

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2024

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, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

81-0422894

(I.R.S. Employer Identification No.)

6601 Bermuda Road, Las Vegas, Nevada

(Address of principal executive offices)

89119

(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

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Common stock outstanding as of August 2, 2024 was 88,724,171.

LIGHT & WONDER, INC. AND SUBSIDIARIES
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THREE AND SIX MONTHS ENDED JUNE 30, 2024

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Glossary of Terms

The following terms or acronyms used in this Quarterly Report on Form 10-Q are defined below:

Term or Acronym	Definition
2023 10-K	2023 Annual Report on Form 10-K filed with SEC on February 27, 2024
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
2031 Unsecured Notes	7.500% senior unsecured notes due 2031 issued by LNWI
AEBITDA	Adjusted EBITDA, our primary performance measure of profit or loss for our business segments
ASC	Accounting Standards Codification
ASX	Australian Securities Exchange
CMS	casino-management system
D&A	depreciation, amortization and impairments (excluding goodwill)
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
KPIs	Key Performance Indicators
L&W	Light & Wonder, Inc.
LBO	licensed betting office
LNWI	Light and Wonder International, Inc., a wholly-owned subsidiary of L&W and successor to Scientific Games International, Inc.
LNWI Credit Agreement	That certain credit agreement, dated as of April 14, 2022, among LNWI, 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
Note	a note in the Notes to Consolidated Financial Statements in this Quarterly Report on Form 10-Q, unless otherwise indicated
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)
R&D	research and development
RSU	restricted stock unit
SciPlay	Our SciPlay business segment
SEC	Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
Senior Notes or Unsecured Notes	refers to the 2028 Unsecured Notes, 2029 Unsecured Notes and 2031 Unsecured Notes, collectively
SG&A	selling, general and administrative
Shufflers	various models of automatic card shufflers, deck checkers and roulette chip sorters
SOFR	Secured Overnight Financing Rate
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
VGT	video gaming terminal
VLT	video lottery terminal

Intellectual Property Rights

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FORWARD-LOOKING STATEMENTS

Throughout this Quarterly Report on Form 10-Q, 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 Quarterly Report on Form 10-Q are generally located in the material set forth under the heading “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:

- our inability to successfully execute our strategy;
- 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;
- the effects of health epidemics, contagious disease outbreaks and public perception thereof;
- changes in, or the elimination of, our share repurchase program;
- resulting pricing variations and other impacts of our common stock being listed to trade on more than one stock exchange;
- 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;
- risks and uncertainties of potential changes in U.K. gaming legislation, including any new or revised licensing and taxation regimes, responsible gambling requirements and/or sanctions on unlicensed providers;
- 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;
- the outcome of any legal proceedings that may be instituted following completion of the SciPlay merger;
- failure to retain key management and employees;
- unpredictability and severity of catastrophic events, including but not limited to acts of terrorism, war, armed conflicts or hostilities, the impact such events may have on our customers, suppliers, employees, consultants, business partners or operations, as well as management’s response to any of the aforementioned factors;
- changes in demand for our products and services;
- 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;
- risks as a result of being publicly traded in the United States and Australia, including price variations and other impacts relating to the secondary listing of the Company’s common stock on the ASX;
- the possibility that we may be unable to achieve expected operational, strategic and financial benefits of the SciPlay merger;

- 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;
- 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 and social gaming;
- 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;
- 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 “Risk Factors” in *Part II, Item 1A* of this Quarterly Report on Form 10-Q and *Part I, Item 1A* in our 2023 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 Quarterly Report on Form 10-Q 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.

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (unaudited)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue:				
Services	\$ 526	\$ 496	\$ 1,044	\$ 973
Products	292	235	531	427
Total revenue	818	731	1,575	1,400
Operating expenses:				
Cost of services ⁽¹⁾	111	110	223	218
Cost of products ⁽¹⁾	125	108	233	201
Selling, general and administrative	220	203	438	396
Research and development	66	58	128	112
Depreciation, amortization and impairments	87	108	173	208
Restructuring and other	34	31	40	50
Operating income	175	113	340	215
Other (expense) income:				
Interest expense	(75)	(78)	(150)	(153)
Other income (expense), net	8	(15)	18	(16)
Total other expense, net	(67)	(93)	(132)	(169)
Net income before income taxes	108	20	208	46
Income tax expense	(26)	(15)	(44)	(14)
Net income	82	5	164	32
Less: Net income attributable to noncontrolling interest	—	6	—	11
Net income (loss) attributable to L&W	\$ 82	\$ (1)	\$ 164	\$ 21
Per Share - Basic:				
Net income (loss) attributable to L&W	\$ 0.92	\$ (0.01)	\$ 1.83	\$ 0.23
Per Share - Diluted:				
Net income (loss) attributable to L&W	\$ 0.90	\$ (0.01)	\$ 1.78	\$ 0.22
Weighted average number of shares used in per share calculations:				
Basic shares	90	91	90	91
Diluted shares	92	91	92	93

(1) Excludes D&A.

See accompanying notes to consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	\$ 82	\$ 5	\$ 164	\$ 32
Other comprehensive (loss) income				
Foreign currency translation (loss) gain, net of tax	(1)	37	(30)	50
Derivative financial instruments unrealized gain, net of tax	—	10	6	3
Total other comprehensive (loss) income	(1)	47	(24)	53
Total comprehensive income	81	52	140	85
Less: comprehensive income attributable to noncontrolling interest	—	6	—	11
Comprehensive income attributable to L&W	<u>\$ 81</u>	<u>\$ 46</u>	<u>\$ 140</u>	<u>\$ 74</u>

See accompanying notes to consolidated financial statements.

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

	As of	
	June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 321	\$ 425
Restricted cash	95	90
Receivables, net of allowance for credit losses of \$37 and \$38, respectively	575	506
Inventories	186	177
Prepaid expenses, deposits and other current assets	112	113
Total current assets	1,289	1,311
Non-current assets:		
Restricted cash	6	6
Receivables, net of allowance for credit losses of \$7 and \$3, respectively	60	37
Property and equipment, net	269	236
Operating lease right-of-use assets	45	52
Goodwill	2,925	2,945
Intangible assets, net	529	605
Software, net	162	158
Deferred income taxes	180	142
Other assets	73	60
Total assets	\$ 5,538	\$ 5,552
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 22	\$ 22
Accounts payable	277	241
Accrued liabilities	362	404
Income taxes payable	35	29
Total current liabilities	696	696
Deferred income taxes	19	20
Operating lease liabilities	31	39
Other long-term liabilities	157	180
Long-term debt, excluding current portion	3,849	3,852
Total liabilities	4,752	4,787
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common stock, par value \$0.001 per share, 199 shares authorized; 117 and 116 shares issued, respectively, and 89 and 90 shares outstanding, respectively	1	1
Additional paid-in capital	1,175	1,118
Retained earnings	844	680
Treasury stock, at cost, 28 and 26 shares, respectively	(927)	(751)
Accumulated other comprehensive loss	(307)	(283)
Total stockholders' equity	786	765
Total liabilities and stockholders' equity	\$ 5,538	\$ 5,552

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 164	\$ 32
Adjustments to reconcile net income to net cash provided by operating activities	235	320
Changes in working capital accounts, excluding the effects of acquisition	(48)	(97)
Change in deferred income taxes and other	(39)	(36)
Net cash provided by operating activities	312	219
Cash flows from investing activities:		
Capital expenditures	(153)	(112)
Other ⁽¹⁾	(5)	(6)
Net cash used in investing activities	(158)	(118)
Cash flows from financing activities:		
Payments on long-term debt	(5)	(11)
Payments of debt issuance and deferred financing costs	(2)	—
Payments on license obligations	(14)	(18)
Payments of contingent acquisition considerations	(14)	(9)
Purchase of L&W common stock	(175)	(33)
Purchase of SciPlay's Class A common stock	—	(23)
Net redemptions of common stock under stock-based compensation plans and other	(40)	(11)
Net cash used in financing activities	(250)	(105)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3)	1
Decrease in cash, cash equivalents and restricted cash	(99)	(3)
Cash, cash equivalents and restricted cash, beginning of period	521	967
Cash, cash equivalents and restricted cash, end of period	<u>\$ 422</u>	<u>\$ 964</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 146	\$ 147
Income taxes paid	70	96
Cash paid for contingent acquisition considerations included in operating activities	22	9
Supplemental non-cash transactions:		
Non-cash interest expense	\$ 5	\$ 5

(1) The six months ended June 30, 2023 include \$3 million in cash used in discontinued operations.

See accompanying notes to consolidated financial statements.

LIGHT & WONDER, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, amounts in USD, table amounts in millions, except per share amounts)

(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 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 and 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.

Basis of Presentation and Principles of Consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP and 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.

In the opinion of L&W and its management, we have made all adjustments necessary to present fairly our consolidated financial position, results of operations, comprehensive income and cash flows for the periods presented. Such adjustments are of a normal, recurring nature. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in our 2023 10-K. Interim results of operations are not necessarily indicative of results of operations to be expected for a full year.

Significant Accounting Policies

There have been no changes to our significant accounting policies described within the Notes of our 2023 10-K.

Other Income (Expense), net

Other income (expense), net includes gains and losses from foreign currency transactions, interest income, earnings (losses) from equity investments and other items. Other income (expense), net for the three and six months ended June 30, 2024 primarily consisted of interest income of \$5 million and \$10 million, respectively. For the three and six months ended June 30, 2023, other income (expense), net primarily consisted of foreign currency transaction losses, which totaled \$25 million and \$38 million, respectively.

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

Basic and diluted net income (loss) attributable to L&W per share are based upon net income (loss) attributable to L&W divided by the weighted average number of common shares outstanding during the period. Diluted net income attributable to L&W 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.

For the three and six months ended June 30, 2024, we included 2 million and 2 million, respectively, of common stock equivalents in the calculation of diluted net income attributable to L&W per share. For the six months ended June 30, 2023, we included 2 million of common stock equivalents in the calculation of diluted net income attributable to L&W per share. For the three months ended June 30, 2023, basic and diluted net loss attributable to L&W per share were the same, as all common stock equivalents would have been anti-dilutive for that period. We excluded 2 million of stock options and 2 million of RSUs outstanding from the calculation of diluted weighted-average common shares outstanding for the three months ended June 30, 2023.

New Accounting Guidance

There have been no recent accounting pronouncements or changes in accounting pronouncements since those described within the Notes of our 2023 10-K that are expected to have a material impact on our consolidated financial statements.

(2) Revenue Recognition

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Gaming				
Gaming operations	\$ 175	\$ 167	\$ 340	\$ 327
Gaming machine sales	228	173	433	331
Gaming systems	82	72	142	127
Table products	54	59	101	105
Total	<u>\$ 539</u>	<u>\$ 471</u>	<u>\$ 1,016</u>	<u>\$ 890</u>
SciPlay				
Mobile in-app purchases	\$ 160	\$ 170	\$ 330	\$ 335
Web in-app purchases and other ⁽¹⁾	45	20	81	41
Total	<u>\$ 205</u>	<u>\$ 190</u>	<u>\$ 411</u>	<u>\$ 376</u>
iGaming	<u>\$ 74</u>	<u>\$ 70</u>	<u>\$ 148</u>	<u>\$ 134</u>

(1) Other represents \$24 million and \$36 million in revenue generated via our proprietary direct-to-consumer platform for the three and six months ended June 30, 2024, respectively, along with advertising and other revenue, which were not material for the periods presented.

The amount of rental income revenue included in services revenue within the consolidated statement of operations that is outside the scope of ASC 606 was \$136 million and \$263 million for the three and six months ended June 30, 2024, respectively, and \$123 million and \$240 million for the three and six months ended June 30, 2023, respectively.

Contract Liabilities and Other Disclosures

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

	Six Months Ended June 30, 2024
Contract liability balance, beginning of period ⁽¹⁾	\$ 27
Liabilities recognized during the period	14
Amounts recognized in revenue from beginning balance	(16)
Contract liability balance, end of period ⁽¹⁾	<u>\$ 25</u>

(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 balances in these accounts for the periods indicated (other than contract liabilities disclosed above):

	Receivables	Contract Assets ⁽¹⁾
Beginning of period balance	\$ 543	\$ 24
End of period balance, June 30, 2024	635	26

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

As of June 30, 2024, we did not have material unsatisfied performance obligations for contracts expected to be long-term or contracts for which we recognize revenue at an amount other than that for which we have the right to invoice for goods or services delivered or performed.

(3) Business Segments

We report our operations in three business segments—Gaming, SciPlay and iGaming—representing our different products and services. A detailed discussion regarding the products and services from which each reportable business segment derives its revenue is included in Notes 3 and 4 in our 2023 10-K.

In evaluating financial performance, our Chief Operating Decision Maker (defined as our Chief Executive Officer) 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 within the Notes in our 2023 10-K. The following tables present our segment information:

Three Months Ended June 30, 2024					
	Gaming	SciPlay	iGaming	Unallocated and Reconciling Items ⁽¹⁾	Total
Total revenue	\$ 539	\$ 205	\$ 74	\$ —	\$ 818
AEBITDA ⁽²⁾	272	70	24	(36)	330
<i>Reconciling items to net income before income taxes:</i>					
D&A	(63)	(6)	(13)	(5)	(87)
Restructuring and other	(1)	—	1	(34)	(34)
Interest expense				(75)	(75)
Other income, net				5	5
Stock-based compensation				(31)	(31)
Net income before income taxes				\$	108

(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 income before income taxes.

(2) AEBITDA is reconciled to net income before income taxes with the following adjustments, as applicable: (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) gain (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 or losses and earnings from equity investments; and (7) stock-based compensation. AEBITDA is presented as our primary segment measure of profit or loss.

Three Months Ended June 30, 2023					
	Gaming	SciPlay	iGaming	Unallocated and Reconciling Items ⁽¹⁾	Total
Total revenue	\$ 471	\$ 190	\$ 70	\$ —	\$ 731
AEBITDA ⁽²⁾	233	59	24	(35)	281
<i>Reconciling items to net income before income taxes:</i>					
D&A	(79)	(11)	(12)	(6)	(108)
Restructuring and other	(3)	(2)	(9)	(17)	(31)
Interest expense				(78)	(78)
Other expense, net				(16)	(16)
Stock-based compensation				(28)	(28)
Net income before income taxes				\$	20

(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 income before income taxes.

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

Six Months Ended June 30, 2024

	Gaming	SciPlay	iGaming	Unallocated and Reconciling Items⁽¹⁾	Total
Total revenue	\$ 1,016	\$ 411	\$ 148	\$ —	\$ 1,575
AEBITDA ⁽²⁾	504	132	48	(74)	610
<i>Reconciling items to net income before income taxes:</i>					
D&A	(123)	(13)	(26)	(11)	(173)
Restructuring and other	(1)	—	(2)	(37)	(40)
Interest expense				(150)	(150)
Other income, net				14	14
Stock-based compensation				(53)	(53)
Net income before income taxes					\$ 208

(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 income before income taxes.

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

Six Months Ended June 30, 2023

	Gaming	SciPlay	iGaming	Unallocated and Reconciling Items⁽¹⁾	Total
Total revenue	\$ 890	\$ 376	\$ 134	\$ —	\$ 1,400
AEBITDA ⁽²⁾	438	113	47	(69)	529
<i>Reconciling items to net income before income taxes:</i>					
D&A	(156)	(17)	(24)	(11)	(208)
Restructuring and other	(11)	(3)	(10)	(26)	(50)
Interest expense				(153)	(153)
Other expense, net				(18)	(18)
Stock-based compensation				(54)	(54)
Net income before income taxes					\$ 46

(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 income before income taxes.

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

(4) 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Employee severance and related	\$ —	\$ 4	\$ 1	\$ 13
Legal and related	32	—	32	—
Strategic review and related ⁽¹⁾	—	14	1	18
Contingent acquisition consideration ⁽²⁾	(1)	9	—	9
Restructuring, integration and other	3	4	6	10
Total	\$ 34	\$ 31	\$ 40	\$ 50

(1) Includes costs associated with the SciPlay merger, ASX listing, sale of discontinued operations (including ongoing separation activities), rebranding and related activities. Refer to the Notes in our 2023 10-K for more information regarding these activities.

(2) Represents contingent consideration fair value adjustments (see Note 11).

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

Receivables

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

	As of	
	June 30, 2024	December 31, 2023
Current:		
Receivables	\$ 612	\$ 544
Allowance for credit losses	(37)	(38)
Current receivables, net	575	506
Long-term:		
Receivables	67	40
Allowance for credit losses	(7)	(3)
Long-term receivables, net	60	37
Total receivables, net	\$ 635	\$ 543

Allowance for Credit Losses

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			
	June 30, 2024	Balances over 90 days past due	December 31, 2023	Balances over 90 days past due
Receivables:				
U.S. and Canada	\$ 354	\$ 4	\$ 344	\$ 13
International	325	42	240	50
Total receivables	679	46	584	63
Receivables allowance:				
U.S. and Canada	(19)	(4)	(17)	(3)
International	(25)	(12)	(24)	(12)
Total receivables allowance	(44)	(16)	(41)	(15)
Receivables, net	\$ 635	\$ 30	\$ 543	\$ 48

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 each of the three and six months ended June 30, 2024 and 2023 is as follows:

	2024			2023
	Total	U.S. and Canada	International	Total
Beginning allowance for credit losses	\$ (41)	\$ (17)	\$ (24)	\$ (40)
Provision	(1)	—	(1)	(1)
Charge-offs and recoveries	2	1	1	1
Allowance for credit losses as of March 31	\$ (40)	\$ (16)	\$ (24)	\$ (40)
Provision	(6)	(3)	(3)	(4)
Charge-offs and recoveries	2	—	2	2
Allowance for credit losses as of June 30	\$ (44)	\$ (19)	\$ (25)	\$ (42)

As of June 30, 2024, 5% of our total receivables, net, were past due by over 90 days, compared to 9% as of December 31, 2023.

Credit Quality of Receivables

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 June 30, 2024		
	Total	Current	Balances over 90 days past due
Receivables	\$ 59	\$ 45	\$ 14
Allowance for credit losses	(18)	(11)	(7)
Receivables, net	\$ 41	\$ 34	\$ 7

We continuously review receivables and, as information concerning credit quality and/or overall economic environment arises, reassess our expectations of future losses and record an incremental reserve if warranted at that time. Our current allowance for credit losses represents our current expectation of credit losses; however, future expectations could change as international unrest or other macro-economic factors impact the financial stability of our customers.

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 June 30, 2024 and December 31, 2023, the fair value of receivables, net, approximated the carrying value due to contractual terms of receivables generally being less than 24 months.

(6) Inventories

Inventories consisted of the following:

	As of	
	June 30, 2024	December 31, 2023
Parts and work-in-process	\$ 120	\$ 113
Finished goods	66	64
Total inventories	\$ 186	\$ 177

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

(7) Property and Equipment, net

Property and equipment, net consisted of the following:

	As of	
	June 30, 2024	December 31, 2023
Land	\$ 6	\$ 6
Buildings and leasehold improvements	61	59
Gaming machinery and equipment	764	718
Furniture and fixtures	28	26
Construction in progress	12	7
Other property and equipment	99	94
Less: accumulated depreciation	(701)	(674)
Total property and equipment, net	\$ 269	\$ 236

Depreciation expense is excluded from cost of services, cost of products and other operating expenses and is separately presented within D&A.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Depreciation expense	\$ 32	\$ 30	\$ 63	\$ 57

(8) Intangible Assets, net and Goodwill

Intangible Assets, net

The following tables present certain information regarding our intangible assets as of June 30, 2024 and December 31, 2023.

	As of					
	June 30, 2024			December 31, 2023		
	Gross Carrying Value	Accumulated Amortization	Net Balance	Gross Carrying Value	Accumulated Amortization	Net Balance
Amortizable intangible assets:						
Customer relationships	\$ 902	\$ (597)	\$ 305	\$ 904	\$ (567)	\$ 337
Intellectual property	940	(791)	149	947	(771)	176
Licenses	291	(230)	61	290	(217)	73
Brand names	130	(124)	6	129	(120)	9
Trade names	163	(159)	4	163	(157)	6
Patents and other	11	(7)	4	11	(7)	4
Total intangible assets	\$ 2,437	\$ (1,908)	\$ 529	\$ 2,444	\$ (1,839)	\$ 605

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Amortization expense ⁽¹⁾	\$ 38	\$ 61	\$ 75	\$ 119

(1) The three and six months ended June 30, 2023 include intangible assets non-cash impairment charge of \$4 million related to SciPlay restructuring of a certain foreign studio.

Goodwill

The table below reconciles the change in the carrying value of goodwill, by business segment, for the period from December 31, 2023 to June 30, 2024.

	Gaming ⁽¹⁾	SciPlay	iGaming	Totals
Balance as of December 31, 2023	\$ 2,388	\$ 210	\$ 347	\$ 2,945
Foreign currency adjustments	(8)	(2)	(10)	(20)
Balance as of June 30, 2024	\$ 2,380	\$ 208	\$ 337	\$ 2,925

(1) Accumulated goodwill impairment charges for the Gaming segment as of June 30, 2024 were \$989 million.

(9) Software, net

Software, net consisted of the following:

	As of	
	June 30, 2024	December 31, 2023
Software	\$ 1,109	\$ 1,083
Accumulated amortization	(947)	(925)
Software, net	\$ 162	\$ 158

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Amortization expense	\$ 17	\$ 17	\$ 35	\$ 32

(10) Long-Term Debt

The following table reflects our outstanding debt (in order of priority and maturity):

	As of					
	June 30, 2024					December 31, 2023
	Final Maturity	Rate(s)	Face Value	Unamortized debt discount/premium and deferred financing costs, net	Book Value	Book Value
Senior Secured Credit Facilities:						
LNWI Revolver	2027	variable	\$ —	\$ —	\$ —	\$ —
LNWI Term Loan B	2029	variable	2,162	(25)	2,137	2,141
LNWI Senior Notes:						
2028 Unsecured Notes	2028	7.000%	700	(6)	694	694
2029 Unsecured Notes	2029	7.250%	500	(5)	495	495
2031 Unsecured Notes	2031	7.500%	550	(7)	543	543
Other	—	—	2	—	2	1
Total long-term debt outstanding			\$ 3,914	\$ (43)	\$ 3,871	\$ 3,874
Less: current portion of long-term debt					(22)	(22)
Long-term debt, excluding current portion					\$ 3,849	\$ 3,852
Fair value of debt ⁽¹⁾			\$ 3,940			

(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.

LNWI Term Loan B Repricing

On July 17, 2024, we amended the LNWI Credit Agreement and reduced the applicable margin on the LNWI Term Loan B. Following the amendment, the interest rate for the Term Loan B is either (i) the Adjusted Term SOFR Rate (as defined in the LNWI Credit Agreement) plus 2.25% per annum or (ii) a base rate plus 1.25% per annum.

We were in compliance with the financial covenants under all debt agreements as of June 30, 2024 (for information regarding our financial covenants of all debt agreements, see Note 15 in our 2023 10-K).

For additional information regarding the terms of our credit facilities and Senior Notes, see Note 15 in our 2023 10-K.

(11) Fair Value Measurements

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 June 30, 2024, we held the following derivative instruments that were accounted for pursuant to ASC 815:

Interest Rate Swap Contracts

We use interest rate swap contracts as described below to manage exposure to interest rate fluctuations by reducing the uncertainty of future cash flows 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 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 June 30, 2024. These hedges mature in April 2027.

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 gain and interest income on our interest rate swap contracts:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Gain recorded in accumulated other comprehensive loss, net of tax	\$ —	\$ 10	\$ 6	\$ 3
Interest income related to interest rate swap contracts recorded in interest expense	5	4	9	7

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 income:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Total interest expense which reflects the effects of cash flow hedges	\$ (75)	\$ (78)	\$ (150)	\$ (153)
Hedged item	(5)	(5)	(10)	(10)
Derivative designated as hedging instrument	10	9	19	17

The following table shows the fair value of our hedges:

Balance Sheet Line Item	As of	
	June 30, 2024	December 31, 2023
Interest rate swaps	\$ 28	\$ 20

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, 2023 to June 30, 2024.

	Total	Included in Accrued Liabilities	Included in Other Long-Term Liabilities
Balance as of December 31, 2023	\$ 59	\$ 39	\$ 20
Payments	(37)		
Fair value adjustments	—		
Other adjustments ⁽¹⁾	(5)		
Balance as of June 30, 2024	\$ 17	\$ 10	\$ 7

(1) Represents extinguishment of \$5 million in redeemable non-controlling interest liability associated with SciPlay's acquisition of Alictus Yazilim Anonim Şirketi in 2022, as specified financial targets for the second year were not met. The gain was recorded in other income (expense), net in our consolidated statements of income.

(12) Stockholders' Equity

Changes in Stockholders' Equity

The following tables present certain information regarding our stockholders' equity as of June 30, 2024 and 2023:

	Six Months Ended June 30, 2024					
	Common Stock	Additional Paid in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
January 1, 2024	\$ 1	\$ 1,118	\$ 680	\$ (751)	\$ (283)	\$ 765
Settlement of liability awards	—	65	—	—	—	65
Vesting of RSUs, net of tax withholdings and other	—	(43)	—	—	—	(43)
Purchase of treasury stock	—	—	—	(25)	—	(25)
Stock-based compensation	—	14	—	—	—	14
Net income	—	—	82	—	—	82
Other comprehensive loss	—	—	—	—	(23)	(23)
March 31, 2024	\$ 1	\$ 1,154	\$ 762	\$ (776)	\$ (306)	\$ 835
Vesting of RSUs, net of tax withholdings and other	—	1	—	—	—	1
Purchase of treasury stock	—	—	—	(151)	—	(151)
Stock-based compensation	—	20	—	—	—	20
Net income	—	—	82	—	—	82
Other comprehensive income	—	—	—	—	(1)	(1)
June 30, 2024	\$ 1	\$ 1,175	\$ 844	\$ (927)	\$ (307)	\$ 786

Six Months Ended June 30, 2023							
	Common Stock	Additional Paid in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
January 1, 2023	\$ 1	\$ 1,370	\$ 517	\$ (580)	\$ (318)	\$ 171	\$ 1,161
Settlement of liability awards	—	25	—	—	—	—	25
Vesting of RSUs, net of tax withholdings and other	—	(14)	—	—	—	—	(14)
Purchase of treasury stock	—	—	—	(28)	—	—	(28)
Purchase of SciPlay's Class A common stock	—	(8)	—	—	—	—	(8)
Stock-based compensation	—	15	—	—	—	—	15
Net income	—	—	22	—	—	5	27
Other comprehensive income	—	—	—	—	6	—	6
March 31, 2023	\$ 1	\$ 1,388	\$ 539	\$ (608)	\$ (312)	\$ 176	\$ 1,184
Vesting of RSUs, net of tax withholdings and other	—	1	—	—	—	—	1
Purchase of treasury stock	—	—	—	(5)	—	—	(5)
Purchase of SciPlay's Class A common stock	—	(15)	—	—	—	—	(15)
Stock-based compensation	—	13	—	—	—	—	13
Net (loss) income	—	—	(1)	—	—	6	5
Other comprehensive income	—	—	—	—	47	—	47
June 30, 2023	\$ 1	\$ 1,387	\$ 538	\$ (613)	\$ (265)	\$ 182	\$ 1,230

Stock-based Compensation

The following reflects total stock-based compensation expense recognized under all programs:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Related to L&W RSUs	\$ 31	\$ 21	\$ 53	\$ 40
Related to SciPlay RSUs	—	7	—	14
Total ⁽¹⁾	\$ 31	\$ 28	\$ 53	\$ 54

(1) Includes \$11 million and \$19 million of stock-based compensation classified as liability awards for the three and six months ended June 30, 2024, respectively, and \$15 million and \$26 million for the three and six months ended June 30, 2023, respectively.

Restricted Stock Units

A summary of the changes in RSUs outstanding under our equity-based compensation plans during the six months ended June 30, 2024 is presented below:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested RSUs as of December 31, 2023	2.3	\$ 55.53
Granted	1.4	\$ 99.57
Vested	(1.3)	\$ 72.70
Cancelled	(0.1)	\$ 56.12
Unvested RSUs as of June 30, 2024	2.3	\$ 71.90

The weighted-average grant date fair value of RSUs granted during the six months ended June 30, 2024 and 2023 was \$99.57 and \$57.15, respectively. The fair value of each RSU grant is based on the market value of our common stock at the time of grant. As of June 30, 2024, we had \$125 million of unrecognized stock-based compensation expense relating to

unvested RSUs amortized over a weighted-average period of approximately 1.3 years. The fair value at vesting date of RSUs vested during the six months ended June 30, 2024 and 2023 was \$130 million and \$51 million, respectively.

Share Repurchase Program

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. During the six months ended June 30, 2024, we repurchased approximately 1.8 million shares of common stock under these programs at an aggregate cost of \$176 million (including excise tax), fully exhausting the authorized share repurchase amount under the program. On June 11, 2024, our Board of Directors approved a new share repurchase program under which the Company is authorized to repurchase, from time to time through June 12, 2027, up to an aggregate amount of \$1.0 billion of shares of our outstanding common stock. Repurchases under the new share repurchase program may be effected at the discretion of the Transaction Committee of the Board of Directors through one or more open market repurchases, privately negotiated transactions, including block trades, accelerated share repurchases, issuer tender offers or other derivative contracts or instruments, “10b5-1” plan, or other financial or other arrangements, or a combination of the foregoing. The share repurchase program may be suspended or discontinued at any time. We had no repurchases under the new plan during the quarter ended June 30, 2024.

(13) Income Taxes

We consider new evidence (both positive and negative) at each reporting date that could affect our view of the future realization of deferred tax assets. We evaluate information such as historical financial results, historical taxable income, projected future taxable income, expected timing of the reversals of existing temporary differences and available prudent and feasible tax planning strategies in our analysis. Based on the available evidence, valuation allowances in certain U.S. and non-U.S. jurisdictions remain consistent as of June 30, 2024.

Our income tax expense (including discrete items) was \$26 million and \$44 million for the three and six months ended June 30, 2024, respectively, and \$15 million and \$14 million for the three and six months ended June 30, 2023, respectively. For the three months ended June 30, 2024, our effective tax rate differs from the U.S. statutory rate of 21% primarily as a result of tax benefits related to equity compensation. In all periods, we recorded tax expense relative to pre-tax earnings in jurisdictions without valuation allowances.

During the second quarter of 2024, the Company was notified by the Internal Revenue Service that the Company’s U.S. federal income tax returns for tax years 2021 and 2022 will be subject to examination.

(14) Leases

Our total operating lease expense for the three and six months ended June 30, 2024 was \$6 million and \$12 million, respectively, and \$5 million and \$11 million for the three and six months ended June 30, 2023, respectively. The total amount of variable and short-term lease payments was immaterial for all periods presented.

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

	As of	
	June 30, 2024	December 31, 2023
Operating lease right-of-use assets	\$ 45	\$ 52
Accrued liabilities	18	19
Operating lease liabilities	31	39
Total operating lease liabilities	\$ 49	\$ 58
Weighted average remaining lease term, years	3	4
Weighted average discount rate	6 %	6 %
	Six Months Ended June 30,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 11	\$ 10
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	\$ 2	\$ —

Lease liability maturities:

	Remainder of 2024	2025	2026	2027	2028	Thereafter	Less Imputed Interest	Total
Operating leases	\$ 11	\$ 18	\$ 13	\$ 8	\$ 4	\$ —	\$ (5)	\$ 49

As of June 30, 2024, we did not have material additional operating leases that have not yet commenced.

(15) 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 \$43 million and \$12 million for all of our legal matters that were contingencies as of June 30, 2024 and December 31, 2023, 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 with the Council of State from the denial of the constitutional challenge, which was denied on May 24, 2023. On June 28, 2023, the Colombian Constitutional Court received the record of the constitutional appeal for further consideration, and on September 26, 2023, that court selected LNWI’s constitutional appeal for further consideration. On April 25, 2024, LNWI was notified that, by means of a decision dated April 5, 2024, a three-judge panel of the Colombian Constitutional Court denied LNWI’s constitutional appeal. On April 30, 2024, LNWI filed a motion to have that panel ruling declared null and void by the full Chamber of the Colombian Constitutional Court.

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.

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 Bally 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 the 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. Discovery closed on June 1, 2023. On June 30, 2023, the defendants filed a motion for summary judgment. On March 28, 2024, the court issued an order granting in part and denying in

part defendants' motion for summary judgment. On April 30, 2024, the court issued an order setting the matter for a jury trial starting on May 5, 2025. Due to the complexity of the plaintiffs' claims, and the unpredictability of the outcome of the proceedings in the district court, or any appeal therefrom, we are unable at this time to estimate a range of reasonably possible losses, or any amount within such a range, above the amount we have recorded for this matter, which is the minimum amount of reasonably possible loss.

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. On June 10, 2022, plaintiff Alfred T. Giuliano filed a notice of voluntary dismissal without prejudice, and the court therefore denied as moot defendants' motion to lift the stay in an order entered on March 28, 2023. 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.

In re Automatic Card Shufflers Litigation 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. Discovery closed on December 1, 2023. On February 16, 2024, the defendants filed a motion for summary judgment, which is pending. Also on February 16, 2024, plaintiffs filed a motion for partial summary judgment and a motion for class certification, which are pending. 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.

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, which denied Respondents' appeal on June 22, 2023. On April 15, 2022, Respondents filed a motion to dismiss the claimant's complaint, which the Arbitrator denied on July 26, 2022. Discovery closed on December 1, 2023. On February 16, 2024, the respondents filed a motion for summary judgment, which is pending. Also on February 16, 2024, claimant filed a motion for partial summary judgment and a motion for class certification, which are pending. 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 sought 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 virtual coins, in a 24-hour period, playing SciPlay's online social casino games. The complaint asserted claims for alleged violations of Kentucky's "recovery of gambling losses" statute and for unjust enrichment, and sought 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, 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, claimant Hannelore Boorn filed an arbitration demand against respondents L&W, SciPlay Corporation, and Appchi Media Ltd. 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, respondents filed their answering statement to plaintiff's arbitration demand. On February 2, 2024, claimant filed a dispositive motion seeking a ruling that SciPlay's terms of service are void under Kentucky law and that claimant's claims are not arbitrable. On February 2, 2024, respondents filed a motion for summary disposition seeking dismissal of claimant's claims. On May 30, 2024, the Arbitrators granted respondents' dispositive motion, denied claimant's dispositive motion, and dismissed claimant's claims with prejudice. 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 demand 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. On March 7, 2023, respondent filed its answering statement to claimant's arbitration demand. On March 4, 2024, respondent filed a motion to dismiss the claimant's arbitration demand, which the Arbitrators denied on April 24, 2024. An evidentiary hearing is scheduled for October 21-23, 2024. 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 demand 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. On March 7, 2023, respondent filed its answering statement to claimant's arbitration demand. On March 4, 2024, respondent filed a motion to dismiss the claimant's arbitration demand, which the Arbitrators denied on April 24, 2024. An evidentiary hearing is scheduled for October 21-23, 2024. 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.

Sornberger Matter

On March 8, 2023, plaintiff Andrea Sornberger filed a complaint against SciPlay Corporation and SciPlay Games, LLC in the Circuit Court of the Franklin County, Alabama. The complaint asserts claims for alleged violations of Alabama anti-gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by Alabama players of SciPlay's online social casino games other than the plaintiff, the award of interests and costs, and injunctive and other relief. On April 12, 2023, defendants removed the action to the United States District Court for the Northern District of Alabama. On August 24, 2023, plaintiff voluntarily dismissed her complaint without prejudice, and re-filed it in the Circuit Court of Franklin County, Alabama. On September 27, 2023, defendants removed the re-filed action to the United States District Court for the Northern District of Alabama. On October 26, 2023, plaintiff filed a motion to remand the action to the Circuit Court of Franklin County, Alabama, which is pending. 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.

Roberts Matter

On July 25, 2023, claimant Donovan Roberts filed an arbitration demand against respondent SciPlay Corporation before the American Arbitration Association. The demand asserts claims for alleged violations of Kentucky's anti-gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by Kentucky players of SciPlay's online social casino games other than the claimant. On October 6, 2023, respondent filed its answering statement to claimant's arbitration demand. On May 30, 2024, respondent filed a motion to dismiss the claimant's arbitration demand, which is pending. 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.

Ebersole Matter

On July 25, 2023, claimant Christopher Ebersole filed an arbitration demand against respondent SciPlay Corporation before the American Arbitration Association. The demand 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. On October 12, 2023, respondent filed its answering statement to claimant's arbitration demand. On April 1, 2024, respondent filed a motion to dismiss the claimant's arbitration demand, which the Arbitrators denied on May 16, 2024. 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.

Murnaghan Matter

On July 25, 2023, claimant Hope Murnaghan filed an arbitration demand against respondent SciPlay Corporation before the American Arbitration Association. The demand asserts claims for alleged violations of Massachusetts' anti-gambling statutes and seeks unspecified money damages, including recovery of monies allegedly lost by Massachusetts players of SciPlay's online social casino games other than the claimant. On October 12, 2023, respondent filed its answering statement to claimant's arbitration demand. On April 1, 2024, respondent filed a motion to dismiss the claimant's arbitration demand, which the Arbitrators denied on May 16, 2024. 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.

Ewing Matter

On November 31, 2023, plaintiff Lauren Ewing filed a lawsuit against SciPlay Corporation and SciPlay Games LLC in the Circuit Court for the 14th Judicial District of Tennessee. The complaint asserts claims for alleged violations of Tennessee's anti-gambling statutes and seeks unspecified money damages, including recover of monies allegedly lost by Tennessee players of SciPlay's online social casino games. On December 15, 2023, defendants removed the action to the United States District Court for the Eastern District of Tennessee. On January 12, 2024, plaintiff filed a motion to remand the action to the Circuit Court for the 14th Judicial District of Tennessee, which is pending. On January 22, 2024, defendants filed a motion to dismiss plaintiff's complaint and a motion to compel arbitration of plaintiff's claims, which are pending. 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.

Aristocrat Matter

On February 26, 2024, Aristocrat Technologies, Inc. and Aristocrat Technologies Australia Pty Limited brought a civil action in the United States District Court for the District of Nevada against L&W, LNW Gaming, Inc. and SciPlay Corporation. Plaintiffs assert claims for alleged trade secret misappropriation, copyright infringement, trade dress infringement and unfair competition, and deceptive trade practices, relating to defendants' *DRAGON TRAIN*TM and *JEWEL OF THE DRAGON*[®] games. Plaintiffs' complaint seeks preliminary and permanent injunctive relief, unspecified damages, the award of reasonable attorneys' fees and costs, pre-judgment and post-judgment interest, and declaratory relief. Simultaneously with the filing of the complaint on February 26, 2024, the plaintiffs filed a motion to expedite discovery, which the court granted in part and denied in part on March 26, 2024. On April 9, 2024, defendants filed a motion to dismiss plaintiffs' complaint, which the court granted in part and denied in part on June 24, 2024. On May 22, 2024, the plaintiffs filed a motion for a preliminary injunction, which is pending. On July 15, 2024, the plaintiffs filed a First Amended Complaint. 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.

Item 2. 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 from management’s perspective and should be read in conjunction with the description of our business included under *Part I, Item 1* “Condensed Consolidated Financial Statements” and *Part II, Item 1A* “Risk Factors” in this Quarterly Report on Form 10-Q and under *Part I, Item 1* “Business,” *Item 1A* “Risk Factors” and *Part II, Item 7* “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2023 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” included in this Quarterly Report on Form 10-Q and “Risk Factors” included in our 2023 10-K. As used in this MD&A, the terms “we,” “us,” “our” and the “Company” mean L&W together with its consolidated subsidiaries.

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 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 and player account management systems, as well as various other iGaming content and services.

As more fully described in *Part I, Item 1* “Business” in our 2023 10-K, we are executing on our strategy to become a leading cross-platform global games company with a focus on content and digital markets. We report our results of operations in three business segments—Gaming, SciPlay and iGaming—representing our different products and services. See “Business Segments Results” below and Note 3 for additional business segment information.

During the six months ended June 30, 2024, we repurchased approximately 1.8 million shares of common stock under these programs at an aggregate cost of \$176 million (including excise tax), fully exhausting the authorized share repurchase amount under the March 2022 program. On June 11, 2024, our Board of Directors approved a new share repurchase program under which the Company is authorized to repurchase, from time to time through June 12, 2027, up to an aggregate amount of \$1.0 billion in shares of our outstanding common stock. Repurchases under the new share repurchase program may be effected at the discretion of the Transaction Committee of the Board of Directors through one or more open market repurchases, privately negotiated transactions, including block trades, accelerated share repurchases, issuer tender offers or other derivative contracts or instruments, “10b5-1” plan, or other financial or other arrangements, or a combination of the foregoing. The share repurchase program may be suspended or discontinued at any time. We had no repurchases under the new plan during the quarter ended June 30, 2024.

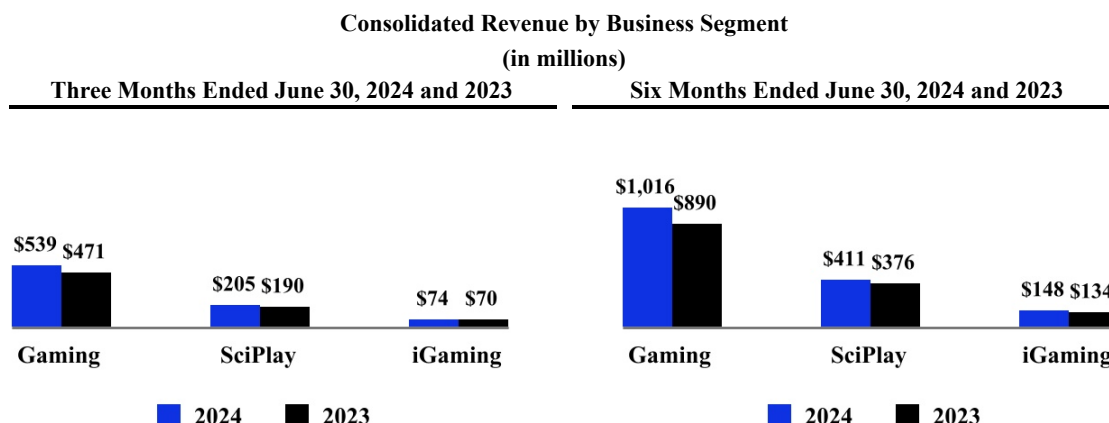
On July 17, 2024, we repriced the LNWI Term Loan B, reducing our interest rate by 50 basis points and resulting in a reduction in annualized interest costs of approximately \$11 million.

CONSOLIDATED RESULTS

(\$ in millions)	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2024	2023	2024 vs. 2023		2024	2023	2024 vs. 2023	
Total revenue	\$ 818	\$ 731	\$ 87	12 %	\$ 1,575	\$ 1,400	\$ 175	13 %
Total operating expenses	643	618	25	4 %	1,235	1,185	50	4 %
Operating income	175	113	62	55 %	340	215	125	58 %
Net income before income taxes	108	20	88	440 %	208	46	162	352 %
Net income	82	5	77	nm	164	32	132	413 %
Net income (loss) attributable to L&W	82	(1)	83	nm	164	21	143	nm

nm = not meaningful.

Revenue



Gaming revenue growth of 14% for both the three- and six-month periods ended June 30, 2024 was primarily driven by global Gaming machine sales growth of 32% and 31% for the three and six months ended June 30, 2024, respectively, coupled with continued strength in Systems and Gaming operations as well as the success of our content performance.

SciPlay revenue increased 8% and 9% for the three and six months ended June 30, 2024, respectively, primarily due to increased average revenue per daily active user and average monthly revenue per paying user. Average revenue per daily active user grew 12% for both the three and six months ended June 30, 2024, while average monthly revenue per paying user increased 15% and 16% for the three and six months ended June 30, 2024, respectively.

The increase in iGaming revenue of 6% and 10% for the three and six months ended June 30, 2024, respectively, was driven primarily by continued momentum in the U.S. market as well as the strength of our original content.

Operating Expenses

(\$ in millions)	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2024	2023	2024 vs. 2023		2024	2023	2024 vs. 2023	
Operating expenses:								
Cost of services	\$ 111	\$ 110	\$ 1	1 %	\$ 223	\$ 218	\$ 5	2 %
Cost of products	125	108	17	16 %	233	201	32	16 %
SG&A	220	203	17	8 %	438	396	42	11 %
R&D	66	58	8	14 %	128	112	16	14 %
D&A	87	108	(21)	(19)%	173	208	(35)	(17)%
Restructuring and other	34	31	3	10 %	40	50	(10)	(20)%
Total operating expenses	\$ 643	\$ 618	\$ 25	4 %	\$ 1,235	\$ 1,185	\$ 50	4 %

Cost of Revenue

Total cost of revenue for the three and six months ended June 30, 2024 increased as a direct result of higher revenue as described above, driven by \$17 million and \$32 million, respectively, in higher cost of products revenue primarily associated with higher gaming machine sales. For the six months ended June 30, 2024, the increase in cost of services is primarily related to higher cost of services for our iGaming business segment.

SG&A

SG&A increased for the three and six months ended June 30, 2024 as compared to the prior year periods. The increase was driven by higher salaries and benefits, excluding stock-based compensation, of \$7 million and \$19 million, respectively, and higher marketing expenses primarily associated with the SciPlay segment of \$7 million and \$15 million, respectively.

R&D

R&D increased for both periods, primarily due to higher salaries and benefits in our Gaming and SciPlay segments.

D&A

D&A decreased for both periods primarily due to fully amortized intangible assets related to certain of our legacy trade names associated with our Gaming segment. Additionally, the prior year included an impairment charge of \$5 million related to SciPlay restructuring of a certain foreign studio.

Restructuring and Other

The increase in restructuring and other for the three months ended June 30, 2024, as compared to the prior year period, was primarily due to a \$32 million charge related to certain legal matters, which was partially offset by lower costs related to strategic review and related transactions. Restructuring and other decreased for the six months ended June 30, 2024, as compared to the prior year period, primarily due to lower costs related to strategic review and related transactions, partially offset by the \$32 million charge related to certain legal matters. The three months ended June 30, 2023 included \$7 million in professional services associated with the ASX listing, and the six months ended June 30, 2023 included contingent acquisition consideration remeasurement charges of \$9 million. Refer to Note 4 for more information.

Other Factors Affecting Net Income (Loss) Attributable to L&W

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		Factors Affecting Net Income (Loss) Attributable to L&W
	2024	2023	2024	2023	
Other income (expense), net \$	8	(15)	18	(16)	The change in other income was primarily due to the prior period impact of changes in foreign currency exchange rates.
Income tax expense ⁽¹⁾	(26)	(15)	(44)	(14)	The increase in income tax expense was primarily due to the increase in worldwide income as well as tax benefits of internal restructuring transactions in the prior year period.

(1) For additional information regarding the changes in our effective tax rates and the variance in our income tax expense, see Note 13.

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)	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue	Revenue	% Consolidated Revenue
Foreign Currency:								
British Pound Sterling	\$ 32	4 %	\$ 32	4 %	\$ 60	4 %	\$ 58	4 %
Euro	49	6 %	52	7 %	97	6 %	96	7 %
Australian Dollar	48	6 %	26	4 %	81	5 %	43	3 %

BUSINESS SEGMENT RESULTS (for the three and six months ended June 30, 2024 compared to the three and six months ended June 30, 2023)

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.

We generate Gaming revenue from both services and product sales. Our services revenue includes revenue earned from Participation gaming machines, other leased gaming machines (including VLTs and electronic table games), supplied table products and services (including Shufflers), casino management technology solutions and systems, and other services revenues. Our product sales revenue includes the sale of new and used gaming machines, electronic table games, VLTs and

VGTS, casino-management technology solutions and systems, table products, proprietary table game licensing, conversion kits (including game, hardware or operating system conversions) and spare parts.

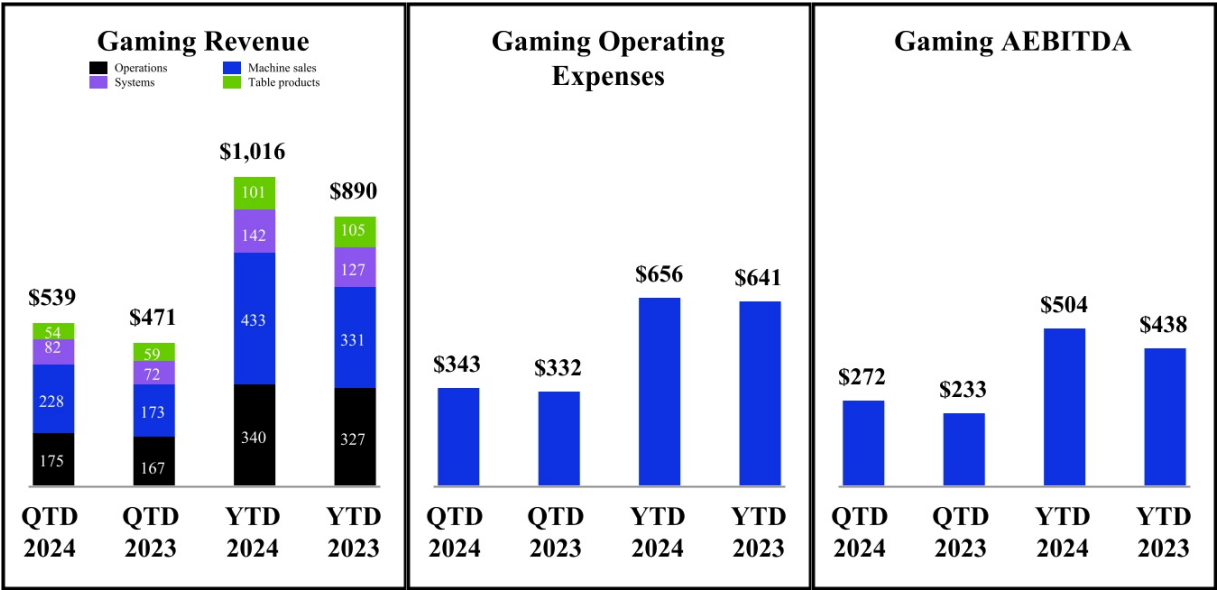
For additional information, refer to the Gaming primary business activities summary included within “Business Segment Results” under *Item 7* of our 2023 10-K.

Current Year Update

The increase in Gaming revenue for the three and six months ended June 30, 2024, as compared to the prior year period, was primarily driven by continued global Gaming machine sales growth of 32% and 31%, respectively, coupled with growth in Systems and Gaming operations, which benefited from a 7% increase in U.S. and Canada installed base and higher average daily revenue per unit. Our growth is driven by the continued strength and success of our content portfolio performance, driving Game sales growth in North American-adjacent and International markets, led by Australia and Asia, as well as persistent success of our *COSMIC™* and *KASCADA®* cabinets. Our robust portfolio of hit franchises is expected to drive further growth in the remainder of 2024. While demand remains strong, we are actively monitoring any impact of inflationary pressures and macroeconomic uncertainty that may impact our operations. We are also monitoring for any potential disruptions in our supply chain, such as those due to armed conflicts or hostilities, and we increase our inventory positions when deemed necessary to mitigate any expected or unexpected delays and fulfill customer orders timely.

Results of Operations and KPIs

Three and Six Months Ended June 30, 2024 and 2023



	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
(\$ in millions, except per unit amounts)	2024	2023	2024 vs. 2023		2024	2023	2024 vs. 2023	
Revenue:								
Gaming operations	\$ 175	\$ 167	\$ 8	5 %	\$ 340	\$ 327	\$ 13	4 %
Gaming machine sales	228	173	55	32 %	433	331	102	31 %
Gaming systems	82	72	10	14 %	142	127	15	12 %
Table products	54	59	(5)	(8)%	101	105	(4)	(4)%
Total revenue	<u>\$ 539</u>	<u>\$ 471</u>	<u>\$ 68</u>	14 %	<u>\$ 1,016</u>	<u>\$ 890</u>	<u>\$ 126</u>	14 %
F/X impact on revenue								
	\$ (1)	\$ (1)	\$ —	— %	\$ (1)	\$ (6)	\$ 5	83 %
KPIs:								
U.S. and Canada units:								
Installed base at period end	32,566	30,550	2,016	7 %	32,566	30,550	2,016	7 %
Average daily revenue per unit ⁽¹⁾	\$ 50.41	\$ 48.59	\$ 1.82	4 %	\$ 49.34	\$ 47.69	\$ 1.65	3 %
International units ⁽²⁾ :								
Installed base at period end	21,997	25,329	(3,332)	(13)%	21,997	25,329	(3,332)	(13)%
Average daily revenue per unit	\$ 15.59	\$ 15.03	\$ 0.56	4 %	\$ 14.93	\$ 15.13	\$ (0.20)	(1)%
Gaming machine sales:								
U.S. and Canada new unit shipments	5,809	5,020	789	16 %	10,246	9,077	1,169	13 %
International new unit shipments	5,501	4,130	1,371	33 %	10,760	7,751	3,009	39 %
Total new unit shipments	11,310	9,150	2,160	24 %	21,006	16,828	4,178	25 %
Average sales price per new unit	\$ 18,548	\$ 17,445	\$ 1,103	6 %	\$ 19,170	\$ 18,040	\$ 1,130	6 %

(1) We refined our U.S. and Canada units average daily revenue per unit calculation to include certain Gaming operations revenue streams that were previously excluded and have revised prior periods to align with the new calculation. The change aligns more closely with how management evaluates the operating performance and was immaterial both quantitatively and qualitatively.

(2) Units exclude those related to game content licensing.

Gaming Operations

Gaming operations revenue growth was driven by strong game performance of hit franchises, including our premium games. Gaming operations for U.S. and Canada had a 2,016-unit increase in installed base for both the three and six months ended June 30, 2024, along with an increase in average daily revenue per unit of \$1.82 and \$1.65 for the three and six months ended June 30, 2024, respectively. Average daily revenue per unit for International units increased for the three months ended June 30, 2024, and decreased slightly for the six months ended June 30, 2024. International ending installed base units decreased by 3,332 units primarily due to the expected closure of certain LBOs in the U.K., removals in Greece, and the reduction of certain low-yielding units in Latin America.

Gaming Machine Sales

Gaming machine sales revenue increased primarily due to higher sales of replacement units globally as operator capital spending remained at healthy levels, casino opening and expansion activity increased internationally and average sales price per new unit increased, mostly from a favorable product mix.

The following table summarizes Gaming machine sales changes:

	Three Months Ended June 30,				Six Months Ended June 30,			
			Variance				Variance	
	2024	2023	2024 vs. 2023		2024	2023	2024 vs. 2023	
U.S. and Canada unit shipments:								
Replacement units	5,465	4,598	867	19 %	9,761	8,358	1,403	17 %
Casino opening and expansion units	344	422	(78)	(18)%	485	719	(234)	(33)%
Total unit shipments	5,809	5,020	789	16 %	10,246	9,077	1,169	13 %
International unit shipments:								
Replacement units	5,386	3,899	1,487	38 %	9,097	6,109	2,988	49 %
Casino opening and expansion units	115	231	(116)	(50)%	1,663	1,642	21	1 %
Total unit shipments	5,501	4,130	1,371	33 %	10,760	7,751	3,009	39 %

Operating Expenses and AEBITDA

Operating expenses for the three and six months ended June 30, 2024 increased by \$11 million and 15 million, respectively, as compared to the corresponding prior year periods, primarily due to \$16 million and \$29 million, respectively, in higher costs of revenue associated with the increase in revenue as described above and \$7 million and \$18 million, respectively, in higher SG&A, partially offset by lower D&A of \$15 million and \$34 million, respectively.

AEBITDA for the three and six months ended June 30, 2024 as compared to the prior year periods increased by \$39 million and \$66 million, respectively, which is primarily related to increased revenue, and AEBITDA as a percentage of revenue (“AEBITDA margin”) increased to 50% for both the three and six months ended June 30, 2024. These results were primarily driven by revenue growth in the period.

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 space, 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 through advertising arrangements in SciPlay’s hyper-casual games, which was not material for the periods presented. 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*, *QUICK HIT® Slots*, *GOLD FISH® Casino*, *88 FORTUNES® Slots*, *MONOPOLY Slots* and *HOT SHOT CASINO®*. SciPlay continues to pursue its strategy of expanding into the online and mobile games market. Current casual game titles include *BINGO SHOWDOWN®* and *BACKGAMMON LIVE* as well as other titles in the hyper-casual space, including games such as *CANDY CHALLENGE 3D*, *BOSS LIFE* and *DEEP CLEAN INC. 3D*. SciPlay continually develops and tests various new games. 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*. SciPlay launched a proprietary direct-to-consumer in-app purchase platform during 2023, with the goals of improving players’ experience and reducing costs of revenue given the lower payment processing fees and other related expenses for in-app purchases made through the proprietary platform, as compared to the platform fee charged by third-party platforms. Revenue generated via the proprietary direct-to-consumer platform continues to increase and represented approximately 9% of total SciPlay revenue for the first half of 2024. In addition to original game content, SciPlay’s content library includes recognizable game content across our other platforms within Gaming and iGaming. 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.

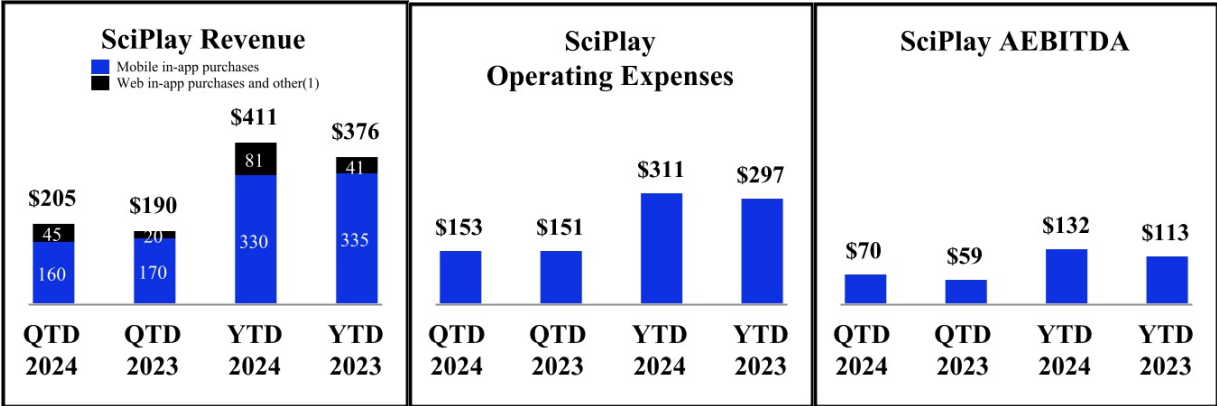
Current Year Update

SciPlay continues to deliver strong results and elevated payer engagement. Revenue growth was 8% and 9% for the three and six months ended June 30, 2024, respectively, which was primarily attributable to the revenue generated by *Quick Hit Slots*, *Jackpot Party Casino*, *88 Fortunes* and *Gold Fish Casino*. We believe that there is an opportunity for continued improvement of operating results in the second half of 2024 and beyond, as SciPlay continues to deploy strategic game updates, utilize enhanced analytics, pursue international expansion and benefit from the proprietary direct-to-consumer platform.

We have a significant portion of SciPlay personnel located in Tel Aviv, Israel. In light of current circumstances in Israel, we are actively monitoring developments and are ready to redirect resources as needed to minimize impact on SciPlay operations. We do not have servers or infrastructure that are located in Israel that host our games. While we have not yet seen an impact on our business from current events, they could negatively affect the performance of the personnel in that area and have an adverse impact on our business if these events continue and/or escalate.

Results of Operations and KPIs

Three and Six Months Ended June 30, 2024 and 2023



(1) Other represents \$24 million and \$36 million in revenue generated via our proprietary direct-to-consumer platform for the three and six months ended June 30, 2024, along with advertising and other revenue, which were not material for the periods presented.

(in millions unless otherwise noted)	Three Months Ended June 30,		Variance		Six Months Ended June 30,		Variance	
	2024	2023	2024 vs. 2023		2024	2023	2024 vs. 2023	
Revenue:								
Mobile in-app purchases	\$ 160	\$ 170	\$ (10)	(6)%	\$ 330	\$ 335	\$ (5)	(1)%
Web in-app purchases and other ⁽¹⁾	45	20	25	125 %	81	41	40	98 %
Total revenue	<u>\$ 205</u>	<u>\$ 190</u>	<u>\$ 15</u>	8 %	<u>\$ 411</u>	<u>\$ 376</u>	<u>\$ 35</u>	9 %

KPIs:

In-App Purchases:

Mobile Penetration ⁽²⁾	79 %	91 %	(12)pp	nm	82 %	91 %	(9)pp	nm
Average MAU ⁽³⁾	5.4	5.8	(0.4)	(7)%	5.6	5.9	(0.3)	(5)%
Average DAU ⁽⁴⁾	2.1	2.2	(0.1)	(5)%	2.2	2.3	(0.1)	(4)%
ARPDau ⁽⁵⁾	\$ 1.04	\$ 0.93	\$ 0.11	12 %	\$ 1.02	\$ 0.91	\$ 0.11	12 %
Average MPUs ⁽⁶⁾ (in thousands)	574	609	(35)	(6)%	584	617	(33)	(5)%
AMRPPU ⁽⁷⁾	\$ 116.91	\$ 102.04	\$ 14.87	15 %	\$ 115.42	\$ 99.74	\$ 15.68	16 %
Payer Conversion Rate ⁽⁸⁾	10.5 %	10.5 %	— pp	nm	10.4 %	10.4 %	— pp	nm

nm = not meaningful.

pp = percentage points.

(1) Other represents \$24 million and \$36 million in revenue generated via our proprietary direct-to-consumer platform for the three and six months ended June 30, 2024, respectively, along with advertising and other revenue, which were 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.

For the three and six months ended June 30, 2024, revenue increased as average monthly revenue per paying user increased 15% and 16%, respectively, while social casino payer engagement remained elevated.

Mobile penetration decreased by 12 and 9 percentage points for the three and six months ended June 30, 2024, respectively, primarily reflecting growing revenue generated via our proprietary direct-to-consumer platform, with a majority of players continuing to use mobile platforms to play SciPlay's games.

Average MAU and average MPU for the three and six months ended June 30, 2024 decreased due to the turnover in users. ARPDau increased as a function of higher player monetization with a slight decrease in average DAU. AMRPPU increased, with payer conversion remaining relatively constant, as SciPlay continues to improve content and features resulting in increased paying player interaction.

Payer conversion rates continue to be at high levels due to consistent payer interaction with the games as a result of SciPlay's focus on introducing new content, features and live events in games.

Operating Expenses and AEBITDA

The increase in operating expenses for the three and six months ended June 30, 2024, as compared to prior year periods, was primarily driven by higher marketing spend of \$6 million and \$13 million, respectively, and higher salaries and benefit costs (including stock-based compensation) of \$4 million and \$8 million, respectively, related to an increase in headcount, partially offset by lower D&A of \$5 million and \$4 million, respectively.

AEBITDA for the three and six months ended June 30, 2024 increased as compared to prior year periods by \$11 million and \$19 million, respectively, and AEBITDA margin increased by 3 percentage points to 34% and 2 percentage points to 32%, respectively, primarily due to revenue growth, as discussed above, including growth from our proprietary direct-to-consumer platform which generates higher margin, partially offset by the increase in operating costs resulting from increases in marketing spend and salaries and benefits.

iGAMING

Our iGaming business segment provides a comprehensive suite of digital gaming content, distribution platforms and 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, 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. 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, as well as investing in our ability to scale our own original U.S. land-based content offering. In the second quarter of 2024, we went live in Rhode Island, increasing our U.S. presence to seven states, and we are well positioned to enter additional states as their legislatures authorize online gaming.

Results of Operations

Three and Six Months Ended June 30, 2024 and 2023



The increases in iGaming revenue for the three and six months ended June 30, 2024 were 6% and 10%, respectively, as compared to the prior year periods. The prior year periods benefited from \$2 million in license termination fees. The momentum in the international and U.S. markets remain strong due to our original content and growth in our partner network. Wagers processed through our Open Gaming System for both current year periods increased to \$22 billion and \$44 billion, respectively.

Operating expenses decreased slightly for the three months ended June 30, 2024, and increased for the six months ended June 30, 2024, as compared to the prior year periods. The decrease of \$4 million for the three months ended June 30, 2024 was due to the fair value adjustment of contingent acquisition considerations of \$9 million in the three months ended June 30, 2023, partially offset by \$5 million in higher costs of revenue and SG&A for the three months ended June 30, 2024. The increase for the six months ended June 30, 2024 is primarily due to \$11 million in higher costs of revenue and SG&A, partially offset by lower restructuring and other costs as compared to the prior year period.

AEBITDA remained relatively flat for the three and six months ended June 30, 2024, as compared to the prior year periods, while AEBITDA margin decreased to 32% for both the three and six months ended June 30, 2024 due to continuing investments in growth initiatives and the momentum in U.S. and international markets. For the three and six months ended June 30, 2023, AEBITDA benefited from \$2 million in license termination fees.

RECENTLY ISSUED ACCOUNTING GUIDANCE

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

CRITICAL ACCOUNTING ESTIMATES

For a description of our policies regarding our critical accounting estimates, see “Critical Accounting Estimates” in *Item 7* “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2023 10-K.

There have been no significant changes in our critical accounting estimate policies or the application of those policies to our condensed consolidated financial statements from those presented in *Item 7* “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2023 10-K.

LIQUIDITY, CAPITAL RESOURCES AND WORKING CAPITAL

Cash and Available Liquidity

As of June 30, 2024, our principal sources of liquidity, other than cash flows provided by operating activities, were cash and cash equivalents as well as amounts available under the LNWI Revolver.

Cash and Available Revolver Capacity

(in millions)	As of	
	June 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 321	\$ 425
Revolver capacity	750	750
Revolver capacity drawn or committed letters of credit	(10)	(10)
Total	\$ 1,061	\$ 1,165

Total cash held by our foreign subsidiaries was \$131 million and \$166 million as of June 30, 2024 and December 31, 2023, respectively. 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. There have been no material changes to our capital requirements disclosed in our 2023 10-K, other than those associated with our repricing of the LNWI Term Loan B, as described in Note 10.

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. 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. 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* in our 2023 10-K.

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. During the six months ended June 30, 2024, we repurchased approximately 1.8 million shares of common stock under these programs at an aggregate cost of \$176 million (including excise tax), fully exhausting the authorized share repurchase amount under the program. On June 11, 2024, our Board of Directors approved a new share repurchase program under which the Company is authorized to repurchase, from time to time through June 12, 2027, up to an aggregate amount of \$1.0 billion of our outstanding common stock. Repurchases under the new share repurchase program may be effected at the discretion of the Transaction Committee of the Board of Directors through one or more open market repurchases, privately negotiated transactions, including block trades, accelerated share repurchases, issuer tender offers or other derivative contracts or instruments, “10b5-1” plan, or other financial or other arrangements, or a combination of the foregoing. The share repurchase program may be suspended or discontinued at any time. We had no repurchases under the new plan during the quarter ended June 30, 2024.

On July 17, 2024, we amended the LNWI Credit Agreement and reduced the applicable margin on the LNWI Term Loan B. Following the amendment, the interest rate for the Term Loan B is either (i) the Adjusted Term SOFR Rate (as defined in the LNWI Credit Agreement) plus 2.25% per annum or (ii) a base rate plus 1.25% per annum.

Cash Flow Summary

(in millions)	Six Months Ended June 30,		Variance
	2024	2023	2024 vs. 2023
Net cash provided by operating activities	\$ 312	\$ 219	\$ 93
Net cash used in investing activities ⁽¹⁾	(158)	(118)	(40)
Net cash used in financing activities	(250)	(105)	(145)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3)	1	(4)
Decrease in cash, cash equivalents and restricted cash	\$ (99)	\$ (3)	\$ (96)

(1) The six months ended June 30, 2023 include \$3 million in cash used related to discontinued operations.

Cash flows from operating activities

(in millions)	Six Months Ended June 30,		Variance
	2024	2023	2024 vs. 2023
Net income	\$ 164	\$ 32	\$ 132
Adjustments to reconcile net income to cash provided by operating activities	235	320	(85)
Changes in working capital accounts, excluding the effects of acquisitions	(48)	(97)	49
Changes in deferred income taxes and other	(39)	(36)	(3)
Net cash provided by operating activities	\$ 312	\$ 219	\$ 93

Net cash provided by operating activities increased primarily due to a \$44 million increase in earnings (drivers described above).

Changes in working capital accounts for the six months ended June 30, 2024 as compared to the six months ended June 30, 2023 were positively impacted by the timing of disbursements, partially offset by \$13 million in higher payments on contingent acquisition considerations.

Cash flows from investing activities

Net cash used in investing activities increased primarily due to higher capital expenditures in order to support Gaming operations growth. Capital expenditures are composed of investments in systems, equipment and other assets related to contracts, property and equipment, intangible assets and software.

Cash flows from financing activities

Net cash used in financing activities increased, as more purchases of our outstanding common stock under our share repurchase programs and increases in net redemptions of common stock under stock-based compensation plans during the current year period were partially offset by lower license payments. During the six months ended June 30, 2024 and 2023, we purchased \$175 million and \$33 million, respectively, of our common stock.

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 and *Item 7A* “Quantitative and Qualitative Disclosures About Market Risk” in our 2023 10-K as well as Notes 10 and 11 and *Item 3* below in this Form 10-Q.

Off-Balance Sheet Arrangements

As of June 30, 2024, we did not have any significant off-balance sheet arrangements.

Item 3. Quantitative and Qualitative 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 June 30, 2024, 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 and excluding the impact of interest rate swap contracts, 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.

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. 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. These hedges mature in April 2027.

For additional information regarding our long-term debt and interest rate swap contracts, see Notes 10 and 11, respectively.

Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 3a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective as of June 30, 2024.

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For discussion of our legal proceedings, see Note 15, in this Quarterly Report on Form 10-Q and Note 20 in our 2023 10-K.

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed under *Item 1A* “Risk Factors” included in our 2023 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We repurchased 1.6 million shares under the share repurchase programs during the three months ended June 30, 2024.

(in millions, except for price per share)

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased as Part of Publicly Announced Programs ⁽¹⁾	Average Price Paid per Share ⁽²⁾	Total Cost of Repurchase (in millions) ⁽²⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs (in millions) ⁽¹⁾⁽²⁾
4/1/2024 - 4/30/2024	0.3	\$ 94.86	\$ 24	\$ 126
5/1/2024 - 5/31/2024	0.9	\$ 93.98	\$ 88	\$ 38
6/1/2024 - 6/30/2024	0.4	\$ 97.60	\$ 38	\$ 1,000
Total	1.6	\$ 95.02	\$ 150	\$ 1,000

(1) On June 11, 2024, our Board of Directors approved a new share repurchase program under which the Company is authorized to repurchase, from time to time through June 12, 2027, up to an aggregate amount of \$1.0 billion of shares of our outstanding common stock.

(2) Average price paid per share is calculated on a settlement basis and excludes excise tax. As of January 1, 2023, our share repurchases in excess of issuances are subject to a 1% excise tax enacted by the Inflation Reduction Act, resulting in \$1 million recorded as of June 30, 2024. Any excise tax incurred is recognized in stockholders' equity as part of the cost basis of the shares acquired.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Insider Trading Arrangements and Policies

Certain of our officers or directors have made elections to participate in, and are participating in, our 401(k) plan and have made, and may from time to time make, elections to have shares withheld to cover withholding taxes, which may be designed to satisfy the affirmative defense conditions of Rule 10b5-1 under the Exchange Act or may constitute non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K). During the three months ended June 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" as such term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description
3.1	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).
3.2	Third Amended and Restated Bylaws of Light & Wonder, Inc., effective as of August 3, 2023 (incorporated by reference to Exhibit 3.2 to Light & Wonder, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023).
10.1	Amendment No. 2, dated as of July 17, 2024, among Light and Wonder International, Inc., as the borrower, Light & Wonder, Inc., as holdings, the several banks and other financial institutions or entities from time to time parties thereto and JPMorgan Chase Bank, N.A., as administrative agent, collateral agent, issuing lender and swingline lender, which amended the Credit Agreement, dated as of April 14, 2022 (incorporated by reference to Exhibit 10.1 to Light & Wonder, Inc.'s Current Report on Form 8-K filed July 17, 2024).
31.1	Certification of the Chief Executive Officer of Light & Wonder, Inc. pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(†)
31.2	Certification of the Chief Financial Officer of Light & Wonder, Inc. pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(†)
32.1	Certification of the Chief Executive Officer of Light & Wonder, Inc. 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 the Chief Financial Officer of Light & Wonder, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
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.

(†) Filed herewith.

* Furnished herewith.

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.

(Registrant)

By: /s/ Oliver Chow

Name: Oliver Chow

Title: *Executive Vice President, Chief Financial Officer and Treasurer*

Dated: August 7, 2024

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 Quarterly Report on Form 10-Q 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: August 7, 2024

Certification by Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Oliver Chow, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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/ Oliver Chow

Oliver Chow
Chief Financial Officer

Date: August 7, 2024

**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 Quarterly Report of Light & Wonder, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2024 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
August 7, 2024

**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 Quarterly Report on Form 10-Q of Light & Wonder, Inc. (the “Company”) for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Oliver Chow, 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/ Oliver Chow

Oliver Chow

Chief Financial Officer

August 7, 2024