupled with continued growth momentum in Gaming operations, which benefited from slightly higher installed base for U.S. and Canada and higher average daily revenue per unit.

Gaming Operations

Gaming operations revenue for 2022 demonstrated strong growth as a result of a rebound in U.S. and Canada gross gaming revenue to levels that exceeded pre-COVID, driven by strong game performance of hit franchises, including our

premium games, compared to prior year. Gaming operations installed base for U.S. and Canada increased from 30,514 units in 2021 to 30,630 units in 2022, along with increases in average daily revenue per unit of $3.02, as we continue to see rebounding in demand since the COVID-19 disruptions. The growth was also due to higher average daily revenue per unit for International units, which increased by $4.17. Alternatively, International ending installed base units decreased from 29,375 units in 2021 to 27,126 units in 2022, primarily due to the expected closure of certain LBOs in the U.K. along with the reduction of certain low-yielding units in Greece and Latin America. Gaming operations generated 40% and 45% of total Gaming segment revenues for 2022 and 2021, respectively. Revenue for 2021 benefited from a $44 million VAT recovery, as described above.

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Gaming Machine Sales

Gaming machine sales revenue increased primarily due to higher sales of replacement units globally as operator capital spending returned to more normalized levels, an increase in casino opening and expansion activity in the U.S. and Canada, and higher average sales price per new unit mostly from a favorable product mix.

The following table summarizes Gaming machine sales changes:

	Year Ended December 31,		Variance	
	2022	2021	2022 vs. 2021	
U.S. and Canada unit shipments:				
Replacement units	14,531	10,385	4,146	40 %
Casino opening and expansion units	2,359	1,491	868	58 %
Total unit shipments	16,890	11,876	5,014	42 %
International unit shipments:				
Replacement units[(1)]	9,647	5,681	3,966	70 %
Casino opening and expansion units	266	646	(380)	(59)%
Total unit shipments	9,913	6,327	3,586	57 %

(1) The year ended December 31, 2021 includes 1,751 units that were reclassified from International casino opening and expansion units to correct a misclassification in the prior year.

Gaming Systems

Gaming systems revenue increased primarily due to the COVID-19 disruptions early in the prior year, which resulted in fewer installations of new *CMSs on fewer casino openings and expansions and lower hardware sales, systems maintenance revenue, and iVIEW installations.*

Operating Expenses

The increase in operating expenses is primarily due to $118 million in higher cost of revenue associated with the increase in revenue as described above, $24 million in higher D&A primarily driven by accelerated amortization of legacy trade names, partially offset by fully depreciated assets related to prior acquisitions, and $52 million in higher SG&A and R&D costs.

AEBITDA

AEBITDA increased by $108 million or 16%, and AEBITDA margin decreased by 2 percentage points to 48%. These results were driven by strong growth in gaming operations, gaming machine sales, systems and table games businesses and were partially offset by the increased costs in the current year and benefit of $44 million related to the VAT recovery in the prior year, as described above. The decrease in AEBITDA margin was also due to the change in revenue mix as gaming machine sales demand continues to recover compared to a higher mix of gaming operations revenue in the prior year. AEBITDA margin was also impacted as the prior year benefited from the VAT recovery, as described above.

SCIPLAY

Our SciPlay business segment is a leading developer and publisher of digital games on mobile and web platforms. SciPlay operates primarily in the social gaming market, which is characterized by gameplay online or on mobile devices that is social, competitive and self-directed in pace and session length. SciPlay also operates in the hyper-casual market, which is characterized by simpler core loops and more repetitive gameplay than casual games. SciPlay generates a substantial portion of its revenue from in-app purchases in the form of coins, chips and cards, which players can use to play slot games, table games or bingo games. Players who install SciPlay's social games typically receive free coins, chips or cards upon the initial launch of the game and additional free coins, chips or cards at specific time intervals. Players may exhaust the coins, chips or cards that they receive for free and may choose to purchase additional coins, chips or cards in order to extend their time of game play.

Once obtained, coins, chips and cards (either free or purchased) cannot be redeemed for cash nor exchanged for anything other than game play within SciPlay's apps. SciPlay generates additional revenue in the hyper-casual market from the receipt of advertising revenue. Players who install SciPlay's hyper-casual games receive free, unlimited gameplay that requires viewing of periodic in-game advertisements.

SciPlay currently offers a variety of social casino games, including *Jackpot Party Casino, Gold Fish Casino, Quick Hit Slots, 88 Fortunes Slots, Monopoly Slots* and *Hot Shot Casino*. Our SciPlay business segment continues to pursue its strategy of expanding into the casual games market. Current casual game titles include *Bingo Showdown, Solitaire Pets Adventure* and *Backgammon Live* as well as other titles in the hyper-casual market through the acquisition of Alictus, including games such as *Candy Challenge 3D, Boss Life* and *Deep Clean Inc. 3D*. During 2022, SciPlay launched seven hyper-casual games, including the top hits Master Doctor 3D and Fade Master 3D, and continued development of *Spellspinner: Fantasy Quest*, a casual game. SciPlay's social casino games typically include slots-style game play and occasionally include table games-style game play, while its casual games blend solitaire-style or bingo game play with adventure game features and its hyper-casual games include many simple core loop mechanics. All of SciPlay's games are offered and played across multiple platforms, including *Apple, Google, Facebook, Amazon* and *Microsoft*. In addition to its internally created game content, SciPlay's content library includes recognizable game content from Light & Wonder. This content allows players who like playing land-based game content to enjoy some of those same titles in SciPlay's free-to-play games. SciPlay has access to Light & Wonder's library of more than 1,500 iconic casino titles, including titles and content from third-party licensed brands such as *Monopoly* and *James Bond*. SciPlay's access to this content, coupled with years of experience developing in-house content, uniquely positions SciPlay to create compelling digital games.

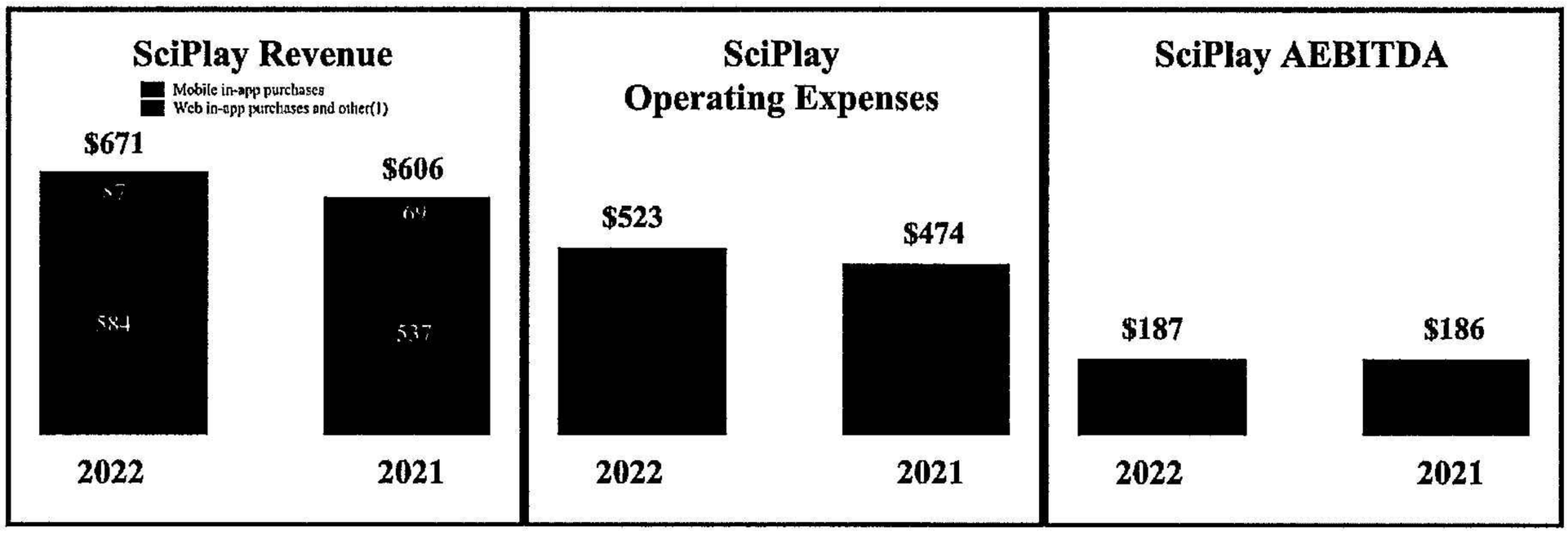
Current Year Update

Throughout 2022, SciPlay deployed significant updates across a number of their portfolio games, and it expects to deploy further updates to games in future years.

In March of 2022, SciPlay acquired privately held Alictus, a Turkey-based hyper-casual game studio, which has expanded SciPlay's casual games portfolio and increased its advertising revenue.

2022 was another record year for total revenue, and SciPlay continues to see higher player engagement compared with the pre-COVID-19 time period. Our year over year total revenue growth was 11%. This result is primarily attributable to the revenue generated by *Jackpot Party Casino* and *Quick Hit Slots*, coupled with the additional revenue generated following our acquisition of Alictus, and partially offset by a decline in revenue generated by *Bingo Showdown*. We believe that there is an opportunity for continued improvement of operating results in 2023 and beyond, as SciPlay continues to execute on its strategic game updates, enhanced analytics, international expansion, and an upcoming new game release.

Results of Operations and Key Performance Indicators



(in millions)	Year Ended December 31,		Variance	
	2022	2021	2022 vs. 2021	
Revenue:				
Mobile in-app purchases	$ 584	$ 537	$ 47	9 %
Web in-app purchases and other[1]	87	69	18	26 %
Total revenue	$ 671	$ 606	$ 65	11 %
KPIs:				
In-App Purchases:				
Mobile Penetration[2]	90 %	89 %	1 pp	nm
Average MAU[3]	6.0	6.2	(0.2)	(3)%
Average DAU[4]	2.3	2.3	—	— %
ARPDAU[5]	$ 0.78	$ 0.71	$ 0.07	10 %
Average MPUs[6]	0.6	0.5	0.1	8 %
AMRPPU[7]	$ 94.58	$ 95.26	$ (0.68)	(1)%
Payer Conversion Rate[8]	9.6 %	8.5 %	1.1 pp	nm

nm = not meaningful.
pp = percentage points.
(1) Other primarily represents revenue generated from providing advertising platforms with access to SciPlay's game software platform, which facilitates the placement of advertising inventory, which was not material for the periods presented.
(2) Mobile penetration is defined as the percentage of business to consumer SciPlay revenue generated from mobile platforms.
(3) MAU = Monthly Active Users is a count of visitors to our sites during a month. An individual who plays multiple games or from multiple devices may, in certain circumstances, be counted more than once. However, we use third-party data to limit the occurrence of multiple counting.
(4) DAU = Daily Active Users is a count of visitors to our sites during a day. An individual who plays multiple games or from multiple devices may, in certain circumstances, be counted more than once. However, we use third-party data to limit the occurrence of multiple counting.
(5) ARPDAU = Average revenue per DAU is calculated by dividing revenue for a period by the DAU for the period by the number of days for the period.
(6) MPU = Monthly Paying Users is the number of individual users who made an in-game purchase during a particular month.
(7) AMRPPU = Average Monthly Revenue Per Paying User is calculated by dividing average monthly revenue by average MPUs for the applicable time period.
(8) Payer conversion rate is calculated by dividing average MPU for the period by the average MAU for the same period.

Revenue

Revenue increased as a result of average monthly paying users increasing from a higher payer conversion rate, coupled with a $22 million increase in advertising revenue following the Alictus acquisition.

The increase in mobile penetration percentage primarily reflects a continued trend of players migrating from web to mobile platforms to play SciPlay's games.

Average MAU decreased due to the turnover in users, and average DAU remained relatively flat due to higher player engagement. ARPDAU increased, while average DAU remained flat. AMRPPU decreased while average MPU increased due to the introduction of new content and features resulting in increased paying player interaction.

Payer conversion rates were at an all-time high in 2022 due to the growing popularity of SciPlay's games as SciPlay focused on live operations to enhance game play and engagement.

Operating Expenses

The increase in operating expenses correlated with the above-described increase in revenue as a result of higher platform fees, resulting in $14 million in higher cost of revenue, coupled with higher marketing spend of $37 million, higher salaries and benefit costs (excluding stock-based compensation) of $15 million related to an increase in headcount, a $5 million increase in stock-based compensation, and an increase in D&A of $6 million due to additional amortization associated with intangible assets from recent acquisitions. The prior year included higher restructuring and other expense, primarily from the $25 million legal matter settlement charge related to the litigation that was brought in Washington State.

AEBITDA

AEBITDA increased slightly by $1 million due to revenue growth as discussed above, offset by the increase in operating costs resulting from increases in marketing spend and salaries and benefits. AEBITDA margin decreased by 3 percentage points to 28%, primarily due to the increase in operating costs as a result of increased investment in marketing.

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iGAMING

Our iGaming business segment provides a comprehensive suite of digital gaming content, distribution platforms, player account management systems, as well as various other iGaming content and services. The majority of our revenue is derived from casino-style game content, including a wide variety of internally developed and branded games as well as popular third-party provider games. These games are made available to iGaming operators via content aggregation platforms, including Open Gaming System, remote gaming servers and various other platforms. We also provide our OPS, a player account management system which offers a wide range of reporting and administrative functions and tools providing operators full control over all areas of digital gaming operations. The majority of our iGaming revenue is based on a Participation model. We continue to make progress on the U.S. licensing for launch of live casino and are on track to launch in early 2023, pending full regulatory approvals. Generally, we host the play of our game content which is integrated with the online casino operators' websites.

Current Year Update

We continue to expand our customer base and capitalize on growth in the European and North American markets by leveraging our industry leading platforms, content and solutions. Currently we have launched in six U.S. states, and we are positioned to enter others as additional states legislate online gaming. We continue to make progress on the U.S. licensing for recent acquisitions including live casino, ELK Studios and Playzido, as well as invest in our ability to scale our own original land-based content offering in the U.S. We are on track to launch live casino in early 2023, pending full regulatory approvals. Additionally, we now have 21 operators live in Ontario, Canada, following its change in iGaming regulation in the second quarter of 2022, which further increases our international market and growth opportunities.

Results of Operations



Overall, iGaming revenue increased by $14 million or 6% primarily due to continuing momentum in the U.S. market coupled with continued strong performance of businesses that we acquired in the second half of 2021. Revenue was impacted by unfavorable impact of foreign currency translation of $15 million due to strengthening of the U.S. Dollar, primarily against the British Pound Sterling and the Euro. The U.S. market delivered 47% year-over-year revenue growth, driven by the strength of our original content and growth in gross gaming revenue. Wagers processed through our Open Gaming System increased to $72 billion, despite unfavorable foreign currency translation impact.

Operating expenses increased primarily due to higher contingent consideration remeasurement charges of $21 million in the current year. AEBITDA increased by $5 million or 7% primarily due to the increase in revenue described above. AEBITDA margin remained constant at 33% due to the scaling of original content launches as well as our acquisitions, which was offset by continued investments including our upcoming launch of live casino in early 2023, subject to full regulatory approvals.

RECENTLY ISSUED ACCOUNTING GUIDANCE

For a description of recently issued accounting pronouncements, see Note 1.

CRITICAL ACCOUNTING ESTIMATES

Information regarding significant accounting policies is included in Note 1 and in the relevant sections of applicable Notes. As stated in Note 1, the preparation of financial statements in accordance with U.S. GAAP requires management to

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make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. We believe that the estimates, assumptions, and judgments involved in the following accounting policies have the greatest potential impact on our consolidated financial statements:

- Business combinations;
- Revenue recognition;
- Goodwill, long-lived and other intangible assets - impairment assessment;
- Gain on sale of discontinued operations;
- Income taxes; and
- Legal contingencies.

Business Combinations

As described in Note 10, we account for business combinations in accordance with ASC 805. This standard requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction and establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed in a business combination, with certain exceptions for contract assets and contract liabilities in accordance with ASC 606.

Determining the fair value of assets acquired and liabilities assumed requires management judgment, the utilization of independent valuation experts and often involves the use of significant estimates and assumptions with respect to the timing and amounts of future cash inflows and outflows, discount rates, market prices and asset lives, among other items. Any changes in the underlying assumptions can impact the estimates of fair value by material amounts, which can in turn materially impact our results of operations. If the subsequent actual results and updated projections of the underlying business activity change compared with the assumptions and projections used to develop these fair values, we could record impairment charges. In addition, we have estimated the economic lives of certain acquired assets and these lives are used to calculate D&A expense. If our estimates of the economic lives change, D&A expense could be accelerated or slowed. For example, for the acquisitions completed during 2022, if the intangible assets useful lives were extended by two years, the total annual depreciation and amortization would decrease by approximately $2 million, and if the useful lives were shortened by two years, the total annual depreciation and amortization would increase by approximately $3 million.

Revenue Recognition

Our revenue recognition policies described in Note 4 require us to make significant judgments and estimates. The guidance requires that we apply judgments or estimates to determine the performance obligations, the stand-alone selling prices of our performance obligations to customers, and the timing of transfer of control of the respective performance obligations. The evaluation of each of these criteria in light of contract-specific facts and circumstances is inherently judgmental, but certain judgments could significantly affect the timing or amount of revenue recognized if we were to reach a different conclusion than we have. The critical judgments we are required to make in our assessment of contracts with customers that could significantly affect the timing or amount of revenue recognized are:

- *Contracts with multiple promised goods and services.* Because we enter into contracts with customers that involve promises to transfer multiple products and services, the determination of the distinct performance obligations in contracts with multiple promises requires significant judgment. Our total gaming systems revenue that often contains multiple promised goods and services was $255 million for the year ended December 31, 2022, or approximately 10% of consolidated revenue, a portion of which would not be recognized if we had reached a different conclusion.

- *Determination of stand-alone selling prices.* The guidance requires that we determine the stand-alone selling price for our goods and services as a basis for allocating the transaction price to the identified distinct performance obligations in our contracts with customers. Because we often bundle the selling price for multiple promised goods or services, the determination of a stand-alone selling price or the relative range may require significant judgment. Our total gaming systems revenue that could be subject to this judgment and thus allocated to distinct performance obligations differently was a portion of $255 million for the year ended December 31, 2022, or approximately 10% of consolidated revenue.

Goodwill - Impairment Assessment

We allocate goodwill to reporting units based on the reporting unit expected to benefit from the business combination. We evaluate our reporting units on at least an annual basis and, if necessary, reassign goodwill using a relative fair value allocation approach. We determined that we have six reporting units: Gaming, U.K. Gaming, Casino Management Systems, Table Products, SciPlay, and iGaming. Goodwill is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) annually on October 1 and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit.

Goodwill is reviewed for impairment using either a qualitative assessment or a quantitative one-step process. If we perform a qualitative assessment and determine that the fair value of a reporting unit more likely than not exceeds the carrying value, no further evaluation is necessary. For reporting units where we perform the quantitative test, we are required to compare the fair value of each reporting unit, which we primarily determine using an income approach based on the present value of discounted cash flows and a market approach, to the respective carrying value, which includes goodwill. If the fair value of the reporting unit exceeds its carrying value, the goodwill is not considered impaired. If the carrying value is higher than the fair value, we recognize an impairment charge for the amount by which the carrying value exceeds the reporting unit's estimated fair value.

Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. Performance of the qualitative goodwill assessment requires judgment in identifying and considering the significance of relevant key factors, events and circumstances that affect the fair value or carrying amount of the reporting units. Such events and circumstances that we have considered include macroeconomic conditions, industry specific and market considerations, and reporting unit-specific factors such as overall actual and projected financial performance, among other factors. We also considered the results from the most recent date that a fair value measurement was performed as a part of a quantitative goodwill assessment and specifically the cushion between each reporting unit's fair value and carrying value. The estimates used to calculate the fair value of a reporting unit as a part of a quantitative goodwill assessment change from year to year based on operating results, market conditions, and other factors. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment, if any, for each reporting unit.

We performed our annual goodwill impairment test as of October 1, 2022 using a qualitative assessment for all of our reporting units. Based on the results of our qualitative impairment assessment, we concluded that it is more likely than not that the fair values of each of our reporting units substantially exceeded their respective carrying values (greater than 20%) and there were no reporting units requiring further assessment.

As a result of deterioration in business conditions in 2019 and COVID-19 disruptions in 2020, we performed a quantitative goodwill impairment test for our U.K. Gaming reporting unit (part of our Gaming business segment) during the first quarter of 2020, and as a result of that analysis, we recognized an impairment charge of $54 million, which is the amount by which the carrying value exceeded the estimated fair value. Refer to Note 11 in the Consolidated Financial Statements and Notes (*Part IV, Item 15*) of our 2021 Annual Report on Form 10-K and Note 10 in the Consolidated Financial Statements and Notes of our 2020 Annual Report on Form 10-K for key estimates and assumptions used in the 2020 discounted cash flow analysis of the U.K Gaming reporting unit. As of December 31, 2022, the carrying amount of goodwill related to our U.K. Gaming reporting unit was $108 million, and based on the last quantitative test performed on this reporting unit in 2021, the fair value substantially exceeded the carrying value.

Long-lived Assets and Finite-lived Intangible Assets

We evaluate the recoverability of intangible assets and other long-lived assets with finite useful lives by comparing the carrying value of the asset group to the estimated undiscounted future cash flows that we expect the asset to generate if events or changes in circumstances indicate that these assets are not recoverable. Any impairment is measured as the amount by which the carrying value of the asset exceeds the estimated fair value. The fair value is determined using a discounted cash flow approach where projections of future cash flows generated by those assets are discounted using an estimated discount rate. Significant judgment is required to estimate the amount and timing of future cash flows and the relative risk of achieving those cash flows. We also make judgments about the remaining useful lives of intangible assets and other long-lived assets that have finite lives. While we believe our estimates of future operating results and projected cash flows are reasonable, any significant adverse changes in key assumptions (i.e., adverse change in the extent or manner in which an asset or asset group is being used or expectation that, more likely than not, an asset or asset group will be sold or otherwise disposed of before the end of its

useful life) or adverse changes in economic and market conditions may cause a change in our evaluation of recoverability or our estimation of fair value and could result in an impairment charge that could be material to our financial statements.

Refer to Note 11 for our fourth quarter 2021 change in estimate related to the useful lives for certain of our legacy trade names triggered by corporate-wide re-branding.

Gain on Sale of Discontinued Operations

We applied the derecognition guidance in accordance with ASC 606 and ASC 610 as applicable to determine the gain on sale of the Divested Businesses. This involved evaluating the sale contracts for the distinct assets and liabilities (or disposal groups) promised to the counterparties as well as consideration transferred to us, which primarily included cash and marketable securities measured using Level 1 inputs as categorized in the fair value hierarchy under ASC 820. The pre-tax gain was measured as the difference between the consideration transferred and the carrying amounts of the disposal groups and recorded when the disposal groups were derecognized upon transfer of control. The gain on sale of these businesses resulted in significant U.S. federal, state and foreign tax expense. Tax expense on the gains was determined in accordance with applicable jurisdictions, as further explained under the critical accounting estimate for *Income Taxes* below. Refer to Note 2 for more information on the disposal of our discontinued operations.

Income Taxes

We are subject to the income tax laws of the many jurisdictions in which we operate. These tax laws are complex, and the manner in which they apply to our facts is sometimes open to interpretation. In establishing the provision for income taxes, we must make judgments about the application of these inherently complex tax laws.

Despite our belief that our tax return positions are consistent with applicable tax laws, we believe that taxing authorities could challenge certain positions. Settlement of any challenge can result in no change, a complete disallowance, or some partial adjustment reached through negotiations or litigation. We record tax benefits for uncertain tax positions based upon management's evaluation of the information available at the reporting date. To be recognized in the financial statements, a tax benefit must be at least more likely than not of being sustained based on technical merits. The tax benefit for positions meeting the recognition threshold is measured as the largest benefit more likely than not to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. Significant judgment is required in making these determinations, and adjustments to uncertain tax positions may be necessary to reflect actual taxes payable upon settlement. Adjustments related to positions impacting the effective tax rate affect the provision for income taxes. Adjustments related to positions impacting the timing of deductions impact deferred tax assets and liabilities.

Our income tax positions and analysis are based on currently enacted tax law. Future changes in tax law could significantly impact the provision for income taxes, the amount of taxes payable, and the deferred tax asset and liability balances in future periods. Deferred tax assets generally represent tax benefits for tax deductions or credits available in future tax returns. Certain estimates and assumptions are required to determine whether it is more likely than not that all or some portion of the benefit of a deferred tax asset will not be realized. In making this assessment, management analyzes and estimates the impact of future taxable income, available carry-backs and carry-forwards, reversing temporary differences and available prudent and feasible tax planning strategies.

We have recorded valuation allowances in certain jurisdictions to reduce our deferred tax assets to the amounts that are more likely than not to be realized. Should a change in facts or circumstances lead to a change in judgment about the ultimate realizability of a deferred tax asset, we record or adjust the related valuation allowance in the annual period that the change in facts and circumstances occurs, along with a corresponding increase or decrease in the provision for income taxes.

Legal Contingencies

We are subject to certain legal proceedings, demands, claims and threatened litigation that arise in the normal course of our business. We review the status of each significant matter quarterly and assess our potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we record a liability and an expense for the estimated loss. If we determine that a loss is reasonably possible and the range of the loss can be reasonably estimated, then we disclose the range of the possible loss. Significant judgment is required in the determination of whether a potential loss is probable, reasonably possible, or remote and in the determination of whether a potential exposure is reasonably estimable. Our accruals are based on the best information available at the time. As additional information becomes available, we reassess the liabilities and disclosures related to our pending claims and litigation and may revise our estimates. Potential legal liabilities and the revision of estimates of legal liabilities could have a material impact on our results of operations, cash flows and financial position. For discussion of our legal proceedings, see Note 20, which is incorporated by reference into *Item 3* of this Annual Report on Form 10-K.

LIQUIDITY, CAPITAL RESOURCES AND WORKING CAPITAL

Cash and Available Liquidity

As of December 31, 2022, our principal sources of liquidity, other than cash flows provided by operating activities, were cash and cash equivalents, including SciPlay cash and cash equivalents (for our SciPlay business segment), and amounts available under the SciPlay Revolver (for our SciPlay business segment) discussed further in Note 15.

The following table summarizes our cash and available revolver capacity as of December 31, 2022 and 2021:

(in millions)	Cash and cash equivalents	Revolver capacity	Revolver capacity drawn or committed to letters of credit	Total
L&W (excluding SciPlay)	$ 584	$ 750	$ (12)	$ 1,322
SciPlay	330	150	—	480
Total as of December 31, 2022	$ 914	$ 900	$ (12)	$ 1,802
L&W (excluding SciPlay and businesses held for sale)	$ 221	$ 650	$ (12)	$ 859
SciPlay	364	150	—	514
Businesses held for sale	44	—	—	44
Total as of December 31, 2021	$ 629	$ 800	$ (12)	$ 1,417

Sources and Uses of Liquidity

During 2022, we drew and repaid a total of $280 million under LNWI's revolving credit facilities, including the prior revolving credit facility and the LNWI Revolver. As of December 31, 2022, the LNWI Revolver is undrawn and available.

Total cash held by our foreign subsidiaries was $142 million as of December 31, 2022 as compared to $180 million as of December 31, 2021, which included discontinued operations. We believe that substantially all cash held outside the U.S. is free from legal encumbrances or similar restrictions that would prevent it from being available to meet our global liquidity needs.

Our Gaming operations generally require significant upfront capital expenditures, and we may need to incur additional capital expenditures in order to retain or increase market share and continue our product investments. Other capital requirements for the near term primarily include debt principal and interest payments and also include purchase obligations and supply contracts, license agreement minimum guaranteed payments and lease obligations. We expect to pay required principal and interest payments on our debt in 2023 totaling $24 million and $284 million, respectively. Under our certain debt agreements, we are required to use a portion of the proceeds received from the Divestitures to reinvest in our business and/or make payments towards our outstanding senior notes by the end of 2023. Additionally, the Divestitures generated approximately $674 million of net cash taxes, after usage of tax attributes. We paid $641 million of these taxes during 2022, and we expect to pay the remaining $33 million during 2023.

Our ability to make payments on and to refinance our indebtedness and other obligations depends on our ability to generate cash in the future. We may from time to time repurchase or otherwise repay, retire or refinance our debt, through our subsidiaries or otherwise. Such activities, if any, will depend on prevailing market conditions, contractual restrictions and other factors, and the amounts involved may or may not be material. If we need to refinance all or part of our indebtedness at or before maturity, we cannot assure that we will be able to obtain new financing or to refinance any of our indebtedness on commercially reasonable terms or at all.

On March 1, 2022, our Board of Directors approved a share repurchase program under which we are authorized to repurchase, from time to time through February 25, 2025, up to an aggregate amount of $750 million of our outstanding common stock. Since the initiation of the program and through February 24, 2023, we repurchased 7.2 million shares of common stock at an aggregate cost of $413 million. On May 9, 2022, SciPlay's Board of Directors approved a share repurchase program under which it is authorized to repurchase, from time to time through May 9, 2024, up to an aggregate amount of $60 million of its outstanding Class A common stock. Since the initiation of the program and through February 24, 2023, SciPlay repurchased 3.0 million shares of Class A common stock at an aggregate cost of $42 million.

In the event we pursue significant acquisitions or other expansion opportunities, or conduct significant repurchases of our outstanding securities, we may need to raise additional capital, either through the public or private issuance of equity or

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debt securities or through additional borrowings under our existing or additional financing arrangements, which sources of funds may not necessarily be available on terms acceptable to us, or at all. If we do not have adequate liquidity to support these activities, we may be unable to obtain financing for these cash needs on favorable terms or at all. For additional information regarding our cash needs and related risks, see *"Risk Factors"* under *Part I, Item 1A.*

SciPlay is subject to a tax receivable agreement ("TRA") which provides for the payment by SciPlay to L&W of 85% of the amount of tax benefits, if any, that SciPlay actually realizes (or in some circumstances is deemed to realize) in connection with increases in the tax basis of assets of SciPlay Parent Company, LLC, over which SciPlay is the sole manager, in connection with the SciPlay IPO, redemption or exchanges of membership interests or certain distributions and other tax benefits related to SciPlay's making of payments under the TRA. At this time, we do not expect SciPlay to declare or pay any cash dividends or be required to make any such payment other than tax distributions and certain cash distributions related to the impact of taxes pursuant to the TRA. Payments totaling $4 million were made for the year ended December 31, 2022.

Cash Flow Summary

(in millions)	Year Ended December 31, 2022	Year Ended December 31, 2021	Variance 2022 vs. 2021
Net cash (used in) provided by operating activities from:			
Continuing operations	$ (425)	$ 304	$ (729)
Discontinued operations	44	381	(337)
Net cash (used in) provided by operating activities	(381)	685	(1,066)
Net cash provided by (used in) investing activities from:			
Continuing operations	(252)	(347)	95
Discontinued operations	6,368	(95)	6,463
Net cash provided by (used in) investing activities	6,116	(442)	6,558
Net cash used in financing activities from:			
Continuing operations	(5,460)	(655)	(4,805)
Discontinued operations	(3)	(24)	21
Net cash used in financing activities	(5,463)	(679)	(4,784)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(6)	(6)	—
Increase (decrease) in cash, cash equivalents and restricted cash	$ 266	$ (442)	$ 708

Cash flows from operating activities

($ in millions)	Year Ended December 31, 2022	Year Ended December 31, 2021	Variance 2022 vs. 2021
Net income	$ 3,697	$ 390	$ 3,307
Less: Income from discontinued operations, net of tax	(3,873)	(366)	(3,507)
Adjustments to reconcile net (loss) income from continuing operations to net cash (used in) provided by operating activities from continuing operations	643	479	164
Changes in working capital accounts, excluding the effects of acquisitions	(863)	143	(1,006)
Changes in deferred income taxes and other	(29)	(342)	313
Net cash (used in) provided by operating activities from continuing operations	$ (425)	$ 304	$ (729)

Net cash provided by operating activities from continuing operations decreased in 2022 primarily due to cash tax payments related to the Divestitures coupled with unfavorable changes in working capital, partially offset by a $277 million increase in earnings. The changes in our working capital accounts for the year ended December 31, 2022 were primarily driven by the following:

- $641 million in cash taxes paid related to the Divestitures;
- $25 million paid by SciPlay for the legal matter settlement related to the litigation that was brought in Washington State, as described in Note 20;

- $35 million unfavorable change in receivables due to timing of collections and higher billing primarily associated with strong growth in Gaming business as well as timing of collections from SciPlay platform providers;
- $65 million unfavorable change in inventory due to timing of orders and shipments as well as higher inventory purchases in order to limit supply chain impacts and support future sale levels;
- $49 million unfavorable change in accounts payable and accrued liabilities primarily as a result of the timing of expenditures (including costs associated with the strategic review and related transactions), which was partially offset by lower interest payments; and
- $40 million unfavorable change in other current assets and liabilities primarily related to increases in various prepaid expenses and timing of contract assets and liabilities.

Net cash provided by operating activities from discontinued operations decreased primarily due to lower earnings in 2022, which included only a partial period for the Lottery Business and Sports Betting Business that were sold during the second and third quarter of 2022, respectively, coupled with approximately $87 million in direct transaction costs associated with closing of the Divestitures.

Cash flows from investing activities

Net cash used in investing activities from continuing operations decreased primarily due to fewer acquisitions completed in 2022 than had been completed in 2021, as described in Note 10; the settlement of our cross-currency interest rate swaps, in which we received approximately $50 million in cash proceeds; the sale of Class A common stock of Endeavor Group Holdings, Inc., which we received from the divestiture of the Sports Betting Business, for $48 million; and $6 million in SciPlay proceeds from matured investments. The decrease in net cash used in investing activities was partially offset by higher capital expenditures. Capital expenditures are composed of investments in systems, equipment and other assets related to contracts, property and equipment, intangible assets and software.

Net cash provided by investing activities from discontinued operations increased primarily as a result of the receipt of $6.4 billion in gross cash proceeds from the Divestitures, net of cash, cash equivalents and restricted cash transferred.

Cash flows from financing activities

Net cash used in financing activities increased primarily due to the April 2022 Refinancing debt transactions, in which we repaid approximately $7.0 billion in senior notes (including redemption premium) and outstanding borrowings under the LNWI Term Loan B-5 and received $2.2 billion in proceeds from the issuance of the LNWI Term Loan B. Additionally, the increase was due to purchases of our outstanding common stock and SciPlay's Class A common stock, under their respective repurchase programs described above, as well as taxes paid related to net share settlement of equity awards. During 2022, we purchased $405 million of our common stock, and our subsidiary SciPlay purchased $37 million of SciPlay's Class A common stock. The increase in net cash used in financing activities was partially offset by net repayments of $535 million under LNWI's revolving credit facility (prior to the April 2022 Refinancing) in the prior year.

Credit Agreement and Other Debt

For additional information regarding the LNWI Credit Agreement and other debt, interest rate risk and interest rate hedging instruments, see Notes 15 and 16 as well as *Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk."*

Off-Balance Sheet Arrangements

As of December 31, 2022, we did not have any significant off-balance sheet arrangements.

ITEM 7A. DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign exchange rates and commodity prices. The following describes our financial instruments which expose us to market risk.

Interest Rate Risk

As of December 31, 2022, the face value of long-term debt was $3.9 billion, including $2.2 billion of variable rate obligations that fluctuate based on SOFR. Assuming a constant outstanding balance for our variable rate long term debt, a hypothetical 1% change in interest rates would result in interest expense changing by approximately $22 million. All of our interest rate sensitive financial instruments are held for purposes other than trading.

We have attempted to limit our exposure to interest rate risk by using interest rate swap contracts to mitigate interest rate risk associated with a portion of our variable rate debt instruments. The objective of our interest rate swap contracts, which

are designated as cash flow hedges of the future interest payments, is to eliminate the variability of cash flows attributable to the SOFR component of interest expense to be paid on a portion of our variable rate debt.

In April 2022, we entered into interest rate swap contracts to hedge a portion of our interest expense associated with our variable rate debt and effectively fix the interest rate that we pay. We pay interest at a weighted-average fixed rate of 2.8320% and receive interest at a variable rate equal to one-month Chicago Mercantile Exchange Term SOFR. For the year ended December 31, 2022, the one-month Chicago Mercantile Exchange Term SOFR was 4.48%. As of December 31, 2022, the total notional amount of these interest rate swaps was $700 million, which effectively fixes $700 million of the variable rate debt described above. These hedges mature in April 2027.

For additional information regarding our long-term debt and interest rate swap contracts, see Notes 15 and 16, respectively.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and other information required by this item are included in *Part IV, Item 15* of this Annual Report on Form 10-K and are presented beginning on page 68.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures, as that term is defined in Rule 13a-15(e) under the Exchange Act, as of the end of the period covered by this annual report. Based on that evaluation, the CEO and CFO concluded that our disclosure controls and procedures are effective as of the end of the period covered by this annual report.

Management's Report on Internal Control Over Financial Reporting

The management of L&W is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of L&W; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2022. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013). Based on our assessment we concluded that, as of December 31, 2022, our internal control over financial reporting was effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2022 has been audited by Deloitte & Touche LLP, our independent registered public accounting firm. Their report is included below.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Light & Wonder, Inc.:

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Light & Wonder, Inc. and subsidiaries (the "Company") as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022, of the Company and our report dated March 1, 2023 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Las Vegas, Nevada
March 1, 2023

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ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We have adopted a Code of Business Conduct that applies to all of our officers, directors and employees (including our CEO and CFO) and have posted the Code of Business Conduct on our website at explore.lnw.com/investors/corporate-governance/code-of-business-conduct. In the event that we have any amendments to or waivers from any provision of the Code of Business Conduct applicable to our CEO or CFO, we intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K by posting such information on our website at explore.lnw.com/investors/corporate-governance.

Information relating to our executive officers is included in *Part I, Item 1* of this Annual Report on Form 10-K. The other information called for by this item is incorporated by reference to our definitive proxy statement relating to our 2023 annual meeting of stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before April 30, 2023, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

ITEM 11. EXECUTIVE COMPENSATION

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2023 annual meeting of stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before April 30, 2023, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2023 annual meeting of stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before April 30, 2023, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2023 annual meeting of stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before April 30, 2023, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information called for by this item is incorporated herein by reference to our definitive proxy statement relating to our 2023 annual meeting of stockholders, which will be filed with the SEC. If such proxy statement is not filed on or before April 30, 2023, the information called for by this item will be filed as part of an amendment to this Annual Report on Form 10-K on or before such date.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Light & Wonder, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Light & Wonder, Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, and the related consolidated statements of operations, comprehensive income (loss), stockholders' deficit, and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Gain on sale of discontinued operations – Refer to Note 2 to the financial statements

Critical Audit Matter Description

During the second quarter of 2022, the Company completed the divestiture of the Lottery Business and recorded a pre-tax gain of $4.6 billion. During the third quarter of 2022, the Company completed the divestiture of the Sports Betting Business and recorded a pre-tax gain of $359 million. The gains recorded on the sales of these businesses resulted in significant taxable income across multiple jurisdictions.

We identified management's determination of the gain on sale of discontinued operations as a critical audit matter because of the complexity of the calculation of the gains and resulting income tax expense. This matter required significant audit effort to assess, including the need to involve our income tax specialists, when performing audit procedures to evaluate the income tax expense from discontinued operations.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to management's determination of the gain on sale and resulting income tax expense included the following, among others:

- We tested the effectiveness of management's controls over:
  - The calculation of the gain on sale of discontinued operations
  - The calculation of income tax expense related to the gains
- We performed the following substantive procedures:
  - Evaluated the reasonableness of the Lottery and Sports Betting Businesses net asset balances and management's adjustments made to these balances
  - Evaluated management's calculations of the gains on sales of the businesses including the completeness and accuracy of amounts included in such calculations and the mathematical accuracy of the calculations
  - Examined the sale contracts and management's evaluation of the distinct assets and liabilities (or disposal groups) promised to the counterparties as well as consideration transferred to the Company
  - With the assistance of our income tax specialists, evaluated
    - The reasonableness of the methods, assumptions, and judgments used by management to determine the income tax expense
    - How such expense was allocated between continuing and discontinued operations
    - The tax treatment of the gain under U.S. Federal and various State jurisdictions
    - The mathematical accuracy and presentation of the income tax expense and related income tax liabilities

/s/ Deloitte & Touche LLP
Las Vegas, Nevada
March 1, 2023

We have served as the Company's auditor since 2003.

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LIGHT & WONDER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)

	Years Ended December 31,		
	2022	2021	2020
Revenue:			
Services	$ 1,795	$ 1,642	$ 1,259
Product sales	717	511	440
Total revenue	2,512	2,153	1,699
Operating expenses:			
Cost of services[1]	390	365	338
Cost of product sales[1]	348	244	272
Selling, general and administrative	717	679	627
Research and development	218	190	148
Depreciation, amortization and impairments	420	398	449
Goodwill impairment	—	—	54
Restructuring and other	146	167	56
Operating income (loss)	273	110	(245)
Other (expense) income:			
Interest expense	(327)	(478)	(503)
Loss on debt financing transactions	(147)	—	(1)
Gain (loss) on remeasurement of debt and other	27	41	(51)
Other income (expense), net	11	33	(4)
Total other expense, net	(436)	(404)	(559)
Net loss from continuing operations before income taxes	(163)	(294)	(804)
Income tax (expense) benefit	(13)	318	3
Net (loss) income from continuing operations	(176)	24	(801)
Net income from discontinued operations, net of tax[2]	3,873	366	253
Net income (loss)	3,697	390	(548)
Less: Net income attributable to noncontrolling interest	22	19	21
Net income (loss) attributable to L&W	$ 3,675	$ 371	$ (569)
Per Share - Basic:			
Net (loss) income from continuing operations	$ (2.09)	$ 0.06	$ (8.69)
Net income from discontinued operations	40.87	3.80	2.67
Net income (loss) attributable to L&W	$ 38.78	$ 3.86	$ (6.02)
Per Share - Diluted:			
Net (loss) income from continuing operations	$ (2.09)	$ 0.05	$ (8.69)
Net income from discontinued operations	40.87	3.72	2.67
Net income (loss) attributable to L&W	$ 38.78	$ 3.77	$ (6.02)
Weighted average number of shares used in per share calculations:			
Basic shares	95	96	95
Diluted shares	95	98	95

(1) Excludes D&A.
(2) The year ended December 31, 2022 includes a pre-tax gain of $4,927 million on the sale of discontinued operations (see Note 2).

See accompanying notes to consolidated financial statements.

LIGHT & WONDER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)

	Years Ended December 31,		
	2022	2021	2020
Net income (loss)	$ 3,697	$ 390	$ (548)
Other comprehensive (loss) income:			
Foreign currency translation (loss) gain, net of tax	(84)	(51)	45
Derivative financial instruments unrealized gain (loss), net of tax	27	14	(6)
Total other comprehensive (loss) income from continuing operations	(57)	(37)	39
Total other comprehensive (loss) income from discontinued operations	—	(6)	35
Total comprehensive income (loss)	3,640	347	(474)
Less: comprehensive income attributable to noncontrolling interest	22	19	21
Comprehensive income (loss) attributable to L&W	$ 3,618	$ 328	$ (495)

See accompanying notes to consolidated financial statements.

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LIGHT & WONDER, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in millions, except par value)

	As of December 31,	
	2022	**2021**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 914	$ 585
Restricted cash	47	41
Receivables, net of allowance for credit losses of $38 and $52, respectively	455	423
Inventories	161	98
Prepaid expenses, deposits and other current assets	117	88
Assets of businesses held for sale	—	497
Total current assets	1,694	1,732
Non-current assets:		
Restricted cash	6	9
Receivables, net of allowance for credit losses of $2 and $2, respectively	14	17
Property and equipment, net	204	213
Operating lease right-of-use assets	49	51
Goodwill	2,919	2,892
Intangible assets, net	797	946
Software, net	145	117
Deferred income taxes	114	349
Other assets	67	80
Assets of businesses held for sale	—	1,477
Total assets	$ 6,009	$ 7,883
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Current portion of long-term debt	$ 24	$ 44
Accounts payable	154	204
Accrued liabilities	380	428
Income taxes payable	64	16
Liabilities of businesses held for sale	—	282
Total current liabilities	622	974
Deferred income taxes	87	35
Operating lease liabilities	37	40
Other long-term liabilities	232	170
Long-term debt, excluding current portion	3,870	8,646
Liabilities of businesses held for sale	—	124
Total liabilities	4,848	9,989
Commitments and contingencies (Note 20)		
Stockholders' equity (deficit):		
Common stock, par value $0.001 per share, 199 shares authorized; 115 and 114 shares issued, respectively, and 91 and 97 shares outstanding, respectively	1	1
Additional paid-in capital	1,370	1,337
Retained earnings (accumulated loss)	517	(3,158)
Treasury stock, at cost, 24 and 17 shares, respectively	(580)	(175)
Accumulated other comprehensive loss	(318)	(261)
Total L&W stockholders' equity (deficit)	990	(2,256)
Noncontrolling interest	171	150
Total stockholders' equity (deficit)	1,161	(2,106)
Total liabilities and stockholders' equity (deficit)	$ 6,009	$ 7,883

See accompanying notes to consolidated financial statements.

LIGHT & WONDER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in millions)

	Common Stock	Additional Paid in Capital	Retained Earnings (Accumulated Loss)	Treasury Stock	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
December 31, 2019	$ 1	$ 1,208	$ (2,954)	$ (175)	$ (292)	$ 104	$ (2,108)
Net proceeds in connection with settlement of stock options and RSUs	—	4	—	—	—	—	4
Stock-based compensation	—	56	—	—	—	4	60
Net (loss) income	—	—	(569)	—	—	21	(548)
Other comprehensive income	—	—	—	—	74	—	74
Impact of ASC 326 adoption	—	—	(6)	—	—	—	(6)
December 31, 2020	$ 1	$ 1,268	$ (3,529)	$ (175)	$ (218)	$ 129	$ (2,524)
Vesting of RSUs, net of tax withholdings and other	—	(20)	—	—	—	—	(20)
Stock-based compensation	—	89	—	—	—	2	91
Net income	—	—	371	—	—	19	390
Other comprehensive loss	—	—	—	—	(43)	—	(43)
December 31, 2021	$ 1	$ 1,337	$ (3,158)	$ (175)	$ (261)	$ 150	$ (2,106)
Settlement of liability awards	—	43	—	—	—	—	43
Vesting of RSUs, net of tax withholdings and other	—	(35)	—	—	—	—	(35)
Purchase of treasury stock	—	—	—	(405)	—	—	(405)
Purchase of SciPlay Class A common stock	—	(35)	—	—	—	(2)	(37)
Stock-based compensation	—	60	—	—	—	1	61
Net income	—	—	3,675	—	—	22	3,697
Other comprehensive loss	—	—	—	—	(57)	—	(57)
December 31, 2022	$ 1	$ 1,370	$ 517	$ (580)	$ (318)	$ 171	$ 1,161

See accompanying notes to consolidated financial statements.

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LIGHT & WONDER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Years Ended December 31,		
	2022	2021	2020
Cash flows from operating activities:			
Net income (loss)	$ 3,697	$ 390	$ (548)
Less: Income from discontinued operations, net of tax	(3,873)	(366)	(253)
Adjustments to reconcile net (loss) income from continuing operations to net cash (used in) provided by operating activities from continuing operations:			
Depreciation, amortization and impairments	420	398	449
Goodwill impairment	—	—	54
Contingent acquisition consideration fair value adjustment	21	(1)	—
Change in deferred income taxes	(29)	(342)	(27)
Stock-based compensation	69	113	56
Non-cash interest expense	14	24	22
Provision for bad debts and inventory charges	—	7	107
Gain on sale of assets and other, net	(1)	(21)	—
Loss on debt financing transactions	147	—	1
(Gain) loss on remeasurement of debt	(27)	(41)	51
Changes in assets and liabilities, net of effects of acquisitions:			
Receivables	(35)	19	137
Inventories	(65)	9	4
Other assets and liabilities	(40)	17	6
Income taxes payable, net	(649)	7	5
Accounts payable and accrued liabilities	(74)	91	(31)
Net cash (used in) provided by operating activities from continuing operations	(425)	304	33
Net cash provided by operating activities from discontinued operations	44	381	438
Net cash (used in) provided by operating activities	(381)	685	471
Cash flows from investing activities:			
Capital expenditures	(216)	(171)	(137)
Acquisitions of businesses and assets, net of cash acquired	(136)	(186)	(13)
Proceeds from settlement of cross-currency interest rate swaps	50	—	—
Proceeds from sale of investments and other, net	50	10	24
Net cash used in investing activities from continuing operations	(252)	(347)	(126)
Net cash provided by (used in) investing activities from discontinued operations[1]	6,368	(95)	(47)
Net cash provided by (used in) investing activities	6,116	(442)	(173)

	Years Ended December 31,		
	2022	2021	2020
Cash flows from financing activities:			
Borrowings under revolving credit facilities	280	60	530
Repayments under revolving credit facilities	(280)	(595)	(190)
Proceeds from issuance of senior notes and term loans	2,200	—	550
Repayments of notes and term loans (including redemption premium)	(6,984)	—	(341)
Payments on long-term debt	(109)	(42)	(42)
Payments of debt issuance and deferred financing costs	(37)	(5)	(10)
Payments on license obligations	(35)	(46)	(30)
Payments of contingent acquisition consideration	(14)	—	—
Purchase of L&W common stock	(405)	—	—
Purchase of SciPlay's Class A common stock	(37)	—	—
Net redemptions of common stock under stock-based compensation plans and other	(39)	(27)	2
Net cash (used in) provided by financing activities from continuing operations	(5,460)	(655)	469
Net cash used in financing activities from discontinued operations	(3)	(24)	(6)
Net cash (used in) provided by financing activities	(5,463)	(679)	463
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(6)	(6)	7
Increase (decrease) in cash, cash equivalents and restricted cash	266	(442)	768
Cash, cash equivalents and restricted cash, beginning of period	701	1,143	375
Cash, cash equivalents and restricted cash, end of period	967	701	1,143
Less: Cash, cash equivalents and restricted cash of discontinued operations	—	66	160
Cash, cash equivalents and restricted cash of continuing operations, end of period	$ 967	$ 635	$ 983
Supplemental cash flow information:			
Cash paid for interest	$ 351	$ 453	$ 471
Income taxes paid	692	38	22
Distributed earnings from equity investments	6	15	22
Cash paid for contingent acquisition considerations included in operating activities	7	—	4

(1) The year ended December 31, 2022 includes $6,409 million in gross cash proceeds from the sale of discontinued operations, net of cash, cash equivalents and restricted cash transferred.

See accompanying notes to consolidated financial statements.

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(1) Description of the Business and Summary of Significant Accounting Policies

Description of the Business

We are a leading cross-platform global games company with a focus on content and digital markets. Our portfolio of revenue-generating activities in our continuing operations primarily includes supplying game content and gaming machines, CMSs and table game products and services to licensed gaming entities; providing social casino and other mobile games, including casual gaming, to retail customers; and providing a comprehensive suite of digital gaming content, distribution platforms, player account management systems, as well as various other iGaming content and services. We report our results of continuing operations in three business segments—Gaming, SciPlay and iGaming—representing our different products and services.

Effective April 28, 2022, we changed our name to Light & Wonder, Inc. This change is in part due to the sale of the Lottery Business that will continue to use our previous name, Scientific Games, and also to align with our vision of becoming a leading cross-platform global games company.

During the second quarter of 2022, we completed the sale of the Lottery Business and received $5.7 billion in gross cash proceeds. During the third quarter of 2022, we completed the sale of the Sports Betting Business and received $793 million in gross proceeds, consisting of $747 million in gross cash proceeds (adjusted for final closing statement adjustments of $3 million in the fourth quarter of 2022) and $46 million in fair value of Class A common stock of Endeavor Group Holdings, Inc. ("Endeavor") (approximately 2.3 million shares). Prior to the Divestitures, our discontinued operations portfolio of revenue-generating activities included providing instant and draw-based lottery products, lottery systems and lottery content and services to lottery operators along with providing sports wagering solutions to various gaming entities.

We have reflected the financial results of the Divested Businesses as discontinued operations in our consolidated statements of operations for all periods presented and the assets and liabilities of these businesses as held for sale in our consolidated balance sheet as of December 31, 2021. Refer to Note 2 for further information. Unless otherwise noted, amounts and disclosures included herein relate to our continuing operations.

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP. The accompanying consolidated financial statements include the accounts of L&W, its wholly owned subsidiaries, and those subsidiaries in which we have a controlling financial interest. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant Accounting Policies

Additional accounting policy disclosures are provided within the applicable Notes.

Cash and cash equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less. We place our temporary cash investments with high credit quality financial institutions. At times, such investments in U.S. accounts may be in excess of the Federal Deposit Insurance Corporation insurance limit.

Restricted cash

We are required by gaming regulations to maintain sufficient reserves in restricted cash accounts to be used for the purpose of funding payments to WAP jackpot winners. These restricted cash balances are based primarily on the jackpot meters displayed to slot players or for previously won jackpots and vary by jurisdiction. Compliance with maintaining adequate restricted cash balances and complying with appropriate investment guidelines for jackpot funding is periodically reported to gaming authorities.

Minimum guarantees under licensing agreements

We enter into long-term license agreements with third parties in which we are obligated to pay a minimum guaranteed amount of royalties, typically periodically over the life of the contract. These license agreements provide us with access to a portfolio of major brands to be used across our business segments in building our strong brand presence across multiple channels of distributions. We account for the minimum guaranteed obligations within accrued and other long-term liabilities at the onset of the license arrangement and record a corresponding licensed asset within intangible assets, net. The licensed intangible assets related to the minimum guaranteed obligations are amortized over the term of the license agreement with the amortization expense recorded in D&A. The long-term liability related to the minimum guaranteed obligations is reduced as payments are made as required under the license agreement. We assess the recoverability of license agreements whenever events arise or circumstances change that indicate the carrying value of the licensed asset may not be recoverable. Recoverability of the licensed asset and the amount of impairment, if any, are determined using our policy for intangible assets with finite useful lives.

Amortization expense related to these licenses and recorded in D&A for the years ended December 31, 2022, 2021 and 2020 was $34 million, $40 million and $60 million, respectively.

The following are our total minimum guaranteed obligations for the periods presented:

	As of December 31,	
	2022	2021
Current liabilities	$ 27	$ 35
Other long-term liabilities	78	70
Total minimum guarantee obligations	$ 105	$ 105
Weighted average remaining term (in years)	4	4

The following are our remaining expected future payments of minimum guarantee obligations:

	Year Ending December 31,					
	2023	2024	2025	2026	2027	After 2027
Expected future payments	$ 27	$ 28	$ 29	$ 11	$ 10	$ —

Other assets

We capitalize debt issuance costs associated with long-term line-of-credit arrangements and amortize such amounts ratably over the term of the arrangement as an adjustment to interest expense.

We assess the recoverability of our other long-term assets whenever events arise or circumstances change that indicate the carrying value of the asset may not be recoverable.

Noncontrolling interest

In May 2019, SciPlay completed an initial public offering in which it issued Class A common stock, traded on The Nasdaq Global Select Market under the symbol "SCPL," and Class B common stock wholly owned by L&W and, as of December 31, 2022, represented approximately 82.4% of SciPlay's total outstanding shares of common stock and approximately 97.9% of the combined voting power of both classes of SciPlay's outstanding common stock. Accordingly, we continue to control shares representing a majority of the combined voting power in SciPlay and continue to have a controlling financial interest in and consolidate SciPlay. The noncontrolling interest share of equity in SciPlay is reflected as noncontrolling interest in the accompanying consolidated balance sheets and was $171 million and $150 million as of December 31, 2022 and 2021, respectively.

Advertising costs

The cost of advertising is expensed as incurred and totaled $162 million, $124 million and $123 million in 2022, 2021 and 2020, respectively.

R&D

R&D relates primarily to software product development costs incurred until technological feasibility has been established and costs that do not meet internal-use software capitalization criteria. Employee-related costs associated with product development are included in R&D. Such costs are expensed as incurred.

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Foreign currency translation

We have significant operations where the local currency is the functional currency, including our operations in the U.K., Europe, Australia and Canada. Assets and liabilities of foreign operations are translated at period-end rates of exchange and results of operations are translated at the average rates of exchange for the period. Gains or losses resulting from translating the foreign currency financial statements are accumulated as a separate component of accumulated other comprehensive income (loss) in stockholders' equity (deficit). Gains or losses resulting from foreign currency transactions are included in other income (expense), net.

Comprehensive income (loss)

We include and classify in comprehensive income (loss) unrealized gains and losses from our foreign currency translation adjustments and the effective portion of derivative financial instruments designated as hedging instruments. We also include, as it relates to previous activity, net investment non-derivative hedge of our investments in certain of our international subsidiaries and certain gains or losses associated with pension or other post-retirement benefits, including prior service costs or credits and transition assets or obligations.

New Accounting Guidance - Recently Adopted

The FASB issued ASU No. 2021-08, *Business Combinations* (Topic 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers,* in October 2021. The new guidance requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with revenue recognition guidance. We adopted this standard during the third quarter of 2022 on a retrospective basis for the current fiscal year. The adoption of this guidance did not have a material effect on our consolidated financial statements.

New Accounting Guidance - Not Yet Adopted

The FASB issued ASU No. 2020-04 and subsequently ASU No. 2021-01 and ASU No. 2022-06, *Reference Rate Reform* (Topic 848) in March 2020, January 2021 and December 2022, respectively. The new guidance provides optional expedients and exceptions for applying U.S. GAAP to contract modifications and hedging relationships, including derivative instruments impacted by changes in the interest rates used for discounting cash flows for computing variable margin settlements, subject to meeting certain criteria, that reference LIBOR or other reference rates expected to be discontinued by June 2023. The ASUs establish certain contract modification principles that entities can apply in other areas that may be affected by reference rate reform and certain elective hedge accounting expedients and exceptions. The ASUs may be applied prospectively. Based on our assessment, we do not expect the adoption of this guidance to have a significant impact on our consolidated financial statements.

We do not expect that any other recently issued accounting guidance will have a significant effect on our consolidated financial statements.

(2) Discontinued Operations

During the second quarter of 2022, we completed the sale of the Lottery Business, from which we received $5.7 billion in gross cash proceeds and recorded a pre-tax gain of $4.6 billion. During the third quarter of 2022, we completed the sale of the Sports Betting Business, from which we received $793 million in gross proceeds, consisting of $747 million in gross cash proceeds (adjusted for final closing statement adjustments of $3 million in the fourth quarter of 2022) and $46 million in fair value of Class A common stock of Endeavor (approximately 2.3 million shares), and recorded a pre-tax gain of $359 million. The Endeavor stock was sold in the fourth quarter of 2022 for $48 million. We have reflected the financial results of the Divested Businesses as discontinued operations in our consolidated statements of operations for all periods presented and the assets and liabilities of these businesses as held for sale in our consolidated balance sheets as of December 31, 2021.

The summarized results of our discontinued operations were as follows:

	Years Ended December 31,		
	2022	2021	2020
Total revenue	$ 371	$ 1,157	$ 1,025
Total cost of revenue[1]	177	587	550
Other operating expenses[2]	182	233	208
Operating income	12	337	267
Total other income (expense), net	9	101	(7)
Net income from discontinued operations before income taxes	21	438	260
Gain on sale of discontinued operations before income taxes	4,927	—	—
Total net income from discontinued operations before income taxes	4,948	438	260
Income tax expense	(1,075)	(72)	(7)
Net income from discontinued operations, net of tax included in the consolidated statement of operations	$ 3,873	$ 366	$ 253

(1) Excludes D&A.

(2) Includes D&A of $79 million and $105 million for the years ended December 31, 2021 and 2020, respectively, stock-based compensation of $18 million, $24 million and $5 million for the years ended December 31, 2022, 2021 and 2020, respectively, and direct transaction closing fees of $87 million for the year ended December 31, 2022. Due to the discontinued operations classification of the Divested Businesses as of the third quarter of 2021, D&A ceased and is not included for the year ended December 31, 2022.

The following table summarizes the major classes of assets and liabilities of businesses held for sale.

	As of December 31, 2021
ASSETS	
Cash and cash equivalents	$ 44
Restricted cash	22
Receivables, net	214
Inventories	94
Prepaid expenses deposits and other current assets	123
Total current assets of businesses held for sale	497
Property and equipment, net	217
Intangible assets and software, net	304
Goodwill	623
Equity investments	251
Other assets	82
Total non-current assets of businesses held for sale	1,477
Total assets of businesses held for sale	$ 1,974
LIABILITIES	
Accounts payable	$ 95
Accrued liabilities and other	187
Total current liabilities of businesses held for sale	282
Operating lease liabilities	34
Other	90
Total non-current liabilities of businesses held for sale	124
Total liabilities of businesses held for sale	$ 406

(3) Business Segments

We report our operations in three business segments—Gaming, SciPlay and iGaming—representing our different products and services. Our Gaming business segment generally sells game content and gaming machines, VGTs, VLTs (including conversion kits and parts), leases or otherwise provides gaming content, gaming machines, and server-based

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systems. It also sells and supports CMS-based software and hardware, licenses PTG content, and supplies Shufflers to commercial, tribal and governmental gaming operators. Our SciPlay business segment develops, markets, and operates a portfolio of social games played on various mobile and web platforms as well as other games in the hyper-casual space. Our iGaming business segment provides a comprehensive suite of digital gaming content, distribution platforms, player account management systems, as well as various other iGaming content and services. See Note 4 for the products and services from which each reportable segment derives its revenues.

In evaluating financial performance, our Chief Operating Decision Maker ("CODM") focuses on AEBITDA as management's primary segment measure of profit or loss, which is described in footnote (2) to the below table. The accounting policies for our business segments are the same as those described in these Notes.

The following tables present our segment information:

	Year Ended December 31, 2022				
	Gaming	SciPlay	iGaming	Unallocated and Reconciling Items[1]	Total
Total revenue	$ 1,601	$ 671	$ 240	$ —	$ 2,512
AEBITDA[2]	767	187	80	(121)	$ 913
Reconciling items to consolidated Net loss from continuing operations before income taxes:					
D&A	(327)	(21)	(48)	(24)	(420)
Restructuring and other	(6)	(5)	(23)	(112)	(146)
Interest expense				(327)	(327)
Loss on debt refinancing transactions				(147)	(147)
Gain on remeasurement of debt and other				27	27
Other income, net				6	6
Stock-based compensation				(69)	(69)
Net loss from continuing operations before income taxes					$ (163)
Assets as of December 31, 2022	$ 4,073	$ 761	$ 626	$ 549	$ 6,009
Capital expenditures for the year ended December 31, 2022	$ 151	$ 12	$ 32	$ 21	$ 216

(1) Includes amounts not allocated to the business segments (including corporate costs) and items to reconcile the total business segments AEBITDA to our consolidated net loss from continuing operations before income taxes.

(2) AEBITDA is reconciled to net income (loss) from continuing operations before income taxes with the following adjustments: (1) depreciation and amortization expense and impairment charges (including goodwill impairments); (2) restructuring and other, which includes charges or expenses attributable to: (i) employee severance; (ii) management restructuring and related costs; (iii) restructuring and integration; (iv) cost savings initiatives; (v) major litigation; and (vi) acquisition- and disposition-related costs and other unusual items; (3) interest expense; (4) loss on debt refinancing transactions; (5) change in fair value of investments and remeasurement of debt and other; (6) other income (expense), net, including foreign currency gains (losses) and earnings (loss) from equity investments; and (7) stock-based compensation. AEBITDA is presented as our primary segment measure of profit or loss.

	Year Ended December 31, 2021				
	Gaming	SciPlay	iGaming	Unallocated and Reconciling Items[1]	Total
Total revenue	$ 1,321	$ 606	$ 226	$ —	$ 2,153
AEBITDA[2]	659	186	75	(127)	$ 793
Reconciling items to consolidated Net loss from continuing operations before income taxes:					
D&A	(303)	(15)	(54)	(26)	(398)
Restructuring and other	(9)	(32)	(1)	(125)	(167)
Interest expense				(478)	(478)
Gain on remeasurement of debt				41	41
Other income, net				28	28
Stock-based compensation				(113)	(113)
Net loss from continuing operations before income taxes					$ (294)
Assets as of December 31, 2021	$ 4,112	$ 696	$ 633	$ 468	$ 5,909
Capital expenditures for the year ended December 31, 2021	$ 123	$ 9	$ 23	$ 16	$ 171

(1) Includes amounts not allocated to the business segments (including corporate costs) and reconciling items to reconcile the total business segments AEBITDA to our consolidated net loss from continuing operations before income taxes.

(2) AEBITDA is described in footnote (2) to the first table in this Note 3.

	Year Ended December 31, 2020				
	Gaming	SciPlay	iGaming	Unallocated and Reconciling Items[1]	Total
Total revenue	$ 926	$ 582	$ 191	$ —	$ 1,699
AEBITDA[2]	240	189	58	(113)	$ 374
Reconciling items to consolidated Net loss from continuing operations before income taxes:					
D&A	(348)	(10)	(48)	(43)	(449)
Goodwill impairment	(54)	—	—	—	(54)
Restructuring and other	(30)	(2)	(4)	(20)	(56)
Interest expense				(503)	(503)
Loss on debt financing transactions				(1)	(1)
Loss on remeasurement of debt				(51)	(51)
Other expense, net				(8)	(8)
Stock-based compensation				(56)	(56)
Net loss from continuing operations before income taxes					$ (804)
Capital expenditures for the year ended December 31, 2020	$ 102	$ 7	$ 14	$ 14	$ 137

(1) Includes amounts not allocated to the business segments (including corporate costs) and reconciling items to reconcile the total business segments AEBITDA to our consolidated net loss from continuing operations before income taxes.

(2) AEBITDA is described in footnote (2) to the first table in this Note 3.

The following tables present revenue by customer location and property and equipment by geographic location:

	Year Ended December 31,		
	2022	2021	2020
Revenue:			
U.S.	$ 1,734	$ 1,551	$ 1,181
Other	778	602	518
Total	$ 2,512	$ 2,153	$ 1,699

	As of December 31,	
	2022	2021
Property and equipment, net:		
U.S.	$ 163	$ 147
Other	41	66
Total	$ 204	$ 213

(4) Revenue Recognition

The following table disaggregates our revenues by type within each of our business segments:

	Revenue recognized for Year Ended December 31,		
Revenue category	**2022**	**2021**	**2020**
Gaming			
Gaming operations[1]	$ 635	$ 601	$ 332
Gaming machine sales	522	360	312
Gaming systems	255	204	171
Table products	189	156	111
Total	$ 1,601	$ 1,321	$ 926
SciPlay			
Mobile in-app purchases	$ 584	$ 537	$ 506
Web in-app purchases and other[2]	87	69	76
Total	$ 671	$ 606	$ 582
iGaming	$ 240	$ 226	$ 191

(1) Gaming operations revenue for the year ended December 31, 2021 benefited from $44 million VAT recovery received from certain U.K. customers related to a 2020 U.K. court ruling associated with overcharging of VAT for gaming operators that consequently reduced our net gaming revenues related to these customers and arrangements.

(2) Other primarily represents revenue generated from providing advertising platforms with access to SciPlay's game software platform, which facilitates the placement of advertising inventory, which was not material for the periods presented.

General

We evaluate the recognition of revenue and rental income based on the criteria set forth in ASC 606 or ASC 842, as appropriate. Revenue is recognized net of incentive rebates and discounts when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Sales taxes and all other items of a similar nature are excluded from the measurement of the transaction price and shipping and handling activities are treated as a fulfillment of our promise to transfer the goods, hence, included in cost of sales.

Our credit terms are predominately short term in nature. We also grant extended payment terms under certain Gaming contracts, with financing terms of more than 12 months, primarily where the sale is secured by the related equipment sold. For these contracts with customers for which the financing component is determined to be significant to the contract, and have financing terms of more than 12 months, the contract transaction price is adjusted for the effect of a financing component (time value of money).

Any sales commissions associated with the sale or placement of our products and services are expensed as incurred as contracts associated with sales commissions are generally completed within a one-year period.

Contracts with Customers with Multiple Promised Goods and Services

We enter into contracts with customers that include multiple promises (such as gaming machines, gaming systems hardware and software, installation, service and maintenance, warranties, and maintenance bundled promises). For such contracts, the transaction price is allocated to each distinct performance obligation using an estimate of stand-alone selling price, which is generally based on observable prices or a cost plus margin approach. The establishment of stand-alone selling price requires judgment as to whether there is a sufficient quantity of items sold or substantively renewed on a stand-alone basis and those prices demonstrate an appropriate level of concentration to conclude that a stand-alone selling price exists.

The guidance in ASC 606 requires that we apply judgments or estimates to determine both the performance obligations and the stand-alone selling prices of identified performance obligations. Contracts with multiple promised goods and services

described above will often involve significant judgment in determining whether each promise is distinct or should be combined with other promises in such contracts in concluding on the distinct performance obligations for such contracts. Such judgment generally requires an assessment of the level of integration and interdependency between individual components, particularly in our gaming systems contracts with customers. Associated with these same contracts, we also apply significant judgment to determine the stand-alone selling prices of the identified performance obligations.

Gaming Operations

Gaming operations revenues are generated by providing customers access to proprietary land-based gaming equipment and content, electronic table game products and VLTs under a variety of recurring operating, service, or rental contracts, for which consideration is based upon a percentage of Coin-in, a percentage of Net win, or a fixed daily/monthly fee, with variability generally resolved in the reporting period. For these contracts with customers, we generally transfer control and recognize revenue or rental income over time based on the amount we expect to receive as described and classify such revenue or rental income as services revenue. Payments from customers under these contracts are typically due on a monthly basis. Jackpot expense for our WAP services is recorded as a reduction to revenue, which decreased revenue by $23 million, $27 million, and $16 million for the years ended December 31, 2022, 2021, and 2020 respectively.

The amount of rental income revenue that is outside the scope of ASC 606 was $466 million, $374 million, and $209 million for the years ended December 31, 2022, 2021, and 2020, respectively.

Gaming Machine Sales

These contracts with customers include the sale of gaming machines, including game content, electronic table game products and parts (including game themes and conversion kits). We transfer control and recognize revenue from the sale of gaming machines at a point in time upon delivery of gaming machines to our customers or distributors pursuant to the terms of the contract.

Gaming Systems

Gaming systems contracts with customers can include a comprehensive suite of technology solutions provided to gaming operators, including perpetual licenses to core system solutions and non-core system solutions and other applications and tools. Gaming systems products also include the *iVIEW* touch screen display, which facilitates the player experience, bonus features, customer service, and employee functions and ongoing hardware and software maintenance services and upgrades.

Determination of performance obligations and timing of the transfer of control varies by contract. Generally, these contracts contain multiple promised goods and services, including the following: (i) core system software license; (ii) non-core system software license(s); (iii) professional services; (iv) system-based hardware; (v) in-game hardware products; and (vi) software and hardware maintenance and product support.

Control transfers and we recognize revenue from the sale of perpetual gaming systems licenses and various hardware products at a point in time when the gaming system is available for use by a customer which is no earlier than the commencement of the license term, and for the hardware products upon delivery. For contracts that include new core gaming system installations, control is not considered transferred until control of the core gaming system license is transferred as the additional promises are generally highly dependent on the core gaming system. Software and hardware maintenance and product support services are considered stand-ready obligations; therefore, control transfers and revenue is recognized over time over the term of the maintenance and support period.

Table Products

Table products revenue is generated from supplying and maintaining or selling table game products, primarily including automatic card shufflers, deck checkers, table roulette chip sorters and other land-based table gaming equipment. We transfer control and recognize revenue from the sale of table products at a point in time upon delivery to our customers or distributors pursuant to the terms of the contract. For supply and maintenance contracts, for which consideration is primarily based on a fixed monthly fee, we generally transfer control and recognize rental income over the term of the supply period and classify such rental income as service revenue. Such contracts are generally short-term in nature. We also license our proprietary table games content, for which revenue is recognized at a point in time under the licensing of intellectual property guidance as such licenses are functional licenses or over time for subscription arrangements to our proprietary table games content library.

SciPlay

SciPlay in-app purchase revenues are generated from the sale of virtual coins, chips and bingo cards (“coins, chips and cards”), which players can use to play casino-style slot games, table games and bingo games (i.e., spin in the case of slot games,

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bet in the case of table games and use of bingo cards in the case of bingo games). SciPlay distributes its games through various global social web and mobile platforms such as *Facebook*, *Apple*, *Google*, *Amazon* and *Microsoft*. Control transfers and SciPlay recognizes revenues from player purchases of coins, chips and cards as the coins, chips and cards are consumed for game play and cannot be redeemed nor exchanged for cash. SciPlay determined through a review of play behavior that game players generally do not purchase additional coins, chips and cards until their existing coins, chips and cards balances have been substantially consumed. As SciPlay is able to track the duration between purchases of coins, chips and cards for individual game players for specific games, SciPlay is able to reliably estimate the period of time over which coins, chips and cards are consumed. Accordingly, for most games, SciPlay recognizes revenue using an item-based revenue model. Because SciPlay has control over the content and functionality of games before they are accessed by the end user, SciPlay has determined it is the principal and, as a result, revenues are recorded on a gross basis. Payment processing fees paid to platform providers (such as *Facebook*, *Apple*, *Amazon*, *Google* and *Microsoft*) are recorded within cost of services.

SciPlay also has contractual relationships with various advertising service providers for advertisements within certain games. Revenue from advertisements is recognized at a point in time when the advertisements are displayed. The transaction price is generally determined by a master contract or third-party statement of activity and based on the stated revenue share percentages. These revenues were immaterial for all periods presented.

All SciPlay revenue is classified as services revenue.

iGaming

iGaming revenue is generated from various games content made available via our aggregation platforms, remote gaming servers, and various other platforms, which deliver a wide spectrum of internally developed and branded games and popular third-party provided games to gaming operators as well as platform technology solutions, which provide gaming operators optional portals for reporting and administrative functions. We provide daily access to these platforms and are typically compensated based on variable consideration, such as a percentage of net gaming revenue with variability generally resolved in the reporting period. All iGaming revenue is classified as services revenue.

Contract Liabilities and Other Disclosures

The following table summarizes the activity in our contract liabilities for the reporting period:

	Year Ended December 31, 2022
Contract liability balance, beginning of period[(1)]	$ 37
Liabilities recognized during the period	23
Amounts recognized in revenue from beginning balance	(24)
Contract liability balance, end of period[(1)]	$ 36

(1) Contract liabilities are included within Accrued liabilities and Other long-term liabilities in our consolidated balance sheets.

The timing of revenue recognition, billings and cash collections results in billed receivables, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on our consolidated balance sheets. Other than contracts with customers with financing arrangements exceeding 12 months, revenue recognition is generally proximal to conversion to cash.

The following table summarizes our opening and closing balances in our receivables and contract assets:

	Receivables	Contract Assets[(1)]
End of period balance, December 31, 2021	$ 440	$ 19
End of period balance, December 31, 2022	469	24

(1) Contract assets are included primarily within Prepaid expenses, deposits and other current assets in our consolidated balance sheets.

(5) Restructuring and Other

Restructuring and other includes charges or expenses attributable to: (i) employee severance; (ii) management restructuring and related costs; (iii) restructuring and integration; (iv) cost savings initiatives; (v) major litigation; and (vi)

acquisition- and disposition-related costs and other unusual items. The following table summarizes pre-tax restructuring and other costs for the periods presented:

	Year Ended December 31,		
	2022	2021	2020
Employee severance and related[1]	$ 10	$ 4	$ 29
Strategic review and related	83	97	—
Contingent acquisition consideration[2]	21	(1)	—
Legal and related (see Note 20)	8	25	—
Restructuring, integration and other	24	42	27
Total	$ 146	$ 167	$ 56

(1) The year ended December 31, 2020 includes $29 million in severance and other benefits granted to employees as a result of COVID-19 related austerity measures.

(2) Represents contingent consideration fair value adjustment (see Note 16).

(6) Basic and Diluted Net Income (Loss) Attributable to L&W Per Share

Basic and diluted net income (loss) attributable to L&W per share is based upon net income (loss) attributable to L&W divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the effect of the assumed exercise of stock options and RSUs only in the periods in which such effect would have been dilutive to net income from continuing operations.

The below table presents a reconciliation of weighted average shares used in the calculation of basic and diluted earnings per share.

	Year Ended December 31,		
	2022	2021	2020
Weighted average shares for basic earnings per share	95	96	95
Stock options	—	1	—
RSUs	—	1	—
Weighted average shares for diluted earnings per share	95	98	95

Basic and diluted net income (loss) attributable to L&W per share was the same for the years ended December 31, 2022 and 2020, as all common stock equivalents would have been anti-dilutive due to the net loss from continuing operations in those periods. We excluded 2 million of stock options and 2 million of RSUs outstanding as of December 31, 2022 and 2020 from the calculation of diluted weighted-average common shares outstanding for the years ended December 31, 2022 and 2020.

(7) Receivables, Allowance for Credit Losses and Credit Quality of Receivables

Receivables

Receivables are recorded at the invoiced amount less allowance for credit losses and imputed interest, if any. For a portion of our receivables, we have provided extended payment terms with installment payment terms greater than 12 months and, in certain international jurisdictions, up to 36 months. We have a total of $47 million and $67 million in gross receivables with extended payment terms as of December 31, 2022 and 2021, respectively. Interest income, if any, is recognized ratably over the life of the receivable, and any related fees or costs to establish the receivables are charged to selling, general and administrative expense as incurred, as they are immaterial. Actual or imputed interest, if any, is determined based on current market rates at the time the receivables with extended payment terms originated and is recorded ratably over the payment period, which approximates the effective interest method. We generally impute interest income on all receivables with payment terms greater than one year that do not contain a stated interest rate. Our general policy is to recognize interest on receivables until a receivable is deemed non-performing, which we define as payments being overdue by 180 days beyond the agreed-upon terms. When a receivable is deemed to be non-performing, the item is placed on non-accrual status and interest income is recognized on a cash basis. Accrued interest, non-performing receivables and interest income were immaterial for all periods presented.

The following table summarizes the components of current and long-term receivables, net:

	As of December 31,	
	2022	2021
Current:		
Receivables	$ 493	$ 475
Allowance for credit losses	(38)	(52)
Current receivables, net	455	423
Long-term:		
Receivables	16	19
Allowance for credit losses	(2)	(2)
Long-term receivables, net	14	17
Total receivables, net	$ 469	$ 440

Allowance for Credit Losses

The receivables allowance for credit losses is our best estimate of the amount of expected credit losses in our existing receivables over the contractual term. We evaluate our exposure to credit loss on both a collective and individual basis. We evaluate such receivables on a geographic basis and take into account any relevant available information, which begins with historical credit loss experience and consideration of current and expected conditions and market trends (such as general economic conditions, other microeconomic and macroeconomic considerations, etc.) and reasonable and supportable forecasts that could impact the collectability of such receivables over the contractual term individually or in the aggregate. Changes in circumstances relating to these factors may result in the need to increase or decrease our allowance for credit losses in the future.

We manage our receivable portfolios using both geography and delinquency as key credit quality indicators. The following table summarizes geographical delinquencies of total receivables, net:

	As of			
	December 31, 2022	Balances over 90 days past due	December 31, 2021	Balances over 90 days past due
Receivables:				
U.S. and Canada	$ 297	$ 5	$ 321	$ 37
International	212	34	173	44
Total receivables	509	39	494	81
Receivables allowance:				
U.S. and Canada	(18)	(5)	(18)	(6)
International	(22)	(22)	(36)	(19)
Total receivables allowance	(40)	(27)	(54)	(25)
Receivables, net	$ 469	$ 12	$ 440	$ 56

Account balances are charged against the allowances after all internal and external collection efforts have been exhausted and the potential for recovery is considered remote.

The activity in our allowance for receivable credit losses for the years ended December 31, 2022 and 2021 is as follows:

	2022			2021
	Total	U.S. and Canada	International	Total
Beginning allowance for credit losses	$ (54)	$ (18)	$ (36)	$ (81)
Provision	(2)	(4)	2	2
Charge-offs and recoveries	16	4	12	25
Allowance for credit losses as of December 31	$ (40)	$ (18)	$ (22)	$ (54)

At December 31, 2022, 3% of our total receivables, net, were past due by over 90 days compared to 13% at December 31, 2021.

Credit Quality of Receivables

In our Gaming machine sales business, we file UCC-1 financing statements domestically in order to retain a security interest in the gaming machines that underlie a significant portion of our domestic receivables until the receivable balance is fully paid. However, the value of the gaming machines, if repossessed, may be less than the balance of the outstanding receivable. For international customers, depending on the country and our historic collection experience with the customer, we may obtain pledge agreements, bills of exchange, guarantees, post-dated checks or other forms of security agreements designed to enhance our ability to collect the receivables, although a majority of our international receivables do not have these features. In our Gaming operations business, because we own the Participation gaming machines that are leased or otherwise provided to the customer, in a bankruptcy the customer has to generally either accept or reject the lease or other agreement and, if rejected, our gaming machines are returned to us. Our receivables related to revenue earned on Participation gaming machines and all other revenue sources are typically unsecured claims.

Due to the significance of our gaming machines to the ongoing operations of our casino customers, we may be designated as a key vendor in any bankruptcy filing by a casino customer, which can enhance our position above other creditors in the bankruptcy. Due to our successful collection experience and our continuing relationship with casino customers and their businesses, it is infrequent that we repossess gaming machines from a customer in partial settlement of outstanding receivable balances. In those unusual instances where repossession occurs to mitigate our exposure on the related receivable, the repossessed gaming machines are subsequently resold in the used gaming machine market; however, we may not fully recover the receivable from this re-sale.

We have certain concentrations of outstanding receivables in international locations that impact our assessment of the credit quality of our receivables. We monitor the macroeconomic and political environment in each of these locations in our assessment of the credit quality of our receivables. The international customers with significant concentrations (generally deemed to be exceeding 10%) of our receivables with terms longer than one year are in the Latin America region ("LATAM") and are primarily comprised of Mexico, Peru and Argentina. The following table summarizes our LATAM receivables:

	As of December 31, 2022	Current	Balances over 90 days past due
Receivables	$ 66	$ 34	$ 32
Allowance for credit losses	(20)	(8)	(12)
Receivables, net	$ 46	$ 26	$ 20

We increased our allowance for credit losses by $56 million for the year ended December 31, 2020. The increase during 2020 was primarily related to certain Gaming customers in LATAM (which transact with both domestic and international subsidiaries) as those customers were particularly affected by macroeconomic factors exacerbated by COVID-19 and extended COVID-19 closures of gaming operations establishments with COVID-related closures lasting longer than in other geographic regions. We did not have any material changes to our allowance for credit losses for the years ended December 31, 2022 and 2021.

The fair value of receivables is estimated by discounting expected future cash flows using current interest rates at which similar loans would be made to borrowers with similar credit ratings and remaining maturities. As of December 31, 2022 and 2021, the fair value of receivables, net, approximated the carrying value due to contractual terms of receivables generally being less than 24 months.

(8) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on the first-in, first-out or weighted moving average method. Our inventory primarily consists of gaming machines and table products for sale and related parts. We determine the lower of cost or net realizable value of our inventory based on estimates of potentially excess and obsolete inventories after considering historical and forecasted demand and average selling prices. Our policy is to continuously review and assess the value of our inventory. We continuously monitor demand, assess our internal outlook and rationalize our product roadmap, all of which could result in recording adjustments to the valuation of inventory.

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Inventories consisted of the following:

	As of December 31,	
	2022	2021
Parts and work-in-process	$ 124	$ 70
Finished goods	37	28
Total inventories	$ 161	$ 98

Parts and work-in-process include parts for gaming machines and our finished goods inventory primarily consist of gaming machines for sale.

We recorded inventory valuation charges (recorded in Cost of product sales) of $5 million, $12 million and $48 million for the years ended December 31, 2022, 2021 and 2020, respectively. The 2020 charges are a result of an improved and expanded strategic plan that required us to reassess whether we had excess or obsolete inventory, as well as COVID-19 disruptions that led to rapid demand reduction and extended closures in the LATAM region at that time.

(9) Property and Equipment, net

Property and equipment are stated at cost, and when placed into service, are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Item	Estimated Life in Years
Gaming equipment	1 - 5
Machinery and equipment	3 - 15
Transportation equipment	3 - 8
Furniture and fixtures	5 - 10
Buildings and improvements	15 - 40

Costs incurred for equipment associated with specific Gaming contracts not yet placed into service are classified as construction in progress and are not depreciated until placed into service. Leasehold improvements are amortized over the lesser of the term of the corresponding lease or their useful life.

We periodically review the estimated useful lives of our fixed assets and assess the recoverability of long-lived assets (or asset groups) whenever events or changes in circumstances indicate that the carrying value of such an asset (or asset groups) may not be recoverable.

Property and equipment, net consisted of the following:

	As of December 31,	
	2022	2021
Land	$ 6	$ 6
Buildings and leasehold improvements	56	55
Gaming machinery and equipment	685	712
Furniture and fixtures	25	22
Construction in progress	9	9
Other property and equipment	88	84
Less: accumulated depreciation	(665)	(675)
Total property and equipment, net	$ 204	$ 213

Depreciation expense is excluded from Cost of services, Cost of product sales and Other operating expenses and is separately presented within *D&A*.

	Year Ended December 31,		
	2022	2021	2020
Depreciation expense	$ *111*	$ *120*	$ *145*

(10) Acquisitions

We account for business combinations in accordance with ASC 805, which requires us to recognize all (and only) the assets acquired and liabilities assumed in the transaction and establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed in a business combination, with certain exceptions for contract assets and contract liabilities in accordance with ASC 606. Certain provisions of this standard prescribe, among other things, the determination of acquisition-date fair value of consideration paid in a business combination (including contingent consideration) and the exclusion of transaction and acquisition related restructuring costs from acquisition accounting. If the assets acquired do not meet the definition of a business under the acquisition method of accounting, the transaction is accounted for as an acquisition of assets rather than a business combination. In an asset acquisition, we allocate the cost of the group of assets acquired to the individual assets acquired or liabilities assumed based on the relative fair values of net identifiable assets acquired and no goodwill is recorded.

2022 Acquisitions

In March 2022, SciPlay acquired 80% of all issued and outstanding share capital of privately held Alictus Yazilim Anonim Şirketi ("Alictus"), a Turkey-based hyper-casual game studio for approximately $108 million cash consideration, net of cash acquired. The remaining 20% will be acquired ratably for potential additional consideration payable annually based upon the achievement of specified revenue and earnings targets by Alictus during each of the five years following the acquisition date. Any future payments associated with the acquisition of the remaining 20% will represent a redeemable non-controlling interest, with a minimum payout of $0 million and a maximum payout of $200 million. The Alictus acquisition expands SciPlay's business in the casual gaming market, growing its game pipeline and diversifying its revenue streams as it advances its strategy to be a diversified global game developer. Alictus has been included in our SciPlay business segment.

In April 2022, we acquired Playzido Limited ("Playzido"), a dynamic content creation platform provider and game supplier, which is expected to accelerate the pace at which we can partner with game studios and operators to expand our iGaming content offering. Playzido has been included in our iGaming business segment.

In October 2022, we acquired substantially all of the assets of House Advantage, LLC ("House Advantage"), a leading loyalty and marketing software and technology provider, which expands our Gaming systems offering with enhanced loyalty capabilities. House Advantage has been included in our Gaming business segment and was accounted for as an asset acquisition.

The following table summarizes an aggregate disclosure related to acquisitions completed during the year ended December 31, 2022:

Total consideration	Cash paid, net of cash acquired[1]	Contingent consideration/Redeemable non-controlling interest[2]	Allocation of purchase price to Intangible assets, net[3]	Weighted average useful life of acquired intangible assets	Excess purchase price allocated to Goodwill[4]
$ 171	$ 133	$ 25	$ 64	6 Years	$ 101

(1) Exclusive of $6 million acquired in short term investments.

(2) Fair values were determined using an income approach primarily based on reaching certain revenue and earnings-based metrics, with discount rates ranging between 2% and 16% and a maximum payout of up to $213 million.

(3) Intangible assets primarily consist of intellectual property, consisting of games technology and content platforms, and trade names. For those acquired in business combinations, the fair value of these intangible assets was determined using an income approach method and level 3 inputs in the hierarchy as established by ASC 820. The discount rates used in the valuation analyses ranged between 16% and 18%. Royalty rates used for the trade names as well as acquired game content and related technology ranged between 1% and 3% and 20% and 21%, respectively.

(4) The factors contributing to the recognition of acquisition goodwill are based on game portfolio and platform diversification, expected synergies, assembled workforce and other strategic benefits. None of the resultant goodwill is expected to be deductible for income tax purposes.

2021 Acquisitions

Acquisitions Related to Continuing Operations

In July 2021, SciPlay acquired privately held Koukoi Games Oy ("Koukoi"), a developer and operator of casual mobile games. Koukoi has been included in our SciPlay business segment and was accounted for as an asset acquisition.

In August 2021, we acquired privately held Lightning Box Games ("Lightning Box"), an iGaming content studio. Lightning Box has been included in our iGaming business segment.

In October 2021, we signed a definitive agreement to acquire Automated Cashless Systems, Inc.'s ("ACS") table game solution *PLAYON*™ ("PlayOn™"), a cashless product line that provides players with a debit solution at live table games. PlayOn was re-named to "Access To On Demand Money" ("*ATOM*™") and is included in our Gaming business segment.

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In November 2021, we acquired Authentic Gaming, a premium provider of live casino solutions, which has been included in our iGaming business segment.

In December 2021, we acquired ELK Studios, a leading European games developer, which has been included in our iGaming business segment.

Acquisitions Related to Discontinued Operations

In May 2021, we acquired SportCast Pty, Limited ("SportCast"), a privately held sports-betting content and player engagement technology and platform supplier, which was included in the Sports Betting Business.

In September 2021, we acquired Sideplay Entertainment, a digital "e-instant" content studio, which was included in the Lottery Business.

The following table summarizes an aggregate disclosure related to acquisitions completed during the year ended December 31, 2021:

	Total consideration	Cash paid, net of cash acquired	Contingent consideration[1]	Intangible assets, net[2]	Weighted average useful life of acquired intangible assets	Excess purchase price allocated to Goodwill[3]
Acquisitions related to continuing operations	$ 252	$ 186	$ 45	$ 52	6.4 Years	$ 191
Acquisitions related to discontinued operations[4]	106	18	25	35	6 Years	77
Aggregate total	$ 358	$ 204	$ 70	$ 87		$ 268

(1) Contingent acquisition consideration values are primarily based on reaching certain earnings-based metrics and were determined by fair value and included in the consideration transferred. The fair value was primarily determined using an income approach method and level 3 inputs in the hierarchy as established by ASC 820.

(2) Intangible assets primarily consist of technology-based and customer relationship intangible assets. The fair value of these intangible assets was determined using an income approach method and level 3 inputs in the hierarchy as established by ASC 820. The discount rates and royalty rates used in the valuation analyses ranged between 15% and 29% and 1% and 52%, respectively.

(3) The factors contributing to the recognition of acquisition goodwill are based on customer offering diversification, expected synergies, assembled workforce and other strategic benefits. None of the resultant goodwill is expected to be deductible for income tax purposes.

(4) The SportCast acquisition's total consideration transferred included a $63 million increase in fair value of the option agreement to acquire SportCast, which resulted in a $63 million gain recorded in Net income from discontinued operations, net of tax, in our consolidated statements of operations for the year ended December 31, 2021. The fair value of the option was determined using an income approach method and level 3 inputs in the hierarchy as established by ASC 820. The discount rate used in the valuation analyses was 15%.

2020 Acquisitions

In June 2020, SciPlay completed the acquisition of all of the issued and outstanding capital stock of privately held mobile and social game company Come2Play, Ltd. for the total purchase consideration of $18 million, which has been included in our SciPlay business segment.

The revenue and earnings associated with all of the above acquisitions were not significant to our consolidated financial statements.

(11) Intangible Assets, net and Goodwill

Intangible Assets, net

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives of two to fifteen years with no estimated residual values, which materially approximates the expected pattern of use. Factors considered when assigning useful lives include legal, regulatory and contractual provisions, product obsolescence, demand, competition and other economic factors. The following tables present certain information regarding our intangible assets as of December 31, 2022 and 2021.

	As of December 31,					
	2022			2021		
	Gross Carrying Value	Accumulated Amortization	Net Balance	Gross Carrying Value	Accumulated Amortization	Net Balance
Amortizable intangible assets:						
Customer relationships	$ 902	$ (503)	$ 399	$ 911	$ (445)	$ 466
Intellectual property	948	(714)	234	914	(670)	244
Licenses	371	(273)	98	472	(380)	92
Brand names	129	(108)	21	132	(97)	35
Trade names	162	(122)	40	158	(54)	104
Patents and other	12	(7)	5	12	(7)	5
Total intangible assets	$ 2,524	$ (1,727)	$ 797	$ 2,599	$ (1,653)	$ 946

The following reflects intangible amortization expense included within D&A:

	Year Ended December 31,		
	2022	2021	2020
Amortization expense	$ 239	$ 197	$ 207

Estimated intangible asset amortization expense for the year ending December 31, 2023 and each of the subsequent four years:

	Year Ending December 31,				
	2023	2024	2025	2026	2027
Amortization expense	$ 196	$ 149	$ 118	$ 104	$ 95

During the fourth quarter of 2021 and as a result of corporate-wide rebranding, we determined that useful lives for certain of our finite-lived and previously indefinite-lived trade names in our Gaming business segment warranted a change. We first performed an impairment assessment, which indicated that carrying values of these trade names were not impaired. The change in useful life determination was treated as a change in estimate with a $109 million carrying value of these legacy trade names being amortized on a straight-line basis beginning in the fourth quarter of 2021 over twenty months, which materially approximates the expected pattern of use and period over which these legacy trade names are expected to contribute to the future cash flows of their respective asset groups. The incremental expense of this change for the years ended December 31, 2022 and 2021 was $59 million and $10 million, respectively, and recorded in D&A.

We assess the recoverability of long-lived assets and intangible assets with finite useful lives whenever events arise or circumstances change that indicate the carrying value of an asset may not be recoverable. Recoverability of long-lived assets (or asset groups) to be held and used is measured by a comparison of the carrying value of the asset (or asset group) to the expected net future undiscounted cash flows to be generated by that asset (or asset group). Any impairment of other long-lived assets and intangible assets with finite lives is measured by the amount by which the carrying value of the asset exceeds the fair market value of the asset.

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Goodwill

The table below reconciles the change in the carrying value of goodwill, by business segment, for the period from December 31, 2020 to December 31, 2022.

	Gaming[1]	SciPlay	iGaming	Totals
Balance as of December 31, 2020	$ 2,425	$ 124	$ 181	$ 2,730
Acquired goodwill	—	—	191	191
Foreign currency adjustments	(20)	2	(11)	(29)
Balance as of December 31, 2021	2,405	126	361	2,892
Acquired goodwill	—	93	8	101
Foreign currency adjustments	(32)	(6)	(36)	(74)
Balance as of December 31, 2022	$ 2,373	$ 213	$ 333	$ 2,919

(1) Accumulated goodwill impairment charges for the Gaming segment as of December 31, 2022 were $989 million.

Goodwill represents the excess of the purchase price over the fair value of the assets acquired and liabilities assumed of acquired companies. We test goodwill for impairment annually as of October 1 of each fiscal year or more frequently if events arise or circumstances change that indicate that it is "more likely than not" that the fair value of a reporting unit is less than its carrying value.

We evaluate goodwill at the reporting unit level by comparing the carrying value of each reporting unit to its fair value using a quantitative impairment test or qualitative assessment, as deemed appropriate. Under the qualitative assessment option, we first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value, which is commonly referred to as "Step 0." If it is determined that it is not more likely than not that the fair value is less than the carrying value, goodwill is not considered impaired. For reporting units where we perform the quantitative test, we are required to compare the fair value of each reporting unit, which we primarily determine using an income approach based on the present value of discounted cash flows and a market approach, to the respective carrying value, which includes goodwill. If the fair value of the reporting unit is less than its carrying value, an impairment charge is recognized for the amount by which the carrying value exceeds the reporting unit's fair value determined based on the quantitative test, not to exceed the total amount of goodwill allocated to that reporting unit.

We review our operating segments in accordance with ASC 350 to determine reporting units within our operating segments based on the availability of discrete financial information that is regularly reviewed by segment management. We determined that we have six reporting units: Gaming, U.K. Gaming, Casino Management Systems, Table Products, SciPlay, and iGaming. For business segment information, see Note 3.

Our annual goodwill impairment tests as of October 1, 2022 indicated it was more likely than not that the fair values of each of our reporting units that have goodwill exceeded their respective carrying values.

2020 U.K. Gaming Impairment Charge

As a result of deterioration in business conditions in 2019 and COVID-19 disruptions and global economic uncertainty in 2020, we performed a quantitative goodwill impairment test for our U.K. Gaming reporting unit (part of our Gaming business segment) during the first quarter of 2020. We performed this quantitative impairment test by comparing the fair value of our U.K. Gaming reporting unit to its carrying value, including goodwill. The fair value of our U.K. Gaming reporting unit was determined using a combination of both an income approach, based on the present value of discounted cash flows, and a market approach. Due to market volatility and limited market data points specific to the nature of our U.K. Gaming reporting unit operations, we placed greater weight on the income approach than on the market approach. As a result of this analysis, we recognized an impairment charge of $54 million, which is the amount by which the carrying value exceeded the estimated fair value. This impairment charge resulted in no tax benefit.

(12) Software, net

We capitalize direct costs used in the development of internal-use software. Amounts capitalized are amortized over a period of two to ten years on a straight-line basis.

We purchase, license and incur costs to develop external use software to be used in the products we sell, lease or market to customers. Costs incurred in creating software are expensed when incurred as R&D until technological feasibility has been established, after which costs are capitalized up to the date the software is available for general release to customers. Generally, the software we develop reaches technological feasibility when a working model of the software is available. We

capitalize the payments made for software that we purchase or license for use in our products that has previously met the technological feasibility criteria prior to our purchase or license. Amortization of capitalized software costs is recorded over the estimated economic life, which is typically eight to ten years.

For our game themes, we have determined that such products reach technological feasibility when internal testing is complete and the product is ready to be submitted to gaming regulators for approval. We incur and capitalize regulatory approval costs for our game themes after technological feasibility is achieved. Amortization of regulatory approval costs is recorded over the estimated economic life, which is typically two to four years.

Software, net consisted of the following:

	As of December 31,	
	2022	2021
Software	$ 1,064	$ 996
Accumulated amortization	(919)	(879)
Software, net	$ 145	$ 117

In the years ended December 31, 2022 and 2021, we capitalized $76 million and $58 million, respectively, of development expenditures.

The following reflects amortization of software included within D&A:

	Year Ended December 31,		
	2022	2021	2020
Amortization expense	$ 70	$ 81	$ 97

(13) Accrued Liabilities

Accrued liabilities consisted of the following:

	As of December 31,	
	2022	2021
Compensation and benefits[1]	$ 113	$ 122
Accrued interest	44	84
Accrued licenses	27	29
Legal matters	11	27
Contract liabilities (including customer advances, deposits and funds held on behalf of customers)	32	31
Taxes, other than income	11	17
Operating lease liabilities	17	16
Contingent acquisition consideration liabilities	34	3
Other	91	99
Total	$ 380	$ 428

(1) Includes $24 million and $30 million in liability classified equity awards as of December 31, 2022 and 2021, respectively.

(14) Leases and Other Commitments

Leases

Our operating leases primarily consist of real estate leases such as offices, warehouses, and research and development facilities. Our leases have remaining lease terms ranging from one year to eleven years, some of which include options to extend the leases for up to three years or to terminate the leases within one year. Our finance leases are immaterial.

Our total operating lease expense was $22 million, $21 million and $23 million for the years ended December 31, 2022, 2021 and 2020, respectively. The total amount of variable and short-term lease payments was immaterial for all periods presented.

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Supplemental balance sheet and cash flow information related to operating leases is as follows:

	As of December 31,	
	2022	2021
Operating lease right-of-use assets	$ 49	$ 51
Accrued liabilities	17	16
Operating lease liabilities	37	40
Total operating lease liabilities	$ 54	$ 56
Weighted average remaining lease term, years	4	4
Weighted average discount rate	5 %	5 %

	Year Ended December 31,		
	2022	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases	$ 20	$ 19	$ 19
Right-of-use assets obtained in exchange for new lease liabilities:			
Operating leases	$ 17	$ 15	$ 8

Lease liability maturities:

	2023	2024	2025	2026	2027	Thereafter	Less Imputed Interest	Total
Operating leases	$ 18	$ 16	$ 12	$ 8	$ 3	$ 2	$ (5)	$ 54

As of December 31, 2022, we did not have material additional operating leases that have not yet commenced.

Other Commitments

U.S. 401(k) plan

We have a 401(k) plan for U.S.-based employees. Those employees who participate in our 401(k) plan are eligible to receive matching contributions from us for the first 6% of participant contributions (as defined in the plan document). Contribution expense for the years ended December 31, 2022, 2021 and 2020 amounted to $8 million, $6 million and $3 million, respectively.

(15) Long-Term Debt

Outstanding Debt

The following table reflects our outstanding debt:

			As of December 31,			
			2022			2021
	Final Maturity	Rate(s)	Face Value	Unamortized debt discount/premium and deferred financing costs, net	Book Value	Book Value
Senior Secured Credit Facilities:						
LNWI Term Loan B-5	2024	variable	$ —	$ —	$ —	$ 3,982
SciPlay Revolver	2024	variable	—	—	—	—
LNWI Revolver	2027	variable	—	—	—	—
LNWI Term Loan B	2029	variable	2,189	(30)	2,159	—
LNWI Senior Notes:						
2025 Secured Notes	2025	5.000%	—	—	—	1,240
2026 Secured Euro Notes	2026	3.375%	—	—	—	364
2025 Unsecured Notes	2025	8.625%	550	(5)	545	544
2026 Unsecured Euro Notes	2026	5.500%	—	—	—	280
2026 Unsecured Notes	2026	8.250%	—	—	—	1,090
2028 Unsecured Notes	2028	7.000%	700	(7)	693	692
2029 Unsecured Notes	2029	7.250%	500	(5)	495	494
Other	2023	—	2	—	2	4
Total long-term debt outstanding			$ 3,941	$ (47)	$ 3,894	$ 8,690
Less: current portion of long-term debt					(24)	(44)
Long-term debt, excluding current portion					$ 3,870	$ 8,646
Fair value of debt[1]			$ 3,867			

(1) Fair value of our fixed rate and variable interest rate debt is classified within Level 2 in the fair value hierarchy and has been calculated based on the quoted market prices of our securities.

The following reflects the principal amount of debt payments due over the next five years and beyond as of December 31, 2022:

Due	Total Principal Due	Series of Debt	Principal Due per Series of Debt
2023	$ 24	Term Loan B	$ 22
		Other	2
2024	22	Term Loan B	22
2025	572	2025 Unsecured Notes	550
		Term Loan B	22
2026	22	Term Loan B	22
2027	22	Term Loan B	22
		Drawn Revolving Credit Facility	—
		2028 Unsecured Notes	700
2028 and beyond	3,279	2029 Unsecured Notes	500
		Term Loan B	2,079
Unamortized deferred financing costs and discount/premium	(47)		
Total debt book value as of December 31, 2022	$ 3,894		

Credit Agreement

L&W and certain of its subsidiaries are party to the LNWI Credit Agreement. This credit agreement includes (a) the LNWI Revolver, a revolving credit facility of $750 million that matures April 14, 2027, with up to $350 million available for issuances of letters of credit and (b) the LNWI Term Loan B, a term loan facility with an initial aggregate principal amount of $2,200 million that matures April 14, 2029.

The LNWI Term Loan B amortizes in equal quarterly installments in an amount equal to 1.00% per annum of the stated principal amount thereof, with the remaining balance due at final maturity. LNWI may voluntarily prepay all or any portion of outstanding amounts under the LNWI Credit Agreement at any time, without premium or penalty, subject to redeployment costs in the case of a prepayment of Adjusted Term SOFR Rate (as defined in the LNWI Credit Agreement) loans on a day that is not the last day of the relevant interest period.

The interest rate for the Term Loan B is either (i) Adjusted Term SOFR Rate (as defined in the LNWI Credit Agreement), which includes a credit spread adjustment ranging from 10 to 25 basis points, plus 3.00% per annum or (ii) a base rate plus 2.00% per annum. The interest rate for revolver borrowings is either (i) Adjusted Term SOFR Rate (or an alternative benchmark rate for non-US dollar borrowings) plus 2.00% per annum or (ii) a base rate plus 1.00% per annum, with one 0.25% per annum step-up and one 0.25% per annum step-down based on LNWI's Consolidated Net First Lien Leverage Ratio (as defined in the LNWI Credit Agreement) at the end of future fiscal quarters. LNWI is required to pay commitment fees to revolving lenders on the actual daily unused portion of the revolving commitments at a rate of 0.30% per annum through maturity, subject to a step-down to 0.25% per annum or a step-up to 0.35% per annum based upon the achievement of certain Consolidated Net First Lien Leverage Ratios.

SciPlay Revolver

SciPlay Games, LLC ("SciPlay Holding"), a subsidiary of SciPlay, entered into the SciPlay Revolver, a $150 million revolving credit agreement that matures in May 2024, by and among SciPlay Holding, as the borrower, SciPlay Parent LLC, as a guarantor, the subsidiary guarantors party thereto (which are all domestic entities that comprise our SciPlay business segment), the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent.

The interest rate is either Eurocurrency Rate (as defined in the SciPlay Revolver) plus 2.25% per annum (with one 0.25% leverage-based step-down to the margin and one 0.25% leverage-based step-up to the margin) or ABR (as defined in the SciPlay Revolver) plus 1.25% per annum (with one 0.25% leverage-based step-down to the margin and one 0.25% leverage-based step-up to the margin) at the option of SciPlay Holding. SciPlay Holding is required to pay to the lenders a commitment fee of 0.50% per annum on the average daily unused portion of the revolving commitments through maturity, which fee varies based on the total net leverage ratio and is subject to a floor of 0.375%. As of December 31, 2022, the commitment fee was 0.375% per annum. The SciPlay Revolver provides for up to $15 million in letter of credit issuances.

On February 28, 2022, SciPlay entered into Amendment No. 2 to the SciPlay Revolver, that among other things, (i) amended certain interest rate provisions related to Sterling-denominated revolving loans, (ii) increased SciPlay's capacity to acquire non-loan parties and (iii) allowed for the acquisition of Alictus (see Note 10).

2028 and 2029 Unsecured Notes

On November 26, 2019, LNWI issued $700 million in aggregate principal amount of its 2028 Unsecured Notes and $500 million in aggregate principal amount of its 2029 Unsecured Notes. We used the net proceeds of the 2028 Unsecured Notes and the 2029 Unsecured Notes, together with cash on hand and borrowings under the revolving credit facility, to redeem $1,444 million in previously outstanding notes and pay accrued and unpaid interest thereon plus related premiums, fees, and costs, which redemption was completed on December 12, 2019, and to pay related fees and expenses of the offering.

2025 Unsecured Notes

On July 1, 2020, we completed the issuance of $550 million in aggregate principal amount of 8.625% senior unsecured notes due 2025 in a private offering and received total net proceeds of $543 million. We used a portion of the net proceeds to redeem $341 million of previously outstanding notes and pay accrued and unpaid interest thereon plus related premiums, fees and costs, which redemption was completed on July 17, 2020, and used the remaining net proceeds to fund working capital and general corporate purposes.

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The following table sets forth the date of the indenture, redemption prices and dates and ranking, guarantees and collateral for each of our outstanding series of notes:

Series of Notes	Indenture Date	Redeemable at Make Whole Price Prior To[(1)]	Ranking, Guarantees and Collateral
2025 Unsecured Notes	July 1, 2020	July 1, 2022	Senior Unsecured
2028 Unsecured Notes	November 26, 2019	May 15, 2023	Senior Unsecured
2029 Unsecured Notes	November 26, 2019	November 15, 2024	Senior Unsecured

(1) Refers to the date prior to which such series of notes may be redeemed at a redemption price equal to 100% of the principal amount of such notes plus accrued and unpaid interest, if any, to the date of redemption plus a "make whole" premium. On or after such date, such notes may be redeemed at the prices specified in the indenture governing such notes.

Ranking, Guarantees and Collateral

Borrowings under the LNWI Credit Agreement are senior secured obligations of LNWI, rank equally to all of LNWI's existing and future senior debt and rank senior to all of LNWI's existing and future senior subordinated debt, if any. The Unsecured Notes are senior unsecured obligations of LNWI, rank equally to all of LNWI's existing and future senior debt and rank senior to all of LNWI's existing and future senior subordinated debt, if any.

Borrowings under the LNWI Credit Agreement and the Senior Notes are guaranteed by us and each of our current and future direct and indirect wholly owned domestic subsidiaries (other than LNWI, the unrestricted business entities comprising our SciPlay business segment and certain immaterial subsidiaries), subject to certain customary exceptions as set forth in the LNWI Credit Agreement and the indentures governing such notes. Borrowings under the LNWI Credit Agreement and the Senior Notes are structurally subordinated to all of the liabilities of our Non-Guarantor Subsidiaries.

The obligations under the LNWI Credit Agreement are secured by a first priority lien on (1) substantially all the property and assets (real and personal, tangible and intangible) of LNWI and the other guarantors, and (2) 100% of the capital stock (or other equity interests) of the direct domestic subsidiaries of L&W, LNWI and the guarantors and 65% of the capital stock (or other equity interests) of the direct foreign subsidiaries of L&W, LNWI and the guarantors, in each case, subject to certain customary exceptions.

The SciPlay Revolver is secured by a (i) first priority pledge of the equity securities of SciPlay Holding, SciPlay Parent LLC's restricted subsidiaries and each subsidiary guarantor party thereto and (ii) first priority security interests in, and mortgages on, substantially all tangible and intangible personal property and material fee-owned real property of SciPlay Parent LLC, SciPlay Holding and each subsidiary guarantor party thereto, in each case, subject to customary exceptions.

Restrictive Covenants

The credit facilities are subject to customary affirmative and negative covenants as well as a financial covenant. The financial covenant in the LNWI Credit Agreement is solely for the benefit of the revolving facility, is tested at the end of each fiscal quarter if the outstanding borrowings (excluding up to $5 million of undrawn letters of credit and any cash collateralized letters of credit) under the revolving facility exceed 30% of the commitments under the revolving facility, and requires that L&W and its Restricted Subsidiaries not be in excess of a maximum Consolidated Net First Lien Leverage Ratio of 4.50:1.00. Additionally, the SciPlay Revolver requires that SciPlay maintain a maximum Total Net Leverage Ratio not to exceed 2.50x and maintain a minimum Fixed Charge Coverage Ratio of no less than 4.00x.

Failure to comply with any of the covenants in these agreements could result in a default under these agreements and under other agreements containing cross-default provisions. Such a default would permit lenders to accelerate the maturity of the debt under these agreements and other agreements containing cross-default provisions and, in the case of the LNWI Credit Agreement or SciPlay Revolver, to foreclose upon any collateral securing such debt.

We were in compliance with the financial covenants under our debt agreements as of December 31, 2022.

Debt Issuance Costs and Loss on Debt Financing Transactions

We capitalize debt issuance costs associated with long-term financing arrangements and amortize the deferred debt issuance costs over the term of the arrangement using the effective interest method. The capitalized debt issuance costs associated with long-term debt financing, other than line-of-credit arrangements, are presented as a direct reduction from the carrying value of long-term debt, consistent with the treatment of unamortized debt discount. In connection with the new credit agreement in April 2022, we capitalized $44 million in financing costs, $33 million of which were presented as a reduction to long-term debt and $11 million were related to our revolving facility and included in other assets on our consolidated balance sheets.

The following are components of the loss on debt financing transactions resulting from debt extinguishment and modification accounting:

	Years Ended December 31,		
	2022	2021	2020
Repayment of principal balance at premium	$ 90	$ —	$ —
Unamortized debt (premium) discount and deferred financing costs, net	57	—	—
Third party debt issuance fees	—	—	1
Total loss on debt financing transactions	$ 147	$ —	$ 1

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(16) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset and liability in an orderly transaction between market participants at the measurement date. We estimate the fair value of our assets and liabilities when required using an established three-level hierarchy in accordance with ASC 820.

The fair value of our financial assets and liabilities is determined by reference to market data and other valuation techniques as appropriate. We believe the fair value of our financial instruments, which are principally cash and cash equivalents, restricted cash, receivables, other current assets, accounts payable and accrued liabilities, approximates their recorded values. Our assets and liabilities measured at fair value on a recurring basis are described below.

Derivative Financial Instruments

As of and for the year ended December 31, 2022, we held the following derivative instruments that were accounted for pursuant to ASC 815:

Interest Rate Swap Contracts

We currently use interest rate swap contracts as described below to manage exposure to interest rate fluctuations by reducing the uncertainty of future cash flows on our variable rate debt.

In April 2022, we entered into interest rate swap contracts to hedge a portion of our interest expense associated with our variable rate debt to effectively fix the interest rate that we pay. These interest rate swap contracts were designated as cash flow hedges under ASC 815. We pay interest at a weighted-average fixed rate of 2.8320% and receive interest at a variable rate equal to one-month Chicago Mercantile Exchange Term SOFR. The total notional amount of these interest rate swaps was $700 million as of December 31, 2022. These hedges mature in April 2027.

In February 2018, we entered into interest rate swap contracts to hedge a portion of our interest expense associated with our variable rate debt to effectively fix the interest rate that we paid. These interest rate swap contracts were designated as cash flow hedges under ASC 815. We paid interest at a weighted-average fixed rate of 2.4418% and received interest at a variable rate equal to one-month LIBOR. The total notional amount of these interest rate swaps was $800 million. These hedges matured in February 2022.

Our hedges are highly effective in offsetting changes in our future expected cash flows due to the fluctuation in the variable rates associated with our variable rate debt. We qualitatively monitor the effectiveness of these hedges on a quarterly basis. As a result of the effective matching of the critical terms on our variable rate interest expense being hedged to the hedging instruments being used, we expect these hedges to remain highly effective.

All gains and losses from these hedges are recorded in other comprehensive income (loss) until the future underlying payment transactions occur. Any realized gains or losses resulting from the hedges are recognized (together with the hedged transaction) as interest expense. We estimate the fair value of our interest rate swap contracts by discounting the future cash flows of both the fixed rate and variable rate interest payments based on market yield curves. The inputs used to measure the fair value of our interest rate swap contracts are categorized as Level 2 in the fair value hierarchy as established by ASC 820.

The following table shows the gains (losses) and interest expense on our interest rate swap contracts:

	Year Ended December 31,		
	2022	2021	2020
Gains (losses) recorded in accumulated other comprehensive loss, net of tax	$ 27	$ 14	$ (6)
Interest expense recorded related to interest rate swap contracts	7	19	15

We do not expect to reclassify material amounts from accumulated other comprehensive loss to interest expense in the next twelve months.

The following table shows the effect of interest rate swap contracts designated as cash flow hedges on interest expense in the consolidated statements of operations:

	Year Ended December 31,		
	2022	2021	2020
Total interest expense which reflects the effects of cash flow hedges	$ (327)	$ (478)	$ (503)
Hedged item	(17)	(20)	(20)
Derivative designated as hedging instrument	10	1	5

Cross-Currency Interest Rate Swaps

We entered into certain cross-currency interest rate swap agreements to achieve more beneficial interest rates by effectively converting $460 million of our fixed-rate U.S. Dollar-denominated 2025 Secured Notes to variable rates. We had previously designated these cross-currency interest rate swap agreements as a net investment hedge of our investments in certain of our international subsidiaries that use the Euro as their functional currency and used the spot method to measure the effectiveness of our net investment hedge. As a result, the change in the fair value of the $460 million cross-currency interest rate swaps was reported in foreign currency translation gain (loss) in accumulated other comprehensive loss until their settlement as part of the April 2022 Refinancing, in which we settled these for approximately $50 million in cash proceeds.

The following table shows the fair value of our hedges:

		As of December 31,	
	Balance Sheet Line Item	2022	2021
Interest rate swaps[1][2]	Accrued liabilities	$ —	$ 3
Interest rate swaps[1][3]	Other assets	30	—
Cross-currency interest rate swaps[1][4]	Other assets	—	42

(1) The inputs used to measure the fair value of our interest rate swap contracts are categorized as Level 2 in the fair value hierarchy.

(2) Contracts matured in February 2022. Gain of $19 million and loss of $6 million for the years ended December 31, 2021 and 2020, respectively, are reflected in Derivative financial instrument unrealized gain (loss) in Other comprehensive income (loss).

(3) Contracts mature in April 2027. Gain of $30 million for the year ended December 31, 2022, is reflected in Derivative financial instrument unrealized gain (loss) in Other comprehensive income (loss).

(4) Gain of $4 million, gain of $28 million, and loss of $27 million for the years ended December 31, 2022, 2021 and 2020, respectively, are reflected in Foreign currency translation gain (loss) in Other comprehensive income (loss).

Contingent Acquisition Consideration Liabilities

In connection with our acquisitions, we have recorded certain contingent consideration liabilities (including redeemable non-controlling interest), of which the values are primarily based on reaching certain earnings-based metrics. The related liabilities were recorded at fair value on their respective acquisition dates as a part of the consideration transferred and are remeasured each reporting period (other than for redeemable non-controlling interest, which is measured based on its redemption value). The inputs used to measure the fair value of our liabilities are categorized as Level 3 in the fair value hierarchy.

The table below reconciles the change in the contingent acquisition consideration liabilities (including deferred purchase price) for the period from December 31, 2021 to December 31, 2022.

	Total	Included in Accrued Liabilities	Included in Other Long-Term Liabilities
Balance as of December 31, 2021	$ 51	$ 3	$ 48
Additions	30		
Payments	(23)		
Fair value adjustments[1]	21		
Balance as of December 31, 2022	$ 79	$ 34	$ 45

(1) Amount included in Restructuring and other (see Note 5).

Marketable Securities

As part of our divestiture of the Sports Betting Business, we received approximately 2.3 million shares of Class A common stock of Endeavor, with a fair value of $46 million as of the transaction date. The inputs used to measure the fair value of these shares were categorized as Level 1 in the fair value hierarchy, as quoted prices in an active market were available at the measurement date. The Endeavor stock was sold in the fourth quarter of 2022 for $48 million.

(17) Stockholders' Equity (Deficit)

The following reflects total stock-based compensation expense recognized under all programs:

	Year Ended December 31,		
	2022	2021	2020
Related to L&W stock options	$ 1	$ 31	$ 8
Related to L&W RSUs	56	75	26
Related to SciPlay RSUs	12	7	22
Total[(1)]	$ 69	$ 113	$ 56

(1) The years ended December 31, 2022 and 2021 include $24 million and $34 million, respectively, classified as liability awards.

The following table sets forth the change in the number of shares of common stock outstanding during the fiscal years ended December 31, 2022 and 2021:

	December 31,	
	2022	2021
Shares outstanding as of beginning of period	97	95
Shares issued as part of equity-based compensation plans and the employee stock purchase plan ("ESPP"), net of shares surrendered	1	2
Shares repurchased into treasury stock	(7)	—
Shares outstanding as of end of period	91	97

Series A Junior Participating Preferred Stock and Rights Agreement

Under our 2018 Amended and Restated Rights Agreement (which amended the rights agreement between L&W and American Stock Transfer & Trust Company, LLC) (the "Rights Agreement"), we reserved for issuance 20,000 shares of Series A Junior Participating Preferred Stock ("Preferred Stock"), par value $.001 per share, upon the exercise of rights under our Amended and Restated Rights Agreement. The Amended and Restated Rights Agreement provides for a dividend of one preferred share purchase right ("Right") for each share of common stock of L&W. Each Right entitles the holder to purchase one ten-thousandth of a share of Series A Junior Preferred Stock for a purchase price of $109.00, subject to adjustment as provided in the Amended and Restated Rights Agreement.

The Amended and Restated Rights Agreement was extended to expire on June 19, 2023 (subject to earlier expiration as described in the Rights Agreement). The Board submitted such amendment extending the Rights Agreement for ratification by a vote by the Company's stockholders at the Company's 2021 annual stockholders' meeting, and it was approved by the affirmative vote of holders of a majority of outstanding shares of common stock of L&W entitled to vote thereon. As of December 31, 2022, no shares of Preferred Stock were outstanding and no Rights were exercised.

L&W Stock-Based and Other Incentive Compensation

Pursuant to our incentive stock plans we offer stock-based compensation in the form of stock options and RSUs to employees and our non-employee directors. The terms of such stock option and RSU awards, including the vesting schedule of such awards, are determined at our discretion subject to the terms of the applicable equity-based compensation plan. We also offer an ESPP, which allows for a total of up to 2 million shares of common stock to be purchased by eligible employees under offerings made each January 1 and July 1. Employees participate through payroll deductions up to a maximum of 15% of eligible compensation. The term of each offering period is six months, and shares are purchased on the last day of the offering period at a 15% discount to the stock's market value. For offering periods in 2022, 2021 and 2020, we issued approximately 50,000, 40,000 and 80,000 shares of common stock, respectively, at average prices of $44.08, $60.09 and $19.55 per share, respectively.

Options granted over the last several years have generally become exercisable in four equal installments beginning on the first anniversary of the date of grant or when certain performance targets are determined to have been met, in all cases, with

a maximum term of ten years. RSUs typically vest in three or four equal installments beginning on the first anniversary of the date of grant or when certain performance targets are determined to have been met.

We recognize expense for stock-based compensation plans based on the estimated grant date fair value of the related awards in accordance with ASC 718. Stock options are granted with exercise prices that are not less than the fair market value of our common stock on the date of grant. We periodically grant certain stock-based awards that are contingent upon L&W or certain of our subsidiaries achieving certain pre-determined financial performance targets. Upon determining that the performance target is probable, the fair value of the award is recognized over the service period. Determining the probability of achieving a performance target requires estimates and judgment.

As of December 31, 2022, we had approximately 27 million shares of common stock authorized for awards under the 2003 Incentive Compensation Plan, as amended and restated (the "2003 Plan") (plus available shares from a pre-existing equity-based compensation plan). As of December 31, 2022, we had approximately 5 million shares reserved under the 2003 Plan for future grants of equity awards and less than 0.1 million shares available under a pre-existing plan.

Stock Options

A summary of the changes in stock options outstanding under our equity-based compensation plans during 2022 is presented below:

	Number of Options	Weighted Average Remaining Contract Term (Years)	Weighted Average Exercise Price (per share)	Aggregate Intrinsic Value
Options outstanding as of December 31, 2021	2.0	5.3	$ 33.59	$ 68
Granted	—	—	$ 57.67	$ —
Exercised	(0.1)	—	$ 25.94	$ 3
Cancelled	(0.1)	—	$ 22.69	$ —
Options outstanding as of December 31, 2022	1.8	3.5	$ 34.40	$ 45
Options exercisable as of December 31, 2022	1.8	3.5	$ 34.35	$ 44
Options expected to vest as of December 31, 2022	0.1	7.2	$ 37.49	$ 1

The weighted-average grant date fair value of options granted during 2022, 2021 and 2020 was $57.67, $74.16 and $35.41, respectively. The aggregate intrinsic value of the options exercised during the years ended December 31, 2022, 2021 and 2020 was approximately $3 million, $7 million and $6 million respectively.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model. The weighted-average assumptions used in the model are outlined in the following table:

	2022	2021	2020
Assumptions:			
Expected volatility	71 %	74 %	75 %
Risk-free interest rate	3.01 %	0.96 %	0.36 %
Dividend yield	—	—	—
Expected life (in years)	6	6	6

The computation of the expected volatility is based on historical daily stock prices over a period commensurate with the expected life of the option. Expected life is based on annual historical employee exercise behavior of option grants with similar vesting periods and option expiration dates. The risk-free interest rate is based on the yield of zero-coupon U.S. Treasury securities of comparable terms. We do not anticipate paying dividends in the foreseeable future.

At December 31, 2022, we had $1 million of unrecognized stock-based compensation expense relating to unvested stock options that will be amortized over a weighted-average period of approximately two years. During the year ended December 31, 2022, we received $3 million in cash from the exercise of stock options.

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Restricted Stock Units

A summary of the changes in RSUs outstanding under our equity-based compensation plans during 2022 is presented below:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested RSUs as of December 31, 2021	2.7	$ 32.03
Granted	1.8	$ 56.88
Vested	(2.0)	$ 38.91
Cancelled	(0.8)	$ 38.23
Unvested RSUs as of December 31, 2022	1.7	$ 46.66

The weighted-average grant date fair value of RSUs granted during 2022 and 2021 was $56.88 and $55.64, respectively. The fair value of each RSU grant is based on the market value of our common stock at the time of grant. At December 31, 2022, we had $48 million of unrecognized stock-based compensation expense relating to unvested RSUs amortized over a weighted-average period of approximately two years. The fair value at vesting date of RSUs vested during the years ended December 31, 2022, 2021 and 2020 was $118 million, $88 million and $17 million, respectively.

SciPlay Stock-Based Compensation

In 2019, SciPlay adopted the SciPlay Long-Term Incentive Plan ("SciPlay LTIP"). The SciPlay LTIP authorizes the issuance of up to 6.5 million shares of SciPlay's Class A common stock to be granted in connection with awards of incentive and nonqualified stock options, restricted stock, RSUs, stock appreciation rights and performance-based awards. As of December 31, 2022, there were a total of 2.0 million time-based and performance-based SciPlay RSUs outstanding with an average grant price of $13.56 per share of SciPlay Class A common stock. As of December 31, 2022, SciPlay had $22 million in unrecognized stock-based compensation expense that is expected to be recognized over a weighted-average expected vesting period of 1.5 years.

Share Repurchase Programs

On March 1, 2022, our Board of Directors approved a share repurchase program under which the Company is authorized to repurchase, from time to time through February 25, 2025, up to an aggregate amount of $750 million of shares of our outstanding common stock. Repurchases may be made at the discretion of the Transaction Committee of the Board of Directors through one or more open market transactions, privately negotiated transactions, accelerated share repurchases, issuer tender offers or other derivative contracts or instruments, or a combination of the foregoing. During the year ended December 31, 2022, we repurchased 7.0 million shares of common stock under the program at an aggregate cost of $405 million.

On May 9, 2022, SciPlay's Board of Directors approved a share repurchase program under which it is authorized to repurchase, from time to time through May 9, 2024, up to an aggregate amount of $60 million of shares of its outstanding Class A common stock. Repurchases may be made at the discretion of the Board of Directors or the Transaction Committee of the Board of Directors of SciPlay through one or more open market transactions, privately negotiated transactions, including block trades, accelerated share repurchases, issuer tender offers or other derivative contracts or instruments, "10b5-1" plan, or other financial arrangements or other arrangements. During the year ended December 31, 2022, SciPlay repurchased 2.7 million shares of Class A common stock under the program at an aggregate cost of $37 million.

(18) Accumulated Other Comprehensive Loss

The accumulated balances for each classification of other comprehensive loss are presented below:

	Foreign Currency Items	Derivative Financial Instruments[1]	Unrecognized pension benefit costs, net of taxes[2]	Accumulated Other Comprehensive Loss
Balance at January 1, 2020	$ (256)	$ (11)	$ (25)	$ (292)
Change during period	85	(6)	(5)	74
Reclassified into operations	—	—	—	—
Balance at December 31, 2020	$ (171)	$ (17)	$ (30)	$ (218)
Change during period	(74)	14	17	(43)
Reclassified into operations	—	—	—	—
Balance at December 31, 2021	$ (245)	$ (3)	$ (13)	$ (261)
Change during period	(158)	27	—	(131)
Reclassified into operations[3]	61	—	13	74
Balance at December 31, 2022	$ (342)	$ 24	$ —	$ (318)

(1) The change during the period is net of income taxes of $7 million, $15 million and $0 million in 2022, 2021 and 2020, respectively.

(2) The change during the period is net of income taxes of $3 million, $5 million and $0 million in 2022, 2021 and 2020, respectively.

(3) Reclassifications are due to the sales of discontinued operations (see Note 2).

(19) Income Taxes

Income taxes are determined using the liability method of accounting for income taxes, under which deferred tax assets ("DTAs") and deferred tax liabilities ("DTLs") are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities. If, based upon all available evidence, both positive and negative, it is more likely than not that such DTAs will not be realized, a valuation allowance is recorded.

Management assessed the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of existing DTAs in each taxpaying jurisdiction. On the basis of this evaluation, as of December 31, 2022, a valuation allowance of $68 million has been recorded to recognize only the portion of the DTAs that are more likely than not to be realized; however, the amount of the DTAs considered realizable could be adjusted if estimates of future taxable income during the carry forward period change or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as projections for future growth.

COVID-19 disruptions significantly impacted certain segments of our business, particularly during 2020 and 2021. We considered the COVID-19 disruptions in our ability to realize deferred tax assets in the future and determined that such conditions did not change our overall valuation allowance positions. Additionally, we continue to monitor and evaluate the tax implications resulting from any existing and forthcoming legislation passed in response to COVID-19 in the federal, state, and foreign jurisdictions where we have an income tax presence.

We apply a recognition threshold and measurement attribute related to uncertain tax positions taken or expected to be taken on our tax returns. We recognize a tax benefit for financial reporting of an uncertain income tax position when it has a greater than 50% likelihood of being sustained upon examination by the taxing authorities. We measure the tax benefit of an uncertain tax position based on the largest benefit that has a greater than 50% likelihood of being ultimately realized including evaluation of settlements.

The components of net loss from continuing operations before income taxes are as follows:

	Year Ended December 31,		
	2022	2021	2020
United States	$ (191)	$ (309)	$ (631)
Foreign	28	15	(173)
Net loss from continuing operations before income tax expense	$ (163)	$ (294)	$ (804)

The components of income tax expense (benefit) are as follows:

	Year Ended December 31,		
	2022	2021	2020
Current			
U.S. Federal	$ 3	$ (58)	$ 6
U.S. State	1	1	(1)
Foreign	38	10	6
Total	42	(47)	11
Deferred			
U.S. Federal	3	(222)	(4)
U.S. State	1	(46)	(4)
Foreign	(33)	(3)	(6)
Total	(29)	(271)	(14)
Total income tax expense (benefit)	$ 13	$ (318)	$ (3)

The reconciliation of the U.S. federal statutory tax rate to the actual tax rate is as follows:

	Year Ended December 31,		
	2022	2021	2020
Statutory U.S. federal income tax rate	21.0 %	21.0 %	21.0 %
Foreign earnings at rates different than U.S. federal rate	(0.9)%	(2.9)%	0.3 %
Valuation allowance adjustments	6.3 %	86.3 %	(17.1)%
Permanent items	0.7 %	(1.4)%	(1.5)%
Earnings from consolidated subsidiaries	(4.3)%	0.9 %	(0.4)%
Tax benefits from intraperiod tax allocation to discontinued operations	(29.8)%	— %	— %
Tax credits	1.6 %	2.4 %	— %
Goodwill impairments	— %	— %	(1.5)%
Other	(2.6)%	2.1 %	(0.3)%
Effective income tax rate	(8.0)%	108.4 %	0.5 %

Our 2022 effective tax rate was impacted by not benefiting from year-to-date losses in continuing operations in accordance with the intraperiod tax expense (benefit) allocation rules as generally prescribed under ASC 740-20. Our 2021 and 2020 effective tax rates were impacted by changes in global valuation allowances totaling $(253) million and $138 million, respectively, against net DTAs in various jurisdictions. In 2020 we recorded a $54 million goodwill impairment for our U.K. Gaming reporting unit, which resulted in a 1.5% decrease in our effective tax rate.

The Divestitures are estimated to generate approximately $674 million of net cash taxes, after usage of tax attributes. Of this amount, $641 million was paid in the year ended December 31, 2022 with the remainder expected to be paid in 2023.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The deferred income tax balances are established using the enacted statutory tax rates and are adjusted for changes in such rates in the period of change.

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	As of December 31,	
	2022	2021
Deferred tax assets:		
Reserves and other accrued expenses	$ 87	$ 99
Net operating loss carry forwards	77	352
Tax credit carry forwards	1	48
Capitalized research and development expenditures	32	—
Interest limitation carry forwards	21	66
Stock compensation	21	26
Property and equipment	17	17
Differences in financial reporting and tax basis for:		
Other	17	27
Less: Valuation allowance	(68)	(60)
Realizable deferred tax assets	205	575
Deferred tax liabilities:		
Differences in financial reporting and tax basis for:		
Identifiable intangible assets	(131)	(190)
Property and equipment	(26)	(47)
Other	(21)	(24)
Total deferred tax liabilities	(178)	(261)
Net deferred tax asset on balance sheet	$ 27	$ 314

At December 31, 2022, we had the following NOL, interest limitation, R&D credit, and state tax credit carry forwards:

	December 31, 2022		
	Federal	State	Foreign
NOL carry forwards	$ —	$ 518	$ 161
Interest limitation carry forwards	—	35	58
R&D and state credit carry forwards	—	1	—

The state and foreign NOL carry forwards can be carried forward for periods that vary from three years to indefinitely. R&D tax credit carry forwards will expire through 2041, and state tax credits expire through 2025. The interest limitation carry forwards can be carried forward indefinitely in all applicable jurisdictions in which we have them available.

At December 31, 2022 and 2021, we had the following valuation allowances:

	December 31,	
	2022	2021
Federal	$ 10	$ 15
State	26	22
Foreign	32	23

Undistributed earnings of subsidiaries are accounted for as a temporary difference, except that DTLs are not recorded for undistributed earnings of foreign subsidiaries that are deemed to be indefinitely reinvested in foreign jurisdictions. The Tax Cuts and Jobs Act of 2017 ("Tax Act") required the Company to compute a tax on previously undistributed earnings and profits of its foreign subsidiaries upon transition from a worldwide tax system to a territorial tax system during the year ended December 31, 2017. The repatriation of such amounts in the future should generally be exempt from income taxes in the U.S. (as a result of the Tax Act) and in those jurisdictions that have a similar territorial system of taxation. Substantially all of our current year foreign cash flows are not intended to be indefinitely reinvested offshore, and therefore the tax effects of repatriation (including applicable withholding taxes) of such cash flows are provided for in our financial reporting.

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Unrecognized Tax Benefits

The total amount of unrecognized tax benefits ("UTBs") as of December 31, 2022 was $73 million. Of this amount, $73 million, if recognized, would be included in our Consolidated Statements of Operations and have an impact on our effective tax rate. We do not expect any material changes in unrecognized tax benefits before December 31, 2023.

We recognize interest and penalties for unrecognized tax benefits in income tax expense. The amounts recognized for interest and penalties during the years ended December 31, 2022, 2021 and 2020 were not material.

We file income tax returns in the U.S. Federal jurisdiction and various state and foreign jurisdictions. We are generally not subject to examination for periods prior to December 31, 2018; however, as we utilize our NOLs, prior periods can be subject to examination. There are no ongoing material U.S. federal, state, local or non-U.S. examinations by tax authorities.

The Company had the following activity for unrecognized tax benefits:

	Year Ended December 31,		
	2022	2021	2020
Balance at beginning of period	$ 29	$ 30	$ 28
Tax positions related to current year additions	43	—	1
Additions for tax positions of prior years	1	—	2
Tax positions related to prior years reductions	—	(1)	—
Reductions due to lapse of statute of limitations on tax positions	—	—	(1)
Balance at end of period	$ 73	$ 29	$ 30

(20) Litigation

We are involved in various legal proceedings, including those discussed below. We record an accrual for legal contingencies when it is both probable that a liability has been incurred and the amount or range of the loss can be reasonably estimated (although, as discussed below, there may be an exposure to loss in excess of the accrued liability). We evaluate our accruals for legal contingencies at least quarterly and, as appropriate, establish new accruals or adjust existing accruals to reflect (1) the facts and circumstances known to us at the time, including information regarding negotiations, settlements, rulings and other relevant events and developments, (2) the advice and analyses of counsel and (3) the assumptions and judgment of management. Legal costs associated with our legal proceedings are expensed as incurred. We had accrued liabilities of $11 million and $27 million for all of our legal matters that were contingencies as of December 31, 2022 and 2021, respectively.

Substantially all of our legal contingencies are subject to significant uncertainties and, therefore, determining the likelihood of a loss and/or the measurement of any loss involves a series of complex judgments about future events. Consequently, the ultimate outcomes of our legal contingencies could result in losses in excess of amounts we have accrued. We may be unable to estimate a range of possible losses for some matters pending against us or our subsidiaries, even when the amount of damages claimed against us or our subsidiaries is stated because, among other things: (1) the claimed amount may be exaggerated or unsupported; (2) the claim may be based on a novel legal theory or involve a large number of parties; (3) there may be uncertainty as to the likelihood of a class being certified or the ultimate size of the class; (4) there may be uncertainty as to the outcome of pending appeals or motions; (5) the matter may not have progressed sufficiently through discovery or there may be significant factual or legal issues to be resolved or developed; and/or (6) there may be uncertainty as to the enforceability of legal judgments and outcomes in certain jurisdictions. Other matters have progressed sufficiently that we are able to estimate a range of possible loss. For those legal contingencies disclosed below, and those related to the previously disclosed settlement agreement entered into in February 2015 with SNAI S.p.a. ("SNAI"), as to which a loss is reasonably possible, whether in excess of a related accrued liability or where there is no accrued liability, and for which we are able to estimate a range of possible loss, the current estimated range is up to approximately $13 million in excess of the accrued liabilities (if any) related to those legal contingencies. This aggregate range represents management's estimate of additional possible loss in excess of the accrued liabilities (if any) with respect to these matters based on currently available information, including any damages claimed by the plaintiffs, and is subject to significant judgment and a variety of assumptions and inherent uncertainties. For example, at the time of making an estimate, management may have only preliminary, incomplete, or inaccurate information about the facts underlying a claim; its assumptions about the future rulings of the court or other tribunal on significant issues, or the behavior and incentives of adverse parties, regulators, indemnitors or co-defendants, may prove to be wrong; and the outcomes it is attempting to predict are often not amenable to the use of statistical or other quantitative analytical tools. In addition, from time to time an outcome may occur that management had not accounted for in its estimate because it had considered that outcome to be remote. Furthermore, as noted above, the aggregate range does not include any matters for which we are not able to estimate a range of possible loss. Accordingly, the estimated aggregate range of possible

loss does not represent our maximum loss exposure. Any such losses could have a material adverse impact on our results of operations, cash flows or financial condition. The legal proceedings underlying the estimated range will change from time to time, and actual results may vary significantly from the current estimate.

Colombia litigation

Our subsidiary, LNWI, owned a minority interest in Wintech de Colombia S.A., or Wintech (now liquidated), which formerly operated the Colombian national lottery under a contract with Empresa Colombiana de Recursos para la Salud, S.A. (together with its successors, "Ecosalud"), an agency of the Colombian government. The contract provided for a penalty against Wintech, LNWI and the other shareholders of Wintech of up to $5 million if certain levels of lottery sales were not achieved. In addition, LNWI delivered to Ecosalud a $4 million surety bond as a further guarantee of performance under the contract. Wintech started the instant lottery in Colombia but, due to difficulties beyond its control, including, among other factors, social and political unrest in Colombia, frequently interrupted telephone service and power outages, and competition from another lottery being operated in a province of Colombia that we believe was in violation of Wintech's exclusive license from Ecosalud, the projected sales level was not met for the year ended June 30, 1993.

In 1993, Ecosalud issued a resolution declaring that the contract was in default. In 1994, Ecosalud issued a liquidation resolution asserting claims for compensation and damages against Wintech, LNWI and other shareholders of Wintech for, among other things, realization of the full amount of the penalty, plus interest, and the amount of the bond. LNWI filed separate actions opposing each resolution with the Tribunal Contencioso of Cundinamarca in Colombia (the "Tribunal"), which upheld both resolutions. LNWI appealed each decision to the Council of State. In May 2012, the Council of State upheld the contract default resolution, which decision was notified to us in August 2012. In October 2013, the Council of State upheld the liquidation resolution, which decision was notified to us in December 2013.

In July 1996, Ecosalud filed a lawsuit against LNWI in the U.S. District Court for the Northern District of Georgia asserting many of the same claims asserted in the Colombia proceedings, including breach of contract, and seeking damages. In March 1997, the District Court dismissed Ecosalud's claims. Ecosalud appealed the decision to the U.S. Court of Appeals for the Eleventh Circuit. The Court of Appeals affirmed the District Court's decision in 1998.

In June 1999, Ecosalud filed a collection proceeding against LNWI to enforce the liquidation resolution and recover the claimed damages. In May 2013, the Tribunal denied LNWI's merit defenses to the collection proceeding and issued an order of payment of approximately 90 billion Colombian pesos, or approximately $30 million, plus default interest (potentially accrued since 1994 at a 12% statutory interest rate). LNWI filed an appeal to the Council of State, and on December 10, 2020, the Council of State issued a ruling affirming the Tribunal's decision. On December 16, 2020, LNWI filed a motion for clarification of the Council of State's ruling, which was denied on April 15, 2021. On April 22, 2021, LNWI filed a motion for reconsideration relating to that decision, which the Council of State denied on February 21, 2022. On May 24, 2022, the case was transferred from the Council of State to the Tribunal for further proceedings. On August 18, 2022, LNWI filed a constitutional challenge to the Council of State's December 10, 2020 decision with that court, which was denied on October 7, 2022. On December 7, 2022, LNWI filed an appeal from the denial of the constitutional challenge, which is pending.

LNWI believes it has various defenses, including on the merits, against Ecosalud's claims. Although we believe these claims will not result in a material adverse effect on our consolidated results of operations, cash flows or financial position, it is not feasible to predict the final outcome, and we cannot assure that these claims will not ultimately be resolved adversely to us or result in material liability.

SNAI litigation

On April 16, 2012, certain VLTs operated by SNAI in Italy and supplied by Barcrest Group Limited ("Barcrest") erroneously printed what appeared to be winning jackpot and other tickets with a face amount in excess of €400.0 million. SNAI has stated, and system data confirms, that no jackpots were actually won on that day. The terminals were deactivated by the Italian regulatory authority. Following the incident, we understand that the Italian regulatory authority revoked the certification of the version of the gaming system that Barcrest provided to SNAI and fined SNAI €1.5 million, but determined to not revoke SNAI's concession to operate VLTs in Italy.

In October 2012, SNAI filed a lawsuit in the Court of First Instance of Rome in Italy against Barcrest and The Global Draw Limited ("Global Draw"), our subsidiary which acquired Barcrest from IGT-UK Group Limited, a subsidiary of IGT, claiming liability arising out of the April 2012 incident and asserting claims based on theories of breach of contract and tort. The lawsuit sought to terminate SNAI's agreement with Barcrest and damages arising from the deactivation of the terminals, including among other things, lost profits, expenses and costs, potential awards to players who have sought to enforce what appeared to be winning jackpot and other tickets, compensation for lost profits sought by managers of the gaming locations where SNAI VLTs supplied by Barcrest were installed, damages to commercial reputation and any future damages arising from SNAI's potential loss of its concession or inability to obtain a new concession.

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In February 2015, we entered into a settlement agreement with SNAI that provides, among other things, for us to make a €25.0 million upfront payment to SNAI, which payment was made in February 2015, and to indemnify SNAI against certain potential future losses. In connection with the settlement, the parties' pending claims in the Court of First Instance of Rome were dismissed on February 19, 2015. To date, we have paid €9.4 million to SNAI pursuant to our indemnification obligations.

Washington State Matter

On April 17, 2018, a plaintiff, Sheryl Fife, filed a putative class action complaint, Fife v. Scientific Games Corporation, against L&W in the United States District Court for the Western District of Washington. The plaintiff seeks to represent a putative class of all persons in the State of Washington who purchased and allegedly lost virtual coins playing L&W's online social casino games, including but not limited to Jackpot Party® Casino and Gold Fish® Casino. The complaint asserts claims for alleged violations of Washington's Recovery of Money Lost at Gambling Act, Washington's consumer protection statute, and for unjust enrichment, and seeks unspecified money damages (including treble damages as appropriate), the award of reasonable attorneys' fees and costs, pre- and post-judgment interest, and injunctive and/or declaratory relief. On July 2, 2018, L&W filed a motion to dismiss the plaintiff's complaint with prejudice, which the trial court denied on December 18, 2018. L&W filed its answer to the putative class action complaint on January 18, 2019. On August 24, 2020, the trial court granted plaintiff's motion for leave to amend her complaint and to substitute a new plaintiff, Donna Reed, for the initial plaintiff, and re-captioned the matter Reed v. Scientific Games Corporation. On August 25, 2020, the plaintiff filed a first amended complaint against L&W, asserting the same claims, and seeking the same relief, as the complaint filed by Sheryl Fife. On September 8, 2020, L&W filed a motion to compel arbitration of plaintiff's claims and to dismiss the action, or, in the alternative, to transfer the action to the United States District Court for the District of Nevada. On June 17, 2021, the district court denied that motion, and on June 23, 2021, L&W filed a notice of appeal from the district court's denial of that motion, and also filed a motion to stay all district court proceedings, pending the appeals court's ruling on the Company's arbitration appeal. On November 23, 2021, we entered into an agreement in principle to settle the lawsuit for the amount of $25 million. On December 3, 2021, the district court granted a joint motion to stay appellate proceedings until final approval by the district court of the parties' settlement. On January 18, 2022, the parties executed a settlement agreement, and plaintiff filed an unopposed motion for preliminary approval of the parties' proposed settlement agreement. On January 19, 2022, the district court granted preliminary approval to the parties' proposed settlement. On August 12, 2022, the district court gave its final approval to the settlement. On August 18, 2022, the court entered judgment and dismissed the action with prejudice. Although the case was brought against Light & Wonder, pursuant to the Intercompany Services Agreement, SciPlay fully paid the settlement previously accrued in the amount of $25 million during the third quarter of 2022, due to the matter arising as a result of their business.

TCS John Huxley Matter

On March 15, 2019, TCS John Huxley America, Inc., TCS John Huxley Europe Ltd., TCS John Huxley Asia Ltd., and Taiwan Fulgent Enterprise Co., Ltd. brought a civil action in the United States District Court for the Northern District of Illinois against L&W, Bally Technologies, Inc. and LNW Gaming, Inc., f/k/a SG Gaming, Inc. In the complaint, the plaintiffs assert federal antitrust claims arising from the defendants' procurement of particular U.S. and South African patents. The plaintiffs allege that the defendants used those patents to create an allegedly illegal monopoly in the market for automatic card shufflers sold to regulated casinos in the United States. On April 10, 2019, the defendants filed a motion to dismiss the plaintiffs' complaint with prejudice. On April 25, 2019, the district court denied the defendants' motion to dismiss without prejudice pursuant to the court's local rules, after the plaintiffs advised that they intended to file an amended complaint. The plaintiffs filed their amended complaint on May 3, 2019, and on May 22, 2019, the defendants filed a motion to dismiss the plaintiffs' amended complaint with prejudice. On March 20, 2020, the district court denied the defendants' motion to dismiss the plaintiffs' amended complaint, and defendants filed an answer to Plaintiffs' amended complaint on June 19, 2020. On June 3, 2020, the trial court granted the defendants' request to bifurcate proceedings in the case, with discovery to occur first into the statute of limitations and release defenses asserted by the defendants in their motion to dismiss, before proceeding into broader discovery. The trial court set a September 18, 2020, deadline for the parties to complete discovery relating to the statute of limitations and release defenses. On October 28, 2020, the court issued an order extending until January 15, 2021 the deadline for the parties to complete discovery relating to the statute of limitations defense. On February 9, 2021, the defendants filed a motion for summary judgment on their statute of limitations defense, addressing whether plaintiffs had actual knowledge of their claims prior to the start of the limitations period. The district court denied that motion for summary judgment on September 20, 2021. On January 13, 2023, the district court entered an order requiring, among other things, that the plaintiffs make a formal written settlement demand by January 20, 2023, that the defendants respond to that demand in writing by January 27, 2023, and that the parties file a status report by January 31, 2023 confirming that they have complied with the district court's order. On January 31, 2023, the parties filed a joint status report confirming that they have complied with the district court's order to make and respond to a formal written demand. We are unable at this time to estimate a range of reasonably possible losses above the amount we have accrued for this matter due to the complexity of the plaintiffs' claims, and the unpredictability of the outcome of the proceedings in the district court, and on any appeal therefrom.

Tonkawa Tribe Matter

On September 3, 2020, the Tonkawa Tribe of Indians of Oklahoma d/b/a Tonkawa Enterprises filed a putative class action complaint in the United States District Court for the District of Nevada against L&W, Bally Technologies, Inc. and LNW Gaming, Inc., f/k/a Bally Gaming, Inc. On October 5, 2020, the plaintiff filed a first amended complaint to add Cow Creek Band of Umpqua Tribe of Indians and the Umpqua Indian Development Corp., d/b/a Seven Feathers Casino as a plaintiff. On October 26, 2020, the plaintiffs filed a second amended complaint. In the complaint, the plaintiffs assert federal antitrust claims arising from the defendants' procurement of particular U.S. patents. The plaintiffs allege that the defendants used those patents to create an allegedly illegal monopoly in the market for card shufflers sold or leased to regulated casinos in the United States. The plaintiffs seek to represent a putative class of all regulated United States casinos directly leasing or purchasing card shufflers from the defendants on or after April 1, 2009. The complaint seeks unspecified money damages, the award of plaintiff's costs of suit, including reasonable attorneys' fees and expert fees, and the award of pre-judgment and post-judgment interest. On November 19, 2020, the defendants filed a motion to dismiss plaintiffs' second amended complaint or, in the alternative, to compel arbitration of plaintiffs' claims. On November 20, 2020, Plaintiffs filed a motion for partial summary judgment, seeking a finding that defendants are collaterally estopped from re-litigating issues litigated in the 2018 litigation versus Shuffle Tech International Corp., Aces Up Gaming, and Poydras-Talrick Holdings. On August 27, 2021, the Nevada district court entered an order transferring the lawsuit to the United States District Court for the Northern District of Illinois. On May 19, 2022, the Illinois district court granted defendants' motion to compel arbitration of plaintiffs' individual claims; stayed all proceedings in the lawsuit pending resolution of the arbitral process; and accordingly dismissed all pending motions without prejudice as moot. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the lawsuit are without merit, and intend to vigorously defend against them.

Giuliano and Rancho's Club Casino Matter

On September 4, 2020, Alfred T. Giuliano, as liquidation trustee for RIH Acquisition NJ, LLC d/b/a The Atlantic Club Casino Hotel filed a putative class action complaint in the United States District Court for the Northern District of Illinois against L&W, Bally Technologies, Inc. and LNW Gaming, Inc., f/k/a Bally Gaming, Inc. In the complaint, the plaintiffs assert federal antitrust claims arising from the defendants' procurement of particular U.S. patents. The plaintiffs allege that the defendants used those patents to create an allegedly illegal monopoly in the market for automatic card shufflers sold or leased in the United States. The plaintiffs seek to represent a putative class of all persons and entities that directly purchased or leased automatic card shufflers within the United States from the Defendants, or any predecessor, subsidiary, or affiliate thereof, at any time between April 1, 2009, and the present. The complaint seeks unspecified money damages, which the complaint asks the court to treble, the award of plaintiff's costs of suit, including attorneys' fees, and the award of pre-judgment and post-judgment interest. On September 8, 2020, Rancho's Club Casino, Inc., d/b/a Magnolia House Casino filed a putative class action complaint in the United States District Court for the Northern District of Illinois against L&W, Bally Technologies, Inc. and LNW Gaming, Inc., f/k/a Bally Gaming, Inc. In the complaint, the plaintiff asserts federal antitrust claims arising from the defendants' procurement of particular U.S. patents. The plaintiff alleges that the defendants used those patents to create an allegedly illegal monopoly in the market for automatic card shufflers sold or leased in the United States. The plaintiff seeks to represent a putative class of all persons and entities that directly purchased or leased automatic card shufflers within the United States from the defendants, or any predecessor, subsidiary, or affiliate thereof, at any time between April 1, 2009, and the present. The complaint seeks unspecified money damages, which the complaint asks the court to treble, the award of plaintiff's costs of suit, including attorneys' fees, and the award of pre-judgment and post-judgment interest.

On October 29, 2020, the trial court consolidated the Giuliano and Rancho's Club Casino matters. On October 30, 2020, the plaintiffs in the consolidated action filed a first amended consolidated complaint. On November 9, 2020, the defendants filed a motion to dismiss the plaintiffs' first amended consolidated complaint, and also filed a motion to compel arbitration of plaintiff Alfred T. Giuliano's individual claims. On May 19, 2022, the Illinois district court granted defendants' motion to compel arbitration; stayed all proceedings in the lawsuit pending resolution of the arbitral process; and accordingly dismissed all pending motions without prejudice. On May 31, 2022, defendants filed a motion to lift the stay of the lawsuit for the limited purpose of amending the court's May 19, 2022 order to confirm that plaintiff Alfred T. Giuliano must proceed to arbitration on an individual basis rather than a class-wide basis. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the consolidated lawsuit are without merit, and intend to vigorously defend against them.

Casino Queen Matter

On April 2, 2021, Casino Queen, Inc. and Casino Queen Marquette, Inc. filed a putative class action complaint in the United States District Court for the Northern District of Illinois against L&W, Bally Technologies, Inc. and LNW Gaming, Inc., f/k/a Bally Gaming, Inc. In the complaint, the plaintiffs assert federal antitrust claims arising from the defendants' procurement of particular U.S. patents. The plaintiffs allege that the defendants used those patents to create an allegedly illegal monopoly in the market for automatic card shufflers sold or leased in the United States. The plaintiffs seek to represent a putative class of all

persons and entities that directly purchased or leased automatic card shufflers within the United States from the defendants, or any predecessor, subsidiary, or affiliate thereof, at any time between April 1, 2009, and the present. The complaint seeks unspecified money damages, which the complaint asks the court to treble, the award of plaintiffs' costs of suit, including attorneys' fees, and the award of pre-judgment and post-judgment interest. On June 11, 2021, the defendants filed a motion to dismiss plaintiffs' complaint, which the court denied on May 19, 2022. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the lawsuit are without merit, and intend to vigorously defend against them.

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Mohawk Gaming Enterprises Matter

On November 9, 2020, Mohawk Gaming Enterprises LLC, d/b/a Akwesasne Mohawk Casino Resort, filed a demand for a putative class arbitration before the American Arbitration Association against L&W, Bally Technologies, Inc. and LNW Gaming, Inc., f/k/a Bally Gaming, Inc. ("Respondents"). In the complaint, the claimant asserts federal antitrust claims arising from the respondents' procurement of particular U.S. patents. The claimant alleges that the respondents used those patents to create an allegedly illegal monopoly in the market for automatic card shufflers sold or leased in the United States. The claimant seeks to represent a putative class of all persons and entities that directly purchased or leased automatic card shufflers within the United States from the respondents, or any predecessor, subsidiary, or affiliate thereof, at any time between April 1, 2009, and the present. The complaint seeks unspecified money damages, which the complaint asks the arbitration panel to treble, and the award of claimant's costs of suit, including attorneys' fees. Respondents filed their answering statement on December 9, 2020. On October 29, 2021, the claimant filed a memorandum in support of class arbitration, which Respondents opposed on December 3, 2021. On February 8, 2022, the Arbitrator issued a clause construction award, finding that the arbitration could proceed on behalf of a class or classes. On February 11, 2022, Respondents filed a petition to vacate the award in the New York Supreme Court. The Court denied Respondents' petition on August 9, 2022, and on August 16, 2022, Respondents appealed to the New York Appellate Division, First Department. On April 15, 2022, Respondents filed a motion to dismiss the claimant's complaint, which the Arbitrator denied on July 26, 2022. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the arbitration demand are without merit, and intend to vigorously defend against them.

Boorn Matter

On September 15, 2022, plaintiff Hannelore Boorn filed a putative class action against L&W, SciPlay Corporation, and Appchi Media Ltd. in the Fayette Circuit Court of the Commonwealth of Kentucky. In her complaint, plaintiff seeks to represent a putative class of all persons in Kentucky who, within the past five years, purchased and allegedly lost $5.00 or more worth of chips, in a 24-hour period, playing SciPlay's online social casino games. The complaint asserts claims for alleged violations of Kentucky's "recovery of gambling losses" statute and for unjust enrichment, and seeks unspecified money damages, the award of reasonable attorneys' fees and costs, pre- and post-judgment interest, and injunctive and/or other declaratory relief. On October 18, 2022, defendants removed the action to the United States District Court for the Eastern District of Kentucky. On October 26, 2022, the plaintiff filed a notice voluntarily dismissing the lawsuit without prejudice. On October 27, 2022, the district court entered an order dismissing the lawsuit. On November 17, 2022, the plaintiff filed an arbitration demand against defendants before the American Arbitration Association, pursuant to which she seeks declaratory judgments that (1) SciPlay's online social casino games constitute gambling under Kentucky law, and (2) SciPlay's terms of service are void under Kentucky law. On January 12, 2023, the respondents filed their answering statement to plaintiff's arbitration demand. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the arbitration demand are without merit, and intend to vigorously defend against them.

Allah Beautiful Matter

On December 19, 2022, claimant Prince Imanifest Allah Beautiful filed an arbitration demand against respondent SciPlay Corporation before the American Arbitration Association. The complaint asserts claims for alleged violations of New Jersey's anti-gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by New Jersey players of SciPlay's online social casino games other than the claimant. Respondent's answering statement is not yet due. We are currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the arbitration demand are without merit, and intend to vigorously defend against them.

Sprinkle Matter

On December 12, 2022, claimant Matthew Sprinkle filed an arbitration demand against respondent SciPlay Corporation before the American Arbitration Association. The complaint asserts claims for alleged violations of Ohio's anti-gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by Ohio players of SciPlay's online social casino games other than the claimant. Respondent's answering statement is not yet due. We are

currently unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any. We believe that the claims in the arbitration demand are without merit, and intend to vigorously defend against them.

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SCHEDULE II
LIGHT & WONDER, INC. AND SUBSIDIARIES
Valuation and Qualifying Accounts
Years Ended December 31, 2022, 2021 and 2020
(in millions)

Allowance for credit losses	Balance at beginning of period	Additions	Deductions[1]	Balance at end of period
Year Ended December 31, 2022	$ 54	2	(16)	$ 40
Year Ended December 31, 2021	$ 81	(2)	(25)	$ 54
Year Ended December 31, 2020	$ 37	56	(12)	$ 81

(1) Amounts written off, net of recovery, and related impact of foreign currency exchange.

Tax-related valuation allowance	Balance at beginning of period	Additions / (deductions)	Balance at end of period
Year Ended December 31, 2022	$ 60	8	$ 68
Year Ended December 31, 2021	$ 298	(238)	$ 60
Year Ended December 31, 2020	$ 189	109	$ 298

3. Exhibits

EXHIBIT INDEX

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of January 30, 2013, entered into by and among Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), SG California Merger Sub, Inc. and WMS Industries Inc. (incorporated by reference to Exhibit 2.1 to Scientific Games Corporation's Current Report on Form 8-K filed on February 5, 2013).
2.2	Agreement and Plan of Merger, dated as of August 1, 2014, by and among the Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), Scientific Games Nevada, Inc. and Bally Technologies, Inc. (incorporated by reference to Exhibit 2.1 to Scientific Games Corporation's Current Report on Form 8-K filed on August 4, 2014).
2.3	Arrangement Agreement, dated as of September 20, 2017, among Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), Bally Gaming And Systems UK Limited and NYX Gaming Group Limited (incorporated by reference to Exhibit 2.1 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on September 21, 2017).
2.4	First Amendment to Arrangement Agreement, dated as of November 21, 2017, among Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), Bally Gaming And Systems UK Limited and NYX Gaming Group Limited (incorporated by reference to Exhibit 2.1 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on November 27, 2017).
2.5	Agreement and Plan of Merger, dated as of September 18, 2017, by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and SG Nevada Merger Company, a Nevada corporation and a wholly owned subsidiary of Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) (incorporated by reference to Exhibit 2.1 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on September 18, 2017).
2.6	Equity Purchase Agreement, dated as of September 27, 2021, by and among Scientific Games Corporation, Endeavor Operating Company, LLC and Endeavor Group Holdings, Inc. (solely for the purposes set forth therein) (incorporated by reference to Exhibit 2.1 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on September 28, 2021).
2.7	Equity Purchase Agreement, dated as of October 27, 2021, by and between Scientific Games Corporation and BCP Acquisitions LLC (incorporated by reference to Exhibit 2.1 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on October 28, 2021).
3.1(a)	Restated Articles of Incorporation of Light & Wonder, Inc., filed with the Secretary of State of the State of Nevada on August 5, 2022 (incorporated by reference to Exhibit 3.1(a) to Light & Wonder, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022).
3.1(b)	Amended and Restated Certificate of Designation of Series A Junior Participating Preferred Stock of Light & Wonder, Inc., filed with the Secretary of State of the State of Nevada on August 5, 2022 (incorporated by reference to Exhibit 3.1(b) to Light & Wonder, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2022).
3.2	Second Amended and Restated Bylaws of Light & Wonder, Inc., effective as of April 28, 2022 (incorporated by reference to Exhibit 3.2 to Light & Wonder, Inc.'s Current Report on Form 8-K filed on April 29, 2022).
4.1	Indenture, dated as of November 21, 2014, between SGMS Escrow Corp., as issuer, and Deutsche Bank Trust Company Americas, as trustee and collateral agent, related to the 7.000% Senior Secured Notes due 2022 (incorporated by reference to Exhibit 4.3 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on November 26, 2014).

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4.2	Supplemental Indenture, dated as of November 21, 2014, among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), and the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture dated as of November 21, 2014, between SGMS Escrow Corp., as issuer, and Deutsche Bank Trust Company Americas, as trustee and collateral agent, relating to the 7.000% Senior Secured Notes due 2022 (incorporated by reference to Exhibit 4.4 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on November 26, 2014).
4.3	Supplemental Indenture, dated as of October 2, 2015, among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), Go For A Million Productions, LLC and the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of November 21, 2014, between SGMS Escrow Corp., as issuer, and Deutsche Bank Trust Company Americas, as trustee and collateral agent, relating to the 7.000% Senior Secured Notes due 2022 (incorporated by reference to Exhibit 4.5 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended September 30, 2015).
4.4	Supplemental Indenture, dated as of February 14, 2017, among Scientific Games International, as issuer, Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee and collateral agent, relating to the Indenture, dated as of November 21, 2014, between SGMS Escrow Corp., as issuer, and Deutsche Bank Trust Company Americas, as trustee and collateral agent, relating to the 7.000% Senior Secured Notes due 2022 (incorporated by reference to Exhibit 4.1 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on February 14, 2017).
4.5	Supplemental Indenture, dated as of July 14, 2017, by and among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as issuer, Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), Lapis Software Associates, LLC and the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of November 21, 2014, between SGMS Escrow Corp., as issuer, and Deutsche Bank Trust Company Americas, as trustee and collateral agent, relating to the 7.000% Senior Secured Notes due 2022 (incorporated by reference to Exhibit 10.4 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).
4.6	Supplemental Indenture, dated as of January 10, 2018, by and among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), the subsidiary guarantors party thereto, Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of November 21, 2014, as amended and supplemented, relating to the 7.000% Senior Secured Notes due 2022 (incorporated by reference to Exhibit 4.6 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on January 10, 2018).
4.7	Amended and Restated Rights Agreement, dated as of January 10, 2018, between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and American Stock Transfer & Trust Company, LLC which includes the Form of Certificate of Designation of Series A Junior Participating Preferred Stock of Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) as Exhibit A, the Form of Right Certificate as Exhibit B, the Summary of Rights to Purchase Shares of Preferred Stock of Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) as Exhibit C and a the Form of Consent to Jurisdiction as Exhibit D (incorporated by reference to Exhibit 4.3 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on January 10, 2018).
4.8	Amendment to Amended and Restated Rights Agreement, dated as of June 16, 2020, to the Amended and Restated Rights Agreement, dated as of January 10, 2018, by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and American Stock Transfer & Trust Company, LLC (incorporated by reference to Exhibit 4.1 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on June 19, 2020).
4.9	Indenture, dated as of November 26, 2019, among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as issuer, Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, relating to the 7.000% Senior Unsecured Notes due 2028 (incorporated by reference to Exhibit 4.1 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on November 26, 2019).

4.10	Supplemental Indenture, dated as of January 23, 2020, by and among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.) as issuer, Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), NYX Digital Gaming (USA), LLC and the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of November 26, 2019, as amended and supplemented, relating to the 7.000% Senior Unsecured Notes due 2028 (incorporated by reference to Exhibit 4.47 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Annual Report on Form 10-K filed on February 18, 2020).
4.11	Supplemental Indenture, dated as of January 5, 2021, by and among Scientific Games International, Inc., (as predecessor to Light & Wonder International, Inc.) as issuer, SGI Lottery LLC and the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of November 26, 2019, as amended and supplemented, relating to the 7.000% Senior Unsecured Notes due 2028 (incorporated by reference to Exhibit 4.43 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Annual Report on Form 10-K for the year ended December 31, 2020).
4.12	Indenture, dated as of November 26, 2019, among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as issuer, Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, relating to the 7.250% Senior Unsecured Notes due 2029 (incorporated by reference to Exhibit 4.2 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on November 26, 2019).
4.13	Supplemental Indenture, dated as of January 23, 2020, by and among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.) as issuer, Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), NYX Digital Gaming (USA), LLC and the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of November 26, 2019, as amended and supplemented, relating to the 7.250% Senior Unsecured Notes due 2029 (incorporated by reference to Exhibit 4.49 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Annual Report on Form 10-K filed on February 18, 2020).
4.14	Supplemental Indenture, dated as of January 5, 2021, by and among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as issuer, SGI Lottery LLC and the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of November 26, 2019, as amended and supplemented, relating to the 7.250% Senior Unsecured Notes due 2029 (incorporated by reference to Exhibit 4.46 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Annual Report on Form 10-K for the year ended December 31, 2020).
4.15	Indenture, dated as of July 1, 2020, among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as issuer, Deutsche Bank Trust Company Americas, as trustee, and the other guarantors party thereto, relating to the 8.625 % Senior Unsecured Notes due 2025 (incorporated by reference to Exhibit 4.1 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on July 1, 2020).
4.16	Supplemental Indenture, dated as of January 5, 2021, by and among Scientific Games International, Inc, as issuer, SGI Lottery LLC and the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of July 1, 2020, as amended and supplemented, relating to the 8.625 % Senior Unsecured Notes due 2025 (incorporated by reference to Exhibit 4.48 to Scientific Games Corporation's (as predecessor to Light & Wonder International, Inc.) Annual Report on Form 10-K for the year ended December 31, 2020).
4.17	Supplemental Indenture, dated as of August 19, 2021, by and among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), Scientific Games, Inc. and the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of July 1, 2020, as amended and supplemented, relating to the 8.625% Senior Unsecured Notes due 2025 (incorporated by reference to Exhibit 4.2 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended September 30, 2021).

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4.18	Supplemental Indenture, dated as of August 19, 2021, by and among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), Scientific Games, Inc. and the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of November 26, 2019, as amended and supplemented, relating to the 7.000% Senior Unsecured Notes due 2028 (incorporated by reference to Exhibit 4.6 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended September 30, 2021).
4.19	Supplemental Indenture, dated as of August 19, 2021, by and among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), Scientific Games, Inc. and the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of November 26, 2019, as amended and supplemented, relating to the 7.250% Senior Unsecured Notes due 2029 (incorporated by reference to Exhibit 4.7 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended September 30, 2021).
4.20	Supplemental Indenture, dated as of September 30, 2021, among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as issuer, Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of July 1, 2020, as amended and supplemented relating to the 8.625% Senior Unsecured Notes due 2025 (incorporated by reference to Exhibit 4.3 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.), Current Report on Form 8-K filed on October 1, 2021).
4.21	Supplemental Indenture, dated as of September 30, 2021, among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as issuer, Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of November 26, 2019, as amended and supplemented, relating to the 7.000% Senior Unsecured Notes due 2028 (incorporated by reference to Exhibit 4.6 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on October 1, 2021).
4.22	Supplemental Indenture, dated as of September 30, 2021, among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as issuer, Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of November 26, 2019, as amended and supplemented, relating to the 7.250% Senior Unsecured Notes due 2029 (incorporated by reference to Exhibit 4.7 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on October 1, 2021).
4.23	Supplemental Indenture, dated as of October 19, 2021, among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as issuer, Scientific Games Corporation, the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of July 1, 2020, as amended and supplemented, relating to the 8.625% Senior Unsecured Notes due 2025. (incorporated by reference to Exhibit 4.64 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Annual Report on Form 10-K for the fiscal year ended December 31, 2021).
4.24	Supplemental Indenture, dated as of October 19, 2021, among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as issuer, Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of November 26, 2019, as amended and supplemented, relating to the 7.000% Senior Unsecured Notes due 2028.(incorporated by reference to Exhibit 4.68 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Annual Report on Form 10-K for the fiscal year ended December 31, 2021).
4.25	Supplemental Indenture, dated as of October 19, 2021, among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as issuer, Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), the other guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of November 26, 2019, as amended and supplemented, relating to the 7.250% Senior Unsecured Notes due 2029. (incorporated by reference to Exhibit 4.69 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Annual Report on Form 10-K for the fiscal year ended December 31, 2021).

4.26	Supplemental Indenture, dated as of April 27, 2022, by and among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as issuer, L&W Merger Sub, Inc. and the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of November 26, 2019, as amended and supplemented, relating to the 7.250% Senior Unsecured Notes due 2029 (incorporated by reference to Exhibit 4.1 to Light & Wonder, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2022).
4.27	Supplemental Indenture, dated as of April 27, 2022, by and among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as issuer, L&W Merger Sub, Inc. and the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of November 26, 2019, as amended and supplemented, relating to the 7.000% Senior Unsecured Notes due 2028 (incorporated by reference to Exhibit 4.2 to Light & Wonder, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2022).
4.28	Supplemental Indenture, dated as of April 27, 2022, by and among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as issuer, L&W Merger Sub, Inc. and the other guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, relating to the Indenture, dated as of July 1, 2020, as amended and supplemented, relating to the 8.625% Senior Unsecured Notes due 2025 (incorporated by reference to Exhibit 4.3 to Light & Wonder, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2022).
4.29	Description of Securities.(†)
10.1	Credit Agreement, dated as of April 14, 2022, by and among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as the borrower, Light & Wonder, Inc., as a guarantor, the several banks and other financial institutions or entities from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent, collateral agent, issuing lender and swingline lender (incorporated by reference to Exhibit 10.1 to Light & Wonder, Inc.'s Current Report on Form 8-K filed on April 15, 2022).
10.2	Escrow Credit Agreement, dated as of October 1, 2014, among SGMS Escrow Corp., the several lenders from time to time parties thereto, and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.2 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on October 7, 2014).
10.3	Guarantee and Collateral Agreement, dated as of October 18, 2013, by and among Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), the guarantor parties named therein and Bank of America, N.A. as collateral agent (incorporated by reference to Exhibit 10.2 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on October 18, 2013).
10.4	Collateral Agreement, dated as of November 21, 2014, among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), as issuer, Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), the subsidiary guarantors party thereto and Deutsche Bank Trust Company Americas, as collateral agent, related to the 7.000% Senior Secured Notes due 2022 (incorporated by reference to Exhibit 10.1 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on November 26, 2014).
10.5	Amendment No. 1, dated as of February 14, 2017, among Scientific Games International, Inc. (as predecessor to Light & Wonder International, Inc.), Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and the other guarantors party thereto and Deutsche Bank Trust Company Americas, as collateral agent, relating to the Collateral Agreement, dated as of November 21, 2014 (incorporated by reference to Exhibit 10.2 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on February 14, 2017).
10.6	Stockholders' Agreement, dated as of September 6, 2000, by and among Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), (formerly known as Autotote Corporation), Pivot Buyer LLC (as successor-in-interest to Section 5 under the agreement to MacAndrews & Forbes Incorporated (formerly known as Mafco Holdings Inc.) ("MacAndrews") (as successor-in-interest under the agreement to Cirmatica Gaming S.A.)), The Oak Fund, Peconic Fund Ltd. Ramius Securities, LLC, and Olivetti International S.A. (incorporated by reference to Exhibit 10.38 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended July 31, 2000).

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10.7	Supplemental Stockholders' Agreement, dated as of June 26, 2002, among Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Pivot Buyer LLC (as successor-in-interest to MacAndrews (as successor-in-interest to Cirmatica Gaming S.A.)) (incorporated by reference to Exhibit 4.2 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).
10.8	Letter Agreement, dated as of October 10, 2003, by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Pivot Buyer LLC (as successor-in-interest to MacAndrews further supplementing the Stockholders' Agreement (incorporated by reference to Exhibit 3 to the Schedule 13D jointly filed by MacAndrews and SGMS Acquisition Corporation on November 26, 2003).
10.9	Letter Agreement dated February 15, 2007 between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Pivot Buyer LLC (as successor-in-interest to MacAndrews) (incorporated by reference to Exhibit 10.1 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on February 16, 2007).
10.10	Agreement, dated as of September 11, 2020, by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and MacAndrews & Forbes Incorporated (incorporated by reference to Exhibit 10.2 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended September 30, 2020).
10.11	Agreement, dated as of September 11, 2020, by and among Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Pivot Buyer LLC (incorporated by reference to Exhibit 10.3 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended September 30, 2020).
10.12	Share Purchase Agreement, dated as of April 26, 2011, by and among Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), Global Draw Limited, IGT-UK Group Limited, Cyberview International, Inc. and International Game Technology (incorporated by reference to Exhibit 10.1 to Scientific Games Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011).
10.13	Tax Receivable Agreement, dated May 7, 2019, by and among SciPlay Corporation, SciPlay Parent Company, LLC and each of the Members (as defined therein) from time to time party thereto (incorporated by reference to Exhibit 10.1 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on May 8, 2019).
10.14	Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) Amended and Restated 2003 Incentive Compensation Plan (Amended and Restated as of June 9, 2021) (incorporated by reference to Exhibit 10.1 to Scientific Games Corporations (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on June 11, 2021).*
10.15	1995 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.14 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Annual Report on Form 10-K for the fiscal year ended October 31, 1997).*
10.16	Asia-Pacific Business Incentive Compensation Program (incorporated by reference to Exhibit 10.4 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on December 3, 2010).*
10.17	Omnibus Amendment of Compensation and Benefit Plans, effective January 10, 2018, to amend the Plans, as defined therein, to reflect the merger of Scientific Games Corporation (as predecessor to Light & Wonder, Inc.), a Delaware corporation ("Parent") into SG Nevada Merger Company, a Nevada corporation and a wholly owned subsidiary of Parent (incorporated by reference to Exhibit 10.3 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended March 31, 2018).*
10.18	Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) Change in Control Protection Plan, adopted as of August 25, 2020 (incorporated by reference to Exhibit 10.1 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on August 25, 2020).*

10.19	Amended and Restated Employment Agreement, dated as of October 15, 2021, by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Constance P. James (incorporated by reference to Exhibit 10.3 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ending September 30, 2021).*
10.20	Retention Letter, dated as of September 7, 2022, by and between Light & Wonder, Inc. and Constance P. James (incorporated by reference to Exhibit 10.3 to Light & Wonder, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2022).*
10.21	Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) Amended and Restated 2016 Employee Stock Purchase Plan (Amended and Restated as of June 9, 2021) (incorporated by reference to Exhibit 10.2 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Current Report on Form 8-K filed on June 11, 2021).*
10.22	Amended and Restated Employment Agreement, dated as of February 5, 2021 (effective as of June 1, 2021), by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Barry Cottle (incorporated by reference to Exhibit 10.52 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Annual Report on Form 10-K for the year ended December 31, 2020).*
10.23	Agreement and General Release, dated as of August 30, 2022, by and between Light & Wonder, Inc. and Barry L. Cottle (incorporated by reference to Exhibit 10.2 to Light & Wonder, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2022).*
10.24	Employment Agreement, dated as of August 2, 2021 (effective as of September 1, 2021), by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and James Sottile (incorporated by reference to Exhibit 10.3 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended June 30, 2021).*
10.25	Amended and Restated Employment Agreement, dated as of January 1, 2019, by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Patrick J. McHugh (incorporated by reference to Exhibit 10.55 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Annual Report on Form 10-K for the year ended December 31, 2018).*
10.26	Amendment to Employment Agreement, dated as of February 26, 2020 (effective as of January 1, 2020), by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Patrick J. McHugh (incorporated by reference to Exhibit 10.6 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended March 31, 2020).*
10.27	Amendment to Employment Agreement, dated as of March 24, 2020 (effective as of April 5, 2020), by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Patrick J. McHugh (incorporated by reference to Exhibit 10.7 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended March 31, 2020).*
10.28	Amendment to Employment Agreement, dated as of June 30, 2020 (effective as of July 1, 2020), by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Patrick J. McHugh (incorporated by reference to Exhibit 10.11 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended June 30, 2020).*
10.29	Amendment to Employment Agreement, dated as of September 15, 2021, by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Patrick J. McHugh (incorporated by reference to Exhibit 10.2 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended September 30, 2021).*
10.30	Senior Executive Divestiture Retention Program Letter, dated as of February 22, 2022, by and between Light & Wonder, Inc. and Patrick J. McHugh (incorporated by reference to Exhibit 10.1 to Light & Wonder, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2022).*

10.31	Employment Agreement, dated as of July 6, 2019 (effective as of March 1, 2020), by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Matthew Wilson (incorporated by reference to Exhibit 10.4 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended March 31, 2020).*
10.32	Amendment to Employment Agreement, dated as of March 24, 2020 (effective as of April 5, 2020), by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Matthew Wilson (incorporated by reference to Exhibit 10.5 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended March 31, 2020).*
10.33	Amendment to Employment Agreement, dated as of June 30, 2020 (effective as of July 1, 2020), by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Matthew Wilson (incorporated by reference to Exhibit 10.9 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended June 30, 2020).*
10.34	Amendment to Employment Agreement, dated as of July 24, 2020, by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Matthew Wilson (incorporated by reference to Exhibit 10.6 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended September 30, 2020).*
10.35	Amendment to Employment Agreement, dated as of November 14, 2022 (effective as of October 10, 2022), by and between Light & Wonder, Inc. and Matthew Wilson.*(†)
10.36	Amended and Restated Consulting Agreement, dated as of October 1, 2020, by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Jamie Odell (incorporated by reference to Exhibit 10.15 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended September 30, 2020).*
10.37	Amended and Restated Consulting Agreement, dated as of October 1, 2020, by and between Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) and Antonia Korsanos (incorporated by reference to Exhibit 10.11 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended September 30, 2020).*
10.38	Amended and Restated Employment Agreement, dated as of October 10, 2022, by and between Light & Wonder, Inc. and Siobhan Lane.*(†)
21	List of Subsidiaries.(†)
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.(†)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.(†)
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.(†)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**

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99.1	Terms and Conditions of Equity Awards to Key Employees under the Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) 2003 Incentive Compensation Plan (Amended and Restated June 12, 2019), for awards granted in 2021 or later (incorporated by reference to Exhibit 99.1 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended March 31, 2021).*
99.2	Terms and Conditions of Equity Awards to Non-Employee Directors under the Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) 2003 Incentive Compensation Plan (Amended and Restated June 12, 2019) (incorporated by reference to Exhibit 99.10 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Annual Report on Form 10-K for the year ended December 31, 2014).*
99.3	Terms and Conditions of Equity Awards to Consultants under the Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) 2003 Incentive Compensation Plan (Amended and Restated June 12, 2019) (incorporated by reference to Exhibit 99.11 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Annual Report on Form 10-K for the year ended December 31, 2014).*
99.4	Terms and Conditions of Equity Awards to Key Employees under the Scientific Games Corporation (as predecessor to Light & Wonder, Inc.) 2003 Incentive Compensation Plan, for awards granted prior to 2021 (incorporated by reference to Exhibit 99.1 to Scientific Games Corporation's (as predecessor to Light & Wonder, Inc.) Quarterly Report on Form 10-Q for the quarter ended March 30, 2018).*
99.5	Gaming Regulations.(†)
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Label Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

* Management contracts and compensation plans and arrangements in which directors and/or executive officers are eligible to participate.
** Furnished herewith.
(†) Filed herewith.

The agreements and other documents filed as exhibits to this Annual Report on Form 10-K are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIGHT & WONDER, INC.

March 1, 2023

/s/ Constance P. James

By: Constance P. James,
Executive Vice President, Chief Financial Officer, Treasurer, Corporate Secretary, and Principal Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 1, 2023.

Signature	Title
/s/ Matthew R. Wilson Matthew R. Wilson	President and Chief Executive Officer and Director (principal executive officer)
/s/ Constance P. James Constance P. James	Executive Vice President, Chief Financial Officer, Treasurer and Corporate Secretary (principal financial officer and principal accounting officer)
/s/ Jamie R. Odell Jamie R. Odell	Executive Chair of the Board of Directors and Director
/s/ Antonia Korsanos Antonia Korsanos	Executive Vice Chair of the Board of Directors and Director
/s/ Hamish McLennan Hamish McLennan	Director
/s/ Stephen Morro Stephen Morro	Director
/s/ Michael J. Regan Michael J. Regan	Director
/s/ Virginia E. Shanks Virginia E. Shanks	Director
/s/ Timothy Throsby Timothy Throsby	Director
/s/ Maria T. Vullo Maria T. Vullo	Director
/s/ Kneeland C. Youngblood Kneeland C. Youngblood	Director

Exhibit 4.29

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Light & Wonder, Inc. has two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our Common Stock and our Preferred Stock Purchase Rights (each as defined below).

The following summarizes the material terms of the Common Stock and Preferred Stock Purchase Rights of Light & Wonder, Inc. (the "Company") as set forth in the Company's Restated Articles of Incorporation (including the Amended and Restated Certificate of Designation of Series A Junior Participating Preferred Stock incorporated therein, the "Charter"), and the Company's Second Amended and Restated Bylaws (the "Bylaws"). While we believe that the following description covers the material terms of such securities, the following summary may not contain all of the information that may be important to you and is subject to and qualified in its entirety by reference to applicable Nevada law, including Chapters 78 and 92A of the Nevada Revised Statutes (the "NRS"), and to the Charter and the Bylaws, each of which is filed as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.49 is a part. As used herein, unless otherwise expressly stated or the context otherwise requires, the terms "Company", "we", "our" and "us" refer to Light & Wonder, Inc. and not to any of its subsidiaries.

General

We are incorporated under the laws of the State of Nevada. The rights of our stockholders are governed by the NRS, the Charter and the Bylaws.

Authorized Stock

Under the Charter, our authorized capital stock consists of 202,000,000 shares, consisting of (i) 200,000,000 shares of common stock, par value $0.001 per share (the "Common Stock"), and (ii) 2,000,000 shares of preferred stock, par value $0.001 per share (the "Preferred Stock").

Common Stock

All shares of Common Stock that are issued and outstanding have been validly issued and are fully paid and nonassessable. Under the NRS, stockholders generally are not personally liable for a corporation's acts or debts.

The holders of Common Stock have no preemptive, subscription or redemption rights and are not entitled to the benefits of any sinking fund.

Voting Rights

The holders of Common Stock are entitled to notice of and to attend all meetings of the stockholders of the Company and are entitled to one vote per share on all matters to be voted on by the Company's stockholders.

Dividends

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Subject to certain rights of holders of Preferred Stock of the Company having preference as to dividends and except as otherwise provided by the Charter or the NRS, the holders of Common Stock are entitled to receive dividends if, as and when declared by the board of directors of the Company (the "Board"), out of any funds legally available for such purpose. When and as dividends are declared thereon, whether payable in cash, property or securities of the Company, the holders of Common Stock will be entitled to share, ratably according to the number of shares of Common Stock held by them, in such dividends.

The NRS provides that no distribution (including dividends on, or purchases, redemptions, repurchases or other acquisitions of, shares of capital stock or distributions of indebtedness to or for the benefit of stockholders) may be made if, after giving effect to such distribution, (i) the Company would not be able to pay its debts as they become due in the usual course of business or (ii) except as otherwise specifically permitted by the Charter, the Company's total assets would be less than the sum of its total liabilities plus the amount that would be needed immediately after the time of a dissolution to satisfy the preferential rights of preferred stockholders (the condition in this clause (ii), the "Balance Sheet Test"). Directors may consider financial statements prepared on the basis of accounting practices that are reasonable in the circumstances, a fair valuation, including but not limited to unrealized appreciation and depreciation, and any other method that is reasonable in the circumstances. Pursuant to NRS 78.288(2)(b) and the Charter, the Company is specifically allowed to make any distribution that otherwise would be prohibited by the Balance Sheet Test.

Liquidation Rights

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any distribution of any of its assets to any of its stockholders other than by dividends from funds legally available therefor, and other than payments made upon redemptions or purchases of shares of the Company, after payment in full of the amount which the holders of Preferred Stock are entitled to receive in such event and, in the case of liquidation, dissolution or winding up, after paying or adequately providing for the payment of the Company's liabilities and obligations, the holders of Common Stock shall be entitled to share, ratably according to the number of shares of Common Stock held by them, in the remaining assets of the Company available for distribution to its stockholders.

Preferred Stock

Under the Charter, the Board is authorized, without further stockholder action, to issue up to 2,000,000 shares of Preferred Stock in one or more series by filing a certificate of designation in the manner prescribed by the NRS. On January 10, 2018, the Company filed a Certificate of Designation of Series A Junior Participating Preferred Stock with the Secretary of State of the State of Nevada, which was amended and restated on August 5, 2022 to reflect the Company's name change (the "Certificate of Designation"). The Certificate of Designation designates 20,000 shares of Series A Junior Participating Preferred Stock (the "Series A Preferred Stock") to be issued and exercisable in connection with the Amended and Restated Rights Agreement (as defined below).

Voting Rights

The holders of Series A Preferred Stock are entitled to notice of and to attend all meetings of the stockholders of the Company and are entitled to a number of votes equal to the Adjustment Number (as defined in the Certificate of Designation) per share on all matters to be voted on by the Company's stockholders. Except as otherwise provided in another certificate of designation authorizing a series of Preferred Stock, if any, or as required by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Company having general voting rights vote together as one class on all matters submitted to a vote of the stockholders of the Company.

Dividends

The Series A Preferred Stock rank junior to all series of Preferred Stock as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, unless, in the case of any other series of Preferred Stock, the terms of any such series provide otherwise, and rank senior to the Common Stock as to such matters. Subject to certain rights of holders of any shares of any class or series of stock of the Company having preference as to dividends and except as otherwise provided by the Charter or the NRS, the holders of Series A Preferred Stock are entitled to receive dividends when and as declared by the Board, out of any funds legally available for such purpose. When and as dividends are declared thereon, whether payable in cash, property or securities of the Company, the holders of Series A Preferred Stock will be entitled to share, ratably according to the number of shares of Series A Preferred Stock held by them, in such dividends. The Company shall declare a dividend or distribution on the Series A Preferred Stock immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock).

Liquidation Rights

Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received an amount per share the "Series A Liquidation Preference") equal to the greater of (i) $10.00 plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, and (ii) the Adjustment Number (as defined in the Certificate of Designation) times the per share amount of all cash and other property to be distributed in respect of the Common Stock upon such liquidation, dissolution or winding up of the Company. In the event that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other classes and series of stock of the Company, if any, that rank on a parity with the Series A Preferred Stock in respect thereof, then the assets available for such distribution shall be distributed ratably to the holders of the Series A Preferred Stock and the holders of such parity shares in proportion to their respective liquidation preferences.

Stockholder Rights Plan

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On June 19, 2017, the board of directors of Scientific Games Corporation, a Delaware corporation (the "Predecessor Registrant"), approved, and the Predecessor Registrant entered into, a Rights Agreement (the "Rights Agreement") between the Predecessor Registrant and American Stock Transfer & Trust Company, LLC (the "Rights Agent"). On January 10, 2018 (the "Reincorporation Merger Effective Date"), the Predecessor Registrant changed its state of incorporation from Delaware to Nevada pursuant to the merger (the "Reincorporation Merger") of the Predecessor Registrant with and into the Company, then a wholly owned subsidiary of the Predecessor Registrant, with the Company continuing as the surviving corporation. On the Reincorporation Merger Effective Date, the Company and the Rights Agent entered into an Amended and Restated Rights Agreement (the "Amended and Restated Rights Agreement"), pursuant to which (i) the Company assumed and succeeded to, by virtue of the Reincorporation Merger, all of the duties and obligations of the Predecessor Registrant under the Rights Agreement and (ii) certain additional changes were made to reflect the reincorporation from Delaware to Nevada. On June 16, 2020, the Company entered into an amendment to the Amended and Restated Rights Agreement to extend the term of the Amended and Restated Rights Agreement to June 19, 2023 (subject to earlier expiration as described in the Amended and Restated Rights Agreement).

The Amended and Restated Rights Agreement provides for a dividend of one preferred share purchase right (a "Right") for each share of the common stock of the Predecessor Registrant outstanding as of June 29, 2017 (the "Record Date"), as converted into one share of Common Stock on the Reincorporation Merger Effective Date. Each Right entitles the holder to purchase from the Company one ten-thousandth of a share of Series A Preferred Stock for a purchase price of $109.00, subject to adjustment as provided in the Amended and Restated Rights Agreement. The Rights become exercisable upon certain conditions set forth in the Amended and Restated Rights Agreement. At any time prior to the time any person or group becomes an Acquiring Person (as defined in the Amended and Restated Rights Agreement), the Board may redeem the Rights in whole, but not in part, at a price of $0.0001 per Right. The value of the Rights is *de minimis*.

Articles of Incorporation and Bylaws

Stockholders' rights and related matters are governed by the NRS, the Charter and the Bylaws. Certain provisions of the Charter and the Bylaws, descriptions of which are summarized herein, may have the effect, either alone or in combination with each other, of discouraging or making more difficult a tender offer or takeover attempt that is opposed by the Board but that a stockholder might consider to be in its best interest or otherwise effect the rights of our stockholders more generally. Such provisions may also adversely affect prevailing market prices for our capital stock. We believe that such provisions are necessary to enable us to develop our business in a manner that will foster our long-term growth without disruption caused by the threat of a takeover not deemed by the Board to be in our best interests and those of our stockholders.

Compliance with Gaming Laws

The Charter provides that all securities of the Company are held subject to all applicable gaming laws and the suitability standards, qualifications and requirements of

the gaming authorities that regulate the operation and conduct of the business of the Company or any of its affiliates. Accordingly, any person who (i) refuses or fails to comply with the requests of a gaming authority within a reasonable period of time, (ii) withdraws or requests the withdrawal of a pending application for a gaming license from any gaming authority in anticipation of such person being denied such gaming license or receiving such gaming license subject to materially burdensome or unacceptable terms or conditions, (iii) is determined or shall have been determined by any gaming authority not to be suitable or qualified to own or control securities of the Company or an affiliate of the company or (iv) whose ownership or control of securities of the Company may result, in the judgment of the Board, in the failure of the Company or any of its affiliates to obtain, maintain retain, renew or qualify for a gaming license, or cause or otherwise result in the imposition of any materially burdensome or unacceptable terms or conditions on any gaming license, shall sell or otherwise dispose of their securities or other interests in the Company, or the Company may redeem such securities, pursuant to a notice given by the Company (a "Notice").

Restrictions on Transfer

Under the Bylaws, immediately upon the transmittal by the Company of a Notice, the securities specified in such Notice shall become invalid securities (the "Invalid Securities"). Any direct or indirect acquisition, sale, transfer, exchange, assignment, liquidation, conveyance, pledge, abandonment, distribution, contribution or other disposition of Invalid Securities (a "Prohibited Transfer"), shall be void *ab initio*, unless prior approval of the Board is obtained. No employee or agent of the Company shall record any Prohibited Transfer and the purported transferee of a Prohibited Transfer shall not be recognized as a security holder of the Company for any purpose whatsoever in respect of the Invalid Securities. Once Invalid Securities have been acquired by the Company they shall cease to be Invalid Securities.

Restrictions on Business Combinations

The Company has not opted out of the Nevada combinations with interested stockholders statutes. Under NRS 78.411 to 78.444, inclusive, certain business combinations with an interested stockholder (one who beneficially owns, directly or indirectly, 10% or more of the voting power, or is an affiliate or associate of the Company who, within the previous two years, was the beneficial owner, directly or indirectly, of 10% or more of the voting power) of the Company are subject to a two-year moratorium unless (i) the combination or the transaction by which such person first became an interested stockholder is approved by the Board before the person became an interested stockholder, or (ii) the combination is approved by the Board and, at or after that time, the combination is approved at a meeting of the stockholders by the affirmative vote of the holders of at least 60% of the outstanding voting power not beneficially owned by the interested stockholder or its affiliates or associates. After the two-year period has elapsed, the Company may not consummate a business combination with an interested stockholder unless (i) the combination or transaction by which the person first became an interested stockholder is approved by the Board before the person first became an interested stockholder; (ii) the combination is approved by a majority of the outstanding voting power not beneficially owned by the interested stockholder or its affiliates or associates; or (iii) the interested stockholders satisfy certain fair value requirements. These statutes do not apply to any combination of the Company and an

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interested stockholder after the expiration of four years after the person first became an interested stockholder.

Acquisition of Controlling Interests

The Company has not opted out of the Nevada acquisition of controlling interest statutes (NRS 78.378 to 78.3793, inclusive), which protect the Company and its stockholders from persons acquiring a "controlling interest" in the Company. Pursuant to NRS 78.379, any person who acquires a controlling interest in the Company may not exercise voting rights with respect to any control shares unless such voting rights are conferred by a majority of the voting power of the Company and, if the acquisition would adversely affect any other outstanding class or series, the holders of a majority of such class or series, excluding the shares of the interested stockholders, by resolution approved at a special or annual meeting of the stockholders held upon the request and at the expense of the acquiring person. The NRS provides that a "controlling interest" means the ownership of outstanding voting shares of the Company sufficient to enable the acquiring person, directly or indirectly and individually or in association with others, to exercise (i) one fifth or more but less than one third, (ii) one third or more but less than a majority or (iii) a majority or more, of the voting power of the Company in the election of directors, and voting rights must be conferred by a majority of the disinterested stockholders as each threshold is reached and/or exceeded. In the event that a controlling interest is accorded full voting rights and the acquiring person acquires a controlling interest with a majority or more of all the voting power, any stockholder, other than the acquiring person, who does not vote in favor of authorizing voting rights for the control shares is entitled to dissent and demand payment of the fair value of such person's shares.

The NRS provides that the acquisition of controlling interest statutes do not apply to any acquisition of a controlling interest in the Company if the articles of incorporation or bylaws of the Company in effect on the 10th day following the acquisition of a controlling interest by the acquiring person provide that the provisions of those sections do not apply to the Company or to an acquisition of a controlling interest specifically by types of existing or future stockholders, whether or not identified. In addition, NRS 78.3788 provides that the acquisition of controlling interest statutes apply only to a corporation that has 200 or more stockholders of record, at least 100 of whom have addresses in Nevada appearing on the Company's stock ledger, at all times during the preceding 90 days, and which does business directly or indirectly in Nevada. NRS 78.378(2) provides that the Company may impose stricter requirements on the acquisition of a controlling interest if it so desires.

Advance Notice Requirements for Stockholder Proposals and Director Nominations

The Bylaws establish advance notice procedures for stockholder proposals and the nomination, other than by or at the direction of the Board, of candidates for election as directors. These procedures provide that the notice of stockholder proposals and stockholder nominations for the election of directors at an annual meeting must be in writing and received by our secretary at least 90 days but not more than 120 days prior to the first anniversary of our preceding year's annual meeting. However, if the date of our annual meeting is more than 30 days earlier than, or more than 60 days later than, such anniversary date, notice by a stockholder will be considered timely if it is delivered not earlier than the 120th day prior to the date of such annual meeting and not later than the

close of business of the 90th day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of the annual meeting is made by the Company. The notice of nominations for the election of directors must set forth certain information concerning the stockholder giving the notice and each nominee.

By requiring advance notice of nominations by stockholders, these procedures afford the Board an opportunity to consider the qualifications of the proposed nominees and, to the extent deemed necessary or desirable by the Board, to inform stockholders about these qualifications. By requiring advance notice of other proposed business, these procedures provide the Board with an opportunity to inform stockholders of any business proposed to be conducted at a meeting, together with any recommendations as to the Board's position on action to be taken on such business. This should allow stockholders to better decide whether to attend a meeting or to grant a proxy for the disposition of any such business.

Amendments

The Bylaws provide that a majority of the total number of directors or of the stockholders at any meeting upon proper notice has the power to amend, alter or repeal the Bylaws. NRS 78.390 requires the approval of the Board and a majority of the stockholders entitled to vote (or such greater proportion of the voting power as may be required in certain cases) for an amendment to the Charter.

Removal of Directors

Any director may be removed from office at any special meeting of the stockholders either with or without cause by the vote of the holders of not less than two-thirds of the voting power of the issued and outstanding stock entitled to vote generally in the election of directors, excluding stock entitled to vote only upon the happening of a fact or event unless such fact or event has occurred. If the entire Board or any one or more directors are so removed, new directors may be elected at the same meeting.

Forum Selection Clause

Under the Bylaws, unless otherwise agreed by the Company in writing, the Eighth Judicial District Court of Clark County, Nevada is the sole and exclusive forum for any action, suit or proceeding, whether civil, administrative or investigative, (a) against the Company or any of its directors or officers that (i) asserts a cause of action under the laws of the United States, (ii) could be properly commenced in either a federal forum or a forum of the State of Nevada or any other state, and (iii) is brought by or in the name and on behalf of (A) the Company, (B) any stockholder of the Company, or (C) any subscriber for, or purchaser or offeree of, any shares or other securities of the Company; and (b) (i) brought in the name or right of the Company or on its behalf (ii) asserting a claim or counterclaim for or based on any breach of any fiduciary duty owed by any director, officer, employee or agent of the Company in such capacity to the Company or the Company's stockholders, (iii) arising or asserting a claim or counterclaim arising pursuant to any provision of NRS Chapters 78 or 92A or any provision of the Charter or the Bylaws or (iv) asserting a claim or counterclaim governed by the internal affairs

doctrine. In the event that the Eighth Judicial District Court of Clark County, Nevada does not have jurisdiction over any such action, suit or proceeding, then any other state district court located in the State of Nevada shall be the sole and exclusive forum therefor and in the event that no state district court in the State of Nevada has jurisdiction over any such action, suit or proceeding, then a federal court located within the State of Nevada shall be the sole and exclusive forum therefor.

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Limitation on Personal Liability

The Charter provides that the liability of directors and officers of the Company be eliminated or limited to the fullest extent permitted by the NRS. Pursuant to NRS 78.138, a director or officer of the Company shall not be individually liable to the Company, its stockholders or creditors for any damages as a result of any act or failure to act in his or her capacity as a director or officer unless (i) the presumption that directors and officers act in good faith, on an informed basis and with a view to the interests of the Company has been rebutted; and (ii) it is proven that (a) the director's or officer's act or failure to act constituted a breach of his or her fiduciary duties as a director or officer and (b) the breach of those duties involved intentional misconduct, fraud or a knowing violation of law. Directors may also be liable for unlawful distributions, including the payment of dividends or for stock purchases, redemptions or repurchases, or for distributions of indebtedness, under certain circumstances.

Exhibit 10.35

Amendment to Employment Agreement

This Amendment to Employment Agreement (this "Amendment") is made effective as of October 10, 2022 (the "Amendment Effective Date") by and between Light & Wonder, Inc., a Nevada corporation, (the "Company") and Matthew Wilson ("Executive").

WHEREAS, the Company and Executive entered into an Employment Agreement dated as of July 6, 2019 (as amended, the "Agreement");

NOW THEREFORE, in consideration of the premises and the mutual benefits to be derived herefrom and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Term Extension. The parties agree that the Term of the Agreement is extended three (3) years from the Amendment Effective Date and the Term shall continue to be subject to automatic renewals per the provisions of Section 1.

2. Position and Duties. Effective as of the Amendment Effective Date, the following sentence is inserted after the first sentence of Section 2: "Effective as of October 10, 2022, Executive will serve as, and his title will change to, President and Chief Executive Officer of the Company."

3. Increase in Base Salary. The Agreement is amended by adding the following sentence to the end of Section 3(a): "Effective as of the Amendment Effective Date, Executive's base salary is increased to one million and three hundred thousand U.S. dollars ($1,300,000) per annum."

4. Increase in Short-Term Incentive Compensation Target. As of the Amendment Effective Date, Executive's "target opportunity" set forth in Section 3(b) will increase from 75% to 100%.

5. Increase in Long-Term Incentive Compensation Program Target; Addition of Clause Addressing Equity Treatment at Retirement. As of the Amendment Effective Date, Section 3(c) of the Agreement is amended by increasing Executive's target percentage for long-term incentive grants to 300%. The following language is also added to the end of Section 3(c):

> Equity awards granted pursuant to this Agreement shall be subject to the terms of the Company's standard form of award agreement under the Incentive Compensation Plan modified to provide that, if Executive remains employed by the Company through the date when he becomes 65 years of age and retires at any time thereafter, any unvested equity held by Executive as of that retirement date shall vest ten days after such retirement, subject to the achievement of any applicable performance criteria; provided that, settlement of any such awards shall be in accordance with Section 4(g).

6. Mitigation. Section 4(h), "Mitigation," is deleted and replaced with the following:

> (h) *Mitigation.* In the event the Executive's employment is terminated in accordance with Section 4(e) or (f) and Executive is employed by or otherwise engaged to provide services to another person or entity at any time prior to the end of any period of payments to or on behalf of Executive contemplated by this Section 4, (i) Executive shall immediately advise the Company of such employment or engagement and any health insurance benefits to which he is entitled in connection therewith, and (ii) the Company's obligation to make continued health insurance payments to or on behalf of Executive shall be reduced by any health insurance coverage obtained by Executive during the applicable

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period through such other employment or engagement (without regard to when such coverage is paid).

7. Revisions to Non-Competition Section. Section 5.1(a) is deleted and replaced with the following:

(a) Executive acknowledges the highly competitive nature of the Company's business and that access to the Company's confidential records and proprietary information renders Executive special and unique within the Company's industries. In addition to the protection of confidential records and proprietary information covered in Section 5.2, the provisions set forth in this Section 5.1 are necessary in order to protect the goodwill of the Company and the relationships developed by the Company with employees, customers and suppliers. In consideration of the amounts that may hereafter be paid to Executive pursuant to this Agreement (including Sections 3 and 4), Executive agrees that during the Term (including any extensions thereof) and during the Covered Time, Executive, alone or with others, will not, directly or indirectly, engage (as owner, investor, partner, stockholder, employer, employee, consultant, advisor, director or otherwise) in any Competing Business. For purposes of this Section 5, "Competing Business" shall mean any business or operations: (i)(A) involving the design, development, manufacture, production, sale, lease, license, provision, operation or management (as the case may be) of (1) gaming machines, terminals or devices (including video or reel spinning slot machines, video poker machines, video lottery terminals and fixed odds betting terminals), (2) video gaming (including server-based gaming), sports betting or other wagering or gaming systems, regardless of whether such systems are land-based, internet-based or mobile (including control and monitoring systems, local or wide-area progressive systems and redemption systems); (3) real money gaming or social gaming-related proprietary or licensed content (including themes, entertainment and brands), platforms, websites and loyalty and customer relationship management programs regardless of whether any of the foregoing are land-based, internet-based or mobile-based; (4) social casino games or websites or mobile phone or tablet applications (or similar known, or hereafter existing, technologies) featuring social casino games or any related marketing, distribution, or other services or programs; (5) interactive casino gaming products or services, including interactive casino-game themed games and platforms for websites or mobile phone or tablet applications (or similar known, or hereafter existing, technologies); (6) gaming utility products (including shufflers, card-reading shoes, deck checkers and roulette chip sorters), table games (including live, simulated, online, social gaming, interactive and electronic) and related products and services; (7) slot accounting, casino management, casino marketing, player tracking, bingo or similar gaming- or casino-related systems and related peripheral hardware, software and services; or (8) ancillary products (including equipment, hardware, software, marketing materials, chairs and signage) or services (including field service, maintenance and support) related to any of the foregoing under sub-clauses (1) through (8) above; or (B) in which the Company is then or was within the previous 12 months engaged, or in which the Company, to Executive's knowledge, contemplates to engage in during the Term or the Covered Time; (ii) in which Executive was engaged or involved (whether in an executive or supervisory capacity or otherwise) on behalf of the Company or with respect to which Executive has obtained proprietary or confidential information; and (iii) which were conducted anywhere in the United States or in any other geographic area in which such business was conducted or contemplated to be conducted by the Company. Notwithstanding anything to the contrary in the foregoing, the holding of up to one percent (1%) of the outstanding equity in a publicly traded entity for passive investment purposes shall not, in and of itself, be construed as engaging in a Competing Business.

8. References to Scientific Games Corporation. The parties acknowledge that all references to "Scientific Games Corporation" in the Agreement will be changed to Light & Wonder, Inc.

9. Except as set forth in this Amendment, all terms and conditions of the Agreement shall remain unchanged and in full force and effect in accordance with their terms. All references to the "Agreement" in the Agreement shall refer to the Agreement as amended by this Amendment. Any defined terms used in this Amendment and not defined herein shall have the meaning as set forth in the Agreement.

10. This Amendment may be executed in counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument. Delivery of an executed counterpart of a signature page of this Amendment by electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment.

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Amendment as of November 14, 2022.

LIGHT & WONDER, INC.

By: /s/ James Sottile
Name: James Sottile
Title: EVP and Chief Legal Officer

/s/ Matthew Wilson
Matthew Wilson

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Amended and Restated Employment Agreement

This Amended and Restated Employment Agreement (this "Agreement") is made as of October 10, 2022 ("Effective Date") by and between Light & Wonder, Inc. (fka Scientific Games Corporation), a Nevada corporation (the "Company"), and Siobhan Lane ("Executive") and it amends and restates the Employment Agreement dated as of July 4, 2019 between Executive and Company (along with all amendments thereto preceding this Agreement, the "Prior Employment Agreement").

WHEREAS, the Company and Executive wish to enter into this Agreement setting forth terms and conditions of Executive's employment.

NOW, THEREFORE, in consideration of the premises and mutual benefits to be derived herefrom and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Company and Executive, the parties agree as follows.

1. Employment; Term. The Company hereby agrees to employ Executive, and Executive hereby accepts employment with the Company, in accordance with and subject to the terms and conditions set forth in this Agreement. This term of employment of Executive under this Agreement (the "Term") shall be the period commencing on October 10, 2022 and continuing for three (3) years thereafter, as may be extended in accordance with this Section 1 and subject to earlier termination in accordance with Section 4. The Term shall be extended automatically without further action by either party by one (1) additional year (added to the end of the Term), and then on each succeeding annual anniversary thereafter, unless either party shall have given written notice to the other party prior to the date which is sixty (60) days prior to the date upon which such extension would otherwise have become effective electing not to further extend the Term, in which case Executive's employment shall terminate on the date upon which such extension would otherwise have become effective, unless earlier terminated in accordance with Section 4. The Company directs the Executive not to, and the Executive covenants that Executive shall not, employ the trade secrets or proprietary information of any other person, including but not limited to current and former employers, in connection with Executive's employment by the Company without such person's written authorization.

2. Position and Duties. During the Term, Executive will serve as Executive Vice President & Group Chief Executive Officer of Gaming of the Company and as an officer or director of any subsidiary or affiliate of the Company if elected or appointed to such positions, as applicable, during the Term. In such capacities, Executive shall perform such duties and shall have such responsibilities as are normally associated with such positions, and as otherwise may be assigned to Executive from time to time. Subject to Section 4(e), Executive's functions, duties and responsibilities are subject to reasonable changes as the Company may in good faith determine from time to time. Executive hereby agrees to accept such employment and to serve the Company and its subsidiaries and affiliates to the best of Executive's ability in such capacities, devoting all of Executive's business time to such employment. Executive is not required or expected to relocate full time; however, Executive acknowledges that, at the Company's expense, she is expected to work from the Las Vegas office on average approximately 2 weeks per month and engage in other business travel, including to other Company locations, from time to time as appropriate to perform her duties hereunder.

3. Compensation.

a. *Base Salary*. During the Term, Executive will receive a base salary of seven hundred and fifty thousand U.S. dollars (US$750,000) per annum (pro-rated for any partial year), payable in accordance with the Company's regular payroll practices and subject to such deductions or amounts to be withheld as required by applicable law and regulations or as may be agreed to by Executive. In the event that the Company, in its sole discretion, from time to time

determines to increase Executive's base salary, such increased amount shall, from and after the effective date of such increase, constitute the "base salary" of Executive for purposes of this Agreement.

b. *Incentive Compensation.* Executive shall have the opportunity annually to earn incentive compensation ("Incentive Compensation") during the Term in amounts determined by the Compensation Committee of the Board (the "Compensation Committee") in its sole discretion in accordance with the applicable incentive compensation plan of the Company as in effect from time to time (the "Incentive Compensation Plan"). Under such Incentive Compensation Plan, Executive shall have the opportunity annually to earn up to 75% of Executive's base salary as Incentive Compensation at "target opportunity" ("Target Bonus") on the terms and subject to the conditions of such Incentive Compensation Plan (any such Incentive Compensation to be subject to such deductions or amounts to be withheld as required by applicable law and regulations or as may be agreed to by Executive). Executive's Incentive Compensation for 2022 will based on a "blended" rate of, for the period prior to the Effective Date, the incentive compensation target and metrics applicable to Executive prior to the Effective Date and, for the period beginning on the Effective Date, the incentive compensation target set forth above and the metrics applicable to the Group Chief Executive Officer of Gaming under the 2022 Incentive Compensation Plan.

c. *Eligibility for Annual Equity Awards.* Starting in 2023, Executive shall be eligible to receive an annual grant of stock options, restricted stock units or other equity awards with a grant date fair value equal to approximately 200% of Executive's base salary, as measured in accordance with the Company's standard practices of measuring equity value, and in accordance with the applicable plans and programs of the Company for executives of the Company and subject to the Company's right to at any time amend or terminate any such plan or program, so long as any such change does not adversely affect any accrued or vested interest of Executive under any such plan or program. Equity awards granted pursuant to this Agreement shall be subject to the terms of the Company's standard form of award agreement under the Incentive Compensation Plan modified to provide that, if Executive remains employed by the Company through the date when she becomes 65 years of age and retires at any time thereafter, any unvested equity held by Executive as of that retirement date shall vest ten days after such retirement, subject to the achievement of any applicable performance criteria; provided that, settlement of any such awards shall be in accordance with Section 4(g).

d. *Expense Reimbursement.* Subject to Section 3(f), during the Term the Company shall reimburse Executive for all reasonable and necessary travel and other business expenses incurred by Executive in connection with the performance of Executive's duties under this Agreement, on a timely basis upon timely submission by Executive of vouchers therefor in accordance with the Company's standard policies and procedures.

e. *Employee Benefits.* During the Term, Executive shall be entitled to participate, without discrimination or duplication, in any and all medical insurance, group health, disability, life insurance, accidental death and dismemberment insurance, 401(k) or other retirement, deferred compensation, stock ownership and such other plans and programs which are made generally available by the Company to similarly situated executives of the Company in accordance with the terms of such plans and programs and subject to the right of the Company (or its applicable affiliate) to at any time amend or terminate any such plan or program. Executive shall be entitled to paid time off, holidays and any other time off in accordance with the Company's policies in effect from time to time.

f. *Taxes and Internal Revenue Code 409A.* Payment of all compensation and benefits to Executive under this Agreement shall be subject to all legally required and customary withholdings. The Company makes no representations or warranties and shall have no responsibility regarding the tax implications of the compensation and benefits to be paid to Executive under this Agreement, including under Section 409A of the Internal Revenue Code of

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1986, as amended (the "Code"), and applicable administrative guidance and regulations ("Section 409A"). Section 409A governs plans and arrangements that provide "nonqualified deferred compensation" (as defined under the Code) which may include, among others, nonqualified retirement plans, bonus plans, stock option plans, employment agreements and severance agreements. The Company reserves the right to pay compensation and provide benefits under this Agreement (including under Section 3 and Section 4) in amounts, at times and in a manner that minimizes taxes, interest or penalties as a result of Section 409A. In addition, in the event any benefits or amounts paid to Executive hereunder are deemed to be subject to Section 409A, Executive consents to the Company adopting such conforming amendments as the Company deems necessary, in its reasonable discretion, to comply with Section 409A (including delaying payment until six (6) months following termination of employment). To the extent any payments of money or other benefits due to Executive hereunder could cause the application of an accelerated or additional tax under Section 409A, such payments or other benefits may be deferred if deferral will make such payment or other benefits compliant under Section 409A, or otherwise such payments or other benefits shall be restructured, to the extent permissible under Section 409A, in a manner determined by the Company that does not cause such an accelerated or additional tax. To the extent any reimbursements or in-kind benefits due to Executive under this Agreement constitute deferred compensation under Section 409A, any such reimbursements or in-kind benefits shall be paid to Executive in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv). Each payment made under this Agreement shall be designated as a "separate payment" within the meaning of Section 409A.

g. *Equity Awards Prior to the Effective Date*. Executive received certain time-vested and performance conditioned equity awards prior to the Effective Date. Those awards will continue to vest according to the terms on which they were granted, including, for the avoidance of doubt, for performance conditioned awards the requirement that the performance conditions be satisfied.

4. Termination of Employment. Executive's employment may be terminated at any time prior to the end of the Term under the terms described in this Section 4, and the Term shall automatically terminate upon any termination of Executive's employment. For purposes of clarification, except as provided in Section 5.6, all stock options, restricted stock units and other equity-based awards will be governed by the terms of the plans, grant agreements and programs under which such options, restricted stock units or other awards were granted on any termination of the Term and Executive's employment with the Company.

a. *Termination by Executive for Other than Good Reason*. Executive may terminate Executive's employment hereunder for any reason or no reason upon 60 days' prior written notice to the Company referring to this Section 4(a); provided, however, that a termination by Executive for "Good Reason" (as defined below) shall not constitute a termination by Executive for other than Good Reason pursuant to this Section 4(a). In the event Executive terminates Executive's employment for other than Good Reason, Executive shall be entitled only to the following compensation and benefits (the payments set forth in Sections 4(a)(i) – 4(a)(iii), collectively, the "Standard Termination Payments"):

i. any accrued but unpaid base salary for services rendered by Executive to the date of such termination, payable in accordance with the Company's regular payroll practices and subject to such deductions or amounts to be withheld as required by applicable law and regulations or as may be agreed to by Executive;

ii. any vested non-forfeitable amounts owing or accrued at the date of such termination under benefit plans, programs and arrangements set forth or referred to in Section 3(e) in which Executive participated during the Term (which will be paid under the terms and conditions of such plans, programs, and arrangements (and agreements and documents

thereunder)) and, excluding, for the avoidance of doubt, any termination for Cause, any vesting to which Executive is entitled due to retirement; and

iii. reasonable business expenses and disbursements incurred by Executive prior to such termination will be reimbursed in accordance with Section 3(d).

b. *Termination By Reason of Death.* If Executive dies during the Term, the last beneficiary designated by Executive by written notice to the Company (or, in the absence of such designation, Executive's estate) shall be entitled only to the Standard Termination Payments, including any benefits that may be payable under any life insurance benefit of Executive for which the Company pays premiums, in accordance with the terms of any such benefit and subject to the right of the Company (or its applicable affiliate) to at any time amend or terminate any such benefit.

c. *Termination By Reason of Total Disability*. The Company may terminate Executive's employment in the event of Executive's "Total Disability." For purposes of this Agreement, "Total Disability" shall mean Executive's (1) becoming eligible to receive benefits under any long-term disability insurance program of the Company or (2) failure to perform the duties and responsibilities contemplated under this Agreement for a period of more than 180 days during any consecutive 12-month period due to physical or mental incapacity or impairment. In the event that Executive's employment is terminated by the Company by reason of Total Disability, Executive shall not be entitled to receive any compensation or benefits under this Agreement except for the Standard Termination Payments; provided, however, that the Executive may separately be entitled to disability payments pursuant to a disability plan sponsored or maintained by the Company or any of its affiliates providing benefits to Executive.

d. *Termination by the Company for Cause*. The Company may terminate the employment of Executive at any time for "Cause." For purposes of this Agreement, "Cause" shall mean: (i) gross neglect by Executive of Executive's duties hereunder; (ii) Executive's indictment for or conviction of a felony, or any non-felony crime or offense involving the property of the Company or any of its subsidiaries or affiliates or evidencing moral turpitude; (iii) willful misconduct by Executive in connection with the performance of Executive's duties hereunder; (iv) intentional breach by Executive of any material provision of this Agreement; (v) material violation by Executive of a material provision of the Company's Code of Business Conduct; (vi) Executive's failure to qualify (or failure to remain qualified) under any suitability or licensing requirements to which Executive may be subject by reason of Executive's position with the Company; (vii) Executive's failure to cooperate with or respond to any regulatory requests for information in connection with such licensing requirements; (viii) Executive's failure to timely file required license applications; (ix) the denial of any license application submitted by Executive; or (x) any other willful or grossly negligent conduct of Executive that would make the continued employment of Executive by the Company materially prejudicial to the best interests of the Company. In the event Executive's employment is terminated for "Cause," Executive shall not be entitled to receive any compensation or benefits under this Agreement except for the Standard Termination Payments.

e. *Termination by the Company without Cause or by Executive for Good Reason.* The Company may terminate Executive's employment at any time without Cause, for any reason or no reason, and Executive may terminate Executive's employment for "Good Reason." For purposes of this Agreement "Good Reason" shall mean that, without Executive's prior written consent, any of the following shall have occurred: (A) a material adverse change to Executive's positions, titles, offices, or duties, from those set forth in Section 2, except, in such case, in connection with the termination of Executive's employment for Cause or due to Total Disability, death or expiration of the Term; (B) a material decrease in base salary or material decrease in Executive's Incentive Compensation opportunity provided under this Agreement; (C) Executive is required to work full time at any place of employment that is more than twenty (20) miles from

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Executive's residence; provided that Executive acknowledges that the travel to Las Vegas and other business travel referenced in Section 2 does not constitute Good Reason; or (D) any other material failure by the Company to perform any material obligation under, or material breach by the Company of any material provision of, this Agreement; provided, however, that a termination by Executive for Good Reason under any of clauses (A) through (D) of this Section 4(e) shall not be considered effective unless Executive shall have provided the Company with written notice of the specific reasons for such termination within thirty (30) days after Executive has knowledge of the event or circumstance constituting Good Reason and the Company shall have failed to cure the event or condition allegedly constituting Good Reason within thirty (30) days after such notice has been given to the Company and Executive actually terminates her employment within one (1) year following the initial occurrence of the event giving rise to Good Reason. In the event that Executive's employment is terminated by the Company without Cause or by Executive for Good Reason (and not, for the avoidance of doubt, in the event of a termination pursuant to Section 4(a), (b), (c) or (d) or due to or non-renewal of the Term), the Company shall pay or provide the following amounts to Executive:

i. the Standard Termination Payments;

ii. an amount equal to the Executive's base salary then in effect, payable in equal installments in accordance with the Company's normal payroll practices over a period of twenty-four (24) months after such termination, and otherwise in accordance with Section 4(g);

iii. no later than March 15 following the end of the year in which such termination occurs, in lieu of any Incentive Compensation for the year in which such termination occurs, payment of an amount equal to (A) the Incentive Compensation which would have been payable to Executive had Executive remained in employment with the Company during the entire year in which such termination occurred, multiplied by (B) a fraction the numerator of which is the number of days Executive was employed in the year in which such termination occurs and the denominator of which is the total number of days in the year in which such termination occurs; and

iv. if Executive timely elects to continue medical coverage under the Company's group health plan in accordance with COBRA, the full monthly premiums for such coverage on a monthly basis until the earlier of: (A) a period of eighteen (18) months has elapsed; or (B) Executive is eligible for medical coverage under a plan provided by a new employer.

f. *Expiration of Term of Agreement.* In the event Executive's employment is terminated by the Company at the end of the Term, the Company shall pay or provide the following amounts to Executive:

i. the Standard Termination Payments;

ii. an amount equal to the Executive's base salary then in effect, payable in equal installments in accordance with the Company's normal payroll practices over a period of twenty-four (24) months after such termination, and otherwise in accordance with Section 4(g);

iii. no later than March 15 following the end of the year in which such termination occurs, in lieu of any Incentive Compensation for the year in which such termination occurs, payment of an amount equal to (A) the Incentive Compensation which would have been payable to Executive had Executive remained in employment with the Company during the entire year in which such termination occurred, multiplied by (B) a fraction the numerator of which is the number of days Executive was employed in the year in which such termination occurs and the denominator of which is the total number of days in the year in which such termination occurs; and

iv. if Executive timely elects to continue medical coverage under the Company's group health plan in accordance with COBRA, the full monthly premiums for such coverage on a monthly basis until the earlier of: (A) a period of eighteen (18) months has elapsed; or (B) Executive is eligible for medical coverage under a plan provided by a new employer.

g. *Timing of Certain Payments under Section 4.* For purposes of Section 409A, references herein to the Executive's "termination of employment" shall refer to Executive's separation of services with the Company within the meaning of Treas. Reg. Section 1.409A-1(h). If at the time of Executive's separation of service with the Company other than as a result of Executive's death, (i) Executive is a "specified employee" (as defined in Section 409A(a)(2)(B)(i) of the Code), (ii) one or more of the payments or benefits received or to be received by Executive pursuant to this Agreement would constitute deferred compensation subject to Section 409A, and (iii) the deferral of the commencement of any such payments or benefits otherwise payable hereunder as a result of such separation of service is necessary in order to prevent any accelerated or additional tax under Section 409A, such payments may be made as follows: (i) no payments for a six-month period following the date of Executive's separation of service with the Company; (ii) an amount equal to the aggregate sum that would have been otherwise payable during the initial six-month period paid in a lump sum on the first payroll date following six (6) months following the date of Executive's separation of service with the Company (subject to such deductions or amounts to be withheld as required by applicable law and regulations); and (iii) during the period beginning six (6) months following Executive's separation of service with the Company through the remainder of the applicable period, payment of the remaining amount due in equal installments in accordance with the Company's standard payroll practices (subject to such deductions or amounts to be withheld as required by applicable law and regulations).

h. *Mitigation.* In the event the Executive's employment is terminated in accordance with Section 4(e) or (f) and Executive is employed by or otherwise engaged to provide services to another person or entity at any time prior to the end of any period of payments to or on behalf of Executive contemplated by this Section 4, (i) Executive shall immediately advise the Company of such employment or engagement and any health insurance benefits to which she is entitled in connection therewith, and (ii) the Company's obligation to make continued health insurance payments to or on behalf of Executive shall be reduced by any health insurance coverage obtained by Executive during the applicable period through such other employment or engagement (without regard to when such coverage is paid).

i. *Set-Off.* To the fullest extent permitted by law and provided an acceleration of income or the imposition of an additional tax under Section 409A would not result, any amounts otherwise due to Executive hereunder (including any payments pursuant to this Section 4) shall be subject to set-off with respect to any amounts Executive otherwise owes the Company or any subsidiary or affiliate thereof.

j. *No Other Benefits or Compensation.* Except as may be specifically provided under this Agreement, under any other effective written agreement between Executive and the Company that expressly survives execution of this Agreement, or under the terms of any plan or policy applicable to Executive, Executive shall have no right to receive any other compensation from the Company or any subsidiary or affiliate thereof, or to participate in any other plan, arrangement or benefit provided by the Company or any subsidiary or affiliate thereof, with respect to any future period after such termination or resignation. Executive acknowledges and agrees that Executive is entitled to no compensation or benefits from the Company or any of its subsidiaries or affiliates of any kind or nature whatsoever in respect of periods prior to the date of this Agreement.

k. *Release of Employment Claims; Compliance with Section 5.* Executive agrees, as a condition to receipt of any termination payments and benefits provided for in this Section 4 (other than the Standard Termination Payments), that Executive will execute a general release

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agreement, in a form reasonably satisfactory to the Company, releasing any and all claims arising out of Executive's employment and the termination of such employment. The Company shall provide Executive with the proposed form of general release agreement referred to in the immediately preceding sentence no later than seven (7) days following the date of termination. Executive shall thereupon have 21 days or, if required by the Older Workers Benefit Protection Act, 45 days, to consider such general release agreement and, if he executes such general release agreement, shall have seven (7) days after execution of such general release agreement to revoke such general release agreement. Absent such revocation, such general release agreement shall become binding on Executive. If Executive does not revoke such general release agreement, payments contingent on such general release agreement that constitute deferred compensation under Section 409A (if any) shall be paid on the later of the 60th day after the date of termination or the date such payments are otherwise scheduled to be paid pursuant to this Agreement. The Company's obligation to make any termination payments and benefits provided for in this Section 4 (other than the Standard Termination Payments) shall immediately cease if Executive willfully or materially breaches Section 5.1, 5.2, 5.3, 5.4, or 5.8.

l. *Section 280G*. If the aggregate of all amounts and benefits due to the Executive under this Agreement or any other plan, program, agreement or arrangement of the Company or any of its affiliates, which, if received by the Executive in full, would constitute "parachute payments," as such term is defined in and under Section 280G of the Code (collectively, "Change in Control Benefits"), reduced by all Federal, state and local taxes applicable thereto, including the excise tax imposed pursuant to Section 4999 of the Code, is less than the amount the Executive would receive, after all such applicable taxes, if the Executive received aggregate Change in Control Benefits equal to an amount which is $1.00 less than three (3) times the Executive's "base amount," as defined in and determined under Section 280G of the Code, then such Change in Control Benefits shall be reduced or eliminated to the extent necessary so that the Change in Control Benefits received by the Executive will not constitute parachute payments. If a reduction in the Change in Control Benefits is necessary, reduction shall occur in the following order unless the Executive elects in writing a different order, subject to the Company's consent (which shall not be unreasonably withheld or delayed): (i) severance payment based on multiple of base salary and/or Target Bonus; (ii) other cash payments; (iii) any pro-rated bonus paid as severance; (iv) acceleration of vesting of stock options with an exercise price that exceeds the then fair market value of stock subject to the option, provided such options are not permitted to be valued under Treasury Regulations Section 1.280G-1 Q/A – 24(c); (v) any equity awards accelerated or otherwise valued at full value, provided such equity awards are not permitted to be valued under Treasury Regulations Section 1.280G-1 Q/A – 24(c); (vi) acceleration of vesting of stock options with an exercise price that exceeds the then fair market value of stock subject to the option, provided such options are permitted to be valued under Treasury Regulations Section 1.280G-1 Q/A – 24(c); (vii) acceleration of vesting of all other stock options and equity awards; and (viii) within any category, reductions shall be from the last due payment to the first.

It is possible that after the determinations and selections made pursuant to the preceding paragraph that the Executive will receive Change in Control Benefits that are, in the aggregate, either more or less than the amounts contemplated by the preceding paragraph (hereafter referred to as an "Excess Payment" or "Underpayment," respectively). If there is an Excess Payment, the Executive shall promptly repay the Company an amount consistent with this paragraph. If there is an Underpayment, the Company shall pay the Executive an amount consistent with this paragraph.

5. Noncompetition; Non-solicitation; Nondisclosure; etc.

5.1 *Noncompetition; Non-solicitation.*

a. Executive acknowledges the highly competitive nature of the Company's business and that access to the Company's confidential records and proprietary information

renders Executive special and unique within the Company's industries. In addition to the protection of confidential records and proprietary information covered in Section 5.2, the provisions set forth in this Section 5.1 are necessary in order to protect the goodwill of the Company and the relationships developed by the Company with employees, customers and suppliers. In consideration of the amounts that may hereafter be paid to Executive pursuant to this Agreement (including Sections 3 and 4), Executive agrees that during the Term (including any extensions thereof) and during the Covered Time, Executive, alone or with others, will not, directly or indirectly, engage (as owner, investor, partner, stockholder, employer, employee, consultant, advisor, director or otherwise) in any Competing Business. For purposes of this Section 5, "Competing Business" shall mean any business or operations: (i)(A) involving the design, development, manufacture, production, sale, lease, license, provision, operation or management (as the case may be) of (1) gaming machines, terminals or devices (including video or reel spinning slot machines, video poker machines, video lottery terminals and fixed odds betting terminals), (2) video gaming (including server-based gaming), sports betting or other wagering or gaming systems, regardless of whether such systems are land-based, internet-based or mobile (including control and monitoring systems, local or wide-area progressive systems and redemption systems); (3) real money gaming or social gaming-related proprietary or licensed content (including themes, entertainment and brands), platforms, websites and loyalty and customer relationship management programs regardless of whether any of the foregoing are land-based, internet-based or mobile-based; (4) social casino games or websites or mobile phone or tablet applications (or similar known, or hereafter existing, technologies) featuring social casino games or any related marketing, distribution, or other services or programs; (5) interactive casino gaming products or services, including interactive casino-game themed games and platforms for websites or mobile phone or tablet applications (or similar known, or hereafter existing, technologies); (6) gaming utility products (including shufflers, card-reading shoes, deck checkers and roulette chip sorters), table games (including live, simulated, online, social gaming, interactive and electronic) and related products and services; (7) slot accounting, casino management, casino marketing, player tracking, bingo or similar gaming- or casino-related systems and related peripheral hardware, software and services; or (8) ancillary products (including equipment, hardware, software, marketing materials, chairs and signage) or services (including field service, maintenance and support) related to any of the foregoing under sub-clauses (1) through (8) above; or (B) in which the Company is then or was within the previous 12 months engaged, or in which the Company, to Executive's knowledge, contemplates to engage in during the Term or the Covered Time; (ii) in which Executive was engaged or involved (whether in an executive or supervisory capacity or otherwise) on behalf of the Company or with respect to which Executive has obtained proprietary or confidential information; and (iii) which were conducted anywhere in the United States or in any other geographic area in which such business was conducted or contemplated to be conducted by the Company. Notwithstanding anything to the contrary in the foregoing, the holding of up to one percent (1%) of the outstanding equity in a publicly traded entity for passive investment purposes shall not, in and of itself, be construed as engaging in a Competing Business.

b. In further consideration of the amounts that may hereafter be paid to Executive pursuant to this Agreement (including Sections 3 and 4), Executive agrees that, during the Term (including any extensions thereof) and during the Covered Time, Executive shall not, directly or indirectly: (i) solicit or attempt to induce any of the employees, agents, consultants or representatives of the Company to terminate his, her, or its relationship with the Company; (ii) solicit or attempt to induce any of the employees, agents, consultants or representatives of the Company to become employees, agents, consultants or representatives of any other person or entity; or (iii) solicit or attempt to induce any customer, vendor or distributor of the Company to curtail or cancel any business with the Company; or (iv) hire any person who, to Executive's actual knowledge, is, or was within 180 days prior to such hiring, an employee of the Company. Sections (i) and (ii) are limited to employees, agents, consultants and representatives with whom Executive had material contact for the purpose of performing Executive's job duties or about whom Executive obtained confidential information during Executive's employment. Section (iii)

is limited to customers, vendors and distributors with whom Executive had material contact for the purpose of performing her job duties, or about whom Executive obtained confidential information during her employment.

c. During the Term (including any extensions thereof) and during the Covered Time, Executive agrees that upon the earlier of Executive's (i) negotiating with any Competitor (as defined below) concerning the possible employment of Executive by the Competitor, (ii) responding to (other than for the purpose of declining) an offer of employment from a Competitor, or (iii) becoming employed by a Competitor, (A) Executive will provide copies of Section 5 of this Agreement to the Competitor, and (B) in the case of any circumstance described in (iii) above occurring during the Covered Time, and in the case of any circumstance described in (i) or (ii) above occurring during the Term or during the Covered Time, Executive will promptly provide notice to the Company of such circumstances. Executive further agrees that the Company may provide notice to a Competitor of Executive's obligations under this Agreement. For purposes of this Agreement, "Competitor" shall mean any person or entity (other than the Company, its subsidiaries or affiliates) that engages, directly or indirectly, in the United States or any other geographic area in any Competing Business.

d. Executive understands that the restrictions in this Section 5.1 may limit Executive's ability to earn a livelihood in a business similar to the business of the Company but nevertheless agrees and acknowledges that the consideration provided under this Agreement (including Sections 3 and 4) is sufficient to justify such restrictions. In consideration thereof and in light of Executive's education, skills and abilities, Executive agrees that Executive will not assert in any forum that such restrictions prevent Executive from earning a living or otherwise should be held void or unenforceable.

e. For purposes of this Agreement, "Covered Time" shall mean the period beginning on the date of termination of Executive's employment (the "Date of Termination") and ending twenty four (24) months after the Date of Termination.

f. In the event that a court of competent jurisdiction or arbitrator(s), as the case may be, determine that the provisions of this Section 5.1 are unenforceable for any reason, the parties acknowledge and agree that the court or arbitrator(s) is expressly empowered to reform any provision of this Section so as to make them enforceable as described in Section 10 below.

5.2 *Proprietary Information; Inventions.*

a. Executive acknowledges that, during the course of Executive's employment with the Company, Executive necessarily will have (and during any employment by, or affiliation with, the Company prior to the Effective Date has had) access to and make use of proprietary information and confidential records of the Company. Executive covenants that Executive shall not during the Term or at any time thereafter, directly or indirectly, use for Executive's own purpose or for the benefit of any person or entity other than the Company, nor otherwise disclose to any person or entity, any such proprietary information, unless and to the extent such disclosure has been authorized in writing by the Company or is otherwise required by law. The term "proprietary information" means: (i) the software products, programs, applications, and processes utilized by the Company; (ii) the name and/or address of any customer or vendor of the Company or any information concerning the transactions or relations of any customer or vendor of the Company with the Company; (iii) any information concerning any product, technology, or procedure employed by the Company but not generally known to its customers or vendors or competitors, or under development by or being tested by the Company but not at the time offered generally to customers or vendors; (iv) any information relating to the Company's computer software, computer systems, pricing or marketing methods, sales margins, cost of goods, cost of material, capital structure, operating results, borrowing arrangements or business plans; (v) any information identified as confidential or proprietary in any line of business engaged in by the

Company; (vi) any information that, to Executive's actual knowledge, the Company ordinarily maintains as confidential or proprietary; (vii) any business plans, budgets, advertising or marketing plans; (viii) any information contained in any of the Company's written or oral policies and procedures or manuals; (ix) any information belonging to customers, vendors or any other person or entity which the Company, to Executive's actual knowledge, has agreed to hold in confidence; and (x) all written, graphic, electronic data and other material containing any of the foregoing. Executive acknowledges that information that is not novel or copyrighted or patented may nonetheless be proprietary information. The term "proprietary information" shall not include information generally known or available to the public, information that becomes available to Executive on an unrestricted, non-confidential basis from a source other than the Company or any of its directors, officers, employees, agents or other representatives (without breach of any obligation of confidentiality of which Executive has knowledge, after reasonable inquiry, at the time of the relevant disclosure by Executive), or general gaming industry information to the extent not particularly related or proprietary to the Company that was already known to Executive at the time Executive commenced her employment by the Company that is not subject to nondisclosure by virtue of Executive's prior employment or otherwise. Notwithstanding the foregoing and Section 5.3, Executive may disclose or use proprietary information or confidential records solely to the extent (A) such disclosure or use may be required or appropriate in the performance of her duties as a director or employee of the Company, (B) required to do so by a court of law, by any governmental agency having supervisory authority over the business of the Company or by any administrative or legislative body (including a committee thereof) with apparent jurisdiction to order her to divulge, disclose or make accessible such information (provided that in such case Executive shall first give the Company prompt written notice of any such legal requirement, disclose no more information than is so required and cooperate fully with all efforts by the Company to obtain a protective order or similar confidentiality treatment for such information), (C) such information or records becomes generally known to the public without her violation of this Agreement, or (D) disclosed to Executive's spouse, attorney and/or her personal tax and financial advisors to the extent reasonably necessary to advance Executive's tax, financial and other personal planning (each an "Exempt Person"); provided, however, that any disclosure or use of any proprietary information or confidential records by an Exempt Person shall be deemed to be a breach of this Section 5.2 or Section 5.3 by Executive.

b. Executive agrees that all processes, technologies and inventions (collectively, "Inventions"), including new contributions, improvements, ideas and discoveries, whether patentable or not, conceived, developed, invented or made by Executive during the Term (and during any employment by, or affiliation with, the Company prior to the Term) shall belong to the Company, provided that such Inventions grew out of Executive's work with the Company or any of its subsidiaries or affiliates, are related in any manner to the business (commercial or experimental) of the Company or any of its subsidiaries or affiliates or are conceived or made on the Company's time or with the use of the Company's facilities or materials. Executive shall further:

c. (i) promptly disclose such Inventions to the Company; (ii) assign to the Company, without additional compensation, all patent and other rights to such Inventions for the United States and foreign countries; (iii) sign all papers necessary to carry out the foregoing; and (iv) give testimony in support of Executive's inventorship. If any Invention is described in a patent application or is disclosed to third parties, directly or indirectly, by Executive within two (2) years after the termination of Executive's employment with the Company, it is to be presumed that the Invention was conceived or made during the Term. Executive agrees that Executive will not assert any rights to any Invention as having been made or acquired by Executive prior to the date of this Agreement, except for Inventions, if any, disclosed in Exhibit A to this Agreement.

5.3 *Confidentiality and Surrender of Records.* Executive shall not, during the Term or at any time thereafter (irrespective of the circumstances under which Executive's employment

by the Company terminates), except to the extent required by law, directly or indirectly publish, make known or in any fashion disclose any confidential records to, or permit any inspection or copying of confidential records by, any person or entity other than in the course of such person's or entity's employment or retention by the Company, nor shall Executive retain, and will deliver promptly to the Company, any of the same following termination of Executive's employment hereunder for any reason or upon request by the Company. For purposes hereof, "confidential records" means those portions of correspondence, memoranda, files, manuals, books, lists, financial, operating or marketing records, magnetic tape, or electronic or other media or equipment of any kind in Executive's possession or under Executive's control or accessible to Executive which contain any proprietary information. All confidential records shall be and remain the sole property of the Company during the Term and thereafter.

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Notwithstanding anything herein to the contrary, nothing in this Agreement shall (i) prohibit Executive from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (ii) require notification or prior approval by the Company of any reporting described in clause (i). Executive understands that activities protected by Sections 5.2 and 5.3 may include disclosure of trade secret or confidential information within the limitations permitted by the Defend Trade Secrets Act ("DTSA"). And, in this regard, Executive acknowledges notification that under the DTSA no individual will be held criminally or civilly liable under Federal or State trade secret law for disclosure of a trade secret (as defined in the Economic Espionage Act) that is: (A) made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and made solely for the purpose of reporting or investigating a suspected violation of law; or, (B) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal so that it is not made public. And, an individual who pursues a lawsuit for retaliation by an employer for reporting a suspected violation of the law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except as permitted by court order.

5.4 *Non-disparagement.* Executive shall not, during the Term and thereafter, disparage in any material respect the Company, any affiliate of the Company, any of their respective businesses, any of their respective officers, directors or employees, or the reputation of any of the foregoing persons or entities. Notwithstanding the foregoing, nothing in this Agreement shall preclude Executive or any other person from making truthful statements that are required by applicable law, regulation or legal process.

5.5 *No Other Obligations.* Executive represents that Executive is not precluded or limited in Executive's ability to undertake or perform the duties described herein by any contract, agreement or restrictive covenant.

5.6 *Forfeiture of Outstanding Equity Awards; "Clawback" Policies.* The other provisions of this Agreement notwithstanding, if Executive willfully and materially fails to comply with Section 5.1, 5.2, 5.3, 5.4, or 5.8, all options to purchase common stock, restricted stock units and other equity-based awards granted by the Company or any of its affiliates (whether prior to, contemporaneous with, or subsequent to the date hereof) and held by Executive or a transferee of Executive shall be immediately forfeited and cancelled. Executive acknowledges and agrees that, notwithstanding anything contained in this Agreement or any other agreement, plan or program, any incentive-based compensation or benefits contemplated under this Agreement (including Incentive Compensation and equity-based awards) shall be subject to recovery by the Company under any compensation recovery or "clawback" policy, generally applicable to senior executives of the Company, that the Company may adopt from time to time, including any policy which the Company may be required to adopt under Section 954 of the

Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations of the Securities and Exchange Commission thereunder or the requirements of any national securities exchange on which the Company's common stock may be listed.

5.7 *Enforcement.* Executive acknowledges and agrees that, by virtue of Executive's position, services and access to and use of confidential records and proprietary information, any violation by Executive of any of the undertakings contained in this Section 5 would cause the Company immediate, substantial and irreparable injury for which it has no adequate remedy at law. Accordingly, Executive agrees and consents to the entry of an injunction or other equitable relief by a court of competent jurisdiction restraining any violation or threatened violation of any undertaking contained in this Section 5. Executive waives posting of any bond otherwise necessary to secure such injunction or other equitable relief. Rights and remedies provided for in this Section 5 are cumulative and shall be in addition to rights and remedies otherwise available to the parties hereunder or under any other agreement or applicable law.

5.8 *Cooperation with Regard to Litigation.* Executive agrees to cooperate reasonably with the Company, during the Term and thereafter (including following Executive's termination of employment for any reason), by providing information to the Company regarding matters related to her term of employment and by being available to testify on behalf of the Company in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative. In addition, except to the extent that Executive has or intends to assert in good faith an interest or position adverse to or inconsistent with the interest or position of the Company, Executive agrees to cooperate reasonably with the Company, during the Term and thereafter (including following Executive's termination of employment for any reason), to assist the Company in any such action, suit, or proceeding by providing information and meeting and consulting with the Board or its representatives or counsel, or representatives or counsel to the Company, in each case, as reasonably requested by the Company. The Company agrees to pay (or reimburse, if already paid by Executive) all reasonable travel and communication expenses actually incurred in connection with Executive's cooperation and assistance.

5.9 *Survival.* The provisions of this Section 5 shall survive the termination of the Term and any termination or expiration of this Agreement.

5.10 *Company.* For purposes of this Section 5, references to the "Company" shall include the Company and each subsidiary and/or affiliate of the Company (and each of their respective joint ventures and equity method investees).

6. Code of Conduct. Executive acknowledges that Executive has read the Company's Code of Business Conduct and agrees to abide by such Code of Business Conduct, as amended or supplemented from time to time, and other policies applicable to employees and executives of the Company.

7. Indemnification. The Company shall indemnify Executive to the full extent permitted under the Company's Certificate of Incorporation or By-Laws and pursuant to any other agreements or policies in effect from time to time in connection with any action, suit or proceeding to which Executive may be made a party by reason of Executive being an officer, director or employee of the Company or of any subsidiary or affiliate of the Company.

8. Assignability; Binding Effect. Neither this Agreement nor the rights or obligations hereunder of the parties shall be transferable or assignable by Executive, except in accordance with the laws of descent and distribution and as specified below. The Company may assign this Agreement and the Company's rights and obligations hereunder to any affiliate of the Company, provided that upon any such assignment the Company shall remain liable for the obligations to Executive hereunder. This Agreement shall be binding upon and inure to the benefit of

Executive, Executive's heirs, executors, administrators, and beneficiaries, and shall be binding upon and inure to the benefit of the Company and its successors and assigns.

9. Complete Understanding; Amendment; Waiver. This Agreement constitutes the complete understanding between the parties with respect to the employment of Executive from and after the Effective Date and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof, including the Prior Employment Agreement, and including superseding any entitlements to benefits or payments pursuant to any severance plan, policy, practice or arrangement maintained by the Company or any affiliate thereof as of the date this Agreement is executed by both parties and no statement, representation, warranty or covenant has been made by either party with respect thereto except as expressly set forth herein; provided, however, nothing contained in this Agreement shall limit, impair or supersede any agreement between the Company and Executive relating to grants of stock options, restricted stock units or other equity-based awards granted to Executive prior to the Effective Date, which shall remain in full force and effect in accordance with the terms of such agreements and the plan pursuant to which such awards were granted. Executive acknowledges and agrees that the termination of the Prior Employment Agreement and the execution of this Agreement does not constitute a termination of Executive's employment under the Prior Employment Agreement for any purpose. Except as contemplated by Section 3(f) 5.1(f) and 10, this Agreement shall not be modified, amended or terminated except by a written instrument signed by each of the parties. Any waiver of any term or provision hereof, or of the application of any such term or provision to any circumstances, shall be in writing signed by the party charged with giving such waiver. Waiver by either party of any breach hereunder by the other party shall not operate as a waiver of any other breach, whether similar to or different from the breach waived. No delay by either party in the exercise of any rights or remedies shall operate as a waiver thereof, and no single or partial exercise by either party of any such right or remedy shall preclude other or further exercise thereof.

10. Severability. If any provision of this Agreement or the application of any such provision to any person or circumstances shall be determined by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be enforced to the fullest extent permitted by law. If any provision of this Agreement, or any part thereof, is held to be invalid or unenforceable because of the scope or duration of or the area covered by such provision, the parties agree that the court making such determination shall reduce the scope, duration and/or area of such provision (and shall substitute appropriate provisions for any such invalid or unenforceable provisions) in order to make such provision enforceable to the fullest extent permitted by law and/or shall delete specific words and phrases, and such modified provision shall then be enforceable and shall be enforced. The parties recognize that if, in any judicial proceeding, a court shall refuse to enforce any of the separate covenants contained in this Agreement, then that invalid or unenforceable covenant contained in this Agreement shall be deemed eliminated from these provisions to the extent necessary to permit the remaining separate covenants to be enforced. In the event that any court determines that the time period or the area, or both, are unreasonable and that any of the covenants is to that extent invalid or unenforceable, the parties agree that such covenants will remain in full force and effect, first, for the greatest time period, and second, in the greatest geographical area that would not render them unenforceable.

11. Survivability. The provisions of this Agreement which by their terms call for performance subsequent to termination of Executive's employment hereunder, or of this Agreement, shall so survive such termination, whether or not such provisions expressly state that they shall so survive.

12. Governing Law; Arbitration.

a. *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada applicable to agreements made and to be wholly performed within that State, without regard to its conflict of laws provisions.

b. *Arbitration.*

i. Executive and the Company agree that, except for claims for workers' compensation, unemployment compensation, and any other claim that is non-arbitrable under applicable law, final and binding arbitration shall be the exclusive forum for any dispute or controversy between them, including, without limitation, disputes arising under or in connection with this Agreement, Executive's employment, and/or termination of employment, with the Company; provided, however, that the Company shall be entitled to commence an action in any court of competent jurisdiction for injunctive relief in connection with any alleged actual or threatened violation of any provision of Section 5. Judgment may be entered on the arbitrators' award in any court having jurisdiction. For purposes of entering such judgment or seeking injunctive relief with regard to Section 5, the Company and Executive hereby consent to the jurisdiction of any state or federal court of competent jurisdiction located in Las Vegas, Nevada; provided that damages for any alleged violation of Section 5, as well as any claim, counterclaim or cross-claim brought by Executive or any third-party in response to, or in connection with, any court action commenced by the Company seeking said injunctive relief shall remain exclusively subject to final and binding arbitration as provided for herein. The Company and Executive hereby waive, to the fullest extent permitted by applicable law, any objection which either may now or hereafter have to such jurisdiction, venue and any defense of inconvenient forum. Thus, except for the claims carved out above, this Agreement includes all common-law and statutory claims (whether arising under federal state or local law), including any claim for breach of contract, fraud, fraud in the inducement, unpaid wages, wrongful termination, and gender, age, national origin, sexual orientation, marital status, disability, or any other protected status.

ii. Any arbitration under this Agreement shall be filed exclusively with, and administered by, the American Arbitration Association in Las Vegas, Nevada before three arbitrators, in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association in effect at the time of submission to arbitration. The Company and Executive hereby agree that a judgment upon an award rendered by the arbitrators may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The Company shall pay all costs uniquely attributable to arbitration, including the administrative fees and costs of the arbitrators. Each party shall pay that party's own costs and attorney fees, if any, unless the arbitrators rule otherwise. Executive understands that Executive is giving up no substantive rights, and this Agreement simply governs forum. The arbitrators shall apply the same standards a court would apply to award any damages, attorney fees or costs. Executive shall not be required to pay any fee or cost that Executive would not otherwise be required to pay in a court action, unless so ordered by the arbitrators.

EXECUTIVE INITIALS: /s/ SL COMPANY INITIALS: /s/ JS

c. ***WAIVER OF JURY TRIAL.*** **BY SIGNING THIS AGREEMENT, EXECUTIVE AND THE COMPANY ACKNOWLEDGE THAT THE RIGHT TO A COURT TRIAL AND TRIAL BY JURY IS OF VALUE, AND KNOWINGLY AND VOLUNTARILY WAIVE THAT RIGHT FOR ANY DISPUTE SUBJECT TO THE TERMS OF THIS ARBITRATION PROVISION.**

13. Titles and Captions. All paragraph titles or captions in this Agreement are for convenience only and in no way define, limit, extend or describe the scope or intent of any provision hereof.

14. Joint Drafting. In recognition of the fact that the parties had an equal opportunity to negotiate the language of, and draft, this Agreement, the parties acknowledge and agree that there is no single drafter of this Agreement and, therefore, the general rule that ambiguities are to be construed against the drafter is, and shall be, inapplicable. If any language in this Agreement is found or claimed to be ambiguous, each party shall have the same opportunity to present evidence as to the actual intent of the parties with respect to any such ambiguous language without any inference or presumption being drawn against any party hereto.

15. Notices. All notices and other communications to be given or to otherwise be made to any party to this Agreement shall be deemed to be sufficient if contained in a written instrument delivered in person or duly sent by certified mail or by a recognized national courier service, postage or charges prepaid, (a) to Light & Wonder, Inc., Attn: Legal Department, 6601 Bermuda Rd., Las Vegas, NV 89119, (b) to Executive, at the last address shown in the Company's records, or (c) to such other replacement address as may be designated in writing by the addressee to the addressor.

16. Licensing Requirements. The Company is subject to the laws, rules and regulations of various governmental bodies that regulate gaming companies. Executive may be required to submit to background, suitability and licensing investigations conducted by multiple gaming regulators. Executive agrees to fully cooperate with both the Company and gaming regulators by furnishing all requested information, including personal information regarding Executive and Executive's family members, and documentation during the regulatory process. Executive agrees to fully cooperate with and conform to all regulatory requests for information in the required timeframe. Compliance with this requirement is a material provision of this Agreement.

17. Interpretation. When a reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation," unless the context otherwise indicates. When a reference in this Agreement is made to a "party" or "parties," such reference shall be to a party or parties to this Agreement unless otherwise indicated or the context requires otherwise. Unless the context requires otherwise, the terms "hereof," "herein," "hereby," "hereto", "hereunder" and derivative or similar words in this Agreement refer to this entire Agreement. Unless the context requires otherwise, words in this Agreement using the singular or plural number also include the plural or singular number, respectively, and the use of any gender herein shall be deemed to include the other genders. References in this Agreement to "dollars" or "$" are to U.S. dollars. When a reference is made in this Agreement to a law, statute or legislation, such reference shall be to such law, statute or legislation as it may be amended, modified, extended or re-enacted from time to time (including any successor law, statute or legislation) and shall include any regulations promulgated thereunder from time to time. The headings used herein are for reference only and shall not affect the construction of this Agreement.

[*remainder of page intentionally left blank*]

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IN WITNESS WHEREOF, each of the parties has duly executed this Agreement as of the date above written.

LIGHT & WONDER, INC.

By:/s/ James Sottile
James Sottile, Chief Legal Officer

EXECUTIVE
/s/ Siobhan Lane
Siobhan Lane

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Exhibit A

Inventions

Exhibit 21

LIGHT & WONDER, INC. SUBSIDIARIES

(All subsidiaries are 100% owned unless otherwise stated)
(List includes only subsidiaries in which Light & Wonder holds equal to or greater than 50% of the subsidiary)

*Indicates a SciPlay Corporation (Nevada) ("SciPlay") subsidiary. SciPlay's Class A common stock is traded on The NASDAQ Global Select Market. To date, Light & Wonder, Inc. continues to control shares representing a majority of the combined voting power in SciPlay.

Alictus Yazilim Anonim Şirketi (Turkey)*
Authentic Gaming Limited (Malta)
Authentic Gaming Malta Limited (Malta)
Bally Gaming and Systems UK Limited (England and Wales)
Bally Gaming and Systems S.A. (Uruguay)
Bally Gaming Canada Ltd. (New Brunswick, Canada)
Bally Gaming Netherlands I B.V. (Netherlands)
Bally Gaming Netherlands II B.V. (Netherlands)
Bally Gaming Netherlands III B.V. (Netherlands)
Bally Gaming, družba za prodajo in vzdrževanje igralnih naprav, igralnih pripomočkov in igralnih sistemov, d.o.o. (Slovenia) – short name Bally Gaming d.o.o.
Bally Technologies Colombia SAS (Colombia)
Barcrest Development B.V. (Netherlands) (50%)
Barcrest Group Limited (England and Wales)
Bern Merger Sub, Inc. (Nevada)
Betdigital Ltd (England and Wales)
BGI Gaming & Systems, S. de R.L. de C.V. (Mexico)
Come2Play Ltd. (Israel)*
Content Media Holding Ltd (Malta)
Content Media Operations Sweden AB (Sweden)
Cryptologic (Asia Pacific) Pte. Ltd. (Singapore)
Cryptologic Limited (Guernsey)
Customized Games Limited (England and Wales)
Dragonplay Ltd (Israel)*
ELK Studios Malta Ltd (Malta)
ELKAB Studios AB (Sweden)
E-SYS Tecnología Em Informatica S.A. (Brazil) (70%)
Game360 S.R.L. (Italy)
Global Draw Limited (England and Wales)
Hillbeck Trading Limited (Cyprus) (99.9%)
International Terminal Leasing (Bermuda) (80%)
Jadestone Networks (Malta) Ltd. (Malta)
Koukoi Games Oy (Finland)*
Light and Wonder Gibraltar Limited (Gibraltar)
Light and Wonder International, Inc. (Delaware)
Light and Wonder Services Philippines, Inc. (Philippines)
Lightning Box Games Pty Limited (Australia)
LNW Gaming (Krakow) sp. z.o.o. (Poland)
LNW Gaming Africa Proprietary Limited (Republic of South Africa) (74.8%)
LNW Gaming Alderney Ops Limited (Gibraltar)
LNW Gaming and Systems France (France)
LNW Gaming and Systems Holdings Limited (England and Wales)
LNW Gaming ANZ Pty Ltd (Australia)

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LNW Gaming Asia Limited (Macau)
LNW Gaming Australia Holdings I Pty Ltd (Australia)
LNW Gaming Australia Holdings II Pty Ltd (Australia)
LNW Gaming Gibraltar Limited (Gibraltar)
LNW Gaming Group LLC (Nevada)
LNW Gaming Malta Holdings Limited (Malta)
LNW Gaming Malta Limited (Malta)
LNW Gaming New Zealand Pty Limited (New Zealand)
LNW Gaming Puerto Rico, LLC (Puerto Rico)
LNW Gaming Singapore Pte. Ltd. (Singapore)
LNW Gaming UK Limited (England and Wales)
LNW Gaming, Inc. (Nevada)
LNW Hellas Sole Shareholder Limited Liability Company (Greece)
LNW Holdco, Inc. (Delaware)
LNW Holding Company Limited (Guernsey)
LNW Social Holding Company I, LLC (Nevada)
LNW Social Holding Company II, LLC (Nevada)
LNW Sweden AB (Sweden)
LNW UK Holdings Limited (England and Wales)
NextGen Gaming (USA) LLC (Nevada)
NextGen Gaming Pty Ltd (Australia)
NYX Digital Gaming (Alberta) Inc. (Alberta, Canada)
NYX Digital Gaming (Alderney) Limited (Alderney)
NYX Digital Gaming (Betdigital Holdings) Limited (England and Wales)
NYX Digital Gaming (Gibraltar II) Limited (Gibraltar)
NYX Digital Gaming (Guernsey) Limited (Guernsey)
Playzido Limited (England and Wales)
Red7Mobile Ltd (England and Wales)
Scientific Connections India Private Limited (India)
Scientific Games (Bermuda) Limited (Bermuda)
Scientific Games Holdings Limited (Ireland)
Scientific Games India Private Limited (India)
SciPlay Acquisition LLC (Nevada)*
SciPlay Corporation (Nevada)
SciPlay Games, LLC (Nevada)*
SciPlay Parent Company, LLC (Nevada)*
SG Gaming Argentina, S.A.U. (Argentina)
SG Gaming Qingdao Company Limited (China)
SG Gaming UK Limited (England and Wales)
SHFL entertainment (Argentina) S.R.L. (Argentina)
SHFL entertainment (Australasia) Holdings Pty Limited (Australia)
Shuffle Master Australia Pty Ltd (Australia)
Shuffle Master GmbH & Co KG (Austria)
Shuffle Master GmbH (Austria)
Shuffle Master Holding GmbH (Austria)
Shuffle Master International, Inc. (Nevada)
Stargames Pty Ltd (Australia)
Wagerlogic (Ireland) Limited (Ireland)
Wagerlogic (UK) Limited (England and Wales)
WagerLogic Limited (Cyprus)

WMS Gaming Australia Pty Limited (Australia)
WMS Gaming International, S.L. (Spain)
WMS Gaming Peru S.R.L. (Peru)
WMS Gaming Services Europe, S.L. (Spain)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-05811, 333-44983, 333-110141, 333-134043, 333-157638, 333-161232, 333-191817, 333-197948, 333-200463, 333-213432, 333-213434, 333-232987, and 333-263188 on Form S-8 and No. 333-112452 on Form S-3 of our reports dated March 1, 2023, relating to the financial statements of Light & Wonder, Inc. and the effectiveness of Light & Wonder, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K of Light & Wonder, Inc. for the year ended December 31, 2022.

/s/ Deloitte & Touche LLP

Las Vegas, Nevada
March 1, 2023

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Exhibit 31.1

Certification by Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Matthew R. Wilson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Light & Wonder, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Matthew R. Wilson
Matthew R. Wilson
Chief Executive Officer

Date: March 1, 2023

Certification by Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Constance P. James, certify that:

1. I have reviewed this Annual Report on Form 10-K of Light & Wonder, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Constance P. James

Constance P. James
Chief Financial Officer

Date: March 1, 2023

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Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Light & Wonder, Inc. (the "Company") for the period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew R. Wilson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Matthew R. Wilson

Matthew R. Wilson
Chief Executive Officer
March 1, 2023

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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In connection with the Annual Report on Form 10-K of Light & Wonder, Inc. (the "Company") for the period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Constance P. James, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Constance P. James

Constance P. James
Chief Financial Officer
March 1, 2023

Gaming Regulations

Licensing and Suitability Determinations - Generally

The manufacture, distribution and operation of gaming equipment and related software is subject to regulation and approval by various city, county, state, provincial, federal, tribal and foreign agencies (collectively, "gaming authorities"). Gaming laws require us to obtain licenses or findings of suitability from gaming authorities for our company, including each of our subsidiaries engaged in manufacturing, distributing and operating gaming products and services, and certain of our directors, officers and employees. The criteria used by gaming authorities to make determinations as to qualification and suitability of an applicant varies among jurisdictions, but generally require the submission of detailed personal and financial information followed by a thorough investigation. The burden of demonstrating suitability and the cost of the investigation resides with the applicant. In evaluating individual applicants, gaming authorities consider the individual's character, criminal and financial history and, in some cases, the character of those with whom the applicant associates. Gaming authorities have very broad discretion in determining whether an applicant qualifies for licensing or should be found suitable. Gaming authorities may, subject to certain administrative proceeding requirements, (i) deny an application, or limit, condition, restrict, revoke or suspend any license, registration, finding of suitability or approval and (ii) fine any entity or person licensed, registered or found suitable or approved, for any cause they deem reasonable.

If any director, officer or employee of ours fails to qualify for a license or is found unsuitable (including due to the failure to submit the required documentation or application) by a gaming authority, we may deem it necessary, or be required to, sever our relationship with such person, which may include terminating the employment of any such person.

Gaming authorities may investigate any individual or entity having a material relationship to, or material involvement with, us or any of our subsidiaries, to determine whether such individual or entity is suitable or should be licensed as a business associate of ours. In addition, gaming authorities in Nevada, as well as other jurisdictions, monitor the activities of the entities they regulate both in their respective jurisdiction and in other jurisdictions to ensure that such entities are in compliance with local standards on a worldwide basis. The Nevada gaming authorities require us and our gaming subsidiaries, such as LNW Gaming, Inc. and NYX Digital Gaming (USA), LLC, to maintain Nevada standards of conduct for all of our gaming activities and operations worldwide.

Licensing Requirements of Security Holders

Many jurisdictions require certain of our stockholders or holders of our debt securities to file an application, be investigated, and be found suitable to own any of our debt securities. For example, a holder of our stock or of our issued debt may be required to file an application, be investigated and be subject to a suitability hearing as a beneficial holder if the Nevada Gaming Commission has reason to believe that the holder's ownership in our securities would be inconsistent with the commission's public policies or those of the state of Nevada.

Many jurisdictions also require any person who acquires beneficial ownership of more than a certain percentage (typically five percent) of our voting securities and, in some jurisdictions, our non-voting securities, to report the acquisition to the gaming authorities and apply for a finding of suitability. However, most gaming authorities allow an "institutional investor" to apply for a waiver that allows such institutional investor to acquire, in most cases, up to ten percent of our voting securities without applying for a finding of suitability.

Any person who is found unsuitable by a gaming authority may be prohibited by applicable gaming regulations from holding, directly or indirectly, the beneficial ownership of any voting security or debt security of any public corporation which is registered with the gaming authority. In light of these regulations and their potential impact on our business, our amended and restated articles of incorporation and amended and restated bylaws prohibit persons or entities who fail to comply with informational or other regulatory requirements under applicable gaming laws, who are found unsuitable to hold our common stock by gaming authorities, whose stock ownership adversely affects our gaming licenses, or is a purported transferee of a stockholder who acquires shares made invalid pursuant to our amended and restated articles of incorporation and amended and restated bylaws, from owning stock in our company.

Any person who holds, directly or indirectly, any beneficial ownership of our securities, and, to the extent applicable, fails or refuses to apply for a license or a finding of suitability within the time period prescribed by the applicable gaming authorities, may be denied a license or found unsuitable, as applicable, and may be found guilty of a criminal offense. The same restrictions may also apply to a record owner who fails or refuses to identify a beneficial owner of our securities. Furthermore, we may be subject to disciplinary action if, after we receive notice that a person is unsuitable to be a stockholder or to have any other relationship with us or any of our subsidiaries, we:

- pay that person any dividend or interest upon our voting securities;

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- allow that person to exercise, directly or indirectly, any voting right conferred through securities held by that person;
- pay remuneration in any form to that person for services rendered or otherwise;
- make any payment to the unsuitable person by way of principal, redemption, conversation, exchange, liquidation or similar transaction; or
- fail to pursue all lawful efforts to terminate our relationship with that person, including, if necessary, the immediate purchase of said voting securities for cash at fair market value.

Notification and Approval of Certain Transactions or Changes in Directors and Officers

Depending on the jurisdiction, we may be required to notify, or obtain approval from gaming authorities with respect to certain transactions to which we or any of subsidiaries are a party, including the following:

- material loans, leases, sales of securities and similar financing transactions;
- a public offering of our securities (or those of our subsidiaries) if the securities or their proceeds are intended to be used for certain gaming expenditures;
- repurchases of our voting securities (such as repurchases that treat security holders differently) above the current market price; and
- recapitalizations proposed in response to tender offers.

In addition, change of control transactions (whether through merger, consolidation, stock or asset acquisitions or otherwise) require prior approval of gaming authorities in certain jurisdictions. Entities seeking to acquire control of us or one of our subsidiaries must satisfy a variety of stringent standards established by the gaming authorities prior to assuming control. Gaming authorities may also require controlling stockholders, officers, directors and other persons having a material relationship with the proposed acquirer to be investigated and licensed as part of the approval process relating to a change of control transaction.

Any change in our directors or officers, including the directors or officers of our licensed subsidiaries, must be reported or, if such change relates to a position in which the individual is required to be licensed, qualified, found suitable or approved by the requisite gaming authority.

Testing and Approvals for Gaming Products

In Nevada and in most other jurisdictions, gaming devices and systems may not be sold unless they have been approved by the relevant regulatory authority (or an agency of such authority). The authority will conduct rigorous testing of the gaming device or system and related equipment through a testing laboratory (which may be run by such gaming authority or by an independent third party) and may require a field trial of the gaming device, platform or system before determining that the gaming device, platform or system meets the agency's strict technical standards. As part of the approval process, gaming authorities may require equipment and software modifications and several rounds of approval.

We do not have control over the length of time that any regulatory agency or testing laboratory takes to review our products. However, we work closely with the gaming authority's staff, or the staff of the independent testing laboratory, as the case may be, to timely respond to inquiries and assist where possible in the evaluation, inspection and review of our products.

Federal Registration

The Federal Gambling Devices Act of 1962 (commonly known as the Johnson Act) generally makes it unlawful for a person to manufacture, transport or receive gaming machines or components across state lines unless that person has first registered with the Criminal Division of the United States Department of Justice. As required by the Johnson Act, certain of our entities must register and renew their registration annually with the Criminal Division of the United States Department of Justice in order to manufacture, sell, distribute, or operate gaming equipment. The Johnson Act also imposes on us various record-keeping and equipment-identification requirements. A violation of the Johnson Act may result in the seizure and forfeiture of gaming equipment, as well as the imposition of other penalties.

Native American Regulation

Numerous Native American tribes have become engaged in or have licensed gaming activities on Native American tribal lands as a means of generating revenue for tribal governments. Gaming on Native American lands, including the terms and conditions under which gaming equipment and systems can be sold or leased to Native American tribes, is or may be subject to regulation under the laws of the tribes, the laws of the state, and the Indian Gaming Regulatory Act of 1988 ("IGRA"), which

includes regulation and oversight by the National Indian Gaming Commission ("NIGC") and the Secretary of the United States Department of the Interior. Furthermore, gaming on Native American lands may also be subject to the provisions of contracts (known as compacts) between states and Native American tribes, which are also administered by the Secretary of the United States Department of the Interior.

The IGRA classifies legalized gaming into three categories: "Class I" gaming consists of traditional Native American social and ceremonial games; "Class II" gaming consists of bingo, electronic aids to bingo, and, if played at the same location where bingo is offered, pull-tabs and other games similar to bingo; and "Class III" gaming consists of all other forms of gaming that are not included in either Class I or Class II, including traditional casino gaming machines.

Class I gaming is regulated exclusively at the Native American tribe level. We do not currently offer Class I gaming products or services.

Class II gaming is regulated by the NIGC and the laws of the Native American tribe conducting such gaming. Subject to the detailed requirements of the IGRA, federally recognized Native American tribes are typically permitted to conduct Class II gaming on Indian lands pursuant to tribal ordinances approved by the NIGC.

The IGRA generally permits Native American tribes to conduct Class III gaming activities on reservation lands subject to the detailed requirements of the IGRA, including NIGC approval of the Native American tribe's gaming ordinance and the entering into of a tribal-state compact between the Native American tribe and the state in which the Native American tribe intends to conduct Class III gaming activities on its trust lands. Tribal-state compacts vary from state to state. Many require that gaming suppliers meet ongoing registration and licensing requirements established by the state and/or the tribe and some impose background check requirements on the gaming suppliers' officers, directors and shareholders.

Under the IGRA, tribes are required to regulate gaming on their tribal lands under ordinances approved by the NIGC. These ordinances may impose standards and technical requirements on hardware and software and may impose registration, licensing and background check requirements on gaming suppliers and their officers, directors and shareholders.

International Regulation

We engage in the manufacture, distribution and operation of gaming equipment and systems and related products, as well as license our games and intellectual property, in various international markets worldwide. Many foreign jurisdictions permit the importation, sale and/or operation of gaming equipment in casino and non-casino environments. Where importation is permitted, some jurisdictions prohibit or restrict the payout feature of the traditional gaming machine or limit the operation of gaming machines to a controlled number of casinos or casino-like locations. Each gaming machine must comply with the individual jurisdiction's regulations. Some jurisdictions require the licensing of gaming suppliers.

In the U.K., the Gambling Act of 2005, and the accompanying secondary legislation, regulates, among other things, the type of licensed gaming activity that is carried out by operators, the licensing of the various types of venues for the conduct of licensed gaming activities, the categories and number of gaming machines allowed in each type of venue, the licensing and regulation of the supply and operation of those machines and the issuance of technical specifications, standards and licensing requirements for each category of gaming device. As part of the pending U.K. Government review of the Gambling Act 2005 there have been calls to introduce stake limits for online gambling. The U.K. Government is currently considering submissions in advance of publishing a White Paper. In the likely next stage of the review, the U.K. Government is likely to make recommendations only, setting out options for reform, rather than a clear recommended course of action.

Violation of Gaming Laws

If we or any of our subsidiaries violate applicable gaming laws, our gaming licenses could be limited, conditioned, suspended or revoked by gaming authorities, and we could be subject to substantial fines. Furthermore, a violation of laws in one jurisdiction could result in disciplinary action in other jurisdictions. As a result, a violation of applicable gaming laws by us or any of our subsidiaries could have a material adverse effect on our financial condition, prospects and results of operations.